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

CCL INDUSTRIES INC.

Interim periods ended March 31, 2011 and 2010
Unaudited

CCL Industries Inc.

Consolidated condensed statements of financial position
Unaudited

In thousands of Canadian dollars	***Note***	**As at March 31 2011**	**As at December 31 2010**	**As at January 1 2010**
Assets				
Current assets				
Cash and cash equivalents	*9*	$ 92,134	$ 173,197	$ 150,594
Trade and other receivables	*10*	198,369	173,066	167,374
Prepaid expenses		6,764	5,983	5,656
Income and other taxes recoverable		-	2,457	-
Inventories	*11*	82,311	77,863	75,530
Total current assets		379,578	432,566	399,154
Property, plant and equipment	*6*	706,906	704,403	744,707
Other investments		37,611	39,199	44,269
Deferred tax assets		54,593	54,956	51,799
Intangible assets	*7*	36,697	38,053	45,192
Goodwill	*7*	348,880	350,527	358,794
Total non-current assets		1,184,687	1,187,138	1,244,761
Total assets		$1,564,265	$1,619,704	$1,643,915
Liabilities				
Current liabilities				
Bank advances		$ 669	$ 497	$ -
Trade and other payables	*13*	208,736	222,072	205,914
Income and other taxes payable		11,994	-	10,943
Current portion of long-term debt	*15*	16,440	87,147	49,201
Total current liabilities		237,839	309,716	266,058
Long-term debt	*15*	338,427	346,750	447,672
Employee benefits	*14*	69,035	66,219	65,479
Provisions and other long-term liabilities		10,940	8,616	12,010
Deferred tax liabilities		111,895	119,076	117,469
Total non-current liabilities		530,297	540,661	642,630
Total liabilities		768,136	850,377	908,688

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

CCL Industries Inc.

Consolidated condensed statements of financial position

Unaudited

In thousands of Canadian dollars	***Note***	**As at March 31 2011**	**As at December 31 2010**	**As at January 1 2010**
Equity				
Share capital	*12*	210,387	208,666	201,339
Contributed surplus		8,086	7,688	4,676
Retained earnings		593,809	572,748	525,316
Accumulated other comprehensive loss	*16*	(16,153)	(19,775)	3,896
Total equity attributable to shareholders of the Company		796,129	769,327	735,227
Total liabilities and equity		$ 1,564,265	$1,619,704	$1,643,915

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

CCL Industries Inc.

Consolidated condensed income statements
Unaudited

For the three month period ended March 31

In thousands of Canadian dollars, except per share information	***Note***	**2011**	**2010**
Revenue		$ 315,625	$ 307,131
Cost of sales		238,037	234,238
Gross profit		77,588	72,893
Selling, general and administrative expenses		35,142	34,246
Restructuring and other items		542	-
Results from operating activities		41,904	38,647
Finance cost		5,989	6,772
Finance income		324	230
Net finance cost		5,665	6,542
Earnings before income tax		36,239	32,105
Income tax expense		9,419	7,548
Net earnings for the period		$ 26,820	$ 24,557
Attributable to:			
Shareholders of the Company		26,820	24,557
Net earnings for the period		$ 26,820	$ 24,557
Earnings per share			
Basic earnings per Class B share	*12*	$ 0.81	$ 0.75
Diluted earnings per Class B share	*12*	$ 0.80	$ 0.74

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

CCL Industries Inc.

Consolidated condensed statements of comprehensive income
Unaudited

For the period ended March 31

In thousands of Canadian dollars	***Note***	**2011**	**2010**
Net earnings for the period		$ 26,820	$ 24,557
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment for foreign operations, net of tax recovery of $295 (2010 - tax expense $35)		(1,982)	(40,428)
Net gain on hedge of net investment in foreign operations, net of tax expense of $918 (2010 – tax expense $2,956)		5,927	19,114
Effective portion of changes in fair value of cash flow hedges, net of tax expense of nil (2010 – tax recovery $72)		(846)	(1,356)
Net change in fair value of cash flow hedges transferred to income statement, net of tax expense of $142 (2010 – tax recovery $5)		523	1,254
Actuarial losses on defined benefit pension plans, net of tax recovery of $103 in 2010		-	(284)
Other comprehensive income (loss), net of tax		3,622	(21,700)
Total comprehensive income		$ 30,442	$ 2,857
Attributable to:			
Shareholders of the Company		30,442	2,857
Total comprehensive income for the period		$ 30,442	$ 2,857

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

CCL Industries Inc.

Consolidated condensed statements of changes in equity
Unaudited

For the period ended March 31

In thousands of Canadian dollars	***Note***	**2011**	**2010**
Share capital			
Class A shares, beginning of period		$ 4,517	$ 4,517
Class A shares, end of period	*12*	4,517	4,517
Class B shares, beginning of period		213,691	206,874
Stock options exercised, Class B		1,340	1,159
Class B shares, end of period		215,031	208,033
Executive share purchase plan loans, beginning of period		(233)	(916)
Repayment of executive share purchase plan loans		-	683
Executive share purchase plan loans, end of period		(233)	(233)
Shares held in trust, beginning of period		(9,309)	(9,136)
Shares redeemed from trust		425	-
Shares purchased and held in trust		(44)	(41)
Shares held in trust, end of period		(8,928)	(9,177)
Share capital, end of period		210,387	203,140
Accumulated other comprehensive income (loss)			
Accumulated other comprehensive income (loss), beginning of period		(19,775)	3,896
Other comprehensive income (loss)		3,622	(21,416)
Accumulated other comprehensive, end of period	*16*	(16,153)	(17,520)
Contributed surplus:			
Contributed surplus, beginning of period		7,688	4,676
Stock option expense		400	332
Stock options exercised		(267)	(175)
Stock-based compensation plan		265	567
Contributed surplus, end of period		8,086	5,400

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

CCL Industries Inc.

Consolidated condensed statements of changes in equity (Continued)

Unaudited

For the period ended March 31

In thousands of Canadian dollars	**2011**	**2010**
Retained earnings, beginning of period:	572,748	525,316
Net earnings	26,820	24,557
Defined benefit plan actuarial losses, net of tax	-	(284)
Dividends:		
Class A	386	350
Class B	5,373	4,868
Total dividends to shareholders	5,759	5,218
Retained earnings, end of period	593,809	544,371
Total shareholders' equity, end of period	$ 796,129	$ 735,391

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

CCL Industries Inc.
Consolidated condensed statements of cash flows
Unaudited

For the period ended March 31

In thousands of Canadian dollars	***Note***	**2011**	**2010**
Cash provided by (used for)			
Operating activities			
Net earnings		$ 26,820	$ 24,557
Adjustments for:			
Depreciation and amortization	*4*	23,950	24,154
Restructuring and other items, net of tax		350	-
Equity-settled share-based payment transactions		1,090	899
Deferred taxes		11	(2,269)
Gain on sale of property, plant and equipment		(453)	(38)
		51,768	47,303
Change in inventories		(4,448)	3,379
Change in trade and other receivables		(25,303)	(30,370)
Change in prepaid expenses		1,174	835
Change in trade and other payables		(13,336)	(10,316)
Change in income and other taxes payable		14,451	(6,135)
Change in employee benefits		2,816	(1,061)
Change in other assets and liabilities		(9,257)	3,661
Cash provided by operating activities		17,865	7,296
Financing activities			
Proceeds on issuance of long-term debt		1,040	1,592
Repayment of long-term debt	*15*	(68,472)	(615)
Increase in bank advances		172	533
Issue of shares		1,073	984
Repayment of executive share purchase plan loans		-	683
Dividends paid		(5,802)	(5,260)
Cash used for financing activities		(71,989)	(2,083)

CCL Industries Inc.

Consolidated condensed statements of cash flows (Continued)
Unaudited

For the period ended March 31

In thousands of Canadian dollars	***Note***	**2011**	**2010**
Investing activities			
Additions to property, plant and equipment	*4*	(25,841)	(21,222)
Proceeds on disposal of property, plant and equipment		664	68
Business acquisitions	*17*	(1,955)	(1,239)
Cash used for investing activities		(27,132)	(22,393)
Translation adjustments on cash and cash equivalents		193	(6,798)
Net decrease in cash and cash equivalents		(81,063)	(23,978)
Cash and cash equivalents at beginning of period		173,197	150,594
Cash and cash equivalents at end of period		**$ 92,134**	**$ 126,616**

Interest paid	$ 11,883	$ 13,385
Interest received	$ 326	$ 230
Taxes paid	$ 3,216	$ 5,024

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

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

1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim period ended March 31, 2011, comprise the Company and its subsidiaries and the Company's interest in associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, containers and tubes.

2. Basis of preparation

(a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). These are the Company's first consolidated condensed interim financial statements under IFRS, and they have been prepared in accordance with IAS 34, *Interim Financial Reporting* and by IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). As these are consolidated condensed interim financial statements, not all IFRS disclosures have been included.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 19.

