CCL INDUSTRIES INC.
2009 Second Quarter
Consolidated Balance Sheets

Unaudited **(in millions of Canadian dollars)**	June 30th **2009**	December 31st **2008**	June 30th **2008**
Assets			
Current assets			
Cash and cash equivalents	$ 120.4	$ 136.3	$ 104.4
Accounts receivable - trade	177.1	156.0	174.3
Other receivables and prepaid expenses	33.5	26.4	26.2
Income and other taxes recoverable	-	2.2	-
Inventories	80.5	87.1	83.4
	411.5	408.0	388.3
Property, plant and equipment	833.1	830.8	735.0
Other assets	51.3	57.6	42.4
Future income tax assets	42.8	43.5	34.5
Intangible assets	43.9	47.5	42.5
Goodwill	375.3	379.3	390.1
Total assets	**$ 1,757.9**	**$ 1,766.7**	**$ 1,632.8**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 242.3	$ 250.8	$ 234.8
Income and other taxes payable	8.7	-	7.6
Current portion of long-term debt	23.6	25.9	21.6
	274.6	276.7	264.0
Long-term debt	538.5	566.6	439.2
Other long-term items	59.6	66.5	55.2
Future income tax liabilities	108.8	106.4	99.3
Total liabilities	981.5	1,016.2	857.7
Shareholders' equity			
Share capital (note 2)	195.0	191.3	186.4
Contributed surplus	5.6	4.8	6.0
Retained earnings	636.6	621.9	634.4
Accumulated other comprehensive loss (note 4)	(60.8)	(67.5)	(51.7)
Total shareholders' equity	776.4	750.5	775.1
Total liabilities and shareholders' equity	**$ 1,757.9**	**$ 1,766.7**	**$ 1,632.8**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.

2009 Second Quarter

Consolidated Statements of Earnings

Unaudited

(in millions of Canadian dollars, except per share data)	Three months ended June 30th 2009	2008	% Change	Six months ended June 30th 2009	2008	% Change
Sales	**$ 301.3**	**$ 312.8**	**(3.7)**	**$ 615.4**	**$ 607.9**	**1.2**
Costs and expenses						
Cost of goods sold	236.9	236.2		482.8	459.2	
Selling, general and administrative	39.2	36.2		70.8	66.4	
Depreciation and amortization	1.6	1.8		3.3	3.4	
Interest expense, net	7.6	5.9		15.8	10.1	
	16.0	**32.7**	**(51.1)**	**42.7**	**68.8**	**(37.9)**
Restructuring and other items - net (loss) gain (note 5)	(0.4)	(0.5)		(2.1)	1.8	
Earnings before income taxes	**15.6**	**32.2**	**(51.6)**	**40.6**	**70.6**	**(42.5)**
Income taxes	6.7	8.1		14.9	19.0	
Net earnings	**$ 8.9**	**$ 24.1**	**(63.1)**	**$ 25.7**	**$ 51.6**	**(50.2)**
Basic earnings per Class B share	**$ 0.28**	**$ 0.75**	**(62.7)**	**$ 0.80**	**$ 1.60**	**(50.0)**
Diluted earnings per Class B share	**$ 0.27**	**$ 0.73**	**(63.0)**	**$ 0.78**	**$ 1.55**	**(49.7)**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2009 Second Quarter
Consolidated Statements of Comprehensive Income

Unaudited	**Three months ended June 30th**		**Six months ended June 30**	
(in millions of Canadian dollars)	**2009**	**2008**	**2009**	**2008**
Net earnings	$ 8.9	$ 24.1	$ 25.7	$ 51.6
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on translation of financial statements of self-sustaining foreign operations	(34.4)	-	(20.6)	49.6
Unrealized gains (losses) on hedges of net investment in self-sustaining foreign operations, net of tax recovery (expense) of ($1.9) million and ($1.9) million for the three-month and six-month periods ending June 30, 2009 (2008 - ($0.5) million; $2.9 million)	34.8	3.2	20.9	(16.2)
Unrealized foreign currency translation gains, net of hedging activities	0.4	3.2	0.3	33.4
Gains (losses) on derivatives designated as cash flow hedges, net of tax recovery (expense) of $1.0 million and $3.1 million for the three-month and six-month periods ending June 30, 2009 (2008 - $0.2 million; ($1.0) million)	0.3	(1.2)	(4.3)	2.5
Reclassification of (gains) losses on derivatives designated as cash flow hedges to earnings, net of tax (recovery) expense of ($1.4) million and ($3.2) million for the three-month and six-month periods ending June 30, 2009 (2008 - $0.2 million; $0.6 million)	7.4	(0.2)	8.5	(2.2)
Change in gains (losses) on derivatives designated as cash flow hedges	7.7	(1.4)	4.2	0.3
Other comprehensive income	8.1	1.8	4.5	33.7
Comprehensive income	**$ 17.0**	**$ 25.9**	**$ 30.2**	**$ 85.3**

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2009 Second Quarter
Consolidated Statements of Shareholders' Equity

Unaudited	June 30th	
(in millions of Canadian dollars)	**2009**	**2008**
Share capital (note 2)		
Class A shares, beginning of period	$ 4.5	$ 4.5
Class A shares, end of period	4.5	4.5
Class B shares, beginning of period	199.5	197.4
Shares issued	-	0.9
Stock options exercised	3.5	0.1
Normal course issuer bid	-	(3.9)
Class B shares, end of period	203.0	194.5
Executive share purchase plan loans, beginning of period	(1.3)	(1.3)
Repayment of executive share purchase plan loans	0.4	-
Executive share purchase plan loans, end of period	(0.9)	(1.3)
Shares held in trust, beginning of period	(11.5)	(10.1)
Shares released from trust	-	3.2
Shares purchased and held in trust	(0.1)	(4.4)
Shares held in trust, end of period	(11.6)	(11.3)
Share capital, end of period	**195.0**	**186.4**
Contributed surplus		
Contributed surplus, beginning of period	4.8	6.7
Stock option expense	0.4	0.6
Stock based compensation plan	0.4	(1.3)
Contributed surplus, end of period	**5.6**	**6.0**
Retained earnings, beginning of period	621.9	606.1
Transitional adjustment on adoption of new accounting standards (note 1)	(1.4)	-
Net earnings	25.7	51.6
Normal course issuer bid	-	(14.2)
Dividends		
Class A	0.6	0.6
Class B	9.0	8.5
Total dividends, end of period	9.6	9.1
Retained earnings, end of period	**636.6**	**634.4**
Accumulated other comprehensive loss (note 4)		
Accumulated other comprehensive loss, beginning of period	(67.5)	(85.4)
Transitional adjustment on adoption of new accounting standards (note 1)	2.2	-
Other comprehensive income	4.5	33.7
Accumulated other comprehensive loss, end of period	**(60.8)**	**(51.7)**
Total shareholders' equity, end of period	**$ 776.4**	**$ 775.1**

