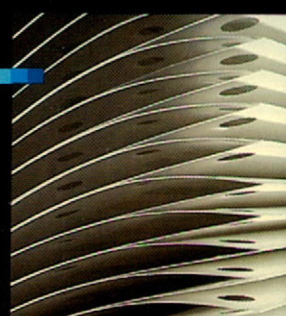
Moore Corporation Limited

Annual Report



1983

Cover–View of continuous forms

Contents

The Business of Moore

Moore is an international organization serving the needs of business, government and other institutions by providing products and services which facilitate the recording, communication, retention and retrieval of business information, in 38 countries and with 127 manufacturing plants.

Moore is the largest manufacturer of business forms in the world. Other specialized divisions provide small business computer turnkey systems; direct marketing products; custom packaging and data base management products and services.

Annual Meeting

The annual and special meeting of shareholders will be held at 2:00 p.m., Thursday, April 5, 1984 in Commerce Hall, Commerce Court West, (King and Bay Streets), Toronto, Canada.

Dividends

The Corporation's dividends are declared payable in United States funds and shareholders have the option of receiving dividends in equivalent Canadian funds.

The Optional Stock Dividend and Dividend Reinvestment Plan offers two dividend options whereby shareholders may increase their holdings of the Corporation's common shares:

–dividends in the form of shares
–dividends reinvested in additional shares.

Both options provide for common shares being acquired without brokerage or service charge at a 5% discount from an average market value.

For additional information regarding these dividend options or to request a Participation Form please write the Corporation's Secretary.

Form 10-K

A copy of the Annual Report on Form 10-K, as filed with the Securities and Exchange Commission in Washington, D.C., is available to shareholders without charge upon request to:

Secretary
Moore Corporation Limited
1 First Canadian Place
P.O. Box 78
Toronto, Canada M5X 1G5

Financial highlights

Expressed in United States currency and except per share amounts in thousands of dollars

Moore Corporation Limited

	1983	1982	1981
Consolidated statement of earnings			
Sales	**$1,813,573**	$1,847,076	$1,879,063
Income from operations	**149,010**	180,924	198,150
Per dollar of sales	**8.2¢**	9.8¢	10.5¢
Income taxes	**79,015**	96,149	101,866
Percent of pretax earnings	**43.7%**	48.0%	46.6%
Net earnings	**100,306**	102,204	115,402
Per dollar of sales	**5.5¢**	5.5¢	6.1¢
Consolidated balance sheet			
Working capital	**507,555**	480,297	482,902
Ratio of current assets to current liabilities	**3.1:1**	2.1:1	3.0:1
Long-term debt	**82,235**	91,161	96,739
Ratio to equity	**0.1:1**	0.1:1	0.1:1
Capital employed in business	**912,501**	872,833	849,525
Return on capital employed	**11.2%**	11.9%	13.9%
Shareholders' equity	**754,999**	710,736	685,461
Return on shareholders' equity	**13.7%**	14.6%	17.5%
Total assets	**1,151,935**	1,296,368	1,088,314
Expenditure for fixed assets	**56,809**	51,425	46,600
Per share			
Net earnings	**$3.53**	$3.63	$4.12
Dividends declared	**$2.00**	$2.00	$1.80
Shareholders' equity	**$26.38**	$25.18	$24.45

The Corporation's strong financial position was maintained throughout 1983 but the business environment proved to be a difficult one in which to operate.

General economic conditions improved during the year in North America and to a lesser extent in most International markets. However, the improvement was not reflected in the Corporation's overall operating results for the year.

Operations were adversely affected by rising paper costs which could not be recovered in selling prices, unfavourable variations in foreign exchange rates and a continuing loss incurred by the Moore Business Systems Division.

Comments on the 1983 financial statements, plans underway to achieve growth and improve profitability, and other activities are discussed in the following sections of this report.

Financial

Sales of $1,813.6 million compare with $1,847.1 million in 1982.

Net earnings of $100.3 million in 1983 were the equivalent of $3.53 per share and compare with 1982 net earnings of $102.2 million, equal to $3.63 a share.

Net earnings benefited from increased investment and other income and a reduction in the effective rate of income tax.

Working capital increased by $27.3 million to $507.6 million from $480.3 million at December 31, 1982. The current ratio improved to 3.1:1 from 2.1:1. The program to restructure the capitalization of and to fund certain subsidiaries, commenced in 1982, was completed and resulted in a significant reduction in short-term securities and bank loans.

Long-term debt was reduced by $8.9 million and at $82.2 million is down 26.1% from the 1979 peak of $111.3 million.

Shareholders' equity of $755.0 million at December 31, 1983 increased $44.3 million or 6.2% from December 31, 1982. Equity per common share at December 31, 1983 was $26.38, an increase of $1.20 per share.

Dividends

The $2.00 per share annual dividend rate established in 1982 was maintained with four quarterly dividends of 50¢. The Optional Stock Dividend and Dividend Reinvestment Plan, introduced at the beginning of 1982, attracted increasing shareholder participation. By the end of 1983, holders of more than 24% of the outstanding shares were enrolled in the plan, compared with 14% a year earlier. A total of 258,587 shares were issued at an average price of $42.21 during 1983.

Business Forms

In the large United States market, where Moore obtains 60 percent of its sales, an increase in unit order volume occurred during 1983 reflecting the improvement in the general economy. However, the competitive pricing pressure evident in 1982 continued throughout the year and, coupled with a significant increase in the cost of paper which could not be fully recovered in selling prices, resulted in earnings of the United States forms division being below the 1982 level.

The Canadian forms division enjoyed a good year with increases in both sales and operating profit.

There was little growth in the economies of the countries in which the Corporation operates, other than in Canada and the United States. Latin America in particular continued to suffer from high inflation and recession. Increased international sales and earnings in local currencies were more than offset by the continued appreciation of the United States dollar. Foreign exchange variations are estimated to have reduced per share earnings by 55¢ in 1983 compared to 45¢ in 1982.

Increased earnings were achieved in the United Kingdom which reflected prior years' emphasis on rationalization of operations. The Brazilian subsidiary recorded earnings growth in spite of the depressed economic conditions in that country.

In Japan, Toppan Moore Company, Ltd. enjoyed good growth in both sales and earnings. Moore has a 45% interest in this company which serves the Japanese and Southeast Asian markets.

Moore continued with plans and programs designed to capitalize on the growth opportunities arising from the many changes taking place in information processing. New products and services were introduced along with improvements to existing products.

The accelerating demand for Moore Clean Print business forms that incorporate the improved Bold Image carbonless paper is reflected in the Corporation's commitment to construct a new plant devoted exclusively to the manufacture of the dye used in the production of this carbonless paper. This new facility will represent a capital investment of some $12 million and is expected to come on stream in the middle of 1984. The production of the dye, along with the existing facilities for the encapsulation of this dye and the coating of the capsules on paper, will provide the Corporation with a complete in-house manufacturing capability for Moore carbonless paper.

Other new products are being introduced that employ the same principles of dye encapsulation developed for carbonless paper. Permascan carbon illustrates a refinement most suitable in the prevention, if not elimination, of fraudulent altering of information recorded on documents such as airline tickets, charge card forms, and postal money orders.

Major changes in printing technology are developing rapidly. The first Moore Electronic Printing Center established in 1983 has progressed according to plan. This Center utilizes advanced intelligent imaging technology and computer stored data to print variable information.

The market for bar coding is expanding rapidly as the use of scanners becomes widespread. Moore is exploiting this market using its intelligent imaging technology base.

Products arising from the Moore Compurite ink jet process, another recent development in printing technology, have enjoyed wide success and growth in many North American markets and are being introduced successfully in International markets.

Marketing techniques designed to serve the fastest growing segment of the business forms market, smaller businesses, have been introduced over the past few years. These continue to be expanded. The chain of Moore Business Centers now involves twenty-three strategically located outlets, some 4.5 million catalogues were distributed during the year and telemarketing is proving a successful selling technique. As a result of the favourable experience with these new marketing methods in the United States and Canada they are being modified as required and applied internationally.

Other Activities

Moore Data Management Services Division in the United States, the new name for the International Graphics Division, recorded a significant improvement in operating results linked to better business conditions in the real estate industry. The similar operation in Canada, Teela Data Management Systems Division also increased its sales and earnings. These divisions serve the real estate industry with computer based information publishing systems and multiple listing records. Catalogues, price lists, corporate telephone directories and parts lists, where basic data changes require frequent and timely updating of printed information, are other data base products of these divisions. Products and services are appropriate wherever time sensitive information is important.

Response Graphics Division enjoyed improved earnings and increased sales volume, resuming a growth trend which had been interrupted by the recession in 1982. Employing Moore developed Compurite ink jet printing and other advanced electronic printing technologies, this division provides innovative products and services for the direct marketing industry in the United States.

Moore Business Systems Division incurred a loss from operations which reduced net earnings by 23¢ per share, compared with 18¢ in the previous year. This division underwent significant changes during 1983. Marketing has been reorganized into four major regions and a program is underway to supplement direct selling activities by the use of independent dealers as distributors. The recent surge in use of personal computers by both large and small businesses has generated the need for new value added products involving Moore developed software for sale with this computer equipment. Software programs were added during the year to serve the needs of medical clinics and oral surgeons. Other opportunities for the sale of products of this division are being pursued in order to increase the level of activity and enable this division to achieve a profitable performance.

Packaging operations in Canada and the United Kingdom reflected the competitive conditions in the industry and the level of sales and earnings approximated that of the previous year. The wholly-owned United States packaging subsidiary was sold in April.

Organization and Management

In 1983 the divisional management responsible for all international operations was centralized in the existing Toronto office of the International Division. As a result, the divisional headquarters for the European and South African operating units, previously located in London, was closed. The new international headquarters organization, working in concert with the overseas regional operating managers, will provide closer coordination and more effective leadership of international operations.