As these consolidated condensed interim financial statements are the company's first consolidated condensed financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the company's most recent annual financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") have been included in these consolidated condensed interim financial statements for the comparative period. These selected additional disclosures are set out in notes 6 to 18.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2010 annual financial statements.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 5, 2011.

(b) Basis of measurement

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

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

2. Basis of preparation (Continued)

(c) Functional and presentation currency

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all comparative information presented in these consolidated condensed interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010, for the purposes of transition to IFRS, unless otherwise indicated.

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation (see note 19).

(a) Basis of consolidation

(i) Business combinations

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Acquisitions prior to January 1, 2010

As part of its transition to IFRS, the Company elected to apply the requirements of IFRS to only those business combinations that occurred on or after January 1, 2010. In respect of acquisitions prior to January 1, 2010, goodwill represents the amount recognized under previous Canadian GAAP.

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

3. Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated condensed interim financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed, when necessary, to align them with the policies adopted by the Company.

(iii) Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated condensed interim financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that it ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated condensed interim financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (Continued)

(b) Foreign currency

The functional and presentation currency of the Company is the Canadian dollar.

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized directly in other comprehensive income (see note 3(b)(iii) below). Foreign currency denominated non-monetary items, measured at historical cost, have been translated at the rate of exchange at the transaction date.

(ii) Foreign operations

The financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rates for the period.

Foreign currency differences are recognized directly in other comprehensive income in the cumulative foreign currency translation account.

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

3. Significant accounting policies (Continued)

(b) Foreign currency (Continued)

(ii) Foreign operations (Continued)

When a foreign operation is disposed of, the amount in other comprehensive income related to the foreign operation is fully transferred to the income statement. A disposal occurs when the entire interest in the foreign operation is disposed of, or in the case of a partial disposal, the partial disposal results in the loss of control of a subsidiary or loss of significant influence. For any partial disposal of the Company's interest in a subsidiary that includes a foreign operation, the Company re-attributes the proportionate share of the relevant amounts in other comprehensive income to non-controlling interests. For any other partial disposal of a foreign operation, the Company reclassifies to the income statement only the proportionate share of the relevant amount in other comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in other comprehensive income and presented within the foreign currency translation adjustment.

(iii) Hedge of net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in other comprehensive income, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the income statement. When the hedged part of a net investment is disposed of or partially disposed of, the associated cumulative amount in equity is transferred to the income statement as an adjustment to the income statement on disposal in accordance with the policy described in note 3 (b)(ii) above.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents comprise cash on hand and short-term investments with original maturity dates of 90 days or less.

3. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(i) Non-derivative financial instruments (Continued)

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables. The carrying value of trade and other receivables is net of an allowance for doubtful accounts. The allowance is based upon the aging of the receivables, the Company's knowledge of the financial condition of its customers, historical experience and the current business environment.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, the attributable transaction costs are recognized in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the previous categories and are included in other investments.

These items are initially recognized at fair value plus transaction costs and are subsequently carried at fair value with changes recognized in other comprehensive income. When an investment is derecognized the accumulated gain or loss recognized in other comprehensive income is transferred to the income statement.

3. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, bank advances, and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments, including hedge accounting

The Company uses derivative financial instruments to manage its foreign currency and interest rate risk exposure and price risk exposures related to the purchase of raw materials. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(iii) Derivative financial instruments, including hedge accounting (Continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in unrealized gains/losses on cash flow hedges in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases, the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges

These are hedges of the fair value of recognized assets, liabilities or an unrecognized firm commitment. Changes in the fair value of derivatives that are designated as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in the income statement.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in the income statement.

3. Significant accounting policies (Continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Borrowing costs related to the acquisition, construction or production of qualifying assets is capitalized as part of the cost of the assets. This has been the Company's policy since January 1, 2005. Under IFRS 1, the Company may elect a date prior to the date of transition to IFRS as their date for meeting this requirement. As such, any borrowing costs incurred that were related to the acquisition, construction or production of qualifying assets prior to January 1, 2005, have not been capitalized as part of the cost of those assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in the income statement.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3. Significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

(ii) Depreciation

Depreciation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

- buildings — Up to 40 years
- machinery and equipment — Up to 15 years
- fixtures and fittings — Up to 10 years
- minor components — Up to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and is tested for impairment annually or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. For measurement of goodwill at initial recognition, see note 3(a)(i).

In respect of acquisitions prior to January 1, 2010, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Canadian GAAP.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

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

3. Significant accounting policies (Continued)

(e) Intangible assets (Continued)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement when incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the income statement as incurred.

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

3. Significant accounting policies (Continued)

(e) Intangible assets (Continued)

(v) Amortization

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- patents and trademarks — Up to 10 years
- software — Up to 5 years
- customer relationships — Up to 15 years

(f) Leased assets

Leases for which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets under operating leases are not recognized.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

3. Significant accounting policies (Continued)

(h) Impairment

(i) Financial assets, including receivables

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred after the initial recognition of the assets and have a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate and reflected in an allowance account against accounts receivable. Losses are recognized in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value and is recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

3. Significant accounting policies (Continued)

(h) Impairment (Continued)

(i) Financial assets, including receivables (Continued)

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the impairment would be recognized in the income statement.

Impairments are recorded when the recoverable amount of assets are less than their carrying amounts. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Impairment losses, other than those relating to goodwill, are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

The carrying values of all intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, the carrying values of goodwill are tested annually for impairment.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The carrying amount of an equity accounted investment includes goodwill.

3. Significant accounting policies (Continued)

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the income statement in the period that the service is rendered by the employee.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using a discount rate comparable to high quality corporate bonds. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

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

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

(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided.

3. Significant accounting policies (Continued)

(i) Employee benefits (Continued)

(v) Share-based payment transactions

For equity-settled share based plans, the grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met.

The fair value of the amount payable for deferred share units, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in the income statement.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(ii) Site restoration (environmental)

In accordance with the Company's environmental policy and applicable legal requirement, a provision for site restoration in respect of contaminated land, and the related expense, is recognized when the land is contaminated.

(iii) Sales returns and allowances

A provision for sales returns and allowances is recognized when the underlying products are sold. The provision is based on an evaluation of product currently under quality assurance review as well as historical sales returns experience.

3. Significant accounting policies (Continued)

(k) Revenue

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized and related costs transferred to cost of sales when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Generally, this would be at the time the goods are shipped. At that time, persuasive evidence of an arrangement exists, the price to the customer is fixed and ultimate collection is reasonably assured.

(ii) Government grants

Government grants are recognized initially as deferred revenue when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognized in the income statement on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the income statement on a systematic basis over the useful life of the asset.

(l) Lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) Finance income and costs

Finance income comprises interest income on invested funds including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in the income statement. Interest income is recognized as it accrues in the income statement, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in the income statement. All borrowing costs are recognized in the income statement using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

Foreign currency gains and losses are reported on a net basis.

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

3. Significant accounting policies (Continued)

(n) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period and includes any adjustments to taxes payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

(iii) Deferred tax liabilities

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates except where the reversal of the temporary difference can be controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

(iv) Deferred tax assets

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill or in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and that affects neither accounting nor taxable profit or loss.

3. Significant accounting policies (Continued)

(o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its Class B shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all potentially dilutive shares, which primarily comprise share options granted to employees.

(p) Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year and of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. In particular, the amounts recorded for inventories, redundant assets, bad debts, derivatives, income taxes, restructuring, pension and other post-retirement benefits, contingencies and litigation, environmental matters, outstanding self-insured claims, depreciation and amortization of property, plant and equipment, and the valuation of goodwill are based on estimates. Actual results could differ from those estimates.

(q) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business and geographical segments. The Company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets, other than goodwill.

(r) New standards and interpretations not yet adopted

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

4. Segment reporting

Business segments

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

The Company is comprised of the following main business segments:

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

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

4. Segment reporting (Continued)

Business segments
Three months ended March 31

	Sales		Operating Income	
	2011	**2010**	**2011**	**2010**
Label	$ 247,756	$ 248,904	$ 41,846	$ 43,006
Container	47,651	40,315	3,740	(1,732)
Tube	20,218	17,912	3,098	2,053
	$ 315,625	$ 307,131	48,684	43,327
Corporate expenses			(6,238)	(4,680)
Restructuring and other items			(542)	-
Finance cost, net			(5,665)	(6,542)
Income tax expense			(9,419)	(7,548)
Net earnings			$ 26,820	$ 24,557

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
					Three months ended March 31		Three months ended March 31	
	March 31 2011	December 31 2010	March 31 2011	December 31 2010	2011	2010	2011	2010
Label	$ 1,155,953	$ 1,118,220	$ 336,148	$ 337,792	$ 18,693	$ 18,562	$ 23,488	$ 20,893
Container	169,137	165,097	12,732	12,735	3,394	3,600	1,374	226
Tube	49,122	51,940	-	-	1,781	1,917	979	94
Corporate	190,053	284,447	-	-	82	75	-	9
Total	$ 1,564,265	$ 1,619,704	$ 348,880	$ 350,527	$ 23,950	$ 24,154	$ 25,841	$ 21,222

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

5. Acquisitions of subsidiary

In March 2010, the Company completed the purchase of Purbrick Pty Ltd. ("Purbrick"), a privately held company based in Melbourne, Australia. Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia. The purchase price was $1.2 million, net of cash acquired.