CCL INDUSTRIES INC.
2009 Second Quarter
Consolidated Statements of Cash Flows

Unaudited	Three months ended June 30th		Six months ended June 30th	
(in millions of Canadian dollars)	**2009**	**2008**	**2009**	**2008**
Cash provided by (used for)				
Operating activities				
Net earnings	$ 8.9	$ 24.1	$ 25.7	$ 51.6
Items not involving cash:				
Depreciation and amortization	25.1	20.7	49.7	39.8
Executive compensation	0.5	1.1	1.0	2.0
Future income taxes	2.2	0.9	3.1	4.0
Restructuring and other items, net of tax (note 5)	0.4	(0.2)	1.7	(1.8)
Gain on sale of property, plant and equipment	(0.2)	(0.6)	(1.1)	(0.9)
	36.9	46.0	80.1	94.7
Net change in non-cash working capital	18.0	(8.7)	(19.0)	38.4
Cash provided by operating activities	54.9	37.3	61.1	133.1
Financing activities				
Proceeds on issuance of long-term debt	1.3	(1.7)	4.1	40.4
Retirement of long-term debt	(0.8)	(6.5)	(2.1)	(7.6)
Issue of shares	1.3	0.1	3.3	0.1
Repurchase of shares (note 2)	-	(6.3)	-	(18.1)
Purchase of shares held in trust (note 2)	-	-	-	(4.4)
Repayment of executive share purchase plan loans	0.4	-	0.4	-
Dividends	(4.8)	(4.5)	(9.7)	(9.1)
Cash provided by (used for) financing activities	(2.6)	(18.9)	(4.0)	1.3
Investing activities				
Additions to property, plant and equipment	(32.0)	(50.9)	(68.5)	(103.1)
Proceeds on disposal of property, plant and equipment	0.6	2.5	3.8	3.3
Proceeds on product line dispositions (note 5)	-	8.4	-	8.4
Business acquisitions (note 3)	(2.8)	(26.9)	(5.5)	(35.2)
Long-term investment	-	(6.3)	-	(6.3)
Cash (used for) investing activities	(34.2)	(73.2)	(70.2)	(132.9)
Effect of exchange rate changes on cash	(4.6)	3.0	(2.8)	6.3
Increase (decrease) in cash and cash equivalents	13.5	(51.8)	(15.9)	7.8
Cash and cash equivalents at beginning of year	106.9	156.2	136.3	96.6
Cash and cash equivalents at end of period	$ 120.4	$ 104.4	$ 120.4	$ 104.4

Cash and cash equivalents are defined as cash and short-term investments.
See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended June 30, 2009 and 2008
(Tabular amounts in millions of Canadian 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, 2008.

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, 2009, the Company adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, Goodwill and Intangible Assets and EIC 173, Credit risk and the fair value of financial assets and financial liabilities.

Handbook Section 3064, Goodwill and Intangible Assets replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill, subsequent to its initial recognition, and of intangible assets. Standards concerning goodwill are unchanged from the previous Section 3062. The new section requires certain costs that were previously deferred and amortized be expensed as incurred. Upon adoption of the new standard, the Company reduced 2009 opening retained earnings by $1.4 million due to the write-off of previously deferred start-up costs.

EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, requires an entity to account for its credit risk and counterparty credit risk in the measurement of financial assets and financial liabilities. The transitional adjustment to recognize the impact of EIC-173 resulted in a decrease of $2.2 million in Accumulated Other Comprehensive Loss on January 1, 2009.

c) Recently issued accounting standards

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

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

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

Sections 1601 and 1602, together, replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS standard, IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

2. SHARE CAPITAL

Issued and outstanding

	June 30, 2009	December 31, 2008	June 30, 2008
Issued share capital	$ 207.5	$ 204.0	$ 199.1
Less: Executive share purchase plan loans	(0.9)	(1.3)	(1.3)
Shares held in trust	(11.6)	(11.5)	(11.4)
Total	$ 195.0	$ 191.3	$ 186.4

During 2009, the Company commenced a normal course issuer bid (“the Bid”) to acquire up to 13,000 of its outstanding Class A voting shares and 2,100,000 Class B non-voting shares. The Bid commenced on March 23, 2009, and will end no later than March 22, 2010. CCL’s management believes that such purchases are an appropriate and desirable use of available funds.

During the first six months of 2008, 0.6 million 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 of 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 (CON'T)

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 the vesting conditions are met.

During 2007, the Company granted an award totaling 120,000 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 and continuing employment. The Company purchased these 120,000 shares in the open market and has placed them in a trust until the vesting conditions are met.

During 2005, the Company granted an award totaling 200,000 Class B shares of the Company. These shares are restricted in nature. In 2007, 120,000 became fully vested and were released from the trust that held the shares in 2008. 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.

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

Number of shares:

	June 30, 2009	December 31, 2008	June 30, 2008
Class A	2,374,025	2,374,025	2,378,343
Class B	30,412,721	30,180,921	29,917,953
	32,786,746	32,554,946	32,296,296
Less: Executive share purchase plan shares - Class B	(75,000)	(100,000)	(100,000)
Shares held in trust - Class B	(345,000)	(345,000)	(345,000)
Total	32,366,746	32,109,946	31,851,296
Year-to-date weighted average number of shares	32,227,379	32,090,470	32,219,157
Year-to-date weighted average diluted number of shares	32,943,519	32,982,083	33,195,909

3. ACQUISITIONS

In March 2009, the Company completed the purchase of Ferroprint Western Cape (Pty) Ltd. ("Ferroprint"). Ferroprint has a factory near Cape Town in the wine growing region of Stellenbosch, South Africa. The purchase price was $2.7 million. 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	$	0.9
Current liabilities		(0.7)
Non-current assets at assigned values		1.5
Goodwill and intangible assets		1.0
Net assets purchased	$	2.7
Consideration given:		
Cash	$	2.7

In December 2008, the Company completed the purchase of Eltex GmbH (“Eltex”) based in Solingen, Germany. Eltex supplies a patented pressure sensitive label solution that replaces solid aluminum riveted rating plates widely used in the automotive, consumer durable and information technology hardware markets. The purchase price was $5.2 million, net of cash acquired. 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	$	1.1
Current liabilities		(0.9)
Non-current assets at assigned values		2.3
Future taxes		(0.5)
Goodwill and intangible assets		3.2
Net assets purchased	$	5.2
Consideration given:		
Cash, less cash acquired of $0.9 million	$	5.2

3. ACQUISITIONS (CONT'D)

In April 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 $33.6 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 of Clear Image. These restricted shares are price protected and cannot be sold or transferred until December 31, 2009.

