Consolidated Condensed Interim Financial Statements
(In thousands of Canadian dollars)

CCL INDUSTRIES INC.

Interim periods ended June 30, 2011 and 2010
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position
Unaudited

In thousands of Canadian dollars	***Note***	**As at June 30 2011**	**As at December 31 2010**	**As at June 30 2010**
Assets				
Current assets				
Cash and cash equivalents		$ 102,945	$ 173,197	$ 165,757
Trade and other receivables		204,267	173,066	209,194
Prepaid expenses		9,866	5,983	8,171
Income and other taxes recoverable		-	2,457	-
Inventories		85,679	77,863	75,974
Total current assets		402,757	432,566	459,096
Property, plant and equipment		717,364	704,403	717,780
Other investments		36,331	39,199	43,179
Deferred tax assets		55,105	54,956	53,123
Intangible assets		37,903	38,053	40,776
Goodwill		352,107	350,527	356,702
Total non-current assets		1,198,810	1,187,138	1,211,560
Total assets		$1,601,567	$ 1,619,704	$1,670,656
Liabilities				
Current liabilities				
Bank advances		$ -	$ 497	$ 384
Trade and other payables		222,122	222,072	218,510
Income and other taxes payable		13,268	-	7,662
Current portion of long-term debt	*7*	16,826	87,147	121,199
Total current liabilities		252,216	309,716	347,755
Long-term debt	*7*	337,461	346,750	382,054
Employee benefits		71,757	66,219	67,206
Provisions and other long-term liabilities		8,165	8,616	10,750
Deferred tax liabilities		113,593	119,076	118,065
Total non-current liabilities		530,976	540,661	578,075
Total liabilities		783,192	850,377	925,830

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of financial position (Continued)

Unaudited

In thousands of Canadian dollars	***Note***	**As at June 30 2011**	**As at December 31 2010**	**As at June 30 2010**
Equity				
Share capital	*6*	210,812	208,666	203,181
Contributed surplus		9,003	7,688	6,554
Retained earnings		610,561	573,425	556,127
Accumulated other comprehensive loss	*8*	(12,001)	(20,452)	(21,036)
Total equity attributable to shareholders of the Company		818,375	769,327	744,826
Total liabilities and equity		$1,601,567	$ 1,619,704	$1,670,656

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim income statements
Unaudited

In thousands of Canadian dollars, except per share information	***Note***	***Three months ended June 30th*** **2011**	**2010**	***Six months ended June 30th*** **2011**	**2010**
Revenue		$ 318,894	$ 302,157	$ 634,519	$ 609,288
Cost of sales		243,670	230,110	481,707	464,348
Gross profit		75,224	72,047	152,812	144,940
Selling, general and administrative expenses		39,362	37,582	74,504	71,828
Restructuring and other items		-	-	542	-
Results from operating activities		35,862	34,465	77,766	73,112
Finance cost		5,588	6,742	11,577	13,514
Finance income		265	253	589	483
Net finance cost		5,323	6,489	10,988	13,031
Earnings before income tax		30,539	27,976	66,778	60,081
Income tax expense		8,707	10,501	18,126	18,049
Net earnings for the period		$ 21,832	$ 17,475	$ 48,652	$ 42,032
Attributable to:					
Shareholders of the Company		$ 21,832	$ 17,475	$ 48,652	$ 42,032
Net earnings for the period		$ 21,832	$ 17,475	$ 48,652	$ 42,032
Earnings per share					
Basic earnings per Class B share	*6*	$ 0.66	$ 0.53	$ 1.47	$ 1.28
Diluted earnings per Class B share	*6*	$ 0.64	$ 0.52	$ 1.44	$ 1.26

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of comprehensive income
Unaudited

In thousands of Canadian dollars	*Three months ended June 30th* **2011**	**2010**	*Six months ended June 30th* **2011**	**2010**
Net earnings for the period	$ 21,832	$ 17,475	$ 48,652	$ 42,032
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment for foreign operations, net of tax recovery of $90 and $385 for the three-month and six-month periods ending June 30, 2011 (2010 – tax recovery of $113 and $78)	4,490	7,533	2,508	(32,895)
Net gain (loss) on hedge of net investment in foreign operations, net of tax expense of $198 and $1,116 for the three-month and six-month periods ending June 30, 2011 (2010 – tax recovery of $1,348, tax expense $1,608)	1,162	(7,977)	7,089	11,137
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of $85 and $85 for the three-month and six-month periods ending June 30, 2011 (2010 – tax recovery of $820 and $892)	(223)	(183)	(1,069)	(1,539)
Net change in fair value of cash flow hedges transferred to income statement, net of tax expense of $285 and $427 for the three-month and six-month periods ending June 30, 2011 (2010 – tax expense of $551 and $546)	(600)	(2,888)	(77)	(1,634)
Actuarial losses on defined benefit pension plans, net of tax expense of $110 and $7 for the three-month and six-month periods ending June 30, 2010	-	(497)	-	(781)
Other comprehensive income (loss), net of tax	(4,829)	(4,012)	8,451	(25,712)
Total comprehensive income	$ 26,661	$ 13,463	$ 57,103	$ 16,320
Attributable to:				
Shareholders of the Company	$ 26,661	$ 13,463	$ 57,103	$ 16,320
Total comprehensive income for the period	$ 26,661	$ 13,463	$ 57,103	$ 16,320

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.
Consolidated condensed interim statements of changes in equity
Unaudited

For periods ended June 30

In thousands of Canadian dollars	***Note***	**2011**	**2010**
Share capital			
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		213,691	206,874
Stock options exercised, Class B		1,809	1,243
Class B shares, end of period		215,500	208,117
Executive share purchase plan loans, beginning of period		(233)	(916)
Repayment of executive share purchase plan loans		-	683
Executive share purchase plan loans, end of period		(233)	(233)
Shares held in trust, beginning of period		(9,309)	(9,136)
Shares redeemed from trust		425	-
Shares purchased and held in trust		(88)	(84)
Shares held in trust, end of period		(8,972)	(9,220)
Share capital, end of period	*6*	210,812	203,181
Accumulated other comprehensive income (loss)			
Accumulated other comprehensive income (loss), beginning of period		(20,452)	3,896
Other comprehensive income (loss)		8,451	(24,932)
Accumulated other comprehensive income (loss), end of period	*8*	(12,001)	(21,036)
Contributed surplus:			
Contributed surplus, beginning of period		7,688	4,676
Stock option expense		800	716
Stock options exercised		(350)	(175)
Stock-based compensation plan		865	1,337
Contributed surplus, end of period		9,003	6,554

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.

Consolidated condensed interim statements of changes in equity (Continued)

Unaudited

For periods ended June 30

In thousands of Canadian dollars	**2011**	**2010**
Retained earnings, beginning of period:	573,425	525,316
Net earnings	48,652	42,032
Defined benefit plan actuarial losses, net of tax	-	(781)
Dividends:		
Class A	772	700
Class B	10,744	9,740
Total dividends to shareholders	11,516	10,440
Retained earnings, end of period	610,561	556,127
Total shareholders' equity, end of period	$ 818,375	$ 744,826

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

CCL Industries Inc.
Consolidated condensed interim statements of cash flows
Unaudited

		Three months ended June 30th		Six months ended June 30th	
In thousands of Canadian dollars	***Note***	**2011**	**2010**	**2011**	**2010**
Cash provided by (used for)					
Operating activities					
Net earnings		$21,832	$ 17,475	$48,652	$ 42,032
Adjustments for:					
Depreciation and amortization		24,992	23,183	48,942	47,337
Restructuring and other items, net of tax		-	-	350	-
Equity-settled share-based payment transactions		1,000	1,154	2,090	2,053
Deferred taxes		707	1,728	718	(541)
Gain on sale of property, plant and equipment		(257)	(224)	(710)	(262)
		48,274	43,316	100,042	90,619
Change in inventories		(2,803)	(3,392)	(7,251)	(13)
Change in trade and other receivables		(4,360)	(10,028)	(29,663)	(40,398)
Change in prepaid expenses		(3,093)	(3,314)	(1,919)	(2,479)
Change in trade and other payables		11,911	21,906	(1,425)	11,590
Change in income and other taxes payable		1,274	2,808	15,725	(3,327)
Change in employee benefits		2,722	(1,027)	5,538	(2,088)
Change in other assets and liabilities		(943)	4,790	(10,200)	8,451
Cash provided by operating activities		52,982	55,059	70,847	62,355
Financing activities					
Proceeds on issuance of long-term debt		-	2,857	1,040	4,449
Repayment of long-term debt	*7*	(1,107)	(676)	(69,579)	(1,291)
Increase in bank advances		(669)	(149)	(497)	384
Issue of shares		-	83	1,073	1,067
Repayment of executive share purchase plan loans		-	-	-	683
Dividends paid		(5,802)	(5,264)	(11,604)	(10,524)
Cash used for financing activities		(7,578)	(3,149)	(79,567)	(5,232)

CCL Industries Inc.

Consolidated condensed interim statements of cash flows
Unaudited

In thousands of Canadian dollars	***Note***	***Three months ended June 30th*** **2011**	**2010**	***Six months ended June 30th*** **2011**	**2010**
Investing activities					
Additions to property, plant and equipment		(28,082)	(17,395)	(53,923)	(38,617)
Proceeds on disposal of property, plant and equipment		455	2,591	1,119	2,659
Business acquisitions	*4,9*	(6,837)	(7)	(8,792)	(1,246)
Cash used for investing activities		(34,464)	(14,811)	(61,596)	(37,204)
Translation adjustments on cash and cash equivalents		(129)	2,042	64	(4,756)
Net increase (decrease) in cash and cash equivalents		10,811	39,141	(70,252)	15,163
Cash and cash equivalents at beginning of period		92,134	126,616	173,197	150,594
Cash and cash equivalents at end of period		**$ 102,945**	**$ 165,757**	**$ 102,945**	**$ 165,757**

Interest paid	$ 12,475	$13,676
Interest received	$ 590	$ 480
Taxes paid	$ 10,985	$22,019

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

(in thousands of Canadian dollars, except share and per share information)

1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim period ended June 30, 2011, comprise the Company and its subsidiaries and the Company's interest in associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, containers and tubes.

2. Basis of preparation

(a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"); its interpretations adopted by the International Accounting Standards Board ("IASB"); IAS 34, *Interim Financial Reporting*; and the IFRS accounting policies, transition disclosures and selected annual disclosures outlined in notes 2, 3, and 6 to 19 of the Company's first quarter interim consolidated condensed financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is also provided in note 11 of these statements. As these are consolidated condensed interim financial statements, not all IFRS disclosures have been included.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2010 annual financial statements and the unaudited consolidated condensed interim financial statements as at and for the three months ended March 31, 2011.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 4, 2011.

