Management's Report to the Shareholders

The accompanying consolidated financial statements, management's discussion and analysis (MD&A) and other information in the Annual Report are the responsibility of management. The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these statements in accordance with International Financial Reporting Standards. The MD&A and financial information contained in this Annual Report are consistent with the financial statements.

To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being reported, management has developed and maintains a system of internal controls. An integral part of the system is the requirement that employees maintain the highest standard of ethics in their activities. Business reviews and internal audits are performed by corporate executives and an internal audit team to evaluate internal controls, systems and procedures.

The Board of Directors, acting through the Audit Committee, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and MD&A, and in the financial control of operations. The Board recommends the appointment of the independent auditor to the shareholders. The Audit Committee meets regularly with financial management and the independent auditor to discuss internal controls, auditing matters and financial reporting issues and presents its findings to the Board. The Audit Committee reviews the consolidated financial statements, MD&A and material financial announcements with management and the external auditor prior to submission to the Board for approval.

The consolidated financial statements have been audited on behalf of the shareholders by the independent external auditor, PricewaterhouseCoopers LLP, whose report follows.

B.J. Berry
President and Chief Executive Officer
Winnipeg, Canada
February 13, 2013

K.P. Kuchma
Vice President and Chief Financial Officer
Winnipeg, Canada
February 13, 2013

Auditor's Report to the Shareholders

Independent Auditor's Report

To the Shareholders of Winpak Ltd.

We have audited the accompanying consolidated financial statements of Winpak Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at December 30, 2012 and December 25, 2011 and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Winpak Ltd. and its subsidiaries as at December 30, 2012 and December 25, 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
Winnipeg, Canada
February 13, 2013

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 30, 2012 and December 25, 2011

(thousands of US dollars, except per share amounts)	Note	**2012**	2011
		(Note 2)	
Revenue		**670,078**	652,063
Cost of sales		**(471,050)**	(464,299)
Gross profit		**199,028**	187,764
Sales, marketing and distribution expenses		**(55,550)**	(53,043)
General and administrative expenses		**(27,199)**	(26,345)
Research and technical expenses		**(13,933)**	(12,606)
Pre-production expenses		**(650)**	(240)
Other income (expenses)	9	**1,796**	(520)
Income from operations		**103,492**	95,010
Finance income	10	**4,715**	4,417
Finance expense	10	**(3,704)**	(3,865)
Income before income taxes		**104,503**	95,562
Income tax expense	11	**(31,692)**	(30,653)
Net income for the year		**72,811**	64,909
Attributable to:			
Equity holders of the Company		**72,376**	63,783
Non-controlling interests		**435**	1,126
		72,811	64,909
Basic and fully diluted earnings per share - cents	23	**111**	98

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 30, 2012 and December 25, 2011

(thousands of US dollars)	Note	**2012**	2011
		(Note 2)	
Net income for the year		**72,811**	64,909
Cash flow hedge gains (losses) recognized		**498**	(167)
Cash flow hedge gains transferred to the statement of income	9	**(173)**	(996)
Cash flow hedge losses (gains) transferred to property, plant and equipment		**557**	(60)
Actuarial losses on employee benefit plans	17	**(3,944)**	(11,771)
Income tax relating to applicable components of other comprehensive income	11	**1,089**	3,990
Other comprehensive loss for the year - net of income tax		**(1,973)**	(9,004)
Comprehensive income for the year		**70,838**	55,905
Attributable to:			
Equity holders of the Company		**70,403**	54,779
Non-controlling interests		**435**	1,126
		70,838	55,905

See accompanying notes to consolidated financial statements.

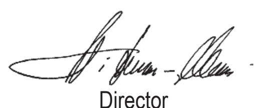
CONSOLIDATED BALANCE SHEETS

(thousands of US dollars)

	Note	**December 30 2012**	December 25 2011
Assets			
Current assets:			
Cash and cash equivalents	12	**133,303**	126,879
Trade and other receivables	13	**86,797**	83,935
Income taxes receivable		**389**	33
Inventories	14	**90,246**	78,018
Prepaid expenses		**3,864**	2,769
Derivative financial instruments		**288**	242
		314,887	291,876
Non-current assets:			
Property, plant and equipment	15	**301,678**	256,938
Intangible assets	16	**14,551**	15,076
Deferred tax assets	18	**3,448**	3,729
		319,677	275,743
Total assets		**634,564**	567,619
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities	19	**59,184**	59,294
Provisions	20	**427**	592
Income taxes payable		**5,417**	4,988
Derivative financial instruments		**-**	836
		65,028	65,710
Non-current liabilities:			
Employee benefit plan liabilities	17	**14,511**	12,504
Deferred income		**11,475**	10,243
Provisions	20	**7,399**	8,423
Deferred tax liabilities	18	**20,063**	17,116
		53,448	48,286
Total liabilities		**118,476**	113,996
Equity:			
Share capital	22	**29,195**	29,195
Reserves	22	**250**	(426)
Retained earnings		**470,925**	409,008
Total equity attributable to equity holders of the Company		**500,370**	437,777
Non-controlling interests		**15,718**	15,846
Total equity		**516,088**	453,623
Total equity and liabilities		**634,564**	567,619

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Director

Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(thousands of US dollars)

	Note	Share Capital	Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		Attributable to Equity Holders of the Company					
Balance at December 27, 2010		29,195	441	361,128	390,764	16,533	407,297
Comprehensive (loss) income for the year							
Cash flow hedge losses, net of tax		-	(109)	-	(109)	-	(109)
Cash flow hedge gains transferred to the statement of income, net of tax		-	(714)	-	(714)	-	(714)
Cash flow hedge gains transferred to property, plant and equipment		-	(44)	-	(44)	-	(44)
Actuarial losses on employee benefit plans, net of tax		-	-	(8,137)	(8,137)	-	(8,137)
Other comprehensive loss		-	(867)	(8,137)	(9,004)	-	(9,004)
Net income for the year		-	-	63,783	63,783	1,126	64,909
Comprehensive (loss) income for the year		-	(867)	55,646	54,779	1,126	55,905
Preferred share redemption		-	-	-	-	(980)	(980)
Dividends	22	-	-	(7,766)	(7,766)	(833)	(8,599)
Balance at December 25, 2011		29,195	(426)	409,008	437,777	15,846	453,623

	Note	Share Capital	Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Balance at December 26, 2011		**29,195**	**(426)**	**409,008**	**437,777**	**15,846**	**453,623**
Comprehensive income for the year							
Cash flow hedge gains, net of tax		**-**	**252**	**-**	**252**	**-**	**252**
Cash flow hedge gains transferred to the statement of income, net of tax		**-**	**(133)**	**-**	**(133)**	**-**	**(133)**
Cash flow hedge losses transferred to property, plant and equipment		**-**	**557**	**-**	**557**	**-**	**557**
Actuarial losses on employee benefit plans, net of tax		**-**	**-**	**(2,649)**	**(2,649)**	**-**	**(2,649)**
Other comprehensive income (loss)		**-**	**676**	**(2,649)**	**(1,973)**	**-**	**(1,973)**
Net income for the year		**-**	**-**	**72,376**	**72,376**	**435**	**72,811**
Comprehensive income for the year		**-**	**676**	**69,727**	**70,403**	**435**	**70,838**
Dividends	22	**-**	**-**	**(7,810)**	**(7,810)**	**(563)**	**(8,373)**
Balance at December 30, 2012		**29,195**	**250**	**470,925**	**500,370**	**15,718**	**516,088**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 30, 2012 and December 25, 2011
(thousands of US dollars)