Details of the transaction are as follows:

Current assets	$	4.9
Current liabilities		(4.2)
Non-current assets at assigned values		10.3
Future taxes		(2.4)
Intangible assets		5.8
Goodwill		19.2
Net assets purchased	$	33.6
Consideration given:		
Cash	$	27.1
Assumed debt		5.6
Restricted shares		0.9
Total consideration	$	33.6

In January 2008, the Company purchased CCL Design GmbH ("CCL Design"), formerly known as CD-Design GmbH, based in Solingen, Germany, for $8.3 million, net of cash acquired, and assumed debt of $1.4 million. CCL Design converts pressure sensitive films and aluminum for leading original equipment manufacturers in Germany.

Under the terms of the purchase agreement the Company paid an additional $2.8 million during the second quarter of 2009 as CCL Design achieved predetermined levels of earnings for the year ended December 31, 2008. The additional consideration of $2.8 million, adjusted from $3.4 million at December 31, 2008, has been recognized as goodwill.

Details of the transaction are as follows:

Current assets	$	7.1
Current liabilities		(3.1)
Non-current assets at assigned values		2.0
Future taxes		(0.6)
Intangible assets		1.2
Goodwill		5.9
Net assets purchased	$	12.5
Consideration given:		
Cash, less cash acquired of $0.4 million	$	8.3
Additional consideration		2.8
Assumed debt		1.4
Total consideration	$	12.5

4. ACCUMULATED OTHER COMPREHENSIVE LOSS

	June 30, 2009	December 31, 2008	June 30, 2008
Unrealized foreign currency translation losses, net of tax expense of $3.4 million (2008 - net of tax expense of $1.2 million; net of tax expense of $11.1 million)	$ (56.6)	$ (58.7)	$ (53.6)
Gains (losses) on derivatives designated as cash flow hedges, net of tax recovery of $2.1 million (2008 - net of tax recovery of $2.3 million; net of tax expense of $0.6 million)	(4.2)	(8.8)	1.9
	$ (60.8)	$ (67.5)	$ (51.7)

The transitional adjustment to recognize the impact of EIC-173, as described in note 1, resulted in a decrease of $2.2 million in Accumulated Other Comprehensive Loss on January 1, 2009.

5. RESTRUCTURING AND OTHER ITEMS

		Three months ended June 30th		Six months ended June 30th	
	Segment	2009	2008	2009	2008
Pension settlement	Corporate	$ -	$ -	$ (1.4)	$ -
Label segment restructuring	Label	-	-	(0.3)	-
Repatriation of capital	Corporate	(0.4)	-	(0.4)	-
Gain on note receivable	Corporate	-	-	-	2.3
Sale of ABS product line	Container	-	3.1	-	3.1
Restructuring of Rhyl, Wales label business	Label	-	(3.6)	-	(3.6)
Net (loss) gain		$ (0.4)	$ (0.5)	$ (2.1)	$ 1.8
Tax recovery on restructuring and other items		$ -	$ 0.7	$ 0.4	$ -

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

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

In 2009, the Company repatriated capital from a foreign subsidiary that resulted in a net foreign exchange loss of $0.4 million. Gains and losses arise from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested. This exchange gain did not give rise to any tax effect.

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 sold the assets of its ABS “Bag-on-Valve” product line from the Container segment to AptarGroup, Inc for $9.4 million in cash. CCL Container retained the aluminum aerosol can business and will continue to sell to its existing customers. AptarGroup will separately market the “Bag-on-Valve” product line. The Company recognized a gain on the sale of $3.1 million ($2.8 million after tax).

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

6. EMPLOYEE FUTURE BENEFITS

The expense for the defined benefit pension plans in the second quarter is $0.7 million (2008 - $0.3 million) and $2.7 year-to-date (2008 - $0.7 million), which includes $1.4 million in expenses related to the pension settlement (note 5).

7. SEGMENTED INFORMATION

Industry segments

	Three months ended June 30th				Six months ended June 30th			
	Sales		Operating income		Sales		Operating income	
	2009	2008	2009	2008	2009	2008	2009	2008
Label	$ 248.9	$ 258.4	$ 28.4	$ 39.7	$ 506.4	$ 496.3	$ 67.6	$ 76.9
Container	35.4	39.2	(0.1)	2.8	73.5	80.7	(0.4)	8.2
Tube	17.0	15.2	0.7	0.3	35.5	30.9	1.2	0.4
Total operations	$ 301.3	$ 312.8	29.0	42.8	$ 615.4	$ 607.9	68.4	85.5
Corporate expense			(5.4)	(4.2)			(9.9)	(6.6)
			23.6	38.6			58.5	78.9
Interest expense, net			7.6	5.9			15.8	10.1
			16.0	32.7			42.7	68.8
Restructuring and other items - net (loss) gain (note 5)			(0.4)	(0.5)			(2.1)	1.8
Earnings before income taxes			15.6	32.2			40.6	70.6
Income taxes			6.7	8.1			14.9	19.0
Net earnings			$ 8.9	$ 24.1			$ 25.7	$ 51.6

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
	June 30th 2009	December 31st 2008	June 30th 2009	December 31st 2008	Six months ended June 30th 2009	2008	Six months ended June 30th 2009	2008
Label	$ 1,268.0	$ 1,250.3	$ 362.5	$ 366.5	$ 36.9	$ 31.2	$ 62.4	$ 88.5
Container	187.6	190.4	12.8	12.8	7.6	4.9	1.9	11.4
Tube	70.4	77.1	-	-	4.7	3.4	4.2	2.8
Corporate	231.9	248.9	-	-	0.5	0.3	-	0.4
Total	$ 1,757.9	$ 1,766.7	$ 375.3	$ 379.3	$ 49.7	$ 39.8	$ 68.5	$ 103.1

MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarters Ended June 30, 2009 and 2008

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") relates to the second quarters ended June 30, 2009 and 2008 and an update to the 2008 Annual MD&A document. The information in this interim MD&A is current to August 6, 2009 and should be read in conjunction with the Company's June 30, 2009 unaudited second quarter financial statements released on August 6, 2009 and the 2008 Annual MD&A document and financial statements, which form part of the CCL Industries Inc. 2008 Annual Report, dated March 10, 2009.

