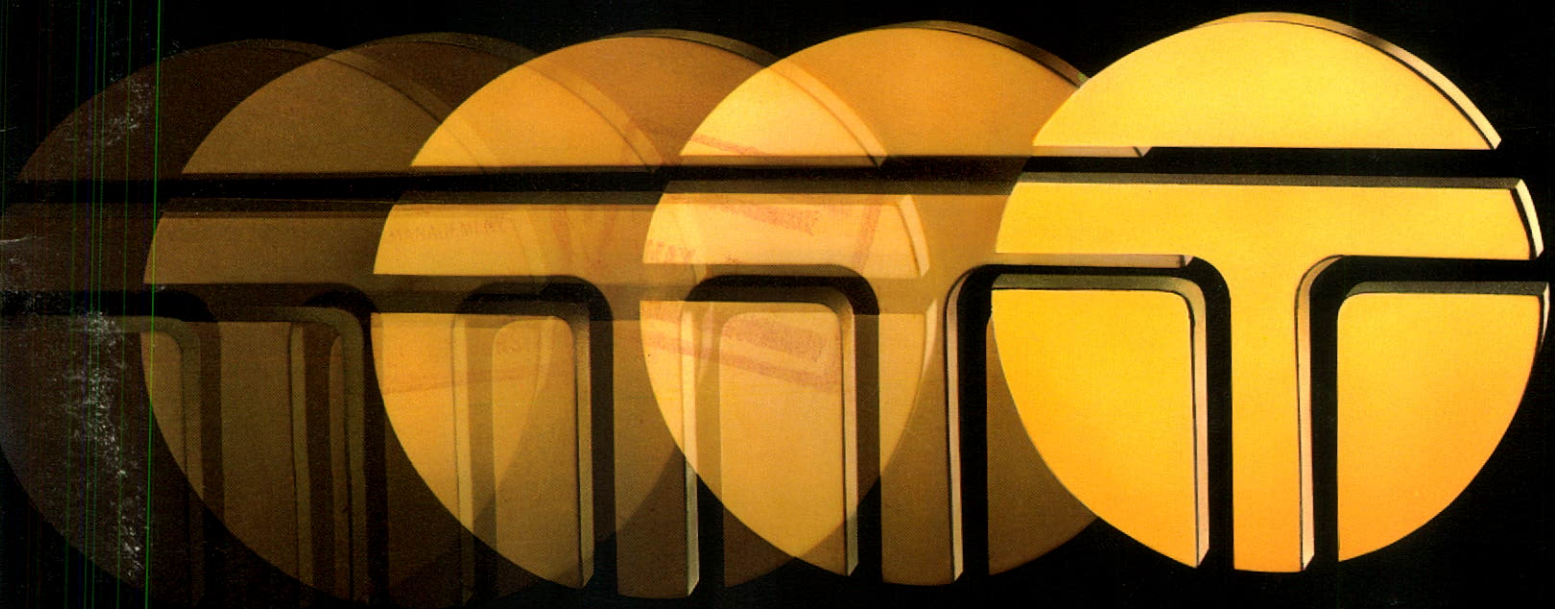


**International
Thomson
Organisation
Limited**

**Annual
Report
1981**



Contents

Results at a glance	1
Directors	1
The International Thomson Group	2
Chairman's Review	4
President's Report	5
Information and Publishing	11
Travel	17
Natural Resources	19
Associated Companies	20
Financial summary	22
Five year summary	23
Summary of significant accounting policies	24
Consolidated statement of earnings	26
Consolidated statement of retained earnings	26
Consolidated balance sheet	27
Consolidated statement of changes in financial position	28
Notes to consolidated financial statements	29
Auditors' report	36
Principal Interests	37

International Thomson is a leading international information and publishing business with strong interests in travel and natural resources

Some of the many products and services produced by International Thomson in many countries



Results at a glance

(millions of pounds sterling except per share amounts)

	1981	1980
Sales	1,180.7	917.2
Trading profit*	113.6	119.7
Earnings from continuing operations	43.5	45.1
Loss from discontinued operations of Times Newspapers Holdings Ltd.	—	6.8
Extraordinary losses	—	18.6
Earnings for the year	43.5	19.7
Earnings per share		
— continuing operations	31.2p	32.4p
— for the year	31.2p	14.1p

*Trading profit is stated after deducting UK supplementary petroleum duty and UK petroleum revenue tax.

Directors

International Thomson Organisation Limited

Lord Thomson of Fleet, Chairman
 J A Tory, Deputy Chairman
 G C Brunton, President
 W M Brown, Executive Vice-President
 W J DesLauriers
 C E Medland
 J W Whittall

Head Office
 The Cadillac Fairview Tower
 Suite 2206, Box 45
 20 Queen Street West
 Toronto, Ontario M5H 3R3
 Canada

Auditors
 Price Waterhouse
 Toronto-Dominion Centre
 Toronto, Ontario M5K 1G1
 Canada

Principal Registrar
 Montreal Trust Company
 15 King Street West
 Toronto, Ontario M5H 1B4
 Canada

Branch Registrar
 Ravensbourne Registration
 Services Ltd
 Bourne House
 34 Beckenham Road
 Beckenham
 Kent BR3 4TU
 United Kingdom

Company Secretary, M D Knight

United Kingdom

International Thomson Organisation PLC

Lord Thomson of Fleet, Chairman
 G C Brunton, Managing Director and
 Chief Executive
 W M Brown, Joint Deputy Managing Director
 C N D Cole, Joint Deputy Managing Director
 J Evans, Joint Deputy Managing Director
 I M Clubb
 Sir Denis Hamilton
 J H Sauvage
 J A Tory

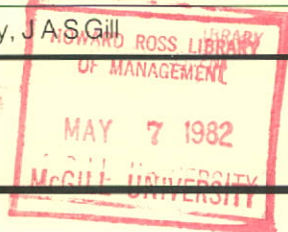
Company Secretary, M D Knight

United States

International Thomson Holdings Inc

Lord Thomson of Fleet, Chairman
 J A Tory, Deputy Chairman
 G C Brunton, President
 and Chief Executive Officer
 W M Brown, Executive Vice-President
 and Chief Operating Officer

Company Secretary, J A S Gill





The International Thomson Group

Its History

The Group was founded in 1959 by Roy Thomson, later Lord Thomson of Fleet, by the merger of Scottish Television Ltd with Kemsley Newspapers Ltd, the publishers of *The Sunday Times* and a group of United Kingdom regional newspapers.

In 1961 an energetic policy of diversification began. This resulted over the next 20 years in broadening the interests of the Group into many other forms of information and publishing as well as holidays and travel and oil and gas. In 1978 the Group was restructured financially and International Thomson Organisation Limited, with headquarters in Toronto, was formed.

The Present

The discovery of substantial oil fields in the North Sea provided the Group with an opportunity to achieve growth on an unprecedented scale. The resources generated have been used for re-equipping our newspapers, buying new aircraft, developing new magazines, directories and information databases, continuing to explore and develop in the North Sea as well as for pursuing a vigorous policy of acquisition and growth in North America, particularly the United States.

The Facts and Figures

- (1) At December 31, 1981 the issued share capital was 139,324,878 common shares, of which 82% are owned by the Thomson family.
- (2) Capitalization value on the Toronto and London stock exchanges at December 31, 1981 was £424 million.
- (3) Assets employed were £726.6 million at December 31, 1981.
- (4) Employees at December 31, 1981 numbered over 22,500.
- (5) £100 invested in the shares of The Thomson Organisation in the UK on December 31, 1971 was represented by shares of International Thomson Organisation worth £1,225 at December 31, 1981.

Style of Management

Your Company is entrepreneurial by tradition and is characterized by a highly decentralized style of management.

Personnel Training and Management Development

The Group has a well developed system of personnel appraisals, management audits, succession planning and career development.

Community Responsibility

All companies are encouraged to become directly involved in community and industry affairs and directors and senior executives undertake a wide range of national and industrial duties and appointments.

The Future

Your Company's objective is to enhance its position as a leading international information and publishing business with strong interests in travel and natural resources.

Our major task over the next few years is to continue to convert the finite earnings from the North Sea into the high quality investments of the future. This will be achieved by expanding our existing businesses and acquiring new ones. We shall concentrate on high quality products in growth markets and seek to achieve an acceptable balance of investment both geographically and in sectors of activity.

Our aim is to make the future even more successful than the past.

Milestones

1959

Roy Thomson acquired the Kemsley Group, comprising national and regional newspapers, including The Sunday Times, and merged them with his interests in Scottish Television and The Scotsman Publications

1961

Thomson Publications formed to launch and acquire business and consumer magazines and book publishing companies

1965

Thomson Travel formed by acquiring four operating companies and Britannia Airways
Yellow Pages contract awarded by the British Post Office

1967

The Times acquired and with The Sunday Times formed Times Newspapers

1971

Thomson joined consortium to explore for oil and gas in the North Sea

1973

Piper oil field discovery

1974

Claymore oil field discovery

1976

Roy Thomson died and was succeeded as Chairman by his son, Kenneth Thomson, the second Lord Thomson of Fleet

1977

Final disposal of interest in Scottish Television

1978

Financial restructuring and formation of International Thomson Organisation Ltd with headquarters in Toronto and with two main operating subsidiaries, Thomson British Holdings Ltd, responsible for UK interests, and International Thomson Holdings Inc, responsible for US interests

Major expansion program launched to acquire and set up information and publishing, travel and natural resource businesses in the US

1980

Reorganization of Thomson Publications into Thomson Information Services

1981

Thomson Local Directories began publishing in UK

Times Newspapers sold to News International Ltd

1982

Thomson British Holdings Ltd renamed International Thomson Organisation PLC

1981 Chairman's Review



It gives me great satisfaction to present to you the annual report of your Company for the year 1981. The year has seen considerable changes in the scope of our activities, all consistent with our strategy.

Our basic objective remains to enhance our position as a leading international information and publishing business with strong interests in travel and natural resources. 1981 has seen significant progress towards achievement of that goal.

Only a decade ago the total annual revenues of your Company were approximately £100 million. In 1981 they were over £1,000 million. This change of scale in our operations is very significant, even after discounting the impact of inflation.

But the developments that have taken place, and are continuing, are not only a question of scale. Fundamental changes have occurred in our business both as to its nature and its locations.

In 1970 we were essentially a publishing company operating in the United Kingdom. We had yet to develop our very substantial travel interests or enter the petroleum industry. It is no mean achievement that since then we have established a travel business in the UK with sales of over £300 million, becoming one of the world's leading tour operators and also one of the most efficient, reliable and profitable charter airlines worldwide.

Equally, in 1970 we had no petroleum interests but for the last five years we have enjoyed considerable cash flows and earnings from our North Sea activities.

We intend to retain a strong presence in both these sectors but there is a significant difference between them. We can expect our travel earnings to continue to develop, whereas it is predictable that our oil earnings will, in the absence of any further significant commercial discoveries, decline.

It is here, in particular, that our traditional skills in information and publishing are most relevant. Our policy of re-investing a substantial part of our revenues in businesses which, unlike the oil fields, do not have a limited life, has made investment funds available to develop our UK information and publishing interests and to acquire a significant presence in the United States in these sectors.

Similarly, drawing on our considerable experience in the travel business, we have established a holiday tour operation in the US which we believe has considerable long-term potential.

While, therefore, by far the greater part of our revenues for the foreseeable future will continue to be generated by our UK businesses, it is of great benefit to your Company that it has been possible to spread its activities on a substantial scale into the US.

A further notable change of emphasis is that we are creating a spread of information and publishing activities which are less vulnerable to the vagaries of the economic cycle because they are significantly less dependent upon advertising revenue, and all involve high quality products.

As the President emphasizes in his report, the full benefits of this policy are not yet apparent in our results, not least because we are expensing the development costs as they are incurred.

However, the result will be growing profits from our publishing and information interests, at a time of declining profits from oil, showing through in significant improvement in earnings as the very high oil taxes cease to be the major factor they are now.

