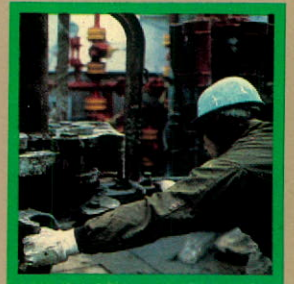
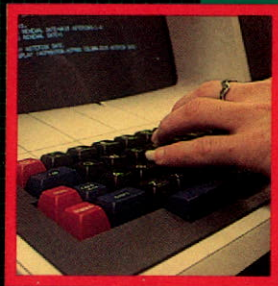
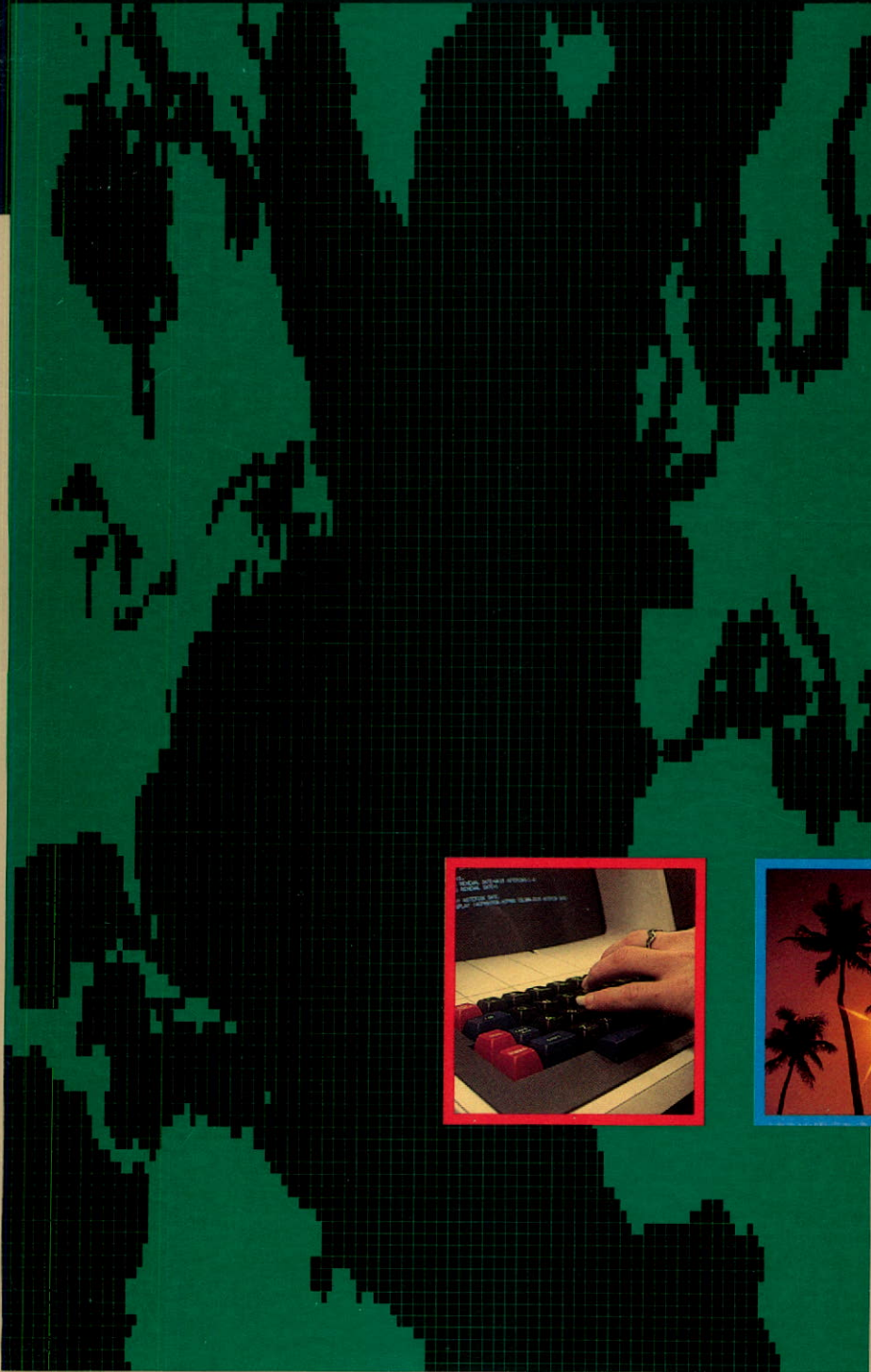




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International Thomson is a leading international information and publishing business with strong interests in travel and natural resources.

Milestones in the history of International Thomson

- 1959** Roy Thomson acquired 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, book publishing companies and information companies.
- 1965** Thomson Travel formed by acquiring tour 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 Limited 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 North American interests.
- 1979** Wadsworth and Callaghan & Company acquired in the US.
- 1980** Reorganization of Thomson Publications into Thomson Information Services. International Thomson Business Press formed and Warren, Gorham & Lamont acquired in the US. Thomson-Monteith bought into Corinne gas field, Mississippi.
- 1981** Medical Economics group and Van Nostrand Reinhold acquired in the US. Times Newspapers sold to News International Ltd.
- 1982** Thomson British Holdings Ltd renamed International Thomson Organisation PLC.
- 1983** American Banker and The Bond Buyer acquired in the US. International Thomson equity base broadened by the issue for cash of 7.0 million new common shares raising £45.0 million net of expenses. Concurrently, Thomson family interests sold 6.4 million existing common shares, thus increasing the public shareholding in International Thomson by more than 50% and reducing the Thomson family holding from 82% to 73.5%.

The International Thomson Group

Its History

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

In 1961 an energetic policy of diversification began. This has resulted in the broadening of the interests of the Group into many other forms of information and publishing as well as holidays, travel, 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 considerable growth. The resources generated have been used for pursuing a vigorous policy of acquisition and expansion in North America, particularly the US, for re-equipping our regional newspapers, buying new aircraft, developing new magazines, directories and information databases and for continued exploration and development in the North Sea and North America.

The Facts and Figures at December 31, 1983:

1. The issued share capital was 146.3 million common shares, of which 73.5% were owned by the Thomson family.
2. The Group is listed on the Toronto and London Stock Exchanges. Market capitalization value was £1060.9 million.
3. Total assets were £1053.5 million.
4. Employees numbered over 22,000.

Style of Management

The Group is entrepreneurial by tradition and is characterized by a highly decentralized style of management.

The Future

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

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**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

M D Knight *Company Secretary*

Registered Office

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

*United Kingdom***International Thomson
Organisation PLC**

Lord Thomson of Fleet
Chairman

G C Brunton
*Managing Director and
Chief Executive*

C N D Cole
Joint Deputy Managing Director

J Evans
Joint Deputy Managing Director

J Darby

R O Davies

M D Knight

M S Mander

A J B Mawdsley

J H Sauvage

J A Tory

M D Knight *Company Secretary*

*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*

N R Harrison *Company Secretary*

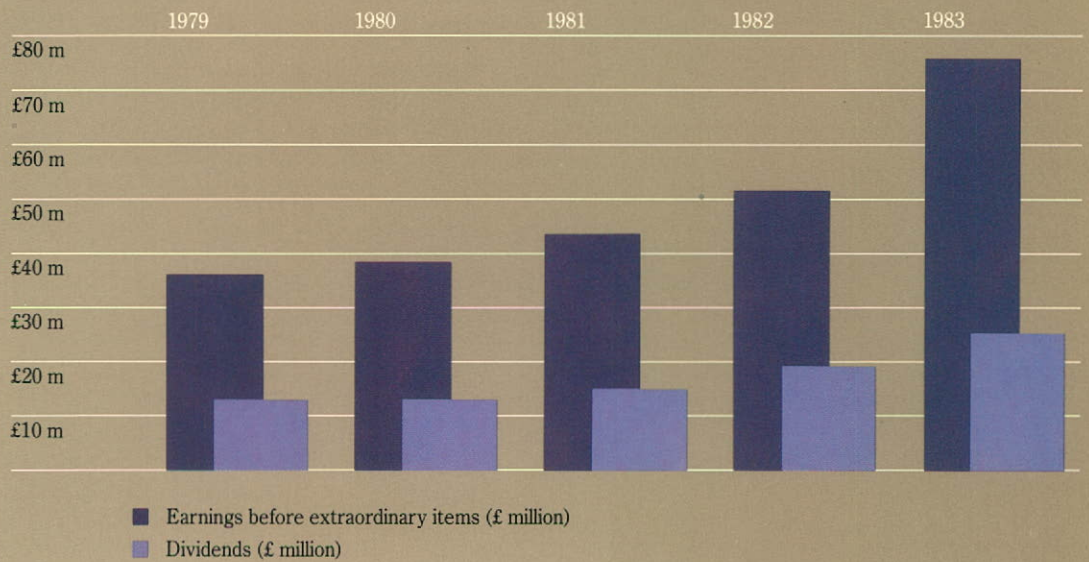
Results at a glance

(millions of pounds sterling except per share amounts)

1983 1982

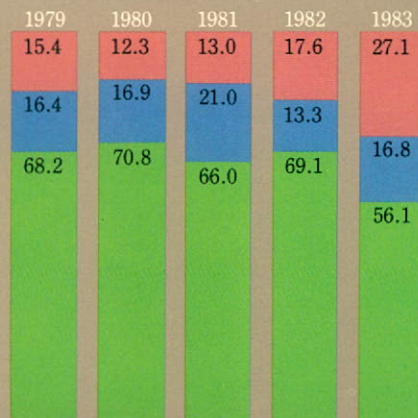
Sales	1,503.5	1,334.1
Trading profit	154.8	114.6
Earnings before extraordinary items	75.7	51.5
Earnings per share before extraordinary items	53.8p	37.0p

5 Year Summary



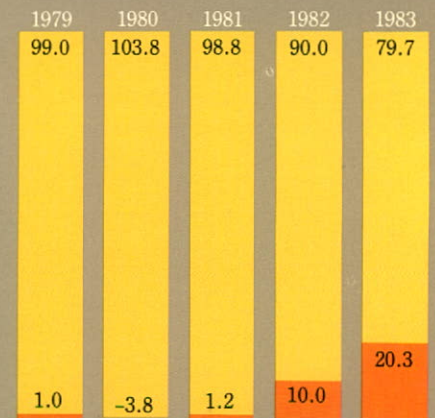
Operating Profit*

Principal Business Segments



■ Information and Publishing (%)
■ Travel (%)
■ Oil and Gas (%)

Principal Geographic Segments



■ United Kingdom (%)
■ North America (%)

*Trading Profit before accelerated development expenditure



In several successive reviews I have expressed my confidence in the continuing development of the Group and the progress recorded year by year has borne out this confidence. The very satisfactory results for 1983 give further encouragement.

International Thomson is now well balanced with highly profitable activities generating funds for investment both in acquisitions, particularly in the US, and in development projects which will make, and in many cases are already making, an important contribution to profits.

The composition of the Group is the result of the application of a strategy which has been outlined to the shareholders many times in recent years. It is gratifying to see the effects of carefully devised and skilfully implemented plans gathering momentum.

It is some 25 years since my father founded the Company. It has expanded and prospered in a way which I know would have delighted him. Your directors have consistently taken the view that we are interested in long term growth rather than in quick profits and this policy is now paying off. Your Board has always been prepared to apply resources to appropriate new areas, to

nurture new businesses and, in times of recession, to sustain operations with good potential.

As you will see from the financial statements, not only did earnings before extraordinary items rise by 47.0% in 1983 but the balance sheet is stronger than at any time in International Thomson's history. We were able to increase dividends again, as we have done every year since the Company was restructured in 1978.

A significant decision by your Board last year was to broaden participation in the ownership of the Company by issuing 7.0 million common shares. Concurrently, the Thomson family sold 6.4 million shares, reducing its holding to 73.5%. This placed an additional 13.4 million shares in the market in a positive response to the requests of institutional and other investors in Canada and the UK for a greater availability of shares. This increased investor interest in the Company is most welcome.

Economic conditions throughout the world have been depressed over the past three years and it is encouraging that despite these circumstances we have been able to improve our earnings very significantly and continue to grow vigorously.

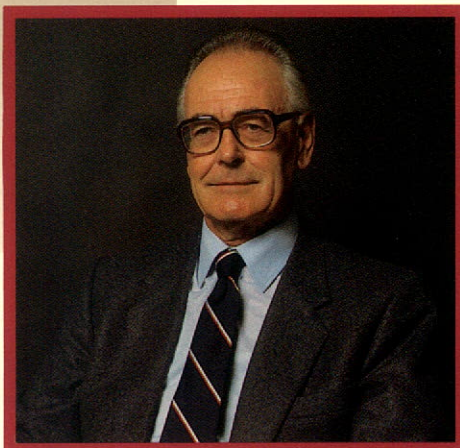
Our UK travel companies and our North Sea oil operations have performed exceptionally well, and the advances made by our information and publishing companies in North America are very exciting.

Our concentration on building a significant business in North America

has been a conspicuous success in a relatively short time. We are now among the leading publishers in the medical care, legal, educational and financial services sectors. The acquisition of the Wall Street-based American Banker group early in 1983 added a new dimension to our development. However, we are not growing by acquisition alone and considerable effort is being put into the generation of new product by our companies worldwide. An important factor in this process is the use of modern technologies in the creation of specialist services in electronic and database publishing.

I would like to emphasize that much of our success stems from the efforts of Gordon Brunton and his senior colleagues. Throughout this period of economic difficulty they have provided a leadership which has produced a heartening response from all the staff and an admirable determination in the pursuit of International Thomson's long term growth strategy.

Thomson of Fleet



1983 was a successful year for many of your Company's activities and most of our objectives were achieved or surpassed. The strategy which we have been following for several years with patience and determination is now being reflected in your Company's operating performance.

Some points of particular significance during the year were:

Financial

Sales at £1,503.5 million were 12.7% higher than in 1982. Trading profit at £154.8 million was 35.1% higher and earnings before extraordinary items at £75.7 million showed a 47.0% increase.

The tax charge for 1983 has been reduced by £1.8 million reflecting the changes announced in the recent UK budget.

Dividends during the year were increased by 15.6% expressed in US dollars (in sterling terms 28.1%).

In October 7.0 million new shares were placed with institutions in the UK raising £45.0 million. Simultaneously the Thomson family reduced its holding in International Thomson, selling 6.4 million shares to Canadian investors.

Publishing

In the US our information and publishing interests increased their trading profit by some 57% over the previous year.

Thomson Regional Newspapers in the UK achieved a significant improvement in trading profit.

The continuing recession in Britain, South Africa and Australia depressed magazine publishing profits.

The most important acquisition during the year was the New York based American Banker and The Bond Buyer, giving us a strong position in the growing segment of financial services.

Travel

Our UK travel companies achieved record trading profits and increased their market shares.

In North America the travel group improved its performance but did not achieve its profit objectives.

Oil and Gas

Production from the North Sea Piper and Claymore fields in which your Company has a 20% interest was maintained at higher than forecast levels.

The Piper field estimated recoverable reserves have been upgraded by DeGolyer and MacNaughton from 708 million barrels to 837 million barrels.

Arrangements were concluded by which your Company has acquired an 8% stake in the North Sea Balmoral field, which has estimated recoverable oil reserves of 70 million barrels and from which production is scheduled for early 1987.

