CCL INDUSTRIES INC.
2010 First Quarter
Consolidated Balance Sheets

Unaudited (in thousands of Canadian dollars)	March 31st **2010**	December 31st **2009**	March 31st **2009**
Assets			
Current assets			
Cash and cash equivalents	$ 126,616	$ 150,594	$ 106,899
Accounts receivable - trade	176,251	148,688	179,587
Other receivables and prepaid expenses	27,773	24,342	24,253
Income and other taxes recoverable	-	-	42
Inventories	72,583	75,530	84,612
	403,223	399,154	395,393
Property, plant and equipment	724,881	751,592	848,933
Other assets	45,677	46,182	62,681
Future income tax assets	47,364	47,440	46,011
Intangible assets	40,405	42,335	45,486
Goodwill	352,647	358,794	384,407
Total assets	**$ 1,614,197**	**$ 1,645,497**	**$ 1,782,911**
Liabilities			
Current liabilities			
Bank advances	533	-	-
Accounts payable and accrued liabilities	197,270	206,510	234,993
Income and other taxes payable	4,854	10,943	-
Current portion of long-term debt	119,238	49,290	25,685
	321,895	266,743	260,678
Long-term debt	365,751	448,849	585,391
Other long-term items	56,017	58,384	63,945
Future income tax liabilities	118,598	118,764	110,878
Total liabilities	862,261	892,740	$ 1,020,892
Shareholders' equity			
Share capital (note 2)	203,140	201,339	193,224
Contributed surplus	4,510	3,805	5,273
Retained earnings	661,392	643,303	632,432
Accumulated other comprehensive loss (note 4)	(117,106)	(95,690)	(68,910)
Total shareholders' equity	751,936	752,757	762,019
Total liabilities and shareholders' equity	**$ 1,614,197**	**$ 1,645,497**	**$ 1,782,911**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 First Quarter
Consolidated Statements of Earnings

Unaudited

(in thousands of Canadian dollars, except per share data)	Three months ended March 31st		
	2010	**2009**	**% Change**
Sales	**$ 307,131**	**$ 314,071**	**(2.2)**
Costs and expenses			
Cost of goods sold	233,980	245,875	
Selling, general and administrative	32,881	31,618	
Depreciation and amortization	1,511	1,668	
	38,759	34,910	
Interest expense, net	6,477	8,246	
	32,282	**26,664**	**21.1**
Restructuring and other items - net loss (note 5)	-	1,687	
Earnings before income taxes	**32,282**	**24,977**	**29.2**
Income taxes			
Current	9,817	7,688	
Future	(842)	549	
Net earnings	**$ 23,307**	**$ 16,740**	**39.2**
Basic earnings per Class B share	**$ 0.71**	**$ 0.52**	**36.5**
Diluted earnings per Class B share	**$ 0.70**	**$ 0.51**	**37.3**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 First Quarter
Consolidated Statements of Comprehensive Income

Unaudited	**Three months ended March 31st**	
(in thousands of Canadian dollars)	**2010**	**2009**
Net earnings	$ 23,307	$ 16,740
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on translation of financial statements of self-sustaining foreign operations	(40,428)	13,767
Unrealized gains (losses) on hedges of net investment in self-sustaining foreign operations, net of tax expense of $2,956 for the three-month period ending March 31, 2010 (2009 - nil)	19,114	(13,917)
Unrealized foreign currency translation losses, net of hedging activities	(21,314)	(150)
Losses on derivatives designated as cash flow hedges, net of tax recovery of $72 for the three-month period ending March 31, 2010 (2009 - $2,078)	(1,356)	(4,563)
Reclassification of losses on derivatives designated as cash flow hedges to earnings, net of tax recovery of $5 for the three-month period ending March 31, 2010 (2009 - $1,831)	1,254	1,101
Change in losses on derivatives designated as cash flow hedges	(102)	(3,462)
Other comprehensive loss	(21,416)	(3,612)
Comprehensive income	**$ 1,891**	**$ 13,128**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 First Quarter
Consolidated Statements of Shareholders' Equity

Unaudited

(in thousands of Canadian dollars)	**2010**	**2009**
Share capital (note 2)		
Class A shares, beginning of period	$ 4,517	$ 4,517
Class A shares, end of period	4,517	4,517
Class B shares, beginning of period	206,874	199,486
Stock options exercised	1,159	2,000
Class B shares, end of period	208,033	201,486
Executive share purchase plan loans, beginning of period	(916)	(1,258)
Repayment of executive share purchase plan loans	683	-
Executive share purchase plan loans, end of period	(233)	(1,258)
Shares held in trust, beginning of period	(9,136)	(11,472)
Shares purchased and held in trust	(41)	(49)
Shares held in trust, end of period	(9,177)	(11,521)
Share capital, end of period	**203,140**	**193,224**
Contributed surplus		
Contributed surplus, beginning of period	3,805	4,826
Stock option expense	313	314
Stock options exercised	(175)	(63)
Stock based compensation plan	567	196
Contributed surplus, end of period	**4,510**	**5,273**
Retained earnings, beginning of period	643,303	621,916
Net earnings	23,307	16,740
Transitional adjustment on adoption of new accounting standards	-	(1,412)
Dividends		
Class A	350	326
Class B	4,868	4,486
Total dividends, end of period	5,218	4,812
Retained earnings, end of period	**661,392**	**632,432**
Accumulated other comprehensive loss (note 4)		
Accumulated other comprehensive loss, beginning of period	(95,690)	(67,497)
Transitional adjustment on adoption of new accounting standards	-	2,199
Other comprehensive loss	(21,416)	(3,612)
Accumulated other comprehensive loss, end of period	**(117,106)**	**(68,910)**
Total shareholders' equity, end of period	**751,936**	**762,019**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 First Quarter
Consolidated Statements of Cash Flows

Unaudited	**Three months ended March 31st**	
(in thousands of Canadian dollars)	**2010**	**2009**
Cash provided by (used for)		
Operating activities		
Net earnings	$ 23,307	$ 16,740
Items not involving cash:		
Depreciation and amortization	23,691	24,604
Executive compensation	880	510
Future income taxes	(842)	549
Restructuring and other items (note 5)	-	1,687
Gain on sale of property, plant and equipment	(38)	(903)
	46,998	43,187
Net change in non-cash working capital	(39,702)	(36,974)
Cash provided by operating activities	7,296	6,213
Financing activities		
Proceeds on issuance of long-term debt	1,592	2,821
Retirement of long-term debt	(615)	(1,260)
Increase in bank advances	533	-
Issue of shares	984	1,936
Repayment of executive share purchase plan loans	683	-
Dividends	(5,260)	(4,862)
Cash used for financing activities	(2,083)	(1,365)
Investing activities		
Additions to property, plant and equipment	(21,222)	(36,547)
Proceeds on disposal of property, plant and equipment	68	3,221
Business acquisitions (note 3)	(1,239)	(2,717)
Cash used for investing activities	(22,393)	(36,043)
Effect of exchange rate changes on cash	(6,798)	1,825
Decrease in cash and cash equivalents	(23,978)	(29,370)
Cash and cash equivalents at beginning of period	150,594	136,269
Cash and cash equivalents at end of period	$ 126,616	$ 106,899
Consists of:		
Cash	$ 81,736	$ 38,919
Short-term investments	44,880	67,980
Cash and cash equivalents at end of period	$ 126,616	$ 106,899

Cash and cash equivalents are defined as cash and short-term investments.