(b) Basis of measurement

These consolidated condensed interim financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- assets related to the defined benefit plans are measured at fair value and liabilities related to the defined benefit plan are calculated by qualified actuaries using the projected unit credit method

(c) Functional and presentation currency

These consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

(in thousands of Canadian dollars, except share and per share information)

2. Basis of preparation (Continued)

(d) New standards and interpretations not yet adopted

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009, and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, and has not been applied in preparing these consolidated condensed interim financial statements. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

3. Segment reporting

Business segments

The Company has three reportable segments, as described below, which are the Company's main business units. The business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the business units, the Company's CEO, the chief operating decision maker, reviews internal management reports regularly.

The Company is comprised of the following main business segments:

- Label – Includes the production of innovative label solutions for consumer product marketing companies in the personal and beauty care, food and beverage, battery, household, chemical and promotional segments of the industry, and it also supplies major pharmaceutical, healthcare, durable goods and industrial chemical companies. Label's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould and expanded content labels and pharmaceutical instructional leaflets.
- Container – Includes the manufacturing of specialty containers for the consumer products industry in North America, including Mexico. The key product line is recyclable aluminum aerosol cans and bottles for the personal care, home care and cosmetic industries, plus shaped aluminum bottles for the beverage market.
- Tube - Includes the manufacturing of highly decorated extruded tubes for the personal care and cosmetics industry in North America, including Mexico.

CCL Industries Inc.

Notes to the consolidated condensed interim financial statements
Unaudited

(in thousands of Canadian dollars, except share and per share information)

3. Segment reporting (Continued)

Business segments (Continued)

	Three months ended June 30th				Six months ended June 30th			
	Sales		Operating Income		Sales		Operating Income	
	2011	2010	2011	2010	2011	2010	2011	2010
Label	$ 255,883	$ 242,102	$ 37,308	$ 38,978	$ 503,639	$ 491,006	$ 79,154	$ 81,984
Container	42,567	39,695	2,079	(2,166)	90,218	80,010	5,819	(3,898)
Tube	20,444	20,360	3,671	2,898	40,662	38,272	6,769	4,951
	$ 318,894	$ 302,157	43,058	39,710	$ 634,519	$ 609,288	91,742	83,037
Corporate expenses			(7,196)	(5,245)			(13,434)	(9,925)
Restructuring and other items			-	-			(542)	-
Finance cost, net			(5,323)	(6,489)			(10,988)	(13,031)
Income tax			(8,707)	(10,501)			(18,126)	(18,049)
Net earnings			$ 21,832	$ 17,475			$ 48,652	$ 42,032

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
					Six months ended June 30		Six months ended June 30	
	June 30 2011	December 31 2010	June 30 2011	December 31 2010	2011	2010	2011	2010
Label	$ 1,183,761	$ 1,118,220	$ 339,376	$ 337,792	$ 37,975	$ 36,280	$ 49,784	$ 34,742
Container	165,774	165,097	12,731	12,735	7,012	7,136	2,145	3,435
Tube	49,250	51,940	-	-	3,541	3,769	1,847	411
Corporate	202,782	284,447	-	-	414	152	147	29
Total	$ 1,601,567	$ 1,619,704	$ 352,107	$ 350,527	$ 48,942	$ 47,337	$ 53,923	$ 38,617

Due to the seasonality of CCL's business, the Company's operating results for the six months ended June 30, 2011, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2011. The first and second quarters are traditionally higher sales periods as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarters of the year, combined with the methods of accounting for fixed costs, such as depreciation and amortization, and expenses, such as rent and interest, which are not significantly impacted by business seasonality.

(in thousands of Canadian dollars, except share and per share information)

4. Acquisitions of subsidiaries

In April 2011, the Company acquired Thunder Press Inc., a privately owned label company located near Chicago that operated under the trade name "Sertech." The acquired business produces patient instructional leaflets, commonly known as "inserts and outserts" for leading pharmaceutical customers in the United States. The purchase price was $7.8 million, net of cash acquired. The Company is reviewing the valuation of net assets acquired, therefore certain items disclosed below may change upon completion of the review.

Details of the transaction are as follows:

Current assets	$ 2,111
Current liabilities	(506)
Non-current assets	3,186
Non-current liabilities	(2,122)
Deferred taxes	(868)
Intangible assets	2,600
Goodwill	3,404
Net assets purchased	$ 7,805
Consideration given:	
Cash, net of cash acquired	$ 6,837
Promissory note	968
Total consideration	$ 7,805

In March 2010, the Company completed the purchase of Purbrick Pty 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.

Details of the transaction are as follows:

Current assets	$ 1,892
Current liabilities	(1,253)
Non-current assets	2,632
Non-current liabilities	(2,400)
Deferred taxes	375
Net assets purchased	$ 1,246
Consideration given:	
Cash, net of cash acquired	$ 1,246

5. Equity accounted investee

In 2007, the Company, along with a Russian partner, invested in a pressure sensitive label business, CCL-Kontur, that services the territories of Russia and the Commonwealth of Independent States. The Russian partner has operating control of the business and, consequently, the investment is being carried at its equity value and is accounted for using the equity accounting method.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Company:

	Ownership	Total assets	Total liabilities	Total revenue	Profit / (loss)
June 30, 2011					
CCL-Kontur (associate)	50%	$ 26,698	$ 13,387	$ 12,977	$ (121)
December 31, 2010					
CCL-Kontur (associate)	50%	$ 28,058	$ 15,603	$ 35,544	$ 992
January 1, 2010					
CCL-Kontur (associate)	50%	$ 26,667	$ 13,762	$ -	$ -

6. Capital

(a) Share capital

(i) Class A

The holders of Class A shares receive dividends set at $0.05 per share per annum less than Class B shares and are entitled to one vote per share at meetings of the Company and are convertible at any time into Class B shares.

(ii) Class B

Class B shares rank equally in all material respects with Class A shares, except as follows:

(a) The holders of Class B shares are entitled to receive material and attend, but not to vote at, regular shareholder meetings.

(b) Holders of Class B shares are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares.

(c) Holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time.

(b) Earnings per share

The calculation of basic earnings per share at June 30, 2011, was based on profit attributable to Class A shares of $3.4 million (2010 - $3.0 million) and Class B shares of $45.3 million (2010 - $39.0 million) and a weighted average number of Class A shares outstanding of 2,374,025 (2010 - 2,374,025) and Class B shares outstanding of 30,665,822 (2010 - 30,399,788).

The calculation of diluted earnings per share on June 30, 2011, was based on profit attributable to Class A shares of $3.4 million (2010 - $2.9 million) and Class B shares of $45.3 million (2010 - $39.1 million) and a weighted average number of Class A shares outstanding of 2,374,025 (2010 - 2,374,025) and Class B shares outstanding of 31,360,981 (2010 - 30,972,342).

7. Long-term debt

In March 2011, the Company made a scheduled debt repayment of US$60 million. The US dollar amount had been converted into euro-based debt using two cross-currency interest rate swap agreements ("CCIRSAs"). The two CCIRSAs matured the same day as the US$60 million debt.

8. Accumulated other comprehensive loss

	June 30 2011	Dec 31 2010
Unrealized foreign currency translation losses, net of tax expense of $2,788 (2010 – tax of expense $2,057)	$ (12,248)	$ (21,845)
Gains on derivatives designated as cash flow hedges, net of tax expense of $79 (2010 – tax expense of $591)	247	1,393
	$ (12,001)	$ (20,452)

9. Commitments

In March 2011, CCL announced that it had signed a binding agreement to acquire a 50% interest in Pacman-CCL, a privately owned group of label companies based in Dubai in the United Arab Emirates with additional operations in Cairo, Egypt, and Muscat, Oman. Pacman-CCL has been a license holder of CCL Label since 2009. The remaining 50% interest in the venture will continue to be held by Mr. Ali Saeed Juma Albwardy who, through his holding entity Albwardy Investment, has overseen the growth of the company for more than two decades.

CCL will pay a total of approximately US$18.5 million in cash to acquire its 50% interest in the venture, of which US$2.0 million was paid in March 2011. Pacman-CCL generated sales of US$25.8 million in the year ending December 31, 2010, with net after tax earnings of approximately US$4.6 million. Closing of this transaction is expected to occur during the third quarter after certain administrative procedures are completed. The agreement also binds CCL and Albwardy to complete an investment in a new facility currently under construction in Jeddah, Saudi Arabia, in 2011 with an estimated total cost of US$4.0 million to be funded by a combination of debt and additional equity in the new operation shared equally by the parties. CCL expects its own equity contribution to be funded by dividends from the venture in its first year. The partners have also agreed in principle to a prospective future greenfield investment by Pacman-CCL in India.

10. Subsequent events

The Board of Directors has declared a dividend of $0.175 for the Class B non-voting shares and $0.1625 on the Class A voting shares and will be payable to shareholders of record at the close of business on September 16, 2011, to be paid on September 30, 2011.

11. Explanation of transition to IFRS

The accounting policies set out in note 3 of the Company's consolidated condensed March 31, 2011, interim financial statements have been applied in preparing the consolidated condensed interim financial statements for the six-month period ended June 30, 2011, the comparative information presented in these financial statements for the six-month period ended June 30, 2010, and in the preparation of an opening IFRS balance sheet at January 1, 2010 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

CCL Industries Inc.