Thomson-Jensen, the partnership representing our Canadian energy interests, acquired the Canadian oil and gas properties of Global Natural Resources Inc for Cdn.\$49.4 million.

Appointment of Directors

Five directors were appointed to the Board of International Thomson Organisation PLC, the Group's principal UK subsidiary, and three directors to the Board of International Thomson Organisation Inc, the Group's principal US publishing subsidiary.

Social Responsibility

Your Company increased its support to various charitable causes and significant progress was made through the Neath Development Partnership in helping to create several hundred new jobs in an area of severe unemployment in South Wales.

Financial Report

Trading profit, which is calculated after petroleum revenue tax, was £154.8 million and earnings were £75.7 million before extraordinary items, compared with £114.6 million and £51.5 million, respectively, in 1982.

The strong trading results and the issue of new shares also benefited our cash flow. By the end of the year, the Group debt less cash balances was reduced to £31.0 million, or 8.9% of equity, compared to £71.9 million and 31.2%, respectively, in 1982.

1983 saw a major growth in the profit of our US operations. They achieved trading profit before accelerated development of US \$55.7 million, compared with US \$25.4 million in 1982.

In the UK, Thomson Travel achieved record trading profit of £37.8 million, before interest income of £5.3 million. Thomson North Sea contributed trading profit of £100.9 million, which was higher than the previous year.

Thomson Regional Newspapers improved its profitability and the cost reduction measures of the past few years are now having a major impact on its performance. Trading profit was £8.4 million after severance payments of £1.8 million.

International Thomson Publishing, the magazine division of Thomson Information Services, operated in difficult advertising markets in the UK, Australia and South Africa. The Australian group fell below its previous year's record trading profit but the UK business magazines and Glass's Guide

made progress. The costs of the successful relaunch of Family Circle and Living and the launching of new magazines depressed earnings. Thomson Directories are taking longer to reach viability than we had planned and with the continuing high development costs in such projects as EUROLEX and ESDU International, Thomson Information Services made no contribution in 1983 to Group profits.

In the United States our information and publishing companies enjoyed a good year and achieved trading profit 57% higher than 1982.

Accelerated development costs incurred by the Group during the year were £22.2 million compared with £12.4 million in the previous year. All this expenditure was expensed as incurred.

The closure costs of the newspapers published at Hemel Hempstead and of Withy Grove Press and Sporting Chronicle Publications amounted to £3.7 million after tax and have been treated as an extraordinary item.

In October, 7.0 million new shares were placed among UK investors at 650p per share and this raised £45.0 million net of issue expenses. Concurrently the Thomson family sold 6.4 million shares to Canadian investors at Cdn.\$117/8 per share, the Canadian dollar equivalent of 650p. As a result, the Thomson family holding was reduced from 82% to 73.5% increasing the number of publicly traded shares of your Company by over 50%. It had been felt that the relatively small number of shares previously available to the public



inhibited many potential institutional and other investors from purchasing shares.

The directors propose that there should be a subdivision of the Company's common shares on a one for one basis. This should achieve a wider distribution and enhance their marketability, particularly in the UK, which is the principal market for the shares.

The subdivided shares will continue to have attached the related shares of International Thomson Organisation PLC (ITOPLC), the principal UK subsidiary, enabling shareholders to receive their dividends either on their International Thomson shares or their ITOPLC shares. The Group's dividend policy will not be affected by this subdivision.

The Canadian Institute of Chartered Accountants recommends the provision of current cost accounting information by listed Canadian companies. Your Board does not consider that the time and expense involved in the preparation of such information would be commensurate with its value to management and shareholders.

Information and Publishing

United Kingdom

The trading profit of Thomson Regional Newspapers, our UK newspaper publishing group, at £8.4 million was £6.8 million up on 1982. The trading profit is after charging £1.8 million in respect of severance costs. In addition, further severance and other closure costs of £1.7 million after tax have been treated as an extraordinary item. These costs reflect the ongoing programme of general cost reduction and the fact that in 1983 the business of TRN was substantially reshaped.

Following the closure of our Tottenham newspaper and the sale of our Inverness operations, in November we closed the evening daily newspapers at Watford and Luton, published from Hemel Hempstead, which had been sustaining substantial losses. In addition, publication of the Evening Star at Burnley was discontinued.

The improvement in TRN's results in 1983 was partly due to a modest upturn in the UK economy but above all to the cost reductions that have been made in recent years. Encouraging as this is, TRN has not yet attained the level of profitability overall needed to justify its significant capital investment requirements. Unit costs must therefore be reduced still further.

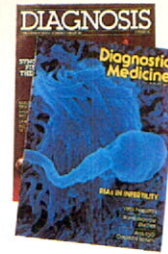
The main opportunity now remaining lies in the full utilisation of modern technology. In common with the whole regional newspaper publishing industry in the UK, we are making strenuous

efforts to secure the necessary agreements with the trades unions concerned to make headway in this area but, in spite of every effort by management, progress is slow.

Fortunately there is a growing awareness that the necessary changes have to come. What is not sufficiently recognised by the trades unions is their urgency. The fact is that regional and local newspapers are extremely vulnerable, even on their reduced cost basis, to increasing competition from other media, especially free newspapers. This competition can be met successfully if we are able to utilise fully the technology available and in use in many other countries. We have already demonstrated very positively that where redundancies are created by change we are prepared to pay generous compensation. We shall certainly continue that policy in an effort to secure the necessary changes. Not only will it enable us to compete more effectively and develop our markets to the full but it will also give us the opportunity of considering entry into new markets. The alternative is further contraction. Both employers and the trades unions have therefore a common interest in finding a speedy way forward.

Regrettably, mounting losses necessitated the closure of the Sporting Chronicle and the Withy Grove general printing business.

The past year was a watershed for Thomson Information Services. Its magazine subsidiary, International Thomson Publishing, undertook a major relaunch of the two main consumer



publications, Family Circle and Living. The exercise was extremely successful in increasing market shares in circulation, readership and advertising. Current indications are that these publications are enjoying a successful and profitable year in 1984.

Our leading information company, Derwent Publications, apart from achieving another record profit, received the Queen's Award for Export Achievement (shown above) for the second time.

EUROLEX, which is developing an interactive on-line legal database, increased its customer base ahead of expectations. Usage continues to improve and during 1984 the loading of the database will be virtually completed. We are on course for this operation to become profitable in 1986.

ESDU International produces physical property and design data for engineers and during the past year the main emphasis, apart from product creation, has been to develop a selling capacity in the US where the potential is high.

Thomson Directories (jointly owned with Dun and Bradstreet) published 151 directories in 1983. The advertising market was still difficult and it is now clear that the company will not achieve profitability as planned in 1984. During the year the partners initiated independent research to reassess the local directory market, its potential and the company's market position. This research indicated clearly that the potential is there though it will take longer for us to achieve our objectives than originally planned. Both partners

have confidence that Thomson Directories will achieve acceptable profitability.

Thomson Books in the UK comprises our major trade book publishing companies, Michael Joseph, Hamish Hamilton, Sphere Books, Rainbird Publishing and Jane's Publishing, with their associated imprints and the distribution company TBL Book Service. Known worldwide for the distinction of their authors and the strength of their lists, each imprint traded strongly in 1983 and the distribution company made good progress. Jane's, which is world famous for its reference books on defence and transport, enjoyed a successful year. Reorganisation and development costs, which will produce benefits in 1984 and future years, caused a reduction in profits.

North America

In the United States our information and publishing companies made excellent progress. All four divisions – professional publishing, business magazines, educational and reference, and information – significantly exceeded the previous year's profits.

We made our first significant acquisition in the US in 1978 and we now have a group of companies which provide a strong base in many major growth sectors of the future. A number of the acquisitions were made when values were lower than at present and sterling was strong in relation to the dollar.

By the end of 1983, the total acquisition costs of our US information and publishing interests were some US \$360 million and in 1983 they achieved overall trading profit before accelerated development of US \$59.2 million.

The major acquisition in 1983, for US \$58.7 million, was American Banker and The Bond Buyer, leading providers of information to two large and growing sectors of financial services, the banking and thrift industries, and municipal and public finance. This acquisition gives us the strong base we were seeking in this important information area. Since the acquisition we have increased our share in InnerLine to 80% with the Bank Administration Institute retaining a 20% interest, and are committed to the substantial development of this electronic information service for banks.

During the year US \$23.2 million was spent in the US on various accelerated development programmes and this investment in new services and products was expensed as incurred.



Britannia Airways took delivery of two of its new wide-bodied Boeing 767s early in 1984. Left, a 767 in flight in Britannia's new livery

Above, service from the cabin staff

Travel

United Kingdom

Our UK travel interests enjoyed a most successful year carrying a record number of passengers. A higher share of the inclusive tours and air charter sectors, excellent load factors and fleet utilisation all led to the best trading profit in the travel group's history.

I wrote last year of the tough competition in the industry and this has certainly intensified for the 1984 summer programme. Prices, on average, have been reduced by some 5% in actual terms which in real terms (after inflation) is of the order of 10%. Though the impact of these reductions has been mitigated to some extent by the relative strength of sterling against the relevant European currencies, inevitably there will be an impact on margins in the current year.

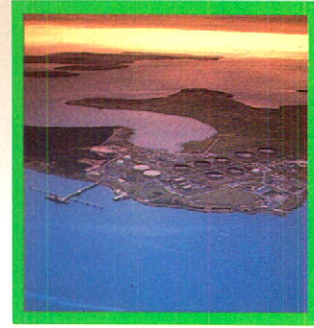
We have seen this situation before, during the early seventies. Now, with our other strong and broadly based interests, we are even better placed to accept any challenge to our market position. This we shall do because in the travel industry, as in all our other activities, we are prepared to accept lower profits in the short term in order to maintain our opportunity for profitable growth in the medium and long term. Our position is clear – we have established market leadership by a combination of quality and price and we intend to retain it.

Britannia Airways enjoyed another excellent year and early in 1984 took delivery of the first two Boeing 767 aircraft which are now in service.

North America

Our travel businesses continued to incur losses greater than anticipated. It was only relatively late in the year that the vacation market showed improvement. We saw a dramatic rise in the bookings for Thomson Vacations in the Mid West, but it was not soon enough to achieve profitability for the year as a whole. In California, Club Universe had a difficult year in line with its competitors.

Though the build up of North American travel has taken longer and the costs incurred are higher than anticipated, we have the base for a profitable and growing business.



In 1983 our oil handling terminal at Flotta, Orkney Islands, off the north coast of Scotland, won the Royal Society for the Prevention of Accidents top award for "outstanding performance in Health and Safety"

Oil and Gas

United Kingdom

Thomson North Sea had an excellent year. Production was maintained at very high levels on both the Piper and Claymore fields. Prices were relatively stable throughout the year.

The upgrading of the Piper field recoverable reserves from 708 million barrels to 837 million barrels will have a favourable impact on both the Group's earnings and cash flow in the years ahead.

The past year saw intense activity in exploration and we continue to evaluate some of the smaller discoveries which our consortium has made and which may become commercially viable in the future.

We completed several successful negotiations with other oil companies. The largest was the agreement reached with Clyde Petroleum to acquire certain North Sea interests including 8% of the Balmoral field which has estimated recoverable reserves of 70 million

barrels. Certain "farm-in" deals were also arranged.

It is clear, particularly with the enhanced Piper reserves, the Balmoral acquisition, the farm-in arrangements and the possible viability of some of our smaller discoveries, that Thomson North Sea will remain of considerable importance to the Group for many years, although the bulk of the cash flows from Piper and Claymore has been received.

North America

Development and exploration as well as production from existing US fields continued. Output from the Corinne field and its extension under the Columbus Air Force Base was again restricted by relatively low industrial demand. Partnership arrangements were completed with Grand Metropolitan and Trafalgar House under which Thomson-Monteith is responsible for a US exploration programme starting in 1984. Your Company is building up increasing oil and gas reserves in the US, but investments are made only on the basis of strict and cautious criteria. Acquisitions of several properties in 1983 cost US \$14.8 million.

In Canada, Thomson-Jensen Energy made its first major acquisition - the Canadian interests of Global Natural Resources. For the most part these interests comprise production reserves in Alberta. It is expected that by the late 1980s Thomson-Jensen will be earning significant profits.



Prospects for 1984

There are clear signs that the economic recovery in the United States will be sustained during the current year. In the United Kingdom the economic indications are pointing to further growth but there is no clear evidence yet of its strength or that it will be sustained.

In the UK we are expecting continuing profit growth in newspapers and a stronger performance from the magazine, information and book publishing sectors.

Oil and gas production from the North Sea is likely, subject to any unforeseen circumstances, to remain significantly higher than our previous plans had indicated and this should show through in better earnings and cash flow in 1984 than we had been anticipating, although somewhat lower than in 1983.

Inclusive tour bookings in the UK are likely to be very strong in volume during 1984 and to date are significantly ahead of last year. However, as I have indicated, intense competition has reduced prices substantially below 1983 in both actual and real terms and margins have suffered. I anticipate a good, if less profitable, year than 1983 for the UK travel companies. In North America our travel operation is expected to move into profits overall.

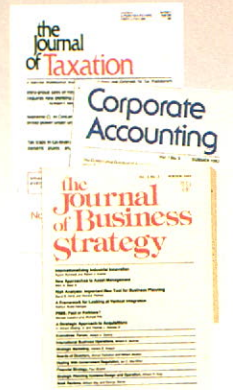
Our North American information and publishing interests will begin to derive the benefit from the many new products which have been developed over the past few years and we expect continuing profit growth.

US oil and gas interests, despite a relatively slack demand for energy, forecast maintaining their profit growth.

Our original plans anticipated a reduction from 1984 onwards in our accelerated development programmes. This expectation was based upon the assumption that our North Sea production, particularly from the Piper field, would show a significant decline during 1984. Our overall Group strategy was based upon this assumption and the need to generate substantial earnings from our other interests, to give us the profit growth we had planned. In the event, it is clear that we may have been too conservative in estimating the level of North Sea oil production and its impact on earnings and cash flow. Accordingly, we have decided for 1984 to increase the level of investment in accelerated development programmes in the expectation that we shall still be able, after these increased costs, to attain acceptable earnings growth.

There are several references in this report to "accelerated development". The concept behind this type of expenditure has been defined in previous years but it is appropriate to reiterate it in view of the strategic significance of such investment. Our businesses, as part of their normal

operations, invest part of their profits each year in research, development, and creating new products. There are well understood parameters of what that development cost should reasonably be. Accelerated development is over and above this and is, in effect, exceptional development designed to bring forward growth opportunities and to reduce the financial constraint on realising the medium and long term potential of the business. The costs are expensed as incurred.



Directors appointed to the Board of International Thomson Organisation PLC during 1983: left to right, Michael Mander, Joe Darby, Basil Mawdsley, Mark Knight, Roger Davies



The Future

It is increasingly clear that the strategy which we set ourselves in the mid and late seventies is now showing through in the Group's performance. It is also becoming apparent that our former planning assumptions, particularly in regard to North Sea oil production and the speed with which we would be able to generate a high level of profits from North America, may have been cautious.

We have again this year examined our strategy and its thrust remains the same. As I have mentioned, the one important exception is that we feel able to continue our accelerated development programmes at a higher level and for longer than originally planned.