	Note	2012 (Note 2)	2011
Cash provided by (used in):			
Operating activities:			
Net income for the year		**72,811**	64,909
Items not involving cash:			
Depreciation	15	**26,151**	26,789
Amortization - deferred income		**(1,215)**	(1,223)
Amortization - intangible assets	16	**1,261**	2,049
Employee defined benefit plan expenses	17	**3,331**	2,928
Net finance income	10	**(1,011)**	(552)
Income tax expense	11	**31,692**	30,653
Other		**(1,478)**	(1,433)
Cash flow from operating activities before the following		**131,542**	124,120
Change in working capital:			
Trade and other receivables		**(2,862)**	(6,676)
Inventories		**(12,228)**	(1,943)
Prepaid expenses		**(1,095)**	(485)
Trade payables and other liabilities		**(140)**	6,756
Provisions		**(1,326)**	795
Employee defined benefit plan payments	17	**(4,671)**	(5,148)
Income tax paid		**(25,756)**	(22,347)
Interest received		**474**	309
Interest paid		**(31)**	(20)
Net cash from operating activities		**83,907**	95,361
Investing activities:			
Acquisition of property, plant and equipment - net		**(68,412)**	(48,906)
Acquisition of intangible assets	16	**(745)**	(462)
		(69,157)	(49,368)
Financing activities:			
Dividends paid		**(7,763)**	(7,789)
Change in non-controlling interests in subsidiary		**(563)**	(1,813)
		(8,326)	(9,602)
Change in cash and cash equivalents		**6,424**	36,391
Cash and cash equivalents, beginning of year		**126,879**	90,488
Cash and cash equivalents, end of year	12	**133,303**	126,879

See accompanying notes to consolidated financial statements.

(thousands of US dollars, unless otherwise indicated)

1. General

Winpak Ltd. is incorporated under the Canada Business Corporations Act. The Company manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in health-care applications. The address of the Company's registered office is 100 Saulteaux Crescent, Winnipeg, Manitoba, Canada R3J 3T3. The ultimate controlling party of Winpak Ltd. is Wihuri Oy of Helsinki, Finland, a privately held Company.

2. Basis of presentation

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants (CICA). The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2012 fiscal year comprised 53 weeks and the 2011 fiscal year comprised 52 weeks.

The Company's functional and reporting currency is the US dollar. The US dollar is the reporting currency as more than three-quarters of the Company's business is conducted in US dollars thereby increasing transparency by significantly reducing volatility of reported results due to fluctuations in the rate of exchange between the Canadian and US currencies.

The consolidated financial statements have been prepared under the historical-cost convention, except that certain financial instruments, employee benefit plans, share-based payments and provisions are stated at their fair value.

The consolidated financial statements were approved by the Board of Directors on February 13, 2013.

3. Accounting policy changes

Effective December 26, 2011, the Company adopted the amendments to IFRS 7 "Financial Instruments: Disclosures". The amendments relate to required disclosures for transfers of financial assets to help users of financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity's financial position. The amendments had no impact on the Company's consolidated financial statements.

4. Significant accounting policies

(a) Principles of consolidation:
The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries: Winpak Portion Packaging Ltd., Winpak Heat Seal Packaging Inc., Winpak Holdings Ltd., Winpak Inc., Winpak Films Inc., Winpak Portion Packaging, Inc., Winpak Lane, Inc., Winpak Heat Seal Corporation, Grupo Winpak De Mexico, S.A. De C.V., Embalajes Winpak De Mexico, S.A. De C.V., and Administracion Winpak De Mexico, S.A. De C.V., and its majority-owned subsidiary American Biaxis Inc. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which control is obtained until the date that control ceases. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All inter-company balances and transactions, including any unrealized income arising from inter-company transactions have been eliminated.

(b) Business combinations:
Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs incurred are expensed and included in general and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in the statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

(c) Non-controlling interests:
Non-controlling interests represent equity interests in American Biaxis Inc. owned by third parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity.

(d) Foreign currency translation:

The financial statements for the Company and its subsidiaries are prepared using their functional currency, that being the US dollar. The functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognized directly to the statement of income. Non-monetary assets and liabilities arising from transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

(e) Revenue:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, rebates and discounts. Revenue is recognized when the risks and rewards of ownership have transferred to the customer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, or there is continuing management involvement with the goods.

(f) Research and technical expenses:

Research and technical expenses are expensed in the period in which the costs are incurred.

(g) Government grants:

Grants from government are recognized at their fair value when there is a reasonable assurance that the grant will be received and/or earned and any specified conditions will be met.

Grants received in relation to the purchase and construction of plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of income on a straight-line basis over the estimated useful life of the related asset. Grants received in relation to research and development activities are recorded to reduce these costs when it is determined there is reasonable assurance the tax credits will be realized.

(h) Leases:

Rental income received from packaging machine operating leases is recognized on a straight-line basis over the term of the corresponding lease.

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease, while any lease incentive received is recognized as a reduction of the total lease expense, over the term of the lease.

(i) Inventories:

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of variable and fixed overheads based on normal operating capacity. Any excess, unallocated, fixed overhead costs are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, cash invested in interest-bearing money market accounts and short-term deposits with maturities of less than three months. Cash equivalents are all highly liquid investments. Bank overdrafts are shown within current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are included in the carrying value of the asset. When the Company has a legal right or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site are included in the carrying value of the asset with a corresponding increase to provisions. Borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment that takes an extended period of time to be placed into service are added to the cost of the assets, until such time as the assets are substantially ready for their intended use. See note 4(o) on impairment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacing a component of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits of the item will occur and its cost can be measured reliably. The costs of day-to-day maintenance of plant and equipment are recognized directly in the statement of income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, commencing the date the assets are ready for use as follows:

Buildings 20 - 40 years   Equipment 4 - 20 years   Packaging machines 3 - 7 years

Depreciation methods, useful lives and residual values are reassessed annually or more frequently when there is an indication that they have changed.

The gain or loss on the retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the asset and is recognized in the statement of income.

(l) Pre-production expenses:
Pre-production costs relating to installations of major new production equipment are expensed in the period in which occurred.

(m) Intangible assets:
Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. See note 4(o) on impairment. Computer software that is integral to a related item of hardware is included with plant and equipment. All other computer software is treated as an intangible asset. The cost of intangible assets acquired in an acquisition is the fair value at the acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase price and any directly attributable costs of preparing the asset for use. Amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Patents	8 - 17 years	Customer-related	10 years	Marketing-related	2 - 10 years	Computer software	3 - 12 years

(n) Goodwill:
Goodwill represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses (see note 4(o)).

(o) Impairment:
The carrying amount of the Company's property, plant and equipment and intangible assets (other than goodwill) are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is tested for impairment annually or at any time if an indicator of impairment exists. If any such indication exists, the applicable asset's recoverable amount is estimated.

The recoverable amount of the Company's assets are calculated as the value-in-use, being the present value of future cash flows, using a pre-tax discount rate that reflects the current assessment of the time value of money, or the fair value less costs to sell, if greater. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which it belongs. The Company bases its impairment calculation on detailed financial forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These financial forecasts are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then, to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. In respect of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. 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 previously recognized.

