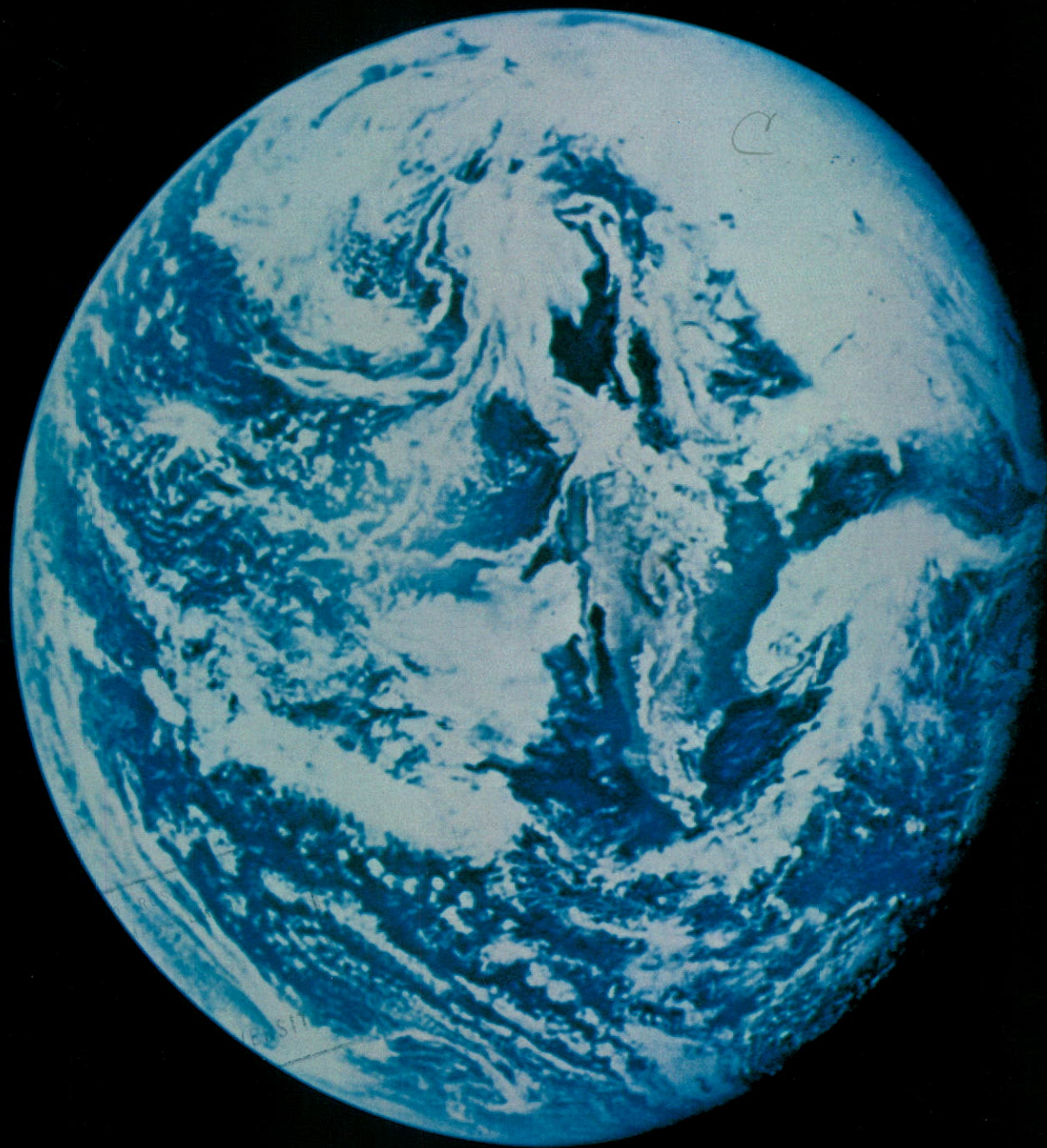


Moore Corporation Limited • Annual Report 1977



Contents

PAGE	
1	FINANCIAL HIGHLIGHTS
3	REPORT TO THE SHAREHOLDERS
4	REVIEW OF OPERATIONS
8	CONSOLIDATED FINANCIAL STATEMENTS
15	AUDITORS' REPORT
16	TEN-YEAR SUMMARY
18	THE WORLD OF MOORE TODAY
24	DIRECTORS AND OFFICERS

Financial Highlights

Expressed in United States currency

	<u>1977</u>	<u>1976</u>
SALES	\$1,183,890,000	\$1,053,241,000
EARNINGS BEFORE INCOME TAXES, MINORITY INTERESTS, UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS AND EXTRAORDINARY ITEMS	\$ 165,108,000	\$ 148,711,000
Per dollar of sales	13.9c	14.1c
INCOME TAXES	\$ 86,862,000	\$ 77,688,000
Per dollar of sales	7.3c	7.4c
UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS	\$ 2,356,000	\$ (4,638,000)
Per share	\$.09	\$ (.17)
EXTRAORDINARY ITEMS	\$ 1,033,000	\$ 1,212,000
Per share	\$.04	\$.04
NET EARNINGS	\$ 76,792,000	\$ 60,421,000
Per dollar of sales	6.5c	5.7c
Per share	\$ 2.74	\$ 2.16
DIVIDENDS	\$ 33,624,000	\$ 33,624,000
Per share	\$ 1.20	\$ 1.20
EARNINGS RETAINED IN BUSINESS	\$ 43,168,000	\$ 26,797,000
CURRENT ASSETS	\$ 501,685,000	\$ 452,975,000
CURRENT LIABILITIES	196,036,000	137,232,000
WORKING CAPITAL	\$ 305,649,000	\$ 315,743,000
Ratio of current assets to current liabilities	2.6 to 1	3.3 to 1
SHAREHOLDERS' EQUITY	\$ 464,074,000	\$ 424,139,000
Per share	\$ 16.56	\$ 15.14
Shares outstanding (Note 11)	28,020,646	28,020,646
EXPENDITURES FOR FIXED ASSETS	\$ 32,207,000	\$ 30,214,000



R. W. Hamilton, *President*

D. W. Barr, *Chairman*

Aided by record operating results in the fourth quarter, Moore, in 1977, reached the highest sales and earnings in its history. Sales of \$1,183.9 million increased 12.4% from \$1,053.2 million in 1976, reflecting improved economic conditions in most of the geographic areas served by the Corporation's operating subsidiaries. While the business forms industry continued to be highly competitive throughout the year, some improvement in price levels was possible reducing the impact of increased costs on operating results.

Earnings before extraordinary items, increased 26.3% to a record \$77.8 million or \$2.78 per share from \$61.6 million or \$2.20 per share in 1976. After deducting extraordinary items of \$1.0 million or 4¢ per share in 1977 (\$1.2 million or 4¢ per share in 1976) net earnings were \$76.8 million or \$2.74 per share for the year, compared with \$60.4 million or \$2.16 per share in 1976, an increase of 27.1%. Costs recorded as extraordinary items in 1977 reflect a decision to discontinue the production of the fanfold product line in North America and of the multiple-use carbon and related product lines in Europe. Earnings in 1977 include an unrealized foreign exchange gain of \$2.4 million or 9¢ per share compared with a loss of \$4.6 million or 17¢ per share in 1976.

