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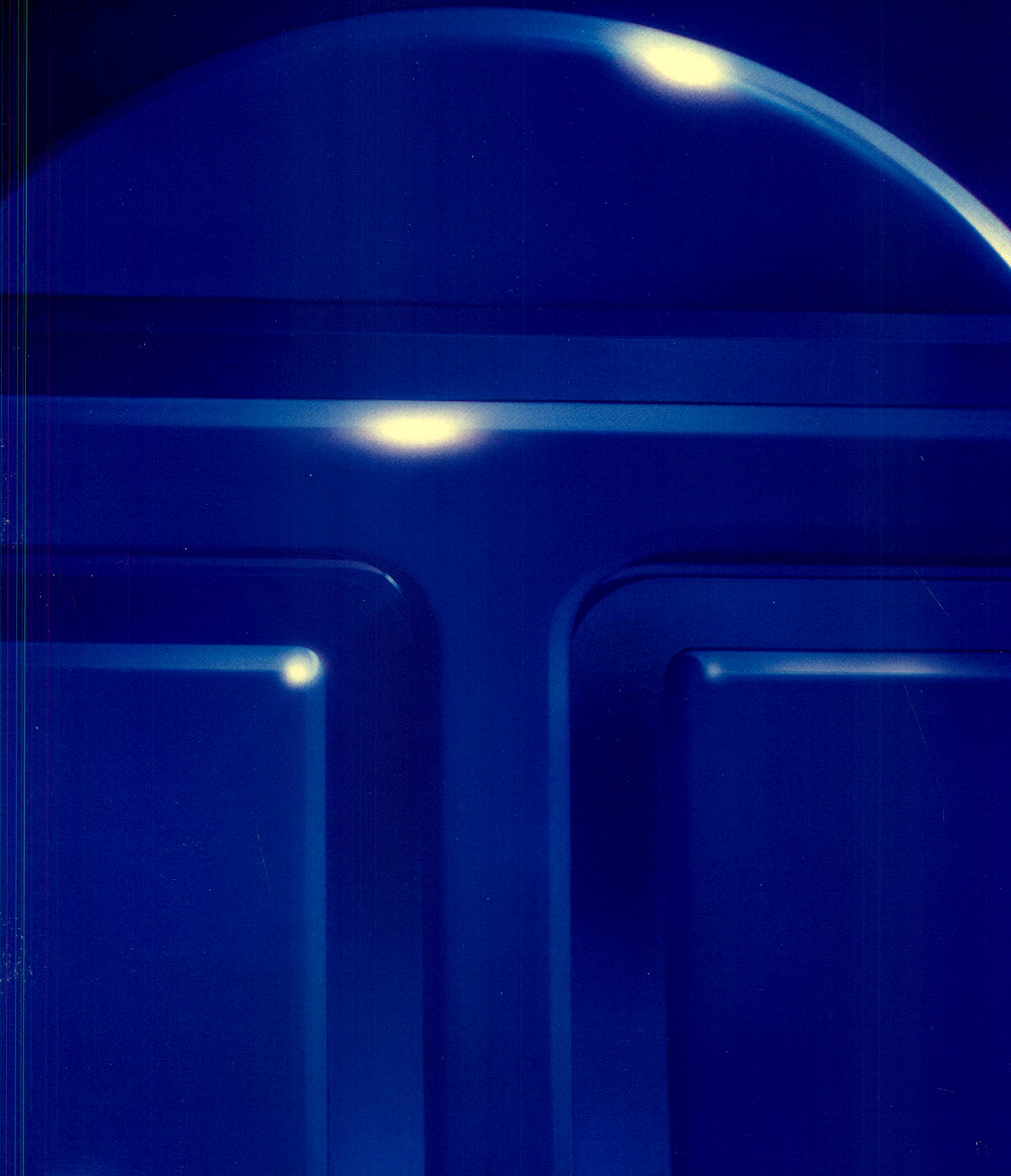
International Thomson Organisation Limited

ANNUAL REPORT 1987



International Thomson is a leading information and publishing and leisure travel company with strong interests in oil and gas. We believe that these sectors provide us with sufficient opportunity to grow and prosper. We operate primarily in the United Kingdom and North America.

The Group is entrepreneurial by tradition and is characterized by a decentralized style of management. We shall develop by enhancing and expanding our existing interests, through active product development programs, and by acquiring other suitable businesses, concentrating on high quality products in strong or growing markets. We seek leading positions and our philosophy favours the longer term when this conflicts with maximizing short term profitability.

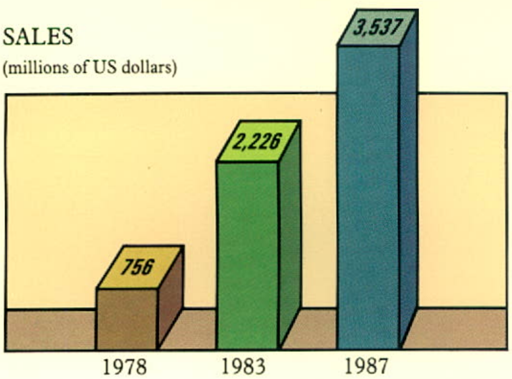
Some 75% of the common shares of International Thomson is owned by the Thomson family. The balance is owned by institutional and individual investors primarily in North America and the United Kingdom, and the shares are listed on the Toronto and London stock exchanges.