(p) Employee benefit plans:
The Company maintains five funded non-contributory defined benefit pension plans in Canada and the US and one funded non-contributory supplementary income postretirement plan for certain CDN-based executives. A market discount rate is used to measure the benefit obligations based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligations. The cost of providing the benefits is actuarially determined using the projected unit credit method. Actuarial valuations are conducted, at a minimum, on a triennial basis with interim valuations performed as deemed necessary. Consideration is given to any event that could impact the benefit plan assets or obligation up to the balance sheet date where interim valuations are performed. For financial reporting purposes, the Company measures the benefit obligations and fair value of assets for the defined benefit plans as of the year-end date. Current service costs are charged to the statement of income and included in the same line items as the related compensation cost. Interest costs on the benefit obligation are charged to the statement of income as finance expense. Likewise, the expected return on benefit plan assets is presented in the statement of income as finance income. Actuarial gains and losses are recognized directly in equity within other comprehensive income. Gains and losses on the curtailment or settlement of a plan are recognized in the statement of income when the Company is demonstrably committed to the curtailment or settlement. Past service costs are recognized immediately in the statement of income to the extent that the benefits are already vested, and are otherwise amortized on a straight-line basis over the average period until the amended benefits become vested. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation, adjusted for unrecognized past service costs, and reduced by the fair value of benefit plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

One of the Company's subsidiaries maintains one unfunded contributory defined benefit postretirement plan for health-care benefits for a limited group of US individuals. A market discount rate is used to measure the benefit obligation based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligation. The cost of providing the benefits is actuarially determined using the projected unit credit method. Current service costs are charged to the statement of income as they accrue and are included in general and administrative expenses. Interest costs on the benefit obligation are charged to the statement of income as finance expense. Actuarial gains and losses are recognized directly in equity within other comprehensive income. Past service costs are recognized immediately to the extent that the benefits are already vested, and are otherwise amortized on a straight-line basis over the average period until the amended benefits become vested. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation, adjusted for unrecognized past service costs.

The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. The administration of the plan and investment of its assets are controlled by a board of independent trustees. The Company's responsibility to make contributions was the amount established pursuant to its collective agreement. This multiemployer defined benefit pension plan was accounted for using the accounting standards for defined contribution plans as there was insufficient information to apply defined benefit pension plan accounting. Accordingly, the Company's pension expense charged to the statement of income was the annual funding contribution and the Company did not reflect its share of a plan surplus or deficit. As a consequence of withdrawing from the plan, the Company is required to make monthly payments over a twenty year period. Changes in estimates with respect to the withdrawal liability are recorded to the statement of income. For further information on the Company's withdrawal from the plan, refer to note 20.

The Company maintains seven defined contribution pension plans in Canada and the US. The pension expense charged to the statement of income for these plans is the annual funding contribution by the Company.

Termination benefits are recognized as an expense in the statement of income when the Company is committed to a formal detailed plan to terminate employment before the normal retirement date.

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee.

(q) Income taxes:

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

Current income tax expense is the expected income tax payable on the taxable income for the period, using income tax rates enacted or substantively enacted in the jurisdictions the Company is required to pay income tax at the reporting date, and any income adjustments to income taxes payable in respect of previous periods. Current income tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused income tax losses.

Deferred tax expense is recognized using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities for income taxation purposes. Deferred tax is not recognized for the following temporary timing differences: the initial recognition for both goodwill and assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the income tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realized or the liability is settled, based on the income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the assets 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 income tax benefit will be realized.

Current tax assets and liabilities are offset when the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to income tax authorities.

(r) Provisions:
A provision is recognized when there is a legal or constructive obligation as a result of a past event and it is probable that a future outlay of cash will be required to settle the obligation, and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-income tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When some or all of the monies required to settle a provision are expected to be recovered from a third party, the recovery is recognized as an asset when it is virtually certain that the recovery will be received.

When the Company has a legal right or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognized as a provision with a corresponding increase to the related item of property, plant and equipment. At each reporting date, the obligation is re-measured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the obligation are added or deducted from the related asset. The change in the present value of the obligation due to the passage of time is recognized as a finance expense in the statement of income.

At each reporting date, other provisions are re-measured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the provision are recognized in the statement of income. The change in the present value of the provision due to the passage of time is recognized as a finance expense in the statement of income.

(s) Financial assets and liabilities:
Derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. The Company's financial instruments are classified as follows: a) cash and cash equivalents - loans and receivables, b) trade and other receivables - loans and receivables, c) trade payables and other liabilities - other financial liabilities and d) derivative financial instruments - derivatives designated as effective hedges. All financial instruments, including derivatives, are included in the consolidated balance sheet and are measured at fair value except loans and receivables and other financial liabilities, which are measured at amortized cost. All changes in fair value are recorded to the statement of income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income to the extent the derivatives are deemed to be effective hedges.

(t) Derivative financial instruments:
The Company operates principally in Canada and the United States, which gives rise to risks that its income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company enters into foreign currency forward contracts to manage foreign exchange exposures on anticipated labor, overhead, and property, plant and equipment expenditures to be incurred in Canadian dollars and equipment expenditures to be incurred in other foreign currencies.

All foreign currency forward contracts are designated as cash flow hedges. The fair value of each contract is included on the balance sheet within derivative financial instrument assets or liabilities, depending on whether the fair value was in an asset or liability position. In the case of labor and overhead expenditures, changes in the fair value of these contracts are initially recorded in other comprehensive income and subsequently recorded in the statement of income when the hedged item affects income or loss. In the case of property, plant and equipment expenditures, changes in the fair value of these contracts are initially recorded in other comprehensive income and upon settlement of the contract, the gain or loss is included in the cost of the corresponding asset.

(u) Share-based payments:
The Company maintains a share-based compensation plan, which provides restricted share units under the President's Incentive Plan. Units under the plan vest immediately, and are paid in cash during the fourth quarter of the third year or the first quarter of the fourth year after the date of grant based upon the quoted market value of the common shares of the Company on the day prior to the date of payment. The fair value of the units granted is recognized as a personnel expense, with a corresponding increase in liabilities, over the period that the units pertain. The liability is re-measured at each reporting date. Any changes in the fair value of the liability are recognized as a personnel expense in the statement of income.

(v) Earnings per share:
Basic earnings per share are calculated by dividing the net income attributable to equity holders of the Company for the period by the weighted average number of common shares outstanding during the period. Fully diluted earnings per share are calculated on the same basis as there are no potentially dilutive common shares.

5. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that are critical to the determination of carrying value of assets and liabilities are addressed below.

(a) Impairment of property, plant and equipment and intangible assets:
An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and appropriate discount rates. The cash flows are derived from the financial forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate

used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount.

The Company has eight CGUs, of which the carrying values for two include goodwill and must be tested for impairment annually.

(b) Employee benefit plans:
Accounting for employee benefit plans requires the use of actuarial assumptions. The assumptions include the discount rate, expected rate of return on benefit plan assets, rate of compensation increase and health-care costs. These assumptions depend on underlying factors such as economic conditions, government regulations, investment performance, employee demographics and mortality rates. These assumptions could change in the future and may result in material adjustments to employee benefit plan assets or liabilities.

6. Future accounting standards

In May 2011, the International Accounting Standards Board (IASB) issued the following standards: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" and amended IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has assessed the impact of the new and amended standards and management has determined that the standards will not have a significant impact on the Company's consolidated financial statements. They will be adopted by the Company in 2013. The following is a brief summary of the new standards:

(a) Consolidation:
IFRS 10 "Consolidated Financial Statements" requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC 12 "Consolidation – Special Purpose Entities" and parts of IAS 27 "Consolidated and Separate Financial Statements".

(b) Joint arrangements:
IFRS 11 "Joint Arrangements" requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operations. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers".

(c) Disclosure of interests in other entities:
IFRS 12 "Disclosure of Interests in Other Entities" establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

(d) Fair value measurement:
IFRS 13 "Fair Value Measurement" is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(e) Amendments to other standards:
There have been amendments to existing standards, including IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, and 12 as explained above.

(f) Financial instruments:
IFRS 9 "Financial Instruments" was issued in November 2009, introducing new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of the change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of income. Previously, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in the statement of income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. While the Company is currently assessing the impact of this new standard, management does not expect the standard to have a significant impact on the Company's consolidated financial statements.

In June 2011, the IASB amended IAS 1 “Financial Statement Presentation” and IAS 19 “Employee Benefits”.

(g) Financial statement presentation:
The amendments to IAS 1 “Financial Statement Presentation” requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to the statement of income in the future. Items that will not be recycled such as re-measurements resulting from amendments to IAS 19 will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that presented other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012. Early adoption is permitted and full retrospective application is required. Beginning in 2013, the Company will be separating the items disclosed in other comprehensive income.

