

February 19, 2004

Dear Shareholder:

Enclosed, for your information, are CCL's year 2003 and Fourth Quarter results.

Your Board of Directors is pleased with the continuing improvements in the overall operations of your Company. Earnings per share before discontinued operations were at a record level in 2003. Responding to the overall improvements in the business and with many new opportunities available, CCL continues to invest aggressively in new capital projects in each of its businesses and to make low risk, financially attractive acquisitions. The significant strengthening of the Canadian dollar over the past two years and its negative effect on the translated results for reporting earnings per share has partially offset the underlying operational improvements.

Based on the strong cash flow of the business, your Board of Directors has approved a dividend payment on March 31, 2004 of \$0.09 per Class B Non-Voting Share and \$0.0775 per Class A Voting Share.

Your Board of Directors is pleased to confirm that the Company is in compliance with each of the fourteen TSX guidelines for good corporate governance practices.

To provide further insight into the business and in compliance with good corporate governance, conference calls with our stakeholders are always held following the release of our results. Presentation material used during these calls is posted on our web site and an audio recording of the calls is also available. Instructions for accessing these services are set out at the end of this earnings release.

We encourage all shareholders to access our web site [www.cclind.com](http://www.cclind.com) on a regular basis for investor and company news including scheduled dates for future earnings releases. If you would like to have future Press Releases e-mailed to you at the time they are issued, please complete the Information Request Form under the Investor Relations Section on our Web Site. You may also request a direct mailing of all Press Releases by writing to us, attention Christene Duncan.

Yours truly,

Jon K. Grant  
Chairman of the Board

**Investor Update**

1. Year 2003 and Fourth Quarter Results and Dividend Release
2. Consolidated Statements of Earnings and Retained Earnings
3. Consolidated Balance Sheets
4. Consolidated Statements of Cash Flows
5. Notes to Consolidated Financial Statements
6. Fourth Quarter Management's Discussion and Analysis
7. CCL Signs Two Strategic Growth Agreements Press Release

**News Release**

Stock Symbol: TSE - CCL.A and CCL.B

For Immediate Release – Thursday, February 19, 2004

**CCL Releases Solid Year 2003 Results and Declares Dividend****Results Summary**

(in millions of Cdn dollars except per share data)	For Periods Ending December 31st					
	<u>Fourth Quarter</u>			<u>Full Year</u>		
	<u>2003</u>	<u>2002</u>	<u>% Change</u>	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Sales	<u>\$346.7</u>	<u>\$406.1</u>	(14.6)	<u>\$1,518.4</u>	<u>\$1,684.9</u>	(9.9)
Unusual items - net gain (loss)	<u>\$4.3</u>	<u>\$(8.3)</u>		<u>\$(6.6)</u>	<u>\$(39.1)</u>	
Net earnings	<u>\$17.4</u>	<u>\$9.4</u>	85.1	<u>\$53.0</u>	<u>\$21.8</u>	143.1
Per Class B share						
Net earnings	<u>\$0.54</u>	<u>\$0.28</u>	92.9	<u>\$1.64</u>	<u>\$0.65</u>	152.3
Unusual items included in net earnings - net gain (loss)	<u>\$0.13</u>	<u>\$(0.11)</u>		<u>\$(0.16)</u>	<u>\$(1.05)</u>	
Number of shares outstanding (in 000's)						
Weighted average for the year				<u>32,349</u>	<u>33,942</u>	(4.7)
Actual at year-end				<u>32,360</u>	<u>33,353</u>	(3.0)

**Toronto, February 19, 2004** -- CCL Industries Inc., a world leader in developing manufacturing, packaging and labelling solutions for the consumer products industry, announced today its financial results for the Fourth Quarter and year ended December 31, 2003.

Sales in the fourth quarter of 2003 were down 15% to \$346.7 million compared to \$406.1 million in 2002 but were up 3% excluding currency translation and divestitures. Total year sales in 2003 were \$1,518.4 million compared to \$1,684.9 million in 2002, a decrease of 10%. However, when divestitures and currency translation were excluded, sales were flat with 2002.

Net earnings for the fourth quarter of \$17.4 million were up 85% from the \$9.4 million recorded in the fourth quarter of 2002. For the full year 2003, net earnings of \$53.0 million were up 143% over the \$21.8 million level of 2002.

Earnings per Class B share were \$0.54 in the fourth quarter compared to \$0.28 in the fourth quarter of 2002. Unusual costs or gains, such as gains and losses on disposal of non-core business units, restructuring costs and gains on the repatriation of capital from foreign subsidiaries, amounted to a gain of \$0.13 per Class B share in the fourth quarter of 2003 versus a loss of \$0.11 per Class B share in the fourth quarter of 2002. These unusual items are more fully described in the Management's Discussion and Analysis document accompanying this press release. Earnings in both the fourth quarter and the year benefited significantly from reduced interest expense and the number of shares outstanding compared to 2002.

Earnings per Class B share for the year 2003 were \$1.64 compared to \$0.65 a year ago. For the full year 2003, the unusual items were a loss of \$0.16 per Class B share compared to a loss of \$1.05 per Class B share in 2002.

The United States dollar, the base currency of approximately 60% of total sales, has on average, depreciated by 16% for the quarter and 11% year-to-date compared to the Canadian dollar. Changes in currency exchange rates, primarily the depreciation of the United States dollar, have had a negative effect on reported sales and net earnings, and have reduced earnings per share by \$0.02 for the quarter and \$0.12 for the year compared to 2002.

Additionally, CCL hedged its expected U.S. dollar revenues earned in Canada for the full year 2003. These hedge transactions were at an average rate of \$1.59 compared to the actual average rate of \$1.40 and have positively affected earnings before income tax by \$1.9 million in the fourth quarter and \$4.5 million for the full year. Hedges are in place for the first quarter of 2004 but at an average rate of \$1.34 which will negatively affect earnings in 2004 compared to 2003.

