



▲  
MOORE IS THE  
FIRST NAME IN  
BUSINESS FORMS  
IN THE WORLD.  
WE ATTAINED  
THIS PREEMINENT  
POSITION BY PRO-  
VIDING EFFECTIVE  
SOLUTIONS TO  
THE BUSINESS  
INFORMATION  
NEEDS OF  
CUSTOMERS FOR  
MORE THAN A  
CENTURY.

Moore Corporation Limited

Annual Report 1988

FRONT COVER:  
 USING TECHNOLOGY  
 TO BE MORE RESPON-  
 SIVE TO THE NEEDS  
 OF OUR CUSTOMERS  
 AND TO HELP US  
 RUN OUR BUSINESS  
 MORE EFFECTIVELY  
 WILL ENSURE OUR  
 SUCCESS IN A  
 VERY COMPETITIVE  
 GLOBAL BUSINESS  
 ENVIRONMENT.  
 COMPUTERIZED  
 SYSTEMS ENABLE  
 US TO PERFORM  
 PRICING AND COPY  
 PREPARATION  
 OPERATIONS INSIDE  
 A MOORE SALES  
 OFFICE, SPEEDING  
 THE PRODUCTION OF  
 A PROOF AND THE  
 ENTRY OF NEW AND  
 REPEAT ORDERS.

**Mission statement**

Moore Corporation is a multinational organization dedicated to achieving profitable growth by providing quality products and services to help customers manage business information effectively.

**Corporate profile**

Moore operates in 53 countries with 139 manufacturing plants serving the diverse and changing needs of business, government and other enterprises. Founded in 1882, Moore employs 25,943 people worldwide.

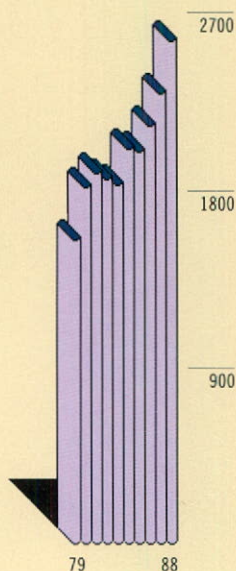
Major market offerings include business forms, labels, equipment, computer supplies and information management services, comprising direct marketing services, data base management services and information distribution services.

Major markets are located in North America, Europe, Australasia and South America. Sales volume in the United States comprises 62% of worldwide revenue.

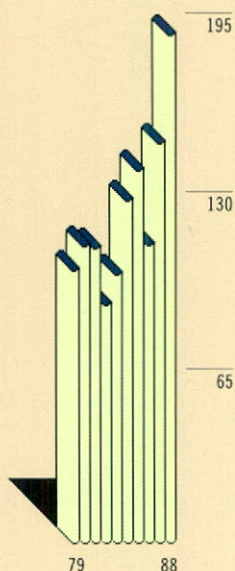
Toppan Moore Company, Ltd., a joint venture between Moore and Toppan Printing Company, Limited established in 1965 in Japan, provides a full range of business forms and information systems throughout Southeast Asia.

**Annual meeting**

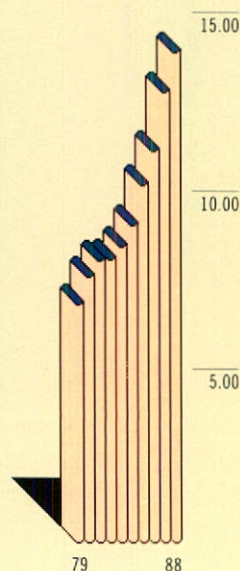
The annual meeting of shareholders will be held at 2:00 p.m., Thursday, April 13, 1989 in Commerce Hall, Commerce Court West, (King and Bay Streets), Toronto, Canada.



**Sales**  
 Millions of dollars



**Net earnings**  
 Millions of dollars

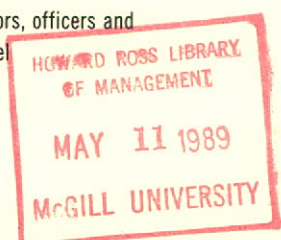


**Shareholders' equity per common share**  
 Dollars per share

	1988	1987	1986
<b>Consolidated statement of earnings</b>			
Sales	\$2,544,019	\$2,281,493	\$2,114,313
Income from operations	258,904	237,349	236,444
<i>Per dollar of sales</i>	10.2¢	10.4¢	11.2¢
Income taxes	87,460	105,171	113,311
<i>Percent of pretax earnings</i>	29.2%	39.1%	43.7%
Net earnings from continuing operations	185,996	146,386	139,496
<i>Per dollar of sales</i>	7.3¢	6.4¢	6.6¢
Discontinued operation			
Net operating loss	—	—	13,383
Net loss on disposal	—	—	16,500
Net earnings	185,996	146,386	109,613
<i>Per dollar of sales</i>	7.3¢	6.4¢	5.2¢
<b>Consolidated balance sheet</b>			
Working capital	757,899	704,373	580,026
<i>Ratio of current assets to current liabilities</i>	3.2:1	2.3:1	2.7:1
Capital employed in business	1,497,582	1,389,688	1,155,118
<i>Return from continuing operations on capital employed</i>	12.9%	11.5%	12.7%
Shareholders' equity	1,292,407	1,167,716	1,000,818
<i>Return from continuing operations on shareholders' equity</i>	15.1%	13.5%	14.6%
Total assets	1,847,603	1,939,341	1,487,839
<b>Expenditure for fixed assets</b>	<b>87,796</b>	83,850	113,542
<b>Per common share</b>			
Net earnings from continuing operations	\$ 2.01	\$ 1.60	\$ 1.54
Discontinued operation			
Net operating loss	\$ —	\$ —	\$ 0.15
Net loss on disposal	\$ —	\$ —	\$ 0.18
Net earnings	\$ 2.01	\$ 1.60	\$ 1.21
Dividends declared	78¢	74¢	72¢
Shareholders' equity	\$ 13.89	\$ 12.69	\$ 11.01
<b>Average shares outstanding</b> (in thousands)	<b>92,603</b>	91,622	90,575

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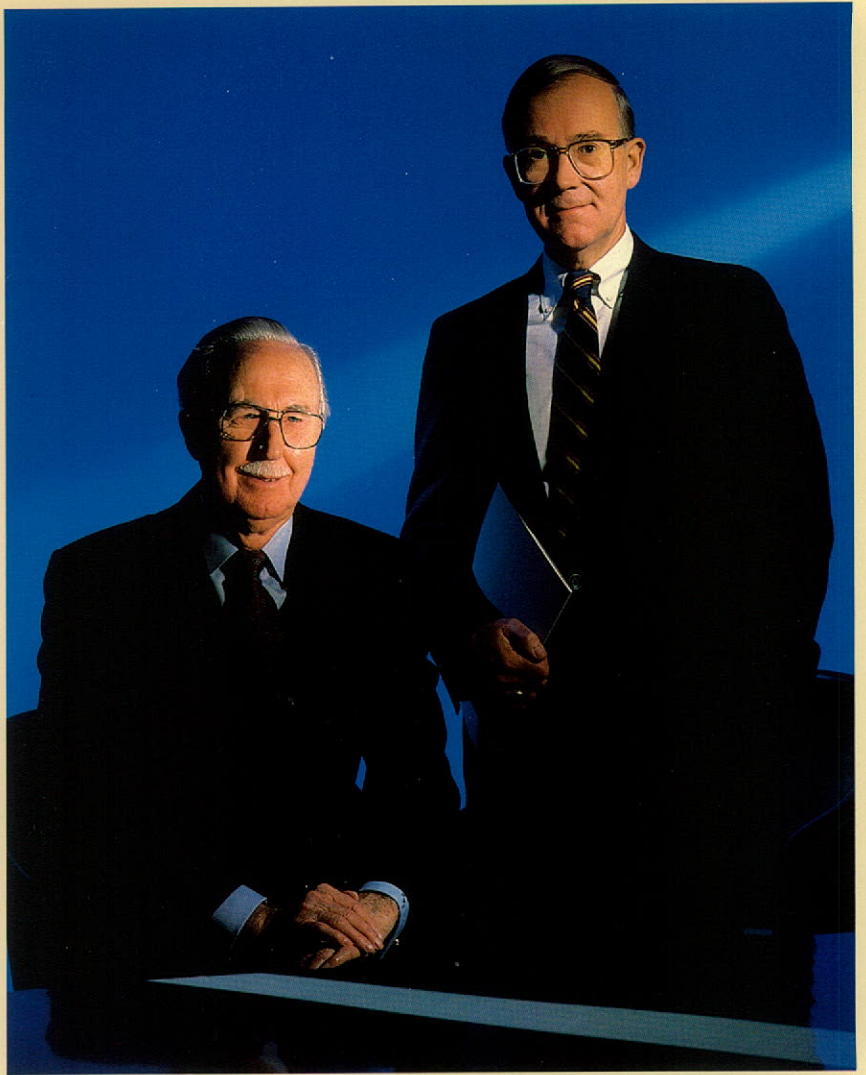
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*As Moore meets the challenges of change in the forms business new pathways to growth are being created. Customers are shifting from product needs to increased service requirements, and Moore is moving with them building on traditional strengths of the Corporation. ► In future years we will meet changing customer needs with an array of services in addition to our forms, labels, and computer supplies product offerings. While we anticipate continued real growth in the forms business, an increasingly larger portion of total corporate revenue and profit will come from the fast growing information management services business, comprising direct marketing services, data base services and information distribution services, where we have had considerable success. We have described these operations in *The Businesses of Moore*, which immediately follows this report. We believe this description of our businesses will provide a better understanding of the opportunities we see in a changing global business environment. Each of these divisions has a solid strategic plan in place to achieve profitable growth through effective marketing programs and the application of electronic imaging technology to help customers manage business information effectively.*

### **Operations**

*1988 was a pivotal and challenging year for Moore. Encouraging progress was made toward our objective of doubling 1987 sales and profits by 1995, in spite of a difficult environment for business forms operations created by rapidly escalating paper prices. We are pleased to report that sales increased 11.5% and net earnings 27.1% to a record \$2.01 per share. Earnings benefited from good improvements in operating and investment income and an overall lower tax rate. The dividend was increased in 1988 to an annual rate per common share of 80¢. A further increase was approved by the Directors in February, 1989 when the quarterly dividend was raised to 22¢ per share commencing April 1, 1989, bringing the annualized rate to 88¢. Dividends are payable in United States funds. ► Return on equity of 15.1% improved 1.6% towards our target of 20%. The balance sheet remains in a strong position. ► Operating performance continued to strengthen as units worldwide made good progress by implementing programs to successfully meet changing customer needs and competitive conditions. Market share was gained, and new customers were added to Strategic Customer Service programs in the United States Business Forms & Systems division while units serving the needs of the small business customer made substantial progress. Improved operating earnings were experienced in Europe, Brazil, Mexico, Central America, the Caribbean and New Zealand. Response Graphics and Data Management Services divisions in the United States and Command Records Services in Canada experienced rapid growth and record performance. Another year of outstanding performance in*



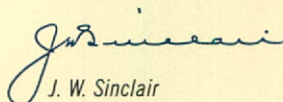
the Pacific Rim marketplace was achieved by Toppan Moore Company, Ltd., our joint venture in Japan with Toppan Printing Company, Limited. ▶ We continued to experience a significant charge to earnings from unrealized currency exchange adjustments which arose from the financial consolidation of operations in Brazil and Mexico, but substantial improvements in income from operations in both countries more than minimized the impact. ▶ Throughout 1988 our management and employees' efforts were dedicated to a shared Vision of profitable growth and opportunity—providing integrated system solutions to meet customers' needs. Improved marketing effectiveness, the development of enhanced electronic technologies and a continual emphasis on cost effectiveness will ensure that we realize the potential of Moore—providing for the needs of our customers, the realization of the aspirations of our employees and improved returns to our shareholders. ▶ Team U.S., which was formed to focus management and marketing thrusts in the United States, resulted in the realignment and consolidation of the units serving the needs of the small business customer through direct and indirect distribution channels. The creation of a new business unit to provide information distribution services as well as the continued development of value-added products and implementation of Strategic Customer Services resulted from the initiatives of this group. ▶ The Canadian operations experienced heavy costs

as we invested in the catalog and direct mail venture units as well as sales office automation and middle market coverage programs. Positive effects from these programs are anticipated during 1989. ► Australian operations also had a difficult year, but we are confident that the new operating management and programs as well as the divestiture of a commercial credit and collection business will benefit future performance. ► Operating units worldwide strengthened strategic planning and marketing capabilities. A marketing conference was held in midyear attended by thirty-one senior marketing executives from twenty-two operating units of the Corporation. ► More than half of the Moore work force has participated in the Quality Advantage process, an ongoing effort aimed at continuous improvement in all functions and disciplines throughout the organization. The anticipated results of this process are to lower costs and increase customer satisfaction by doing the right things right the first time. With employees as active participants and enthusiastic contributors Moore is continuing the process of self renewal. ► We continue to invest in our people through management training and the development of improved selling and leadership skills, as well as job retraining to help employees adapt to new technologies. We believe that the success of the organization is dependent on the quality of our people, who have been willing partners in creating new products and services to take advantage of the potential of changing markets. We thank them for their dedicated efforts and achievements under challenging conditions.

