

CCL Industries Inc.



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August 7, 2008

Dear Shareholder:

Please find enclosed the Second Quarter 2008 Investor Package for CCL Industries Inc.

The economy and stock markets in Canada, the United States and Europe are currently in turmoil. Although we are concerned by these cyclical events, CCL continues to build its specialty packaging franchise and take advantage of global market opportunities. We continue to believe that providing a sustainable and growing dividend provides value to our shareholders. We also believe that buying back our stock with available cash when the market reduces our stock price to below normal valuation levels is a good long-term investment for our shareholders. CCL cannot control the world economy or stock market fluctuations, but our dividend policy and share repurchase plans provide a level of stability for our stock price and long-term value for our shareholders.

Cash flow generated by our business remains firm and the Company is solidly positioned financially. As a result, your Board of Directors is pleased to declare the quarterly dividend at the level approved early in 2008 when it was increased by 17%. The quarterly dividend is \$0.14 per Class B non-voting share and \$0.1275 per Class A voting share and is payable on September 30, 2008 to shareholders of record as at September 16, 2008.

Conference calls with our stakeholders are held following the release of our quarterly results and when significant events require additional communication. These calls are made to ensure that all stakeholders are kept current with our business developments and to support our good corporate governance practices. Presentation materials used during conference calls and formal investor meetings are posted on our website along with audio recordings of the meetings. Instructions for accessing these services are set out at the end of this earnings release.

We encourage all shareholders to access our website www.cclind.com on a regular basis for investor and company news. If you would like to have future Press Releases e-mailed to you at the time they are issued, please complete the Information Request Form under the "Investors" tab ("Contact Us" icon) on our website or write to us at CCL to the attention of Christene Duncan at the address above.

Yours truly,

Donald G. Lang
Executive Chairman of the Board

Investor Update

1. Second Quarter 2008 Results and Dividend Declaration Press Release
2. Press Release - CCL Announces \$25 Million Asian Label Expansion Plan - June 17, 2008



News Release

Stock Symbol: TSX – CCL.A and CCL.B

For Immediate Release – Thursday, August 7, 2008

CCL Reports 10% Growth in Operating Income in Second Quarter 2008 and Declares Dividend

Results Summary

	For Periods Ended June 30 th					
	Three months Unaudited			Six months Unaudited		
(in millions of Cdn dollars, except per share data)	2008	2007	% Change	2008	2007	% Change
Sales	\$312.8	\$ 303.5	3.1	\$ 607.9	\$ 619.7	(1.9)
Restructuring and other items - net gain (loss)	\$ (0.5)	\$ -		\$ 1.8	\$ (0.3)	
Net earnings from continuing operations	\$ 24.1	\$ 25.9	(6.9)	\$ 51.6	\$ 52.2	(1.1)
Net earnings from discontinued operations, net of tax	-	2.9		-	6.6	
Net earnings	\$ 24.1	\$ 28.8	(16.3)	\$ 51.6	\$ 58.8	(12.2)
Per Class B share						
Basic Earnings						
Continuing operations	\$ 0.75	\$ 0.80	(6.2)	\$ 1.60	\$ 1.62	(1.2)
Discontinued operations	-	0.09		-	0.20	
Net earnings	\$ 0.75	\$ 0.89	(15.7)	\$ 1.60	\$ 1.82	(12.1)
Diluted earnings						
Continuing operations	\$ 0.73	\$ 0.77	(5.2)	\$ 1.55	\$ 1.56	(0.6)
Discontinued operations	-	0.09		-	0.20	
Net earnings	\$ 0.73	\$ 0.86	(15.1)	\$ 1.55	\$ 1.76	(11.9)
Restructuring and other items and tax adjustments - net gain (loss)	\$ 0.01	\$ 0.11		\$ 0.06	\$ 0.16	
Number of outstanding shares (in 000s)						
Weighted average for the period	32,219	32,233				
Actual at period end	31,851	32,263				

Toronto, August 7, 2008 - CCL Industries Inc., a world leader in the development of labelling solutions and specialty packaging for the consumer products and healthcare industries, announced today its financial results for the second quarter ended June 30, 2008 and declaration of its quarterly dividend.

Sales for the second quarter of 2008 from continuing operations were \$312.8 million, up 3% from \$303.5 million recorded in the second quarter of 2007, while sales for the first six months of 2008 of \$607.9 million were 2% lower than last

year's \$619.7 million. Sales increased for the quarter by 4% due to organic growth and acquisitions, while foreign exchange accounted for a reduction of 1%. The second quarter of 2007 also included the Easter holiday period (it was in the first quarter of 2008) and this had a slight positive impact on comparative sales. In addition, financial comparisons to the prior year's second quarter results have been negatively affected by the significant depreciation of the U.S. dollar (8%) and the U.K. pound (9%) but this was offset in part by the appreciation of the euro (7%). Also, business acquisitions in the Label Division have positively impacted the comparison to prior periods. Year-to-date, sales decreased by 2% as a result of negative foreign exchange of 5% partially offset by organic growth and acquisitions of 3%.

Net earnings from continuing operations for the second quarter of 2008 were \$24.1 million, down 7% from \$25.9 million recorded in the second quarter of 2007 due primarily to unfavourable currency translation and favourable tax recoveries last year (described below). These negative items more than offset substantially higher operating income and lower interest expense in the second quarter of 2008. Operating income was up by \$3.9 million or 10% from last year's second quarter despite unfavourable currency effects. Operating income from Label and Tube was higher than 2007 while Container was below prior year. In the second quarter of 2008, net earnings were impacted by a net gain from the sale of the Container Division's ABS product line of \$3.1 million (\$2.8 million after tax), partially offsetting the shutdown cost of the Label operation in Rhyl, Wales of \$3.6 million (\$2.6 million after tax). These two restructuring and other items generated a loss of \$0.5 million (but a gain of \$0.2 million after tax). In the second quarter of 2007, a favourable tax settlement was reached in a foreign subsidiary and corporate income tax rates were lowered in Canada, the United Kingdom and Denmark, resulting in a decrease in future tax liabilities and income tax expense of \$3.6 million.

For the first six months of 2008, net earnings from continuing operations were \$51.6 million, down 1% from \$52.2 million in the comparable 2007 period. Net earnings for the six months of 2008 were positively affected by restructuring and other items for a net gain of \$1.8 million with no net tax effect. Net earnings for the six months of 2007 were affected by restructuring and other costs and favourable tax adjustments for a net gain of \$5.2 million after tax.

Basic earnings per Class B share from continuing operations were \$0.75 in the second quarter of 2008 compared to \$0.80 earned in the same period last year, a decrease of 6%. Restructuring and other items in the second quarter of 2008 increased basic earnings per Class B share by \$0.01. Favourable tax adjustments had a positive effect on earnings per share in the second quarter of 2007 of \$0.11. Basic earnings per share from discontinued operations in the second quarter of 2007 were \$0.09. The negative impact of currency translation and transactions on basic earnings per Class B share from continuing operations was \$0.04 in the second quarter of 2008 versus the second quarter of 2007.

For the first six months of 2008, earnings per Class B share were \$1.60 compared to \$1.62 in the prior year period, a 1% decrease. Restructuring and other items increased earnings per Class B share by \$0.06 for the first half of 2008 versus a \$0.16 increase in the same period last year. The negative impact of currency

translation and transactions on basic earnings per Class B share from continuing operations for the first six months of 2008 was \$0.15 versus the same period last year.

Commenting on the quarter, Geoffrey T. Martin, President and Chief Executive Officer, said, "We are pleased with our earnings performance in CCL's second quarter of 2008 in light of the economic turbulence in the United States, increasing uncertainty in parts of Europe and the impact of record high commodity and energy costs. We have also been affected by unfavourable currency exchange and the loss of earnings from the sale late last year of the ColepCCL joint venture. However, our global businesses have held up very well under the circumstances and have delivered operating income that was 10% higher than last year's record second quarter despite unfavourable currency."

Mr. Martin stated, "The Label Division, which now represents over 80% of our sales, continued to show good growth overall in both sales and operating income, especially outside of North America. Although we have experienced market weakness in our home and personal care business in both North America and parts of Europe, this has been more than offset by the strength of our global healthcare business, new products such as our patented wash-off labels for glass beverage bottles and geographic expansions into emerging markets with higher growth profiles. We are particularly pleased with the CD-Design business in Germany, which was acquired in January. Results from the first quarter of reporting from the Clear Image Australian wine label acquisition were also solid."

Mr. Martin also noted, "Sales in the Container Division were down in the quarter due to slow personal care sales, the divestiture of the ABS "bag-in-can" product line and unfavourable exchange rates; the combined effects of which impacted almost exclusively our Penetanguishene, Ontario operation. Although performance at our U.S. and Mexican operations were modestly improved over the second quarter of 2007, Penetanguishene's difficulties resulted in reduced operating income for the Container Division as a whole compared to last year. Cost reduction and other actions to address the situation will be implemented in the third quarter. The business continues to pass along price increases in line with higher aluminum costs and expects to enjoy higher beverage sales and new capacity in Mexico in the coming quarters to help mitigate the soft personal care markets in the U.S. The Tube Division posted a modest sales increase in local terms and produced a small profit. With new orders in hand, we are anticipating continued improvements in profitability sequentially."

Mr. Martin added, "We continue to have confidence to invest in growth projects such as our new Container facility in Mexico and CCL Label's further geographic expansion into rapidly growing emerging markets. In the developed world, we also see investment opportunities to drive product innovation for our global customers and are particularly encouraged by such developments in the healthcare and beverage markets. We have the strength of our balance sheet to grow the Company from existing cash flows, and have the financial capacity to pursue accretive acquisitions and to take advantage of further opportunities to buy back our stock."

Mr. Martin concluded, "We remain cautiously optimistic about the balance of 2008 as we believe our diversified product lines and our global spread will help offset the impact of the unstable U.S. economy. Cash flow and earnings growth continue to support our dividend policy. As a result, your Board of Directors has declared a dividend at the same level as the higher dividend declared earlier this year. The quarterly dividend is \$0.14 on Class B non-voting shares and \$0.1275 on Class A voting shares to shareholders of record at the close of business on September 16, 2008, payable on September 30, 2008. CCL continues its record of paying quarterly dividends without reduction or omission for over 25 years."

