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

CCL INDUSTRIES INC.

Interim periods ended June 30, 2012 and 2011
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In thousands of Canadian dollars

		As at June 30 2012		As at December 31 2011
Assets				
Current assets				
Cash and cash equivalents	$	162,332	$	140,698
Trade and other receivables		217,229		192,003
Inventories		86,796		86,932
Prepaid expenses		9,074		5,304
Income tax recoverable		-		802
Derivative instruments		884		820
Total current assets		476,315		426,559
Property, plant and equipment		680,810		688,099
Goodwill		351,943		355,788
Deferred tax assets		55,095		54,152
Equity accounted investments		40,083		38,464
Intangible assets		30,724		34,853
Other assets		17,450		15,566
Total non-current assets		1,176,105		1,186,922
Total assets	**$**	**1,652,420**	**$**	**1,613,481**
Liabilities				
Current liabilities				
Trade and other payables	$	226,572	$	233,963
Current portion of long-term debt		18,330		19,750
Income taxes payable		11,507		-
Derivative instruments		2,447		2,530
Total current liabilities		258,856		256,243
Long-term debt		332,737		334,218
Deferred tax liabilities		112,767		118,827
Employee benefits		82,043		77,806
Provisions and other long-term liabilities		10,574		9,507
Total non-current liabilities		538,121		540,358
Total liabilities		796,977		796,601
Equity				
Share capital		221,023		218,663
Contributed surplus		11,139		9,421
Retained earnings		672,748		629,469
Accumulated other comprehensive loss (note 4)		(49,467)		(40,673)
Total equity attributable to shareholders of the Company		855,443		816,880
Total liabilities and equity	**$**	**1,652,420**	**$**	**1,613,481**

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 data

	Three months ended June 30			Six months ended June 30		
	2012	**2011**	**% Change**	**2012**	**2011**	**% Change**
Revenue	$ 337,062	$ 318,894	5.7	$ 678,458	$ 634,519	6.9
Cost of sales	253,367	243,670		510,987	481,707	
Gross profit	83,695	75,224		167,471	152,812	
Selling, general and administrative	42,265	39,367		79,985	74,420	
Restructuring and other items	-	-		-	542	
(Earnings) loss in equity accounted investments	(24)	(5)		(854)	84	
Results from operating activities	**41,454**	**35,862**		**88,340**	**77,766**	
Finance cost	5,513	5,588		11,024	11,577	
Finance income	(263)	(265)		(571)	(589)	
Net finance cost	5,250	5,323		10,453	10,988	
Earnings before income taxes	**36,204**	**30,539**	**18.6**	**77,887**	**66,778**	16.6
Income tax expense	10,338	8,707		21,599	18,126	
Net earnings	**$ 25,866**	**$ 21,832**	**18.5**	**$ 56,288**	**$ 48,652**	15.7
Attributable to:						
Shareholders of the Company	**$ 25,866**	**$ 21,832**		$ 56,288	$ 48,652	
Net earnings for the period	**$ 25,866**	**$ 21,832**		**$ 56,288**	**$ 48,652**	
Basic earnings per Class B share	**$ 0.77**	**$ 0.66**	16.7	**$ 1.68**	**$ 1.47**	14.3
Diluted earnings per Class B share	**$ 0.76**	**$ 0.64**	18.8	**$ 1.65**	**$ 1.44**	14.6

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 30		Six months ended June 30	
	2012	2011	2012	2011
Net earnings	**$ 25,866**	**$ 21,832**	**$ 56,288**	**$ 48,652**
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment for foreign operations, net of tax (expense) recovery of ($387) and $108 for the three-month and six-month periods ended June 30, 2012 (2011 - tax recovery of $90 and $385)	(13,051)	4,490	(8,742)	2,508
Net (loss) gain on hedges of net investment in foreign operations, net of tax recovery of $823 and $28 for the three-month and six-month periods ended June 30, 2012 (2011 - tax expense of $198 and $1,116)	(5,612)	1,162	(150)	7,089
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of $351 and $133 for the three-month and six-month periods ended June 30, 2012 (2011 - tax recovery of $85 and $85)	(868)	(223)	(434)	(1,069)
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax recovery of $108 and $180 for the three-month and six-month periods ended June 30, 2012 (2011 - tax expense of $285 and $427)	320	(600)	532	(77)
Other comprehensive income (loss), net of tax	(19,211)	4,829	**(8,794)**	**8,451**
Total comprehensive income	**$ 6,655**	**$ 26,661**	**$ 47,494**	**$ 57,103**
Attributable to:				
Shareholders of the Company	$ 6,655	$ 26,661	$ 47,494	$ 57,103
Total comprehensive income	**$ 6,655**	**$ 26,661**	**$ 47,494**	**$ 57,103**

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

CCL Industries Inc.

Consolidated condensed interim statements of changes in equity

Unaudited

In thousands of Canadian dollars

	Six months ended June 30	
	2012	**2011**
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	223,440	213,691
Stock options exercised	2,221	1,809
Class B shares, end of period	225,661	215,500
Executive share purchase plan loans, beginning of period	(233)	(233)
Repayment of executive share purchase plan loans	233	-
Executive share purchase plan loans, end of period	-	(233)
Shares held in trust, beginning of period	(9,061)	(9,309)
Shares redeemed from trust	-	425
Shares purchased and held in trust	(94)	(88)
Shares held in trust, end of period	(9,155)	(8,972)
Share capital, end of period	**221,023**	**210,812**
Contributed surplus		
Contributed surplus, beginning of period	9,421	7,688
Stock option expense	915	800
Stock options exercised	(353)	(350)
Stock-based compensation plan	1,156	865
Contributed surplus, end of period	**11,139**	**9,003**
Retained earnings, beginning of period	629,469	572,789
Net earnings	56,288	48,652
Dividends:		
Class A	(865)	(772)
Class B	(12,144)	(10,744)
Total dividends	(13,009)	(11,516)
Retained earnings, end of period	**672,748**	**609,925**
Accumulated other comprehensive loss		
Accumulated other comprehensive loss, beginning of period	(40,673)	(19,816)
Other comprehensive income	(8,794)	8,451
Accumulated other comprehensive loss, end of period	**(49,467)**	**(11,365)**
Total shareholders' equity, end of period	**$ 855,443**	**$ 818,375**

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

CCL Industries Inc.