CONTENTS

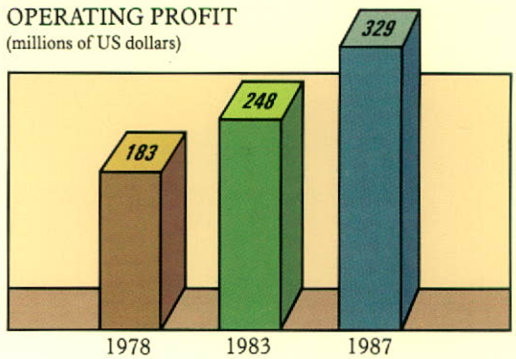
Results at a Glance

(millions of US dollars except per share amounts)	**1987**	1986
Sales		
Information and publishing	**1,418**	1,029
Leisure travel	**1,696**	1,173
Oil and gas	**423**	329
	3,537	2,531
Operating profit		
Information and publishing	**212**	129
Leisure travel	**46**	52
Oil and gas	**71**	47
	329	228
Earnings attributable to common shares	**185**	142
Earnings per common share (cents)	**63.2**	48.5
Dividends per common share (cents)	**20.0**	18.5

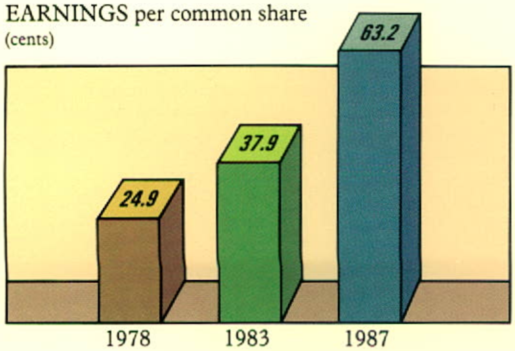
1978–1987: a decade of growth



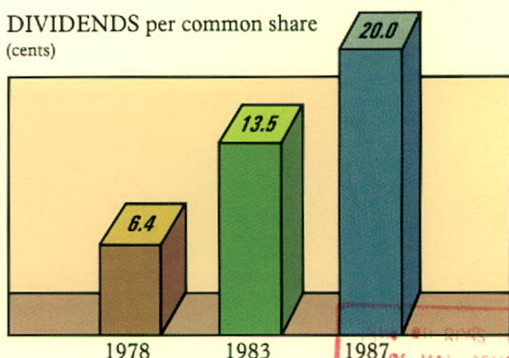
SALES
(millions of US dollars)



OPERATING PROFIT
(millions of US dollars)



EARNINGS per common share
(cents)



DIVIDENDS per common share
(cents)

Lord Thomson, Chairman of International Thomson (seated), with Michael Brown, President (left) and John A Tory, Deputy Chairman

1987 was another successful year, with a 30% increase in earnings attributable to common shares and further substantial progress on development. Both our information and publishing and oil and gas businesses achieved markedly higher profits. In leisure travel, we further increased market share and revenues, though profits were held back by widespread discounting.

Progress and Development

INFORMATION AND PUBLISHING: In information and publishing we continued to make good progress. Overall, our businesses performed well, and a number of them achieved exceptional results. Operating margins improved from 12.5% to 15% and cash flows were excellent.

With the introduction of modern technology and consequent demanning, our UK regional newspapers have transformed their economic position and prospects, justifying substantial further capital investment. Our other UK-managed publishing businesses have dramatically improved their performance in recent years and are now firmly focused on growth and development.

The performance of our North American professional publishing group was generally satisfactory, though markets are becoming more competitive. In US business magazines, our medical publishing group had an outstanding year. Although the markets for our North American specialized book group were difficult, market share gains were achieved in college publishing and, overall, margins improved and performance was up to our best expectations. Our US financial services information group had an extremely good year and now has a strong base for future growth in this field.

Expenditure on the creation of new products, both to maintain and to develop the business, continued successfully at record levels, with some $50 million being expensed, compared with $30 million in 1986. In addition, increased emphasis was placed on improving our marketing effectiveness.

The acquisition of Associated Book Publishers (ABP) in June was a major advance for the Group in legal as well as in scientific, technical and academic publishing in the UK, North America and Australia. The integration of the ABP businesses is going well and plans for their vigorous development are being finalized. The ABP book shops and trade lists did not conform to our strategic direction and have been sold.

Other important acquisitions in 1987 included CDA Investment Technologies, a US provider of information on equity holdings and transactions and of databases on portfolio analysis and performance measurement; Interavia, an international defence and aerospace publisher; and Glenigan, the leading provider of contract information services to the UK building and construction industries. After the year-end, the information services of Sheshunoff & Company, the foremost provider of financial information on US banks and other financial institutions, and Securities Data Company, a disseminator of information on new securities and debt issues, joined the Group.

LEISURE TRAVEL: Much was achieved by our leisure travel companies, which operate mainly in the UK. Sales exceeded £1 billion for the first time. In tour operating, we continued to implement the strategy adopted in 1986 and gained an estimated year-round share of the total market of 31.5%, compared with 27.5% in 1986 and 20% in 1985. Thomson Holidays sold 3.4 million holidays, over 30% more than in 1986. Portland Holidays, our direct-sell company, also achieved record sales of holidays. Quality standards generally were in line with the high level of the previous year. While the market expanded by an estimated 14%, considerable over-capacity and heavy discounting of summer program prices, especially towards the end of the season, eroded the profitability of our tour operating companies.

