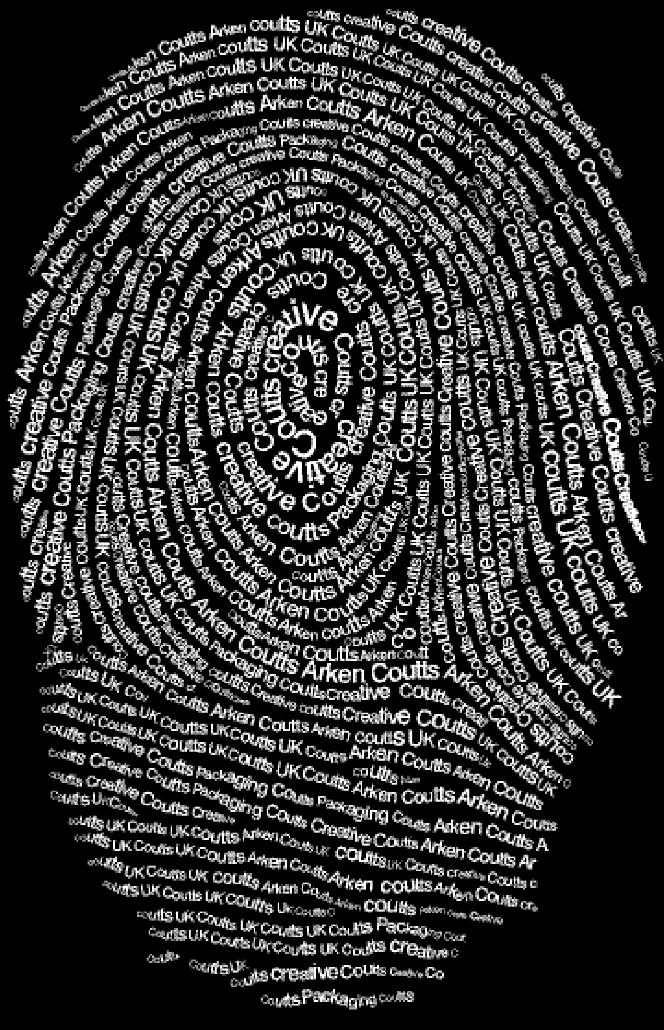
Coutts Holdings®

Annual Report 2003

Connecting with consumers



Coutts Packaging Coutts

C.A. Coutts Holdings plc
is the parent company of
Coutts Retail Communications
and other Group companies
whose core activity is to meet the
in-store marketing objectives of
world class brands and retailers.

collectively unique

By 2005 the value of the UK market for point of purchase advertising is set to reach £1.17 billion, rising to £1.24 billion by 2007 with the market growing at the annual average rate of around 2.6% over the five year period 2002-07.

Point-of-Purchase Advertising Institute/Pira International Ltd 2003

contents

Design

Coutts creative

A strategic design agency engaged in long-term partnership with clients to provide strategic retail solutions. Projects span all retail disciplines from point of purchase and category schemes through to shop in shop, concessions and stand alone store environments.

Mews End Studios Ledbury Mews North London W11 2AF

Play

An agency specialising in the creation and management of launch events and in-store campaigns for the European entertainment industry. Experts in the film, music, software and publishing sectors.

7 Carlisle Street, London W1D 3BW

Design and production

Coutts UK

A design-led promotional point of purchase production business with comprehensive packing, warehousing and pan-European logistics. Specialists in the in-store support of new product launches, merchandising and trade marketing initiatives.

Yeo Street Studio Violet Road London E3 3QL

Coutts Arken

A design-led permanent point of purchase production business encompassing an innovative line in standard products and modular displays for the UK and international markets.

Studlands Park Avenue Newmarket Suffolk CB8 7EA

Coutts Germany

A multi-discipline point of purchase design, production and distribution business based in Germany, the single largest consumer market in Europe.

Franz-Lenz-Strasse 1 49084 Osnabrück Germany

Coutts packaging

A design and production business specialising in printed retail packaging solutions and cost effective corrugated transit packaging.

Brunel Road Manor Trading Estate Benfleet Essex SS7 4PS

“Coutts has proved to be an extremely reliable and professional organisation whilst supplying highly creative in-store POP solutions.”

Caroline Butler.
Marketing Manager - Guinness World Records

Since the turn of the century, there has been growing interest in the concept of POP [Point-of-Purchase] advertising, principally as a result of three key factors:

- Increasing fragmentation of above-the-line media, with advertisers looking at alternative means to get across brand messages;

- A greater preparedness on the part of most UK retailers, compared with much of the previous decade, to accept freestanding displays and other POP materials in-store;

- Increasing awareness on the part of brand owners with regard to the importance of having greater visibility in the retail environment, particularly in the context of research showing that over 70% of customer purchasing decisions are undertaken at the point of purchase.

Point-of-Purchase Advertising Institute
/Pira International Ltd 2003

"We are reaping the benefits of our ongoing focus on retail communications and we have achieved significant improvements in turnover, margins and profits. We are operating in an expanding market which underpins our optimism about future prospects."

Robert Essex, Chairman

Chairman's statement

2003 was a good year for Coutts Holdings with profitable trading in all the Group's continuing businesses as we maintained our focus on retail communications.

Results

Operating profit for our continuing businesses was £2.26 million (2002: £1.05 million) on continuing turnover up 7.3% to £35.35 million (2002: £32.96 million). Net profit before tax and exceptional items increased to £1.84 million (2002: £0.43 million).

Cash generation was again strong, which allowed us to reduce further net debt and gearing at the year end. Net debt decreased to £3 million (2002: £4.3 million) and gearing was reduced from 41% to 27%. Accordingly the directors are pleased to recommend a final dividend per share of 3.65 pence (2002: 3.25 pence) making a total of 5.0 pence (2002: 4.5 pence) for the year, an increase of 11%.

In June we announced the closure of Coutts Eddag Display in Holland as its performance had failed to meet expectations. The business had been loss-making and the sale of its freehold property has eliminated overseas debt. The £0.46 million exceptional cost of closure was partially offset by an exceptional gain on the final settlement of a pension liability.

Review of business

The strength of the Group is derived through its ability to offer clients a complete solution in all areas of retail communications. Our clients can deal with one or all of the Group's businesses to achieve their specific goals, be they a simple promotional display launch through to the design of a new brand identity or strategy for a new product launch.

Coutts UK, our promotional display agency, is the UK market leader in its field and had an excellent year with significant business gains from Procter and Gamble, Tesco and Penguin Books. Investment has been made in a new Sias two colour screen printing line, a Luscher direct-to-stencil imaging system, a new large format die-cutting line and a UV coating machine at its East London factory. Coutts UK's combination of client centred sales and design teams coupled with a superbly equipped factory gives the business its strength and is the benchmark for the Group's other design and manufacturing businesses.

Play, our entertainment agency, expanded and moved to larger premises in Carlisle Street, Soho in June as its client base grew. Play's proximity to its clients is a significant factor in its success.

Coutts Creative, our retail design consultancy, enjoyed a record year with significant continuing work from its blue-chip client base. Many of Coutts Creative's initial design concepts are eventually manufactured at either Coutts UK or Coutts Arken.

Coutts Arken, our permanent display design and manufacturing business, continued its commendable trading improvement over the past two years and secured significant new business from Allders, Citroen and Hutchison, the latter being a referral from Coutts Creative. Coutts Arken is currently seeking planning permission to extend its Newmarket factory to increase capacity.

Coutts Germany operates from Osnabruck and offers a range of services similar to its UK sister companies. The business traded profitably and ahead of expectations by expanding its own client base as well as managing pan-European promotional campaigns for Coutts UK.

Coutts Packaging had a leaner year to the rest of the Group but still made a positive contribution in a more difficult market. Coutts Packaging showed significant margin improvements as it continued to focus on niche markets in the retail and value added areas whilst steering clear of volume commodity packaging.

Outlook

After a successful 2003, the Group continues to focus on higher margin opportunities in the growing market for our retail communications products and services.

We have an excellent team of dynamic, highly motivated people who are responsible for this success and I look forward to the future with confidence.

Robert Essex
Chairman
24 March 2004

Financial review

Highlights

The Group made significant progress in 2003 especially in the continuing retail communications businesses which represented 75% of continuing turnover and 91% of continuing operating profit. This part of our business delivered turnover growth of 14% and improved operating profit margins from 3.8% to 7.8%.

The Group generated operating cash flows in excess of operating profits as it has done for the last five years. Moreover, it was the third successive year of strong debt reduction, resulting in year end net debt of £3.0 million, 61% below the £7.6 million reported three years ago.

