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

CCL INDUSTRIES INC.

Interim periods ended June 30, 2013 and 2012
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In thousands of Canadian dollars

		As at June 30 **2013**		As at December 31 **2012**
Assets				
Current assets				
Cash and cash equivalents	$	683,905	$	188,972
Trade and other receivables		235,610		191,538
Inventories		111,540		90,194
Prepaid expenses		10,469		6,205
Total current assets		1,041,524		476,909
Property, plant and equipment		712,879		679,857
Goodwill		368,209		353,350
Deferred tax assets		55,681		54,686
Equity accounted investments		42,230		42,878
Intangible assets		29,042		29,620
Other assets		20,978		16,783
Total non-current assets		1,229,019		1,177,174
Total assets	**$**	**2,270,543**	**$**	**1,654,083**
Liabilities				
Current liabilities				
Trade and other payables	$	257,666	$	226,248
Current portion of long-term debt (note 6)		567,095		84,701
Income taxes payable		15,359		10,771
Derivative instruments		1,281		435
Total current liabilities		841,401		322,155
Long-term debt		256,758		244,332
Deferred tax liabilities		111,056		110,607
Employee benefits		87,609		81,082
Provisions and other long-term liabilities		8,433		8,720
Total non-current liabilities		463,856		444,741
Total liabilities		1,305,257		766,896
Equity				
Share capital		250,421		226,702
Contributed surplus		3,076		9,584
Retained earnings		741,123		697,937
Accumulated other comprehensive loss (note 4)		(29,334)		(47,036)
Total equity attributable to shareholders of the Company		965,286		887,187
Subsequent events (note 7)				
Total liabilities and equity	**$**	**2,270,543**	**$**	**1,654,083**

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

CCL Industries Inc.

Consolidated condensed interim income statements
Unaudited

In thousands of Canadian dollars, except per share data

	Three Months Ended June 30			Six Months Ended June 30		
	2013	2012	% Change	2013	2012	% Change
Sales	$ 361,414	$ 337,062	7.2	$ 725,057	$ 678,458	6.9
Cost of sales	272,178	253,367		540,091	510,987	
Gross profit	89,236	83,695		184,966	167,471	
Selling, general and administrative	45,930	42,265		87,237	79,985	
Restructuring and other items (note 5)	1,432	-		2,754	-	
Earnings in equity accounted investments	(245)	(24)		(622)	(854)	
	42,119	**41,454**		**95,597**	**88,340**	
Finance cost	6,066	5,513		11,433	11,024	
Finance income	(166)	(263)		(326)	(571)	
Net finance cost	5,900	5,250		11,107	10,453	
Earnings before income taxes	**36,219**	**36,204**	0.0	**84,490**	**77,887**	8.5
Income tax expense	9,781	10,338		23,970	21,599	
Net earnings	**$ 26,438**	**$ 25,866**	2.2	**$ 60,520**	**$ 56,288**	7.5
Attributable to:						
Shareholders of the Company	$ 26,438	$ 25,866		$ 60,520	$ 56,288	
Net earnings for the period	**$ 26,438**	**$ 25,866**		**$ 60,520**	**$ 56,288**	
Basic earnings per Class B share	**$ 0.77**	**$ 0.77**	0.0	**$ 1.78**	**$ 1.68**	6.0
Diluted earnings per Class B share	**$ 0.76**	**$ 0.76**	0.0	**$ 1.75**	**$ 1.65**	6.1

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

CCL Industries Inc.

Consolidated condensed interim statements of comprehensive income

Unaudited

In thousands of Canadian dollars

	Three Months Ended June 30		Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Net earnings	**$ 26,438**	**$ 25,866**	**$ 60,520**	**$ 56,288**
Other comprehensive income (loss), net of tax:				
Items that may subsequently be reclassified to income:				
Foreign currency translation adjustment for foreign operations, net of tax expense of $649 and $1,253 for the three-month and six-month periods ending June 30, 2013 (2012 - tax expense of $387 and recovery of $108)	19,714	(13,051)	33,402	(8,742)
Net loss on hedges of net investment in foreign operations, net of tax recovery of $1,442 and $2,289 for the three-month and six-month periods ending June 30, 2013 (2012 - tax recovery of $823 and $28)	(9,454)	(5,612)	(15,113)	(150)
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of $238 and $485 for the three-month and six-month periods ending June 30, 2013 (2012 - tax recovery of $351 and $133)	(627)	(868)	(1,254)	(434)
Net change in the fair value of cash flow hedges transferred to the income statement, net of tax recovery of $128 and $226 for the three-month and six-month periods ending June 30, 2013 (2012 - tax recovery of $108 and $180)	379	320	667	532
Other comprehensive income (loss), net of tax	**10,012**	**(19,211)**	**17,702**	**(8,794)**
Total comprehensive income	**$ 36,450**	**$ 6,655**	**$ 78,222**	**$ 47,494**
Attributable to:				
Shareholders of the Company	$ 36,450	$ 6,655	$ 78,222	$ 47,494
Total comprehensive income	**$ 36,450**	**$ 6,655**	**$ 78,222**	**$ 47,494**

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

CCL Industries Inc.

Consolidated condensed interim statements of changes in equity

Unaudited

In thousands of Canadian dollars

	Six Months Ended June 30	
	2013	**2012**
Share capital		
Class A shares, beginning of period	$ 4,507	$ 4,517
Class A shares, end of period	4,507	4,517
Class B shares, beginning of period	227,123	223,440
Normal course issuer bid	(364)	-
Stock options exercised	19,588	2,221
Class B shares, end of period	246,347	225,661
Executive share purchase plan loans, beginning of period	-	(233)
Repayment of executive share purchase plan loans	-	233
Executive share purchase plan loans, end of period	-	-
Shares held in trust, beginning of period	(4,928)	(9,061)
Shares redeemed from trust	4,500	-
Shares purchased and held in trust	(5)	(94)
Shares held in trust, end of period	(433)	(9,155)
Share capital, end of period	**250,421**	**221,023**
Contributed surplus		
Contributed surplus, beginning of period	9,584	9,421
Stock option expense	1,038	915
Stock options exercised	(3,051)	(353)
Stock-based compensation plan	(4,495)	1,156
Contributed surplus, end of period	**3,076**	**11,139**
Retained earnings, beginning of period	697,937	629,469
Net earnings	60,520	56,288
Repurchase of shares	(2,656)	-
Dividends:		
Class A	(960)	(865)
Class B	(13,718)	(12,144)
Total dividends	(14,678)	(13,009)
Retained earnings, end of period	**741,123**	**672,748**
Accumulated other comprehensive loss		
Accumulated other comprehensive loss, beginning of period	(47,036)	(40,673)
Other comprehensive income (loss)	17,702	(8,794)
Accumulated other comprehensive loss, end of period	**(29,334)**	**(49,467)**
Total shareholders' equity, end of period	**$ 965,286**	**$ 855,443**

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

CCL Industries Inc.