Consolidated condensed interim statements of cash flows
Unaudited

In thousands of Canadian dollars

	Three months ended June 30		Six months ended June 30	
	2012	**2011**	**2012**	**2011**
Cash provided by (used for)				
Operating activities				
Net earnings	$ 25,866	$ 21,832	$ 56,288	$ 48,652
Adjustments for:				
Depreciation and amortization	25,467	24,992	50,576	48,942
Earnings (loss) in equity accounted investments, net of dividends received	393	403	(45)	492
Restructuring and other items	-	-	-	542
Net finance cost	5,250	5,323	10,453	10,988
Current income tax expense	11,475	8,000	25,861	17,408
Equity-settled share-based payment transactions	990	1,000	2,071	2,090
Deferred taxes	(1,137)	707	(4,262)	718
(Gain) loss on sale of property, plant and equipment	12	(257)	(102)	(710)
	68,316	62,000	140,840	129,122
Change in inventories	3,912	(2,803)	136	(7,251)
Change in trade and other receivables	1,482	(5,088)	(25,226)	(34,695)
Change in prepaid expenses	(4,731)	(3,093)	(3,770)	(1,919)
Change in trade and other payables	(4,792)	7,124	(7,124)	1,343
Change in income taxes	1,289	255	2,854	206
Change in employee benefits	1,650	2,722	4,236	5,538
Change in other assets and liabilities	(4,870)	(38)	(4,263)	1,373
	62,256	61,079	107,683	93,717
Net interest paid	(386)	(328)	(10,718)	(11,885)
Income taxes paid	(11,426)	(7,769)	(16,406)	(10,985)
Cash provided by operating activities	**50,444**	**52,982**	**80,559**	**70,847**
Financing activities				
Proceeds on issuance of long-term debt	22	-	22	1,040
Repayment of long-term debt	(2,042)	(1,107)	(3,288)	(69,579)
Increase in bank advance	-	(669)	-	(497)
Proceeds from issuance of shares	316	-	1,868	1,073
Repayment of executive share purchase plan loans	-	-	233	-
Dividends paid	(6,554)	(5,802)	(13,104)	(11,604)
Cash used for financing activities	**(8,258)**	**(7,578)**	**(14,269)**	**(79,567)**
Investing activities				
Additions to property, plant and equipment	(19,667)	(28,082)	(42,967)	(53,923)
Proceeds on disposal of property, plant and equipment	39	455	611	1,119
Business acquisitions and other long-term investments	(2,018)	(6,837)	(2,018)	(8,792)
Cash used for investing activities	**(21,646)**	**(34,464)**	**(44,374)**	**(61,596)**
Net increase (decrease) in cash and cash equivalents	20,540	10,940	21,916	(70,316)
Cash and cash equivalents at beginning of period	141,924	92,134	140,698	173,197
Translation adjustment on cash and cash equivalents	(132)	(129)	(282)	64
Cash and cash equivalents at end of period	**$ 162,332**	**$ 102,945**	**$ 162,332**	**$ 102,945**

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

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, 2012, comprise the Company, its subsidiaries and its 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 IAS 34, Interim Financial Reporting.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2011 annual financial statements.

The accounting policies and methods of computation followed in the preparation of these consolidated condendsed interim financial statements are consistent with those used in the preparation of the most recent annual report.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 2, 2012.

(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 plans 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.

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)
Unaudited

In thousands of Canadian dollars, except share and per share information

3. Segment reporting

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. 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.

	Three months ended June 30				Six months ended June 30			
	Sales		Operating income		Sales		Operating income	
	2012	2011	2012	2011	2012	2011	2012	2011
Label	$ 267,247	$ 255,883	$ 39,097	$ 37,303	$ 541,123	$ 503,639	$ 85,290	$ 79,238
Container	48,115	42,567	4,267	2,079	94,261	90,218	6,683	5,819
Tube	21,700	20,444	4,523	3,671	43,074	40,662	8,518	6,769
Total operations	$ 337,062	$ 318,894	47,887	43,053	$ 678,458	$ 634,519	100,491	91,826
Corporate expense			(6,457)	(7,196)			(13,005)	(13,434)
Restructuring and other items			-	-			-	(542)
Earnings (loss) in equity accounted investments			24	5			854	(84)
Finance cost			(5,513)	(5,588)			(11,024)	(11,577)
Finance income			263	265			571	589
Income taxes			(10,338)	(8,707)			(21,599)	(18,126)
Net earnings			$ 25,866	$ 21,832			$ 56,288	$ 48,652

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	June 30 2012	December 31 2011	June 30 2012	December 31 2011	Six months ended June 30 2012	2011	Six months ended June 30 2012	2011
Label	$ 1,178,259	$ 1,150,706	$ 291,719	$ 277,622	$ 39,373	$ 37,975	$ 40,276	$ 49,784
Container	118,407	115,450	39,151	34,708	6,905	7,012	2,129	2,145
Tube	79,658	94,120	1,933	14,626	3,874	3,541	560	1,847
Equity accounted investments	40,083	38,464	-	-	-	-	-	-
Corporate	236,013	214,741	464,174	469,645	424	414	2	147
Total	$ 1,652,420	$ 1,613,481	$ 796,977	$ 796,601	$ 50,576	$ 48,942	$ 42,967	$ 53,923

3. Segment reporting (continued)

Due to the seasonality of CCL's business, the Company's operating results for the three and six months ended June 30, 2012, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2012. 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.