In 1983, we have seen the North American operations make a significantly higher contribution to Group trading profit. Our oil and gas interests, despite achieving higher profit, saw their percentage contribution decline from 81.4% to 68.5%. We expect these trends to continue.

Recently, we have been less active in making acquisitions and have placed more emphasis on organic development and consolidation. This policy will continue in 1984 but we remain prepared to move quickly and decisively, when opportunities occur, to make further acquisitions on a selective basis. We remain confident of continuing growth well into the future.

The strategy which your Company is pursuing is based upon two major assumptions. The first is that the funds for development are, and will continue to be, available and we are reasonably certain that this assumption will be fulfilled. The second, and more important, is that we shall have the high quality people to carry through our plans.

Management Appointments

It is to ensure that the second assumption is fulfilled that as a Group we invest substantial resources in the development and training of our executives, because our expansion calls for exceptionally creative and talented management at all levels. Our successes are due to our people; we have the best and we will ensure that we continue to attract them. I am immensely grateful to all of them for their excellent performance.

Consistent with this policy we strengthened some of our major boards by the appointment in 1983 of a number of younger executives who had all achieved significant successes in senior management roles.

The following appointments were made to the Board of International Thomson Organisation PLC, the principal UK company:

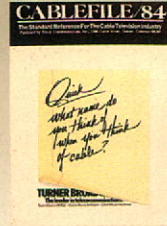
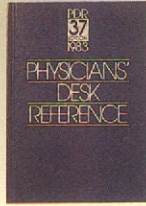
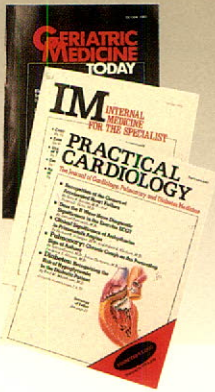
Joe Darby
Managing Director,
Thomson North Sea Ltd

Roger Davies
Managing Director and Chief Executive,
Thomson Travel Ltd

Mark Knight
Company Secretary

Michael Mander
Managing Director,
Thomson Information Services Ltd

Basil Mawdsley
Group Finance Director.



In the US, the following directors were appointed to the Board of International Thomson Organisation Inc, the principal board of our North American publishing interests:

Bob Asleson
Chief Executive Officer,
International Thomson Information Inc

Nigel Harrison
Vice-President and
Chief Financial Officer,
International Thomson Holdings Inc

Bob Jachino
President and Chief Executive Officer,
Warren, Gorham & Lamont, Inc

John Sauvage, who since 1976 has been Chairman and Chief Executive of Thomson Travel, has handed over the role of Chief Executive to Roger Davies. Mr Sauvage remains Chairman of Thomson Travel, and a member of the board of International Thomson Organisation PLC.

Social Responsibility

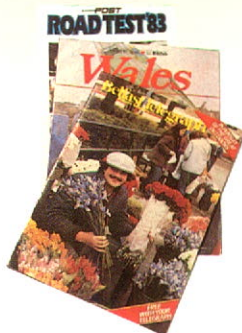
Finally I would like to reaffirm your Company's dedication to its view that we have an important and growing role to play within the countries and communities in which we operate. Social responsibility is at least as much the duty of business as it is of government and we shall continue to do everything we can to help create wealth, increase employment and cooperate fully with national youth training schemes and employment initiatives. We shall also continue to support worthwhile causes and charities.

Gordon Brunton

On pages 14 to 29 our interests in Information and Publishing, Travel and Natural Resources are dealt with in more detail.



Directors appointed to the Board of International Thomson Organisation Inc during 1983: left to right, Bob Asleson, Bob Jachino, Nigel Harrison



United Kingdom

Thomson Regional Newspapers

The substantial improvement in profit over 1982 marks a further important step in TRN's recovery. The impact of the 1980/81 recession on revenues necessitated a vigorous program of cost reduction and the sale or closure of operations for which no satisfactory future could be foreseen. These matters continued to receive the highest priority in 1983. The containment of costs significantly below increases in revenue, has been the major factor in the trading profit recovery. However, TRN still has some way to go before it regains, in real terms, its past levels of profitability.

It is therefore vital for further progress to be made in the full and efficient use of new technology. While the issue of single-keystroking so far remains unresolved by the industry generally, steady progress is being made in modernising production facilities and in the greater utilisation of computers, especially in the circulation and accounting functions.

Particular emphasis has been placed on the need to arrest any further decline in circulation, which has been a feature of the regional press in recent years. A number of our titles have reported increased circulations in 1983 and circulation and advertising sales revenue was up on 1982. It was encouraging to see the volume of 'situations vacant' advertising increase, particularly in the last quarter. That the level was still substantially down on the comparable period in 1979 is a measure of the

structural change in the market and underlines the need for further reductions in unit costs.

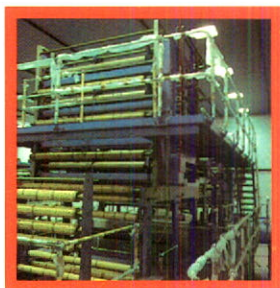
To this end wage settlements were kept in line with price inflation. Good industrial relations were maintained during the year, in spite of considerable retrenchment which resulted in a reduction of the number of staff employed by 693 to 6159 at the year end.

1983 was a year of progress and solid achievement, but the intense competition which all regional newspapers face from other media, notably the free newspapers, means that there can be no let-up in the drive for further unit cost reduction if the gains of 1983 are to be built on.

International Thomson Publishing
(UK and non-North American business and consumer magazine publishing)

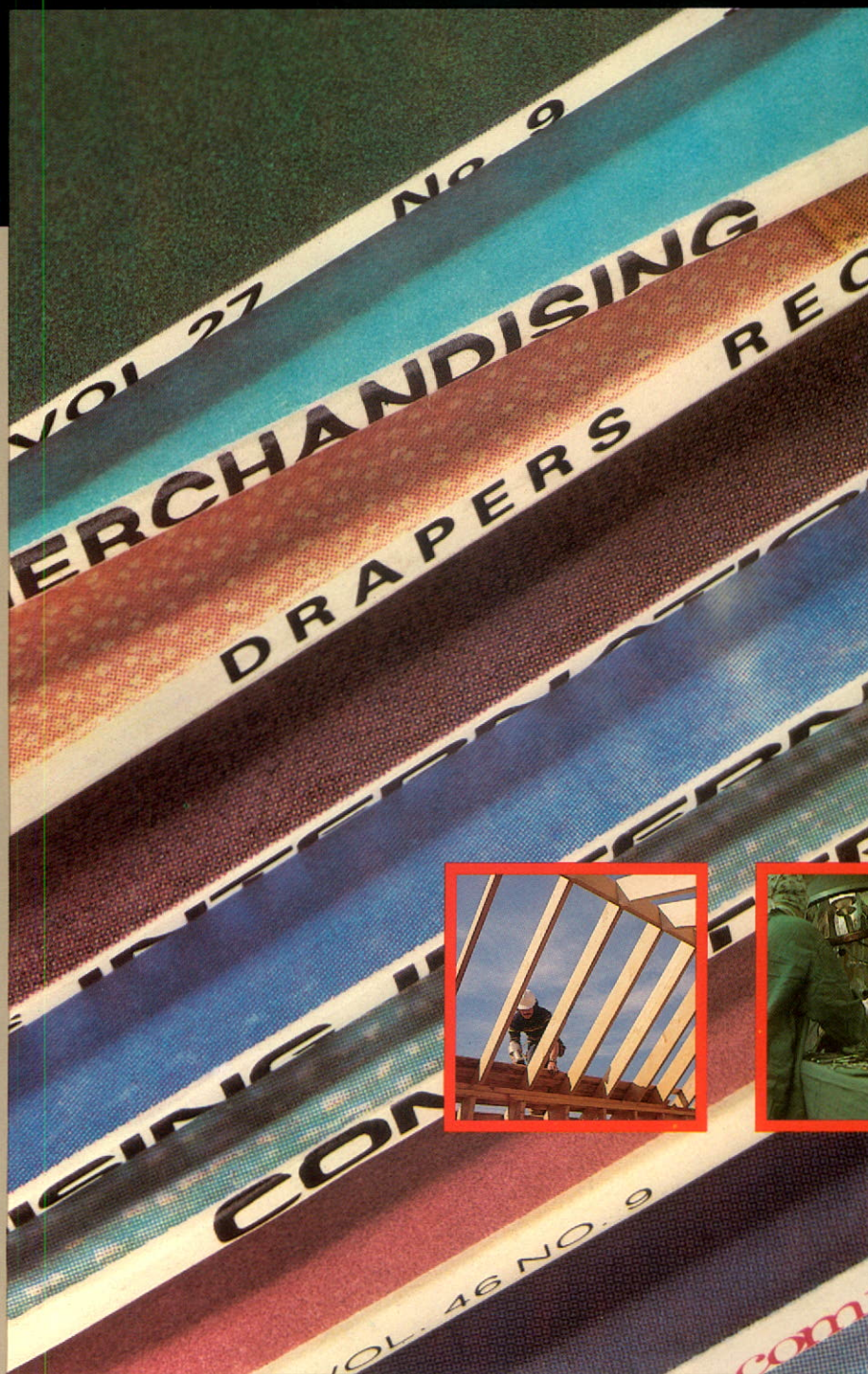
Last year spanned the end of the consolidation period and the beginning of the expansion period in the magazines division. Having proceeded through the divestment and reorganization process the company invested substantially in its two leading women's magazines, Living and Family Circle, and in acquisitions and launches of new titles in business sectors with growth prospects.

In the high technology and health care areas we have created Computer Merchandising International and The Physician and acquired Remedial Therapist and Nursing Focus (now Senior Nurse). We now have clusters of publications dealing with hospitals and health care, where a range



A new press hall for the Belfast Telegraph is due to be fully operational in 1984

The Group's business magazines are produced in strong markets with high growth potential for the future. They are published in the United Kingdom, the United States, Europe, Australia and South Africa



Construction industries are strongly served through International Thomson business magazines

Through its businesses in the US and the UK, International Thomson has become the world's principal health care publisher

In February, 1984 we acquired National Railway Publication Company, an important North American publisher of guides and directories for the railroad and international transportation industries



of issues from pharmacology to the demands of coping with an ageing population will command increasing attention, and in the dynamic areas of new electronics, communications and computers. Several of our established titles in these sectors recorded good progress during the year and we are continuing to develop the range of publications.

In 1983 the UK business magazines showed a trading profit increase of 35% and the Glass's Guide group, the companies in Scandinavia and Bertelsmann-Thomson (44.8% ownership) in Germany, also had a good year.

The results of the investment in Family Circle and Living magazines exceeded expectations, raising circulations by 100,000 and 50,000 respectively and increasing advertisement revenues above forecast. Family Circle also won the British Society of Magazine Editors 'Relaunch of the Year' award.

For most of the year the Australian company was affected by the economic recession, but responded well to the improvement in conditions in the last quarter. The exhibition division and Cordells, the construction information business, performed at record levels. It is expected that the better trading conditions will continue throughout 1984.

The results of the South African company reflected economic difficulties in that country, aggravated by drought. The cost base of the operation has been restructured, and plans laid for new

products, improving the prospects for the coming year. We have great confidence in the potential of the market sectors in which we have built a substantial position.

The Glass's Guide group, which achieved excellent profits, planned the launch of Gladiator, a new on-line information service, which was introduced in February 1984.

With an expected improvement in economic conditions in most of the countries in which the company operates and with the benefits of the investments in 1983, ITP anticipates a marked improvement in profit in 1984.

Thomson Data

Derwent Publications, the acknowledged leader throughout the world in the field of patents and pharmaceutical information, maintained its rate of development and achieved another record profit.

In 1983, for the second time in six years, Derwent received the Queen's Award for Export Achievement. Sales are now made to over 40 countries, the major markets being the US and Japan.

Long-term agreements were concluded with two leading international on-line database hosts, allowing additional access to the patents files. The Derwent database now contains more than six million patents published in 28 countries and over 11,000 new patents are processed each week.

Derwent is creating new products by expanding the coverage of current services and by issuing existing data in new formats to suit specialised markets.



One very promising area of growth is a package designed to facilitate the statistical analysis of patents data. EUROLEX, the European Law Centre's legal information service, is developing a strong client list which includes the European Parliament, European Court of Justice, EEC Commission and, in the UK, the House of Lords and the Lord Chancellor's Department. Considerable progress is being made in introducing the service to law firms, the legal departments of major companies, law courts and university law departments. During the year the company substantially increased its database to over 350 million words of legal text within the only UK-based system covering legal and regulatory information for the UK and the EEC.

The company is now receiving strong support from the legal profession and is developing a number of specialized database and printed products unobtainable elsewhere. In conjunction with a leading Dutch electronic publisher, European Law Centre was selected to receive an EEC high quality database grant to create ELLIS, the European Legal Literature Information Service, which will be available as a EUROLEX service in 1985. The company is on course to achieve profitability in 1986.

In 1983 ESDU International completed its first full year as an integrated operation, following the acquisition of the Engineering Sciences Data Unit from the Royal Aeronautical Society. Production and distribution

methods together with staffing levels were reappraised with significant cost savings.

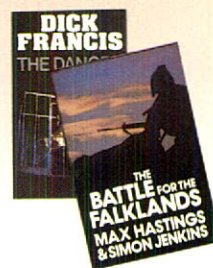
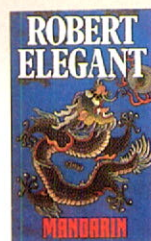
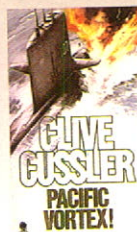
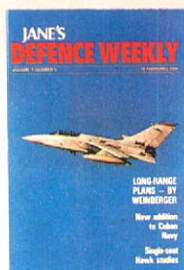
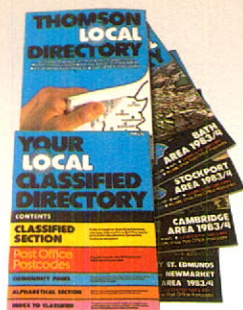
The company produces and markets evaluated design data for engineers, mainly in high technology fields such as aerospace, defence and energy and has the largest and most up-to-date base of such data in the world. Much of this data is suitable for developing programs for use on the new generation of microcomputers and ESDU product development will in the future be concentrated in this area. Several programs have already been developed and more are planned. In 1984 there will be an extensive range of software available for the use of design engineers.

In 1983, investment in the development of overseas markets was concentrated on North America, where there is considerable growth potential. Western European markets will be actively developed in 1984 in high technology industries similar to those in North America.

Thomson Directories

Thomson local directories were published in 151 local markets in 1983. This completes the current launch phase resulting in a circulation of 17 million copies to almost 80% of UK homes. The extensive database now numbers 750,000 business listings specifically for consumer and local commercial usage.

The use of the most modern technology resulted in the networking of its regional offices and head office, using over 100 VDUs to give instant order



processing, sales support and statistical analysis.

A major usage and attitude survey revealed that the Thomson Local was valued for its "localness", ease of use, and the exclusive postcode section. Awareness of the product was high at 70% and there was encouraging evidence of growing user confidence. The results of this research are being used to develop marketing and product design innovations to be launched in 1984 and to create growth in revenues in the years ahead.

Thomson Books

The overall revenues of Thomson Books rose by some 8% in 1983 and every publisher achieved profit. In particular, the turnaround at Sphere, the group's mass-market paperback imprint, holds strong promise for the future.