Consolidated condensed interim statements of cash flows

Unaudited

In thousands of Canadian dollars

	Three Months Ended June 30		Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Cash provided by (used for)				
Operating activities				
Net earnings	$ 26,438	$ 25,866	$ 60,520	$ 56,288
Adjustments for:				
Depreciation and amortization	27,372	25,467	54,005	50,576
Earnings in equity accounted investments, net of dividends received	2,307	393	1,930	(45)
Net finance cost	5,900	5,250	11,107	10,453
Current income tax expense	8,713	11,475	25,484	25,861
Deferred taxes	1,068	(1,137)	(1,514)	(4,262)
Equity-settled share-based payment transactions	523	990	1,044	2,071
(Gain) loss on sale of property, plant and equipment	(183)	12	(318)	(102)
	72,138	68,316	152,258	140,840
Change in inventories	(10,898)	3,912	(17,328)	136
Change in trade and other receivables	(4,266)	1,482	(40,620)	(25,226)
Change in prepaid expenses	(4,032)	(4,731)	(4,229)	(3,770)
Change in trade and other payables	15,627	(4,792)	26,605	(7,124)
Change in income taxes payable	(184)	1,289	517	2,854
Change in employee benefits	2,296	1,650	6,527	4,236
Change in other assets and liabilities	(20,233)	(4,870)	(18,309)	(4,263)
	50,448	62,256	105,421	107,683
Net interest paid	(13)	(386)	(10,078)	(10,718)
Income taxes paid	(13,106)	(11,426)	(21,465)	(16,406)
Cash provided by operating activities	**37,329**	**50,444**	**73,878**	**80,559**
Financing activities				
Proceeds on issuance of debt	476,920	22	476,920	22
Repayment of debt	(1,962)	(2,042)	(4,601)	(3,288)
Proceeds from issuance of shares	5,450	316	16,537	1,868
Repayment of executive share purchase plan loans	-	-	-	233
Repurchase of shares	(3,018)	-	(3,018)	-
Dividends paid	(7,361)	(6,554)	(14,683)	(13,104)
Cash provided by (used for) financing activities	**470,029**	**(8,258)**	**471,155**	**(14,269)**
Investing activities				
Additions to property, plant and equipment	(23,932)	(19,667)	(63,182)	(42,967)
Proceeds on disposal of property, plant and equipment	1,617	39	1,858	611
Business acquisitions and other long-term investments	(11,662)	(2,018)	(11,662)	(2,018)
Cash used for investing activities	**(33,977)**	**(21,646)**	**(72,986)**	**(44,374)**
Net increase in cash and cash equivalents	473,381	20,540	472,047	21,916
Cash and cash equivalents at beginning of period	189,647	141,924	188,972	140,698
Translation adjustment on cash and cash equivalents	20,877	(132)	22,886	(282)
Cash and cash equivalents at end of period	**$ 683,905**	**$ 162,332**	**$ 683,905**	**$ 162,332**

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

1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim period ended June 30, 2013, comprise the Company, its subsidiaries and its interest in associates and joint ventures. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels and containers.

2. Basis of preparation

(a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2012 annual financial statements.

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

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on August 1, 2013.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Recently adopted accounting policies

Effective January 1, 2013, the Company adopted IFRS 10, Consolidated Financial Statements. The standard requires the Company to change its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Company controls the investee on the basis of de facto circumstances. In accordance with the transitional provisions of IFRS 10, the Company re-assessed the control conclusion for its investees at January 1, 2013. The Company made no changes as a result of this process in the current or comparative period.

Effective January 1, 2013, the Company adopted IFRS 11, Joint Arrangements. The standard requires the Company to classify its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. In accordance with the transitional provisions of IFRS 11, the Company re-assessed its joint arrangements at January 1, 2013. The Company made no changes as a result of this process in the current or comparative period.

Effective January 1, 2013, the Company adopted IFRS 13, Fair Value Measurement, which provides a single source of guidance on how fair value is measured, replacing the fair value measurement guidance contained in individual IFRSs. The standard defines fair value and establishes a framework for measuring fair value. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. Disclosures required under IFRS 13 for condensed consolidated interim financial statements have been included in Note 8.

Effective January 1, 2013, the Company adopted IAS 19, Employee Benefits. The amendment requires the Company to determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the annual period. Previously, interest income on plan assets were based on their long-term expected return. The impact on net assets as at January 1, 2012, December 31, 2012, and the comparative period, June 30, 2012, was nominal.

3. Segment reporting

The Company has two 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.

Effective January 1, 2013, the Company changed its operating segments to incorporate all the entities previously reported within the Tube Segment in the Label Segment, to more closely represent the current management structure and reporting. Comparative segment information has been restated to conform with current year presentation.

In thousands of Canadian dollars

3. Segment reporting (continued)

The Company is comprised of the following main business segments:

- Label – Includes the production of innovative label solutions for consumer product marketing companies in the personal and beauty care, food and beverage, battery, household, chemical and promotional segments of the industry. It also supplies major pharmaceutical, healthcare, durable goods and industrial chemical companies. Label's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould and expanded content labels and pharmaceutical instructional leaflets. The Label segment also includes the manufacturing of highly decorated extruded tubes for the personal care and cosmetics industry in North America.

- 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.