4. Accumulated other comprehensive loss

	June 30 2012	December 31 2011
Unrealized foreign currency translation losses, net of tax expense of $899 (2011 – tax expense of $1,035)	$ (48,477)	$ (39,585)
Net change in derivatives designated as cash flow hedges, net of tax recovery of $466 (2011 – tax recovery of $513)	(990)	(1,088)
	$ (49,467)	$ (40,673)

5. Equity accounted investments

In April 2012, the Company announced the creation of a new wine label joint venture, Acrus-CCL, in Chile. CCL holds a 50% equity interest in the newly established Santiago venture dedicated to the wine industry. CCL's initial equity investment of $2.0 million was matched by its joint venture partner.

6. Subsequent events

In July 2012, CCL acquired the Pharmaceutical Division of Graphitype Printing Services, a privately owned label company located near Sydney, Australia. The acquired business produces label and patient instructional leaflets for leading pharmaceutical customers in Australia. The acquired business will immediately change its trading name to CCL Label.

The purchase price was approximately AUD$7.0 million in cash. Graphitype's Pharmaceutical Division sales were AUD$7.3 million for the twelve month period ending June 30, 2012, with EBITDA of approximately AUD$2.5 million. This acquisition will strengthen CCL's position in Australia with sites now located in both the pharmaceutical manufacturing centres of Melbourne and Sydney. Final valuation of the assets and liabilities are not yet complete due to the timing of the acquisition and the inherent complexity associated with the valuations. The allocation of the purchase price to specific assets will be completed once the valuation is finalized.

In July 2012, CCL signed an amended bilateral four-year revolving debt agreement, which replaces an agreement expiring in January 2013. Under the new agreement, CCL expanded the unsecured credit commitment from $95 million to $200 million, improved the terms and conditions with a more flexible structure to support the Company's worldwide initiatives and extended the expiration date to July 11, 2016.

The Board of Directors has declared a dividend of $0.1950 for the Class B non-voting shares and $0.1825 on the Class A voting shares that will be payable to shareholders of record at the close of business on September 14, 2012, to be paid on September 28, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarters Ended June 30, 2012 and 2011

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, 2012 and 2011. The information in this interim MD&A is current to August 2, 2012, and should be read in conjunction with the Company's June 30, 2012, unaudited second quarter consolidated condensed interim financial statements released on August 2, 2012, and the 2011 Annual MD&A document and consolidated financial statements, which form part of the CCL Industries Inc. 2011 Annual Report, dated February 23, 2012.

Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and 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 non-voting share ("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 segments; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2012; 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 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 markets; 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 2011 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 second quarter of 2012 marked the seventh consecutive quarter of year-over-year improvement in earnings per Class B share, despite economic pressures in many of the Company's global markets. The Label Segment posted a 4.5% increase in sales, driven by strong performance in North America and the Emerging Markets partially offsetting low growth in Europe, compared to the second quarter of 2011. The Label Segment's operating income (a non-IFRS financial measure; refer to definition in Section 13) increased 4.8% for the comparable quarters. The Tube Segment continued to post impressive performance recording another quarterly record with 22% improvement in operating income for the comparable second quarters. The Container Segment delivered strong increases in revenue and operating income of 13% and 105%, respectively, in the second quarter of 2012 compared to the prior year quarter. The Container Segment continues to achieve improved results attributable to the turnaround plan initiated in 2010. Basic earnings for the Company improved 16.7% to $0.77 per Class B share compared to basic earnings per share of $0.66 per Class B share in the 2011 second quarter.

2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2011.

- 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.

- In September 2011, 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; Muscat, Oman; and Jeddah, Saudi Arabia, was acquired for $18.3 million. Albwardy Investments, the sole shareholder that previously operated Pacman-CCL under a CCL Label license agreement, retains the remaining 50% economic interest.

- In April 2012, the Company completed a 50% equity investment of $2.0 million in Acrus-CCL, a wine label joint venture in Santiago, Chile. This start-up joint venture commenced trading in the current quarter.

CCL's share of Pacman-CCL, CCL-Kontur and Acrus-CCL's net income, the Company's Middle East, Russian and Chilean joint ventures is disclosed in "Earnings in Equity Accounted Investments" in the consolidated condensed interim income statement.

Sales for the second quarter of 2012 were $337.1 million, an increase of 5.7% compared to $318.9 million posted in the second quarter of 2011. The improvement in sales can be attributed to organic growth of 7.6% but partially offset by a 1.9% negative impact from foreign currency translation. For the six month period ended June 30, 2012, sales were $678.5 million, an increase of 6.9% compared to $634.5 million recorded in the same period of 2011. The six-month improvement in sales can be attributed to organic growth of 7.8% and the positive 0.4% impact of the above noted Sertech acquisition, partially offset by a 1.3% negative impact from foreign currency translation.

Selling, general and administrative expenses ("SG&A") were $42.3 million for the second quarter of 2012, an increase of 7.4% compared to $39.4 million for the second quarter of 2011. For the six months ended June 30, 2012, SG&A were $80.0 million, an increase of 7.5% compared to $74.4 million for the 2011 six-month period. The increase in SG&A of $5.6 million is primarily due to higher costs in the operating segments, augmented by a $0.9 million increase in corporate expense, attributable to an increase in equity-based compensation expense.

