

# TORSTAR CORPORATION

Annual Report  
1980

e

## rail safety rules urged

...can be implemented quickly, ...  
...has learned. ...  
...the key recommendations ...  
...to be in the 200-page report: ...  
...by train carrying dangerous ...  
...in Canada — including ...  
...cars or cars that originate in the ...  
...States — must be equipped ...  
...modern, heat-resistant roller ...  
...from caboose to engine. ...  
...beard extensive evidence ...  
...the Mississauga wreck was ...  
...bearing an old-fashioned "jour- ...  
...bearing overheated and seized ...  
...located on the train's 33rd car. ...  
...per cent of Canada's rail ...  
...are equipped with roller bear- ...  
...and it would cost about \$2,000 a ...  
...from Journal

Edition ★★★★★

# Toronto Star

Monday,  
January 19, 1981  
25 cents  
METRO WEATHER  
Mostly cloudy. High  
tomorrow -3 Celsius. Low  
tonight -9C. Details, A2.

**Homemaker's**  
November 1980

**Infomart**

**Metrospan**

**Harlequin Romance** 2956  
**Apollo's**  
1.25  
STRATTON

Collection Harlequin

380 1.50 10380  
**Harlequin Presents...**  
**CHARLOTTE LAMB**  
a frozen fire





<b>Summary of Financial Information</b>	<b>1980</b>	<b>1979</b>
Operating revenue	\$472,700,000	\$371,100,000
Net income*	\$ 21,991,000	\$ 18,826,000
Average shares outstanding	12,225,834	12,221,038
Earnings per share*	\$1.80	\$1.54
Dividends paid	\$ 6,727,000	\$ 4,890,000
Dividends per share	55¢	40¢

\*before extraordinary items

## Board of Directors

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MARTIN GOODMAN

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*Vice-President*

DUNCAN L. GORDON

W. LAWRENCE HEISEY

### Transfer Agent and Registrar

National Trust Company,  
Limited

### Listed

Class B Shares  
Toronto and Montreal  
Stock Exchanges

### Head Office

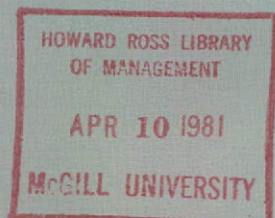
One Yonge Street  
Toronto, Ontario  
M5E 1P9  
(416) 367-4595



**T**orstar Corporation is a broadly based information and entertainment communications company. Its operations now include The Toronto Star, Canada's leading metropolitan daily newspaper; Harlequin Enterprises, the world's largest publisher of romance fiction; Comac Communications, publisher of controlled circulation magazines; Metrospan Printing & Publishing, commercial printers and publishers of community newspapers and consumer advertising supplements; Nielsen-Ferns International, television and film producers; and Infomart, pioneers in developing two-way electronic data-based communications.

### Contents

Report to Shareholders	2
The Toronto Star	4
Harlequin Enterprises	8
Metrospan Community Newspapers	12
Comac Communications	14
Nielsen-Ferns International	16
Infomart	17
Financial Statements	18
Notes to Financial Statements	22
Nine-Year Highlights	27
Supplementary Consolidating Information	29
Operating Companies and Management	32





Consolidated earnings for Torstar Corporation in 1980 showed satisfactory improvement over 1979 levels. Operating revenues increased to \$472.7 million from \$371.1 million; net income before extraordinary item reached almost \$22 million compared to \$18.8 million in the previous year.

An extraordinary dividend from the company's 33% investment in Western Broadcasting Company Ltd. increased net income for the year to \$28.1 million. On March 9, 1981 your company agreed to sell its investment in Western. A further extraordinary gain from this transaction will be reflected in 1981 results.

Earnings per share before extraordinary item were \$1.80, an improvement of 16.9%. The extraordinary item increased total earnings per share to \$2.30. In 1979, when there was no extraordinary item, earnings per share were \$1.54.

Operating profit from newspaper publishing was ahead of 1979 levels by about 16%. Although 1980 earnings were well below those averaged in the 1974-76 period, we are encouraged by the second consecutive year of improved results for The Toronto Star.

The Sunday Star, launched in late 1977, made major gains in 1980. Its current performance, backed by growing support from readers and advertisers alike, clearly justifies the investment in a Sunday edition.

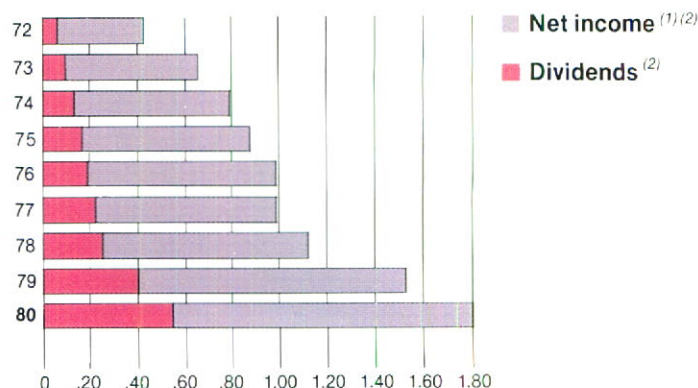
Brisk competition in the Toronto market, combined with a sluggish economy, had a negative impact on newspaper advertising linage, especially classified. However this was more than offset by improved circulation increases, continued cost control measures and advertising rate increases.

In most of the markets served by Metrospan's community newspapers, the economic slowdown had a greater effect on weeklies than on dailies. In addition, extremely competitive market conditions in certain regions restricted growth. The result was a net loss in 1980 for Metrospan. On February 27, 1981 Metrospan announced the acquisition of



Beland H. Honderich E. Paul Zimmerman

Per Share Data



(1) excluding extraordinary items  
 (2) years ended December 31 for 1979 and 1980; all others September 30



Inland Publishing Co. Limited, which also publishes weekly newspapers in and around Metro Toronto and is engaged in commercial printing.

Harlequin recorded a 22% increase in net income for the year. Sales of Harlequin's basic romance lines continued to expand in North America and overseas markets, particularly in France, Germany and Greece. The company absorbed additional start-up costs in extending the Scholar's Choice retail store program for its Learning Materials division as well as in development of the Romance novels business in Japan, Scandinavia and the Spanish-speaking countries.

Harlequin made a major diversification investment in 1980 through its acquisition of the Miles Kimball Company of Oshkosh, Wisconsin. Miles Kimball is a direct marketing company specializing in gift items. It is encouraging to note that Miles Kimball made a net contribution to Harlequin's earnings, after allowing for carrying costs, in the last half of 1980.

Torstar increased its investment in Harlequin during 1980 and early 1981 to 70.1% of the outstanding shares, with the result that Harlequin's contribution to consolidated earnings showed a somewhat higher percentage increase over 1979 in spite of substantially higher carrying costs. On March 12, 1981 Torstar announced that it will offer to purchase the remaining 29.9% of Harlequin's outstanding shares at an approximate value of \$30 per share. The offer will be conditional upon 90% of the remaining shares being deposited.

Comac's controlled circulation magazines had an excellent year with 24% higher revenues and a substantial improvement in earnings. Early in 1981 Comac acquired a 60% interest in Western Living, a leading Western Canadian home-living magazine; together with expanded distribution of Homemaker's Magazine and City Woman, this enabled Comac to increase significantly its presence in Canada's fastest growing markets.

Results from our commercial printing and film production businesses were disappointing

in 1980 but enhanced printing facilities and several new film projects are expected to provide improved contributions in the future. Additional planned investment spending in electronic publishing through Infomart, jointly owned with Southam Inc., somewhat reduced 1980 consolidated earnings.

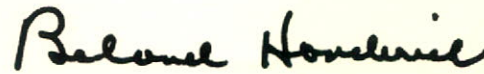
In August, 1980 your Directors were pleased to announce the appointment of E. Paul Zimmerman as President of the Corporation. Mr. Zimmerman had been Vice-President, Corporate Development of Torstar since 1978.

During the year, R.A.N. Bonnycastle, Chairman of Harlequin, resigned from the Board of Directors after almost five years of valuable service. He was replaced by W. Lawrence Heisey, President of Harlequin.

Torstar has begun the 1980's with a continuation of the strong growth attained in the 1970's. Current economic and competitive conditions, as well as initial dilution that will result from the proposed acquisition of the remaining shares in Harlequin, call for caution in predicting 1981 results but we continue to have confidence in the growth potential of Torstar in this decade.

The greatest asset of Torstar is its people. We wish to acknowledge their contributions, in our companies, to our success in 1980.