See notes to interim consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The disclosures contained in these unaudited interim consolidated financial statements do not include all of the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2009.

b) Recently issued accounting standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publicly accountable enterprises will be required to report under International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. For additional information about the transition plan, see Management's Discussion and Analysis for the first quarter ended March 31, 2010 and 2009.

In December 2008, the CICA issued Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests.

Section 1582 establishes standards for accounting for business combinations and is equivalent to IFRS 3. The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

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 non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS standard, IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

The Company is currently evaluating the impact of these new standards on the consolidated financial statements.

2. SHARE CAPITAL

Issued and outstanding

	March 31, 2010	December 31, 2009	March 31, 2009
Issued share capital	$ 212,550	$ 211,391	$ 206,003
Less: Executive share purchase plan loans	(233)	(916)	(1,258)
Shares held in trust	(9,177)	(9,136)	(11,521)
Total	$ 203,140	$ 201,339	$ 193,224

During 2010 and 2009, certain executive share purchase plan loans were repaid.

During 2009, the Company commenced a normal course issuer bid (“the Bid”) to acquire up to 13,000 of its outstanding Class A voting shares and 2,100,000 Class B non-voting shares. The Bid commenced on March 23, 2009, and expired March 22, 2010. No shares were purchased under this Bid.

During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase of Clear Image Labels Pty. Ltd. These restricted shares are price protected and could not be sold or transferred before December 31, 2009.

During 2008, the Company granted awards totalling 145,000 Class B shares of the Company. These shares were restricted in nature and will vest at the end of 2010 dependent on the Company's performance. The Company purchased these 145,000 shares in the open market and has placed them in a trust until the vesting conditions are met.

During 2007, the Company granted an award totalling 120,000 Class B shares of the Company. These shares are restricted in nature and will vest in 2010 dependent on the Company's performance and continuing employment. The Company purchased these 120,000 shares in the open market and has placed them in a trust until the vesting conditions are met.

The fair value of these stock awards are being amortized over the vesting period and recognized as compensation expense.

During 2005, the Company granted an award totalling 200,000 Class B shares of the Company and had placed them in a trust until the vesting conditions were met. These shares were restricted in nature. In 2007, 120,000 shares vested and were released from the trust in 2008. In 2009, the remaining 80,000 shares vested and were released from the trust that same year. The fair value of these shares was amortized over the vesting period and recognized as compensation expense.

Number of shares (in thousands)

	March 31, 2010	December 31, 2009	March 31, 2009
Class A	2,375	2,375	2,375
Class B	30,714	30,674	30,322
	33,089	33,049	32,697
Less: Executive share purchase plan shares - Class B	(25)	(75)	(100)
Shares held in trust - Class B	(265)	(265)	(345)
Total	32,799	32,709	32,252

2. SHARE CAPITAL (CON'T)

The weighted average number of shares for the purposes of the earnings per share calculation was as follows:

	March 31, 2010		March 31, 2009	
	Class A	Class B	Class A	Class B
Weighted average number of shares outstanding - basic	2,375	30,373	2,375	29,779
Effect of dilutive securities:				
Stock options	-	223	-	291
Stock-based compensation	-	322	-	405
Weighted average number of shares outstanding - diluted	2,375	30,918	2,375	30,475

3. ACQUISITIONS

In March 2010, the Company completed the purchase of Purbrick Ltd. ("Purbrick"), a privately held company based in Melbourne, Australia. Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia. The purchase price was $1.2 million, net of cash acquired. The Company is reviewing the valuation of the net assets acquired, therefore certain items disclosed below may change upon completion of the review.

Details of the transaction are as follows:

Current assets	$	1,891
Current liabilities		(1,153)
Non-current assets		2,481
Non-current liabilities		(2,400)
Future tax assets		420
Net assets purchased	$	1,239
Consideration given:		
Cash, less cash acquired of $0.9 million	$	1,239

In March 2009, the Company completed the purchase of Ferro Print Western Cape (Pty) Ltd. ("Ferro Print"). Ferro Print has a factory near Cape Town in the wine growing region of Stellenbosch, South Africa. The purchase price was $2.8 million.

Details of the transaction are as follows:

Current assets	$	850
Current liabilities		(719)
Non-current assets		1,541
Goodwill		1,085
Net assets purchased	$	2,757
Consideration given:		
Cash	$	2,757

4. ACCUMULATED OTHER COMPREHENSIVE LOSS

	March 31, 2010	December 31, 2009	March 31, 2009
Unrealized foreign currency translation losses, net of tax expense of $13,796 (2009 - net of tax expense of $10,805; net of tax expense of $1,647)	$ (120,519)	$ (99,205)	$ (56,966)
Gains (losses) on derivatives designated as cash flow hedges, net of tax expense of $1,452 (2009 - net of tax expense of $1,519; net of tax recovery of $2,527)	3,413	3,515	(11,944)
	$ (117,106)	$ (95,690)	$ (68,910)

5. RESTRUCTURING AND OTHER ITEMS

	Segment	Three months ended March 31st 2010	2009
Pension settlement	Corporate	$ -	$ (1,415)
Label segment restructuring	Label	-	(272)
Net loss		$ -	$ (1,687)
Tax recovery on restructuring and other items		$ -	$ 396

The Company offered to buy out certain categories of members of the U.K. defined benefit pension plan in 2008. In 2009, payments totalling $4.4 million were made to members of the plan who accepted the Company's buyout offer. As a result of the settlement, an additional expense of $1.4 million ($1.0 million net of tax recovery) was recorded.

In 2009, the Company, as part of its restructuring of the Avelin label plant located in France, recorded provisions for plant closure costs of $0.3 million with no tax effect.

6. EMPLOYEE FUTURE BENEFITS

The expense for the defined benefit pension plans in the first quarter was $0.7 million (2009 - $2.0 million, which included $1.4 million in expenses related to the pension settlement; see note 5).

7. SEGMENTED INFORMATION

Industry segments

	Three months ended March 31st: Sales 2010	Sales 2009	Operating income 2010	Operating income 2009
Label	**$ 248,904**	**$ 257,528**	**$ 43,210**	**$ 39,123**
Container	**40,315**	**38,099**	**(1,670)**	**(280)**
Tube	**17,912**	**18,444**	**2,053**	**514**
Total operations	**$ 307,131**	**$ 314,071**	**43,593**	**39,357**
Corporate expense			(4,834)	(4,447)
			38,759	**34,910**
Interest expense, net			6,477	8,246
			32,282	**26,664**
Restructuring and other items - net loss (note 5)			-	(1,687)
Earnings before income taxes			32,282	24,977
Income taxes			8,975	8,237
Net earnings			**$ 23,307**	**$ 16,740**

	Identifiable Assets: March 31st 2010	Identifiable Assets: December 31st 2009	Goodwill: March 31st 2010	Goodwill: December 31st 2009	Depreciation & Amortization: Three months ended March 31st 2010	Depreciation & Amortization: 2009	Capital Expenditures: Three months ended March 31st 2010	Capital Expenditures: 2009
Label	**$ 1,151,940**	**$ 1,095,832**	**$ 339,909**	**$ 346,051**	**$ 18,161**	**$ 18,311**	**$ 20,893**	**$ 32,657**
Container	**175,851**	**171,500**	**12,738**	**12,743**	**3,538**	**3,643**	**226**	**747**
Tube	**57,353**	**59,472**	**-**	**-**	**1,917**	**2,387**	**94**	**3,143**
Corporate	**229,053**	**318,693**	**-**	**-**	**75**	**263**	**9**	**-**
Total	**$ 1,614,197**	**$ 1,645,497**	**$ 352,647**	**$ 358,794**	**$ 23,691**	**$ 24,604**	**$ 21,222**	**$ 36,547**