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

This MD&A contains forward-looking information, as defined in Canadian securities laws (hereinafter referred to as "forward-looking statements"), that involves a number of risks and uncertainties. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties, and assumptions relating to future events and conditions, including, but not limited to, the evolving global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; income tax rates and the ability to tax-benefit losses by jurisdiction; technological change; changes in government regulations; risks associated with operating and product hazards; and the Company's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2008 Annual MD&A.

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

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

1. Overview

CCL's second quarter results reflect the continued difficult global macroeconomic environment. In general, CCL's customers, peers and suppliers are experiencing similar market conditions with Europe following North America into recession, while Asia and Latin America continue to grow. Overall market conditions continue to be the most difficult that the packaging industry has seen in many years.

CCL's underlying sales were impacted negatively in Europe (particularly in Beverage and Battery markets) and in the Container business in the United States. Economic conditions in Europe have progressively weakened since mid 2008 making comparisons difficult in the second quarter compared to an unusually strong quarter in the prior year. Excluding Container, North American sales grew slightly at Label and continued to be stable in the Tube business. Home and Personal Care markets remain soft in North America and Europe due to reduced consumer spending. Sales growth in Asia and Latin America remains solid.

2. Review of Consolidated Financial Results

The following acquisitions and a divestiture affected financial comparisons to 2008 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 March 2009, Ferroprint Western Cape (Pty) Ltd., a privately owned pressure sensitive label company based in South Africa, was acquired for approximately $3 million in cash. Ferroprint is a leading South African wine label producer with a plant located near Cape Town.

- In January 2008, CD-Design GmbH in Germany was acquired for $10 million, including assumed debt, as CCL's first entry into the durable label business as it services the automotive original equipment manufacturing market in Europe. A further payment of approximately $3 million, which was contingent upon its 2008 financial performance, was paid in the second quarter of 2009.

- In April 2008, Clear Image Labels Pty. Ltd., a privately owned pressure sensitive label company based in Australia, was acquired for approximately $34 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 late December 2008, Eltex GmbH, based in Solingen, Germany, was acquired for approximately $5 million on a debt-free basis. Eltex provides a patented pressure sensitive label solution servicing the automotive, consumer durable and information technology hardware markets. This business merged with CCL's complementary and neighbouring CD-Design operation.

- In April 2008, the Company sold the inventory and equipment related to the Container Division's ABS "Bag-on-Valve" product line located within its Penetanguishene, Ontario, plant for approximately $9 million in cash.

Financial comparisons to the prior year's second quarter results have been materially affected by the 16% (20% year-to-date) appreciation of the U.S. dollar and to a lesser degree, the 1% (4% year-to-date) appreciation of the euro relative to the Canadian dollar in 2009 compared to exchange rates in the comparable 2008 period. As a partial offset, the U.K. pound sterling has depreciated 9% (10% year-to-date) versus the Canadian dollar in these time frames.

Sales for the second quarter of 2009 were $301.3 million, down 4% versus the $312.8 million recorded in the second quarter of 2008. Sales decreased for the quarter by 9% due to a reduction in organic growth partially offset by a 4% increase from foreign exchange and a 1% increase from acquisitions. The second quarter of last year benefited from stronger economic conditions and the timing of Easter holidays. On a comparative basis with last year's second quarter, sales were lower in the Label and Container Divisions due primarily to reductions in organic growth, while Tube Division sales were higher due to currency translation. Year-to-date, sales increased by 1% as a result of positive foreign exchange effect of 8% and a 1% increase from acquisitions, partially offset by a decline in organic growth of 8%.

Net earnings for the second quarter of 2009 were $8.9 million, down 63% from $24.1million recorded in the second quarter of 2008 due to lower operating income (a non-GAAP measure, refer to definition in Section 13), higher net interest expense and higher income tax rates, partially offset by favourable currency translation. Operating income was down by $13.8 million or 32% from last year's strong second quarter level. Excluding favourable currency effects, operating income compared to 2008 for the Label and Container Divisions was significantly lower, while Tube was marginally higher. In the second quarter of 2009, restructuring and other costs of $0.4 million were incurred from a foreign exchange loss (with no tax) affect from a repatriation of capital from foreign subsidiaries. In the second quarter of 2008, net earnings were favourably 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 offset by the shutdown cost of the Label operation in Rhyl, Wales, of $3.6 million ($2.6 million after tax).

For the first six months of 2009, net earnings were $25.7 million, down 50% from $51.6 million in the comparable 2008 period. Net earnings for the six months of 2009 were affected by the $1.4 million ($1.0 million after tax) cost to settle pension obligations to certain members of the U.K. pension plan, $0.3 million (with no tax affect) in additional costs to shutdown the plant in Avelin, France, and a $0.4 million (with no tax affect) foreign exchange loss from the repatriation of capital from Europe. Net earnings decreased by $1.7 million from the foregoing items. 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 plant in Rhyl, Wales, of $3.6 million ($2.6 million after tax). Net earnings in 2008 increased by $1.8 million due to the foregoing items.

EBITDA (a non-GAAP measure; see Section 13 later in this report) was $48.7 million in the second quarter of 2009, down by 18% from the $59.3 million reported in 2008. This decline reflects lower operating income and higher corporate expense partially offset by the positive impact from the improvement in currency translation rates. Year-to-date EBITDA was $108.2 million in 2009, down 9% from $118.7 million in the comparable 2008 period.

Net interest expense was $7.6 million for the quarter, $1.7 million higher than last year's corresponding quarter of $5.9 million due to the higher long term debt level, lower interest income on cash on hand due to substantially lower rates on cash deposits and the continued impact of currency exchange on interest expense on U.S. dollar-denominated debt.

Corporate expense of $5.4 million for the quarter was higher than the $4.2 million in last year's second quarter primarily due to higher legal claims and the prior year comparatives being favourably affected by a reduction in self-insurance claims reserves.

