CCL INDUSTRIES

ANNUAL REPORT 1983

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INDEX

CCL INDUSTRIES INC.

CCL Industries Inc. is a diversified Canadian controlled company engaged in the custom manufacture and packaging of a wide range of consumer goods, the production and printing of pressure sensitive products, and the manufacture of containers and closures through its subsidiary, Continental Can Canada. CCL's combined operations serve close to 1500 marketing organizations in Canada and the United States.

FINANCIAL HIGHLIGHTS

(in thousands of dollars)

	1983	1982
Sales	$420,487	$157,855
Net income before extraordinary item	17,334	4,329
Earnings per share	1.55	0.52
Shareholders' equity	117,666	31,277
Total assets	301,962	100,424
Working capital	60,704	14,764

CCL INDUSTRIES INC.
235 Yorkland Boulevard
Suite 500
Willowdale, Ontario
M2J 4Y8
(416) 499-8500

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting will be held on May 24, 4 p.m., in the Auditorium, Commerce Court West, Toronto, Ontario.

Further copies of this report can be obtained from:

CCL Industries Inc.
235 Yorkland Boulevard
Suite 500
Willowdale, Ontario
M2J 4Y8
(416) 499-8500

Auditors
Thorne Riddell Chartered Accountants

Legal Counsel
Lang, Michener, Cranston, Farquharson & Wright

Transfer Agents
National Trust Company Ltd.

Fiscal Agent
McLeod Young Weir Limited

CORPORATE HISTORY

CCL Industries Inc. began custom manufacturing aerosol products more than three decades ago, in 1951, as Connecticut Chemicals (Canada) Ltd., jointly-owned by CCL Chairman Gordon S. Lang and his family, along with U.S. interests. By the late 1950s, the Company became Canadian-owned when the Lang family bought out their U.S. partners.

The decade of the 1960s was an eventful one with the acquisition from U.S. interests of Aerocide Dispensers Ltd., the purchase by Conn Chem of Chempac Ltd., and the acquisition of Armstrong-Lang. These acquisitions put the Company into pharmaceutical products, and the manufacture of liquids and powders.

During the 1970s, the Company, still under the name Conn Chem, assumed complete control of the K-G Packaging operation, which produced paints, car care and aerosol products, along with the Canadian interests of Peterson Puritan Inc., of Danville, Illinois. In 1972, the holding company went public as Conn Chem Ltd. By 1975, Conn Chem had diversified into the laminated self-adhesive products field by buying Kleen-Stik Products Ltd. (now Kleen Stik-Fasson Inc.), one of Canada's largest manufacturers of pressure-sensitive materials. In 1977, shares in public hands were bought back by a group made up of management and senior employees.

In 1980, under its new name, CCL Industries Inc., the Company made a public issue of some two million shares. The pace of CCL's acquisitions stepped up and by 1982 the Company had acquired the following: Neeco Industries, Air Guard Control of Canada, Modern Press of Sioux Falls, South Dakota and the John A. Huston Company.

In 1983, a new chapter was added to the CCL history as Continental Can Canada, Inc., became a member of the CCL family. CCL is now comprised of three separate and distinct operating divisions: Custom Manufacturing, Pressure-Sensitive Products and Container Manufacturing.

CCL'S CORPORATE GOALS

CCL's growth in the 1980s is based on several key criteria; to continually show improvement in earnings per share and to maintain our position as the leading Canadian packaging company by further penetrating existing markets and developing new products. We will continue to invest in internal expansion — by upgrading machinery and equipment to increase production capacity, continue to introduce new technology, and develop new markets.

CHAIRMAN'S REPORT

Gordon S. Lang

1983 was a year of unprecedented growth for your company. With the acquisition of Continental Can Canada Inc., sales rose to \$420,487,000 from \$157,855,000 in 1982, and net income per share to \$1.55 from \$.52 in 1982. Sales of Continental Can were consolidated for only the last eight months of the year.

The annual report this year has been designed to focus on our three major areas of business, Custom Manufacturing, Pressure Sensitive Products, and with particular emphasis on Container Manufacturing, the newest member of our family. We trust you will find it interesting and informative. We feel we are the industry leaders in each of the three segments of our business.

The gradual turnaround in the economy in 1983 resulted in increased market demand for the products of our custom manufacturing group, which, combined with more efficient internal operations, resulted in a satisfactory performance. Pressure Sensitive base materials and converted labels continued to enjoy increasing market acceptance in Canada and the U.S.A. The Continental Can division enjoyed a satisfactory year, with a particularly strong performance from beverage containers due, in part, to customer brand introductions and an unusually hot summer.

The acquisition of Continental Can Canada Inc. was financed, in part, through a \$75 million new equity issue which raised \$15 million more than was necessary to finance the purchase. The end result is a term debt to equity ratio of .8 to 1. We welcome our new public shareholders and look forward to a long and prosperous relationship with the Continental Group.

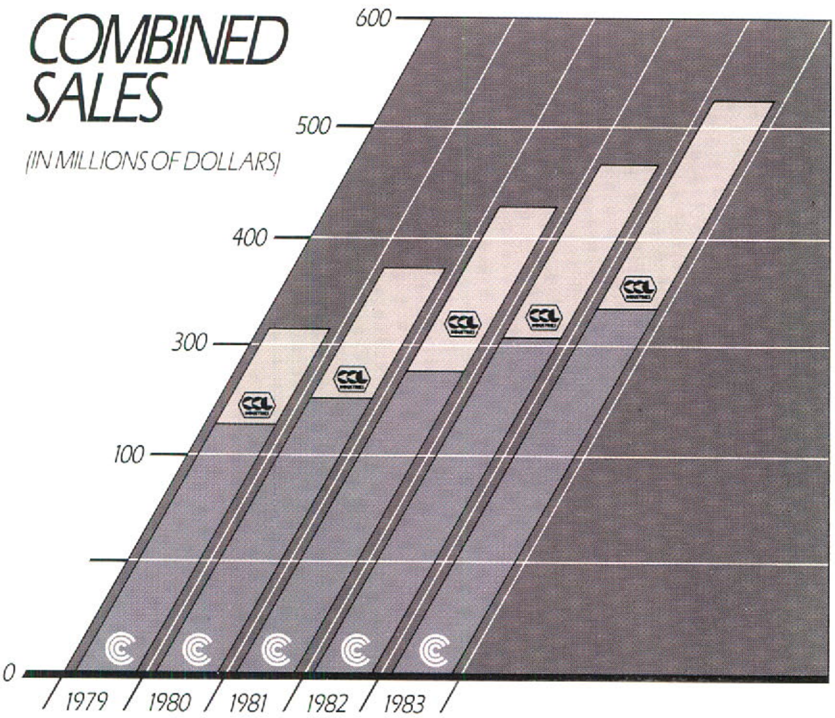
During the year we restructured our management team to provide the strength to face the challenges and opportunities of the future. We are particularly proud of the depth of experience combined with the youth of our Executive team, a strong direction-setting group for the company.

CCL was delighted to welcome to the Board of Directors, Bruce Smart, Chairman of the Continental Group, Philip Silver, President of Continental Packaging, John Morrison, President of Continental Can Canada Inc., and Gary Ullman, President Custom Manufacturing and Pressure Sensitive Products divisions. These gentlemen bring us a depth of business background and knowledge, especially in the packaging field, and will make a great contribution to our company.

1984 is full of challenges and opportunities for all three of our divisions, and if the economy continues to strengthen, we should enjoy a satisfactory year. Once again we would like to thank our customers, our suppliers and each and every one of our employees, without whose efforts our successes past and future would not be possible.