	Three Months Ended June 30				Six Months Ended June 30			
	Sales		Operating income		Sales		Operating income	
	2013	2012	2013	2012	2013	2012	2013	2012
Label	$ 309,891	$ 288,947	$ 44,998	$ 43,620	$ 622,155	$ 584,197	$ 101,577	$ 93,808
Container	51,523	48,115	5,233	4,267	102,902	94,261	10,550	6,683
Total operations	$ 361,414	$ 337,062	50,231	47,887	$ 725,057	$ 678,458	112,127	100,491
Corporate expense			(6,925)	(6,457)			(14,398)	(13,005)
Restructuring and other items			(1,432)	-			(2,754)	-
Earnings in equity accounted investments			245	24			622	854
Finance cost			(6,066)	(5,513)			(11,433)	(11,024)
Finance income			166	263			326	571
Income tax expense			(9,781)	(10,338)			(23,970)	(21,599)
Net earnings			$ 26,438	$ 25,866			$ 60,520	$ 56,288

	Total Assets		Total Liabilities		Depreciation and Amortization Six Months Ended June 30		Capital Expenditures Six Months Ended June 30	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	2013	2012	2013	2012
Label	$ 1,248,696	$ 1,249,677	$ 321,216	$ 290,100	$ 46,497	$ 43,247	$ 60,867	$ 40,836
Container	155,998	104,502	56,056	39,437	7,110	6,905	2,301	2,129
Equity accounted investments	42,230	42,878	-	-	-	-	-	-
Corporate	823,619	257,026	927,985	437,359	398	424	14	2
Total	$ 2,270,543	$ 1,654,083	$ 1,305,257	$ 766,896	$ 54,005	$ 50,576	$ 63,182	$ 42,967

Due to the seasonality of CCL's business, the Company's operating results for the six months ended June 30, 2013, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2013. The first and second quarters are traditionally higher sales periods as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarters of the year.

4. Accumulated other comprehensive loss

	June 30 2013	December 31 2012
Unrealized foreign currency translation losses, net of tax expense of $371 (2012 – tax expense of $1,407)	$ (28,545)	$ (46,834)
Net change in derivatives designated as cash flow hedges, net of tax recovery of $377 (2012 – tax recovery of $118)	(789)	(202)
	$ (29,334)	$ (47,036)

5. Restructuring and other items

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
Label segment restructuring	$ -	$ -	$ 773	$ -
Acquisition costs	1,432	-	1,981	-
Total restructuring and other items	$ 1,432	$ -	$ 2,754	$ -

In 2013, as part of the restructuring of a European plant, the Company recorded restructuring provisions totalling $0.8 million with no tax effect.

To date, the Company has recorded $2.0 million ($1.4 million, net of tax) in transaction expenses related to the acquisition of the Office and Consumer Products ("OCP") and Designed and Engineered Solutions ("DES") businesses of Avery Dennison Corporation ("Avery transaction") (note 7).

6. Long-term Debt

During the second quarter of 2013, the Company amended its existing bilateral credit facility; increasing the amount available to US$460.0 million from $200.0 million and setting the maturity date to July 2, 2013. Prior to June 30, 2013, the Company drew down US$453.4 million (interest rate: 3.25%) on the amended bilateral credit facility to fund the July 1, 2013 Avery transaction due to a Canadian bank holiday the same day. On July 2, 2013, subsequent to the closing of the Avery transaction (note 7), the funds drawn on the amended bilateral credit facility were repaid.

In thousands of Canadian dollars

6. Long-term Debt (continued)

In July 2013, subsequent to the completion of the Avery transaction, the Company's new syndicated $400.0 million non-revolving and $300.0 million revolving facility replaced the bilateral credit facility. US$300.0 and EUR61.6 million was drawn on the non-revolving facility and US$73.4 million was drawn on the revolving facility.

Amounts drawn on the revolving facility are due in full at maturity on June 30, 2017. The non-revolving facility has scheduled quarterly repayments of $10.0 million until maturity, with the remaining balance due at maturity.

7. Subsequent events

On July 1, 2013, the Company completed the Avery transaction, for a debt-free cash purchase price of US$500.0 million subject to customary post-closing adjustments to be finalized in the third quarter of 2013. The acquired businesses which, manufacture and sell printable media, label pad and note tab products, as well as designed and engineered products and solutions, had combined revenues of approximately US$910.0 million in the calendar year of 2012.

Purchase price allocations will be completed after the vendors' closing financial statements have been prepared and accepted by the Company. As a result of the timing of the acquisition close in relation to the date of issuance of the financial statements for the second quarter, the availability of information and the inherent complexity associated with the valuations, the initial allocation of the consideration paid and proforma information have not yet been completed.

The Board of Directors has declared a dividend of $0.2150 for the Class B non-voting shares and $0.2025 on the Class A voting shares that will be payable to shareholders of record at the close of business on September 16, 2013, to be paid on September 30, 2013.

8. Financial instruments

(a) Fair value hierarchy

The table below summarizes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
June 30, 2013				
Available-for-sale financial assets	$ -	$ 11,263	$ -	$ 11,263
Derivative financial assets	-	-	-	-
	-	11,263	-	11,263
Derivative financial liabilities	-	1,281	-	1,281
	$ -	$ 9,982	$ -	$ 9,982
December 31, 2012				
Available-for-sale financial assets	$ -	$ 9,812	$ -	$ 9,812
Derivative financial assets	-	-	-	-
	-	9,812	-	9,812
Derivative financial liabilities	-	435	-	435
	$ -	$ 9,377	$ -	$ 9,377

(b) Fair values versus carrying amounts

The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair values due to the short-term maturities of these financial instruments.

The fair value of financial liabilities together with carrying amounts shown in the statement of financial position, are as follows:

	June 30, 2013		December 31, 2012	
	Amount	Fair Value	Amount	Fair Value
Long-term debt	$ 823,853	$ 864,668	$ 329,033	$ 369,368

The interest rates used to discount estimated cash flows for the long-term debt are based on the government yield curve at the reporting date plus an adequate credit spread.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. The estimates are subjective in nature and involve uncertainties and matters of judgment.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Second Quarters Ended June 30, 2013 and 2012

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("CCL" or the "Company") relates to the second quarters ended June 30, 2013 and 2012. The information in this interim MD&A is current to August 1, 2013, and should be read in conjunction with the Company's June 30, 2013, unaudited second quarter consolidated condensed interim financial statements released on August 1, 2013, and the 2012 Annual MD&A document and consolidated financial statements, which form part of the CCL Industries Inc. 2012 Annual Report, dated February 21, 2013.

Basis of Presentation

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

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this MD&A contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's segments; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2013; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, earnings per share and EBITDA growth rates; the Company's effective tax rate; the Company's ongoing business strategy and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the after-effects of the global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific sectors and entering into new markets; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; the Company's expectation to effectively integrate and operate the acquired Office & Consumer Products

("OCP") and Designed & Engineered Solutions ("DES") businesses of Avery Dennison Corporation; the Company's estimated restructuring charges and expected range of synergies; the Company's ability to stabilize OCP revenue; the Company's expectation for back-to-school sales and resulting cash flow from the OCP business; 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 2012 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.