I look forward to the future with the very greatest confidence.

A handwritten signature in cursive script that reads "Thomson of Fleet".

Thomson of Fleet

President's Report



1981 was a most eventful year for your Company and will prove to be a very decisive one in its future growth and development.

Events of special importance during the year were:

- The very considerable progress achieved in the development and acquisition programme in North America.
- The sale of Times Newspapers Holdings Ltd to News International Ltd.
- The record performance in sales growth and a substantial improvement in profit by Thomson Travel Ltd.
- The decision to expand Britannia Airways by buying Boeing 767s, two of which have been ordered, with an option on three more.
- Continuing exploration in the North Sea and the satisfactory rates of

production from the Piper and Claymore fields.

- An increase in the estimated reserves of the Piper field and a small decrease in Claymore, leading to an estimated net increase in recoverable reserves for the Consortium of about 58 million barrels.
- The discovery of a new accumulation of oil south west of Claymore named the Scapa field.
- The launch of Thomson Local Directories.
- The return to profitability of our UK trade book publishing companies.
- The adverse impact of severe recession on our UK regional newspaper and magazine publishing profits leading to their restructuring and rationalisation.
- The simplification of your Company's share structure by the reclassification of the convertible redeemable preference shares into common shares and the related increase in dividends.

In 1981, trading profit (after petroleum revenue tax and supplementary petroleum duty on UK oil profits but before corporate income taxes) was £113.6 million compared with £119.7 million in 1980. Earnings were £43.5 million compared with earnings of £38.3 million in 1980, after Times Newspapers losses of £6.8 million.

Cash generated from trading has proved more than sufficient to fund capital expenditure, the cost of acquisitions and dividends.

The UK travel companies achieved record trading profits some 27% higher than the previous year.

Although sales in Thomson North Sea were some £71 million higher than 1980, increased taxation, including the new supplementary petroleum duty, caused net earnings from TNS to be marginally lower.

Thomson Regional Newspapers suffered its first trading loss in the company's history, though a significant portion of the loss represented a provision for future costs of redundancy and reorganisation announced in 1981.

Thomson Information Services spent considerably more on development relating to the launch of

new publications, in particular the new Thomson Local Directories, and continuing investment in Eurolex and other databased information services.

Thomson Withy Grove trading losses continued at a higher level.

In North America, due to acquisitions and other developments, direct comparison with the previous year would not be meaningful. At the operating level before expenditure on accelerated development, publishing profits were substantially higher, the cost of building up the US travel operation was marginally lower than the previous year but higher than anticipated and Thomson Petroleum is now achieving acceptable trading profits. Except for travel, our North American businesses performed ahead of plan. The investment in travel and accelerated development expenditure totalling US \$21.0 million was expensed compared with US \$21.3 million in 1980.

Your Company made important progress in developing its interests in North America and particularly in the US.

Information and Publishing

The most significant acquisition was of the world-wide publishing interests of Litton Industries Inc. The great prizes in this acquisition were the Medical Economics Company with its leading publications in the health care field and the Van Nostrand Reinhold and Delmar companies which give us a strong position in professional, reference and vocational publishing. Some of the companies we acquired did not conform to our business objectives and accordingly certain magazines and the school publishing companies were sold and these with

other disposals and certain potential tax credits will reduce our purchase cost of US \$63 million by about US \$20 million.

At the time of acquisition the whole Litton publishing group was unprofitable; however, the businesses we have retained are now trading profitably and we anticipate that in 1982 this acquisition will provide an excellent return on our investment. More important than the short term benefits are the opportunities that this acquisition provides for the future. Soon after joining us the Medical Economics Company, which is now part of International Thomson Business Press Inc, acquired Patient Care, the leading clinical publication in the US, and subsequently the two principal veterinary publications, Veterinary Medicine and Veterinary Economics. The Medical Economics Group, together with the Med Publishing Company, which was acquired in 1980, establishes us as the leading health care publishers in the US. We believe that the health care sector is poised for exceptional growth.

ITBP also acquired Consumer Electronics, the leading publishing group in the explosively growing consumer electronics market. Ward's Communications, an old established company with a fine reputation in the automotive industry, has joined ITBP and for Brandon's, who serve the shipping and forwarding industries on the East Coast, the acquisition of the Pacific Shipper in San Francisco was a logical step in providing a coast to coast service.

ITBP was formed eighteen months ago, with many ideas and plans but no publications. In 1982 it is a leading business publisher with sales of over US \$90 million.

In professional publishing the acquisition by Warren, Gorham & Lamont of Auerbach is likely to be of important medium term significance. This company provides reference material on computers and data

processing, markets of unusual growth potential. The company has been reorganised and a new chief executive appointed, but it will take a little time for changes to work through and translate promise into performance.

We acquired the 50% of Richard De Boo of Toronto which we did not already own. De Boo enjoys a high reputation as a legal publisher specialising in Canadian tax information but had fallen on troubled times financially. It has been reorganised under new executive management and is re-establishing its market position and profitability.

In the educational and reference publishing sector I have already referred to the acquisition of the Van Nostrand Reinhold and Delmar companies. Wadsworth had another very successful year and in 1982 acquired Lange Medical Publications, a distinguished publisher of medical textbooks. Lange will be a subsidiary of Wadsworth but will operate with a high degree of autonomy under its own imprint and with the executives who have built up the company so successfully.

In January 1981 Thomson Directories (jointly owned with The Dun & Bradstreet Corporation) began publishing in the UK and, by the end of the year, 72 Local Directories had been published. We regard this as a notable achievement. By May 1983 we anticipate that the full complement will be published covering most of the population. The development of this major publishing venture will continue to require investment throughout 1982, but the results achieved and the investment are on plan.

In 1981 there was a turnaround in our UK trade book publishing businesses. In 1980 the losses were significant but in 1981 our book publishing companies became profitable with the confident expectation of growing profitability in the years ahead. I would single out Rainbird Publishing and Jane's Publishing for special mention. Rainbirds have moved from losses to good profits and with the promise of even better to come. Jane's Publishing was acquired in 1980 and it has more than fulfilled our expectations; with their

strong management we believe the company has excellent growth opportunities.

1981 was an exceptionally difficult year for our UK newspaper and magazine companies, both of which depend very largely on advertisement revenues. In the case of Thomson Regional Newspapers the impact of high unemployment on job advertising was very serious indeed. Job advertising has traditionally been the largest single advertisement revenue category of our newspaper business and it has dropped from 26% of total advertising revenue to under 10%. This fall in revenue is compounded by depressed revenues from other sectors. We had to decide during 1981 whether this situation was merely part of a recurring business cycle or whether there was in fact a structural change in the UK marketplace. Our conclusion is that for planning purposes we must assume there has been a structural change and we must react to the changing market. Accordingly, the management structure and the overheads acceptable for expanding and growth markets are no longer relevant to a contracting market and a major cost reduction exercise has had to be introduced, aimed by mid 1982 to reduce the overhead costs by £8.5 million a year. At every stage of this exercise we have communicated with our staff and the trades unions and we are offering fair and even generous terms to those management and staff who regrettably have to leave. When eventually the economy improves, and it undoubtedly will, we aim to have a regional newspaper publishing company with efficient production facilities and a realistic cost structure which will earn an acceptable level of profits.

1981 was the first year in which the new grouping of Thomson Information

Services and its new management team began to operate. Their first task was to take a hard look at our existing UK magazine businesses and produce an overall strategy for the future. Their major recommendation was to concentrate our efforts and investment on those sectors where we already held a significant market position and to create opportunities in those industries and sectors where there were the best growth prospects. The strategy was agreed and as a result some 18 titles were sold or closed. This will allow management to concentrate on the bigger opportunities for the future. In 1981 our magazine businesses, dependent on advertisement revenues, were adversely affected by the general economic recession.

Our major databased information company, Derwent Publications, had an excellent year and developed several new significant products; and Eurolex, our on-line legal information system, which began offering a service in 1981, proceeded well, gaining 80 new subscribers.

Gee & Co. which caters for the accountancy, auditing and general business field, and publishes The Accountant, was acquired to give us our first UK base in professional publishing, an area which we intend to develop energetically.

Earlier in the year, the sale of Times Newspapers to News International Ltd was completed. The sale proceeds and the ensuing removal of liability for funding losses had a very advantageous effect on your Company's cash flow.

Travel

Thomson Travel enjoyed a very successful year in terms of number of passengers carried, the quality of its holidays, as assessed by its customers, and the profits achieved. Britannia Airways played a notable part in this success by achieving very high

Thomson Holidays took more than one million people on holiday last year. We are currently the UK market leader in skiing holidays



standards of performance in terms of utilisation, maintenance and engineering, training and customer services.

Portland Holidays, which operates independently as an inclusive tour company selling direct to the public, virtually doubled its carryings and achieved profitability in its second year of operations.

Britannia has decided to expand its fleet by acquiring the Boeing 767, which flew for the first time in 1981. We have ordered two aircraft, with options on a further three, with delivery starting in 1984. Long term financing at attractive rates has been arranged.

Lunn Poly, the retail travel agent division of Thomson Travel, achieved good results and concentrated on developing the growing business travel market where it is now one of the largest operators in the UK.

The demise of Laker in February 1982 has removed the Laker airline and the Laker owned tour operations as competitors in the inclusive tour market, though both these tour operations have emerged under new ownership. It is too early to assess the benefit to our tour operating companies, but Britannia Airways has secured the flying for the former Laker company, Arrowsmith, which is based in Manchester.

In the US our travel companies improved somewhat on their previous year's results but not to the extent projected. The main causes were the continuing severe competition and price cutting of the airlines and the sensitivity of vacation spending in the US to the economic recession. Towards the end of the year there were several indications that the position was improving. Unitours of Los Angeles achieved a profit for the year and the Chicago operation significantly increased its bookings. Arthurs Travel of Philadelphia, specialising in the affinity travel market, had a particularly difficult year and the decision was taken to reduce very substantially its activities and its costs. Our US travel investment is taking longer to achieve

profitability than originally planned but we confidently believe a fine and profitable travel business will be created.

Natural Resources

The Piper and Claymore oil fields achieved satisfactory production and operated very much according to plan.

At the year end DeGolyer and MacNaughton, the independent consultants, re-appraised their estimates of the recoverable reserves on both fields; they increased the Piper reserves from 618 to 694.4 million barrels and reduced the Claymore reserves from 407.9 to 389.8 million barrels, a net increase on both fields of 58.3 million barrels. At December 31, 1981 59% of the reserves of Piper had been recovered, and 31% of Claymore.

The Consortium, in which we are a participant, is continuing its programme of exploration in the North Sea.

In the US, Thomson Petroleum had a successful year, operating the Corinne gas field with increased efficiency, acquiring new acreage under the Columbus Air Base adjoining the Corinne field and acquiring certain small oil producing properties which in our view afford excellent opportunities for secondary recovery and profitability.

Management

It is my responsibility to ensure that the changing management needs of our expanding Group are met in a timely and effective way. Accordingly, since the year end, important changes have been made at senior director level.

It was becoming increasingly apparent that the growing importance of our North American activities required a full-time senior director to take responsibility for that area of operations. Mr Michael Brown, who has worked with me throughout on our North American development programme, was therefore appointed Executive Vice-President and Chief Operating Officer of International Thomson Holdings Inc, reporting directly to me as President and Chief Executive Officer of that corporation. In addition, Mr Brown was appointed President and Chief Executive Officer

of International Thomson Organisation Inc, with myself remaining as Chairman. This ITHI subsidiary comprises our US publishing interests. Mr Brown has also been appointed to the Boards of the US travel companies and retains his overall responsibility for our interests in natural resources throughout the world. He remains Executive Vice-President of International Thomson Organisation Ltd. Mr Brown is re-locating to New York.