The closure of the loss-making Dutch business in June has enabled management to focus on our profitable UK and German operations. The exceptional costs associated with the closure were partially offset by an exceptional write back of provisions no longer required following the final settlement of a pension liability. At the year end there were no defined benefit pension liabilities in the Group.

The board remains committed to a progressive dividend policy and recommends an 11% increase in the full year dividend. This is covered 1.5 times by profits after tax and is fully funded by cash generated by operations.

Continuing operations

Turnover from continuing operations increased by 7.3% to £35.35 million (2002: £32.96 million). The gross margin on continuing operations improved to 44.9% (2002: 40.9%) as the sales mix included a greater proportion of retail communications business and within retail communications a higher proportion of design fees than in 2002. Continuing operating expenses increased by 9.5% to £13.6 million with almost a third of the increase resulting from higher payments under profit-related and sales-related employee bonus schemes. Operating profit on continuing operations more than doubled to £2.26 million (2002: £1.05 million) giving an operating margin of 6.4% (2002: 3.2%).

Discontinued operations and exceptional items

Coutts Eddag Display in Holland made an operating loss of £0.18 million in the six months to June 2003 when it was closed. Associated exceptional costs of closure amounted to £0.46 million including a loss on disposal of its freehold property of £0.24 million. The proceeds from the property sale were used to eliminate overseas debt.

A final settlement was agreed and paid in the year in respect of a defined benefit pension scheme of a business that was closed in December 2000. The settlement resulted in an exceptional profit of £0.16 million mostly from the release of provisions that were made to cover anticipated professional fees that were subsequently not required.

The net exceptional charge for 2003 was £0.30 million (2002: exceptional profit of £1.20 million).

Profit before tax

Net interest payable fell by 26% to £0.25 million (2002: £0.33 million) mostly a reflection of the 30% reduction in net debt over the year. Profit before tax was £1.54 million (2002: £1.62 million) but excluding exceptional items the profit before tax was £1.84 million compared with £0.43 million in 2002.

Taxation

The effective tax rate on profit before exceptional items and goodwill amortisation was 30.5% compared with the standard rate of 30%. The effect of unrelieved overseas trading losses and disallowed expenses was offset by adjustments in respect of prior years.

Earnings per share

Earnings per share before goodwill amortisation and exceptional items rose to 10.49 pence (2002: 2.14 pence) although basic earnings per share fell to 7.74 pence (2002: 9.83 pence).

Dividends

An interim dividend of 1.35 pence per share was paid in October and a final dividend of 3.65 pence per share has been proposed by the board for payment on 19 May 2004. This brings the total dividend per share for the year to 5.0 pence (2002: 4.5 pence), an increase of 11%.

Cash flow and net debt

Another year of effective cash conversion gave an operating cash inflow of £2.98 million (2002: £2.51 million). The net cash inflow before financing of £1.89 million (2002: £1.81 million) was used to pay down debt, including all Euro-denominated debt on the closure of Coutts Eddag Display in Holland. At the year end net debt stood at £3.0 million (2002: £4.3 million) equating to 27% gearing (2002: 41%).

Balance sheet

Capital additions in the year were £1.18 million (2002: £1.05 million) mostly relating to screen print and die-cutting equipment in the Coutts UK promotional display business. Provisions at the year end were all in respect of deferred taxation. Net assets at the year end were £10.92 million (2002: £10.60 million) which includes freehold properties held at a depreciated cost of £8.18 million.

Treasury

The Group finances its operations through shareholders' funds, bank and finance lease borrowings, and working capital management. Regular reports on cash balances and borrowings are provided to senior management.

Accounting standards

The financial statements were not affected by the introduction of any new accounting standards or policies. The board continues to review the future impact of International Financial Reporting Standards which will form the basis of the Group financial statements for 2005. Although a number of the International Financial Reporting Standards that are likely to affect the Group have yet to be finalised, the board considers their potential impact on all significant transactions.

Conclusion

The Group has reaped the benefits of our continued focus on retail communications and has achieved significant improvements in margins. Continued cash generation has reduced net debt and provided funds for investments and another dividend increase. I am optimistic that our strategy will deliver further improvements for shareholders over the year ahead.

Graeme Harris
Finance Director
24 March 2004

Financial calendar

Ex-dividend date	14 April 2004
Record date for 2003 final dividend	16 April 2004
Annual General Meeting	28 April 2004
Final dividend payment for 2003	19 May 2004
Financial half year end 2004	26 June 2004
Half year 2004 results announced	September 2004
Interim dividend payment for 2004	October 2004
Financial year end 2004	1 January 2005
Annual results 2004 announcement	March 2005

Company information

Secretary
Stuart Alexander

Registered office
Violet Road
London E3 3QL

Company number
1382912

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
National Westminster Bank PLC
High Street
Chelmsford
Essex CM1 1BL

Nominated adviser and broker
Williams de Broë Plc
6 Broadgate
London EC2M 2RP

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors
Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Directors

Executive directors

Robert Essex (43)
is Chairman. He became Managing Director in 1988 and Chairman in 1999. He oversees all aspects of the Group's operations and is responsible for the design and implementation of corporate strategy.

Stuart Alexander (55)
is Deputy Chairman. He is a Chartered Accountant who worked for Lucas Industries and BOC before joining Coutts as Finance Director in 1988.

Graeme Harris (37)
is Finance Director. He is a Chartered Accountant who worked for Ernst & Young before joining Coutts as Group Financial Controller in 1996.

Richard Saysell (34)
is Managing Director of our Promotional Display operations. He joined Coutts in 1994 to head up sales of promotional point of purchase.

Anthony Smith (47)
is Production and Quality Director. He joined the Group in 1989 and is also responsible for personnel and health and safety policies throughout the Group.

Nigel Stern (38)
is Managing Director of our Design business based in West London. He joined Coutts in 1997 as Creative Director.

Non-executive directors

Henry Cubbon (44)
is currently Managing Director of the UK, Ireland and South African operations of the Antalis Group, a leading European distributor of paper and office products. He is Chairman of the Audit Committee.

William Whitehorn (44)
is currently Brand Development and Corporate Affairs Director of the Virgin Group of companies. He joined Virgin in 1987 and in addition to his Brand Development and Corporate Affairs role, he is a director of a number of Virgin companies including Virgin Group Ltd, Virgin Rail Group Ltd, Virgin.com Ltd and Virgin Mobile (UK) Ltd. Since January 2004 he has also been non-executive Chairman of Next Fifteen Communications Group plc.

Directors' Report

The directors have pleasure in submitting their annual report and the audited financial statements of the Group for the year ended 27 December 2003.

Principal activities

The principal activities of the Group are retail communications, the design, manufacture and distribution of in-store merchandising solutions and packaging.

Review of the business

The Group operating profit for the year was £2.09 million compared with £0.76 million in 2002. After interest, taxation and minority interests, the result was a profit for the Company's shareholders of £0.97 million compared with £1.23 million in 2002.

The directors recommend a final dividend of 3.65p per share payable on 19 May 2004 to shareholders on the register at close of business on 16 April 2004. Together with the interim dividend of 1.35p per share this makes a total of £0.63 million for the year compared with £0.57 million for 2002. The Company's Employee Share Option Plan has waived all dividends on its 284,652 shares. Retained profits transferred to reserves were £0.34 million (2002 : £0.67 million).

On 13 April 2003, the Company's wholly owned subsidiary undertaking, Essex Corrugated Containers Company Ltd, changed its name to Coutts Packaging Ltd.

On 27 June 2003 Coutts Eddag Display BV was put into administration and then almost immediately into liquidation.

Further comments on the business and future developments are given in the Chairman's Statement and the Financial Review.

Share capital

The following options were granted during the year:

Scheme	Date of grant	Number of options	Exercise price	Exercisable from	Exercisable to
Executive	29 April 2003	70,000	77.5p	29 April 2006	28 April 2013
Savings-related	30 October 2003	129,480	76.5p	1 February 2007	31 July 2007
Executive	5 December 2003	260,000	87.5p	5 December 2006	4 December 2013

No options were exercised during the year.

Directors and their interests

The directors at 27 December 2003 and their interests in the share capital of the Company were as follows:

	Ordinary shares of 20p each held in the Company 2003	%	2002	%
R.T.T. Essex	1,129,108	8.8	1,129,108	8.8
C.S. Alexander	305,835	2.4	311,735	2.4
J.H. Cubbon	16,000	0.1	16,000	0.1
G.R. Harris	31,000	0.2	6,000	0.0
R.G. Saysell	62,685	0.5	27,685	0.2
A.M. Smith	86,461	0.7	86,461	0.7
N.D. Stern	4,505	0.0	4,505	0.0
W.E. Whitehorn	58,700	0.5	8,700	0.1

R.T.T. Essex is a trustee of three funds, each of which held 131,004 shares in the Company on 15 March 2004 and he is the beneficiary of one of the funds. No shares in the Company were held by the funds on 29 December 2002 or 27 December 2003.