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarters Ended March 31, 2010 and 2009

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") relates to the first quarters ended March 31, 2010 and 2009, and an update to the 2009 Annual MD&A document. The information in this interim MD&A is current to May 6, 2010, and should be read in conjunction with the Company's March 31, 2010, unaudited first quarter financial statements released on May 6, 2010, and the 2009 Annual MD&A document and financial statements, which form part of the CCL Industries Inc. 2009 Annual Report, dated March 9, 2010.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and in accordance with the requirements of Section 1751, Interim Financial Statements, of the CICA Handbook. Unless otherwise noted, both the financial statements and this interim MD&A are expressed in Canadian dollars as the reporting currency. The major measurement currencies of CCL's operations are the Canadian dollar, the U.S. dollar, the euro, the Australian dollar, the Brazilian real, the Chinese renminbi, the Danish krone, the Japanese yen, the Mexican peso, the Polish zloty, the Russian rouble, the South African rand, the Thai baht, the U.K. pound sterling and the Vietnamese dong. All "per Class B share" amounts in this document are expressed on an undiluted basis, unless otherwise indicated. CCL's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy of the Company and the financial results of the Company.

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this MD&A contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's divisions; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2010; the adequacy of the Company's financial liquidity; the Company's targeted return on equity and earnings per share and EBITDA growth rates; the Company's effective tax rate; the future profitability of the Container Division; the increase in production levels at the Company's Mexican facilities; the Company's ongoing business strategy and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the evolving global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2009 Annual MD&A.

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. Such statements do not, unless otherwise specified by us, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this MD&A and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

1. Overview

The global macroeconomic environment continued to show signs of improvement as we entered 2010. CCL reported a strong first quarter driven by demand growth in all regions of the world with the trends of the second half of 2009 sustained and if anything still building. Higher demand levels are related to supply chain re-build, marketing initiatives at consumer goods companies and increased end-consumer demand evidenced by many retailers posting gains in same store sales. Our improved results are similar to those reported by a number of CCL's customers, peers and suppliers.

Foreign currency translation had a significant negative impact during the quarter reflecting the continued strengthening of the Canadian dollar relative to other major currencies. Excluding this unfavourable foreign currency impact, CCL's underlying sales experienced near double digit growth compared to last year's first quarter. As expected, the Label Division drove the majority of the organic growth across all regions. The most notable positive performance was experienced in Europe where we posted high single digit growth despite remaining concerns on the budget deficits of a number of European governments. The small Tube Division also experienced strong growth as did the Container Division but profitability in the Container business remains at unacceptable levels.

2. Review of Consolidated Financial Results

The following acquisitions affected financial comparisons to 2009 results in the first quarter. Further details on these transactions follow later in the Business Segment Review section:

- In March 2010, Purbrick Ltd. ("Purbrick"), a privately held company based in Melbourne, Australia, was acquired for $1.2 million in cash, net of cash acquired, Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia. This acquisition closed in March; therefore, no significant revenues or profits were reported for the quarter. Provisional balance sheet estimates for the acquisition were included.

- In March 2009, Ferro Print Western Cape (Pty) Ltd. ("Ferro Print"), a privately owned pressure sensitive label company based in South Africa, was acquired for $2.8 million in cash. Ferro Print is a leading South African wine label producer with a plant located near Cape Town.

Financial comparisons to the prior year's results have been adversely affected by the depreciation of the U.S. dollar, euro and U.K. pound sterling by 17%, 11% and 9%, respectively, relative to the Canadian dollar in the first quarter of 2010 compared to exchange rates in the first quarter of 2009.

Sales for the first quarter of 2010 were $307.1 million, down 2% versus the $314.1 million recorded in the first quarter of 2009. Sales decreased for the quarter by 11% due to foreign exchange offset by organic growth of 9% and a nominal positive impact from acquisitions. On a comparative basis with last year's first quarter, sales excluding currency translation were higher in all divisions due to strong organic growth.

Income after cost of goods sold, selling, general and administrative expenses, and depreciation and amortization in 2010 was $38.8 million, up $3.9 million from $34.9 million in 2009, despite the unfavourable foreign currency impact.

Selling, general and administrative expenses were $32.9 million in 2010, up 4% from $31.6 million reported in 2009. The increase in selling, general and administrative expenses in 2010 of $1.3 million relates primarily to higher corporate expenses and unfavourable impact on foreign currency transactions. Corporate expenses in 2010 were $4.8 million, up from $4.4 million in 2009 primarily due to higher variable incentive compensation expense in the current period.

Operating income (a non-GAAP measure; refer to definition in Section 13) in 2010 was $43.6 million, up by 11% from $39.3 million reported in 2009. All divisions were negatively affected by currency translation in the first quarter of 2010 compared to the prior year period. Excluding the unfavourable currency translation, operating income for the Label and Tube Divisions were up $8.9 million and $1.6 million, respectively, while the Container Division was unfavourable by $1.5 million. Further details on the divisions follow later in this report.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") before restructuring and other items (a non-GAAP measure; refer to definition in Section 13) was $62.5 million in the first quarter of 2010, up by 5% compared to the $59.5 million reported in 2009. Excluding the unfavourable impact of currency translation, EBITDA increased by 19%.

Net interest expense was $6.5 million in the quarter, down by $1.7 million from the $8.2 million recorded in last year's corresponding quarter. The decrease reflects lower debt levels and favourable currency translation on U.S. dollar-denominated debt.

In the first quarter of 2010, no restructuring and other costs were incurred. In the first quarter of 2009, net earnings were unfavourably impacted by restructuring and other costs of $1.7 million ($1.3 million after tax) related to a loss of $1.4 million ($1.0 million after tax) to settle pension obligations to certain members of the U.K. pension plan and $0.3 million (with no tax affect) relating to additional costs to shutdown the Avelin, France, plant.

The overall effective income tax rate was 28% for the first quarter of 2010 compared to 33% in the first quarter of 2009. The current quarter reflects $1.5 million of income tax recovery related to an accounting adjustment to benefit certain Canadian tax losses. As in the previous two quarters, this benefit is related to the unrealized foreign exchange gains on the Company's U.S. dollar -denominated debt resulting from the strengthening of the Canadian dollar during the period. This benefit will fluctuate with the movement in the Canadian dollar versus the U.S. dollar and as such this benefit would reverse fully or in part in the future if the Canadian dollar weakens and would grow larger if it strengthens. In addition, the current year's effective tax rate was positively impacted by the completion of an internal debt transaction in early 2010 that entailed the U.S. operations assuming internal debt to pay a dividend to the Canadian parent. In addition, the effective tax rate for the current quarter was positively impacted by a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions.

Net earnings for the first quarter of 2010 were $23.3 million, up 39% from the $16.8 million recorded in the first quarter of 2009 due to higher operating income, lower net interest expense and lower income tax rates, partially offset by unfavourable currency translation.

Basic earnings per Class B share were $0.71 in the first quarter of 2010 compared to $0.52 earned in the same period last year, an increase of 37%. Restructuring and other items in the first quarter of 2009 reduced earnings per Class B share by $0.04. The negative impact of currency translation and transactions on basic earnings per Class B share was $0.08 in the first quarter of 2010 versus the first quarter of 2009.

Adjusted basic earnings per Class B share (a non-GAAP measure – see Section 13) were $0.71 in the first quarter of 2010 compared to $0.56 in the first quarter of 2009.

Diluted earnings per Class B share were $0.70 in the first quarter of 2010 and $0.51 in the first quarter of 2009.

The following table is presented to provide context to the comparative change in the financial performance of the business by excluding restructuring and other costs.