Operating income for the second quarter of 2012 was $47.9 million, an increase of 11.1% compared to $43.1 million for the second quarter of 2011. For the second quarter of 2012, foreign currency translation had an approximate negative impact of 2.6% on the operating income of the Label Segment partially offset by a 1.5% and 4.0% positive impact on the operating income of the Container and Tube Segments, respectively, compared to the 2011 second quarter. Excluding the net unfavourable impact of currency translation, operating income improved 13.2%. For the second quarter of 2012 compared to the same period in 2011; Label, Container and Tube, recorded operating income improvement of 4.8%, 104.8% and 21.6%, respectively. For the six months ended June 30, 2012, operating income increased 9.5%, with Label, Container and Tube contributing 7.7%, 15.5% and 25.0%, respectively, to the improvement, compared to the same six-month period in 2011.

Earnings before net finance cost, tax, earnings in equity accounted investments, goodwill impairment loss, depreciation and amortization, restructuring and other items ("EBITDA," a non-IFRS financial measure; refer to definition in Section 13) was $66.9 million for the second quarter of 2012, an increase of 9.9% compared to $60.9 million for the second quarter of 2011. Excluding the impact of currency translation, EBITDA increased by 11.9% for the comparable quarters. For the six months ended June 30, 2012, EBITDA was $138.1 million, an increase of 8.5% compared to $127.3 million in the comparable 2011 period. Excluding currency translation, EBITDA increased 9.8% for the comparable six-month periods.

Net finance cost was $5.2 million for the 2012 second quarter, approximately flat to last year's second quarter. For the six-month period ended June 30, 2012, net finance cost was $10.5 million, a decrease of 4.5% compared to $11.0 million in the corresponding six-month period of 2011. The decline is attributable to lower debt levels resulting from scheduled repayments during the trailing twelve-month period.

No restructuring and other items (a non-IFRS financial measure; refer to definition in Section 13) were incurred in the second quarter or first six-month period of 2012; however, the Company recorded an expense of $0.5 million ($0.4 million after tax) in restructuring and other items in the 2011 first quarter for the closure costs to shut down a small label plant in the U.S.

The overall effective income tax rate was 28.6% for the second quarter of 2012, almost flat to the second quarter of 2011. The overall effective income tax rate was 28.0% for the six-month period of 2012 compared to 27.1% for the six-month period of 2011. The increase in the effective tax rate is primarily due to a higher portion of the Company's income being earned in high tax jurisdictions.

Net earnings for the second quarter of 2012 were $25.9 million, an increase of 18.8% compared to $21.8 million for the second quarter of 2011. This resulted in basic and diluted earnings of $0.77 and $0.76 per Class B share, respectively, in the current quarter compared to basic and diluted earnings of $0.66 and $0.64 per Class B share, respectively, for the prior year second quarter.

Net earnings for the six-month period of 2012 were $56.3 million, an increase of 15.6% compared to $48.7 million for the same period a year ago. This resulted in basic and diluted earnings of $1.68 and $1.65 per Class B share, respectively, for the 2012 six-month period compared to basic and diluted earnings of $1.47 and $1.44 per Class B share, respectively, for the prior year six-month period. The weighted average number of shares for the 2012 six-month period were 33.5 million basic and 34.1 million diluted shares compared to 33.0 million basic and 33.7 million diluted shares for the comparable period of 2011. Diluted shares were impacted by the weighted average in-the-money stock options and other equity settled payments of 0.6 million shares.

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	**2012**	**2011**	**2012**	**2011**
Basic earnings	$ 0.77	$ 0.66	$ 1.68	$ 1.47
Net loss from restructuring and other items included above	-	-	-	0.01
Adjusted basic earnings [1]	$ 0.77	$ 0.66	$ 1.68	$ 1.48

[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					
2012	$ 341.4	$ 337.1	$	$	$ 678.5
2011	315.6	318.9	316.7	317.3	1,268.5
2010	307.1	302.2	301.7	281.3	1,192.3
Net earnings					
2012	30.4	25.9			56.3
2011	26.8	21.7	17.2	18.4	84.1
2010	24.6	17.4	15.8	13.3	71.1
Net earnings per Class B share					
Basic					
2012	0.91	0.77			1.68
2011	0.81	0.66	0.52	0.55	2.54
2010	0.75	0.53	0.48	0.41	2.17
Diluted					
2012	0.89	0.76			1.65
2011	0.80	0.64	0.52	0.54	2.50
2010	0.74	0.52	0.47	0.40	2.13
Adjusted basic net earnings per Class B share					
2012	0.91	0.77			1.68
2011	0.82	0.66	0.52	0.57	2.57
2010	0.75	0.53	0.48	0.42	2.18

3. Business Segment Review

Label Division

($ millions)	Second Quarter			Year-to-Date		
	2012	2011	+/-	2012	2011	+/-
Sales	$ 267.3	$ 255.9	4.5%	$ 541.1	$ 503.6	7.4%
Operating Income [(1)]	$ 39.1	$ 37.3	4.8%	$ 85.3	$ 79.2	7.7%
Return on Sales [(1)]	14.6%	14.6%		15.8%	15.7%	
Capital Spending	$ 18.0	$ 26.5	(32.1%)	$ 40.3	$ 49.9	(19.2%)
Depreciation and Amortization	$ 19.9	$ 19.4	2.6%	$ 39.4	$ 38.0	3.7%

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

Sales for the Label Segment were $267.3 million for the second quarter of 2012, an increase of 4.5% compared to $255.9 million for the same quarter last year. Foreign currency translation had a 2.6% negative impact. Excluding foreign currency translation, the Label Segment achieved an organic growth rate of 7.1%.

North America posted double digit sales gains, excluding currency translation, compared to the second quarter of 2011. The positive economic momentum that began

in mid-2011 continued to strengthen consumer related markets and drove sales improvement in the Home & Personal Care and Sleeve businesses, although there were clear signs of softening and related pricing challenges as the quarter developed. The Healthcare & Specialty business posted significant sales gains for this quarter but unlike the first quarter, comparisons were against good results for the prior year period; profits also included start-up costs at the new insert operation in California. The new Wine and Spirits business expanded rapidly compared to a low base in the 2011 second quarter; however, profitability was impacted by start-up costs in Sonoma and other USA sites. One-time start-up activity impacted overall North American profitability, which was slightly down for the quarter.