With headquarters in Toronto, Canada, CCL Industries now employs approximately 5,500 people and operates 56 production facilities in North America, Europe, Latin America and Asia Pacific. CCL Label is the world's largest converter of pressure sensitive and film materials and sells to leading global customers in the consumer packaging, healthcare, and consumer durable segments. CCL Container and CCL Tube produce aluminum cans, bottles and plastic tubes for the consumer products industry in North America.

Statements contained in this Press Release, other than statements of historical facts, are forward-looking statements subject to a number of uncertainties that could cause actual events or results to differ materially from some statements made.

For more information, contact:

Steve Lancaster Executive Vice President and Acting CFO 416-756-8517

Note: CCL will hold a conference call at 4:00 p.m. EDT on Thursday, August 7, 2008 to discuss these results.

To access this call, please dial Toll-Free North America - 1-800-594-3790 or International - 416-644-3421.

Conference Replay will be available from Thursday, August 7, 2008 at 6:00 p.m. EDT until Saturday, September 6, 2008 at 11:59 p.m. EDT

Dial: Toll-Free North America - 1-877-289-8525
International - 416-640-1917
- Access Code: 21278204#

For more details on CCL, visit our website - www.cclind.com

Financial Tables follow ...

CCL INDUSTRIES INC.
2008 Second Quarter
Consolidated Balance Sheets

Unaudited	June 30th	December 31st	June 30th
(in millions of Cdn dollars)	<u>2008</u>	<u>2007</u>	<u>2007</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 104.4	\$ 96.6	\$ 86.9
Accounts receivable - trade	174.3	127.1	200.6
Other receivables and prepaid expenses	26.2	97.7	27.1
Inventories	83.4	69.6	96.9
	<hr/>	<hr/>	<hr/>
	388.3	391.0	411.5
Property, plant and equipment	735.0	630.8	655.8
Other assets (note 4)	42.4	33.4	26.0
Future income tax assets	34.5	32.1	33.0
Intangible assets	42.5	26.1	36.4
Goodwill	390.1	374.8	425.8
Total assets	<hr/> \$ 1,632.8	<hr/> \$ 1,488.2	<hr/> \$ 1,588.5
Liabilities			
Current liabilities			
Bank advances	\$ -	\$ -	\$ 7.5
Accounts payable and accrued liabilities	234.8	221.2	254.5
Income and other taxes payable	7.6	2.5	8.9
Current portion of long-term debt	21.6	21.2	16.3
	<hr/>	<hr/>	<hr/>
	264.0	244.9	287.2
Long-term debt	439.2	382.2	479.4
Other long-term items	55.2	48.8	50.6
Future income taxes	99.3	94.4	103.1
Total liabilities	<hr/> 857.7	<hr/> 770.3	<hr/> 920.3
Shareholders' equity			
Share capital (note 2)	186.4	190.5	187.5
Contributed surplus	6.0	6.7	6.3
Retained earnings	634.4	606.1	524.7
Accumulated other comprehensive loss (note 6)	(51.7)	(85.4)	(50.3)
Total shareholders' equity	<hr/> 775.1	<hr/> 717.9	<hr/> 668.2
Total liabilities and shareholders' equity	<hr/> \$ 1,632.8	<hr/> \$ 1,488.2	<hr/> \$ 1,588.5

See notes to interim consolidated financial statements.

Certain figures have been reclassified for comparative purposes.

CCL INDUSTRIES INC.
2008 Second Quarter
Consolidated Statements of Earnings

Unaudited

Three months ended June 30th

Six months ended June 30th

(in millions of Cdn dollars, except per share data)	<u>2008</u> <u>2007</u> <u>% Change</u>			<u>2008</u> <u>2007</u> <u>% Change</u>		
Sales	\$ 312.8	\$ 303.5	3.1	\$ 607.9	\$ 619.7	(1.9)
Costs and expenses						
Cost of goods sold	236.2	232.1		459.2	469.4	
Selling, general and administrative	36.2	33.3		66.4	68.7	
Depreciation and amortization	1.8	1.3		3.4	3.1	
Interest expense, net	5.9	6.2		10.1	12.6	
	32.7	30.6	6.9	68.8	65.9	4.4
Restructuring and other items - net gain (loss) (note 7)	(0.5)	-		1.8	(0.3)	
Earnings before income taxes	32.2	30.6	5.2	70.6	65.6	7.6
Income taxes	8.1	4.7		19.0	13.4	
Net earnings from continuing operations	24.1	25.9	(6.9)	51.6	52.2	(1.1)
Net earnings from discontinued operations, net of tax (note 5)	-	2.9		-	6.6	
Net earnings	\$ 24.1	\$ 28.8	(16.3)	\$ 51.6	\$ 58.8	(12.2)
Basic earnings per Class B share						
Continuing operations	\$ 0.75	\$ 0.80		\$ 1.60	\$ 1.62	
Discontinued operations	-	0.09		-	0.20	
Net earnings	\$ 0.75	\$ 0.89		\$ 1.60	\$ 1.82	
Diluted earnings per Class B share						
Continuing operations	\$ 0.73	\$ 0.77		\$ 1.55	\$ 1.56	
Discontinued operations	-	0.09		-	0.20	
Net earnings	\$ 0.73	\$ 0.86		\$ 1.55	\$ 1.76	

See notes to interim consolidated financial statements.

Certain figures have been reclassified for comparative purposes.

CCL INDUSTRIES INC.
2008 Second Quarter
Consolidated Statements of Comprehensive Income

Unaudited	Three months ended June 30th		Six months ended June 30th	
	2008	2007	2008	2007
(in millions of Cdn dollars)				
Net earnings	\$ 24.1	\$ 28.8	\$ 51.6	\$ 58.8
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on translation of financial statements of self-sustaining foreign operations	-	(55.3)	49.6	(59.3)
Gains (losses) on hedges of net investment in self-sustaining foreign operations, net of tax recovery (expense) of (\$0.5) million and \$2.9 million for the three-month and six-month periods ending June 30, 2008 (2007 - (\$4.3) million; (\$4.6) million)	3.2	24.4	(16.2)	25.3
Unrealized foreign currency translation, net of hedging activities	3.2	(30.9)	33.4	(34.0)
Gains (losses) on derivatives designated as cash flow hedges, net of tax recovery (expense) of \$0.2 million and (\$1.0) million for the three-month and six-month periods ending June 30, 2008 (2007 - \$0.8 million; \$0.8 million)	(1.2)	(3.9)	2.5	(4.0)
Reclassification of gains (losses) on derivatives designated as cash flow hedges to earnings, net of tax recovery (expense) of \$0.2 million and \$0.6 million for the three-month and six-month periods ending June 30, 2008 (2007 - (\$0.5) million; (\$0.3) million)	(0.2)	3.6	(2.2)	3.4
Change in gains (losses) on derivatives designated as cash flow hedges	(1.4)	(0.3)	0.3	(0.6)
Other comprehensive income (loss)	1.8	(31.2)	33.7	(34.6)
Comprehensive income (loss)	\$ 25.9	\$ (2.4)	\$ 85.3	\$ 24.2

See notes to interim consolidated financial statements.
Certain figures have been reclassified for comparative purposes.

CCL INDUSTRIES INC.
2008 Second Quarter
Consolidated Statements of Shareholders' Equity

Unaudited	Six months ended June 30th	
(in millions of Cdn dollars)	<u>2008</u>	<u>2007</u>
Share capital (note 2)		
Class A shares, beginning of period	\$ 4.5	\$ 4.5
Class A shares, end of period	<u>4.5</u>	<u>4.5</u>
Class B shares, beginning of period	197.4	193.0
Shares issued	0.9	-
Stock options exercised, Class B	0.1	1.7
Normal course issuer bid	(3.9)	-
Class B shares, end of period	<u>194.5</u>	<u>194.7</u>
Executive share purchase plan loans, beginning of period	(1.3)	(1.6)
Executive share purchase plan loans, end of period	<u>(1.3)</u>	<u>(1.6)</u>
Shares held in trust, beginning of period	(10.1)	(5.7)
Shares released from trust	3.2	-
Shares purchased and held in trust	(4.4)	(4.4)
Shares held in trust, end of period	<u>(11.3)</u>	<u>(10.1)</u>
Share capital, end of period	<u>186.4</u>	<u>187.5</u>
Contributed surplus		
Contributed surplus, beginning of period	6.7	4.2
Stock option expense	0.6	0.5
Stock based compensation plan	(1.3)	1.6
Contributed surplus, end of period	<u>6.0</u>	<u>6.3</u>
Retained earnings, beginning of period	<u>606.1</u>	<u>476.7</u>
Transition adjustment on adoption of new accounting standards	-	(3.1)
Net earnings	51.6	58.8
Normal course issuer bid	(14.2)	-
Dividends		
Class A	0.6	0.5
Class B	8.5	7.2
Total dividends, end of period	<u>9.1</u>	<u>7.7</u>
Retained earnings, end of period	<u>634.4</u>	<u>524.7</u>
Accumulated other comprehensive loss (note 6)		
Accumulated other comprehensive loss, beginning of period	(85.4)	(18.5)
Transition adjustment on adoption of new accounting standards	-	2.8
Other comprehensive income (loss)	33.7	(34.6)
Accumulated other comprehensive loss, end of period	<u>(51.7)</u>	<u>(50.3)</u>
Total shareholders' equity, end of period	<u>\$775.1</u>	<u>\$668.2</u>