(in Canadian dollars)

Adjusted Basic Earnings per Class B Share	**First Quarter 2010**	**First Quarter 2009**
Basic earnings	$0.71	$0.52
Less: Net loss from restructuring and other items included above	-	(0.04)
Adjusted basic earnings [1]	$0.71	$0.56

[1] Adjusted Basic Earnings per Class B Share is a non-GAAP measure. Refer to definition in Section 13.

The following is selected financial information for the nine most recently completed quarters.

(in millions of Canadian dollars, except per share amounts)

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2010	$307.1				$307.1
2009	314.1	301.3	294.3	289.3	1,199.0
2008	295.1	312.8	289.8	291.3	1,189.0
Net earnings (loss)					
2010	23.3				23.3
2009	16.8	8.9	16.6	(0.1)	42.2
2008	27.5	24.1	22.1	(25.7)	48.0
Net earnings (loss) per Class B share					
Basic					
2010	0.71				0.71
2009	0.52	0.28	0.51	-	1.31
2008	0.85	0.75	0.70	(0.80)	1.50
Diluted					
2010	0.70				0.70
2009	0.51	0.27	0.51	-	1.29
2008	0.82	0.73	0.68	(0.80)	1.46
Goodwill impairment loss, restructuring and other items, and tax adjustments included in basic earnings per Class B share- (loss) gain					
2010	-				-
2009	(0.04)	(0.01)	-	(0.41)	(0.46)
2008	0.05	0.01	0.05	(1.15)	(1.04)

Net earnings per Class B share by quarter have fluctuated due to changes in foreign exchange rates, restructuring costs and other items, goodwill impairment loss recorded in the fourth quarter of 2008 and tax adjustments. In late 2008 and into 2009, the impact of the global recession also reduced comparative earnings.

The seasonality of the business has evolved over the last few years with the first and second quarters generally being the strongest due to the number of work days and various customer related activities. Also, there are many products that have a spring-summer bias in North America and Europe such as agricultural chemicals and certain beverage products, which generate additional sales volumes for CCL in the first half of the year. The last two quarters of the year are negatively affected from a sales perspective by summer vacation in the Northern Hemisphere, Thanksgiving and the holiday season shutdowns at the end of the fourth quarter.

3. Business Segment Review

Label Division

($ millions)	First Quarter		
	2010	**2009**	**+/-**
Sales	$248.9	$257.5	-3.3%
Operating Income [(1)]	$ 43.2	$ 39.1	+10.5%
Return on Sales [(1)]	17.4%	15.2%	
Capital Spending	$ 20.9	$ 32.7	
Depreciation and Amortization	$ 18.2	$ 18.3	

(1) Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.

Sales for the Label Division were $248.9 million for the first quarter of 2010, down 3% from $257.5 million in the same quarter last year. Foreign currency translation had an unfavourable impact of 11%. Excluding foreign currency translation, sales for the Label Division increased 8% primarily due to strong organic growth with a nominal positive benefit from acquisitions.

North American sales grew mid-single digit, excluding currency translation, compared to a strong first quarter in the prior year. The Healthcare and Specialty segment continued to be the profit driver for the region although the rate of sales growth has slowed as a result of lower demand for products directly and indirectly associated with the H1N1 virus. The Sleeve business also rose significantly on a small base driven by continued growth in the Beverage market. Home and Personal Care business had a slow start to the year but demand accelerated rapidly in March. Improved demand for products with premium pricing and signs of customers increasing marketing and promotional activity drove strong order entry. Sales of the small U.S. Battery business have declined slightly. Overall profitability in North America has improved over the prior year period driven by improved mix and a better consumer environment.

European demand improved significantly with sales increasing high single digit, excluding currency translation. This strong growth was experienced across all businesses, except the Battery segment. Sales to Home and Personal Care customers increased double digits driven by strong demand despite increasing competition from retail private label. The Healthcare and Specialty business improved in the quarter with sales growth of mid-single digits despite a slow agriculture-chemical season. The Sleeve business had a strong quarter with high single digit sales growth. Stronger conditions were experienced in Central Europe along with moderate improvement in the UK. The European Battery and Beverage business continued to report soft market conditions but profitability improved with cost reduction and productivity initiatives. The Durables business had a particularly strong quarter with mid range double-digit sales growth compared to the prior year's first quarter reflecting the returning demand in the automotive sector. Profitability in Europe improved significantly during the first quarter driven by improved sales and mix.

The Latin America and Asia regions benefited from continuing double digit sales increases with particularly strong growth rates in China. Profitability improved significantly in Latin America. Underlying results continued to progress in our existing Asian operations but new plant start up costs in China, Thailand and Vietnam impacted profitability. We expect to incur ongoing start up losses at these new operations throughout 2010 but at declining levels in the second half of the year. Our small wine label operations in Australia and South Africa posted flat sales and a nominal loss in the seasonally slow part of the year.

Results from the 50% equity investment in Russia are not proportionately consolidated but instead are treated as an equity investment. Although the Company has significant influence over operations, the Russian partner has ultimate control. The equity investment continued to experience improved sales in the first quarter of 2010. Profitability has also improved, albeit on a small base. The equity investment has cash balances and no debt.

Operating income for the first quarter of 2010 was $43.2 million, up 11% from $39.1 million in the first quarter of 2009. Excluding the impact of currency translation, operating income was up 26%. Operating income as a percentage of sales at 17.4% is well above our global internal targets and the 15.2% return generated in last year's first quarter.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. However, the sales trend improvement that developed in the first quarter has continued so far into the second quarter in all regions of the world. Foreign exchange rates will continue to be challenging for prior year comparisons at current levels for the coming quarter. Comparisons for the second quarter however will be aided by the weak situation in Europe in the second quarter of 2009. The outlook for the balance of the year continues to be solid, although in 2010 it is unlikely that we will repeat the strong H1N1 related sales experienced in 2009. In addition, the business will face cost input increases driven by rapid commodity escalations in paper, plastic resins and specialty chemicals. Limited inflation was experienced in the first quarter but managing the pass through of these increases will be on our agenda for the remainder of 2010.

The Label Division invested $20.9 million in capital spending in the first three months of 2010 compared to $32.7 million in the same period last year. This decrease is in line with the lower planned expenditures for 2010. Major expenditures in the quarter include capacity expansions for the Healthcare and Specialty, and Sleeves businesses, along with investments in the Home and Personal Care business in emerging markets. Investments in the Label Division are expected to continue in order to increase its capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization for the Label Division was $18.2 million for the first three months of 2010 and $18.3 million in the comparable 2009 period.

Container Division

($ millions)	First Quarter 2010	First Quarter 2009	+/-
Sales	$ 40.3	$ 38.1	+5.8%
Operating Income [1]	$ (1.7)	$ (0.3)	n.m.
Return on Sales [1]	(4.2%)	(0.8%)	
Capital Spending	$ 0.2	$ 0.7	
Depreciation and Amortization	$ 3.5	$ 3.6	

[1] Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.
n.m. – not meaningful

Sales in the first quarter were $40.3 million, up 6% from $38.1 million last year. Foreign currency translation had an unfavourable impact of 8%. Excluding foreign currency translation, sales for the Container Division increased by 14% primarily due to higher volumes in the aerosol category at Home and Personal Care customers. We believe a portion of this demand related to customers rebuilding inventory.

