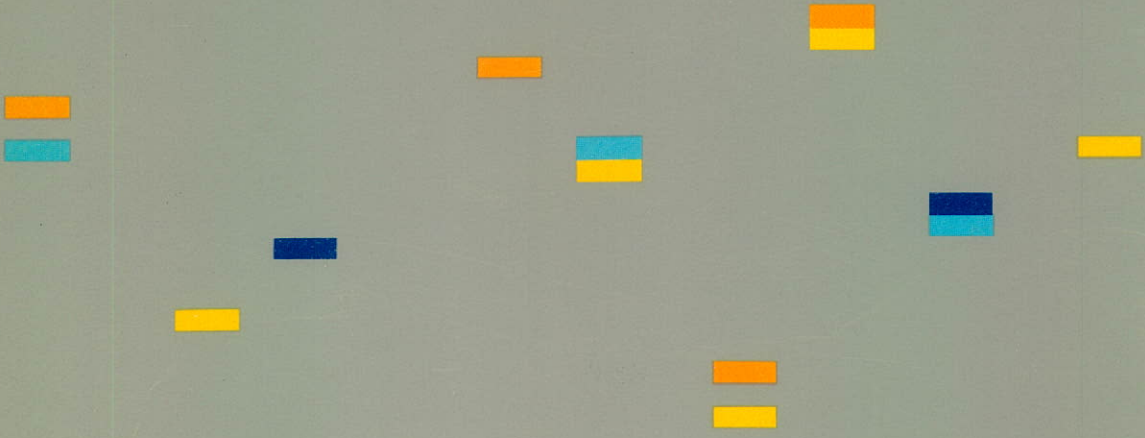


**Moore  
Corporation  
Limited**



Annual Report  
1978

HOWARD UNIVERSITY  
MAR 5 1979  
HOWARD UNIVERSITY

*The photographs in this report depict the integration of the many stages in the design, preparation and production of business forms today and the development of new products for tomorrow.*

*Below opposite: Moore Research Centre opened October 12, 1978 at Grand Island, New York, brings together all development activities for the entire Corporation—including Research, Corporate Development, Cost and*

*Pricing, Market Research and Product Development. This Centre plays an important role as Moore grows with the new opportunities opened by the computer era in business forms and systems.*

#### **Annual Meeting**

The annual meeting of shareholders will be held at 2:00 p.m., Thursday, April 5, 1979, in the Auditorium of The Canada Life Assurance Company, 330 University Avenue, Toronto, Ontario.

## Contents

Financial Highlights	1
Report to the Shareholders	2
Change Opens New Markets for Moore	4
Review of Operations	9
Changes in Officers and Executives	13
Consolidated Financial Statements	14
Auditors' Report	21
Ten-Year Summary	22
Board of Directors	26
Executive Personnel	28

# Financial Highlights

# Moore Corporation Limited

*Expressed in  
United States  
currency*

	1978	1977
Sales	\$ 1,323,362,000	\$ 1,183,890,000
Earnings Before Income Taxes, Minority Interests, Unrealized Foreign Exchange Adjustments and Extraordinary Items	<b>171,234,000</b>	165,108,000
<i>Per dollar of sales</i>	<b>12.9¢</b>	13.9¢
Income Taxes	<b>87,576,000</b>	86,862,000
<i>Per dollar of sales</i>	<b>6.6¢</b>	7.3¢
Unrealized Foreign Exchange Adjustments	<b>3,425,000</b>	2,356,000
<i>Per share</i>	<b>\$0.12</b>	\$0.09
Extraordinary Items	<b>1,648,000</b>	1,033,000
<i>Per share</i>	<b>\$0.06</b>	\$0.04
<b>Net Earnings</b>	<b>84,080,000</b>	76,792,000
<i>Per dollar of sales</i>	<b>6.4¢</b>	6.5¢
<i>Per share</i>	<b>\$3.00</b>	\$2.74
<b>Dividends</b>	<b>36,987,000</b>	33,624,000
<i>Per share</i>	<b>\$1.32</b>	\$1.20
Earnings Retained in Business	<b>47,093,000</b>	43,168,000
Current Assets	<b>521,005,000</b>	501,685,000
Current Liabilities	<b>178,978,000</b>	196,036,000
<b>Working Capital</b>	<b>342,027,000</b>	305,649,000
<i>Ratio of current assets to current liabilities</i>	<b>2.9 to 1</b>	2.6 to 1
<b>Shareholders' Equity</b>	<b>508,378,000</b>	464,074,000
<i>Per share</i>	<b>\$18.14</b>	\$16.56
Shares outstanding	<b>28,020,646</b>	28,020,646
<b>Expenditure for Fixed Assets</b>	<b>44,836,000</b>	32,207,000



# Report to the Shareholders

Sales and earnings set new records in 1978. With economic conditions generally favourable throughout the geographic areas served by Moore, sales increased 11.8% to \$1,323.4 million compared with \$1,183.9 million in 1977. Sales have increased every year except one in the last twenty-six years.

Earnings before extraordinary items, totalled \$85.7 million or \$3.06 per share, compared with \$77.8 million or \$2.78 per share in 1977, an increase of 10.2%. After deducting a charge of \$1.6 million for extraordinary items, (\$1.0 million in 1977), net earnings totalled \$84.1 million or \$3.00 per share compared with \$76.8 million or \$2.74 per share in 1977. Earnings in 1978 include an unrealized foreign exchange gain of \$3.4 million or 12¢ per share compared with a gain of \$2.4 million or 9¢ per share in 1977. With only three exceptions, earnings have increased every year for the past twenty-six years.

Price levels improved as the year progressed, but competitive conditions within the industry prevented full recovery of the rising cost of paper and other operating expenses. Labor problems in the paper industry in the United States contributed to an increase in the cost of manufacturing business forms during the year. In the final quarter it was necessary to curtail both sales and production due to a shortage of paper.

The Corporation's planned expenditure for Research and Development was increased \$2.7 million in 1978 to \$10.1 million. Programs are underway to provide new product offerings in the Direct Marketing Industry and in the business forms and related markets. In addition, the increasing number of small business concerns using computers to automate their record keeping is creating new opportunities for the business forms industry. Moore is expanding its research and development programs to take full advantage of these opportunities to increase both sales and earnings.

Restructuring of the business forms operations in the United States under a centralized management effective January 1,

1978 resulted in an increase in costs which is having a short-term adverse effect on operating results. Longer term benefits, however, are expected to accrue by way of faster response to changing customer needs, better market penetration and an improvement in operating efficiencies. As a part of the plan for reorganization, a program to encourage early retirement was made available to eligible employees in the United States and Canada. This program, which should strengthen the organization in the longer term, created considerable movement of personnel within the company. Costs associated with these moves were absorbed in 1978. The cost of the pension supplement is being charged against earnings over a four year period starting in 1978.