The high quality of the publishing lists was maintained with individual publishers producing many best-sellers, including: *Battle for the Falklands*, by Max Hastings and Simon Jenkins (Michael Joseph); *The Danger*, by Dick Francis (Michael Joseph); *Peter Hall's Diaries* (Hamish Hamilton); *Mandarin*, by Robert Elegant (Hamish Hamilton); novels by Danielle Steel, Craig Thomas and Clive Cussler in Sphere; and *My Russia*, by Peter Ustinov (Rainbird).

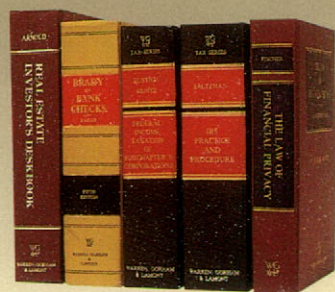
Jane's famous year books, such as *Fighting Ships* and *All The World's Aircraft*, grew in sales and further

enhanced their reputation for authoritative, accurate information and comment on military and transportation subjects. But the company's most important development was the decision to change Jane's Defence Review into Jane's Defence Weekly, which was successfully launched in January 1984 as the world's first weekly defence magazine.

Thomson Withy Grove

It was with a real sense of sadness that we took the decision to close the *Sporting Chronicle*. It ceased publication in July, after over a century reporting the sporting and especially the horse racing scene. The widespread coverage of these topics in other publications, especially national daily newspapers, had eroded the market for this type of specialist publication and the decision was unavoidable. Very regretfully this closure and that of the general printing company, Withy Grove Press, caused some 300 redundancies, at a cost of some £2.0 million after tax, which has been taken as an extraordinary item. We thank our former colleagues for their loyal efforts over so many years.

The sole business of Thomson Withy Grove is now the printing under contract of the northern editions of the *Daily Mirror*, *Sunday Mirror*, the *Daily Telegraph* and *News of the World*. The current contracts expire at the end of 1985. Discussions with the customers as to the future are taking place.



North America

Professional Publishing

American Banker and The Bond Buyer

The American Banker/Bond Buyer group, which provides information to the financial services industry, achieved record sales and profits in 1983. Sales increased by 30% and trading profit before accelerated development by 63%, during its first year with your Company. American Banker, the leading daily newspaper serving the banking community, attained record advertising revenues as well as a record number of paid subscribers. The editorial content of the paper was broadened, and a series of articles on the Penn Square Bank failure won four awards for editorial excellence.

The most significant event for American Banker was its acquisition of an 80% interest in InnerLine, a developing computer-based information and communications network for the banking community, which won the Associated Information Managers 1983 Outstanding Information Product Award.

The Bond Buyer, the authority on municipal bonds, increased circulation by 14% and the Munifacts News Wire, which provides the municipal bond industry with up-to-the-minute information on the debt markets and provides a confidential communication network between investment syndicate managers and members, also generated record revenues and profits.

During the year the company

concentrated on developing existing products and exploiting opportunities to provide new computer-based information and services to the financial services community.

Callaghan & Company

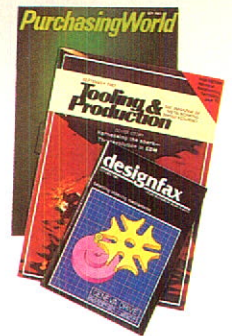
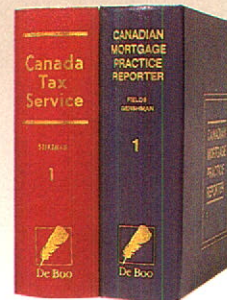
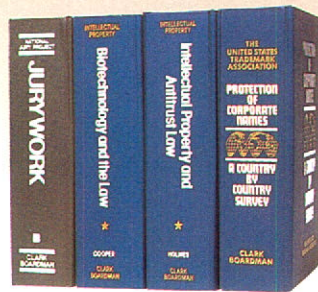
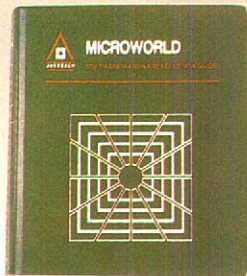
Callaghan & Company again achieved substantial growth and increased profitability, as it strengthened its position as a leading US publisher of quality practice and reference materials for the legal and accounting professions. Total revenue in 1983 increased by more than 20% and trading profit by 59%.

The expanding publishing program resulted in 12 new titles and a record number of revised volumes, supplements, and other update materials. New products introduced in 1983 covered such areas of the law as business competition, government contracting, social security, bankruptcy, taxation, and securities. Social Security Disability Claims - Law and Practice achieved the best first-year sales of any Callaghan product ever.

It was also a record year for establishing new customers, with the addition of over 17,000, bringing the total to almost 94,000.

Warren, Gorham & Lamont

Record sales of over US \$50 million and increased trading profit before accelerated development of more than 50%, were achieved through growing services in law, accounting, real estate, tax and banking and, through Auerbach Publishers, in computer publishing.



New product development continued at an accelerated pace. At the close of 1983, the company was producing 105 reference volumes and 64 periodicals reaching 250,000 practising professionals every month.

Corporate Accounting subscriptions continued to grow as did the entire accounting product line. Other successes included Tax Planning for Highly Compensated Individuals, and State Taxation. In 1984, 18 new books and several revisions will be published.

Auerbach's Journal of Information Systems Management, the first periodical published by that company, was a solid success. New subscription services in microcomputing, telecommunications, and materials handling increased satisfactorily.

Clark Boardman Company

Clark Boardman, a publisher since 1916 of legal treatises, monthly law reports and annual handbooks, continued the rapid growth of recent years, increasing sales revenues by 15%.

The company maintained its status as a leader in the areas of securities regulation, intellectual property law and criminal law, while also expanding its output in federal practice, antitrust, immigration, real property and zoning law titles. Among the new titles published were Intellectual Property; and Antitrust Law and Jurywork: Systematic Techniques.

Richard De Boo Publishers

The company achieved a 24% sales increase and a good growth in profit

despite continuing difficult economic conditions in Canada. One of the most promising of De Boo's new products is a three-volume corporation manual for the Quebec market - its first French language subscription service.

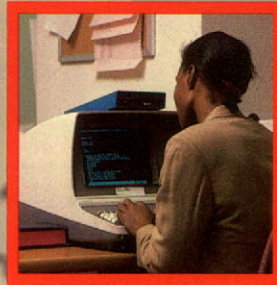
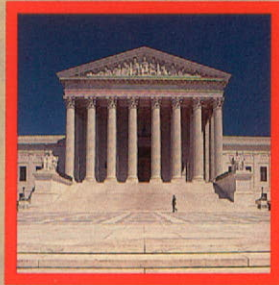
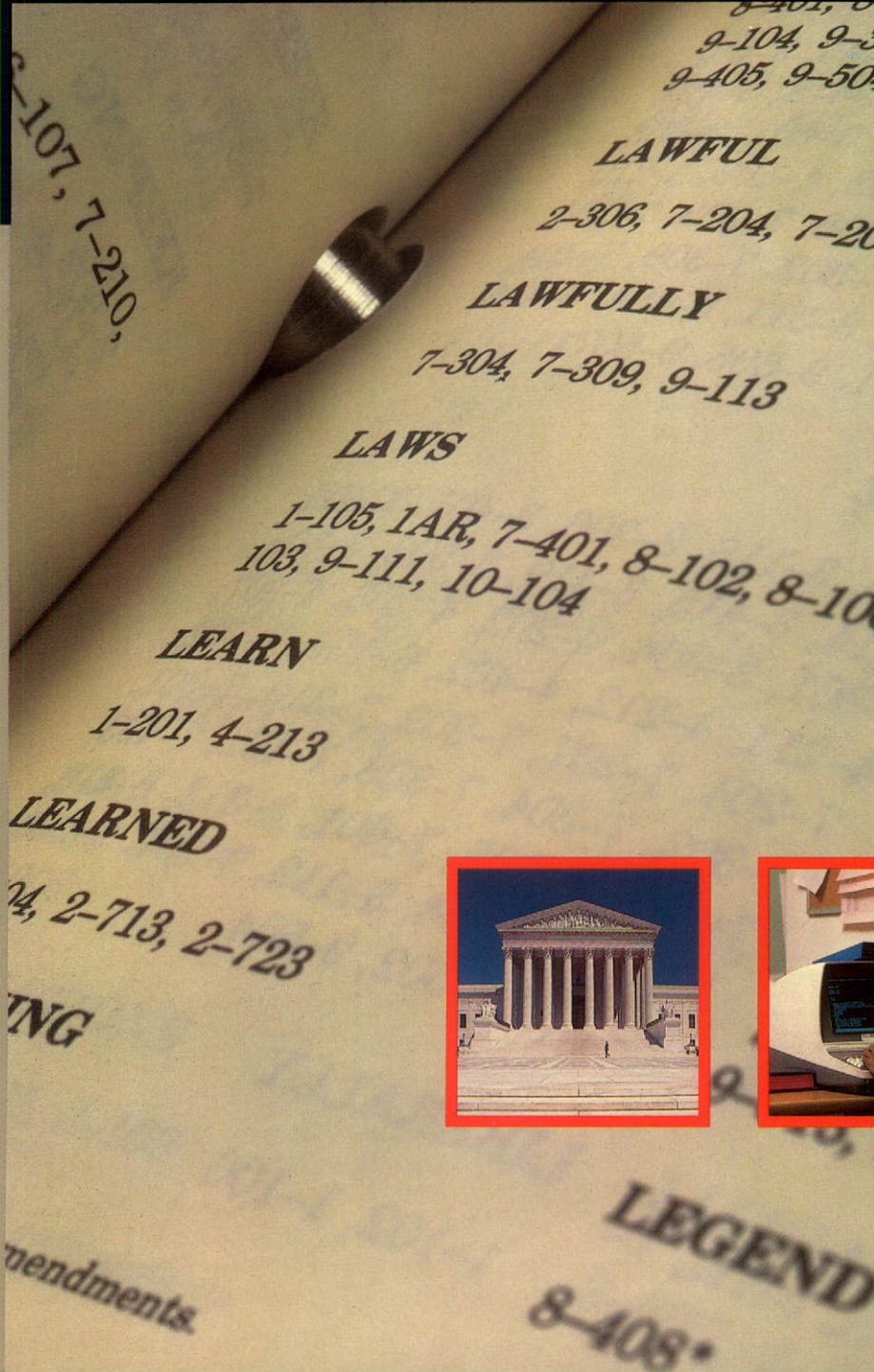
Business Publishing

International Thomson Business Press

ITBP, principally a publisher of business magazines with additional product in newsletters, databases, books, directories and marketing services, continued its rapid growth in 1983. Both sales and profits were well ahead of 1982, even though a number of the industries served were still affected by the aftermath of the recession. Sales increased by 22% over 1982, and trading profit before accelerated development by 25%. The health care industries continued to provide strong impetus for the company, but publishing products serving a number of the high-tech industries also produced excellent performances.

While internal growth by existing companies provided the major thrust in 1983, ITBP made a number of tactical acquisitions which strengthened the company and provide an enhanced base for future growth. One of the leading procurement magazines, Purchasing World, was acquired by the industrial publishing group. Redgate Publishing Company was also acquired. This is a new business publishing the leading directory and database of software for business and professional uses. While

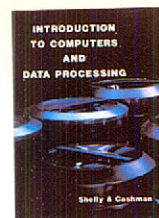
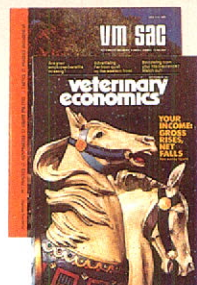
high quality books, loose-leaf services, journals and databases,
particularly in North America



International Thomson's legal publishers provide essential material for the profession in North America (the Supreme Court of the US is shown above), the UK and the European Economic Community

Inconet, a subsidiary of The Bond Buyer, specializes in financial syndicate communications services for the US brokerage and banking communities

Wall Street: In 1983 the Group entered the US financial services publishing area through the acquisition of American Banker, The Bond Buyer and their related services



Redgate is not yet viable, it promises exciting growth and profits for the future. In addition to its database directory, LIST, a monthly magazine, has been introduced, providing business with information on software.

1983 was an active year for new launches. Patient Care introduced Practice/84 which aims to help the doctor market his clinical services. CES and Eastman launched a new daily publication for exhibitions, Softcon Show Daily, which made its first appearance early in 1984 and Medical Economics, in a joint venture, produced Phycom, an online service, which uses the data from Physicians' Desk Reference.

International Communications Research was formed as a subsidiary of Titsch Communications to collect, develop and sell database information electronically. Its first two projects relate to the cable and telecommunications, and to the automotive business sectors. Ward's Communications launched an addition to its Ward's Auto World Magazine to serve the truck sector.

In 1983 four Jesse H. Neal awards (the Pulitzer prize of the US business press) were won by Medical Economics Company. Also, for the second year running, Medical Economics magazine published more than 4,000 advertising pages, making it one of the largest advertisements carriers in the US.

In 1984, ITBP will be primarily concerned with consolidation, giving particular emphasis to achieving

expectations from the many acquisitions made in recent years as well as ensuring the successful development of new publications. With the economy strengthening, ITBP expects another year of growth, both in revenue and profitability.

Education and Reference Publishing

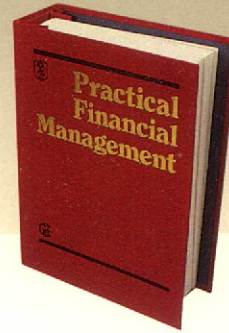
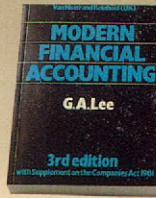
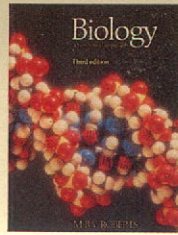
Wadsworth

Wadsworth's sales increased by 12.6%, again surpassing the US college textbook industry, whose average sales growth is estimated at between 7% and 9%. More than 100 Wadsworth titles achieved sales of over US \$100,000 each and three books exceeded US \$1.0 million.

Over one million copies of Anaheim Publishing Company's Introduction to Computers and Data Processing are now in print. A new book for the same field, Fundamentals of Computers and Information Systems, is being published in 1984. Lange Medical Publications' new title, Current Emergency Diagnosis and Treatment, received immediate praise.

During the year a number of Wadsworth companies took steps to increase their marketing strength and a same day shipment service was established that has proved very popular with college bookstores.

Two Wadsworth Electronic Publishing software products achieved best-seller status. Other Wadsworth companies also published successful educational software products.



Thomas Nelson International
(based in Canada with international interests)

There were excellent gains in all markets during 1983 and trading profit for the TNI group more than doubled.

United Kingdom

Thomas Nelson: In the UK market the success of the new Peak Maths Primary series continued. Revenue from the Nelson Modern Languages list also reached a record level. In export markets launches of three new English Language Teaching series were well received in Europe, the Middle East and Japan and Nelson Filmscan's video-based language courses established themselves well in their first full year of trading.

NFER-Nelson's major initiative, The British Ability Scales for individual assessment of children's abilities, contributed substantially to that company's 20% revenue increase and to its now dominant position in the market for educational tests.