Effective January 1, 2013, the Company changed its operating segments to incorporate all the entities previously reported within the Tube Segment in the Label Segment, to more closely represent the current management structure and reporting. Comparative segment information has been restated to conform to the current year presentation.

1. Overview

The second quarter of 2013 marked the eleventh consecutive quarter of year-over-year improvement in adjusted earnings per Class B share. The Label Segment posted a 3.2% improvement in second quarter operating income (a non-IFRS financial measure; refer to definition in Section 12) driven by strong results in emerging markets and continued improvement in Europe. The Container Segment sustained its operational momentum from the first quarter and drove a 20.9% improvement in operating income against a strong 2012 second quarter. Accordingly, adjusted basic earnings per Class B share (a non-IFRS financial measure; refer to definition in Section 12) for the Company improved 6.5% to $0.82 compared to adjusted basic earnings per Class B share of $0. 77 in the 2012 second quarter.

2. Review of Consolidated Financial Results

The following acquisitions and joint venture developments affected the financial comparisons to 2012:

- In April 2012, the Company announced the creation of a new wine label joint venture, Acrus-CCL, in Chile. CCL holds a 50% equity investment in the newly established Santiago venture dedicated to the wine industry. In 2012, CCL made equity investments totaling $4.0 million matched by its joint venture partner.

- In July 2012, the Company acquired the Pharmaceutical Division of Graphitype Printing Services ("Graphitype"), a privately owned label company located near Sydney, Australia, for approximately $6.9 million.

- In January 2013, the Company announced that it had signed a binding agreement to acquire the Office & Consumer Products (“OCP”) and Designed & Engineered Solutions (“DES”) businesses of Avery Dennison Corporation on a debt free basis for US$500 million subject to customary closing adjustments. These businesses had combined sales of approximately US$910 million in 2012 and significantly expand CCL Label’s market reach. On July 1, 2013, CCL completed the purchase with customary adjustments including working capital to be finalized over the next 90 days.

- In March 2013, the Company announced the creation of a new plastic tube manufacturing and decorating joint venture in Bangkok, Thailand. CCL will have a 50% equity interest in the venture equal to its partner Taisei Kako Co., Ltd., a leading Japanese producer of specialty plastic containers. The partners are expected to invest a total of $5.0 million in equity in the upcoming quarters.

- In April 2013, the Company acquired INT Autotechnik GmbH (“INT”), based in Munich, Germany. INT is a leading supplier to German automotive original equipment manufacturers alongside CCL Design, the Company’s existing business in Solingen. The purchase price was approximately $14 million in a combination of cash and assumed debt.

Sales for the second quarter of 2013 were $361.4 million, an increase of 7.2% compared to $337.1 million recorded in the second quarter of 2012. The improvement in sales can be attributed to organic growth of 2.7%, a 2.7% impact of the above noted acquisitions of Graphitype and INT and a 1.8% positive impact from foreign currency translation. For the six-month period ended June 30, 2013, sales were $725.1 million, an increase of 6.9% compared to $678.5 million recorded in the same period of 2012. The six-month improvement in sales can be attributed to organic growth of 4.3%, a 1.5% impact of the aforementioned acquisitions and a 1.1% positive impact from foreign currency translation.

Selling, general and administrative expenses (“SG&A”) were $45.9 million for the second quarter of 2013, an increase of 8.5% compared to $42.3 million for the second quarter of 2012. For the six months ended June 30, 2013, SG&A were $87.2 million, an increase of 9.0% compared to $80.0 million for the 2012 six-month period. The increase in SG&A for both the three-month and six-month periods can be attributed to higher costs in the operating segments, augmented by increased corporate expense, due to an increase in equity-based compensation expense resulting from the increase in the Company’s share price.

The Company recorded restructuring and other items (a non-IFRS financial measure; refer to definition in Section 12) of $1.4 million ($1.0 million after tax) in the second quarter of 2013 for transaction costs associated with the acquisition of OCP and DES. For the six-month period ending June 30, 2013, the Company recorded $2.8 million ($2.2 million after tax) in restructuring and other items. The downsizing of a small label plant in France cost $0.8 million and the Company incurred $2.0 million of transaction costs related the aforementioned acquisition of OCP and DES. There were no expenses for restructuring and other items for the 2012 six-month period.

Operating income (a non-IFRS financial measure; refer to definition in Section 12) for the second quarter of 2013 was $50.2 million, an increase of 4.8% compared to $47.9 million for the second quarter of 2012. For the second quarter of 2013 compared to the same period in 2012, the Label and Container Segments recorded operating income improvement of 3.2% and 20.9%, respectively. Foreign currency translation contributed to the improvement in the Label and Container Segments operating income by 1.9% and 2.5%, respectively. For the six months ended June 30, 2013, operating income increased 11.5%, with the Label and Container Segments recording increases in operating income of 8.2% and 58.2%, respectively, compared to the same six-month period in 2012.

Earnings before net finance cost, taxes, earnings in equity accounted investments, depreciation and amortization, restructuring and other items ("EBITDA," a non-IFRS financial measure; refer to definition in Section 12) was $70.7 million for the second quarter of 2013, an increase of 5.7% compared to $66.9 million for the second quarter of 2012. Foreign currency had a positive impact of 2.3% on EBITDA for the second quarter of 2013. For the six months ended June 30, 2013, EBITDA was $151.7 million, an increase of 9.8% compared to $138.1 million in the comparable 2012 period. Foreign currency translation has a positive impact 1.3% for the comparable six-month periods.

Net finance cost was $5.9 million for the second quarter of 2013 compared to $5.2 million for the second quarter of 2012. Included in the 2013 net finance costs are $0.4 million of additional commitment fees corresponding to the new credit facility that was put in place to support the acquisition of OCP and DES. Since the close of the OCP and DES acquisition was on July 1, 2013, a national holiday in Canada, the Company was compelled to borrow US$453.4 million on the Company's existing credit facility and deposit the cash in subsidiaries outside Canada. This resulted in added interest expense of $0.2 million prior to the close of the acquisition. These additional finance costs of $0.6 million incurred for the acquisition of OCP and DES ("OCP & DES finance costs") impacted basic earnings by $0.02 per share for the second quarter of this year. For the six-month period ended June 30, 2013, net finance cost was $11.1 million compared to $10.5 million in the corresponding six-month period of 2012.