Sales in **Europe** were up low single digits for the second quarter of 2012, excluding currency translation, compared to the second quarter of 2011. Home & Personal Care local currency sales growth was solid and profitability improved significantly with strong results from Eastern Europe and a substantial reduction in operating losses from the French operation following its 2011 restructuring. Sales in Healthcare & Specialty were flat compared to the second quarter of 2011 with the extended softness in Scandinavia offsetting solid profitability from other countries in the region. Sales and profitability in the Sleeve business improved due to a significant mix improvement in the Stretch Sleeve product line. Sales in the Beverage business were down; however, profitability improved due to strong cost management and operational improvements. Sales for the CCL Design business were in line with the second quarter of 2011 with solid profit improvement. Overall, European operating income increased in absolute terms and as a percent of sales compared to the prior year second quarter due largely to the improvements in the Home & Personal Care and Sleeve businesses, despite the significant negative impact of foreign currency translation due to the weak euro.

The **Latin America** operations delivered double digit sales and operating income improvement for the second quarter of 2012, excluding currency translation, compared to the second quarter of 2011. However, in absolute terms, year-over-year quarterly results declined slightly due to the devaluation of the Brazilian and Mexican currencies compared to the Canadian dollar. Inflationary raw material cost pressures, however, eased in Mexico with the peso recovering from first quarter levels against the U.S. dollar and were stable in Brazil. Operating margin levels in the region remain above the CCL Label average.

Asia Pacific delivered strong double digit sales growth for the second quarter of 2012, compared to the second quarter of 2011. Operations in China delivered the most substantial quarterly improvement in both sales and operating income as the Home & Personal care operations gained market share; Beverage business expanded on new business wins and losses reduced at the new Healthcare operation in Tianjin with its first quarter of meaningful trading. However, operating income for the Asia Pacific region declined slightly compared to a strong prior year period due to costs involved in reorganizing operations in Thailand to prepare for significant expansion and the persistent operating challenges in South Africa.

On April 12, 2012, the Company announced the creation of a new wine label joint venture, Acrus-CCL, in Chile. CCL holds a 50% equity interest in the newly established

Santiago venture dedicated to the wine industry. CCL's initial equity investment of $2.0 million was matched by its joint venture partner.

Results from the 50% joint ventures in CCL-Kontur, Russia; Pacman-CCL, Middle East; and Acrus-CCL, Chile, are not proportionately consolidated into the Label Segment but instead are accounted for as equity investments. Sales at CCL-Kontur for the second quarter of 2012 improved and the operation posted an operating profit for the 2012 second quarter. Pacman-CCL, acquired September 2011, contributed significantly to overall earnings for the 2012 second quarter; however, these results were partially offset by the expected start-up costs of Acrus-CCL.

Operating income for the second quarter of 2012 was $39.1 million, an increase of 4.8% compared to $37.3 million in the second quarter of 2011. Excluding the impact of currency translation, operating income increased 7.5%. Operating income as a percentage of sales at 14.6% was within the CCL's global internal targets and was equal to the return generated in last year's second quarter.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. Order intake levels remain steady in aggregate so far in the third quarter. Management continues to watch the global economic situation closely along with associated volatility in foreign exchange rates.

The Label Segment invested $40.3 million in capital spending in the six-month period ended June 30, 2012, compared to $49.9 million in the same six-month period in 2011. This investment is in line with the Company's planned expenditures for 2012. The major expenditures in the quarter were related to capacity expansions in the Home and Personal Care, particularly expenditures related to the publicly announced expansion expenditures in Brazil and Thailand. As in the past, investments in the Label Segment 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 Segment was $39.4 million for the first six-month period of 2012 compared to $38.0 million in the comparable six-month period.

Container Division

($ millions)	Second Quarter			Year-to-Date		
	2012	**2011**	**+/-**	**2012**	**2011**	**+/-**
Sales	$ 48.1	$ 42.6	12.9%	$ 94.3	$ 90.2	4.5%
Operating Income [1]	$ 4.3	$ 2.1	104.8%	$ 6.7	$ 5.8	15.5%
Return on Sales [1]	8.9%	4.9%		7.1%	6.4%	
Capital Spending	$ 1.4	$ 0.7	100.0%	$ 2.1	$ 2.1	-
Depreciation and Amortization	$ 3.4	$ 3.6	(5.6%)	$ 6.9	$ 7.0	(1.4%)

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

Sales for the Container Segment in the 2012 second quarter were $48.1 million, an improvement of 12.9% compared to $42.6 million in the second quarter of 2011 driven

by strong volume. The Container Segment posted operating income of $4.3 million in the 2012 second quarter, a substantial 104.8% increase compared to $2.1 million in the prior year second quarter. The drivers of the operating income improvement were a rise in volume attributable to the delay of aerosol can orders in the U.S. from the first quarter to the second quarter of this year, market gains in Mexico and improved average selling prices at the Canadian operation. All of the Container operations in the U.S., Mexico and, in particular Canada continued to execute the operational turnaround plan and posted solid results for the quarter. So far in 2012, aluminum cost and the related price environment remains stable and order backlogs continue to be solid going into the 2012 third quarter.

The Container Segment invested $2.1 million in capital spending in the six-month periods ended June 30, 2012 and June 30, 2011. All of the 2012 expenditures were maintenance capital in nature. Depreciation and amortization for the Container Segment was $6.9 million for the six-month period of 2012 compared to $7.0 million for the comparable six-month period of 2011.