Notes to the consolidated condensed interim financial statements
Unaudited

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)
Reconciliation of equity, January 1, 2010

	Notes	Canadian GAAP balance	IFRS reclass-ification	IFRS adjustments	IFRS balance	
Assets						**Assets**
Current assets						**Current assets**
Cash and cash equivalents		$ 150,594	$ -	$ -	$ 150,594	Cash and cash equivalents
		-	167,374	-	167,374	Trade and other receivables
Accounts receivable, trade		148,688	(148,688)	-	-	
Other receivables and prepaid expenses		24,342	(24,342)	-	-	
		-	5,656	-	5,656	Prepaid expenses
Inventories		75,530	-	-	75,530	Inventories
Total current assets		399,154	-	-	399,154	**Total current assets**
Property, plant and equipment	(d)	751,592	(944)	(5,941)	744,707	Property, plant and equipment
		-	44,269	-	44,269	Other investments
Other assets		46,182	(46,182)	-	-	
Future income tax assets	(c),(d),(e),(f),(g),(h)	47,440	-	4,359	51,799	Deferred tax asset
Intangible assets		42,335	2,857	-	45,192	Intangible assets
Goodwill		358,794	-	-	358,794	Goodwill
Total non-current assets		1,246,343	-	(1,582)	1,244,761	**Total non-current assets**
Total assets		$1,645,497	$ -	$ (1,582)	$1,643,915	**Total assets**
Liabilities						**Liabilities**
Current liabilities						**Current liabilities**
Accounts payable and accrued liabilities		$ 206,510	$ (596)	$ -	$ 205,914	Trade and other payables
Income and other taxes payable		10,943	-	-	10,943	Income and other taxes payable
Current portion of long-term debt	(c)	49,290	-	(89)	49,201	Current portion of long-term debt
Total current liabilities		266,743	(596)	(89)	266,058	**Total current liabilities**

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of equity, January 1, 2010 (Continued)

	Notes	Canadian GAAP balance	IFRS reclass-ifications	IFRS adjustments	IFRS balance	
Long-term debt	(c)	448,849	-	(1,177)	447,672	Long-term debt
	(f),(g)	-	46,970	18,509	65,479	Employee benefits
Other long-term items		58,384	(58,384)	-	-	
		-	12,010	-	12,010	Provisions and other long-term liabilities
Future income tax liabilities	(d)	118,764	-	(1,295)	117,469	Deferred tax liabilities
Total non-current liabilities		625,997	596	16,037	642,630	**Total non-current liabilities**
Total liabilities		$ 892,740	$ -	$ 15,948	$ 908,688	**Total liabilities**
Equity						**Equity**
Share capital		$ 201,339	$ -	$ -	$ 201,339	Share capital
Contributed surplus	(e)	3,805	-	871	4,676	Contributed surplus
Retained earnings		643,303	-	(117,987)	525,316	Retained earnings
Accumulated other comprehensive income (loss)	(b)	(95,690)	-	99,586	3,896	Accumulated other comprehensive income (loss)
Total equity attributable to shareholders of the Company		752,757	-	(17,530)	735,227	**Total equity attributable to shareholders of the Company**
Total liabilities and equity		$1,645,497	$ -	$ (1,582)	$1,643,915	**Total liabilities and equity**

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)
Reconciliation of equity, December 31, 2010

Assets	Notes	Canadian GAAP balance	IFRS reclass-ification	IFRS adjustments	IFRS balance	Assets
Current assets						**Current assets**
Cash and cash equivalents		$ 173,197	$ -	$ -	$ 173,197	Cash and cash equivalents
		-	173,066	-	173,066	Trade and other receivables
Accounts receivable, trade		154,850	(154,850)	-	-	
Other receivables and prepaid expenses		24,199	(24,199)	-	-	
		-	5,983	-	5,983	Prepaid expenses
Income and other taxes receivable		2,457	-	-	2,457	Income and other taxes recoverable
Inventories		77,863	-	-	77,863	Inventories
Total current assets		432,566	-	-	432,566	**Total current assets**
Property, plant and equipment	(d)	712,292	(902)	(6,987)	704,403	Property, plant and equipment
		-	39,199	-	39,199	Other investments
Other assets		40,333	(40,333)	-	-	
Future income tax assets	(c),(d),(e), (f),(g),(h)	50,676	-	4,280	54,956	Deferred tax assets
Intangible assets		36,017	2,036	-	38,053	Intangible assets
Goodwill		350,527	-	-	350,527	Goodwill
Total non-current assets		1,189,845	-	(2,707)	1,187,138	**Total non-current assets**
Total assets		$1,622,411	$ -	$ (2,707)	$1,619,704	**Total assets**
Liabilities						**Liabilities**
Current liabilities						**Current liabilities**
Bank advances		$ 497	$ -	$ -	$ 497	Bank advances
Accounts payable and accrued liabilities		222,072	-	-	222,072	Trade and other payables
Current portion of long-term debt		87,147	-	-	87,147	Current portion of long-term debt
Total current liabilities		309,716	-	-	309,716	**Total current liabilities**

CCL Industries Inc.

Notes to the consolidated condensed interim financial statements
Unaudited

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of equity, December 31, 2010 (Continued)

	Notes	Canadian GAAP balance	IFRS reclass-ifications	IFRS adjustments	IFRS balance	
Long-term debt	(c)	347,733	-	(983)	346,750	Long-term debt
	(f),(g)	-	46,667	19,552	66,219	Employee benefits
Other long-term items		55,283	(55,283)	-	-	
		-	8,616	-	8,616	Provisions and other long-term liabilities
Future income tax liabilities	(d)	120,682	-	(1,606)	119,076	Deferred tax liabilities
Total non-current liabilities		523,698	-	16,963	540,661	**Total non-current liabilities**
Total liabilities		$ 833,414	$ -	$ 16,963	$ 850,377	**Total liabilities**
Equity						**Equity**
Share capital		$ 208,666	$ -	$ -	$ 208,666	Share capital
Contributed surplus	(e)	6,741	-	947	7,688	Contributed surplus
Retained earnings		693,017	-	(119,592)	573,425	Retained earnings
Accumulated other comprehensive loss	(b),(c)	(119,427)	-	98,975	(20,452)	Accumulated other comprehensive loss
Total equity attributable to shareholders of the Company		788,997	-	(19,670)	769,327	**Total equity attributable to shareholders of the Company**
Total liabilities and equity		$1,622,411	$ -	$ (2,707)	$1,619,704	**Total liabilities and equity**

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of equity, June 30, 2010

	Notes	Canadian GAAP balance	IFRS reclass-ification	IFRS adjustments	IFRS balance	
Assets						
Current assets						**Current assets**
Cash and cash equivalents		$ 165,757	$ -	$ -	$ 165,757	Cash and cash equivalents
		-	209,194	-	209,194	Trade and other receivables
Accounts receivable, trade		182,939	(182,939)	-	-	
Other receivables and prepaid expenses		34,426	(34,426)	-	-	
		-	8,171	-	8,171	Prepaid expenses
Inventories		75,974	-	-	75,974	Inventories
Total current assets		459,096	-	-	459,096	**Total current assets**
Property, plant and equipment	(d)	725,177	(946)	(6,451)	717,780	Property, plant and equipment
		-	43,179	-	43,179	Other investments
Other assets		44,295	(44,295)	-	-	
Future income tax assets	(c),(d),(e),(f),(g),(h)	48,821	-	4,302	53,123	Deferred tax assets
Intangible assets		38,714	2,062	-	40,776	Intangible assets
Goodwill		356,702	-	-	356,702	Goodwill
Total non-current assets		1,213,709	-	(2,149)	1,211,560	**Total non-current assets**
Total assets		$ 1,672,805	$ -	$ (2,149)	$1,670,656	**Total assets**
Liabilities						**Liabilities**
Current liabilities						**Current liabilities**
Bank advances		$ 384	$ -	$ -	$ 384	Bank advances
Accounts payable and accrued liabilities		218,510		-	218,510	Trade and other payables
Income and other taxes payable		7,662	-	-	7,662	Income and other taxes payable
Current portion of long-term debt	(c)	121,288	-	(89)	121,199	Current portion of long-term debt
Total current liabilities		347,844	-	(89)	347,755	**Total current liabilities**

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of equity, June 30, 2010 (Continued)

	Notes	Canadian GAAP balance	IFRS reclass-ifications	IFRS adjustments	IFRS balance	
Long-term debt	(c)	383,124	-	(1,070)	382,054	Long-term debt
	(f),(g)	-	48,252	18,954	67,206	Employee benefits
Other long-term items		59,002	(59,002)	-	-	Other long-term items
		-	10,750	-	10,750	Provisions and other long-term liabilities
Future income tax liabilities	(d)	119,512	-	(1,447)	118,065	Deferred tax liabilities
Total non-current liabilities		561,638	-	16,437	578,075	**Total non-current liabilities**
Total liabilities		$ 909,482	$ -	$ 16,348	$ 925,830	**Total liabilities**
Equity						**Equity**
Share capital		$ 203,181	$ -	$ -	$ 203,181	Share capital
Contributed surplus	(e)	5,645	-	909	6,554	Contributed surplus
Retained earnings		674,546	-	(118,419)	556,127	Retained earnings
Accumulated other comprehensive loss	(b)	(120,049)	-	99,013	(21,036)	Accumulated other comprehensive loss
Total equity attributable to shareholders of the Company		763,323	-	(18,497)	744,826	**Total equity attributable to shareholders of the Company**
Total liabilities and equity		$1,672,805	$ -	$ (2,149)	$1,670,656	**Total liabilities and equity**

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for twelve months ended December 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue		$ 1,192,318	$ -	$ 1,192,318
Cost of sales		916,461	1,046	917,507
Gross profit		275,857	(1,046)	274,811
Selling, general and administration expenses		151,115	(1,175)	149,940
Restructuring and other items		29	196	225
Results from operating activities		124,713	(67)	124,646
Finance costs		26,133	223	26,356
Finance income		1,071	-	1,071
Net finance costs		25,062	223	25,285
Earnings before income taxes		99,651	(290)	99,361
Income tax expense		28,514	(246)	28,268
Net earnings for the year		$ 71,137	$ (44)	$ 71,093
Attributable to:				
Shareholders of the Company		$ 71,137		$ 71,093
Net earnings for the year		$ 71,137		$ 71,093
Earnings per share				
Basic earnings per Class B share		$ 2.17		$ 2.17
Diluted earnings per Class B share		$ 2.13		$ 2.13

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for twelve months ended December 31, 2010 (Continued)

	Note	**Canadian GAAP**	**Effect of transition to IFRS**	**IFRS**
Net earnings for the year		$ 71,137	$ (44)	$ 71,093
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations		(52,136)	429	(51,707)
Net gain on hedge of net investment in foreign operations		30,521	(1,040)	29,481
Effective portion of changes in fair value of cash flow hedges		(3,007)	-	(3,007)
Net change in fair value of cash flow hedges transferred to income statement		885	-	885
Defined benefit plan actuarial losses		-	(1,137)	(1,137)
Other comprehensive loss, net of tax		(23,737)	(1,748)	(25,485)
Total comprehensive income for the year		$ 47,400	$ (1,792)	$ 45,608
Attributable to:				
Shareholders of the Company		$ 47,400		$ 45,608
Total comprehensive income for the year		$ 47,400		$ 45,608

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for six months ended June 30, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue		$ 609,288	$ -	$ 609,288
Cost of sales		463,838	510	464,348
Gross profit		145,450	(510)	144,940
Selling, general and administration expenses		72,796	(968)	71,828
Restructuring and other items		(104)	104	-
Results from operating activities		72,758	354	73,112
Finance costs		13,407	107	13,514
Finance income		483	-	483
Net finance costs		12,924	107	13,031
Earnings before income taxes		59,834	247	60,081
Income tax expense		18,151	(102)	18,049
Net earnings for the period		$ 41,683	$ 349	$ 42,032
Attributable to:				
Shareholders of the Company		$ 41,683		$ 42,032
Net earnings for the period		$ 41,683		$ 42,032
Earnings per share				
Basic earnings per Class B share		$ 1.27		$ 1.28
Diluted earnings per Class B share		$ 1.25		$ 1.26

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for six months ended June 30, 2010 (Continued)

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Net earnings for the period		$ 41,683	$ 349	$ 42,032
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations		(32,323)	(572)	(32,895)
Net gain on hedge of net investment in foreign operations		11,137	-	11,137
Effective portion of changes in fair value of cash flow hedges		(1,539)	-	(1,539)
Net change in fair value of cash flow hedges transferred to income statement		(1,634)	-	(1,634)
Defined benefit plan actuarial losses		-	(781)	(781)
Other comprehensive loss, net of tax		(24,359)	(1,353)	(25,712)
Total comprehensive income for the period		$ 17,324	$ (1,004)	$ 16,320
Attributable to:				
Shareholders of the Company		$ 17,324		$ 16,320
Total comprehensive income for the period		$ 17,324		$ 16,320

CCL Industries Inc.