On behalf of the Board



Beland Honderich, Chairman



E. Paul Zimmerman, President

March 31, 1981





**THE  
TORONTO  
STAR**

*Martin W. Goodman,  
President and Chief Executive Officer*

*The Toronto Star in 1980 maintained its position as Canada's most widely read newspaper. A variety of editorial and distribution improvements contributed to this success.*

**A**n outstanding performance by The Sunday Star was the highlight of a year in

which The Star increased its overall readership and maintained its position as Canada's largest and leading daily newspaper.

The Sunday Star, introduced in October, 1977 continued to grow rapidly, ending 1980 with average sales of 362,300, up almost 13% from the previous year. Circulation in December was a major factor in this achievement, with an average of 406,000 copies, pushing The Sunday Star past the 400,000 mark for the first time. Further growth of The Sunday Star is anticipated throughout 1981.

Evidence of a growing demand among consumers for weekend newspaper reading was also reflected in the continued growth of The Saturday Star, whose average circulation increased by more than 11,000 copies to 781,700. In November, circulation of The Saturday Star topped 803,600 — a record in Canadian newspaper history.

Weekend circulation stayed buoyant in the early months of 1981 as well, with The Sunday Star remaining in the 400,000 range and The Saturday Star achieving yet another sales record, in February, of more than 810,000 copies.

Monday-to-Friday circulation of The Star was slightly down from an average of 485,000 in 1979 to 481,000 in 1980.

A variety of editorial and product improvements were introduced during 1980. These included the introduction in February of a new weekly fashion section, with emphasis on front-page color and a



Terry Fox captured the hearts of all Canadians in his courageous battle against cancer.







Circulation of The Sunday Star, which was introduced in October, 1977 was the highlight of a year in which overall readership of The Star continued to increase.

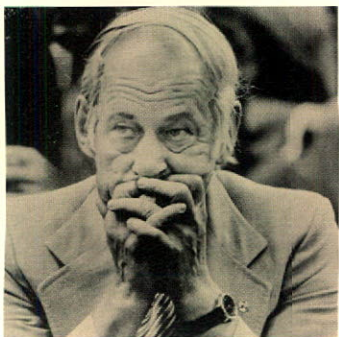
wide variety of contemporary fashion news for both men and women. The section drew favorable response from Toronto's fashion advertisers, with the result that fashion lineage at year end was running about 40% higher than it had been before the fashion section was introduced.

Editorial coverage of both local and national stories was enlarged in 1980. Reporters with specialized knowledge were added to give greater depth to the reporting of news in the area of health, science and consumer affairs. The Star's coverage of Toronto's ethnic groups was expanded with the appointment of a community affairs editor to write about issues and trends among cultural minorities within the community.

In 1980 The Star continued to demonstrate its historic commitment to provide readers with news coverage in greater depth, detail and human interest.

From the long hostage crisis in Iran, to the federal election, to the devastating earthquake in Italy, to the Moscow Olympics, to the magnificent determination of Terry Fox in his cross-Canada Marathon of Hope — Star reporters, photographers and editors provided readers with superior coverage.

A pensive Rene Levesque after Quebec voters rejected his call for a referendum on sovereignty association.



A devastating earthquake in Italy caused anguish among Toronto's large Italian community.



Iraqi soldiers captured in Iran as war between the two countries kept world focus on the Middle East.



Alberta's Premier Peter Lougheed and Prime Minister Pierre Trudeau were key figures in Canada's on-going energy and oil pricing talks.





The outstanding performance of the editorial department was recognized when Star people won an unprecedented five National Newspaper Awards for 1980. These awards are presented annually to the country's outstanding writers, photographers and cartoonists. Our 1980 winners were Richard Gwyn, feature writing; Michele Landsberg, column writing; William Littler, critical writing; George Radwanski, editorial writing; and Victor Roschkov, cartooning.

Another major development during the year was the increased use of color photographs throughout the paper, especially on the front page. Acquisition of new processing equipment enables The Star to get color photographs of breaking news stories into the paper quickly.

A major product change in 1980 was to narrow the width of The Star to make it easier to hold and read. This change was accompanied by design alterations to ensure the paper maintains a fresh and contemporary appearance.

In February, 1981 a new concept in local news coverage was introduced as a regular part of Tuesday editions of The Star. Star customers in Scarborough and other communities east of Metropolitan Toronto now receive a tabloid section called "Neighbors". The section provides for extensive coverage of community news and activities and makes it possible for smaller retailers to place advertising in The Toronto Star at favorable

The Star's new fashion section quickly became an important part of the Thursday paper and drew strong support from advertisers.







Installation of an electronic editing system in The Star's newsroom, when complete, will give reporters and editors a sophisticated and versatile process for editing and processing the news.

rates. Similar sections are planned for the areas to the west and north of Toronto.

Development of special sections played a significant role in 1980. A total of 55 special-interest sections was published during the year, covering such areas as cars, homes, fishing and stereo, compared to 32 such sections in 1979.

A record volume of advertising for the September-December period was mainly responsible for pushing total linage to 56,460,000 lines for the full year. This total was down about 1.5% from the previous year, primarily as a result of a loss of just over 2,000,000 lines in classified, where high interest rates and unemployment had an adverse impact on help wanted and real estate advertising.

The drop in classified was partially offset by record linage in the retail display and insert categories. Another growth area was in The Sunday Star, where rapidly growing circulation stimulated the paper's best year for advertising linage.

The Star continued in 1980 to play an active role in the community. Contributions by Star readers to the Fresh Air and Santa Claus Funds totalled more than \$400,000, enabling thousands of underprivileged children to have a Christmas box or a summer camp holiday. Star community events, led by The Great Salmon Hunt and The Star Maple Leaf Indoor Games, provided participation and spectator enjoyment for thousands of people from Toronto and area.

**Art Eggleton and enthusiastic supporters celebrated his narrow Toronto mayoralty win over John Sewell.**



**Jean Chretien was a key Cabinet figure at Prime Minister Pierre Trudeau's right hand in negotiations to patriate Canada's Constitution.**







## HARLEQUIN ENTERPRISES

W. Lawrence Heisey,  
President

*Harlequin is an international publishing organization best known for its romance fiction which is sold in ninety countries and twelve languages. The acquisition of the mail order division of the Miles Kimball Company of Oshkosh, Wisconsin complemented Harlequin's diversification growth in the direct marketing field.*

The company's publications are currently sold in over ninety countries and Harlequin publishes in twelve different languages through a network of wholly-owned operations and joint ventures. Total paperback

books sold in 1980 reached 188 million compared with 168 million in 1979.

Harlequin's consolidated revenue in 1980 amounted to \$265,239,000, an increase of 43% over 1979. Earnings increased 22% to \$25,928,000. The significant revenue increase reflects the continuing strong growth in its basic romance publishing business, particularly in overseas markets, and the inclusion of the Miles Kimball Company acquired June 30, 1980. The earnings increase reflects the significant revenue growth, partly offset by continued investment in areas of operation where Harlequin expects future growth; this investment is the primary cause of the lower rate of earnings as a percentage of revenue. Other costs such as interest have increased during the year primarily as a result of acquisitions and investments in new markets, but have been offset by lower income taxes. The reduction in the company's income tax rate reflects favorable financing arrangements and the continuing growth in the international aspects of the Harlequin business.

The North American region, Harlequin's largest market, faced significant challenges during the year. The former U.S. distributor for Harlequin launched a competitive romance fiction line. Despite this new competition and a generally sluggish paperback



In addition to publishing romance fiction books, Harlequin is engaged in direct mail marketing, magazine publishing and the sale of learning materials to institutional and retail markets.







Harlequin romance fiction provides entertainment for millions of women around the world.

publishing environment, Harlequin's book sales increased in volume. The newly formed Harlequin Sales Corporation, based in Tarrytown, New York, demonstrated, during its first year of operations, its capacity to contribute significantly to the company's future growth through a well organized distribution and sales network.

In addition to Harlequin's successful basic romance fiction series, two new romance series were introduced during the year, one offering reprints of old favorite titles no longer available through retail channels, the other featuring a new super romance series with extended story material. These series are part of the company's commitment to the development of new lines for future growth.

Harlequin's overseas activities showed a significant increase in the number of books sold. Harlequin's business in English language overseas markets is managed by Mills & Boon Ltd., in London, England and Mills & Boon Pty. Ltd. in Sydney, Australia.

The French company, in less than three years, has become the largest paperback publisher in France. In Japan, strong promotional activities support the company's operations, and distribution has been expanded with an

Today Harlequin France is the recognized leader in its market segment.



Since they were introduced in Holland, Harlequin's romance fiction books have received widespread acceptance.