Details of the transaction are as follows:

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

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

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6. Property, plant and equipment

	Land and buildings	Machinery and equipment	Fixtures, fittings and other	Total
Cost				
Balance at January 1, 2010	$ 252,658	$ 895,147	$ 17,728	$1,165,533
Additions	9,597	74,746	1,651	85,994
Disposals	(888)	(20,303)	(105)	(21,296)
Acquisitions through business combinations	-	7,493	372	7,865
Effect of movements in exchange rates	(15,266)	(51,243)	(1,326)	(67,835)
Balance at December 31, 2010	$ 246,101	$ 905,840	$ 18,320	$1,170,261
Accumulated depreciation and impairment losses				
Balance at January 1, 2010	$ 57,290	$ 353,511	$ 10,025	$ 420,826
Depreciation for the period	9,647	77,626	2,229	89,502
Disposals	(678)	(16,986)	(103)	(17,767)
Acquisitions through business combinations	-	4,908	324	5,232
Effect of movements in exchange rates	(4,971)	(26,046)	(918)	(31,935)
Balance at December 31, 2010	$ 61,288	$ 393,013	$ 11,557	$ 465,858
Carrying amounts				
At January 1, 2010	$ 195,368	$ 541,636	$ 7,703	$ 744,707
At December 31, 2010	$ 184,813	$ 512,827	$ 6,763	$ 704,403
At March 31, 2011	$ 192,157	$ 507,861	$ 6,888	$ 706,906

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

7. Intangible assets and goodwill

	Customer relationships	*Patents and trade marks*	*Software*	*Total*	*Goodwill*
Cost					
Balance at January 1, 2010	$ 65,977	$ 9,348	$ 14,542	$ 89,867	$ 358,794
Additions	-	254	-	254	-
Disposals	-	(284)	-	(284)	-
Effect of movements in exchange rates	(1,469)	(2,393)	(334)	(4,196)	(8,267)
Balance at December 31, 2010	$ 64,508	$ 6,925	$ 14,208	$ 85,641	$ 350,527
Amortization and impairment losses					
Balance at January 1, 2010	$ 23,642	$ 7,435	$ 13,598	$ 44,675	-
Amortization for the period	5,643	235	198	6,076	-
Disposals	-	(284)	-	(284)	-
Effect of movements in exchange rates	(794)	(1,595)	(490)	(2,879)	-
Balance at December 31, 2010	$ 28,491	$ 5,791	$ 13,306	$ 47,588	-
Carrying amounts					
At January 1, 2010	$ 42,335	$ 1,913	$ 944	$ 45,192	$ 358,794
At December 31, 2010	$ 36,017	$ 1,134	$ 902	$ 38,053	$ 350,527
At March 31, 2011	$ 34,790	$ 1,122	$ 785	$ 36,697	$ 348,880

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

8. Equity accounted investee

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

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

	Ownership	Total assets	Total liabilities	Total revenue	Profit / (loss)
March 31, 2011					
CCL-Kontur (associate)	50%	$26,149	$14,254	$ 4,942	$ (85)
December 31, 2010					
CCL-Kontur (associate)	50%	$28,058	$15,603	$35,544	$ 992
January 1, 2010					
CCL-Kontur (associate)	50%	$26,667	$13,762	$ -	$ -

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

9. Cash and cash equivalents

	Mar 31 2011	Dec 31 2010	Jan 1 2010
Bank balances	$ 74,958	$ 89,412	$ 74,022
Short-term investments	17,176	83,785	76,572
Cash and cash equivalents	$ 92,134	$173,197	$150,594

10. Trade and other receivables

	Mar 31 2011	Dec 31 2010	Jan 1 2010
Trade receivables	$186,235	$154,850	$148,688
Other receivables	12,134	18,216	18,686
Trade and other receivables	$198,369	$173,066	$167,374

11. Inventories

	Mar 31 2011	Dec 31 2010	Jan 1 2010
Raw material	$ 36,070	$ 32,978	$ 33,736
Work in progress	9,048	7,743	9,949
Finished goods	37,193	37,142	31,845
Total inventories	$ 82,311	$ 77,863	$ 75,530

12. Capital

(a) Share capital

(i) Class A

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

(ii) Class B

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

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

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

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

(b) Earnings per share

The calculation of basic earnings per share at March 31, 2011, was based on profit attributable to Class A shares of $1.9 million (2010 - $1.8 million) and Class B shares of $24.9 million (2010 - $22.8 million) and a weighted average number of Class A shares outstanding of 2,374,025 (2010 - 2,374,025) and Class B shares outstanding of 30,655,593 (2010 - 30,374,288).

The calculation of diluted earnings per share on March 31, 2011, was based on profit attributable to Class A shares of $1.9 million (2010 - $1.8 million) and Class B shares of $24.9 million (2010 - $22.8 million) and a weighted average number of Class A shares outstanding of 2,374,025 (2010 - 2,374,025) and Class B shares outstanding of 31,360,060 (2010 - 30,919,136).

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

13. Trade and other payables

	Mar 31 2011	Dec 31 2010	Jan 1 2010
Trade payables	$135,680	$127,778	$115,908
Non-trade payables and accrued expenses	73,056	94,294	90,006
Trade and other payables	$208,736	$222,072	$205,914

14. Employee benefits

The Company maintains a registered funded defined benefit pension plan in Canada for designated executives and a registered funded defined benefit pension plan in the U.K. that is closed to new members. It also maintains non-registered, unfunded supplemental retirement arrangements for designated Canadian executives and three retired U.S. executives, and a post-employment deferred compensation plan for designated executives in the U.S. In Germany, it has an unfunded defined benefit plan. In Austria, France, Italy, Mexico and Thailand, the Company accrues for unfunded legislated retirement benefits. The Company has defined contribution post-employment plans in Canada, the U.S., Austria, Australia, Thailand, the U.K. and Vietnam.

The Company also has long-term incentive plans with cash and share-based payments, long-service leave plans and jubilee plans in various countries around the world.

Upon transition to IFRS, the Company has chosen to record all actuarial gains and losses in other comprehensive income, and report them in retained earnings. Previously, the Company used the 10% corridor method to record actuarial gains and losses.

The table below provides information as at December 31, 2010, regarding the defined benefit pension plans, supplemental retirement plans and other post-employment benefit plans discussed above:

	December 31, 2010
Present value of unfunded defined benefit obligations	$ 55,441
Present value of funded defined benefit obligations	28,834
Total present value of obligations	84,275
Fair value of plan assets	(19,540)
Recognized liability for defined benefit obligations	64,735
Long-term incentive plans	1,792
Liability for long-service leave and jubilee plans	1,600
Cash-settled share-based payment liability	1,654
Total employee benefits	69,781
Total employee benefits reported in accrued liabilities	3,562
Total employee benefits reported in non-current liabilities	$ 66,219

Information for December 31 regarding the defined benefit post-employment plans, including the defined benefit pension plans, supplemental retirement plans, deferred compensation plan and other post-employment defined benefits plans was provided in the Company's 2010 annual report. With the conversion to IFRS, actuarial gains and losses are recognized immediately in other comprehensive income. This change, from the 10% corridor method, and the transfer of the deferred compensation benefit into this note, has resulted in the following changes to the accrued benefit liability and 2010 expenses as shown below:

14. Employee benefits (continued)

December 31, 2010	Canada/ U.S.	UK	Germany	Other	Total
Accrued defined benefit liability as reported under Canadian GAAP	$ 13,153	$ (537)	$ 6,539	$ 4,737	$ 23,892
Deferred compensation plan liability*	21,581	-	-	-	21,581
January 1, 2010, adjustments due to transition to IFRS	9,523	8,505	(9)	353	18,372
2010 adjustments due to transition to IFRS	1,311	(1,055)	481	153	890
Accrued defined benefit liability as reported under IFRS, December 31, 2010	$ 45,568	$ 6,913	$ 7,011	$ 5,243	$ 64,735

*previously reported in the long-term liabilities note

2010	Canada/ U.S.	UK	Germany	Other	Total
Net defined benefit plan expense as reported under Canadian GAAP	$ 1,499	$ 671	$ 552	$ 667	$ 3,389
2010 adjustments due to transition to IFRS	(265)	(304)	-	(34)	(603)
Deferred compensation plan expenses*	1,614	-	-	-	1,614
Net defined benefit plan expense as reported under IFRS, December 31, 2010	$ 2,848	$ 367	$ 552	$ 633	$ 4,400

*previously reported in the long-term liabilities note

15. Long-term debt

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

16. Accumulated other comprehensive loss

	Mar 31 2011	Dec 31 2010
Unrealized foreign currency translation losses, net of tax expense of $2,680 (2010 – tax expense $2,057)	$ (17,223)	$ (21,168)
Gains on derivatives designated as cash flow hedges, net of tax expense of $449 (2010 – tax expense $591)	1,070	1,393
	$ (16,153)	$ (19,775)

17. Commitments

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

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

18. Subsequent events

In April 2011, CCL acquired Thunder Press Inc., a privately owned label company located near Chicago that operated under the trade name “Sertech.” The acquired business produces patient instructional leaflets, commonly known as “inserts and outserts” for leading pharmaceutical customers in the United States. CCL anticipates the final purchase price will be approximately US$10.0 million in a combination of cash and assumed debt. The acquired company will immediately change its trading name to CCL Label.