Mr David Cole succeeded Mr Brown as Chairman and Chief Executive of Thomson Information Services Ltd, which comprises Thomson Magazines Ltd, Thomson Data Ltd, Derwent Publications Ltd, and Thomson Directories Ltd, and assumed Group responsibility for external and internal communications. He retains responsibility for Thomson Books Ltd, as Chairman, and for coordinating Group policy on information technology.

Mr James Evans succeeded Mr Cole as Chairman and Chief Executive of Thomson Regional Newspapers Ltd, comprising the Group's four morning, 10 evening, one Sunday and 40 weekly newspapers. He retains responsibility for Thomson Withy Grove Ltd, as Chairman, and for Group personnel and management development policies.

Mr Ian Clubb was appointed to the Board of International Thomson Organisation PLC as Financial Director.

Mr Roger Davies was appointed Managing Director of Thomson Travel Ltd, reporting to Mr John Sauvage, who remains Chairman and Chief Executive.

A Group such as ours depends crucially on the quality of its management at all levels. We therefore keep continuously under review our remuneration policies so as to ensure that we are fully competitive and able to attract and retain executives of the calibre required. In addition, we carry out on a regular planned basis an audit of our management strength based on annual appraisals of individual

performance. This not only enables us to plan for succession in the future, but also to meet the needs of individuals whether by additional experience within the Group or by formal management training. We are developing, in conjunction with the Oxford Centre for Management Studies and The Management College, Henley, new approaches to the development of senior and middle managers, and we have continued our long association with the Ashridge Management College who provide a fortnight's course twice a year for selected members of more junior management.

We are continuing our policy of encouraging executives to be active both in industry and community affairs, to widen their experience as well as increase their awareness of the social responsibility of business. In this connection a number of social responsibility projects have been supported by the Company. In particular, special mention should be made of our support for the Youth Opportunities Scheme whereby we have more than doubled the number of young people, compared with 1980, who have had the benefit of some work experience in one or other of our companies; our support for the Community Task Force whereby equipment has been made available to assist young people engaged in community projects; and the Neath Development Partnership where we have taken a major initiative, in conjunction with the local council, other employers and the trades unions, in seeking to assist this area of South Wales which has been so badly affected by above average unemployment.

1981 has not been an easy year for many of our management and staff and the fact that we have emerged strongly from the worst year since the



The discovery of substantial oil fields in the North Sea gave your Company the opportunity to achieve growth on an unprecedented scale

depression of the thirties is entirely due to their skill and dedication. Given a more friendly economic environment, they are capable of achieving a quite outstanding performance. I would like them to know how grateful I am for all they have done.

Prospects for 1982

In the current year we shall begin to see significant profits from our existing US activities, particularly from the information and publishing sector.

In the UK, we are assuming that any growth in the economy will be limited and have planned realistically on that basis. Newspapers should show some improvement in profitability, due mainly to the cost reduction exercise, and the restructured Thomson Information Services are anticipating a significant recovery in profitability.

Our UK book publishing companies are also expecting a further profit improvement.

We shall of course not enjoy the substantial benefit this year that we had in 1981 from the final year of the Thomson Yellow Pages operation.

We are assuming that 1982 will not be a particularly buoyant year for the travel industry in the UK and we are not expecting to match the exceptional performance of last year. In the US we anticipate greatly reduced development costs compared with 1981.

Oil should continue to generate good earnings and cash flow although, as prices have fallen and may remain under pressure, they will not be at 1981 levels.

Earnings will continue to be affected by the conservative accounting policies which we adopt by expensing publishing and travel product development costs in the year in which they are incurred though the benefits may be enjoyed sometimes years later.

The Future

1981 has been a successful year in implementing our policy of expansion and growth.

Let me remind you of the strategy which we have been pursuing over the last few years. This has reflected the substantial benefits we have and shall

for some years ahead enjoy from our North Sea interests. We are aware, however, that these are finite assets – indeed about 49% of the combined Piper and Claymore reserves has now been recovered.

We have invested strongly in our existing businesses (especially in Thomson Regional Newspapers and in Britannia Airways) to ensure that they are competitively strong in their own markets, we have maintained our continuing investment in the North Sea and we have entered new marketplaces in North America, particularly the US, through a vigorous policy of acquisition. In the last three years, some £170 million has been invested on capital account in Britain (substantially in excess of our North Sea earnings during the same period) and some US \$250 million has been invested in the US in acquiring high quality information and publishing businesses. We have made significant investments in acquiring and developing oil and gas interests in the US and in launching our US travel operations. Apart from the cost of acquisition we have and are investing heavily in creating new products. It is our confident belief that this policy of accelerated development will start to bring its rewards this year, increasing significantly thereafter.

This policy does impose a sacrifice in the short term because we are paying for tomorrow's earnings by expensing all the development costs against today's earnings.

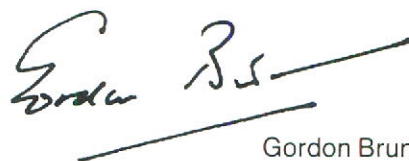
At the heart of our thinking is the necessity to create major new streams of earnings to compensate for the expected decline in North Sea profits in the years ahead.

UK oil profits attract a marginal taxation rate of nearly 90% and our

long range plan indicates a significant change in the mix of our trading profits over the next five years. Our oil and gas interests currently provide over three quarters of trading profits (after petroleum revenue tax and supplementary petroleum duty but before corporate income tax) and although these profits are expected to decline substantially by 1986, we are planning growth in real terms during the next five years. In that period the North American trading profit will become a significant proportion of total trading profit without taking any further acquisitions into account.

For several years we have generated considerable amounts of cash and this is expected to continue over the next five years with our growing profitability. We expect that during this five year period, we shall be able to meet all our presently planned capital expenditure needs, and in particular the expansion of Britannia Airways, fund the necessary increases in working capital which are very carefully controlled, adopt a progressive dividend policy and continue our development programme of acquisition and organic growth at the level of the past few years and do this substantially out of our own cash flow. It is of course possible that if suitable acquisition opportunities arise it may be in your Company's interest to move ahead considerably faster and in that event we anticipate no difficulty in arranging the necessary borrowings.

Your Company's policy of building for the future has served it well in the past and it is your Board's confident view that the real benefits of this policy will show through in the years ahead.



Gordon Brunton

On pages 11 to 20 our divisional interests in Information and Publishing, Travel and Natural Resources, and our Associated Companies, are dealt with in more detail

Information and Publishing

United Kingdom

Thomson Regional Newspapers Ltd

The impact of the economy, and especially the high level of unemployment, had the effect of driving Thomson Regional Newspapers into the first loss in its history. This was particularly disappointing after a heavy program of capital investment in buildings, new plant and equipment over the past five years and has led to a thorough re-appraisal of our operations.

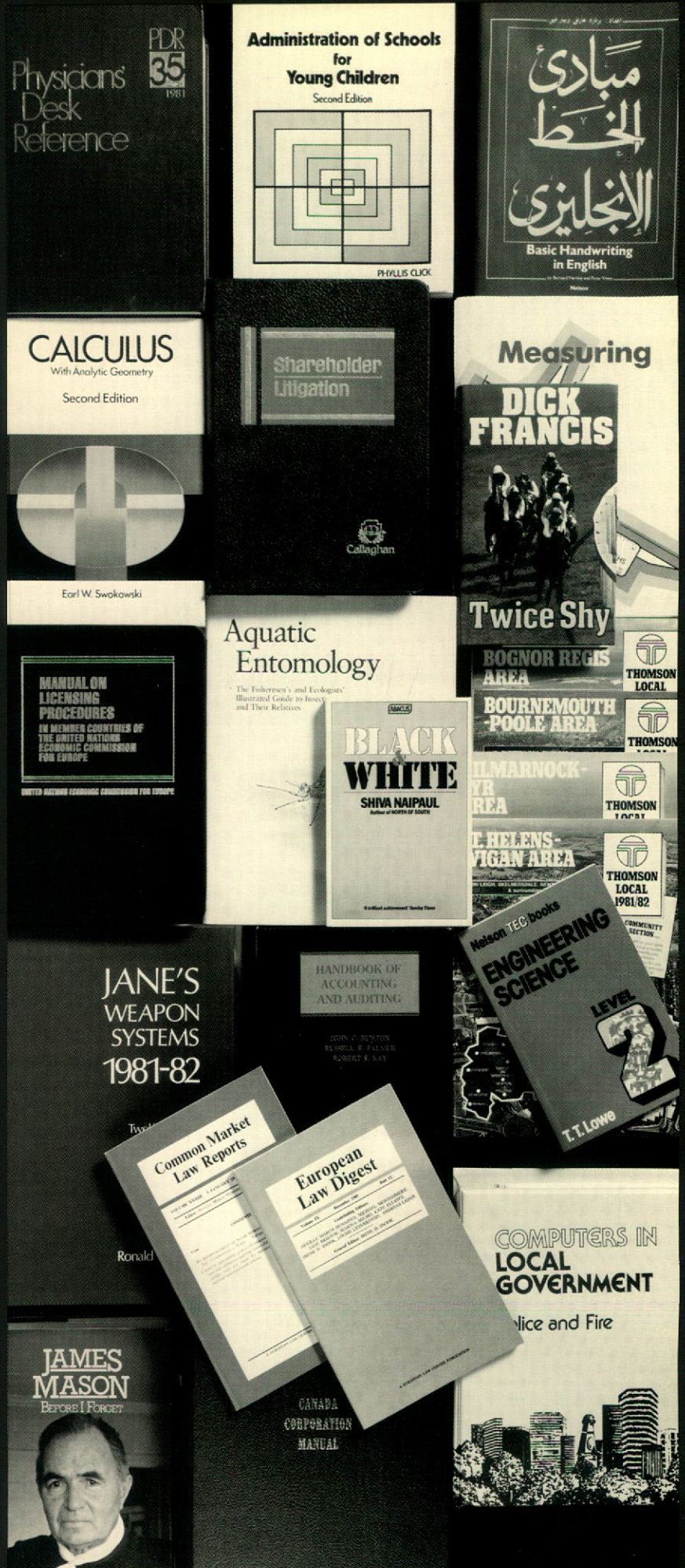
Because of the exceptional economic circumstances and unemployment in particular, the nature of our business has undergone a radical change. At one time, job advertising accounted for as much as 40% of total classified revenue and even in 1979 produced 26% of all advertising revenue. In 1981, it was down to 9%. We have had to respond to this significant variation in our marketplace which we must regard for planning purposes as a permanent factor.

Not only has unemployment soared and advertising come down but we have had to face rising costs in areas over which we have no control. In the year under review local authority rates have risen on average by 25% across our centres, telephone charges 33%, petrol 26% and newsprint 23%.

We had, therefore, to attack our cost base and have launched a major reorganization to cut expenditure by £8.5 million a year, including reducing the headquarters' staff by a substantial amount. Considerable progress in voluntary reduction of staff and in other economies has already taken place and is continuing.

We have always been a marketing oriented company investing in resources to achieve growth in advertising revenue. In good times and bad, we have outperformed the

This selection of International Thomson's products includes professional, educational, vocational and reference books, trade books and directories



industry in general in this respect and that will continue to be our objective under the new conditions. We are developing new advertising categories, market segments and new products. In 1981, we launched four new free newspapers and several colour magazines.

With a lower cost base, the benefit of more modern production facilities and commercial innovation, we anticipate a return to profitability in 1982 and, when the UK economy improves, we are confident of achieving an acceptable level of profitability.

Thomson Magazines Ltd

1981 was a year of reorganization and consolidation in the UK, with modest expansion in our overseas companies. Overall results were poorer than 1980 due to the costs of essential rationalization and to the poor market conditions in the UK, but we are looking for a significant recovery in profits in 1982 and further growth thereafter.

During the year, a number of publications which did not fit our long term strategy in the trade and technical area were sold, merged or closed, to provide a sound base of strong logical groupings of leading magazines in important markets on which we can build. The majority of the staff affected were able to move with the publications sold or to other vacancies within the magazine group. Late in 1981, it was decided to close the 50% owned Computerworld UK due to adverse market conditions.