Harlequin Japan, since it was launched in 1979 continued to develop in a market of substantial potential growth.





increase in the number of published titles to six each month. The German and Greek operations both achieved excellent results during the year. The German joint venture continued its growth and in Greece, the publishing frequency of the basic series has been doubled to two titles each week. The company's investment strategy in Scandinavia continues and, although small, these diverse markets have potential for future profitability. Some disappointing results in the company's magazine publishing activities in Holland were more than offset by the consistent performance of the basic romance fiction lines. In 1980 Harlequin extended its Spanish-language book publishing operation from Mexico to include Spain and several South American countries.

During 1980 Harlequin increased to 80% (up from 60%) its investment in Antiques World magazine and to 100% its investment in Photo Life, a Canadian photography magazine. The Laufer Company magazines suffered among other things from the overall effects of the recession in the U.S.; some restructuring has taken place within Laufer to lessen its dependency on cyclical factors. The Ideals Publishing Company had a good year, and particularly satisfying results were attained in its cook-book line and Good Friends, a series of children's books.

Several unprofitable operations were discontinued or phased down during the past year. The General and Education Division, operated by the Mills & Boon subsidiary in the United Kingdom, was sold. The Dutch comic magazine Wham was also discontinued and Harlequin's North American book packaging operation, Jonathan-James, was phased down and is scheduled to close in 1981. On the other hand, the company's book packaging group based in London, England — Marshall Editions — realized its first profit.



Distinctive stationery and greeting cards are among the products created by Miles Kimball's own design department.







Miles Kimball's efficient mail order handling system and money back guarantees have created a successful catalogue shopping service.

Harlequin undertook further steps in 1980 to expand its diversification program by the acquisition, in June, of the mail order division of the Miles Kimball Company of Oshkosh, Wisconsin. Miles Kimball is a direct mail company offering a wide selection of moderately priced gift items through their own large customer list. This acquisition complemented Harlequin's diversification growth objectives in the direct marketing field.

A further step in its diversification program is the expansion of Harlequin's retail activities in the educational field. Scholar's Choice Limited expanded its retail store program during the year and now has twenty-one stores across North America; ten stores in Canada and eleven in the United States. The high quality of its learning materials, including books, games and toys, has resulted in a positive response from the market place.

Work is continuing in the film area, and a theatrical project is being developed. Harlequin also has a joint venture arrangement with Nielsen-Ferns to produce a series of made-for-TV movies based on Harlequin Romance and Presents novels for distribution in domestic and international markets.

Miles Kimball packages and ships a wide variety of products to customers in all parts of the United States.



Scholar's Choice retail outlets are attracting more and more customers daily. A major expansion of Scholar's Choice is planned in the near future.



Harlequin's special interest magazines cover such topics as art, entertainment, health, nutrition and outdoor recreation.







**METROSPAN  
COMMUNITY  
NEWSPAPERS**

*John F. Baxter,  
President*

*The year 1980 was a time of transition for Metrospan Printing & Publishing. Increased production capability for Metrospan publications and a continuing expansion program promise substantial growth opportunities in the 1980's.*

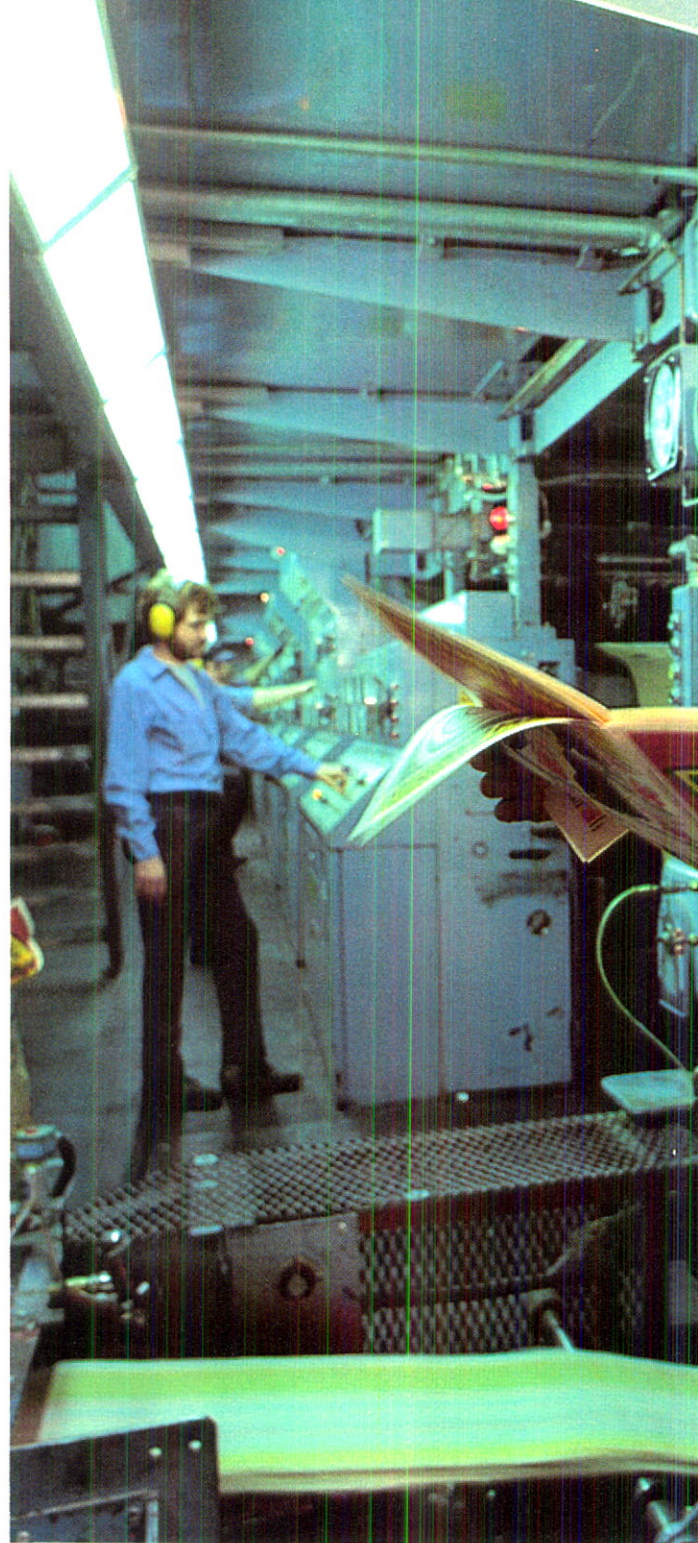
**M**etrospan's program of capital expansion initiated in 1979 was completed in 1980 with the installation of two new web offset presses. These

new presses, in conjunction with the Roto-gravure Printing division, provide substantially increased color capacity for Metrospan publications and its commercial printing operations.

In response to reader and advertiser interests, Metrospan has in most Toronto area markets extended the reach of its community newspapers with the introduction of a new "Consumer" publication. Contemporary editorial content, coupled with a full-color cover and a tabloid format, is designed to contribute to increased reader and advertising acceptance of this new "magazine on newsprint".

The community newspaper revenues were adversely affected in 1980 by a slow economy, particularly in the real estate and employment sectors. The installation and breaking-in of the new offset presses was difficult, preventing the company from fully capitalizing on these facilities.