(h) Employee benefits:
The amendments to IAS 19 “Employee Benefits” makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosure for all employee benefits. Actuarial gains and losses are renamed re-measurements and will be recognized immediately in other comprehensive income. Re-measurements recognized in other comprehensive income will not be recycled through the statement of income in subsequent periods. The amendments also accelerate the recognition of past service costs whereby they are recognized in the period of a plan amendment. The annual expense for a defined benefit plan will be computed based on the application of the discount rate to the net defined benefit plan asset or liability. The amendments to IAS 19 will also impact the presentation of pension expense as benefit costs will be split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past service cost, settlements and curtailments); and (ii) finance expense or income. The amendment is effective for periods beginning on or after January 1, 2013. Early adoption is permitted. The amendment should be applied retrospectively, except for changes to the carrying value of assets that include benefit costs in the carrying amount. The amended standard will be adopted by the Company in 2013. The Company estimates the impact on the 2012 comparative annual figures in the 2013 consolidated financial statements, relating to the calculation of the expected return on benefit plan assets being based on the rate used to discount the benefit obligation will be an increase to net finance costs of $1.0 million to $1.5 million and a decrease to net income of $0.7 million to $1.0 million. This would be offset by a corresponding decrease in other comprehensive loss. Management is still in the process of assessing the full impact of the above amount and the remaining amendments to this standard.

(i) Financial instruments - presentation:
In December 2011, the IASB issued an amendment to the application guidance in IAS 32 “Financial Instruments: Presentation” to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. As a result, the IASB has also published an amendment to IFRS 7 “Financial Instruments: Disclosures”. The amendments do not change the current offsetting model in IAS 32 but instead clarify that the right of offset must not be contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement. The offsetting disclosures in IFRS 7 are to be retrospectively applied, with an effective date for annual periods beginning on or after January 1, 2013. However, the clarifications to the application guidance in IAS 32 are to be retrospectively applied, with an effective date for annual periods beginning on or after January 1, 2014. While the Company is currently assessing the impact of this new standard, management does not expect the standard to have a significant impact on the Company’s consolidated financial statements. The new standard will be adopted by the Company in 2013.

In May 2012, the IASB issued the Annual Improvements project, which contains amendments that result in accounting changes for presentation, recognition and disclosure purposes. The amendments are applicable for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The following is a brief summary of the amended standards:

(j) Financial statement presentation:
IAS 1 “Financial Statement Presentation” was amended to clarify that no additional note disclosure is required when an entity provides a third balance sheet in accordance with IFRS 8 “Accounting Policies”. However, if an entity provides a third balance sheet voluntarily it should provide supporting note disclosures.

(k) Property, plant and equipment:
IAS 16 “Property, Plant and Equipment” was amended to clarify that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory if they meet the definition of property, plant and equipment.

(l) Financial instruments - presentation:
IAS 32 “Financial Instruments: Presentation” was amended to clarify the treatment of income tax relating to distributions and transaction costs. Income tax related to distributions is recognized in the statement of income and income tax related to the cost of equity transactions is recognized in equity.

(m) Interim financial reporting:
IAS 34 “Interim Financial Reporting” was amended to clarify the disclosure requirements for segment assets and liabilities in interim financial statements. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

While the Company is currently assessing the impact of the aforementioned amended standards, management does not expect the amendments to have a significant impact on the Company’s consolidated financial statements. They will be adopted by the Company in 2013.

7. Expenses by nature:

	2012	2011
Raw materials and consumables used	**(343,343)**	(337,074)
Depreciation and amortization	**(26,197)**	(27,615)
Personnel expenses (note 8)	**(145,992)**	(138,661)
Freight	**(19,207)**	(17,750)
Other expenses	**(32,619)**	(36,228)
Net foreign exchange and cash flow hedge gains transferred from other comprehensive income (note 9)	**772**	275
	(566,586)	(557,053)

8. Personnel expenses:

	2012	2011
Wages and salaries	**(127,391)**	(119,742)
Social security	**(11,272)**	(11,120)
Expenses related to defined benefit plans	**(3,331)**	(2,928)
Contribution to defined contribution plans and defined benefit multiemployer pension plan	**(3,434)**	(3,115)
Withdrawal liability on defined benefit multiemployer pension plan	**1,024**	(795)
Share-based payments	**(1,588)**	(961)
	(145,992)	(138,661)

9. Other income (expenses):

	2012	2011
Foreign exchange gain (loss)	**599**	(721)
Cash flow hedge gains transferred from other comprehensive income	**173**	996
Withdrawal liability on defined benefit multiemployer pension plan	**1,024**	(795)
	1,796	(520)

10. Finance income and expense:

	2012	2011
Finance income on cash and cash equivalents	**506**	328
Expected return on benefit plan assets	**4,209**	4,089
Finance income	**4,715**	4,417
Finance expense on bank overdrafts and other	**(47)**	(48)
Finance expense on benefit plan obligation	**(3,520)**	(3,579)
Unwinding of discount rates on provisions	**(137)**	(238)
Finance expense	**(3,704)**	(3,865)
Net finance income	**1,011**	552

11. Income tax expense:

	2012	2011
Current tax expense		
Current year	**(27,375)**	(29,424)
Deferred tax expense		
Origination and reversal of temporary differences	**(4,317)**	(1,229)
Total income tax expense	**(31,692)**	(30,653)
Income tax (expense) recovery recognized in other comprehensive income		
Cash flow hedges	**(206)**	356
Actuarial losses	**1,295**	3,634
	1,089	3,990
Reconciliation of effective income tax rate		
Combined Canadian federal and provincial income tax rate	**26.6%**	28.2%
United States income taxed at rates higher than Canadian tax rates	**4.4**	4.5
Permanent differences and other	**(0.7)**	(0.6)
Effective income tax rate	**30.3%**	32.1%

Effective January 1, 2012, the Canadian federal income tax rate dropped from 16.5 percent to 15.0 percent.

12. Cash and cash equivalents:

	December 30 2012	December 25 2011
Bank balances	**19,322**	17,320
Money market and short-term deposits	**113,981**	109,559
	133,303	126,879

13. Trade and other receivables:

	December 30 2012	December 25 2011
Trade receivables	**77,600**	81,811
Less: Allowance for doubtful accounts	**(1,112)**	(1,446)
Net trade receivables	**76,488**	80,365
Other receivables	**10,309**	3,570
	86,797	83,935

14. Inventories:

	December 30 2012	December 25 2011
Raw materials	**31,527**	22,584
Work-in-process	**13,738**	13,753
Finished goods	**39,943**	37,367
Spare parts	**5,038**	4,314
	90,246	78,018

During 2012, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $5,373 (2011 - $6,080) and reversals of previously written-down items of $3,270 (2011 - $1,688).