Britannia Airways carried a record number of passengers, achieved record profits and took delivery of a further Boeing 767 on a medium term operating lease.

Lunn Poly, our UK leisure travel retailer, increased its number of shops to 351 at the year-end. Sales, market share and profits exceeded the 1986 levels.

Thomson Vacations in the US achieved record carryings and improved profits.

OIL AND GAS: In oil and gas, although oil prices recovered in 1987, the uncertainty on price levels remains. Against this background, we decided that it would not be attractive for us to retain oil and gas activities in North America and, accordingly, we sold our interests at a small profit overall. Thus, our oil and gas activity is once again confined to the UK.

The performance of the Piper and Claymore fields was above our expectations, although about 80% of their combined reserves is now depleted. The Balmoral and Scapa fields, which came on stream in late 1986, also performed well. Total original proved reserves of both the Claymore and Scapa fields were upgraded. We committed to the Glamis and Chanter developments and completed tariff agreements for the Ivanhoe and Rob Roy fields. We drilled fewer exploratory wells than we had planned but, despite this, further discoveries were made. With production marginally above 1986 and the recovery in price, profits were substantially higher.

Financial

In recent years, the proportion of the Group's operations located in the US has been increasing and, as a result, with effect from January 1, 1987 the Group changed its reporting currency from pounds sterling to US dollars.

Group sales were $3,537 million, compared with $2,531 million in 1986. Information and publishing sales increased by 38% to $1,418 million, and travel sales by 45% to $1,696 million.

Earnings attributable to common shares were $185 million, compared with $142 million in 1986. Earnings per common share were 63.2 cents, compared with 48.5 cents. Dividends declared in 1987 totalled 20.0 cents per common share compared with 18.5 cents per common share declared in 1986, an increase of 8.1%. The dividend declared payable in June 1988 has been increased by 10%.

The contribution to the Group's total operating profit from information and publishing increased from 57% to 64%. Operating profit from our North American information and publishing companies rose from $89 million to $141 million, an increase of 58%, and in the UK and elsewhere from $40 million to $71 million, an increase of 78%. Operating profit from our leisure travel group, fell by 12% to $46 million. Oil and gas operating profit rose by 51% to $71 million.

Capital expenditures totalled $179 million, mainly in information and publishing and leisure travel. $438 million was spent on acquisitions, of which $323 million was for ABP.

During the year, the Group raised $75 million from the issue of preference shares in Canada. Long term debt and capital lease obligations rose by a net $146 million to $647 million. Net cash balances at the end of the year were $278 million.

Although debt has risen relative to equity, the Group continues to be a strong generator of cash and maintains excellent net interest expense coverages.

Management and Staff

The credit for a year of achievement and progress lies largely with our management and staff at all levels, and we are very grateful for their support and continuing positive contribution.

Following the restructuring of our businesses in 1985 and 1986, we are now enjoying increased stability managerially and no new senior Group appointments were made. We are delighted with the performance of our senior executive group.

We continue to improve and expand our training and executive development efforts and our succession planning is benefiting from these programs. Our performance-related incentive and shadow stock schemes for executives continue to evolve and are proving effective.

International Thomson Organisation Limited

Interim Report
Three months ended
March 31, 1988

Registered Office
Suite 2706
Toronto Dominion Bank Tower
P.O. Box 24
Toronto Dominion Centre
Toronto, Ontario M5K 1A1
Canada

To the shareholders:

(Unless otherwise stated all references to "$" or dollars are to US dollars)

Financial results

The loss attributable to common shares for the three months ended March 31, 1988 was $8 million compared with $3 million for the same period in 1987. The information and publishing group produced excellent operating results which partially offset higher financing costs and the effect of lower oil prices and production in Thomson North Sea (TNS). As was evident last year, a greater proportion of the earnings now arise in the second half of the year and the first quarter results are not indicative of the likely outcome for the full year.

Operating report

Information and publishing
The information and publishing group's results were well ahead of the corresponding period last year. Regional newspapers, business magazines and information services in the UK all performed especially well. In the US the financial services group has been relatively unaffected by last year's stock market decline and the resulting uncertainty.

Leisure travel
Operating results for the leisure travel group were in line with last year.

Thomson Holidays' winter 1987/1988 program recorded a 9% growth and operated at very high load factors with little discounting. The Ski and Young at Heart programs were particularly successful. The outlook for the summer season is still uncertain with cumulative bookings to date for both the group and the market below the 1987 level.

A sixth Boeing 767 aircraft joined the Britannia Airways fleet at the end of March. Lunn Poly continued to expand and opened a further 44 shops during the first quarter, bringing the total to nearly 400.

Oil and gas
Oil prices averaged $15 per barrel in the first quarter which was $2 lower than the average price in the comparable period last year. As expected, overall production was lower than the first quarter last year. Despite these factors, the operating results were ahead of the corresponding period last year, because of reduced effective rate of petroleum revenue tax.

Development

As disclosed in the 1987 annual report, the information and publishing group acquired the information services division of Sheshunoff & Company, the foremost provider of financial information on US banks and other financial institutions and Securities Data Company, a disseminator of information on new securities and debt issues.