Consumer magazines were less severely affected by the recession. Both Family Circle and Living

performed better than the market in circulation terms and they are expected to perform well in the current year.

Record results were achieved in South Africa. The business continues to expand and eight new titles were acquired. The prospects are excellent.

In Australia, the Construction Reports business continued to grow. Overall profits were adversely affected by acquisition and merger costs but, on a basis directly comparable with previous years, record profits were achieved.

Glass's Guide group, which publishes vehicle price guides for the motor trade, produced excellent results in the UK, Australia and South Africa; but in France development costs are continuing for longer than we had planned. The three publishing companies in Scandinavia showed steady growth and Bertelsmann-Thomson in Germany (44.8% interest) had another good year.

Thomson Data Ltd

Derwent Publications, the leading patent service, produced record profits in 1981. An American base was established during the year and a joint venture entered into with Systems Development Corporation to exploit Derwent and other on-line services in Europe. In 1982 there are plans to extend the patent product range and, on the literature side, to move into the field of biotechnology. Prospects for Derwent are excellent.

Investment continued in Eurolex, the full-text retrieval system for European Law which began offering a service in 1981. Considerable progress was made in database acquisition and agreements have been signed which will enable Eurolex subscribers to access major legal databases in North America and EEC countries. While we see Eurolex as a longer term investment, it is already providing worthwhile experience in the use of information technology.

ESDU Marketing, which markets physical property and technical design data produced by Engineering Sciences Data Unit, established a sales

office in the US to assist in its worldwide sales drive. However, its overall results were disappointing.

Computacar, an on-line matching system for buyers and sellers of cars, continued to progress during 1981 despite the depressed state of the car market. We view the future with optimism. The launch of a further matching service is planned in 1982.

Thomson Directories

Following the successful market test in six pilot areas in 1980, a national program of Thomson Local Directories was launched in 1981. These directories, which constitute local guides to business and community services, are delivered to all homes and businesses in the areas they cover. They represent a new and vital "where to buy" service.

Thomson Directories, a 50/50 joint venture with The Dun & Bradstreet Corporation, took over the resources of Thomson Yellow Pages (whose relationship with the UK Post Office terminated at the end of 1980) and embarked on an ambitious program to publish some 150 Thomson Local Directories over a two to three year build-up period.

Seventy-two Local Directories were published in 1981 and over nine million copies were produced. Delivery covered some 40% of UK households. Reaction from both users and advertisers has been most encouraging and the Thomson Local Directories are quickly establishing a strong hold over the directory marketplace. The ability to meet the

ambitious publishing program and the success achieved to date, despite the difficult economic climate, is encouraging. The partners expect investment to be contained within the £15 million projected at the launch and remain confident about the prospects for continued growth and profitability.

1982 will see the publication of the next edition of these 72 directories, and the first editions of another 60.

This new enterprise has led to the direct employment of 550 staff apart from many others indirectly employed by our suppliers, but as a result of the termination of the Yellow Pages contract, we regretfully had to accept 100 redundancies.

Thomson Books Ltd

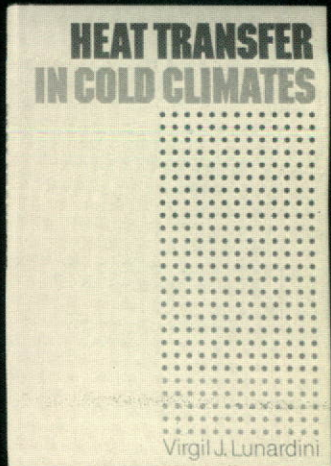
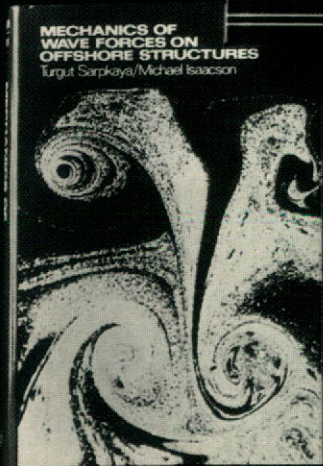
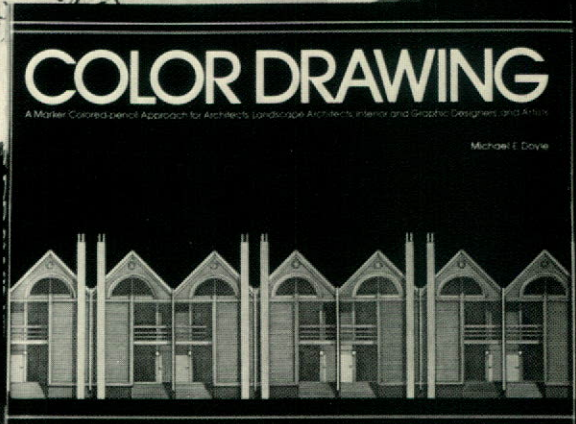
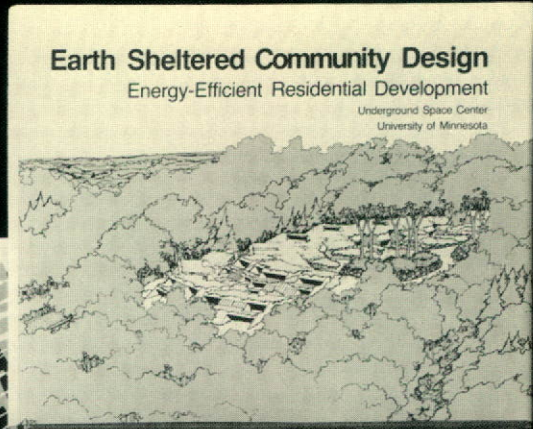
The year was one of considerable progress for Thomson Books, with performance improving by more than £1.5 million despite stringent UK trading conditions and currency problems in export markets. Sales increased by 24% and overheads were contained to a rise of 3.9%, well below the level of inflation.

The company's distinguished imprints – Michael Joseph; Hamish Hamilton; Jane's, the military publisher; Sphere, our paperback publisher; and Rainbirds – are all poised to make further improvement in profit and margins in 1982.

An internal reorganization has been effected to achieve greater co-operation between the publishing houses and more effective utilization of the warehousing and distribution company, TBL Book Services. Care has been taken to ensure that the new arrangements preserve the editorial independence of the imprints.

Michael Joseph, Hamish Hamilton and Rainbirds all figured prominently on the best seller lists; Sphere continued to increase its quality and

In 1981 our educational, vocational and reference publishing company Van Nostrand Reinhold Company Inc, won several Professional and Scholarly Awards in the annual competition sponsored by the AAP



share of the paperback market and relaunched the Abacus imprint. Jane's traded strongly and its Defence Review established itself as an authoritative and highly profitable magazine in the first full year of publication.

The developments in 1981 will show further benefits in 1982 and succeeding years.

Thomson Withy Grove Ltd

Generally difficult trading conditions increased the loss of the Sporting Chronicle publications. This, and an insufficient contribution from contract printing, meant an increase in the level of losses in 1981 compared with previous years.

North America

Professional

Publishing reference books, loose leaf services and newsletters for major professional and business sectors such as law, banking, taxation and accounting, is an area which we believe has excellent long term growth potential. During 1979/80 Callaghan, Warren, Gorham & Lamont and Clark Boardman were acquired in the US and during 1981 we acquired the other 50% interest in Richard De Boo, based in Toronto.

Sales in 1981 were US \$65 million and margins on established product continued to improve. Overall, International Thomson is well represented in this publishing sector and, while we will continue to seek selective high quality acquisitions, we have also created an excellent

managerial and product base from which to continue to grow strongly and increase market penetration.

Callaghan & Company

Callaghan had an excellent year in 1981 with strong sales and high margins. Thirteen new works comprising 20 volumes and two newsletters were published during 1981, including Lane Medical Litigation Guide, Shareholder Litigation, Norton Bankruptcy Law and Practice, and Local Government Law.

In addition to continuing a strong expansion of the publishing program, Callaghan has further plans to strengthen the selling and administrative functions. Growth in the future is anticipated to arise principally from internal generation of new product and by increasing the subscriber lists of lawyers, accountants and government agencies.

Warren, Gorham & Lamont, Inc

This company launched three new newsletters and introduced 18 new books and services. Of notable interest was a major multi-volumed encyclopaedic treatise, Bittker's Federal Taxation of Income, Estates and Gifts, together with the Handbook of Accounting and Auditing; the Corporate Controllers Manual; Bankruptcy Law Manual; Basic Legal Forms; Law of Electronic Funds Transfer Systems; Internal Auditing Alert; and the Bankruptcy Law Letter.

WG&L also made their first entry into medical publishing and they acquired Auerbach Publishers, which publishes a looseleaf subscription service and newsletters on computers and data processing management. Ultimate ownership of the prestigious Journal of Taxation and its sister publications was also secured.

Clark Boardman Company, Ltd

Clark Boardman, a smaller company, publishes in more specialized sectors of the law. During 1981 it expanded its series on

securities regulation, criminal law, immigration practice, licensing and intellectual property with 11 new titles. Sales increased more than 30% for the second consecutive year.

Richard De Boo Ltd

De Boo's main business is focused on corporate law and corporate taxation in Canada. Its major looseleaf Canada Tax Service by Stikeman comprises six volumes and is continuously updated as legislation is enacted. During 1981, the company re-established its profitability, strengthened its management and generally positioned itself to provide a strong base for future development.

Business and Professional magazines

International Thomson Business Press Inc

This company was formed in 1980 to acquire and develop leading professional and business periodicals, serving principally those industries which are forecast to grow at a significantly faster rate than the US economy as a whole. It has established strong positions in health care, metalworking, automotive design and engineering, consumer electronics, and import/export management. ITBP now publishes 26 magazines, 12 newsletters, 11 reference directories, has two professional book publishing divisions and is producing three on-line databases. In terms of size, the company currently ranks among the six largest specialized business

publishers in the US. Leading ITBP publications include Brandon's Shipper & Forwarder, Consumer Electronics Monthly, Tooling & Production, Medical Economics, Physicians' Desk Reference, Practical Cardiology, Patient Care and Ward's Automotive Reports. Projected sales for 1982 are in excess of US \$90 million. The provision of high quality publications is an important objective and the winning by our medical publications of five of the prestigious Jesse H. Neal editorial awards indicates our success in achieving this objective.

While further acquisitions are planned there will be increasing emphasis on creating new products from within the company's own resources. We expect to see continuing growth and excellent earnings from ITBP.

Educational and Reference

In this sector of specialized publishing, we are interested primarily in college, continuing education and in reference material for practitioners. We see selected, if limited, opportunities in school publishing despite a generally poor outlook in this area. We increased our interests significantly during 1981, notably through the acquisition of Van Nostrand Reinhold Company - a well known professional, reference and specialized trade publisher in the US, Canada, Australia and the UK; through Delmar, a leading vocational education-industrial arts publisher; and by the formation of Science Books International. In 1981 sales were US \$111 million.

By focusing upon selected areas where we see high growth prospects, we plan to maintain strong sales growth and also achieve high operating margins on established operations.

Overall, the progress of our educational and reference publishers is continuing extremely well both from



Some of International Thomson's newspapers, business and consumer magazines

established activities and from a high level of new development activity. Substantial profits are foreseen in the mid 1980s.

Wadsworth, Inc

Wadsworth celebrated 25 years of college publishing by setting further records in sales and profits and again outperformed the US college textbook industry.

For the first time in the company's history, a title, *Calculus with Analytic Geometry, Second Edition*, by Earl W. Swokowski exceeded US \$2 million in annual sales. *Biology, Second Edition*, by Cecie Starr and Ralph Taggart, became the second title to top US \$1 million in sales in a single year.

An electronic publishing division was established to publish textbooks and computer software for higher education – an area we believe will grow substantially. Other development programs established since acquisition to publish advanced scientific, business, continuing education, engineering, health sciences, Spanish language, and vocational-technical books resulted in an increased volume of new titles in growth areas with excellent long term potential.