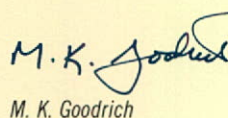
### **Outlook**

While the potential benefits of the free trade agreement between the United States and Canada are yet to be realized, Moore is positioned through extensive sales coverage and manufacturing facilities to take advantage of changing markets. We anticipate that the rapid rise in paper prices experienced in the last two years will moderate in 1989 and business conditions in the markets we serve will be favourable. The lower overall tax rate experienced in 1988 is not expected to be significantly higher in 1989. ► By continuing to concentrate on improving the effectiveness of the core forms business and building the capability to take advantage of rapid growth in the new businesses we expect to make further progress towards our objectives and anticipate a record year in 1989.

On behalf of the Board of Directors,

  
J. W. Sinclair

Chairman of the Board

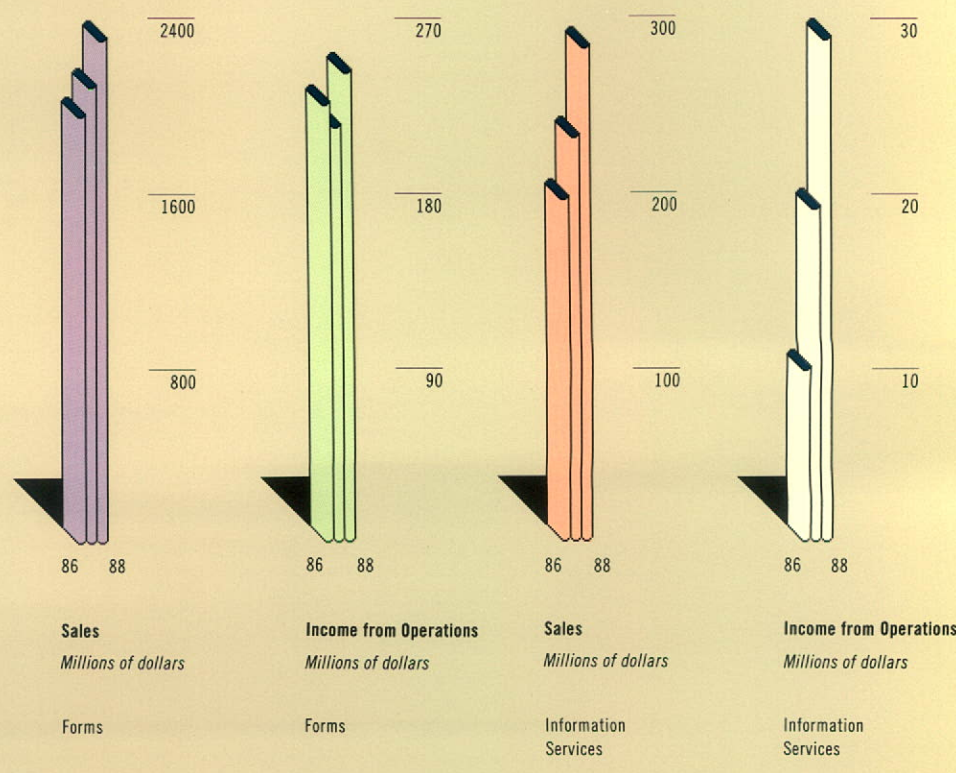
  
M. K. Goodrich

President and Chief Executive Officer

February 22, 1989

THE  
BUSINESSES  
OF MOORE

Moore is the first name in business forms in the world. We attained this preeminent position by providing effective solutions to the business information needs of customers for more than a century. ▶ Now, at the threshold of the 1990s, the character of the Corporation is undergoing a transformation. Our global market presence is taking on increased significance in contributing to corporate growth objectives. The focus of our business is broadening as customers are becoming more reliant on electronic transfer of business information. Customers are placing increasingly higher value on the solutions provided through computerization with greater demands for services, in addition to the products Moore has traditionally provided. ▶ The forms business has furnished the platform for an outward expansion strategy. Through focused commitment to printing technology research significant inroads have been made in the development of electronic-based printing processes including ink jet, ionography and the application of laser technologies. Coupled with the development of proprietary software to drive these printing processes, we have developed computer-based printing systems and services to help customers manage their business information effectively. ▶ We have built upon these skills as we moved into computer-based information management services businesses through divisions engaged in direct marketing services, data base services and information distribution services. ▶ Our experience in the information management services businesses has been very successful to date. For the past two years, the combined operations have resulted in an annual revenue growth of 20%. Sales were \$279 million and operating income was \$28 million in 1988. ▶ These businesses are projected to play a significant role in the future growth of the

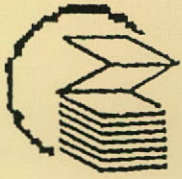


AN AUTOMATED INTERFACE WITH MOORE FACILITATES JUST-IN-TIME FORMS INVENTORY MANAGEMENT FOR SHELL OIL COMPANY. SHELL DEALERS ACROSS THE UNITED STATES TRANSMIT CHARGES THROUGH P.O.S. TERMINALS LOCATED IN EACH STATION TO THE COMPANY'S COMPUTER OPERATIONS CENTER IN TULSA, OKLAHOMA. BY COMPARING SALES ACTIVITY WITH MINIMUM INVENTORY LEVELS AND TRANSMITTING REQUISITIONS DIRECTLY TO MOORE, SHELL IS ABLE TO AUTOMATICALLY REPLENISH EACH DEALER'S SUPPLY OF CREDIT CARD CHARGE FORMS. THROUGH AN ON-LINE SYSTEM CONNECTING A NATIONWIDE NETWORK OF REGIONAL DISTRIBUTION SERVICE CENTERS, MOORE IS ABLE TO CHANNEL EACH REQUISITION TO THE APPROPRIATE DISTRIBUTION CENTER, WHERE FORMS ARE PICKED AND SHIPPED TO EACH DEALER WITHIN 24 HOURS.



THE QUALITY ADVANTAGE PROCESS IS A COMPANYWIDE EFFORT GEARED TO IMPROVING CUSTOMER SATISFACTION. EMPLOYEES FROM ALL DISCIPLINES AND LEVELS THROUGHOUT THE ORGANIZATION PARTICIPATE; HERE A GROUP OF REPRESENTATIVES FROM MANUFACTURING, WAREHOUSING AND SALES INVESTIGATE WAYS THAT THEY CAN DO A BETTER JOB OF WORKING TOGETHER TO MEET CUSTOMER NEEDS.





AS CUSTOMERS CONTINUE TO TAKE ADVANTAGE OF THE EFFICIENCIES OF BAR CODING, OUR PRESURE SENSITIVE LABEL OPERATIONS HAVE EXPERIENCED RAPID GROWTH. DURING 1988, PLANT CAPACITY IN MANCHESTER, N.H. AND ALBUQUERQUE, N.M. WAS EXPANDED TO MEET THE GROWING NEED FOR PRESURE SENSITIVE PRODUCTS.

Corporation. As the forms business continues to grow, information management services will experience much greater real growth. Presently, approximately 11% of Moore's revenues and operating income are generated from these businesses, but these proportions are projected to grow to 23% of sales and 33% of operating income by 1992. ▶ As customer needs continue to evolve, so will Moore's products and services. While printed forms remain a major component of business information systems, our vision of the future is one in which we will be called upon to provide integrated business solutions which will involve not only forms, but also electronic imaging, customized software, and hardware that will allow us to fulfill the growing demands of an information driven society.

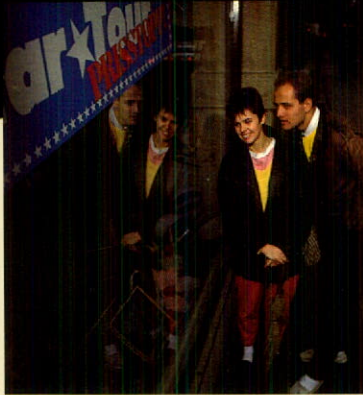
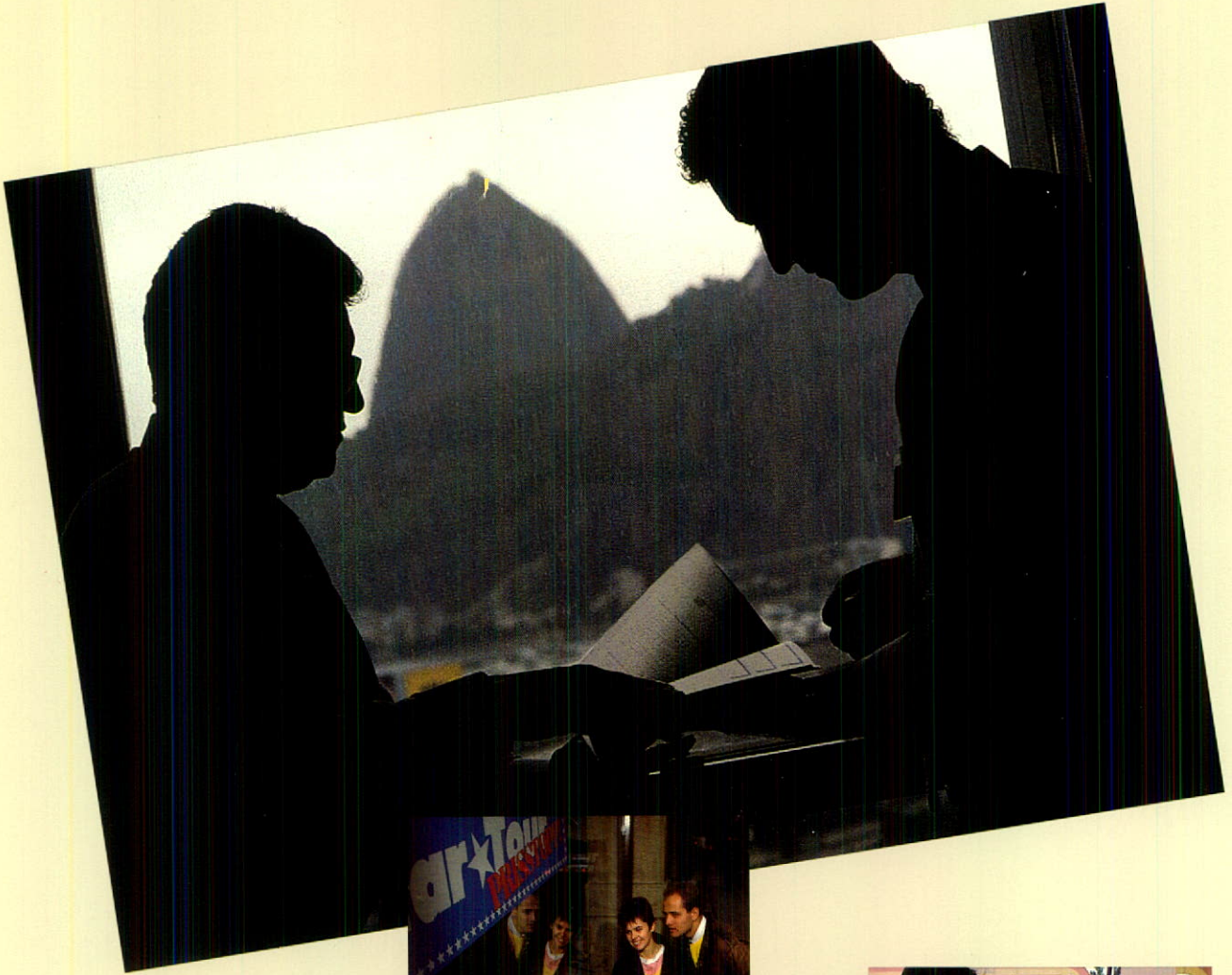
#### **Business Forms and Products: The Core Business**

(in millions)	1988	1987	1986
Sales	\$2,265	\$ 2,053	\$ 1,921
Operating Income	238	212	224

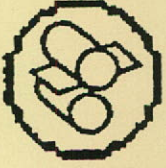
To take advantage of the change that is the stimulus for growth in the forms industry, Moore devotes significant time and effort to strategic planning for our businesses. These activities enable the Corporation to focus on opportunities that have the potential to maximize returns and contribute to stable growth in the forms business, as well as create and manage new business opportunities by building upon our many strengths. ▶ Moore is the largest forms company not only in North America, but also in the world. With operations in 53 countries, we are positioned to benefit from the forms industry growth anticipated in less technologically-developed markets. While North American revenues have grown at 4% annually, our international operations have experienced much stronger revenue growth of 15% annually over the past three years. ▶ Moore is the largest forms company in the markets served in Latin America, Australia, New Zealand and Europe. We are uniquely positioned to capitalize on the opportunities created by the planned unification of the European Market by 1992. The Corporation's joint venture in Japan, Toppan Moore Company, Ltd., is second in revenue



TO ACHIEVE GROWTH AND MAINTAIN OUR MARKET LEADERSHIP, WE ARE LEVERAGING THE RENEWAL POTENTIAL OF THE FORMS BUSINESS AND CAPITALIZING ON OPPORTUNITIES IN THE MARKETS WE SERVE. "RELATIONSHIP SELLING" OFFERS MOORE A SIGNIFICANT OPPORTUNITY TO INCREASE SALES AND PROFITS IN OUR FORMS BUSINESS. DEVELOPING CUSTOMER SATISFACTION THROUGH VALUE-ADDED SERVICES AND INFORMATION TECHNOLOGY, DELIVERED THROUGH PROFESSIONAL, RESPONSIVE SALES REPRESENTATIVES, IS A KEY STRATEGY WORLDWIDE.