Over the last two years certain of the international operations have been sold. Sales in continuing operations increased 16.5% in 1978 over 1977 compared with a North American sales increase of 12.5%. Competitive conditions in the United Kingdom and European markets kept price levels under pressure throughout the year with earnings falling below expectation. In addition, the basis for allocating the cost of corporate services including research and marketing was changed in 1978 to more equitably distribute these costs. As a result, the amount charged to the international operating subsidiaries was increased with a corresponding impact on earnings in 1978 compared with 1977. The potential for growth in both sales and earnings in international markets continues to be above average and programs now in effect should provide further improvement in both market coverage and operating results.

In December 1978 a new operating division, Moore Business Systems, was formed in the United States to market complete turnkey systems including computer hardware, software, service, forms and related supplies. This represents a major step on the part of the Corporation to sell computer installations to small and medium sized business concerns. The hardware will be purchased by

Moore from an outside supplier with the balance of the system being supplied by Moore. This middle market is one which has been successfully penetrated by the Corporation in the sale of business forms and the related marketing know-how can be applied effectively in the new venture. Costs associated with this undertaking will be absorbed against current earnings.

Good progress was made in 1978 in marketing the Moore Clean Print carbonless paper product. In addition to increasing production capacity in North America, a coating facility was completed in France in 1978, and similar programs are nearing completion in both Japan and Australia. Moore product offerings in the Computer Graphics and Direct Marketing fields continue to meet with a high degree of customer acceptance.

At a meeting of the Board of Directors in February 1979, the quarterly dividend was increased from 33¢ to 36¢ per share effective with the dividend payable April 2, 1979.

The economic outlook for 1979 is generally good with a moderate slowdown expected to develop toward mid-year. The demand for business forms, however, should continue at a good level throughout the year, supported by a strong growth in computer installations. The strike against west coast paper mills in the United States was not settled until February. As a result, operations will continue to be affected by a paper shortage in the first quarter. A return to normal operating levels within Moore is expected by the beginning of the second quarter.

In spite of the impact of the paper shortage on the first quarter and the absorption of costs associated with the introduction of the new computer marketing program, the full year 1979 should set new records in sales and earnings.

The Corporation is grateful to its employees for their dedicated support in again achieving record sales and earnings and to its customers and suppliers for their contribution in making 1978 the most successful year in its history.

*R. W. Hamilton*  
President

*D. W. Barr*  
Chairman

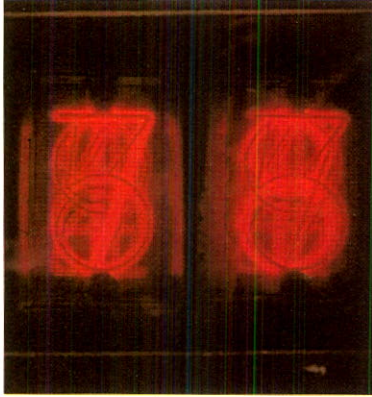


*D. W. Barr*  
D. W. Barr  
Chairman

*R. W. Hamilton*  
R. W. Hamilton  
President

February 28, 1979

*Preparing art work for printing by Optical Character Recognition method is controlled to a tolerance of 1/1000th over 20 inches. Digital read-out figures monitor and direct positioning.*



Change opens doors to opportunities. Today, the business forms industry worldwide is caught up in a period of accelerated change in the methods used to record business data.

The way in which business and industry collect and use data is continuously evolving and changing, but recent advances in computer technology have accelerated the rate of change taking place in the office of today. The tedious quill pen methods of Charles Dickens' day have indeed been supplanted by the high speed computer which once was regarded as being available only to large corporate organizations, but now is available, as well, to small business and professional organizations and even to the individual homeowner.

Throughout its long history of service to business, Moore has been in the forefront of many improvements in the process of collecting, recording and communicating business data.

The years following the Second World War ushered in the computer as a tool of business and industry. This was a key underlying force spurring the rapid growth of Moore over the past quarter century.

More growth is ahead as advanced computer technology presents new opportunities.

During the last 10-15 years, the rate of growth of sales of business forms in the United States has been about twice the rate of growth of the total economy as measured by the Gross National Product.

Some 60% of Moore sales of business forms are in the United States.

Even greater opportunities for growth exist in geographic areas served by Moore outside the United States. The methods and language of business and industry are universal with similar requirements for business data.

A key factor in this bright outlook is the reduction in cost of computers making this technology an economic tool for small

## Change Opens New Markets for Moore

business concerns. Computers no longer are the special preserve of the giant corporation or government.

As both the cost and capability of computer equipment improve dramatically, what is sometimes talked of as the "automated office of the future" is unfolding today.

Small businesses and professional organizations, even the corner drug store, are learning that a mini-computer can help to hold down, if not reduce, costs in addition to providing better customer service.

Dramatic evidence of the broadening potential use of computer technology was the rapid growth in 1978 of sales of home computers by mass merchandisers.

Moore is very much aware of the impact that computers can have on the business forms industry. It is estimated that 70% of all sales of business forms in the United States are computer-related.

Yet that dominant effect of computers appears to be only a beginning. By 1982, it is estimated that the number of computers for commercial data processing in the United States will more than double to 700,000 units from 275,000 units in 1978.

A significant proportion of the additional computers will consist of smaller business units which will be directed to the new markets being tapped by the computer industry.

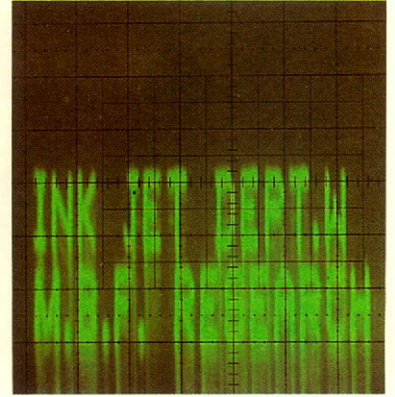
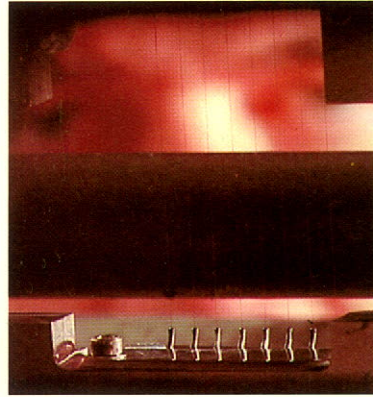
The broadening use of computers will result in many changes which will open doors for the development of new systems applications involving the use of business forms.

Throughout its long history, Moore has always placed a major emphasis on monitoring the changing needs of business and industry and has been a leader in developing new business systems applications to meet these needs.