Since the end of the year Wadsworth has acquired Lange Medical Publications, a renowned publisher for medical students. This

company has good long term potential in a sector of strategic importance to the group.

Thomas Nelson International

Having created a strong managerial base, this group had a year of considerable progress by selective expansion in educational areas identified as offering growth potential in what is foreseen as a difficult overall marketplace. In the UK, development continued in English language teaching, primary mathematics and secondary science. In Canada, excellent results were obtained in language arts, social studies and mathematics while Australia continued the development of its primary reading scheme.

This expanding educational base was further broadened during the year by entries into vocational-technical and industrial arts publishing through Delmar. With the Litton acquisition, TNI became responsible for the Van Nostrand Reinhold operations in Canada, Australia and the UK.

Van Nostrand Reinhold Company Inc

The publishing program of this company, which was acquired during the year as part of Litton Publishing, continues to focus on science, engineering and special interest titles. Its publications are intended for the practitioner rather than the student and it reached new records in sales and profits during 1981. In addition, as a new development, VNR is creating a specialized journals division targeted for defined markets in selected scientific disciplines. In 1981, VNR won three first place awards and two honourable mentions in the annual Professional and Scholarly Publishing Awards sponsored by the Association of American Publishers, an excellent follow up to its awards a year earlier.

Science Books International, Inc

Science Books will be seeking over a period of time to be a major force in the science and language

publishing areas. Its initial publishing program comprising a new imprint (Science Books International) and an acquisition (Hutchinson Ross) is very promising, although its set up costs have been higher than expected. Heinle and Heinle, another imprint, has been established to provide a focus for a specialized publishing program in all areas of language. 1982 will be a year of consolidation.

Science Books International also won an honourable mention in the 1981 Professional and Scholarly Publishing Awards Competition, sponsored by the AAP, for their beautifully produced *Aquatic Entomology*.

Research Publications, Inc

1981 was a good year financially for Research Publications. The acquisition of Carrollton Press, which is creating an on-line database of all Library of Congress back records for sale principally to libraries world-wide, and the signing of an agreement with the British Library to produce a microfilm collection of 18th Century publications, are major achievements. Development of major new academic and patent collections continues along with improvements in the operation of our Rapid Patent facility in Washington and the strengthening of management to reflect the growth in business. Future prospects look excellent.

Travel

Thomson Travel Ltd

1981 was an excellent year for our UK travel companies. They achieved further growth and contributed a substantial improvement in trading profits to exceed last year's by £7.7 million.

Thomson Holidays for the first time sold over a million holidays and improved its share of a slightly increased market. The demand for holidays was stimulated by very attractive prices. Our holiday company's profits again reflect a very satisfactory margin.

Portland Holidays, our direct sell tour operator, made very good progress and, in this its first full year of operation, sold over 100,000 holidays and became profitable.

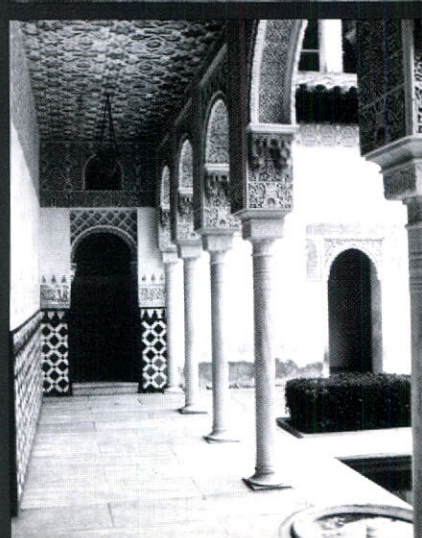
In a year when airlines generally have seen sharply declining profits or increasing losses it is encouraging to report that **Britannia Airways** again improved its profitability and increased its share of the holiday market as well as the number of passengers carried. In terms of passengers carried Britannia is now the second largest UK airline after British Airways, and in 1981 carried nearly four million passengers of which nearly half were from outside Thomson Travel. Its operational fleet of 29 Boeing 737s makes it one of the foremost 737 airline operators in the world.

Considerable revenue now derives from technical and ancillary services to other airlines and today some 38 aircraft in all are regularly maintained from a modern and much enlarged engineering base. Plans are well advanced for the arrival of two Boeing 767 aircraft in early 1984.

Lunn Poly continued to make progress in increasing its share of the



A satisfied customer safe in the arms of a Thomson Holidays representative



business travel market and acquired a leading specialist agency in travel to Eastern Europe. Further expansion took place in holiday travel. The chain now includes 55 retail shops and 10 business travel centres. Lunn Poly are also active in the incoming tourist market for US visitors to Britain and in the conference and incentive travel markets.

1981 again showed that the travel industry is very resilient despite the present depressed economic climate and we continue to see a bright future for our travel interests.

Thomson Travel Inc

Our US travel group experienced extremely difficult trading conditions during 1981 arising both from the recession which has affected air travel generally in the US and, not least, the current price war between airlines, which has affected our ability to grow at the forecast rate.

Unitours Inc, our West Coast tour operator and retail company, made a reasonable profit contribution to the group's results in the US during the year.

Thomson Vacations Inc, our Chicago-based tour operator, continued to expense its development costs and widened its range of holidays on offer in the Mid West. It increased substantially its holiday sales over last year. More importantly, in the last few months, it has shown a continuing improvement in bookings and aircraft load factors.

We intend to continue our policy of a cautious growth in capacity in the US in the current recession but at the same time creating a strong marketing base from which we can move forward when the economy improves.

International Thomson's travel companies book tours and vacations for their customers, fly them to the resort and look after them when they arrive. We believe in service, which is why so many people holiday with us again and again

Natural Resources

Thomson North Sea Ltd

In 1981, oil production from the Piper and Claymore fields averaged 295,000 barrels per day (1980 – 305,000 barrels per day), bringing the cumulative production from the two fields at the year end to 531 million barrels. The restriction of Piper to 200,000 barrels per day has resulted in improved reservoir performance such that estimated proven reserves have been increased from 618 million barrels to 694.4 million barrels. It is expected that the present rate of production can be maintained well into 1982.

Proven reserves of the Claymore field have been downgraded from 407.9 million barrels to 389.8 million barrels as a result of development drilling and reservoir performance on this geologically very complex field. A subsea development scheme has been implemented in the northern part of the field in place of the previously planned floating production facility.

DeGolyer and MacNaughton's reserve estimates for the two fields as at December 31, 1981 were as follows:

	Piper Field	Claymore Field	Total
	(Thousands of barrels)		
Original proven reserves (based on current estimates)	694,400	389,800	1,084,200
ITOL's share of original proven reserves	118,048	65,876	183,924
Remaining share at December 31, 1981	<u>48,070</u>	<u>45,662</u>	<u>93,732</u>

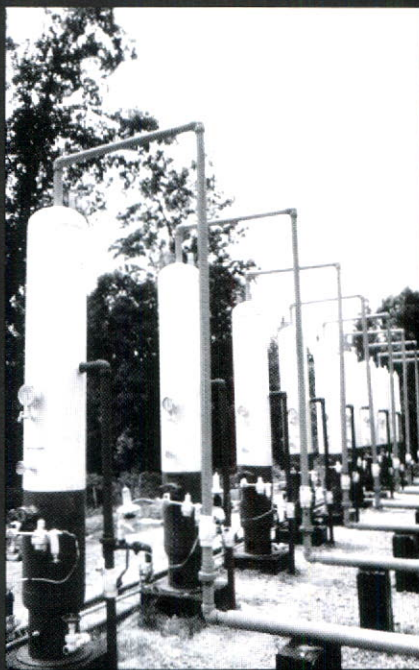
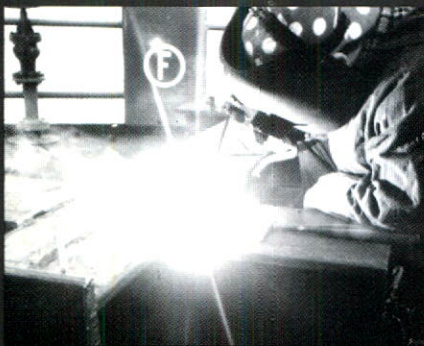
Exploration activity has continued with the drilling of six wells, at least one of which is a promising discovery. Well 14/19-15 tested oil at a rate of 2,000 barrels per day, confirming the discovery made to the south-west of Claymore by Well 14/19-9 in 1975. The field, which has been named Scapa, will require further appraisal to determine if commercial development is viable. This is scheduled for 1982/83 as part of an active drilling program on blocks already awarded to us.


Thomson-Monteith

Production from the Corinne gas field proved better than anticipated

In 1981 Flotta oil landing terminal won an award (pictured page 20) for "human and social responsibility and environmental quality"





19  81

Business and Industry Awards

This year only
Occidental North Sea Group
 has gained
A Premier Award
 in recognition of
 "Human and social responsibility and environmental quality
 in respect of
 Flotta Oil Handling Terminal, Orkney"

John Parker
 Sir Peter Parker, CEO
 PRESIDENT

David H. Broadbent
 David H. Broadbent
 CHAIRMAN



and the project will pay out earlier than expected. Thomson-Monteith have not made any major further acquisitions because properties have, in their view, been over-priced. Four small acquisitions have been made which offer excellent prospects for the application of secondary recovery techniques, and we expect high rates of return and cash flows over a long period of time.

We have become increasingly interested in exploration and in addition to the acreage we have built up in the Tuscaloosa Trend, have acquired with partners the rights to drill under the Columbus Air Base which, as a result of a well drilled early in 1982, has been confirmed as an extension of the Corinne gas field. We expect to build up our exploration program progressively and look forward to growing earnings from what is now an established and profitable business.

Associated Companies

The Solicitors' Law Stationery Society Ltd (39.1%)

The Solicitors' Law group completed a major reorganization in 1981. Its book and periodical publishing interests were sold, realizing over £2 million cash which has been used to reduce borrowings. This brought about an increase of some 60% in shareholders' funds. The printing subsidiary is currently making a substantial investment in an advanced computerized system which with lower interest costs and a slimmed down organization, should improve the prospects for recovery.

Wigham Poland Holdings Ltd (35%)

1981 was a difficult year for the insurance broking industry with intense competition depressing premiums and commissions. The shortfall in brokerage was however offset by the gain which arose because of the general weakness of sterling throughout the year and high interest rates. Strenuous efforts are being made to generate new business and we are delighted with our new association with Fred S. James as controlling shareholder.

Aspects of life aboard a North Sea oil rig. Also, centre right, the Corinne gas field and (bottom right) Flotta with (left) its Business and Industry Award

Financial Information



Financial summary

Sales for 1981 were £1180.7 million, an increase of 28.7%. Trading profit before income taxes, but after special oil taxes, was £113.6 million compared with £119.7 million in 1980. Special oil taxes, namely UK petroleum revenue tax and UK supplementary petroleum duty, totalled £206.3 million (1980 – £146.1 million) and with corporation tax and royalty payments, the UK government 'take' represented 88.3% of our revenue from the North Sea in the year.

The UK group continued to provide substantially all of your Company's earnings. US operating profits exceeded expectations, but expenditure on new product development and on the continuing development of the US travel operation, which together totalled US \$21.0 million, resulted in a small trading loss being recorded in the US.

Earnings for the year were £43.5 million compared with £38.3 million before extraordinary losses in 1980; earnings after extraordinary losses arising principally on the disposal of Times Newspapers Holdings Ltd were £19.7 million in 1980.

Earnings per share were 31.2p compared with 14.1p in 1980 after extraordinary losses.

Total debt at the year-end was £95.2 million compared with £70.5 million at the end of 1980 but cash and bank term deposits and short-term investments

amounted to £60.1 million compared with £30.7 million at the end of 1980 giving a small improvement in liquidity. Cash generated before drawing down long-term debt of £35.7 million amounted to £119.0 million which has proved more than sufficient to fund capital expenditure of £51.7 million, acquisitions of £42.4 million and dividends of £14.7 million.