15. Property, plant and equipment:

	Land	Buildings	Equipment	Packaging Machines	Capital In Progress	Total
Net book value						
At December 27, 2010						
Cost	2,565	83,508	350,472	28,305	1,787	466,637
Accumulated depreciation	-	(23,368)	(182,694)	(25,778)	-	(231,840)
	2,565	60,140	167,778	2,527	1,787	234,797
2011 Activity						
Additions	-	2,014	8,598	377	38,204	49,193
Disposals	-	-	(263)	-	-	(263)
Transfers	-	-	1,376	-	(1,376)	-
Depreciation	-	(3,078)	(22,881)	(830)	-	(26,789)
At December 25, 2011	2,565	59,076	154,608	2,074	38,615	256,938
At December 25, 2011						
Cost	2,565	85,522	356,074	28,134	38,615	510,910
Accumulated depreciation	-	(26,446)	(201,466)	(26,060)	-	(253,972)
	2,565	59,076	154,608	2,074	38,615	256,938
Net book value						
At December 26, 2011						
Cost	**2,565**	**85,522**	**356,074**	**28,134**	**38,615**	**510,910**
Accumulated depreciation	**-**	**(26,446)**	**(201,466)**	**(26,060)**	**-**	**(253,972)**
	2,565	**59,076**	**154,608**	**2,074**	**38,615**	**256,938**
2012 Activity						
Additions	**4,386**	**4,954**	**22,180**	**571**	**39,734**	**71,825**
Disposals	**-**	**(34)**	**(900)**	**-**	**-**	**(934)**
Transfers	**2,322**	**12,995**	**14,598**	**-**	**(29,915)**	**-**
Depreciation	**-**	**(3,309)**	**(22,075)**	**(767)**	**-**	**(26,151)**
At December 30, 2012	**9,273**	**73,682**	**168,411**	**1,878**	**48,434**	**301,678**
At December 30, 2012						
Cost	**9,273**	**103,375**	**378,258**	**27,718**	**48,434**	**567,058**
Accumulated depreciation	**-**	**(29,693)**	**(209,847)**	**(25,840)**	**-**	**(265,380)**
	9,273	**73,682**	**168,411**	**1,878**	**48,434**	**301,678**

Government grants in respect of property, plant and equipment were recognized within deferred income totaling $2,449 in 2012 (2011 - $249). No impairment losses or impairment reversals were recorded during 2012 and 2011. No borrowing costs were capitalized during 2012 and 2011.

16. Intangible assets:

	Goodwill	Software	Patents	Customer Related	Marketing Related	Total
Net book value						
At December 27, 2010						
Cost	31,546	7,056	4,026	11,996	1,924	56,548
Accumulated amortization and impairment	(18,780)	(5,977)	(3,954)	(9,554)	(1,617)	(39,882)
	12,766	1,079	72	2,442	307	16,666
2011 Activity						
Additions	-	461	1	-	-	462
Disposals	-	(3)	-	-	-	(3)
Amortization	-	(676)	(29)	(1,160)	(184)	(2,049)
At December 25, 2011	12,766	861	44	1,282	123	15,076
At December 25, 2011						
Cost	31,546	7,510	4,027	11,996	1,924	57,003
Accumulated amortization and impairment	(18,780)	(6,649)	(3,983)	(10,714)	(1,801)	(41,927)
	12,766	861	44	1,282	123	15,076
Net book value						
At December 26, 2011						
Cost	**31,546**	**7,510**	**4,027**	**11,996**	**1,924**	**57,003**
Accumulated amortization and impairment	**(18,780)**	**(6,649)**	**(3,983)**	**(10,714)**	**(1,801)**	**(41,927)**
	12,766	**861**	**44**	**1,282**	**123**	**15,076**
2012 Activity						
Additions	**-**	**719**	**26**	**-**	**-**	**745**
Disposals	**-**	**(9)**	**-**	**-**	**-**	**(9)**
Amortization	**-**	**(324)**	**(17)**	**(797)**	**(123)**	**(1,261)**
At December 30, 2012	**12,766**	**1,247**	**53**	**485**	**-**	**14,551**
At December 30, 2012						
Cost	**31,546**	**8,013**	**433**	**881**	**-**	**40,873**
Accumulated amortization and impairment	**(18,780)**	**(6,766)**	**(380)**	**(396)**	**-**	**(26,322)**
	12,766	**1,247**	**53**	**485**	**-**	**14,551**

The amortization of software and patents is included within general and administrative expenses and the amortization of customer related and marketing related intangibles is included within sales, marketing and distribution expenses.

As of December 30, 2012, there were no indefinite life intangible assets other than goodwill.

The 2012 goodwill balance of $12,766 (2011 - $12,766) includes $12,542 (2011 - $12,542) related to the lidding CGU. The impairment testing for this CGU was conducted under the value-in-use approach, using a pre-tax discount rate of 12.1 percent (2011 - 12.4 percent). Cash flows were projected based on actual operating results and the five-year business plan. Average volume growth for the next five years was 7.0 percent (2011 - 4.1 percent) and the average gross profit percentage over the same time-frame was three percentage points (2011 - two percentage points) lower than the actual gross profit percentage attained in the current year. Cash flows after the five year period were assumed to increase at a terminal growth rate of 1.5 percent (2011 - 1.5 percent).

No impairment losses or impairment reversals were recorded during 2012 and 2011.

17. Employee benefit plans:

The Company maintains five funded non-contributory defined benefit pension plans, one funded non-contributory supplementary income postretirement plan for certain CDN-based executives, one unfunded contributory defined benefit postretirement plan for health-care benefits for a limited group of US individuals, one multiemployer defined benefit pension plan for certain unionized employees in the US and seven defined contribution pension plans. Effective January 1, 2005, all defined benefit pension plans were frozen to new entrants except one, which was frozen effective January 1, 2009. All new CDN employees are required, and all new US employees have the option, to participate in defined contribution plans upon satisfaction of certain eligibility requirements.

Total amounts paid by the Company on account of all benefit plans, consisting of: defined benefit pension plans, supplementary income postretirement plan, direct payments to beneficiaries for the unfunded postretirement plan, the multiemployer defined benefit pension plan and the defined contribution plans, amounted to $8,173 (2011 - $8,328).

Defined benefit plans

For financial reporting purposes, the Company measures the benefit obligations and fair value of the benefit plan assets as of the year-end date. The most recent actuarial valuations for funding purposes for the funded non-contributory plans were completed as at the following dates: January 1, 2010 for one plan, December 31, 2010 for two plans, January 1, 2012 for one plan, and October 31, 2011 for one frozen plan. The most recent actuarial valuations for funding purposes for the supplementary income postretirement plan and the postretirement plan for health-care benefits were dated December 30, 2012 and January 1, 2011, respectively. The next required actuarial valuations for all of the Company's defined benefit plans are three years from the aforementioned dates. Based on the most recent actuarial valuations, the Company expects to contribute $3,548 in cash to its defined benefit plans in 2013.

The following presents the financial position of the Company's defined benefit pension plans and other post retirement benefits, which include the supplementary income plan and the postretirement plan for health-care benefits:

	December 30 2012	December 25 2011
Change in benefit obligation		
Benefit obligation, beginning of year	**77,551**	65,769
Current service cost	**3,331**	2,928
Finance expense	**3,520**	3,579
Actuarial losses recognized in other comprehensive income	**6,345**	8,099
Benefits paid	**(2,759)**	(2,162)
Foreign exchange	**1,233**	(662)
Benefit obligation, end of year	**89,221**	77,551
Change in benefit plan assets		
Fair value of benefit plan assets, beginning of year	**65,117**	62,911
Expected return on benefit plan assets	**4,209**	4,089
Actuarial gains (losses) recognized in other comprehensive income	**2,364**	(4,125)
Employer contributions	**4,671**	5,148
Benefits paid	**(2,759)**	(2,162)
Foreign exchange	**1,142**	(744)
Fair value of benefit plan assets, end of year	**74,744**	65,117
Funded status		
Present value of funded obligations	**(87,379)**	(75,659)
Fair value of benefit plan assets	**74,744**	65,117
Status of funded obligations	**(12,635)**	(10,542)
Present value of unfunded obligations	**(1,842)**	(1,892)
Total funded status of obligations	**(14,477)**	(12,434)
Assets not recognized due to pension plan asset ceiling limit	**(34)**	(70)
	(14,511)	(12,504)

	December 30 2012	December 25 2011
Amounts recognized in the balance sheet		
Employee benefit plan liabilities	**(14,511)**	(12,504)
Benefit plan assets		
The following represents the weighted average allocation of benefit plan assets:		
Asset category		
Equity securities	**62%**	62%
Debt securities	**32%**	32%
Cash	**6%**	6%
Total	**100%**	100%