In 1978, Moore relocated its corporate research, marketing and cost and pricing services in a new research and development

**Compurite is Moore's revolutionary ink-jet printing method. Research laboratory technician uses a test press to monitor the ink stream from jet nozzles. Compurite is growing rapidly in such**

**applications as personalized direct mail, United States income tax forms and lottery tickets. Oscilloscope screen checks fineness of dots in ink-jet printing technique.**





MICA



centre at Grand Island, New York. An enlarged research program has been carefully planned to serve the worldwide activities of the Corporation from this central location. This centre develops new products and services in response to today's market needs and explores new programs and opportunities for the future. There is no other comparable facility anywhere in the business forms industry.

The ability to successfully monitor the changing needs of business throughout the world hinges on the close liaison of the 6,000 Moore representatives with their one million customers. In their frequent contacts with customers, these representatives are made aware of problem areas and can explore with the customer opportunities for new products and services. This information is invaluable and is an important aspect of the research and product development program. At the same time, innovations developed in one market area or in the research centre can be made available quickly and efficiently throughout the worldwide business community served by Moore.

This two-way communication benefits industry and helps maintain the Corporation's position of leadership.

At Moore, flexibility and adaptability are essential policies if the opportunities perceived are to be properly developed. This may mean internal development of new products and services or acquisitions may be desirable to bring into the Corporation what is not readily available internally.

Once an opportunity has been perceived and the necessary research and development completed, the final stage and ultimate test involves using all resources of the Corporation to launch the innovation.

In recent years, Moore has developed and introduced many new products and processes. The trade names are known  
*continued on page 24*

**Opposite: Plate preparation under ultra-violet light using light-sensitive dry offset plates. Inset: Replenishing chemicals used in film processing. Below left: Inspecting size of dots on a negative to be used to print a document where security is an important consideration. Below: Checking for foreign particles in special paper used in the Optical Character Recognition printing method provides a ghostly touch.**





# Review of Operations

For the year ended  
December 31  
Expressed in  
United States  
currency

## Consolidated Statement of Earnings

Sales of \$1,323.4 million compare with \$1,183.9 million in 1977, an increase of

\$139.5 million or 11.8%. A comparative analysis of sales by product and by geographic area follows:

	1978		1977	
<b>Sales by product:</b> (millions)				
Business forms and related products	<b>\$1,188.0</b>	<b>90%</b>	\$1,082.0	91%
Custom packaging	<b>74.0</b>	<b>6</b>	62.3	6
Other products	<b>61.4</b>	<b>4</b>	39.6	3
	<b>\$1,323.4</b>	<b>100%</b>	\$1,183.9	100%
<b>Sales by geographic area:</b> (millions)				
North America				
United States	<b>\$ 850.7</b>	<b>64%</b>	\$ 747.4	63%
Canada	<b>119.1</b>	<b>9</b>	114.5	10
International				
Continental Europe	<b>160.4</b>	<b>12</b>	137.1	12
Great Britain	<b>83.0</b>	<b>7</b>	89.5	7
Australasia	<b>51.1</b>	<b>4</b>	43.7	4
Latin America and the Caribbean	<b>43.0</b>	<b>3</b>	36.9	3
Other countries	<b>16.1</b>	<b>1</b>	14.8	1
	<b>\$1,323.4</b>	<b>100%</b>	\$1,183.9	100%

Other products include sales to the Direct Marketing Industry and the Computer Graphics market.

Sales in Great Britain were affected by the disposition of certain operations in 1977 and 1978. Sales of continuing operations in Great Britain were \$76.4 million compared with \$67.2 million in 1977.

*Opposite: Moore Clean Print paper takes on an outer-space look under an electron microscope. The microscopic-size capsules of dye coating the paper are magnified 2,000 times. Pressure by writing or typing releases the dye to*

*provide copies without using carbon. This "carbonless paper" is one of the fastest growing developments in the business forms industry. Inset left: Research is the key to Moore's present success and future progress.*

*Chemist at the new Grand Island Research Centre is determining physical properties and purity of materials. Inset: Climate extremes are simulated at the research laboratory to provide real-life conditions under which*

*Moore products will be used throughout the world. A chemical technician is testing to make certain carbon copies to be read optically retain necessary oils under extreme winter conditions.*

Net earnings of \$84.1 million or \$3.00 per share compare with \$76.8 million or \$2.74 per share in 1977, an increase of \$7.3 million or 26¢ per share.

Operating margins declined in 1978. Despite improving price levels as the year progressed, competitive conditions prevented full recovery of rising operating costs. Labor problems within the United States paper industry disrupted the supply of paper and contributed to an increase in the cost of manufacturing business forms. In addition, 1978 operations absorbed costs relating to the centralization of the United States business forms management and a special early retirement program for eligible employees in the United States and Canada.

The distribution of the Corporation's sales and income from operations between its North American (United States and Canadian) and International operations is shown in the following table: (millions)

	Sales		Income from Operations	
	1978	1977	1978	1977
North America	\$ 969.8	\$ 861.9	\$ 143.1	\$ 141.4
International	353.6	322.0	30.0	28.6
	<b>\$1,323.4</b>	\$1,183.9	<b>\$ 173.1</b>	\$ 170.0
Interest and goodwill			9.7	11.1
	<b>\$1,323.4</b>	\$1,183.9	<b>\$ 163.4</b>	\$ 158.9

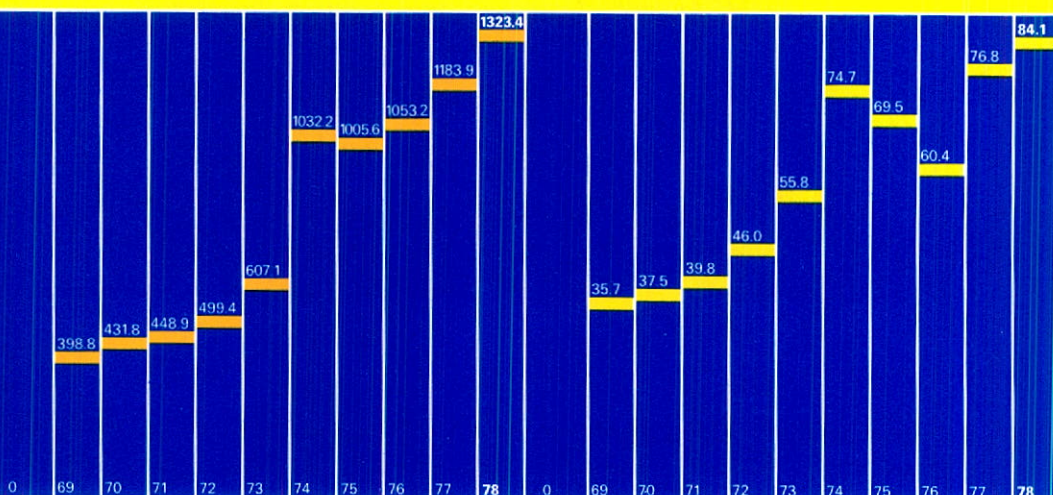
During 1977 and 1978, certain international operations were sold thereby affecting the year to year comparison. Sales of continuing operations in 1978 were \$345.7 million compared with \$296.7 million in 1977. The contribution of the discontinued operations to income from operations was immaterial in both years.