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

19. Explanation of transition to IFRS

As stated in note 2(a), these are the Company's first consolidated condensed interim financial statements prepared in accordance with IFRS.

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

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, January 1, 2010

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

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, January 1, 2010 (Continued)

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, December 31, 2010

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

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, December 31, 2010 (Continued)

	Notes	Canadian GAAP balance	IFRS reclass-ifications	IFRS adjustments	IFRS balance	
Long-term debt	(c)	347,733	-	(983)	346,750	Long-term debt
	(f),(g)	-	46,667	19,552	66,219	Employee benefits
Other long-term items		55,283	(55,283)	-	-	
		-	8,616	-	8,616	Provisions and other long-term liabilities
Future income tax liabilities	(d)	120,682	-	(1,606)	119,076	Deferred tax liabilities
Total non-current liabilities		523,698	-	16,963	540,661	**Total non-current liabilities**
Total liabilities		$ 833,414	$ -	$ 16,963	$ 850,377	**Total liabilities**
Equity						**Equity**
Share capital		$ 208,666	$ -	$ -	$ 208,666	Share capital
Contributed surplus	(e)	6,741	-	947	7,688	Contributed surplus
Retained earnings		693,017	-	(120,269)	572,748	Retained earnings
Accumulated other comprehensive loss	(b),(c)	(119,427)	-	99,652	(19,775)	Accumulated other comprehensive loss
Total equity attributable to shareholders of the Company		788,997	-	(19,670)	769,327	**Total equity attributable to shareholders of the Company**
Total liabilities and equity		$1,622,411	$ -	$ (2,707)	$1,619,704	**Total liabilities and equity**

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, March 31, 2010

		Canadian GAAP balance	IFRS reclass-ification	IFRS adjustments	IFRS balance	
Assets	***Notes***					
Current assets						**Current assets**
Cash and cash equivalents		$126,616	$ -	$ -	$ 126,616	Cash and cash equivalents
Trade and other receivables		-	199,167	-	199,167	Trade and other receivables
Accounts receivable, trade		176,251	(176,251)	-	-	
Other receivables and prepaid expenses		27,773	(27,773)	-	-	
		-	4,857	-	4,857	Prepaid expenses
Inventories		72,583	-	-	72,583	Inventories
Total current assets		403,223	-	-	403,223	**Total current assets**
Property, plant and equipment	(d)	724,881	(944)	(6,199)	717,738	Property, plant and equipment
		-	44,476	-	44,476	Other investments
Other assets		45,677	(45,677)	-	-	
Future income tax assets	(c),(d),(e), (f),(g),(h)	47,364	-	5,812	53,176	Deferred tax assets
Intangible assets		40,405	2,145	-	42,550	Intangible assets
Goodwill		352,647	-	-	352,647	Goodwill
Total non-current assets		1,210,974	-	(387)	1,210,587	**Total non-current assets**
Total assets		$ 1,614,197	$ -	$ (387)	$1,613,810	**Total assets**
Liabilities						
Current liabilities						
Bank advances		$ 533	$ -	$ -	$ 533	Bank advances
Accounts payable and accrued liabilities		197,270	(665)	-	196,605	Trade and other payables
Income and other taxes payable		4,854	-	-	4,854	Income and other taxes payable
Current portion of long-term debt	(c)	119,238	-	(89)	119,149	Current portion of long-term debt
Total current liabilities		$ 321,895	(665)	(89)	$ 321,141	**Total current liabilities**

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

19. Explanation of transition to IFRS (Continued)

Reconciliation of equity, March 31, 2010 (Continued)

	Notes	Canadian GAAP balance	IFRS reclass-ifications	IFRS adjustments	IFRS balance	
Long-term debt	(c)	365,751	-	(1,112)	364,639	Long-term debt
	(f),(g)	-	45,687	18,731	64,418	Employee benefits
Other long-term items		56,017	(56,017)	-	-	Other long-term items
		-	10,995	-	10,995	Provisions and other long-term liabilities
Future income tax liabilities	(d)	118,598	-	(1,372)	117,226	Deferred tax liabilities
Total non-current liabilities		540,366	665	16,247	557,278	**Total non-current liabilities**
Total liabilities		$ 862,261	$ -	$ 16,158	$ 878,419	**Total liabilities**
Equity						**Equity**
Share capital		$ 203,140	$ -	$ -	$ 203,140	Share capital
Contributed surplus	(e)	4,510	-	890	5,400	Contributed surplus
Retained earnings		661,392	-	(117,021)	544,371	Retained earnings
Accumulated other comprehensive loss	(b)	(117,106)	-	99,586	(17,520)	Accumulated other comprehensive loss
Total equity attributable to shareholders of the Company		751,936	-	(16,545)	735,391	**Total equity attributable to shareholders of the Company**
Total liabilities and equity		$1,614,197	$ -	$ (387)	$1,613,810	**Total liabilities and equity**

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

19. Explanation of transition to IFRS (Continued)

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

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue		$1,192,318	$ -	$1,192,318
Cost of sales		916,461	1,046	917,507
Gross profit		275,857	(1,046)	274,811
Selling, general and administration expenses		151,115	(498)	150,617
Restructuring and other items		29	196	225
Results from operating activities		124,713	(744)	123,969
Finance costs		26,133	223	26,356
Finance income		1,071	-	1,071
Net finance costs		25,062	-	25,285
Earnings before income taxes		99,651	(967)	98,684
Income tax expense		28,514	(246)	28,268
Net earnings for the year		$ 71,137	$ (721)	$ 70,416
Attributable to:				
Shareholders of the Company		$ 71,137		$ 70,416
Net earnings for the year		$ 71,137		$ 70,416
Earnings per share				
Basic earnings per Class B share		$ 2.17		$ 2.15
Diluted earnings per Class B share		$ 2.13		$ 2.11

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

19. Explanation of transition to IFRS (Continued)

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

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Net earnings for the year		$ 71,137	$ (721)	$ 70,416
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations		(52,136)	1,106	(51,030)
Net gain on hedge of net investment in foreign operations		30,521	(1,040)	29,481
Effective portion of changes in fair value of cash flow hedges		(3,007)	-	(3,007)
Net change in fair value of cash flow hedges transferred to income statement		885	-	885
Defined benefit plan actuarial losses		-	(1,137)	(1,137)
Other comprehensive loss, net of tax		(23,737)	(1,071)	(24,808)
Total comprehensive income for the year		$ 47,400	$ (1,792)	$ 45,608
Attributable to:				
Shareholders of the Company		$ 47,400		$ 45,608
Total comprehensive income for the year		$ 47,400		$ 45,608

CCL Industries Inc.
Notes to the consolidated condensed financial statements
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(in thousands of Canadian dollars, except share and per share information)

19. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for three months ended March 31, 2010

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue		$ 307,131	$ -	$ 307,131
Cost of sales		233,980	258	234,238
Gross profit		73,151	(258)	72,893
Selling, general and administration expenses		34,392	(146)	34,246
Restructuring and other items		-	-	-
Results from operating activities		38,759	(112)	38,647
Finance costs		6,707	65	6.772
Finance income		230	-	230
Net finance costs		6,477	65	6,542
Earnings before income taxes		32,282	(177)	32,105
Income tax expense		8,975	(1,427)	7,548
Net earnings for the period		$ 23,307	$ 1,250	$ 24,557
Attributable to:				
Shareholders of the Company		$ 23,307		$ 24,557
Net earnings for the period		$ 23,307		$ 24,557
Earnings per share				
Basic earnings per Class B share		$0.71		$0.75
Diluted earnings per Class B share		$0.70		$0.74