G.S. Lang
Chairman of the Board and Chief Executive Officer

FIVE YEAR SUMMARY



EXECUTIVE COMMITTEE

*TOP: **Gordon S. Lang,** Chairman of the Board and Chief Executive Officer*
*MIDDLE (L TO R): **Edward G. Johnston,** Vice-Chairman and Executive Vice-President, **Edward W. Dobson,** Chairman, Executive Committee and Executive Vice-President*
*BOTTOM (L TO R): **Gary W. Ullman,** President, Custom Manufacturing and Pressure Sensitive Products Divisions and Executive Vice-President, **Wayne M.E. McLeod,** President and Vice-Chairman, Executive Committee **John A. Morrison,** President and Chief Executive Officer, Continental Can Canada division and Executive Vice-President*

MANAGEMENT COMMITTEE

DIVISIONAL MANAGERS

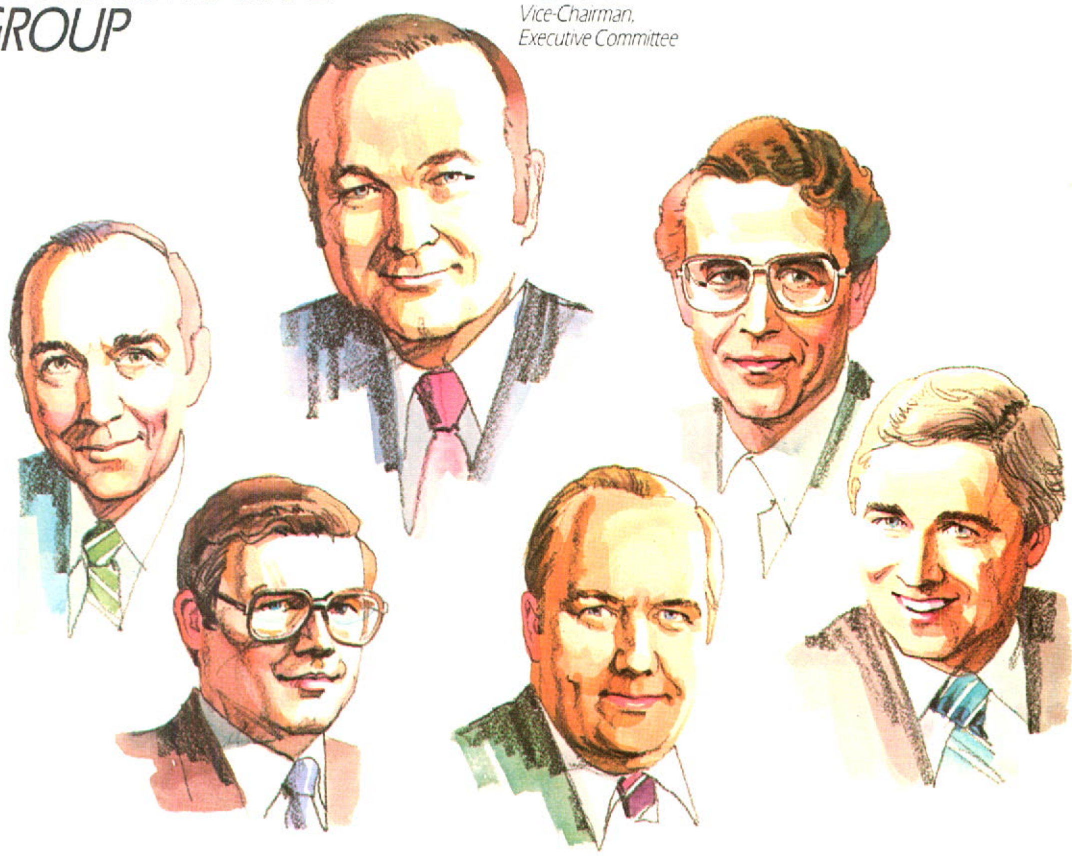
DIRECTORS

Back row (l. to r.) Albert Gnat, James Davies, Kenneth Irvine (retired, October, 1983), Gary Ullman, Wayne McLeod, John Morrison, Philip Silver Arnold Englander. Front row (l. to r.) Bruce Smart, Edward Johnston, Gordon Lang, Edward Dobson, David Pepall.

ADMINISTRATIVE GROUP

Wayne McLeod
President and
Vice-Chairman,
Executive Committee

CLOCKWISE FROM WAYNE MCLEOD:
Mel Snider, Vice President and Chief Financial Officer,
Ron Sloan, Co-ordinator/Director, Corporate Planning Systems,
Larry Eddy, Vice President, Administration,
Robert Leckie, Manager, Administration and Assistant Secretary
Robert Broad, Director, Corporate Communications

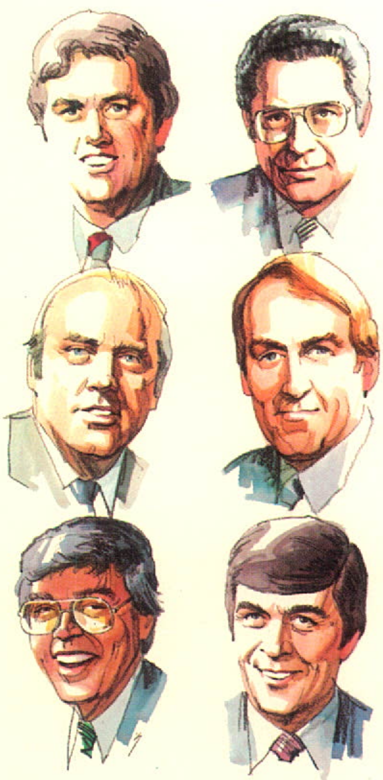


CUSTOM MANUFACTURING AND PRESSURE SENSITIVE PRODUCTS DIVISIONS

MANAGEMENT TEAM

Gary W. Ullman, President, Custom Manufacturing and Pressure Sensitive Products Divisions and Executive Vice-President

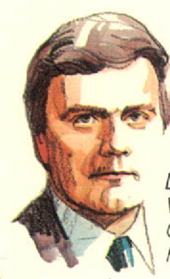
CUSTOM MANUFACTURING DIVISION



*Top row: **Don Bulloch,** Vice-President, Administration, Custom Manufacturing and Pressure-Sensitive Products Divisions, **Gunter Burk,** Executive Vice-President, Chempac Liquid and John A. Huston*
*Middle row: **Doug Chaffee,** Vice-President and General Manager, Chempac Powder, **Bob Nash,** Vice-President and General Manager, Chempac Liquid*
*Bottom row: **Jim Wega,** Vice-President and General Manager, K-G Packaging, **Keith Wilson,** Vice-President and General Manager, Conn Chem, Armstrong-Lang and Air Guard Control of Canada*

PRESSURE-SENSITIVE PRODUCTS DIVISION

***Peter Simpson,** Vice-President, CCL Industries Inc., President, Neeco Industries*



***Dave Gurbach,** Vice-President and General Manager, Kleen Stik-Fasson*

*Top row: **Erv Armfield,** Executive Vice-President and General Manager, Modern Press/Modern Label, **Roger Coté,** Executive Vice-President, Ever Ready Tag and Label, Montreal*
*Bottom row: **Dennis Mazurkewich,** General Manager, Neeco Industries, Burlington **Dick Todd,** General Manager, Gibson Labels, Winnipeg*

GENERAL OVERVIEW

Custom Manufacturing is the blending, production and packaging of products, to specific tolerances, for sale to major marketing companies in Canada and abroad.

Research & Development Laboratories.

CONN CHEM

Conn Chem is a custom manufacturer of personal care, cosmetic, household consumer products and insecticides in aerosol form.

The year 1983 was one of conservative growth for a significant number of product categories produced by the division, including shave foams, household cleaners, disinfectant sprays, waxes, polishes and insecticides.