	2012	2011
Net benefit plan expense		
Current service cost	**(3,331)**	(2,928)
Finance expense on benefit obligation	**(3,520)**	(3,579)
Expected return on benefit plan assets	**4,209**	4,089
	(2,642)	(2,418)
Current service cost is recognized in the following line items in the statement of income:		
Cost of sales	**(1,514)**	(1,364)
Sales, marketing and distribution expenses	**(493)**	(459)
General and administrative expenses	**(1,063)**	(870)
Research and technical expenses	**(261)**	(235)
	(3,331)	(2,928)
Actual return on benefit plan assets	**6,573**	(36)
Amounts recognized in other comprehensive income		
Actuarial losses	**(3,981)**	(12,224)
Assets not recognized due to pension plan asset ceiling limit	**37**	453
	(3,944)	(11,771)
Cumulative actuarial (losses) / gains recognized in other comprehensive income		
Cumulative amount, beginning of year	**(11,369)**	402
Recognized during the year	**(3,944)**	(11,771)
Cumulative amount, end of year	**(15,313)**	(11,369)

	December 30 2012	December 25 2011	December 26 2010
Historical information			
Fair value of benefit plan assets	**74,744**	65,117	62,911
Present value of benefit obligations	**(89,221)**	(77,551)	(65,769)
Deficit in the plans	**(14,477)**	(12,434)	(2,858)
Experience adjustments arising on benefit plan assets	**2,364**	(4,125)	1,186
Experience adjustments arising on benefit plan liabilities	**(290)**	584	-

	2012	2011
Significant assumptions		
The following weighted averages were used:		
Benefit obligations as of the year-end date:		
Discount rate	**4.0%**	4.5%
Rate of compensation increase	**3.5%**	3.7%
Net benefit plan expense for the year:		
Discount rate	**4.5%**	5.4%
Expected return on benefit plan assets	**6.2%**	6.4%
Rate of compensation increase	**3.8%**	3.9%

The defined benefit pension plans do not invest in the shares of the Company. The expected rate of return on the benefit plan assets is based on historical and projected rates of return for each asset category measured over a four-year time period. The objective of the asset allocation policy is to manage the funded status of the plans at an appropriate level of risk, giving consideration to the security of the assets and the potential volatility of market returns. The long-term rate of return is targeted to exceed the return indicated by a benchmark portfolio by at least 1 percent annually.

The postretirement benefit plan assumed health-care cost trend rate is 8.1 percent with the rate declining to 4.5 percent by 2028. A one-percentage point change in the assumed health-care cost trend rate would affect the net benefit plan expense by approximately $5 and the benefit obligation by $127.

Multiemployer defined benefit pension plan
The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. The administration of the plan and investment of its assets are controlled by a board of independent trustees. The trustees have determined that this plan is in a critical status position from a funding perspective. During 2011, the Company filed the necessary paperwork with the plan trustees to withdraw from the plan. Pursuant to US federal legislation, an employer who withdraws from a plan with unfunded vested benefits is responsible for a share of that underfunding. See note 20 for the details on the accounting for the withdrawal liability. This multiemployer defined benefit pension plan was accounted for using the accounting standards for defined contribution plans as there was insufficient information to apply defined benefit pension plan accounting. Accordingly, the Company's pension expense in respect to this plan of $0 (2011 - $135) was the annual funding contribution and the Company did not recognize its share of a plan surplus or deficit.

Defined contribution pension plans
The Company maintains four defined contribution plans for employees in Canada and three savings retirement plans (401(k) Plans) for employees in the United States. The Company's total expense for these plans was $3,434 (2011 - $2,980).

18. Deferred tax assets and liabilities:

The following are the components of the deferred tax assets and liabilities recognized by the Company:

	Assets		Liabilities		Net	
	December 30 2012	December 25 2011	**December 30 2012**	December 25 2011	**December 30 2012**	December 25 2011
Trade and other receivables	**349**	447	**-**	-	**349**	447
Inventories	**3,328**	3,147	**-**	-	**3,328**	3,147
Prepaid expenses	**-**	-	**(59)**	(76)	**(59)**	(76)
Derivative financial instruments	**-**	168	**(38)**	-	**(38)**	168
Property, plant and equipment	**3,445**	3,726	**(32,915)**	(30,762)	**(29,470)**	(27,036)
Intangible assets	**702**	965	**(664)**	(449)	**38**	516
Employee benefit plans	**4,785**	4,446	**-**	-	**4,785**	4,446
Trade payables and other liabilities	**1,680**	1,611	**(133)**	(121)	**1,547**	1,490
Provisions	**2,905**	3,511	**-**	-	**2,905**	3,511
Tax assets (liabilities)	**17,194**	18,021	**(33,809)**	(31,408)	**(16,615)**	(13,387)
Set off of tax	**(13,746)**	(14,292)	**13,746**	14,292	**-**	-
Net tax assets (liabilities)	**3,448**	3,729	**(20,063)**	(17,116)	**(16,615)**	(13,387)

Movement in deferred tax assets and liabilities:

	Opening Balance	Recognized In Income	Recognized In Equity	Ending Balance
2011				
Trade and other receivables	498	(51)	-	447
Inventories	2,608	539	-	3,147
Prepaid expenses	(74)	(2)	-	(76)
Derivative financial instruments	(188)	-	356	168
Property, plant and equipment	(25,351)	(1,685)	-	(27,036)
Intangible assets	484	32	-	516
Employee benefit plans	1,644	(832)	3,634	4,446
Trade payables and other liabilities	1,486	4	-	1,490
Provisions	2,745	766	-	3,511
	(16,148)	(1,229)	3,990	(13,387)
2012				
Trade and other receivables	**447**	**(98)**	**-**	**349**
Inventories	**3,147**	**181**	**-**	**3,328**
Prepaid expenses	**(76)**	**17**	**-**	**(59)**
Derivative financial instruments	**168**	**-**	**(206)**	**(38)**
Property, plant and equipment	**(27,036)**	**(2,434)**	**-**	**(29,470)**
Intangible assets	**516**	**(478)**	**-**	**38**
Employee benefit plans	**4,446**	**(956)**	**1,295**	**4,785**
Trade payables and other liabilities	**1,490**	**57**	**-**	**1,547**
Provisions	**3,511**	**(606)**	**-**	**2,905**
	(13,387)	**(4,317)**	**1,089**	**(16,615)**

Deferred tax assets have been recognized where it is probable that they will be recovered. In recognizing deferred tax assets, the Company has considered if it is probable that sufficient future income will be available to absorb temporary differences.

No deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries where the Company controls the timing of the reversal and it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in domestic and foreign subsidiaries for which a deferred tax liability has not been recognized is $228,075 (2011 - $190,659). Temporary differences relating to unremitted earnings of foreign subsidiaries which would be subject to withholding and other taxes totalled $139,783 (2011 - $114,821).

19. Trade payables and other liabilities:

	December 30 2012	December 25 2011
Trade payables	**33,654**	32,138
Other current liabilities and accrued expenses	**25,530**	27,156
	59,184	59,294

20. Provisions:

	Multiemployer Withdrawal Liability	Asset Retirement Obligations	Total
Balance at December 26, 2011			
Current liabilities	491	101	592
Non-current liabilities	7,632	791	8,423
	8,123	892	9,015
2012 Annual activity			
Payments	(214)	(20)	(234)
Finance expense (income) - unwinding of discount	145	(8)	137
Reversals	(1,102)	(68)	(1,170)
Change in discount rates	78	-	78
Balance at December 30, 2012	7,030	796	7,826
At December 30, 2012			
Current liabilities	427	-	427
Non-current liabilities	6,603	796	7,399
	7,030	796	7,826

Multiemployer withdrawal liability
The Company participated in one multiemployer defined benefit pension plan providing benefits to certain unionized employees in the US. The administration of the plan and investment of its assets are controlled by a board of independent trustees. The trustees communicated to both the Company and the Union in 2010 that this plan was in a critical status position from a funding perspective. During the fourth quarter of 2010, the Company analyzed its options with the assistance of external consultants. Management determined that the only economically feasible alternative was to withdraw from the plan and therefore, in the first quarter of 2011, reached an agreement with the Union to proceed. In addition, the Company filed the necessary paperwork with the plan trustees to withdraw from the plan. Pursuant to US federal legislation, an employer who withdraws from a plan with unfunded vested benefits is responsible for a share of that underfunding. As a consequence of withdrawing from the plan, the Company is required to make monthly payments at a constant dollar value of $36, or $427 on an annual basis, over a twenty year period until June 2032. A one-percentage point increase in the discount rates would have decreased the December 30, 2012 liability by $577 and increased income before income taxes by $577.