On April 29, the Group agreed to acquire the Herald Group, which publishes 26 free newspaper titles in the UK.

The UK consumer magazine interests were sold on April 14.

In the North Sea the Chanter and Glamis field developments are progressing satisfactorily. In the second round of UK onshore licensing TNS was awarded three licences.

Dividends

As previously announced, the directors of International Thomson Organisation Limited (ITOL) have declared a dividend of US 11.0 cents per ITOL common share, and the directors of International Thomson PLC (ITPLC) have declared a pound sterling equivalent dividend of 6.1972p per ITPLC common share (totalling $32 million), both payable on June 15, 1988. Dividends will be paid either on the common shares of ITOL or on the common shares of ITPLC in accordance with dividend elections in force on May 9, 1988 which is the record date for these dividends.

The dollar/pound sterling rate of exchange on which the pound sterling equivalent dividend on the ITPLC common shares was based was $1.7750/£1, being the rate at 3:00 p.m. in London, England on the business day prior to that on which the dividend on the ITOL common shares was declared.

Thomson of Fleet
Chairman

Michael Brown
President

May 11, 1988

Consolidated statement of earnings

(millions of US dollars, except per share amounts)

	Three months ended March 31 1988	1987
Sales	713	585
Cost of sales, selling, general and administrative expenses	627	491
Depreciation, depletion and amortization:		
Oil and gas properties	19	20
Property and equipment	19	14
Aircraft and spares	4	4
Goodwill	5	2
UK petroleum revenue tax	31	43
Net interest expense and other financing costs	12	8
	717	582
(Loss) income before income taxes	(4)	3
Income taxes (note 1)	3	(1)
(Loss) earnings before dividends on preference shares	(1)	2
Dividends on preference shares	(7)	(5)
Loss attributable to common shares	(8)	(3)
Loss per common share	(2.7 cents)	(1.0 cents)

Consolidated statement of changes in cash position

(millions of US dollars)

	Three months ended March 31 1988	1987
Cash provided by (used for):		
Operations		
(Loss) earnings before dividends on preference shares	(1)	2
Add (deduct) items not involving cash:		
Depreciation, depletion and amortization	47	40
Deferred taxes	(9)	(7)
Other	3	(3)
	40	32
Change in non-cash working capital	37	(9)
	77	23
Investing activities		
Acquisition of businesses	(85)	(16)
Proceeds from disposal of businesses and investments	—	23
Additions to oil and gas properties	(3)	(14)
Additions to property and equipment	(31)	(23)
Additions to aircraft and spares	(44)	—
	(163)	(30)
Financing activities		
Proceeds from long-term debt	28	29
Obligations incurred under capital leases	47	—
Repayment of long-term debt and capital lease obligations	(21)	(47)
Decrease in other liabilities	(2)	(4)
	52	(22)
Dividends paid on preference shares	(7)	(5)
Foreign currency translation gains	3	18
	(4)	13
Decrease in cash (note 2)	(38)	(16)
Cash at beginning of period	278	367
Cash at end of period	240	351

Notes

1. Income taxes include tax refunds of \$2 million (1987–nil).
2. Cash comprises cash, bank term deposits and short-term investments less short-term bank indebtedness.
3. The comparative figures have been reclassified to conform with the current year's presentation.
4. These statements are unaudited.

Printed in Canada

During the past two years in particular, as new businesses have joined us, we have welcomed many new colleagues. We are pleased with the way they have settled in and are taking advantage of our growth-orientated environment.

Strategy and Outlook

Our strategy remains largely unchanged – we intend to enhance our leading positions in specialized information and publishing and in leisure travel while, at the same time, maintaining strong oil and gas interests in the UK North Sea. We place emphasis on quality, service and market leadership and try to position ourselves in strong marketplaces. We take a longer term view when this is beneficial, even if it is in conflict with the maximization of short term profits. In building for the future, we aim to avoid speculation, but we are prepared to take calculated risks.

While much of our growth in information and publishing in recent years has been through acquisitions, we see an increasing proportion of our future growth arising from enhancing and optimizing what we have and through the creation and successful marketing of new, related products.

Organizationally we continue to be highly decentralized, and we place ever more emphasis on the excellence and commerciality of our managements and on the training of our future executives. While international, our business is focused in stable, developing economies, primarily the US, the UK, Canada, Australia and Scandinavia.

We intend to continue to apply these general principles and see more than enough opportunity for us to grow and prosper within this framework.

INFORMATION AND PUBLISHING: In information and publishing we have invested approximately $1.5 billion in acquisitions over the last five years or so, and we now have a strong group of companies. We have an excellent management team, which we feel compares favourably with any of our competitors. Our costs are competitive and we are placing yet more emphasis on marketing. We are planning to increase further the proportion of our growing revenues which is invested in new product creation, as well as investing heavily in modernization and new equipment to enable us to continue to increase productivity, quality and service. We believe that we can look forward to strong, steady growth in our existing businesses.