During the year, Conn Chem continued its major commitment to research and development along with the implementation of improved technology to ensure that products are produced safely, of high quality and competitively priced.

1983 highlights included:

- Introduction of new products developed by Research and Development with a positive response from the marketplace.
- Introduction of new DMO* propellant formulations for selected product categories to both improve performance and reduce cost.
- Initiation of a major scrap loss reduction programme designed to reduce significant losses of both chemical and propellants.
- Installation of computerized weight control and video jet coding.
- Two production lines were redesigned to incorporate a high speed facility in conjunction with an efficient small run capability with microprocessor control and both pressure fill and under-the-cap gassing abilities.
- Agreements with a major Canadian supplier for production of a new aerosol container early in 1984 with greater aesthetic appeal.
- Improved safety programmes and systems to ensure security of customer confidentiality.

*DMO is a trademark of CCL Industries Inc.

One of three recently installed computerised check weighing stations.

ARMSTRONG-LANG

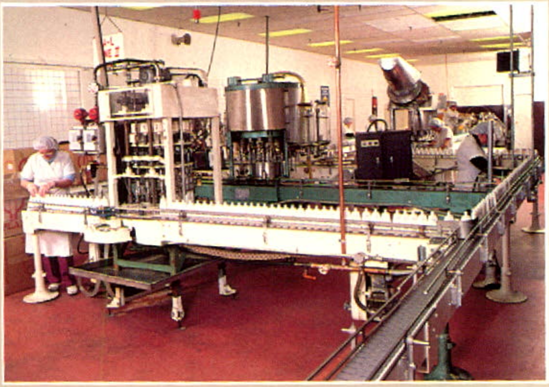
Armstrong-Lang Division specializes in the manufacture of pharmaceuticals, toiletries and cosmetics in many forms of packaging, including aerosol, liquid, lotion, cream and gel.

Business growth was substantial in 1983 and efforts to improve efficiencies and reduce scrap losses were of prime importance, together with the internal amalgamation of departments to ensure integration of activity.

Research and Development continued to play a major role in growth, with extremely successful introductions of high quality skin and hair care products. Mousse hair conditioning products, widely used in Europe, and now manufactured by Armstrong-Lang, are an exciting growth market for the division.

Highlights of the year included:

- Expanded tube filling facilities resulted in five major new national accounts for both cosmetics and toothpaste.
- The introduction of three new deocolognes.
- The integration of J.A. Huston resulted in a contract to produce Mary Kay products.
- Installation of a blister packaging facility for packaging toothbrushes and similar sized products.
- Approval to install a new high-speed, versatile and portable liquid facility, with flexibility to fill a variety of products and packages under conditions regulated by the Health Protection Branch of Canada.
- Approval to expand compounding facilities to accommodate the wide variety of production demands associated with liquids, creams, lotions and gels.



New high-speed liquid line to be operational in 1984.

AIR GUARD CONTROL

Automatic Dispenser for Air Freshening and Insect Control.

Ultrasonic System for the Elimination of Rodents.

Air Guard Control manufactures and distributes a complete line of products for agricultural and industrial pest control. Products are found in use on dairy, agricultural, horse, hog, poultry and cattle farms. Industrial pest control products are used in restaurants, hotels, recreational facilities and food processing plants.

Important new product introductions were made during the year:

- For the control of rodents, utilizing a new technique "ultrasonics" to protect food storage and food processing facilities. These systems were extensively tested and proven within our facilities by our own scientists and engineers, resulting in a pest control product's registration certificate issued by Agriculture Canada.
- A new filter for processing of raw milk at the farm to reduce bacteria and sediment count.
- By taking advantage of CCL's expertise in new propellant technologies (DMO*), a new dairy barn aerosol in a totally new package has been introduced, offering advantages to the dairy farmer in terms of cost and convenience of use.
- An introduction of a totally new animal marking system, consisting of an aerosol spray and a crayon marker in a retractable package.

*DMO is a trademark of CCL Industries Inc.

K-G PACKAGING

K-G Packaging offers a full range of custom manufacturing facilities for aerosol and liquid filling. We offer the service of sourcing procurement, quality inspection compounding as well as filling. Flexibility and service sum up the strength of K-G Packaging.

The principal line of products we custom manufacture are spray paints, a wide range of liquid stains, varnishes, paint hardeners, and catalysts; shoe care products such as polishes and protectors, along with leather and fabric specialty chemicals.

K-G produces a wide range of automotive specialties for both performance and cosmetic uses. Products such as starting fluid, engine degreasers, penetrating oils, waxes, cleaners, fabric shampoos, are a few of the wide range of automotive specialties.

1983 saw the successful expansion of water-based spray paint with our Canadian customers. Twenty-three marketers now feature water-based spray paint in their line.

During 1983 our laboratory developed and launched a number of new products — products such as automotive fabric protectors, stop-a-chip protective coatings and paintable rubberized undercoat to mention a few.

Our laboratory continues to maintain its state of the art support to K-G Packaging. We now have on line a colour computer which provides more efficient exact colour matching.

Our laboratory added a gas chromatograph for more effective quality assurance of the products manufactured at K-G. The G.C. will also serve as an additional analytical tool to our research staff in the development of new products.

The above comments highlight some of the developments at K-G Packaging which help us better serve our customers. Service, to which we have a continual commitment, is the foundation of our business, along with our ability to serve customers through our multifaceted manufacturing facilities.

Colour matching and batch corrections are simplified by the use of a scanning spectrophotometer and digital computer.

JOHN A. HUSTON

The John A. Huston division manufactures a wide range of personal care products including lipsticks, nail polishes, make-ups, mascaras, eye shadows, blushers and pressed powders, along with hair care and skin care products, and cosmetic powders.

Acquired in 1983, Huston brings to the CCL family of custom manufacturing divisions more than six decades of experience in producing prestigious cosmetic lines for many international marketers.

A major advantage to customers is that Huston offers attractive flexibility in both short and medium sized runs — a critical asset in the dynamic cosmetic market it serves.

Specialized filling line for liquid cosmetic products.

CHEMPAC LIQUID

Chempac Liquid division manufactures consumer products, including personal care, household cleaner and automotive appearance products.

The division enjoyed a record year during which volume growth exceeded all expectations. Evidence of economic recovery throughout Canada saw an increase in demand from Chempac's customers who are national marketing organizations which have contractual arrangements for the production of products by Chempac Liquid.

Year-end highlights included:

- an increasing emphasis on technological advancement of both staff and equipment to keep pace with sophisticated techniques demanded by new generations of consumer products;
- the installation of a high-volume compounding system to manufacture complex personal care products, thereby augmenting the uses of existing high-speed filling lines. Versatility is the operative word as Chempac offers customers superior quality and flexibility.
- skills and equipment in the Technical Department were upgraded and work began on the installation of a new computer system. This system will result in quicker response to consumer requirements and careful control of inventories.

Modern laboratory procedures assure highest quality raw materials and finished products.

CHEMPAC POWDER

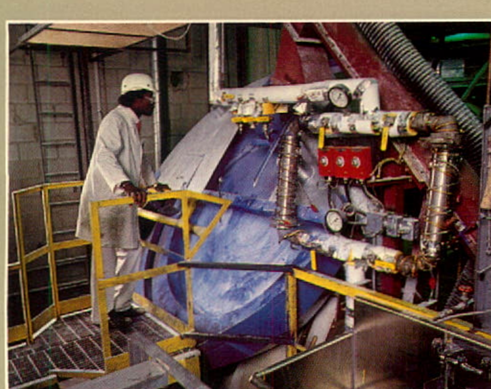
The Chempac Powder Division specializes in the manufacturing and packaging of automatic dishwasher detergents, laundry aids, and household and commercial cleaners. Our operations include: product development, purchasing, manufacturing, packaging, quality assurance and cost accounting.