CCL INDUSTRIES INC.
2008 Second Quarter
Consolidated Statements of Cash Flows

Unaudited	Three months ended June 30th		Six months ended June 30th	
(in millions of Cdn dollars)	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 24.1	\$ 28.8	\$ 51.6	\$ 58.8
Earnings from discontinued operations, net of tax	-	(2.9)	-	(6.6)
Items not requiring cash:				
Depreciation and amortization	20.7	19.5	39.8	38.4
Executive compensation	1.1	1.0	2.0	2.1
Future income taxes	0.9	(0.4)	4.0	(1.1)
Restructuring and other items, net of tax (note 7)	(0.2)	-	(1.8)	(0.2)
Gain on sale of property, plant and equipment	(0.6)	-	(0.9)	-
	46.0	46.0	94.7	91.4
Net change in non-cash working capital	(8.7)	4.5	38.4	(41.3)
Cash provided by continuing operations	37.3	50.5	133.1	50.1
Cash provided by discontinued operations	-	4.6	-	10.2
Cash provided by operating activities	37.3	55.1	133.1	60.3
Financing activities				
Proceeds on issuance of long-term debt	(1.7)	0.4	40.4	104.1
Retirement of long-term debt	(6.5)	(1.1)	(7.6)	(3.3)
Decrease in bank advances	-	(3.6)	-	(9.9)
Issue of shares	-	0.9	-	1.6
Settlement of exercised stock options	0.1	-	0.1	-
Repurchase of shares (note 2)	(6.3)	-	(18.1)	-
Purchase of shares held in trust (note 2)	-	-	(4.4)	(4.4)
Dividends	(4.5)	(3.9)	(9.1)	(7.7)
Cash provided by (used for) financing activities	(18.9)	(7.3)	1.3	80.4
Investing activities				
Additions to property, plant and equipment	(50.9)	(39.0)	(103.1)	(70.2)
Proceeds on disposal of property, plant and equipment	2.5	1.7	3.3	4.6
Proceeds on product line dispositions (note 7)	8.4	-	8.4	-
Business acquisitions (note 3)	(26.9)	-	(35.2)	(105.6)
Long-term investment (note 4)	(6.3)	-	(6.3)	-
Other	-	(4.3)	-	(1.1)
Cash used for investing activities	(73.2)	(41.6)	(132.9)	(172.3)
Effect of exchange rate changes on cash	3.0	(5.9)	6.3	(6.5)
Increase (decrease) in cash	(51.8)	0.3	7.8	(38.1)
Cash and cash equivalents at beginning of period	156.2	86.6	96.6	125.0
Cash and cash equivalents at end of period	\$ 104.4	\$ 86.9	\$ 104.4	\$ 86.9

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

See notes to interim consolidated financial statements.

Certain figures have been reclassified for comparative purposes.

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended June 30, 2008 and 2007

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The disclosures contained in these unaudited interim consolidated financial statements do not include all of the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2007.

b) Changes in accounting policies

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated statements, except that: effective January 1, 2008, the Company adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, Capital Disclosures; Section 3031, Inventories; Section 3862, Financial Instruments – Disclosures and Handbook Section 3863, Financial Instruments – Presentation.

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed.

Section 3031 addresses the measurement and disclosure of inventories. This standard provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing and expands the disclosure requirements to increase transparency. There have been no material write-downs or write-ups in inventory during the six months ended June 30, 2008.

The difference in the measurement of opening inventory may be applied to the opening inventory for the period, with an adjustment to opening retained earnings with no prior periods restated, or retrospectively with a restatement to prior periods in accordance with Section 1506, Accounting Changes. There was no difference to be accounted for by the Company.

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 labor applied to the product and the applicable share of overhead. Net realizable value is based on selling price less estimated selling costs. Allowances are made for slow-moving inventory.

Section 3862 and Section 3863 revise and enhance the disclosure requirements of Handbook Section 3861, Financial Instruments – Disclosure and Presentation. These Sections require disclosure of information with regards to the significance of financial instruments for the Company's financial position and performance, and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date and how the Company manages those risks.

c) Recently issued accounting standards

In November 2007, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, that replaced Section 3062, Goodwill and Other Intangible Assets, and amended Section 1000, Financial Statement Concepts. The new standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. Guidance is provided on the definition of an intangible asset and the recognition of internally generated intangible assets. The Company will comply with the requirements of the new standard when the standard becomes effective.

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

2. SHARE CAPITAL

Issued and outstanding

	June 30, 2008	December 31, 2007	June 30, 2007
Issued share capital	\$ 199.1	\$ 201.9	\$ 199.2
Less: Executive share purchase plan loans	(1.3)	(1.3)	(1.6)
Shares held in trust	(11.4)	(10.1)	(10.1)
Total	<u>\$ 186.4</u>	<u>\$ 190.5</u>	<u>\$ 187.5</u>

During 2008, 618,000 Class B shares were repurchased for \$18.1 million. The excess of the purchase price over the paid-up capital of \$3.9 million was charged to retained earnings.

During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase Clear Image Labels Pty. Ltd. These restricted shares are price protected and cannot be sold or transferred until December 31, 2009 (note 3).

2. SHARE CAPITAL (CONT'D)

During 2008, the Company granted awards totaling 145,000 Class B shares of the Company. These shares are restricted in nature and will vest at the end of 2010 dependent on the Company's performance. The Company purchased these 145,000 shares in the open market and has placed them in a trust until they vest. The fair value of this stock award is being amortized over the vesting period and recognized as compensation expense.

During 2005, the Company granted an award totaling 200,000 Class B shares of the Company. These shares are restricted in nature. 120,000 became fully vested in 2008 and were released from the trust that held the shares. The fair value of these shares had been amortized over the vesting period and recognized as compensation expense. The balance of the award will continue to be amortized over the remaining vesting period, ending December 31, 2009 and recognized as executive compensation expense.

Actual number of shares:

	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>
Class A	2,378,343	2,378,496	2,378,496
Class B	29,917,953	30,501,047	30,329,847
	<u>32,296,296</u>	<u>32,879,543</u>	<u>32,708,343</u>
Less: Executive share purchase plan shares - Class B	(100,000)	(100,000)	(125,000)
Shares held in trust - Class B	(345,000)	(320,000)	(320,000)
Total	<u>31,851,296</u>	<u>32,459,543</u>	<u>32,263,343</u>
Year-to-date weighted average number of shares	<u>32,219,157</u>	<u>32,284,210</u>	<u>32,232,585</u>
Year-to-date weighted average diluted number of shares	<u>33,195,909</u>	<u>33,492,937</u>	<u>33,501,168</u>

3. ACQUISITIONS

On April 1, 2008, the Company completed the purchase of Clear Image Labels Pty. Ltd. ("Clear Image") based in Australia. Clear Image supplies pressure sensitive labels to the Australian wine industry with plants in Sydney, New South Wales and Barossa Valley, South Australia. Clear Image also exports labels to wine producers in the United States. The Company paid \$33.4 million in a combination of cash, restricted stock and assumed debt to acquire the business. During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase Clear Image. These restricted shares are price protected and cannot be sold or transferred until December 31, 2009. The Company is reviewing the valuation of the net assets acquired, including intangible assets, therefore certain items disclosed below may change when the review is completed.

Details of the transaction are as follows:

Current assets	\$	4.9
Current liabilities		(4.2)
Non-current assets at assigned values		10.6
Future taxes		(0.7)
Goodwill and intangibles		<u>22.8</u>
Net assets purchased	\$	<u>33.4</u>
Cash	\$	26.9
Assumed debt		5.6
Restricted shares		<u>0.9</u>
Total consideration	\$	<u>33.4</u>

3. ACQUISITIONS (CONT'D)

On January 31, 2008, the Company purchased CD-Design GmbH ("CD-Design"), based in Solingen, Germany. CD-Design converts pressure sensitive films and aluminum for leading original equipment manufacturers in Germany.

Under the terms of the purchase agreement, the Company agreed to pay additional purchase consideration not to exceed approximately \$4.5MM if CD-Design achieves predetermined levels of earnings for the year ended December 31, 2008. The additional consideration will be recognized as additional consideration if it is determined that the predetermined levels of earnings are achieved. The Company is reviewing the valuation of the net assets acquired, including intangible assets, therefore certain items disclosed below may change when the review is completed.

Details of the transaction are as follows:

Current assets	\$	7.1
Current liabilities		(3.2)
Non-current assets at assigned values		1.4
Future taxes		(0.5)
Goodwill and intangible assets		4.9
Net assets purchased	\$	<u>9.7</u>
Cash, less cash acquired of \$0.4 million	\$	8.3
Assumed debt		1.4
Total consideration	\$	<u>9.7</u>

On January 26, 2007, the Company completed its purchase of the sleeve label business of Illinois Tool Works Inc. ("ITW"). ITW's sleeve label business, through its two locations in the United Kingdom and one location in each of Austria, Brazil and the United States, is a leading supplier of shrink sleeve and stretch sleeve labels for markets in Europe and the Americas. The purchase price was \$105.8 million, net of cash acquired. The Company established a \$95.0 million line of credit, of which \$75.0 million was drawn to facilitate the purchase.

Details of the transaction are as follows:

Current assets	\$	24.3
Current liabilities		(8.4)
Non-current assets at assigned values		35.2
Future taxes		(1.5)
Intangible assets		19.0
Goodwill		37.2
Net assets purchased	\$	<u>105.8</u>
Cash, less cash acquired of \$2.8 million	\$	<u>105.8</u>

4. OTHER ASSETS

In December 2007, the Company created CCL-Kontur, a pressure sensitive label business that will service the territories of Russia and the Commonwealth of Independent States. CCL paid cash of \$8.8 million for its 50% share in December 2007 and a further \$6.3 million paid in the second quarter of 2008 as the assets of the business have been legally transferred to CCL-Kontour by the Russian partner. The Russian partner has operating control of the business and, consequently, the investment is being carried at its equity value. The allocation of the investment to specific assets and the purchase equation will be finalized during 2008.