The overall effective income tax rate was 27.2% for the second quarter of 2013 compared to 28.6% for the second quarter of 2012. The decrease is due to a higher portion of the Company's income being earned in lower tax jurisdictions as well as a discreet permanent tax difference related to a foreign tax jurisdiction. These decreases were partially offset by an accounting increase related to a tax benefit recognized for certain Canadian tax losses. The aggregate benefit was decreased by $1.0 million in the current quarter. 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. This benefit will fluctuate with the movement in the Canadian dollar versus the U.S. dollar. This benefit would reverse in the future if the Canadian dollar weakens and would grow larger if it strengthens. The overall effective income tax rate was 28.5% for the six-month period of 2013 compared to 28.0% for the six-month period of 2012. The increase in the effective tax rate is primarily due to the net impact of the aforementioned reduction in Canadian tax loss benefit and permanent tax differences in foreign tax jurisdictions.

Net earnings for the second quarter of 2013 were $26.4 million, an increase of 1.9% compared to $25.9 million for the second quarter of 2012. This resulted in basic and diluted earnings of $0.77 and $0.76 per Class B share, respectively, in the current quarter compared to basic and diluted earnings of $0.77 and $0.76 per Class B share, respectively, for the prior year second quarter.

Net earnings for the six-month period of 2013 were $60.5 million, an increase of 7.5% compared to $56.3 million for the same period a year ago. This resulted in basic and diluted earnings of $1.78 and $1.75 per Class B share, respectively, for the 2013 six-month period compared to basic and diluted earnings of $1.68 and $1.65 per Class B share, respectively, for the prior year six-month period. The weighted average number of shares for the 2013 six-month period were 34.0 million basic and 34.5 million diluted shares compared to 33.5 million basic and 34.1 million diluted shares for the comparable period of 2012. Diluted shares were impacted by the weighted average in-the-money stock options and other equity settled payments of 0.5 million shares.

Adjusted basic earnings per Class B share (a non-IFRS financial measure – see Section 12) were $0.82 and $1.86 for the three-month and six-month periods of 2013, respectively, compared to $0.77 and $1.68 for the same periods of 2012.

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

(in Canadian dollars)

	Second Quarter		Year-to-Date	
Adjusted Basic Earnings per Class B Share	**2013**	**2012**	**2013**	**2012**
Basic earnings	$ 0.77	$ 0.77	$ 1.78	$ 1.68
Net loss from restructuring and other items and OCP & DES finance costs	0.05	-	0.08	-
Adjusted basic earnings [1]	$ 0.82	$ 0.77	$ 1.86	$ 1.68

[1] Adjusted Basic Earnings per Class B Share is a non-IFRS financial measure. Refer to definition in Section 12.

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

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2013	$ 363.7	$ 361.4	$ -	$ -	$ 725.1
2012	341.4	337.1	316.6	313.5	1,308.6
2011	315.6	318.9	316.7	317.3	1,268.5
Net earnings					
2013	34.1	26.4	-	-	60.5
2012	30.4	25.9	21.3	19.9	97.5
2011	26.8	21.7	17.2	18.4	84.1
Net earnings per Class B share					
Basic					
2013	1.01	0.77	-	-	1.78
2012	0.91	0.77	0.64	0.59	2.91
2011	0.81	0.66	0.52	0.55	2.54
Diluted					
2013	0.99	0.76	-	-	1.75
2012	0.89	0.76	0.63	0.58	2.86
2011	0.80	0.64	0.52	0.54	2.50
Adjusted basic net earnings per Class B share					
2013	1.04	0.82	-	-	1.86
2012	0.91	0.77	0.64	0.59	2.91
2011	0.82	0.66	0.52	0.57	2.57

3. Business Segment Review

Label Segment

($ millions)	Second Quarter			Year-to-Date		
	2013	**2012**	**+/-**	**2013**	**2012**	**+/-**
Sales	$ 309.9	$ 289.0	7.2%	$ 622.2	$ 584.2	6.5%
Operating Income [(1)]	$ 45.0	$ 43.6	3.2%	$ 101.5	$ 93.8	8.2%
Return on Sales [(1)]	14.5%	15.1%		16.3%	16.1%	
Capital Spending	$ 22.4	$ 18.3	22.4%	$ 60.9	$ 40.9	48.9%
Depreciation and Amortization	$ 23.7	$ 21.9	8.2%	$ 46.5	$ 43.3	7.4%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 12.

Sales for the Label Segment were $309.9 million for the second quarter of 2013, compared to $289.0 million for the same quarter last year. The increase in sales can be attributed to organic growth of 2.6%, the Graphitype and INT acquisitions impact of 3.1% and the positive impact of 1.5% from foreign currency translation.

North American sales declined mid-single digits, excluding currency translation, compared to the second quarter of 2012. The decrease is primarily due to the Healthcare & Specialty business where sales were significantly affected by U.S. FDA sanctions at certain pharmaceutical customers, weather related slower lawn and garden chemical markets and the absence of promotional games for fast food chains. Home and Personal Care sales were also lower than the prior year due to timing of new business awards but Food & Beverage sales were up on higher sales in Wine & Spirits. Overall profitability in North America was down compared to the strong prior year quarter, reflecting both mix and lower sales this quarter.

Sales in **Europe** were up mid-single digits for the second quarter of 2013, excluding currency translation and the acquisition of INT, compared to the second quarter of 2012. Home & Personal Care local currency sales outpaced the market growth rate, and profitability improved significantly on strong operational execution. Sales in Healthcare & Specialty were up slightly compared to the second quarter of 2012 but profitability improved markedly due to stronger activity in Scandinavia compared to a soft prior year, and improved performance in the UK and the Netherlands. Results in Food and Beverage were strong on continued solid performance in Sleeves and double digit sales gains in Beverage on export orders to emerging markets. Sales increased significantly for the CCL Design business due to the acquisition of INT; however profitability was flat, following soft sales in the European automotive market and delays in new model supply programs. Overall, European operating income increased in absolute terms but declined slightly as a percent of sales, compared to the prior year second quarter.

Latin American operations in the second quarter of 2013 recorded double digit improvement in sales and profitability against a weaker prior year period that was also impacted by modest currency devaluation in Mexico and Brazil. Demand levels improved in both Mexico and Brazil compared to the 2012 second quarter and sequentially to the first quarter of 2013; albeit the weaker Brazilian real continued to negatively impact translated results year-over-year. In full, Latin America operating income increased significantly in absolute terms and as a percent of sales, compared to the prior year second quarter; operating margin levels in the region remain above the CCL average.