The operating loss for the Container Division for the first quarter of 2010 was $1.7 million compared to an operating loss of $0.3 million in the first quarter of 2009. The loss narrowed significantly from the levels seen in the second half of 2009 but performance remains below acceptable levels. The sequential improvement was driven by a return to profitability at our U.S. operation with the elimination of unallocated hedge losses and strong productivity gains. We also experienced continuing solid performance at our Mexican business. Both the U.S. and Mexican operations posted gains over the prior year quarter. The loss for the Division was entirely driven by our Canadian operation which faced a significant negative foreign currency impact from the strong Canadian Dollar. In addition, sales of profitable sun care products were weak and replaced by low margin household products.

The Canadian plant in Penetanguishene, Ontario, sells almost all of its production to the United States market in U.S. dollars. Forward contracts were used to hedge part of the Canadian dollar value of these U.S. dollar sales in the prior year, while no contracts are in place for the current year. Overall, including the hedges in the prior year, the unfavourable change in the exchange rates on U.S. currency transactions decreased pre-tax income for the Container Division's Canadian operations by $1.0 million in the first quarter of 2010. The plant also posted a small loss on its natural gas hedges.

Overall return on sales in the first quarter of 2010 was a 4.2% loss compared to a 0.8% loss in last year's first quarter.

The Container Division invested a minimal amount of capital in the first three months of 2010 at $0.2 million compared to $0.7 million in the same period last year. Depreciation and amortization for the first three months of 2010 and 2009 were $3.5 million and $3.6 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 39% and 12% of its expected 2010 and 2011 requirements, respectively. All of these 2010 and 2011 hedges in place are specifically tied to customer contracts. These hedges are priced in the $1,750-$2,200 range.

Current pricing for aluminum is in the $2,150 range per ton compared to an unusually low $1,300 range in the first quarter of 2009. This volatility continues to create significant pricing challenges for the business overall. In the coming quarter we will be announcing a number of price increases to customers without hedge agreements.

Tube Division

($ millions)	First Quarter		
	2010	**2009**	**+/-**
Sales	$ 17.9	$ 18.4	-2.7%
Operating Income [1]	$ 2.1	$ 0.5	n.m.
Return on Sales [1]	11.7%	2.7%	
Capital Spending	$ 0.1	$ 3.1	
Depreciation and Amortization	$ 1.9	$ 2.4	

[1] Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.
n.m. – not meaningful

Sales in the first quarter for the Tube Division were $17.9 million, down 3% from $18.4 million last year's first quarter. Foreign currency translation had an unfavourable impact of 16%. Excluding foreign currency translation, sales for the Tube Division increased by 13% due to improved conditions in the Home and Personal Care business and new business wins, particularly in the Los Angeles facility.

Operating income for the Tube Division for the first quarter of 2010 reached $2.1 million, which represents a record quarter for the division. This profitability is significantly higher than the $0.5 million in the first quarter of 2009. Return on sales continued to improve reaching 11.7% in the first quarter of 2010 compared to a 2.7% return in the prior year's first quarter. Order levels were positive in the first quarter compared to the prior year's quarter and continued profitability is expected.

The Tube Division invested $0.1 million in capital in the first three months of 2010 compared to $3.1 million in last year's first three months, most of which related to the new Los Angeles facility. Due to the investments made in recent years we expect only limited additional expenditures for the balance of 2010. Depreciation and amortization for the first three months of 2010 and 2009 were $1.9 million and $2.4 million, respectively.

4. Currency Translation and Currency Transaction Hedging

As only about 9% of CCL's sales are generated from Canadian manufacturing locations, the remaining 91% of sales from international operations are recorded in foreign currencies and then translated into Canadian dollars for reporting purposes. The U.S. dollar is the functional currency for approximately 39% of the Company's total sales and it depreciated relative to the Canadian dollar by a substantial 17% on average in the first quarter of 2010 versus last year's first quarter. In addition, European currencies are now the measurement currencies for approximately 37% of CCL's sales and the primary European currency, the euro, has also depreciated substantially relative to the Canadian dollar by 11% versus the prior year's quarter while the U.K pound sterling depreciated by 9%. Changes in foreign exchange rates have historically had a material impact on profitability. In the first quarter of 2010, currency translation decreased earnings per share by $0.06 compared to last year's quarter.

The Container Division sells products from its Canadian plant into the U.S. market in U.S. dollars, as previously discussed. In the prior year, the Division hedged a portion of its U.S. dollar sales by selling forward a portion of its U.S. dollar inflows. The current year has no forward contracts in place. Including the impact of these hedges in the prior year, the significant change in the exchange rates on U.S. currency transactions decreased comparative net earnings by $0.7 million in the first quarter of 2010 and decreased comparative earnings per share by $0.02 for the quarter.

Currency translation and transactions in total had a negative impact of $0.08 on basic earnings per share for the first quarter versus the same period last year.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

$ Millions	**March 31, 2010**	**December 31, 2009**	**March 31, 2009**
Total debt	$ 485.5	$ 498.1	$ 611.1
Cash and cash equivalents	(126.6)	(150.6)	(106.9)
Net debt [(1)]	$ 358.9	$ 347.5	$ 504.2
Shareholders' equity	$ 751.9	$ 752.8	$ 762.0
Net debt: total book capitalization [(1)]	32.3%	31.6%	39.8%
Book value per Class B share [(1)]	$ 22.93	$ 23.01	$ 23.63

[(1)] Net Debt, Net Debt: Total Book Capitalization and Book Value per Class B Share are non-GAAP measures. Refer to definitions in Section 13.

The Company's financial position remains strong. As of March 31, 2010, cash and cash equivalents amounted to $126.6 million compared to $106.9 million at

March 31, 2009. Net debt (a non-GAAP measure, refer to definition in Section 13) was $358.9 million at March 31, 2010, $145.3 million lower than the net debt of $504.2 million at the end of March 2009. The decrease in net debt was primarily due to the favourable currency translation on U.S. dollar-denominated debt (U.S. dollar rate depreciated 20% over last year's rate on March 31).

Net debt to total book capitalization (a non-GAAP measure, refer to definition in Section 13) at March 31, 2010, was 32.3%, down from 39.8% at the end of March 2009 primarily due to lower debt levels. Book value per share, a non-GAAP measure, defined later in Section 13, was $22.93 at March 31, 2010, 3% lower compared to $23.63 at March 31, 2009.

The Company's debt structure at March 31, 2010, is primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US $438.1 million (Cdn $445.0 million) and a five-year revolving line of credit of Cdn $95 million. This debt structure was unchanged from December 31, 2009. The Company's overall average interest rate is 5.3% after factoring in the related Interest Rate Swap Agreements ("IRSAs") and Cross-Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 5.5% at March 31, 2009. The IRSAs and CCIRSAs are discussed later in this report.

The Company has a revolving line of credit with a Canadian chartered bank for $95 million that expires in January 2013. As at the end of March 2010, the credit line was unused, other than for letters of credit of $3.8 million.

The Company believes that it has sufficient cash on hand, unused credit lines and the ability to generate cash flow from operations to fund its expected financial obligations for the next few years.

6. Cash Flow

During the first quarters of 2010 and 2009, the Company generated cash from operating activities of $7.3 million and $6.2 million, respectively. The increase in cash flow compared to last year's first quarter was primarily due to higher earnings offset by increased working capital requirements during the first quarter of 2010 compared to the first quarter of 2009.