The interest of C.S. Alexander in shares of the Company decreased as a result of his daughter, who holds 6,650 shares, attaining the age of 18.

Details of directors' share options are shown in the report of the Remuneration Committee.

No options were granted by subsidiary undertakings during the year.

N.A. Essex served as a director until his death on 9 March 2003.

R.T.T. Essex and C.S. Alexander retire by rotation and, being eligible, offer themselves for re-election.

Substantial shareholdings

Excluding directors of the Company whose shareholdings are shown on page 19, the following had an interest of 3% or more in the share capital of the Company as at 15 March 2004.

		%
Close Finsbury Asset Management	1,066,357	7.9
Executors of N.A. Essex	1,021,988	8.0
Framlington Investment Management	931,500	7.3
Singer and Friedlander	768,630	6.0
ISIS Asset Management	577,807	4.5
C.E.O. Essex	415,000	3.2
W.A.W. Essex	383,335	3.0

R.T.T. Essex is one of the executors and a beneficiary of the estate of N.A. Essex.

Employees

The Group's policy with regard to the employment, training and career development of disabled persons is to give fair consideration to the suitability of a disabled applicant or employee for any vacancy or opportunity.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The Group continues to keep employees informed on matters affecting them and to report trading results to them twice a year.

A savings-related share option scheme and profit related pay schemes are operated to encourage employees' involvement in the performance of the Group. The Group has taken advantage of the exemption under UITF17 in accounting for the savings-related share option scheme.

Political and charitable donations

During the year the Group made charitable donations amounting £1,468 of which £500 was to the London Marathon and £350 was to Cancer Research (2002: less than £200), and no political donations. (2002 : nil).

Financial instruments

The Group's principal financial instruments comprise bank loans, finance leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments, such as trade debtors and trade creditors that arise directly from its operations. The Group has taken advantage of the exemptions in FRS 13 not to provide numerical disclosures in respect of these.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk and liquidity risk. The interest rate risk is managed by mixing fixed and primarily floating rate borrowings. The majority of the Group's trade is in sterling, but, where a specific transaction gives rise to a significant currency risk, this is managed by the use of a forward contract. The liquidity risk is controlled by ensuring the mix of borrowings between short and long term results in manageable levels of repayment.

Corporate governance

The directors hold regular Board meetings at which Group health and safety and finance reports are considered. The Board is responsible for reviewing and approving Group strategy, budgets and plans, major items of capital expenditure and possible acquisitions and divestments.

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

The Audit Committee consists of J.H. Cubbon, a non-executive director, who is Chairman, and C.S. Alexander. The Audit Committee meets at least twice each year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, for meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems. Although not required to comply with the Turnbull Report, being an AIM listed company, a limited risk management programme has been operated since 2002.

The Remuneration Committee consists of R.T.T. Essex, the Group Chairman and J.H. Cubbon, a non-executive director. The Remuneration Committee reviews the performance of the executive directors, sets the scale and structure of their remuneration and reviews the basis for their service agreements with due regard to the interests of shareholders.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis for preparing the financial statements.

Policy on the payment of creditors

Terms of payment are agreed with suppliers at the commencement of the Group's trading with them and are abided by thereafter by the Group. At 27 December 2003, the days purchases outstanding for the Group were 80 days (2002 : 71 days) and for the Company were 70 days (2002: 59 days).

AGM Resolutions

Explanatory notes relating to resolutions 6,7,8,9,10 and 11.

Resolutions 6 and 7 - employees share option schemes

The Company introduced both the Savings-Related Share Option Scheme and the Executive Share Option Scheme in 1996 (together, the "Schemes"). In 2001 the limits on the number of shares which may be issued under the Schemes were increased to 7.5% of the Company's issued share capital under each Scheme with an overall limit of 15%.

The Schemes have proved to be popular with employees and the Board considers the limits to be unduly restrictive for providing appropriate levels of incentives to employees.

It is proposed to increase the number of shares available under the Executive scheme from 7.5% to 12.5% of the Company's issued share capital in any ten year period and as a result, to increase the overall limit of 15% to 20% of the Company's issued share capital currently available for both Schemes (and any future employee share scheme introduced by the Group).

Resolution 8 – authority to allot shares

Under the Companies Act 1985, the directors of a company may only allot unissued shares if authorised to do so by the shareholders in general meeting. Resolution 8 authorises the directors to allot shares up to an aggregate nominal amount of £635,345.

This represents 3,176,725 ordinary shares of 20p each and is equivalent to approximately 25% of the Company's current issued ordinary share capital. The authority will expire on whichever is the earlier of 27 July 2005 and the conclusion of the next annual general meeting of the Company after the passing of the resolution.

Except in relation to the issue of the ordinary shares arising from the exercise of options under the Company's employee share option schemes, the directors have no present intention of issuing any of the authorised but unissued shares of the Company.

Resolution 9 – limited authority to allot shares for cash

The directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in general meeting.

This resolution seeks authority for the directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £128,232. This sum represents 641,160 ordinary shares of 20p each, being equivalent to approximately 5% of the current issued share capital. The directors will use such authority in the circumstances where it is in the best interest of the Company to issue small amounts of shares other than to existing shareholders.
The resolution also enables the directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

The authority will expire on whichever is the earlier of 27 July 2005 and the conclusion of the next annual general meeting of the Company after the passing of the resolution.

Resolution 10 – purchase of the Company's own shares

This resolution seeks authority from shareholders for the Company to purchase up to 1,282,327 ordinary shares, an aggregate nominal amount of £256,465 which is equivalent to approximately 10% of the Company's issued ordinary share capital. The authority will expire at the end of next year's annual general meeting and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon this course of action.

The Companies (Acquisition of Own Shares)(Treasury Shares) Regulations 2003 (" the Regulations") allow companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. Under the Regulations the Company will consider holding any of its own shares that it purchases pursuant to the authority as treasury shares. This will give the Company the ability to re-issue treasury shares quickly and cost-effectively, and will provide the Company with additional flexibility in the management of its capital base.

No dividends will be paid on shares whilst held in treasury and no voting rights will attach to the treasury shares. Whilst in treasury, the shares will be treated as if cancelled.

The Board has no immediate intention of exercising the proposed authority when it becomes effective, but believes that the ability of the Company to buy its own shares when, in the Board's opinion, market prices do not reflect the Company's worth, will be in the best interests of the Company and its shareholders.

Resolution 11 - change of Company's name

This resolution seeks to change the Company's name to Coutts Holdings plc, which is more consistent with the names of businesses in the Group.

Auditors

A resolution proposing the re-appointment of Ernst & Young LLP as Auditors to the Company will be put to the members at the annual general meeting.

By order of the Board.

Stuart Alexander
Secretary
24 March 2004

Report of the remuneration committee

Remuneration Committee

The Remuneration Committee comprises the following directors:

R.T.T. Essex Chairman
J.H. Cubbon Non-executive director

Role

The Remuneration Committee considers and approves on behalf of the board and the shareholders the conditions of service of the Chairman and directors.

Remuneration policy

The objective is to provide remuneration packages with which to attract, retain and motivate the highest calibre executive directors and which are in the best interests of the shareholders.

Incentive scheme

Executive directors participate in a Directors' Incentive Scheme. The Directors' Incentive Scheme is renewable on an annual basis and currently operates after a minimum of 5% has been earned on the capital employed. The division amongst executive directors of any amount earned under the Scheme is decided by the Remuneration Committee.

Share Options

The Remuneration Committee considers share options to be a valuable incentive to directors and other employees. In addition to an executive share option scheme, a savings-related share option scheme is in operation which has proved popular with a wide membership in the Group.

Benefits in kind

Executive directors are provided with a motor car or a cash alternative and medical health insurance.

Service agreements

No director has a contract which cannot be terminated by twelve months' notice or less.