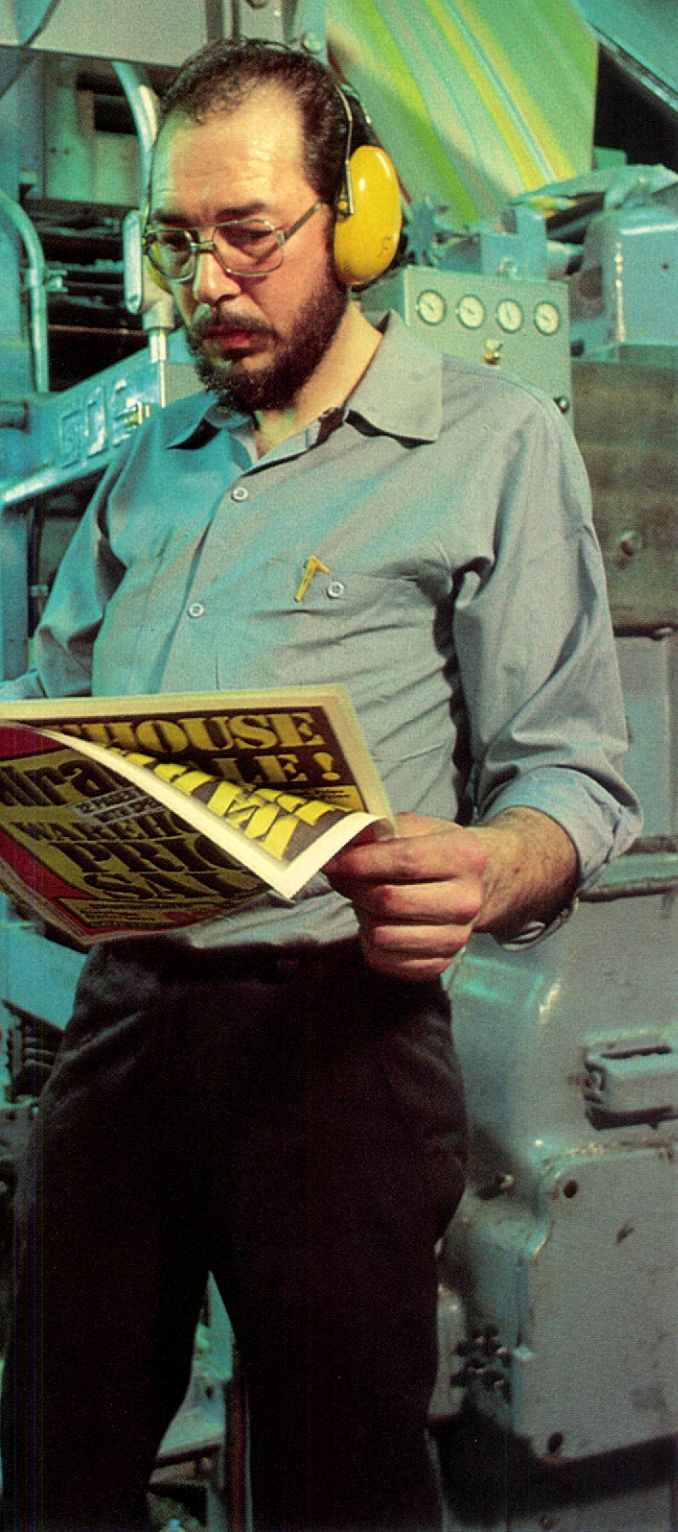
The acquisition of the shares of Inland Publishing Co. Limited on February 27, 1981 adds 13 weekly newspapers to those already published by Metrospan.



Metrospan's 9 community newspapers and 5 consumer publications are delivered to 493,550 suburban Toronto households every Wednesday.







The new Metroliner Press — a multi-million dollar capital investment — has greatly improved Metrospan's printing capacity.

The important new markets are:

- 1) Acton
- 2) Ajax/Whitby/Pickering
- 3) Brampton
- 4) Burlington
- 5) Georgetown
- 6) Milton
- 7) Oshawa
- 8) Stouffville

In addition, Inland has two printing plants, five composing centres and additional commercial printing capabilities.

The Rotogravure operations will benefit from the purchase in early 1981 of a 49% interest in its supplier of roto cylinders, Graphic Cylinders Inc. In partnership with Graphic's experienced management, we are assured a reliable supply of high-quality cylinders with excellent cost-saving prospects.

A self promotion advertisement printed on newsprint introduces Metrospan's improved colour capabilities.



The new computerized news room at the Mirror facilitates news handling and increases information storage capabilities.







**COMAC COMMUNICATIONS**

*Edward H. Gittings,  
President*

Comac, which publishes *Homemaker's Magazine*, *Madame Au Foyer*, *Quest*, *City Woman* and *Western Living*, has established a clear position of leadership in Canada's growing consumer magazine industry.

Comac, which has established a leadership position in Canada's growing consumer magazine industry,

increased its earnings significantly in 1980.

In total, net advertising revenue (after discounts and agency commissions) for Comac magazines increased 24% to \$15.9 million. Comac's share of the advertising in consumer magazines (as measured by the 25 member Magazines Canada Association) has increased to the point where one in every seven advertising dollars in major Canadian consumer magazines is spent in a Comac magazine.

During 1980 *Homemaker's Magazine* and its French edition, *Madame Au Foyer*, had the largest increase in advertising revenue — 28% — of any consumer magazine in Canada. *Quest* magazine also had an excellent year, increasing its advertising revenue by 22%. As *City Woman* enters its third full year of publishing, we have strong indications that it has started to attract the volume of advertising originally anticipated. Advertising revenue for the first half of 1981 is up 100% over the same period last year.

During 1980 Comac magazines were recognized for editorial excellence through 40 Canadian and international awards.



One of *Homemaker's* editorials, "A Gift of Life," resulted in Shannon Appleby receiving a corneal transplant.



**SHANNON LEIGH APPLEBY IS FOUR YEARS OLD. HER RIGHT EYE IS NORMAL BUT WHEN THAT EYE IS COVERED SHE CAN SCARCELY SEE 10 FEET IN FRONT OF HER. SHE SUFFERS FROM SCARRING OF THE CORNEA FROM RECURRENT INFECTIONS. IT IS VITAL THAT SHANNON RECEIVE A CORNEAL TRANSPLANT SOON TO PREVENT VISION IN HER LEFT EYE TO DEVELOP NORMALLY. AS HER OPHTHALMOLOGIST DR. S. WURZEL EXPLAINS, IF ANY CHILD DIES SEVEN WHOSE VISION IS OBSOBERED, WHAT WE CALL THE VISUAL AREA OF THE BRAIN DOES NOT DEVELOP AS IT SHOULD. WE ARE TRYING AS A**





Comac's four award winning controlled circulation magazines and its most recent acquisition, Western Living magazine.

The company has announced major market expansion plans for 1981. Combined circulation of Homemaker's Magazine and Madame Au Foyer has increased from 1,500,000 to 1,625,000, with the additional 125,000 copies being concentrated in Canada's fastest growing cities. City Woman's circulation has increased from 210,000 to 250,000 with current coverage of Toronto, Montreal and Vancouver being extended into Ottawa, Calgary and Edmonton.

In January, 1981 Comac purchased a 60% interest in Western Living magazine, a leading controlled circulation consumer magazine published by Bryan Publications in Vancouver and distributed in Vancouver, Victoria, Calgary and Edmonton. This acquisition, along with increased distribution of Homemaker's Magazine and City Woman in the same geographic area, will strengthen Comac's publishing base in Western Canada.

Behind the scenes with a City Woman fashion feature being photographed in the south of France.



Comac's senior editorial management are shown from left to right: Comac Executive Vice-President and Editorial Director, Jeffrey W. Shearer; Homemaker's Editor, Jane Gale Hughes; Quest Editor, Michael Enright and City Woman Editor, Dawn MacDonald.







**NIELSEN-FERNS  
INTERNATIONAL**

*Richard Nielsen,  
President*

*It is the aim of Nielsen-Ferns to produce films for television and theatrical markets which will have appeal domestically as well as internationally.*

**N**ielsen-Ferns International, a leading Canadian film producer acquired the film rights for the production of several television films with substantial appeal to domestic and international markets.

The first step was the acquisition of the film rights to the novel "Pelagie-La-Charrette". This novel, written by Antonine Maillet from Bouctouche, New Brunswick, won the Prix Goncourt, the highest literary award in France. Nielsen-Ferns is negotiating with major television producers in France to co-produce this film as both a mini-series and a feature film in French and English.

The second step was to develop three screenplays, based on Harlequin Romance and Presents novels which will be co-produced with Harlequin as movies for television with some appeal in international theatrical markets.

In addition, Nielsen-Ferns and the National Film Board are developing for the domestic and international theatrical and television market a film based on the prize winning Canadian novel "The Wars" by Timothy Findlay.

Also in the development stage are two co-productions with Yorkshire Television of the United Kingdom, based on a literary property from each country.



(above) Melina Mercouri's Athens, one in the award winning CITIES series, captivated a wide audience of arm chair travellers.





## INFOMART

David M. Carlisle,  
President

*Infomart was established to develop the business potential of the new, emerging electronic publishing industry. Major orders have already been won for the advanced "Telidon" system in Canada, Venezuela, Switzerland and the United States.*

**I**nfomart, jointly owned with Southam Inc., is in the rapidly emerging business of electronic publishing which involves the delivery of information and services to special and mass audiences using computer communications.

Infomart has established a firm base of operations as:

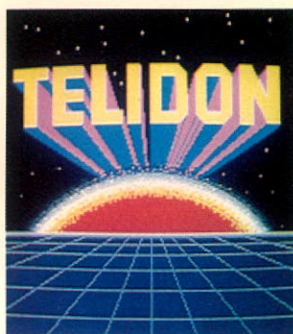
- \* a videotex system operator;
- \* a "Telidon" systems turnkey supplier;
- \* a database search service operator.

Videotex provides simple and low cost electronic access to mass markets using modified color television sets in offices or homes. Infomart in 1980 announced Canada's first commercial videotex service "Grassroots", a business information service for farmers.

Infomart has won major orders for the advanced "Telidon" system in Canada, Venezuela, Switzerland and the United States.

Database search technology enables users to scan through large files of information electronically.

Infomart developed videotex applications and graphics are an international showcase for the superior capabilities of Telidon.