Van Nostrand Reinhold (UK), produced a 30% increase in revenue. This reflected not only improvement in the UK but, significantly, in the major export markets of Europe and the US. The number of titles published doubled from 1982, concentrating on finance and engineering for both undergraduates and graduates.

Professional Publishing completed its first full year of trading with strong revenues. The company produced a revised edition of the CHARTAC series for accountants. Loose-leaf services launched included Practical Financial Management (in association with the

Institute of Chartered Accountants), UK Oil and Gas Tax and Accounting, and Value for Money Auditing. Products planned for 1984 are in the areas of international banking and financial services, international and domestic taxation, treasury and investment.

United States

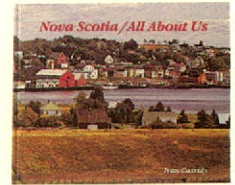
Delmar, a leading vocational publisher, increased revenue by 18%, a substantially better performance than industry averages. Twenty-one new or revised titles were released with excellent results. The most outstanding was Slimmers: Diversified Health Occupations, and a very strong list is planned for 1984.

Canada

Nelson continued its growth in both revenue and profit by marked progress in its areas of strength – primary language arts, junior/high mathematics and achievement testing. The company also published seven new social studies titles which generated over Cdn.\$1.0 million in first year revenue. Further titles being added in 1984 will make this discipline a major income earner alongside language arts and mathematics.

Australia

Educational sales grew by 25% led by the successful Young Australia primary reading scheme with a 36% growth and specialized book sales increased by 14%. A very active high quality publishing program of indigenously produced books is envisaged to achieve further strong viability.





Van Nostrand Reinhold (US)

1983 was a year of reorganization, with several publishing companies previously operated under the banner of Science Books International joining it. VNR will concentrate its future publishing program in the strong and growing areas of engineering, architecture and design, food service and hospitality, business and management and selected scientific disciplines serving the practitioner, institutional and higher education fields.

VNR will expand its activities to include journals, newsletters and loose-leaf services to the areas it

serves. During 1983, the company launched four new subscription products including Data Processing Auditing Report and Behavioral Science and the Law. VNR again received three awards in the Association of American Publishers Professional and Scholarly Publishing Division competition.

Linguistics International

This company was created in June 1983 to develop a substantial business in all aspects of language education. Heinle & Heinle, a publisher of modern languages and English as a Second Language materials, nearly doubled its 1982 sales. Boyd & Fraser Publishing, a computer language publisher, was acquired late in 1983 to strengthen the company's presence in its specialist markets.

Information Services

International Thomson Information

1983 was the first full year of operations for International Thomson Information, created to concentrate on information opportunities for selected specialized markets, particularly where there is potential for electronic delivery.

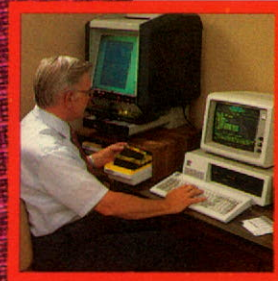
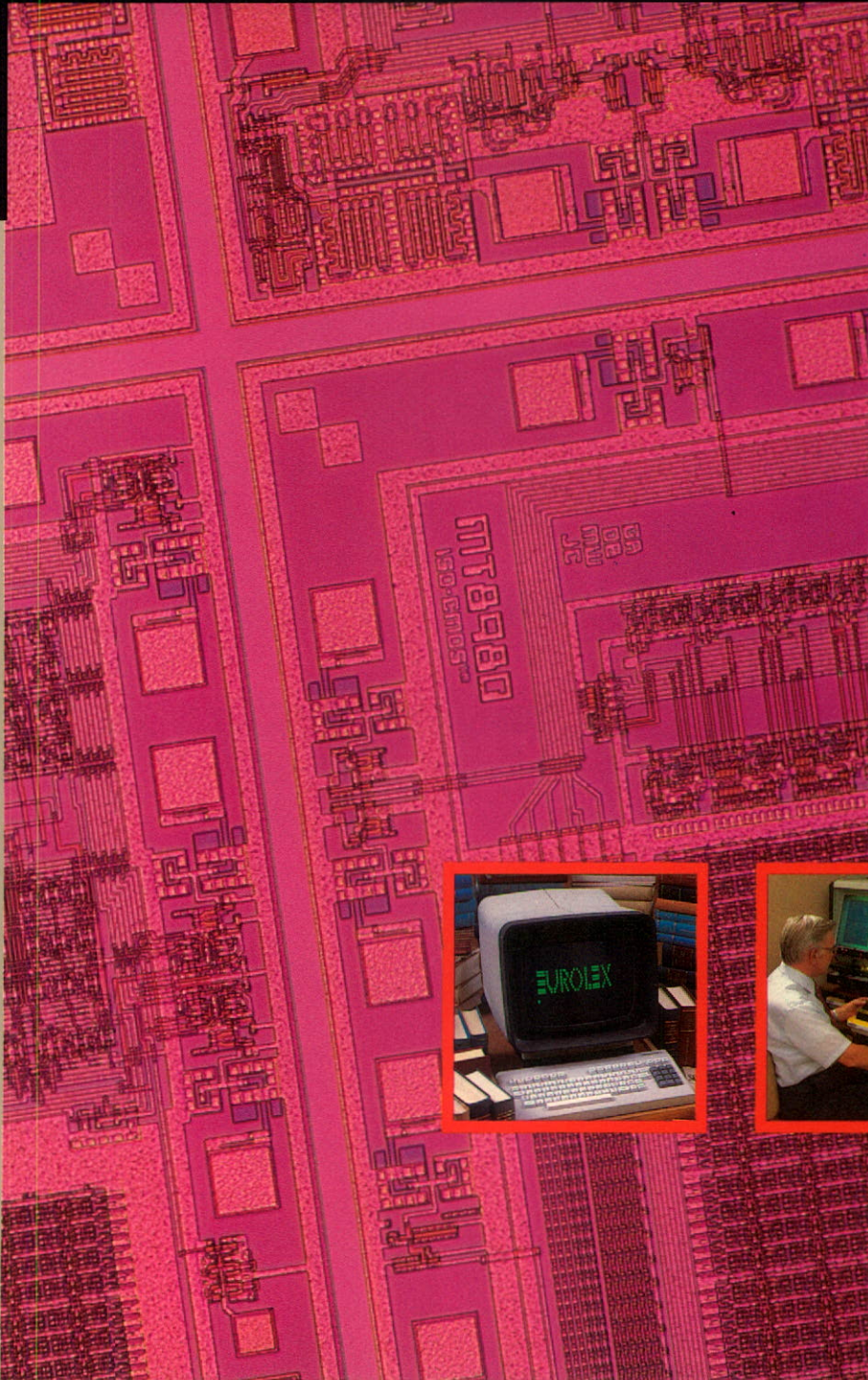
Thomson & Thomson, a trademark research company, had an outstanding year, with growth in sales of 35% and profits of 52%. The company is among the leaders providing integrated trademark research services. A highlight of the year was the launching of its first online information product TRADEMARKSCAN, providing access to current trademarks registered with the United States Patent and Trademark Office.

During 1983, Research Publications achieved record revenues and profits. Continuing emphasis was placed on new product development. The conversion by Carrollton Press of the US Library of Congress shelf list is on schedule. The database now totals over 3.6 million records and will be completed by mid-1984, by which time it will total over four million records.

INACOM, which launched its first products in 1983, introduced a microcomputer version of its index to engineering components. This service, MICRO-INDEX, and its affiliated information package of component information, TECH-DOC, are enjoying strong acceptance by design engineers.

COADE, a new software business, is developing and marketing microcomputer engineering application software. The emphasis has been on packages for the chemical engineering community. The principal product, MicroCHESS, is a microcomputer version of a process engineering simulation program used by chemical engineers throughout the world for many years.

The Group is placing great emphasis on the growth area of information services, particularly where there is scope for electronic delivery to the professions, business and industry



The European Law Centre's EUROLEX system, based in the UK, is the most comprehensive legal computer database in Europe

MICRO-INDEX, a product of INACOM International, based in the US, is a microcomputer based information tool for engineers

InnerLine, of which American Banker acquired an 80% interest in 1983, is a computer-based information and communications network for the US financial services industry. In 1983 it received the Associated Information Managers Outstanding Information Product Award

United Kingdom

Thomson Travel

The travel group had an excellent year with record trading profits.

Demand for inclusive tours from Thomson Holidays was stronger than in 1982 and the company out-performed its competitors. Sales were 12% up and 1,150,000 holidaymakers were carried. Profits also grew significantly. Despite very aggressive price competition, the quality standards of Thomson Holidays, as measured by our own clients, were at their strongest ever. In addition, the company won all three of the travel industry's major awards voted for by travel agents, indicating the high level of service that they and their clients receive. TOP, Thomson's online reservation facility for travel agents, provided a considerable competitive edge during the year.

Portland Holidays, our direct sell company, achieved record sales in 1983 and became brand leader in this sector of the market. Portland's hotel beach



holidays are now firmly established in the market and two newer products, Club 25 for younger clients and Portland Camping for family holidays in France, both performed well.

Britannia Airways carried some 4.4 million passengers and increased its market share. The airline entered 1984 with a fleet of 29 Boeing 737 aircraft. Passenger capacity was increased early in 1984 with the delivery of two Boeing 767s, which are now in service. Early passenger reaction to the new aircraft is very favourable.

Lunn Poly had a better year than in 1982, although trading conditions remained difficult in the retail market. Business travel suffered from a flat demand and the company was obliged to cut costs to produce a modest profit. During the year Lunn Poly acquired a further 11 shops in the London area. Early in 1984, Renwicks Travel, the strongest retail chain in the southwest of Britain with 53 shops, and Ellerman Retail Travel with 63 shops, joined the company. With 200 outlets, Lunn Poly is



among the largest UK retail travel chains.

For the UK travel group as a whole, the severe price competition has affected prospects for 1984. Sales volumes are expected to be greater than those of 1983 and both Thomson Holidays and Portland are confident of achieving record sales levels and higher market shares. However, the impact on profitability of lower margins, particularly on the airline, means 1984 is not expected to produce profit up to the record levels seen in 1983.

North America

Thomson Travel

There was a much improved trading climate in 1983, as the US economy moved into growth and a strong dollar helped overseas holiday sales. However, the operation faced intense competition from the US airline industry as price cutting continued. Towards the end of the year, however, there were large cutbacks in the availability of low promotional fares, thus improving our sales and load factors.

The travel group's overall holiday passenger carryings increased by 56%, the majority of the improvement coming in the second half of the year. Thomson Vacations in Chicago increased carryings by 74% and is now trading profitably. The West Coast operator, Club Universe, again suffered losses and action was taken to reduce fixed costs substantially. Unitours, the West Coast retail chain, once again traded profitably, increasing its retail store outlets by six to total 93.

First trading indications for 1984 are very positive and the US travel group is forecast to move into profit. While the initial development of the business has taken longer and incurred greater losses than expected, we believe it has now achieved viability with the prospect of good future growth.



One of Britannia Airways' new Boeing 767s outside the special hangar at Luton Airport, UK



A Thomson Holidays skiing party with their representative



A Portland Holidays representative talks to her clients

United Kingdom

Thomson North Sea

Production from the North Sea Piper and Claymore fields, in which the company has a 20% interest, exceeded expectations, producing at an average combined rate of more than 300,000 barrels per day throughout 1983.

Piper field production performance was particularly strong and in their year end report, petroleum consultants DeGolyer and MacNaughton increased their estimate of original recoverable oil reserves by 128.8 million barrels. Claymore reserves remained unchanged at 389.8 million barrels. As at December 31, 1983, cumulative production from the two fields amounted to 750.4 million barrels, leaving net recoverable reserves for the future of 476.4 million barrels.

DeGolyer and MacNaughton's estimate of reserves for the two fields as at December 31, 1983 are set out in the table below.

The company expanded its North Sea activities by acquiring, from Clyde Petroleum, two companies which own interests in several North Sea blocks. These include an 8% interest in block 16/21a which contains the Balmoral and Glamis fields. In addition, TNS will pay a further share of Balmoral development costs relating to Clyde's remaining 10% share in block 16/21a. This will be recovered, with interest, from Clyde's share of net revenues from the Balmoral field.

A £400 million development scheme for the Balmoral field, utilizing a floating production vessel, has been approved and major construction contracts have been awarded. TNS's share of the development costs will be £67 million. Recoverable oil reserves in Balmoral are

estimated at 70 million barrels and first oil production is scheduled for early 1987.

Financing, comprising a 50% non-recourse loan, under which the lender has recourse to the Balmoral field interest only, together with a 50% recourse loan, has been arranged to fund the TNS share of Balmoral development costs.

The Glamis field, situated some two miles to the south west of Balmoral, could be developed utilizing Balmoral facilities if further appraisal drilling confirms its commercial viability.

The company had interests in six exploration and appraisal wells drilled in 1983, including one successful appraisal well on each of the Balmoral and Glamis fields. Two other appraisal wells, one of which successfully tested at 6,500 barrels per day, were drilled in the Galley field, block 15/23, under a farm-in agreement with Texaco.

In the 8th Licensing Round, TNS was successful in obtaining two blocks in the southern North Sea gas area as part of a LASMO consortium. In total, TNS has interests in 23 offshore blocks and expects to participate in 14 exploration and appraisal wells during 1984.

In 1983 the oil handling terminal at Flotta, Orkney, which has won several environmental awards since its construction, received the Royal Society for the Prevention of Accidents top award for "outstanding performance in Health and Safety".

North America

Thomson-Monteith

Thomson-Monteith acquired interests in two onshore and five offshore Gulf of Mexico fields, which added about 3.7 billion cubic feet of natural gas to the

company's net reserves.

Thomson-Monteith's net proven reserves as of December 31, 1983 are 29.2 billion cubic feet of natural gas and 1.8 million barrels of oil.

The Columbus Air Force Base, Mississippi, began production in August 1983 and added seven million cubic feet per day of gas production.

The Corinne field, Mississippi, continued to perform very well and four infill wells were drilled increasing production by three million cubic feet of gas per day, and proving up previously undeveloped reserves of six billion cubic feet of natural gas. Ten wells have now been completed in the Parks-Spraberry oil field, Texas, leaving three remaining locations to be drilled in this joint venture.

Pilot studies are progressing that will evaluate the potential of five properties purchased for secondary and tertiary oil reserves. Exploration with joint venture partners Grand Metropolitan and Trafalgar House, began in 1984, Thomson-Monteith having a 25% interest.