Following approval by shareholders of the reclassification of the convertible redeemable preference shares into common shares, the dividend on the common shares paid on January 15, 1982 was increased to a level 10% above the rate previously paid on the convertible redeemable preference shares. This represented a 64% increase over the dividend paid by the Company on the common shares in July 1981. In the absence of unforeseen circumstances, the Directors of your Company expect to declare a dividend of US 10.8512 cents per share payable on July 15, 1982, the same amount as the January 1982 dividend.

The continued strength of the US dollar against the pound sterling resulted in an unrealized gain from the translation of the net investment in subsidiaries principally in the US of £25.2 million (1980 – loss £4.5 million); this amount is included directly in shareholders' equity in the consolidated balance sheet.

Five year summary (millions of pounds sterling except per share amounts)

	1981	1980	1979	1978	1977
Consolidated statement of earnings					
Sales	1,180.7	917.2	687.1	511.0	386.8
Trading profit*	113.6	119.7	122.6	118.8	90.2
Earnings from continuing operations	43.5	45.1	55.2	47.5	41.8
(Loss) earnings from discontinued operations of Times Newspapers Holdings Limited	—	(6.8)	(19.1)	(0.7)	0.7
Earnings before extraordinary items	43.5	38.3	36.1	46.8	42.5
Earnings for the year	43.5	19.7	36.1	46.8	47.7
Dividends	14.7	12.7	12.7	6.3	—
Earnings per share					
— continuing operations	31.2p	32.4p	39.6p	34.1p	30.0p
— for the year	31.2p	14.1p	25.9p	33.6p	34.2p

*Trading profit is stated after deducting UK supplementary petroleum duty and UK petroleum revenue tax.

Consolidated balance sheet

Assets					
Current assets	276.3	205.0	233.9	201.2	132.7
Investment in associated companies	16.4	17.0	15.7	15.1	15.1
Oil and gas resource properties	163.6	166.8	158.2	149.1	128.6
Fixed assets	164.0	138.5	117.6	99.4	83.8
Publishing rights	77.8	52.1	30.3	20.3	20.7
Goodwill	28.5	15.8	8.9	5.4	5.8
	<u>726.6</u>	<u>595.2</u>	<u>564.6</u>	<u>490.5</u>	<u>386.7</u>
Liabilities and shareholders' equity					
Current liabilities	335.1	281.6	265.6	194.2	106.0
Long-term debt	62.8	47.7	60.2	101.6	166.8
Abandonment provision	24.0	17.6	10.6	5.1	1.6
Deferred taxes	128.3	125.1	105.8	89.5	48.4
Minority interest	7.5	8.3	10.0	10.6	11.1
Shareholders' equity	168.9	114.9	112.4	89.5	52.8
	<u>726.6</u>	<u>595.2</u>	<u>564.6</u>	<u>490.5</u>	<u>386.7</u>

Prior year figures have been reclassified where necessary to conform with the current year's presentation.

Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements of International Thomson Organisation Limited (ITOL) include all companies in which it holds more than a 50% interest and are prepared in accordance with accounting principles generally accepted in Canada. Investments in associated companies over which ITOL has significant influence but holds not more than a 50% interest are accounted for by the equity method. The results of operations of subsidiaries and associated companies are included from their respective dates of acquisition.

Under a reorganization in 1978 the ordinary shareholders of The Thomson Organisation PLC (TTO), which became a wholly-owned UK subsidiary of ITOL, exchanged their ordinary shares of TTO for shares of ITOL and related shares of International Thomson Organisation PLC (ITOPLC) (formerly Thomson British Holdings Limited), ITOL's principal UK subsidiary. To reflect this reorganization and its effect on the interests of the shareholders, the reorganization was accounted for by consolidating, on a combined basis, the assets and liabilities of these constituent companies and their subsidiaries, and the results of their operations at amounts recorded in their financial statements.

Since the majority of the operations are in the United Kingdom the consolidated financial statements are expressed in pounds sterling.

Inventories

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost, determined on a first-in first-out basis, and net realizable value.

Oil and gas resource properties

(a) Consolidation method

The proportionate consolidation method is utilized whereby the amounts included in the consolidated financial statements in respect of oil and gas joint ventures reflect the interest in the assets, liabilities, revenues and expenditures of those joint ventures attributable to the ITOL ownership percentage.

(b) Exploration and development costs

Exploration and exploratory well costs are expensed as incurred. Upon development of a successful field those costs which relate to the field, as well as development dry holes, are capitalized. Acquisition costs of resource properties are expensed if proven unproductive.

(c) Depreciation, depletion and amortization

The cost of producing properties is depleted and tangible and intangible expenditures thereon are depreciated or amortized on a unit of production basis over the proved developed reserves.

(d) United Kingdom supplementary petroleum duty

The amount charged against earnings in respect of UK supplementary petroleum duty, which was effective from January 1, 1981 is calculated at 20% of UK oil and gas sales, less an oil allowance and is a deduction in determining the profits subject to UK petroleum revenue tax.

(e) United Kingdom petroleum revenue tax

The amount charged against earnings in respect of UK petroleum revenue tax recognizes timing differences, arising mainly between the treatment of depreciation of oil and gas development costs for accounting and tax purposes. In reflecting such timing differences as deferred taxes in the financial statements, petroleum revenue tax is provided at the effective rate in the year in which the benefit of the tax allowances is taken.

(f) Abandonment provision

The estimated cost of discharging certain liabilities which may arise at the end of production in the North Sea is being provided for on a unit of production basis.

Fixed assets and depreciation

Fixed assets are recorded at cost, except for major UK properties recorded at appraised values as at December 31, 1977 and are depreciated on a straight line basis over their estimated useful lives.

Publishing rights

Publishing rights of newspapers are stated at cost and are not amortized. Other publishing rights are stated at cost on acquisition and those acquired after the reorganization in 1978 are amortized over periods not exceeding forty years. Based on annual reviews, any permanent impairment in the values of publishing rights is written off against earnings.

Goodwill

Goodwill represents the excess of the cost of the investment in acquired businesses over values attributed to underlying net assets. Goodwill arising after March 31, 1974 is being amortized over periods not exceeding forty years. Based on annual reviews, any permanent impairment in the values of goodwill is written off against earnings.

Deferred revenue

Package tour revenue receivable in advance is included in deferred revenue until the date of tour departure.

Subscription revenue receivable in advance is included in deferred revenue until delivery of the related publication.

Income taxes

The tax allocation method is followed in providing for income taxes whereby earnings are charged with income taxes relating to reported profits. Differences between such taxes and taxes currently payable, which result from timing differences between the recognition of income and expenses for accounting and tax purposes, are reflected as deferred taxes in the financial statements.

Pensions

The cost of pension plans, covering most employees, is provided for and funded, based on periodic actuarial valuations. At December 31, 1981 unfunded past service costs amounted to £11.2 million and are being charged against earnings over 16 years.

Foreign currency translation

There are currently no prescribed accounting principles in Canada relating to the translation of foreign currencies. However, the UK accounting bodies have issued an exposure draft, and the Financial Accounting Standards Board in the US have issued an essentially similar statement. ITOL follows the basic approach suggested in the UK exposure draft, pending the issue of prescribed accounting principles in Canada. Under this approach:

- (a) Assets, liabilities and the results of operations expressed in currencies other than pounds sterling are translated at December 31 rates of exchange, and
- (b) unrealized gains and losses arising from translation of the net investment in subsidiaries are included directly in shareholders' equity. Other foreign currency gains and losses are included in earnings.

Consolidated statement of earnings (millions of pounds sterling except per share amounts)

	Year ended December 31	
	1981	1980
Sales (note 2)	1,180.7	917.2
Cost of sales, selling, general and administrative expenses	805.3	602.9
Depreciation, depletion and amortization (note 3)	49.1	41.5
Abandonment provision	6.4	7.0
UK supplementary petroleum duty	67.8	—
UK petroleum revenue tax	<u>138.5</u>	<u>146.1</u>
Trading profit (note 2)	113.6	119.7
Net interest expense (note 4)	5.3	4.0
Income taxes (note 5)	63.6	68.5
Minority interest	<u>1.2</u>	<u>2.1</u>
Earnings from continuing operations	43.5	45.1
Loss from discontinued operations of Times Newspapers Holdings Limited	—	<u>6.8</u>
Earnings before extraordinary losses	43.5	38.3
Extraordinary losses (note 6)	—	<u>18.6</u>
Earnings for the year	<u>43.5</u>	<u>19.7</u>
Earnings per share (note 7)		
– continuing operations	31.2p	32.4p
– discontinued operations	—	(4.9p)
– extraordinary losses	—	(13.4p)
– for the year	<u>31.2p</u>	<u>14.1p</u>

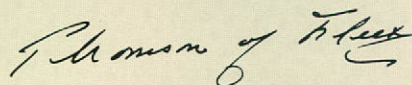
Consolidated statement of retained earnings (millions of pounds sterling)

	Year ended December 31	
	1981	1980
Balance at beginning of year	78.9	76.4
Earnings for the year	<u>43.5</u>	<u>19.7</u>
	122.4	96.1
Foreign currency translation gains (losses)	<u>25.2</u>	<u>(4.5)</u>
	147.6	91.6
Dividends (note 8)	14.7	12.7
Balance at end of year	<u>132.9</u>	<u>78.9</u>

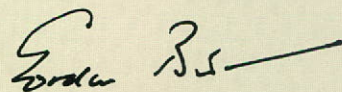
Consolidated balance sheet (millions of pounds sterling)

	December 31	
	1981	1980
Assets		
Current assets:		
Cash and bank term deposits	48.2	16.0
Short-term investments, at cost which approximates market	11.9	14.7
Accounts receivable	133.2	112.2
Inventories (note 9)	43.8	34.3
Prepaid expenses	<u>39.2</u>	<u>27.8</u>
	276.3	205.0
Investment in associated companies	16.4	17.0
Oil and gas resource properties (note 10)	163.6	166.8
Fixed assets (note 11)	164.0	138.5
Publishing rights	77.8	52.1
Goodwill	<u>28.5</u>	<u>15.8</u>
	<u>726.6</u>	<u>595.2</u>
 Liabilities and shareholders' equity		
Current liabilities:		
Bank indebtedness	17.4	3.6
Accounts payable	113.8	99.4
Deferred revenue	46.4	28.9
Dividends payable	8.0	6.4
UK supplementary petroleum duty	18.0	—
UK petroleum revenue tax	72.2	61.4
Income taxes	44.3	62.7
Current portion of long-term debt (note 12)	<u>15.0</u>	<u>19.2</u>
	335.1	281.6
Long-term debt (note 12)	62.8	47.7
Abandonment provision	24.0	17.6
Deferred taxes (note 13)	128.3	125.1
Minority interest	7.5	8.3
Shareholders' equity:		
Share capital (note 14)	36.0	36.0
Retained earnings	<u>132.9</u>	<u>78.9</u>
	<u>168.9</u>	<u>114.9</u>
	<u>726.6</u>	<u>595.2</u>

Approved by the board



Thomson of Fleet, Director



Gordon Brunton, Director

Consolidated statement of changes in financial position (millions of pounds sterling)

	Year ended December 31	
	1981	1980
Sources		
Cash generated from operations:		
Earnings from continuing operations	43.5	45.1
Add items not involving funds:		
Depreciation, depletion and amortization	49.1	41.5
Abandonment provision	6.4	7.0
Deferred taxes	3.7	24.0
Minority interest	1.2	2.1
	<u>103.9</u>	<u>119.7</u>
Loss from discontinued operations	—	(5.2)
	103.9	114.5
Extraordinary items	—	3.3
Decrease in working capital excluding cash*	10.3	(0.5)
Proceeds from long-term debt	35.7	14.1
Disposal of investments	2.2	(2.6)
Foreign currency translation gains (losses)	2.6	(1.4)
	<u>154.7</u>	<u>127.4</u>
Uses		
Cash invested:		
Acquisition of businesses, less cash* acquired of £2.8 million (1980 – £1.7 million)	42.4	39.5
Additions to fixed assets less disposals of £2.2 million (1980 – £3.4 million)	31.6	55.5
Additions to oil and gas resource properties	20.1	37.6
	<u>94.1</u>	<u>132.6</u>
Dividends	14.7	12.7
Dividends paid by subsidiaries to minority interests	1.1	2.1
Reductions of long-term debt	28.8	23.4
Other	0.4	0.5
	<u>139.1</u>	<u>171.3</u>
Increase (decrease) in cash*	<u>15.6</u>	<u>(43.9)</u>

*Cash comprises cash, bank term deposits and short-term investments less bank indebtedness.