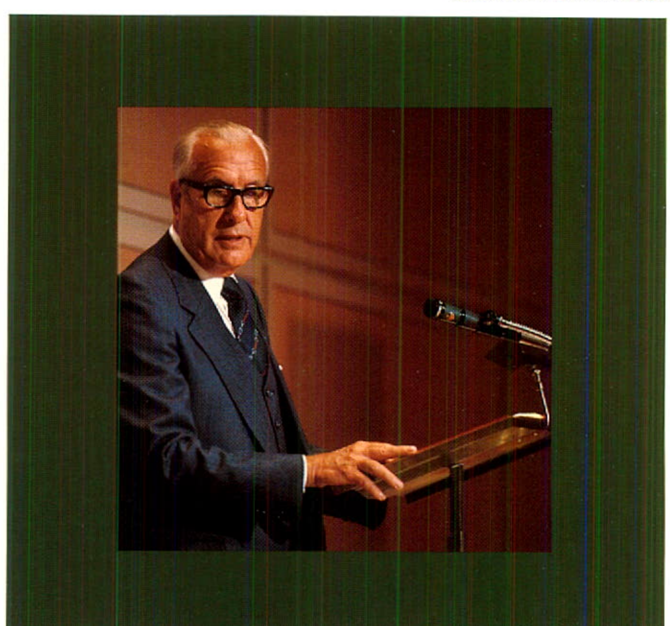
Other changes were made to the organizational and management structure of the Corporation and the principal operating divisions in North America. These changes are listed on page 33 of the report.

Outlook and Business Goals

The outlook for general business conditions in 1984 is encouraging. Physical growth is forecast for the business forms industry and current experience indicates that price levels are improving. The combined effect of these factors along with the Corporation's programs to enhance productivity and reduce costs should produce significant growth in both sales and earnings.

D W Barr

David W. Barr
Chairman of the Board



The emphasis in business and government on improving productivity underlies the mushrooming growth and importance of the information processing industry. Moore products and services that facilitate information processing are integral parts of this industry.

Changes in printing technology and the development of automated processes for pre-press production operations will be reflected in higher capital expenditures. Use of the most modern equipment and newest technologies in our manufacturing plants is an important part of the Corporation's strategy to add quality and value to its traditional line of business forms products and to reduce costs.

Moore's objective is to take full advantage of the opportunities for growth arising out of changes taking place in information processing and to do this by providing high quality products and services required to meet the related and changing customer needs.

Coupled with a firm commitment to profitable growth, we will concentrate on improving productivity in every aspect of our operations and continue our emphasis on being a low cost producer of the products we sell and service.

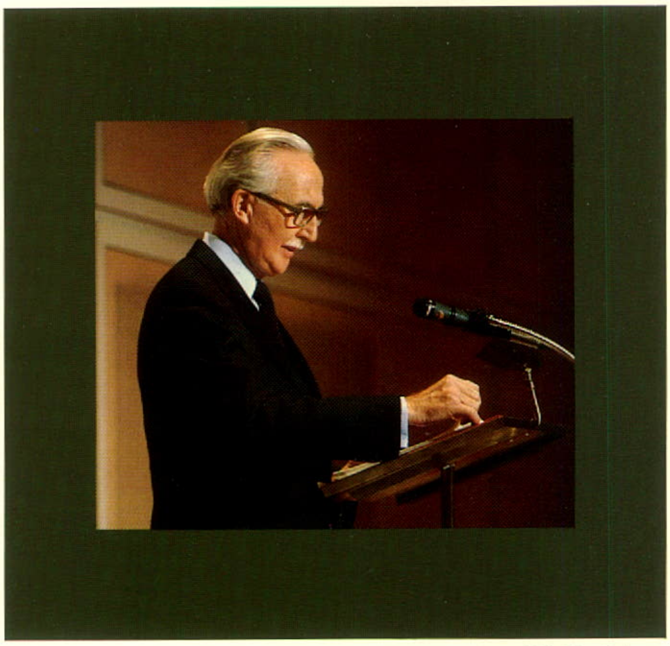
As our traditional business is being expanded we are seeking opportunities to augment long-term growth through acquisitions that facilitate the recording, communication, retention and retrieval of business information.

Appreciation is expressed to all employees, our most important resource, for their dedicated contribution to the continued development of Moore in a difficult year.

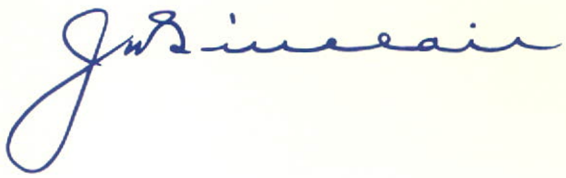
On behalf of the Board of Directors,

D. W. Barr
Chairman of the Board
February 21, 1984

J. W. Sinclair
President and Chief Executive Officer



Judson W. Sinclair
President and
Chief Executive Officer



The right people in the right place, at the right time

One of the more interesting phenomena of past years is reflected in a lengthening list of learned books falling within the general area of analyzing why some businesses achieve outstanding success.

Public interest is so keen on this process of putting business under the microscope that instant financial success is assured for the authors of such books as "Corporate Cultures" and "In Search of Excellence". Already there is a sequel underway to "In Search of Excellence" and even a television series has been suggested.

The steep worldwide recession probably is a major reason for the crowded lectures and steady stream of magazine articles devoted to such analysis. Those men and women responsible for managing enterprises, overburdened with the concerns and problems of tough times, undoubtedly hope something of value can be learned.

What they are told distills into some deceptively simple points. Every business has its own corporate culture that is the sum of its history and people. But the people in the most successful businesses have the same broad understanding of what is important and of how people in the organization work to make things happen.

Those companies rated as excellent, externally have especially strong links to customers, and internally are open to new ideas and innovations.

Corporate success is the result of what people think and do. The most successful – the "excellent" companies – enjoy the activity in getting things done, are always developing tomorrow's leaders, concentrate on their special business areas, and avoid a complex bureaucratic management structure.

This recent literature on corporate success contains much more detail which seems to add up to the obvious – that people run businesses and successful businesses have able people responding to changing needs of customers.

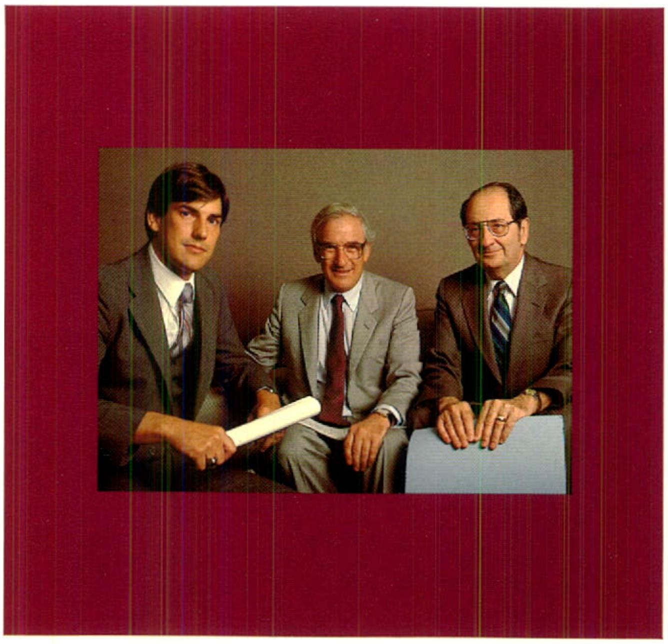
Corporate Officers
G. G. Flint, *Vice President and Comptroller;* J. B. McArthur, *Senior Vice President–Finance;* D. S. Dunlop, *Vice President and Treasurer;* F. E. Dougherty, *Corporate Secretary*

Planning and Technology Management
J. L. Wilson, *Vice President and Director of Research;* L. C. Rumph, *Senior Vice President–Planning and Technology*

Canadian Operating Management
M. C. Feldman, *Vice President and General Manager, Teela Data Management Systems;* G. J. McClean, *Vice President and General Manager, Moore Business Forms Division;* R. W. Bastien, *Executive Vice President and General Manager, Reid Dominion Packaging Limited*

Corporate Services
D. J. Fischer, *Auditor;* P. McConnachie, *Director, Human Resources;* W. F. Young, *Director, Corporate Cost and Pricing*

United States Operating Management
T. J. Pruter, *Vice President and General Manager, Response Graphics Division;* F. C. Haskell, *Vice President and General Manager, Moore Business Systems;* L. J. Rupnik, *Vice President and General Manager, Moore Data Management Services*



Daniel J Fischer
P McConnachie

Thomas J Pruter
F C Haskell
Louis J. Rupnik

The right people in the right place, at the right time.

Students of business management practice can take the time to collect and analyze details, developing theories of management to report in articles, books and lectures. Those other men and women wrestling with the realities of the day-to-day business world must concentrate their fullest attention on more practical and immediate concerns.

At Moore, attention and actions focus on longer-term objectives of how to best anticipate and meet changing requirements of the marketplace. These business goals are in Moore's long tradition as the global leader in the business forms industry.

The main objective at Moore is to serve the customers' needs of today and to plan for their needs of tomorrow. All the research, tests, decisions, actions, products, jobs, profits and dividends follow from how Moore people deal with that key to personal and corporate success.

Planning for change first means determining, as best as is humanly possible, what changes in the marketplace are ahead.

Consider the future of business forms and related products, which account for some 90 percent of Moore's annual sales.

The impact on business and society of computers and the evolving information age remains the major influence on the future of the business forms industry.

That influence has the potential to be very beneficial. The more Moore people delve into the implications of the new trends in how information is collected and employed, the more opportunities are perceived.

Let's take a moment to capsulize the results of continuing studies and research into the future of the business forms industry carried out by the International Business Forms Institute and by Moore.

Change has both positive and negative effects. A transition is underway which includes the growing use of lower "value added" single part forms associated with the output from non-impact printers used by large customers.

However, there is a positive side which more than offsets the negative. The proliferation of mini and micro computers throughout businesses, so evident to everyone, is

United States Operating Management – Forms Division
Seated–T. E. Rayfield, *Vice President and Comptroller;* E. J. Howe, *Vice President, Information Services;* M. K. Goodrich, *Executive Vice President;* J. R. Anderluh, *Vice President, Marketing; Standing*– H. T. Anderson, *Vice President, Specialty Units;* R. L. Waehner, *Vice President, Manufacturing;* J. A. Heist, *Vice President, Human Resources*

T E Rayfield Edward J Howe M. Keith Goodrich John R. Anderluh Homer T Anderson R L Waehner J A Heist

opening wide new areas of opportunity in the business forms market.