Asset retirement obligations
For certain building leases, the Company is required to remove all equipment and restore the premises at the end of the lease.

21. Share-based payments:

Effective January 1, 2004, the Board of Directors established the President's Incentive Plan (Plan), whereby the Company grants to B.J. Berry (President) 60,000 restricted share units (RSUs) upon completion of each year of service. There is no cost to the President for the RSUs and the RSUs vest immediately. The Company pays to the President the cash value of the RSUs based on the closing share price on a date selected by the President during the fourth quarter of the third year or the first quarter of the fourth year subsequent to the year the RSUs were granted. A date cannot be selected during periods in which insiders may not trade Winpak shares. In the event of the termination of the President's employment for any reason, the cash value of the RSUs shall be paid immediately to the President or his personal representative, as the case may be. The cash value of a RSU is the market value of the common shares of the Company on the day prior to the date of payment. In addition, the Company is required to pay the President an amount equal to the dividends paid on the common shares of the Company with respect to each RSU if, as and when, declared and paid.

Details of RSUs issued and outstanding during the current and prior year are as follows:

	2012	2011
Outstanding, beginning of year	**240,000**	240,000
Settled	**(60,000)**	(60,000)
Granted	**60,000**	60,000
Outstanding, end of year	**240,000**	240,000
Available for settlement, end of year	**60,000**	60,000

The 240,000 RSUs outstanding at the end of 2012 mature 60,000 annually from 2013 through 2016 and the 240,000 RSUs outstanding at the end of 2011 mature 60,000 annually from 2012 through 2015.

The fair value of the RSUs at the grant date and each subsequent reporting date is determined based upon the market value of the Company's common shares.

The personnel expense recorded in the statement of income under the Plan was $1,588 (2011 - $961). The settlement price in 2012 was $15.40 US per RSU (2011 - $14.72 US). At December 30, 2012, the carrying value of the liability, as well as the intrinsic value of the vested liability in respect of the Plan, was $3,552 (2011 - $2,856).

22. Share capital and reserves:

Share capital
At December 30, 2012, the authorized voting common shares were unlimited (2011 - unlimited). The issued and fully paid voting common shares at December 30, 2012 were 65,000,000 (2011 - 65,000,000). The shares have no par value. The Company has no stock option plans in place.

Reserves
Reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred.

Dividends
During 2012, dividends in Canadian dollars of 12 cents per common share were declared (2011 - 12 cents).

23. Earnings per share:

	2012	2011
Net income attributable to equity holders of the Company	**72,376**	63,783
Weighted average shares outstanding (000's)	**65,000**	65,000
Basic and fully diluted earnings per share - cents	**111**	98

24. Financial instruments:

The following sets out the classification and the carrying/fair value of financial instruments:

Assets (Liabilities)	Classification	Carrying / Fair Value
Cash and cash equivalents	Loans and receivables	133,303
Trade and other receivables	Loans and receivables	86,797
Derivative financial instrument assets	Derivatives designated as effective hedges	288
Trade payables and other liabilities	Other financial liabilities	(59,184)

The fair value of cash and cash equivalents, trade and other receivables, trade payables and other liabilities approximate their carrying value because of the short-term maturity of these instruments. The fair value of foreign currency forward contracts, designated as cash flow hedges, have been determined by valuing those contracts to market against prevailing forward foreign exchange rates as at the year-end reporting date. The inputs used for fair value measurements, including their classification within the required three levels of the fair value hierarchy that prioritizes the inputs used for fair value measurement, are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - inputs that are not based on observable market data.

The following table presents the classification of financial instruments within the fair value hierarchy as at December 30, 2012:

Financial Assets (Liabilities)	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	-	288	-	288

25. Commitments and guarantees:

Commitments:
At December 30, 2012, the Company has commitments to purchase property, plant and equipment of $11,189 (2011 - $35,184).

The Company rents premises and equipment under operating leases that expire at various dates until November 30, 2017. The aggregate minimum rentals payable for these leases are as follows:

Year	2013	2014	2015	2016	2017	Thereafter	Total
Amount	1,406	1,220	568	13	1	-	3,208

During 2012, $1,558 was recognized as an expense in the statement of income in respect of operating leases (2011 - $1,767).

Guarantees:

Directors and officers
The Company and its subsidiaries have entered into indemnification agreements with their respective directors and officers to indemnify them, to the extent permitted by law, against any and all amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding involving the directors and officers. Indemnification claims will be subject to any statutory or other legal limitation period. The Company has purchased directors' and officers' liability insurance to mitigate losses from any such claims.

Leased real property
The Company and its subsidiaries enter into operating leases in the ordinary course of business for real property. In certain instances, the Company and its subsidiaries have indemnified the landlord from any obligations that may arise from any occurrences of personal bodily injury, loss of life and property damages. The Company's property and liability insurance coverage mitigates losses from any such claims.

Pension plan
The Company has indemnified the Manitoba Pension Commission from any and all claims that may be made by any beneficiary under a certain defined benefit pension plan. The indemnity relates to the transfer of a portion of the surplus in the respective pension plan to a non-contributory supplementary income plan.

Given the nature of the aforementioned indemnification agreements, the Company is unable to reasonably estimate its maximum potential liability under these agreements. The Company believes the likelihood of a material payment pursuant to these indemnification agreements is remote. No amounts have been recorded in the consolidated financial statements with respect to these indemnification agreements.

26. Financial risk management:

In the normal course of business, the Company has risk exposures consisting primarily of foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company manages its risks and risk exposures through a combination of derivative financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The Company does not purchase any derivative financial instruments for speculative purposes.

Financial risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

Foreign exchange risk
Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in other income (expenses). As a result of the Company's CDN dollar net asset monetary position as at December 30, 2012, a one-cent change in the year-end foreign exchange rate from 1.0035 to 0.9935 (CDN to US dollars) would have decreased net income by $101 for 2012. Conversely, a one-cent change in the year-end foreign exchange rate from 1.0035 to 1.0135 (CDN to US dollars) would have increased net income by $101 for 2012.

The Company's foreign exchange policy requires that between 50 and 80 percent of the Company's net requirement of CDN dollars for the ensuing 9 to 15 months will be hedged at all times with a combination of cash and cash equivalents and forward or zero-cost option foreign currency contracts. The Company may also enter into forward foreign currency contracts when equipment purchases will be settled in other foreign currencies. Transactions are only conducted with certain approved Schedule I Canadian financial institutions. All foreign currency contracts are designated as cash flow hedges. Certain foreign currency forward contracts matured during the year and the Company realized pre-tax foreign exchange losses of $384. Of these foreign exchange differences, gains of $173 were recorded in other income (expenses) and losses of $557 were recorded in property, plant and equipment.

As at December 30, 2012, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $20.0 million at an average exchange rate of 1.0118 maturing between January and August 2013, a US dollar to Swiss franc foreign currency forward contract outstanding with a notional amount of US $1.1 million at an exchange rate of 0.934 (US dollars to Swiss francs) maturing in April 2013 and US dollar to Euro foreign currency forward contracts outstanding with a notional amount of US $0.4 million at an exchange rate of 0.7650 (US dollars to Euros) maturing in January 2013. The fair value of these financial instruments was $288 US and the corresponding unrealized gain has been recorded in other comprehensive income.