Capital spending in the first quarter amounted to $21.2 million compared to $36.5 million last year. Depreciation and amortization for the first quarters of 2010 and 2009 were $23.7 million and $24.6 million, respectively. Plans for capital spending in 2010 are still expected to be below $90 million for the year. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the first quarters of 2010 and 2009 were $5.3 million and $4.9 million, respectively. The total number of shares issued and outstanding as at March 31, 2010 and 2009, was 33.1 million and 32.7 million, respectively. The Company has historically paid out dividends at a rate of 20%-25% of net earnings. Since the Company’s cash flow and financial position are strong, the Board of Directors approved a continuation of the higher dividend declared earlier this year of $0.1475 per Class A share and $0.16 per Class B share to shareholders of record as of June 16, 2010, and payable on June 30, 2010. The annualized dividend rate is $0.59 per Class A share and $0.64 per Class B share.

The Company’s share repurchase program under a normal course issuer bid (“the bid”) became effective March 23, 2009, indicating the intention to acquire under the bid up to 13,000 Class A voting shares and 2,100,000 of its issued and outstanding Class B non-voting shares in the following 12-month period. The bid expired on March 22, 2010, and there were no shares purchased under this bid. Under CCL’s previous normal course issuer bid, which expired on March 3, 2009, CCL purchased 618,000 Class B non-voting shares at a weighted average price per share of $29.27 and no Class A voting shares. All of the shares acquired under the prior bid were cancelled.

7. Interest Rate and Foreign Exchange Management

The Company has utilized interest rate swap agreements ("IRSA") to allocate notional debt between fixed and floating rates since all of the underlying debt is fixed rate debt with U.S. financial institutions. Since the Company has developed into a global business with a significant asset base in Europe in the last few years, it has utilized cross-currency interest rate swap agreements ("CCIRSA") to effectively convert notional U.S. dollar fixed rate debt into fixed and floating rate euro debt to hedge its euro-based assets and cash flows.

The effect of the IRSAs and CCIRSAs has been to decrease interest expense by $0.7 million in the first quarter of 2010 compared to $0.6 million in the first quarter of 2009. Interest coverage (a non-GAAP measure, defined later in Section 13) decreased to 4.1 times in 2010 compared to 4.5 times as at March 31, 2009 reflecting lower earnings and higher interest expense on a 12-month rolling basis.

8. Accounting Policies and New Standards

A. Changes in Accounting Policies

The above analysis and discussion of the Company’s financial condition and results of operation are based upon its consolidated financial statements prepared in accordance with Canadian GAAP. A summary of the Company’s significant accounting policies is set out in note 1 of the annual consolidated financial statements for the year ended December 31, 2009. There are no changes in accounting policies adopted in the current year due to changes in Canadian GAAP.

B. Recently Issued Accounting Standards

In December 2008, the CICA issued Handbook Section 1582, Business Combinations; Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests.

Section 1582, Business Combinations, establishes standards for accounting for business combinations and is equivalent to the IFRS ("International Financial Reporting Standards") standard, IFRS 3 (Revised). The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

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 non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS, IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

The Company is currently assessing the impact of these three accounting standards.

C. International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publically accountable enterprises will be required to report under IFRS for fiscal periods beginning on or after January 1, 2011.

The Company has designated the Senior Vice President and Chief Financial Officer as the executive responsible for the implementation of IFRS, including the staffing and financial resources required.

The Company has identified the four key phases of this project conversion to be preliminary scoping and planning, detailed impact assessments, implementation and post implementation. Within these four key phases the project is further segregated into rollouts at the plant level versus the corporate level. These two areas require separate approaches due to the different financial processes in manufacturing operations versus the technical and complex financial issues, such as tax and treasury, at the corporate level. In addition, the corporate level is responsible for the preparation and publication of external financial statements and other related disclosures.

The scoping and planning phase which commenced in late 2008 involved the assignment of an internal project leader along with the identification of other key team participants, and development of the overall project plan and project charter. This first phase of the project has been completed

The detailed impact assessment phase has involved the detailed review of IFRS versus Canadian GAAP to identify changes required as well as any areas involving choices or electives available to the Company. This second phase will also result in the identification of accounting policy changes required, the review and establishment of shell financial statements including new disclosure requirements, and additional staff training. This phase is virtually complete and has now provided the Company with initial estimates of the anticipated financial statement impact. The estimated impact on the financial statements will be continually reassessed throughout 2010 and updates will be presented in subsequent MD&A reports.

The third phase, implementation, will involve the rollout of required changes at the plant level and the corporate level, as well as any system changes required to permit the compilation of financial statement data that is IFRS compliant. Many aspects of the implementation phase have commenced, which assisted with the determination of the initial estimates of the financial impact assessment figures. This phase will also involve updating of the internal control over financial reporting. Certain attributes of this phase will continue throughout 2010.

The fourth phase, post implementation, will involve monitoring to ensure that all financial data for fiscal 2011 and beyond continues to be IFRS compliant, as well as testing of the internal control over financial reporting in an IFRS environment during 2011.

The timing and completion of certain aspects of the conversion project may require adjustment as the project moves forward, due to changes in the standards between now and January 1, 2011, and variations in the actual length of time to complete each task in the process. However, the Company believes that the appropriate level of resources has been assigned to the project to fulfill the overall project timelines.

Some of the key activities, milestones and status to date are outlined in the table below.

IFRS IMPLEMENTATION TIMETABLE

Key Activity	Milestones	Status To Date
Project Overview: • Project team formation including project lead • Allocate project resources • Develop project plan and charter • Project management methods	• Selection of project lead November 2008 • Selection of outside consultant January 2009, work completed December 2009 • Document project plan and project update methodologies	• Resources have been identified and assigned • Project updates to senior management and the Audit Committee taking place at least quarterly • Staff training is ongoing
Financial Statements: • Identify differences with Canadian GAAP • Identify revised accounting policies for the entity • Develop IFRS financial statement layout including required disclosures • Review elections under IFRS 1	• Initial financial impact assessment of the changes for presentation to senior management and the Audit Committee by February 24, 2010 • Finalize financial statement layout with disclosures during 2010, ready for issuance in Q1 2011 • Review IFRS 1 elections with senior management and the Audit Committee by February 24, 2010 • Finalize and update accounting policy changes/selections by Q2 2010	• Detailed impact assessments to identify the differences has been completed • Revised financial statement layout is complete and review of additional disclosures is well underway • Rollout of changes impacting plants has been completed • Data collection of plant and corporate initial estimates of impacts has been completed and will be updated throughout 2010 • Accounting policy changes and selections are significantly underway • IFRS 1 elections have been reviewed by senior management and the Audit Committee

System and Process Changes: • Assess and identify required system changes • Implement required system changes for corporate consolidation and at the plant level as required • Training of plant and corporate finance staff • Review internal controls for changes required	• Implement required system changes that ensure collection of comparative IFRS data throughout 2010 • Amend internal controls for required changes related to IFRS by mid-2010	• System changes required for the implementation of new accounts and financial statement layout are complete • Training of key personnel has commenced and will continue as required • Review of internal control changes has not yet commenced, but is not expected to be significant

Outlined below by topic are some of the areas of expected accounting changes to the Company upon the adoption of IFRS. This information is expected to provide the investor and others with a better understanding of the expected results of the changeover to IFRS and how that will impact the Company's financial statements and operating performance. This information is based upon our most recent review of expectations and that circumstances may arise, such as changes in IFRS standards, which could change these assumptions in the future.

Fixed Assets

IAS 16, Property, Plant & Equipment, requires that fixed assets be broken down into their major components and depreciated separately using a useful life appropriate to that component. As a result of this requirement the Company has reviewed all major fixed asset categories and determined that adjustments will be expected concerning componentization of the "Building" category of our fixed assets. This will result in an opening balance sheet adjustment and the building depreciation will be expensed over a shorter timeframe going forward under IFRS. The Company intends to continue to use historical costs for capital asset valuations.