Asia Pacific delivered strong double digit sales growth for the second quarter of 2013, compared to the second quarter of 2012. China delivered substantial quarterly improvement in both sales and operating income as the Home & Personal Care and Beverage operations gained market share and losses were reduced at the new Healthcare operation in Tianjin. The ASEAN region incurred transition costs to reconfigure facilities as the third plant in Thailand started operating at the end of the second quarter; profitability improved compared to 2012 second quarter on strong Specialty demand. Demand was lower at certain Home & Personal care customers compared to the first half of 2012 that included the recovery period from the floods in late 2011. Australian operations, including the newly acquired Graphitype, as well as CCL's legacy healthcare and wine operations, increased revenue but profitability declined, primarily due to the transitioning costs associated with the move to the new facility for the Sydney wine label operation, compared to the second quarter of 2012 and the impact of the devaluation of the Australian dollar on both transactions and translation. Overall the Asia Pacific region improved profitability.

Operating income for the second quarter of 2013 improved 3.2% to $45.0 million, compared to $43.6 million for the second quarter of 2012. Operating income as a percentage of sales was 14.5%, within the CCL's global internal targets, compared to 15.1% recorded for the same period in 2012.

Results from the 50% joint ventures in CCL-Kontur, Russia; Pacman-CCL, Middle East; Acrus-CCL, Chile; and CCL-Taisei, Thailand, are not proportionately consolidated into the Label Segment but instead are accounted for as equity investments. CCL's share of the joint ventures' net income is disclosed in "Earnings in Equity Accounted Investments" in the consolidated condensed interim income statements. Sales at CCL-Kontur for the second quarter of 2013 increased markedly but a much improved operating result was impacted by start-up costs at a new plant in Siberia and accounting adjustments to reflect the devaluation of the rouble to the euro. Pacman-CCL contributed significantly to overall earnings for the 2013 second quarter but profits were lower due to start-up costs at a new plant in Saudi Arabia. Although still posting a small loss this quarter, Acrus-CCL's losses diminished significantly as the operation gains market share from its initial startup in the 2012 second quarter. Earnings in equity accounted investments amounted to $0.2 million for the 2013 second quarter compared to nil for the 2012 second quarter. CCL-Taisei will commence construction of a new tube plant during the third quarter of 2013. The operation is not expected to trade until mid-2014.

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

The Label Segment invested $60.9 million in capital spending in the six-month period ended June 30, 2013, compared to $40.9 million in the same six-month period in 2012. This investment, although higher than usual for the six-month period due to new plant constructions, is in line with the Company's planned expenditures for 2013. The major expenditures in the quarter were related to global equipment installations to support the Home & Personal Care business and expansion in the Wine & Spirits sector businesses. As in the past, investments in the Label Segment are expected to continue in order to increase its capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization for the Label Segment was $46.5 million for the six-month period ended June 30, 2013, compared to $43.3 million for the same period of 2012.

Container Segment

($ millions)	Second Quarter			Year-to-Date		
	2013	2012	+/-	2013	2012	+/-
Sales	$ 51.5	$ 48.1	7.1%	$ 102.9	$ 94.3	9.1%
Operating Income [(1)]	$ 5.2	$ 4.3	20.9%	$ 10.6	$ 6.7	58.2%
Return on Sales [(1)]	10.1%	8.9%		10.3%	7.1%	
Capital Spending	$ 1.5	$ 1.4	7.1%	$ 2.3	$ 2.1	9.5%
Depreciation and Amortization	$ 3.5	$ 3.4	2.9%	$ 7.1	$ 6.9	2.9%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 12.

Sales for the Container Segment in the 2013 second quarter were $51.5 million, an improvement of 7.1% compared to $48.1 million in the second quarter of 2012. The improvement was notable given the comparable figure included the aerosol sun care volume that shifted back to the first quarter in 2013, its normal seasonal period. The sales increase for the 2013 second quarter was primarily driven by strong gains in the Mexican operations. The Container Segment posted operating income of $5.2 million compared to $4.3 million for the 2012 second quarter. Strong operational performance at all four facilities drove increased efficiencies and an improved 10.1% return on sales for the quarter compared to 8.9% for the second quarter of 2012.

The Container Segment invested $2.3 million and $2.1 million in capital spending for the six-month periods of June 30, 2013 and of June 30, 2012, respectively. Depreciation and amortization for the Container Segment was $7.1 million for the six-month period of 2013 compared to $6.9 million for the comparable six-month period of 2012.

The Container Segment continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 23.8% and 10.4% of its expected 2013 and 2014 requirements, respectively. All of these hedges are specifically tied to customer contracts. Existing hedges are priced in the US$1,800 to US$2,400 range per metric ton. The Company is encouraging customers to adopt 90-day pass-through pricing for changes in aluminum cost and is only adopting long-term hedges to stabilize input prices with large blue-chip multinationals willing to accept responsibility for the hedge.

Pricing for aluminum in the second quarter of 2013 ranged from US$1,700 to US$2,000 per metric ton compared to US$1,800 to US$2,100 in the second quarter of 2012.

4. Currency Transaction Hedging and Currency Translation

Approximately 95% of sales made in the first six months of 2013 to end-use customers were denominated in foreign currencies leaving the Company exposed to potentially significant translation variances when reporting results publicly in Canadian dollars. The Company does not hedge or manage such translation movements but does actively manage transaction exposures. Where possible, the Company contracts its business in local currencies with both customers and suppliers of raw materials.

The results of the second quarter of 2013 were most impacted by the positive effect of the 1.3% and 3.2% appreciation of the U.S. dollar and euro, respectively, partially offset by a 3.9% depreciation of the Brazilian real when comparing the rates in the second quarters of 2013 and 2012, relative to the Canadian dollar. For the second quarter of 2013, currency translation had a $0.02 positive impact on earnings per share compared to last year’s second quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ Millions, except per share data)	June 30, 2013	December 31, 2012	June 30, 2012
Current debt	$ 567.1	$ 84.7	$ 18.3
Long-term debt	256.7	244.3	332.7
Total debt	$ 823.8	$ 329.0	$ 351.0
Cash and cash equivalents	(683.9)	(189.0)	(162.3)
Net debt [(1)]	$ 139.9	$ 140.0	$ 188.7
Shareholders' equity	965.3	$ 887.2	$ 855.4
Net debt to total book capitalization [(1)]	12.7%	13.6%	18.1%
Book value per share [(1)]	$ 28.09	$ 26.35	$ 25.54

(1) Net Debt, Net Debt to Total Book Capitalization and Book Value per Share are non-IFRS financial measures. Refer to definitions in Section 12.