Notes to the consolidated condensed interim financial statements
Unaudited

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for three months ended June 30, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue		$ 302,157	$ -	$ 302,157
Cost of sales		229,858	252	230,110
Gross profit		72,299	(252)	72,047
Selling, general and administration expenses		38,404	(822)	37,582
Restructuring and other items		(104)	104	-
Results from operating activities		33,999	466	34,465
Finance costs		6,700	42	6,742
Finance income		253	-	253
Net finance costs		6,447	42	6,489
Earnings before income taxes		27,552	424	27,976
Income tax expense		9,176	1,325	10,501
Net earnings for the period		$ 18,376	$ (901)	$ 17,475
Attributable to:				
Shareholders of the Company		$ 18,376		$ 17,475
Net earnings for the period		$ 18,376		$ 17,475
Earnings per share				
Basic earnings per Class B share		$ 0.56		$ 0.53
Diluted earnings per Class B share		$ 0.55		$ 0.52

11. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for three months ended June 30, 2010 (Continued)

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Net earnings for the period		$ 18,376	$ (901)	$ 17,475
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations		8,105	(572)	7,533
Net gain on hedge of net investment in foreign operations		(7,977)	-	(7,977)
Effective portion of changes in fair value of cash flow hedges		(183)	-	(183)
Net change in fair value of cash flow hedges transferred to income statement		(2,888)	-	(2,888)
Defined benefit plan actuarial losses		-	(497)	(497)
Other comprehensive loss, net of tax		(2,943)	(1,069)	(4,012)
Total comprehensive income for the period		$ 15,433	$ (1,970)	$ 13,463
Attributable to:				
Shareholders of the Company		$ 15,433		$ 13,463
Total comprehensive income for the period		$ 15,433		$ 13,463

11. Explanation of transition to IFRS (Continued)

Notes to the reconciliation of equity and comprehensive income

The preceding are reconciliations of the financial statements previously presented under Canadian GAAP to the amended financial statements prepared under IFRS. Items identified as “IFRS adjustments” are required as the accounting treatment under Canadian GAAP differs from the treatment under IFRS. Items identified as “IFRS reclassifications” are solely presentation reclassifications required to present the previous Canadian GAAP financial statements line items on a consistent basis with that of the IFRS presentation. Details on the nature of both types of changes are described below.

IFRS adjustments

(a) Business combinations

The Company has elected under IFRS 1 not to apply IFRS 3, *Business Combinations,* ("IFRS 3") retrospectively to business combinations that occurred prior to January 1, 2010 (the date of transition to IFRS).

The Company has applied IFRS 3 to all business combinations that have occurred since January 1, 2010. Accordingly, the Company has revised its purchase accounting to expense transaction costs and to record assumed contingent liabilities relating to legal claims at fair value.

(b) Currency translation differences

In accordance with IFRS 1, the Company has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

During the second quarter of 2011, the Company identified a further adjustment of $677 on currency translation differences on transition to IFRS.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in accumulated other comprehensive loss due to foreign currency translation differences	$ (136,556)	$ (137,129)	$ (137,558)
Offsetting effect in accumulated other comprehensive loss due to hedges on net investments in subsidiaries	48,348	48,348	49,328
Decrease in accumulated other comprehensive loss due to tax effect on hedges on net investments in subsidiaries	(10,805)	(10,805)	(10,805)
Decrease in retained earnings	$ (99,013)	$ (99,586)	$ (99,035)

11. Explanation of transition to IFRS (Continued)

Notes to the reconciliation of equity and comprehensive income (Continued)

(c) Transaction costs relating to financial liabilities

Under previous Canadian GAAP, the Company expensed transaction costs related to financial liabilities as incurred. IFRS requires the Company to include these costs as part of the financial liability.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in long-term debt	$ 1,070	$ 1,177	$ 983
Decrease in current portion of long-term debt	89	89	-
Related tax effect	(302)	(330)	(272)
Other comprehensive income	-	-	60
Increase in retained earnings	$ 857	$ 936	$ 771

(d) Property, plant and equipment

Under previous Canadian GAAP, each asset under property, plant and equipment was depreciated as a whole unit over its useful life. Components of an asset were not depreciated separately. Under IFRS, each part of an item of property, plant and equipment with a cost that is significant to the total cost of the item must be depreciated separately.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in property, plant and equipment	$ (6,451)	$ (5,941)	$ (6,987)
Related tax effect	1,913	1,761	2,072
Decrease in retained earnings	$ (4,538)	$ (4,180)	$ (4,915)

(e) Share-based payments

Previous Canadian GAAP allowed the use of straight-line attribution of graded-vesting options. Under IFRS, this option is no longer available and each award in a series is accounted for as if it had its own separate service period and vesting date.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Increase in contributed surplus	$ (909)	$ (871)	$ (947)
Related tax effect	100	96	104
Decrease in retained earnings	$ (809)	$ (775)	$ (843)

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Notes to the reconciliation of equity and comprehensive income (Continued)

(f) Actuarial gains and losses

In accordance with IFRS 1, the Company has elected to recognize all cumulative actuarial gains and losses related to employee pension plans upon transition to IFRS.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Increase in employee benefits liability	$ (14,237)	$ (13,792)	$ (14,835)
Other comprehensive income	781	-	1,137
Related tax effect	3,829	3,708	3,993
Decrease in retained earnings	$ (9,627)	$ (10,084)	$ (9,705)

(g) Employee benefits

Under IFRS, the Company was required to estimate a future value for certain employee benefits and present value this obligation.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Increase in employee benefits accrual	$ (4,717)	$ (4,717)	$ (4,717)
Related tax effect	1,792	1,792	1,792
Decrease in retained earnings	$ (2,925)	$ (2,925)	$ (2,925)

(h) Deferred taxes

Upon examining the impact of the opening IFRS adjustments to the valuation allowance, a further adjustment was required to the deferred tax balance to adjust for previously benefited losses.

The impact arising from the change is summarized as follows:

	June 30, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in deferred tax assets	$ (1,583)	$ (1,373)	$ (1,803)
Decrease in retained earnings	$ (1,583)	$ (1,373)	$ (1,803)

(in thousands of Canadian dollars, except share and per share information)

11. Explanation of transition to IFRS (Continued)

Notes to the reconciliation of equity and comprehensive income (Continued)

IFRS reclassifications

(a) Previously, the Company presented other receivables together with prepaid expenses. The current presentation has other receivables presented with trade receivables, and prepaid expenses are shown separately as prepayment for current assets.

(b) Previously, the Company presented other assets, which included investments, derivatives, licenses and patents and other assets. Investments and derivatives have been reclassified to other investments and licenses and patents are reflected in intangible assets.

(c) Previously, the Company presented long-term employee benefits and other long-term liabilities within the line item other long-term items. Long-term employee benefits are now shown separately and other long-term liabilities are reflected in provisions and other long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarters Ended June 30, 2011 and 2010

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("CCL" or the "Company") relates to the second quarters ended June 30, 2011 and 2010. The information in this interim MD&A is current to August 4, 2011, and should be read in conjunction with the Company's June 30, 2011, unaudited second quarter consolidated condensed interim financial statements released on August 4, 2011, the 2010 Annual MD&A document and consolidated financial statements, which form part of the CCL Industries Inc. 2010 Annual Report, dated March 8, 2011, and March 31, 2011, unaudited first quarter consolidated condensed interim financial statements released on May 5, 2011.

Basis of Presentation

The Canadian Accounting Standards Board confirmed in February 2008 that all publically accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. As such, the MD&A and financial statements for the second quarter ended June 30, 2011, including the related comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The effective date of the transition to IFRS was January 1, 2010. Further disclosure on the transition to IFRS can found in section 8 in this MD&A and note 11 of the Company's consolidated condensed interim financial statements for the six months ended June 30, 2011. This disclosure contains a description of the IFRS adjustments and reclassifications on transition and a reconciliation of the Company's financial statements previously prepared under Canadian GAAP to those prepared under IFRS for the six months ended June 30, 2010, and for the year ended December 31, 2010.

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.

Cautionary Statement Regarding Forward-Looking Statements

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 2011; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, 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 after-effects of the 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 2010 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 CCL's business. Such statements do not, unless otherwise specified by the Company, 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 Company experienced another solid quarter with sales growth across all three divisions. Foreign exchange translation had a nominal impact on the quarterly results as the euro and the U.K. pound sterling strengthened against the Canadian dollar during the second quarter largely offsetting the weaker U.S. dollar. The Label Division's profitability was down 4% compared to a strong prior year period primarily due to declines in the consumer product sectors in North America and Europe but this was partially offset by growth in emerging markets and improved results in the Healthcare & Specialty business. The Container Division delivered significant profitability improvement during the quarter compared to a loss in the second quarter of 2010. The Tube Division also continued its positive trend and achieved another record quarter of profitability.

Many of the Company's customers, suppliers and industry peers experienced slower growth rates in developed markets this quarter, with some noting

particular issues in Europe, compared to the robust recovery underway at this time last year. Emerging market growth continued to be strong although there are signs of this moderating on inflation concerns, particularly in China. Deficit levels in the U.S. and the "PIIGS" countries in Western Europe continue to be in the spotlight and concerns are growing over the expectations for GDP growth rates in the short to medium term future. The uncertainty of these deficit levels is also creating greater volatility in the foreign currency markets.