The overall effective income tax rate was 43% for the second quarter of 2009 compared to 25% in the second quarter of 2008. This increase is primarily due to the Company's continued inability to tax benefit losses in certain countries and an unfavourable mix of income earned in highly taxed jurisdictions versus lower taxed jurisdictions. Year-to-date the effective tax rate was 37% in 2009 compared to 27% in the comparable 2008 period. The Company expects to implement certain restructuring initiatives by the end of the current year that could reduce the effective tax rate from the current level for 2010 assuming the current mix of income continues.

Basic earnings per Class B share were $0.28 in the second quarter of 2009 compared to $0.75 earned in the same period last year, a decrease of 63%. Restructuring and other items in the second quarter of 2009 reduced earnings per Class B share by $0.01. Restructuring and other items in the second quarter of 2008 increased earnings per Class B share by $0.01. The positive impact of currency translation and transactions on basic earnings per Class B share was $0.04 in the second quarter of 2009 versus the second quarter of 2008.

For the first six months of 2009, earnings per Class B share were $0.80 compared to $1.60 in the prior year period, a 50% decrease. Restructuring and other items decreased earnings per Class B share by $0.05 for the first six months of 2009 versus a $0.06 increase in the same period last year. The positive impact of currency translation and transactions on basic earnings per

Class B share from continuing operations was $0.10 in the first six months of 2009 versus the same period last year.

Diluted earnings per Class B share were $0.27 in the second quarter of 2009 and $0.73 in the second quarter of 2008.

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

(in Canadian dollars)

	Second Quarter		Year-to-Date	
Adjusted Basic Earnings per Class B Share	**2009**	**2008**	**2009**	**2008**
Basic earnings	$0.28	$0.75	$0.80	$1.60
Less: Net gain (loss) from restructuring and other items included above	(0.01)	0.01	(0.05)	0.06
Adjusted basic earnings (1)	$0.29	$0.74	$0.85	$1.54

(1) Adjusted Basic Earnings per Class B share is a non-GAAP measure. Refer to definition in Section 13.

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

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales-continuing operations					
2009	$314.1	$301.3			$615.4
2008	295.1	312.8	$289.8	$291.3	1,189.0
2007	316.2	303.5	274.9	249.7	1,144.3
Net earnings (loss) - continuing operations					
2009	16.8	8.9			25.7
2008	27.5	24.1	22.1	(25.7)	48.0
2007	26.3	25.9	20.8	20.4	93.4
Net earnings (loss)					
2009	16.8	8.9			25.7
2008	27.5	24.1	22.1	(25.7)	48.0
2007	30.0	28.8	23.8	65.3	147.9

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Net earnings (loss) per Class B share - continuing operations					
Basic					
2009	$0.52	$0.28			$0.80
2008	0.85	0.75	$0.70	$(0.80)	1.50
2007	0.82	0.80	0.64	0.64	2.90
Diluted					
2009	0.51	0.27			0.78
2008	0.82	0.73	0.68	(0.80)	1.46
2007	0.79	0.77	0.61	0.62	2.79
Net earnings (loss) per Class B share					
Basic					
2009	0.52	0.28			0.80
2008	0.85	0.75	0.70	(0.80)	1.50
2007	0.93	0.89	0.74	2.03	4.59
Diluted					
2009	0.51	0.27			0.78
2008	0.82	0.73	0.68	(0.80)	1.46
2007	0.90	0.86	0.71	1.95	4.42
Goodwill impairment loss, restructuring and other items, favourable tax adjustments and gain on discontinued operations in basic earnings per Class B share- (loss) gain					
2009	(0.04)	(0.01)			(0.05)
2008	0.05	0.01	0.05	(1.15)	(1.04)
2007	0.05	0.11	0.12	1.49	1.77

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, goodwill impairment loss recorded in the fourth quarter of 2008 and favourable tax adjustments. In 2009, the impact of the global recession has reduced comparative earnings.

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

3. Business Segment Review

Label Division

($ millions)	Second Quarter			Year-To-Date		
	2009	2008	+/-	2009	2008	+/-
Sales	$248.9	$258.4	-4%	$506.4	$496.3	+2%
Operating Income [1]	$ 28.4	$ 39.7	-29%	$ 67.6	$ 76.9	-12%
Return on Sales [1]	11.4%	15.4%		13.3%	15.5%	
Capital Spending	$ 29.7	$ 42.2		$ 62.4	$ 88.5	
Depreciation and Amortization	$ 18.6	$ 16.3		$ 36.9	$ 31.2	

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

Sales for the Label Division were $248.9 million for the second quarter of 2009, down 4% from $258.4 million in the same quarter last year. The decline in sales was a result of a reduction of 7% in organic growth offset by a positive foreign currency translation of 2% and a 1% increase from the Eltex acquisition in December 2008 and the Ferroprint acquisition in March 2009.

The Division experienced a significant sales decline in Europe in the quarter offset by solid growth in emerging markets and marginal increases in North America compared to prior year. The premium product categories in personal care continue to be soft in developed world markets and Beverage and Battery markets in Europe have seen a more serious decline since the end of last year.

Home and Personal Care sales worldwide declined low single digits compared to last year’s second quarter level excluding currency effects. In North America, soft conditions remain and sales declined double digits from last year’s level excluding currency translation as the premium segment continues to experience weak consumer markets and customer inventory optimization. Sales of the European business were only slightly down on prior year quarter due to new business wins in a soft market. In Latin America, markets rose low single digits driven by strong gains in Mexico. Asia continued to provide double digit growth rates in sales over last year’s second quarter excluding currency effects driven by strong domestic demand in China. Home and Personal care operating income for the second quarter in 2009 was down compared to last year’s second quarter driven entirely by poor performance in Europe largely relating to the start up of a new site in Paris, France.

Healthcare and Specialty sales were down marginally compared to last year’s strong second quarter excluding currency effects. This business continues to be relatively stable through this difficult economic environment. In the U.S. and Canada, Healthcare sales increased low single digits. The Specialty business in the U.S. had another outstanding quarter with agricultural-chemical and lawn and garden customers as consumers domestic spending in these categories increased. This was partially offset by lower promotional games business compared to a strong second quarter in 2008. European operations experienced a soft quarter with lower sales in all countries, except for France, compared to a good second quarter in 2008. In Asia, land was purchased for a new Healthcare plant in Tianjin, to be operational in mid-late 2010. Profitability in the Healthcare and Specialty business was in line with last year's quarter and continues to deliver relatively superior profits for the Company.