Before interest expense, income from operations of the international group of subsidiaries, shown on page 5, increased 26.8%. Further improvement is expected in 1978 as the benefits of the reorganization of the international operating units, which began in late 1976, continue to be realized. Research and Marketing input into these operations is being given special emphasis.

Effective January 1, 1978 the executive management of Moore Business Forms, Inc. was restructured. The previous divisional management organization has been consolidated and responsibility for the business forms operations in the United States placed with a centralized senior executive management with offices in Glenview, Illinois. This change will improve customer service, particularly to the growing number of national accounts, permit faster response to market requirements and increase operating efficiency.

Market acceptance of Moore Clean Print, a patented carbonless product, has been excellent. Production facilities in North America are being expanded, equipment is being installed in France to service European requirements, and installations are scheduled for Japan and Australia. While current usage is primarily in the stock continuous product line, there is every indication that a large segment of specially printed business forms, using one-time carbon, also will be converted to carbonless forms. This program reflects a major effort by Moore Research which continues to effect improvements in both the product offering and the manufacturing process. Moore is in a very favourable position to increase its share of the expanding market for carbonless forms.

The Moore product offering to the Direct Marketing industry continues to broaden and gain customer acceptance as new applications are developed. Service to the fast growing Computer Graphics market was extended with the opening of a new plant in San Diego, California in September 1977. Above average growth in sales and earnings in both these fields is expected to continue.

Acquisitions completed in 1977 are covered in the comments on operations. An active Corporate Development program continues to seek additional growth opportunities for the Corporation with the objective of providing an expanded service in the recording, communication, retention and retrieval of business data.

Competing technologies, including non-impact printers and the use of micro graphics, are expected to slow the overall rate of growth in demand for business forms. The effect on Moore however, should be limited. The forecast growth in small business computers is expected to generate a new multi-million dollar market for forms and Moore expects to capture a major share of this market. In addition, the efforts of Corporate Marketing and Research in developing new business systems applications will contribute to the continued growth of existing product lines.

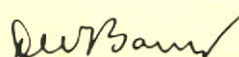
In the report on 1976 operating results, reference was made to the formation of a wholly-owned subsidiary in the Netherlands, Moore International B.V., to which ownership of the Corporation's principal interest in the United States had been transferred. In 1977, ownership of most of the overseas subsidiaries of Lamson Industries Limited was transferred to Moore International B.V. following acquisition of the minority interest in Lamson. The Netherlands subsidiary was established to facilitate the financing of foreign operations and to provide coordination of Moore technology in the areas of research, marketing and production. In addition, the foregoing organizational changes should reduce overall taxes on the earnings of the Corporation effective in 1978.

At a meeting of the Board of Directors in February 1978, a ten percent increase in the quarterly dividend from 30¢ to 33¢ per share was approved, effective with the dividend payable April 1, 1978.

Weather conditions in the United States, coupled with a power shortage resulting from the coal strike, could have an adverse effect on operations in the first quarter of 1978. This should be a temporary situation and it is anticipated that results for the full year will set new records in sales and earnings.

The record operating results achieved in 1977 reflect the dedicated effort of all employees of the Corporation. For this dedication and for the continued support of its customers and suppliers, the Corporation expresses sincere appreciation.

On behalf of the Board,



D. W. BARR
Chairman



R. W. HAMILTON
President

March 9, 1978

Review of Operations for the Year

MOORE CORPORATION LIMITED 77 ANNUAL REPORT

All figures are expressed in United States currency

Sales

Consolidated sales in 1977 totalled \$1,183.9 million, an increase of \$130.7 million or 12.4% over sales of \$1,053.2 million in 1976.

A comparative analysis of sales by product and by geographic area follows:

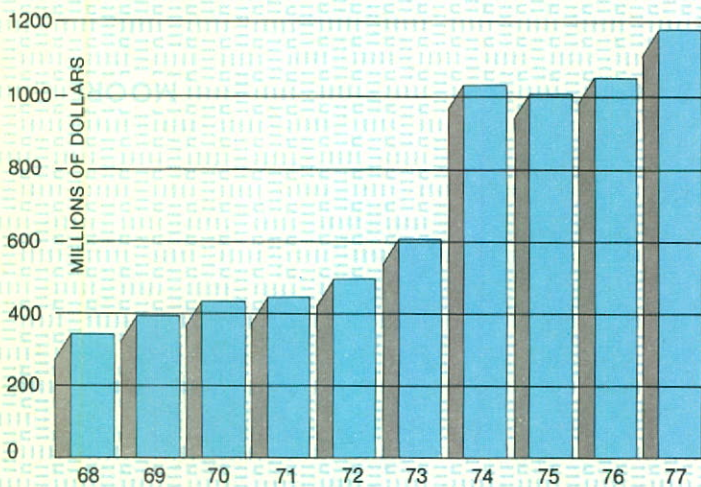
	1977		1976	
Sales by product: (millions)				
Business forms and related products	\$1,128.0	95%	\$ 996.8	95%
Custom packaging	55.9	5	56.4	5
	<u>\$1,183.9</u>	<u>100%</u>	<u>\$1,053.2</u>	<u>100%</u>
Sales by geographic area: (millions)				
North America				
United States	\$ 747.4	63%	\$ 667.9	63%
Canada	114.5	10	109.7	10
International				
Continental Europe	137.1	12	116.3	11
Great Britain	89.5	7	72.1	7
Australasia	43.7	4	37.9	4
Latin America and the Caribbean	36.9	3	31.3	3
Africa	13.6	1	15.1	2
Other countries	1.2	—	2.9	—
	<u>\$1,183.9</u>	<u>100%</u>	<u>\$1,053.2</u>	<u>100%</u>

Earnings

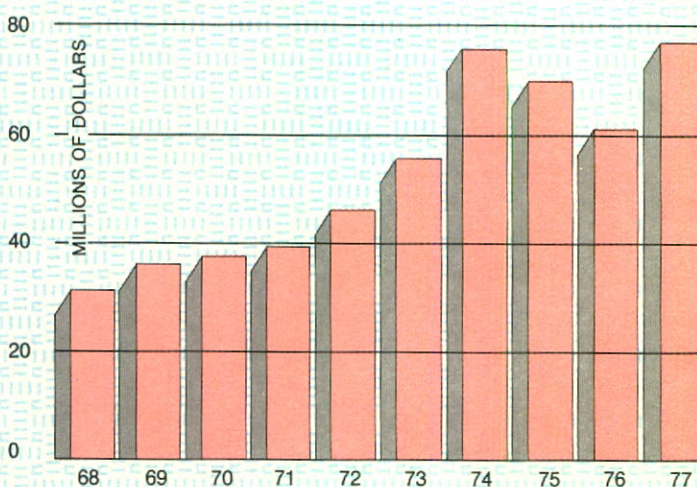
Consolidated net earnings in 1977 totalled \$76.8 million, equal to \$2.74 per share, an increase of \$16.4 million or 27.1% over consolidated net earnings of \$60.4 million and \$2.16 per share in 1976.