Directors' remuneration

	Salary/ fees £000	**Bonus £000**	**Benefits £000**	**Remuneration before pension 2003 £000**	**Pension 2003 £000**	**Total 2003 £000**	Remuneration before pension 2002 £000	Pension contributions 2002 £000	Total 2002 £000
R.T.T. Essex	**130**	**36**	**9**	**175**	**8**	**183**	161	8	169
C.S. Alexander	**102**	**17**	**16**	**135**	**6**	**141**	124	6	130
G.R. Harris	**89**	**17**	**1**	**107**	**5**	**112**	94	5	99
R.G. Saysell	**87**	**35**	**7**	**129**	**5**	**134**	27	1	28
A.M. Smith	**80**	**17**	**1**	**98**	**5**	**103**	86	4	90
N.D. Stern	**94**	**28**	**-**	**122**	**5**	**127**	27	1	28
J.H. Cubbon	**11**	**-**	**-**	**11**	**-**	**11**	11	-	11
W.E. Whitehorn	**14**	**-**	**-**	**14**	**-**	**14**	14	-	14
N.A. Essex	**8**	**-**	**-**	**8**	**-**	**8**	30	-	30
	615	**150**	**34**	**799**	**34**	**833**	574	25	599

The bonuses awarded to R.T.T. Essex and C.S. Alexander were paid as additional company pension contributions.

All pension contributions relate to money purchase schemes.

Directors' share options

The Company's 1996 Executive Share Option Scheme consists of two parts, an Inland Revenue approved part for the grant of income tax favoured options and a non-approved part for the grant of non-income tax favoured options. Options granted under this Executive Scheme are exercisable subject to the average annual percentage increase in the earnings per share over a period of three consecutive financial years of the Company being at least 2% per annum plus the average of the percentage increases in the Index of Retail Prices of the United Kingdom during each of the same three years.

The Company operates a savings-related share option scheme approved by the Inland Revenue.

Directors' share options at the beginning and end of the year were as follows.

	Scheme	At 28 December 2002	Granted/(lapsed) in year	At 27 December 2003
R.T.T. Essex	(7)	4,554	-	4,554
	(8)	-	3,617	3,617
	(10)	-	30,000	30,000
		4,554	33,617	38,171
C.S. Alexander	(7)	4,554	-	4,554
	(8)	-	3,617	3,617
	(10)	-	30,000	30,000
		4,554	33,617	38,171
G.R. Harris	(2)	7,000	-	7,000
	(3)	15,000	-	15,000
	(4)	28,000	-	28,000
	(5)	1,291	(1,291)	-
	(6)	3,607	-	3,607
	(7)	4,554	-	4,554
	(8)	-	3,617	3,617
	10)	-	50,000	50,000
		59,452	52,326	111,778
R.G. Saysell	(1)	25,000	-	25,000
	(3)	30,000	-	30,000
	(4)	20,000	-	20,000
	(7)	4,554	-	4,554
	(8)	-	3,617	3,617
	(10)	-	50,000	50,000
		79,554	53,617	133,171
A.M. Smith	(1)	30,000	-	30,000
	(8)	-	2,411	2,411
	(10)	-	50,000	50,000
		30,000	52,411	82,411
N. D. Stern	(2)	7,000	-	7,000
	(3)	15,000	-	15,000
	(4)	28,000	-	28,000
	(10)	-	50,000	50,000
		50,000	50,000	100,000

The following share options have been granted for directors and employees, and remained active at 27 December 2003 or lapsed during the year.

Scheme	Scheme Type	Year of Grant	Exercise price Pence	Number	Exercisable from	Exercisable to
(1)	Executive	1996	105.0	115,000	2 May 1999	1 May 2006
(2)	Executive	2000	110.0	51,000	19 May 2003	18 May 2010
(3)	Executive	2000	100.0	125,000	29 September 2003	28 September 2010
(4)	Executive	2001	92.5	400,000	4 July 2004	3 July 2011
(5)	Savings-related	1999	120.0	53,630	Lapsed in year	-
(6)	Savings-related	2001	63.2	120,533	1 February 2005	31 July 2005
(7)	Savings-related	2002	41.5	196,265	1 February 2006	31 July 2006
(8)	Savings-related	2003	76.5	129,480	1 February 2007	31 July 2007
(9)	Executive	2003	77.5	70,000	29 April 2006	28 April 2013
(10)	Executive	2003	87.5	260,000	5 December 2006	4 December 2013

None of the Company's directors held any shares or options in any of the subsidiary undertakings at 27 December 2003.

Report of the independent auditors to the shareholders of C.A. Coutts Holdings plc

We have audited the Group's financial statements for the year ended 27 December 2003 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Reconciliation of Movement in Shareholders Funds, Group Balance Sheet, Company Balance Sheet, Group Cash Flow Statement and the related notes 1 to 31.

These financial statements have been prepared on the basis of the accounting policies set out therein.
This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose.
To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read the Chairman's statement, the financial review, the directors' report and the report of the remuneration committee, and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 27 December 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
24 March 2004

Group profit and loss account for the year ended 27 December 2003

	Note	Continuing 2003 £000	Discontinued 2003 £000	Total 2003 £000	Continuing 2002 £000	Discontinued 2002 £000	Total 2002 £000
Turnover	2	**35,354**	**520**	**35,874**	32,958	4,747	37,705
Cost of sales		**(19,486)**	**(367)**	**(19,853)**	(19,480)	(3,152)	(22,632)
Gross profit		**15,868**	**153**	**16,021**	13,478	1,595	15,073
Operating expenses	3	**(13,604)**	**(331)**	**(13,935)**	(12,426)	(1,889)	(14,315)
Operating profit/(loss)	3	**2,264**	**(178)**	**2,086**	1,052	(294)	758
Exceptional (losses)/profits on sale or termination of discontinued operations	4			**(299)**			1,198
Profit on ordinary activities before interest				**1,787**			1,956
Net interest payable	5			**(247)**			(332)
Profit on ordinary activities before taxation				**1,540**			1,624
Tax on profit on ordinary activities	7			**(570)**			(471)
Profit on ordinary activites after taxation				**970**			1,153
Minority interests	30			**-**			80
Profit attributable to shareholders				**970**			1,233
Dividends	9			**(627)**			(565)
Retained profit for the financial year	23			**343**			668
Earnings per share							
Excluding goodwill amortisation and exceptional items	10			**10.49p**			2.14p
Basic	10			**7.74p**			9.83p
Diluted	10			**7.66p**			9.82p
Dividend per share				**5.00p**			4.50p

Financial years
The 2003 financial year covers the 52 week period ended 27 December 2003
The 2002 financial year covers the 52 week period ended 28 December 2002

Group statement of total recognised gains and losses

for the year ended 27 December 2003

	2003 £000	2002 £000
Profit attributable to shareholders	**970**	1,233
Currency exchange loss on retranslation of net assets of subsidiary	**(26)**	(9)
Total recognised gains for the year	**944**	1,224

Group reconciliation of movements in shareholders' funds

for the year ended 27 December 2003

	2003 £000	2002 £000
Profit on ordinary activities after taxation	**970**	1,153
Minority interests	**–**	80
Dividends	**(627)**	(565)
Issue of ordinary share capital net of expenses	**–**	–
Currency exchange loss	**(26)**	(9)
Net change to shareholders' funds	**317**	659
Opening equity shareholders' funds	**10,603**	9,944
Closing equity shareholders' funds	**10,920**	10,603

Group balance sheet at 27 December 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Intangible assets	11		**810**		893
Tangible assets	12		**12,056**		13,321
Investments	13		**591**		593
			13,457		14,807
Current assets					
Stocks	14	**1,177**		1,220	
Debtors	15	**9,234**		9,342	
Cash at bank		**127**		413	
		10,538		10,975	
Creditors: amounts falling due within one year	16	**(9,897)**		(10,670)	
Net current assets			**641**		305
Total assets less current liabilities			**14,098**		15,112
Creditors: amounts falling due after more than one year	17		**(2,206)**		(3,463)
Provisions for liabilities and charges	21		**(972)**		(1,046)
			10,920		10,603
Capital and reserves					
Called up share capital	22		**2,564**		2,564
Share premium account	23		**2,912**		2,912
Merger reserve	23		**990**		990
Profit and loss account	23		**4,454**		4,137
Shareholders' funds			**10,920**		10,603

Approved by the Board on 24 March 2004
and signed on its behalf

Robert Essex Chairman
Graeme Harris Finance Director

Company balance sheet at 27 December 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Tangible assets	12		**3**		3
Investments	13		**19,688**		19,738
			19,691		19,741
Current assets					
Debtors	15	**847**		1,838	
Cash at bank		**4**		–	
		851		1,838	
Creditors: amounts falling due within one year	16	**(5,946)**		(6,296)	
Net current liabilities			**(5,095)**		(4,458)
Total assets less current liabilities			**14,596**		15,283
Creditors: amounts falling due after more than one year	17		**(480)**		(540)
Provisions for liabilities and charges	21		**–**		(150)
			14,116		14,593
Capital and reserves					
Called up share capital	22		**2,564**		2,564
Share premium account	23		**2,912**		2,912
Merger reserve	23		**990**		990
Profit and loss account	23		**7,650**		8,127
Shareholders' funds			**14,116**		14,593