The Container Segment continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 23% and 10% of its expected 2012 and 2013 requirements, respectively. All of these hedges are specifically tied to customer contracts. Existing hedges are priced in the US$2,000 to US$2,500 range per metric ton. The company is encouraging customers to adopt 90-day pass-through pricing for changes in aluminum cost and is only adopting long-term hedges to stabilize input prices with large blue-chip multinationals willing to accept responsibility for the hedge.

Pricing for aluminum in the second quarter of 2012 ranged from US$1,800 to US$2,100 per metric ton compared to US$2,500 to US$2,800 in the second quarter of 2011.

Tube Division

($ millions)	Second Quarter			Year-to-Date		
	2012	2011	+/-	2012	2011	+/-
Sales	$ 21.7	$ 20.4	6.4%	$ 43.1	$ 40.7	5.9%
Operating Income [(1)]	$ 4.5	$ 3.7	21.6%	$ 8.5	$ 6.8	25.0%
Return on Sales [(1)]	20.7%	18.1%		19.7%	16.7%	
Capital Spending	$ 0.3	$ 0.8	(62.5%)	$ 0.6	$ 1.8	(66.7%)
Depreciation and Amortization	$ 2.0	$ 1.7	17.6%	$ 3.9	$ 3.5	11.4%

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

Sales for the second quarter of 2012 for the Tube Segment were $21.7 million, an increase of 6.4% compared to $20.4 million posted for the 2011 second quarter. Both sales and operating income benefited from a positive foreign currency translation of approximately 4.2%. Nonetheless, the 21.6% improvement in operating income was primarily driven by continued market share gains in highly decorated tubes for the premium personal care and cosmetic sector; particularly at the Los Angeles operation. The outlook for this Segment remains positive.

The Tube Segment invested $0.6 million in capital spending in the six-month period ended June 30, 2012, compared to $1.8 million in the same six-month period in 2011. The majority of the purchases relate to new decorating equipment. Depreciation and amortization for the Tube Segment was $3.9 million for the six-month period of 2012 compared to $3.5 million for six-month period of 2011.

4. Currency Transaction Hedging and Currency Translation

Approximately 95% of sales made in the first six months of 2012 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.

The results of the second quarter of 2012 were positively affected by the 4.4% and 1.3% appreciation of the U.S. dollar and U.K. pound, respectively, and currency appreciation in most Asia Pacific countries, when comparing the rates in the second quarters of 2012 and 2011, which was offset by the depreciation of the euro, Brazilian real and Mexican peso (by 7.0%, 15.1% and 9.6%, respectively) and other European currencies, relative to the Canadian dollar. In the second quarter of 2012, currency translation had a negative $0.02 impact on earnings per share compared to last year's second quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions, except per share data)	June 30, 2012	December 31, 2011	June 30, 2011
Current debt	$ 18.3	$ 19.8	$ 15.8
Long-term debt	332.7	334.2	336.4
Total debt [1]	$ 351.0	$ 354.0	$ 352.2
Cash and cash equivalents	(162.3)	(140.7)	(102.9)
Net debt [1]	$ 188.7	$ 213.3	$ 249.3
Shareholders' equity	$ 855.4	$ 816.9	$ 818.4
Net debt to Total Book Capitalization [1]	18.1%	20.7%	23.3%
Book value per share [1]	$ 25.54	$ 24.46	$ 24.75

[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 strengthen its solid financial position. As of June 30, 2012, cash and cash equivalents amounted to $162.3 million, an increase of $59.3 million compared to $103.0 million at June 30, 2011. The increase in cash and cash equivalents, and hence the decrease in net debt, was attributable to the Company's strong free cash flow over the previous twelve months. Net debt (a non-IFRS financial

measure; refer to definition in Section 13) was $188.7 million at June 30, 2012, $60.5 million lower than the net debt of $249.2 million at June 30, 2011.

Net debt to total book capitalization (a non-IFRS financial measure; refer to definition in Section 13) at June 30, 2012, was 18.1%, down from 23.3% at the end of June 2011. Book value per share (a non-IFRS financial measure; refer to definition in Section 13) was $25.54 at June 30, 2012, 3.2% higher compared to $24.75 at June 30, 2011.

The Company's debt structure at June 30, 2012, was primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US$328.4 million (C$334.3 million) and a five-year revolving line of credit of $95.0 million. As at June 30, 2012, the credit line was unused other than for letters of credit of $3.6 million. This debt structure is unchanged from December 31, 2011, with the exception of the amendment discussed below. The Company's overall average finance rate is 6.1% after factoring in the related Interest Rate Swap Agreement ("IRSA") and Cross-Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 6.0% at June 30, 2011. The IRSA and CCIRSAs are discussed later in this report in Section 7.

On July 11, 2012, the Company amended its bilateral revolving credit agreement with its existing lender. The $95.0 million unsecured commitment was expanded to $200.0 million and the maturity date was extended four years to July 11, 2016.

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

	Second Quarter		Year-to-Date	
Summary of Cash Flows	**2012**	**2011**	**2012**	**2011**
Cash provided by operating activities	$ 50.4	$ 53.0	$ 80.6	$ 70.8
Cash used for financing activities	(8.3)	(7.6)	(14.3)	(79.6)
Cash used for investing activities	(21.6)	(34.5)	(44.4)	(61.6)
Translation adjustments on cash and cash equivalents	(0.1)	(0.1)	(0.3)	0.1
Increase (decrease) in cash and cash equivalents	$ 20.4	$ 10.8	$ 21.6	$ (70.3)
Cash and cash equivalents – end of period	$ 162.3	$ 102.9	$ 162.3	$ 102.9
Free Cash Flow from Operations [1]	$ 30.7	$ 25.4	$ 38.2	$ 18.0

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

During the second quarters of 2012 and 2011, the Company generated cash from operating activities of $50.4 million and $53.0 million, respectively. The decrease in operating cash flow was primarily due to higher working capital and the timing of tax payments during the second quarter of 2012 compared to the second quarter of 2011. Free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 13) reached $30.7 million in the 2012 second quarter compared to $25.4 million

in the prior year quarter. The increase is due to lower capital expenditures in the current quarter compared to the 2011 second quarter.