During 1977 the Australian, New Zealand, and most European currencies strengthened against the United States dollar. Conversely, the Swedish krona, the Canadian dollar, the Brazilian cruzeiro and

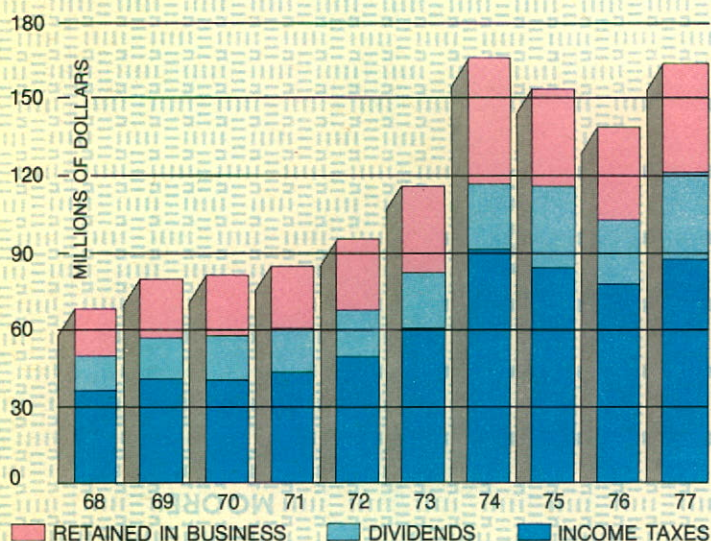
Sales



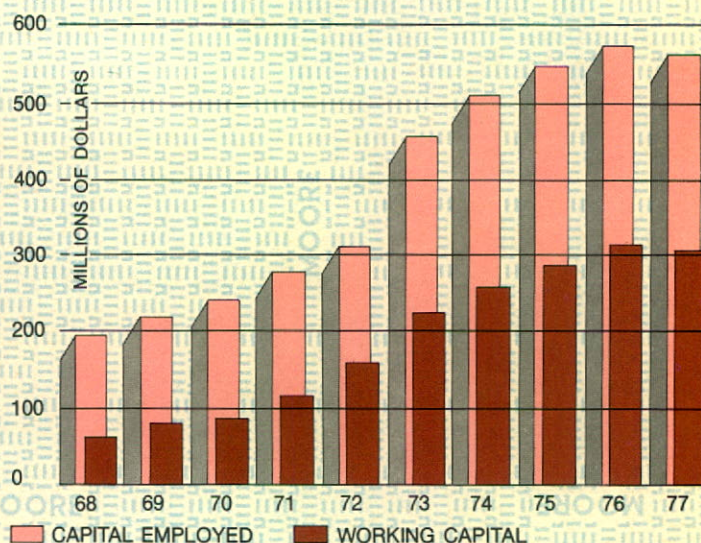
Net Earnings



Distribution of Earnings



Capital Employed and Working Capital



the Mexican peso all declined in value in relation to the United States dollar. The net effect of these currency fluctuations produced an unrealized foreign exchange gain of \$2.4 million, the equivalent of 9¢ per share. In 1976, unrealized foreign exchange adjustments reduced net earnings by \$4.6 million or 17¢ per share. Foreign exchange adjustments are described further in notes 1 and 10 to the consolidated financial statements.

Extraordinary items in 1977, totalling \$1.0 million or 4¢ per share, consist of costs related to the decision to discontinue the production of the fanfold product in North America and the plan to phase out the multiple-use carbon and related products in Europe. Net earnings in 1976 were reduced by extraordinary items totalling \$1.2 million or 4¢ per share.

The distribution of the Corporation's sales and income from operations between North America (United States and Canada) and its International operations follows: (millions)

	Sales		Income from Operations	
	1977	1976	1977	1976
North America	\$ 861.9	\$ 777.6	\$ 141.2	\$ 129.0
International	322.0	275.6	28.4	22.4
	1,183.9	1,053.2	169.6	151.4
Interest expense			10.7	9.0
	\$1,183.9	\$1,053.2	\$ 158.9	\$ 142.4

Dividends and Retained Earnings

In 1977 dividends totalled \$33.6 million, being four quarterly dividends of 30¢ per share or an annual rate of \$1.20 per share, unchanged from 1976. Net earnings retained in the business totalled \$43.2 million.

Consolidated Balance Sheet

The consolidated balance sheet continues to reflect a sound financial position for the Corporation.

Working capital decreased by \$10.1 million during the year to \$305.6 million as at December 31, 1977 and the ratio of current assets to current liabilities declined to 2.6:1 from 3.3:1. These changes reflect the acquisition of the minority interest in Lamson Industries Limited that was financed with short-term bank loans. Additional factors contributing to the reduction in working capital are shown in the consolidated statement of changes in financial position on page 11.

In January 1978, as explained in note 12, short-term bank loans in the amount of \$42.0 million were retired through the sale of short-term securities.

Expenditures for fixed assets in the year were \$32.2 million compared with \$30.2 million in 1976. A comparative analysis of the 1977 and 1976 expenditures follows: (millions)

	Land and Buildings		Machinery and Equipment	
	1977	1976	1977	1976
United States	\$ 5.1	\$ 3.3	\$11.3	\$12.5
Canada . . . . .	.1	.1	3.2	4.5
Continental Europe . . . . .	.7	.5	5.7	4.6
Great Britain . . . . .	.3	.3	2.7	1.8
Australasia . . . . .	.4	.1	1.2	1.0
Latin America and the Caribbean	—	—	.6	1.1
Africa	—	—	.6	.3
Other countries	—	—	.3	.1
	<u>\$ 6.6</u>	<u>\$ 4.3</u>	<u>\$25.6</u>	<u>\$25.9</u>

The values shown for fixed assets in the consolidated balance sheet, including the reduction in the value of land, along with the increase in the value assigned to the 500,000 Moore common shares held by a subsidiary corporation, include adjustments arising from the acquisition of the minority interest in Lamson Industries Limited.

Acquisitions and Investments

In January 1977, Moore Business Forms, Inc., a subsidiary of the Corporation, acquired International Graphics Corporation of Minneapolis, Minnesota, for a cash consideration of \$11.3 million. Subsequently, this subsidiary was merged into Moore Business Forms, Inc., and operates as the computer graphics division.

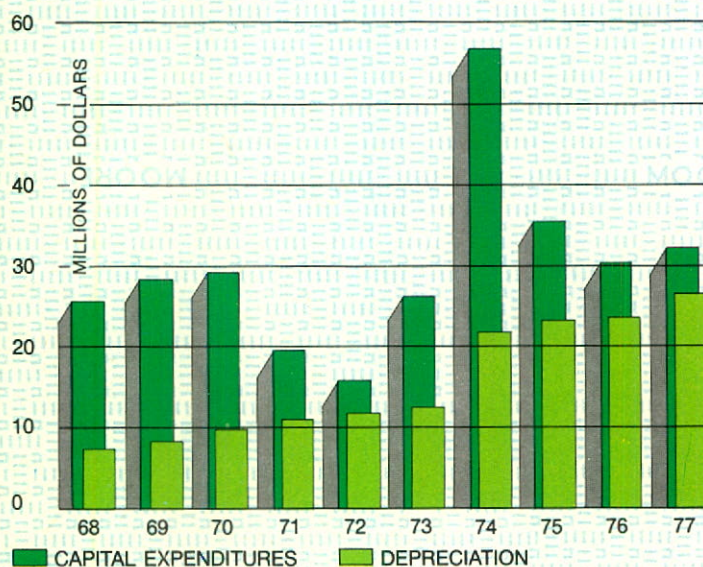
Purchase of all the outstanding preference and ordinary shares of Lamson Industries Limited, not previously owned by the Corporation, was completed during the year for a cash consideration of \$43.2 million. Following this acquisition, ownership of most of the overseas subsidiaries of Lamson was transferred to Moore International B.V. in the Netherlands and Lamson Industries Limited was renamed Moore Business Forms Limited.