Approved by the Board on 24 March 2004
and signed on its behalf

Robert Essex Chairman
Graeme Harris Finance Director

Group cash flow statement for the year ended 27 December 2003

	Note	2003 £000	2002 £000
Cash flow from operating activities	24	**2,978**	2,514
Returns on investments and servicing of finance	25	**(238)**	(376)
Taxation paid		**(401)**	(300)
Capital expenditure and financial investment	25	**216**	(751)
Acquisitions and disposals	25	**(93)**	1,256
Equity dividends paid		**(577)**	(533)
Cash inflow before financing		**1,885**	1,810
Financing	25	**(1,907)**	(1,052)
(Decrease)/increase in cash		**(22)**	758

Reconciliation of net cash flow to movement in net debt for the year ended 27 December 2003

	Note	2003 £000	2002 £000
(Decrease)/increase in cash		**(22)**	758
Cash flow from decrease in debt and lease financing		**1,907**	1,052
Change in net debt resulting from cash flows		**1,885**	1,810
New finance leases		**(462)**	(104)
Currency translation difference		**(120)**	(59)
Movement in net debt in the year		**1,303**	1,647
Opening net debt	26	**(4,300)**	(5,947)
Closing net debt	26	**(2,997)**	(4,300)

Notes to the financial statements for the year ended 28 December 2003

1. Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Basis of consolidation

The Group financial statements consolidate the accounts of the Company and all of its subsidiary undertakings.

The results of subsidiary undertakings acquired or disposed of during the period are included in the Group profit and loss account from the date of their acquisition or up to the date of their disposal. No profit and loss account is presented for C.A. Coutts Holdings plc as permitted by Section 230 of the Companies Act 1985.

Goodwill

Goodwill represents the excess of the fair value attributed to investments in subsidiary undertakings over the fair value of the underlying net assets at the date of their acquisition. For acquisitions made on or after 28 December 1997 goodwill is capitalised as an intangible asset and amortised over its expected useful life, being 20 years unless stated otherwise. Goodwill arising on acquisitions in the year ended 27 December 1997 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by FRS10, the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Fixed assets

The carrying values of all fixed assets are reviewed for impairment if circumstances indicate that the carrying values may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets which have been brought into use, other than freehold land. The rates are calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life on a straight line basis.

The principal annual rates are:	%
Freehold buildings	2
Long leasehold land and buildings	2
Plant and machinery	10–33
Fixtures and fittings	10–25

Short leasehold land and buildings are depreciated over the term of the lease.

1. Accounting policies continued

Finance and operating leases
Costs in respect of operating leases are charged in arriving at the operating profit on a straight line basis over the term of the lease. Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the capital outstanding. Assets held under finance leases are depreciated on the same basis as the equivalent owned assets.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate allocation of overheads.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold.

Provision is made for deferred taxation that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions
The cost of contributions paid to defined contribution pension schemes is charged to the profit and loss account in the year in which the contributions are payable.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and all differences are taken to the profit and loss account in the year in arriving at the operating result.

Income and expenditure of overseas subsidiaries are translated into sterling at the average rate of exchange for the year. Net assets of overseas subsidiaries are translated into sterling at the rate prevailing at the balance sheet date. Any resultant exchange differences are dealt with through reserves.

Savings-related Share Option Schemes
The Group has taken advantage of exemption under UITF17 in accounting for the Savings-related Share Option Scheme.

2. Segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of Value Added Tax.

The Group operates in two principal areas of activity, Retail Communications and Packaging. Turnover and operating profit are analysed as follows:

	Turnover		*Operating profit*	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Retail Communications continuing	**26,431**	23,272	**2,061**	884
Retail Communications discontinued (Coutts Eddag Display)	**520**	1,336	**(178)**	(309)
Packaging continuing	**8,923**	9,686	**203**	168
Packaging discontinued (Stationery unit)	**–**	3,411	**–**	15
	35,874	37,705	**2,086**	758

Net assets are analysed as follows:

	2003 £000	2002 £000
Retail Communications	**7,315**	7,150
Packaging	**2,667**	2,018
Unallocated	**938**	1,435
	10,920	10,603

Geographic analysis of turnover is as follows:

	By origin		*By destination*	
	2003 £000	2002 £000	**2003 £000**	2002 £000
United Kingdom	**34,750**	36,486	**33,567**	34,812
Other	**1,124**	1,219	**2,307**	2,893
	35,874	37,705	**35,874**	37,705

Geographic analysis of operating profit is as follows:

	By origin	
	2003 £000	2002 £000
United Kingdom	**2,246**	1,088
Others	**(160)**	(330)
	2,086	758

3. Operating profit/(loss)

This is arrived at after charging	**2003 £000**	2002 £000
Amortisation of goodwill	**52**	51
Depreciation of tangible fixed assets	**1,047**	1,108
Operating leases - Plant and machinery	**353**	421
Operating leases - Land and buildings	**137**	95
Auditor's remuneration		
For audit services	**82**	83
For non-audit services	**61**	80
	143	163
Operating expenses		
Distribution costs continuing	**191**	231
Distribution costs discontinued	**–**	77
Administrative expenses continuing	**13,413**	12,195
Administrative expenses discontinued	**331**	1,812
	13,935	14,315

Directors' remuneration is set out in the report of the Remuneration Committee on pages 24 and 25.

Auditors remuneration for audit services to the Company was £21,000 (2002 £23,000).

4. Exceptional items

	2003 £000	2002 £000
Coutts Eddag Display (note 27)		
Loss on sale of property	**239**	-
Charge on termination of operations	**218**	-
Coutts Precision Plastics		
Distribution received from Coutts Precision Plastics in solvent liquidation	**(50)**	-
Decrease in expected future distribution	**3**	73
Provisions for professional fees (released)/charged	**(111)**	223
Stationery unit		
Profit on sale of Stationery unit	**-**	(1,494)
Exceptional loss/(profit)	**299**	(1,198)

There was a net exceptional cash inflow on closure of Coutts Eddag Display of £881,000, on Coutts Precision Plastics closure an outflow of £497,000, and on the sale of the Stationery unit an inflow of £500,000 (2002 Coutts Precision Plastics outflow of £79,000, Stationery unit inflow of £1,335,000). All proceeds from the sale of the Stationery unit have now been received.

5. Net interest payable

	2003 £000	2002 £000
Interest on bank loans and overdrafts	**196**	299
Interest received on deposits	**(4)**	(3)
Bank interest	**192**	296
Finance charges on leases	**55**	36
	247	332

6. Staff costs

	2003 £000	2002 £000
Wages and salaries	**9,243**	10,011
Social security costs	**973**	1,050
Pension costs – defined contribution	**331**	368
	10,547	11,429

The average monthly number of persons employed by the Group during the year was as follows:	**2003 Number**	2002 Number
Management	**22**	25
Administration	**166**	190
Production	**212**	241
	400	456

7. Taxation

a) Analysis of charge in year

	2003	2002
	£000	£000
UK corporation tax		
UK corporation tax on profit for the year	**629**	428
Adjustments in respect of previous years	**(138)**	31
	491	459
Foreign tax		
Foreign tax adjustments in respect of previous years	**-**	(21)
Total current taxation	**491**	438
Deferred tax		
Origination and reversal of timing differences	**79**	33
Taxation charge for the year	**570**	471

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2002 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained as follows:

	2003	2002
	£000	£000
Profit on ordinary activities before tax	**1,540**	1,624
Profit on ordinary activities multiplied by the standard tax rate	**462**	487
Expenses disallowed for taxable profits	**112**	129
Capital allowances in excess of depreciation	**(12)**	(33)
Short term timing differences	**(30)**	-
Overseas loss ineligible for tax relief	**128**	126
Adjustments in respect of previous years	**(138)**	10
Revenue tax loss not previously recognised	**(31)**	-
Capital tax loss not previously recognised	**-**	(281)
Taxation charge for the year	**491**	438

There was a net tax credit applicable to exceptional items of £6,000 (2002 charge of £182,000), comprising a £21,000 tax credit relating to Coutts Eddag Display, and a £15,000 tax charge relating to Coutts Precision Plastics.

8. Parent company result

	2003	2002
	£000	£000
Profit on ordinary activities after taxation dealt with in the financial statements of the Company amounted to:	**150**	1,102

9. Dividends

	2003 £000	2002 £000
Ordinary interim paid 1.35p (2002 1.25p) per share	**169**	157
Ordinary final proposed 3.65p (2002 3.25p) per share	**458**	408
	627	565

The Company's Employee Share Option Plan has waived dividends on all its 284,652 shares.