5. DISCONTINUED OPERATIONS

In November 2007, the Company sold its interest in the ColepCCL joint venture to the majority joint venture partner for \$72.8 million (EUR 50.0 million) in cash and a short-term note for a further \$74.4 million (EUR 50.0 million) that was paid on February 29, 2008. The sale resulted in a gain of \$43.5 million. The disposition is reported as discontinued operations and the results are as follows:

	<u>Three months ended</u>	<u>Six months ended</u>
	<u>June 30, 2007</u>	<u>June 30, 2007</u>
Sales from discontinued operations	\$ 53.7	\$ 110.6
Cost of goods sold	43.9	90.1
Selling general and administrative	5.1	10.2
Depreciation and amortization	0.4	0.7
Interest, net	0.3	0.5
Earnings before income taxes	4.0	9.1
Income taxes	1.2	2.6
Net earnings from discontinued operations	<u>\$ 2.8</u>	<u>\$ 6.5</u>

June 30, 2007

Current assets	\$	77.6
Long-lived assets		100.5
Current liabilities		48.2
Long-term liabilities		27.2

6. ACCUMULATED OTHER COMPREHENSIVE LOSS

	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>
Unrealized foreign currency translation losses, net of tax expense of \$11.1 million (2007 - net of tax expense \$13.9 million; net of tax expense of \$12.0 million)	\$ (53.6)	\$ (87.3)	\$ (52.5)
Impact of new net investment hedge accounting standards on January 1, 2007, net of tax of \$0.0 million (2007 - net of tax expense \$0.1 million; net of tax expense \$0.1 million)	-	0.4	0.4
Impact of new cash flow hedge accounting standards on January 1, 2007, net of tax of \$0.0 million (2007 - net of tax expense \$1.3 million; net of tax expense \$1.3 million)	-	2.4	2.4
Gains (losses) in derivatives designated as cash flow hedges, net of tax expense of \$0.6 million (2007 - net of tax recovery of \$1.1 million; net of tax recovery of \$0.5 million)	1.9	(0.9)	(0.6)
	<u>\$ (51.7)</u>	<u>\$ (85.4)</u>	<u>\$ (50.3)</u>

7. RESTRUCTURING AND OTHER ITEMS

	<u>Segment</u>	<u>Three months ended</u> <u>June 30th</u>		<u>Six months ended</u> <u>June 30th</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Sale of ABS product line	Container	\$ 3.1	\$ -	\$ 3.1	\$ -
Restructuring of Rhyl, Wales label business	Label	(3.6)	-	(3.6)	-
Gain on note receivable	Corporate	-	-	2.3	-
Container segment restructuring	Container	-	-	-	(1.0)
Sale of non-operational land	Corporate	-	-	-	0.7
Net gain (loss)		<u>\$ (0.5)</u>	<u>-</u>	<u>\$ 1.8</u>	<u>(0.3)</u>
Tax recovery on restructuring and other items		<u>\$ 0.7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.5</u>

On April 4, 2008, the Company signed a binding agreement to divest the assets of its ABS "Bag-on-Valve" product line to AptarGroup, Inc for \$9.4 million in cash. The product line was sold by CCL Container, in conjunction with aluminum aerosol containers for applications requiring separation between the propellant and the contents. CCL Container retains the aluminum aerosol can business and will continue to sell to its existing customers and AptarGroup will separately market these specialized dispensing systems to the customers. The Company recognized a gain on the sale of \$3.1 million (\$2.8 million after tax).

In 2008, an unrealized exchange gain on a euro-denominated note receivable on the sale of ColepCCL of \$2.3 million was recognized (\$1.6 million after tax).

In 2008, the Company, as part of its restructuring of the Rhyl plant located in Wales recorded provisions for additional costs of \$3.6 million (\$2.6 million after tax).

The Company, as part of its restructuring of the Container segment recorded provisions for additional costs of \$1.0 million (\$0.7 million after tax) in 2007.

In March 2007, the Company sold its non-operational land in Toronto, Canada for \$2.0 million cash and realized a gain of \$0.7 million (\$0.9 million after tax).

8. EMPLOYEE FUTURE BENEFITS

The expense for the defined benefit plans in the second quarter is \$0.3 million (2007 - \$0.4 million) and \$0.7 million year to date (2007 - \$0.8 million).

9. SEGMENTED INFORMATION

Industry segments

	Three months ended June 30th				Six months ended June 30th			
	Sales		Operating income		Sales		Operating income	
	2008	2007	2008	2007	2008	2007	2008	2007
Label	\$ 258.4	\$ 238.4	\$ 39.7	\$ 32.7	\$ 496.3	\$ 483.5	\$ 76.9	\$ 71.6
Container	39.2	49.3	2.8	6.0	80.7	102.2	8.2	12.0
Tube	15.2	15.8	0.3	0.2	30.9	34.0	0.4	1.6
Total operations	\$ 312.8	\$ 303.5	42.8	38.9	\$ 607.9	\$ 619.7	85.5	85.2
Corporate expense			(4.2)	(2.1)			(6.6)	(6.7)
			38.6	36.8			78.9	78.5
Interest expense, net			5.9	6.2			10.1	12.6
			32.7	30.6			68.8	65.9
Restructuring and other items - net gain (loss) (note 7)			(0.5)	-			1.8	(0.3)
Earnings before income taxes			32.2	30.6			70.6	65.6
Income taxes			8.1	4.7			19.0	13.4
Net earnings from continuing operations			24.1	25.9			51.6	52.2
Net earnings from discontinued operations			-	2.9			-	6.6
Net earnings	\$	\$	\$ 24.1	\$ 28.8	\$	\$	\$ 51.6	\$ 58.8

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
	June 30th	December 31st	June 30th	December 31st	Six months ended June 30th		Six months ended June 30th	
	2008	2007	2008	2007	2008	2007	2008	2007
					Continuing operations			
Label	\$ 1,179.0	\$ 994.4	\$ 351.1	\$ 336.6	\$ 31.2	\$ 28.9	\$ 88.5	\$ 59.1
Container	178.7	166.8	12.7	12.7	4.9	5.7	11.4	2.5
Tube	85.9	82.4	26.3	25.5	3.4	3.6	2.8	1.3
ColepCCL	-	-	-	-	-	-	-	7.3
Corporate	189.2	244.6	-	-	0.3	0.2	0.4	-
Total	\$ 1,632.8	\$ 1,488.2	\$ 390.1	\$ 374.8	\$ 39.8	\$ 38.4	\$ 103.1	\$ 70.2

10. CAPITAL MANAGEMENT POLICY

The Company's objective is to maintain a strong capital base throughout the economic cycle so as to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to its leading specialty packaging peers (between 12% and 14% recently).

The Company defines capital as total shareholders' equity and measures the return on capital (or return on equity) by annual net income before restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity. In both 2006 and 2007, the return on capital was 13% and was well within the range of its leading specialty packaging peers.

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage. The Company believes that an optimum level of net debt (defined as current debt, including bank advances, plus long term debt, less cash and cash equivalents) to total book capitalization (defined as net debt plus shareholders' equity) is a maximum of 45%. This ratio was 32% at the end of the second quarter of 2008, 30% at the end of 2007 and 33% at the end of 2006 and therefore the Company has further capacity to invest in the business with additional debt without exceeding the optimum level.

The Company has provided a growing level of dividends to its shareholders over the last few years generally related to its growth in earnings. The dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage. The Company filed a normal course issuer bid commencing March 4, 2008 allowing the repurchase of up to 2.5 million Class B shares and 13,000 Class A shares in the following twelve months. All purchases are to be made on the open market. The number of shares and the price of such purchases will be determined by management when it believes that such purchases will enhance shareholder value.

Other than the filing of the normal course issuer bid, there were no changes in the Company's approach to capital management during the year. The Company and its subsidiaries is subject to externally imposed capital requirements under its senior note agreements and its revolving bank debt; however, the Company is allowed further significant borrowings under the terms of these agreements at this time.

11. FINANCIAL INSTRUMENTS

The Company has exposure to the following forms of risk from its use of financial instruments: credit risk, market risk, and liquidity risk.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and to date, no such counterparty has failed to meet its financial obligations to the Company. As at June 30, 2008, the Company does not have any exposure to credit risk arising from derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Cash and cash equivalents	\$ 104.4	\$ 96.6
Accounts receivable	174.3	127.1
Other accounts receivable	15.9	12.5
Total	\$ 294.6	\$ 236.2

The aging of accounts receivable at the reporting date was:

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
0- 30 days	\$ 110.4	\$ 78.0
31- 60 days	45.9	34.3
61- 90 days	12.7	11.7
over 90 days	9.1	7.3
Total	\$ 178.1	\$ 131.3

Reconciliation of allowance for credit losses

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Opening balance	\$ 4.2	\$ 4.2
Decrease during the period	(0.4)	-
Total	\$ 3.8	\$ 4.2

11. FINANCIAL INSTRUMENTS - (CONT'D)

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

Foreign Exchange Risk

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency further minimizing the foreign exchange impact on the operating results.

The Company does not utilize derivative financial instruments for speculative purposes.

A five percent strengthening of the Canadian dollar against the following currencies at June 30 would have increased (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant (a five percent weakening of the Canadian dollar against the above currencies at June 30 would have had the equal but opposite effect). The analysis is performed on the same basis for 2007.

	June 30, 2008	June 30, 2007
US dollar	\$ 26.3	\$ 23.5
Euro	\$ 2.7	\$ 0.5
Pounds	\$ 10.7	\$ 9.4
Peso	\$ 3.1	\$ 1.9
Krone	\$ 2.9	\$ 2.6
Real	\$ 2.3	\$ 1.5

Interest Rate Risk

The Company is exposed to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the company maintains a combination of fixed and floating rate debt.

For the three-month and six-month periods ending June 2008, a 100 basis point increase (decrease) in the interest rate would have resulted in \$0.4 million and \$0.8 million decrease (increase) in the earnings from operations of the Company and no impact on other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due. The Company believes that future cash flows generated by operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

The financial obligations of the Company include accounts payable, long-term debts and other long term items. The contractual maturity of accounts payable are six months or less. Long-term debts have varying maturities extending to 2018.

FAIR VALUES

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The carrying value of cash and cash equivalents, accounts receivable, accounts payable approximates their fair values due to the immediate or short-term maturity of these financial instruments.

The fair values of the Company's derivative financial instruments used to manage exposure to increases in procurement costs arising from certain commodities are estimated based upon fair value estimates of the related cash-settled foreign currency forward agreement provided by the counterparty to the transactions. Fair value of the forward exchange contracts reflects the cash flows due to or from the Company if settlement had taken place on June 30, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarters Ended June 30, 2008 and 2007

This document has been prepared for the purpose of providing Management's Discussion and Analysis (MD&A) of the financial condition and results of operations for the second quarters ended June 30, 2008 and 2007 and an update to the 2007 Annual MD&A document. The information in this interim MD&A is current to August 7, 2008 and should be read in conjunction with the Company's June 30, 2008 unaudited second quarter financial statements released on August 7, 2008 and the 2007 Annual MD&A document, which forms part of the CCL Industries Inc. 2007 Annual Report, dated February 28, 2008.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and in accordance with the requirements of Section 1751, Interim Financial Statements, of the CICA Handbook. Unless otherwise noted, both the financial statements and this interim MD&A are expressed in Canadian dollars as the reporting currency. The measurement currencies of CCL's operations are primarily the U.S. dollar, the euro, the U.K. pound sterling, the Australian dollar, the Brazilian real, the Canadian dollar, the Chinese renminbi, the Danish krone, the Japanese yen, the Mexican peso, the Polish zloty, the Russian rouble and the Thailand baht. CCL's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy and results of the Company.