During the year, a wholly-owned subsidiary of Moore International B.V., Moore Paragon Norge A.S., was formed in Norway and this company acquired the business forms assets and trading operations of a former associated company in Norway, with effect from January 1, 1977, for a cash consideration of \$2.0 million.

Reid Dominion Packaging Limited, the Corporation's Canadian custom packaging subsidiary acquired the assets and business of the Flexible Packaging Division of E. B. Eddy Forest Products Ltd. in Hamilton, Ontario for a cash consideration of \$4.0 million. In addition, in January 1978, Reid Dominion Packaging Limited acquired all of the shares of Duncan Lithographing Company Limited for cash of \$1.1 million.

Toppan Moore Business Forms Co., Ltd., an associated company in Japan, issued additional shares in 1977 to finance its continued growth. The Corporation acquired 450,000 of these shares at a cost of \$8 million to maintain its equity interest in this company at 45%.

Capital Expenditures and Depreciation



Distribution of Revenue

	1977	1976
Sales and investment and other income	100.0%	100.0%
Used as follows:		
Wages, salaries, employee benefits	32.6	32.0
Materials, supplies and services	50.8	51.1
Depreciation	2.2	2.2
Taxes—income, property and other	7.8	8.1
Allocated to minority interests . . . . .	.2	.4
Unrealized foreign exchange adjustments	(.1)	.4
Extraordinary items . . . . .	.1	.1
Dividends	2.8	3.2
Retained in business	3.6	2.5

Directors, Officers and Executives

Effective December 31, 1977, Bernard H. Pearce retired as a director of the Corporation having served with distinction since 1967. Mr. Pearce was formerly chairman of Lamson Industries Limited.

Cedric E. Ritchie has been appointed a director to succeed Mr. Pearce. Mr. Ritchie is chairman of the board, president and chief executive officer of The Bank of Nova Scotia.

Frank W. Woods retired as vice-president and secretary at the end of the year after thirty-one years of loyal and valued service. James H. Findlay, director of employee relations, has been appointed secretary to succeed Mr. Woods.

Jean-Paul R. M. Evans was appointed a senior vice-president of Moore Corporation Limited. Mr. Evans continues as chairman of Moore Business Forms Limited, London, England and is also a director and officer of Moore International B.V., The Hague, Netherlands.

Wilbur M. Nichols was appointed managing director and chief executive officer of Moore Business Forms Limited, London, England and of Moore International B.V., The Hague, Netherlands.

The executive management of Moore Business Forms, Inc. was restructured effective January 1, 1978, placing responsibility for the business forms operations in the United States with a senior executive group located in Glenview, Illinois. Stanley D. Waltman was

appointed executive vice-president of Moore Business Forms, Inc., with the following senior executives reporting to him:

Henry P. Cooper	—Vice-President and Director of Marketing
M. Keith Goodrich	—Vice-President and Director of Information Services
John A. Heist	—Vice-President and Director of Human Resources
Joseph B. McArthur	—Vice-President and Comptroller
Chester H. Naukam	—Vice-President and Director of Sales
Lee C. Rumph	—Vice-President and Director of Manufacturing

Maurice O. Beverley, vice-president of Moore Business Forms, Inc., has moved to Toronto and reports to the President with major responsibility for coordinating special products operations, effective January 1, 1978.

Shareholders

At the end of 1977 there were 20,059 Moore shareholders including 6,179 institutional investors. The latter comprise mutual funds, other investment companies, insurance companies as well as banks, and pension trusts. Ownership of the shares of the Corporation continues to be widely distributed.

Consolidated Balance Sheet

MOORE CORPORATION LIMITED **77** ANNUAL REPORT

Expressed in United States currency

	AS AT DECEMBER 31	
	1977	1976
Assets		
CURRENT ASSETS		
Cash	\$ 9,540,000	\$ 10,130,000
Short-term securities, at cost which is approximate market value (Note 12)	86,789,000	88,298,000
Accounts receivable	231,137,000	197,383,000
Inventories	168,292,000	152,125,000
Prepaid expenses	5,927,000	5,039,000
TOTAL CURRENT ASSETS	501,685,000	452,975,000
FIXED ASSETS		
Land	18,337,000	23,305,000
Buildings	118,049,000	112,219,000
Machinery and equipment	360,622,000	340,035,000
	497,008,000	475,559,000
Less: Accumulated depreciation	207,032,000	190,247,000
	289,976,000	285,312,000
INVESTMENT IN ASSOCIATED CORPORATIONS (Note 2)	9,203,000	7,926,000
OTHER ASSETS (Note 3)	19,013,000	18,049,000
	\$819,877,000	\$764,262,000

AS AT DECEMBER 31

1977

1976

Liabilities

CURRENT LIABILITIES

Bank loans (Note 12)	\$ 58,802,000	\$ 18,498,000
Accounts payable and accruals	108,690,000	95,366,000
Dividends payable	8,406,000	8,406,000
Accrued income taxes	20,138,000	14,962,000
TOTAL CURRENT LIABILITIES	196,036,000	137,232,000

LONG-TERM DEBT (Note 4) 90,780,000 90,417,000

DEFERRED INCOME TAXES AND LIABILITIES (Note 5) 60,406,000 52,800,000

EQUITY OF MINORITY SHAREHOLDERS IN SUBSIDIARY CORPORATIONS (Note 6) 8,581,000 59,674,000

355,803,000 340,123,000

Shareholders' Equity

COMMON SHARES (Note 7)

Authorized 31,779,264 shares without par value

Issued and outstanding 28,520,646 shares 33,770,000 33,770,000

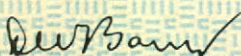
RETAINED EARNINGS 448,145,000 404,977,000

481,915,000 438,747,000

Less: Cost of 500,000 shares of the Corporation held by a subsidiary corporation 17,841,000 14,608,000

464,074,000 424,139,000

Approved by the Board of Directors: **\$819,877,000** \$764,262,000

 Director

 Director

Consolidated Statement of Earnings

MOORE CORPORATION LIMITED **77** ANNUAL REPORT

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1977	1976
Sales	\$1,183,890,000	\$1,053,241,000
Cost of sales, selling and administrative expenses	998,597,000	887,426,000
Depreciation	26,399,000	23,388,000
	1,024,996,000	910,814,000
Income from operations	158,894,000	142,427,000
Investment and other income	6,214,000	6,284,000
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	165,108,000	148,711,000
Income taxes	86,862,000	77,688,000
Minority interests (Note 10)	2,777,000	4,752,000
Earnings before unrealized foreign exchange adjustments and extraordinary items	75,469,000	66,271,000
Unrealized foreign exchange adjustments (Note 10)	2,356,000	(4,638,000)
Earnings before extraordinary items	77,825,000	61,633,000
Extraordinary items (Note 14)	1,033,000	1,212,000
NET EARNINGS.	\$ 76,792,000	\$ 60,421,000
EARNINGS PER SHARE (Note 11)		
Before extraordinary items	\$2.78	\$2.20
After extraordinary items	\$2.74	\$2.16