Thomson-Jensen Energy

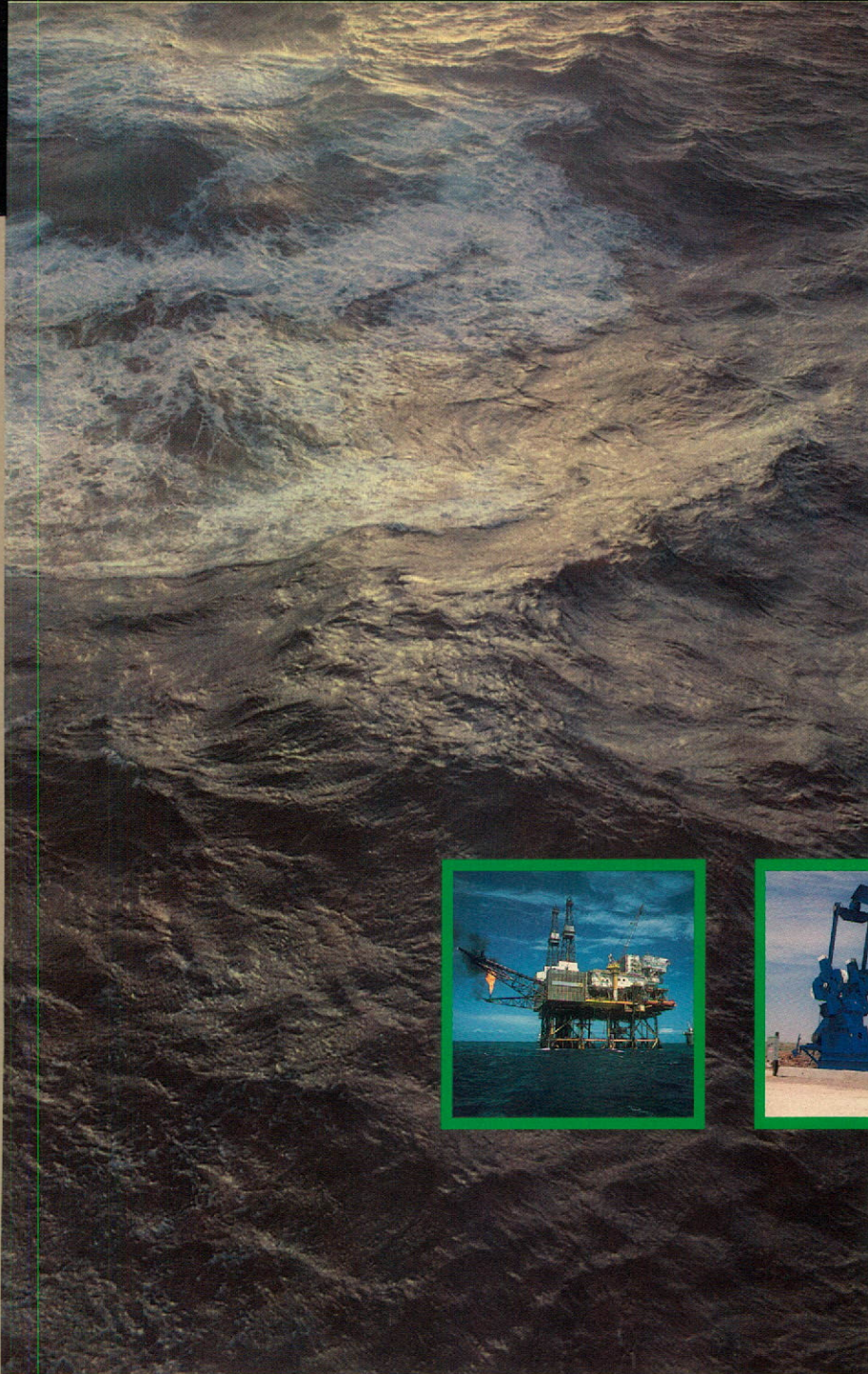
Thomson-Jensen Energy, a partnership between International Thomson and R. D. Jensen of Calgary, set up to participate in oil and gas activities in Canada, was successful in acquiring Global Arctic Islands Ltd, renamed Thomson-Jensen Petroleum Ltd, for Cdn.\$49.4 million. Thomson-Jensen Petroleum's main interests are in exploratory lands and producing properties in Alberta. 1983 daily production averaged 350 barrels of oil and 7.5 million cubic feet of natural gas. During this same period the Company participated in the drilling of 44 wells of which 25 were completed as oil or gas wells. This acquisition provides your Company with a strong base for oil and gas operations in Canada.

At the time of the acquisition, Thomson-Jensen agreed to farm-in to certain Arctic lands of the seller, Global Natural Resources Inc., including the Cisco and Skate discoveries off Lougheed Island. Drilling on these lands, with Panarctic Oils Ltd. as operator, is in progress.

(Millions of barrels)

	Piper field	Claymore field	Total
Original proven reserves (based on current estimates)	837.0	389.8	1226.8
ITOL's share of original proven reserves	167.4	78.0	245.4
Remaining share at December 31, 1983	55.4	40.0	95.4

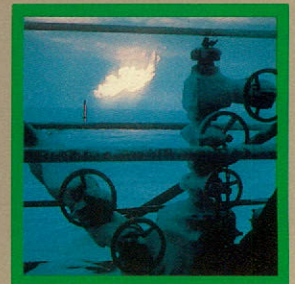
North Sea since the early 1970's. Now International Thomson has expanded into the US and Canada, where there are excellent opportunities



Claymore Platform in the North Sea



A Thomson-Monteith well near Tulsa, Oklahoma



In December 1983 Thomson-Jensen Energy, Canada, acquired Global Arctic Islands Ltd, renamed Thomson-Jensen Petroleum



A workshop in progress at the Information Technology Exhibition and Seminar, held in London early in 1984. Managers from many of the Group's businesses were able to study and debate the increasing opportunities for database and online applications and to examine some of our services in operation

Management Development

We seek to develop a style of management which is highly responsive to changes in the market place and alert to commercial opportunities.

Over the last five years, in facing up to the Group objective of superior financial performance and growth our management development programs have concentrated on meeting the needs of the individual and keeping executives aware of the business environment. The Management Audit plays an important role in this process in helping to ensure that there is the minimum of constraint on the growth of International Thomson through lack of people with the necessary talent and skills.

The qualities of leadership and the importance of good communications are consistently emphasised. We wish our staff to be well informed about the financial health of our businesses and their strategies. We encourage them to generate ideas.

A prime task of personnel management is to remind people that profits mean strength, independence and security.

Social Responsibility

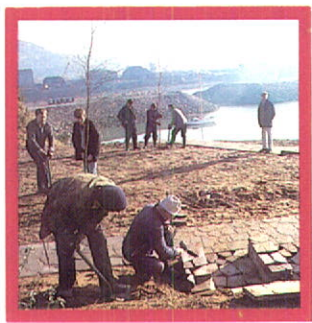
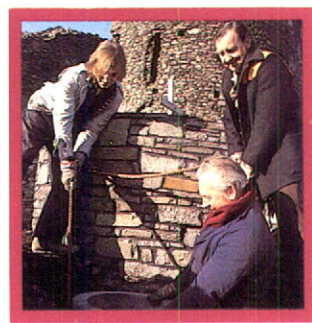
As stated in the President's Report, social responsibility is at least as much the duty of business as it is of government. International Thomson is aware that no company is immune from the major problems which affect society. During the last three years many of the countries in which we trade have faced recessional problems leading to unemployment, particularly among school leavers.

In September 1983, the UK government sponsored a Youth Training Scheme, designed to provide school leavers with a year-long program of high-quality training and transition from school to working life. International Thomson was one of the first major companies with businesses in the UK to

offer training places and we anticipate that during 1984 we will provide some 200 young people with training opportunities.

We have been playing a leading part with other companies, the local authorities and UK Government agencies in a number of job creation schemes in the Borough of Neath, an area of high unemployment in South Wales.

Working with our colleagues in the Neath Development Partnership, we have so far managed to create some 500 jobs to assist in the economic regeneration of the area. In addition, the Partnership has, in conjunction with the UK Manpower Services Commission, carried out extensive environmental work, gaining the "Fit for Work Award" for employment of the disabled.



Neath: left, work on the restoration of Neath Castle grounds to provide amenities for the tourists who will also use the cleared and renewed riverside pathway (right) leading to the waterfalls country in the Vale of Neath.



Consolidated statement of earnings

(millions of pounds sterling except per share amounts)

	1983	1982	1981	1980	1979
Sales	1,503.5	1,334.1	1,180.7	917.2	687.1
Trading profit	154.8	114.6	113.6	119.7	122.6
Earnings from continuing operations	75.7	51.5	43.5	45.1	55.2
Loss from discontinued operations of Times Newspapers Holdings Limited	—	—	—	(6.8)	(19.1)
Earnings before extraordinary items	75.7	51.5	43.5	38.3	36.1
Earnings for the year	72.0	51.5	43.5	19.7	36.1
Dividends	25.3	19.3	14.7	12.7	12.7
Earnings per share					
before extraordinary items	53.8p	37.0p	31.2p	27.5p	25.9p
for the year	51.1p	37.0p	31.2p	14.1p	25.9p

Consolidated balance sheet

(millions of pounds sterling)

	1983	1982	1981	1980	1979
Assets					
Current assets	419.9	335.9	276.3	205.0	233.9
Investment in associated companies	17.1	16.7	16.4	17.0	15.7
Oil and gas resource properties	180.3	154.2	163.6	166.8	158.2
Fixed assets	244.6	201.1	164.0	138.5	117.6
Publishing rights	142.3	112.8	77.8	52.1	30.3
Goodwill	49.3	33.6	28.5	15.8	8.9
	1,053.5	854.3	726.6	595.2	564.6
Liabilities and shareholders' equity					
Current liabilities	467.0	383.8	335.1	281.6	265.6
Long-term and limited recourse long-term debt	79.6	87.6	62.8	47.7	60.2
Provision for site restoration costs	32.2	28.2	24.0	17.6	10.6
Deferred taxes	121.0	116.7	128.3	125.1	105.8
Minority interest	7.0	7.4	7.5	8.3	10.0
Shareholders' equity	346.7	230.6	168.9	114.9	112.4
	1,053.5	854.3	726.6	595.2	564.6

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

**To the shareholders of
International Thomson
Organisation Limited**

We have examined the consolidated balance sheet of International Thomson Organisation Limited as at December 31, 1983 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, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Price Waterhouse
Chartered Accountants
Toronto, Canada
April 3, 1984

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.

As the majority of ITOL's operations are in the United Kingdom the consolidated financial statements are expressed in pounds sterling.

Foreign currency translation

Assets and liabilities expressed in currencies other than pounds sterling are translated at December 31 rates of exchange. The results of these operations expressed in currencies other than pounds sterling are translated at average rates for the year. Currency gains or losses arising from translation of the investment in subsidiaries, and gains or losses arising from the translation of foreign currency debt that has been designated as hedged by the net investment in subsidiaries, are accumulated and shown as a separate component of shareholders' equity. Other currency gains or losses are included in earnings.

Prior to 1983 the results of subsidiaries expressed in currencies other than pounds sterling were translated at December 31 rates. This change has been made to conform with the new standard on foreign currency translation issued by the Canadian Institute of Chartered Accountants; the effect in 1983 and prior years is not material.

Pensions

The cost of pension plans, including past service costs, covering most employees is provided for and funded based on periodic actuarial valuations. There are no material unfunded liabilities.

Development expenditure

Expenditure on new product development is expensed as incurred.

Interest capitalization

Commencing 1983 interest expense incurred on major projects for the period prior to their completion is capitalized as part of the cost of these projects. The effect of this change in 1983 and prior years is not material.

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) Joint venture consolidation

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 petroleum revenue tax (PRT)

The amount charged against earnings in respect of PRT recognizes timing differences, arising mainly between the treatment of depreciation, depletion and amortization of oil and gas resource properties for accounting and tax purposes. In reflecting such timing differences as deferred taxes in the financial statements, PRT is provided at the current rate.

(e) United Kingdom supplementary petroleum duty (SPD)

The amount charged against earnings in respect of SPD in 1982 was calculated at 20% of UK oil and gas sales less an oil allowance and was a deduction in determining the profits subject to PRT. SPD ceased to be charged from January 1, 1983.

(f) Provision for site restoration costs

The estimated cost of discharging certain liabilities which may arise in respect of site restoration costs 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 principally at cost, and are depreciated on a straight line basis over their estimated useful lives.

Publishing rights

Publishing rights are stated at cost on acquisition and amortized over periods not exceeding forty years. Based on annual reviews, any 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 is 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.

Deferred 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.

**Consolidated statement
of earnings**

(millions of pounds sterling except per share amounts)

Year ended December 31

	1983	1982
Sales (note 2)	1,503.5	1,334.1
Cost of sales, selling, general and administrative expenses	1,076.1	947.2
Depreciation, depletion and amortization (note 3)	61.3	58.1
UK petroleum revenue tax	211.3	142.6
UK supplementary petroleum duty	—	71.6
	1,348.7	1,219.5
Trading profit (note 2)	154.8	114.6
Net interest expense (note 4)	6.7	8.1
Income taxes (note 5)	71.3	53.9
Minority interest	1.1	1.1
Earnings before extraordinary items	75.7	51.5
Extraordinary items (note 6)	3.7	—
Earnings for the year	72.0	51.5
Earnings per share (note 7)		
before extraordinary items	53.8p	37.0p
for the year	51.1p	37.0p

**Consolidated statement
of retained earnings**

(millions of pounds sterling)

Year ended December 31

	1983	1982
Balance at beginning of year as previously reported	194.6	132.9
Accumulated foreign currency translation gains reclassified as a separate component of shareholders' equity (note 16)	49.7	20.2
Revised balance at beginning of year	144.9	112.7
Earnings for the year	72.0	51.5
	216.9	164.2
Share issue expenses	0.2	—
Dividends (note 8)	25.3	19.3
Balance at end of year	191.4	144.9

**Consolidated
balance sheet**

(millions of pounds sterling)

December 31

1983 1982

		1983	1982
Assets	Current assets:		
	Cash and bank term deposits	141.3	60.7
	Short-term investments, at cost which approximates market	6.3	25.0
	Accounts receivable	146.8	139.4
	Inventories (note 9)	53.6	48.8
	Prepaid expenses and other	71.9	62.0
		419.9	335.9
	Investment in associated companies	17.1	16.7
	Oil and gas resource properties (note 10)	180.3	154.2
	Fixed assets (note 11)	244.6	201.1
	Publishing rights	142.3	112.8
	Goodwill	49.3	33.6
		1,053.5	854.3
Liabilities and shareholders' equity	Current liabilities:		
	Bank indebtedness	8.0	27.0
	Accounts payable	165.7	127.8
	Deferred revenue	76.7	51.9
	Dividends payable	14.3	10.9
	UK petroleum revenue tax	70.7	77.2
	UK supplementary petroleum duty	—	19.0
	Income taxes	46.9	52.0
	Current portion of long-term debt (notes 12 and 13)	84.7	18.0
		467.0	383.8
	Long-term debt (note 12)	57.0	78.2
	Limited recourse long-term debt (note 13)	22.6	9.4
	Provision for site restoration costs	32.2	28.2
	Deferred taxes (note 14)	121.0	116.7
	Minority interest	7.0	7.4
	Shareholders' equity:		
	Share capital (note 15)	81.5	36.0
	Foreign currency translation gains (note 16)	73.8	49.7
	Retained earnings	191.4	144.9
		346.7	230.6
		1,053.5	854.3

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

1983 1982

<i>Sources</i>		1983	1982
	Cash generated from operations:		
	Earnings for the year	72.0	51.5
	Items not involving funds:		
	Depreciation, depletion and amortization	61.3	58.1
	Provision for site restoration costs	4.0	4.2
	Deferred taxes	4.2	(8.9)
	Minority interest	1.1	1.1
		142.6	106.0
	Decrease in working capital excluding cash*	75.1	12.4
	Net proceeds from share issue	45.0	—
	Proceeds from long-term debt	79.2	39.1
	Foreign currency translation gains	8.7	5.5
	Other	1.6	0.4
		352.2	163.4
<i>Uses</i>			
	Cash invested:		
	Acquisition of businesses, less cash* therein of £5.4 million (1982 - £3.3 million)	40.2	41.1
	Additions to fixed assets less disposals of £2.3 million (1982 - £5.2 million)	61.5	48.9
	Additions to oil and gas resource properties	51.8	18.0
		153.5	108.0
	Dividends	25.3	19.3
	Dividends paid by subsidiaries to minority interests	1.1	1.1
	Reductions of long-term debt	91.4	19.0
		271.3	147.4
	Increase in cash*	80.9	16.0

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

(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 (ITOL) and its subsidiaries is presented on pages 34 and 35.