With a 50 percent increase in business volume during 1983, Chempac Powder Division added new manufacturing and packaging technology to its already impressive line-up of expertise, resulting in a significant increase in both services offered and customer base.

Highlights for 1983 were:

- The acquisition by CCL of John A. Huston Company and its integration into Chempac Powder Division for the production of plastic food wrap and additional carpet care products.
- The successful negotiation of two major new contracts with high profile Canadian marketing companies.
- The installation of bag filling equipment, rotating pan agglomerating, and film converting equipment.
- A 50 percent increase in Technical Sales staff.
- Increased use of computer technology in the Technical Service area.
- Entry into dry construction chemical and intermediate processing product lines.

Polyvinyl chloride (PVC) food wrap is converted and packaged into retail sizes.



Rotating pan agglomerating system.

GENERAL OVERVIEW

The Pressure Sensitive Products divisions manufacture and distribute self-adhesive sheet and roll products, print self-adhesive labels, and supply to customers, on a turn-key basis, complete pressure sensitive adhesive labelling systems.

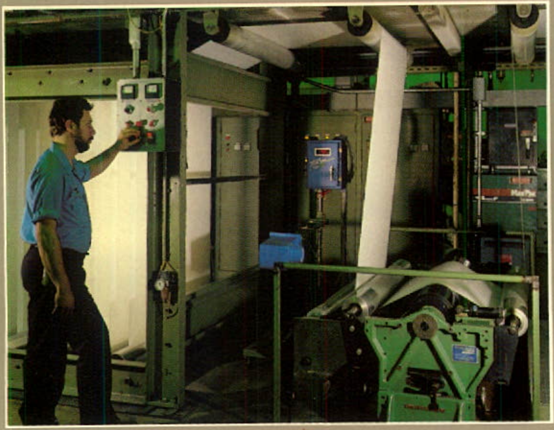
Latest computer technology is utilized for material analysis.

KLEEN STIK-FASSON

Kleen Stik-Fasson Inc. is a major manufacturer of self-adhesive rolls, sheets, tapes and adhesives for conversion to labels, fasteners and other applications.

During 1983, KSF continued to be an industry leader in new product development and technological advancement. To this end, highlights of the year included:

- record sales performance;
- major capital investments in state-of-the-art process improvements and equipment technology;
- significant improvement in hot-melt technology — a non-solvent, cost-effective adhesive system;
- computerization of existing materials management systems to yield improvements in customer service and asset management levels;
- successful introduction of new products (OCR — Optical Character Recognition and TIPS — Thermal Imaging Products) to the marketplace;
- extensive resourcing in the product and market development fields;
- advancements in both silicone chemistry and silicone release technology;
- establishment of a modern material testing and product development laboratory to highlight work in Canada on pressure-sensitive products;
- significant penetration into the Canadian industrial and reflective market base.



Constant operator integrity assures optimum results for KSF's highly technical products.

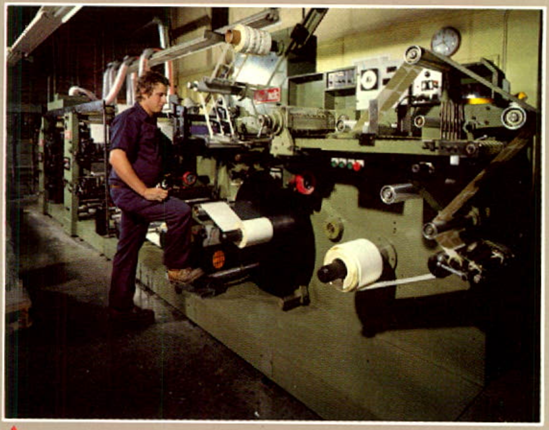
THE NEECO GROUP
BURLINGTON, MONTREAL, WINNIPEG, VANCOUVER

Neeco Industries is a Canada-wide network of plants that produce label systems and product identification markings in pressure-sensitive and other forms. The division has operating plants in Burlington, Montreal, Winnipeg and Edmonton, with sales offices in Calgary and Vancouver.

Better printing quality is always a prime objective in all Neeco divisions. An example was the installation during 1983 of a seven-colour Kopack press which permits ultraviolet printing. This is an extremely sophisticated form of printing for the labelling industry and helps provide Neeco with the competitive edge it needs to retain its leadership position within the industry.

During 1983:

- Neeco's successful marketing objectives nationwide included the development of major new sales opportunities in the prime label, pharmaceutical and promotional label fields. The Company is confident that new business development in these areas will result in accelerated growth over the next five years.
- The labelling systems operation continued to grow and evolve. Neeco provides a full-service approach from concept to packaging. Acting as labelling systems consultants, the Neeco team designs and supplies labelling equipment for special applications and products.



Seven Colour Rotary Letterpress with Ultraviolet Curing, featuring high quality process printing.

THE NEECO GROUP
MODERN PRESS, SIOUX FALLS, SOUTH DAKOTA

Modern Press Inc., along with its division, Modern Label, provides CCL with access to the large United States market.

Modern Label is a leading converter of pressure-sensitive labels. Its consumer-oriented operation is geared to the following specific areas: processed food, toys, pharmaceutical and light industrial labels. It is also well known for its high quality printing of multi-colour labels.

Major growth areas exploited during 1983 included:

- prime label markets, including personal care products, toiletries and cosmetics;
- pharmaceuticals;
- promotions, including coupon labelling.

For Modern Press, the majority of its business in 1983 was in the area of advertising lithography. This included the full-service printing of: advertising brochures and folders, catalogues, books, packaging materials such as labels, cartons, wraps, business stationery, price lists and forms.

With their excellent production facilities and strong, creative management team, Modern Label and Modern Press continued during 1983 to generate new fields of opportunity in the United States.

Graphic Art Department at Modern Press.

INTRODUCTION

Continental Can Canada is the largest manufacturer of metal containers in Canada. It operates as a subsidiary of CCL Industries Inc. and employs approximately 2,400 people in eleven plants across the country. Continental supplies metal and plastic containers and metal closures for a wide variety of food and industrial products to almost 400 clients from coast-to-coast.

Emphasizing quality and service, Continental also offers to its customers graphic arts and other technical assistance to support their packaging and marketing operations.

MANAGEMENT TEAM

*CENTRE: **John A. Morrison,** President and Chief Executive Officer.*
*CLOCKWISE FROM THE TOP: **Perry W. Nelson,** Executive Vice-President and General Manager, **Andrew E. Fox,** Senior Vice-President Operations. **C. Roger Henry,** Vice-President, Manufacturing, **Robert J. Sirois,** General Manager Eastern Region, **Damian L. Bassett,** General Manager Western Region, **John T. Corley,** Vice-President, Sales & Marketing, **Jean N. Quesnel,** Vice-President, Finance and Administration.*

PRODUCTS

CARBONATED AND
NON-CARBONATED BEVERAGES

BEER

MILK

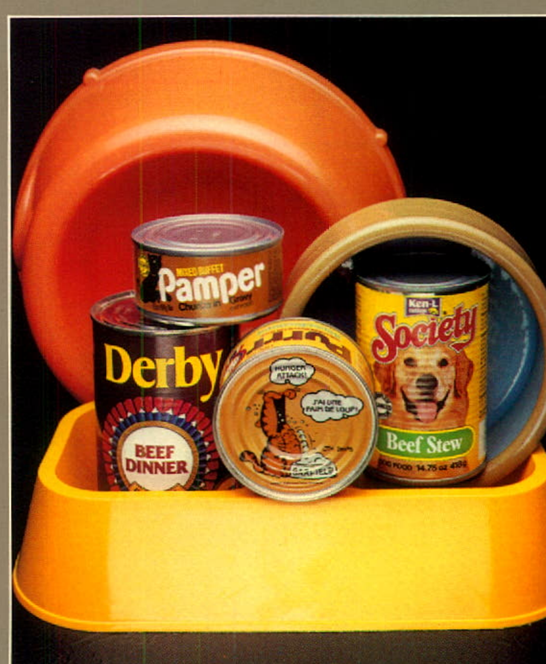
CLOSURES

SPECIALTY FOODS

The photographs on these two pages are designed to convey a sense of the many shapes, sizes and styles of the containers and closures manufactured by Continental. Some familiar household and industrial consumer brands have been appropriately assembled to illustrate the product classifications for which the containers are used.