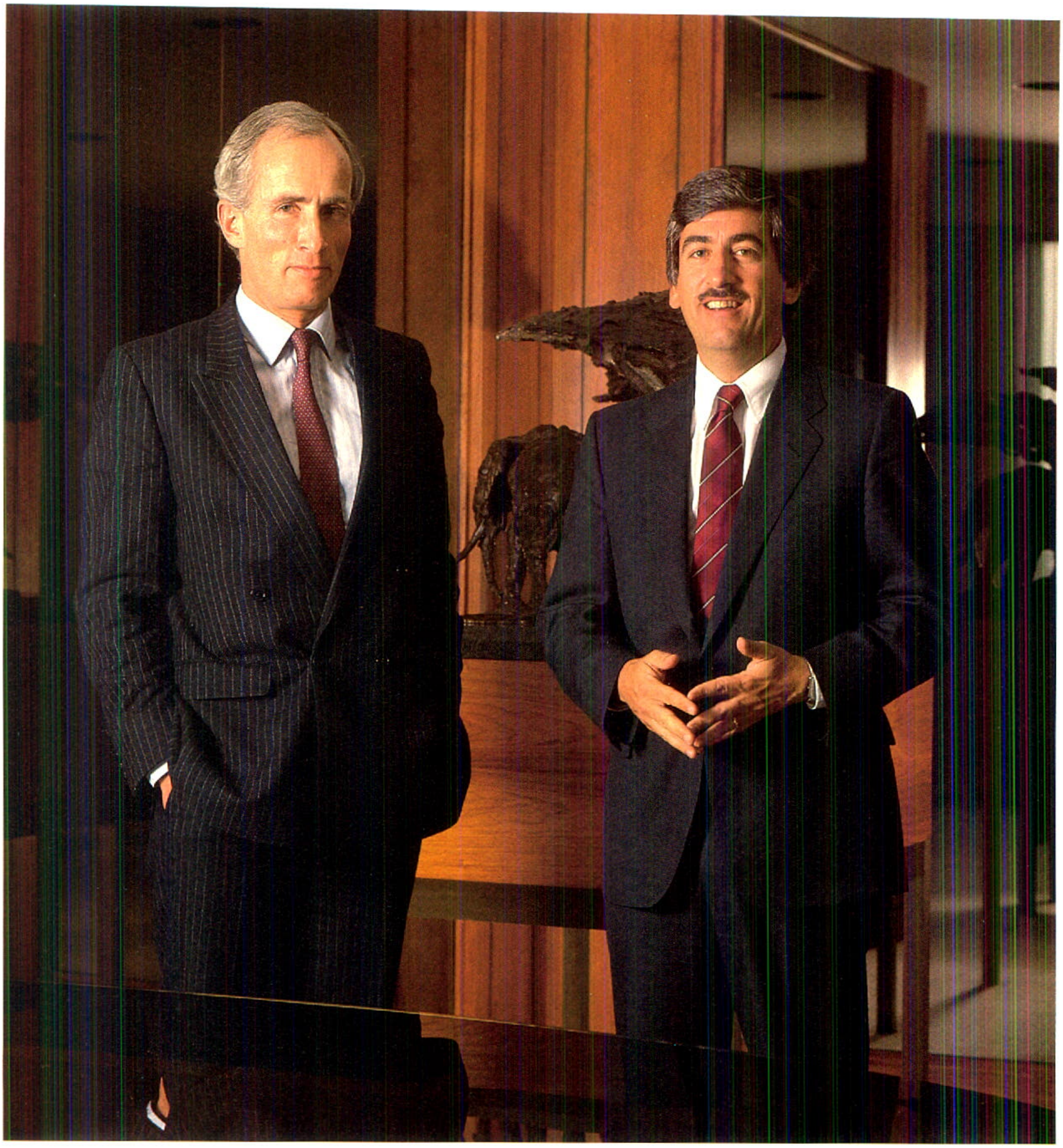
In the near term, we shall be placing less emphasis on acquisitions, as we have been especially active in recent years and need time to assimilate the many businesses that have joined us. Furthermore, there has already been much consolidation in the information and publishing industry, in which we have played a significant part, reducing the number of attractive companies that remain independent at a time when competition for acquisitions has increased. We shall thus be increasingly selective in the future and will be focusing on acquisitions which are related closely to, and hence can strengthen, our existing businesses. However, we remain keen to find exceptional opportunities to move into new areas.

We are now one of the leading specialized information and publishing companies in the world and we have excellent prospects.

LEISURE TRAVEL: We have a strong market position in the UK leisure travel industry. We have the largest market share in both tour operating and aircraft charter and we are in a strong number two position in the retailing of package holidays. We continue to aim to provide exceptional value for money and service to our customers.

In tour operating in 1986 and 1987, we substantially increased our market share and established a sizable lead over our nearest competitor. Due in part to our strategy, there has been a consolidation in the marketplace with changes in the ownership of all our major competitors. Over two-thirds of the market is now concentrated in the hands of the leading five companies and we regard this as positive for the stability of the industry in the longer term.

We plan to develop our positions in what we expect to be a growing market and we look to increasing profits and cash flows in the medium term. In the short term, however, keen price com-



Mark D Knight, Vice President and Secretary of International Thomson (left), with Nigel R Harrison, Vice President, Finance petition is holding down margins. Over this period, market share will remain a key priority, even if this has an adverse impact on profitability.

OIL AND GAS: Our oil and gas activity is now concentrated in the North Sea. The combined production from the Piper and Claymore fields is now experiencing an inevitable decline, which can only be partly offset by contributions from other fields, new developments and income from tariffing other parties' oil through our pipeline and onshore facilities. Our prime objective is therefore to secure further development opportunities for the 1990s and, to this end, we have a sizable budget to enable us to explore the blocks in which we have interests, to bid aggressively for new blocks and to seek farm-ins. It is unlikely that oil and gas will ever again generate a major proportion of our profits, but we see it continuing to provide a very worthwhile contribution.