19. Explanation of transition to IFRS (Continued)

Reconciliation of comprehensive income for three months ended March 31, 2010 (Continued)

	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Net earnings for the period		$ 23,307	$ 1,250	$ 24,557
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations		(40,428)	-	(40,428)
Net gain on hedge of net investment in foreign operations		19,114	-	19,114
Effective portion of changes in fair value of cash flow hedges		(1,356)	-	(1,356)
Net change in fair value of cash flow hedges transferred to income statement		1,254	-	1,254
Defined benefit plan actuarial gains (losses)		-	(284)	(284)
Other comprehensive loss, net of tax		(21,416)	(284)	(21,700)
Total comprehensive income for the period		$ 1,891	$ 966	$ 2,857
Attributable to:				
Shareholders of the Company		$ 1,891		$ 2,857
Total comprehensive income for the period		$ 1,891		$ 2,857

19. Explanation of transition to IFRS (Continued)

Notes to the reconciliation of equity and comprehensive income

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

IFRS adjustments

(a) Business combinations

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

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

(b) Currency translation differences

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in accumulated other comprehensive loss due to foreign currency translation differences	(137,129)	(137,129)	(138,235)
Offsetting effect in accumulated other comprehensive loss due to hedges on net investments in subsidiaries	48,348	48,348	49,328
Decrease in accumulated other comprehensive loss due to tax effect on hedges on net investments in subsidiaries	(10,805)	(10,805)	(10,805)
Decrease in retained earnings	(99,586)	(99,586)	(99,712)

19. Explanation of transition to IFRS (Continued)

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

(c) Transaction costs relating to financial liabilities

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in long-term debt	1,112	1,177	983
Decrease in current portion of long-term debt	89	89	-
Related tax effect	(313)	(330)	(272)
Other comprehensive income	-	-	60
Increase in retained earnings	888	936	771

(d) Property, plant and equipment

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in property, plant and equipment	(6,199)	(5,941)	(6,987)
Related tax effect	1,838	1,761	2,072
Decrease in retained earnings	(4,361)	(4,180)	(4,915)

(e) Share-based payments

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Increase in contributed surplus	(890)	(871)	(947)
Related tax effect	98	96	104
Decrease in retained earnings	(792)	(775)	(843)

19. Explanation of transition to IFRS (Continued)

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

(f) Actuarial gains and losses

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Increase in employee benefits liability	(14,014)	(13,792)	(14,835)
Other comprehensive income	284	-	1,137
Related tax effect	3,769	3,708	3,993
Decrease in retained earnings	(9,961)	(10,084)	(9,705)

(g) Employee benefits

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

The impact arising from the change is summarized as follows:

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

(h) Deferred taxes

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

The impact arising from the change is summarized as follows:

	March 31, 2010	January 1, 2010	December 31, 2010
Consolidated statement of financial position			
Decrease in deferred tax assets	-	(1,373)	(1,803)
Decrease in retained earnings	-	(1,373)	(1,803)

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

19. Explanation of transition to IFRS (Continued)

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

IFRS reclassifications

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarters Ended March 31, 2011 and 2010

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

Basis of Presentation

The Canadian Accounting Standards Board confirmed in February 2008 that all publically accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. As such, the MD&A and financial statements for the first quarter ended March 31, 2011, including the related comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The effective date of the transition to IFRS was January 1, 2010. Further disclosure on the transition to IFRS can found in section 8 in this MD&A and note 19 of the Company's consolidated condensed interim financial statements for the three months ended March 31, 2011. This disclosure contains a description of the IFRS adjustments and reclassifications on transition and a reconciliation of the Company's financial statements previously prepared under Canadian GAAP to those prepared under IFRS for the three months ended March 31, 2010, and for the year ended December 31, 2010.

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

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this MD&A contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's divisions; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2011; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, earnings per share and EBITDA growth rates; the Company's effective tax rate; the future profitability of the Container Division; the increase in production levels at the Company's Mexican facilities; the Company's ongoing business strategy and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited

to, the after-effects of the global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2010 Annual MD&A.

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

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

1. Overview

The Company had a solid first quarter with growth in sales and operating income across all three divisions. Foreign exchange translation continued to have a negative impact on results as the Canadian dollar strengthened during the first quarter compared to most currencies in the prior year period. Excluding foreign exchange, the Label Division results were up slightly over a record quarter in the prior year. The rate of improvement in the Label Division was adversely impacted by performance in North America due to continuing softness in the Healthcare business. This was offset by growth in international markets with particular strength in Latin America and Asia. The Container Division results improved significantly and delivered greatly improved profitability during the quarter compared to a sizable loss in first quarter of 2010. The Tube Division continued its positive trend and achieved another record quarter of profitability.

Customers, suppliers and many industry peers reported challenges with commodity inflation prompting spending squeezes and uncertainties created by having to raise prices in a macro economic environment still in recovery mode

from the recent crisis. Emerging markets continued to deliver the majority of the growth at many of our customers. Renewed attention and focus on government deficit levels, especially in the U.S. and the much publicized "PIGS" countries in Western Europe, has raised concerns over the recovery of the global economy and expectations for growth rates in the short to medium term future.

2. Review of Consolidated Financial Results

The following acquisition affected financial comparisons to 2010 in the first quarter results.

- In March 2010, Purbrick Pty Ltd. ("Purbrick"), a privately held company based in Melbourne, Australia, was acquired for $1.2 million in cash, net of cash acquired. Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia.

Foreign currency translation had an overall negative impact during the first quarter as the Canadian dollar strengthened against most major currencies. As such, financial comparisons to the prior year's results have been adversely affected by the depreciation of the U.S. dollar, euro and U.K. pound sterling by 5%, 6% and 3%, respectively, relative to the Canadian dollar in the first quarter of 2011 compared to exchange rates in the first quarter of 2010. This was partly offset by certain emerging market currencies and particularly those economies rich in commodities such as Brazil and Australia, which have risen in line or even above the relative value of the Canadian dollar.

Sales for the first quarter of 2011 were $315.6 million, up 3% from the $307.1 million recorded in the first quarter of 2010. Sales increased in the quarter driven by organic growth of 6% and a nominal positive impact from one acquisition offset by a 4% decrease related to foreign exchange translation. On a comparative basis with last year's first quarter, sales excluding currency translation were higher in all divisions due to solid organic growth.

Selling, general and administrative expenses were $35.1 million in the first quarter of 2011, up 3% from $34.2 million reported in 2010. The increase in selling, general and administrative expenses in 2011 of $0.9 million is primarily due to higher corporate expense, partially offset by lower operating costs in general administration and marketing functions and favourable impact of foreign currency transactions. Corporate expenses in the first quarter of 2011 were $6.3 million, up from $4.7 million in 2010 entirely due to higher variable incentive compensation expense related to the Company's long-term incentive plan in the current period.

Operating income (a non-IFRS financial measure; refer to definition in Section 13) in the first quarter of 2011 was $48.7 million, up by 12% from $43.3 million reported in 2010. All divisions were negatively affected by currency translation in the first quarter of 2011 compared to the prior year period. Excluding the

unfavourable currency translation, operating income was up 17%. The majority of the increase came from the Container Division which delivered $5.5 million improvement over a significant loss in the prior year first quarter. The Tube Division had another record quarter with an increase of $1.1 million, while the Label Division was slightly up by $0.5 million compared to the record prior year. Further analysis on the divisions follows later in the discussion.

Earnings before finance cost, taxes, depreciation and amortization ("EBITDA") before restructuring and other items (a non-IFRS financial measure; refer to definition in Section 13) was $66.4 million in the first quarter of 2011, up by 6% compared to the $62.8 million reported in 2010. Excluding the unfavourable impact of currency translation, EBITDA increased by 10%.

Net finance cost was $5.7 million in the quarter, down by $0.8 million from the $6.5 million recorded in last year's corresponding quarter. The decrease reflects lower debt levels due to scheduled repayments during the past twelve months and favourable currency translation on U.S. dollar-denominated debt.

Restructuring and other items in the first three months of 2011 were a net loss of $0.5 million ($0.4 million after tax) related to the closure costs to shutdown a small label plant in the U.S. compared to no restructuring and other costs being incurred in the prior year quarter.

The overall effective income tax rate was 26% for the first quarter of 2011 compared to 24% in the first quarter of 2010. The increase is primarily due to the current quarter reflecting an income tax recovery of $0.9 million related to an accounting adjustment to benefit certain Canadian tax losses, while the prior year quarter included a benefit of $2.8 million (a reduction in income tax expense). As previously disclosed in prior quarters, the ability to benefit the Canadian tax losses is dependent on the movement of the unrealized foreign exchange gains on the Company's U.S. dollar-denominated debt and related euro swaps. This benefit will fluctuate with the movement in the Canadian dollar versus the U.S. dollar and euro and as such this benefit would reverse fully or in part in the future if the Canadian dollar weakens and would grow larger if it strengthens. In addition, the current quarter's effective tax rate was positively impacted by a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions.