2 Segmented information

ITOL's 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	
	1983	1982	1983	1982	1983	1982
Publishing*	518.9	436.0	19.7	16.2	29.1	11.3
Travel	491.9	424.6	11.3	8.7	31.7	18.0
Oil and gas (1)	453.7	435.9	29.1	31.5	106.1	93.3
Corporate and other (2)	39.0	37.6	1.2	1.7	(12.1)	(8.0)
	1,503.5	1,334.1	61.3	58.1	154.8	114.6

*Publishing trading profit is stated after charging accelerated development expenditure.

	Acquisition of businesses (note 17)		Additions to fixed assets and resource properties		Assets	
	1983	1982	1983	1982	1983	1982
Publishing	44.8	39.2	24.8	19.7	473.9	394.1
Travel	0.8	5.2	38.1	32.1	177.7	136.1
Oil and gas	—	—	52.0	18.0	229.8	203.2
Corporate, including funds available for investment, and other (2)	—	—	0.7	2.3	172.1	120.9
	45.6	44.4	115.6	72.1	1,053.5	854.3

Geographic segment

	Sales		Trading profit		Assets	
	1983	1982	1983	1982	1983	1982
United Kingdom	1,110.8	1,037.1	134.1	107.6	492.8	476.5
United States (3)	338.1	247.1	21.4	8.5	374.6	288.5
Canada (3)	16.4	14.0	(0.7)	(3.1)	50.7	15.3
Other countries	38.2	35.9	—	1.6	135.4	74.0
	1,503.5	1,334.1	154.8	114.6	1,053.5	854.3

(1) Oil and gas sales are before deduction of UK Government royalties of £49.6 million (1982 - £46.6 million).

(2) Other includes Thomson Withy Grove Limited whose printing contracts expire at the end of 1985. Discussions with the customers as to future arrangements are taking place.

(3) The principal rates of exchange used to translate amounts expressed in currencies other than pounds sterling were as follows:

	US\$	Cdn.\$
average for 1983	\$1.52	\$1.87
at December 31, 1983	\$1.45	\$1.81
at December 31, 1982	\$1.62	\$1.99

3 Depreciation, depletion and amortization	1983	1982
Fixed assets	26.5	20.2
Oil and gas resource properties	28.9	31.5
Publishing rights and goodwill	5.9	6.4
	61.3	58.1

4 Net interest expense	1983	1982
Interest on long-term debt	13.2	10.1
Interest on short-term debt	2.6	6.8
Interest income	(9.0)	(8.8)
	6.8	8.1
Interest capitalized on the Balmoral oil and gas development	(0.1)	—
	6.7	8.1

5 Income taxes The potential tax benefits arising from approximately £30.0 million of the accumulated losses in the United States which expire in the years 1995 to 1998, will be included in earnings when realized.

6 Extraordinary items	1983	1982
Severance payments and other costs on the closure of: Sporting Chronicle Publications Ltd and Withy Grove Press Ltd (net of income taxes of £2.1 million)	2.0	—
Hemel Hempstead newspapers (net of income taxes of £1.5 million)	1.7	—
	3.7	—

7 Earnings per share The earnings per share for 1983 are based on the weighted average number of shares outstanding of 140.8 million following the issue of 7.0 million shares in October 1983. Throughout 1982 139.3 million shares were outstanding.

8 Dividends		1983	1982
	During 1983 the directors of ITOL and International Thomson Organisation PLC (ITOPLC) declared dividends payable on the following dates on the related common shares of these companies:		
<i>July 15, 1983</i>	ITOL - US 12.4789 cents (1982 - US 10.8512 cents) per share	0.2	0.2
	ITOPLC - 7.9585p (1982 - 6.0051p) per share	10.8	8.2
<i>January 16, 1984</i>	ITOL - US 14.5 cents (1983 - US 12.4789 cents) per share	1.1	0.2
	ITOPLC - 9.7315p (1983 - 7.8042p) per share	13.2	10.7
		25.3	19.3

9 Inventories		1983	1982
	Raw materials	8.7	7.7
	Work in progress	9.4	8.9
	Finished goods	35.5	32.2
		53.6	48.8

10 Oil and gas resource properties		Cost	Accumulated depreciation, depletion and amortization	1983 Net	1982 Net
<i>United Kingdom, North Sea</i>	Piper field	80.1	58.1	22.0	25.4
	Claymore field	95.1	42.2	52.9	56.3
	Piper and Claymore shared facilities	74.1	48.9	25.2	31.5
	Balmoral field	5.4	—	5.4	—
		254.7	149.2	105.5	113.2
<i>United States</i>	Corinne field, Mississippi	40.2	20.0	20.2	20.8
	Other	29.3	3.5	25.8	18.9
		69.5	23.5	46.0	39.7
<i>Canada</i>	Alberta and other	28.9	0.1	28.8	1.3
		353.1	172.8	180.3	154.2

11 Fixed assets	Depreciation period	Cost	Accumulated depreciation	1983 Net	1982 Net	
	Land and buildings	15 to 40 years	85.4	10.2	75.2	66.1
	Machinery and equipment	3 to 25 years	135.1	57.7	77.4	63.2
	Aircraft and spares	12 years	124.2	32.2	92.0	71.8
			344.7	100.1	244.6	201.1

12 Long-term debt

	1983	1982
Bank debt - unsecured 1984-1987	120.3	77.1
Other debt - secured 1984-1999	13.1	12.6
	133.4	89.7
Portion included in current liabilities (1)	76.4	11.5
	57.0	78.2

Denominated in:

Pounds sterling	52.5	44.8
US dollars	75.2	36.4
Other currencies	5.7	8.5
	133.4	89.7

- (1) The US \$58.0 million bank debt which financed the acquisition of American Banker and The Bond Buyer was prepaid in January 1984 (note 17). Other bank debt of US \$33.0 million and £6.8 million was also prepaid in January 1984.
- (2) Interest rates on bank debt approximate US prime rate or London inter-bank offered rate.

- (3) Long-term debt maturities in each of the next five years are: £76.4 million in 1984 including prepayments; £1.5 million in 1985; £45.1 million in 1986; £6.1 million in 1987 and £1.6 million in 1988.

**13 Limited recourse
long-term debt**

	1983	1982
Bank debt:		
Corinne field (1)	12.8	15.9
Alberta properties (2)	18.1	—
	30.9	15.9
Portion included in current liabilities	8.3	6.5
	22.6	9.4

- (1) The debt is denominated in US dollars, is secured by the Corinne field's oil and gas producing properties and bears interest at a rate which approximates the bank's prime rate. Oil and gas sales proceeds are committed to repayments of the debt. Based on production estimates the aggregate annual maturities are £7.2 million in 1984, £2.7 million in 1985, £2.5 million in 1986 and £0.4 million in 1987.
- On August 28, 1984, December 31, 1986 and June 30, 1988, any unpaid principal and accrued interest will be due on this debt but without recourse to ITOL, or any of its subsidiaries, for repayment.

- (2) The debt is denominated in Canadian dollars, and is secured by the Alberta oil and gas properties and bears interest at rates which approximate the bank's prime rate or London inter-bank offered rate. Oil and gas proceeds are committed to repayments of the debt. Based on production estimates repayments in each of the next five years are as follows: £1.1 million in 1984; £1.2 million in 1985; £1.4 million in 1986; £2.0 million in 1987 and £2.9 million in 1988. Any unpaid principal and accrued interest will be due at maturity in 1991 but without recourse to ITOL, or any of its subsidiaries, for repayment.

14 Deferred taxes

Deferred taxes comprise the liability for petroleum revenue tax of £49.2 million (1982 - £52.7 million) and deferred income taxes of £71.8 million (1982 - £64.0 million).

No provision has been made for the potential UK tax liability of £9.5 million (1982 - £8.4 million) which may arise principally on:

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

15 Share capital

In October 1983 ITOL issued 7.0 million common shares for cash. At the same time ITOPLC issued the same number of related common shares.

The following is a summary of the changes in authorized and issued share capital:

	Authorized Number of shares	Number of shares	Issued Stated amount
ITOL - Common shares without par value			
Balance at beginning of year	200,000,000	139,324,878	34.6
Issued for cash		7,000,000	45.4
Balance at end of year	200,000,000	146,324,878	80.0
ITOPLC - Common shares related to those of ITOL with a par value of 1p each (non-voting)			
Balance at beginning of year	200,000,000	139,324,878	1.4
Issued for cash		7,000,000	0.1
Balance at end of year	200,000,000	146,324,878	1.5
Total issued share capital at end of year			81.5

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 depositary 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. 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.

16 Foreign currency translation gains

	1983	1982
Balance at beginning of year	49.7	20.2
Net translation gains for the year	24.1	29.5
Balance at end of year	73.8	49.7

17 Acquisitions

(a) American Banker and The Bond Buyer
In March 1983, American Banker and The Bond Buyer and related publications and information services were acquired for US \$58.7 million. The purchase consideration was financed by a bank loan. (note 12)
This New York based publishing group provides information to the sectors of financial services, banking and thrift industries, and municipal and public finance.

(b) Other acquisitions
During 1983 other businesses were acquired, the majority of which are involved in publishing activities in the United States.
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:

	American Banker and The Bond Buyer	Other	Total
Working capital including cash of £5.4 million	4.0	0.1	4.1
Fixed assets	3.7	0.4	4.1
Publishing rights	26.4	0.7	27.1
Goodwill	5.0	5.3	10.3
Cost	39.1	6.5	45.6

In addition to the foregoing acquisitions, the following interests in oil and gas resource properties were acquired in the year through the purchase of all outstanding shares of several companies. These acquisitions have been accounted for on the purchase basis and their principal assets have been included in additions to oil and gas resource properties in the financial statements.

addition, TNS will carry a further share of Balmoral development costs relating to Clyde's remaining 10% share in the field; this will be recovered, with interest, from the net revenues of the Balmoral field.

The Balmoral field is estimated to contain recoverable reserves of 70 million barrels of oil. First production is scheduled for 1987.

(a) Balmoral
In October 1983, Thomson North Sea (TNS) acquired from Clyde Petroleum (Clyde) an 8% interest in the North Sea Balmoral field for £7.5 million, all of which was financed by a bank loan. In

(b) Alberta properties
In December 1983, Thomson-Jensen Petroleum Limited (formerly Global Arctic Islands Limited) was acquired for Cdn.\$49.4 million, of which Cdn.\$32.8 million was financed by that company through limited recourse long-term debt.

**18 Contingencies
and commitments**

(a) <i>Performance guarantees</i>	Indemnities have been given to banks amounting to £18.8 million (1982 - £11.5 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) <i>Lease commitments</i>	Lease payments in 1983 and minimum future payments are as follows: 1983, £14.5 million; 1984, £15.3 million;	1985, £14.6 million; 1986, £12.3 million; 1987, £10.6 million; 1988, £9.8 million; 1989 - 2010, £67.6 million.
(c) <i>Contingent liabilities</i>	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) <i>Capital expenditure</i>		1983 1982
	Capital expenditure contracted but no related liability incurred at end of year	81.6 81.5
	Capital expenditure authorized but not contracted for at end of year	21.6 9.8
	Share of joint venture capital expenditure program on the North Sea oilfields authorized but no related liability incurred at end of year	79.9 15.2
		183.1 106.5

**19 Related party
transaction**

It is intended that responsibility for ITOL's travel business in Canada will be assumed as of January 1, 1984 by a related corporation, The Woodbridge Company Limited (Woodbridge), for a nominal consideration. As the price payable by Woodbridge will be equal to the book value of the net tangible assets of the business, ITOL will not realize any gain or loss on the transaction. ITOL retains the option to re-acquire the business for an amount equal to Woodbridge's investment therein and accumulated profits of the business to the date of exercise of the option. The rights under the option will expire on December 31, 1987. The assets, liabilities and operating losses of the business in 1983 and prior years were not material.

20 Subsequent event

ITOL has a 4.73% interest in Reuters Limited held through The Press Association Limited which is recorded at a nominal value at December 31, 1983. A public share issue of Reuters Limited is proposed in 1984. It is not possible at the date of these financial statements to quantify the value of this investment.

Business Publications

**International Thomson
Business Press Inc**
(United States)**Broad Run Enterprises Inc**
Tecfacts**CES Publishing Corporation**

Audio Times
Auto Sound & Communications
Consumer Electronics Daily
Consumer Electronics Daily Newsletter
Consumer Electronics Monthly
Consumer Electronics Show Daily
Softcon Show Daily
Video Business

Eastman Publishing, Inc
Computer Merchandising
Software Merchandising**Huebner Publications, Inc**
Designfax
Fastener Technology
Machine Tool Specs Directories
Metfax
Purchasing World
Tooling & Production
Wire Technology**International Thomson Technology
Information Inc**
Management Technology**International Thomson
Transportation Information
Services Inc**
Brandon's Shipper & Forwarder
Coast Marine and Transportation
Directory
Pacific Shipper**Medical Economics Company Inc**
Clinical Laboratory Reference
Contemporary OB/GYN
Diagnosis
Diagnostic Medicine
Drug Topics
MEDECommunications
Medical Economics
Medical Economics Books
Medical Economics for Surgeons
Medical Laboratory Observer
Nursing Opportunities
Physicians' Desk Reference (PDR)
PDR for Nonprescription Drugs
PDR for Ophthalmology
Redbook Data Services
RN**Medical Media International Inc**
(a subsidiary of Medical Economics
Company Inc)
ARS Medici
Patient Care Belgium
Patient Care Holland**Med Publishing, Inc**
Cardiovascular Literature News
Gastro-Intestinal Literature News
Geriatric Medicine Today
Internal Medicine
OB/GYN Literature News
Oncology Literature News
Practical Cardiology
Pulmonary Diseases Literature News
Tuberculosis Literature News**National Railway Publication
Company**

The Official Intermodal Equipment
Register
The Official Intermodal Guide
The Official Railway Equipment Register
The Official Railway Guide, Freight
Service Edition
The Official Railway Guide, Travel Edition
The Pocket List of Railroad Officials
Railway Line Clearances
Who's Who in Railroading and
Rapid Transit

Patient Care Communications Inc
(a subsidiary of Medical Economics
Company Inc)
Patient Care
Practice '84**Redgate Publishing Company**
LIST Magazine
LISTWARE Book/Software Series**Titsch Communications, Inc**
Broadcast Week
Broadcast Week Daily Edition
CableFile
CableVision
CableVision/CES P.M. Extra
CableVision Survival Guide
CED Reports
Communications Engineering Digest
International Communications Research
Mobile Radio Handbook
Mobile Radio Seminars
Radio Communications Report
Two-Way Radio Dealer**Veterinary Medicine Publishing
Company**
(a subsidiary of Medical Economics
Company Inc)
Veterinary Economics
Veterinary Medicine/Small Animal
Clinician
Veterinary Pharmaceuticals & Biologics**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**International Thomson
Publishing Ltd**
(United Kingdom)