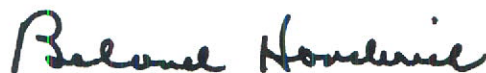
# Consolidated Balance Sheet

(thousands of dollars)

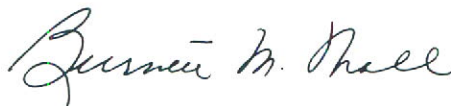
December 31, 1980 (with comparative figures at December 31, 1979)

	1980	1979
<b>Assets</b>		
CURRENT:		
Cash and short term investments	\$ 23,789	\$ 38,064
Receivables (note 2)	75,553	54,980
Inventories	31,899	18,118
Prepaid expenses	12,352	13,692
Prepaid income taxes	14,324	7,671
<b>TOTAL CURRENT ASSETS</b>	<b>157,917</b>	<b>132,525</b>
INVESTMENTS AND OTHER NON-CURRENT ASSETS (note 3)	31,930	31,732
FIXED ASSETS AT COST (note 4):		
Land	3,588	3,257
Buildings and leasehold interests	17,479	8,957
Presses and associated equipment	19,850	21,745
Non-press equipment and vehicles	33,605	26,124
	74,522	60,083
Less accumulated depreciation	29,288	24,994
<b>TOTAL FIXED ASSETS</b>	<b>45,234</b>	<b>35,089</b>
MAILING LISTS AT AMORTIZED COST	17,370	
SUBSCRIPTION LIST AT AMORTIZED COST	6,917	7,250
GOODWILL AT AMORTIZED COST	86,471	43,129
<b>TOTAL ASSETS</b>	<b>\$345,839</b>	<b>\$249,725</b>

On behalf of the Board



Director



Director

(See accompanying notes)



	1980	1979	
<b>Liabilities and Shareholders' Equity</b>	CURRENT:		
	Bank indebtedness	\$ 13,961	\$ 14,542
	Accounts payable and accrued liabilities	59,841	42,254
	Taxes payable	16,923	19,801
	Notes payable	9,823	4,690
	Current portion of non-current debt	1,200	2,717
	<b>TOTAL CURRENT LIABILITIES</b>	<b>101,748</b>	<b>84,004</b>
	<b>NON-CURRENT DEBT (note 5)</b>	<b>88,380</b>	<b>29,967</b>
	<b>DEFERRED INCOME TAXES</b>	<b>4,615</b>	<b>4,743</b>
	CONTINGENCIES (note 15)		
	<b>MINORITY INTEREST IN SUBSIDIARIES</b>	<b>22,516</b>	<b>24,480</b>
	<b>EMPLOYEES' SHARES SUBSCRIBED (note 6)</b>	<b>1,692</b>	<b>1,047</b>
	SHAREHOLDERS' EQUITY:		
	Share capital (note 6)		
	Issued and outstanding:		
	1980 — 12,226,735 shares (1979 — 12,225,207)	13,294	13,272
	Retained earnings	113,594	92,212
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>126,888</b>	<b>105,484</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$345,839</b>	<b>\$249,725</b>	

**Auditors' Report**

TO THE SHAREHOLDERS OF TORSTAR CORPORATION:

We have examined the consolidated balance sheet of Torstar Corporation as at December 31, 1980 and the consolidated statements of income, 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, the consolidated financial statements present fairly the financial position of the company as at December 31, 1980 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.

*Clarkson Gordon*

CHARTERED ACCOUNTANTS

February 13, 1981 (except February 27, 1981 as to note 11(c))  
Toronto, Canada



## Consolidated Statement of Income

(thousands of dollars)

TORSTAR CORPORATION

Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
OPERATING REVENUE	\$472,733	\$371,100
OPERATING PROFIT	\$ 58,945	\$ 51,996
Other expense (net) (note 7)	6,429	(401)
INCOME BEFORE TAXES	52,516	52,397
Income taxes	21,449	24,771
INCOME BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEM	31,067	27,626
Minority interest in earnings of subsidiary	9,076	8,800
INCOME BEFORE EXTRAORDINARY ITEM	21,991	18,826
Extraordinary item — special dividend from Western Broadcasting Company Ltd. (note 8)	6,118	
NET INCOME FOR THE YEAR	\$ 28,109	\$ 18,826
EARNINGS PER SHARE:		
INCOME BEFORE EXTRAORDINARY ITEM	\$1.80	\$1.54
NET INCOME FOR THE YEAR	\$2.30	\$1.54

## Consolidated Statement of Retained Earnings

(thousands of dollars)

Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 92,212	\$78,276
Add net income for the year	28,109	18,826
	120,321	97,102
Less dividends	6,727	4,890
RETAINED EARNINGS, END OF YEAR	\$113,594	\$92,212

(See accompanying notes)



# Consolidated Statement of Changes in Financial Position

TORSTAR CORPORATION

(thousands of dollars)

Year ended December 31, 1980 (with comparative figures for 1979)

	1980	1979
<b>SOURCE OF FUNDS:</b>		
<b>FROM OPERATIONS —</b>		
Net income before extraordinary item	\$ 21,991	\$18,826
Add charges to income which did not reduce working capital:		
Minority interest	9,076	8,800
Depreciation of fixed assets	5,474	3,310
Amortization of goodwill, mailing lists and subscription list	2,879	1,404
Deferred income taxes	(128)	(688)
<b>TOTAL FUNDS FROM OPERATIONS</b>	<b>39,292</b>	<b>31,652</b>
Extraordinary item — special dividend from Western Broadcasting Company Ltd. (note 8)	6,118	
Increase in debt	58,413	6,319
Proceeds from settlement of lawsuit (note 4)	3,700	
Employee share subscriptions	645	1,047
Other	96	378
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$108,264</b>	<b>\$39,396</b>
<b>APPLICATION OF FUNDS:</b>		
Additional investment in shares of Harlequin Enterprises Limited (note 10)	\$ 37,047	\$ 6,268
Investment in other subsidiaries net of working capital acquired (note 9)	42,263	3,239
Fixed assets	11,052	10,937
Dividends to shareholders	6,727	4,890
Dividends paid by subsidiary to minority interest	3,527	2,538
Increase in working capital	7,648	11,524
<b>TOTAL APPLICATION OF FUNDS</b>	<b>\$108,264</b>	<b>\$39,396</b>

(See accompanying notes)



# Notes to Consolidated Financial Statements

December 31, 1980

## 1. Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements:

### (a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and its subsidiaries.

### (b) FOREIGN EXCHANGE

Accounts denominated in foreign currency have been translated to Canadian dollars as follows: current assets and liabilities at exchange rates prevailing at the year end; fixed assets, mailing lists, goodwill and non-current liabilities at exchange rates prevailing at dates acquired, or assumed; income and expenses (excluding depreciation and amortization) at average rates during the year. Exchange adjustments resulting from such translation practices are recognized in the consolidated statement of income.

### (c) RECEIVABLES

Receivables are reduced by provisions for book returns which are determined by reference to past experience and expectations.

### (d) INVENTORIES

Inventories are valued at the lower of cost and net realizable value.

### (e) DEPRECIATION POLICY

The cost of plant and equipment is depreciated using various rates and methods depending on the estimated useful lives of the assets. The rates and methods used for major depreciable assets are as follows:

- (i) Presses and associated equipment — straight line over 15 years.
- (ii) Non-press equipment — straight line over 12½ years or 20% diminishing balance.

### (f) MAILING LISTS

The direct mail marketing lists are amortized on a straight line basis over 10 years.

### (g) SUBSCRIPTION LIST

The newspaper subscription list is amortized on a straight line basis over a 30-year period to 2001.

### (h) GOODWILL

Goodwill is amortized on a straight line basis over a period of 40 years from the dates of acquisition.

### (i) PAST SERVICE PENSION COSTS

The costs relating to improved pension benefits granted for employment in prior periods, to the extent they are not covered by pension plan surplus, are

amortized over periods not exceeding 15 years from the dates at which such benefits become effective.

### (j) INCOME TAXES

The company follows the deferral method of income tax allocation which results in prepaid and deferred income taxes. Prepaid income taxes result from costs, principally provisions for book returns, which in some jurisdictions are not currently deductible for tax purposes. Deferred income taxes result from claiming deductions for income tax purposes, principally depreciation, in excess of amounts currently charged.

Provision is made for all taxes that it is estimated will be payable on the undistributed earnings of operations outside Canada to the extent that such earnings have not been reinvested in the subsidiaries' operations on a long-term basis.

### (k) LEASES

All major leases of the company were entered into prior to January 1, 1979 and are reflected in the accompanying financial statements as operating leases. Generally accepted accounting principles require certain types of leases entered into on or after January 1, 1979 to be accounted for as capital leases, reflecting both a leasehold asset and a related lease obligation. While this requirement does not apply to the company's existing leases, supplementary disclosure is given (see note 13) as to how the only existing lease agreement of a capital nature would have been reflected had it been recorded as a capital lease.