Donald G. Lang, President and Chief Executive Officer said, "CCL continued to pursue and to make solid progress towards its strategic and financial goals despite the economic and currency challenges. In late August 2003, we sold four non-core business units in the Container Division and in October 2003, reinvested the proceeds to acquire the Avery Dennison's European label converting business. I am pleased that the acquired label plants contributed \$3.9 million in operating income in the fourth quarter of 2003 compared to the \$2.7 million in operating income contributed by the non-core container plants in the fourth quarter of 2002. The above transaction completes the significant repositioning strategy undertaken by your Company over the last three years."

Mr. Lang continued, "the economies of North America and Western Europe were challenging throughout 2003 and we experienced weakness in parts of our business, particularly Custom Manufacturing after a record 2002, and in segments of our Container and Label divisions. At the same time, many of our Label and Container operations continued to be very busy in specific markets. The effect of the stronger Canadian dollar relative to, in particular, the United States dollar, has negatively impacted earnings per share for the fourth quarter and the 2003 year. The lower interest expense and number of shares outstanding, in addition to the benefits from the restructuring efforts carried out within the Company over the past few years, continue

to positively affect our results. As we enter 2004, we see a continuation of softness in some of our markets and, at the same time, strong demand in others. Taking into account CCL's repositioning over the past two years to higher added value product lines and our investment in more efficient manufacturing assets, we anticipate improved contribution at the operational level which we believe may offset the continued negative effect of currency movements."

Mr. Lang concluded, "I am pleased to inform you that your Board of Directors has approved the payment of a dividend of \$0.0775 on the Class A Voting and \$0.09 on the Class B non-voting Shares payable March 31, 2004 to shareholders of record at the close of business on March 17, 2004. This dividend reflects the continued strong cash flow being generated by your Company."

The Company's financial position remains strong. As at December 31, 2003, cash and cash equivalents amounted to \$81.8 million compared to \$156.1 million as at December 31, 2002. Net debt amounted to \$345.0 million as at December 31, 2003 compared to \$366.3 million as at December 31, 2002 and net debt to capitalization has reduced to 45.2% at the end of 2003 versus 45.6% last year.

CCL Industries Inc. (TSX CCL.A and CCL.B), provides state-of-the-art packaging solutions, including specialty aluminum and plastic packaging and innovative product labelling, to some of the world's largest producers of consumer brands, helping them to get their products to market quickly and cost-effectively. CCL develops solutions for producers of leading consumer brands in personal care, cosmetic, pharmaceutical, household and specialty food products. With headquarters in Toronto, Canada, CCL employs 6,100 people and operates 37 production facilities in North and Central America, Europe and Asia.

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

For more information, contact:

Steve Lancaster	Executive Vice President and Chief Financial Officer	416-756-8517
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**Note:** CCL will hold a conference call at 3:00 p.m. EST on February 19, 2004 to discuss these results. To access this call, please dial 1-800-765-7646 or 416-641-6696.

Post-View service will be available from Thursday, February 19, 2004 at 5:00 p.m. EST until Friday, March 19, 2004 at 11:59 p.m. EST

Dial: 1-800-558-5253; Access Code: 21183255.

For more details on CCL, visit our web site - [www.cclind.com](http://www.cclind.com)

Financial Tables follow ...

**CCL INDUSTRIES INC.**  
**2003 Fourth Quarter**  
**Consolidated Statements of Earnings and Retained Earnings**

Unaudited	Fourth quarters ended December 31st			Years ended December 31st		
	2003	2002	% Change	2003	2002	% Change
(in millions of Cdn dollars, except per share data)						
<b>Sales</b>	\$ 346.7	\$ 406.1	(14.6)	\$ 1,518.4	\$ 1,684.9	(9.9)
<b>Income from operations before undernoted items:</b>	<b>37.2</b>	<b>43.5</b>	<b>(14.5)</b>	<b>168.8</b>	<b>184.1</b>	<b>(8.3)</b>
Depreciation, and amortization of other assets	15.4	18.7		67.4	75.8	
Interest expense, net	5.3	7.1		23.0	30.9	
	<b>16.5</b>	<b>17.7</b>	<b>(6.8)</b>	<b>78.4</b>	<b>77.4</b>	<b>1.3</b>
Unusual items - net gain (loss), (note 3)	4.3	(8.3)		(6.6)	(39.1)	
<b>Earnings before income taxes</b>	<b>20.8</b>	<b>9.4</b>	<b>121.3</b>	<b>71.8</b>	<b>38.3</b>	<b>87.5</b>
Income taxes	3.4	-		18.8	16.5	
<b>Net earnings</b>	<b>\$ 17.4</b>	<b>\$ 9.4</b>	<b>85.1</b>	<b>53.0</b>	<b>21.8</b>	<b>143.1</b>
<b>Retained earnings, beginning of period</b>	212.6	197.0		199.4	204.8	
Net earnings	17.4	9.4		53.0	21.8	
Repurchase of shares (note 5)	-	(3.8)		(13.8)	(14.4)	
Settlement of exercised stock options	-	(0.3)		-	(1.4)	
	<b>230.0</b>	<b>202.3</b>		<b>238.6</b>	<b>210.8</b>	
Less dividends:						
Class A shares	0.2	0.2		0.8	0.7	
Class B shares	2.7	2.7		10.7	10.7	
	2.9	2.9		11.5	11.4	
<b>Retained earnings, end of period</b>	<b>\$ 227.1</b>	<b>\$ 199.4</b>		<b>\$ 227.1</b>	<b>\$ 199.4</b>	
<b>Earnings per share</b>						
Class B	\$ 0.54	\$ 0.28	92.9	\$ 1.64	\$ 0.65	152.3
Class A	\$ 0.53	\$ 0.27	96.3	\$ 1.59	\$ 0.60	165.0
<b>Diluted earnings per share</b>						
Class B	\$ 0.53	\$ 0.28	89.3	\$ 1.61	\$ 0.64	151.6
Class A	\$ 0.52	\$ 0.27	92.6	\$ 1.56	\$ 0.59	164.4

See notes to interim consolidated financial statements.