Big Farm Weekly
British Journal of Hospital Medicine
Building Trades Journal
Communications International
Computer Merchandising International
Construction News
Construction News Magazine
Construction News Products
Construction News Scotland
Drapers Record
Engineering Capacity
Farm Business
Fashion International
Hospital Development
Hospital Equipment & Supplies
Meat Industry
Meat Trades Journal
Men's Wear
New Electronics
The Physician
Remedial Therapist
Retail Jeweller
Senior Nurse

**Bertelsmann-Thomson
Fachverlag GmbH**
(Germany)

(44.8% holding)
*Economic, financial and business
newsletters; information services for the
construction and building industry;
business, professional and technical
magazines in building, construction,
medicine, transport and computing;
publications and teaching aids for driving
schools*

**Thomson Communications
(Scandinavia) A/S**
(Denmark)
*Trade and technical publishers***Thomson Publications Australia**
(Australia)
Australasian Office News
Australian Advertising Rate and
Data Service
Australian Electronics Engineering
Australian Mining
Australian Mining Year Book
b & t Advertising, Marketing and Media
Weekly
b & t Year Book
Building Products News
Communications Australia
Construction & Road Transport
Construction Equipment News
Cordells Building Publications
Electrical Engineer
Factory Equipment News
Mingay's Electrical Supplies Guide
Mingay's Price Service
Mingay's Retailer & Merchandiser
Process & Control Engineering
Tenders Australia
Thomson's Electronics Data Book
Thomson's Industrial Product Registers
Thomson's Liquor Guide
Thomson's National Liquor Guide
Thomson's Oil and Gas Year Book

Information Services

Thomson Publications SA (Pty) Ltd

(South Africa)
Building Products News
Chemical Equipment News
Coal, Gold and Base Minerals of
Southern Africa
Commercial Transport
Computing SA
Construction Commercial News
Construction in Southern Africa
Current
Daily Tender Bulletin
Export News
Food Industries Handbook
Food Industries of South Africa
Freight World
Heating, Air Conditioning and
Refrigeration
Hospital and Nursing Year Book of
Southern Africa
Kontak
Materials Handling News
Merkel's Builders Pricing Manual
Motor World
Natal Equipment News
New Equipment News
New Equipment News, Cape & SW Africa
Office World
Pack & Print
Plastics & Rubber News
Power & Plant Engineering in
South Africa
Production Management
Public Works
Railways of Southern Africa
S A Mining Week
Shoes & Views
South African Fishing Industry Handbook
South African Hardware
South African Mining and Engineering
Journal
South African Mining and Engineering
Year Book
Transport Managers' Handbook

Trade Fairs and Promotions (Pty) Ltd

(South Africa)
(a subsidiary of Thomson Publications
SA (Pty) Ltd)
Exhibitions

International Thomson Information Inc (United States)

Carrollton Press Inc

*Publisher of "REMARC" computer
database*

COADE

*Microcomputer software for engineers
and scientists*

INACOM International

*Technical, scientific and engineering
information services*

Research Publications Inc

*Micropublishing academic and
professional reference materials,
newspapers, US and foreign patents*

Research Publications Ltd

(based in United Kingdom)

Thomson & Thomson

Trademark search services

Thomson Data Ltd (United Kingdom)

Computacar Ltd

*Computerised matchmaking of buyers
and sellers of motor vehicles*

Derwent Publications Ltd

*Publishers of patents and journal
literature information services in book,
card, microfilm, tape and online formats*

Derwent Inc

(based in United States)

ESDU International Ltd

*Validated engineering design data and
software*

European Law Centre Ltd

*Providing the EUROLEX online legal
information retrieval system for UK and
EEC law, together with a range of EEC
and intellectual property case law
reporting services*

Commercial Laws of Europe
Common Market Law Reports
European Commercial Cases
European Human Rights Reports
European Law Digest
Fleet Street Reports

Information and Publishing

Professional Publishing

American Banker Inc and The Bond Buyer Inc (United States)

Leading providers of information to the financial services community, primarily in the banking, thrift, municipal and public finance industries

Publications
American Banker
The Bond Buyer
Credit Markets
Directory of Municipal Bond Dealers

Information services
Inconet
InnerLine
Munifacts

Callaghan & Company (United States)

Specializing in all types of legal publishing with emphasis on corporate and commercial law, municipal law, federal law, taxation and all aspects of trial and general practice

Recent titles include:
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Publishers of legal treatises, annual handbooks and monthly law reports, specializing in the law of immigration, antitrust, zoning, securities regulation, insurance, international transactions, criminal practice, licensing, patents and trademarks, federal practice, and entertainment

Professional Publishing Ltd (United Kingdom)

Publishers of information services for professionals in banking, finance, accounting, taxation and law, primarily in loose-leaf format

Recent titles include:
Practical Financial Management
UK Oil and Gas Tax and Accounting
World Banking Monitor
Corporate Finance and Treasury Management

Richard De Boo Publishers (Canada)

Law and taxation publishers

Canada Tax Service
Canada Corporation Manual
Canada Energy Law Service
Canadian Estate Planning Service
Canadian Mortgage Practice Reporter
Income Tax References
Manuel des Corporations du Québec
Ontario Corporation Manual
Stikeman Income Tax Act

Warren, Gorham & Lamont, Inc (United States)

Publisher of professional books, looseleaf services, newsletters, journals and directories, primarily in the fields of tax, banking, business, law, real estate, accountancy

Journal of Taxation
Federal Income Taxation of Corporations and Shareholders
Brady on Bank Checks
Real Estate Review
State Taxation
Journal of Business Strategy
Corporate Accounting
Accounting and Auditing Disclosure Manual
Truth-in-Lending
Federal Taxation of Income, Estates and Gifts
Law of Real Estate Financing
Internal Auditing Manual

Auerbach Publishers Inc
Publishers of professional books, looseleaf services, newsletters, journals and directories on computers and information management

Microworld
CAD/CAM Management Strategies
Journal of Information Systems Management

Educational, Vocational and Reference

International Thomson Publishing Ltd (United Kingdom)

Glass's Guide Service Ltd
(51% holding)
Vehicle pricing information and automotive market intelligence services with subsidiaries in Australia and South Africa

Linguistics International, Inc (United States)

Publishers of foreign language, English as a second language, and computer science texts

Heinle & Heinle Publishers, Inc
Boyd & Fraser Publishing Company

Thomas Nelson International

(based in Canada with international interests)

Delmar Publishers Inc
(United States)
Educational/vocational publishing

Nelson Canada
(Canada)
Educational, measurement and guidance

NFER-Nelson Publishing Company Ltd
(United Kingdom)
(50% holding)
Measurement and guidance, psychological tests, educational research

Thomas Nelson and Sons Ltd
(United Kingdom)
Primary, Secondary and English language teaching

Nelson Filmscan Ltd
(United Kingdom)
(a subsidiary of Thomas Nelson and Sons Ltd)
English and foreign language teaching by video

Thomas Nelson (Hong Kong) Ltd
(a subsidiary of Thomas Nelson and Sons Ltd)
(Hong Kong)

Thomas Nelson Australia
(Australia)
Educational and trade publishing

Van Nostrand Reinhold (UK) Company Ltd
(United Kingdom)
Professional, reference, college, trade

Van Nostrand Reinhold Company Inc
(United States)

Educational, professional and reference, trade and scholarly books, journal and software publisher with the following subsidiaries and imprints:

Van Nostrand Reinhold
CBI Publishing Company
Hutchinson Ross Publishing Company
Professional Journals and Periodicals Division

Wadsworth, Inc
(United States)

College textbook, educational software and professional book publishers with the following divisions and subsidiaries:

Breton Publishers
Brooks/Cole Publishing Company
COMPRESS
Kent Publishing Company
Lifetime Learning Publications
PWS Publishers
Wadsworth Electronic Publishing Company
Wadsworth International
Wadsworth Publishing Company

Anaheim Publishing Company, Inc

Lange Medical Publications, Inc

Wadsworth Publishers of Canada Ltd

International Thomson Publishing Ltd
(United Kingdom)

Consumer publications

Burlington Magazine
Cheshire Life
Circle Books
Family Circle
Gloucestershire & Avon Life
Illustrated London News
Lancashire Life
Living
Natural World
Political Quarterly
Warwickshire & Worcestershire Life
Yorkshire Life

Informasjonsforlaget A/S (Norway)
Directory publishers

Mostrups Forlag A/S (Denmark)
Municipal handbooks, welcome books, directories and municipal budgets

Thomson Books Ltd
(United Kingdom)

Hamish Hamilton Ltd
Hardback publisher of general fiction, non-fiction and children's books
Hamish Hamilton Children's Books
Elm Tree

Michael Joseph Ltd
Popular hardback publisher of fiction and non-fiction, leisure and sport
Pelham Books
Mermaid Books

Rainbird Publishing Group Ltd
International book packaging company

Sphere Books Ltd
Paperback books
Abacus
Celtic Revision Aids

Jane's Publishing Company Ltd
Publishers of defence and transport year books and Jane's Defence Weekly

TBL Book Service Ltd
Distribution

Thomson Directories
(United Kingdom)
(50% partnership)

Local directory publishers

Thomson Regional Newspapers Ltd
(United Kingdom)

Regional newspaper publishers

Aberdeen Journals Ltd
The Press & Journal
Evening Express
Citizen (free)
Scene (free)

Belfast Telegraph Newspapers Ltd
Belfast Telegraph
Ballymena Observer
East Antrim Times
East Belfast Post (free)

The Berkshire County Advertiser Ltd
Ascot Times
Bracknell Times
Crowthorne Times
Wokingham Times
Times Advertiser (free)

Celtic Press Ltd
Aberdare Leader
Glamorgan Gazette
Gwent Gazette
Llantrisant Observer
Merthyr Express
Mountain Ash Leader
Pontypridd Observer
Rhonda Leader
Rhymney Valley Express
Abergavenny Gazette (free)
Bridgend Star (free)
Merthyr Star (free)
Neath Guardian (free)
Port Talbot Guardian (free)

The Chester Chronicle & Associated

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

Edinburgh Advertiser Ltd
Edinburgh Advertiser (free)

Lunstone Ltd
Runcorn Weekly News
Widnes Weekly News
Penketh & Great Sankey News (free)

Newcastle Chronicle & Journal Ltd
The Journal
Evening Chronicle
Sunday Sun

The North Western Newspaper Company Ltd
Lancashire Evening Telegraph
Blackburn & Darwen Mail (free)
Burnley & Padiham Mail (free)
Pendle Mail (free)

The Scotsman Publications Ltd
The Scotsman
Evening News (Edinburgh)

Teesside Communications Ltd
Evening Gazette (Teesside)
Teesside Advertiser (free)

Thames Valley Newspapers Ltd
Evening Post (Reading)
Reading Standard (free)
Basingstoke Standard (free)

Warrington & Company Ltd
The Advertiser (Newcastle) (free)

Western Mail & Echo Ltd
Western Mail (Wales)
South Wales Echo (Cardiff)
Barry Post (free)
Caerphilly Post (free)
Cardiff Post (free)
Newport and Cwmbran Post (free)
Penarth Post (free)

Lancashire & Cheshire County Newspapers Ltd

(50% holding)
Macclesfield Express Advertiser
Salford City Reporter & Advertiser
Stockport Express Advertiser
Knutsford Express Advertiser (free)
Macclesfield Times (free)
Stockport Times (free)
Wilmslow Express Advertiser (free)
Poynton Times (free)
Hazel Grove Times (free)

Specialist publications
Central Publications Ltd
Scottish Motor Mart
Garethward Ltd
North East Motors Market
Quartward Ltd
Motor Sales Weekly
Vantagecrest Ltd
South Wales Motor Mart

Newspaper consultants
Thomson International Press
Consultancy Ltd

Retail newsagents
Mills (North British) Ltd

Thomson Withy Grove Ltd
(United Kingdom)

Newspaper printing contractor

Thomson Withy Grove Transport Ltd

Travel

Thomson Travel Inc
(United States)

Package tours and travel retailing

Specialized Travel Division
Thomson Vacations Division
Club Universe Division
Unitours Retail Division

Thomson Travel Ltd
(United Kingdom)

Thomson Holidays Ltd

Package tour operators

Portland Holidays Ltd

Direct sell package tour operators

Britannia Airways Ltd

Charter airline

Lunn Poly Ltd

Travel agencies

Natural Resources

Thomson North Sea Ltd
(United Kingdom)

Oil and gas development and forestry investment

Thomson Scottish Petroleum Ltd

Thomson Scottish Forestry Ltd

Thomson Petroleum
(Canada)

Oil and gas development

Thomson-Jensen Energy

(a partnership with oil and gas interests in which International Thomson holds a 92.5% interest)

Thomson Petroleum Holdings, Inc
(United States)

Oil and gas development and timberland investments

Thomson-Monteith

(a partnership with oil and gas interests in which International Thomson holds a 90% interest)

Thomson Forestry Inc

Associated Companies

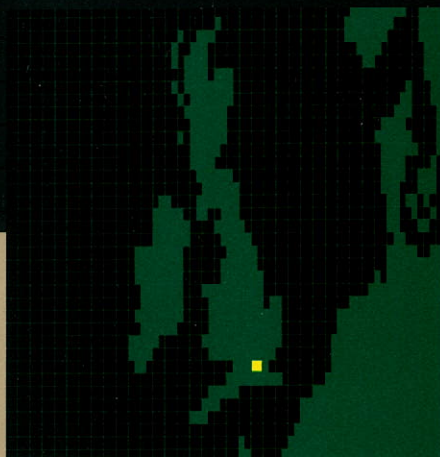
The Solicitors' Law Stationery Society plc

(39.1% holding)

Wigham Poland Holdings Ltd

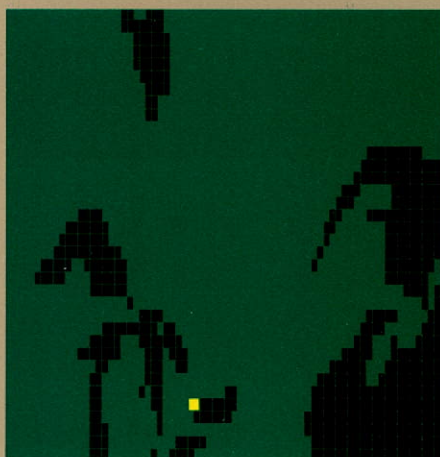
(35% holding)

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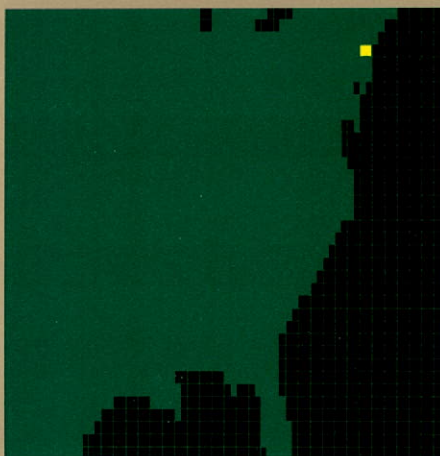
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4 Stratford Place, London W1A 4YG



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Toronto, Ontario M5H 3R3, Canada



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245 Park Avenue
New York, NY 10167