## 2. Receivables

The provisions for anticipated book returns deducted from receivables at December 31, 1980 amounted to \$21,116,000 (December 31, 1979 — \$18,671,000).

## 3. Investments and Other Non-Current Assets

As at December 31, investments consisted of (in thousands of dollars):

	1980	1979
9.25% first mortgage sinking fund bonds due December 31, 2000 (a)	\$10,287	\$10,486
8.54% second mortgage receivable maturing July 25, 2001 (a)	4,120	4,201
Shares of Western Broadcasting Company Ltd. at cost (b)	13,427	13,427
Other non-current assets	4,096	3,618
	<b>\$31,930</b>	<b>\$31,732</b>



(a) The first mortgage sinking fund bonds and the second mortgage are held on The Toronto Star building at One Yonge Street. In addition to interest, the first mortgage sinking fund bonds are entitled to share in profits of the building operation.

(b) The investment in Western Broadcasting Company Ltd. is represented by 1,223,520 shares or approximately 33% of Western's outstanding common shares.

(c) Included in other non-current assets are loans receivable of \$509,000 pursuant to a stock purchase plan for senior officers.

#### 4. Fixed Assets

During the year the company received \$3.7 million plus costs in settlement of a lawsuit which commenced in 1975 for breach of contract related to printing presses acquired from Crabtree-Vickers (Canada) Limited. The carrying value of the presses has been reduced by the proceeds to reflect the impairment in the economic value recognized in the settlement.

#### 5. Non-Current Debt

As at December 31, non-current debt consisted of (in thousands of dollars):

	1980	1979
Bankers' acceptances and bank loans (a)	\$47,000	\$27,000
Bank loans, with interest based upon the prevailing London Interbank rate, due 1985 to 1988, U.S. \$35 million Year end interest rate — 22% Average rate during the year — 13.5%	40,285	
Other debt due 1982-87	1,095	2,967
	<b>\$88,380</b>	<b>\$29,967</b>

(a) Bankers' acceptances are normally issued at varying rates slightly below prime and maturing over periods ranging from 30 to 90 days. The company's bankers' acceptances are convertible to bank loans at any time at the company's option under a bank line of credit. These bank loans would be at prime + ½ % and mature in 1983-87.

(b) Non-current debt repayment requirements amount to \$567,000 in 1982, \$10,106,000 in 1983, \$10,106,000 in 1984, \$19,774,000 in 1985, \$19,774,000 in 1986, \$16,774,000 in 1987 and \$11,279,000 in 1988.

(c) If the non-current debt payable in foreign currencies were translated into Canadian dollars at the exchange rates in effect at the end of the year, non-current debt net of current portion would have been \$89,968,000 at December 31, 1980 (\$30,430,000 in 1979). It is anticipated that these borrowings will be repaid out of funds generated in the same currencies.

#### 6. Share Capital

(a) AUTHORIZED, ISSUED AND OUTSTANDING SHARES  
At December 31, 1980, shares authorized, issued and outstanding, all without par value, were as follows:

	AUTHORIZED	ISSUED AND OUTSTANDING
Class A	21,419,782	2,613,482
Class B		9,613,253
Class C	82,508,552	
Common	1,890,560	
		12,226,735

During the year the shareholders passed a special resolution subdividing the authorized, issued and outstanding Class A and Class B shares of the company on a 3 for 2 basis.

#### (b) VOTING AND CONVERSION RIGHTS

Class A shareholders and common shareholders are entitled to one vote per share held. Class B shares are non-voting, unless the equivalent of eight consecutive quarterly dividends have not been paid. Class C shares are non-voting.

Class A shares are convertible at any time at the option of the holder into Class B shares.

#### (c) RESTRICTIONS ON TRANSFER

The registration of a transfer of shares may be refused if such transfer could jeopardize either the ability of the company to engage in broadcasting or its status as a Canadian newspaper.

#### (d) DIVIDEND ENTITLEMENTS

After payment to the holders of Class A shares of dividends equal to the non-cumulative preferential dividend (7.5¢ per share) paid to the holders of Class B shares in any year, all shareholders of the company other than the holders of Class C shares rank equally respecting the payment of any further dividends. The holders of Class C shares are not entitled to receive dividends.

Dividends may be received in cash or shareholders may elect to receive stock dividends in the form of Class B or Class C shares. Dividends paid in the form



of Class C shares are redeemed for cash within 15 days of their date of issue. It is the company's practice to purchase for cancellation on the open market the number of Class B shares equivalent to the Class B shares issued as stock dividends. Accordingly, dividends paid in the form of Class B shares are not reflected as an increase in share capital. To the extent that the equivalent number of shares had not been re-purchased at December 31, full provision for the re-purchase was made in the accounts of the company.

During the year the company issued 115,011 Class B shares as stock dividends for a value of \$1,988,000. To December 31, 1980, 76,615 of these shares had been re-purchased for cancellation at an average price of \$16.47 per share for a total consideration of \$1,262,000. Subsequent to the year end, the company re-purchased for cancellation 38,396 shares for a total consideration of \$752,000.

(e) EMPLOYEES' SHARE PURCHASE PLAN

Under the company's employees' share purchase plan, employees may subscribe for Class B shares to be paid for through payroll deductions over two-year periods at a purchase price which is the lower of:

- (i) 95% of the market price on the entry date, or
- (ii) the market price at the end of the payment period.

As at December 31, 1980, employees had subscribed for shares as follows:

NUMBER OF SHARES	SUBSCRIPTION PRICE PER SHARE	MATURING
86,205	\$11.08	March 1981
50,535	\$14.57	April 1982

In February, 1981, further subscriptions under the plan were authorized at a price of \$17.58 per share; subscriptions had not closed at the date of preparation of the financial statements.

(f) During the year the company issued 862 shares having a value of approximately \$14,000 to employees in recognition of long service. In addition, 1,050 shares were issued under the employee share purchase plan for a value of approximately \$13,000. The equivalent of 384 shares were redeemed for approximately \$5,000 in lieu of the issuance of fractional shares in connection with the 3 for 2 subdivision referred to in (a) above.

## 7. Other Expense

Other expense for the years ended December 31, 1980 and 1979 consisted of the following (in thousands of dollars):

	1980	1979
Interest expense		
— non-current debt	\$ 8,083	\$ 3,689
— other	4,103	878
Investment revenue	(6,425)	(5,183)
Net investment expense (income)	5,761	(616)
Exchange adjustment	668	215
Other expense (net)	\$ 6,429	\$ (401)

## 8. Extraordinary Item

SPECIAL DIVIDEND FROM WESTERN BROADCASTING COMPANY LTD.

During the year Western Broadcasting (in which the company holds a 33% interest) sold its 26% interest in Premier Communications Limited giving rise to an extraordinary gain. A special dividend was paid to shareholders of Western Broadcasting from the proceeds of this sale.

## 9. Acquisitions in 1980

During 1980 Harlequin Enterprises Limited purchased, for \$58,351,000, the mail order business of the Miles Kimball Company of Oshkosh, Wisconsin. In addition, Harlequin increased its interest in The Laufer Company to 87% at a cost of \$293,000. These acquisitions have been accounted for as purchases and may be summarized as follows (in thousands of dollars):

Fixed assets	\$ 8,267
Mailing lists	18,243
Goodwill, being the excess of the cost of investment over fair value of net assets acquired	15,591
Reduction of minority interest	162
	42,263
Plus excess of current assets acquired over current liabilities assumed	16,381
Total cost of acquisitions	\$58,644

## 10. Additional Investment in Shares of Harlequin Enterprises Limited

During 1980 the company exercised an option to purchase 589,696 common shares of Harlequin at a



price of approximately \$16.71 per share for a total purchase cost of approximately \$9,900,000. In addition, the company acquired, for \$27,100,000, a further 1,224,454 common shares of Harlequin in transactions that included the termination of further option agreements that would have expired in 1981. These purchases were accounted for as a reduction of minority interest of \$7,600,000 and an increase of goodwill of \$29,400,000. Subsequent to December 31, 1980 the company acquired, for \$1,900,000, an additional 81,765 shares of Harlequin. As a result of these purchases the company's interest in Harlequin has been increased to 11,186,120 shares or 70.1% of Harlequin's outstanding common shares.