▲ MEAT AND FISH

▲ FRUIT AND VEGETABLE



▲ PET FOODS

◀ GENERAL PACKAGING

NEW TECHNOLOGY

Continental is proud of its position as Canada's leading full service primary container manufacturer. We intend to remain pre-eminent through aggressive marketing of new and improved containers to meet industry needs for innovative, cost efficient, attractive, and safe consumer packaging. In short — *Competitive Excellence.*

PlastiCon 4000*

This plastic paint container was recently introduced in a 4 L size. It offers significant advantages to the paint manufacturer, retailer and consumer. It cannot rust or dent, and the integral bail handle reduces cost. It possesses unsurpassed container and lid integrity with excellent re-sealability, has no top ring to collect paint, and stacks securely.

Conoweld

(Welded Sideseams)
Continental is engaged in an ongoing program to convert conventional soldered food cans to welded construction. Nine sizes are currently available with several more scheduled in 1984. Welded containers offer greater integrity, reduced internal coating damage during manufacture, use less steel, and eliminate traditional lead solders.

Conoffast

Conoffast, short for *Continental's* Form, Fill and Seal Technology, is a high speed system which thermoforms, labels, fills, heat seals and multipacks rigid plastic packages starting from several roll-stock materials.

The process can be operated aseptically, combining product and package under sterile conditions and eliminating conventional heat sterilization after packaging. This improves retention of the original texture and flavour of the product. It is the only system capable of operating in the Aseptic Mode without chemical sterilants.

From top centre clockwise: PlastiCon 4000; Conoweld food cans; Conoffast; and two-piece beverage cans.*

Packages can be designed in a wide variety of shapes and sizes. Different flavours can be filled simultaneously at speeds up to 50,000 containers per hour.

Two-piece Cans

Two piece construction represents state-of-the-art beverage container manufacture. The conventional can is assembled from three pieces, a cylinder with a welded or soldered sideseam and two ends. The body and bottom of a two-piece can is a single unit made from one piece of metal. The process, known as "draw and wall-iron", results in extremely thin side walls. Internal pressure from the product carbonation provides added support to the container walls.

Elimination of the bottom and side seams results in a higher quality container and the absence of a sideseam permits full wrap-around decoration for a more pleasing appearance. When made from aluminum, the can is lighter, cools faster, and improves flavour retention of the contents. The aluminum can is recyclable and its high scrap value offers economic benefit to post-consumer waste recovery programs.

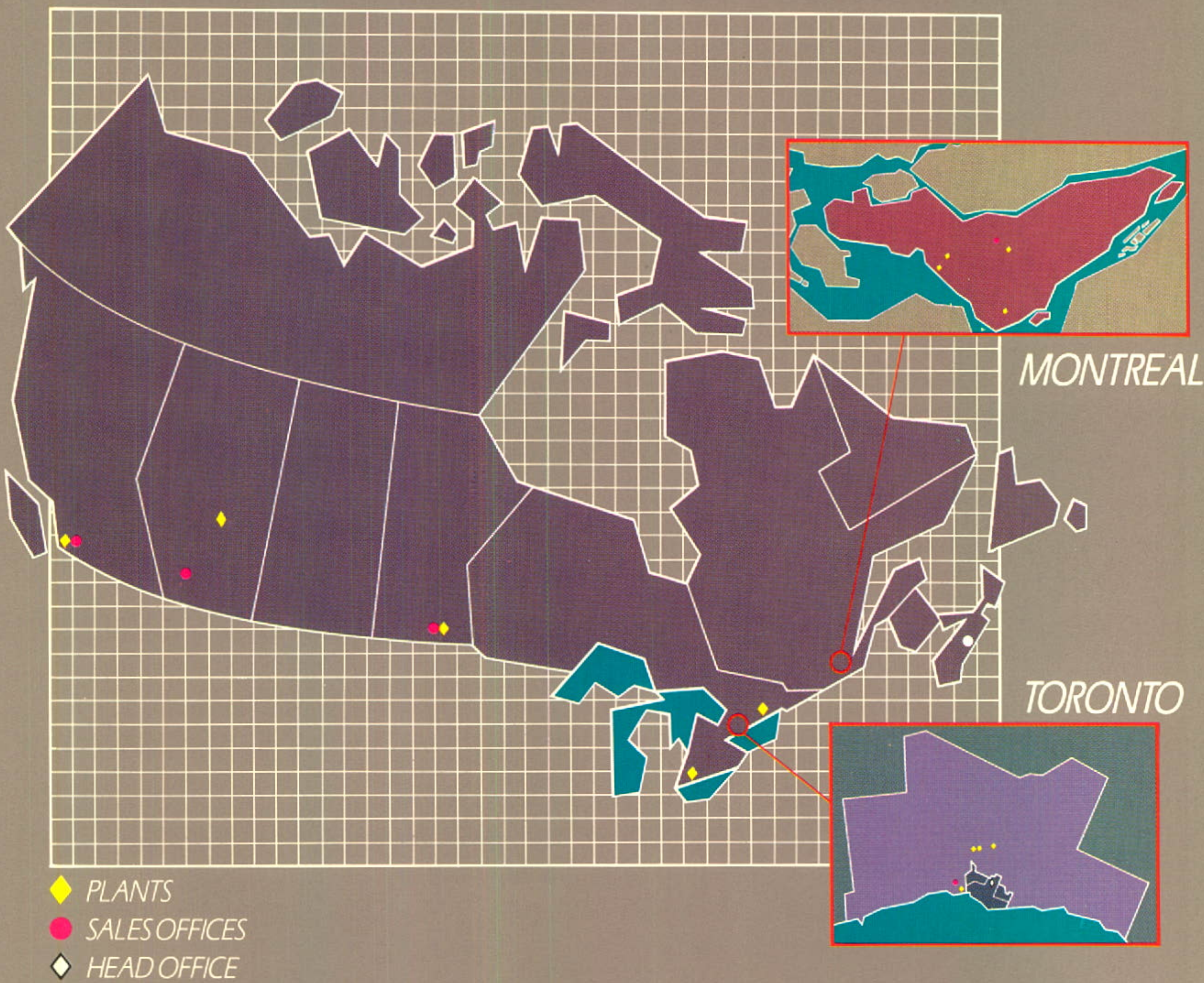
**Registered Trade Mark*

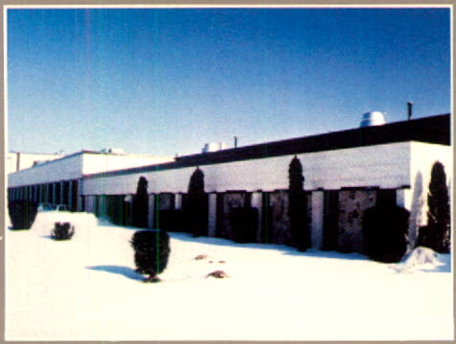
TECHNICAL RESOURCES

In support of the objective of *Competitive Excellence*, Continental Can Canada offers a number of services to customers. These include research, customer technical service, customer equipment service and graphic arts. They are provided by people highly skilled in their particular disciplines and strategically located across the country.