10. Earnings per share

Earnings per share have been calculated by dividing the earnings available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated taking into account the potentially dilutive effect of active share options.

	Earnings £000	**2003 Weighted average no. of shares 000**	**Earnings per share pence**	Earnings £000	2002 Weighted average no. of shares 000	Earnings per share pence
a) Earnings per share excluding amortisation of goodwill and exceptional items	**1,315**	**12,539**	**10.49**	268	12,539	2.14
Exceptional (charge)/gain net of tax	**(293)**	**–**	**–**	1,016	–	–
Amortisation of goodwill	**(52)**	**–**	**–**	(51)	–	–
b) Basic earnings per share	**970**	**12,539**	**7.74**	1,233	12,539	9.83
Effect of dilutive options	**–**	**132**	–	–	15	–
c) Diluted earnings per share	**970**	**12,671**	**7.66**	1,233	12,554	9.82

11. Intangible assets

Goodwill

	£000
Cost	
At 28 December 2002	1,050
Goodwill disposals	(21)
At 27 December 2003	**1,029**
Amortisation	
At 28 December 2002	157
Amortisation in year	52
Goodwill disposals	10
At 27 December 2003	219
Net book value	
At 28 December 2002	893
At 27 December 2003	**810**

On 27 July 2003 Coutts Eddag Display went into administration and almost immediately into liquidation (note 27). The balance of goodwill relating to this subsidiary at that date (£31,000) was written off on deconsolidation of the subsidiary.

12. Fixed assets

	Group				Company	
	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000	Fixtures and fittings £000	Total £000
Cost						
At 28 December 2002	10,449	5,674	3,060	19,183	6	6
Exchange differences	80	10	8	98	–	–
Additions	30	775	371	1,176	2	2
Disposals	(1,280)	(865)	(172)	(2,317)	(2)	(2)
At 27 December 2003	**9,279**	**5,594**	**3,267**	**18,140**	**6**	**6**
Depreciation						
At 28 December 2002	922	3,087	1,853	5,862	3	3
Exchange differences	4	6	4	14	–	–
Charged in year	177	471	399	1,047	2	2
Disposals	(69)	(654)	(116)	(839)	(2)	(2)
At 27 December 2003	**1,034**	**2,910**	**2,140**	**6,084**	**3**	**3**
Net book value						
At 28 December 2002	9,527	2,587	1,207	13,321	3	3
At 27 December 2003	**8,245**	**2,684**	**1,127**	**12,056**	**3**	**3**

The net book value of land and buildings comprises:	*Group*	
	2003 £000	2002 £000
Freehold	**8,178**	9,465
Short leasehold	**67**	62
	8,245	9,527

Included in freehold land and buildings is an amount of £1,965,000 (2002 £2,197,000) relating to land which is not depreciated.

Included in plant and machinery are assets held under finance leases or hire purchase contracts as follows:

	Group	
	2003 £000	2002 £000
Net book value	**1,621**	1,449
Depreciation charge for year	**214**	176

13. Investments

Fixed asset investments at cost	Group Own shares £000	Group Shares in subsidiaries £000	Group Total £000	Company Own shares £000	Company Shares in subsidiaries £000	Company Total £000
At 28 December 2002	419	174	593	419	19,319	19,738
Disposal of Coutts Eddag Display	–	–	–	–	(48)	(48)
Coutts Precision Plastics in solvent liquidation	–	(2)	(2)	–	(2)	(2)
At 27 December 2003	**419**	**172**	**591**	**419**	**19,269**	**19,688**

a) Principal subsidiaries included in the Group financial statements and held at the end of the financial year are as follows:

Company name	*Principal activity*	*Equity* %	*Country of incorporation*
Coutts Arken Display Ltd	Permanent point of purchase displays	100%	England
Coutts Germany GmbH	Point of purchase displays	100%	Germany
Coutts Packaging Ltd	Corrugated fibreboard packaging	100%	England
Coutts Retail Communications Ltd	Retail design merchandising and advertising	100%	England

b) The companies incorporated in England are held directly by C.A. Coutts Holdings plc. Coutts Germany GmbH was held by an intermediate Dutch holding company, Coutts Holdings BV, at the balance sheet date, but, following a transfer, became directly held by C.A. Coutts Holdings plc on 15 January 2004.

c) The holding of own shares represents purchases by the C.A. Coutts Holdings plc Employees Trust, the Company's employee share ownership plan (ESOP). The shares are held for the purpose of funding certain liabilities under the Group's share option schemes. All administration costs of the ESOP are accounted for in the profit and loss account of the Company in the year they arise. At 27 December 2003 the ESOP owned 284,652 (2002 284,652) shares which had a nominal value of £56,930 (2002 £56,930) and a market value of £277,355 (2002 £217,759). Dividends on these shares have been waived.

14. Stocks

	Group **2003 £000**	Group 2002 £000	Company **2003 £000**	Company 2002 £000
Raw materials	**499**	417	**–**	–
Work in progress	**261**	388	**–**	–
Finished goods	**417**	415	**–**	–
	1,177	1,220	**–**	–

15. Debtors

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Trade debtors	**8,808**	8,289	**–**	–
Other debtors	**45**	620	**2**	13
Prepayments and accrued income	**381**	433	**37**	25
Corporation tax prepayment	**–**	–	**52**	401
Group debtors	**–**	–	**756**	1,399
	9,234	9,342	**847**	1,838

16. Creditors: amounts falling due within one year

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Bank overdrafts	**174**	438	**27**	1,700
Current instalments due on bank loans (note 18)	**376**	402	**60**	60
Trade creditors	**5,504**	5,778	**47**	27
Group creditors	**–**	–	**4,819**	3,177
Corporation tax	**253**	162	**–**	–
Other taxation and social security costs	**952**	778	**78**	50
Accruals	**1,124**	1,245	**180**	154
Proposed dividend	**458**	408	**458**	408
Finance leases (note 19)	**368**	410	**–**	–
Other creditors	**688**	1,049	**277**	720
	9,897	10,670	**5,946**	6,296

The bank overdraft is secured by fixing and floating charges over certain of the Group’s assets.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Bank loans (note 18)	**1,525**	2,950	**480**	540
Finance leases (note 19)	**681**	513	**–**	–
	2,206	3,463	**480**	540

18. Loans

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Payments due after more than five years	**533**	1,570	**240**	300
Payments due between two and five years	**634**	1,001	**180**	180
Payments due between one and two years	**358**	379	**60**	60
	1,525	2,950	**480**	540
Payments due within one year	**376**	402	**60**	60
	1,901	3,352	**540**	600

The loans are secured by fixed and floating charges over certain of the Group's assets.

19. Obligations under finance leases

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Payments due between two and five years	**432**	259	**–**	–
Payments due between one and two years	**249**	254	**–**	–
	681	513	**–**	–
Payments due within one year	**368**	410	**–**	–
	1,049	923	**–**	–

Finance lease obligations are secured on the individual assets acquired under the agreements.

20. Financial instruments

Management policy in respect of financial instruments is set out in the directors' report. The financial assets and liabilities of the Group comprise cash at bank, bank loans, bank overdrafts and finance leases. The directors consider that the fair values and book values of these assets and liabilities, including those for the fixed rate borrowings, are not materially different.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group was as follows:

	2003			2002		
	Fixed rate financial liabilities	**Floating rate financial liabilities**	**Total**	Fixed rate financial liabilities	Floating rate financial liabilities	Total
	£000	**£000**	**£000**	£000	£000	£000
Sterling	**294**	**2,830**	**3,124**	405	3,249	3,654
Euro	**–**	**–**	**–**	–	1,059	1,059
	294	**2,830**	**3,124**	405	4,308	4,713

The fixed rate financial liabilities comprise bank loans bearing an average interest rate of 8.6% (2002 8.7%) and an average period to maturity of 2.9 years (2002 3.9 years).

The floating rate financial liabilities comprise bank loans, overdrafts and finance leases that bear interest at a margin above LIBOR and bank base rates.

Financial assets

Financial assets comprise cash balances which earn interest at standard bank rates applicable at the time.

Currency exposures

The group has no material exposure arising from foreign currency assets and liabilities under FRS 13.
Gains and losses arising from currency exposures from net investments overseas are recognised in the statement of total recognised gains and losses.

Bank loans not wholly repayable within five years are as follows:

	2003	2002
	£000	£000
Variable rate 1.25% above LIBOR repayable in instalments	**1,199**	1,332
Variable rate 2% above bank base rates repayable in instalments	**–**	730

The loans are repayable in monthly or quarterly instalments.