**CCL INDUSTRIES INC.**  
**2003 Fourth Quarter**  
**Consolidated Balance Sheets**

Unaudited	Dec 31st	Dec 31st
(in millions of Cdn dollars, except book value per share data)	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 81.8	\$ 156.1
Accounts receivable - trade	167.0	209.0
Other receivables and prepaid expenses	30.0	27.3
Inventories	114.1	136.9
	<hr/> 392.9	<hr/> 529.3
Capital assets	442.8	507.9
Other assets	58.2	30.4
Goodwill	298.0	275.1
<b>Total assets</b>	<b>\$ 1,191.9</b>	<b>\$ 1,342.7</b>
<b>Liabilities</b>		
Current liabilities		
Bank advances	\$ 7.5	\$ 0.4
Accounts payable and accrued liabilities	253.9	275.2
Income and other taxes payable	0.3	0.2
Current portion of long-term debt	14.8	16.3
	<hr/> 276.5	<hr/> 292.1
Long-term debt	404.5	505.7
Other long-term items	25.0	32.6
Future income taxes	67.0	75.3
<b>Total liabilities</b>	<b>773.0</b>	<b>905.7</b>
<b>Shareholders' equity</b>		
Share capital (note 5)	188.0	192.2
Executive share purchase plan loans (note 5)	(1.8)	-
Retained earnings	227.1	199.4
Foreign currency translation adjustment	5.6	45.4
<b>Total shareholders' equity</b>	<b>418.9</b>	<b>437.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,191.9</b>	<b>\$ 1,342.7</b>
Net debt	\$ 345.0	\$ 366.3
Net debt to equity	82.4%	83.8%
Net debt to total capitalization	45.2%	45.6%
Book value per share	\$ 13.00	\$ 13.10

Net debt is defined as bank advances and long-term debt net of cash and cash equivalents.

See notes to interim consolidated financial statements.

**CCL INDUSTRIES INC.**  
**2003 Fourth Quarter**  
**Consolidated Statements of Cash Flows**

Unaudited	Fourth quarters ended December 31st		Years ended December 31st	
(in millions of Cdn dollars)	2003	2002	2003	2002
<b>Cash provided by (used for)</b>				
<b>Operating activities</b>				
Net earnings	\$ 17.4	\$ 9.4	\$ 53.0	\$ 21.8
Items not requiring cash:				
Depreciation, and amortization of other assets	15.4	18.7	67.4	75.8
Future income taxes	(3.8)	(2.1)	8.0	4.7
Unusual items	(5.0)	7.5	4.3	36.9
	24.0	33.5	132.7	139.2
Net change in non-cash working capital	20.2	44.9	(3.2)	32.9
Cash provided by operating activities	44.2	78.4	129.5	172.1
<b>Financing activities</b>				
Proceeds on long-term debt	-	4.4	-	6.2
Retirement of long-term debt	3.9	(0.8)	(13.8)	(16.1)
Decrease in bank advances	(6.3)	(5.4)	(1.7)	(12.7)
Issue of shares	0.2	1.3	2.7	3.8
Settlement of exercised stock options	-	(0.3)	-	(1.4)
Repurchase of shares	-	(5.6)	(20.7)	(20.5)
Dividends	(2.9)	(2.9)	(11.5)	(11.4)
Cash used for financing activities	(5.1)	(9.3)	(45.0)	(52.1)
<b>Investing activities</b>				
Additions to capital assets	(31.0)	(26.3)	(112.2)	(71.4)
Proceeds on disposals	(3.2)	-	77.2	17.7
Business acquisitions	(81.2)	(0.2)	(104.5)	(18.2)
Other	3.4	0.3	(2.5)	(4.9)
Cash used for investing activities	(112.0)	(26.2)	(142.0)	(76.8)
Effect of exchange rate changes on cash	2.1	1.4	(16.8)	-
Increase (decrease) in cash	(70.8)	44.3	(74.3)	43.2
Cash and cash equivalents at beginning of period	152.6	111.8	156.1	112.9
Cash and cash equivalents at end of period	\$ 81.8	\$ 156.1	\$ 81.8	\$ 156.1

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

See notes to interim consolidated financial statements.

## CCL INDUSTRIES INC.

### NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2003 AND 2002

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

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The disclosures contained in these unaudited interim consolidated financial statements do not include all of the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2002.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated statements, except that: (1) starting January 1, 2003, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Emerging Issue Committee (EIC) 132 abstract on "Share Purchase Financing" as described in note 5; (2) during the second quarter, the Company adopted the new provisions of CICA Handbook section 3475, "Disposal of Long-Lived Assets and Discontinued Operations", EIC-134 "Accounting for Severance and Termination Benefits" and EIC-135 "Accounting for Costs Associated with Exit and Disposal Activities" on a prospective basis, and (3) for stock-based compensation granted on or after January 1, 2003, the Company has adopted the fair value based method prescribed by CICA Handbook Section 3870. Stock-based compensation granted prior to January 1, 2003 continues to be accounted for using the intrinsic value method.

#### 2. ACQUISITIONS

In October 2003, the Company purchased the shares of Avery Dennison's European label converting business for \$83.6 million. Manufacturing facilities are located in Brøndby and Randers in Denmark and in Chilly-Mazarin in France.

Working capital, non-cash	\$	4.3
Non-current assets at assigned values		25.6
Intangible assets, primarily customer relationships		19.6
Goodwill		41.7
Future income taxes		(7.6)
Net assets purchased for cash	\$	<u>83.6</u>

In July 2003, the Company entered into a 51 per cent controlled European joint venture with Pachem AG, a provider of state-of-the-art pressure sensitive, shrink sleeve and in-mold labels. Consideration for CCL's share was \$17.3 million, which included \$8.8 million of pro-rata debt assumed. As part of the consideration, the Company contributed its Avelin, France facility. Additional consideration of up to approximately \$3 million will be payable in the future, provided the joint venture meets specified EBITDA and debt reduction targets. The joint venture, named CCL-Pachem Label GmbH has manufacturing facilities located in Hohonems, Austria; Rhyl, U.K. and Avelin, France; and is accounted for using proportionate consolidation.