The overall conclusion of the studies is important. In the leading United States market, the forms industry is forecast to grow from about $5 billion annual sales volume to $7 billion by 1988. That represents a rate of growth exceeding the expected expansion of the economy.

The usage of business forms generated by small computers is estimated to increase from 12 percent of total 1983 business forms volume in the United States to 33 percent in 1988. Worldwide growth is also expected to reflect this favourable outlook.

This growth in demand for business forms and related supplies required by users of small business computers will be nurtured and encouraged by the new channels of distribution already introduced by Moore. Telemarketing, strategically located retail stores, and catalogue marketing will provide synergistic expansion opportunities and be supplemented by other techniques to meet the requirements of this new, fast growing market.

Such exciting developments in the marketplace provide the foundation for the actions being taken now by Moore people in their plans for tomorrow.

At any given moment, many ideas and dreams are percolating throughout the worldwide Moore organization to anticipate and take advantage of potential opportunities. Some may be only a glint in a thoughtful eye. Others may be at a laboratory bench or in a planning memorandum. Still others are nearing fruition.

Compurite is an outstanding example of a major, advanced innovation of special and immediate interest to those concerned with information processing in this information age. Compurite is the marriage of computerized information and ink jet printing incorporated with existing printing systems to produce variable and repetitive information simultaneously at high press speeds.

Technology and market research are sparking an acceleration in the practical applications of this marriage.

What previously was an evolutionary process now has become a printing and information processing revolution–intelligent imaging.

Moore's introduction of the Compurite process has opened a new market that promises many opportunities. Moore provides the customer, from one responsible source, the services of forms procurement, shipment, storage, computer printing, detaching, envelope inserting and applying postage so that the completed form enters the postal system at the Moore plant. These functions are done with greater ease and efficiency than customers can obtain by conventional methods.

The rapid growth in response to the introduction of this product and related services has been one of the outstanding recent developments in Moore's worldwide markets.

But Compurite is only the first plateau in a future world of intelligent imaging destined to play an increasingly significant part in today's $50 billion information processing market.

The ink jet printing technology most widely used today has the capability of reproducing images at 80 to 120 dots per inch. The second stage, introduced in 1983, employs several technologies to obtain reproductions at an increased 120 to 140 dots per inch. The ability to scan this improved quality of reproduction will open new applications for Compurite business forms such as variable bar codes and OCR (Optical Character Recognition) which can be read by other equipment.

The third plateau coming soon, by adding another technology, further refines the quality of reproduction to 240 to 400 dots per inch. This will establish the ability to reproduce variable graphics on demand.

By advancing to laser and other printing technologies, it will become practical to reproduce images with concentrations of 400 to 1,000 dots per inch. This high quality will allow reproduction of screens and halftones of photographs.

At this point, intelligent imaging will match the quality of long-established lithography with the added important ability of accurately reproducing variable information and images of all kinds at modern printing press speeds–truly plateless printing.

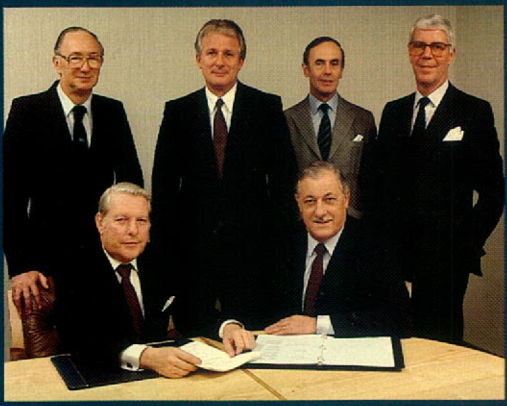
In this ongoing revolution, the ability to increase the speed of variable printing through the development of hardware and operational software, along with other plateless printing developments, are significant contributions of Moore Research.

With each advance, more new markets are created. Looking further into the future, even greater opportunities will be developed as the skills and knowledge of Moore people continue to be applied to the vital objective of adding value by improving effectiveness of Moore products and services.

Intelligent imaging is only one example of how innovations evolve from Moore's strategic planning that is at the core of its corporate culture. The basic business continues to be the sale and manufacture of business forms as a medium for recording and distributing information. Technological change has broadened the opportunities for growth in all areas related to such information processing.

A successful future will be guaranteed by meeting the challenge of today and planning for the needs of tomorrow. Programs now in place and those planned are destined to achieve effective and profitable objectives, always applying Moore's commitment to quality and excellence.

International Division Management
J. L. Saunders, *Vice President and General Manager, Latin America and Pacific;* D. E. Wandersee, *Vice President and General Manager, Europe and Africa;* W. M. Nichols, *Senior Vice President–International*



Europe and Africa Operating Management
Seated–P. Hoegarts, *Regional Chief Executive, Central Europe;* R. Prêtre, *Regional Chief Executive, Western Europe; Standing*–P. A. Laubscher, *Regional Chief Executive, Southern Africa;* A. R. Barichello, *Regional Chief Executive, Southern Europe;* C. L. Dawson, *Regional Chief Executive, Northern Europe;* J.W. Flowers, *Regional Chief Executive, United Kingdom and Éire*

Latin America and Pacific Operating Management
Seated–E. C. Pérez, *General Manager, Caribbean;* B. Coburn, *Regional Chief Executive, Australasia; Standing*–A. G. Taylor, *Regional Chief Executive, ANCOM:* F. Hernandez, *General Manager, Mexico;* T. F. Vides, *General Manager, Central America;* M. C. Rogers, *General Manager, Brazil*

Management's discussion and analysis of results of operations and financial condition

Results of operations

1983/1982

In 1983, sales were $1,813.6 million, compared with sales of $1,847.1 million in 1982.

Net earnings in the year were $100.3 million or $3.53 per share, a decrease of $1.9 million or 10¢ per share from 1982 net earnings of $102.2 million or $3.63 per share.

The Corporation experienced physical growth in sales as demand for its products increased throughout the year. This increase however is not evident in the overall results due to depressed selling prices and the effect of a continuing strong United States dollar on the value at which foreign operations are included in the consolidation.

The major factor contributing to the lower earnings was a significant increase in the cost of paper during the year, which could not be fully recovered in improved selling prices particularly in the large United States market.

Increases in interest expense of $4.2 million to $20.4 million and in investment and other income of $12.4 million to $31.8 million relate mainly to the program to restructure the capitalization of and to fund certain subsidiaries. The program, commenced in 1982, is complete.

Income from operations was $149.0 million, compared with $180.9 million in 1982, and declined to 8.2% of sales from 9.8% in 1982.

The unfavourable aspects of the year's operations were partially offset by a reduction of 4.3 percentage points in the effective tax rate, primarily due to a lower tax rate on investment income.

Good operating gains were achieved by the Corporation's Response Graphics and Moore Data Management Services (formerly International Graphics) Divisions in the United States and the Moore Business Forms and Teela Data Management Systems Divisions in Canada. Within the International Division, a turnaround was achieved by the United Kingdom business forms subsidiary and operations in Brazil continued favourable despite that country's economic problems.

The Moore Business Systems Division in the United States underwent many changes including a complete restructuring of the marketing organization and a re-evaluation of the product line. These changes have not yet been reflected in improved operations. The Division's operating loss of $12.9 million compared with $10.1 million in 1982.

The Corporation's wholly-owned United States packaging subsidiary was sold in April 1983 at a price which approximated book value.

Business forms and related products represented 90% of total sales, unchanged from 1982.

North American operations contributed 77% of total sales, an increase from 75% in 1982 due to the strengthened United States dollar and the improved demand for the Corporation's products in the United States and Canada.

1982/1981

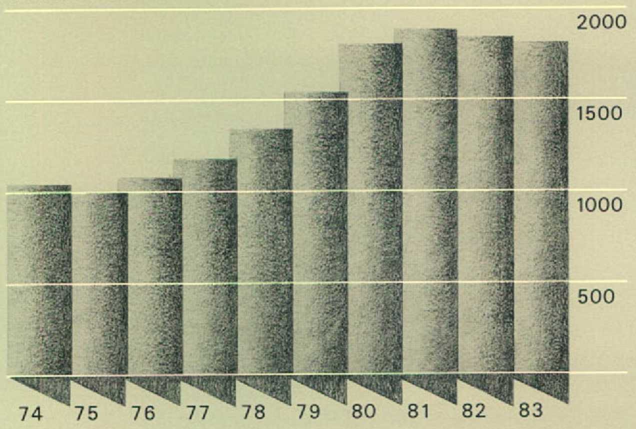
Sales in 1982 of $1,847.1 million compare with sales in 1981 of $1,879.1 million.

Net earnings in 1982 of $102.2 million or $3.63 per share were down from earnings of $115.4 million or $4.12 per share in 1981.

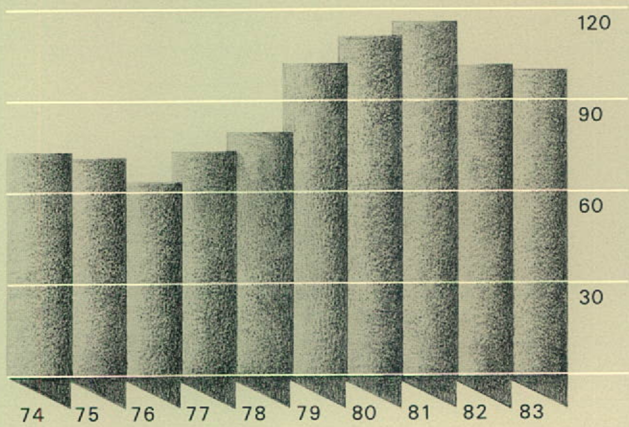
For the second consecutive year sales and net earnings were adversely affected by the unfavourable economic and business conditions prevailing throughout the geographic areas served by the Corporation. Reduced customer demand, excess capacity and depressed pricing in the industry generally, had a significant effect on sales and earnings.

In addition, the contribution of the Corporation's foreign operations to consolidated sales and earnings was reduced significantly by the continued strength of the United States dollar. The currencies of all countries where the Corporation has international operations declined in value against the United States dollar, the most notable instances being reductions in the values of the Mexican peso and Brazilian cruzeiro of 83% and 50%, respectively. Smaller but nevertheless important declines occurred in the values of the French franc, Pound sterling and Australian dollar.