The worldwide Sleeve business second quarter sales declined mid single digits compared to last year's quarter. In the Americas, sales rose double digits due to new large orders from beverage customers. In Europe, sales were down due to the economic environment, particularly in the U.K and the unfavourable timing of the Easter holiday compared to last year. Underlying operating income was flat but comparisons to prior year were affected by a one-time positive event in the UK in 2008 and one-time research and development expenses in Austria in 2009 relating to a new product development initiative.

The Battery business continued to see weak market conditions globally with sales decreasing double digits compared to last year, although at a slower rate of decline than the first quarter. The main impact was in Europe and Asia driven by slow consumer durable goods sales, private label competition from Chinese producers and one customer closing their European facility, partially offset by share gains in the U.S. due to a major customer emerging from Chapter 11. The Beverage business continues to be very difficult with sales declining materially as our customers experience lower demand for premium brands and extremely weak market conditions in Russia. The Beverage and Battery business generated significantly lower operating income compared to last year's quarter.

The small Durables business in Europe continued to suffer comparatively from a significantly weaker automotive and capital goods market in the second quarter compared to the same period in 2008. Sequentially, however, order levels have improved and the business posted a small profit for the quarter and positive cash flow for the year on new business wins. The Wine label business in Australia faced challenges in a weaker market, but also posted solid profitability. In South Africa we reported our first quarter of sales and a small loss largely relating to acquisition expenses. A small new Wine label plant in Portland, Oregon, will begin trading next quarter.

The 50% equity investment in Russia reported a small profit in the second quarter as the market conditions continue to be challenging.

Operating income for the second quarter of 2009 was $28.4 million, down 29% from $39.7 million in the second quarter of 2008. Profits improved in North America (39% of sales) driven by mix and a marginal sales gain. Asia (5% of sales) also gained significantly driven by margin improvements. In Latin America (8% of sales), fortunes were mixed with significant gains in Mexico more than offset by a decline in Brazil from a record result for the same quarter in 2008. The region remains the most profitable worldwide. The second quarter overall decline globally is entirely due to a much weaker performance in Europe (46% of sales) compared to an unusually strong period in 2008. Operating income as a percentage of sales globally remains within our internal targets.

Sales backlogs for the label business are generally lower than other packaging businesses due to short customer lead times. Many suppliers in the industry for both label materials and industry equipment continue to report poor results. There were signs of improvement in market conditions in North America late in the quarter which have continued in July. Conditions remain difficult in Europe and look set to continue for the remainder of the year, but comparisons to prior year periods will ease significantly for the remainder of 2009. CCL Label continues to have a strong competitive position with a focus on a mix of consumer business segments and growth in emerging markets.

The Label Division invested $62.4 million in capital spending in the first six months of 2009 compared to $88.5 million in the same period last year. This reduction is in recognition of the slowdown in the global economy and major plant construction and renovations in the prior year. Major expenditures in the quarter include the construction of new emerging market facilities in Vietnam and Thailand and expansions to a number of facilities in the Healthcare and Specialty business. Investments in these two business areas have taken approximately 50% of all the capital with remaining segments spending at the rate of depreciation. 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 was $36.9 million for the first six months of 2009 and $31.2 million in the comparable 2008 period.

Container Division

($ millions)	Second Quarter			Year-To-Date		
	2009	2008	+/-	2009	2008	+/-
Sales	$ 35.4	$ 39.2	-10%	$ 73.5	$ 80.7	-9%
Operating Income [1]	$ (0.1)	$ 2.8	n.m.	$ (0.4)	$ 8.2	n.m
Return on Sales [1]	-0.3%	7.1%		-0.5%	10.2%	
Capital Spending	$ 1.2	$ 6.9		$ 1.9	$ 11.4	
Depreciation and Amortization	$ 4.0	$ 2.5		$ 7.6	$ 4.9	

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

Sales in the second quarter were $35.4 million, down 10% from $39.2 million last year. Sales decreased for the quarter due to lower volumes in the U.S. and partially offset by increased sales in Mexico and favourable currency translation of 12%.

The Container Division continues to experience sales and unit volume declines, in the premium personal care business in the United States. Aerosol sales used in high end cosmetic, skin and hair care applications had double digit declines across all customers driven by a weak consumer environment and supply chain optimization. Sales in units were down 18% with an improved mix resulting from a sales increase in the beverage business. Mexico grew significantly driven by the new plant in Guanajuato and remains well positioned to attract more business from major customers who continue to move their aerosol filling operations to Mexico.

Operating loss for the Container Division for the second quarter of 2009 was $0.1 million compared to operating income of $2.8 million in the second quarter of 2008. The U.S. and Canadian plants posted losses for the quarter while the Mexican plant generated a profit. Operating income for the second quarter of 2009 is significantly lower than the last year's second quarter due to lower volumes, hedging losses on aluminum and lower income from scrap aluminum sales, partially offset by significant cost reductions and hedging gains on the U.S. dollar. Return on sales in the second quarter of 2009 was a 0.3% loss compared to a 7.1% return in last year's second quarter.

The aluminum container plant in Penetanguishene, Ontario, sells the vast majority of its production to the United States market in U.S. dollars. The business has hedged a part of the Canadian dollar value of these U.S. dollar sales by way of forward contracts. Overall, including the hedges, the favourable change in the exchange rates on U.S. currency transactions increased pre-tax income for the Container Division by $0.9 million in the second quarter of 2009.

The Container Division invested a minimal amount of capital in the first six months of 2009 at $1.9 million compared to $11.4 million in the same period last year primarily due to the construction of the new plant in Guanajuato, Mexico, in 2008. Depreciation and amortization for the first six months of 2009 and 2008 were $7.6 million and $4.9 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 73%, 43% and 13% of its expected 2009, 2010 and 2011 requirements respectively, with 2009 hedges at substantially higher costs than current levels. All of these hedges are matched to customer pricing contracts for 2010 and 2011. Aluminum market prices have dropped dramatically over the last year and resulted in a $1.7 million loss in the second quarter of 2009 from hedges not related to customer contracts compared to a $0.6 million gain in last year's second quarter. The past practice of hedging volumes not specifically tied to customer contracts has been discontinued.