GROWTH IN THE FORMS INDUSTRY IS BEING DRIVEN BY SMALL AND MID-SIZED ACCOUNTS, AS THESE BUSINESSES CONTINUE TO AUTOMATE, DEMAND FOR CONTINUOUS FORMS IS FUELED. MOORE IS SERVING THE MIDDLE MARKET THROUGH DEDICATED DIRECT SALES COVERAGE AND ADDRESSING THE SMALL BUSINESS MARKETPLACE THROUGH MULTIPLE CHANNELS OF DISTRIBUTION. ONE SUCH CHANNEL IS THE FRANCHISE OPERATION IN EUROPE, EXPANDED DURING 1988 TO 32 STORES. THIS OPERATION REFLECTS AN INNOVATIVE APPROACH TO MEETING CHANGING NEEDS IN THE SMALL BUSINESS MARKETPLACE.



THE FORMS BUSINESS WILL EXPERIENCE GREATER GROWTH IN INTERNATIONAL MARKETS AS TECHNOLOGY ADVANCES AND THE EFFECTS OF AUTOMATION SPREAD THROUGH BUSINESSES AROUND THE WORLD. OUR BLUMENAU, BRAZIL PLANT IS READY TO SUPPORT THE GROWTH ANTICIPATED IN LATIN AMERICA.

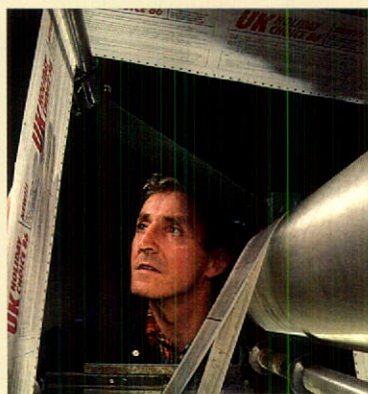
only to Moore and extends our reach into the Pacific Rim. We are the only forms company which can meet the international procurement requirements being sought today by many large corporations as they implement global business strategies. ► Focusing on customer needs and developing innovative products will accelerate growth in the forms business. ► As the use of computer systems become integrated into daily operations of all businesses, there is a greater demand for products that complement these systems. We are meeting the demands for systems-oriented solutions with a steady stream of products that include mailing systems, pressure sensitive products and bar coded forms and labels. ► Key to our ability to take advantage of opportunities to satisfy evolving customer requirements is the strong relationship we enjoy with our customers. They are the driving force behind the identification of factors which can enhance our products and services.

**Segmenting the Market** Today the marketplace is becoming increasingly segmented by size as well as by vocation. Customers within these segments expect suppliers to have a clear understanding of their industry, business, and procurement requirements. ► By focusing on market niches and developing expanded vertical market programs, we are addressing specialized business information requirements in fields such as healthcare, transportation, telecommunications, financial services, insurance, retail, hospitality, government and education.

► Regardless of industry or vocation, many large customers require better delivery systems and assistance in managing the procurement and distribution of their forms and supplies. Our response has been the Strategic Customer Services program, which addresses specific solutions through a menu of customized services. Through electronic links and broad-based warehousing and distribution capabilities, we provide "just-in-time" deliveries. These partnering relationships place Moore in a position to provide additional value-added products and services to customers. ► Representing approximately 40% of the industry total, the middle market offers potential for profitable growth in both new and established forms products. In North America, we have structured our field coverage to focus on this segment by dedicating sales representatives to call on middle market accounts. ► As businesses continue to automate, the small business marketplace is experiencing rapid and sustained growth. The increased use of computers in small accounts has resulted in greater demand for one-part forms and short-run

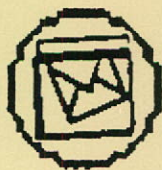


EXTENSIVE PERSONALIZATION IS A KEY INGREDIENT IN SUCCESSFUL DIRECT MAIL MARKETING. READER'S DIGEST—A HOUSEHOLD NAME AROUND THE WORLD FOR MAGAZINES AND BOOKS AS WELL AS OTHER HOME ENTERTAINMENT PRODUCTS—USES OUR SIGNATURE ZOOD SYSTEM TO SEND AN ADVANCE NOTICE OF THEIR SWEEPSTAKES MAILING TO CURRENT AND PROSPECTIVE CUSTOMERS. SINCE EACH PIECE IS A PERSONAL MESSAGE TO RECIPIENTS ADVISING THEM OF THE PRIZE MONEY TO BE AWARDED AND ASKING THEM TO "WATCH THEIR MAILBOX", IT ENHANCES THE RESULTS OF THE SWEEPSTAKES MAILING THAT FOLLOWS.



OUR RESEARCH INTO ELECTRONIC PRINTING TECHNOLOGIES HAS LED TO THE DEVELOPMENT OF A CONTINUOUS STREAM OF INCREASINGLY MORE SOPHISTICATED SYSTEMS THAT ALLOW DIRECT MAIL MARKETERS TO COMMUNICATE ON A PERSONAL LEVEL TO A TARGETED AUDIENCE. ► OUR PRODUCTION METHODS PROVIDE SIGNIFICANT BENEFITS TO DIRECT MAIL MARKETERS. IN ONE CONTINUOUS OPERATION, WE ARE ABLE TO FEED AS MANY AS ELEVEN ROLLS OF PAPER INTO A COMPUTERIZED PRINTING PRESS THAT CAN PERFORM OVER 60 DIFFERENT FUNCTIONS. AFTER PRINTING AND PERSONALIZATION, ALL MAILING COMPONENTS ARRIVE SIMULTANEOUSLY AT THE END OF THE PRESS, READY TO MAIL.

manufacturing capabilities. Moore has kept pace with this growth by developing and installing a new small order manufacturing system which will result in reduced manufacturing costs and improved delivery time. ▶ In addition, multi-channel distribution methods are employed to reach and serve these customers throughout the world. Dealers, wholesalers and value-added resellers as well as catalog, telemarketing, storefront marketing and franchise operations are among the ways we provide forms, and related products and services through the channels of distribution that small business customers prefer.



THROUGH THE USE  
OF SPECIALIZED  
SOFTWARE AND COM-  
PUTERIZED PRINTING  
TECHNOLOGY, WE  
ARE ABLE TO OFFER  
OUR CUSTOMERS AN  
EFFECTIVE WAY TO  
OBTAIN THE BEST  
POSSIBLE POSTAL  
DISCOUNTS. BY  
PRESORTING AND  
PREBARCODING MAIL  
AS IT IS MANUFAC-  
TURED, DIRECT MAIL  
MARKETERS ARE  
ABLE TO TAKE  
ADVANTAGE OF  
AUTOMATION, SAV-  
ING MONEY AND  
SPEEDING RESPONSE  
BY IMPROVING MAIL  
DELIVERY TIME.

#### Direct Marketing Services

(in millions)	1988	1987	1986
Sales	\$ 98.7	\$ 78.3	\$ 63.2
Operating Income	14.5	10.0	5.3

Moore's first venture into information services began with the development of ink jet imaging systems and the establishment of Response Graphics, a direct marketing services company within the United States Business Forms & Systems division. Today, Moore has operations serving the direct marketing industry in Canada, Europe, Australia and Latin America. ▶ These operations help direct mail marketers around the world communicate on a personal level to a targeted audience by including personalized information within their mailing documents as well as on the envelope. At the core of Moore's strength in personalizing capabilities are the proprietary electronic printing systems our research and operating personnel have developed that allow us to offer unparalleled flexibility in the production of direct mail products—from printing press to mailbag. Other specialty items offered include coupon books, lottery and sweepstakes tickets, personalized plastic card mailings, promotional devices and much more. ▶ Sales of direct marketing services have grown from \$63 million in 1986 to \$99 million in 1988. Over the same period, operating profits grew at 65% per year to approximately \$14 million in 1988, reflecting improved trends as we gained experience and offset startup costs. Significant growth opportunities are anticipated in the future. ▶ As the direct marketing industry becomes increasingly more sophisticated, so do the requirements of our customers. To serve today's markets, and to meet evolving customer needs, our direct marketing services operations will be adding response analysis, list management and proprietary data base management services to their current offering.



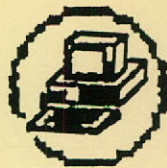
AT FEDERAL EXPRESS, SERVICE AGENTS AND COURIERS USE A SERVICE REFERENCE GUIDE WHICH IS UPDATED AND DISTRIBUTED MONTHLY BY OUR DATA MANAGEMENT SERVICES DIVISION IN THE UNITED STATES. USED AS A BACK-UP TO THE FEDERAL EXPRESS "SUPER-TRACKER" SYSTEM, THESE GUIDES CONTAIN SUCH INFORMATION AS CITIES SERVED, OFFICE ADDRESSES, PACKAGE RESTRICTIONS, DELIVERY COMMITMENT TIMES AND RATES.



ANY INFORMATION STORED ON MAGNETIC MEDIA THAT IS FREQUENTLY CHANGED, UPDATED AND PUBLISHED IS A BUSINESS OPPORTUNITY FOR OUR DATA BASE SERVICE OPERATIONS. MOORE SPECIALIZES IN THE PREPARATION AND PRODUCTION OF A WIDE VARIETY OF PUBLICATIONS USING INNOVATIVE DATA MANAGEMENT AND SOFTWARE SYSTEMS.

**Data Base Services**

(in millions)	1988	1987	1986
Sales	\$109.3	\$ 96.2	\$ 85.4
Operating Income	9.0	7.0	5.2



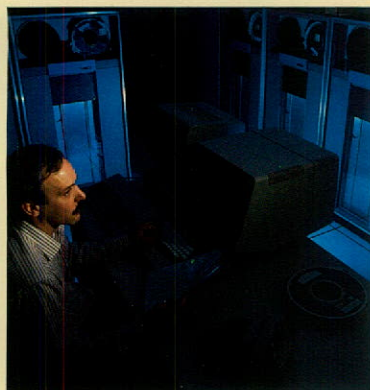
THE REAL ESTATE  
INDUSTRY IS A  
MAJOR FOCUS FOR  
DATA BASE SER-  
VICES. IN ADDITION  
TO MULTIPLE LISTING  
BOOKS, MOORE  
MARKETS ON-LINE  
LISTING SYSTEMS TO  
REAL ESTATE  
BOARDS ACROSS  
NORTH AMERICA. THE  
DETAILED DATA  
BASE IN THESE SYS-  
TEMS ARE UPDATED  
AS SOON AS ACTIVITY  
TAKES PLACE.  
MAKING LISTINGS OF  
RESIDENTIAL AND  
COMMERCIAL  
PROPERTIES WITHIN  
A GIVEN AREA  
INSTANTLY  
AVAILABLE.

Moore's participation in data base services began with the acquisition of Minneapolis-based International Graphics Corporation which was renamed Moore Data Management Services in 1981. The same year Teela Data Management Systems was acquired in Canada. The 1988 acquisition of Data Processing Services of Murfreesboro, Tennessee strengthened Moore's ability to serve the small end of the market. ▶ These divisions provide printed Multiple Listing Service directories and on-line data base software, systems and services to the real estate industry and provide printing of data bases such as parts lists, price lists, catalogs, directories and rosters to companies throughout North America. Using computerized graphic composition systems and high speed presses, these operations provide customers with integrated system solutions—products, software, systems and services. ▶ A milestone was passed as annual sales exceeded \$109 million in 1988. Over the past three years, operating income has grown from \$5 million to approximately \$9 million. These figures include disappointing operating results of a commercial credit and collection business in Australia which was sold in 1988, as well as non-recurring charges of approximately \$2 million in each of the last two years. ▶ Customers are asking us to provide greater service and enhanced information system skills. In addition to satisfying these requirements, our competence in data base management, on demand printing and data communications will fuel the growth of our data base services businesses.

**Information Distribution Services**

(in millions)	1988	1987	1986
Sales	\$ 70.8	\$ 54.3	\$ 44.7
Operating Income	4.9	1.8	(0.8)

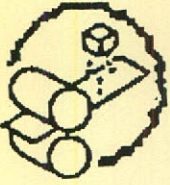
Variable data forms products and services, the beginning of what we now call information distribution services, were first offered by the North American forms divisions in 1981. This business was established as a separate entity in Canada in 1985 and in the United States in 1988. Today similar operations exist in the Netherlands, Switzerland, Sweden, Austria, Belgium, the United Kingdom, Brazil, Mexico and Australia. ▶ Working with our customers, we design and manufacture a business mailing. By combining the latest computer technology with communications and variable imaging systems, we provide the means by which businesses the world over can realize new areas of opportunity in the effective management and communication of business information. Moore offers customers complete project management services, including the collection, processing, distribution, response analysis and reporting of business transaction information. ▶ Information distribution services is the fastest growing sector of our information management services businesses. Revenues from information distribution



services have grown from \$45 million in 1986 to \$71 million in 1988. The start up costs associated with training specialized sales forces and establishing new electronic printing processes throughout worldwide operations, had a negative effect on profits. In 1988 profits reached \$5 million and are expected to show continued improvement. ► To realize the immediate growth potential of this business and quickly infuse the necessary systems skills into the organization, we have entered into a joint marketing agreement with a large publicly-held professional services firm operating in the United States. The objective is to capitalize on the opportunities immediately at hand which require systems design and software development skills in addition to our current imaging and output processing skills. ► As we gain recognition as a provider of information distribution services, we find that customers are asking for increased involvement in solving broader business information needs. Expansion opportunities include the offering of on-line electronic links and data interchange capabilities, as well as data base creation, manipulation and management.