Notes to consolidated financial statements

(unless otherwise stated, all figures are in millions of pounds sterling)

1 Accounting policies

A summary of significant accounting policies of International Thomson Organisation Limited and its subsidiaries is presented on pages 24 and 25.

2 Segmented information

International Thomson Organisation Limited is a financial holding company for a group of companies whose principal activities are publishing periodicals, books and UK regional newspapers and providing information services,

operating travel companies and participating in the exploration, development and operation of North Sea and other oil and gas fields. The tables below show certain information relating to the principal activities:

Business segment

	Sales		Depreciation, depletion and amortization		Trading profit	
	1981	1980	1981	1980	1981	1980
Publishing	343.6	241.6	10.9	5.5	10.1	11.7
Travel	383.5	304.2	8.2	7.4	28.3	21.6
Oil and gas ⁽¹⁾	415.1	336.8	29.4	28.2	89.2	90.7
Other	38.5	34.6	0.6	0.4	(14.0)	(4.3)
	<u>1,180.7</u>	<u>917.2</u>	<u>49.1</u>	<u>41.5</u>	<u>113.6</u>	<u>119.7</u>
Net interest expense					(5.3)	(4.0)
Income taxes					(63.6)	(68.5)
Minority interest					(1.2)	(2.1)
Loss from discontinued operations					—	(6.8)
Extraordinary losses					—	(18.6)
Earnings for the year					<u>43.5</u>	<u>19.7</u>

	Additions to publishing rights and goodwill ⁽²⁾		Additions to fixed assets and resource properties		Assets	
	1981	1980	1981	1980	1981	1980
Publishing	31.5	35.5	28.6	20.6	326.7	231.5
Travel	0.1	1.3	8.6	35.8	119.5	109.5
Oil and gas	—	—	20.1	37.6	210.8	197.2
Other, including funds available for investment	—	—	2.6	4.4	69.6	57.0
	<u>31.6</u>	<u>36.8</u>	<u>59.9</u>	<u>98.4</u>	<u>726.6</u>	<u>595.2</u>

Geographic segment

	Sales		Trading profit		Assets	
	1981	1980	1981	1980	1981	1980
United Kingdom	984.7	819.9	115.9	127.1	451.6	440.7
United States	153.0	71.6	(2.6)	(5.7)	215.3	117.5
Canada	12.6	4.8	0.3	(1.4)	12.1	8.5
Other countries	30.4	20.9	—	(0.3)	47.6	28.5
	<u>1,180.7</u>	<u>917.2</u>	<u>113.6</u>	<u>119.7</u>	<u>726.6</u>	<u>595.2</u>

(1) oil and gas sales are before deduction of UK Government royalties of £42.4 million (1980 – £34.8 million). Oil and gas trading profit is stated after deducting UK supplementary petroleum duty of £67.8 million (1980 – nil) and UK petroleum revenue tax of £138.5 million (1980 – £146.1 million).

(2) including additions to publishing rights of £17.5 million (1980 – £29.0 million).

3 Depreciation, depletion and amortization

	1981	1980
Fixed assets	16.7	11.7
Oil and gas resource properties	29.4	28.2
Publishing rights and goodwill	3.0	1.6
	<u>49.1</u>	<u>41.5</u>

4 Net interest expense

	1981	1980
Interest on long-term debt	11.1	10.4
Interest on short-term debt	2.4	0.8
Interest income	(8.2)	(7.2)
	<u>5.3</u>	<u>4.0</u>

5 Income taxes

In the United States there are accumulated losses for income tax purposes of approximately £20.0 million which expire in 1995 and 1996. The potential tax benefit will be included in earnings when realized.

6 Extraordinary losses

	1980
Net loss relating to disposal of Times Newspapers Holdings Limited	17.1
Losses on disposal of a subsidiary and an associated company	1.5
	<u>18.6</u>

7 Earnings per share

On December 7, 1981 each ITOL convertible share was reclassified into an ITOL common share and each related ITOPLC convertible share was converted into a related ITOPLC common share (note 14). Accordingly, the calculation of earnings per share assumes that 139.3 million common shares were in issue throughout the two years.

8 Dividends

During 1981 the directors of ITOL and ITOPLC declared dividends payable on the following dates on the related shares of these companies:

	1981	1980
<i>July 15, 1981</i>		
ITOL – common shares, US\$0.066125 (1980 – US\$0.0575) per share	0.9	0.6
– convertible shares, 5.25p (1980 – 5.25p) per share	0.1	0.1
ITOPLC – common shares, 3.1699p (1980 – 2.551p) per share	0.3	0.2
– convertible shares, 5.25p (1980 – 5.25p) per share	5.4	5.4
<i>January 15, 1982</i>		
ITOL – common shares, US\$0.108512 (1980 – US\$0.066125) per share	0.2	0.7
– convertible shares – see below (1980 – 5.25p per share)	—	0.1
ITOPLC – common shares, 5.775p (1980 – 2.7117p) per share	7.8	0.2
– convertible shares – see below (1980 – 5.25p per share)	—	5.4
	<u>14.7</u>	<u>12.7</u>

On December 7, 1981 each ITOL convertible share was reclassified into an ITOL common share and each related

ITOPLC convertible share was converted into a related ITOPLC common share (note 14).

9 Inventories

	1981	1980
Raw materials	8.7	7.9
Work in progress	7.8	10.0
Finished goods	27.3	16.4
	<u>43.8</u>	<u>34.3</u>

10 Oil and gas resource properties

	Cost	Accumulated depreciation, depletion and amortization	1981 Net	1980 Net
United Kingdom				
Piper Field	76.7	44.1	32.6	36.9
Claymore Field	86.3	23.9	62.4	58.6
Shared facilities	71.7	34.3	37.4	43.8
Licence acquisition costs	2.0	—	2.0	2.0
	<u>236.7</u>	<u>102.3</u>	<u>134.4</u>	<u>141.3</u>
North America				
Corinne Field	28.4	7.6	20.8	20.4
Other	8.4	—	8.4	5.1
	<u>273.5</u>	<u>109.9</u>	<u>163.6</u>	<u>166.8</u>

11 Fixed assets

	Depreciation period	Cost or appraised value	Accumulated depreciation	1981 Net	1980 Net
Land and buildings	40 years	61.9	5.0	56.9	45.6
Machinery and equipment	3 to 25 years	84.5	31.9	52.6	37.3
Aircraft and spares	12 years	78.2	23.7	54.5	55.6
		<u>224.6</u>	<u>60.6</u>	<u>164.0</u>	<u>138.5</u>

Major UK properties were appraised at December 31, 1977 by Leavers of London, England, at open market value as between a willing buyer and a willing seller. The appraisal

surplus included above of £8.2 million (1980 – £8.2 million) was merged with retained earnings in accounting for the 1978 reorganization.

12 Long-term debt

	1981	1980
<i>Repayment related to oil and gas sales proceeds from the Corinne Field:</i>		
Bank loan – secured 1982-1983 ⁽¹⁾	13.3	13.7
Other secured obligation ⁽²⁾	4.7	5.1
	<u>18.0</u>	<u>18.8</u>
<i>Repayment not related to oil and gas sales proceeds:</i>		
Bank loans – unsecured 1982-1986 ⁽¹⁾	51.0	37.8
Other debt – secured 1982-1999	8.8	10.3
	<u>59.8</u>	<u>48.1</u>
Total long-term debt	77.8	66.9
Less: portion included in current liabilities	15.0	19.2
	<u>62.8</u>	<u>47.7</u>
Denominated in:		
Pounds sterling	36.9	12.8
US dollars	35.1	47.3
Other currencies	5.8	6.8
	<u>77.8</u>	<u>66.9</u>

(1) interest rates on bank loans vary up to 2% above US prime rate or London inter-bank offered rate.

(2) represents a liability which will be reduced by future gas deliveries.

Long-term debt maturities due in each of the next five years are: £15.0 million in 1982, £15.8 million in 1983, £39.0 million in 1984, £1.9 million in 1985 and £3.0 million in 1986.

13 Deferred taxes

Deferred taxes comprise deferred UK petroleum revenue tax of £62.7 million (1980 – £67.4 million) and deferred income taxes of £65.6 million (1980 – £57.7 million).

No provision has been made for the potential UK tax liability of £6.0 million (1980 – £6.0 million) which may arise principally on:

- (a) property appraisal surplus (note 11) as there is no present intention of disposing of the appraised properties; and
- (b) realized gains resulting from the disposal of certain properties, as these gains are deferred for tax purposes under rollover provisions.

14 Share capital

On December 7, 1981 the holders of ITOL common and convertible redeemable preference shares (convertible shares) approved an amendment to the Articles whereby all issued and unissued convertible shares were reclassified into an equal number of common shares, and consequent to the reclassification the authorized capital is divided into

200,000,000 common shares without par value. At the same time under a similar procedure each convertible share of ITOPLC was converted into a common share of ITOPLC.

Prior to December 7, 1981 245,416 convertible shares of each of ITOL and ITOPLC were converted into an equal number of common shares of ITOL and ITOPLC.

Authorized and issued share capital at December 31, 1981:

International Thomson Organisation Limited

Authorized:

200,000,000 common shares without par value (1980 – 50,996,121 common shares without par value and 149,003,879 preference shares with a par value of 25p each issuable in series of which the first series was 124,003,879 convertible redeemable preference shares)

Issued:	1981	1980
139,324,878 common shares (1980 – 35,825,255 common shares and 103,499,623 convertible redeemable preference shares)	34.6	34.6

International Thomson Organisation PLC

Authorized and issued share capital related to that of International Thomson Organisation Limited

Authorized:

200,000,000 common shares with a par value of 1p each (non-voting) (1980 – 50,996,121 common shares with a par value of 1p each (non-voting) and 149,003,879 convertible redeemable preference shares with a par value of 1p each)

Issued:		
139,324,878 common shares (1980 – 35,825,255 common shares and 103,499,623 convertible redeemable preference shares)	1.4	1.4
	<u>36.0</u>	<u>36.0</u>

ITOL and ITOPLC related common shares:

Each common share of ITOL has related to it one common share of ITOL's principal UK subsidiary, ITOPLC. The common shares of each company are only transferable with the related common shares of the other company.

Dividends will be paid on the shares of either ITOL or ITOPLC at the option of the shareholder. These dividends will be paid on the ITOPLC shares unless the shareholder has elected in writing to receive dividends on the ITOL shares. If the ITOPLC shares have been deposited with Montreal Trust Company as depository of ITOPLC shares pursuant to a deposit agreement, the holder thereof will be deemed to have elected to receive dividends on the ITOL shares unless he has elected in writing to receive dividends on the ITOPLC shares. Dividends are payable according to elections in force, notwithstanding transfers of shares, and

elections may be withdrawn or new elections made at any time.

Dividends on ITOL shares are payable in US dollars. Dividends on ITOPLC shares are payable in pounds sterling in the same amount based on the pound sterling/US dollar rate of exchange at 11 a.m. in London, England on the business day prior to that on which the dividend is declared.

Dividends on the ITOPLC shares are payable in priority to any dividend on the ITOPLC voting ordinary shares, all of which are held by ITOL.

The ITOL shares are voting shares. ITOPLC common shares are non-voting and may be redeemed by ITOPLC at any time at their par value on not less than six months' prior notice.