At 27 December 2003 there were no undrawn committed loan facilities (2002 nil).

During 2003 scheduled loan repayments of £426,000 were made, and debts of Coutts Eddag Display due after more than one year amounting to £1,145,000 were redeemed.

At 27 December 2003 overdraft facilities amounting to £3,800,000 (2002 £3,700,000) had been granted to the Group, of which £3,626,000 were undrawn (2002 £3,262,000). Overdraft facilities are renewable on an annual basis and repayable on demand.

21. Provisions for liabilities and charges

	Group			Company		
	Deferred taxation £000	Other provisions £000	Total £000	Deferred taxation £000	Other provisions £000	Total £000
Amounts provided						
At 28 December 2002	896	150	1,046	–	150	150
Charged/(released)						
to profit and loss account	79	(111)	(32)	–	(111)	(111)
Utilised in year	–	(39)	(39)	–	(39)	(39)
Disposal of Coutts Eddag Display	(3)	–	(3)	–	–	–
At 27 December 2003	**972**	**–**	**972**	**–**	**–**	**–**

a) Deferred taxation
The deferred tax consists of

	2003 £000	2002 £000
Accelerated capital allowances	**992**	917
Other timing differences	**(20)**	(21)
Total deferred tax liabilities	**972**	896

The deferred tax liabilities are not discounted

b) Other provisions
The other provisions were for professional fees connected with the pension liability in the discontinued operation of Coutts Precision Plastics. The pension liability was fully agreed and settled during the year, and unutilised provisions were released to the profit and loss account as an exeptional item.

22. Share capital

	Ordinary 20p shares Number	Ordinary 20p shares £000
Authorised		
At 28 December 2002 and 27 December 2003	**16,000,000**	**3,200**
Issued, called up and fully paid		
at 28 December 2002 and 27 December 2003	**12,823,276**	**2,564**

Details of share option schemes active for directors and employees are shown in the report of the Remuneration Committee on pages 24 and 25.

23. Reserves

	Share premium account £000	Merger reserve account £000	Profit and loss account £000	Total £000
Group				
At 28 December 2002	2,912	990	4,137	8,039
Retained profit for the year	–	–	343	343
Currency exchange loss	–	–	(26)	(26)
At 27 December 2003	**2,912**	**990**	**4,454**	**8,356**
Company				
At 28 December 2002	2,912	990	8,127	12,029
Retained loss for the year	–	–	(477)	(477)
At 27 December 2003	**2,912**	**990**	**7,650**	**11,552**

Cumulative negative goodwill, net of positive goodwill, taken to reserves amounted to £2,277,000 (2002 £2,277,000).

24. Reconciliation of operating profit to operating cash flow

	2003 £000	2002 £000
Operating profit	**2,086**	758
Exceptional gain/(charge) on termination of discontinued operations	**111**	(296)
Amortisation of goodwill	**52**	51
Depreciation charges	**1,047**	1,108
Loss/(profit) on sale of fixed assets	**89**	(17)
(Decrease)/increase in provisions	**(150)**	184
Decrease in stocks	**24**	324
(Increase)/decrease in debtors	**(595)**	649
Increase/(decrease) in creditors	**314**	(247)
Net cash inflow from operating activities	**2,978**	2,514

25. Analysis of cash flows for headings netted in the cash flow statement

	2003 £000	2002 £000
Returns on investments and servicing of finance		
Interest received	**5**	4
Interest paid	**(189)**	(342)
Interest element of finance lease payments	**(54)**	(38)
Net cash flow	**(238)**	(376)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(852)**	(811)
Sale of Dutch property	**977**	–
Sale of plant and machinery	**91**	60
Net cash flow	**216**	(751)
Acquisitions and disposals		
Purchase of shares in subsidiary including costs	**–**	(79)
Proceeds on sale of Stationery unit net of costs	**500**	1,335
Cash flow relating to liquidation of Coutts Precision Plastics	**(497)**	–
Cash relating to closure of Coutts Eddag Display bv	**(96)**	–
Net cash flow	**(93)**	1,256
Financing		
Receipt of debt due within one year	**–**	133
Receipt of debt due after more than one year	**–**	1,515
Repayment of debt due within one year	**(426)**	(962)
Repayment of debt due after more than one year	**(1,145)**	(1,574)
Finance lease receipts	**–**	231
Capital element of finance lease payments	**(336)**	(395)
Net cash flow	**(1,907)**	(1,052)

26. Analysis of net debt

	At 28 December 2002 £000	Cash flow £000	Other non-cash £000	Translation movement £000	**At 27 December 2003 £000**
Cash at bank	413	(286)	–	–	**127**
Overdrafts	(438)	264	–	–	**(174)**
	(25)	(22)	–	–	**(47)**
Debt due within one year	(402)	426	(330)	(70)	**(376)**
Debt due after one year	(2,950)	1,145	330	(50)	**(1,525)**
Finance leases	(923)	336	(462)	–	**(1,049)**
	(4,275)	1,907	(462)	(120)	**(2,950)**
	(4,300)	1,885	(462)	(120)	**(2,997)**

27. Closure of Coutts Eddag Display in Holland

On 17 June 2003 the Coutts Eddag Display freehold factory was sold for €1,475,000 (£1,015,000). The board considered options for the sale of the business but in the light of continuing losses and the need for further funding while options were reviewed, the decision was taken to place the business in administration on 27th June 2003. The company then went almost immediately into liquidation.

Coutts Eddag Display made an operating loss of £178,000 in the six months until closure in addition to a loss on disposal of the freehold property of £239,000. Closure costs to the Group amounted to a further £218,000.

There was an operating cash inflow in the period to closure of £46,000. The cash inflow on disposal of the buildings was £977,000, and the cash outflow on closure was £96,000.

The proceeds from the sale of the freehold property were used to repay all bank loans owed by Coutts Eddag Display.

The net assets of the business excluding Group balances at closure were as follows:

	£000
Tangible fixed assets	89
Stocks	21
Debtors	174
Cash	12
Creditors	(274)
Deferred taxation	(3)
	19

The charge on termination of operations was as follows:

Net assets deconsolidated	19
Associated closure costs	168
Goodwill written off	31
	218

28. Commitments

a) Operating lease commitments payable in the following year

	Group		Company	
	2003 **£000**	2002 £000	**2003** **£000**	2002 £000
Land and buildings				
Expiring in years two to five	**150**	37	**–**	–
Expiring after five years	**–**	18	**–**	–
	150	55	**–**	–
Plant and machinery				
Expiring within one year	**36**	54	**–**	9
Expiring in years two to five	**268**	280	**9**	18
	304	334	**9**	27

b) Contracts for expenditure on fixed assets

There were contracts for expenditure of £251,000 (2002 £305,000) on fixed assets in respect of the Group and none in respect of the Company.

29. Pensions

The pension costs to the Group are analysed in note 6 and pension contributions on behalf of directors are set out in the report of the Renumeration Committee.

Defined contribution scheme

The Group operates a defined contribution scheme, the C.A. Coutts Holdings plc Retirement and Death Benefits Scheme. The assets of the scheme are held separately from those of the Group in independently administered funds.
Contributions to the scheme are charged to the profit and loss account as they become payable.

Defined benefit scheme

The Alltek Retirement and Death Benefits Plan began winding up on 14 March 2002 resulting in a crystallised liability in Coutts Precision Plastics. The liability was settled on 7 October 2003 and no further liability remains for Coutts Precision Plastics or the Group.

No FRS 17 disclosures are required in respect of 2003. The following details for movements during the 2002 financial year are given for comparative purposes only:

During 2002 there were no operating charges for the scheme. There was a gain on settlement of a pension fund liability of £604,000. Other finance expenses of £19,000 were made up of an expected return on pension fund assets of £26,000 less interest on pension scheme liabilities of £45,000. The actuarial gain was £19,000, which all related to the actual return less expected return on pension fund assets. Contributions paid by the Group were £20,000. These items together with the opening deficit at 29 December 2001 of £1,085,000 gave a final deficit of £461,000, which was deconsolidated, resulting in a pension balance of nil at the end of 2002.

30. Equity minority interests

	2003 **£000**	2002 £000
Equity minority interests in loss after taxation	**-**	80

31. Contingent liability

The Company has granted a composite guarantee to National Westminster Bank plc to indemnify that bank in respect of all monies owing to the bank by the Company and subsidiary undertakings. At the balance sheet date the Group had loans and overdrafts owing to the bank amounting to £1,444,000 (2002 £1,481,000).