2. Review of Consolidated Financial Results

The following acquisitions affected six month financial comparisons to 2010.

- In March 2010, Purbrick Pty 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.

- In April 2011, Thunder Press Inc., a privately owned label company based in Chicago, U.S., which operated under the trade name "Sertech", was acquired for $7.8 million, net of cash acquired. Sertech produces patient information leaflets, commonly known as inserts and outserts, for leading pharmaceutical customers in the United States.

Foreign currency translation on a net basis had a nominal impact during the second quarter. Financial comparisons to the prior year's results have been positively affected by appreciation of the euro and the U.K. pound by 7% and 3%, respectively, almost entirely offset by the depreciation of the U.S. dollar by 6%, relative to the Canadian dollar in the second quarter of 2011 compared to exchange rates in the second quarter of 2010. In addition, results were positively impacted by certain emerging market currencies, particularly those economies rich in commodities, such as Brazil and Australia, which have strengthened during the quarter against the Canadian dollar. On a year-to-date basis, results were adversely impacted by currency translation due the depreciation of the U.S. dollar by 6%, while the euro and the U.K. pound were basically unchanged from the prior year six month period.

Sales for the second quarter of 2011 were $318.9 million, up 6% from the $302.2 million recorded in the second quarter of 2010. Sales increased in the quarter driven by organic growth of 5%, a small positive impact from acquisitions and nominal favourable impact from foreign exchange translation. On a comparative basis with last year's second quarter, sales excluding currency translation were higher in all divisions due to solid organic growth. Year-to-date, sales increased by 4% as a result of organic growth of 5% and a 1% impact from acquisitions, offset by a negative foreign exchange effect of 2%.

Selling, general and administrative expenses were $39.4 million in the second quarter of 2011, up 5% from $37.6 million reported in 2010. The increase in

selling, general and administrative expenses in 2011 of $1.8 million is primarily due to higher corporate expense, partially offset by lower operating costs in general administration function and favourable impact of foreign currency transactions. Corporate expenses in the second quarter of 2011 were $7.2 million, up from $5.2 million in 2010 primarily due to unfavourable impact of foreign currency transactions and the prior year comparable period benefited from a reduction in self-insurance claims reserves. Year-to-date, selling, general and administrative expenses were $74.5 million in 2011, up 4% compared to $71.8 million in 2010.

Operating income (a non-IFRS financial measure; refer to definition in Section 13) in the second quarter of 2011 was $43.1 million, up by 9% from $39.7 million reported in 2010. Unlike previously reported quarters, foreign currency translation had a nominal positive impact on the operating results of the Label Division in the second quarter of 2011 compared to the prior year period. Foreign currency translation has a small unfavourable impact on the results of the Container and Tube Divisions. Excluding the net favourable currency translation, operating income was up 8%. The majority of the increase came from the Container Division which delivered $4.3 million improvement over a reported loss in the prior year second quarter. The Tube Division had another record quarter with an increase of $0.9 million, while the Label Division declined by $1.9 million compared to the strong prior year period. Year-to-date, operating income in 2011 increased by 13%, excluding currency translation, compared to the prior year period. Further analysis on the divisions follows later in the discussion.

Earnings before net finance cost, taxes, depreciation and amortization restructuring and other items (“EBITDA”, a non-IFRS financial measure; refer to definition in Section 13) was $60.9 million in the second quarter of 2011, up by 6% compared to the $57.7 million reported in 2010. Excluding the small favourable impact of currency translation, EBITDA increased by 5%. Year-to-date, EBITDA was $127.2 million in 2011, up 6% from $120.4 million in the comparable 2010 period. Excluding unfavourable currency translation, EBITDA was up 8% for the first six months of 2011.

Net finance cost was $5.3 million in the quarter, down by $1.2 million from the $6.5 million recorded in last year’s corresponding quarter. The decrease reflects lower debt levels due to scheduled repayments during the past twelve months and favourable currency translation on U.S. dollar-denominated debt. Year-to-date, net finance cost was $11.0 million, down 16% compared to $13.1 million in 2010.

No restructuring and other items were incurred in the second quarter of 2011 or 2010. Year-to-date, restructuring and other items in 2011 were a net loss of $0.5 million ($0.4 million after tax) related to the closure costs to shutdown a small label plant in the U.S. compared to no restructuring and other costs being incurred in the prior year.

The overall effective income tax rate was 29% for the second quarter of 2011 compared to 38% in the second quarter of 2010. The decrease is primarily due to the current quarter reflecting a nominal income tax recovery related to an accounting adjustment to benefit certain Canadian tax losses, while the prior year quarter included a $1.4 million reversal of benefit (an increase in income tax expense). As previously disclosed in prior quarters, the ability to benefit the Canadian tax losses is dependent on the movement of the unrealized foreign exchange gains on the Company's U.S. dollar-denominated debt and related euro swaps. This benefit will fluctuate with the movement in the Canadian dollar versus the U.S. dollar and euro and as such this benefit would reverse in the future if the Canadian dollar weakens and would grow larger if it strengthens. In addition, the current quarter's effective tax rate was positively impacted by a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions. Year-to-date, the effective income tax rate was 27% in 2011 compared to 30% in the comparable 2010 period. Excluding the accounting benefit on Canadian losses from both six month periods, the effective tax rate would be 29% in 2011 compared to 32% in 2010.

Net earnings for the second quarter of 2011 were $21.8 million, up $4.3 million from the $17.5 million recorded in the second quarter of 2010 due to higher operating income, lower net finance cost, a lower effective income tax rate, and small favourable impact from currency translation, partially offset by higher corporate expenses. Net earnings for the first six months of 2011 were $48.7 million, up $6.7 million from the $42.0 million reported in the comparable 2010 period.

Basic earnings per Class B share were $0.66 in the second quarter of 2011 compared to $0.53 earned in the same period last year. Restructuring and other items had no impact on earnings per Class B share in the second quarter of 2011 or 2010. The estimated small positive impact from the currency translation of the all foreign operation results in the second quarter of 2011 versus the second quarter of 2010 is $0.01 on basic earnings per Class B share.

For the first six months of 2011, basic earnings per Class B share were $1.47 compared to $1.28 in the prior year period, a 15% increase. Restructuring and other items has a $0.01 negative affect on earnings per Class B share in 2011 compared to no impact in 2010. Year-to-date, the foreign currency translation impact is estimated to be unfavourable by $0.02 per Class B share.

Adjusted basic earnings per Class B share (a non-IFRS financial measure – see Section 13) were $0.66 in the second quarter of 2011 compared to $0.53 in the second quarter of 2010. For the first six months of 2011, adjusted basic earnings per Class B share were $1.48 compared to $1.28 in 2010.

Diluted earnings per Class B share were $0.64 in the second quarter of 2011 and $0.52 in the second quarter of 2010. Year-to-date, diluted earnings per Class B share were $1.44 in 2011 compared to $1.26 in 2010.

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)

	Second Quarter		Year-to-Date	
Adjusted Basic Earnings per Class B Share	**2011**	**2010**	**2011**	**2010**
Basic earnings	$ 0.66	$ 0.53	$ 1.47	$ 1.28
Net loss from restructuring and other items included above	-	-	(0.01)	-
Adjusted basic earnings [1]	$ 0.66	$ 0.53	$ 1.48	$ 1.28

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

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

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2011	$ 315.6	$ 318.9			$ 634.5
2010	307.1	302.2	301.7	281.3	1,192.3
2009[1]	314.1	301.3	294.3	289.3	1,199.0
Net earnings (loss)					
2011	26.8	21.8			48.7
2010	24.6	17.5	15.7	13.3	71.1
2009[1]	16.8	8.9	16.6	(0.1)	42.2
Net earnings per Class B share					
Basic					
2011	0.81	0.66			1.47
2010	0.75	0.53	0.48	0.41	2.17
2009[1]	0.52	0.28	0.51	-	1.31
Diluted					
2011	0.80	0.64			1.44
2010	0.74	0.52	0.47	0.40	2.13
2009[1]	0.51	0.27	0.51	-	1.29
Adjusted basic net earnings per Class B share					
2011	0.82	0.66			1.48
2010	0.75	0.53	0.48	0.42	2.18
2009[1]	0.56	0.29	0.51	0.41	1.77

[1] 2009 figures are as reported per Canadian GAAP

Net earnings per Class B share by quarter have fluctuated due to changes in foreign exchange rates, restructuring costs and other items.

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)	Second Quarter			Year-to-Date		
	2011	2010	+/-	2011	2010	+/-
Sales	$ 255.9	$ 242.1	5.7%	$ 503.6	$ 491.0	2.6%
Operating Income [1]	$ 37.3	$ 39.0	(4.4%)	$ 79.1	$ 82.0	(3.5%)
Return on Sales [1]	14.6%	16.1%		15.7%	16.7%	
Capital Spending	$ 26.5	$ 13.9	90.6%	$ 49.9	$ 34.8	43.4%
Depreciation and Amortization	$ 19.4	$ 17.7	9.6%	$ 38.0	$ 36.2	5.0%

[1] Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.

Sales for the Label Division were $255.9 million for the second quarter of 2011, up 6% from $242.1 million in the same quarter last year. Foreign currency translation had a favourable impact of 1%. Excluding foreign currency translation, sales for the Label Division increased 5% primarily due to organic growth of 4% with a 1% positive benefit from acquisitions.

North American sales declined low single digits, excluding acquisitions and currency translation, compared to the second quarter of the prior year. The Home and Personal Care business declined quite significantly as customers limited marketing initiatives in the softer economic climate. As expected, the Healthcare business sequentially improved over the weak first quarter with organic sales only slightly down due to the U.S. FDA quarantine being lifted on a large customer and some broad based improvement in market conditions. The Specialty business was up double digits over the same quarter in 2010 driven by strong results in Agricultural Chemicals and solid demand in promotional games. The small Sleeve and Battery businesses both declined during the quarter due to share loss from predatory pricing from competitors. Although overall profitability in North America was down compared to the prior year period due to the sales decline, profitability margins were slightly up due to better business mix and productivity/cost saving initiatives. The Sertech acquisition in Chicago performed well and exceeded expectations.

Sales in **Europe** were up mid single digits, excluding currency translation. Home and Personal Care sales improved over the prior year quarter but profitability declined on competitive pricing pressures, material cost inflation and continued losses at CCL's French operation. Sales in the Healthcare and Specialty business increased low single digits with higher profitability. Sales and

profitability were down in the Sleeve business due to market pricing challenges and rising resin costs. The Beverage business reported a strong quarter with significant improvement in sales and profitability driven largely by new applications and better market conditions. This was offset partly by the Battery business which continued to decline during the quarter. Sales and profitability in the Durables business were down compared to the strong recovery of the automobile sector in the comparable prior year period. Profitability in Europe overall declined in the quarter due to unfavourable product mix, inflationary pressures and pricing challenges.