Consolidated Statement of Retained Earnings

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1977	1976
Balance at beginning of year	\$ 404,977,000	\$ 378,180,000
Net earnings	76,792,000	60,421,000
	481,769,000	438,601,000
Dividends (\$1.20 per share)	33,624,000	33,624,000
BALANCE AT END OF YEAR	\$ 448,145,000	\$ 404,977,000

Consolidated Statement of Changes in Financial Position

77

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1977	1976
Sources of Working Capital		
Earnings before extraordinary items	\$ 77,825,000	\$ 61,633,000
Items not requiring current outlays of working capital, principally depreciation, deferred income taxes and minority interests	29,919,000	30,285,000
Working capital from operations	107,744,000	91,918,000
Extraordinary items	—	2,679,000
Additions to long-term debt	6,518,000	5,281,000
Sale of fixed assets	4,073,000	2,261,000
Common shares issued	—	64,000
United Kingdom Advance Corporation Tax	1,417,000	—
Other sources	721,000	744,000
	120,473,000	102,947,000
Applications of Working Capital		
Expenditure for fixed assets	32,207,000	30,214,000
Dividends	33,624,000	33,624,000
Dividends paid by subsidiaries to minority interests	601,000	1,932,000
Acquisition of minority interest in subsidiary corporation	43,207,000	—
Investment in subsidiary corporations net of working capital acquired	13,409,000	—
Investment in associated corporations	810,000	—
Deferred charges	1,232,000	1,227,000
Reductions in long-term debt	3,498,000	6,577,000
United Kingdom Advance Corporation Tax	—	460,000
Extraordinary items	1,033,000	—
Other applications	946,000	889,000
	130,567,000	74,923,000
INCREASE (DECREASE) IN WORKING CAPITAL	(10,094,000)	28,024,000
WORKING CAPITAL AT BEGINNING OF YEAR	315,743,000	287,719,000
WORKING CAPITAL AT END OF YEAR	\$305,649,000	\$315,743,000

YEAR ENDED DECEMBER 31, 1977 (Expressed in United States currency)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Principles of consolidation:

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

The consolidated financial statements include the accounts of Moore Corporation Limited and all of its subsidiary corporations and 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 assets, liabilities and earnings are located or originate in the United States. Canadian and other currencies have been translated into United States currency on the following bases:

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

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

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

Net unrealized losses arising on translation of foreign currencies are charged to earnings. Net unrealized gains are deferred and included in accounts payable and accruals to the extent they exceed any losses previously charged to earnings.

Realized exchange gains or losses are included in earnings.

Inventories:

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

Fixed assets and depreciation:

Fixed assets are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives, generally using the straight-line method.

The estimated useful lives of buildings range from 20 to 50 years and of machinery and equipment from 5 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 represents the net excess of the cost of shares in subsidiaries over the book value of their net assets at date of acquisition, less the portion thereof allocated to tangible assets, and is being amortized by the straight-line method over a period of forty years.

Amortization of deferred costs:

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

Income taxes:

The Corporation accounts for income taxes on the tax allocation basis which relates income taxes to the accounting income for the year.

The Corporation provides for withholding taxes on the undistributed earnings of subsidiaries only if plans exist to declare dividends in the future which would be in excess of a subsidiary's anticipated future earnings. In the absence of this condition, existing retained earnings are considered to have been reinvested indefinitely by the subsidiaries.

NOTE 2 INVESTMENT IN ASSOCIATED CORPORATIONS

	1977	1976
Toppan Moore Business Forms Co., Ltd. (45% owned)	\$7,912,000	\$6,857,000
Moore Business Forms de Centro America, S.A. (49% owned)	1,013,000	839,000
Formularios y Procedimientos Moore, S.A. (49% owned)	278,000	230,000
	<u>\$9,203,000</u>	<u>\$7,926,000</u>

During 1977, the Corporation subscribed for additional shares of Toppan Moore Business Forms Co., Ltd. at a cost of \$810,000, thereby maintaining its equity interest at 45%.

NOTE 3 OTHER ASSETS

Other assets include goodwill, less amortization, amounting to \$10,690,000 (1976—\$10,819,000).

NOTE 4 LONG-TERM DEBT

	1977	1976
Moore Corporation Limited		
6% Convertible Subordinated Debentures due 1994 (Cdn. \$50,000,000)	\$45,705,000	\$49,564,000
Bank loan repayable in 1982 bearing interest at $\frac{5}{8}$ of 1% over the London Interbank Offering rate existing from time to time (55,029,000 French francs)	11,710,000	—
Moore Business Forms, Inc.		
7.90% Senior Notes due 1996	20,000,000	20,000,000
6.75% Promissory Note due 1986	2,810,000	3,067,000
Other	1,015,000	1,205,000
Other Subsidiaries		
Secured loans	3,871,000	3,991,000
Unsecured loans	5,669,000	12,590,000
	\$90,780,000	\$90,417,000

The 6% Convertible Subordinated Debentures are convertible at any time until April 1, 1984 into Common shares at a rate of 17 shares per \$1,000 (Cdn.) principal amount of debentures. Under certain circumstances debentures are redeemable from April 1, 1978 in accordance with the provisions and sinking fund requirements specified in the trust agreement. The trust agreement provides for a sinking fund, in respect of the retirement of the debentures, to commence in 1985.

The Promissory Note is secured by mortgages on certain properties.

The long-term debt of other subsidiaries bears interest at rates ranging from 3% to 15%. These debts mature on varying dates up to 1992. Loans amounting to \$7,342,000 are payable in currencies other than United States dollars and loans of \$3,871,000 are secured by assets of nine subsidiaries.

Payments of \$1,974,000 at December 31, 1977 and \$1,830,000 at December 31, 1976 on long-term debt due within one year are included in accounts payable and accruals.

For the years 1979 through 1982 payments required on long-term debt are as follows: 1979—\$3,330,000; 1980—\$2,207,000; 1981—\$2,404,000; 1982—\$14,355,000.

NOTE 5 DEFERRED INCOME TAXES AND LIABILITIES

Deferred income taxes amount to \$42,286,000 at December 31, 1977 and \$40,158,000 at December 31, 1976. Deferred liabilities include \$15,672,000 (1976—\$12,170,000) for pensions under unfunded retirement plans of Moore Business Forms Limited (formerly Lamson Industries Limited) and certain other overseas subsidiaries (Note 8).

NOTE 6 EQUITY OF MINORITY SHAREHOLDERS IN SUBSIDIARY CORPORATIONS

During the year the Corporation, through its wholly-owned subsidiary Moore Business Forms Holdings U.K. Limited, acquired all the ordinary and preferred shares representing the minority interest in the equity of Moore Business Forms Limited (formerly Lamson Industries Limited) at a cost of \$43,207,000. The difference of \$3,782,000 between the purchase price and the fair market value of the net assets underlying the minority interest so acquired has been accounted for as a reduction of goodwill.

NOTE 7 COMMON SHARES

At December 31, 1977, Moore Business Forms Limited (formerly Lamson Industries Limited) held 500,000 shares of the Corporation, and upon consolidation the cost of these shares to the Corporation has been deducted from shareholders' equity.