Interest rate risk

The Company's interest rate risk arises from interest rate fluctuations on the finance income that it earns on its cash invested in money market accounts and short-term deposits. The Company developed and implemented an investment policy, which was approved by the Company's Board of Directors, with the primary objective to preserve capital, minimize risk and provide liquidity. Regarding the December 30, 2012 cash and cash equivalents balance of $133.3 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $1,333 annually.

Commodity price risk

The Company's manufacturing costs are affected by the price of raw materials, namely petroleum-based and natural gas-based plastic resins and aluminum. In order to manage its risk, the Company has entered into selling price-indexing programs with certain customers. Changes in raw material prices for these customers are reflected in selling price adjustments but there is a slight time lag. For 2012, 67 percent (2011 - 62 percent) of revenue was to customers with selling price-indexing programs. For all other customers, the Company's preferred practice is to match raw material cost changes with selling price adjustments, albeit with a slight time lag. This matching is not always possible, as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets.

Credit risk

The Company is exposed to credit risk from its cash and cash equivalents held with banks and financial institutions, derivative financial instruments (foreign currency forward contracts), as well as credit exposure to customers, including outstanding trade and other receivable balances.

The following table details the maximum exposure to the Company's counterparty credit risk which represents the carrying value of the financial asset:

	December 30 2012	December 25 2011
Cash and cash equivalents	**133,303**	126,879
Trade and other receivables	**86,797**	83,935
Foreign currency forward contracts	**288**	242
	220,388	211,056

Credit risk on cash and cash equivalents and financial instruments arises in the event of non-performance by the counterparties when the Company is entitled to receive payment from the counterparty who fails to perform. The Company has established an investment policy to manage its cash. The policy requires that the Company manage its risk by investing its excess cash on hand on a short-term basis, up to a maximum of six months, with several financial institutions and/or governmental bodies that must be 'AA' rated, or higher, by a recognized international credit rating agency or insured 100 percent by the US government or a 'AAA' rated CDN federal or provincial government. The Company manages its counterparty risk on its financial instruments by only dealing with CDN Schedule I financial institutions.

In the normal course of business, the Company is exposed to credit risk on its trade and other receivables from customers. The Company's current credit exposure is higher in the weakened North American economic environment. To mitigate such risk, the Company performs ongoing customer credit evaluations and assesses their credit quality by taking into account their financial position, past experience and other pertinent factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases insures trade receivable balances against credit losses.

As at December 30, 2012, the Company believes that the credit risk for trade and other receivables is mitigated due to the following: (a) a broad customer base which is dispersed across varying market sectors and geographic locations, (b) 98 percent (2011 - 97 percent) of gross trade and other receivable balances are outstanding for less than 60 days, (c) 21 percent (2011 - 20 percent) of the trade and other receivables balance are insured against credit losses, and (d) the Company's exposure to individual customers is limited and the ten largest customer balances, on aggregate, accounted for 32 percent (2011 - 35 percent) of the total trade and other receivables balance.

The carrying amount of trade and other receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income within general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statement of income.

The following table sets out the aging details of the Company's trade and other receivables balances outstanding based on the status of the receivable in relation to when the receivable was due and payable and related allowance for doubtful accounts:

	December 30 2012	December 25 2011
Current - neither impaired nor past due	**70,882**	66,890
Not impaired but past the due date:		
Within 30 days	**15,639**	15,606
31 - 60 days	**967**	1,841
Over 60 days	**421**	1,044
	87,909	85,381
Less: Allowance for doubtful accounts	**(1,112)**	(1,446)
Total trade and other receivables, net	**86,797**	83,935

The following table details the continuity of the allowance for doubtful accounts:

	2012	2011
Balance, beginning of year	**(1,446)**	(1,628)
Provisions for the year, net of recoveries	**328**	(90)
Uncollectible amounts written off	**7**	272
Foreign exchange impact	**(1)**	-
Balance, end of year	**(1,112)**	(1,446)

Liquidity risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come due. Management believes that the liquidity risk is low due to the strong financial condition of the Company. This risk assessment is based on the following: (a) cash and cash equivalents amounts of $133.3 million, (b) no outstanding bank loans, (c) unused credit facilities comprised of unsecured operating lines of $38 million, (d) the ability to obtain term-loan financing to fund an acquisition, if needed, (e) an informal investment grade credit rating, and (f) the Company's ability to generate positive cash flows from ongoing operations. Management believes that the Company's cash flows are more than sufficient to cover its operating costs, working capital requirements, capital expenditures and dividend payments in 2013. The Company's trade payables and other liabilities and derivative financial instrument liabilities are virtually all due within twelve months.

Capital management

The Company's objectives in managing capital are to ensure the Company will continue as a going concern and have sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to deploy capital to provide an appropriate return on investment to its shareholders. The Company also strives to maintain an optimal capital structure to reduce the overall cost of capital.

In the management of capital, the Company includes bank overdrafts, bank loans and shareholders' equity. The Board of Directors has established quantitative return on capital criteria for management and year-over-year sustainable earnings growth targets. The Board of Directors also reviews, on a regular basis, the level of dividends paid to the Company's shareholders.

The Company has externally imposed capital requirements as governed through its bank operating line credit facilities. The Company monitors capital on the basis of funded debt to EBITDA (income before interest, income taxes, depreciation and amortization) and debt service coverage. Funded debt is defined as the sum of bank loans and bank overdrafts less cash and cash equivalents. The funded debt to EBITDA is calculated as funded debt, as at the financial reporting date, over the 12-month rolling EBITDA. This ratio is to be maintained under 3.00:1. As at December 30, 2012, the ratio was 0.00:1. Debt service coverage is calculated as a 12-month rolling income from operations over debt service. Debt service is calculated as the sum of one-sixth of bank loans outstanding plus annualized finance expense and dividends. This ratio is to be maintained over 1.50:1. As at December 30, 2012, the ratio was 15.42:1.

There were no changes in the Company's approach to capital management during 2012.

27. Segment reporting:

The Company operates in one operating segment being the manufacture and sale of packaging materials. The Company operates principally in Canada and the United States. The following summary presents key information by geographic segment:

	United States	Canada	Other	Consolidated
2012				
Revenue	**523,736**	**106,663**	**39,679**	**670,078**
Property, plant and equipment and intangible assets	**141,259**	**173,328**	**1,642**	**316,229**
2011				
Revenue	503,643	110,462	37,958	652,063
Property, plant and equipment and intangible assets	122,351	149,663	-	272,014

Major customer
During 2012, the Company reported revenue to one customer representing 13 percent of total revenue (2011 - 14 percent).

28. Contingencies:

In the normal course of business activities, the Company may be subject to various legal actions. Management contests these actions and believes resolution of the actions will not have a material adverse impact on the Company's financial condition.

29. Related party transactions:

The Company had revenue of $0 (2011 - $0) and purchases of $3,323 (2011 - $3,811) with its majority shareholder company. Trade and other receivables and trade payables and other liabilities include amounts of $63 (2011 - $39) and $99 (2011 - $0) respectively with the majority shareholder company. These transactions were completed at market values with normal payment terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Executive Committee are key management personnel. The following table details the compensation earned by these key management personnel:

	2012	2011
Salaries, fees and short-term benefits	**(4,889)**	(4,680)
Post-employment benefits	**(453)**	(370)
Share-based payments	**(1,588)**	(961)
	(6,930)	(6,011)

No loans were advanced to key management personnel during the year.

The aggregate remuneration earned by the Board of Directors in 2012 was $493 (2011 - $500). As a group, the Board of Directors hold, directly or indirectly 52.6 percent (2011 - 52.6 percent) of the outstanding shares of the Company. The members of the Executive Committee hold, directly or indirectly, 0.4 percent (2011 - 0.4 percent) of the outstanding shares of the Company.