### **Creating the Future**

*Tomorrow, Moore will certainly be different than we are today. But already we are different than we were yesterday. By providing integrated system solutions to meet customers' information requirements, Moore is acting as a catalyst in redefining the role of the business forms industry and creating a future of expanding opportunity.*



FOR BROKEN HILL PROPRIETARY COMPANY LIMITED, THE LARGEST PUBLICLY-HELD COMPANY IN AUSTRALIA, WE WERE ABLE TO PROVIDE A SYSTEMS SOLUTION FOR THE NOTICE OF THEIR ANNUAL GENERAL MEETING AND PROXY VOTING FORM. PERSONALIZATION OF THE LETTER AND PROXY FORM WAS ENHANCED BY A BAR CODE WHICH WAS SCANNED AT THE MEETING TO QUICKLY AND ACCURATELY DETERMINE THE TOTAL NUMBER OF SHARES REPRESENTED.



CUSTOMERS TODAY ARE LOOKING TO MOORE TO PROVIDE COMPLETE SOLUTIONS TO BUSINESS COMMUNICATION PROBLEMS. CHRYSLER CREDIT CORPORATION NEEDED AN IMPROVED PAYMENT SYSTEM TO INCREASE ACCURACY, EFFICIENCY, FLEXIBILITY AND SPEED IN REMITTANCE PROCESSING FOR CUSTOMERS' INSTALMENT LOANS. MOORE DESIGNED A NEW SERVICE AND PRODUCT TO HELP THEM MEET THAT NEED. OUR VARIABLE IMAGING CAPABILITIES HELP CHRYSLER CREDIT TAKE ADVANTAGE OF AUTOMATED EFFICIENCIES WITHIN THE POSTAL SYSTEM AND EFFECTIVELY ELIMINATE EXCEPTION PROCESSING, THEREBY IMPROVING CASH FLOW.



**Results of operations 1988/1987**

Sales of \$2,544 million were \$263 million or 11.5% greater than 1987 sales of \$2,281 million. ▶ Net earnings of \$186.0 million or \$2.01 per share compared with 1987 net earnings of \$146.4 million or \$1.60 per share. The increases in net earnings and net earnings per share were \$39.6 million or 27.1% and 41¢. ▶ The economies of most countries in which the Corporation does business experienced another year of good growth. Notable exceptions with negative or virtually no real growth were the economies of Brazil, Mexico, New Zealand and Norway. Business forms markets worldwide remained very price competitive in a year of rapidly rising paper prices, the Corporation's principal raw material. For example, since December 1987 paper prices in the United States, Canada and France increased 21%, 17% and 23% respectively. ▶ Despite this adverse operating environment, the Corporation performed very well in 1988. Income from operations of \$258.9 million, 10.2% of sales, increased by \$21.6 million or 9.1% over 1987 operating income of \$237.3 million and 10.4% of sales. A strong fourth quarter with income from operations 17.6% over the corresponding 1987 quarter raised the year's results. ▶ Throughout 1988 the Corporation maintained its emphasis on productivity improvement and cost containment while product developments were emphasized and sales and marketing efforts were enhanced. These initiatives were designed to strengthen the core forms business and produce incremental sales of value-added printing and information management services. ▶ Higher interest rates and a significant improvement in the average size of the short-term investment portfolio contributed to the \$9.0 million or 28.6% increase in investment and other income. Other sources of the increase were the \$1.9 million and \$1.6 million gains in the Corporation's share of the earnings of its joint ventures in Japan and Venezuela. During 1988, \$7.0 million of interest expense related to the program to restructure the capitalization of and to fund certain subsidiaries was netted against the relevant investment income. This program was completed in the second quarter. ▶ The effective tax rate of 29.2% was significantly lower than in 1987. The decrease in the rate reflects tax rate reductions in the United States, Canada, New Zealand and the Netherlands, as well as the realization of significant accumulated tax losses in some other countries. ▶ New Canadian and United States accounting standards will affect the reporting of income taxes in future years. The United States standard has been released with adoption required by 1990. The new Canadian standard has been released as an exposure draft and the effective date may also be 1990. The new Canadian standard will require retroactive application. ▶ The changes required to comply with the new standards are complex and costly. A major change will be the restatement of deferred income taxes to reflect changes in tax rates. Since certain countries, including Canada, the United States and the United Kingdom, in which the Corporation has operations reduced tax

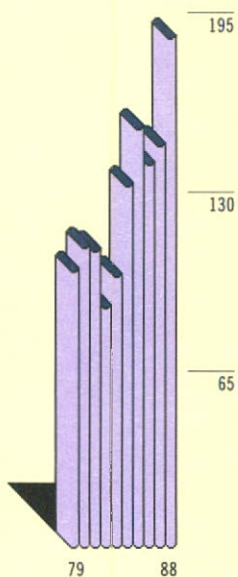
rates in 1986, 1987 or 1988, retroactive application of the new accounting standards in 1990 will reduce the deferred income taxes of recent years and increase net earnings and net earnings per share of each restated year. Should tax rates be increased, the effect on current and deferred taxes must be recognized as of the date of the increase. ▶ The unrealized exchange adjustments of \$23.6 million exceeded last year's adjustments by \$6.9 million, equivalent to 7¢ per share. The increase is directly related to the 90% devaluation in the value of the Brazilian cruzado that occurred during the year. In January 1989 the Government of Brazil announced a series of measures including wage and price controls, higher interest rates, and a 17% devaluation of the currency designed to curtail the country's rampant inflation in 1988. The estimated effect of the 17% devaluation of the currency will be a further unrealized exchange adjustment of \$2.5 million. ▶ North American business forms operations were affected adversely by the very large increase in paper prices. A competitive business forms market prevented a complete recovery of these cost increases. Business forms operations in the United Kingdom, the Netherlands, Belgium, Switzerland, Brazil, Mexico, New Zealand and Central America performed very well with 1988 earnings that surpassed last year's earnings.

▶ Operations in Australia were a major 1988 disappointment. A new chief executive was appointed and other management changes were made. An improved 1989 performance is anticipated. During the 1988 fourth quarter, the Corporation sold its commercial credit and collection operation in Australia. In addition, the Australian electronic printing services venture is being consolidated and re-organized. ▶ The United States Data Base Services and Direct Marketing Services operations reported excellent 1988 results with profit rate increases that exceeded their sales gains. A small acquisition, Data Processing Services, was made in 1988 to expand coverage to the real estate market in the United States. ▶ The Canadian Data Base Services division had a difficult year and reported a loss, primarily due to a large retroactive assessment for sales tax. An improved 1989 operating result has been forecast. ▶ Operations in Canada and the United States contributed 72% of total sales and 77% operating profit compared to 72% and 82% in 1987 respectively. The decrease in the North American share of the operating profit reflects the 1988 success of the international operations, while operations in Canada produced a significantly lower contribution primarily due to a reduced return from the business forms operations and the Data Base Services division.

#### Results of operations 1987/1986

Sales of \$2,281 million increased \$167 million or 7.9% over 1986 sales of \$2,114 million.

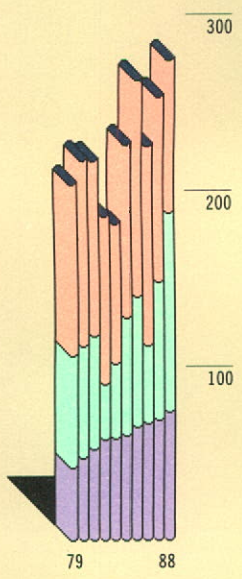
▶ Net earnings were \$146.4 million or \$1.60 per share, \$36.8 million or 39¢ per share greater than 1986 net earnings of \$109.6 million or \$1.21 per share. The increase in net earnings



Net earnings  
from continuing  
operations  
Millions of dollars

was 33.5%. ▶ In 1986 net earnings were reduced by losses related to the Corporation's computer storefront marketing operation in the United States. This operation was discontinued and the retail stores have been sold or closed. The effect on 1986 net earnings was a loss of \$29.9 million or 33¢ per share. ▶ Net earnings from continuing operations of \$146.4 million or \$1.60 per share, compared with \$139.5 million or \$1.54 per share in 1986, an increase of \$6.9 million or 6¢ per share. ▶ While the economies of most countries in which the Corporation has operations experienced growth in 1987, business forms markets worldwide were very price competitive in a year of rising paper prices, the Corporation's principal raw material. The Corporation has renewed its emphasis on productivity and cost controls. In addition, programs are being developed to effectively reach the rapidly expanding group of small customers with its increasing demand for forms and systems and to address market segments which permit the development of products and services suited to specific customer needs. ▶ Though sales increased, the very competitive market conditions combined with higher paper prices adversely affected earnings of the major United States and Canadian business forms divisions. However, fourth quarter accepted order levels were a record in North America and these operating units entered 1988 with high production backlogs. ▶ Business forms operations in the United Kingdom, France, Sweden, Austria, Switzerland and Belgium produced increases in income from operations that exceeded their respective sales increases. These results were not matched by the other European subsidiaries. Total earnings in Europe increased over 1986 due to the favourable translation effect of stronger European currencies.

▶ Business forms operations in Australasia reported lower earnings on higher sales. ▶ Operations in Brazil are recovering from the adverse effects of changes in the business environment following the introduction in 1986 of currency reform and inflation controls. Both sales and income from operations improved. However, an inflation rate in excess of 350% and an 80% devaluation of the cruzado produced an unrealized exchange adjustment in United States dollars that exceeded this subsidiary's after tax earnings. ▶ Earnings of the Mexican subsidiary, following the major restructuring of its manufacturing facilities in 1986, improved as the year progressed. An inflation rate of 150% and a 60% devaluation of the peso produced an unrealized exchange adjustment in United States dollars that also exceeded the after tax earnings of the company. ▶ The business units which market business forms, computer supplies and accessories to smaller customers in Canada and the United States produced good gains in 1987. ▶ The operating units that market on-line systems, specialized publications, data base management, direct mail services and electronic imaging of variable information achieved satisfactory increases in sales and earnings, particularly Response Graphics division in the United States and Teela Data Management Systems division in Canada.



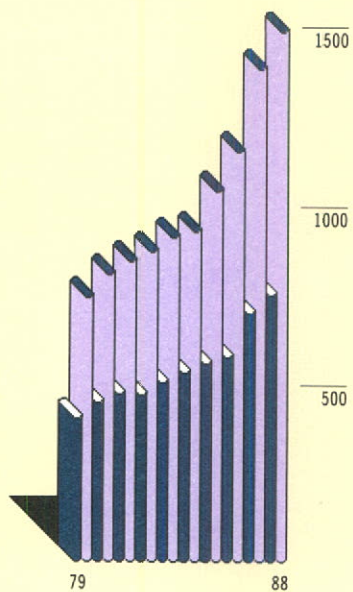
**Distribution of earnings**  
Millions of dollars

- Income taxes
- Retained in business
- Dividends

Similar operations in Australia reduced their losses significantly in 1987. ▶ The increase in interest expense to \$18.6 million from \$12.3 million reflects increased local borrowing by the Brazilian subsidiary to finance its operations during the first six months of the year. ▶ The increase in depreciation expense reflects a continuation of the program to upgrade production facilities and introduce new technologies worldwide. ▶ Income from operations of \$237.3 million, 10.4% of sales, compares with \$236.4 million, 11.2% of sales, in 1986. ▶ The increase in investment income of \$8.8 million to \$31.4 million from \$22.6 million is primarily a result of the inclusion in 1987 of 15 months results of Toppan Moore Company, Ltd., the Corporation's 45% joint venture in Japan, the translation effect of a very strong yen, higher earnings from short-term investments and financing gains. ▶ The ratio of income taxes to before tax income declined to 39.1% from 43.7% in 1986. This reduction is primarily the result of a reduction in the United States federal tax rate and the inclusion of capital gains and other items taxed at lower rates. ▶ Unrealized exchange adjustments were \$16.7 million compared with \$5.8 million in 1986. The increase of \$10.9 million, or 12¢ per share, resulted from the significant devaluations of the Brazilian cruzado and the Mexican peso. ▶ The acquisition of Command Records Services Limited, a Canadian company engaged in offsite records storage, was completed. Subsequently, Command acquired the assets of Data Security Limited, a Canadian company in a similar line of business. The Corporation's ownership of Moore Business Systems Australia Limited was increased to 65.2% from 59.3%, and MultiCopy International B.V., a quick print shop franchiser in Holland, was acquired. ▶ As previously announced, due to the unsettled economic and political conditions and an uncertain future in South Africa the Corporation sold its operations in that country effective January 1, 1987. The Corporation also sold the molded products division of its Canadian packaging subsidiary effective December 31, 1987. ▶ These acquisitions and divestitures did not have a material effect on the 1987 operating results, but they do reflect the Corporation's program to make strategic investments in new business information markets and to regularly evaluate the synergy of existing operations. ▶ Continuing operations in Canada and the United States contributed 72% of total sales compared with 74% in 1986 and 82% of the operating profit against 87% in 1986.