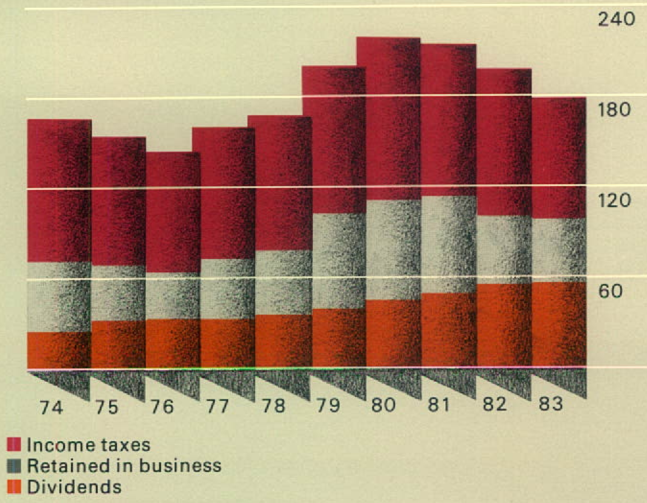
Sales
Millions of dollars



Net earnings
Millions of dollars



Distribution of earnings
Millions of dollars



Interest expense increased $2.2 million to $16.2 million from $14.0 million. This increase resulted from additional short-term borrowing during the year and short-term bank loans totalling $185.0 million related to a program to restructure the capitalization of certain subsidiaries to provide greater flexibility in funding internal financing arrangements. The program, commenced in December 1982, is expected to be completed in 1983.

Consolidated income from operations was $17.2 million below the total of the previous year. The operating margin was 9.8% compared with 10.5% for 1981. Increased operating costs could not be fully recovered in selling prices, a situation particularly evident within the major United States business forms division.

The income tax rate of 48.0% is 1.4 percentage points above the 1981 rate, the result of a non-recurrence of tax exempt income and adjustments to taxes in 1981 which had the effect of reducing last year's rate of tax.

Business forms and related products comprised 90% of total sales, unchanged from 1981.

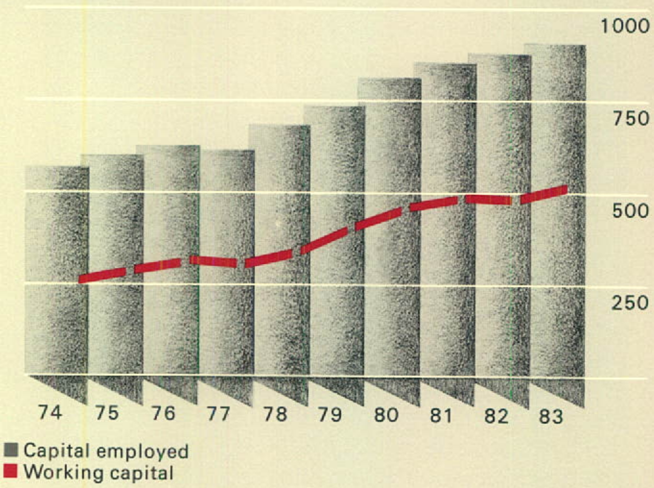
The Moore Business Systems Division increased the number of installations sold by 22% over 1981, and reduced its operating loss 32% to $10.1 million from $14.8 million.

North American operations produced 75% of total sales, an increase from 1981, principally due to the strengthened United States dollar and the consequent lower value of international sales in the consolidation compared with 1981.

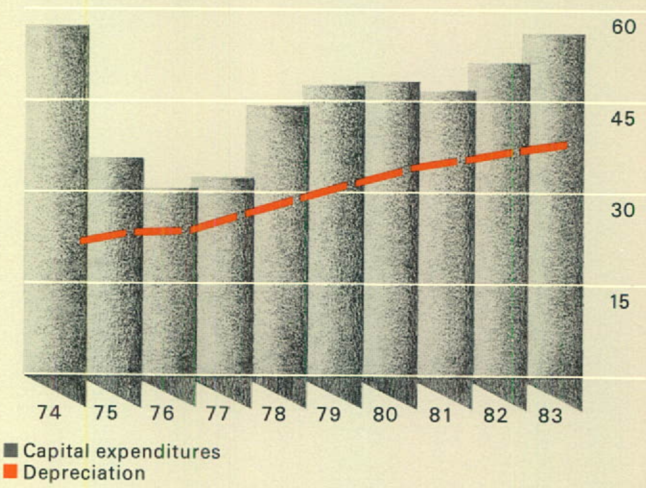
Liquidity

The normal cash requirements of the Corporation can be covered by internally generated funds, supplemented by borrowing as needed by certain international subsidiaries. The borrowing facilities available to the subsidiaries requiring short-term or long-term financing are anticipated to be adequate to meet their needs.

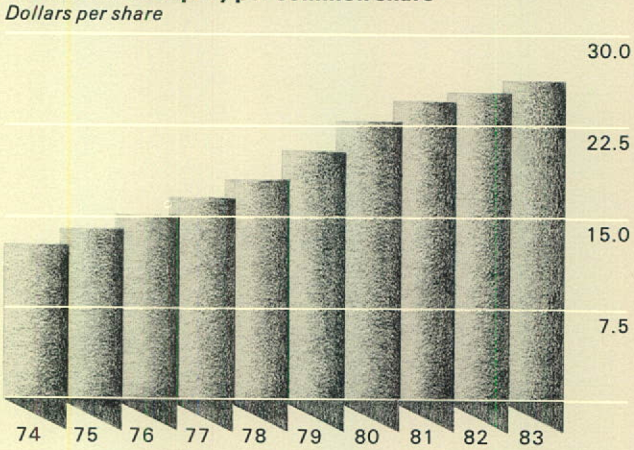
Capital employed and working capital
Millions of dollars



Capital expenditures and depreciation
Millions of dollars



Shareholders' equity per common share
Dollars per share



The consolidated statement of changes in financial position lists the sources and applications of working capital. During the year working capital increased \$27.3 million to \$507.6 million, a reversal of the \$2.6 million reduction in 1982.

The working capital ratio of 3.1:1, compared with 2.1:1 a year earlier, returned to more normal levels following the completion of the program to restructure the capitalization of certain subsidiaries and the repayment of the short-term borrowing required to finance the program. The Corporation continues to emphasize efficient management of working capital.

Long-term debt was reduced by \$8.9 million, the fourth consecutive year that a reduction has occurred.

At December 31, 1983 outstanding unused lines of credit for short-term financing totalled \$48 million, compared with \$43 million at December 31, 1982.

As indicated in Note 17 of the Notes to Consolidated Financial Statements, the Corporation's subsidiary, Moore Business Forms, Inc., is the defendant in a lawsuit involving the nonpayment of royalties. Management contends the patents which are the subject of the litigation were invalid and were not infringed. It is anticipated that the eventual disposition of this litigation, if a judgement is rendered against Moore Business Forms, Inc., will not involve a liability that would be material to the financial position of the Corporation.

Capital resources

At the year end the Corporation had \$123.9 million in cash and short-term securities against \$29.3 million in bank loans, a 3.1:1 working capital ratio and a long-term debt to equity ratio of 0.1:1. The strong financial position will permit the Corporation to take advantage of further improvements in business conditions worldwide and opportunities for growth or diversification through acquisitions.

A program of capital expenditures has been continued with the objective of upgrading and adding to production equipment as necessary.

A comparative analysis of capital expenditures and capital employed in the business is presented on the following page.

Capital expenditures *(in millions)*	**Land and Buildings**			**Machinery and equipment**		
	1983	1982	1981	**1983**	1982	1981
Canada	**$0.6**	$1.9	$2.1	**$3.3**	$4.2	$3.6
United States	**3.9**	5.0	3.8	**32.1**	22.9	18.7
Europe	**1.1**	3.7	1.8	**4.1**	7.6	6.6
Other countries	**8.7**	1.8	2.7	**3.0**	4.3	7.3
	$14.3	$12.4	$10.4	**$42.5**	$39.0	$36.2

Capital employed *(in millions)*	**1983**	**%**	1982	%	1981	%
Shareholders' equity	**$755.0**	**82.7**	$710.7	81.4	$685.5	80.7
Long-term debt	**82.2**	**9.0**	91.2	10.5	96.7	11.4
Deferred taxes and liabilities	**60.2**	**6.6**	56.7	6.5	54.0	6.3
Equity of minority shareholders	**15.1**	**1.7**	14.2	1.6	13.3	1.6
	$912.5	**100.0**	$872.8	100.0	$849.5	100.0

Effects of inflation and changing prices

Attempts to restate historical cost financial statements to measure the effects of inflation and changing prices are at the very best an approximation of the effects of inflation on an enterprise. However, there are many ways by which a business can cope with inflation and changing prices. Some are inherent in particular industries, whereas others require specific application.

The major inventory of a business forms manufacturer is paper, and paper inventories are turned over several times each year. In the case of the Corporation, paper inventories are turned over up to 8 times a year, with the average rate of turnover being 5 times a year. This high rate of turnover, along with use by the Corporation of the last-in, first-out cost method in the valuation of 47% of total inventories, results in a very short average time lag between the purchase of paper and recognition of current paper costs in operations.

Another area of concern is the need to replace manufacturing capacity at current prices. Within the Corporation equipment is constantly being added, upgraded or replaced with assets incorporating the very latest technology, and depreciation rates are reviewed with due recognition being given to technical obsolescence in determining useful lives.

Further information on the effects of inflation and changing prices, including supplementary statistics on a current cost basis, is available in the Annual Report on Form 10-K.

Canadian and United States generally accepted accounting principles

The consolidated financial statements of the Corporation are prepared in accordance with accounting principles generally accepted in Canada.

However, since the common shares of the Corporation are listed on the New York Stock Exchange, in addition to the Toronto and Montreal exchanges, and the Corporation is a foreign registrant with the Securities and Exchange Commission of the United States, the Corporation must comply with the integrated disclosure rules of the Securities and Exchange Commission and publish net earnings and net earnings per share prepared in accordance with accounting principles generally accepted in the United States.

A review of the differences between Canadian and United States generally accepted accounting principles and comparative net earnings and net earnings per share based on United States generally accepted accounting principles is presented in Note 19 of the Notes to Consolidated Financial Statements. Comparative unaudited quarterly financial information based on United States generally accepted accounting principles is presented on page 29.