The Company continues to strengthen its solid financial position. As of June 30, 2013, cash and cash equivalents amounted to $683.9 million, an increase of $521.6 million compared to $162.3 million at June 30, 2012. However, US$453.4 million of the increase in cash and total debt is attributable to the early borrowing of the funds required to close the acquisition of OCP and DES on July 1, 2013, a national holiday in Canada. Net debt (a non-IFRS financial measure; refer to definition in Section 12) was $139.9 million at June 30, 2013, $48.8 million lower than the net debt of $188.7 million at June 30, 2012. The decrease in net debt, was attributable to the Company's strong free cash flow over the previous twelve months.

Net debt to total book capitalization (a non-IFRS financial measure; refer to definition in Section 12) at June 30, 2013, was 12.7%, down from 18.1% at the end of June 2012. Book value per share (a non-IFRS financial measure; refer to definition in Section 12) was $28.09 at June 30, 2013, 10.0% higher compared to $25.54 at June 30, 2012.

The Company's debt structure at June 30, 2013, was comprised of three private debt placements completed in 1998, 2006 and 2008 for a total of US$319.0 million (C$335.5 million). In addition, the Company amended its bilateral revolving line of credit to act as a bridge facility to July 2, 2013. The bilateral facility was increased from $200.0 million to US$460.0 million and the expiration date was set to July 2, 2013. As at June 30, 2013, US$453.4 million was drawn as a base rate loan in addition to letters of credit of $3.9 million. On July 2, 2013, subsequent to the completion of the acquisition of OCP and DES, the Company's new syndicated $400.0 million non-revolving and $300.0 million revolving facility replaced the bilateral arrangement. The Company drew down, US$300.0 and EUR61.6 million on the non-revolving facility and US$73.4 million on the revolving facility in addition to the above noted letters of credit. Therefore the Company had approximately $219.0 million of available capacity within its new revolving credit facility subsequent to the acquisition.

The Company's overall average finance rate was 4.5% as at June 30, 2013, compared to 6.1% as at June 30, 2012. The decline in the average finance rate was impacted by the US$453.4 million drawn as a base rate loan on June 30, 2013, compared principally to the Company's historical private placement debt rates at June 30, 2012.

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

Summary of Cash Flows	Second Quarter 2013	Second Quarter 2012	Year-to-Date 2013	Year-to-Date 2012
Cash provided by operating activities	$ 37.3	$ 50.4	$ 73.9	$ 80.6
Cash provided by (used for) financing activities	470.1	(8.3)	471.1	(14.3)
Cash used for investing activities	(34.0)	(21.6)	(73.0)	(44.4)
Translation adjustments on cash and cash equivalents	20.9	(0.1)	22.9	(0.3)
Increase in cash and cash equivalents	$ 494.3	$ 20.4	$ 494.9	$ 21.6
Cash and cash equivalents – end of period	$ 683.9	$ 162.3	$ 683.9	$ 162.3
Free cash flow from operations [1]	$ 15.0	$ 30.7	$ 12.6	$ 38.2

[1] Free Cash Flow from Operations is non-IFRS financial measure. Refer to definition in Section 12.

During the second quarters of 2013 and 2012, the Company generated cash from operating activities of $37.3 million and $50.4 million, respectively. The decrease in operating cash flow was primarily due to the movements in non-cash working capital accounts. Free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 12) was $15.0 million in the 2013 second quarter compared to $30.7 million in the prior year quarter. The decrease is due to higher capital expenditures in the current quarter and lower cash provided by operating activities compared to the 2012 second quarter.

Capital spending in the second quarter of 2013 amounted to $23.9 million compared to $19.7 million in the 2012 second quarter. Depreciation and amortization for the second quarters of 2013 and 2012 were $27.4 million and $25.5 million, respectively. Plans for capital spending in 2013 are expected to be between $85.0 and $95.0 million but still below depreciation. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends in the second quarters of 2013 and 2012 were $7.4 million and $6.6 million, respectively. The total number of shares issued and outstanding as at June 30, 2013 and 2012, were 34.4 million and 33.8 million, respectively. Since the Company's current cash flow and financial position are strong and its outlook for the remainder of 2013 continues to be positive, the Board of Directors has approved a continuation of the dividend declared in May 2013 of $0.2025 per Class A share and $0.2150 per Class B share to shareholders of record as of September 16, 2013, and payable on September

30, 2013. The annualized dividend rate is $0.81 per Class A share and $0.86 per Class B share.

On March 21, 2013, the Company announced a share repurchase program under a normal course issuer bid to purchase up to 2.1 million Class B non-voting shares, approximately 8.3% of the public float. As of June 30, 2013, the Company had repurchased 50,000 Class B shares for cancellation.

7. Accounting Policies

A) Critical Accounting Estimates

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

The 2012 annual audited consolidated financial statements and notes thereto, as well as the 2012 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of CCL's business operations and results of operations. For the six months ended June 30, 2013, there are no changes to the critical accounting policies and estimates from those described in the 2012 annual MD&A.

B) Inter-Company and Related Party Transactions

The Company has entered into a number of agreements with its subsidiaries that govern the management and commercial and cost-sharing arrangements with and among the subsidiaries. These inter-company structures are established on terms typical of arm's length agreements. A summary of the Company's related party transactions are set out in note 27 of the annual consolidated financial statements for the year ended December 31, 2012.

8. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, except for long-term operating lease agreements. The nature of these commitments is described in note 26 of the annual consolidated financial statements for the year ended December 31, 2012. There are no defined benefit plans funded with CCL stock.

9. Controls and Procedures

There were no material changes in internal control over financial reporting in the six-month period ended June 30, 2013.

10. Risks and Strategies

The 2012 MD&A in the annual report detailed risks to the Company's business and the strategies that were planned for 2013 and beyond. There have been no material changes to those risks and strategies during the first six months of 2013.