Latin America continued to deliver double digit sales growth with improvements in profitability. Growth continues to be driven by strong sales to Home and Personal Care customers in both Mexico and Brazil and the Sleeve business had a strong quarter reflecting continued share gains in the food and beverage segment.

Asia Pacific had a strong double digit sales growth and significant profitability gains compared to the second quarter in 2010. Results were particularly strong in South East Asia as certain global customers are moving more production into the region. Results included start up losses at the new Healthcare plant in Tianjin, China.

The small Australian Healthcare acquisition posted another solid quarter with improved profitability. The Wine business in Australia, South Africa and the small start up plant in Portland, posted sales gains but profitability levels remain below expectations albeit improved over the prior year period.

Results from the 50% investment in Russia are not proportionately consolidated but instead are treated as an equity investment. Impact on earnings was nominal in the quarter. Although the Company has significant influence over operations, the Russian partner has ultimate control. The equity investment has small cash balances and no debt.

Operating income for the second quarter of 2011 was $37.3 million, down 4% from $39.0 million in the second quarter of 2010. Excluding the positive impact of currency translation, operating income was down 5%. Operating income as a percentage of sales at 14.6% was above CCL's global internal targets but below the 16.1% return generated in last year's second quarter due to an unfavourable business mix in the current period.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. Order intake levels remain steady and in-line with the prior year so improvement in sales for the third quarter is expected to continue at modest levels, while profitability will remain challenging with current competitive pricing conditions and inflationary pressures on material costs. Foreign exchange may be challenging for the third quarter if the Canadian dollar strengthens against the U.S. dollar and European currencies due to continued concerns about possible government debt defaults.

The Label Division invested $49.9 million in capital spending in the first six months of 2011 compared to $34.8 million in the same period last year. This investment level is in-line with the Company's planned expenditures for 2011. The major expenditures in the quarter were related to capacity expansions in the Home and Personal Care business; largely driven by emerging market growth, and additions to the Sleeve business in Europe. As in the past, 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 $38.0 million for the first six months of 2011 above the $36.2 million in the comparable 2010 period.

Container Division

($ millions)	Second Quarter			Year-to-Date		
	2011	**2010**	**+/-**	**2011**	**2010**	**+/-**
Sales	$ 42.6	$ 39.7	7.3%	$ 90.2	$ 80.0	12.8%
Operating Income [1]	$ 2.1	$ (2.2)	n.m.	$ 5.8	$ (3.9)	n.m.
Return on Sales [1]	4.9%	(5.5%)		6.4%	(4.9%)	
Capital Spending	$ 0.7	$ 3.2	(78.1%)	$ 2.1	$ 3.4	(38.2%)
Depreciation and Amortization	$ 3.6	$ 3.5	2.9%	$ 7.0	$ 7.1	(1.4%)

[1] Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 13.

n.m. – not meaningful

Sales in the second quarter were $42.6 million, up 7% from $39.7 million for the same period last year. Foreign currency translation had an unfavourable impact of 3%. Excluding foreign currency translation, sales for the Container Division increased by 10% driven by price increases and better product mix, partially offset by lower volumes in the Home & Personal Care aerosol market in the United States.

The Container Division's profitability continued to recover during the second quarter of 2011 and posted operating income of $2.1 million compared to a loss of $2.2 million in the second quarter of 2010. The significant improvement was driven by the solid profitability from the Company's operations in the U.S. and Mexico reflecting price increases and productivity improvements compared to the prior year period. The Canadian operation reported a significantly reduced loss for the quarter over the prior year driven primarily by cost reductions and productivity gains.

The Container Division invested $2.1 million of capital in the first six months of 2011 compared to $3.4 million in the same period last year. The major expenditure in the quarter related to final additions to the capacity expansion in CCL's new Mexican plant. Depreciation and amortization for the first six months of 2011 and 2010 were $7.0 million and $7.1 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 23% and 2% of its expected 2011 and 2012 requirements, respectively. All of these hedges are specifically tied to customer contracts. Existing hedges are priced in the US$2,300-$2,800 range per metric ton. The Company is encouraging customers to adopt 90-day pass-through pricing for changes in aluminum cost instead of adopting long-term hedges to stabilize input prices.

Pricing for aluminum in the second quarter of 2011 ranged from US$2,500 to US$2,800 per metric ton compared to US$1,800 to $2,400 in the second quarter of 2010. The Division successfully mitigated these cost increases with productivity initiatives, non-aluminum supply related cost reduction and pricing programs that succeeded overall in raising CCL's value added margins over raw materials this quarter both sequentially and comparatively.

Tube Division

($ millions)	Second Quarter			Year-to-Date		
	2011	**2010**	**+/-**	**2011**	**2010**	**+/-**
Sales	$ 20.4	$ 20.4	- %	$ 40.7	$ 38.3	6.3%
Operating Income [1]	$ 3.7	$ 2.9	27.6%	$ 6.8	$ 4.9	38.8%
Return on Sales [1]	18.1%	14.2%		16.7%	12.8%	
Capital Spending	$ 0.8	$ 0.3	166.7%	$ 1.8	$ 0.4	350.0%
Depreciation and Amortization	$ 1.7	$ 1.9	(10.5%)	$ 3.5	$ 3.8	(7.9%)

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

Sales in the second quarter for the Tube Division were $20.4 million, in-line with last year's second quarter. Foreign currency translation had an unfavourable impact of 6%. Excluding foreign currency translation, sales for the Tube Division increased by 7% in the second quarter of 2011 driven by market share gains in highly decorated tubes for the premium personal care and cosmetic segment.

The Tube Division had another record quarter of profitability with operating income of $3.7 million, which is a significant improvement compared to the second quarter of 2010. Return on sales increased to 18.1% in the second quarter of 2011 compared to 14.2% return in the prior year's second quarter. The outlook for the Division remains positive.

The Tube Division invested $1.8 million in capital in the first six months of 2011 compared to $0.4 million in last year's first six months. The majority of the increase relates to new decorating equipment. Depreciation and amortization for the first six months of 2011 and 2010 were $3.5 million and $3.8 million, respectively.

4. Currency Transaction Hedging and Currency Translation

Approximately 96% of sales made in the first six months of 2011 to end use customers were denominated in foreign currencies leaving the Company exposed to potentially significant translation variances when reporting results publicly in Canadian dollars. The Company does not hedge or manage such translation movements but does actively manage transaction exposures. Where possible, the Company contracts its business in local currencies with both customers and suppliers of raw materials and, where necessary, includes exchange rate adjustment mechanisms in its sales and purchase agreements. The Company has also historically hedged a portion of its expected U.S. dollar cash inflows derived from sales into the United States from the Canadian Container plant in Penetanguishene, Ontario. The Company has no forward contracts in place for 2011 and no contracts were in place for 2010.

The results of the second quarter of 2011 were positively affected by appreciation of the euro and U.K. pound sterling by 7% and 3%, respectively, almost entirely offset by the depreciation of the U.S. dollar by 6%, relative to the Canadian dollar. In the second quarter of 2011, currency translation is estimated to have had a net positive impact of $0.01 on earnings per share compared to last year's second quarter. Year-to-date, the foreign currency translation impact is estimated to be unfavourable by $0.02 earnings per share.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions, except per share data)	June 30, 2011	December 31, 2010	June 30, 2010
Current debt	$ 16.8	$ 87.6	$ 121.6
Long-term debt	337.5	346.8	382.0
Total debt [(1)]	$ 354.3	$ 434.4	$ 503.6
Cash and cash equivalents	(103.0)	(173.2)	(165.7)
Net debt [(1)]	$ 251.3	$ 261.2	$ 337.9
Shareholders' equity	$ 818.4	$ 769.3	$ 744.8
Net debt to Total Book Capitalization [(1)]	23.5%	25.3%	31.2%
Book value per share [(1)]	$ 24.75	$ 23.32	$ 22.70

(1) Total Debt, Net Debt, Net Debt to Total Book Capitalization and Book Value per Share are non-IFRS financial measures. Refer to definitions in Section 13.

The Company continues to build on its strong financial position. As of June 30, 2011, cash and cash equivalents amounted to $103.0 million, a decrease of $62.7 million compared to $165.7 million at June 30, 2010. This decrease reflects the scheduled long-term debt repayments made of US$60 million in March 2011 and US$31 million in July 2010. Net debt (a non-IFRS financial measure; refer to

definition in Section 13) was $251.3 million at June 30, 2011, $86.6 million lower than the net debt of $337.9 million at the end of June 2010. The decrease in net debt was primarily due to scheduled debt repayments funded internally and favourable currency translation of U.S. dollar-denominated debt (U.S. dollar rate depreciated 9% over last year's rate on June 30th).

Net debt to total book capitalization (a non-IFRS financial measure; refer to definition in Section 13) at June 30, 2011, was 23.5%, down from 31.2% at the end of June 2010. Book value per share (a non-IFRS financial measure; refer to definition in Section 13) was $24.75 at June 30, 2011, 9% higher compared to $22.70 at June 30, 2010.

The Company's debt structure at June 30, 2011, is primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US$337.7 million (C$325.7 million) and a five-year revolving line of credit of C$95.0 million. This debt structure is unchanged from December 31, 2010, except for a scheduled debt repayment of US$60 million made in March 2011. The Company's overall average finance rate is 6.0% after factoring in the related Interest Rate Swap Agreement ("IRSA") and Cross-Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 5.3% at June 30, 2010. The IRSA and CCIRSAs are discussed later in this report in Section 7.

The Company has a revolving line of credit with a Canadian chartered bank for $95.0 million that expires in January 2013. As at the end of June 2011, 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

(in millions of Canadian dollars)

	Second Quarter		Year-to-Date	
Summary of Cash Flows	**2011**	**2010**	**2011**	**2010**
Cash provided by operating activities	$ 53.0	$ 55.1	$ 70.8	$ 62.4
Cash used for financing activities	(7.6)	(3.2)	(79.6)	(5.2)
Cash used for investing activities	(34.5)	(14.8)	(61.6)	(37.2)
Translation adjustments on cash and cash equivalents	(0.1)	2.0	0.1	(4.8)
Increase in cash and cash equivalents	$ 10.8	$ 39.1	$ (70.3)	$ 15.2
Cash and cash equivalents – end of period	$ 102.9	$ 165.8	$ 102.9	$ 165.8
Free Cash Flow from Operations [1]	$ 25.4	$ 40.3	$ 18.0	$ 26.4

[1] Free Cash Flow from Operations is non-IFRS financial measure. Refer to definition in Section 13.