Consolidated balance sheet

As at December 31
Expressed in United States currency
in thousands of dollars

Assets	**1983**	1982
Current assets		
Cash	**$5,772**	$10,692
Short-term securities, at cost which is approximate market value	**118,078**	318,418
Accounts receivable, less allowance for doubtful accounts $7,989 ($8,482 in 1982)	**357,377**	333,074
Inventories (note 2)	**255,448**	231,657
Prepaid expenses	**10,314**	9,991
Total current assets	**746,989**	903,832
Fixed assets		
Land	**22,156**	22,911
Buildings	**167,159**	154,963
Machinery and equipment	**481,699**	469,601
	671,014	647,475
Less: accumulated depreciation	**330,791**	315,848
	340,223	331,627
Investment in associated corporations (note 3)	**22,720**	21,479
Other assets (note 4)	**42,003**	39,430
	$1,151,935	$1,296,368

Liabilities		1983	1982
	Current liabilities		
	Bank loans (note 5)	**$29,327**	$215,388
	Accounts payable and accruals (note 6)	**180,431**	170,926
	Dividends payable	**14,307**	14,114
	Accrued income taxes	**15,369**	23,107
	Total current liabilities	**239,434**	423,535
	Long-term debt (note 7)	**82,235**	91,161
	Deferred income taxes and liabilities (note 8)	**60,210**	56,751
	Equity of minority shareholders in subsidiary corporations	**15,057**	14,185
		396,936	585,632
Shareholders' equity			
	Common shares (note 9)		
	Authorized: 40,000,000 shares without par value		
	Issued: 28,618,917 shares (28,229,354 shares in 1982)	**55,935**	39,377
	Unrealized foreign currency translation adjustments (note 10)	**(60,177)**	(44,464)
	Retained earnings	**759,241**	715,823
		754,999	710,736
		$1,151,935	$1,296,368

Approved by the Board of Directors:

D W Burr Director   J Sinclair Director

Consolidated statement of earnings

For the year ended December 31
Expressed in United States currency and except earnings per share in thousands of dollars

	1983	1982	1981
Sales	**$1,813,573**	$1,847,076	$1,879,063
Cost of sales	**1,218,762**	1,224,592	1,254,208
Selling, general and administrative expenses	**388,224**	388,501	377,619
Depreciation	**37,174**	36,840	35,121
Interest expense	**20,403**	16,219	13,965
	1,664,563	1,666,152	1,680,913
Income from operations	**149,010**	180,924	198,150
Investment and other income	**31,803**	19,406	20,231
Earnings before income taxes and minority interests	**180,813**	200,330	218,381
Income taxes (note 13)	**79,015**	96,149	101,866
Minority interests	**1,492**	1,977	1,113
Net earnings	**$100,306**	$102,204	$115,402
Earnings per share (note 14)	**$3.53**	$3.63	$4.12

Consolidated statement of retained earnings

For the year ended December 31
Expressed in United States currency in thousands of dollars

	1983	1982	1981
Balance at beginning of year	**$715,823**	$669,905	$604,979
Net earnings	**100,306**	102,204	115,402
	816,129	772,109	720,381
Dividends $2.00 per share ($2.00 in 1982; $1.80 in 1981)	**56,888**	56,286	50,476
Balance at end of year	**$759,241**	$715,823	$669,905

Consolidated statement of changes in financial position

For the year ended December 31
Expressed in United States currency
in thousands of dollars

Moore Corporation Limited

	1983	1982	1981
Sources of working capital			
Net earnings	**$100,306**	$102,204	$115,402
Items not affecting working capital (note 15)	**43,205**	49,660	33,687
Working capital from operations	**143,511**	151,864	149,089
Common shares issued	**16,558**	5,261	752
Sale of subsidiary, net of working capital	**6,860**	–	–
Sale of fixed assets	**4,226**	9,849	6,707
Sale of long-term investment	**2,876**	–	–
Addition to long-term debt	**2,735**	9,132	3,833
Dividends from associated corporations	**1,052**	1,005	1,141
Other sources	**1,653**	284	980
	179,471	177,395	162,502
Applications of working capital			
Dividends	**56,888**	56,286	50,476
Expenditure for fixed assets	**56,809**	51,425	46,600
Long-term investment	**9,499**	16,653	1,756
Reduction in long-term debt	**9,099**	11,129	9,162
Deferred charges	**687**	12,245	1,201
Goodwill	**–**	278	3,627
Other applications	**2,182**	1,476	1,964
	135,164	149,492	114,786
Increase in working capital before unrealized foreign currency translation adjustments	**44,307**	27,903	47,716
Unrealized foreign currency translation adjustments	**(17,049)**	(30,508)	(20,134)
Increase (decrease) in working capital	**27,258**	(2,605)	27,582
Working capital at beginning of year	**480,297**	482,902	455,320
Working capital at end of year	**$507,555**	$480,297	$482,902
Increase (decrease) in working capital by component			
Cash	**$(4,920)**	$(3,766)	$2,701
Short-term securities	**(200,340)**	243,009	8,687
Accounts receivable	**24,303**	(33,771)	5,377
Inventories	**23,791**	(25,465)	21,506
Prepaid expenses	**323**	2,134	(95)
Bank loans	**186,061**	(183,773)	(3,663)
Accounts payable and accruals	**(9,505)**	(3,504)	(10,362)
Dividends payable	**(193)**	(1,491)	(1,133)
Accrued income taxes	**7,738**	4,022	4,564
Increase (decrease) in working capital	**$27,258**	$(2,605)	$27,582

1 Summary of accounting policies

Accounting principles:
Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Translation of foreign currencies:
The consolidated financial statements are expressed in United States currency because the greater part of the net assets and earnings are located or originate in the United States. Canadian and other currencies have been translated into United States currency on the following bases:

Current assets, current liabilities, pension liabilities, long-term receivables and long-term debt, at the year-end rates of exchange;

All other assets, liabilities, accumulated depreciation and related charges against earnings and share capital, at historical rates of exchange;

Income and expenses, other than depreciation, at average exchange rates during the year.

Net unrealized exchange adjustments arising on translation of foreign currencies are charged or credited directly to shareholders' equity and shown as unrealized foreign currency translation adjustments.

Realized exchange losses or gains are included in earnings.

Inventories:
Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories and the raw material content of finished goods inventories in Canada and the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Fixed assets and depreciation:
Fixed assets are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. All costs for repairs and maintenance are expensed as incurred.

The estimated useful lives of buildings range from 20 to 50 years and of machinery and equipment from 3 to 17 years.

Gains or losses on the disposal of fixed assets are included in earnings and the cost and accumulated depreciation related to these assets are removed from the accounts.

Investment in associated corporations:
The Corporation accounts for its investment in associated corporations by the equity method.

Goodwill:
Goodwill is amortized by the straight-line method over periods not exceeding forty years.

Amortization of deferred costs:
Deferred debenture costs are amortized over a ten-year period and deferred production engineering costs are amortized over varying periods not exceeding five years.

Income taxes:
Income taxes are accounted for on the tax allocation basis which relates income taxes to the accounting income for the year.

No provision has been made for taxes on undistributed earnings of subsidiaries not currently available for paying dividends inasmuch as such earnings have been reinvested in the business.

2 Inventories

(in thousands)	**1983**	1982
Raw materials	**$119,660**	$98,066
Work in process	**23,098**	24,252
Finished goods	**107,090**	104,114
Other	**5,600**	5,225
	$255,448	$231,657

The excess of the current cost over the last-in, first-out cost of those inventories determined on the latter basis is approximately $61,000,000 at December 31, 1983 (1982–$54,000,000).

3 Investment in associated corporations

(in thousands)	**1983**	1982
Toppan Moore Company, Ltd. (45% owned)	**$21,299**	$20,107
Formularios y Procedimientos Moore, S.A. (49% owned)	**1,421**	1,372
	$22,720	$21,479

Dividends received from associated corporations in 1983 were $1,052,000 (1982–$1,005,000; 1981–$1,141,000). The undistributed earnings of associated corporations included in retained earnings are $14,919,000 (1982–$13,678,000; 1981–$11,242,000).

4 Other assets

Other assets include goodwill of $12,238,000 (1982–$12,894,000), net of accumulated amortization of $3,917,000 (1982–$3,261,000), taxes, being amortized over a five-year period, of $7,869,000 (1982–$9,836,000), net of accumulated amortization of $2,131,000 (1982–$164,000) and, in 1983, a long-term receivable of $6,000,000 arising from the sale of F. N. Burt Company, Inc.

5 Unused lines of credit

The unused lines of credit outstanding at December 31, 1983 for short-term financing are $48,000,000 (1982–$43,000,000), of which $20,000,000 is for the support of commercial paper borrowings. There were no commercial paper borrowings outstanding at the end of either year.

6 Accounts payable and accruals

(in thousands)	**1983**	1982
Trade accounts payable	**$74,769**	$72,032
Other payables	**23,336**	23,267
	98,105	95,299
Accrued payrolls	**33,651**	30,197
Accrued retirement plan payments	**16,768**	16,149
Other accruals	**31,907**	29,281
	82,326	75,627
	$180,431	$170,926

7 Long-term debt

(in thousands)	**1983**	1982
Moore Corporation Limited		
6% Convertible Subordinated Debentures due 1994 ($36,939,000 Cdn.; 1982–$42,647,000 Cdn.)	**$29,692**	$34,536
Bank loan payable in Canadian dollars due 1987	**11,856**	11,921
Other debt bearing interest at 7% due 1987	**322**	364
Capital lease commitments	**66**	113
Moore Business Forms, Inc.		
7.9% Senior Notes due 1996	**16,000**	17,000
Industrial Development Revenue Bonds bearing interest at 6.85% to 9.5% due 2004	**7,350**	7,350
6.75% Promissory Note due 1986, secured by mortgages on certain properties	**849**	1,233
Other debt bearing interest at 9.5% due 1989	**24**	26
Capital lease commitments	**871**	818
	$67,030	$73,361

Note 7 continued

	1983	1982
Balance forward	**$67,030**	$73,361
Moore Business Forms de Mexico, S.A. de C.V.		
Eurodollar bank loans bearing interest at ¾ of 1% over the London Interbank Offered Rate (at December 31, 1983–10.5%) existing from time to time due 1988	**4,300**	3,000
Moore Paragon S.A.		
Bank and other loans payable in French francs bearing interest at 8.25% to 11% due 1985 to 1993. Loans amounting to $1,876,000 (1982–$2,718,000) are secured	**3,673**	4,997
Moore Paragon N.V.		
Bank loan payable in Belgian francs bearing interest at 9.75% due 1992	**1,859**	2,179
Moore Ges.m.b.H.		
Bank loans payable in Austrian schillings bearing interest at 5.5% to 8% due 1988 to 1990	**1,682**	2,309
Other subsidiaries		
Secured loans	**1,055**	1,868
Unsecured loans	**2,359**	2,869
Capital lease commitments	**277**	578
	$82,235	$91,161

The 6% Convertible Subordinated Debentures are convertible at any time until April 2, 1984 into common shares at a rate of 17 shares per $1,000 Cdn. principal amount of debentures. Under certain circumstances debentures are redeemable or can be purchased in the market by the Corporation in accordance with the provisions and sinking fund requirements specified in the trust indenture. The trust indenture provides for a sinking fund, with respect to the retirement of the debentures, to commence in 1985. The sinking fund obligations for the years 1985 to 1989 inclusive were satisfied through the purchase of debentures by the Corporation in prior years.