11. Outlook

CCL posted another strong quarter with adjusted basic earnings of $0.82 per Class B share for the second quarter of 2013, driven by solid performance by the Label Segment and strong results from the Container Segment. The Company produced another quarter of sound free cash flow from operations (a non-IFRS financial measure; refer to definition in Section 12) of $15.0 million. Excluding the US$453.4 million borrowed in advance of closing the OCP and DES acquisition on July 1, 2013, the Company had cash on hand of $207.0 million, and unused credit lines of approximately $219 million post close to support its growth strategy. Furthermore, the Company remains confident about its ability to deliver the solid results and cash flows from its operations required to augment this growth strategy including the financing of investment opportunities that will expand geographic, market segment reach and technological capabilities. The Company's expectation for capital spending for the year is expected to be below its annual depreciation expense.

Order intake thus far in the third quarter in the Label Segment has improved slightly compared to the levels experienced in the second quarter of this year. Management continues to see only low growth opportunities in developed economies but the outlook for emerging markets remains strong. Foreign currency remains positive into the third quarter 2013 and this could progressively improve over the year if current levels of the Canadian dollar prevail or weaken. Input costs remain stable with limited inflationary pressures. Expansion initiatives such as CCL's new wine label plant in Sonoma, California, and the Chilean joint venture are not expected to post profitable returns until late 2013 and into 2014. The Company's new start up joint venture in Thailand to support the growth of the Home & Personal Care operation in highly decorated tubes will not trade in 2013.

Comparisons for the Container Segment will be more challenging in the coming quarters as operational enhancements and profitability improvements have been posted for several consecutive quarters. Notwithstanding, management expects full year results for 2013 will show very good progress based on many operational initiatives and the strong first half.

Overall, the Company remains cautious in its outlook for the remainder of 2013. Macroeconomic indicators, although more favourable in North America, have yet to result in any signs of improving customer demand. In Europe, markers continue to point to further economic uncertainty but robust consumer consumption in emerging markets should support continuing strong performance at the Company's operations in those regions.

Finally, with the completion of the acquisition of the OCP and DES businesses from Avery Dennison Corporation on July 1, 2013, CCL has commenced the integration process. The Company is planning $25 million to $30 million of restructuring charges over the balance of 2013 and the first quarter of 2014 with savings and synergies targeted in the $40 million to $50 million range on an annualized basis with limited impact in 2013. The degree to which these initiatives translate to future earnings will depend on management's ability to stabilize acquired revenues, particularly in the OCP business, which had seen several consecutive years of decline prior to CCL ownership. On close, the assets acquired included approximately $80 million of finished goods inventory, which will be adjusted to fair value on acquisition, in accordance with acquisition accounting principles. Most of this inventory will ship over the remainder of 2013 with a significant proportion shipped in the coming quarter due to the peak "back-to-school" sales season. Although the Company's book profit will be impacted by these sales the balance sheet will benefit from the associated cash flow. Furthermore, due to a $35 million amendment in the transaction working capital base, CCL will retain the cash after the completion of the post-closing working capital adjustment. The OCP business will cease to use its former Avery Dennison divisional identity and trade with immediate effect simply as "Avery" becoming a publicly reportable operating segment of CCL. CCL has introduced new leadership for the North American and International operations of OCP and modified the reporting structure for DES. The DES business will be integrated into and augment an enlarged CCL Label reporting segment.

12. Key Performance Indicators and Non-IFRS Financial Measures

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

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

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

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

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

Book value per share

At June 30th	**2013**	**2012**
Total shareholders' equity, end of period	$ 965.3	$ 855.4
Number of shares issued and outstanding, end of period (000's)	34,375	33,762
Less: Shares held in trust	(10)	(274)
Total adjusted number of shares issued (000's)	34,365	33,488
Book value per share	$ 28.09	$ 25.54

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

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

(in millions of Canadian dollars)	Second Quarter		Year-to-Date	
EBITDA (earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items)	**2013**	**2012**	**2013**	**2012**
Net earnings	$ 26.4	$ 25.9	$ 60.5	$ 56.3
Corporate expense	6.9	6.5	14.4	13.0
Earning in equity accounted investments	(0.2)	-	(0.6)	(0.9)
Finance cost, net	5.9	5.2	11.1	10.5
Restructuring and other items – net loss	1.4	-	2.8	-
Income taxes	9.8	10.3	23.9	21.6
Operating income (a non-IFRS measure)	$ 50.2	$ 47.9	$ 112.1	$ 100.5
Less: Corporate expense	(6.9)	(6.5)	(14.4)	(13.0)
Add: Depreciation and amortization	27.4	25.5	54.0	50.6
EBITDA (a non-IFRS measure)	$ 70.7	$ 66.9	$ 151.7	$ 138.1

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

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

(in millions of Canadian dollars)	**Second Quarter**		**Year-to-Date**	
Free Cash Flow from Operations	**2013**	**2012**	**2013**	**2012**
Cash provided by operating activities	$ 37.3	$ 50.4	$ 73.9	$ 80.6
Less: Additions to property, plant and equipment	(23.9)	(19.7)	(63.2)	(43.0)
Add: Proceeds on disposal of property, plant and equipment	1.6	-	1.9	0.6
Free Cash Flow from Operations	$ 15.0	$ 30.7	$ 12.6	$ 38.2

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

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

(in millions of Canadian dollars)
Interest coverage

	12-month rolling*		Year-to-date				
	July 1 – June 30		**December 31**		**June 30**	**June 30**	**June 30**
	2013	**2012**	**2012**	**2011**	**2013**	**2012**	**2011**
Operating income (a non-IFRS financial measure; see definition below)	$ 190.0	$ 172.4	$ 178.4	$ 163.7	$ 112.1	$ 100.5	$ 91.8
Less: Corporate expense	$ 27.8	$ 24.4	$ 26.4	$ 24.8	$ 14.4	$ 13.0	$ 13.4
Operating income less corporate expense	$ 162.2	$ 148.0	$ 152.0	$ 138.9	$ 97.7	$ 87.5	$ 78.4
Net finance cost	$ 21.5	$ 20.9	$ 20.9	$ 21.4	$ 11.1	$ 10.5	$ 11.0
Interest coverage	7.5	7.1					

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

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

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

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

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

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

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

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

(in millions of Canadian dollars)

Return on Sales	**Sales Second Quarter**		**Operating Income Second Quarter**		**Return on Sales Second Quarter**	
Industry Segments	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Label	$ 309.9	$ 289.0	$ 45.0	$ 43.6	14.5%	15.1%
Container	51.5	48.1	5.2	4.3	10.1%	8.9%
Total Operations	$ 361.4	$ 337.1	$ 50.2	$ 47.9	13.9%	14.2%