### Sales

Millions of Dollars

### Net Earnings

Millions of Dollars



The basis of allocating the cost of corporate services including research and marketing was changed in 1978 to more equitably distribute these costs. As a result, the amount charged to the International operating subsidiaries was increased with a corresponding impact on 1978 income from operations compared with 1977.

Investment and other income comprises interest earned on short-term securities and the Corporation's share of the earnings of companies in which the Corporation holds less than a 50% equity interest.

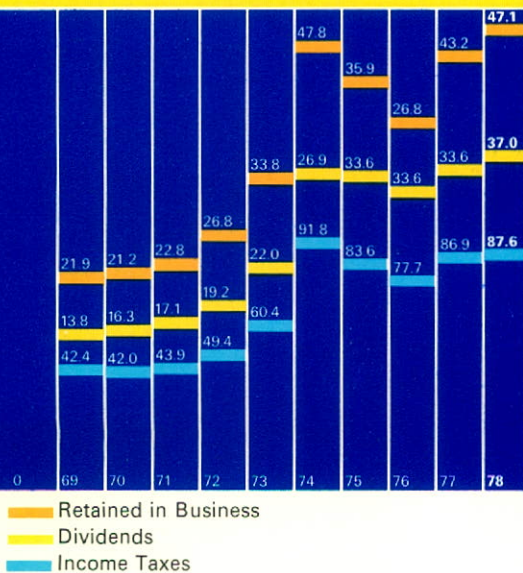
Provision for taxes on income represents 51.1% of pre-tax earnings compared with a ratio of 52.6% in 1977. The tax effects of the changes in the corporate structure completed in 1977 contributed to the lower overall rate of tax in 1978.

During 1978 currencies in all countries in which the Corporation has operations strengthened against the United States dollar except for the Brazilian cruzeiro, the

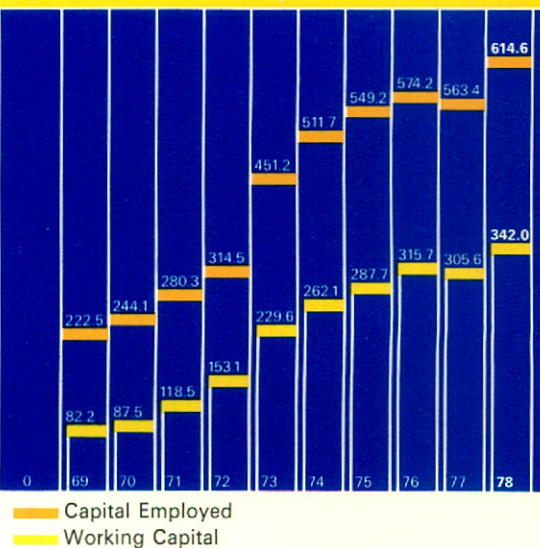
Canadian dollar, the Mexican peso and the Portuguese escudo. Currency fluctuations in the year produced an unrealized foreign exchange gain of \$3.4 million or 12¢ per share, compared with a gain of \$2.4 million or 9¢ per share in 1977. The Corporation's accounting policy with respect to the translation of foreign currencies is described in note 1 of the notes to consolidated financial statements.

Extraordinary items reduced earnings by \$1.6 million or 6¢ per share compared with \$1.0 million or 4¢ per share in 1977. Details of extraordinary items are provided in note 10 of the notes to consolidated financial statements.

**Distribution of Earnings**  
Millions of Dollars



**Capital Employed and Working Capital**  
Millions of Dollars



### Consolidated Statement of Retained Earnings

The quarterly dividend was increased effective April 1, 1978 to 33¢ from 30¢ per share. Dividends for the year increased by 10% to \$37.0 million compared with \$33.6 million in 1977.

During 1978, the 500,000 shares of the Corporation owned by a subsidiary were cancelled. This transaction resulted in a charge against retained earnings of \$20.0 million and a reduction in share capital of \$0.6 million.

### Consolidated Balance Sheet

The Corporation's consolidated balance sheet continues to reflect a strong financial position.

Working capital increased by \$36.4 million during the year to \$342.0 million. The ratio of current assets to current liabilities improved to 2.9:1 at December 31, 1978 from 2.6:1 at the end of 1977.

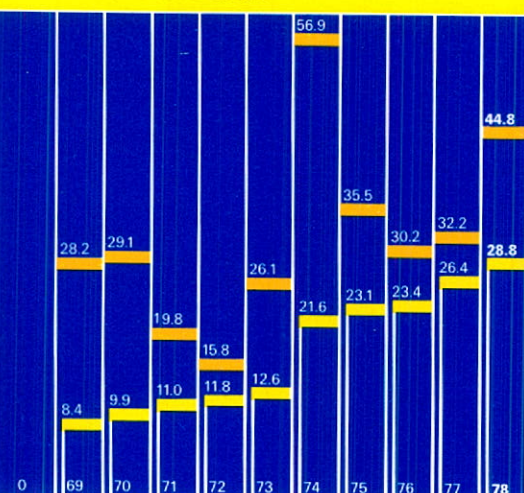
Factors contributing to the change in working capital are listed in the consolidated statement of changes in financial position.

Fixed asset purchases during 1978 totalled \$44.8 million compared with \$32.2 million in 1977. A comparative analysis of expenditures for land and buildings and machinery and equipment is provided below: (millions)

	Land & Buildings		Machinery & Equipment	
	1978	1977	1978	1977
United States	\$ 7.6	\$ 5.1	\$ 15.0	\$ 11.3
Canada	.1	.1	1.5	3.2
Continental Europe	4.6	.7	6.8	5.7
Great Britain	.2	.3	1.2	2.7
Australasia	3.0	.4	2.2	1.2
Latin America and the Caribbean	.2	—	1.8	.6
Other countries	.3	—	.3	.9
	<b>\$ 16.0</b>	<b>\$ 6.6</b>	<b>\$ 28.8</b>	<b>\$ 25.6</b>

### Capital Expenditures and Depreciation

Millions of Dollars



— Capital Expenditures  
— Depreciation

### Acquisitions and Investments

In January 1978, Reid Dominion Packaging Limited, the Corporation's Canadian custom packaging subsidiary, acquired all of the shares of Duncan Lithographing Company Limited for cash of \$1.1 million. Subsequently, this subsidiary commenced dissolution proceedings and its net assets have been distributed to Reid Dominion Packaging Limited.