The bank loan agreement of the Corporation provides options either to borrow any currency freely traded on the London Interbank Eurocurrency Market, with interest determined at ½ of 1% per annum over the London Interbank Offered Rate existing from time to time, or to borrow Canadian dollars through bankers acceptances at market interest rates existing from time to time plus a fee of ¾ of 1% per annum of the face value of the acceptances. At December 31, 1983, the interest rate on this bank loan was 9.65%.

The long-term debt of other subsidiaries bears interest at rates ranging from 6.25% to 24.5%. These debts mature on varying dates to 1992. Loans amounting to $2,014,000 (1982–$3,688,000) are payable in currencies other than United States dollars and loans of $1,055,000 (1982–$1,868,000) are secured by assets of four subsidiaries.

The cost of assets subject to lien approximated $26,000,000 (1982–$98,000,000), the liens being primarily mortgages against fixed assets.

Payments of $3,480,000 (1982–$9,942,000) on long-term debt due within one year are included in current liabilities. For the years 1985 through 1988 payments required on long-term debt are as follows: 1985–$3,503,000; 1986–$3,555,000; 1987–$18,241,000 and 1988–$4,167,000.

8 Deferred income taxes and liabilities

Deferred income taxes amount to $52,974,000 (1982–$49,399,000). Deferred liabilities include $3,523,000 (1982–$4,397,000) for pensions under unfunded retirement plans of certain overseas subsidiaries (see note 11).

9 Common shares

The following is a summary of the changes in the authorized and issued common shares without par value since January 1, 1981:

	Authorized Number of shares	Issued Number of shares	Issued Amount
Balance, January 1, 1981	40,000,000	28,025,305	$33,364,000
Exercise of executive stock options		25,500	749,000
Conversion of $6,000 Cdn. principal amount of 6% Convertible Subordinated Debentures		102	3,000
Balance, December 31, 1981	40,000,000	28,050,907	34,116,000
Optional stock dividend and dividend reinvestment plan		170,316	5,007,000
Exercise of executive stock options		7,400	219,000
Conversion of $43,000 Cdn. principal amount of 6% Convertible Subordinated Debentures		731	35,000
Balance, December 31, 1982	40,000,000	28,229,354	39,377,000
Optional stock dividend and dividend reinvestment plan		258,587	10,916,000
Exercise of executive stock options		33,940	1,015,000
Conversion of $5,708,000 Cdn. principal amount of 6% Convertible Subordinated Debentures		97,036	4,627,000
Balance, December 31, 1983	40,000,000	28,618,917	$55,935,000

The Optional Stock Dividend and Dividend Reinvestment Plan provides shareholders of the Corporation with two options to acquire additional common shares. The election of the stock dividend option results in dividends being received in the form of shares and the dividend reinvestment option results in cash dividends being reinvested to acquire additional shares. Under either option, the amount of the dividend otherwise receivable in cash (less any applicable withholding tax) is used to acquire shares at a 5% discount from an average market value.

Pursuant to the terms of the 1976 Executive Stock Option Plan approved by the shareholders of the Corporation on April 14, 1976, 224,400 common shares of the Corporation were reserved for issuance. Under the terms of the Plan, options may be granted to certain key employees to purchase shares of the Corporation at a price per share which is not less than 100% of fair market value on the date the option is granted. Options may be exercised at such times as are determined at the date they are granted and expire not more than ten years from the date granted. On August 2, 1983, options were granted to purchase 66,000 shares of the Corporation. Details of the stock option activity in 1983 are as follows:

Years options granted	1983	1981	1979	1976	Total
Number of common shares under option					
Outstanding December 31, 1982		33,200	36,150	14,750	84,100
Options granted	66,000				66,000
Options exercised		(12,840)	(18,350)	(2,750)	(33,940)
Outstanding December 31, 1983	66,000	20,360	17,800	12,000	116,160
Option price per share Canadian currency	$54.69	$35.73	$37.94	$34.94	

The number of shares available for stock option grants pursuant to the terms of the 1976 Executive Stock Option Plan were 104,900 common shares as at January 1, 1983 and 38,900 common shares as at December 31, 1983.

At December 31, 1983, as required by the provisions of the trust indenture relating to the 6% Convertible Subordinated Debentures, 627,963 common shares were reserved to meet the conversion privilege of the debentures.

10 Unrealized foreign currency translation adjustments

(in thousands)	**1983**	1982	1981
Balance at beginning of year	**$44,464**	$18,560	$1,239
Adjustments for the year	**15,713**	25,904	17,321
Balance at end of year	**$60,177**	$44,464	$18,560

11 Retirement plans

Based on the latest reports of independent consulting actuaries on the Corporation's retirement plans in Canada, the United States, the United Kingdom, South Africa, Australia and New Zealand, all vested benefits are fully funded and it is estimated that the obligations for pension benefits expected to accrue and vest in the future, which are related to prior service, approximate $91,000,000 as at December 31, 1983 (1982–$104,000,000). Consistent with preceding years, these obligations will be recorded in the accounts and funded by annual payments over periods not exceeding thirty years.

In some international subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans.

Pensionable service prior to establishing funded contributory retirement plans in some international subsidiaries, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation. The deferred liability for pensions at December 31, 1983, referred to in note 8, relates primarily to the unfunded portion of this prior service obligation.

12 Consolidated statement of earnings information

(in thousands)	**1983**	1982	1981
Interest expense			
Interest on long-term debt	**$7,717**	$8,650	$9,060
Other interest expense	**12,599**	7,479	4,794
Amortization of deferred debenture costs	**87**	90	111
	$20,403	$16,219	$13,965
Investment and other income			
Interest on short-term investments	**$23,784**	$16,445	$16,673
Equity in earnings of associated corporations	**3,612**	2,418	3,510
Gain on sale of long-term investment	**1,822**	–	–
Miscellaneous	**2,585**	543	48
	$31,803	$19,406	$20,231
Rent expense	**$33,808**	$30,504	$26,745
Repairs and maintenance	**30,444**	31,374	32,352
Taxes other than income and payroll taxes	**22,733**	26,826	24,355
Retirement plan expense	**17,786**	18,274	20,790
Research and development expense	**14,807**	15,812	15,512
Amortization of goodwill	**656**	583	356

13 Income taxes

(in thousands)

The components of earnings before income taxes and the provision for income taxes for the three years ended December 31, 1983 are as follows:

Earnings before income taxes	**1983**	1982	1981
Canada	**$24,548**	$18,895	$19,919
United States	**102,494**	145,701	153,848
Other countries	**53,771**	35,734	44,614
	$180,813	$200,330	$218,381

Provision for income taxes	**1983**		1982		1981	
	Current	**Deferred**	Current	Deferred	Current	Deferred
Canada (federal and provincial)	**$11,551**	**$(500)**	$7,222	$1,692	$8,605	$71
United States						
Federal	**37,062**	**5,133**	52,989	8,283	63,955	1,359
State	**6,103**	**23**	9,701	(92)	9,775	246
Other countries	**17,805**	**1,838**	15,041	1,313	18,046	(191)
	$72,521	**$6,494**	$84,953	$11,196	$100,381	$1,485

Deferred income taxes in each of the three years arose from a number of differences of a timing nature between income for accounting purposes and taxable income in the jurisdictions in which the Corporation and its subsidiaries operate. These timing differences include the variation between tax and accounting depreciation, state income taxes in the United States and other items. Investments made in accordance with Canadian and United States tax incentives to encourage expenditure on research and capital equipment generated additional deferred income taxes in 1982.

The effective rates of tax for each year as compared to the statutory Canadian rates were as follows:

	1983	1982	1981
Canadian combined federal and provincial statutory rate as applied to manufacturing and processing profits	**43.0%**	43.8%	44.8%
Increase, primarily the net effect of tax rates in other countries	**.7**	4.2	1.8
Total consolidated effective tax rate	**43.7%**	48.0%	46.6%

The lower effective rate of tax in 1983 results primarily from a reduced tax rate on interest income arising from the program, commenced in 1982, to improve internal financing flexibility.

14 Earnings and fully diluted earnings per share

The earnings per share calculations are based on the weighted average number of common shares outstanding during the year.

If it were assumed that at the beginning of the year the 6% Convertible Subordinated Debentures had been converted into common shares and all outstanding stock options had been exercised with the funds derived therefrom yielding an annual return of 5% net of tax, the earnings per share for the year would have been $3.48 (1982–$3.57; 1981–$4.04) (see note 19).