Capital spending in the second quarter of 2012 amounted to $19.7 million compared to $28.1 million in the 2011 second quarter. Depreciation and amortization for the second quarters of 2012 and 2011 were $25.5 million and $25.0 million, respectively. Plans for capital spending in 2012 are now expected to be higher than total expenditures for 2011 year but still 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 in the second quarters of 2012 and 2011 were $6.6 million and $5.8 million, respectively. The total number of shares issued and outstanding as at June 30, 2012 and 2011, were 33.8 million and 33.3 million, respectively. Since the Company's current cash flow and financial position are strong and its outlook for the remainder of 2012 continues to be positive, the Board of Directors has approved a continuation of the dividend declared in February 2012 of $0.1825 per Class A share and $0.1950 per Class B share to shareholders of record as of September 14, 2012, and payable on September 28, 2012. The annualized dividend rate is $0.73 per Class A share and $0.78 per Class B share.

On March 8, 2012, the Company announced a share repurchase program under a normal course issuer bid ("bid") to purchase up to 2.1 million Class B non-voting shares, approximately 10% of the public float. The Company has not repurchased any shares under this bid to date.

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 $0.1 million in the second quarter of 2012 compared to a decrease of $0.2 million in the second quarter of 2011. Interest coverage (a non-IFRS financial measure, defined later in Section 13) was 7.1 times as at June 30, 2012, compared to 5.6 times as at June 30, 2011.

8. Accounting Policies and New Standards

A) Recently Issued Accounting Standards, Not Yet Effective

A number of new or revised accounting standards have recently been issued by the International Accounting Standards Board ("IASB") but are not yet effective. These standards have not been applied in preparing these consolidated financial statements. The Company is currently evaluating the impact of these standards on its consolidated financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9") 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. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. *Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, deferred the effective date to annual periods beginning on or after January 1, 2015, with earlier adoption permitted.

IFRS 10, *Consolidated Financial Statements* ("IFRS 10") will replace SIC-12, *Consolidation-Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements.* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. IFRS 10 is effective for periods beginning on or after January 1, 2013.

IFRS 11, *Joint Arrangements* ("IFRS 11") will replace guidance in IAS 31, *Interests in Joint Ventures.* IFRS 11 provides focus on the rights and obligations of the joint arrangement, rather than its legal form in the current standard. IFRS 11 also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interest in jointly controlled entities. IFRS 11 is effective for periods beginning on or after January 1, 2013.

IFRS 12*, Disclosure of Interests in Other Entities* ("IFRS 12") establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for periods beginning on or after January 1, 2013.

IFRS 13, *Fair Value Measurement* ("IFRS 13") replaces the fair value guidance that is currently contained within individual IFRSs with a single source of fair value measurement guidance. IFRS 13 is effective for periods beginning on or after January 1, 2013.

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1") retains the "one or two statement" approach to presenting the statements of income and comprehensive

income at the option of the entity and only revises the way other comprehensive income is presented. This revised standard is effective for periods beginning on or after July 1, 2012.

IAS 19, *Employee Benefits* (“IAS 19”) has been amended to eliminate the use of the “corridor” approach and requires that all remeasurement impacts be recognized in other comprehensive income. It also enhances the disclosure requirements by providing more information regarding the characteristics of defined benefit plans and the risk that entities are exposed to through participation in those plans. This revised standard is effective for periods beginning on or after January 1, 2013.

B) 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 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.

The 2011 annual audited consolidated financial statements and notes thereto, as well as the 2011 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of CCL’s business operations and results of operations. For the six months ended June 30, 2012, there are no changes to the critical accounting policies and estimates from those described in the 2011 annual MD&A.

C) 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 among the subsidiaries. These inter-company structures are established on terms typical of arm’s length agreements. A summary of the Company’s related party transactions are set out in note 28 of the annual consolidated financial statements for the year ended December 31, 2011.

9. Commitments and Contingencies

The Company has no material “off-balance sheet” financing obligations, except for long-term operating lease agreements. The nature of these commitments is described in note 27 of the annual consolidated financial statements for the year ended December 31, 2011. There are no defined benefit plans funded with CCL stock.

The Company has had no material changes in contractual obligations in the second quarter of 2012.

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, 2011, and June 30, 2012, 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, 2011, and June 30, 2012, the CEO and the CFO certified that they were in compliance with NI 52-109 regarding internal control over financial reporting.

There were no material changes in internal control over financial reporting in the six months ended June 30, 2012.

11. Risks and Strategies

The 2011 MD&A in the annual report detailed risks to the Company's business and the strategies that were planned for 2012 and beyond. There have been no material changes to those risks and strategies during the first six months of 2012.

12. Outlook

The Company remains confident about its ability to deliver the solid results and cash flows required to support its growth strategy including the financing of investment opportunities that will expand geographic and market segment reach. To support this endeavor and to take advantage of exceptionally competitive financing markets, the Company enhanced its execution capacity by expanding its revolving credit facility commitment from $95.0 million to $200.0 million on July 11, 2012. Including the cash on hand at quarter end of $162.3 million, and the new principally undrawn credit facility, the Company has ample liquidity to achieve its global growth initiatives. 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.