Over the next few years we will, therefore, see a continuing change in the mix of our business with information and publishing progressively increasing its contribution, perhaps approaching three-quarters of our profits, and that from oil and gas declining further; and with North America generating half our profits.

Overall, we see our businesses strengthening commercially and financially. We shall generate good cash flows. Quality will continue to improve and development will continue vigorously. We have an effective structure and businesses which are aggressively managed, and we are thus able to go forward with confidence to take advantage of the opportunities which the sectors in which we operate continue to offer. We therefore remain optimistic about our prospects.

Finally, common shareholders will see from the notice accompanying this Annual Report that this year's Annual Meeting will be held in Toronto, Canada. With a growing proportion of our shareholders resident in Canada, this is appropriate. In the future, it is our intention to alternate the Annual Meetings between Toronto and London.

Thomson of Fleet
Chairman

Michael Brown
President

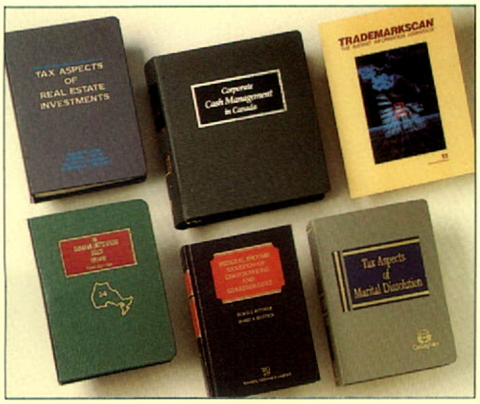
On pages 8 to 28 the Report on Operations deals with our interests in Information and Publishing, Leisure Travel and Oil and Gas in more detail.

Jack C Fleming, President and CEO, International Thomson Professional Publishing (left), with Gerard B Halpin, President and CEO, Richard De Boo Publishers and Alan Turnbull, President and CEO, The Carswell Company, at Carswell in Toronto

Information and Publishing

1987 was another successful year, with substantial growth in both sales and profits. Acquisition activity continued at a high level. We invested a further $438 million and 15 companies and product lines joined us. Other important features of the year were the continued emphasis placed on the development of new products and on improving marketing effectiveness in all our groups. Early in 1988, Sheshunoff & Company and Securities Data Company joined the group.

Information and publishing comprises six largely autonomous groups; four operate primarily in North America and two are managed from the UK and operate mainly in Europe and Australia. The contribution to sales and operating profit is spread fairly evenly between the six groups except for our specialized book group which contributes approximately 25% of sales and operating profit.



International Thomson Professional Publishing

All companies in International Thomson Professional Publishing (ITPP) serve the legal profession and, in addition, provide quality information to other professionals in the fields of tax, banking and financial services, accounting, business, real estate, data processing, engineering, and copyright and trademark research.

Warren, Gorham & Lamont (WG&L), the largest company in ITPP, continued its strong performance by launching 29 new titles and increasing both sales and profits. CPAid, a publisher of tax and accounting software, joined WG&L in July, adding a new electronic product line to the company.

Callaghan & Company had a very disappointing year. While 13 new publications were introduced, led by 'Callaghan's Federal Tax Guide', additional investment is needed to sharpen the company's marketing and editorial effectiveness. New management is positioning Callaghan for recovery and renewed sales and profits growth.

Clark Boardman Company again enjoyed increased sales and profits and introduced several new products, including two new series on Taxation and White Collar Crime. Its Taft Group achieved outstanding growth, with nine new products strengthening its leadership in publishing for non-profit and fund-raising organizations.