During the second quarters of 2011 and 2010, the Company generated cash from operating activities of $53.0 million and $55.1 million, respectively. The decrease in cash flow was primarily due to higher working capital requirements during the second quarter of 2011 compared to the second quarter of 2010, partially offset by higher earnings in the current period. Free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 13) reached $25.4 million in the second quarter compared to $40.3 million in the prior year period. The decrease is entirely due to the timing of capital expenditures in the current period compared to the prior year.

Capital spending in the second quarter amounted to $28.1 million compared to $17.4 million last year. Depreciation and amortization for the second quarters of 2011 and 2010 were $25.0 million and $23.2 million, respectively. Plans for capital spending in 2011 are still expected to be at levels similar to total expenditures for 2010 year and below depreciation. 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 second quarters of 2011 and 2010 were $5.8 million and $5.3 million, respectively. The total number of shares issued and outstanding as at June 30, 2011 and 2010, was 33.3 million and 33.1 million, respectively. Since the Company's current cash flow and financial position are strong and its outlook for the remainder of 2011 continues to be positive, the Board of Directors has approved a continuation of the higher dividend declared in the third quarter of 2010 of $0.1625 per Class A share and $0.175 per Class B share to shareholders of record as of September 16, 2011, and payable on September 30, 2011. The annualized dividend rate is $0.65 per Class A share and $0.70 per Class B share.

In the past, the Company has utilized a share repurchase program under the normal course issuer bid ("bid"). The Company currently does not have an active share repurchase bid in place.

7. Interest rate and Foreign Exchange Management

The Company has utilized an interest rate swap agreement ("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 IRSA and CCIRSAs has been to decrease finance cost by $0.2 million in the second quarter of 2011 compared to a decrease of $0.8 million in the second quarter of 2010. Interest coverage (a non-IFRS financial measure,

defined later in Section 13) was 5.6 times as at June 30, 2011, compared to 4.6 times as at June 30, 2010.

8. Accounting Policies and New Standards

A. Changes in Accounting Policies

The Canadian Accounting Standards Board confirmed in February 2008 that all publically accountable enterprises will be required to adopt IFRS for fiscal periods beginning on or after January 1, 2011. As such, the above analysis and discussion of the Company's financial condition and results of operation are based upon its interim consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The effective date of the transition to IFRS was January 1, 2010. A summary of the Company's significant accounting policies under IFRS was set out in note 3 of the consolidated condensed interim financial statements for the three months ended March 31, 2011.

B. Recently Issued Accounting Standards

In November 2009, the IASB issued IFRS 9, Financial instruments ("IFRS 9"). This standard will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, and has not been applied in preparing these consolidated condensed interim financial statements. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

C. International Financial Reporting Standards

Over the past two years the Company has provided information in the MD&A concerning the IFRS conversion project, in terms of both its approach and its progress towards the achievement of the required conversion date. In the more recent quarters leading up to conversion, the Company has also provided estimates of the expected financial impact upon conversion, and has also disclosed some of the expected accounting policy changes and choices available to the Company under IFRS.

Outlined below by topic are highlights of the significant areas of accounting changes to the Company that have occurred upon the adoption of IFRS. This information is expected to provide the investor and others with a better understanding of the results of the changeover to IFRS and how that change has

impacted the Company's financial statements and operating performance. This information is based upon current IFRS standards and those IFRS standards expected to be effective for annual financial statement results as at December 31, 2011. This list and comments should not be regarded as a complete list of the changes that have resulted from the transition to IFRS; rather they are intended to highlight the most significant areas to the Company.

Fixed Assets

IAS 16, Property, Plant and 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 occurring concerning componentization of the "Building" category of CCL's fixed assets. This has resulted in an opening balance sheet adjustment and building depreciation being expensed over a shorter timeframe under IFRS as compared to Canadian GAAP. The Company will continue to use historical costs for capital asset valuations. Also, related to the componentization requirement of IAS 16, the Container Division will have an opening balance sheet adjustment to the depreciation of spare parts capitalized to maintain the production lines. These spare parts will have a change in their useful life and as such will be expensed over a shorter timeframe under IFRS.

Financial impact: Per the requirements of IFRS 1, the adjustment related to componentization of these two items has been recorded in opening retained earnings upon transition to IFRS. As such, the financial impact of the componentization of the Company's fixed assets, as at January 1, 2010, has been to decrease retained earnings by $5.9 million (before tax effect of $1.8 million) with a corresponding decrease to property, plant and equipment.

Share-based Payments

IFRS 2, Share-based Payment, 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 has resulted in a change to the prior Canadian GAAP accounting policy and an opening adjustment upon conversion to IFRS.

Financial impact: Per the requirements of IFRS 1, the adjustment related to share-based payments has been recorded in opening retained earnings upon transition to IFRS. As such, the impact of this change on the Company's share-based payments, as at January 1, 2010, has been to decrease retained earnings by $0.9 million (before tax effect of $0.1 million) with a corresponding increase to contributed surplus.

Employee Benefits

IAS 19, Employee Benefits, requires an entity to elect an accounting policy choice concerning the treatment of actuarial gains and losses pertaining to defined benefit plans. The Company has decided to adopt, upon conversion to IFRS, the option of 100% recognition of the actuarial gains and losses through other comprehensive income and reported in retained earnings. Previously under Canadian GAAP the company used the 10% corridor method.

Financial impact: Per IFRS 1, First-Time Adoption of International Financial Reporting Standards, the Company has elected the option of recognizing cumulative actuarial gains and losses to opening retained earnings upon transition to IFRS. As such, the impact of this election, as at January 1, 2010, has been to decrease retained earnings by $13.8 million (before tax effect of $3.7 million) with a corresponding increase to long-term liabilities.

IAS 19, Employee Benefits, also requires estimates of future values of long-term employee benefits be present valued for their obligation. This has resulted in a change to the prior Canadian GAAP accounting policy and an opening adjustment upon conversion to IFRS.

Financial impact: Per the requirements of IFRS 1, the adjustment related to long-term employee benefits has been recorded in the opening retained earnings upon transition to IFRS. As such, the impact of this change on the Company's employee benefit accrual, as at January 1, 2010, has been to decrease retained earnings by $4.7 million (before tax effect of $1.8 million) with a corresponding increase to long-term liabilities.

Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement, requires that transaction costs related to financial instruments measured at cost are to be included in the initial measurement of the financial instrument. Canadian GAAP permitted 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 policy under Canadian GAAP was to recognize these transaction costs immediately in the income statement; as such, there has been an opening balance sheet adjustment to reflect this required change under IFRS.

Financial impact: Per the requirements of IFRS 1, the adjustment related to transaction costs on financial instruments has been recorded in the opening retained earnings upon transition to IFRS. As such, the impact of this change on the Company's financial instruments, as at January 1, 2010, has been to increase retained earnings by $1.3 million (before tax effect of $0.3 million) with a corresponding decrease to long-term debt.

First-Time Adoption of IFRS

The Company's adoption of IFRS has required the application of IFRS 1, First-Time Adoption of International Financial 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 has adopted on the first financial statements under IFRS.

- Business Combinations – The Company has elected to not restate any business combinations that have occurred prior to January 1, 2010.

- Employee Benefits – The Company has elected the IFRS 1 exemption to recognize all cumulative actuarial gains and losses as at January 1, 2010, to opening retained earnings upon transition to IFRS. The financial impact of this is noted above.

- Cumulative Translation Differences ("CTD") – The Company has elected the IFRS 1 exemption to reclassify the balance of CTD as at January 1, 2010, to retained earnings upon transition to IFRS.

  Financial impact: per IFRS 1, First-Time Adoption of International Reporting Standards, the Company is electing the option of recognizing the balance of CTD to opening retained earnings upon transition to IFRS. As such, the impact of this election, as at January 1, 2010, has been to decrease retained earnings by $99.6 million (inclusive of a $10.8 million tax effect) with a corresponding decrease to accumulated other comprehensive loss.

Taxes

As noted in each section above, the Company has tax effects associated with the various opening transition to IFRS adjustments. In addition to the adjustments previously mentioned, a further adjustment was required to the deferred tax balance for previously benefited losses. The impact of this change on the Company's deferred tax assets, as at January 1, 2010, has been to decrease retained earnings by $1.4 million with a corresponding decrease in deferred tax assets.

Currency Translation Adjustment

During the second quarter of 2011, the Company identified a further adjustment of $0.7 million on currency translation differences on transition to IFRS that did not impact the opening January 1, 2010, balances. The impact of this change as at June 30, 2010, and December 31, 2010, has been to decrease selling, general

and administration expenses by $0.7 million with a corresponding decrease to accumulated other comprehensive loss.

Financial Impact – Comparative Tables

The following table outlines the transitional financial impact to the Company's equity upon adoption of IFRS on January 1, 2010, June 30, 2010, and December 31, 2010, for comparative purposes:

($ thousands)	**January 1, 2010**	**June 30, 2010**	**December 31, 2010**
Equity under Cdn GAAP	**$ 752,757**	**$ 763,323**	**$ 788,997**
Fixed asset componentization	(4,180)	(4,538)	(4,915)
Share-based payments	96	100	104
Employee benefits	(13,009)	(13,333)	(13,767)
Financial instruments	936	857	711
Tax losses	(1,373)	(1,583)	(1,803)
Total IFRS adjustments to equity	**(17,530)**	**(18,497)**	**(19,670)**
Equity under IFRS	**$ 735,227**	**$ 744,826**	**$ 769,327**

The following table outlines the transitional financial impact to the Company's comprehensive income upon adoption of IFRS for the six months ended June 30, 2010, and the year ended December 31, 2010:

($ thousands)	**Six months ended June 30, 2010**	**Year ended December 31, 2010**
Comprehensive income under Cdn GAAP	**$ 17,324**	**$ 47,400**
Fixed asset componentization – depreciation	(359)	(735)
Share-based payments – expense	(33)	(68)
Employee benefits – actuarial gains and losses	245	379
Financial instruments – transaction costs	(79)	(165)
Tax losses	3	(5)
Repatriation of capital and foreign exchange on intercompany loan repayment	572	550
Total profit adjustments	**$ 349**	**(44)**
Other comprehensive income adjustments		
Currency translation adjustments	(572)	(611)
Employee benefits – actuarial gains and (losses)	(781)	(1,137)
Total other comprehensive income adjustments	**(1,353)**	**(1,748)**
Total comprehensive income adjustments	**(1,004)**	**(1,792)**
Comprehensive income under IFRS	**$ 16,320**	**$ 45,608**

Further disclosure on the transition to IFRS can be found in note 11 of the Company's consolidated condensed interim financial statements for the six months ended June 30, 2011. This disclosure includes detailed reconciliations of the Company's financial statements that were previously prepared under Canadian GAAP to those now prepared under IFRS and the details of each reconciling item pertaining to the transition from Canadian GAAP to IFRS.