During 1977, no shares were purchased by holders of options previously granted under the terms of the Executive Stock Option Plan. Options expire on various dates not more than ten years from the dates granted, and the option price per share is the market value on the date of the grant. Details of the options outstanding at December 31, 1977 are as follows:

Year granted	Price per share in Canadian currency	Number of shares
1973	\$49.38	19,400
1976	34.94	54,500

As required by the provisions of the trust agreement relating to the 6% Convertible Subordinated Debentures, 850,000 authorized shares are reserved to meet the conversion privilege of the debentures.

NOTE 8 RETIREMENT PLANS

Based on the latest reports of independent consulting actuaries on the Corporation's United States and Canadian retirement plans, all vested benefits are fully funded and it is estimated that the obligations for pension benefits expected to accrue and vest in the future which are related to prior service approximate \$61,200,000 as at December 31, 1977 (1976—\$49,800,000). Consistent with preceding years, these obligations will be recorded in the accounts and funded by annual payments over periods not exceeding twenty-four years.

Effective November 7, 1977, a special supplementary pension plan was established under which eligible employees were given the opportunity to elect early retirement by the end of the year. The maximum obligation arising from this plan amounts to \$15,427,000 and will be payable and recorded as an expense over four years commencing in 1978.

Funded contributory retirement plans are available for employees in the United Kingdom, Australia, New Zealand and South Africa. Current service costs under these plans are being charged to earnings and funded annually. In other countries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans.

Pensionable service prior to January 1, 1969 in the United Kingdom and prior to April 1, 1972 in South Africa, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation which is unfunded. The deferred liability for pensions referred to in Note 5 relates to this prior service obligation.

NOTE 9 CONSOLIDATED STATEMENT OF EARNINGS

The consolidated statement of earnings includes the following:

	1977	1976
Remuneration paid to directors and senior officers	\$ 804,000	\$ 821,000
Pension plan expense	13,610,000	12,313,000
Interest on long-term debt	6,300,000	6,825,000
Other interest expense	4,351,000	2,206,000
Amortization of deferred production engineering costs	388,000	818,000
Amortization of deferred debenture costs	129,000	129,000
Amortization of goodwill	361,000	292,000
Deferred income taxes	2,304,000	4,677,000
Equity in earnings of associated corporations	994,000	1,132,000

NOTE 10 UNREALIZED FOREIGN EXCHANGE ADJUSTMENTS

In accordance with the accounting policy summarized in Note 1, current assets, current liabilities, pension liabilities, long-term receivables and long-term debt in Canadian and other currencies are translated into United States currency at the year-end rates of exchange.

The resulting unrealized foreign exchange adjustments are shown net of \$71,000 (1976—\$1,771,000), being the minority interests therein.

NOTE 11 EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

The earnings per share calculations are based on the weighted average of the shares outstanding during the year after eliminating the 500,000 shares held by a subsidiary corporation and after crediting the holders of the minority interest of that corporation with their portion to May 1977 of the earnings of the Corporation attributable to those shares.

If it were assumed that at the beginning of the year the 6% Convertible Subordinated Debentures had been converted into shares and all outstanding stock options had been exercised with the funds derived therefrom yielding an annual return of 4% net of tax, the earnings per share for the year would have been \$2.69 (1976—\$2.13).

NOTE 12 SUBSEQUENT EVENTS

On January 16, 1978, short-term securities in the amount of \$41,995,000 were liquidated and the proceeds used to retire short-term bank loans of the same amount. On January 6, 1978, for a cash consideration of approximately \$1,140,000, Reid Dominion Packaging Limited, the Corporation's Canadian custom packaging subsidiary, acquired all of the outstanding shares of Duncan Lithographing Company Limited.

NOTE 13 LITIGATION

On February 18, 1976, F. N. Burt Company, Inc., a wholly-owned subsidiary of the Corporation, and twenty-two other manufacturers of folding cartons were named as defendants in an indictment brought by the United States charging violations of Federal antitrust law in the pricing of folding cartons. The United States has also filed a civil injunctive action and a double damage suit against the companies making the same charges. F. N. Burt Company, Inc., along with twenty-one other defendants, pleaded nolo contendere under the criminal antitrust action and fines ranging up to \$50,000, the maximum then provided by Federal antitrust law, were assessed. F. N. Burt Company, Inc. was fined \$30,000.

Based upon the same charges, numerous private treble damage actions are pending against the indicted companies and several other folding carton manufacturers. A class of claimants consisting of those who purchased folding cartons from the defendants has been certified and notified. In the current pretrial discovery stage of proceeding in these damage suits and because of the uncertainty inherent in litigation of this type, the ultimate cost to F. N. Burt Company, Inc. of an unfavourable disposition of these cases is presently not determinable. Management anticipates that the eventual disposition of these lawsuits will not involve liability to F. N. Burt Company, Inc. which would be material to the business or the financial position of the Corporation.

NOTE 14 EXTRAORDINARY ITEMS

	1977	1976
Provision for costs arising from the planned phasing out of certain operations, net of income tax of \$449,000 (1976—\$306,000)	\$1,033,000	\$ 431,000
Loss on the sale of property in the United Kingdom, after related tax adjustments of \$148,000	—	781,000
	\$1,033,000	\$1,212,000

In 1976, the extraordinary items are shown net of the minority interest therein. No minority interest is applicable to the 1977 item.

NOTE 15 CANADIAN ANTI-INFLATION PROGRAM

The Corporation believes that it has complied with the anti-inflation program of the Government of Canada. The Canadian operations of the Corporation will remain subject to the Government's program of controls until the end of 1978.



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(416) 863-1133 Telex 065-24111

March 9, 1978

To The Shareholders of
Moore Corporation Limited:

We have examined the consolidated balance sheet of Moore Corporation Limited as at December 31, 1977 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Moore Corporation Limited and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of other auditors who have examined the financial statements of other subsidiaries.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse + Co.
Chartered Accountants

Ten-Year Summary

MOORE CORPORATION LIMITED **77** ANNUAL REPORT

Expressed in United States currency in thousands of dollars

Income Statistics

	1977	1976	1975	1974
Sales	\$1,183,890	\$1,053,241	\$1,005,610	\$1,032,192
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	165,108	148,711	159,797	173,324
Per dollar of sales	13.9¢	14.1¢	15.9¢	16.8¢
Income taxes	86,862	77,688	83,597	91,825
Per dollar of sales	7.3¢	7.4¢	8.3¢	8.9¢
Earnings before extraordinary items	77,825	61,633	69,512	72,725
Per dollar of sales	6.6¢	5.9¢	6.9¢	7.0¢
Per share	\$ 2.78	\$ 2.20	\$ 2.48	\$ 2.60
Net earnings	76,792	60,421	69,512	74,725
Per dollar of sales	6.5¢	5.7¢	6.9¢	7.2¢
Per share	\$ 2.74	\$ 2.16	\$ 2.48	\$ 2.67
Dividends	33,624	33,624	33,621	26,894
Per share	\$ 1.20	\$ 1.20	\$ 1.20	96.0¢
Earnings retained in business	43,168	26,797	35,891	47,831

Balance Sheet and Other Statistics

	1977	1976	1975	1974
Current assets	\$ 501,685	\$ 452,975	\$ 424,105	\$ 443,393
Current liabilities	196,036	137,232	136,386	181,317
Working capital	305,649	315,743	287,719	262,076
Ratio of current assets to current liabilities	2.6 to 1	3.3 to 1	3.1 to 1	2.4 to 1
Fixed assets (net)	289,976	285,312	287,589	277,362
Shareholders' equity	464,074	424,139	397,278	358,398
Per share	\$ 16.56	\$ 15.14	\$ 14.18	\$ 12.79
Number of shareholders	20,059	20,036	20,198	20,668
Number of employees	27,045	25,964	26,279	29,535