15 Items not affecting working capital

(in thousands)	**1983**	1982	1981
Depreciation	**$37,174**	$36,840	$35,121
Equity in earnings of associated corporations	**(3,612)**	(2,418)	(3,510)
Minority interest in earnings	**1,492**	1,977	1,113
Deferred income taxes	**6,494**	11,196	1,485
Other	**1,657**	2,065	(522)
	$43,205	$49,660	$33,687

16 Lease commitments

(in thousands)

At December 31, 1983, long-term lease commitments require approximate future rentals as follows:

1984	$27,857
1985	21,567
1986	15,514
1987	$9,706
1988	7,618
1989 and thereafter	14,705

17 Litigation

Moore Business Forms, Inc., a wholly-owned subsidiary of the Corporation, is being sued for the nonpayment of royalties approximating $7.5 million and for other related considerations in respect of a License Agreement between this subsidiary and Scott Paper Company. Moore Business Forms, Inc. contends that the relevant patents which expired in 1982 and which are the subject of the litigation were invalid, were not infringed and were not enforceable. The trial is currently in process and the eventual disposition of the lawsuit cannot be determined at this time. In the event of a final judgement being rendered against Moore Business Forms, Inc., management estimates that the maximum liability to the subsidiary would not be material to the financial position of the Corporation.

18 Segmented information

(in thousands)

The Corporation and its subsidiaries have operated predominantly in one industry during the three years ended December 31, 1983, that being the manufacture and sale of business forms and related products and services. Transfers of product between geographic segments are generally accounted for on a basis that results in a fair profit being earned by each segment. The export of product from Canada is insignificant.

(Note 18 continued)

Geographic segments

1983	Canada	United States	Europe	Other	Consolidated
Total revenue	$185,516	$1,216,481	$245,724	$174,855	$1,822,576
Intergeographical segment sales	(88)	(7,376)	(1,539)	–	(9,003)
Sales to customers outside the enterprise	$185,428	$1,209,105	$244,185	$174,855	$1,813,573
Segment operating profit	$25,721	$114,373	$10,723	$20,278	$171,095
Interest expense					(20,403)
General corporate expense					(1,682)
Income from operations					$149,010
Identifiable assets	$93,410	$663,416	$219,430	$129,466	$1,105,722
Intersegment eliminations					(13,071)
Corporate assets including investments in associated corporations					59,284
Total assets					$1,151,935
Depreciation expense	$3,796	$21,981	$6,634	$4,763	$37,174
Capital expenditures	$3,983	$35,919	$5,208	$11,699	$56,809

1982	Canada	United States	Europe	Other	Consolidated
Total revenue	$182,588	$1,208,726	$273,069	$191,041	$1,855,424
Intergeographical segment sales	(25)	(6,992)	(1,331)	–	(8,348)
Sales to customers outside the enterprise	$182,563	$1,201,734	$271,738	$191,041	$1,847,076
Segment operating profit	$24,053	$139,058	$10,365	$25,580	$199,056
Interest expense					(16,219)
General corporate expense					(1,913)
Income from operations					$180,924
Identifiable assets	$91,573	$671,078	$195,825	$117,441	$1,075,917
Intersegment eliminations					(19,300)
Corporate assets including investments in associated corporations					239,751
Total assets					$1,296,368
Depreciation expense	$3,177	$23,120	$6,334	$4,209	$36,840
Capital expenditures	$6,055	$27,912	$11,393	$6,065	$51,425

1981	Canada	United States	Europe	Other	Consolidated
Total revenue	$180,498	$1,221,827	$296,374	$187,923	$1,886,622
Intergeographical segment sales	(36)	(6,952)	(571)	–	(7,559)
Sales to customers outside the enterprise	$180,462	$1,214,875	$295,803	$187,923	$1,879,063
Segment operating profit	$22,723	$144,881	$16,535	$26,017	$210,156
Interest expense					(13,965)
General corporate revenue					1,959
Income from operations					$198,150
Identifiable assets	$93,881	$663,395	$208,899	$124,120	$1,090,295
Intersegment eliminations					(32,519)
Corporate assets including investments in associated corporations					30,538
Total assets					$1,088,314
Depreciation expense	$2,937	$21,686	$6,568	$3,930	$35,121
Capital expenditures	$5,670	$22,478	$8,388	$10,064	$46,600

19 Differences between Canadian and United States generally accepted accounting principles

The continued registration of the common shares of the Corporation with the Securities and Exchange Commission and listing of the shares on the New York Stock Exchange requires compliance with the integrated disclosure rules of the Securities and Exchange Commission.

The accounting policies in note 1 and accounting principles generally accepted in Canada are consistent in all material aspects with United States generally accepted accounting principles except in the following areas:

Translation of foreign currencies:
Under Statement 52 of the Financial Accounting Standards Board, most assets and liabilities in foreign currency financial statements would be translated at current exchange rates and the unrealized translation adjustments accumulated in a separate component of shareholders' equity. If Statement 52 were followed, in addition to the income statement effect shown below, consolidated net assets would be reduced by $31,371,000 and $29,205,000 at December 31, 1983 and 1982 respectively, with the major part of this reduction being in fixed assets.

Retirement plans:
Under United States generally accepted accounting principles, the total cost of a special supplementary pension plan established in 1977, amounting to $13,152,000, would have been recorded as an expense in that year and a deferred pension liability, in the same amount, would have been established. This adjustment would result in a corresponding increase in earnings for the years 1978 through 1981.

Under United States generally accepted accounting principles additional information, as set out in the table below, would be disclosed with respect to the Corporation's retirement plans in Canada, the United States, the United Kingdom, South Africa, Australia and New Zealand. The data is based upon the latest reports of independent consulting actuaries on such retirement plans which cover substantially all of the employees in those countries. The value of the net assets of those plans has been determined on a full accrual, market value basis and the amount funded and expensed each year includes an amount to cover current service costs and an amount to amortize past service costs.

(in thousands)	**January 1 1983**	January 1 1982
Actuarial present value of accumulated plan benefits of which $168,281,000 (1982–$155,154,000) are vested	**$185,999**	$171,785
Net assets available for benefits	**265,678**	213,821
Assumed interest rate used in calculating accumulated plan benefits	**7.5%**	7.5%

Earnings and fully diluted earnings per share:
The calculation of primary earnings per share under United States generally accepted accounting principles would include the common stock equivalent of the 6% Convertible Subordinated Debentures and any outstanding stock options granted where the average market price for the year exceeds the option price. Under United States generally accepted accounting principles the calculation of fully diluted earnings per share would include the dilutive effect, if any, of any common shares issued during the period on conversion of debentures or the exercise of stock options with effect from the beginning of the period. Also, the calculation of fully diluted earnings per share would include the additional dilutive effect of outstanding options if the market price at the close of the period is higher than the average market price used in computing primary earnings per share.

The above described United States generally accepted accounting principles would have the following income statement effect:

(in thousands)	**1983**	1982	1981
Net earnings as determined under Canadian generally accepted accounting principles	**$100,306**	$102,204	$115,402
Add (Deduct):			
Unrealized currency translation adjustments	**(3,325)**	(11,326)	(2,863)
Special supplementary pension plan expense	–	–	1,182
Net earnings as determined under United States generally accepted accounting principles	**$96,981**	$90,878	$113,721
Primary and fully diluted earnings per share	**$3.37**	$3.19	$3.99

Management's statement on financial reporting

All of the information in this annual report has been approved by the Board of Directors and all the financial information contained herein conforms to the accompanying consolidated financial statements, which have been prepared by management in accordance with accounting principles generally accepted in Canada.

The Corporation maintains a system of internal control which is designed to provide reasonable assurance that assets are safeguarded and that reliable financial records are maintained.

The consolidated financial statements have been examined by the Corporation's independent auditors, Price Waterhouse, and their report is included herein.

The Audit Committee of the Board of Directors is composed entirely of outside directors and meets periodically with the Corporation's independent auditors, management and the Corporation's Internal Auditor to discuss the scope and results of audit examinations with respect to adequacy of internal controls and financial reporting of the Corporation.

Auditors' report

To the Shareholders of
Moore Corporation Limited:
We have examined the consolidated balance sheets of Moore Corporation Limited as at December 31, 1983 and 1982 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were 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 Corporation as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1983 in accordance with generally accepted accounting principles consistently applied.

Price Waterhouse
Chartered Accountants
Toronto, Canada
February 21, 1984

Distribution of revenue	**1983**	1982	1981
Sales and investment and other income	**100.0%**	100.0%	100.0%
Used as follows:			
Wages, salaries and employee benefits	**32.7**	32.2	32.2
Materials, supplies and services	**54.8**	54.4	53.3
Depreciation	**2.0**	2.0	1.8
Income, property and other taxes	**4.9**	5.8	6.5
Allocated to minority interests	**.1**	.1	.1
Dividends	**3.1**	3.0	2.7
Retained in business	**2.4**	2.5	3.4

Quarterly financial information

Expressed in United States currency and except per share amounts in thousands of dollars (unaudited)

	1983				1982			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Sales	$486,435	$443,688	$437,248	$446,202	$466,746	$449,377	$456,036	$474,917
Cost of sales	333,482	301,083	286,274	297,923	303,275	298,781	303,440	319,096
Income from operations	37,932	36,931	37,578	36,569	54,125	41,946	39,932	44,921
Net earnings	24,630	24,385	26,155	25,136	31,082	23,715	22,409	24,998
Per share	$.86	$.86	$.92	$.89	$1.10	$.84	$.80	$.89
Based on United States generally accepted accounting principles (note 19)								
Net earnings	$24,049	$23,675	$25,845	$23,412	$24,763	$19,952	$21,648	$24,515
Per share	$.83	$.83	$.89	$.82	$.87	$.70	$.76	$.86

Market price of common shares and related security holder matters

The principal trading markets of the common shares of the Corporation in Canada and the United States are Toronto and New York, respectively. The common shares of the Corporation are also listed on the Montreal Stock Exchange.

The following table sets forth the reported high and low sales prices of the common shares of the Corporation on the Toronto, Montreal and New York stock exchanges, as reported by The Toronto Stock Exchange Trading Summary, Montreal Stock Exchange and the New York Stock Exchange Monthly Market Statistics Report, respectively:

	1983				1982			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Toronto Stock Exchange *(Canadian currency)*								
High	$57⅛	$61¼	$63¼	$58¼	$51⅝	$42⅜	$39¼	$39⅜
Low	51¾	53	56½	50	40⅛	34½	33	36¼
Montreal Stock Exchange *(Canadian currency)*								
High	57	61	63¼	58¼	51¾	41⅞	39¼	39¼
Low	51¾	53	57	50¼	40½	34¾	33	36½
New York Stock Exchange *(United States currency)*								
High	46½	49½	51½	47¼	41½	34⅜	31¾	33⅛
Low	41½	43⅛	46	40⅞	32¼	26¾	25½	30
Dividends paid per common share *(United States currency)*	50¢	50¢	50¢	50¢	50¢	50¢	50¢	45¢

On February 6, 1984, the closing price per share of the Corporation's common shares was $51.88 (Cdn.) and $52.00 (Cdn.) on The Toronto Stock Exchange and Montreal Stock Exchange respectively and $42.00 (U.S.) on the New York Stock Exchange.