Control and System Changes Due to IFRS

The conversion to IFRS included a review of the Company's internal controls over financial reporting and as such these controls, including disclosure controls and procedures were revised as required and implemented. In addition, accounting policies were updated for the changeover to IFRS. The internal control changes and accounting policy changes were not significant. Furthermore, the Company utilized the existing controls framework with respect to the IFRS changeover process and, where necessary, additional controls were implemented. All accounting policy changes and internal controls over financial reporting changes were reviewed by senior management prior to the review and approval of the Audit Committee of the Board of Directors.

Modifications to the Company's information systems for the IFRS conversion project were not significant during the transition phase and are not expected to be significant in the future.

Post-Implementation

The Company has now entered the post-implementation phase of the IFRS conversion project. This phase involves the continuous monitoring of financial data to ensure that it is in compliance with IFRS standards. The International Accounting Standards Board has several projects that are currently ongoing that will result in the issuance of new IFRS standards in the future. As these IFRS standards come into effect, the Company will evaluate the impact and implement these new and revised standards accordingly.

D) Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with IFRS 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 condensed interim financial statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this MD&A and in the notes to the consolidated condensed interim financial statements.

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 based on normal operating capacity. 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.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing based on the level at which management monitors it, which is not higher than an operating segment. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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 by comparing the CGU's carrying amount to its fair value. In the assessment of fair value of the CGU, the average enterprise value to EBITDA multiple, based on comparable companies, is used to estimate the enterprise value for each of the CGUs. If the fair value of the CGU exceeds its carrying amount, no impairment has occurred. 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 2010, 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 CGUs resulting in an impairment charge.

Long-lived Assets

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.

Employee Future Benefits

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using a discount rate comparable to high quality corporate bonds. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

The Company recognizes all actuarial gains and losses arising from defined benefit plans directly in other comprehensive income immediately, and reports them in retained earnings.

Since these assumptions 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, 2010. There are no defined benefit plans funded with CCL stock.

The Company has had no material changes in contractual obligations in the first six months of 2011.

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, 2010, and June 30, 2011, 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 IFRS. 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 IFRS, 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, 2010, and June, 2011, the CEO and the CFO certified that they were in compliance with NI 52-30109 regarding internal control over financial reporting.

There were no material changes, other than those noted for the transition to IFRS, in internal control over financial reporting in the six months ended June 30, 2011.

11. Risks and Strategies

The 2010 Management's Discussion and Analysis in the annual report detailed risks to the Company's business and the strategies that were planned for 2011 and beyond. There have been no material changes to those risks and strategies during the first six months of 2011.

12. Outlook

The Company remains confident about its ability to deliver solid results and cash flows to support its growth strategy and finance investment opportunities to expand geographic and market segment reach. The Company has sufficient cash and liquidity to support this strategy with cash balances over $100 million and unused credit lines of over $90 million as at June 30, 2011. The Company remains focused on vigilantly managing working capital and prioritizing investment capital to opportunities in higher-growth areas, such as emerging markets and the Healthcare and Specialty business, either organically or by acquisition.

Public debt levels in Europe and the U.S. continue to take center stage, with credit agencies issuing warnings about possible defaults. These concerns over government spending, along with persistent high unemployment levels and growing inflationary pressures, may have a near to medium term adverse impact on economic growth in the developed markets. However, the emerging markets of Latin America and Asia are expected to continue to deliver double-digit growth and now account for approximately 17% of the Company's revenues.

Despite these growing concerns, the Company remains optimistic about the outlook for the remainder of the year. Moderate growth in the Label Division is expected for the second half of the year. Profitability comparatives will ease relative to the first half of 2010 and the recent acquisitions, Sertech and Pacman, are also projected to deliver immediate accretion. The Container Division is expected to continue to improve as demand outlook for the remainder of the year appears stable and results will reflect the full benefit from price increases implemented in the first half of the year. The outlook for the Tube Division also remains encouraging but comparatives will be more difficult as the Division began to report improved results in the second half of the prior year. Foreign currency will be challenging on a comparative basis with 2010 if the U.S. dollar remains at today's levels. Unlike the second quarter, current exchange rates would not result in offsetting positive translation benefit from CCL's European operations. The more important Emerging Market currencies continue to act at

least in parallel with the Canadian dollar, strengthening as investors seek safe havens like Canada for their capital and speculate on growth in countries like Brazil and Thailand. Inflationary increases in raw materials and competitive pricing pressures are likely to ease in the near term and the Company will continue to focus on cost reduction initiatives and improved efficiencies in the softer market conditions. The Company's expectation for capital expenditure spending for the year is in the $80-$85 million range compared to depreciation of approximately $90 million.

13. Key Performance Indicators and Non-IFRS financial measures

CCL measures the success of the business using a number of key performance indicators, many of which are in accordance with IFRS as described throughout this report. The following performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to or replacement of net income or any other measure of performance under IFRS. These non-IFRS financial 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 the Company's 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 CCL's shareholders and the investment community. These non-IFRS financial 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-IFRS financial 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-IFRS financial 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 IFRS financial measures reported in the consolidated balance sheet as at the periods ended as indicated.

(in millions of Canadian dollars, except shares issued and per share data)

Book value per share

At June 30th		**2011**		**2010**
Total shareholders' equity, end of period	$	818.4	$	744.8
Number of shares issued and outstanding, end of period ('000)		33,339		33,099
Less: Shares held in trust		(251)		(265)
Executive share purchase plan loans		(25)		(25)
Total adjusted number of shares issued ('000)		33,063		32,809
Book value per share	$	24.75	$	22.70

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-IFRS financial measure is defined as earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items. The Company believes that it is an important measure as it allows management to assess CCL's ongoing business without the impact of finance cost, 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 CCL's ability to incur or service debt and to invest in property, plant and equipment, and it allows management to compare CCL's business to that of CCL's 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 an important measure by lenders to the Company and is included in the financial covenants for CCL's senior notes and bank lines of credit.

The following table reconciles EBITDA measures to IFRS financial measures reported in the consolidated income statements for the periods ended as indicated.

(in millions of Canadian dollars)				
EBITDA (earnings before net finance costs, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items)	**Second Quarter**		**Year-to-Date**	
	2011	**2010**	**2011**	**2010**
Net earnings	$ 21.8	$ 17.5	$ 48.7	$ 42.0
Corporate expense	7.2	5.2	13.4	9.9
Finance cost, net	5.3	6.5	11.0	13.1
Restructuring and other items – (gain)/loss	-	-	0.5	-
Income taxes	8.8	10.5	18.1	18.0
Operating Income (a non-IFRS financial measure)	43.1	39.7	91.7	83.0
Less: Corporate expense	(7.2)	(5.2)	(13.4)	(9.9)
Add: Depreciation and amortization	25.0	23.2	48.9	47.3
EBITDA (a non-IFRS financial measure)	$ 60.9	$ 57.7	$ 127.2	$ 120.4

Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the year and available to fund dividends, debt repayments and acquisitions. It is calculated as cash flow from operations less capital expenditures, net of proceeds from the sale of property, plant and equipment.

The following table reconciles the free cash flow from operations measure to IFRS measures reported in the consolidated statements of cash flows for the periods ended as indicated.

(in millions of Canadian dollars)

Free Cash Flow from Operations	Second Quarter 2011	Second Quarter 2010	Year-to-date 2011	Year-to-date 2010
Cash provided by operating activities	$ 53.0	$ 55.1	$ 70.8	$ 62.4
Less: Additions to property, plant and equipment	(28.1)	(17.4)	(53.9)	(38.6)
Add: Proceeds on disposal of property, plant and equipment	0.5	2.6	1.1	2.6
Free Cash Flow from Operations	$ 25.4	$ 40.3	$ 18.0	$ 26.4

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

The following table reconciles the interest coverage measure to IFRS financial measures reported in the consolidated income statements for the periods ended as indicated.

(in millions of Canadian dollars)

Interest coverage	12-month rolling*		Year-to-date				
	July 1 – June 30 2011	July 1 – June 30 2010	December 31 2010	December 31 2009	June 30 2011	June 30 2010	June 30 2009
Operating income (a non-IFRS financial measure) (see definition below)	$ 155.7	$139.0	$ 147.0	$ 124.4	$ 91.7	$ 83.0	$ 68.4
Less: Corporate expense	$ 25.6	$ 16.6	$ 22.1	$ 16.5	$ 13.4	$ 9.9	$ 9.8
Operating income less corporate expense	$ 130.1	$122.4	$ 124.9	$ 107.9	$ 78.3	$ 73.1	$ 58.6
Net finance expense	$ 23.2	$ 26.5	$ 25.3	$ 29.3	$ 11.0	$ 13.1	$ 15.9
Interest coverage	5.6	4.6					

* 12-month rolling represents December 31st annual results plus the current year's year-to-date results less the prior year's year-to-date 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, which includes bank 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 the profitability of the Company's business units defined as operating income before corporate expenses, finance cost, goodwill impairment loss, restructuring and other items and tax.

See EBITDA definition above for a reconciliation of Operating Income measures to IFRS financial measures reported in the consolidated income statements for the periods ended as indicated.

Restructuring and Other Items – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items on a per share basis is measured by dividing the after-tax income of the restructuring and other items 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.

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

The following table reconciles net earnings used in the Return on Sales measure to IFRS financial measures reported in the consolidated statements of earnings in the industry segmented information as per note 3 of the Company's quarterly financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

Return on Sales	**Sales Second Quarter**		**Operating Income/(Loss) Second Quarter**		**Return on Sales Second Quarter**	
Industry Segments	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Label	$ 255.9	$ 242.1	$ 37.3	$ 39.0	14.6%	16.1%
Container	42.6	39.7	2.1	(2.2)	4.9%	(5.5%)
Tube	20.4	20.4	3.7	2.9	18.1%	14.2 %
Total Operations	$ 318.9	$ 302.2	$ 43.1	$ 39.7	13.5%	13.1%

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 IFRS financial measures reported in the consolidated statement of financial position as at the periods ended as indicated.

(in millions of Canadian dollars)

Total debt

At June 30th	**2011**	**2010**
Current debt	$ 16.8	$ 121.6
Long-term debt	337.5	382.0
Total Debt	$ 354.3	$ 503.6