1973	1972	1971	1970	1969	1968
\$607,129	\$499,400	\$448,944	\$431,841	\$398,836	\$341,275
115,533 19.0¢	95,451 19.1¢	83,708 18.7¢	79,563 18.4¢	78,151 19.6¢	67,398 19.7¢
60,407 9.9¢	49,429 9.9¢	43,886 9.8¢	42,032 9.7¢	42,439 10.6¢	36,524 10.7¢
54,896 9.0¢ \$ 1.93	46,022 9.2¢ \$ 1.62	39,822 8.9¢ \$ 1.40	37,531 8.7¢ \$ 1.32	35,712 9.0¢ \$ 1.26	30,874 9.0¢ \$ 1.09
55,760 9.2¢ \$ 1.96	46,022 9.2¢ \$ 1.62	39,822 8.9¢ \$ 1.40	37,531 8.7¢ \$ 1.32	35,712 9.0¢ \$ 1.26	30,874 9.0¢ \$ 1.09
21,970 77.5¢	19,199 67.5¢	17,056 60.0¢	16,326 57.5¢	13,819 48.8¢	12,747 45.0¢
33,790	26,823	22,766	21,205	21,893	18,127

1973	1972	1971	1970	1969	1968
\$346,328	\$206,953	\$162,056	\$150,839	\$138,270	\$120,984
116,719	53,889	43,539	63,379	56,056	45,123
229,609 3.0 to 1	153,064 3.8 to 1	118,517 3.7 to 1	87,460 2.4 to 1	82,214 2.5 to 1	75,861 2.7 to 1
246,399	152,813	149,675	142,146	123,923	104,201
310,020 \$ 11.07	288,652 \$ 10.15	261,569 \$ 9.20	238,228 \$ 8.39	216,525 \$ 7.63	193,222 \$ 6.82
21,303	21,537	22,326	23,636	23,225	21,811
28,760	16,431	15,783	16,630	16,717	14,899



Business Forms products are marketed under the Moore name throughout the world. This Moore representative in Paris assists customers in designing forms and systems to suit their individual needs.

Today Real Estate professionals are only a phone call away from valuable sales and marketing data, as well as vital market analysis and financial programs. Using portable on-line terminals, sales representatives may call the office of the Computer Graphics Division located in the community and gain immediate access to required real estate statistical data.

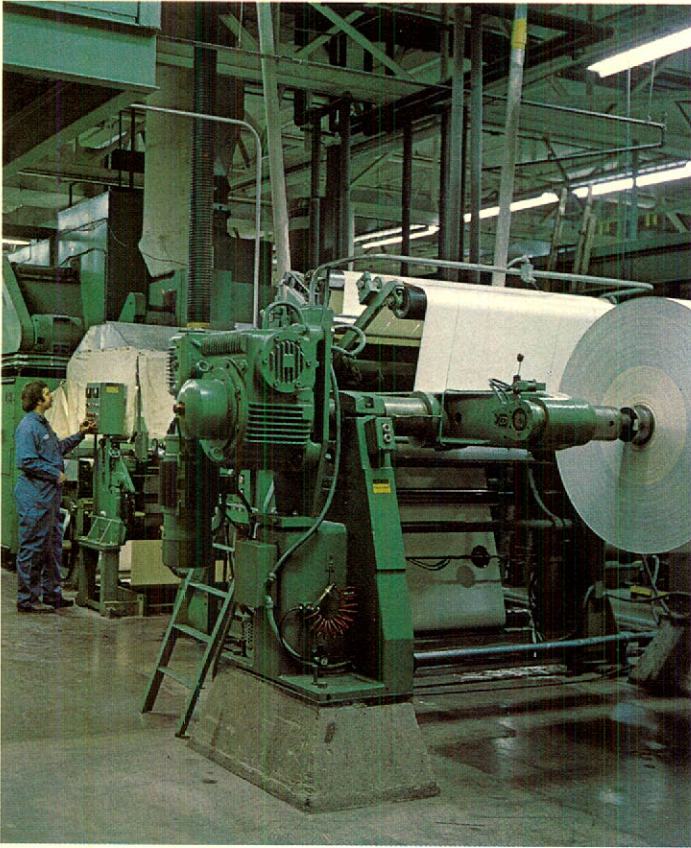
The result:

- 123 manufacturing plants in 31 countries;
- 740 sales offices with specially trained representatives helping hundreds of thousands of businesses in many countries around the world;
- 27,000 people of every conceivable background, language, level of training and managerial skill providing a wide variety of products and services to suit the special needs of the individual customer;
- Over 20,000 registered shareholders, including many leading financial institutions which, in turn, represent the savings of thousands of individuals.

Moore Corporation is an international business because business is international. Management in Japan requires much the same information and records as management in Italy, in the United States, in Canada, or in any other country. The language might differ but similar forms are used in accounting, production control, invoicing, payroll and all other areas where record-keeping is essential.

Computers are as much a tool of business in Austria as they are in Australia, in Belgium as in Brazil, and these require special precision-made forms and forms handling equipment to control the flow of data.





Moore Clean Print, a patented carbonless product, is made using a coating process developed by Research. The machine shown above coats paper from the mill with microencapsulated chemicals that give the paper its imaging capability. Installations are currently in place in the United States and Canada, with others underway in France, Japan and Australia.



The introduction of Moore Clean Print carbonless forms was accompanied by an intensive training program for Moore representatives around the world.

Moore Corporation pioneered and remains the world leader in a highly competitive field. In the early years, the underlying concept guiding rapid growth was expressed in the principle "one writing can serve many purposes".

Today, and for the foreseeable future, Moore seeks opportunities to meet the needs of the office of the future by providing products and services which facilitate the recording, communication, retention and retrieval of business information. The company has pioneered in many areas, progressing:

- from finger-smudging carbon to clean carbonless paper;
- from simple two-copy pads to continuous multi-copy paper streams for high-speed printers;
- from printing plate to plateless ink-jet printing.

The company's continued growth will be as successful as its ability to define accurately the needs of business and then to mobilize its resources to successfully meet those needs.

Information and research are the important keys to success. Moore has always combined manufacturing and service to a degree unique in the business world. One in five of Moore employees is a highly-trained sales representative. In effect, the company now has 5,500 representatives constantly in touch with the practical problems of business world-wide.

The information this sales force obtains identifies areas of opportunity to be pursued by an expanding research organization. A new and innovative research centre is being completed at Grand Island, New York. This facility includes a pilot plant to fully test new products, applications, equipment and information systems under realistic conditions. The future requires increasing emphasis on research.

The world-ranging sales force also acts as a massive educational team, bringing to business the knowledge developed in the research facilities. North American ideas and methods can be introduced to Europe and Asia. European products and developments can be brought to North America.

Some of the beneficial results of this corporate structure of an enlarged information gathering system and applied research are evident in several important developments:

IN MARKETING the creation in 1977 of a highly skilled centralized organization devoted to the identification of opportunities for marketing Moore products and to the development of programs to meet the needs of an ever-changing marketplace.