Management's Discussion and Analysis contains forward-looking statements, as defined in the Securities Act (Ontario), (hereinafter referred to as "forward-looking statements"), including statements concerning possible or assumed future results of operations of the Company. Forward-looking statements typically are preceded by, followed by or include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including, but not limited to: the impact of competition; consumer confidence and spending preferences; general economic and geo-political conditions; currency exchange rates; and CCL's ability to attract and retain qualified employees and, accordingly, the Company's results could differ materially from those anticipated in these forward-looking statements.

1. Overview

CCL continues to experience very strong performance globally in its healthcare and specialty businesses and good growth in its beverage businesses as an offset to the weakness in the home and personal care categories in North America and Europe created by the slowing U.S. economy. The issues created by the U.S. economy have impacted some of CCL's global customers in consumer expenditure related segments. In Europe, the economic situation is mixed with the U.K. experiencing a significant slowdown similar to the U.S. and continental Europe growing modestly. Economic activity continues to be strong in Asia and other emerging markets and CCL's customers are experiencing significant sales growth in these regions.

Expectations are for a very uncertain period in the U.S. economy with improvement dependent on the recovery of consumer spending, despite higher inflation and record energy costs. The Asian and other developing regions continue to grow meaningfully. The major concern is the spreading of the soft U.S. economy to the rest of the world.

2. Discontinued Operations

In November 2007, CCL completed the sale of its ColepCCL joint venture to its majority partner for cash proceeds of \$147 million, with half paid upon closing and the balance paid at the end of February 2008. The disposition resulted in a gain on the sale of \$43.5 million after tax. CCL recorded this divestiture as a discontinued operation in 2007 and consequently, the sales and income contribution from ColepCCL have been excluded from the disclosure of continuing operations.

3. Review of Consolidated Continuing Operations

The following acquisitions and divestitures affected financial comparisons to 2007 results in the second quarter and the year-to-date periods. Further details on these transactions follow later in the Business Segment Review section:

- In late January 2007, CCL acquired the shrink sleeve and stretch sleeve business of Illinois Tool Works, Inc. ("ITW") located in the United Kingdom, Austria, Brazil and the United States for \$106 million.
- In December 2007, CCL entered into the 50% owned CCL-Kontur equity investment located in Moscow and St. Petersburg, Russia, servicing the personal care and beverage markets in the region for \$9 million with a further \$6 million invested in April 2008 following the assets being legally transferred to CCL-Kontur by the Russian partner. The net income from this investment for the first half of 2008 was nominal.
- In January 2008, CD-Design in Germany was acquired for \$10 million, including assumed debt, as CCL's first entry into the durable label business as it services the European automotive original equipment manufacturing market in Europe. A further payment of a maximum of \$5 million is contingent upon its 2008 financial performance.
- In April 2008, Clear Image Labels Pty. Ltd., a privately owned pressure sensitive label company based in Australia was acquired for \$33 million in a combination of cash, restricted stock and assumed debt. Clear Image is a leading Australian wine label business with two operations in Australia servicing both the domestic and U.S. markets.
- In April 2008, the Company sold the inventory and equipment related to the ABS 'Bag-on-Valve' product line located within its Penetanguishene, Ontario, plant for \$9 million payable in cash.

Only the ITW acquisition did not impact financial comparisons for the second quarter of 2008 compared with the same period in 2007.

Sales for the second quarter of 2008 from continuing operations were \$312.8 million, up 3% from the \$303.5 million recorded in the second quarter of 2007, while sales for the first six months of 2008 of \$607.9 million were 2% lower than last year's \$619.7 million. Sales increased for the quarter by 4% due to organic growth and acquisitions, while foreign exchange accounted for a reduction of 1%. The second quarter of 2007 also included the Easter holiday period (it was in the first quarter of 2008) and this had a slight positive impact on comparative sales. In addition, financial comparisons to the prior year's second quarter results have been negatively affected by the significant depreciation of the U.S. dollar (8%) and the U.K. pound (9%) but this was offset in part by the appreciation of the euro (7%). Also, business acquisitions in the Label Division have positively impacted the comparison to prior periods. On a comparative basis with last year's second quarter, sales were higher in the Label Division, lower in the Tube Division as higher local sales were more than offset by unfavourable currency translation and lower in the Container Division due to lower volume and unfavourable currency translation. Year-to-date, sales decreased by 2% as a result of negative foreign exchange effect of 5%, partially offset by organic growth and acquisitions of 3%.

Net earnings from continuing operations for the second quarter of 2008 were \$24.1 million, down 7% from the \$25.9 million recorded in the second quarter of 2007 due primarily to unfavourable currency effects and favourable tax recoveries last year (described below). These negative items more than offset higher operating income and lower interest expense in the second quarter of 2008. Operating income was up by \$3.9 million or 10% from last year's second quarter despite unfavourable currency effects. Excluding currency, operating income from Label and Tube was higher than 2007 while Container was below prior year. In the second quarter of 2008, net earnings were impacted by a net gain from the sale of the Container Division's ABS product line of \$3.1 million (\$2.8 million after tax) partially offsetting the shutdown cost of the Label operation in Rhyl, Wales of \$3.6 million (\$2.6 million after tax). These two restructuring and other items (a non-GAAP measure - refer to definition in Section 14) generated a loss of \$0.5 million (but a gain of \$0.2 million after tax). In the second quarter of 2007, a favourable tax settlement was reached in a foreign subsidiary and corporate income tax rates were lowered in Canada, the United Kingdom and Denmark, resulting in a decrease in future tax liabilities and income tax expense of \$3.6 million in the quarter.

For the first six months of 2008, net earnings from continuing operations were \$51.6 million, down 1% from \$52.2 million in the comparable 2007 period. Net earnings for the six months of 2008 were affected by a gain on a note receivable of \$2.3 million (\$1.6 million after tax), the gain on the ABS product line of \$3.1 million (\$2.8 million after tax) and the loss from the shutdown of the Rhyl, Wales location of \$3.6 million (\$2.6 million after tax). This small home and personal care operation is being consolidated into the plant near Leeds, U.K. Net earnings increased by \$1.8 million from the foregoing items. Net earnings for the six months of 2007 were affected by Container restructuring and other costs of \$1.0 million partially offset by a gain on the sale of a property of \$0.7 million for a

net loss of \$0.3 million before tax (net gain of \$0.2 million after tax). Including the positive effect of favourable tax adjustments of \$5.0 million, net earnings in 2007 increased by \$5.2 million due to the foregoing items.

Net interest expense was \$5.9 million in the second quarter of 2008, \$0.3 million lower than last year's corresponding quarter of \$6.2 million due primarily to lower average interest rates. Corporate expense of \$4.2 million for the quarter was higher than the \$2.1 million in last year's second quarter due to a significant reduction in self-insurance claims reserves last year and realized exchange losses this year. The overall effective income tax rate was 25% for the second quarter of 2008 compared to 15% in the second quarter of 2007. The tax rate in the second quarter of 2007 was positively affected by a tax settlement in a subsidiary and reductions in future tax liabilities described above that reduced the tax rate from 27% to 15%.

Basic earnings per Class B share from continuing operations were \$0.75 in the second quarter of 2008 compared to \$0.80 earned in the same period last year, a decrease of 6%. Restructuring and other items in the second quarter of 2008 increased basic earnings per Class B share by \$0.01. Favourable tax adjustments had a positive effect on earnings per share in the second quarter of 2007 of \$0.11. In addition, basic earnings per share from discontinued operations in the second quarter of 2007 were \$0.09. The negative impact of currency translation and transactions on basic earnings per Class B share from continuing operations was \$0.04 in the second quarter of 2008 versus the second quarter of 2007.

For the first six months of 2008, earnings per Class B share were \$1.60 compared to \$1.62 in the prior year period, a 1% decrease. Restructuring and other items increased earnings per Class B share by \$0.06 for the first half of 2008 versus a \$0.16 increase in the same period last year. The negative impact of currency translation and transactions on basic earnings per Class B share from continuing operations was \$0.15 in the first half of 2008 versus the same period last year.

Diluted earnings from continuing operations and net earnings per Class B share were \$0.02 lower than basic earnings per Class B share in the second quarter of 2008 and \$0.03 lower in the second quarter of 2007.

The following table is presented to provide context to the change in the Company's financial performance. There is an improvement over the prior year's earnings performance from continuing operations, excluding the effect of restructuring and other items and favourable tax adjustments.

(in Canadian dollars)

<u>Basic Earnings per Class B shares</u>	2nd Quarter		Year-to-Date	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
From continuing operations	\$ 0.75	\$ 0.80	\$ 1.60	\$ 1.62
From discontinued operations	Nil	\$ 0.09	Nil	\$ 0.20
Net gain from restructuring and other items and favourable tax adjustments included above	\$ 0.01	\$ 0.11	\$ 0.06	\$ 0.16

The following is selected financial information for the ten most recently completed quarters. In November 2007, the ColepCCL joint venture was sold and is treated as Discontinued Operations.