On February 6, 1984, the number of shareholders of record was 16,189.

There are no restrictions on the export or import of capital which affect the remittance of dividends, interest or other payments to non resident holders of the Corporation's securities.

The Foreign Investment Review Act requires the prior approval by the Government of Canada of the acquisition by, or transfer to, non residents of Canada of direct or indirect control of a Canadian business entity, such as the Corporation. The Act does not apply to the purchase of shares or securities of a corporation where such purchases would not give the purchasers effective control of that corporation.

Withholding taxes at the rate of 25% are imposed on the payment of interest and cash dividends to non residents of Canada. Under the Canada/United States tax treaty, such rate is reduced from 25% to 15%. Stock dividends to non residents of Canada are generally not subject to Canadian withholding tax.

Ten-year summary

Expressed in United States currency and except per share amounts in thousands of dollars

Income statistics

	1983	1982	1981
Sales	**$1,813,573**	$1,847,076	$1,879,063
Income from operations	**149,010**	180,924	198,150
Per dollar of sales	**8.2¢**	9.8¢	10.5¢
Income taxes	**79,015**	96,149	101,866
Percent of pretax earnings	**43.7%**	48.0%	46.6%
Earnings before extraordinary items	**100,306**	102,204	115,402
Per dollar of sales	**5.5¢**	5.5¢	6.1¢
Per share	**$3.53**	$3.63	$4.12
Net earnings	**100,306**	102,204	115,402
Per dollar of sales	**5.5¢**	5.5¢	6.1¢
Per share	**$3.53**	$3.63	$4.12
Dividends	**56,888**	56,286	50,476
Per share	**$2.00**	$2.00	$1.80
Earnings retained in business	**43,418**	45,918	64,926

Balance sheet and other statistics

	1983	1982	1981
Current assets	**$746,989**	$903,832	$721,691
Current liabilities	**239,434**	423,535	238,789
Working capital	**507,555**	480,297	482,902
Ratio of current assets to current liabilities	**3.1:1**	2.1:1	3.0:1
Fixed assets (net)	**340,223**	331,627	323,945
Long-term debt	**82,235**	91,161	96,739
Ratio to equity	**0.1:1**	0.1:1	0.1:1
Shareholders' equity	**754,999**	710,736	685,461
Per share	**$26.38**	$25.18	$24.45
Total assets	**1,151,935**	1,296,368	1,088,314
Number of shareholders of record at year end	**16,135**	17,991	18,370
Number of employees	**26,100**	26,218	27,703

1980	1979	1978	1977	1976	1975	1974
$1,804,781	$1,541,048	$1,323,362	$1,183,890	$1,053,427	$1,005,610	$1,032,192
210,694	192,141	163,439	158,894	142,427	154,607	168,597
11.7¢	12.5¢	12.4¢	13.4¢	13.5¢	15.4¢	16.3¢
108,001	98,292	87,576	86,862	77,688	83,597	91,825
48.7%	48.6%	51.1%	52.6%	52.2%	52.3%	53.7%
111,904	102,822	82,303	75,469	66,271	72,021	72,725
6.2¢	6.7¢	6.2¢	6.4¢	6.3¢	7.2¢	7.0¢
$3.99	$3.67	$2.94	$2.69	$2.37	$2.56	$2.60
111,904	102,822	80,655	74,436	65,059	72,021	74,725
6.2¢	6.7¢	6.1¢	6.3¢	6.2¢	7.2¢	7.2¢
$3.99	$3.67	$2.88	$2.65	$2.33	$2.56	$2.67
45,961	40,352	36,987	33,624	33,624	33,621	26,894
$1.64	$1.44	$1.32	$1.20	$1.20	$1.20	96.0¢
65,943	62,470	43,668	40,812	31,435	38,400	47,831

1980	1979	1978	1977	1976	1975	1974
$683,515	$625,954	$521,005	$501,685	$452,975	$424,105	$443,393
228,195	218,790	178,978	196,036	137,232	136,386	181,317
455,320	407,164	342,027	305,649	315,743	287,719	262,076
3.0:1	2.9:1	2.9:1	2.6:1	3.3:1	3.1:1	2.4:1
318,082	309,084	298,040	289,976	285,312	287,589	277,362
106,283	111,291	96,614	90,780	90,417	92,082	93,248
0.2:1	0.2:1	0.2:1	0.2:1	0.2:1	0.2:1	0.3:1
637,104	572,232	508,378	464,074	424,139	397,278	358,398
$22.73	$20.42	$18.14	$16.56	$15.14	$14.18	$12.79
1,036,781	968,099	849,398	819,877	764,262	737,153	741,213
18,999	18,547	19,993	20,059	20,036	20,198	20,668
27,839	28,317	26,748	27,045	25,964	26,279	29,535

Directors, officers and executive personnel

Board of Directors

David W. Barr
Toronto
Chairman of the Board

Edward H. Crawford
Toronto
President, The Canada Life Assurance Company

James D. Farley
New York, N.Y.
Executive Vice President Citibank, N.A.

J. Douglas Gibson
Toronto
Corporate Director

L. Edward Grubb
Durham, N.H.
Corporate Director

Edwin H. Heeney
Toronto
Corporate Director

Walter F. Light
Toronto
Chairman and Chief Executive Officer, Northern Telecom Limited

J. Dean Muncaster
Toronto
President and Chief Executive Officer Canadian Tire Corporation, Limited

Cedric E. Ritchie
Toronto
Chairman of the Board and Chief Executive Officer, The Bank of Nova Scotia

Judson W. Sinclair
Toronto
President and Chief Executive Officer

Honorary Directors

W. Herman Browne
Toronto

J. Stuart Fleming
Niagara Falls, N.Y.

Richard W. Hamilton
Carrollton, Tx.

W. Harold Rea
Toronto

Alan H. Temple
New York, N.Y.

Corporate Officers

David W. Barr
Chairman of the Board

Judson W. Sinclair
President and Chief Executive Officer

Joseph B. McArthur
Senior Vice President–Finance

Wilbur M. Nichols
Senior Vice President–International

Lee C. Rumph
Senior Vice President–Planning and Technology

Donald S. Dunlop
Vice President and Treasurer

George G. Flint
Vice President and Comptroller

Florence E. Dougherty
Secretary

Corporate Services

Daniel J. Fischer
Auditor

Peter McConnachie
Director of Human Resources

John L. Wilson
Vice President, Research

William F. Young
Director, Corporate Cost and Pricing

Canadian Operating Management

Moore Business Forms Division

Graham J. McClean
Vice President and General Manager

Reid Dominion Packaging Limited

Richard W. Bastien
Executive Vice President and General Manager

Teela Data Management Systems Division

Michael C. Feldman
Vice President and General Manager

United States Operating Management

Moore Business Forms, Inc.

United States Forms Division

M. Keith Goodrich
Executive Vice President

John R. Anderluh
Vice President, Marketing

Homer T. Anderson
Vice President, Specialty Units

John A. Heist
Vice President, Human Resources

Edward J. Howe
Vice President, Information Services

Thomas E. Rayfield
Vice President and Comptroller

Ralph L. Waehner
Vice President, Manufacturing

Moore Business Systems Division

Frank C. Haskell
Vice President and General Manager

Moore Data Management Services Division

Louis J. Rupnik
Vice President and General Manager

Response Graphics Division

Thomas J. Pruter
Vice President and General Manager

International Operating Management

Moore International Division – Latin America and Pacific

James L. Saunders
Vice President and General Manager

Bernard Coburn
Regional Chief Executive Australasia

Fernando Hernandez
General Manager Mexico

Elpidio C. Pérez
General Manager Caribbean

Malcolm C. Rogers
General Manager Brazil

Albert G. Taylor
Regional Chief Executive ANCOM

Teodoro F. Vides
General Manager Central America

Moore International Division – Europe and Africa

Donald E. Wandersee
Vice President and General Manager

A. Roger Barichello
Regional Chief Executive Southern Europe

Charles L. Dawson
Regional Chief Executive Northern Europe

John W. Flowers
Regional Chief Executive United Kingdom & Éire

Phillip Hoegarts
Regional Chief Executive Central Europe

Pieter A. Laubscher
Regional Chief Executive Southern Africa

Roger Prêtre
Regional Chief Executive Western Europe

Changes in directors, officers and executive personnel

Walter F. Light, chairman and chief executive officer, Northern Telecom Limited was elected a director at the annual meeting of shareholders.

Richard W. Hamilton, formerly president and chief executive officer was appointed an honorary director.

Lee C. Rumph was appointed senior vice president – planning and technology. Mr. Rumph was formerly executive vice president of Moore Business Forms, Inc.

George G. Flint, comptroller, was appointed vice president of the Corporation.

Graham J. McClean was appointed vice president and general manager of the Moore Business Forms Division of the Corporation. Mr. McClean was formerly vice president and general manager of F. N. Burt Company, Inc.

There were a number of changes within the United States Forms Division of Moore Business Forms, Inc. M. Keith Goodrich was appointed executive vice president to succeed Mr. Rumph. Mr. Goodrich was formerly vice president of manufacturing. Ralph L. Waehner, formerly national manager, manufacturing, of the stock continuous product line, was appointed vice president of manufacturing to succeed Mr. Goodrich. John R. Anderluh, formerly vice president and general manager of the Response Graphics Division, was appointed vice president of marketing. Robert M. Cooley retired as vice president and comptroller after a distinguished 42-year career. Thomas E. Rayfield, formerly comptroller of the Moore Business Forms Division of the Corporation, was appointed vice president and comptroller to succeed Mr. Cooley.

Thomas J. Pruter was appointed vice president and general manager of the Response Graphics Division of Moore Business Forms, Inc. Mr. Pruter was formerly vice president of marketing of the United States Forms Division.

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Montreal H3G 1J1

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Square,
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Trust Company
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