During the year, the acquisition of Compucolor, Inc. by the Corporation's principal United States subsidiary was completed for cash of \$2.7 million. This company has been merged into the Response Graphics division of Moore Business Forms, Inc.

Toppan Moore Company, Ltd., an associated company in Japan, increased its capitalization to finance continued growth and the Corporation invested an additional \$1.2 million to maintain its equity interest in this company at 45%.

### Changes in Officers and Executives

During the year, Donald S. Dunlop, treasurer, was appointed vice president of the Corporation.

Maurice O. Beverley was appointed vice president and general manager of the Canadian operating division of the Corporation, to succeed Mr. John M. Darwen who retired.

Florence E. Dougherty, formerly assistant secretary, was appointed secretary of the Corporation effective February 14, 1979.

Henry P. Cooper, formerly vice president and director of marketing of Moore Business Forms, Inc., was appointed vice president and general manager of that company's new division, Moore Business Systems.

Chester H. Naukam was appointed vice president and director of sales and marketing of Moore Business Forms, Inc.

### Distribution of Revenue

	1978	1977
Sales and investment and other income	100.0%	100.0%
Used as follows:		
Wages, salaries and employee benefits	33.3	32.6
Materials, supplies and services	50.8	50.8
Depreciation	2.2	2.2
Income, property and other taxes	7.5	7.9
Allocated to minority interests	.1	.2
Unrealized foreign exchange adjustments	(.3)	(.2)
Extraordinary items	.1	.1
Dividends	2.8	2.8
Retained in business	3.5	3.6

# Consolidated Balance Sheet

## Assets

As at December 31  
Expressed in  
United States  
currency

	1978	1977
<b>Current Assets</b>		
Cash	\$ 12,754,000	\$ 9,540,000
Short-term securities, at cost which is approximate market value	45,029,000	86,789,000
Accounts receivable	268,945,000	231,137,000
Inventories	188,366,000	168,292,000
Prepaid expenses	5,911,000	5,927,000
<b>Total Current Assets</b>	<b>\$ 521,005,000</b>	<b>\$ 501,685,000</b>

<b>Fixed Assets</b>		
Land	\$ 20,055,000	\$ 18,337,000
Buildings	127,265,000	118,049,000
Machinery and equipment	372,297,000	360,622,000
	<b>519,617,000</b>	497,008,000
Less: Accumulated depreciation	221,577,000	207,032,000
	<b>298,040,000</b>	289,976,000
<b>Investment in Associated Corporations (Note 2)</b>	<b>11,530,000</b>	9,203,000
<b>Other Assets (Note 3)</b>	<b>18,823,000</b>	19,013,000
	<b>\$ 849,398,000</b>	<b>\$ 819,877,000</b>



# Moore Corporation Limited

## Liabilities

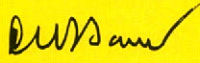
As at December 31  
Expressed in  
United States  
currency

	1978	1977
<b>Current Liabilities</b>		
Bank loans	\$ 16,561,000	\$ 58,802,000
Accounts payable and accruals	128,295,000	108,690,000
Dividends payable	9,247,000	8,406,000
Accrued income taxes	24,875,000	20,138,000
<b>Total Current Liabilities</b>	<b>178,978,000</b>	196,036,000
<b>Long-Term Debt</b> (Note 4)	<b>96,614,000</b>	90,780,000
<b>Deferred Income Taxes and Liabilities</b> (Note 5)	<b>55,863,000</b>	60,406,000
<b>Equity of Minority Shareholders in Subsidiary Corporations</b>	<b>9,565,000</b>	8,581,000
	<b>\$ 341,020,000</b>	<b>\$ 355,803,000</b>

## Shareholders' Equity

<b>Common Shares</b> (Note 6)		
Authorized: 31,279,264 shares without par value		
Issued: 28,020,646 shares (28,520,646 shares in 1977)	\$ 33,178,000	\$ 33,770,000
<b>Retained Earnings</b>	<b>475,200,000</b>	448,145,000
	<b>508,378,000</b>	481,915,000
Less: Cost of 500,000 shares of the Corporation held by a subsidiary	—	17,841,000
	<b>508,378,000</b>	464,074,000
	<b>\$ 849,398,000</b>	<b>\$ 819,877,000</b>

Approved by the Board of Directors:

  
Director

  
Director

# Consolidated Statement of Earnings

# Moore Corporation Limited

For the year ended  
December 31  
Expressed in  
United States  
currency

	1978	1977
Sales	\$ 1,323,362,000	\$ 1,183,890,000
Cost of sales, selling and administrative expenses	1,131,091,000	998,597,000
Depreciation	28,832,000	26,399,000
	<b>1,159,923,000</b>	1,024,996,000
Income from operations	<b>163,439,000</b>	158,894,000
Investment and other income	<b>7,795,000</b>	6,214,000
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items	<b>171,234,000</b>	165,108,000
Income taxes	<b>87,576,000</b>	86,862,000
Minority interests	<b>1,355,000</b>	2,777,000
Earnings before unrealized foreign exchange adjustments and extraordinary items	<b>82,303,000</b>	75,469,000
Unrealized foreign exchange adjustments	<b>3,425,000</b>	2,356,000
Earnings before extraordinary items	<b>85,728,000</b>	77,825,000
Extraordinary items (Note 10)	<b>1,648,000</b>	1,033,000
<b>Net Earnings</b>	<b>\$ 84,080,000</b>	<b>\$ 76,792,000</b>
<b>Earnings Per Share</b> (Note 8)		
Before extraordinary items	<b>\$ 3.06</b>	\$2.78
After extraordinary items	<b>\$ 3.00</b>	\$2.74

# Consolidated Statement of Retained Earnings

For the year ended  
December 31  
Expressed in  
United States  
currency

	1978	1977
Balance at beginning of year	\$ 448,145,000	\$ 404,977,000
Net earnings	<b>84,080,000</b>	76,792,000
	<b>532,225,000</b>	481,769,000
Dividends \$1.32 per share (\$1.20 per share in 1977)	<b>36,987,000</b>	33,624,000
Excess of cost of shares cancelled over their stated value (Note 6)	<b>20,038,000</b>	—
<b>Balance at End of Year</b>	<b>\$ 475,200,000</b>	<b>\$ 448,145,000</b>