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

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Total</u>
Sales-continuing operations					
2008	\$295.1	\$312.8			
2007	316.2	303.5	\$274.9	\$249.7	\$1,144.3
2006	268.6	257.5	246.6	256.8	1,029.5
Net earnings-continuing operations					
2008	27.5	24.1			
2007	26.3	25.9	20.8	20.4	93.4
2006	18.1	15.1	10.0	21.7	64.9
Net earnings					
2008	27.5	24.1			
2007	30.0	28.8	23.8	65.3	147.9
2006	21.1	17.6	13.6	25.1	77.4
Net earnings per Class B share - continuing operations					
Basic					
2008	\$0.85	\$0.75			
2007	0.82	0.80	\$0.64	\$0.64	\$2.90
2006	0.57	0.46	0.32	0.67	2.02
Diluted					
2008	0.82	0.73			
2007	0.79	0.77	0.61	0.62	2.79
2006	0.55	0.45	0.30	0.65	1.95
Net earnings per Class B share					
Basic					
2008	0.85	0.75			
2007	0.93	0.89	0.74	2.03	4.59
2006	0.66	0.54	0.43	0.78	2.41
Diluted					
2008	0.82	0.73			
2007	0.90	0.86	0.71	1.95	4.42
2006	0.64	0.53	0.41	0.75	2.33
Restructuring and other items and favourable tax adjustments and gain on discontinued operations on basic earnings per Class B share					
2008	0.05	0.01			
2007	0.05	0.11	0.12	1.49	1.77
2006	(0.03)	(0.03)	(0.10)	0.20	0.04

The impact on basic net earnings per Class B share of the gain on the sale of ColepCCL in November 2007 is included in the table above. Net earnings per Class B share have generally increased over time but have also fluctuated significantly due to changes in foreign exchange rates, restructuring costs and other items and favourable tax adjustments.

In addition, the seasonality of the business has evolved with the first quarter 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.

4. Business Segment Review

Label Division

(\$ millions)

	Second Quarter			Year-To-Date		
	2008	2007	+/-	2008	2007	+/-
Sales	\$258.4	\$238.4	+8%	\$496.3	\$483.5	+3%
Operating Income ⁽¹⁾	\$ 39.7	\$ 32.7	+21%	\$ 76.9	\$ 71.6	+7%
Return on Sales ⁽¹⁾	15.4%	13.7%		15.5%	14.8%	
Capital Spending	\$ 42.2	\$ 32.2		\$ 88.5	\$ 59.1	
Depreciation and Amortization	\$ 16.3	\$ 15.2		\$ 31.2	\$ 28.9	

⁽¹⁾ A non-GAAP measure (refer to definition in Section 14).

Sales for the Label Division were \$258.4 million for the second quarter, up 8% from \$238.4 million in the same quarter last year. The change in sales was the result of acquisitions and organic growth as foreign exchange had no net effect.

Sales growth in the second quarter was due in part to the CD-Design acquisition completed at the beginning of February 2008 and the Clear Image acquisition effective the beginning of April 2008. However, the overall base business also generally experienced a continuation of the trend of higher sales and operating income.

North American sales in the Label Division were up slightly compared to last year, excluding negative currency effects. Healthcare, now the largest product group in North America, continued to grow organically at a double-digit rate. Home and personal care sales were modestly lower for the quarter compared to last year, particularly in high-end personal care and showing no signs of improvement in the third quarter. The battery business was seasonally slow and was also impacted by customers moving their battery manufacturing to Asia. Specialty products sales were up 9% compared to last year's second quarter, with strong promotional label business partially offset by a slightly weaker ag-chem market related to an unfavourable lawn and garden season. Shrink sleeve sales, although relatively small, grew double-digits over last year's level. Overall,

excluding currency translation, profitability was up slightly over last year as cost inflation has been challenging but offset by improved product mix and cost reduction initiatives. Order intake for North America has been stable with continued strong healthcare business offsetting softer consumer related products.

In Europe, sales continued to show modest growth excluding acquisitions and currency effects. The healthcare and specialty businesses were strong, up double-digits, excluding currency and this should continue into the third quarter. Home and personal care volume was down overall versus last year but varied by country. However, significant new home and personal care business has been awarded, which provides upside going into 2009. In June 2008, the Company initiated the shutdown of the Rhyl, Wales operation, consolidating most of its business to its plant near Leeds, England. The battery business continued to record lower sales due to the impact of customers moving their battery manufacturing to Asia. Beverage sales were up double-digits with improved margins due to our patented wash-off label technology for beer bottles. Shrink and stretch sleeve sales were up modestly with U.K. softness more than offset by strong growth in central Europe. The recently acquired CD-Design performed above management's expectations in the quarter. Profitability overall in Europe was up significantly due to better business mix.

In emerging markets consisting of Latin America, Eastern Europe, Asia and Australia, sales were up 13% in local currencies overall in the second quarter versus last year, excluding the acquisition. Sales were down slightly in Brazil, mainly in sleeves, but the core was solid. In Mexico, the move to a new facility caused sales to be flat with last year. Poland continues to show good sales improvement with new business orders commencing later in the year. Sales in Asia in home and personal care were up significantly with strong growth in China offset in part by slightly weaker sales in Thailand compared to a strong second quarter last year. Battery and Beverage sales in China increased significantly. The Clear Image acquisition in Australia performed to expectations in the wine label business. The Company announced recently that plans are in place to expand an existing plant in China and to build new plants in the north of China, Vietnam, India, Japan and a second facility in Thailand.

The equity investment in Russia reported nominal net earnings for its second quarter since CCL's involvement, as it continues to ramp up to service global customers. Overall in emerging markets, the outlook continues to be very positive with minimal effect from the uncertain global economy.

Operating income for the second quarter of 2008 was \$39.7 million, up 21% from \$32.7 million in the second quarter of 2007. Strong improvement in local operating income was partially offset by negative currency translation. Increases in income in healthcare and geographic improvement generally outside of North America were slightly offset by reductions primarily in the North American and European home and personal care businesses. The Division incurred \$0.7 million of moving costs in the second quarter of 2008 as it relocates a number of

operations to new facilities. Return on sales at 15.4% meaningfully exceeded our internal targets and was well above the 13.7% return generated in last year's second quarter.

Sales and operating income in the second quarter were \$11.8 million and \$1.5 million, respectively, from the Clear Image and CD-Design acquisitions.

Sales backlogs for the label business are generally low due to short customer lead times, but indications are that customers' orders continue to be generally firm through the third quarter of 2008 with the exception of the continuing impact of the uncertain U.S. economy and the risks of it migrating globally. Cost inflation is challenging due to the weak U.S. dollar and the U.K. pound but the Division continues to leverage its purchasing practices and increase prices where possible.

The Label Division invested \$88.5 million in capital in the first half of 2008 compared to \$59.1 million in the same period last year. The capital was spent throughout the Division to maintain and expand its manufacturing base by adding presses in strategic locations. In the second quarter, capital was spent on the purchase of a leased building in Solingen, Germany for CD-Design (\$11 million), the plant construction for the relocated Paris, France operation and a new plant in Montréal. The Division expects to continue to spend capital to increase its capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization for the Label Division were \$31.2 million for the first half of 2008 and \$28.9 million in the comparable 2007 period.

Container Division

(\$ millions)	Second Quarter			Year-To-Date		
	<u>2008</u>	<u>2007</u>	<u>+/-</u>	<u>2008</u>	<u>2007</u>	<u>+/-</u>
Sales	\$39.2	\$49.3	-20%	\$80.7	\$102.2	-21%
Operating Income ⁽¹⁾	\$ 2.8	\$ 6.0	-53%	\$ 8.2	\$ 12.0	-32%
Return on Sales ⁽¹⁾	7.1%	12.2%		10.2%	11.7%	
Capital Spending	\$ 6.9	\$ 2.0		\$ 11.4	\$ 2.5	
Depreciation and Amortization	\$ 2.5	\$ 2.8		\$ 4.9	\$ 5.7	

⁽¹⁾ A non-GAAP measure (refer to definition in Section 14).

Sales in the second quarter were \$39.2 million, down 20% from \$49.3 million last year. Sales decreased for the quarter due to a 10% reduction in the volume of can sales to U.S. customers, the sale of the ABS "bag on valve" business earlier this year and the significant unfavourable currency translation impact. Excluding the effects of currency and the divested product line, sales were down 9% over the second quarter of 2007 in local currencies.

The Container Division experienced an overall decrease in sales volume primarily due to the impact of the loss, in late second quarter last year, of a relatively high volume but low margin aerosol product. In addition, the sale of sun care products dropped off in the last half of the quarter due to reduced customer demand. The divested ABS product line was strong seasonally in the

second quarter of 2007 relating to the sun care business. The volume loss in cans occurred exclusively at the operation in Penetanguishene, Ontario, resulting in the need for further cost reductions at this location in the second half of this year. Sales volumes at the Hermitage facility in the U.S. increased over the second quarter of 2007 as new business for aluminum beverage bottles offset a soft U.S. personal care market for aerosols. Mexican aerosol container sales volumes were flat with last year's performance as capacity has been sold out. However, equipment has been transferred from Canada to increase capacity for the third quarter. The new plant in Guanajuato, Mexico, will be up and running at the end of the year to satisfy the trend of many major customers continuing to move their aerosol filling operations to Mexico for requirements in both the U.S. and Latin American markets. In addition, there are opportunities to build business for beverage bottles in Mexico and Central America.

Operating income for the Container Division in the second quarter of 2008 was \$2.8 million, down 53% from \$6.0 million in the second quarter of 2007. This decline in profitability was due to a combination of lower sales volume, the sale of the ABS product line and unfavourable currency translation. The Division continued to successfully pass on to customers significant cost inflation in aluminum, chemicals and energy and maintained similar direct margins over these variable costs as the second quarter of 2007. All of the profit reduction in the Division was recorded at the Penetanguishene, Ontario, operation and was largely sales volume and currency related. Return on sales was reduced in the second quarter of 2008 to 7.1% compared to 12.2% in last year's second quarter.

The aluminum container plant in Penetanguishene, Ontario, also sells the vast majority of its production to the United States market in U.S. dollars. The business had previously hedged a part of the Canadian dollar value of these U.S. dollar sales by way of forward contracts. This practice was terminated in 2007 as the Company expects the impact of hedging not to be material over time. The unfavourable change in the exchange rates on U.S. currency transactions reduced income for the Container Division by \$0.8 million (\$0.02 per share) in the second quarter of 2008 compared to second quarter 2007 and \$2.3 million (\$0.05 per share) for the first half of 2008.

The Container Division invested \$11.4 million in capital in the first half of 2008 compared to \$2.5 million in the same quarter last year. The majority of the second quarter's capital spending was on the new plant construction in Guanajuato, Mexico. Depreciation and amortization for the first half of 2008 and 2007 were \$4.9 million and \$5.7 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 34% of its 2008 requirements. The cost of aluminum and chemicals persist at near record levels and the Division continues to be challenged to face the need to factor these costs into selling prices to customers in a soft market environment.