Customers may use these services to advance their programs from new product development through to filled containers. That may involve can specifications, designing can handling systems, creating lithographed package designs, instructing personnel in the proper operation of closing equipment, conducting test packs and estimating shelf life. Assistance can also be provided in the areas of process problem-solving and productivity improvement.

In addition, Continental has access through licensing agreements to the global network of container and White Cap research and development resources of The Continental Group, Inc., the world's leading packaging manufacturer.





Continental Can Canada is currently investing a total in excess of $65 million in these three new locations — Edmonton, Toronto and Montreal — to produce two-piece beverage cans. The Montreal plant began production in late 1983. The Edmonton and Toronto plants are scheduled to commence production in 1984.

These investments in state-of-the-art technology reflect both the importance and growth potential of the soft drink and beer can markets in Canada. They underline Continental's commitment to offer its customers throughout the country the most advanced containers available.

LISTING OF DIVISIONS

CCL INDUSTRIES INC.

PLANTS

Conn Chem/Armstrong-Lang/ Air Guard Control
26 Waterman Avenue
Toronto, Ontario
M4B 1Y5
755-9271

K-G Packaging
8001 Keele Street
P.O. Box 658
Concord, Ontario
L4K 1C7
669-9855 Telex #06-964740

Chempac Powder Div.
994 Islington Avenue
Toronto, Ontario
M8Z 4P8
259-9214 Telex #06-989554

Chempac Liquid Div.
13 Bethridge Road
Rexdale, Ontario
M9W 1M6
743-6255

J.A. Huston Div.
50 Dufflaw Road
Toronto, Ontario
M6A 2W1
787-1684

D.M.O. Plant
Specialty Chemical Div.
111 Fuller Road
Ajax, Ontario
L1S 1R4
686-2014

CCL Western Division
9200 Van Horne Way
Richmond, B.C.
V6X 1W3
(604) 270-3353

Neeco Industries
3077 Mainway
Burlington, Ontario
L7R 4C5
827-8000

Modern Press
1209 West Bailey
Sioux Falls, S.D.
USA 57104
(605) 336-7940

Kleen Stik Fasson
81 Dowty Road
Ajax, Ontario
L1S 2G3
686-0085

Ever Ready Tag & Label Co. Inc.
5000 de la Savane
Montreal, Quebec
H4P 1T8
(514) 735-2511

Gibson Labels
535 Marjorie Street
Winnipeg, Manitoba
R3H 0S8
(204) 786-5441

Home Label Manufacturers Ltd.
10979-127 Street
Edmonton, Alberta
T5M 0T1
(403) 451-4226

SALES OFFICES

Custom Manufacturing
Regional Sales Office
for Quebec & Maritimes

Ever Ready Tag & Label Co. Inc.
5000 de la Savane
Montreal, Quebec
H4P 1T8
(514) 735-2511
Watts: (800) 361-7151

Canada West Labels Ltd.
9200 Van Horne Way
Richmond, B.C.
V6X 1W3
(604) 276-8439

CORPORATE OFFICE

235 Yorkland Boulevard
Suite 500
Willowdale, Ontario
M2J 4Y8
(416) 499-8500

CONTINENTAL CAN CANADA

PLANTS

WESTERN REGION

BRITISH COLUMBIA
6741 Cariboo Road
Burnaby, B.C.
V3N 4A3
(604) 421-1899

ALBERTA (Opening 1984)
11627 - 178th Street
Edmonton, Alberta
T5S 1N6

MANITOBA
955 Lagimodiere Boulevard
Winnipeg, Manitoba
R2J 0V1
(204) 233-2476

CENTRAL REGION

ONTARIO
70 Birmingham Street
Toronto, Ontario
M8V 2C1
(416) 259-6651

7250 Keele Street
Concord, Ontario
L4K 1B6
(416) 669-1751

79 Signet Drive
Weston, Ontario
M9L 1T6
(416) 669-1751

21 Fenmar Drive (Opening 1984)
Weston, Ontario
M9L 2Y9
(416) 741-6111

110 Dufferin Avenue
Trenton, Ontario
K8V 5E1
(613) 392-1268

Highway #2
Rawleigh Township
Chatham, Ontario
N7M 5J2
(519) 354-4220

EASTERN REGION

QUEBEC
4455 Cote de Liesse Road
St. Laurent, Quebec
H4N 2N8
(514) 747-0621

4850 Fairway Avenue
Lachine, Quebec
H8T 1B6
(514) 631-4239

695 Dollard Street
Ville LaSalle, Quebec
H8N 1S2
(514) 366-5390

1940 - 55th Avenue
Lachine, Quebec
H8T 3H3
(514) 631-8980

SALES OFFICES

WESTERN REGION

BRITISH COLUMBIA
6741 Cariboo Road
Burnaby, B.C.
V3N 4A3
(604) 421-1899

ALBERTA
Suite 119
6940 Fisher Road S.E.
Calgary, Alberta
T2H 0W3
(403) 253-7265

MANITOBA
955 Lagimodiere Boulevard
Winnipeg, Manitoba
R2J 0V1
(204) 233-2476

CENTRAL REGION

ONTARIO
Suite 508
701 Evans Avenue
Etobicoke, Ontario
M9C 1A3
(416) 259-6651

EASTERN REGION

QUEBEC
Suite 965
100 Alexis-Nihon Boulevard
St. Laurent, Quebec
H4M 2P5
(514) 747-0621

NOVA SCOTIA
Suite 107
900 Windmill Road
Dartmouth, Nova Scotia
B3B 1P7
(902) 463-0062

CORPORATE OFFICE

3080 Yonge Street
Toronto, Ontario
M4N 3N1
(416) 484-3811

CCL INDUSTRIES INC. ANNUAL REPORT 1983

FINANCIAL STATEMENTS 1983

MANAGEMENT REVIEW

OPERATING STYLE

The company's operating style is one of strong decentralized divisional management, supported by key services and resources from a corporate office. This environment, along with a balanced equity participation program for close to 100 of the key employees, fosters an incentive for your company to operate efficiently and to respond on a personal level to our customers' changing needs.

SHIFT IN FOCUS

During 1983, we made two significant shifts in our focus. The acquisition of Continental Can brought a new and challenging business sector to the company. At the same time, the divestiture of a number of the smaller non-pressure sensitive operations within the product identification group has allowed management to concentrate its resources on more profitable and long-term growth opportunities in the pressure sensitive converting divisions.

OUR PARTNERS

CCL now has two well known international partners. For a number of years we have had the insight and valued contribution of Avery International as partners in the Kleen Stik-Fasson operations. A similar relationship has been developed with the Continental Group as we participate in and expand the Canadian container manufacturing operations. Both companies provide us with up-to-date technological and engineering assistance, in addition to maintaining an equity participation in and input into the future decisions of the company or its subsidiaries.

CAPITAL PROGRAM

In 1983 the company embarked on a major capital expenditure program which will continue throughout 1984 and into 1985. While the major focus of this program relates to the Continental container manufacturing division, significant expansion plans are also underway in the Kleen Stik-Fasson division. These expenditures will allow the company to supply its customers with food and beverage containers and pressure sensitive products using the most advanced commercial methods. This capital program is being financed from cash flow and term debt.

FINANCIAL

1983 Consolidated sales and net income from operations amounted to $420.5 million and $17.3 million respectively. Final net income for the year, after considering the extraordinary item, amounted to $15.4 million. 1983 includes the results of Continental Can for the eight month period commencing May 1. Net income in 1982 was $4.3 million on sales of $157.8 million.

A well received equity issue in August of 1983, combined with new term debt raised approximately $144 million. These funds were used to acquire Continental Can and to repay a portion of the existing bank debt.