Working capital, non-cash	\$	1.6
Non-current assets at assigned values		8.1
Goodwill		7.6
Net assets purchased	\$	<u>17.3</u>
Cash	\$	8.5
Long-term debt assumed	\$	8.8
Total consideration	\$	<u>17.3</u>

**CCL INDUSTRIES INC.**

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**PERIODS ENDED DECEMBER 31, 2003 AND 2002**

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

**2. ACQUISITIONS (Con't)**

In June 2003, the Company purchased Lucas-Insertco, which manufactures consumer instructional leaflets for the pharmaceutical industry, for \$18.0 million. Manufacturing facilities are located in Baltimore, Maryland and San German, Puerto Rico.

Working capital, non-cash	\$	1.2
Non-current assets at assigned values		4.3
Goodwill		12.7
Future income taxes		<u>(0.1)</u>
Net assets purchased	\$	<u>18.1</u>
Cash	\$	15.2
Promissory note	\$	0.3
Assumed debt	\$	<u>2.6</u>
Total consideration	\$	<u>18.1</u>

**3. UNUSUAL ITEMS**

	<u>Division</u>	<u>Fourth quarters</u>		<u>Years</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Disposal of non-core business units	Container	\$ 4.5	\$ -	\$ (3.1)	\$ -
Disposal of Grimsby U.K. and related restructuring	Custom Manufacturing	(0.2)	-	(1.7)	-
Repatriation of capital		-	1.4	0.6	3.0
"Series 400" closure restructuring	Container	-	(2.4)	(2.4)	(2.4)
Write-down of investment in Miza Pharmaceuticals		-	(7.3)	-	(37.3)
CPG Income Fund expenses		-	-	-	(2.2)
Disposal of K-G Packaging	Custom Manufacturing	-	-	-	(0.2)
Income (loss)		<u>\$ 4.3</u>	<u>\$ (8.3)</u>	<u>\$ (6.6)</u>	<u>\$ (39.1)</u>
Tax expense on unusual items		<u>\$ 0.1</u>	<u>\$ 4.4</u>	<u>\$ 1.6</u>	<u>\$ 3.2</u>

In August 2003, the Company sold four non-core business units in its Container Division to IntraPac L.P., a private Ontario Limited Partnership. Proceeds received were \$71.5 million in cash and \$12.5 million in equity of IntraPac L.P. CCL is entitled to additional consideration should future performance exceed specified benchmarks. The loss on sale recorded in the third quarter was \$7.6 million (\$7.4 million after tax), and was adjusted by a gain of \$4.5 million (\$4.5 million after tax) in the fourth quarter. The Company has significant influence over IntraPac L.P.; therefore, this investment is accounted for using the equity method.

In July 2003, the Company sold its Grimsby U.K. facility and the related liquid business. Disposition costs, including those related to consolidating the aerosol business currently manufactured in Grimsby to the nearby Scunthorpe plant, resulted in a loss of \$0.2 million (\$0.1 million after tax) in the fourth quarter of 2003 and \$1.7 million (\$1.2 million after tax) including provisions to reflect the estimated net realizable value of assets for the year ended December 31, 2003.

In third quarter of 2003, the Company repatriated capital from a foreign subsidiary, which resulted in a net foreign exchange gain of \$0.6 million. In fourth quarter of 2002, the Company repatriated capital from a foreign subsidiary, which resulted in a net foreign exchange gain of \$1.4 million. For the year ended December 31, 2002, the net foreign exchange gain was \$3.0 million. The gain or loss arises from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested. The gain or loss on foreign exchange did not give rise to any tax effect.

In the first quarter of 2003, the Company sold its non-core "Series 400" product line of plastic closures which were manufactured in the Los Angeles facility. Restructuring costs of \$2.4 million (\$1.5 million after tax) related to the shutdown plans were incurred in the first quarter of 2003. In December 2002, a provision of \$2.4 million (\$1.5 million after tax) for the capital asset and inventory write-down related to this disposal was recorded.

## CCL INDUSTRIES INC.

### NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2003 AND 2002

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

#### 3. UNUSUAL ITEMS (Con't)

In April 2001, CCL sold its non-core U.K. Custom Manufacturing pharmaceutical business to the U.K. subsidiary of Miza Pharmaceuticals, Inc. ("Miza"), a Canadian private company. CCL received subordinated convertible notes in the U.K. subsidiary and an equity interest in Miza. In September 2002, Miza Pharmaceuticals (UK) Limited, Miza's largest business unit, was placed under a court appointed administrator in the U.K. with the mandate to restructure and, if practical, sell this business unit as a going concern. In the third quarter of 2002, the Company announced that it was reviewing its options with respect to its investment in Miza, and recorded a write-down of \$30.0 million on this investment. No tax benefit was recorded. In the fourth quarter of 2002, Miza Ireland Limited, a subsidiary of Miza, was placed into receivership and as a result, an additional write-down of \$7.3 million was recorded (\$3.8 million after tax). The total provision for 2002 was \$37.3 million (\$33.8 million after tax).

In the second quarter of 2002, the Company announced that it would not proceed with the sale of its Custom Manufacturing Division to the CPG Income Fund. The expenses incurred for the anticipated sale of the Division were \$2.2 million. These expenses did not give rise to any tax benefit.

In the first quarter of 2002, the Company recorded a loss of \$0.2 million (\$1.4 million after tax) in connection with the disposal of its K-G Packaging business.

#### 4. INTEREST RATE SWAP AGREEMENTS

In December 2003, the Company entered into a new Interest Rate Swap Agreements ("IRSA") to convert an additional tranche of fixed rate debt to a floating rate. This new IRSA converts US\$ 42.1 million of notional fixed rate debt (hedging the 1997 private placement notes) into floating rate debt, based on three-month LIBOR rates. The notional amount of this swap will decrease by US\$ 4.7 million annually to match the decrease in the principal of the underlying note.