Share-based Payments

IFRS 2, Share-based Payments, requires for awards that vest in instalments over the vesting period, that each instalment is accounted for as a separate arrangement rather than permitting the instalments to be treated as a pool. This will result in a change to the current accounting policy and potentially an opening adjustment upon conversion to IFRS.

Employee Benefits

IAS 19, Employee Benefits, requires an entity to elect an accounting policy choice concerning the treatments of actuarial gains and losses pertaining to defined benefit plans. The Company is intending to adopt, upon conversion to IFRS, the option of 100% recognition of the actuarial gains and losses through other comprehensive income.

Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement, requires that transactions costs related to financial instruments measured at cost are to be included in the initial measurement of the financial instrument. Canadian GAAP permits the entity to make an accounting policy choice to either include transaction costs in the initial measurement of a financial instrument measured at cost, or immediately recognize them in profit and loss. The Company's previous accounting choice was to recognize these transaction costs immediately in the profit and loss; as such, there will be an opening balance sheet adjustment to reflect this required change.

First-Time Adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1, First-Time Adoption of International Reporting Standards ("IFRS 1")*,* which provides guidance regarding an entity's initial adoption of IFRS. IFRS 1 generally requires an entity to apply all IFRS with retrospective effect to the end of its first IFRS reporting period. However, IFRS 1 does include certain mandatory exceptions and some limited optional exemptions in specified areas of the various standards. Outlined below are some of the optional exemptions available under IFRS 1 that the Company expects to adopt on the first financial statements under IFRS. Additional options available have not yet been decided by the Company.

- Business Combinations – The Company expects to elect to not restate any business combinations that have occurred prior to January 1, 2010.
- Employee Benefits – The Company expects to elect to recognize any actuarial gains/losses as at January 1, 2010, in retained earnings.
- Borrowing Costs – The Company expects to elect to apply the requirements of IAS 23, Borrowing Costs, prospectively from January 1, 2010.
- Cumulative Translation Account ("CTA") – The Company expects to elect the IFRS 1 exemption to reclassify the balance of CTA as at January 1, 2010, to retained earnings upon transition to IFRS.

D) Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis, based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The following critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the Consolidated Financial Statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this Management's Discussion and Analysis and in the notes to the annual consolidated financial statements for the year ended December 31, 2009.

Inventory Valuation

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of overhead. In determining the net realizable value, the Company estimates and establishes reserves for excess, obsolete or unmarketable inventory. The reserve is based upon the aging of the inventory, the historical experience, the current business environment and the Company's judgment regarding the future demand for the inventory. If actual demand and market conditions are less favourable than those projected, additional inventory reserves may be needed and the results from operations could be materially affected. A change in the provision would be recorded in the carrying value of inventory and cost of goods sold.

Accounts Receivable

The Company records an allowance for doubtful accounts related to accounts receivable that management believes may become impaired. The allowance is based upon the aging of the receivables, the Company's knowledge of the financial condition of its customers, the historical experience, and the current business environment. If actual collection of receivables and market conditions are less favourable than those projected, additional allowance for doubtful accounts may be needed and the results from operations could be materially affected. A change in the allowance would be recorded in selling, general and administrative expenses.

Goodwill

Goodwill represents the excess of the purchase price of the Company's interest in the businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. Goodwill is not amortized but is required to be tested for impairment at least annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company performs the annual impairment test in the fourth quarter of each year, or more frequently if required as noted above. Impairment testing is done utilizing the two step method at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. In the assessment of fair value of the reporting unit, the average enterprise value to EBITDA multiple based on comparable companies is used to estimate the enterprise value for each of the reporting units. If the fair value of the reporting unit exceeds its carrying amount, further evaluation is not necessary. However, if the fair value of the reporting unit is less than its carrying amount, further evaluation is required to compare the implied fair value of the reporting unit's goodwill to its carrying amount to determine whether a write-down of goodwill is required. If Step 2 is required, the income approach methodology of valuation is primarily used, which includes the discounted cash flow method as well as other valuation methods. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation. In 2009, it was determined that the carrying amount of goodwill was not impaired. Since the process of determining fair values requires management judgment regarding projected results and market multiples, a change in these assumptions could impact the fair value of the reporting units resulting in an impairment charge.

<u>Long-lived Assets</u>

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Performance of this evaluation involves management estimates of the associated business plans, economic projections and anticipated cash flows. Specifically, management considers forecasted operating cash flows, which are subject to change due to economic conditions, technological changes or changes in operating performance. An impairment loss would be recognized if the carrying amount of the asset held for use exceeded the discounted cash flow or fair value. Changes in these estimates in the future may result in an impairment charge.

<u>Employee Future Benefits</u>

The Company accrues its obligation under employee benefit plans and related costs net of plan assets. Pension costs are determined periodically by independent actuaries. The actuarial determination of the accrued benefit obligations for the plans uses the projected benefit method prorated on service and incorporates management's best estimate of future salary escalation, retirement age, inflation and other actuarial factors. The cost is then charged as services are rendered. Since these assumptions, which are disclosed in note 17 of the annual consolidated financial statements for the year ended December 31, 2009, involve forward-looking estimates and are long-term in nature, they are subject to uncertainty and actual results may differ, and the differences may be material.

E) Inter-Company and Related Party Transactions

The Company has entered into a number of agreements with its subsidiaries that govern the management and commercial and cost-sharing arrangements with and amongst the subsidiaries. These inter-company structures are established on terms typical of arm's length agreements.

The Company has no material related party transactions.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 15 of the annual consolidated financial statements for the year ended December 31, 2009. There are no defined benefit plans funded with CCL stock.

The Company has had no material changes in contractual obligations in the first quarter of 2010.

10. Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure. CCL's Disclosure Committee reviews all external reports and documents of CCL before publication to enhance the Company's disclosure controls and procedures.

As at December 31, 2009, and March 31, 2010, based on the continued evaluation of the disclosure controls and procedures, the CEO and the CFO have concluded that CCL's disclosure controls and procedures, as defined in National Instrument 52-109 ("NI 52-109"), are effective to ensure that information required to be disclosed in reports and documents that CCL files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management is responsible for establishing and maintaining adequate internal control over financial reporting. NI 52-109 requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal control over financial reporting for the issuer, that internal control has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, that the internal control over financial reporting is effective, and that the issuer has disclosed any changes in its internal control during its most recent interim period that has materially affected or is reasonably likely to materially affect its internal control over financial reporting.

As of December 31, 2009, and March 31, 2010, the CEO and the CFO certified that they were in compliance with NI 52-109 regarding internal control over financial reporting.

There were no material changes in internal control over financial reporting in the three months ended March 31, 2010.

11. Risks and Strategies

The 2009 Management's Discussion and Analysis in the Annual Report detailed risks to the Company's business and the strategies that were planned for 2010 and beyond. Although the global macroeconomic conditions have added a significant degree of uncertainty and volatility for all businesses in this environment, there have been no material changes to those risks and strategies.

12. Outlook

The Company remains confident about its abilities to deliver strong results and cash flows to support its growth strategy and investment opportunities to maintain its premier position and to further expand its operations geographically in the specialty packaging business. Liquidity continues to be a key priority for the Company as evidenced by its cash balances of over $126 million and unused credit lines of over $90 million. The Company remains focused on vigilantly managing capital spending with the focus on taking advantage of investment opportunities in high-growth areas such as Asia and Healthcare and Specialty markets with limited investments in low return businesses. The Company also continues to manage working capital very tightly as business expands.