At year end, assets totalled $302 million and shareholders' equity and working capital amounted to $118 million and $61 million respectively. The ratio of term debt to equity was 0.8 to 1.0.

1984 promises to be another satisfactory year. It will be a period of internal expansion of our manufacturing facilities and, by all early indications, revenue growth within all our manufacturing segments.

TEN YEAR FINANCIAL SUMMARY

(in thousands of dollars)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	**1983**
Sales	54,011	60,182	68,108	71,058	80,302	87,563	123,507	150,424	157,855	**420,487**
Total Assets	21,359	28,667	26,192	35,291	37,331	46,828	73,473	86,870	100,424	**301,962**
Net income before extraordinary item	2,292	2,770	3,149	2,852	3,809	4,324	6,440	5,461	4,329	**17,334**
Additions to fixed assets	1,951	988	2,364	3,017	2,872	2,823	5,321	4,974	6,291	**29,658**
Depreciation	876	1,065	1,166	1,332	1,312	1,482	2,028	2,959	3,330	**8,829**

AUDITORS' REPORT

To the Shareholders of
CCL Industries Inc.

We have examined the consolidated balance sheet of CCL Industries Inc. as at December 31, 1983 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 17, 1984

Thorne Riddell
Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1983

	(in thousands of dollars)	
	1983	1982
Sales	**$420,487**	$157,855
Income from operations before undernoted items	**$ 53,288**	$ 17,813
Depreciation	**8,829**	3,330
Amortization of goodwill and other assets	**1,586**	1,137
Interest expense		
Current	**1,929**	3,722
Long term	**9,467**	1,932
	21,811	10,121
Income from operations	**31,477**	7,692
Income taxes	**13,646**	3,225
	17,831	4,467
Minority interest	**497**	138
Income before extraordinary item	**17,334**	4,329
Extraordinary item (note 10)	**1,948**	
Net Income	**$ 15,386**	$ 4,329
Earnings per Share (note 6)	**Class B**	Common
Before extraordinary item	**$1.55**	$.52
After extraordinary item	**$1.38**	$.52

42,873 13346

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1983

	(in thousands of dollars)	
	1983	1982
Balance at Beginning of Year	**$ 16,383**	$ 14,568
Net income	**15,386**	4,329
	31,769	18,897
Public issue costs (net of income tax recovery of $1,205,000)	**1,460**	
Dividends		
Class A	**670**	
Class B	**2,853**	
Common	**635**	2,514
	5,618	2,514
Balance at End of Year	**$ 26,151**	$ 16,383

(Incorporated under the laws of Canada)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1983

	(in thousands of dollars)	
ASSETS	**1983**	1982
Current Assets		
Receivables	**$ 54,383**	$ 21,245
Income taxes recoverable		2,098
Inventories (note 2)	~~**81,406**~~	~~21,210~~
	135,789	44,553
Fixed Assets (note 3)	**118,371**	36,409
Other Assets (note 4)	**14,970**	7,702
Goodwill	**32,832**	11,760
	$301,962	$100,424

	(in thousands of dollars)	
LIABILITIES	**1983**	1982
Current Liabilities		
Bank advances (note 5)	**$ 10,329**	$ 9,010
Accounts payable and accrued liabilities	**60,137**	14,884
Income and other taxes payable	**4,149**	1,104
Principal due within one year on long term debt	**470**	4,791
	75,085	29,789
Long Term Debt (note 5)	**94,332**	28,770
Deferred Income Taxes	**11,744**	7,697
Minority Interest	**3,135**	2,891
SHAREHOLDERS' EQUITY		
Capital Stock (note 6)	**91,515**	14,894
Retained Earnings	**26,151**	16,383
	117,666	31,277
	$301,962	$100,424

Approved by the Board

Director G.S. Lang

Director E.W. Dobson

226,877 90,635

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	1983	1982
WORKING CAPITAL DERIVED FROM		
Operations		
Income before extraordinary item	$ 17,334	$ 4,329
Items not involving working capital		
Depreciation and amortization	10,415	4,467
Deferred income taxes	4,024	2,612
Other	1,597	136
	33,370	11,544
Issue of shares, net of public issue costs	75,161	367
Increase in long term debt	84,518	26,250
Decrease in loans receivable	402	970
Disposal of fixed assets	60	363
Discontinued operations	2,587	
	196,098	39,494
WORKING CAPITAL APPLIED TO		
Additions to fixed assets	29,658	6,291
Increase in loans receivable	968	172
Additions to other assets	1,088	3,536
Additional goodwill on acquisition		254
Dividends	4,158	2,514
Repayment of long term debt and change in current portion	18,755	8,409
Business acquisitions adjusted for working capital assumed of $32,498,000 (1982 working capital deficiency of $72,000)	95,531	7,572
	150,158	28,748
Increase in Working Capital	45,940	10,746
Working Capital at Beginning of Year	14,764	4,018
Working Capital at End of Year	$ 60,704	$14,764

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1983

(Tabular amounts in thousands)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 1.

(a) Basis of consolidation
The consolidated financial statements include the accounts of all subsidiary companies.

(b) Foreign currency translation
The company records foreign currency transactions at the Canadian dollar equivalent at the date of the transaction and translates foreign currency assets and liabilities at year end exchange rates. Exchange gains or losses are included in income.

The company's U.S. subsidiary is defined as self-sustaining and accordingly its assets and liabilities are translated at the year end exchange rate, income amounts are translated at the average rate for the year and exchange gains or losses are deferred.

(c) Inventories
Raw materials and supplies are valued at lower of cost and replacement cost. Finished goods and work in process are valued at lower of cost and net realizable value.

(d) Fixed assets
Fixed assets are stated at cost which includes interest during the construction period of major projects. Depreciation is provided primarily on the straight line basis using rates varying from 2.5% to 5% on buildings and from 10% to 25% on machinery and equipment.

(e) Goodwill
Goodwill is stated at cost less amortization which is provided on a straight line basis over 40 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

2. INVENTORIES

	1983	1982
Raw materials and supplies	**$33,051**	$13,365
Work in process	**18,035**	1,863
Finished goods	**30,320**	5,982
	$81,406	$21,210

3. FIXED ASSETS

	1983		1982	
	Cost	**Accumulated depreciation**	Cost	Accumulated depreciation
Land	**$ 13,927**		$ 2,570	
Buildings	**36,728**	**$ 5,218**	16,123	$ 4,732
Machinery and equipment	**97,206**	**24,272**	41,760	19,312
	147,861	**$29,490**	60,453	$24,044
Less accumulated depreciation	**29,490**		24,044	
	$118,371		$36,409	

The company has approved capital expenditures of approximately $45,000,000 to be made over the next two years.

4. OTHER ASSETS

Other assets include loans receivable of $1,742,000 (1982, $1,176,000) which represent amounts advanced to directors and officers without interest. These loans are evidenced by demand promissory notes and secured by collateral mortgages on properties owned by such directors and officers and/or by shares which have been pledged to secure the debt. These loans are to be repaid over approximately ten years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

5.

LONG TERM DEBT

	1983	1982
Bank loans (note (a))		$20,800
U.S. dollar bank loans (note (b))	**$ 5,472**	7,314
Revolving term bank loans, 10.6% to 12.18%, payable $1,250,000 quarterly in 1985 and $2,500,000 quarterly thereafter until fully repaid (note (c))	**14,518**	
Term bank loans, 11.5% to 13.75%, payable $1,500,000 quarterly commencing in 1985 with balance due in 1990 (note (c))	**70,000**	
Industrial development revenue bonds (note (d))	**4,044**	4,166
Other loans and mortgages at various interest rates and repayment terms	**768**	1,281
	94,802	33,561
Less principal included in current liabilities	**470**	4,791
	$94,332	$28,770

(a) Bank advances and bank loans are secured by the assignment of accounts receivable and a charge on inventories.