### Liquidity

The normal cash requirements of the Corporation continue to be covered by internally generated funds, supplemented by borrowing as required by some international subsidiaries. ▶ The consolidated statement of changes in cash resources (cash and short-term securities less bank loans) lists the cash resources provided by, or applied to, operations, investment and financing activities less cash disbursed as dividends. ▶ Working capital increased by \$53.5 million to \$757.9 million. Efficient management of working capital continues to be emphasized throughout



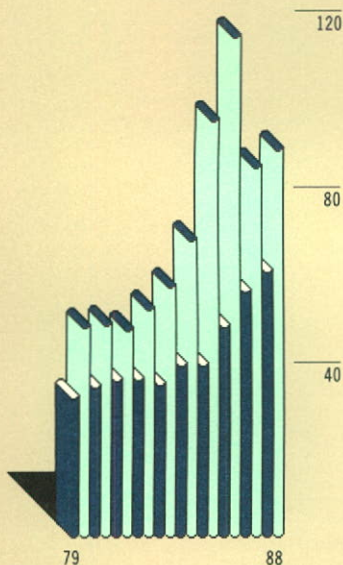
Capital employed and working capital  
Millions of dollars

- Capital employed
- Working capital

the Corporation. Accounts receivable increased \$10.8 million or 2.5% compared to the 11.5% increase in sales. The \$32.3 million or 9.8% increase in inventories is attributed mainly to the large increase in the price of paper. The average number of month's supply of raw materials on hand was decreased during 1988. The expansion of the Corporation's warehousing and forms management program increased finished goods inventories held for customers. ► The working capital ratio of 3.2:1 compares with 2.3:1 a year earlier. The 1987 year end working capital ratio was depressed by the program to restructure the capitalization of and to fund certain subsidiaries. The program was completed during the 1988 second quarter. If this program had not been underway over last year end, that year's working capital ratio would have been 2.9:1. ► The \$11.2 million increase in the investment in associated corporations is mainly attributable to the excellent earnings of the Corporation's joint venture in Japan. ► The increase in other assets of \$21.9 million reflects a decision to regard a tax-effective investment as a long-term asset. ► At December 31, 1988 unused lines of credit for short-term financing totalled \$60.8 million, compared with \$39.9 million at December 31, 1987.

### Capital resources

The Corporation's strong financial position will permit it to take advantage of opportunities to expand the business and to broaden the product line through capital expenditures and acquisitions. ► Capital expenditures totalled \$87.8 million compared with \$83.9 million in 1987. The 1988 expenditures are a continuation of the Corporation's program to up-grade and add production equipment as necessary, with emphasis on the introduction of new technologies and products and services that provide value to the customer. ► Capital expenditures for the years 1986, 1987 and 1988 totalled \$285.2 million. A \$130 million capital expenditure program has been approved for 1989. ► A comparative analysis of capital expenditures and capital employed in the business follows:



**Capital expenditures and depreciation**  
Millions of dollars

■ Capital expenditures  
■ Depreciation

	Land and buildings			Machinery and equipment		
	1988	1987	1986	1988	1987	1986
<i>(in millions)</i>						
<b>Capital expenditures</b>						
Canada	\$ 3.6	\$ 2.2	\$ 8.2	\$ 6.2	\$ 10.3	\$ 7.4
United States	4.8	7.0	3.2	44.4	40.9	57.1
Europe	2.2	0.9	2.5	16.9	14.2	11.2
Other countries	1.2	2.6	5.0	8.5	5.8	18.9
	<b>\$ 11.8</b>	<b>\$ 12.7</b>	<b>\$ 18.9</b>	<b>\$ 76.0</b>	<b>\$ 71.2</b>	<b>\$ 94.6</b>
	<b>1988</b>	<b>%</b>	<b>1987</b>	<b>%</b>	<b>1986</b>	<b>%</b>
<i>(in millions)</i>						
<b>Capital employed</b>						
Shareholders' equity	\$1,292.4	86.3	\$1,167.7	84.1	\$1,000.8	86.6
Long-term debt	61.9	4.1	100.5	7.2	50.5	4.4
Deferred taxes and liabilities	132.5	8.9	112.6	8.1	92.4	8.0
Equity of minority shareholders	10.8	0.7	8.9	0.6	11.4	1.0
	<b>\$1,497.6</b>	<b>100.0</b>	<b>\$1,389.7</b>	<b>100.0</b>	<b>\$1,155.1</b>	<b>100.0</b>

## Effects of inflation and changing prices

*During 1988 the economies of certain countries in which the Corporation has operations experienced increases in their rates of inflation. ► The effect of inflation and changing prices on an organization is difficult to determine. In addition, the future effects of management's responses in the current year to changing prices can only be estimated. ► 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 Corporation attempts to offset cost increases by purchasing and producing more effectively, by developing quality value-added products and by increasing selling prices when practical. ► 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, 1988 paper inventories were turned over five times. This high rate of turnover, along with use by the Corporation of the last-in, first-out cost method in the valuation of 38% of total inventories, resulted 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 latest technology, and depreciation rates are reviewed with due recognition being given to technical obsolescence in determining useful lives.*

## 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 that have an effect on earnings and comparative net earnings and net earnings per share based on United States generally accepted accounting principles is presented in note 21 of the notes to the consolidated financial statements. Comparative unaudited quarterly financial information based on United States generally accepted accounting principles is presented on page 32.*

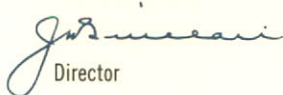
CONSOLIDATED  
BALANCE SHEET

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

Moore Corporation Limited

	1988	1987
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 7,047	\$ 6,963
Short-term securities, at cost which approximates market value	256,899	444,764
Accounts receivable, less allowance for doubtful accounts \$11,508 (\$12,208 in 1987)	448,405	437,651
Inventories (note 2)	362,158	329,908
Prepaid expenses	14,699	16,534
Deferred taxes	18,712	18,206
<b>Total current assets</b>	<b>1,107,920</b>	<b>1,254,026</b>
<b>Fixed assets</b>		
Land	26,386	25,301
Buildings	189,613	183,752
Machinery and equipment	745,099	699,817
	961,098	908,870
Less: accumulated depreciation	454,641	423,716
	506,457	485,154
<b>Investment in associated corporations (note 3)</b>	<b>99,294</b>	<b>88,104</b>
<b>Other assets (note 4)</b>	<b>133,932</b>	<b>112,057</b>
	<b>\$1,847,603</b>	<b>\$1,939,341</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank loans (note 5)	\$ 58,807	\$ 239,610
Accounts payable and accruals (note 6)	266,281	271,095
Dividends payable	18,571	17,540
Accrued income taxes	6,362	21,408
<b>Total current liabilities</b>	<b>350,021</b>	<b>549,653</b>
<b>Long-term debt (note 7)</b>	<b>61,936</b>	<b>100,462</b>
<b>Deferred income taxes and liabilities (note 8)</b>	<b>132,512</b>	<b>112,590</b>
<b>Equity of minority shareholders in subsidiary corporations</b>	<b>10,727</b>	<b>8,920</b>
	<b>555,196</b>	<b>771,625</b>
<b>Shareholders' equity</b>		
<b>Share capital (note 9)</b>	<b>183,126</b>	<b>160,968</b>
<b>Unrealized foreign currency translation adjustments (note 10)</b>	<b>2,046</b>	<b>13,264</b>
<b>Retained earnings</b>	<b>1,107,235</b>	<b>993,484</b>
	<b>1,292,407</b>	<b>1,167,716</b>
	<b>\$1,847,603</b>	<b>\$1,939,341</b>

Approved by the Board of Directors:

  
Director

  
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

Moore Corporation Limited

	1988	1987	1986
Sales	\$2,544,019	\$2,281,493	\$2,114,313
Cost of sales	1,642,709	1,454,377	1,347,551
Selling, general and administrative expenses	563,492	515,733	470,464
Depreciation	59,943	55,427	47,520
Interest expense	18,971	18,607	12,334
	2,285,115	2,044,144	1,877,869
Income from operations	258,904	237,349	236,444
Investment and other income	40,368	31,386	22,623
Earnings from continuing operations before income taxes, minority interests and unrealized exchange adjustments	299,272	268,735	259,067
Income taxes (note 14)	87,460	105,171	113,311
Minority interests	2,252	467	454
Unrealized exchange adjustments	23,564	16,711	5,806
Net earnings from continuing operations	185,996	146,386	139,496
Discontinued operation (note 15)			
Net operating loss	—	—	13,383
Net loss on disposal	—	—	16,500
<b>Net earnings</b>	<b>\$ 185,996</b>	<b>\$ 146,386</b>	<b>\$ 109,613</b>
<b>Earnings per common share (note 17)</b>			
Net earnings from continuing operations	\$ 2.01	\$ 1.60	\$ 1.54
Net earnings	\$ 2.01	\$ 1.60	\$ 1.21
Average shares outstanding (in thousands)	92,603	91,622	90,575

CONSOLIDATED  
STATEMENT  
OF RETAINED  
EARNINGS

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

	1988	1987	1986
Balance at beginning of year	\$ 993,484	\$ 914,905	\$ 870,508
Net earnings	185,996	146,386	109,613
	1,179,480	1,061,291	980,121
Dividends 78¢ per share (74¢ in 1987 and 72¢ in 1986)	72,245	67,807	65,216
<b>Balance at end of year</b>	<b>\$1,107,235</b>	<b>\$ 993,484</b>	<b>\$ 914,905</b>



CONSOLIDATED  
STATEMENT OF  
CHANGES IN  
CASH  
RESOURCES

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

Moore Corporation Limited

	1988	1987	1986
<b>Cash provided by (applied to)</b>			
Operations	\$ 195,880	\$ 185,879	\$ 201,359
Investment	(118,406)	(104,896)	(130,426)
Financing	(15,521)	67,120	20,271
Dividends	(72,245)	(67,807)	(65,216)
Discontinued operation (note 16(d))	—	—	(32,782)
Increase (decrease) in cash resources before unrealized exchange adjustments	(10,292)	80,296	(6,794)
Unrealized exchange adjustments	3,314	11,385	1,077
<b>Increase (decrease) in cash resources (note 16(a))</b>	<b>(6,978)</b>	91,681	(5,717)
Cash resources at beginning of year	212,117	120,436	126,153
<b>Cash resources at end of year</b>	<b>\$ 205,139</b>	<b>\$ 212,117</b>	<b>\$ 120,436</b>
<b>Operations</b>			
Net earnings from continuing operations	\$ 185,996	\$ 146,386	\$ 139,496
Items not affecting cash resources (note 16(b))	101,277	84,240	86,919
Decrease (increase) in working capital other than cash resources (note 16(c))	(91,393)	(44,747)	(25,056)
	\$ 195,880	\$ 185,879	\$ 201,359
<b>Investment</b>			
Expenditure for fixed assets	\$ (87,796)	\$ (83,850)	\$ (113,542)
Investment in preferred shares	(26,643)	—	—
Sale of fixed assets	7,349	13,066	6,794
Addition to long-term receivables	(5,165)	(6,097)	(4,566)
Reduction in long-term receivables	10,232	3,594	3,335
Acquisitions, net of cash resources	(1,684)	(7,308)	—
Deferred charges	(13,426)	(22,816)	(17,202)
Investments in associated corporations	(2,826)	(3,278)	(5,026)
Dividends from associated corporations	2,906	2,400	1,923
Other	(1,353)	(607)	(2,142)
	\$ (118,406)	\$ (104,896)	\$ (130,426)
<b>Financing</b>			
Addition to long-term debt	\$ 6,248	\$ 55,217	\$ 4,549
Reductions in long-term debt	(43,742)	(10,242)	(5,233)
Issue of common shares	22,158	23,664	21,360
Other	(185)	(1,519)	(405)
	\$ (15,521)	\$ 67,120	\$ 20,271

**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. Except for the foreign currency financial statements of subsidiaries in countries with highly inflationary economies, Canadian and other foreign currency financial statements have been translated into United States currency on the following bases: All assets and liabilities at the year-end rates of exchange; Income and expenses at average exchange rates during the year. ► Net unrealized exchange adjustments arising on translation of foreign currency financial statements are charged or credited directly to shareholders' equity and shown as unrealized foreign currency translation adjustments. ► The foreign currency financial statements of subsidiaries in countries with highly inflationary economies are translated into United States currency on the following bases: Current assets, excluding inventory, 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 and cost of sales, at average exchange rates during the year. ► Net unrealized exchange adjustments arising on translation of foreign currency financial statements of subsidiaries in countries with highly inflationary economies are charged to earnings as unrealized exchange adjustments. ► Realized exchange losses or gains are included in earnings. ► Unrealized exchange losses or gains related to monetary items with a fixed or ascertainable life extending beyond the end of the following fiscal year are deferred and amortized over the remaining life of the asset or liability.

*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 charges are amortized over periods deemed appropriate to match expenses with the related revenues.

*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.