#### 5. SHARE CAPITAL

##### Issued and outstanding

Actual number of shares:

	December 31, 2003	December 31, 2002
Class A	2,442,424	2,447,419
Class B	29,917,419	30,905,424
Less: Executive Share Purchase Plan shares	(150,000)	-
Total	<u>32,209,843</u>	<u>33,352,843</u>

Year-to-date weighted average number of shares:

	December 31, 2003	December 31, 2002
Total	<u>32,348,626</u>	<u>33,941,905</u>

For the years ended December 31, 2003, 1.2 million Class B shares (2002 - 1.0 million) were repurchased for \$20.7 million (2002 - \$20.5 million). The excess of the purchase price over the paid up capital of \$13.8 million (2002 - \$14.4 million) was charged to retained earnings. During the quarter, there were no repurchases of shares (2002 - 0.3 million shares for \$3.8 million)

##### Executive Share Purchase Plan loans

Effective January 1, 2003, the Executive Share Purchase Plan loans have been deducted from shareholders' equity based on the EIC Abstract on "Share Purchase Financing". This accounting change cannot be applied retroactively. These loans are non-interest bearing and are secured by 150,000 Class B shares of the Company (quoted value at December 31, 2003 of \$18.80 per Class B shares, totaling \$2.8 million). The loans have a ten-year term and are only repayable if the executive officers elect to sell their Class B shares, or if they leave the Company.

**CCL INDUSTRIES INC.**

**NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**PERIODS ENDED DECEMBER 31, 2003 AND 2002**

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

**6. GUARANTEES**

In connection with the divestitures of certain operations, the Company has indemnified the purchasers against defined claims from the past conduct of the business and also provided certain guarantees in relation to the obligations assumed by the purchasers. It is not possible to quantify the maximum potential liability in relation to the indemnities. The maximum exposure under guarantees, if the purchasers were to default on their obligations, is approximately \$2 million. The Company has fully provided for guarantees. The Company has recourse to the purchasers if the Company is required to make payment under the guarantees.

**7. SEGMENTED INFORMATION**

**Industry segments**

	Fourth quarters ended December 31st			
	Sales		Operating income	
	2003	2002	2003	2002
<b>Custom Manufacturing</b>	\$ 185.3	\$ 220.2	\$ 11.3	\$ 12.0
Return on sales			6.1%	5.4%
Growth	(15.8)%		(5.8)%	
<b>Container</b>	47.9	86.3	4.0	7.2
Return on sales			8.4%	8.3%
Growth	(44.5)%		(44.4)%	
<b>Label</b>	113.5	99.6	9.2	8.3
Return on sales			8.1%	8.3%
Growth	14.0%		10.8%	
<b>Total operations</b>	\$ 346.7	\$ 406.1	24.5	27.5
Return on sales			7.1%	6.8%
Growth	(14.6)%		(10.9)%	
<b>Corporate expense</b>			(2.7)	(2.7)
Interest expense, net			21.8	24.8
Unusual items - net gain (loss), (note 3)			5.3	7.1
Earnings before income taxes			16.5	17.7
Income taxes			4.3	(8.3)
<b>Net earnings</b>			20.8	9.4
			3.4	-
			<b>\$ 17.4</b>	<b>\$ 9.4</b>

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIODS ENDED DECEMBER 31, 2003 AND 2002

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

7. SEGMENTED INFORMATION (Con't)

Industry segments

	Years ended December 31st			
	Sales		Operating income	
	2003	2002	2003	2002
<b>Custom Manufacturing</b>	\$ 801.0	\$ 919.4	\$ 44.1	\$ 54.5
Return on sales			5.5%	5.9%
Growth	(12.9)%		(19.1)%	
<b>Container</b>	294.8	351.2	31.3	29.7
Return on sales			10.6%	8.5%
Growth	(16.1)%		5.4%	
<b>Label</b>	422.6	414.3	35.1	32.6
Return on sales			8.3%	7.9%
Growth	2.0%		7.7%	
<b>Total operations</b>	\$ 1,518.4	\$ 1,684.9	110.5	116.8
Return on sales			7.3%	6.9%
Growth	(9.9)%		(5.4)%	
<b>Corporate expense</b>			(9.1)	(8.5)
Interest expense, net			101.4	108.3
Unusual items - net loss (note 3)			23.0	30.9
Earnings before income taxes			78.4	77.4
Income taxes			(6.6)	(39.1)
<b>Net earnings</b>			\$ 53.0	\$ 21.8

	<u>Identifiable Assets</u>		<u>Goodwill</u>		<u>Depreciation &amp; Amortization</u>		<u>Capital Expenditures</u>	
	<u>Dec 31st</u>	<u>Dec 31st</u>	<u>Dec 31st</u>	<u>Dec 31st</u>	<u>Years ended December 31st</u>		<u>Years ended December 31st</u>	
	2003	2002	2003	2002	2003	2002	2003	2002
<b>Custom Manufacturing</b>	\$ 314.4	\$ 378.7	\$ 35.6	40.5	19.2	20.2	29.1	\$ 22.3
<b>Container</b>	249.6	404.6	54.6	63.9	22.2	30.2	34.2	14.8
<b>Label</b>	520.9	404.0	207.8	170.7	24.9	24.4	48.8	33.7
<b>Corporate</b>	107.0	155.4	-	-	1.1	1.0	0.1	0.6
<b>Total</b>	\$ 1,191.9	\$ 1,342.7	\$ 298.0	\$ 275.1	\$ 67.4	\$ 75.8	\$ 112.2	\$ 71.4

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fourth Quarters ended December 31, 2003 and 2002**

This document has been prepared for the purpose of providing Management's Discussion and Analysis (MD&A) of the financial condition and results of operations for the fourth quarters ended December 31, 2003 and 2002 and an update to the 2002 Annual MD&A document. This interim MD&A should be read in conjunction with the Company's December 31, 2003 unaudited fourth quarter financial statements released on February 19, 2004 and the 2002 Annual MD&A document, which forms part of the CCL INDUSTRIES INC. 2002 Annual Report, dated February 13, 2003.

The accounting financial statements have been prepared in accordance with Canadian generally accepted principles and in accordance with the requirements of section 1751 of the CICA Handbook. Unless otherwise noted, both these financial statements and this interim MD&A are expressed in Canadian dollars. CCL's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy of the Company.