SYSTEMS DEVELOPMENT is an approach certain to receive increasing attention. Moore specialists are combining modern computer hardware with carefully-designed software programs to develop information systems for individual business areas. For example, a system has been developed and implemented to link real estate agents in providing and exchanging instant information on listings, sales and other important data. Opportunities for such inter-business information systems exist in many fields and will be pursued as needs are identified.

MINI-COMPUTERS used by small businesses are creating a multi-million dollar new market for business forms. Moore has designed and offers a complete package of forms and related products to users of small computers including specialized forms handling equipment, such as a desk-top decollator to separate copies and a small and simple detacher to detach continuous forms.

COMPURITE is a Moore-developed system revolutionizing service to the direct mail industry and creating new systems applications. Compurite brings together ink-jet printing, computer controls and printing press speeds to individually address and print direct mail advertising, to personalize letters for such fields as charitable fund-raising, to produce lottery tickets and many other applications.



The Machinery and Business Equipment Division provides support for the sale of Moore products by manufacturing forms handling equipment designed to help customers handle such tasks as slitting, imprinting and detaching forms quickly and efficiently. A 3600 Series Forms Processor is shown here in the final stage of production at the Moore plant in Dover, New Hampshire.

In the present unsettled climate in world economies, business strives even harder to improve efficiency and control costs.

Moore will continue to grow by meeting these concerns of business through the design and development of information processing forms, equipment and systems.

The integration of Moore and Lamson has created an organization with the best possible foundation for the future including:

- a world-wide marketing organization;
- specially developed new products and methods to introduce to this total world of business serviced by the marketing organization; and
- the financial strength and management resources to undertake new ventures and pursue ideas in information processing useful to business and industry everywhere.

The World of Moore Today

COUNTRIES IN WHICH MOORE OPERATES

	Irish Republic
	Italy
Argentina	Jamaica
Australia	Japan
Austria	Lebanon
Barbados	Malaysia
Belgium	Mexico
Brazil	Netherlands
Canada	New Zealand
Costa Rica	Norway
Denmark	Portugal
El Salvador	Puerto Rico
Finland	Rhodesia
France	South Africa
Great Britain	South Korea
Guatemala	Sweden
Hong Kong	Switzerland
Iran	United States
	Venezuela

 COUNTRIES IN WHICH MOORE OPERATES

 OTHER COUNTRIES

NOTE: Percentages indicate equity interest of Moore Corporation Limited

NORTH AMERICAN Principal Operating Units

UNITED STATES

Moore Business Forms, Inc.	100%
Forms Division	
Machinery and Business Equipment Division	
Computer Graphics Division	
Response Graphics Division	
Healthcare Data Systems	

F. N. Burt Company, Inc.	100%
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CANADA

Moore Business Forms	100%
Reid Dominion Packaging Limited	100%

INTERNATIONAL
Principal Operating Units

UNITED KINGDOM & IRISH REPUBLIC

Moore Business Forms Limited United Kingdom	100%
Moore Paragon Ireland Ltd., Irish Republic	100%

WESTERN EUROPE

Moore Paragon SA, Belgium	100%
Moore Paragon SA, France	99.9%

CENTRAL EUROPE

Moore Nederland BV, Netherlands	100%
Moore International BV, Netherlands	100%
Paragon, GmbH, Austria	100%
Moore Paragon SA, Switzerland	66%

NORTHERN EUROPE

Moore Paragon Norge AS, Norway	100%
Moore Paragon Svenska AB, Sweden	100%

SOUTHERN EUROPE

Moore Paragon Italiana SpA, Italy	100%
Moore Paragon Portuguesa Lda., Portugal	70%

SOUTHERN AFRICA

Lamson Industries Southern Africa (Pty) Ltd., Southern Africa	100%
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AUSTRALASIA

Lamson Industries Australia Ltd., Australia and New Zealand	59.3%
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SOUTH AMERICA

Lamson Paragon, SAIC, Argentina	19%
Moore Formulários Limitada, Brazil	100%
Formularios y Procedimientos Moore, SA, Venezuela	49%

CENTRAL AMERICA AND MEXICO

Formularios Comerciales de Centroamerica, Limitada, Guatemala	51%
Moore Business Forms de Centro America, SA de CV, El Salvador and Costa Rica	49%
Moore Business Forms de Mexico, SA de CV, Mexico	100%

CARIBBEAN

Lamson Paragon (Caribbean) Ltd., Barbados	60%
Moore Business Forms Caribbean Ltd., Jamaica	24.7%
Moore Business Forms de Puerto Rico, SA, Puerto Rico	100%

ASIA AND MIDDLE EAST

LTM Ltd., Hong Kong, Malaysia and Iran	72.5%
Toppan Moore Business Forms Co., Ltd., Japan and South Korea	45%



The Board of Directors of Moore Corporation Limited held its regularly-scheduled meeting on November 8, 1977 at the Moore plant in Honesdale, Pennsylvania, one of the sites selected for the manufacture of the new Moore Clean Print product. The Directors toured the plant to observe the unique and highly specialized Moore Clean Print manufacturing process. Pictured above are (left to right): J. D. Farley, E. H. Crawford, J. D. Gibson, D. W. Barr, R. W. Hamilton, L. E. Grubb, B. H. Pearce, E. H. Heeney (not present: W. H. Rea).

Board of Directors

DAVID W. BARR Toronto
Chairman

RICHARD W. HAMILTON Toronto
President

EDWARD H. CRAWFORD Toronto
*President,
The Canada Life Assurance Company*

EDWIN H. HEENEY Toronto
*Former Chairman of the Board,
National Trust Company, Limited*

JAMES D. FARLEY New York, N.Y.
*Executive Vice-President,
Citibank, N.A.*

W. HAROLD REA Toronto
*Vice-President and Director,
The Mutual Life Assurance
Company of Canada*

J. DOUGLAS GIBSON Toronto
*Chairman,
The Consumers' Gas Company*

CEDRIC E. RITCHIE Toronto
*Chairman of the Board, President
and Chief Executive Officer,
The Bank of Nova Scotia*

L. EDWARD GRUBB Rumson, N.J.
*Former Chairman and Chief Officer,
Inco Limited*

Honorary Directors

W. HERMAN BROWNE Toronto

J. STUART FLEMING Niagara Falls, N.Y.

V. WILLIAM SCULLY Toronto

ALAN H. TEMPLE New York, N.Y.

Officers

Chairman of the Board
DAVID W. BARR

Treasurer
DONALD S. DUNLOP

President
RICHARD W. HAMILTON

Secretary
JAMES H. FINDLAY

Senior Vice-President—Finance
JUDSON W. SINCLAIR

Comptroller
GEORGE G. FLINT

Senior Vice-President
JEAN-PAUL R. M. EVANS

corporate office

330 UNIVERSITY AVENUE, TORONTO M5G 1S3

transfer agents

NATIONAL TRUST COMPANY, LIMITED

21 King Street East, Toronto M5C 1B3

1350 Sherbrooke Street West, Montreal H3G 1J1

250 Portage Avenue, Winnipeg R3C 0B5

150 Toronto-Dominion Square, Calgary T2P 2Y9

510 Burrard Street, Vancouver V6C 2J7

MANUFACTURERS HANOVER TRUST COMPANY

4 New York Plaza, New York, N.Y. 10015