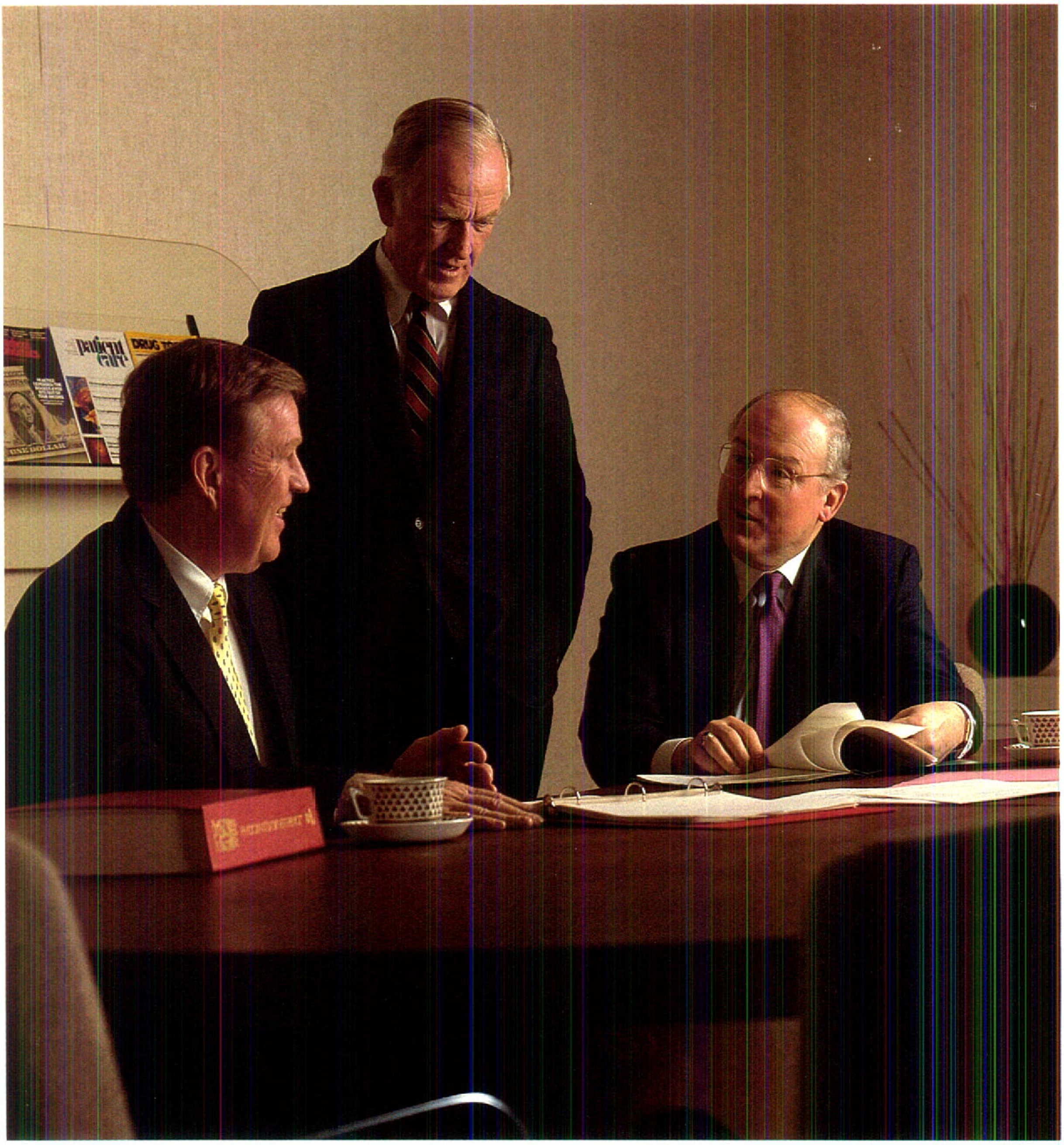
Richard De Boo Publishers had its best year ever, introducing 19 new publications. The company increased its product range for non-legal professionals with three new services for the financial community. Berwick Ferguson Payroll joined De Boo in March, thus broadening the company's market presence to include the general business community.

The Carswell Company, the leading provider of legal materials in Canada, joined ITPP. Plans are being developed to extend aggressively its product range in the general business and other non-legal professional markets. Four new loose-leaf services were launched during the year, together with 37 books and two newsletters.

Thomson & Thomson (T&T) and Compu-Mark International, leaders in trademark research, had an outstanding year. T&T made several major additions to its computerized databases for in-house trademark research, added databases for the 50 States as a companion to the Trademarkscan on-line Federal Database and introduced image trademarks on-line through Dialog. Compu-Mark mounted a full-text Italian database and is developing other international databases. Early in 1988, T&T acquired Brylawski & Cleary, the leader in copyright and title research in the US.

ITPP has positioned itself solidly to maintain its momentum of recent years, both by developing organically and by appropriate acquisitions.

Information and Publishing



Robert J Jachino, Executive Vice President of International Thomson and CEO, Information and Publishing Group (right), with Charles P Daly, President and CEO, International Thomson Business Press (centre) and Thomas J McGill, President and CEO, Medical Economics Company, at Medical Economics, Oradell, New Jersey

International Thomson Business Press

International Thomson Business Press (ITBP) has five divisions. During 1987, the cable television publications, Ward's Communications and Industrial Press were combined into a single division. ITBP's other interests continue to be in the medical, automobile repair, transportation and retail markets. Substantially higher sales and profits were achieved in 1987.

Medical Economics Company had an outstanding year and, despite some contraction in its market, the 'Medical Economics' magazine itself turned in an excellent performance. The editorial staff of Medical Economics Company won six awards for editorial excellence in the prestigious 34th Annual Jesse H. Neal Awards. 'Physicians' Desk Reference', in its enlarged format, achieved record copy sales and 'Drug Topics', serving pharmacists, also had a very good year.

American Health Consultants continued to grow, strengthened by the acquisition of several newsletters in new markets such as dentistry, and Med Publishing introduced 'Oncology & Biotechnology News' to cover new developments in cancer therapy.