# Consolidated Statement of Changes in Financial Position

For the year ended  
December 31  
Expressed in  
United States  
currency

	1978	1977
<b>Sources of Working Capital</b>		
Earnings before extraordinary items	\$ 85,728,000	\$ 77,825,000
Items not requiring current outlays of working capital, principally depreciation, deferred income taxes and minority interests	35,130,000	29,919,000
Working capital from operations	120,858,000	107,744,000
Additions to long-term debt	10,235,000	6,518,000
Sale of fixed assets	5,103,000	4,073,000
United Kingdom Advance Corporation Tax	2,246,000	1,417,000
Other sources	634,000	721,000
	<b>\$ 139,076,000</b>	<b>\$ 120,473,000</b>

<b>Applications of Working Capital</b>		
Expenditure for fixed assets	\$ 44,836,000	\$ 32,207,000
Dividends	36,987,000	33,624,000
Deferred pension liability (Note 5)	6,553,000	—
Reductions in long-term debt	4,360,000	3,498,000
Acquisition of minority interest in subsidiary corporation	—	43,207,000
Investment in subsidiary corporations net of working capital acquired	2,879,000	13,409,000
Tax arising on cancellation of shares of the Corporation held by a subsidiary	2,789,000	—
Investment in associated corporations	1,208,000	810,000
Deferred charges	935,000	1,232,000
Extraordinary items	819,000	1,033,000
Dividends paid by subsidiaries to minority interests	577,000	601,000
Other applications	755,000	946,000
	<b>102,698,000</b>	<b>130,567,000</b>
<b>Increase (Decrease) in Working Capital</b>	<b>36,378,000</b>	<b>(10,094,000)</b>
<b>Working Capital at Beginning of Year</b>	<b>305,649,000</b>	<b>315,743,000</b>
<b>Working Capital at End of Year</b>	<b>\$ 342,027,000</b>	<b>\$ 305,649,000</b>

# Notes to Consolidated Financial Statements

Year ended  
December 31, 1978  
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.

# Moore Corporation Limited

## Note 2 Investment in Associated Corporations

	1978	1977
Toppan Moore Company, Ltd. (45% owned)	\$9,942,000	\$7,912,000
Moore Business Forms de Centro America, S.A. (49% owned)	1,171,000	1,013,000
Formularios y Procedimientos Moore, S.A. (49% owned)	417,000	278,000
	<b>\$11,530,000</b>	\$9,203,000

During 1978, the Corporation subscribed for additional shares of Toppan Moore Company, Ltd. at a cost of \$1,208,000, thereby maintaining its equity interest at 45%.

## Note 3 Other Assets

Other assets include goodwill, less amortization, amounting to \$10,406,000 (1977—\$10,690,000).

## Note 4 Long-Term Debt

	1978	1977
Moore Corporation Limited		
6% Convertible Subordinated Debentures due 1994 (Cdn. \$50,000,000)	\$42,166,000	\$45,705,000
Eurocurrency bank loan repayable in 1982 bearing interest at % of 1% over the London Interbank Offering rate existing from time to time	12,903,000	11,710,000
3,500,000 Pounds sterling		
13,342,441 French francs		
5,000,000 Dutch florins (55,029,000 French francs in 1977)		
9% bank loan repayable in 1983	825,000	—
Moore Business Forms, Inc.		
7.90% Senior Notes due 1996	20,000,000	20,000,000
6.75% Promissory Note due 1986	2,535,000	2,810,000
Other loans bearing interest at 8% to 9½% due 1980 to 1983	562,000	1,015,000
Capital lease commitments	1,202,000	—
Other Subsidiaries		
Secured loans	9,272,000	3,871,000
Unsecured loans	7,149,000	5,669,000
	<b>\$96,614,000</b>	\$90,780,000

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 by the Corporation 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 5% to 15%. These debts mature on varying dates up to 1993. Loans amounting to \$14,117,000 are payable in currencies other than United States dollars and loans of \$9,272,000 are secured by assets of 10 subsidiaries.

Payments of \$2,307,000 at December 31, 1978 and \$1,974,000 at December 31, 1977 on long-term debt due within one year are included in current liabilities.

For the years 1980 through 1983 payments required on long-term debt are as follows: 1980—\$3,118,000; 1981—\$3,422,000; 1982—\$15,742,000; 1983—\$8,555,000.

## Note 5 Deferred Income Taxes and Liabilities

Deferred income taxes amount to \$48,825,000 at December 31, 1978 and \$42,286,000 at December 31, 1977. Deferred liabilities include \$5,568,000 (1977—\$15,672,000) for pensions under unfunded retirement plans of certain overseas subsidiaries. Deferred pension liabilities of United Kingdom corporations were reduced in 1978 upon the sale of two subsidiaries and the funding of provisions made in prior years by the other subsidiaries (Note 7).

Note 6

**Common Shares**

During the year the Corporation's authorized and issued common shares were reduced upon the cancellation of the 500,000 shares held by its subsidiary corporation, Moore Business Forms Limited, and the excess of their cost over their stated value was charged to retained earnings.

No shares were purchased during 1978 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. Options granted in 1976 to purchase 52,500 shares at a price per share of Cdn. \$34.94 were outstanding at December 31, 1978.

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 7

**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 \$75,800,000 as at December 31, 1978 (1977 — \$61,200,000). Consistent with preceding years, these obligations will be recorded in the accounts and funded by annual payments over periods not exceeding twenty-three years.

Effective November 7, 1977, a special supplementary pension plan was established under which eligible employees in the United States and Canada were given the oppor-

tunity to elect early retirement by the end of that year. The maximum obligation arising from this plan amounted to \$15,427,000, of which \$4,291,000 was paid and recorded as pension expense in 1978 and the remainder will be recorded and paid during the three years 1979 through 1981.

Funded contributory retirement plans are available for employees in some of the international subsidiary companies and current service costs under these plans are being charged to earnings and funded annually. In other international subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans.

Pensionable service prior to establishing funded contributory retirement plans in some international subsidiary companies, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation. The deferred liability for pensions at December 31, 1978, referred to in Note 5, relates to the unfunded portion of this prior service obligation.

Note 8

**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 previously held by a subsidiary corporation. The cancellation of the 500,000 shares in 1978 has no effect on the earnings per share calculations.

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 5% net of tax, the earnings per share for the year would have been \$2.95 (1977 — \$2.69).