Tube Division

($ millions)	Second Quarter			Year-To-Date		
	2009	**2008**	**+/-**	**2009**	**2008**	**+/-**
Sales	$ 17.0	$ 15.2	+12%	$ 35.5	$ 30.9	+15%
Operating Income (1)	$ 0.7	$ 0.3	+133%	$ 1.2	$ 0.4	+200%
Return on Sales (1)	4.1%	2.0%		3.4%	1.3%	
Capital Spending	$ 1.1	$ 1.5		$ 4.2	$ 2.8	
Depreciation and Amortization	$ 2.3	$ 1.7		$ 4.7	$ 3.4	

(1) Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.
n.m. = not meaningful

Sales in the second quarter for the Tube Division were $17.0 million, up 12% from $15.2 million last year. Sales increased for the quarter totally due to the impact of currency translation amounting to 15% with organic growth declining by 2%. Organic sales were down slightly for the quarter but this compares very favourably to many producers of plastic containers for high-end personal care products where demand remains weak and pricing influenced by significantly reduced resin pricing.

Operating income for the Tube Division for the second quarter of 2009 was $0.7 million, more than double the $0.3 million in the second quarter of 2008. Return on sales has increased to 4.1% in the second quarter of 2009 compared to a 2.0% return in the prior year's second quarter. Order levels in the second quarter were higher than the prior year comparable and continued profitability is expected for the third quarter given the order backlog in place today.

The Tube Division invested $4.2 million in capital in the first six months of 2009 primarily related to new equipment in the Los Angeles operation compared to $2.8 million in last year's first six months. Depreciation and amortization for the first six months of 2009 and 2008 were $4.7 million and $3.4 million, respectively. The Division also sold its planned Tube plant in Brazil and assets from the old facility in Los Angeles for $2.5 million cash.

4. Currency Translation and Currency Transaction Hedging

As only about 9% of CCL's sales are generated from Canadian manufacturing locations, the remaining 91% of sales from international operations are recorded in foreign currencies and then translated into Canadian dollars for reporting purposes. The U.S. dollar is the functional currency for approximately 38% of the Company's total sales and it appreciated relative to the Canadian dollar by a substantial 16% on average in the second quarter of 2009 versus last year's second quarter. In addition, European currencies are now the measurement currencies for approximately 37% of CCL's sales and the primary European currency, the euro, has also appreciated relative to the Canadian dollar by 1% versus the prior year's quarter while the U.K pound sterling depreciated by 9%. Changes in foreign exchange rates have historically had a major impact on profitability and increased earnings per share due to currency translation by $0.01 in the second quarter of 2009 compared to last year's quarter. Year-to-date, earnings per share have been positively affected by $0.06 due to currency translation compared to last year's six-month period.

The Container Division sells products from its Canadian plant into the U.S. market in U.S. dollars, as previously discussed. The Division hedged a portion of its U.S. dollar sales by selling forward a portion of its U.S. dollar inflows. Including these hedges, the significant change in the exchange rates on U.S. currency transactions increased comparative income for continuing operations by $0.9 million in the second quarter of 2009 and increased comparative earnings per share by $0.03 for the quarter. Currency transactions increased comparative income from operations for the first half of 2009 by $1.5 million or $0.04 per share.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

$ Millions	June 30, 2009	December 31, 2008	June 30, 2008
Total debt	$ 562.1	$ 592.5	$ 460.8
Cash and cash equivalents	(120.4)	(136.3)	(104.4)
Net debt [1]	$ 441.7	$ 456.2	$ 356.4
Shareholders' equity	$ 776.4	$ 750.5	$ 775.1
Net debt: total book capitalization [1]	36.3%	37.8%	31.5%
Book value per Class B share [1]	$ 23.99	$ 23.37	$ 24.33

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

The Company continues to have strong financial position. As of June 30, 2009, cash and cash equivalents amounted to $120 million compared to $104 million at June 30, 2008. Net debt (a non-GAAP measure, refer to definition in Section 13) was $442 million at June 30, 2009, $85 million higher than the net debt of $356 million at the end of June 2008. The increase in net debt was primarily due to unfavourable currency translation on U.S. dollar-denominated debt (U.S. dollar rate appreciated 16% over last year's comparable period), the significant capital spending program and the cost of strategic acquisitions in the prior year as previously described.

Net debt to total book capitalization (a non-GAAP measure, refer to definition in Section 13) at June 30, 2009, was 36%, up from 32% at June 2008 due to the capital spending and acquisition programs and the write-down of the Tube Division's goodwill in the fourth quarter of 2008. Book value per share, a non-GAAP measure, defined later in Section 13, was $23.99 at June 30, 2009, 1% below $24.33 a year ago.

The Company's debt structure is primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US$ 447.5 million (Cdn$ 520.4 million) and a five-year revolving line of credit of $95 million at June 30, 2009. This was unchanged from December 31, 2008. The Company's overall average interest rate is 5.5% 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, 2008. The IRSAs and CCIRSAs are discussed later in this report.

The Company has a revolving line of credit with a Canadian chartered bank for $95 million that expires in January 2013. As at the end of June 2009, the credit line was unused.

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

6. Cash Flow

During the second quarters of 2009 and 2008, the Company generated cash from operating activities of $54.9 million and $37.3 million, respectively. The increase in cash flow compared to last year's second quarter was primarily due to working capital reductions in 2009 compared to the second quarter of 2008.

Capital spending in the second quarter of $32.0 million compared to $50.9 million last year. This level of capital spending was higher than the $25.1 million of depreciation and amortization in the second quarter of 2009 and the $20.7 million in the second quarter of 2008. Plans for capital spending in 2009 are still expected to be in the $100 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 paid in each of the second quarters of 2009 and 2008 were $4.8 million and $4.5 million, respectively. The total number of shares issued and outstanding as at June 30, 2009 and 2008 was 32.4 million and 31.9 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 $0.1375 per Class A share and $0.15 per Class B share to shareholders of record as of September 16, 2009 and payable on September 30, 2009. The annualized dividend rate is $0.55 per Class A share and $0.60 per Class B share.

The Company's share repurchase program under a normal course issuer bid ("the bid") became effective March 23, 2009, indicating the intention to acquire under the bid up to 13,000 Class A voting shares and 2,100,000 of its issued and outstanding Class B non-voting shares in the following 12-month period. There have been no shares purchased under this new bid. Under CCL's previous normal course issuer bid, which expired on March 3, 2009, CCL purchased 618,000 Class B non-voting shares at a weighted average price per share of $29.27 and no Class A voting shares. There were no shares purchased under the prior bid after June 2008. All of the shares under the prior bid have been cancelled.