Notice of meeting

Notice is hereby given that the Annual General Meeting of C.A. Coutts Holdings plc (the "Company") will be held at the Company's registered office, Violet Road, London E3 3QL on 28 April 2004 at 12.00 noon for the following purposes:

Ordinary Business

1. To receive and adopt the report of the directors and the audited financial statements for the year ended 27 December 2003.

2. To confirm the interim dividend paid in the year and to authorise the payment of a final dividend for the year of 3.65p per ordinary share of 20p each in the capital of the Company ("Ordinary Share").

3. To re-elect R.T.T. Essex, who retires by rotation, as a director of the Company.

4. To re-elect C.S. Alexander, who retires by rotation, as a director of the Company.

5. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to agree their remuneration.

Special Business

To consider, and if thought fit, to pass the following resolutions which will be proposed as to resolutions 6, 7 and 8 as ordinary resolutions and as to resolutions 9, 10 and 11 as special resolutions:

6. That the C.A. Coutts Holdings 1996 Executive Share Option Scheme (the "Executive Scheme") be amended as follows:

   Rule 2 of the Executive Scheme be deleted and replaced with the following:

   2. Overall Limitations on the Scheme

   No Option shall be granted which at the Date of Grant would result in:

   2.1 the aggregate number of Shares issued under and remaining issuable in respect of rights granted under the Scheme exceeding 12.5% of the Shares in issue on that Date of Grant;

   2.2 the aggregate number of Shares issued under and remaining issuable in respect of rights granted under all Group Schemes adopted by the Company, (but excluding rights granted under Group Schemes adopted prior to 1996), in the period of 10 years ending on that Date of Grant exceeding 20% of the Shares in issue on that Date of Grant;

   provided that the Directors be and they are hereby authorised to effect such amendment and further provided that the Directors be and they are hereby authorised to modify such amendment in any way, and make any further amendments as are necessary or desirable to maintain the approval of the Executive Scheme under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and to maintain the approved status of options previously granted under the Executive Scheme.

7. That the C.A. Coutts Holdings 1996 Savings-Related Share Option Scheme (the "Savings-Related Scheme") be amended as follows:

   Rule 2 of the Savings-Related Scheme be deleted and replaced with the following:

   2. Overall Limitations on the Scheme

   No Option shall be granted which at the Date of Grant would result in:

   2.1 the aggregate number of Shares issued under and remaining issuable in respect of rights granted under the Scheme exceeding 7.5% of the Shares in issue on that Date of Grant; or

   2.2 the aggregate number of Shares issued under and remaining issuable in respect of rights granted under all Group Schemes adopted by the Company, (but excluding rights granted under Group Schemes adopted prior to 1996), in the period of 10 years ending on that Date of Grant exceeding 20% of the Shares in issue on that Date of Grant;

provided that the Directors be and they are hereby authorised to effect such amendment and further provided that the Directors be and they are hereby authorised to modify such amendment in any way, and make any further amendments as are necessary or desirable to maintain the approval of the Savings-Related Scheme under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 and to maintain the approved status of options previously granted under the Savings-Related Scheme.

8. That the directors be and are hereby authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot and make offers or agreements to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £635,345 provided that this authority expires on 27 July 2005 or the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

9. That subject to resolution 8 being passed and pursuant to and in accordance with the authority thereby granted, the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to such authority as if Section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited:

   a) to the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of all the holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them, subject in each case to such exclusions as the directors may deem necessary or expedient to deal with legal or practical difficulties under the laws of any territory or the requirements of a regulatory body, in connection with fractional entitlements or otherwise; and

   b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of the equity securities up to an aggregate nominal value of £128,232; and

   c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 27 July 2005, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

10. That the Company be and is hereby generally and unconditionally authorised, in accordance with Article 9 of its Articles of Association and Chapter VII of the Act to make market purchases (within the meaning of Section 163 of the Act) on the London Stock Exchange plc ("London Stock Exchange") of Ordinary Shares, provided that:

   a) the maximum number of Ordinary Shares hereby authorised to be so acquired is 1,282,327;

   b) the minimum price which may be paid for each Ordinary Share is 20p per share (exclusive of expenses);

   c) the maximum price which may be paid for each Ordinary Share is in respect of an Ordinary Share contracted to be purchased on any day, an amount equal to 105% of the average of the middle market quotations of the Ordinary Shares of the Company derived from the AIM appendix to the Daily Official List of the London Stock Exchange during the period of five business days immediately preceding the day on which the Ordinary Shares are contracted to be purchased (exclusive of expenses);

   d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and the Company may, under the authority hereby conferred and prior to the expiry of that authority, make a contract to purchase its own Ordinary Shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own Ordinary Shares in pursuance of any such contract.

11. That the name of the Company be changed to Coutts Holdings plc.

By Order of the Board

C.S. Alexander Ll.B, FCA

Secretary
24 March 2004
Registered Office: Violet Road London E3 3QL

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll, vote instead of him. Completion and return of the enclosed form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting. A proxy need not be a member of the Company. A form of proxy is enclosed. To be valid, proxies, together with the power of attorney, if any, under which they are signed, or a notarially certified copy thereof must be lodged with the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time for holding the meeting.

2. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as at 12.00 noon on 26 April 2004 shall be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3. There will be available for inspection at the registered office during normal business hours from the date of this notice to the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Annual General Meeting, the following:
   a. The register of directors' interests in Ordinary Shares of the Company;
   b. Copies of the directors' contracts of services and every variation thereof.

Form of proxy C.A. Coutts Holdings plc (the "Company")

Form of proxy for use at the Annual General Meeting at Violet Road, London E3 3QL
on 28 April 2004 at 12.00 noon.

I/We ____ (full name(s)) (block letters please)

of ____ (address(es)) being (a) holder(s) of ordinary shares of 20p each in the capital of the Company ("Ordinary Shares"), hereby appoint the Chairman of the Annual General Meeting (see Note 1 below)

____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of C. A. Coutts Holdings plc to be held on 28 April 2004 at 12.00 noon and at any adjournment thereof. I/We direct my/our votes to be cast on the resolutions to be proposed at the Annual General Meeting as set out in the Notice thereof dated 24 March 2004 as follows (see Note 2 below).

Ordinary Resolutions	**For**	**Against**
1. To receive and adopt the report of the directors and the audited financial statements for the year ended 27 December 2003.		
2. To confirm the interim dividend paid in the year and to authorise the payment of a final dividend for the year of 3.65p per Ordinary Share.		
3. To re-elect R.T.T. Essex, who retires by rotation, as a director of the Company.		
4. To re-elect C.S. Alexander, who retires by rotation, as a director of the Company.		
5. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to agree their remuneration.		
6. To increase the number of shares available under the Executive Share Option Scheme.		
7. To amend the aggregate number of shares available under the Group schemes in the rules of the Savings-Related Share Option Scheme.		
8. To authorise the directors of the Company, pursuant to Section 80 of the Companies Act 1985 ("Act"), to allot relevant securities (as defined in the Act)		
Special Resolutions		
9. To empower the directors, on a limited basis, pursuant to Section 95 of the Act, to allot equity securities (as defined in the Act) otherwise than to shareholders on a pre-emptive basis, as if Section 89(1) of the Act did not apply.		
10. To authorise the Company to purchase its own Ordinary Shares.		
11. To change the name of the Company to Coutts Holdings plc.		

Signature(s) ____ Date ______________ 2004

Notes

1. If you wish to appoint a proxy other than the Chairman of the Annual General Meeting, please insert the name of your proxy in the space provided and delete the words "the Chairman of the Annual General Meeting"; please initial the alterations. A proxy need not be a member of the Company.
2. Please indicate by an "X" in the space provided how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit in respect of the member's total holding or abstain from voting at his discretion.
3. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the office of Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time appointed for holding the Annual General Meeting.
4. In the case of an individual, this form of proxy must be signed by the appointor or by his duly constituted attorney.
5. In the case of a corporation, this form of proxy must be given either under its common seal or signed on its behalf by two directors, a director and the company secretary or a duly authorised officer of the corporation.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. The names of all joint holders should be stated.
7. Completion and return of this form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you wish. You may appoint more than one proxy to attend at the Annual General Meeting.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB 122

1

Capita Registrars (Proxies)
PO Box 25
Beckenham
Kent
BR3 4BR

FIRST FOLD

THIRD FOLD

Coutts Holdings°

Coutts retail communications°

Coutts creative°
design & strategy for brands at retail

Coutts UK°
design & production of promotional POP

play
design of in-store campaigns for entertainment & youth sectors

Coutts Germany°
design & production of promotional & permanent POP

Coutts Arken°
design & production of permanent POP

Coutts packaging°
design & production of retail packaging solutions

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