# Auditors' Report

## Note 9

### Consolidated Statement of Earnings

The consolidated statement of earnings includes the following:

	1978	1977
Remuneration paid to directors and senior officers	\$ 954,000	\$ 804,000
Pension plan expense	17,350,000	13,610,000
Interest on long-term debt	6,791,000	6,300,000
Other interest expense	2,679,000	4,351,000
Research and development expense	10,120,000	7,436,000
Amortization of deferred production engineering costs	703,000	388,000
Amortization of deferred debenture costs	130,000	129,000
Amortization of goodwill	340,000	361,000
Deferred income taxes	4,372,000	2,304,000
Equity in earnings of associated corporations	2,239,000	994,000

## Note 10

### Extraordinary Items

	1978	1977
Loss arising from the phasing out of certain operations, net of income tax of \$424,000 (1977—\$449,000)	\$ 1,060,000	\$1,033,000
Provision for settlement by F. N. Burt Company, Inc. of antitrust class actions, net of income tax of \$407,000	1,543,000	—
Excess of insurance proceeds over net book value of assets destroyed by fire in Austria	(955,000)	—
	<b>\$ 1,648,000</b>	<b>\$1,033,000</b>

## Note 11

### Canadian Anti-Inflation Program

The Canadian operations of the Corporation were subject to the Government's program of controls until the end of 1978 and the Corporation believes it has complied with that program.

To the Shareholders of

### Moore Corporation Limited:

We have examined the consolidated balance sheet of Moore Corporation Limited as at December 31, 1978 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1978 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  
Toronto, Ontario

February 28, 1979

# Ten-Year Summary

## Income Statistics

Expressed in  
United States  
currency  
in thousands of  
dollars

	1978	1977	1976
Sales	\$ 1,323,362	\$ 1,183,890	\$ 1,053,241
Earnings before income taxes, minority interests, unrealized foreign exchange adjustments and extraordinary items <i>Per dollar of sales</i>	<b>171,234</b> <b>12.9¢</b>	165,108 13.9¢	148,711 14.1¢
Income taxes <i>Per dollar of sales</i>	<b>87,576</b> <b>6.6¢</b>	86,862 7.3¢	77,688 7.4¢
Earnings before extraordinary items <i>Per dollar of sales</i> <i>Per share</i>	<b>85,728</b> <b>6.5¢</b> <b>\$3.06</b>	77,825 6.6¢ \$2.78	61,633 5.9¢ \$2.20
Net earnings <i>Per dollar of sales</i> <i>Per share</i>	<b>84,080</b> <b>6.4¢</b> <b>\$3.00</b>	76,792 6.5¢ \$2.74	60,421 5.7¢ \$2.16
Dividends <i>Per share</i>	<b>36,987</b> <b>\$1.32</b>	33,624 \$1.20	33,624 \$1.20
Earnings retained in business	<b>47,093</b>	43,168	26,797

## Balance Sheet and Other Statistics

	1978	1977	1976
Current assets	\$ 521,005	\$ 501,685	\$ 452,975
Current liabilities	<b>178,978</b>	196,036	137,232
Working capital <i>Ratio of current assets to current liabilities</i>	<b>342,027</b> <b>2.9 to 1</b>	305,649 2.6 to 1	315,743 3.3 to 1
Fixed assets (net)	<b>298,040</b>	289,976	285,312
Shareholders' equity <i>Per share</i>	<b>508,378</b> <b>\$18.14</b>	464,074 \$16.56	424,139 \$15.14
Number of shareholders	<b>19,993</b>	20,059	20,036
Number of employees	<b>26,748</b>	27,045	25,964



# Moore Corporation Limited

1975	1974	1973	1972	1971	1970	1969
\$ 1,005,610	\$ 1,032,192	\$ 607,129	\$ 499,400	\$ 448,944	\$ 431,841	\$ 398,836
159,797 15.9¢	173,324 16.8¢	115,533 19.0¢	95,451 19.1¢	83,708 18.7¢	79,563 18.4¢	78,151 19.6¢
83,597 8.3¢	91,825 8.9¢	60,407 9.9¢	49,429 9.9¢	43,886 9.8¢	42,032 9.7¢	42,439 10.6¢
69,512 6.9¢ \$2.48	72,725 7.0¢ \$2.60	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
69,512 6.9¢ \$2.48	74,725 7.2¢ \$2.67	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
33,621 \$1.20	26,894 96.0¢	21,970 77.5¢	19,199 67.5¢	17,056 60.0¢	16,326 57.5¢	13,819 48.8¢
35,891	47,831	33,790	26,823	22,766	21,205	21,893

1975	1974	1973	1972	1971	1970	1969
\$ 424,105	\$ 443,393	\$ 346,328	\$ 206,953	\$ 162,056	\$ 150,839	\$ 138,270
136,386	181,317	116,719	53,889	43,539	63,379	56,056
287,719 3.1 to 1	262,076 2.4 to 1	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
287,589	277,362	246,399	152,813	149,675	142,146	123,923
397,278 \$14.18	358,398 \$12.79	310,020 \$11.07	288,652 \$10.15	261,569 \$9.20	238,228 \$8.39	216,525 \$7.63
20,198	20,668	21,303	21,537	22,326	23,636	23,225
26,279	29,535	28,760	16,431	15,783	16,630	16,717

throughout the business world including Speediply, Speediweb, Speedifold, Speedi-read and Moore Clean Print. New processes include computerized composition and ink-jet printing. Forms handling equipment is a special field with the most recent innovations being in a line of equipment for use at small computer installations.

The Corporation has the financial resources and worldwide coverage of business to successfully undertake those programs which hold promise of contributing to future growth in sales and earnings.

The evolving technology of the computer era, with its emphasis on lower costs, is broadening the business base underlying the Corporation's current product offering to the office of today and is providing opportunities to develop new total information systems for the unfolding office of tomorrow.

The longer-term "total" service concept may result in even more dramatic changes in Moore's business than those forecast for its present business forms base.

Computer industry specialists predict an explosion of opportunity in new markets in which their information technology is applied. These applications combine the capability of computers to store, retrieve, and analyze data which is used to control processes and financial procedures.

They see these new markets for "hardware" and "software" mushrooming by the mid-1980's to a size that may equal, if not exceed, the present market for business forms alone.

Moore is preparing to participate in this "total" service concept to business.

One division has developed a highly-sophisticated information service for the real estate industry in 80 cities in the United

States. This Multiple Listing Service is updated every day. Customers can obtain up-to-the-minute information using a portable computer terminal.

Another division has found and is servicing a completely new market in management of hospitals. Computer terminals strategically located, collect information which is analyzed and acted upon through specially developed programs tailored to the needs of hospital management.

One of the more dramatic developments serving a single industry is occurring in the direct mail field. A Moore division uses Moore-developed technology to provide innovative "printing press to post office" service that has experienced well above average annual sales growth since 1974.

In relation to the total Moore sales volume of more than \$1.3 billion annually, these recent developments are relatively small. Their importance lies in how the Corporation is marrying its resources with other technology and know-how of the computer era to find and nurture completely new markets.