Order intake for the Division continues to be softer than planned in the U.S. home and personal care market offset by stronger but more volatile demand for beverage bottles plus new opportunities in Mexico. The loss of the large aerosol product volume for one particular customer at the end of the first half of 2007 will have no impact on sales comparisons for the second half of 2008.

Tube Division

(\$ millions)	Second Quarter			Year-To-Date		
	2008	2007	+/-	2008	2007	+/-
Sales	\$15.2	\$15.8	-4%	\$30.9	\$ 34.0	-9%
Operating Income ⁽¹⁾	\$ 0.3	\$ 0.2	+50%	\$ 0.4	\$ 1.6	-75%
Return on Sales ⁽¹⁾	2.0%	1.3%		1.3%	4.7%	
Capital Spending	\$ 1.5	\$ 1.0		\$ 2.8	\$ 1.3	
Depreciation and Amortization	\$ 1.7	\$ 1.8		\$ 3.4	\$ 3.6	

⁽¹⁾ A non-GAAP measure (refer to definition in Section 14).

Sales in the second quarter for the Tube Division were \$15.2 million, down 4% from \$15.8 million last year. Sales in local currency increased by 4% for the quarter but were more than offset by the impact of currency translation. Tube sales were up over last year as new business has been added despite the slowing economy's negative effect on high-end personal care products. Further volume increases are expected to commence in the next quarter as new products come off stability testing and go into production.

Operating income for the Tube Division for the second quarter of 2008 was \$0.3 million, up from \$0.2 million in the second quarter of 2007. This is the second consecutive quarter since the second quarter of 2007 that it has recorded a profit. The return on sales was 2.0% in the second quarter compared to a 1.3% return in the prior year's second quarter. Plans to move into a new but much smaller facility in Los Angeles in late 2008 are well underway and are critical to the improvement of divisional profitability in 2009.

The Tube Division invested \$2.8 million in capital in the first half of 2008 compared to \$1.3 million in the same period last year. Depreciation and amortization for the first half of 2008 and 2007 were \$3.4 million and \$3.6 million, respectively.

5. Currency Translation and Currency Transaction Hedging

As only about 10% of CCL's sales are generated from Canadian manufacturing locations, the remaining 90% of sales from international operations are recorded in foreign currencies and then translated into Canadian dollars for reporting purposes. The U.S. dollar is the functional currency for approximately 36% of the Company's total sales and it depreciated by a substantial 8% on average compared to the Canadian dollar in the second quarter of 2008 versus last year's second quarter. European currencies are now approximately 43% of CCL's sales and the primary European currency, the euro, appreciated by 7% compared to the Canadian dollar versus the prior year's quarter while conversely,

the U.K. pound declined by 9%. Fluctuations in foreign exchange rates can have a material effect on the Company's profitability. In this quarter, the positive value of the euro and other currencies partially offset the negative value of the U.S. dollar and the U.K. pound. The negative impact on earnings per share due to currency translation was \$0.02 compared to last year's second quarter. Year-to-date, earnings per share have been negatively affected by \$0.10 due to currency translation compared to last year's six-month period.

The Company has not hedged any foreign currency transactions since June 2007. The Container Division sells products from its Canadian plant into the U.S. market in U.S. dollars, as previously discussed. The significant change in the exchange rates on U.S. currency transactions reduced comparative income for continuing operations by \$0.8 million in the second quarter of 2008 and reduced comparative earnings per share by \$0.02 for the quarter. Currency transactions reduced comparative income from operations for the first half of 2008 by \$2.3 million or \$0.05 per share.

6. Liquidity and Capital Resources

The Company's capital structure is as follows:

<u>\$ Millions</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2007</u>
Total debt	\$460.8	\$403.4	\$503.2
Cash and cash equivalents	<u>104.4</u>	<u>96.6</u>	<u>86.9</u>
Net debt ⁽¹⁾	<u>\$356.4</u>	<u>\$306.8</u>	<u>\$416.3</u>
Shareholders' equity	<u>\$775.1</u>	<u>\$717.9</u>	<u>\$668.2</u>
Net debt: total book capitalization ⁽²⁾	31.5%	29.9%	38.4%
Book value per Class B share ⁽³⁾	\$24.33	\$22.12	\$20.79

(1) Net debt is a non-GAAP measure (refer to definition in Section 14).

(2) Net debt: total book capitalization is a non-GAAP measure (refer to definition in Section 14).

(3) Book value per Class B share is a non-GAAP measure (refer to definition in Section 14).

The Company's financial position remains solid. As of June 30, 2008, cash and cash equivalents amounted to \$104 million compared to \$97 million at December 31, 2007 and \$87 million at June 30, 2007. Net debt was \$356 million at June 30, 2008, \$49 million higher than the net debt of \$307 million at the end of December 2007. The increase in net debt in this time frame is primarily due to the acquisition of CD-Design and Clear Image.

Net debt to total book capitalization at June 30, 2008 was 31.5%, down from 38.4% at the end of June 2007 due to the ColepCCL sale and up slightly from the 29.9% at the end of 2007 as a result of the CD-Design and Clear Image

acquisitions and seasonal working capital increases partially offset by the collection of the balance of the ColepCCL sale proceeds in February. Book value per share, a non-GAAP measure, defined later in Section 14, was \$24.33 at the end of the second quarter of 2008, 17% above \$20.79 a year ago and 10% above the \$22.12 at December 31, 2007. The increase is primarily the result of the retained earnings generated this year and a reduction in the accumulated other comprehensive loss.

The Company's debt structure is primarily comprised of three private debt placements completed in 1997, 1998 and 2006 for a total of US\$ 326.8 million (Cdn\$ 333.3 million) and a five-year revolving line of credit of \$95 million at June 30, 2008. This was unchanged from December 31, 2007. The Company's overall average interest rate is currently 5.4% after factoring in the related Interest Rate Swap Agreements ("IRSAs") and Cross Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 5.8% at December 31, 2007. The IRSAs and CCIRSAs are discussed later in this report.

In January 2007, the Company established a five-year revolving line of credit with a Canadian chartered bank for \$95 million. As at the end of June 2008, \$84 million was borrowed under this line of credit. This line of credit was extended in January for a further year and expires in January 2013. The Company may elect to request an annual extension at the end of 2008 to extend the term for a further year.

The Company believes that it has sufficient cash on hand, the ability to generate cash flow from operations and the financial strength to access capital markets to fund its expected financial obligations over the near term.

7. Cash Flow

During the second quarters of 2008 and 2007, the Company generated cash from operating activities from continuing operations of \$37.3 million and \$50.5 million, respectively. The decrease in cash flow compared to last year's second quarter was primarily due to the timing of a seasonal working capital increase this year. On a year-to-date basis, the seasonal build-up of normal working capital is in line with last year. The collection of the remaining ColepCCL receivable in February was the primary reason for the positive cash flow from working capital this year.

Capital spending in the second quarter of \$50.9 million compared to \$39.0 million last year. The major capital expenditures in the second quarter were for many new presses, plant expansions and new plants for the Label Division, including the acquisition of the CD-Design building, and a new plant for the Container Division. This level of capital spending was higher than the \$20.7 million of depreciation and amortization in the second quarter of 2008 and the \$19.5 million in the second quarter of 2007. Plans for capital spending in 2008 are still expected to be in the \$180 million range for the year. The Company is

continuing to expand its business base into new markets and invest in assets to add capacity and improve its competitiveness.

Dividends declared in each of the second quarters of 2008 and 2007 were \$4.5 million and \$3.9 million, respectively. The total number of shares outstanding as at June 30, 2008 and 2007 was 31.9 million and 32.3 million, respectively. The Company has historically paid out dividends at a rate of 20-25% of net earnings. Since the Company's cash flow and financial position are strong, the Board of Directors approved a continuation of the higher dividend declared earlier this year of \$0.1275 per Class A share and \$0.14 per Class B share to shareholders of record as of September 16, 2008 and payable on September 30, 2008. The annualized dividend rate is \$0.51 per Class A share and \$0.56 per Class B share.

The Company's share repurchase program under a normal course issuer bid ("bid") became effective March 4, 2008 indicating the intention to acquire under the bid up to 13,000 Class A voting shares and 2,500,000 of its issued and outstanding Class B non-voting shares in the following 12-month period. In March 2008, the Company repurchased 415,900 Class B shares under the bid at an average price of \$28.37 for a total cost of \$11.8 million and in June 2008 acquired a further 202,100 Class B shares at an average price of \$31.13 for a total cost of \$6.3 million. Total purchases in 2008 to date have been 618,000 Class B shares at an average price of \$29.28 for a total cost of \$18.1 million.

8. Interest Rate and Foreign Exchange Management

The Company has utilized IRSAs to allocate notional debt between fixed and floating rates since 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 CCIRSAs to effectively convert notional U.S. dollar fixed rate debt into fixed and floating rate euro debt to hedge its euro-based assets and cash flows.

The effect of the IRSAs and CCIRSAs had no effect on interest expense in the second quarter of 2008 compared to a reduction in interest expense of \$0.2 million in the second quarter of 2007. Interest coverage (refer to definition in Section 14) improved to 6.5 times in 2008 compared to 6.2 times as at June 30, 2007.

9. New Accounting Standards

A. Changes in Accounting Policies

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated statements, except that: effective January 1, 2008, the Company adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, "Capital Disclosures"; Section 3031, "Inventories"; Section 3862,

"Financial Instruments – Disclosures" and Handbook Section 3863, "Financial Instruments – Presentation."

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company's Capital Management Policy is as follows:

The Company's objective is to maintain a strong capital base throughout the economic cycle so as to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to its leading specialty packaging peers (between 12% - 14% recently).

The Company defines capital as total shareholders' equity and measures the return on capital (or return on equity) by annual net income before restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity. In both 2006 and 2007, the return on capital was 13% and was well within the range of its leading specialty packaging peers.

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage. The Company believes that an optimum level of net debt (refer to definition in Section 14) to total book capitalization (refer to definition in Section 14) is a maximum of 45%. This ratio was 32% at the end of the second quarter of 2008, 30% at the end of 2007 and 33% at the end of 2006 and therefore, the Company has further capacity to invest in the business with additional debt without exceeding the optimum level.