7. 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 has been to decrease interest expense by $0.7 million in the second quarter of 2009 compared to no effect in the second quarter of 2008. Interest coverage (a non-GAAP measure, defined later in Section 13) decreased to 3.7 times in 2009 compared to 6.5 times as at June 30, 2008.

8. 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, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets And EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.

Handbook Section 3064 replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill, subsequent to its initial recognition, and of intangible assets. Standards concerning goodwill are unchanged from the previous Section 3062. The new section requires certain costs that were previously deferred and amortized be expensed as incurred. Upon adoption of the new standard, the Company reduced 2009 opening retained earnings by $1.4 million due to the write-off of previously deferred start-up costs.

EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, requires an entity to account for its credit risk and counterparty credit risk in the measurement of financial assets and financial liabilities. The transitional adjustment to recognize the impact of EIC-173 resulted in a decrease of $2.2 million in Accumulated Other Comprehensive Loss on January 1, 2009.

B. Recently Issued Accounting Standards

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

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

Sections 1601 and 1602, together, replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS' IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

C. International Financial Reporting Standards

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

The Company is actively addressing the change to IFRS. CCL completed an initial review of IFRS analyzing the significant effects that their implementation may have on the Company. This review was enlightening and has provided a framework for developing the overall approach to implementing IFRS. In addition, CCL's corporate financial managers have been attending internal and external seminars on the details behind the transition.

The Company has designated the Senior Vice President and Chief Financial Officer as the executive responsible for the implementation of IFRS, including the staffing and financial resources required. In late 2008, an internal project leader was appointed to implement IFRS and, in early 2009, an outside consultant with IFRS experience in other jurisdictions was hired to plan the detailed roll-out of the project and to determine the changes that are required. The Company currently operates in certain countries that have implemented IFRS and expects that it will be able to leverage some of this knowledge during the transitional period.

The next phase of the process involves the roll-out of IFRS a) at the plant location level internationally and b) at the corporate level. These two areas require separate approaches due to the different financial processes in manufacturing operations versus the technical and complex financial issues, such as tax and treasury, at the corporate level. In addition, the corporate level is responsible for the preparation and publication of external financial statements and other related disclosures.

It is anticipated that the detailed analysis will be completed and the decisions about the new IFRS accounting policies will be reached by the end of the current year. Further detailed information about the conversion to IFRS will be provided in the annual 2009 MD&A.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 15 of the 2008 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 2009 and has not made any material changes in critical accounting estimates in the second quarter of 2009.

10. Controls and Procedures

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

As at December 31, 2008, and June 30, 2009, based on the continued evaluation of the disclosure controls and procedures, the CEO and CFO have concluded that CCL's disclosure controls and procedures, as defined in National Instrument 52-109 ("NI 52-109"), are effective to ensure that information required to be disclosed in reports and documents that CCL files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

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

As December 31, 2008, and June 30, 2009, the CEO and the CFO certified that they were in compliance with NI 52-109 regarding internal control over financial reporting.

11. Risks and Strategies

The 2008 Management's Discussion and Analysis in the Annual Report detailed risks to the Company's business and the strategies that were planned for 2009 and beyond. Although the financial crisis and the global recession have added a significant degree of uncertainty and volatility for all businesses in this environment, there have been no material changes to those risks and strategies.

12. Outlook

The Company's strategy is to continue to focus on the growth prospects of its specialty packaging businesses and to stay within its core competencies. At the same time, cash, liquidity and reducing operating costs have become primary concerns in these uncertain times. The Company will continue to focus on its cash management and be rigorous in its reinvestment plans with a goal of not diminishing its available lines of credit. Cash flow generation from existing assets will be critical in determining the size of the capital spending program for the remainder of 2009 and into 2010. Although valuations for businesses have become more favourable for acquirers in the last year, the Company will remain prudent about acquisitions at this time. CCL is continuing to integrate and reorganize the large number of recent acquisitions it has made to reduce costs and simplify administration. The Company may buy back its stock if it is compelling in enhancing shareholder value as long as it does not have a significant impact on the Company's liquidity position.

The remainder of 2009 is expected to remain challenging given the current macroeconomic environment. These uncertain and volatile conditions have negatively impacted the level of business activity in all divisions with a presence in the Home and Personal Care market. Although there were signs of improvements in segments of the Label business and continuing growth in emerging markets these are not enough to offset lower demand levels in our largest market. Many actions have been taken to restore profitability to the Container Division but these are unlikely to have significant impact in 2009. Challenges also exist in pricing with commodity prices extremely volatile and global customers focusing more on cost reductions to manage their margins in these difficult economic times. The weakness of the Canadian dollar relative to the U.S. dollar and the euro positively impacted earnings for the first six months of 2009 compared to 2008. Based on current exchange rates, comparative translation and transaction losses would occur in the second half of 2009. Interest income on cash on hand has been reduced to nominal amounts due to negligible interest rates and this does not appear to be improving. CCL's income tax rate is subject to the mix of jurisdictions and tax rates where income is earned and the ability, or inability, to tax benefit tax losses generated in certain jurisdictions for accounting purposes. It is expected that the Company's tax rate will fluctuate significantly.

13. 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.

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

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

Days of Working Capital Employed - A measure indicating the relative liquidity and asset intensity of the Company's working capital. It is calculated by multiplying the net working capital by the number of days in the quarter and then dividing by the quarterly sales. Net working capital includes accounts receivable, inventory, other receivables and prepaid expenses, accounts payable and accruals, income and other taxes payable.

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

Growth Rate in Earnings per Share – A measure indicating the percentage change in Adjusted Basic Earnings per Class B Share (see definition above).

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 items before goodwill impairment loss, restructuring and other items and favourable tax adjustments plus net interest expense, divided by net interest expense.

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

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

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

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 the restructuring and other items and favourable tax adjustments by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's results because the timing and extent of such items do not reflect or relate to the Company's ongoing operating performance. Management evaluates the operating income of its divisions before the effect of these items.

Return on Equity ("ROE") before goodwill impairment loss, restructuring and other items and favourable tax adjustments - A measure that provides insight into the effective use of shareholder capital in generating ongoing net earnings. ROE is calculated by dividing annual net income before goodwill impairment loss, restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity.

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

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

Total 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. Total debt to total book capitalization is defined as Total Debt (see definition above) divided by Total Debt plus shareholders' equity, expressed as a percentage.