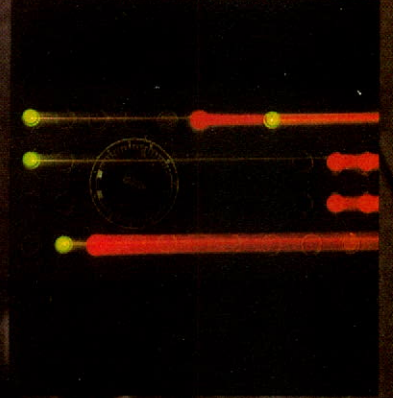
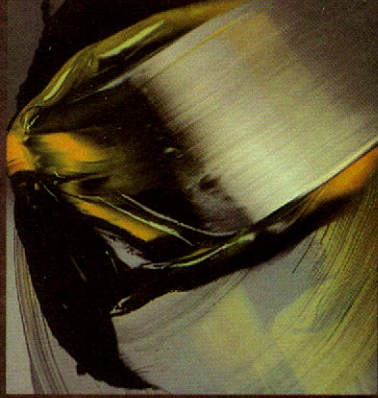
As an organization in the business of helping business communicate, Moore is preparing to provide those products and services required to facilitate the recording, processing, communication, storage and retrieval of business information.

Moore's performance to date is reflected in its record of growth in sales, earnings and dividends, a record that is the result of being innovative and of responding to customer needs as those needs change.

New business opportunities are opening up as the rate of change accelerates and the "office of the future" evolves.

Moore expects to participate fully in these opportunities.

*Opposite: Man and machinery come together in the final step. Paper flows into presses to emerge as completed business forms essential to industry. Moore facilitates the recording, communication, retention and retrieval of business data. Inset: Printing ink swirls as colours are carefully mixed to meet the special requirements of a customer. Moore plants have their own ink manufacturing equipment. Inset right: Lights flash brightly on control panel as the presses roll.*



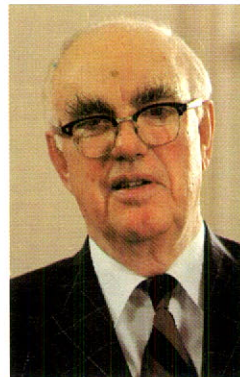
# Board of Directors



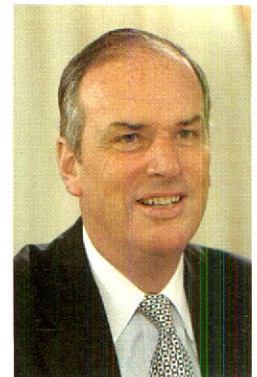
Richard W. Hamilton  
*Toronto*  
*President*  
Joined the board  
April, 1974



David W. Barr  
*Toronto*  
*Chairman*  
Joined the board  
January, 1968



J. Douglas Gibson  
*Toronto*  
*Chairman of the Board,*  
*The Consumers' Gas*  
*Company*  
Joined the board  
June, 1971



James D. Farley  
*New York, N.Y.*  
*Executive Vice*  
*President, Citibank, N.A.*  
Joined the board  
January, 1977

## **Honorary Directors**

W. Herman Browne  
*Toronto*

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

V. William Scully  
*Toronto*

Alan H. Temple  
*New York, N.Y.*



W. Harold Rea  
*Toronto*  
*Vice President and*  
*Director, The Mutual*  
*Life Assurance*  
*Company of Canada*  
Joined the board  
September, 1963



Cedric E. Ritchie  
*Toronto*  
*Chairman of the Board,*  
*President and Chief*  
*Executive Officer,*  
*The Bank of Nova*  
*Scotia*  
Joined the board  
January, 1978



Edwin H. Heeney  
*Toronto*  
*Corporate Director*  
Joined the board  
March, 1972



Edward H. Crawford  
*Toronto*  
*President, The Canada*  
*Life Assurance Company*  
Joined the board  
April, 1975



L. Edward Grubb  
*Rumson, N.J.*  
*Corporate Director*  
Joined the board  
March, 1973

# Executive Personnel

## Corporate Officers

David W. Barr  
*Chairman of the Board*

Richard W. Hamilton  
*President*

Judson W. Sinclair  
*Senior Vice President—Finance*

Jean-Paul R. M. Evans  
*Senior Vice President*

Donald S. Dunlop  
*Vice President and Treasurer*

Florence E. Dougherty  
*Secretary*

George G. Flint  
*Comptroller*

## Canadian Management

**Moore Business Forms Division**

Maurice O. Beverley  
*Vice President and General Manager*

**Reid Dominion Packaging Limited**

Richard W. Bastien  
*Executive Vice President and General Manager*

## United States Management

**Moore Business Forms, Inc.**

**National Forms Division**

Stanley D. Waltman  
*Executive Vice President*

\* Homer T. Anderson  
*Vice President, Corporate Marketing*

\* M. Keith Goodrich  
*Vice President and Director of Information Systems*

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 and Marketing*

Thomas J. Pruter  
*Vice President, United States Sales*

Lee C. Rumph  
*Vice President and Director of Manufacturing*

**Response Graphics Division**

John R. Anderluh  
*General Manager*

**Moore Business Systems**

Henry P. Cooper  
*Vice President and General Manager*

**International Graphics Division**

Richard C. Delano  
*Vice President and General Manager*

**Machinery and Business Equipment Division**

John L. Wilson  
*General Manager*

**F. N. Burt Company, Inc.**

Donald E. Wandersee  
*Vice President and General Manager*

## Corporate Services

Robert H. Downie  
*Vice President and Director of Research*

Alan H. Fleming  
*Auditor*

Bruce E. Fowler  
*Director, Corporate Planning and Development*

William F. Young  
*Director, Corporate Cost and Pricing*

## International Management

Wilbur M. Nichols  
*Managing Director and Chief Executive Officer International Operations London, England*

John M. Kirkpatrick  
*Vice President and General Manager Moore Business Forms International Toronto, Canada*

**Operating Executives**

Denis G. Baddams  
*Regional Chief Executive Northern Europe*

Bernard Coburn  
*Regional Chief Executive Australasia*

Armando Criado  
*General Manager El Salvador*

Phillip Hoegarts  
*Regional Chief Executive Central Europe*

Earl C. Kraft  
*Vice President and General Manager Mexico*

Piet A. Laubscher  
*Regional Chief Executive Southern Africa*

Denis Nichol  
*Regional Chief Executive Southern Europe*

Eric W. Pattle  
*Regional Chief Executive United Kingdom & Eire*

Roger Prêtre  
*Regional Chief Executive Western Europe*

James L. Saunders  
*General Manager Brazil*

Albert G. Taylor  
*General Manager Venezuela*

\*Also provides Corporate Services.

**Corporate Office**  
330 University Avenue,  
Toronto M5G 1S3

**Transfer Agents**  
National Trust  
Company, Limited  
21 King Street East,  
Toronto M5C 1B3  
1350 Sherbrooke St. 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