#### **Overview of Consolidated Operations**

The economies of North America and Western Europe were generally weak throughout 2003, as it related to demand for consumer non-durable products. The U.S. consumer non-durables sector experienced an increase of 3.8% in industrial production in the fourth quarter of 2003 but was up only 0.1% for the full year. This fluctuating activity level was indicative of the recent sales performance of CCL's businesses which experienced a mixed demand pattern, particularly for the Custom Manufacturing Division and for the Plastic Packaging operations within the Container Division. At the same time, segments of the Container and Label Divisions continued to be very busy in specific markets. The Company's outlook and order bank for early 2004 is for a continuation of this same demand pattern. Despite the negative effect of the stronger Canadian dollar relative to, in particular, the United States dollar, and this mixed performance in the business units, CCL reported higher net earnings for the fourth quarter and the year in 2003 compared to 2002. The lower interest expense and number of shares outstanding, in addition to the benefits from the restructuring efforts carried out over the past few years continue to positively affect earnings per share.

Net earnings for the fourth quarter of \$17.4 million were up 85% from the \$9.4 million recorded in the fourth quarter of 2002. For the full year 2003, net earnings of \$53.0 million were up 143% over the \$21.8 million level of 2002. Net earnings were affected by an unusual gain of \$4.3 million (2002 – loss of \$8.3 million) for the quarter, and an unusual loss of \$6.6 million (2002 – loss of \$39.1 million) for the full year as discussed below.

Approximately 80% of CCL's sales are derived outside Canada then translated into Canadian dollars for reporting purposes. During 2003, a number of currencies have depreciated against the Canadian dollar. The United States dollar, the base currency of approximately 60% of CCL's total sales, has on average depreciated by 16% for the quarter and 11% for the year compared to the Canadian dollar. Changes in currency exchange rates, primarily the depreciation of the United States dollar have had a

negative effect on reported sales and net earnings, and have reduced earnings per share by \$0.02 for the quarter and \$0.12 for the year compared to 2002.

Additionally, CCL hedged some of its expected U.S. dollar revenues earned in Canada for the full year 2003. These hedge transactions were at an average rate of \$1.59 compared to the actual average rate of \$1.40 and have positively affected earnings before income tax by \$1.9 million in the fourth quarter and \$4.5 million for the full year. Hedges are in place for the first quarter of 2004 but at an average rate of \$1.34 which will negatively affect earnings in 2004 compared to 2003.

Consolidated sales in 2003 were \$346.7 million in the fourth quarter versus \$406.1 million last year, down by 15%. Consolidated sales for the 2003 year were \$1,518.4 million compared to \$1,684.9 million in 2002, a decrease of 10%. These comparisons are significantly affected by both the strong appreciation in the Canadian dollar and by dispositions net of acquisitions during this reporting timeframe. If dispositions and the negative translation effect of foreign exchange on sales were excluded, reported sales in 2003 would have increased 3% in the fourth quarter and would have been flat for the year.

Net interest expense was \$5.3 million for the quarter and \$23.0 million for the full year compared to \$7.1 million and \$30.9 million respectively in 2002. The depreciation of the United States dollar has had the effect of reducing reported interest expense since CCL's borrowings are primarily denominated in U.S. dollars. Net interest expense includes interest earned on both short-term investments and Interest Rate Swaps. The Company is amortizing a gain realized on the sale of an Interest Rate Swap Agreement in 2001. In June and December 2002, the Company entered into two additional Interest Rate Swap Agreements with a Canadian financial institution, the effect of which was to convert US\$ 120.0 million of notional fixed rate debt into floating rate debt. In December 2003, the Company entered into an additional Interest Rate Swap Agreement with a Canadian financial institution, the effect of which was to convert US\$ 42.1 million of notional fixed rate debt into floating rate debt. The unrealized gain on these agreements, as at December 31, 2003, amounted to approximately \$5.5 million. The effect on these four Swaps has been to reduce interest expense by \$1.5 million and \$5.9 million in the fourth quarter and the year respectively in 2003 compared to \$1.2 million and \$3.2 million in 2002. Interest coverage (defined as operating income before unusual items and interest expense divided by interest expense calculated on a rolling 12-month basis) was 4.4 in 2003 and 3.5 times in 2002.

The tax rate was 15.9% in the fourth quarter and 26.1% for the 2003 year compared to 0.8% in the fourth quarter and 43.1% for the year 2002. These effective rates are lower than the combined Canadian federal and provincial tax rate of 33.3% for the years 2003 and 2002, due to the benefit of lower tax rates in foreign subsidiaries net of income and expense items not subject to tax expense or tax recovery.

Earnings per Class B share were \$0.54 in the fourth quarter of 2003 compared to \$0.28 in 2002. Unusual costs or gains amounted to a gain of \$0.13 per Class B share in the

fourth quarter of 2003 versus a loss of \$0.11 per Class B share in the fourth quarter of 2002.

For the full year 2003, earnings per Class B share were \$1.64 compared to \$0.65 a year ago. Unusual items for 2003 were a loss of \$0.16 per Class B share compared to a loss of \$1.05 per Class B share in 2002.

On August 29, 2003, CCL sold four non-core business units in its Container Division and on October 2, 2003 reinvested the proceeds of the sale to acquire the European label converting assets of Avery Dennison Corporation. In the fourth quarter of 2003, the acquired label plants contributed \$3.9 million in operating income compared to the \$2.7 million in operating income contributed by the non-core container plants in 2002.

The unusual item in the fourth quarter, a gain of \$4.3 million before tax (2002 - loss of \$8.3 million) represents the final accounting adjustments on the disposal of the four non-core business units of the Container Division to IntraPac L.P., offset in part by the final costs to dispose of the Grimsby U.K. facility of \$0.2 million. The estimated pre-tax loss of \$7.6 million on the Container non-core business disposition was recorded in the third quarter. Including the fourth quarter gain, the loss on disposal for the year was \$3.1 million before tax or \$2.9 million after tax. For the full year 2003, the unusual loss of \$6.6 million (2002 - loss of \$39.1 million) also includes \$2.4 million in restructuring costs on the sale of a non-core plastic closure product line and \$1.7 million in restructuring costs associated with the disposition of the Grimsby U.K. facility, net of a \$0.6 million gain on the repatriation of capital from a foreign subsidiary.