<b>2. Inventories</b>	<b>1988</b>	<b>1987</b>
<i>(in thousands)</i>		
Raw materials	<b>\$144,861</b>	\$144,875
Work in process	<b>35,009</b>	29,243
Finished goods	<b>166,631</b>	141,291
Other	<b>15,657</b>	14,499
	<b>\$362,158</b>	\$329,908

The excess of the current cost over the last-in, first-out of those inventories determined on the latter basis is approximately \$77,000,000 at December 31, 1988 (1987-\$59,000,000).

**3. Investment in associated corporations**

The major investment in associated corporations represents a 45% ownership in Toppan Moore Company, Ltd. in Japan. Dividends received from this corporation in 1988 were \$2,419,000 (1987-\$2,334,000; 1986-\$1,923,000) and its undistributed earnings included in retained earnings are \$46,151,000 (1987-\$35,825,000; 1986-\$26,971,000). For 1987, fifteen months operating results of Toppan Moore were included in the consolidated financial statements to coincide with the Corporation's year end. This increased the Corporation's equity interest in Toppan Moore's 1987 net income by \$2,285,000.

4. Other assets	1988	1987
<i>(in thousands)</i>		
Goodwill, net of accumulated amortization of \$17,275 (1987-\$15,684)	\$ 13,056	\$ 13,505
Investment in preferred shares, at market value	26,643	—
Long-term bonds, at cost which approximates market value	10,407	9,045
Prepaid guaranteed paper purchase contract, net of accumulated amortization of \$9,563 (1987-\$6,863)	3,937	6,637
Taxes related to a program to restructure the capitalization of and to fund certain subsidiaries, net of amortization of \$5,021 (1987-\$267)	10,612	17,403
Prepaid pension cost	19,631	8,232
Long-term receivables	31,864	43,791
Other	17,782	13,444
	<b>\$133,932</b>	<b>\$112,057</b>

#### 5. Unused lines of credit

The unused lines of credit outstanding at December 31, 1988 for short-term financing are \$60,773,000 (1987-\$39,925,000).

6. Accounts payable and accruals	1988	1987
<i>(in thousands)</i>		
Trade accounts payable	\$108,586	\$123,364
Other payables	38,491	34,837
	147,077	158,201
Accrued payrolls	50,312	52,003
Accrued retirement program expense	8,372	7,084
Other accruals	60,520	53,807
	119,204	112,894
	<b>\$266,281</b>	<b>\$271,095</b>

7. Long-term debt	1988	1987
<i>(in thousands)</i>		
<b>Moore Corporation Limited</b>		
6% Subordinated Debentures due 1994 (\$1,868 Cdn. in 1988 and 1987)	\$ 1,566	\$ 1,437
Bank loan payable in Canadian dollars	—	11,432
Capital lease commitments	464	—
<b>Moore Business Forms, Inc.</b>		
Bank loan due 1990	25,000	50,000
7.9% Senior Notes due 1996	11,000	12,000
Industrial Development Revenue Bonds bearing interest at 6.85% to 9.5% due 2004	7,350	7,350
<b>Moore Paragon S.A.</b>		
Bank and other loans payable in French francs bearing interest at 7.5% to 11.75% due 1990 to 1999. Loans amounting to \$3,173 (1987-\$4,780) are secured	6,227	8,560
Capital lease commitments	2,267	—
<b>Other subsidiaries</b>		
Secured loans	3,501	2,697
Unsecured loans	2,881	4,864
Capital lease commitments	1,680	2,122
	<b>\$61,936</b>	<b>\$100,462</b>

The sinking fund obligations with respect to the retirement of the 6% Subordinated Debentures for the years 1989 to 1993 were satisfied in prior years. ► The Moore Corporation Limited bank loan outstanding at December 31, 1987 was repaid on March 14, 1988. ► The bank loan of Moore Business Forms, Inc. for \$25,000,000, due 1990, bears interest at 1/4 of 1% per annum over the London Interbank Offered Rate. At December 31, 1988 the interest rate on this loan was 8.2%. ► The long-term debt of other subsidiaries bears interest at rates ranging from 4.3% to 27.0%. This debt matures on varying dates to 2013. Loans amounting to \$6,310,000 (1987-\$7,353,000) are payable in currencies other than United

States dollars. Loans of \$3,501,000 (1987—\$2,697,000) are secured by assets of six subsidiaries. ▶ The net book value of assets subject to lien approximates \$27,000,000 (1987—\$29,000,000), the liens being primarily mortgages against fixed assets and the pledge of all assets of a certain subsidiary. ▶ Payments of \$30,933,000 (1987—\$6,132,000) on long-term debt due within one year are included in current liabilities. For the years 1990 through 1993 payments required on long-term debt are as follows: 1990—\$30,426,000; 1991—\$4,638,000; 1992—\$4,034,000; and 1993—\$4,036,000.

#### 8. Deferred income taxes and liabilities

Non-current deferred income taxes amount to \$112,912,000 (1987—\$97,865,000). Deferred liabilities include \$11,192,000 (1987—\$9,910,000) for pensions under unfunded retirement plans (note 11).

#### 9. Share capital

The Corporation's articles of incorporation provide that its authorized share capital be divided into an unlimited number of common shares without par value and an unlimited number of preference shares without par value, issuable in one or more series, and non-voting except on arrears of dividends. ▶ The table below provides a summary of the changes in the issued common shares since January 1, 1986. ▶ As at December 31, 1988, there were no issued preference shares.

	Issued Number of shares	Issued Amount
Balance, January 1, 1986	89,930,573	\$115,944,000
Dividend Reinvestment Plan	959,092	20,878,000
Exercise of executive stock options	44,820	482,000
Balance, December 31, 1986	90,934,485	137,304,000
Dividend Reinvestment Plan	946,056	21,084,000
Exercise of executive stock options	55,965	766,000
Issued on acquisition of subsidiary	72,322	1,818,000
Purchased and cancelled	(170)	(4,000)
Balance, December 31, 1987	92,008,658	160,968,000
Dividend Reinvestment Plan	988,798	21,255,000
Exercise of executive stock options	52,805	903,000
Balance, December 31, 1988	93,050,261	\$183,126,000

The Dividend Reinvestment Plan provides for dividend reinvestment whereby 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 1985 Long-Term Incentive Plan approved by the shareholders of the Corporation on April 4, 1985, 3,000,000 common shares of the Corporation were reserved for issuance. Under the terms of this plan, stock options, stock appreciation rights, restricted stock awards, and performance awards may be granted to certain key employees. The exercise price under all options involving the common shares of the Corporation shall not be less than 100% of fair market value of the shares covered by the option on the date of grant. ▶ 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. Details of the stock option activity in 1988 are as follows:

Years options granted	1988	1987	1985	1983	1981	1979	Total
Number of common shares under option							
Outstanding December 31, 1987	—	338,300	346,250	110,700	22,775	18,750	836,775
Options granted	379,100	—	—	—	—	—	379,100
Options lapsed	—	—	(3,000)	(4,500)	—	—	(7,500)
Options exercised	—	—	(33,500)	(14,500)	(3,305)	(1,500)	(52,805)
Outstanding December 31, 1988	379,100	338,300	309,750	91,700	19,470	17,250	1,155,570
Option price per share							
Canadian currency	\$28.56	\$31.88	\$25.00*	\$18.23	\$11.91	\$12.65	

\*Weighted average option price

Under the terms of the 1985 Long-Term Incentive Plan there were 2,424,300 common shares available for grants as at January 1, 1988 and 2,045,200 at December 31, 1988.

#### 10. Unrealized foreign currency translation adjustments

	1988	1987	1986
<i>(in thousands)</i>			
Balance at beginning of year	\$ 13,264	\$(51,391)	\$(79,061)
Adjustments for the year	(11,218)	64,655	27,670
Balance at end of year	\$ 2,046	\$ 13,264	\$(51,391)

The adjustments for each year result from the variation from year to year in rates of exchange at which foreign currency net assets are translated to United States currency.

## 11. Retirement programs

### Defined benefit pension plan

The Corporation and its subsidiaries have several retirement programs covering substantially all of the employees in Canada, the United States, the United Kingdom, Australia and New Zealand. ► Effective January 1, 1986, the Corporation adopted, prospectively, the recommendations of the Canadian Institute of Chartered Accountants with respect to the calculation of pension costs and obligations for the retirement plans in Canada and the United States. The recommendations of the Canadian Institute of Chartered Accountants with respect to the calculation of pension costs and obligations for the international retirement plans were adopted, prospectively, effective January 1, 1988. ► The following data is based upon reports of independent consulting actuaries as at December 31:

	Canada		United States		International	
	1988	1987	1988	1987	1988	1987
<i>(in thousands)</i>						
<b>Funded Status</b>						
Actuarial present value of:						
Vested benefit obligation	\$35,672	\$ 30,142	\$244,873	\$218,507	\$47,736	\$45,535
Accumulated benefit obligation	36,527	30,871	262,204	241,507	49,603	47,797
Projected benefit obligation	\$39,320	\$ 32,059	\$295,870	\$278,247	\$66,157	\$64,050
Plan assets at fair value	58,595	49,901	350,119	317,708	98,044	93,782
Excess of plan assets over projected benefit obligation	19,275	17,842	54,249	39,461	31,887	29,732
Unrecognized net loss (gain)	—	864	(20,847)	(8,187)	(1,293)	—
Unrecognized net asset	(15,320)	(15,311)	(36,586)	(39,681)	(26,145)	(29,732)
Unrecognized prior service cost	84	—	5,882	6,692	—	—
Prepaid (accrued) pension cost included in consolidated balance sheet	\$ 4,039	\$ 3,395	\$ 2,698	\$ (1,715)	\$ 4,449	\$ —
<b>Pension Expense</b>						
Service cost	\$ 1,784	\$ 1,341	\$ 8,544	\$ 10,235	\$ 2,691	
Interest cost	3,250	2,674	24,361	22,622	5,321	
Actual return on assets	(6,617)	(3,520)	(43,715)	(12,771)	(9,835)	
Net amortization and deferral	481	(2,045)	10,444	(15,176)	(1,896)	
Net pension expense (credit)	\$(1,102)	\$(1,550)	\$(366)	\$ 4,910	\$(3,719)	
<b>Other Information</b>						
Assumptions:						
Discount rates						
January 1	9.0%	9.0%	9.0%	8.0%	9.0%	
December 31	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Rate of return on assets	9.5%	9.5%	9.5%	9.0%	10.0%	10.0%
Rate of compensation increase	7.1%	6.5%	6.5%	6.5%	7.5%	7.5%
Amortization period	15 years	15 years	15 years	15 years	11 years	11 years

If the pension recommendations of the Canadian Institute of Chartered Accountants had not been adopted and consistent actuarial assumptions had been utilized, the total pension expense in 1988 for the United Kingdom, Australia, and New Zealand retirement plans would have been \$737,000, which amount is comparable with the pension expense for these plans in 1987 of \$2,241,000. ► In some subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans. In addition, pensionable service prior to establishing funded contributory retirement plans in other subsidiaries, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation. The deferred liability for pensions at December 31, 1988, referred to in note 8, relates primarily to the unfunded portion of this prior service obligation and the small supplementary unfunded plans. ► All of the retirement plans are non-contributory. Retirement benefits are generally based on years of service and employees' compensation during the last years of employment. However, in the United States a portion of the retirement benefit accrues each year based upon compensation for that year. At December 31, 1988 approximately 70% of the United States plan assets, about 60% of the Canadian plan assets and approximately 85% of the international plan assets were held in equity securities with the remaining portion of the asset funds being mainly fixed income securities. The Corporation's funding policy is to satisfy the funding standards of the regulatory authorities and to make contributions in order to provide for the accumulated benefit obligation and current service cost. To the extent that pension obligations are fully covered by existing assets, a contribution may not be made in a particular year.

### Defined contribution pension plan

Savings plans in Canada, the United States, the United Kingdom, and Australia require company contributions for all employees who are eligible to participate in the retirement plans. Except in Australia, these annual contributions consist of a retirement savings benefit contribution ranging from 1% to 3% of each year's compensation depending upon length of service or age. For all savings plans, if an employee contribution is made, a portion of such contribution is matched by the company. The savings plan expense in 1988 was \$ 11,696,000 (1987—\$9,560,000).

## 12. Post-retirement health care and life insurance benefits

In addition to providing pension benefits, the Corporation and its United States subsidiary provide retired employees with health care and life insurance benefits. The cost of these health care and life insurance benefits is recognized as an expense as claims are incurred. In 1988, the costs for these benefits approximate \$ 2,600,000 (1987—\$2,800,000; 1986—\$2,000,000).