The economic recovery seen in the second half of 2009 has continued into the first quarter of 2010. The United States' economy has shown sustained recovery, and Europe seems to now follow the same trend. Emerging markets of Latin America, Asia and now Eastern Europe continue to grow strongly but account for approximately 15% of the company's revenues. Despite these encouraging signs, the global economies remain fragile as governments cope with record deficits, and concerns about inflation begin to set in.

The Company, after a stronger start to 2010 than expected, is more optimistic about the outlook for the year. Its customers have become more confident about the global economies and have started to rebuild their supply chain levels and invest in promotional activity. The balance of concern has shifted to the pricing challenges of passing on escalating commodity costs. In addition, the recent strengthening in the Canadian dollar relative to the currencies of CCL's foreign operations, if unchanged from current levels, will have a substantial negative impact on earnings on a comparative basis with 2009. The Company will continue to focus on improving the performance of its Container Division, although it is unlikely that it will see much improvement in the short term as the recent rise in aluminum costs and fluctuation in foreign currency rates will continue to be a challenge for this Division. We expect our capital expenditure needs to continue to moderate overall and be below $90 million, or approximately depreciation, for the year.

13. Key Performance Indicators and Non-GAAP Measures

CCL measures the success of the business using a number of key performance indicators, many of which are in accordance with Canadian GAAP as described throughout this report. The following performance indicators are not measurements in accordance with Canadian GAAP and should not be considered as an alternative to or replacement of net income or any other measure of performance under Canadian GAAP. These non-GAAP measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. In fact, these additional measures are used to provide added insight into our results and are concepts often seen in external analysts' research reports, financial covenants in banking agreements and note agreements, purchase and sales contracts on acquisitions and divestitures of the business and in discussions and reports to and from our shareholders and the investment community. These non-GAAP measures will be found throughout this report and are referenced in this definition section alphabetically:

Adjusted Basic Earnings per Class B Share – An important non-GAAP measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share but it does provide additional insight into the ongoing financial results of the Company. This non-GAAP measure is defined as basic net earnings per Class B share excluding goodwill impairment loss, restructuring and other items and tax adjustments.

Book Value per Share - A measure of the shareholders' equity at book value per the combined Class A and Class B shares. It is calculated by dividing shareholders' equity by the actual number of Class A and Class B shares issued and outstanding, excluding amounts and shares related to shares held in trust and the executive share purchase plan.

The following table reconciles the calculation of the book value per share using Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

(in millions of Canadian dollars, except per share data in thousands)

Book value per share

At March 31st		2010		2009
Total shareholders' equity, end of period	$	751.9	$	762.0
Number of shares issued and outstanding, end of period ('000)		33,089		32,697
Less: Shares held in trust				
Executive share purchase plan loans		(265)		(345)
		(25)		(100)
Total adjusted number of shares issued ('000)		32,799		32,252
Book value per share	$	22.93	$	23.63

EBITDA - A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results and is also considered as a proxy for cash flow and a facilitator for business valuations. This non-GAAP measure is defined as earnings before interest, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items. We believe that it is an important measure as it allows us to assess our ongoing business without the impact of interest, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate our ability to incur or service debt and to invest in property, plant and equipment, and it allows us to compare our business to that of our peers and competitors who may have different capital or organizational structures. EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and as a key metric in business valuations. EBITDA is considered as an important measure by lenders to the Company and is included in the financial covenants for our senior notes and bank lines of credit.

The following table reconciles EBITDA measures to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

(in millions of Canadian dollars)

EBITDA (earnings before interest, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items)		First Quarter 2010		First Quarter 2009
Net earnings	$	23.3	$	16.8
Corporate expense		4.8		4.4
Interest expense, net		6.5		8.2
Restructuring and other items – loss		-		1.7
Income taxes		9.0		8.2
Operating Income (a non-GAAP measure)		43.6		39.3
Less: Corporate expense		(4.8)		(4.4)
Add: Depreciation and amortization		23.7		24.6
EBITDA (a non-GAAP measure)	$	62.5	$	59.5

Interest Coverage – A measure indicating the relative amount of Operating income earned by the Company compared to the amount of interest expense incurred by the Company. It is calculated as Operating Income (see definition below), including discontinued items, less corporate expense, divided by net interest expense on a 12-month rolling basis.

The following table reconciles the interest coverage measure to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

(in millions of Canadian dollars)

Interest Coverage

	12-month rolling* Apr. 1 – Mar. 31				**Year-to-date December 31**				**1st Quarter Jan 1- Mar 31**		**1st Quarter Jan 1- Mar 31**		**1st Quarter Jan 1- Mar 31**
Interest coverage		**2010**		**2009**		**2009**		**2008**		**2010**		**2009**	**2008**
Operating income (a non-GAAP measure) (see definition below)	$	128.7	$	139.4	$	124.4	$	142.8	$	43.6	$	39.3	$ 42.7
Less: Corporate expense	$	16.9	$	13.6	$	16.5	$	11.5	$	4.8	$	4.4	$ 2.3
Operating income excluding corporate expense	$	111.8	$	125.8	$	107.9	$	131.3	$	38.8	$	34.9	$ 40.4
Net interest expense	$	27.6	$	27.9	$	29.3	$	23.9	$	6.5	$	8.2	$ 4.2
Interest coverage		4.1		4.5									

* 12-month rolling represents December 31st year-to-date results plus the current year's first quarter results less the prior year's first quarter results.

Net Debt – A measure indicating the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. It is defined as current debt including cash advances, plus long-term debt, less cash and cash equivalents.

Net Debt to Total Book Capitalization - A measure that indicates the financial leverage of the Company. It measures the relative use of debt versus equity in the book capital of the Company. Net debt to total book capitalization is defined as Net Debt (see definition above) divided by Net Debt plus shareholders' equity, expressed as a percentage.

Operating Income – A measure indicating profitability of the Company's business units defined as operating income before corporate expenses, interest, goodwill impairment loss, restructuring and other items and tax.

See EBITDA definition above for a reconciliation of Operating Income measures to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

Restructuring and Other Items and Tax Adjustments – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items and tax adjustments on a per share basis is measured by dividing the after-tax income of the restructuring and other items and tax adjustments by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's results because the timing and extent of such items do not reflect or relate to the Company's ongoing operating performance. Management evaluates the operating income of its divisions before the effect of these items.

Restructuring and other items are disclosed in note 5 of the Company's quarterly financial statements.

Return on Sales - A measure indicating relative profitability of sales to customers. It is defined as Operating Income (see above definition) divided by sales, expressed as a percentage.

The following table reconciles net earnings used in the Return on Sales measure to Canadian GAAP measures reported in the consolidated statements of earnings in the industry segmented information as per note 7 of the Company's quarterly financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

Return on Sales	**Sales**		**Operating Income (Loss)**		**Return on Sales**	
	First Quarter		**First Quarter**		**First Quarter**	
Industry Segments	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Label	$ 248.9	$ 257.5	$ 43.2	$ 39.1	17.4%	15.2%
Container	40.3	38.1	(1.7)	(0.3)	(4.2%)	(0.8%)
Tube	17.9	18.4	2.1	0.5	11.7%	2.7%
Total Operations	$ 307.1	$ 314.1	$ 43.6	$ 39.3	14.2%	12.5%

Total Debt – A measure indicating the financial indebtedness of the Company. It is defined as current debt, including bank advances, plus long-term debt.

The following table reconciles total debt used in the total debt measure to Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

(in millions of Canadian dollars)

Total debt

At March 31st	2010	2009
Current debt, including bank advances	$ 119.7	$ 25.7
Plus: Long-term debt	365.8	585.4
Total Debt	$ 485.5	$ 611.1