15 Acquisitions

(a) Publishing interests of Litton Industries, Inc.

On March 31, 1981 the publishing interests of Litton Industries, Inc. were acquired for a cash consideration of approximately US\$63.0 million. The principal interests acquired were Medical Economics Company with its leading publications in the health care field, the professional and reference publisher, Van Nostrand Reinhold Company, and the vocational publisher, Delmar Publishers. Certain other interests acquired were subsequently sold and the net proceeds have been treated as reducing the original cost.

(b) Other acquisitions

During 1981, a number of businesses was acquired by wholly owned subsidiaries of ITOL, the majority of such acquisitions being involved in publishing activities predominantly in the United States.

(c) The following is a summary of the foregoing acquisitions which have been accounted for on the purchase basis and, where applicable, are translated at the exchange rate ruling at the date of acquisition:

	Publishing interests of Litton	Other acquisitions	Total
Working capital including cash of £2.6 million	5.8	0.7	6.5
Fixed assets	4.3	0.9	5.2
Publishing rights	9.9	6.0	15.9
Goodwill	4.2	9.6	13.8
Cost	<u>24.2</u>	<u>17.2</u>	<u>41.4</u>

Allocations relating to certain acquisitions may be subject to adjustment on receipt of reports from independent valuation consultants.

16 Contingencies and commitments

(a) Performance guarantees

Indemnities have been given to banks amounting to £8.8 million (1980 – £5.0 million) to cover guarantees given by those banks to third parties covering performance by certain subsidiary companies of their obligations in providing package tour holidays.

(b) Lease commitments

Lease payments in 1981 and minimum future payments are as follows: 1981, £9.8 million; 1982, £10.7 million; 1983, £10.0 million; 1984, £9.4 million; 1985, £8.0 million; 1986, £6.9 million; 1987 – 2010, £66.1 million.

Certain leases are of a capital nature, the effect of which is not considered material to these financial statements.

(c) Contingent liabilities

There are contingent liabilities in respect of the performance by a subsidiary company of its obligations

as a member of joint ventures involved in exploring for, developing and operating oilfields in blocks licensed to it in the North Sea, which include that, in the event of a failure by any member of the joint ventures to pay its share of joint venture expenditure, the subsidiary would have a liability to contribute proportionately towards the defaulting party's liability. Any amounts so advanced would be secured on the defaulting party's share of the joint venture assets.

(d) Capital expenditure

	1981	1980
Capital expenditure contracted but no related liability incurred at end of year	35.8	19.5
Capital expenditure authorized but not contracted for at end of year	47.0	43.3
Share of joint venture capital expenditure program on the North Sea oilfields authorized but no related liability incurred at end of year	<u>14.6</u>	<u>11.1</u>
	<u>97.4</u>	<u>73.9</u>

17 Comparative figures

The comparative figures for the preceding year have been reclassified where necessary to conform with the current year's presentation.

Auditors' report

To the shareholders of
International Thomson Organisation Limited

We have examined the consolidated balance sheet of International Thomson Organisation Limited as at December 31, 1981 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 International Thomson Organisation Limited as at December 31, 1981 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.



Toronto, Canada
April 15, 1982

Price Waterhouse
Chartered Accountants

Principal Interests

INFORMATION AND PUBLISHING

United Kingdom

Thomas Nelson International

Educational, trade, professional and reference publishers

Thomas Nelson and Sons Ltd
Primary, secondary, college and English language teaching
Van Nostrand Reinhold Company Ltd
Trade, professional and reference

NFER-Nelson Publishing Company Ltd
(50% holding)
Measurement and guidance

Nelson Filmscan Ltd
English language teaching

Thomson Books Ltd

General trade

Hamish Hamilton Ltd
Hamish Hamilton Children's Books
Elm Tree

Michael Joseph Ltd
Pelham Books
Rainbird Publishing Group Ltd

Reference
Jane's Publishing Company Ltd
Paperback
Sphere Books Ltd
Abacus

Distribution
TBL Book Service Ltd

Thomson Information Services Ltd

Thomson Data Ltd

Patent information, micropublishing, legal publishing and data marketing

Derwent Publications Ltd
(88% holding)

Computacar Ltd
ESDU Marketing Ltd
European Law Centre Ltd
Commercial Laws of Europe

Common Market Law Reports
Eurolaw Commercial Cases
European Human Rights Reports
European Law Digest

Fleet Street Reports
Eurolex (Legal Database)
Newspaper Archive Developments Ltd

Thomson Directories

(50% partnership)

Local directory publishers

Thomson Magazines Ltd

Business publications

Big Farm Management
Big Farm Weekly
British Journal of Hospital Medicine
Building Trades Journal
Communications International
Construction News
Construction News Magazine
Drapers Record
Engineering Capacity

Fashion International
Hospital Development
Hospital Equipment & Supplies
Meat
Meat Trades Journal
Men's Wear
New Electronics
Plant International
Retail Jeweller

Gee & Co Ltd
The Accountant
Northwood Books Ltd
Glass's Guide Service Ltd
(51% holding)
Consumer publications
Burlington Magazine
Cheshire Life
Circle Books

Family Circle
Gloucestershire & Avon Life
Illustrated London News
Lancashire Life
Living
Natural World
Pins and Needles
Political Quarterly
Warwickshire & Worcestershire Life
Yorkshire Life

Thomson Regional Newspapers Ltd

Regional newspaper publishers

Aberdeen Journals Ltd

The Press and Journal
Evening Express

Belfast Telegraph Newspapers Ltd

Belfast Telegraph
Ballymena Observer
East Antrim Times

The Berkshire County Advertiser Ltd

Wokingham Times
Bracknell Times
Ascot Times
Crowthorne Times

Celtic Press Ltd

Aberdare Leader
Mountain Ash Leader
Merthyr Express
Rhymney Valley Express
Glamorgan Gazette
Pontypridd Observer
Llantrisant Observer
Rhondda Leader
Neath Guardian
Port Talbot Guardian
Gwent Gazette
Abergavenny Gazette

Newcastle Chronicle and Journal Ltd

The Journal
Evening Chronicle
Sunday Sun

North Eastern Evening Gazette Ltd

Evening Gazette (Teesside)

Western Mail and Echo Ltd

Western Mail (Wales)
South Wales Echo (Cardiff)
Cardiff Post (free)

The Chester Chronicle and Associated Newspapers Ltd

Chester Chronicle
Chester Mail (free)
Crewe Chronicle
Nantwich Chronicle
Northwich Chronicle
Winsford Chronicle
Middlewich Chronicle
Whitchurch Herald
Ellesmere Port Mail (free)

Evening Post-Echo Ltd

Evening Post-Echo
Evening Post-Echo Plus (free)

The Scotsman Publications Ltd

The Scotsman
Evening News (Edinburgh)

Edinburgh Advertiser Ltd

Edinburgh Advertiser (free)

Highland Printers Ltd

Caithness Courier
Inverness and Highland News
John o'Groat Journal
Lochaber News
North Star (Dingwall)

The North Western Newspaper Co Ltd

Lancashire Evening Telegraph
(Blackburn)
Evening Star (Burnley)
Lancashire Evening Telegraph
Advertiser (free)

Thames Valley Newspapers Ltd

Evening Post (Reading)
The Advertiser (free)

North London Weekly Herald

Newspapers Ltd

Weekly Herald (Tottenham, Wood Green, Edmonton, Enfield and Southgate)

Warrington & Co Ltd

The Advertiser (free)

Lancashire & Cheshire County Newspapers Ltd

(50% holding)
Salford City Reporter
Stockport Express
County Express (free)
Macclesfield Express
Express Extra (free)

Newspaper printing contractors

Thames Valley Newspapers Ltd

Evening Post-Echo Ltd

General printing and engraving companies

Aberdeen Journals Ltd

Highland Printers Ltd

Reading Process Engraving Co Ltd

Newspaper consultants

Thomson International Press

Consultancy Ltd

Retail newsagents

F. J. Glindon Ltd

Mills (North British) Ltd

Ombler and Sons Ltd

Thomson Withy Grove Ltd

Newspaper printing contractor

Sporting Chronicle Publications Ltd

Specialist horse racing publishers
Sporting Chronicle
Sporting Chronicle Handicap Book
Sporting Chronicle Horses in Training

Raceform Up-to-Date
Raceform Up-to-Date Flat Annual
Raceform Up-to-Date National Hunt Annual

Withy Grove Press Ltd

General printing

Thomson Withy Grove Transport Ltd

Newspaper distribution contractor

INFORMATION AND PUBLISHING

United States

Callaghan & Company

Specializing in all types of legal publishing, with particular emphasis on corporation and commercial law, municipal law, federal law, taxation,

and all aspects of trial and general practice
Recent titles include:
Federal Air Pollution Law and Analysis

Norton Bankruptcy Law and Practice
Shareholder Litigation
Uniform Commercial Code Bulletin
Local Government Law

McQuillin Municipal Law Letter
Mertens Tax Highlights
Lane Medical Litigation Guide
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Clark Boardman Company, Ltd

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specializing in the law of immigration, antitrust, zoning, securities regulation,

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International Thomson Business Press Inc

Business publishing and information sciences

Brandon's Shipper & Forwarder, Inc
Brandon's Import/Export Information Service
Brandon's Shipper & Forwarder Export Documentation Guide

CES Publishing Corporation
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Consumer Electronics Daily
Consumer Electronics Monthly
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Huebner Publications, Inc
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Fastener Technology
Machine Tool Specs Directories
Meltfax
Tooling & Production
Wire Technology

Medical Economics Company Inc
Clinical Laboratory Reference
Contemporary OB/GYN
Diagnosis
Diagnostic Medicine
Drug Topics
Drug Topics Red Book
Medical Economics
Medical Economics for Surgeons
Medical Laboratory Observer
Nursing Opportunities

Physicians' Desk Reference (PDR)
PDR for Nonprescription Drugs
PDR for Ophthalmology
PDR for Radiology & Nuclear Medicine
RN

Med Publishing, Inc
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Practical Cardiology
Cardiovascular Literature News
Gastro-Intestinal Literature News
OB/GYN Literature News
Oncology Literature News
Pulmonary Diseases Literature News
Tuberculosis Literature News

Pacific Shipper, Inc
Coast Marine and Transportation Directory
Pacific Shipper

Patient Care Communications Inc
Patient Care

Petroleum Publications, Inc
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Oil Buyers' Guide International
Petroleum Marketers' Handbook

Veterinary Medicine Publishing Company Inc
Veterinary Economics
Veterinary Medicine/Small Animal Clinician

Ward's Communications, Inc
Ward's Auto Info Bank
Ward's Automotive Reports
Ward's Automotive Reports Index
Ward's Automotive Yearbook
Ward's Auto World
Ward's Engine Update

Research Publications, Inc

Micropublishing academic, technical, newspapers and reference materials; US and foreign patents

Carrollton Press, Inc
Publishers of "Remarc" computer database

Science Books International, Inc

Publishers of scholarly and professional books and materials under the following imprints:

CBI Publishing Company, Inc
Compress
Heinle & Heinle Publishers, Inc

Hutchinson Ross Publishing Company
Marine Science International
Science Books International, Publishers

Thomas Nelson International

Educational publishing

Atlantis Publishers Inc
English language teaching

Delmar Publishers Inc
Educational/vocational publishing

Van Nostrand Reinhold Company Inc

Educational, trade, professional and reference book publishers

Professional Journals and Periodicals Division
Scholarly journal publishing

Wadsworth, Inc

College textbook and professional book publishers with the following divisions and subsidiaries
Breton Publishers

Brooks/Cole Publishing Company
Kent Publishing Company
Lifetime Learning Publications
PWS Publishers

Wadsworth Electronic Publishing Company
Wadsworth International Group
Wadsworth Publishing Company

Lange Medical Publications

Wadsworth Publishers of Canada Ltd

Warren, Gorham & Lamont, Inc

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