Net earnings for the first quarter of 2011 were $26.8 million, up $2.2 million from the $24.6 million recorded in the first quarter of 2010 due to higher operating income and lower net finance cost, offset by higher corporate expenses, higher income taxes, and unfavourable currency translation.

Basic earnings per Class B share were $0.81 in the first quarter of 2011 compared to $0.75 earned in the same period last year. Restructuring and other items had a negative impact of $0.01 on earnings per Class B share in the first quarter of 2011 compared to no impact in 2010. The estimated negative foreign currency impact from the translation of the all foreign operation results in the first

quarter of 2011 versus the first quarter of 2010 is $0.03 on basic earnings per Class B share.

Adjusted basic earnings per Class B share (a non-IFRS financial measure – see Section 13) were $0.82 in the first quarter of 2011 compared to $0.75 in the first quarter of 2010. Diluted earnings per Class B share were $0.80 in the first quarter of 2011 and $0.74 in the first quarter of 2010.

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

(in Canadian dollars)

	First Quarter	
Adjusted Basic Earnings per Class B Share	**2011**	**2010**
Basic earnings	$ 0.81	$ 0.75
Less: Net loss from restructuring and other items included above	(0.01)	-
Adjusted basic earnings [1]	$ 0.82	$ 0.75

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

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

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2011	$ 315.6				$ 315.6
2010	307.1	302.2	301.7	281.3	1,192.3
2009[1]	314.1	301.3	294.3	289.3	1,199.0
Net earnings (loss)					
2011	26.8				26.8
2010	24.6	16.8	15.7	13.3	70.4
2009[1]	16.8	8.9	16.6	(0.1)	42.2
Net earnings per Class B share					
Basic					
2011	0.81				0.81
2010	0.75	0.51	0.48	0.41	2.15
2009[1]	0.52	0.28	0.51	-	1.31
Diluted					
2011	0.80				0.80
2010	0.74	0.50	0.47	0.40	2.11
2009[1]	0.51	0.27	0.51	-	1.29
Adjusted basic net earnings per Class B share					
2011	0.82				0.82
2010	0.75	0.51	0.48	0.42	2.16
2009[1]	0.56	0.29	0.51	0.41	1.77

[1] 2009 figures are as reported per Canadian GAAP

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

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

3. Business Segment Review

Label Division

($ millions)	First Quarter		
	2011	**2010**	**+/-**
Sales	$ 247.7	$ 248.9	(0.5%)
Operating Income [1]	$ 41.9	$ 43.0	(2.6%)
Return on Sales [1]	16.9%	17.3%	
Capital Spending	$ 23.4	$ 20.9	12.0%
Depreciation and Amortization	$ 18.7	$ 18.6	0.5%

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

Sales for the Label Division were $247.7 million for the first quarter of 2011, slightly down from $248.9 million in the same quarter last year. Foreign currency translation had an unfavourable impact of 4%. Excluding foreign currency translation, sales for the Label Division increased 4% primarily due to organic growth with a nominal positive benefit from one small acquisition.

North American sales declined mid single digits, excluding currency translation, compared to the first quarter of the prior year. The decrease is primarily due to the Healthcare business where sales had a slow start to the year in general compounded by an ongoing US FDA quarantine of one large customer. There were signs late in the quarter of demand normalizing which has continued so far in the second quarter. The consumer sector was mixed with the Home and Personal Care, Agricultural Chemicals and Wine businesses all up partly offset by lower sales in the Sleeve and Battery businesses and generally lower spending by all consumer companies on sales promotions. Overall profitability in North America was down compared to the strong prior year reflecting lower sales this quarter at our higher margin Healthcare business compared to the first quarter of 2010.

Sales in **Europe** were up low single digits, excluding currency translation. Unlike North America, the Healthcare business improved and the Specialty business enjoyed a solid Agriculture-Chemical season. Sales to Home and Personal Care customers were in-line with the strong results in the prior year quarter but profitability remains at lower levels than we consider to be satisfactory driven by losses at our French operation. Label sales in the Sleeve business were also up during the quarter and despite continued pressure from rising resin and material costs profitability also improved. The Beverage and Battery business also reported significant improvement in sales and profitability driven largely by share gains and new applications in the Beverage market. Sales in the Durables business declined slightly due to the inventory build at customers in the prior year quarter. Profitability in Europe overall improved in the quarter primarily due to higher sales and favourable product mix.

Latin America continued to deliver double digit sales growth and robust improvements in profitability. The majority of the growth was driven by strong sales to Home and Personal Care customers in both Mexico and Brazil due to market share gains at key customers. The Brazilian Sleeve business continues to grow rapidly as new food and beverage customer relationships are developed and the small Healthcare and Specialty business there also experienced solid sales growth during the quarter.

Asia Pacific recorded strong double digit sales increases and significant improvements in profitability. Sales to Home and Personal Care customers were particularly strong in South East Asia and the Beverage business in China also developed rapidly from a low base. Results included start up losses at the new Healthcare plant in Tianjin, China, but reduced losses in Vietnam as we approach profitability there. The small Healthcare acquisition in Australia posted solid sales and profitability. However the Wine market continues to face challenging external conditions driven by the appreciation of the Australian dollar, sales were flat both here and in South Africa.

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

Operating income for the first quarter of 2011 was $41.9 million, down 3% from $43.0 million in the first quarter of 2010. Excluding the impact of currency translation, operating income was up 1%. Operating income as a percentage of sales at 16.9% was above our global internal targets and slightly below the 17.3% return generated in last year's first quarter.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. Order intake levels remain steady and in line with the prior year so improvement in sales for the second quarter is expected to continue at modest levels. Foreign exchange will continue to be challenging for prior year comparisons at current rates for the coming quarter as

the Canadian dollar continues to strengthen against the U.S. dollar. In addition, inflationary pressures in the label supply industry will likely result in material cost increases in future periods. In general, these increases will be mitigated by either supplier or technical substitutions and where necessary passed along to customers with pricing initiatives

The Label Division invested $23.4 million in capital spending in the first three months of 2011 compared to $20.9 million in the same period last year. This investment level is in line with the Company's planned expenditures for 2011. The major expenditures in the quarter were related to capacity expansion in our European Sleeve business and a new plant in Brazil. As in the past, investments in the Label Division are expected to continue in order to increase its capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization for the Label Division was $18.7 million for the first three months of 2011 slightly above the $18.6 million in the comparable 2010 period.

Container Division

($ millions)	First Quarter		
	2011	**2010**	**+/-**
Sales	$ 47.7	$ 40.3	18.4%
Operating Income [(1)]	$ 3.7	$ (1.7)	n.m.
Return on Sales [(1)]	7.8%	(4.2%)	
Capital Spending	$ 1.4	$ 0.2	n.m.
Depreciation and Amortization	$ 3.4	$ 3.6	(5.6%)

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

Sales in the first quarter were $47.7 million, up 18% from $40.3 million for the same period last year. Foreign currency translation had an unfavourable impact of 3%. Excluding foreign currency translation, sales for the Container Division increased by 21% primarily driven by a strong volume growth in the Home & Personal Care aerosol market in the United States. In addition, sales in all plants benefited from price increases which became effective during the first quarter.

The Container Division experienced a strong recovery during the first quarter of 2011 and posted operating income of $3.7 million compared to a loss of $1.7 million in the first quarter of 2010. The significant improvement was driven by the solid profitability from the Company's operations in the U.S. and Mexico which experienced strong volume, price increases and productivity gains. The Canadian operation also saw a significant improvement in profitability over the prior year but still posted a loss, albeit much reduced. The loss in Canada continues to be entirely driven by sales of low margin household products. However the effect of the stronger Canadian dollar has also reduced our competitiveness in the U.S. market so a number of steps have been taken to reduce costs at this plant, which will need to continue in the coming quarters.

The Container Division invested $1.4 million of capital in the first three months of 2011 compared to $0.2 million in the same period last year. The major expenditure in the quarter was related to capacity expansion in our Mexican business. Depreciation and amortization for the first three months of 2011 and 2010 were $3.4 million and $3.6 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts on behalf of certain blue chip customers and has hedged 20% and 2% of its expected 2011 and 2012 requirements, respectively. All of these hedges are specifically tied to customer contracts. These hedges are priced in the US$1,900-$2,600 range per metric ton.

Pricing for aluminum in the first quarter of 2011 ranged from US$2,400 to $2,600 per metric ton compared to US$1,900 to $2,300 in the first quarter of 2010. The Division successfully mitigated these cost increases with productivity initiatives, non-aluminum supply related cost reduction and pricing programs that succeeded overall in raising our value added margins over raw materials this quarter both sequentially and comparatively.