In the fourth quarter of 2002, the unusual item included the initial write-down of the above non-core product line of plastic closures. The key item for the 2002 year related to an impairment provision of \$37.3 million taken on CCL's investment in Miza Pharmaceuticals, Inc.

The Company's financial position remains strong since last year. As at December 31, 2003, cash and cash equivalents amounted to \$81.8 million compared to \$156.1 million as at December 31, 2002, reflecting the acquisition and capital spending activity. Net debt amounted to \$345.0 million as at December 31, 2003 compared to \$366.3 million as at December 31, 2002 and net debt to capitalization has reduced to 45.2% at the end of 2003 versus 45.6% last year.

Operations generated cash of \$129.5 million during 2003. Excluding acquisition and divestiture activities during this timeframe, the Company spent \$112.2 million on capital expenditures, \$11.5 million for dividends to shareholders and \$18.0 million for share repurchases net of issuances. In the 2002 and 2001 calendar years, capital spending was approximately equal to the \$75 million average depreciation and amortization of other assets in these years. The Company spent significantly in excess of depreciation and amortization on capital projects in 2003 in order to take advantage of new market opportunities and to improve infrastructure and operating efficiencies.

Net debt to total capitalization and book value per share were 45.2% and \$13.00 as at December 31, 2003 compared to 45.6% and \$13.10 as at December 31, 2002. The Company has significant non-Canadian net operating assets and debt, and as a result, both of these ratios were affected by the devaluation of the United States dollar relative to the Canadian dollar over the past year. The foreign currency translation adjustment, which is a component of shareholders' equity and relates to the all non-Canadian net assets, amounted to \$5.6 million as at December 31, 2003 compared to \$45.4 million as at December 31, 2002.

### **Discussion of divisional business segments**

#### **Custom Manufacturing - Operating income in the fourth quarter \$11.3 million in 2003 vs. \$12.0 million in 2002. Year-to-date \$44.1 million vs. \$54.5 million.**

Sales for this Division, when translated into Canadian dollars, decreased approximately 16% in the fourth quarter and 13% for the year in 2003 compared to 2002. If the effect of foreign currency translation and results from the K-G Packaging business unit sold in the first quarter of 2002 were excluded, sales and operating income decreased 7% but increased 2% respectively in the fourth quarter and decreased 7% and 16% for the year compared to the same periods in 2002.

Sales and income contribution from this Division continued to be negatively affected by softness in demand, increased margin pressure, and business lost due to competitive pricing. In the fourth quarter, unit volume was down approximately 12% compared to the fourth quarter of 2002. Total year unit volume was down 10% compared to the record year in 2002. A sales mix of lower margin products and the decline in the value of the United States dollar have negatively affected the divisional income. The Division has been aggressively working on a number of new customer and higher margin product opportunities in order to replace lost volume. A number of these new contracts, along with recent cost reduction projects, are expected to positively affect operating income in 2004. However, the full negative impact of the strong Canadian dollar on the Rexdale, Ontario operations will be felt in 2004 as the favourable currency hedges of 2003 will not be repeated.

The Division has invested \$29.1 million in capital in 2003 compared to \$22.3 million in 2002 to reduce costs, while maintaining, and expanding its manufacturing base in select areas. Depreciation and amortization of other assets amounted to \$19.2 million in 2003 compared to \$20.2 million in 2002.

#### **Container - Operating income in the fourth quarter \$4.0 million in 2003 vs. \$7.2 million in 2002. Year-to-date \$31.3 million vs. \$29.7 million.**

On August 29, 2003, the Division sold four non-core business units. In 2002, these

businesses accounted for approximately \$119 million and \$11 million in sales and operating income respectively. In the fourth quarter of 2002, these business units contributed \$28 million and \$3 million in sales and operating income respectively.

Sales for this Division, when translated into Canadian dollars, decreased approximately 45% in the fourth quarter and 16% for the year in 2003 compared to 2002. If the effect of foreign currency translation and the dispositions were excluded, sales and operating income decreased 3% and 9% respectively in the fourth quarter but increased 4% and 26% for the year.

This Division continues to benefit from a growing demand for aluminum bottles and aerosol containers, which was more than offset by a marked softness in demand for plastic tubes during the last half of the year. This drop in demand within Plastic Packaging parallels reports from other industry players. The backlog for aluminum containers remain at record levels. The Division continues to outsource some of its production requirements in order to meet customers' demand while it completes the commercialization of new manufacturing capacity.

The Container Division has invested \$34.2 million in capital in 2003 compared to \$14.8 million in 2002. Two new aluminum can lines have been installed for \$15.6 million in 2003 and an estimated \$11.4 million in early 2004 in order to support demand for the growing niche beverage and specialty shaped container market. Shipments from the first line commenced in the fourth quarter of 2003. The second line is expected to start commercial production by the end of the second quarter of 2004. In addition, new capacity has been installed to meet the demand for the Division's "bag-in-can" technology. Depreciation and amortization of other assets amounted to \$22.2 million in 2003 compared to \$30.2 million in 2002.

**Label - Operating income in the fourth quarter \$9.2 million in 2003 vs. \$8.3 million in 2002. Year-to-date \$35.1 million vs. \$32.6 million.**

Sales for this Division, when translated into Canadian dollars, were up approximately 14% in the fourth quarter and 2% for the year compared to 2002. If the effect of foreign currency translation were excluded, sales and operating income increased 27% and 22% respectively in the fourth quarter and 11% and 17% for the year. In addition to the 2003 acquisitions discussed below, the European plants acquired in early 2002 contributed to the improved performance for the year.

In 2003, the Division continued its expansion strategy with emphasis on higher margin product lines and high growth geographies. On June 9, 2003, the Division announced the purchase of Lucas-Insertco; on July 3, 2003, the formation of CCL-Pachem, a 51% controlled joint venture; and on October 2, 2003, the purchase of Avery Dennison's European label converting business. Sales and operating income from these transactions in the fourth quarter amounted to \$28.3 million and \$4.2 million, respectively. In 2003, over the cumulative periods of ownership, these businesses contributed \$41.1 million and \$5.3 million in sales and operating income respectively.