## 11. Acquisitions Subsequent to the Year end

In early 1981 the company undertook commitments for the following acquisitions:

- (a) Purchase by Comac Communications Limited for \$450,000 of a 60% interest in Bryan Publications Ltd., publisher of Western Living, a controlled circulation magazine distributed in Western Canada. Options to acquire a further 40% of Bryan Publications between 1982 and 1984 will cost a minimum \$300,000.
- (b) Purchase by Torstar Corporation for \$375,000 of a 49% interest in Graphic Cylinders Inc., manufacturer of rotogravure cylinders, with an option to acquire a further 51% of Graphic in future years at varying prices depending on Graphic's earnings and at a minimum price of \$600,000.
- (c) Purchase by Metrospan Printing & Publishing Ltd. for \$13,500,000 of all of the outstanding shares of Inland Publishing Co. Limited, a company engaged in commercial printing and the publishing of community newspapers in the Toronto area.

## 12. Pension Plans

The unamortized past service costs for pension benefits in effect at December 31, 1980 approximate \$3,710,000.

## 13. Capital Lease Obligations

The company is obligated under a lease to the year 2001 for a portion of The Toronto Star building at One Yonge Street for an annual rental cost of \$1,700,000 plus municipal taxes, maintenance and other operating costs relating to the leased portion.

The company could be liable under certain contingencies to lease the whole building to 2001 with

an additional rental commitment of approximately \$1,100,000 plus payment of related municipal taxes, maintenance and other operating costs.

Had the lease on The Toronto Star building been recorded in the financial statements as a capital lease, the following adjustments to the figures reported in the accompanying financial statements would have been required (*in thousands of dollars*):

### BALANCE SHEET ADJUSTMENTS

December 31, 1980

#### ASSETS

Capital lease	\$17,337
Less accumulated depreciation	4,293
<b>Total Assets</b>	<b>\$13,044</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

Working capital reduction	\$ 1,455
Long-term lease obligation	14,005
Deferred tax	(1,153)
Retained earnings	(1,263)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$13,044</b>

*Note: Had the above adjustments been made, net income for the year ended December 31, 1980 would have declined \$89,000 (1979 — \$101,000)*

## 14. Material Commitments

(a) Harlequin Enterprises has entered into U.S. dollar foreign exchange contracts (at an average rate of \$1.18 Cdn.) covering anticipated net cash flow from U.S. operations for the upcoming year.

(b) The company is committed to annual rentals of approximately \$3,500,000 for each of the next five years.

## 15. Contingencies

A number of legal actions against the company and its subsidiaries are outstanding, the ultimate disposition of which is not expected to materially affect the financial position of the company. Harlequin's former U.S. distributor has withheld payment of an account receivable of \$4.3 million pending settlement of a claim for commissions. Harlequin and its legal counsel consider this claim to be without merit and counter claims for damages and payment of the amount withheld have been filed.



## 16. Segmented Information

The company's operations are classified into four business segments: Newspaper publishing; Book and magazine publishing; Distribution, principally of consumer and educational products through direct mail and at retail; and Printing and other.

The following is a summary of business and geographic segments of the company (in thousands of dollars):

### BUSINESS SEGMENTS

	NEWSPAPER PUBLISHING	BOOK AND MAGAZINE PUBLISHING	DISTRI- BUTION	PRINTING AND OTHER	CONSOLI- DATED
Revenue	\$177,925	\$232,675	\$ 48,443	\$ 23,349	\$482,392
Less intercompany printing	161			9,498	9,659
Operating revenue	\$177,764	\$232,675	\$ 48,443	\$ 13,851	\$472,733
Operating profit	\$ 12,387	\$ 40,778	\$ 4,853	\$ 927	\$ 58,945
Identifiable assets	\$ 46,965	\$156,758	\$ 56,474	\$ 23,059	\$283,256
Corporate assets					62,583
					\$345,839
Additions to fixed assets excluding acquisitions	\$ 1,239	\$ 3,570	\$ 3,472	\$ 2,771	\$ 11,052
Depreciation and amortization	\$ 3,754	\$ 2,328	\$ 1,556	\$ 715	\$ 8,353

### GEOGRAPHIC SEGMENTS

	CANADA	UNITED STATES	OTHER (1)	CONSOLI- DATED
Revenue	\$239,755	\$164,265	\$ 78,372	\$482,392
Less intercompany printing		9,659		9,659
Operating revenue	\$230,096	\$164,265	\$ 78,372	\$472,733
Operating profit	\$ 16,060	\$ 33,633	\$ 9,252	\$ 58,945
Identifiable assets	\$146,805	\$ 92,771	\$ 43,680	\$283,256
Corporate assets				62,583
				\$345,839

(1) Principally United Kingdom, France and Germany



## Nine-Year Operating Highlights

	1972	1973	1974
<b>Operating Revenue</b>			
<i>(thousands of dollars)</i>			
Newspaper Publishing	\$ 77,911	\$ 91,257	\$104,388
Book and Magazine Publishing			4,804
Distribution			
Printing and Other	4,420	8,263	11,354
	82,331	99,520	120,546
Less intercompany printing	2,907	4,739	5,790
Operating revenue	\$ 79,424	\$ 94,781	\$114,756
<b>Operating Profit and Net Income</b>			
<i>(thousands of dollars)</i>			
Newspaper Publishing	\$ 10,224	\$ 13,927	\$ 16,873
Book and Magazine Publishing			177
Distribution			
Printing and Other	342	438	231
Operating profit	10,566	14,365	17,281
Other expense (net)	1,265	367	546
Income before taxes	9,301	13,998	16,735
Income taxes*	4,655	6,698	7,966
Income before minority interest	4,646	7,300	8,769
Minority interest in earnings of subsidiaries			
Income before extraordinary items*	\$ 4,646	\$ 7,300	\$ 8,769
<b>Per Share Data</b>			
<i>(adjusted for 3 for 1 stock split in 1973 and 3 for 2 stock split in 1980)</i>			
Income before extraordinary items*	43¢	66¢	79¢
Dividends	7¢	10¢	13¢
<b>Rate of Return on Revenue</b>			
Consolidated Operating Profit	13.3%	15.2%	15.1%
Income before minority interest and extraordinary items*	5.8%	7.7%	7.6%
<b>Return on Equity</b>			
Income before extraordinary items as a percentage of average shareholders' equity	17.4%	22.7%	23.5%

\*adjusted for 1978 recovery of taxes related to 1973-1977



1975	YEARS ENDED SEPTEMBER 30			YEARS ENDED DECEMBER 31	
	1976	1977	1978	1979	1980
\$116,267	\$130,195	\$133,727	\$144,135	\$162,583	\$177,925
5,865	47,372	71,580	117,267	190,267	232,675
13,225	8,067	8,635	8,473	7,963	48,443
	14,840	14,938	17,551	21,736	23,349
135,357	200,474	228,880	287,426	382,549	482,392
6,051	7,473	8,029	9,955	11,449	9,659
\$129,306	\$193,001	\$220,851	\$277,471	\$371,100	\$472,733
\$ 16,969	\$ 18,208	\$ 11,351	\$ 9,555	\$ 10,684	\$ 12,387
297	8,147	18,699	30,278	38,893	40,778
648	269	545	282	(144)	4,853
	985	1,211	247	2,563	927
17,914	27,609	31,806	40,362	51,996	58,945
(248)	1,037	(266)	(1,477)	(401)	6,429
18,162	26,572	32,072	41,839	52,397	52,516
8,403	12,459	15,224	20,549	24,771	21,449
9,759	14,113	16,848	21,290	27,626	31,067
	2,109	4,769	7,531	8,800	9,076
\$ 9,759	\$ 12,004	\$ 12,079	\$ 13,759	\$ 18,826	\$ 21,991
87¢	99¢	99¢	\$1.13	\$1.54	\$1.80
17¢	19¢	21¢	25¢	40¢	55¢
13.9%	14.3%	14.4%	14.5%	14.0%	12.5%
7.5%	7.3%	7.6%	7.7%	7.4%	6.6%
22.7%	21.3%	17.1%	16.9%	19.1%	18.9%



## Supplementary Consolidating Information

(thousands of dollars)

Year ended December 31, 1980 (with comparative figures for 1979)