(b) The U.S. dollar bank loans bear interest at the prime commercial lending rate subject to a minimum rate of 10% and a maximum rate of 13% and are secured, subject to prior encumbrances, by a collateral charge on all the assets of The Modern Press, Inc. The indebtedness is repayable commencing January 1985 in quarterly instalments of $275,000 through October 19, 1989 when the remaining balance is due.

(c) The term bank loans are secured by a $143,500,000 debenture carrying a fixed and floating charge security on all the assets of Continental Can Canada Inc.

(d) The industrial development revenue bonds are secured by mortgages on specific fixed assets of The Modern Press, Inc. together with a guarantee of the company in the amount of $1,150,000. These bonds bear interest at rates varying from 7½% to 9¾% with repayment arrangements in progressive annual instalments ranging from $225,000 in 1984 to $369,000 in 1994.

(e) The company and its subsidiaries have credit arrangements which provide a revolving term loan credit facility of $45,000,000 and operating loan credit facilities of $70,500,000 with interest at rates approximating the bank's prime rate. At December 31, 1983 the company had borrowed $14,518,000 under the term loan credit facility and $13,829,000 under the operating loan facilities.

A schedule of principal due within each of the next five years on long term debt, as at December 31, 1983, is as follows:

1984	$ 470
1985	12,137
1986	15,695
1987	7,141
1988	7,225

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

6.

CAPITAL STOCK

(a) Re-organization and issue of capital stock

By Certificate of Amendment dated June 27, 1983, the authorized and unissued 70¢ cumulative, non-voting shares were cancelled and each three common shares were reclassified into one Class A voting share and two Class B non-voting shares. The authorized capital of the company consists of an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares.

	Common	
	Shares	Amount
Balance, January 1, 1983	8,399	$14,894
Issued for cash under the employee stock option plan and executive stock purchase plans	115	663
Issued as additional consideration under terms of an agreement pertaining to the acquisition of a subsidiary company in 1981	23	160
Balance before reclassification to Class A and Class B shares	8,537	$15,717

	Class A		Class B	
	Shares	Amount	Shares	Amount
Reclassification from common shares	2,846	$ 5,239	5,691	$10,478
Issued for cash under the terms of an underwriting agreement			3,150	40,162
Issued for cash to The Continental Group, Inc.	625	7,973	2,120	27,027
Issued for cash under the employee stock option plan and under executive stock purchase plans			56	636
Conversions from Class A to Class B shares	(370)	(1,410)	370	1,410
Balance, December 31, 1983	3,101	$11,802	11,387	$79,713
Total capital stock		$91,515		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

6. CAPITAL STOCK (Continued)

(b) Share attributes

Class A

Class A shares carry full voting rights and are convertible at any time into Class B shares.

Class B

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

(i) they are entitled to receive material and attend, but not to vote at regular shareholder meetings

(ii) they are entitled to voting privileges when consideration for the Class A shares, under a take over bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares

(iii) they are entitled to receive or have set aside for payment a non-cumulative preferential dividend. The current minimum preferential dividend is 10¢ per share per annum.

(c) Earnings per share

	1983		1982
	Class A	Class B	Common
From operations before extraordinary item	\$1.47	\$1.55	\$.52
After extraordinary item	\$1.30	\$1.38	\$.52

(i) The weighted average number of shares is 11,290,000.

(ii) The average earnings per share for Class A and Class B combined would be \$1.54 and \$1.36 respectively.

(d) Stock option plan

The company has an employee stock option plan under which options for the purchase of Class B non-voting shares are outstanding. As of December 31, 1983 there were outstanding options to purchase Class B non-voting shares as follows:

35,000 Shares at \$5.51 expiring July, 1985
217,000 Shares at \$5.63 expiring November, 1987
10,000 Shares at \$6.10 expiring November, 1987
190,000 Shares at \$9.78 expiring September, 1988
219,000 Shares at \$11.80 expiring September, 1988
72,500 Shares at \$15.30 expiring December, 1988

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

7. INCOME TAXES

	1983	1982
The company's effective income tax rate is made up as follows:		
Combined basic Canadian federal and provincial income tax rate	**48.3%**	50.0%
Increase (decrease) in the income tax rate resulting from:		
Federal income tax surcharge	**.8**	1.5
Manufacturing and processing profits deduction	**(6.4)**	(6.2)
Inventory allowance	**(4.9)**	(7.0)
Non-deductibility of goodwill amortization	**1.9**	2.6
Lower effective income tax rate on foreign subsidiary	**(.3)**	(1.3)
Miscellaneous	**3.9**	2.3
Effective income tax rate	**43.3%**	41.9%

Investment tax credits are applied to reduce the cost of fixed assets.

8. BUSINESS ACQUISITIONS

(a) Acquisition of Continental Can Canada Inc.

Effective May 1, 1983, the company acquired the issued shares of Continental Can Canada Inc. The net assets obtained in this acquisition, which was accounted for as a purchase, were as follows:

Working capital	**$32,675**
Non-current assets at assigned values	**70,348**
Net assets at assigned values	**103,023**
Goodwill, being the excess of the purchase price over the net assets acquired	**22,166**
	$125,189
Consideration given	
Cash	**$125,189**

(b) Other acquisitions

In 1983 the company acquired all of the issued shares of one company, purchased the assets of another company and negotiated the final settlement of previous acquisitions. The total outlay excluding working capital deficiency of $177,000 amounted to $2,840,000 and included goodwill of $2,191,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

SEGMENTED INFORMATION 9.

	Sales to customers		Segment operating profit	
	1983	1982	**1983**	1982
Business segments				
Custom manufacturing	**$127,149**	$112,280	**$10,142**	$10,660
Pressure sensitive products	**57,221**	45,575	**4,094**	3,054
Container manufacturing	**236,117**		**22,679**	
Corporate			**(5,438)**	(6,022)
Consolidated sales	**$420,487**	$157,855		
Income from operations			**31,477**	7,692
Income tax			**13,646**	3,225
Minority interest			**497**	138
Extraordinary item			**1,948**	
			16,091	3,363
Consolidated net income			**$15,386**	$ 4,329

	Identifiable assets		Depreciation and amortization		Capital expenditures	
	1983	1982	**1983**	1982	**1983**	1982
Business segments						
Custom manufacturing	**$ 51,871**	$ 44,545	**$ 3,010**	$2,968	**$ 2,837**	$3,893
Pressure sensitive products	**39,272**	49,180	**2,544**	1,440	**840**	2,046
Container manufacturing	**203,782**		**4,774**		**25,940**	
Corporate	**7,037**	6,699	**87**	59	**41**	352
Consolidated	**$301,962**	$100,424	**$10,415**	$4,467	**$29,658**	$6,291

The container manufacturing and pressure sensitive segment operating profit reflects deductions for interest paid on any direct debt within their segment.

Information for the container manufacturing segment is from acquisition on May 1, 1983 to December 31, 1983.

The 1982 comparative figures have been restated to conform with the basis of presentation adopted for 1983.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1983

(Tabular amounts in thousands)

10. EXTRAORDINARY ITEM

These costs relate to the disposal of certain small operations in the pressure sensitive products segment, including goodwill (net of income taxes of $458,000).

11. RELATED PARTY TRANSACTIONS

Transactions (principally on an arm's length basis) with The Continental Group, Inc. which holds approximately 19% of the company's shares are as follows:

Payments for	
Goods, services and royalties	$14,036
Fixed assets	11,220
Interest paid during acquisition period	3,514

NOTES

ANNUAL REPORT 1983

CCL INDUSTRIES