## 13. Consolidated statement of earnings information

	1988	1987	1986
<i>(in thousands)</i>			
<b>Interest expense</b>			
Interest on long-term debt	\$ 4,610	\$ 5,073	\$ 6,225
Other interest	14,361	13,534	6,109
	<u>\$18,971</u>	<u>\$18,607</u>	<u>\$12,334</u>
<b>Investment and other income</b>			
Interest on short-term investments	\$21,577	\$14,785	\$11,376
Equity in earnings of associated corporations	16,065	13,174	7,130
Income on tax incentive investments	—	—	2,782
Miscellaneous	2,726	3,427	1,335
	<u>\$40,368</u>	<u>\$31,386</u>	<u>\$22,623</u>
Rent	\$49,438	\$42,401	\$44,999
Repairs and maintenance	51,178	47,029	44,540
Communications	33,800	31,243	32,194
Taxes other than income and payroll taxes	25,664	23,089	23,751
Retirement programs	10,675	17,506	11,217
Research and development	24,729	23,017	21,009
Amortization of goodwill	1,591	2,922	5,946

## 14. Income taxes

The components of earnings from continuing operations before income taxes for the three years ended December 31, 1988 are as follows:

	1988	1987	1986
<i>(in thousands)</i>			
<b>Earnings before income taxes</b>			
Canada	\$ 29,607	\$ 31,959	\$ 26,555
United States	151,133	169,255	178,454
Other countries	118,532	67,521	54,058
	<u>\$299,272</u>	<u>\$268,735</u>	<u>\$259,067</u>

	1988		1987		1986	
	Current	Deferred	Current	Deferred	Current	Deferred
<b>Provision for income taxes</b>						
Canada (federal and provincial)	\$ 8,379	\$ 2,634	\$12,054	\$ 811	\$12,293	\$ (173)
United States						
Federal	38,072	9,188	50,350	10,021	49,414	23,101
State	8,371	2,008	9,282	1,804	10,033	1,937
Other countries	10,160	2,045	13,318	483	12,624	(795)
Withholding taxes on inter-company dividends	6,603	—	7,048	—	4,877	—
	<u>\$71,585</u>	<u>\$15,875</u>	<u>\$92,052</u>	<u>\$13,119</u>	<u>\$89,241</u>	<u>\$24,070</u>

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, giving rise to deferred taxes of \$14,397,000 in 1988 (1987—\$5,492,000; 1986—\$4,409,000), pension accruals, and other items. ► The effective rates of tax for each year compared with the statutory Canadian rates were as follows:

	1988	1987	1986
Canadian combined federal and provincial statutory rate	46.7%	50.7%	50.9%
Increase (decrease) in the statutory rate resulting from:			
Corporate surtax	0.9	0.9	1.6
Manufacturing and processing rate reduction	(5.2)	(5.8)	(5.8)
Inventory allowance	—	—	(0.2)
Tax exempt investment income	(5.2)	(5.5)	(0.9)
Weighted effect of higher United States tax rate	0.4	1.2	1.2
Weighted effect of lower tax rate in other countries	(10.6)	(5.0)	(5.0)
Withholding taxes	2.2	2.6	1.9
Total consolidated effective tax rate	<u>29.2%</u>	<u>39.1%</u>	<u>43.7%</u>

The decrease in the effective rate of tax in 1988 results from lower statutory rates in some jurisdictions, as well as the realization of significant accumulated tax losses in others, and the effect of increased income which attracted a lower rate of tax arising from the program, commenced in 1987, to further improve internal financing flexibility.

### 15. Discontinued operation

The 1986 consolidated financial statements reflect the January 9, 1987 agreement between Moore Business Forms, Inc. and MicroAge Computer Stores, Inc. whereby the 44 Moore Business Centre computer stores were operated by the Corporation as MicroAge franchisees pending completion of arrangements for their sales to existing or new MicroAge franchisees. During 1987, 21 stores were sold to MicroAge franchisees, 12 stores were closed and, by agreement with MicroAge, 11 stores were sold to independent retailers. A provision of \$16,500,000 (net of income taxes of \$13,039,000) in respect of the closure was made in 1986. The provision is considered sufficient to meet all closure costs. ► The 1986 operating results of this operation have been segregated, net of income tax credits of \$13,209,000. The remaining assets of the discontinued operation as at December 31, 1988 are insignificant. ► The financial information of the discontinued operation is summarized below:

	1988	1987	1986
<i>(in thousands)</i>			
Sales	—	—	\$108,123
Loss (net of income taxes)	—	—	\$ 13,383
Loss per share	—	—	\$ 0.15

### 16. Consolidated statement of cash resources information

	1988	1987	1986
<i>(in thousands)</i>			
<b>(a) Increase (decrease) in cash resources</b>			
Cash	\$ 84	\$ (3,884)	\$ 4,725
Short-term securities	(187,865)	278,412	19,663
Bank loans	180,803	(182,847)	(30,105)
	<u>\$ (6,978)</u>	<u>\$ 91,681</u>	<u>\$ (5,717)</u>
<b>(b) Items not affecting cash resources</b>			
Depreciation	\$ 59,943	\$ 55,427	\$ 47,520
Equity in earnings of associated corporations	(16,065)	(13,174)	(7,130)
Minority interests in earnings	2,252	467	454
Deferred income taxes	16,381	11,120	28,888
Amortization of goodwill and deferred charges	13,012	12,472	11,383
Gain on sale of properties	(234)	(3,388)	—
Unrealized exchange adjustments	23,564	16,711	5,806
Other	2,424	4,605	(2)
	<u>\$101,277</u>	<u>\$ 84,240</u>	<u>\$ 86,919</u>
<b>(c) Decrease (increase) in working capital other than cash resources</b>			
Accounts receivable	\$(10,754)	\$ (44,968)	\$ (2,228)
Inventories	(32,250)	(21,710)	(26,932)
Prepaid expenses	1,835	(3,994)	(1,268)
Deferred taxes	(506)	3,921	(9,655)
Accounts payable and accruals	(4,814)	23,423	25,007
Dividends payable	1,031	1,181	183
Accrued income taxes	(15,046)	9,481	(8,413)
Working capital adjustment from acquisitions	289	(12,258)	—
Unrealized exchange adjustments	(31,178)	177	(1,750)
	<u>\$(91,393)</u>	<u>\$ (44,747)</u>	<u>\$ (25,056)</u>
<b>(d) Discontinued operation</b>			
Net operating loss	\$ —	\$ —	\$ (13,383)
Net loss on disposal	—	—	(16,500)
Items not affecting cash resources	—	—	(2,899)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (32,782)</u>

### 17. 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 all outstanding stock options had been exercised with the funds derived therefrom yielding an annual return of 4.69% net of tax, the earnings per share for the year would have been \$2.00 (1987—\$1.59; 1986—\$1.21).

## 18. Segmented information

The Corporation and its subsidiaries have operated predominantly in one industry segment during the three years ended December 31, 1988, that being the provision of products and services which facilitate the recording, retention, processing, retrieval, and communication of business information. 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.

Geographic segments (in thousands)	Canada	United States	Europe	Other	Consolidated
<b>1988</b>					
Total revenue	\$252,806	\$1,583,260	\$402,289	\$314,976	\$2,553,331
Intergeographical segment sales	(337)	(8,583)	(392)	—	(9,312)
Sales to customers outside the enterprise	\$252,469	\$1,574,677	\$401,897	\$314,976	\$2,544,019
Segment operating profit	\$ 23,857	\$ 199,157	\$ 21,855	\$ 44,950	\$ 289,819
Interest expense					(18,971)
General corporate expense					(11,944)
Income from operations					\$ 258,904
Identifiable assets	\$172,601	\$ 923,527	\$311,304	\$188,584	\$1,596,016
Net assets of discontinued operation					—
Intersegment eliminations					(12,785)
Corporate assets including investment in associated corporations					264,372
Total assets					\$1,847,603
Depreciation expense	\$ 6,548	\$ 31,031	\$ 12,940	\$ 9,424	\$ 59,943
Capital expenditures	\$ 9,821	\$ 49,157	\$ 19,090	\$ 9,728	\$ 87,796
<b>1987</b>					
Total revenue	\$227,540	\$1,425,422	\$391,713	\$250,435	\$2,295,110
Intergeographical segment sales	(282)	(9,832)	(3,503)	—	(13,617)
Sales to customers outside the enterprise	\$227,258	\$1,415,590	\$388,210	\$250,435	\$2,281,493
Segment operating profit	\$ 33,644	\$ 178,884	\$ 17,388	\$ 28,014	\$ 257,930
Interest expense					(18,607)
General corporate expense					(1,974)
Income from operations					\$ 237,349
Identifiable assets	\$157,529	\$ 812,646	\$349,040	\$163,406	\$1,482,621
Net assets of discontinued operation					—
Intersegment eliminations					(26,485)
Corporate assets including investment in associated corporations					483,205
Total assets					\$1,939,341
Depreciation expense	\$ 4,850	\$ 31,036	\$ 11,357	\$ 8,184	\$ 55,427
Capital expenditures	\$ 12,531	\$ 47,838	\$ 15,069	\$ 8,412	\$ 83,850
<b>1986</b>					
Total revenue	\$195,832	\$1,370,771	\$321,236	\$240,356	\$2,128,195
Intergeographical segment sales	(356)	(8,628)	(3,184)	(1,714)	(13,882)
Sales to customers outside the enterprise	\$195,476	\$1,362,143	\$318,052	\$238,642	\$2,114,313
Segment operating profit	\$ 30,292	\$ 186,632	\$ 14,301	\$ 19,260	\$ 250,485
Interest expense					(12,334)
General corporate expense					(1,707)
Income from operations					\$ 236,444
Identifiable assets	\$119,278	\$ 817,672	\$267,784	\$174,860	\$1,379,594
Net assets of discontinued operation					36,286
Intersegment eliminations					(23,835)
Corporate assets including investment in associated corporations					95,794
Total assets					\$1,487,839
Depreciation expense	\$ 4,182	\$ 28,142	\$ 8,594	\$ 6,602	\$ 47,520
Capital expenditures	\$ 15,605	\$ 60,338	\$ 13,777	\$ 23,822	\$ 113,542



## 19. Lease commitments

At December 31, 1988, long-term lease commitments require approximate future rental payments as follows:

<i>(in thousands)</i>			
1989	\$43,264	1992	\$16,811
1990	34,864	1993	13,393
1991	24,086	1994 and thereafter	17,225

## 20. Contingencies

At December 31, 1988, certain lawsuits and other claims arising in the ordinary course of business were pending against the Corporation. While the outcome of these matters is not determinable, management believes that the ultimate resolution of these matters will not have a material effect on the Corporation's financial position.

## 21. 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.

### *Accounting and reporting for the effects of income taxes*

The Financial Accounting Standards Board in the United States has issued new financial accounting and reporting standards for the effects of income taxes. The standards are effective for fiscal years beginning after December 15, 1989 although earlier application is encouraged. ► The Canadian Institute of Chartered Accountants issued in November 1988 an Exposure Draft in respect of the accounting and reporting of corporate income taxes. The recommendations may be effective for all fiscal periods beginning on or after January 1, 1990. ► The adoption of the draft Canadian recommendations would significantly reduce the differences related to the accounting and reporting of income taxes which currently exist between Canadian generally accepted principles and the new United States standards. ► The Corporation will commence reporting any significant differences between Canadian and United States generally accepted accounting principles applicable to the accounting and reporting of income taxes in 1990.

## 22. Comparative consolidated financial statements

Comparative figures have been restated where appropriate to conform to the current year's presentation.

### MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

All of the information in this annual report is the responsibility of management and has been approved by the Board of Directors. The financial information contained herein conforms to the accompanying consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in Canada and necessarily include amounts that are based on judgements and estimates. ► 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 Corporation also maintains an internal audit department that evaluates and formally reports to management and the Audit Committee on the adequacy and effectiveness of internal controls. ► 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 Director of Internal Audit to discuss the scope and results of audit examinations with respect to 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, 1988 and 1987 and the consolidated statements of earnings, retained earnings, and changes in cash resources for each of the three years in the period ended December 31, 1988. 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, 1988 and 1987 and the results of its operations and the changes in its cash resources for each of the three years in the period ended December 31, 1988 in accordance with generally accepted accounting principles applied on a consistent basis.