Macroeconomic indicators for the Eurozone do not predict anything better than tenuous results for the coming quarters. However, with current concerns having been on CCL's horizon for the last two years and a limited exposure to customers in southern European countries, management believes the downside is relatively limited. In North America, CCL has posted strong results so far in 2012. However, the apparent economic rebound in the last three quarters began to show signs of weakening as the second quarter progressed and so far this has continued into the third quarter. Comparisons for the Container Segment become more challenging in the second half as this was the period when the Canadian plant recovered in 2011; albeit management continues to see room to improve through internal operational initiatives. Further profit improvement in the Tube Segment requires solid U.S. market conditions for CCL's Personal care customers. Sales in Latin America, Eastern Europe and Asia accounted for approximately 22% of total CCL sales in the first half of the year. While growth in these regions continues to outpace the developed world, currency depreciation, inflation and signs of economic moderation remain on CCL's watch list.

The Company has had a strong start to 2012 and this gives a solid basis to remain cautiously optimistic about the outlook for the remainder of the year despite clear signs of global economic uncertainty. Expansion initiatives such as CCL's new wine label plant in Sonoma, California, and the Chilean joint venture are not expected to post profitable returns in 2012. In mid-July, the Company expanded its Healthcare operations by acquiring the assets of the Pharmaceutical Division of Graphitype Printing Services; a privately owned printing company located near Sydney, Australia, with sales of AUD$7.3 million for the twelve-month period ending June 30, 2012. The joint ventures in Russia and the Middle East are expected to post profits for the remainder of the year. Start-up costs for new initiatives will continue to be incurred in the second half of the year.

The weaker euro and Latin American currencies will bring significant translation challenges at today's foreign exchange rates to the Canadian dollar compared to the prior year period. Raw material volatility is always watched carefully but recent inflationary pressures have eased significantly. In the tighter global economy, the Company will continue to focus on cost reduction, productivity initiatives and smart pricing programs to protect sales volume and profit margins. The Company's

expectation for capital expenditure spending for the year is in the $90 million range compared to depreciation of approximately $100 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 earnings or any other measure of performance under IFRS. These non-IFRS 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 CCL'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 the Company's shareholders and the investment community. These non-IFRS measures will be found throughout this report and are referenced alphabetically in the definition section below.

Adjusted Basic Earnings per Class B Share – An important non-IFRS 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 measure is defined as basic net earnings per Class B share excluding gains on dispositions, 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 measures reported in the consolidated statement of financial position 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	2012	2011
Total shareholders' equity, end of period	$ 855.4	$ 818.4
Number of shares issued and outstanding, end of period (000's)	33,762	33,339
Less: Shares held in trust	(274)	(251)
Executive share purchase plan loans	-	(25)
Total adjusted number of shares issued (000's)	33,488	33,063
Book value per share	$ 25.54	$ 24.75

EBITDA - A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. It is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS measure is defined as earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items. The Company believes that EBITDA is an important measure as it allows the assessment of CCL's ongoing business without the impact of net 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 the Company's ability to incur or service debt and to invest in property, plant and equipment, and it allows comparison of CCL's business to that of its 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 is 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 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)				
	Second Quarter		**Year-to-Date**	
EBITDA (earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items)	**2012**	**2011**	**2012**	**2011**
Net earnings	$ 25.9	$ 21.8	$ 56.3	$ 48.7
Corporate expense	6.5	7.2	13.0	13.4
(Earning) loss in equity accounted investments	-	-	(0.9)	0.1
Finance cost, net	5.2	5.3	10.5	11.0
Restructuring and other items – net loss	-	-	-	0.5
Income taxes	10.3	8.8	21.6	18.1
Operating income (a non-IFRS measure)	$ 47.9	$ 43.1	$ 100.5	$ 91.8
Less: Corporate expense	(6.5)	(7.2)	(13.0)	(13.4)
Add: Depreciation and amortization	25.5	25.0	50.6	48.9
EBITDA (a non-IFRS measure)	$ 66.9	$ 60.9	138.1	$ 127.3

Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the period 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 2012	Second Quarter 2011	Year-to-Date 2012	Year-to-Date 2011
Cash provided by operating activities	$ 50.4	$ 53.0	$ 80.6	$ 70.8
Less: Additions to property, plant and equipment	(19.7)	(28.1)	(43.0)	(53.9)
Add: Proceeds on disposal of property, plant and equipment	-	0.5	0.6	1.1
Free Cash Flow from Operations	$ 30.7	$ 25.4	$ 38.2	$ 18.0

Interest Coverage – A measure indicating the relative amount of Operating Income (see definition below) earned by the Company compared to the amount of finance cost incurred by the Company. It is calculated as Operating Income, 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 2012	July 1 – June 30 2011	December 31 2011	December 31 2010	June 30 2012	June 30 2011	June 30 2010
Operating income (a non-IFRS financial measure) (see definition below)	$ 172.4	$ 156.2	$ 163.7	$ 146.6	$ 100.5	$ 91.8	$ 82.2
Less: Corporate expense	$ 24.4	$ 25.7	$ 24.8	$ 22.2	$ 13.0	$ 13.4	$ 9.9
Operating income less corporate expense	$ 148.0	$ 130.5	$ 138.9	$ 124.4	$ 87.5	$ 78.4	$ 72.3
Net finance cost	$ 20.9	$ 23.3	$ 21.4	$ 25.3	$ 10.5	$ 11.0	$ 13.0
Interest coverage	7.1	5.6					

* 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, net finance cost, goodwill impairment loss, earnings in equity-accounted investments, 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 Segments 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 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 Second Quarter**		**Return on Sales Second Quarter**	
Industry Segments	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Label	$ 267.3	$ 255.9	$ 39.1	$ 37.3	14.6%	14.6%
Container	48.1	42.6	4.3	2.1	8.9%	4.9%
Tube	21.7	20.4	4.5	3.7	20.7%	18.1%
Total Operations	$ 337.1	$ 318.9	$ 47.9	$ 43.1	14.2%	13.5%

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

The following table reconciles total debt used in the total debt measure to 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	**2012**	**2011**
Current debt	$ 18.3	$ 15.8
Long-term debt	332.7	336.4
Total Debt	$ 351.0	$ 352.2