The Company has provided a growing level of dividends to its shareholders over the last few years generally related to its growth in earnings. The dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage. The Company filed a normal course issuer bid ("bid") commencing March 4, 2008 allowing the repurchase of up to 2.5 million Class B shares and 13,000 Class A shares in the following twelve months. All purchases are to be made on the open market. The number of shares and the price of such purchases will be determined by management when it believes that such purchases will enhance shareholder value. The Company has repurchased approximately 600,000 shares so far under the bid.

Other than the filing of the bid, there were no changes in the Company's approach to capital management during the year. The Company and its subsidiaries are subject to externally imposed capital requirements under its senior note agreements and its revolving bank debt; however, the Company is allowed further significant borrowings under the terms of these agreements at this time.

Section 3031 addresses the measurement and disclosure of inventories. This standard provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing and expands the disclosure requirements to increase transparency.

The difference in the measurement of opening inventory may be applied to the opening inventory for the period, with an adjustment to opening retained earnings with no prior periods restated or retrospectively with a restatement to prior periods in accordance with Section 1506, "Accounting Changes." There was no difference to be accounted for by the Company.

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 include materials, direct labour applied to the product and the applicable share of overhead. Net realizable value is based on selling price less estimated selling costs. Allowances are made for slow-moving inventory.

Section 3862 and Section 3863 revise and enhance the disclosure requirements of Handbook Section 3861, "Financial Instruments – Disclosure and Presentation." These Sections require disclosure of information with regards to the significance of financial instruments for the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date and how the Company manages those risks.

The Company has exposure to the following forms of risk from its use of financial instruments: credit risk, market risk and liquidity risk.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a pre-payment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and to date, no such counterparty has failed to meet its financial obligations to the Company. As at June 30, 2008, the

Company does not have any exposure to credit risk arising from derivative financial instruments.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results.

The Company does not utilize derivative financial instruments for speculative purposes.

Interest rate risk is the risk that the Company is exposed to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when they are due. The Company believes that future cash flows generated by operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

B. Recently Issued Accounting Standards

In November 2007, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets," that replaced Section 3062, "Goodwill and Other Intangible Assets," and amended Section 1000, "Financial Statement Concepts." The new standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. Guidance is provided on the definition of an intangible asset and the recognition of internally generated intangible assets. The Company will comply with the requirements of the new standard when the standard becomes effective.

C. International Financial Reporting Standards ("IFRS")

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

The Company has begun to formulate a framework to address the change to IFRS. CCL's corporate financial managers have been attending seminars on the details behind the transition. During the balance of the year, the Company will be forming a project team to implement IFRS throughout the organization and to determine the potential financial and other impacts it may have on the business. The Company currently operates in certain countries that have implemented IFRS and expects that it will be able to leverage this knowledge during the transitional period.

10. 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 14 of the December 31, 2007 Annual Consolidated Financial Statements. The Company does not have any material related party transactions. 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 2008 and has not made any material changes in critical accounting estimates in the second quarter of 2008.

11. 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 Vice Chairman and Chief Executive Officer ("CEO") and the Executive Vice President and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

At the end of 2007, the CEO and CFO evaluated the effectiveness, design and operation of CCL's disclosure controls and procedures, including a review of the activities of the Disclosure Committee. This Committee reviews all external reports and documents of CCL. As of June 30, 2008, based on this evaluation of the disclosure controls and procedures, the CEO and CFO have concluded that CCL's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 ("MI 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.

MI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining the internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the issuer has disclosed any changes in its internal controls during its most recent interim period

that has materially affected or is reasonably likely to materially affect its internal control over financial reporting.

As at the end of 2007, the CEO and the CFO certified that they were in compliance with the regulations of MI 52-109 except for the Company's investment in the ColepCCL joint venture. The ColepCCL joint venture was sold in November 2007.

As at June 30, 2008, the CEO and CFO certified that they are responsible for establishing and maintaining controls over financial reporting for CCL Industries Inc., that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting with Canadian GAAP and that the Company has had no change in its internal controls that has materially affected or is likely to materially affect its internal controls over financial reporting.

12. Risks and Strategies

The 2007 Management's Discussion and Analysis in the Annual Report detailed risks to the Company's business and the strategies that were planned for 2008 and beyond. There have been no material changes to those risks and strategies. With the sale of the ColepCCL joint venture, CCL is no longer exposed to the inherent risks associated with owning a minority investment in a European contract manufacturing business. However, the Company remains significantly dependent on the European and emerging market economies and their currencies. These non-Canadian risks were described in the 2007 Management's Discussion and Analysis.

13. Outlook

The Company continues to focus on the growth prospects of its specialty packaging businesses within its core competencies. The Company will continue to prudently manage and reinvest its cash on hand and improve its cash flow generation with a view to sustaining and enhancing shareholder value in 2008 and beyond. CCL is continuing to integrate and reorganize the large number of recent acquisitions it has made to improve profitability and simplify administration. The Company is investigating mid-sized potential acquisition candidates that meet its criteria of core products and customers, and the expectation of earnings accretion in the first year of ownership. The recent pull back in equity valuations and the extended liquidity crisis may provide more favourable pricing of potential business acquisitions. The Company will continue to buy back its stock if it believes that it will improve shareholder value assuming that it has the financial resources to do so.

CCL continues to invest in its businesses to maintain its premier position as the largest global supplier of pressure sensitive labels and a leading specialty packager. The Company intends to further expand its product offerings geographically and enter into new regions based on its customers' need for its

services and products. This growth can be generated organically or by way of acquisitions.

There are challenges expected in the remainder of 2008. The most significant macro issues are the nominal growth in the U.S. economy combined with the global liquidity crisis which may threaten growth prospects in the rest of the world, as evidenced by the troubled economy that has developed in the U.K. At CCL, there are concerns associated with the rising cost of aluminum in the Container Division, the return to more normal profitability in the Tube business and the Company's ability to maintain margins in all Divisions given higher inflation, particularly on energy related commodities. In addition, the Label Division has relocated its operations in Mexico and Paris to new facilities this year and may incur additional direct and indirect costs associated with these moves. Later this year, the Container business will be completing a new plant in Mexico and the Tube business will be relocating its Los Angeles operation to a new facility. There will be direct and indirect costs associated with these moves.

The strength of the Canadian dollar relative to the U.S. dollar and the European currencies negatively impacted overall earnings for the first half of 2008 compared to 2007. Based on current exchange rates, further comparative translation and transaction losses would occur in CCL's U.S. operations for the third quarter of 2008 but at a lower level than the first half of 2008. However, based on current rates, the euro would provide a significant positive comparative translation effect. Nonetheless, the value of the Canadian dollar may have a dramatic impact, positive or negative, on earnings for the balance of 2008.

14. Key Performance Indicators and Non-GAAP Measures

CCL measures the success of its business using a number of key performance indicators, many of which are in accordance with Canadian GAAP as described throughout this report. The following performance indicators are not measurements in accordance with Canadian GAAP and should not be considered as an alternative or replacement of any other measure of performance under Canadian GAAP. These non-GAAP measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers.

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 outstanding, excluding amounts and shares related to shares held in trust and the executive share purchase plan.

Interest Coverage - A measure indicating the relative amount of operating income earned by the Company compared to the amount of interest expense incurred by the Company. It is calculated as operating income including discontinued operations before restructuring and other items plus net interest expense divided by net interest expense calculated on a 12-month rolling basis.

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

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

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

Restructuring and other items and favourable tax adjustments – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items and favourable tax adjustments on a per share basis is measured by dividing the after-tax income of these items by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on its 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 above definition) divided by sales, expressed as a percentage.



News Release

Stock Symbol: TSX – CCL.A and CCL.B

For Immediate Release, June 17, 2008

**CCL Industries Announces \$25 Million Expansion Plan
for its Asian Label Operations**

Toronto, June 17, 2008 – CCL Industries Inc., a world leader in specialty packaging solutions for the consumer products and healthcare industries, announced today that it plans to invest \$25 million over 2008 and 2009 to expand its CCL Label operations in the rapidly developing Asian region. The Company began doing business in Asia five years ago with its 2003 investment in Bangkok, Thailand which has subsequently undergone two expansions. In 2006 and 2007 CCL invested in additional operations in Guangzhou and Hefei in China. At the current pace, sales in Asia will reach approximately \$40 million in 2008.

The Company announced that it will build four new greenfield plants and also expand some of its existing facilities in the region. A second new plant in Bangkok, Thailand will produce beverage and battery label products for South East Asia and Australia. CCL will enter Vietnam with a new facility in Ho Chi Minh City, focused on personal care products. A new start-up in Pune, India will focus on personal care and healthcare customers and a new greenfield site in Tianjin will become the Company's first healthcare plant in China as well as produce labels for personal care customers. Investments will also be made to expand the capability of the Hefei, China plant to supply home and personal care products to global customers located in the important Shanghai region. The Company's sales and technical centre in Japan will be expanded to become a pilot manufacturing facility for personal care labels.

Geoffrey Martin, President and CEO of CCL Industries said, "All of our existing operations in Asia are now solidly profitable and we have formed an excellent team of local managers who have ambition to grow. Emerging market sales now represent approximately 17% of our Label business but we would like to see that grow to 30% in the next three to five years to be more closely aligned with the sales of our important global customers. This would require us to more than double the size of our existing presence in Asia. We believe the highly successful organic growth model that we have deployed in this region should be continued, at least for our core markets and will provide increased benefits to our customers and shareholders."

With headquarters in Toronto, Canada, CCL Industries now employs approximately 5,400 people and currently operates 55 production facilities in North America, Europe, Latin America and Asia Pacific. CCL Label is the world's largest converter of pressure sensitive and film materials and sells to leading global customers in the consumer packaging, healthcare, and consumer durable segments. CCL Container and CCL Tube produce aluminum cans, bottles and plastic tubes for the consumer products industry in North America.

Statements contained in this Press Release, other than statements of historical facts, are forward-looking statements subject to a number of uncertainties that could cause actual events or results to differ materially from some statements made.

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For more details on CCL, visit our web site - www.cclind.com