#### **Price Waterhouse**

Chartered Accountants, Toronto, Canada, February 22, 1989

DISTRIBUTION  
OF REVENUE

Moore Corporation Limited

	1988	1987	1986
Sales and investment and other income	100.0%	100.0%	100.0%
Used as follows:			
Wages, salaries and employee benefits	31.5	32.3	33.6
Materials, supplies and services	53.5	52.4	51.2
Depreciation	2.3	2.4	2.2
Income, property and other taxes	4.5	5.9	6.2
Unrealized exchange adjustments	1.0	0.7	0.2
Discontinued operation			
Net operating loss	—	—	0.6
Net loss on disposal	—	—	0.8
Dividends	2.8	2.9	3.1
Retained in business	4.4	3.4	2.1

QUARTERLY  
FINANCIAL  
INFORMATION

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

	1988				1987			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Sales	\$676,481	\$628,173	\$620,637	\$618,728	\$625,652	\$558,118	\$548,296	\$549,427
Cost of sales	430,713	407,443	405,551	399,002	396,742	360,688	349,939	347,008
Income from operations	81,791	58,151	55,210	63,752	69,553	52,008	53,661	62,127
Net earnings from continuing operations	62,771	44,372	38,811	40,042	44,735	34,215	31,623	35,813
Per common share	\$ 0.68	\$ 0.48	\$ 0.42	\$ 0.43	\$ 0.49	\$ 0.37	\$ 0.35	\$ 0.39
Net earnings	62,771	44,372	38,811	40,042	44,735	34,215	31,623	35,813
Per common share	\$ 0.68	\$ 0.48	\$ 0.42	\$ 0.43	\$ 0.49	\$ 0.37	\$ 0.35	\$ 0.39
Net earnings based on United States generally accepted accounting principles (note 21)	\$ 62,771	\$ 44,372	\$ 38,811	\$ 40,042	\$ 44,735	\$ 34,215	\$ 31,623	\$ 35,813
Per common share	\$ 0.68	\$ 0.48	\$ 0.42	\$ 0.43	\$ 0.49	\$ 0.37	\$ 0.35	\$ 0.39

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 and the Standard and Poor's 500 Index. ► The information in 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, Montreal Stock Exchange and the New York Stock Exchange Monthly Market Statistics Report, respectively:

	1988				1987			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Toronto Stock Exchange (Canadian currency)								
High	\$31.37	\$31.25	\$33.12	\$32.00	\$32.37	\$34.87	\$35.00	\$35.00
Low	26.87	26.25	29.25	24.75	19.87	31.62	30.00	28.75
Montreal Stock Exchange (Canadian currency)								
High	\$31.12	\$31.25	\$33.00	\$32.00	\$32.25	\$34.87	\$35.00	\$35.12
Low	27.00	26.25	29.25	24.87	19.87	31.62	30.00	28.87
New York Stock Exchange (United States currency)								
High	\$26.25	\$25.87	\$26.62	\$25.50	\$24.75	\$26.37	\$26.75	\$26.75
Low	21.75	21.37	23.62	19.00	16.50	23.75	22.50	20.87
Dividends paid per common share (United States currency)	20¢	20¢	19¢	19¢	19¢	19¢	18¢	18¢

On February 6, 1989, the closing price per share of the Corporation's common shares was \$32.87 (Cdn.) on the Toronto Stock Exchange and Montreal Stock Exchange and \$28.00 (U.S.) on the New York Stock Exchange. ► On February 6, 1989, the number of shareholders of record was 10,964. ► 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 Investment Canada Act requires review by the Government of Canada of the acquisition by, or transfer to, non-Canadians 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 purchaser at least one-third of the voting shares. ► 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 generally reduced from 25% to 15%.

	1988	1987	1986
<b>Income statistics</b>			
Sales	<b>\$2,544,019</b>	\$2,281,493	\$2,114,313
Income from operations	<b>258,904</b>	237,349	236,444
<i>Per dollar of sales</i>	<b>10.2¢</b>	10.4¢	11.2¢
Income taxes	<b>87,460</b>	105,171	113,311
<i>Percent of pretax earnings</i>	<b>29.2%</b>	39.1%	43.7%
Net earnings from continuing operations	<b>185,996</b>	146,386	139,496
<i>Per dollar of sales</i>	<b>7.3¢</b>	6.4¢	6.6¢
<i>Per common share</i>	<b>\$ 2.01</b>	\$ 1.60	\$ 1.54
Net earnings	<b>185,996</b>	146,386	109,613
<i>Per dollar of sales</i>	<b>7.3¢</b>	6.4¢	5.2¢
<i>Per common share</i>	<b>\$ 2.01</b>	\$ 1.60	\$ 1.21
Dividends	<b>72,245</b>	67,807	65,216
<i>Per common share</i>	<b>78¢</b>	74¢	72¢
Earnings retained in business	<b>113,751</b>	78,579	44,397

The income statistics of the ten-year summary have been restated to reflect the effect of the 1986 discontinued operation (note 15).

	1988	1987	1986
<b>Balance sheet and other statistics</b>			
Current assets	<b>\$1,107,920</b>	\$1,254,026	\$ 912,747
Current liabilities	<b>350,021</b>	549,653	332,721
Working capital	<b>757,899</b>	704,373	580,026
<i>Ratio of current assets to current liabilities</i>	<b>3.2:1</b>	2.3:1	2.7:1
Fixed assets (net)	<b>506,457</b>	485,154	443,197
Long-term debt	<b>61,936</b>	100,462	50,523
<i>Ratio to equity</i>	<b>0.1:1</b>	0.1:1	0.1:1
Shareholders' equity	<b>1,292,407</b>	1,167,716	1,000,818
<i>Per common share</i>	<b>\$ 13.89</b>	\$ 12.69	\$ 11.01
Total assets	<b>1,847,603</b>	1,939,341	1,487,839
Number of shareholders of record at year-end	<b>11,225</b>	12,864	13,434
Number of employees	<b>25,943</b>	26,480	27,070

1985	1984	1983	1982	1981	1980	1979
\$1,986,012	\$1,996,891	\$1,813,573	\$1,847,076	\$1,879,063	\$1,804,781	\$1,541,048
265,445	213,052	154,802	178,407	192,801	207,599	191,853
13.4¢	10.7¢	8.5¢	9.7¢	10.3¢	11.5¢	12.4¢
123,532	98,359	79,974	95,509	99,806	106,198	97,554
42.4%	41.3%	42.9%	48.3%	47.0%	48.7%	48.4%
152,263	131,564	98,590	87,508	107,986	108,821	100,635
7.7¢	6.6¢	5.4¢	4.7¢	5.7¢	6.0¢	6.5¢
\$ 1.70	\$ 1.50	\$ 1.16	\$ 1.04	\$ 1.28	\$ 1.29	\$ 1.20
136,683	125,733	98,590	87,508	107,986	108,821	100,635
6.9¢	6.3¢	5.4¢	4.7¢	5.7¢	6.0¢	6.5¢
\$ 1.53	\$ 1.43	\$ 1.16	\$ 1.04	\$ 1.28	\$ 1.29	\$ 1.20
63,244	58,544	56,888	56,286	50,476	45,961	40,352
70 <sup>2</sup> / <sub>3</sub> ¢	66 <sup>2</sup> / <sub>3</sub> ¢	66 <sup>2</sup> / <sub>3</sub> ¢	66 <sup>2</sup> / <sub>3</sub> ¢	59 <sup>1</sup> / <sub>3</sub> ¢	54¢	47 <sup>1</sup> / <sub>3</sub> ¢
73,439	67,189	41,702	31,222	57,510	62,860	60,283

1985	1984	1983	1982	1981	1980	1979
\$ 848,276	\$ 802,376	\$ 755,790	\$ 912,355	\$ 728,831	\$ 688,347	\$ 628,947
285,839	267,710	251,181	437,215	251,179	236,434	223,398
562,437	534,666	504,609	475,140	477,652	451,913	405,549
3.0:1	3.0:1	3.0:1	2.1:1	2.9:1	2.9:1	2.8:1
377,267	319,072	303,666	302,777	308,235	308,290	296,887
49,307	53,644	82,235	91,161	96,750	106,283	111,291
0.1:1	0.1:1	0.1:1	0.1:1	0.1:1	0.2:1	0.2:1
907,391	795,818	716,311	676,888	668,635	630,288	563,801
\$ 10.09	\$ 8.97	\$ 8.34	\$ 7.99	\$ 7.95	\$ 7.50	\$ 6.71
1,333,638	1,199,392	1,120,505	1,272,457	1,081,744	1,037,950	963,926
13,369	13,597	16,135	17,991	18,370	18,999	18,547
27,240	26,457	26,100	26,218	27,703	27,839	28,317

**Board of Directors**

John D. Allan  
*Toronto*  
*Chairman and*  
*Chief Executive Officer*  
*Stelco Inc.*

Edward H. Crawford  
*Toronto*  
*Chairman and*  
*Chief Executive Officer*  
*The Canada Life*  
*Assurance Company*

James D. Farley  
*New York, N.Y.*  
*Vice Chairman Citicorp and*  
*Citibank, N.A.*

M. Keith Goodrich  
*Toronto*  
*President and Chief*  
*Executive Officer*

Arden R. Haynes  
*Toronto*  
*Chairman and*  
*Chief Executive Officer*  
*Imperial Oil Limited*

Walter F. Light  
*Toronto*  
*Retired Chairman*  
*Northern Telecom Limited*

Carl E. Lindholm  
*Schaumburg, IL*  
*Executive Vice President*  
*International Operations*  
*Motorola, Inc.*

J. Dean Muncaster  
*Toronto*  
*Corporate Director*

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

Judson W. Sinclair  
*Toronto*  
*Chairman of the Board*

**Honorary Directors**

David W. Barr  
*Toronto*

W. Herman Brown  
*Toronto*

J. Stuart Fleming  
*Niagara Falls, N.Y.*

L. Edward Grubb  
*Sarasota, FL*

Richard W. Hamilton  
*Carrollton, TX*

Edwin H. Heeney  
*Toronto*

**Corporate Officers**

Judson W. Sinclair  
*Chairman of the Board*

M. Keith Goodrich  
*President and*  
*Chief Executive Officer*

Joseph B. McArthur  
*Senior Vice President and*  
*Chief Financial Officer*

Louis J. Rupnik  
*Vice President and*  
*Chief Development Officer*

Florence E. Dougherty  
*Vice President and Secretary*

George G. Flint  
*Vice President and Comptroller*

Gary M. Hubbard  
*Vice President and Treasurer*

Peter McConnachie  
*Vice President*  
*Human Resources*

**Corporate Services**

Roger A. Lewis  
*Director, Internal Audit*

John L. Wilson  
*Vice President, Research*

Lawrence A. Kolb  
*Director, Corporate Cost*  
*and Pricing*

**Canadian Operating  
Management**

**Moore Business Forms  
& Systems Ltd.**  
Ralph L. Waehner  
*President*

**Reid Dominion  
Packaging Division**  
Donald E. Fielding  
*President*

**Teela Data Management  
Systems Division**  
Thomas M. Gregorich  
*President*

**United States Operating  
Management**

**U.S. Operations**  
John R. Anderluh  
*Group President*

**Business Forms  
& Systems Division**  
Graham J. McClean  
*President*

Patrick J. Allin  
*Vice President and*  
*Comptroller*

W. Stephen Coleman  
*Vice President*  
*Marketing*

James W. Larsen  
*Vice President*  
*Manufacturing*

L. Michael McFarland  
*General Manager*  
*Information Distribution*  
*Services*

Thomas J. McKiernan  
*Vice President*  
*Sales*

John S. Ziblut  
*Vice President*  
*Human Resources*

**Business Products  
& Services Division**  
John A. Heist  
*President*

**Response Graphics Division**  
Thomas J. Pruter  
*President*

**Data Management  
Services Division**  
T. Scott Mitchell  
*President*

**International  
Operating Management****International Division—  
Latin America and Pacific**

James L. Saunders  
*Group Vice President*

Brian W. Duignan  
*Managing Director*  
*New Zealand*

Sergio Gonzalez de Cosio  
*Chief Executive*  
*Mexico*

L. Ricardo Navarrete  
*Regional General Manager*  
*Central America*

Charles E. Smith  
*Chief Executive*  
*Australia*

Albert G. Taylor  
*Chief Executive*  
*ANCOM*

Desmond K. Valentine  
*Regional General Manager*  
*Caribbean*

Teodoro F. Vides  
*Chief Executive*  
*South America*

**International Division—  
Europe and Africa**

John A. May  
*Group Vice President*

Carl-Erik Arthursson  
*Chief Executive*  
*Benelux, Alpine, Scandinavia*

A. Roger Barichello  
*Chief Executive*  
*Southern Europe*

John W. Flowers  
*Chief Executive*  
*United Kingdom & Éire*

Olivier Juteau  
*Chief Executive*  
*Western Europe*

Phillip Hoegarts  
*Chief Executive*  
*Franchising*

Kees Kruit  
*Chief Executive*  
*RDC Group*

**Changes in directors,  
officers and executive  
personnel**

Gary M. Hubbard was appointed vice president and treasurer of the Corporation and Roger A. Lewis was appointed director of internal audit of the Corporation.

Richard W. Bastien, president of Reid Dominion Packaging division of the Corporation, retired having served with distinction since 1973. Donald E. Fielding was appointed to succeed Mr. Bastien.

Michael C. Feldman, president of Teela Data Management Systems division of the Corporation, retired having made a valuable contribution since joining the Corporation in 1981. Thomas M. Gregorich was appointed to succeed Mr. Feldman.

W. Stephen Coleman was appointed vice president of marketing of the Business Forms & Systems division of Moore Business Forms, Inc.

Thomas E. Rayfield, vice president and comptroller of the Business Forms & Systems division of Moore Business Forms, Inc., retired following an outstanding forty-four year career. Patrick J. Allin was appointed to succeed Mr. Rayfield.

L. Michael McFarland was appointed general manager of the newly created Information Distribution Services division in the United States.

The following changes occurred within the Moore International division.

Charles E. Smith was appointed chief executive, Australia.

Desmond K. Valentine was appointed regional general manager, Caribbean.

**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 Dividend Reinvestment Plan provides for dividend reinvestment, whereby the amount of the dividend otherwise receivable in cash (less any applicable withholding tax) is used to acquire shares 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 to 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

**Corporate Office**

1 First Canadian Place, P.O. Box 78, Toronto, Canada M5X 1G5 Telephone 416-364-2600

**Transfer Agents**

National Trust Company, 4 King Street West, Toronto M5H 3W7

2000 McGill College Avenue, Montreal H3A 3H4

250 Portage Avenue, Winnipeg R3C 0B5

Home Oil Tower, Suite 1008, 324-8th Avenue S.W., Calgary T2P 2Z2

Park Place Tower, Suite 900, 666 Burrard Street, Vancouver V6C 2Z9

Manufacturers Hanover Trust Company, 450 West 33rd Street, New York, N.Y. 10001