Tube Division

($ millions)	First Quarter		
	2011	**2010**	**+/-**
Sales	$ 20.2	$ 17.9	12.8%
Operating Income [(1)]	$ 3.1	$ 2.0	55.0%
Return on Sales [(1)]	15.3%	11.2%	
Capital Spending	$ 1.0	$ 0.1	n.m.
Depreciation and Amortization	$ 1.8	$ 1.9	(5.3%)

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

Sales in the first quarter for the Tube Division were $20.2 million, up 13% from $17.9 million in last year's first quarter. Foreign currency translation had an unfavourable impact of 6%. Excluding foreign currency translation, sales for the Tube Division increased by 19% largely on market share gains across the board.

Operating income for the Tube Division for the first quarter of 2011 reached $3.1 million, which represents another record quarter and a significant improvement compared to the first quarter of 2010. Return on sales increased to 15.3% in the first quarter of 2011 compared to an 11.2% return in the prior year's first quarter. The outlook for the Division remains encouraging.

The Tube Division invested $1.0 million in capital in the first three months of 2011 compared to $0.1 million in last year's first three months. The majority of the increase relates to new decorating equipment. Depreciation and amortization for

the first three months of 2011 and 2010 were $1.8 million and $1.9 million, respectively.

4. Currency Transaction Hedging and Currency Translation

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

As the Canadian dollar has strengthened during the first quarter of 2011, financial comparisons to the prior year's results have been adversely affected by the depreciation of the U.S. dollar, euro and U.K. pound sterling by 5%, 6% and 3%, respectively, relative to the Canadian dollar partly offset by gains in certain emerging market and commodity based currencies. In the first quarter of 2011, currency translation is estimated to have had a net negative impact of $0.03 on earnings per share compared to last year's first quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions, except per share data)	**March 31, 2011**	**December 31, 2010**	**March 31, 2010**
Current debt	$ 17.1	$ 87.6	$ 119.7
Long-term debt	338.4	346.8	364.6
Total debt [1]	$ 355.5	$ 434.4	$ 484.3
Cash and cash equivalents	(92.1)	(173.2)	(126.6)
Net debt [1]	$ 263.4	$ 261.2	$ 357.7
Shareholders' equity	$ 796.1	$ 769.3	$ 735.4
Net debt to Total Book Capitalization [1]	24.9%	25.3%	32.7%
Book value per share [1]	$ 24.09	$ 23.32	$ 22.42

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

The Company continues to have a solid financial position. As of March 31, 2011, cash and cash equivalents amounted to $92.1 million, a decrease of $34.5 million compared to $126.6 million at March 31, 2010. This decrease reflects the scheduled long-term debt repayments made of US $60 million in March 2011 and US $31 million in July 2010. Net debt (a non-IFRS financial measure; refer to definition in Section 13) was $263.4 million at March 31, 2011, $94.3 million lower than the net debt of $357.7 million at the end of March 2010. The decrease in net debt was primarily due to the lower debt levels and favourable currency translation of U.S. dollar-denominated debt (U.S. dollar rate depreciated 5% over last year's rate on March 31).

Net debt to total book capitalization (a non-IFRS financial measure; refer to definition in Section 13) at March 31, 2011, was 24.9%, down from 32.7% at the end of March 2010. Book value per share (a non-IFRS financial measure; refer to definition in Section 13) was $24.09 at March 31, 2011, 7% higher compared to $22.42 at March 31, 2010.

The Company's debt structure at March 31, 2011, is primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US $337.7 million (Cdn $327.4 million) and a five-year revolving line of credit of Cdn $95.0 million. This debt structure is unchanged from December 31, 2010, except for a scheduled debt repayment of US $60 million made in March 2011. The Company's overall average finance rate is 6.0% after factoring in the related Interest Rate Swap Agreement ("IRSA") and Cross-Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 5.3% at March 31, 2010. The IRSA and CCIRSAs are discussed later in this report in Section 7.

The Company has a revolving line of credit with a Canadian chartered bank for $95.0 million that expires in January 2013. As at the end of March 2011, the credit line was unused, other than for letters of credit of $3.8 million.

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

6. Cash Flow

	First Quarter	
Summary of Cash Flows	**2011**	**2010**
Cash provided by operating activities	$ 17.9	$ 7.3
Cash used for financing activities	(72.0)	(2.1)
Cash used for investing activities	(27.2)	(22.4)
Translation adjustments on cash and cash equivalents	0.2	(6.8)
Increase in cash and cash equivalents	$ (81.1)	$ (24.0)
Cash and cash equivalents – end of period	$ 92.1	$ 126.6
Free Cash Flow from Operations [1]	$ (7.2)	$ (13.8)

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

During the first quarters of 2011 and 2010, the Company generated cash from operating activities of $17.9 million and $7.3 million, respectively. The increase in cash flow compared to last year's first quarter was primarily due to lower working capital requirements during the first quarter of 2011 compared to the first quarter of 2010. Free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 13) improved to $7.2 million outflow in the first quarter compared to a $13.8 million outflow in the prior year period. The first quarter typically has experienced free cash outflows due to the seasonality of the business that has required a build up of working capital during early months of the year.

Capital spending in the first quarter amounted to $25.8 million compared to $21.2 million last year. Depreciation and amortization for the first quarters of 2011 and 2010 were $24.0 million and $24.2 million, respectively. Plans for capital spending in 2011 are still expected to be at levels similar with total expenditures for 2010 year and below depreciation. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the first quarters of 2011 and 2010 were $5.8 million and $5.3 million, respectively. The total number of shares issued and outstanding as at March 31, 2011 and 2010, was 33.3 million and 33.1 million, respectively. Since the Company's current cash flow and financial position are strong and its outlook for 2011 continues to be positive, the Board of Directors has approved a continuation of the higher dividend declared in the third quarter of 2010 of $0.1625 per Class A share and $0.175 per Class B share to shareholders of record as of June 16, 2011, and payable on June 30, 2011. The annualized dividend rate is $0.65 per Class A share and $0.70 per Class B share.

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

7. Interest rate and Foreign Exchange Management

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

The effect of the IRSA and CCIRSAs has been to decrease finance cost by $0.3 million in the first quarter of 2011 compared to a decrease of $0.7 million in the first quarter of 2010. Interest coverage (a non-IFRS financial measure, defined

later in Section 13) was 5.2 times as at March 31, 2011, compared to 4.0 times as at March 31, 2010.

8. Accounting Policies and New Standards

A. Changes in Accounting Policies

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

B. Recently Issued Accounting Standards

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

C. International Financial Reporting Standards

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

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

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

Fixed Assets

IAS 16, Property, Plant and Equipment, requires that fixed assets be broken down into their major components and depreciated separately using a useful life appropriate to that component. As a result of this requirement the Company has reviewed all major fixed asset categories and determined that adjustments will be occurring concerning componentization of the "Building" category of our fixed assets. This has resulted in an opening balance sheet adjustment and the building depreciation will be expensed over a shorter timeframe under IFRS as compared to Canadian GAAP. The Company will continue to use historical costs for capital asset valuations. Also, related to the componentization requirement of IAS 16, the Container Division will have an opening balance sheet adjustment to the depreciation of spare parts capitalized to maintain the production lines. These spare parts will have a change in their useful life and as such will be expensed over a shorter timeframe under IFRS.

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

Share-based Payments

IFRS 2, Share-based Payment, requires for awards that vest in instalments over the vesting period, that each instalment is accounted for as a separate arrangement rather than permitting the instalments to be treated as a pool. This has resulted in a change to the prior Canadian GAAP accounting policy and an opening adjustment upon conversion to IFRS.

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

Employee Benefits

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

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

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

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

Financial Instruments

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

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

First-Time Adoption of IFRS

The Company's adoption of IFRS has required the application of IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1"*),* which provides guidance regarding an entity's initial adoption of IFRS. IFRS 1 generally requires an entity to apply all IFRS with retrospective effect to the end of its first IFRS reporting period. However, IFRS 1 does include certain mandatory exceptions and some limited optional exemptions in specified areas of the various standards. Outlined below are some of the optional exemptions available under IFRS 1 that the Company has adopted on the first financial statements under IFRS.