In 2003, the Division also completed the construction of a new plant in Thailand to service global customers in the personal care and health care markets. The first of two high-speed printing presses planned for this location was commissioned during the fourth quarter and the first sales were shipped in January 2004. In addition, it completed the relocation of its Monrovia, CA facility to Upland, CA and the commissioning of a major new gravure printing press in Sioux Falls, SD. Amounts expensed in the quarter and for the year on these latter two initiatives were \$0.6 million and \$3.9 million, respectively. The Division is also in the process of selling its existing facility in Leeds, U.K. to a property developer at an expected significant gain, and relocating its operations to a new facility in the area in late 2004.

Sales backlog for the business generally is relatively short, but early indicators of customers' orders for 2004 are positive.

The Label Division invested \$48.8 million in capital in 2003 compared to \$33.7 million in 2002 to expand its manufacturing base, including the Thailand project. Depreciation and amortization of other assets amounted to \$24.9 million in 2003 compared to \$24.4 million in 2002. Over the next few years, the Division plans to replace and/or upgrade its printing and associated manufacturing base as part of a strategy to broaden the Division's capability and, at the same time, improve operating efficiencies.

### **Liquidity and Capital Structure**

The Company's current debt structure primarily comprises three private debt placements completed in 1996, 1997 and 1998, totaling US\$ 314.3 million (Cdn\$ 407.5 million) at December 31, 2003, with an average interest rate of 5.1% factoring in the related Interest Rate Swap Agreements. A scheduled annual repayment of US\$ 9.4 million (Cdn\$ 12.2 million) on one of these notes was made in September 2003. The reported amounts outstanding for debt and cash have been significantly reduced since the prior year, as the majority of debt and cash are denominated in U.S. dollars. The net debt analysis is as follows:

<b><u>\$ Millions</u></b>	<b>December 31 <u>2003</u></b>	<b>December 31 <u>2002</u></b>
Total debt	\$426.8	\$522.4
Cash on hand	<u>(81.8)</u>	<u>(156.1)</u>
<b>Net debt</b>	<b><u>\$345.0</u></b>	<b><u>\$366.3</u></b>

A summary of cash flow is as follows:

	<b>\$ Millions</b>			
	<b><u>Fourth Quarters</u></b>		<b><u>Years Ended</u></b>	
	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
<b><u>Cash inflows</u></b>				
Cash provided by operating activities (before change in non-cash working capital)	\$24.0	\$33.5	\$132.7	\$139.2
Proceeds and debt reduction on disposals	(3.2)	-	77.2	17.7
Net decrease in non-cash working capital	20.2	44.9	-	32.9
Other	<u>3.4</u>	<u>0.7</u>	<u>-</u>	<u>-</u>
	<u>44.4</u>	<u>79.1</u>	<u>209.9</u>	<u>189.8</u>
<b><u>Cash outflows</u></b>				
Net increase in non-cash working capital	-	-	3.2	-
Additions to capital assets	31.0	26.3	112.2	71.4
Business acquisitions including debt assumed	81.2	0.2	115.8	18.8
Dividends to shareholders	2.9	2.9	11.5	11.4
Repurchase of shares, net of issuance	(0.2)	4.6	18.0	18.1
Other	<u>-</u>	<u>-</u>	<u>2.5</u>	<u>5.0</u>
	<u>114.9</u>	<u>34.0</u>	<u>263.2</u>	<u>124.7</u>
Net cash inflow (outflow)	(70.5)	45.1	(53.3)	65.1
Translation of foreign denominated net debt, mainly U.S. dollars	<u>18.9</u>	<u>3.8</u>	<u>74.6</u>	<u>4.3</u>
Decrease (increase) in net debt	<u><b>\$(51.6)</b></u>	<u><b>\$48.9</b></u>	<u><b>\$21.3</b></u>	<u><b>\$69.4</b></u>

Non-cash working capital traditionally increases during the first few months of each year, to accommodate increased customer activity following the slower year-end period, before reducing to its lowest point at year-end. The cash inflow associated with non-cash working capital for the fourth quarter of 2003 was \$20.2 million compared to \$44.9 million in 2002.

In 2003, the Company divested four non-core business units in its Container Division for \$71.5 million in cash in addition to future consideration and an equity participation in the acquiring partnership.

Capital spending was \$112.2 million in 2003 compared to \$71.4 million in 2002. Capital spending was incurred in all divisions with a view to increasing capacity based on customers' requirements, implementing cost reduction programs and maintaining the

existing business base. For the full year of 2003, capital spending was higher than in 2002 as a result of additional opportunities to expand beverage can capacity in the Container Division and to upgrade the printing capability in the Label Division, including the expansion into Thailand. Depreciation and amortization of other assets in 2003 amounted to \$67.4 million compared to \$75.8 million a year earlier, and is lower primarily due to foreign exchange currency translation.

The Company had a Normal Course Issuer Bid (NCIB) in place, which is governed by the rules of the Toronto Stock Exchange. CCL's NCIB, which commenced on August 7, 2002, terminated on August 6, 2003. It permitted the repurchase of up to 20,000 Class A shares and 2.1 million Class B shares. In 2003, the Company repurchased 1,192,300 Class B shares at an average price of \$17.39 per share. Cumulatively under this bid, the Company purchased 1,716,700 shares at an average price of \$17.87. The Company has not renewed the NCIB.

Dividends for each of the fourth quarters of 2003 and 2002 were \$2.9 million. The current annualized dividend rate is \$0.31 per Class A share and \$0.36 per Class B share. The Company has historically paid out dividends at a rate of 20-25% of normalized earnings.

The Company has no material "off balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 13 of the December 31, 2002 Annual Consolidated Financial Statements. Additionally, the vast majority of the Company's post-employment obligations are defined contribution pension plans. There are no defined benefit plans funded with CCL stock.

### **Risks and Strategy**

There have not been any significant changes during 2003 in either the risks to the business or the strategies from those discussed earlier in this document or in the 2002 Management's Discussion and Analysis in the Annual Report.