	TORSTAR CORPORATION (note)	
	1980	1979
<b>Balance Sheet</b>		
<b>Assets</b>		
Current assets	\$ 41,759	\$ 39,108
Investments and other non-current assets	31,930	31,732
Equity in Harlequin Enterprises Limited	109,399	63,226
Fixed assets (net)	27,452	31,292
Other assets	6,917	7,250
<b>TOTAL ASSETS</b>	<b>\$217,457</b>	<b>\$172,608</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities	\$ 36,907	\$ 33,949
Non-current debt	47,255	27,285
Deferred income taxes	4,615	4,743
Minority interest in subsidiaries	100	100
Employee's shares subscribed	1,692	1,047
Shareholders' equity	126,888	105,484
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$217,457</b>	<b>\$172,608</b>
<b>Income Before Minority Interest</b>		
Operating revenue	\$207,494	\$185,669
Operating costs	193,972	172,495
<b>Operating profit</b>	<b>13,522</b>	<b>13,174</b>
Income before taxes	10,511	11,813
Income taxes	4,263	4,718
<b>Income before minority interest and extraordinary item</b>	<b>\$ 6,248</b>	<b>\$ 7,095</b>
<b>Changes in Financial Position</b>		
<b>SOURCE OF FUNDS:</b>		
Funds from operations	\$ 17,258	\$ 13,094
Special dividend from Western Broadcasting Company Ltd.	6,118	
Increase (decrease) in debt	19,970	7,017
Proceeds from settlement of lawsuit	3,700	
Employee share subscriptions	645	1,047
Other	(176)	159
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 47,515</b>	<b>\$ 21,317</b>
<b>APPLICATION OF FUNDS:</b>		
Additional investment in shares of Harlequin Enterprises Limited	\$ 37,047	\$ 6,268
Investment in other subsidiaries		
Fixed assets	4,048	8,843
Dividends to shareholders	6,727	4,890
Dividends paid by subsidiary to minority interest		
Increase (decrease) in working capital	(307)	1,316
<b>TOTAL APPLICATION OF FUNDS</b>	<b>\$ 47,515</b>	<b>\$ 21,317</b>

Note: Includes Torstar Corporation and all subsidiary companies except Harlequin Enterprises Limited



HARLEQUIN ENTERPRISES LIMITED		CONSOLIDATING ADJUSTMENTS		TOTAL CONSOLIDATED	
1980	1979	1980	1979	1980	1979
\$116,158	\$ 93,417	\$	\$	\$157,917	\$132,525
		(109,399)	(63,226)	31,930	31,732
17,782	3,797			45,234	35,089
49,260	16,863	54,581	26,266	110,758	50,379
\$183,200	\$114,077	\$ (54,818)	\$ (36,960)	\$345,839	\$249,725
\$ 64,841	\$ 50,055	\$	\$	\$101,748	\$ 84,004
41,125	2,682			88,380	29,967
281	698	22,135	23,682	4,615	4,743
76,953	60,642	(76,953)	(60,642)	22,516	24,480
				1,692	1,047
				126,888	105,484
\$183,200	\$114,077	\$ (54,818)	\$ (36,960)	\$345,839	\$249,725
\$265,239	\$185,431	\$	\$	\$472,733	\$371,100
218,707	145,858	1,109	751	413,788	319,104
46,532	39,573	(1,109)	(751)	58,945	51,996
43,114	41,335	(1,109)	(751)	52,516	52,397
17,186	20,053			21,449	24,771
\$ 25,928	\$ 21,282	\$ (1,109)	\$ (751)	\$ 31,067	\$ 27,626
\$ 28,396	\$ 22,071	\$ (6,362)	\$ (3,513)	\$ 39,292	\$ 31,652
38,443	(698)			6,118	
				58,413	6,319
				3,700	
272	219			645	1,047
				96	378
\$ 67,111	\$ 21,592	\$ (6,362)	\$ (3,513)	\$108,264	\$ 39,396
\$	\$	\$	\$	\$ 37,047	\$ 6,268
42,263	3,239			42,263	3,239
7,004	2,094			11,052	10,937
6,362	3,513	(6,362)	(3,513)	6,727	4,890
3,527	2,538			3,527	2,538
7,955	10,208			7,648	11,524
\$ 67,111	\$ 21,592	\$ (6,362)	\$ (3,513)	\$108,264	\$ 39,396



## Supplementary Information

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The consolidating schedules set out beneath this flap provide condensed balance sheet, earnings and flow of funds information for Torstar Corporation and its closely controlled subsidiaries and, separately, for Harlequin Enterprises Limited.

This information is meant to supplement that supplied by the consolidated financial statements. The additional and separate disclosure is provided because of the significance of the Harlequin assets, liabilities and operations in the overall consolidated picture, and the substantial minority holdings of Harlequin shares.



# Torstar Operating Companies and Management

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## Torstar Corporation

BELAND H. HONDERICH,  
*Chairman*

E. PAUL ZIMMERMAN,  
*President*

BURNETT M. THALL,  
*Vice-President*

J. MURRAY COCKBURN,  
*Vice-President, Finance  
and Administration*

DAVID A. GALLOWAY,  
*Vice-President,  
Corporate Development*

ANDREW J. CONDUIT,  
*Director of Marketing  
Planning*

ROBERT E. GIROUX,  
*Director of Finance and  
Administration*

NEIL A. BAIRD,  
*Manager,  
Corporate Development*

J. BLAIR MACKENZIE,  
*General Counsel and  
Secretary*

HARRY E. ANDREWS,  
*Secretary to the Board  
and Investment Manager*

## Toronto Star Newspapers Limited

BELAND H. HONDERICH,  
*Chairman and Publisher*

MARTIN W. GOODMAN,  
*President and  
Chief Executive Officer*

BURNETT M. THALL,  
*Senior Vice-President*

DENIS M. HARVEY,  
*Vice-President and  
Editor-in-Chief*

THOMAS L. MURTHA,  
*Vice-President,  
Marketing and Sales*

BRUCE W. TAYLOR,  
*Vice-President,  
Operations*

GEORGE RADWANSKI,  
*Editorial Page Editor*

STEPHEN PETHERBRIDGE,  
*Managing Editor*

B. NEIL CLARK,  
*Director of Finance  
and Administration*

NORMAN R. KIRK,  
*Director of Advertising*

JAMES F. ROBINSON,  
*Director of Circulation*

JOHN E. A. BROOKS,  
*Director of Communications*

CHRISTOPHER J. DAVIS,  
*Director of  
Industrial Relations*

THOMAS MALTBY,  
*Director of Production*

## Harlequin Enterprises Limited (70.1%)

W. LAWRENCE HEISEY,  
*President*

VINCENT C. WALTER,  
*Senior Vice-President,  
Corporate Operations*

CHRISTIAN J. CHALMIN,  
*Vice-President*

WILLIAM G. GASPERO,  
*Vice-President*

BARRY HENSTOCK,  
*Vice-President, Finance*

PATRICK T. NAKAGAWA,  
*Vice-President,  
Corporate Development*

ROBERTA STEINBERG,  
*Vice-President,  
Personnel*

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### Harlequin Book Publishing

JOHN T. BOON, C.B.E.,  
*Chairman, Overseas*

ALAN W. BOON,  
*Group Editorial  
Director, Fiction*

CHRISTIAN J. CHALMIN,  
*Senior Vice-President,  
Overseas*

WILLIAM G. GASPERO,  
*President,  
North American Division*

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### Harlequin Ventures

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#### Miles Kimball Company

ALBERTA KIMBALL,  
*Chairman*

TED LEYHE,  
*President*

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#### Scholar's Choice

R. ALEXANDER DE BOER,  
*President*

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#### Harlequin Magazines

PHILIP G. WHALEN,  
*Vice-President,  
Operations*

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**Comac Communications Limited**  
(95.5%)

EDWARD H. GITTINGS,  
*President*

JEFFREY W. SHEARER  
*Executive*  
*Vice-President*

D. ROBERT CRAWLEY,  
*Vice-President,*  
*Finance and*  
*Administration*

HUGH J. ROSSER,  
*Vice-President*

**Bryan Publications Limited (60%)**

JOHN B. BRYAN,  
*President*

ELIZABETH BRYAN,  
*Secretary-Treasurer*

**Metrospan Printing & Publishing Ltd.**

JOHN F. BAXTER,  
*President*

WAYNE ZUBEK,  
*Vice-President,*  
*Finance and Administration*

PETER A. BRADLEY,  
*Director, Finance and*  
*Administration*

MURRAY D. SKINNER,  
*Director, Marketing*  
*and Corporate Sales*

DAVID J. O'DONNELL,  
*General Manager,*  
*Rotogravure Printing*

HAROLD T. WEBB  
*General Manager,*  
*Web Offset Printing*

**Inland Publishing Co. Limited**

JOHN F. BAXTER,  
*President*

JOHN W. COLEMAN,  
*Senior Vice-President,*  
*Production and Printing*

JOHN VAIL,  
*Director, Finance and*  
*Administration*

**Nielsen-Ferns International Ltd.**

RICHARD NIELSEN,  
*President*

W. PATERSON FERNS,  
*Vice-President*

ROBERT E. GIROUX,  
*Vice-President*

MICHAEL PEACOCK,  
*Producer*

**Associated Companies**

**Infomart (50%)**

DAVID M. CARLISLE,  
*President*

**Today Magazine (33.3%)**

GORDON PAPE,  
*President*

**Graphic Cylinders Inc. (49%)**

NORMAN ESCH,  
*President*



**TORSTAR**  
TORSTAR CORPORATION