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

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

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

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

Taxes

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

Financial Impact – Comparative Tables

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

($ thousands)	January 1, 2010	March 31, 2010	December 31, 2010
Equity under Cdn GAAP	**$ 752,757**	**$ 751,936**	**$ 788,997**
Fixed asset componentization	(4,180)	(4,361)	(4,915)
Share-based payments	96	98	104
Employee benefits	(13,009)	(13,170)	(13,767)
Financial instruments	936	888	711
Tax losses	(1,373)	-	(1,803)
Total IFRS adjustments to equity	(17,530)	(16,545)	(19,670)
Equity under IFRS	**$ 735,227**	**$ 735,391**	**$ 769,327**

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

($ thousands)	Three months ended March 31, 2010	Year ended December 31, 2010
Comprehensive income under Cdn GAAP	**$ 1,891**	**$ 47,400**
Fixed asset componentization – depreciation	(181)	(735)
Share-based payments – expense	(17)	(68)
Employee benefits – actuarial gains and losses	123	379
Financial instruments – transaction costs	(48)	(165)
Tax losses	1,373	(5)
Repatriation of capital and foreign exchange on intercompany loan repayment	-	(127)
Total profit adjustments	**$ 1,250**	**$ (721)**
Other comprehensive income adjustments		
Currency translation adjustments	-	66
Employee benefits – actuarial gains and losses	(284)	(1,137)
Total other comprehensive income adjustments	**(284)**	**(1,071)**
Total comprehensive income adjustments	**966**	**(1,792)**
Comprehensive income under IFRS	**$ 2,857**	**$ 45,608**

Further disclosure on the transition to IFRS can be found in note 19 of the Company's consolidated condensed interim financial statements for the three months ended March 31, 2011. This disclosure includes detailed reconciliations of the Company's financial statements that were previously prepared under Canadian GAAP to those now prepared under IFRS and the details of each reconciling item pertaining to the transition from Canadian GAAP to IFRS.

Control and System Changes Due to IFRS

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

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

Post-Implementation

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

D) Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis, based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The following critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the consolidated condensed interim financial statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this MD&A and in the notes to the consolidated condensed interim financial statements.

Inventory Valuation

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of

overhead based on normal operating capacity. In determining the net realizable value, the Company estimates and establishes reserves for excess, obsolete or unmarketable inventory. The reserve is based upon the aging of the inventory, the historical experience, the current business environment and the Company's judgment regarding the future demand for the inventory. If actual demand and market conditions are less favourable than those projected, additional inventory reserves may be needed and the results from operations could be materially affected. A change in the provision would be recorded in the carrying value of inventory and cost of goods sold.

Accounts Receivable

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

Goodwill

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

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

The Company performs the annual impairment test in the fourth quarter of each year, or more frequently if required as noted above. Impairment testing is done by comparing the CGU's carrying amount to its fair value. In the assessment of fair value of the CGU, the average enterprise value to EBITDA multiple, based on comparable companies, is used to estimate the enterprise value for each of the CGUs. If the fair value of the CGU exceeds its carrying amount, no impairment has occurred. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation. In 2010, it was determined that the carrying amount of goodwill was not impaired. Since the process of determining fair values requires management judgment regarding projected results and market multiples, a

change in these assumptions could impact the fair value of the CGUs resulting in an impairment charge.

Long-lived Assets

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

Employee Future Benefits

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

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

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

Since these assumptions involve forward-looking estimates and are long-term in nature, they are subject to uncertainty and actual results may differ, and the differences may be material.

E) Inter-Company and Related Party Transactions

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

The Company has no material related party transactions.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 15 of the annual consolidated financial statements for the year ended December 31, 2010. There are no defined benefit plans funded with CCL stock.

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

10. Controls and Procedures

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

As at December 31, 2010, and March 31, 2011, based on the continued evaluation of the disclosure controls and procedures, the CEO and the CFO have concluded that CCL's disclosure controls and procedures, as defined in National Instrument 52-109 ("NI 52-109"), are effective to ensure that information required to be disclosed in reports and documents that CCL files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

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

As of December 31, 2010, and March 31, 2011, the CEO and the CFO certified that they were in compliance with NI 52-109 regarding internal control over financial reporting.

There were no material changes, other those noted for the transition to IFRS, in internal control over financial reporting in the three months ended March 31, 2011.

11. Risks and Strategies

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

12. Outlook

The Company remains confident about its ability to deliver solid results and cash flows to support its growth strategy and finance investment opportunities to expand geographic and market segment reach. The Company has sufficient cash and liquidity to support this strategy with cash balances over $90 million and unused credit lines of a further $90 million as at March 31, 2011. The Company remains focused on vigilantly managing working capital and prioritizing investment capital to opportunities in higher-growth areas, such as emerging markets and the Healthcare and Specialty business, either organically or by acquisition.

Concerns about sovereign debt levels in Europe continue, and in the U.S. the weaker dollar has exacerbated inflationary energy and other commodity costs with credit agencies also raising warnings about public debt levels. Inflationary commodity costs are of notable concern to the Company's customers globally and will potentially require them to take the risks of passing these increases along to hard pressed consumers and retailers. In the absence of meaningful economic recovery reducing unemployment these price increases, if sustained, could potentially adversely impact consumer demand for our customers' products in developed markets. However, the emerging markets of Latin America and Asia are expected to continue to deliver double-digit growth and now accounts for approximately 17% of the Company's revenues.

Despite the inflationary concerns, the Company remains optimistic about the outlook for the year. The growth in the Label Division has moderated to normal levels after a strong recovery year in 2010 but could potentially improve if demand at our North American Healthcare business normalizes. The Container Division is expected to continue to improve over the spring and summer as previously announced price increases become effective and operational productivity initiatives are sustained and built upon. The outlook for the Tube

Division is also positive for the year. On the negative side, foreign currency will continue to be challenging on a comparative basis with 2010 if the strength of the Canadian dollar relative to the currencies of some of CCL's foreign operations remains unchanged from current levels. Inflationary increases in raw materials are likely to continue in the short term and the Company will continue to focus on mitigating any impact on margins by cost reduction initiatives and pricing programs. The Company's expectation for capital expenditure spending for the year continues to be below $80 million, or slightly below annual depreciation.

13. Key Performance Indicators and Non-IFRS financial measures

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

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

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

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

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

Book value per share

At March 31st		2011		2010
Total shareholders' equity, end of period	$	796.1	$	735.4
Number of shares issued and outstanding, end of period ('000)		33,324		33,088
Less: Shares held in trust		(251)		(265)
Executive share purchase plan loans		(25)		(25)
Total adjusted number of shares issued ('000)		33,048		32,798
Book value per share	$	24.09	$	22.42

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

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

(in millions of Canadian dollars)				
EBITDA (earnings before net finance costs, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items)		**First Quarter**		
		2011		**2010**
Net earnings	$	26.8	$	24.6
Corporate expense		6.3		4.7
Financial cost, net		5.7		6.5
Restructuring and other items – (gain)/loss		0.5		-
Income taxes		9.4		7.5
Operating Income (a non-IFRS financial measure)		48.7		43.3
Less: Corporate expense		(6.3)		(4.7)
Add: Depreciation and amortization		24.0		24.2
EBITDA (a non-IFRS financial measure)	$	66.4	$	62.8

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

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

(in millions of Canadian dollars)

Interest coverage	12-month rolling*		Year-to-date				
	April 1 – March 31		December 31		March 31	March 31	March 31
	2011	2010	2010	2009	2011	2010	2009
Operating income (a non-IFRS financial measure) (see definition below)	$ 152.4	$128.4	$147.0	$ 124.4	$ 48.7	$ 43.3	$ 39.3
Less: Corporate expense	$ 24.4	$ 16.8	$ 22.8	$ 16.5	$ 6.3	$ 4.7	$ 4.4
Operating income less corporate expense	$ 128.0	$111.6	$124.2	$ 107.9	$ 42.4	$ 38.6	$ 34.9
Net finance expense	$ 24.5	$ 27.6	$ 25.3	$ 29.3	$ 5.7	$ 6.5	$ 8.2
Interest coverage	5.2	4.0					

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

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

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

(in millions of Canadian dollars)

Free Cash Flow from Operations	First Quarter 2011	First Quarter 2010
Cash provided by operating activities	$ 17.9	$ 7.3
Less: Additions to property, plant and equipment	(25.8)	(21.2)
Add: Proceeds on disposal of property, plant and equipment	0.7	0.1
Free Cash Flow from Operations	$ (7.2)	$ (13.8)

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

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

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

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

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

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

The following table reconciles net earnings used in the Return on Sales measure to IFRS financial measures reported in the consolidated statements of earnings in the industry segmented information as per note 4 of the Company's quarterly financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

Return on Sales	Sales		Operating Income/(Loss)		Return on Sales	
	First Quarter		First Quarter		First Quarter	
Industry Segments	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Label	$ 247.7	$ 248.9	$ 41.9	$ 43.0	16.9%	17.3%
Container	47.7	40.3	3.7	(1.7)	7.8%	(4.2%)
Tube	20.2	17.9	3.1	2.0	15.3%	11.2%
Total Operations	$ 315.6	$ 307.1	$ 48.7	$ 43.3	15.4%	14.1%

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

The following table reconciles total debt used in the total debt measure to IFRS financial measures reported in the consolidated statement of financial position as at the periods ended as indicated.

(in millions of Canadian dollars)

Total debt

At March 31st	**2011**	**2010**
Current debt	$ 17.1	$ 119.7
Long-term debt	338.4	364.6
Total Debt	$ 355.5	$ 484.3