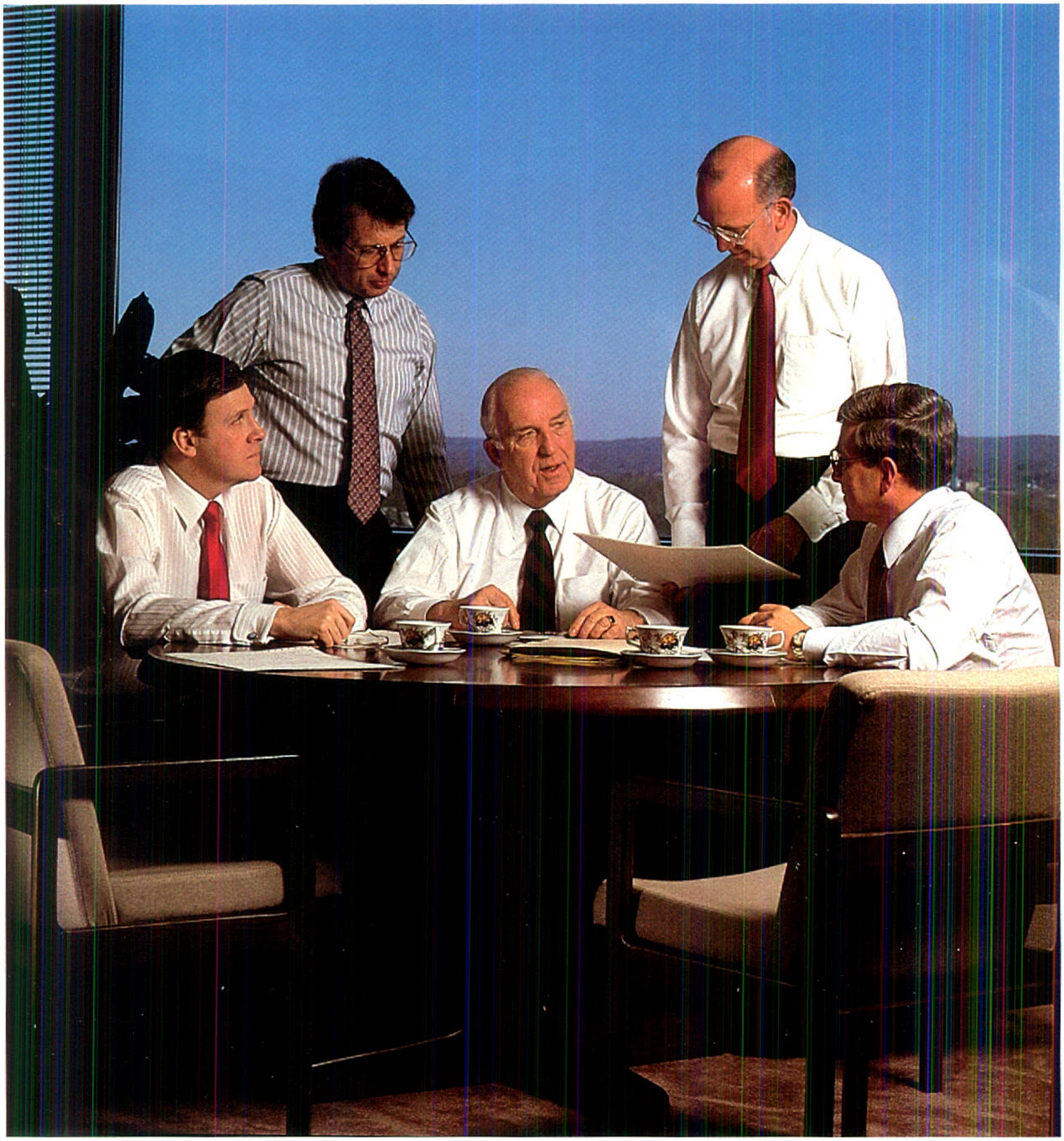
In the automobile repair field, Mitchell International made good progress. During the year, the company was strengthened by adding further experienced senior management. Mitchell continued to serve independent automobile repair facilities and the insurance industry with upgraded versions of its established products. In addition, Mitchellmatix, a fully computerized product for insurance industry claims adjusters, is being increasingly accepted as the state-of-the-art method of estimating automobile collision repair costs.

The transportation group successfully entered the motor carrier market and our railroad publications had a good year. However, our ocean shipping publications were affected by a sluggish market. 'Traffic World', acquired in late 1986, was redesigned and strengthened.

Retail Press had a difficult year, with its consumer electronics publications continuing to suffer from lower advertising expenditures by Japanese electronics manufacturers. Also, absorbing the five additional publications acquired in 1986 proved to be a significant challenge. However, 'Convenience Store Merchandiser' had an excellent year in a dynamic marketplace.

Ward's Communications had a further outstanding year. A new magazine, 'Ward's Auto Dealer', was introduced for new car dealers and our international automotive newsletter, 'Ward's Automotive International', first published in late 1986, continued to exceed our expectations. Our industrial magazines had another disappointing year, but in the cable television marketplace we increased market share.

Although ITBP still faces challenges, overall the outlook is favourable.



Donald A Schaefer, Chairman and CEO, International Thomson Publishing (seated centre), with (left to right), Thomas A Paul, President and CEO, Gale Research Company; Sheldon I Kramer, Chairman and CEO, Research Publications and President and CEO, UTLAS International; C LeMoyne Smith, President and CEO, South-Western Publishing Co, and Max E Croucher, Vice President of Operations, International Thomson Publishing, at ITP's Teaneck, New Jersey headquarters

International Thomson Publishing

International Thomson Publishing (ITP) publishes quality books and services for selected educational, occupational, library and professional markets, both in North America and internationally.

With the addition of South-Western Publishing Co, acquired at the end of 1986, and a strong performance by Wadsworth, ITP has become the second largest college publisher in the US. Wadsworth, a major college text-book publisher, had another good year, its strong lists enabling it to withstand increasing competition and to out-perform the industry. Moreover, a good year in signing new manuscripts will help assure its continuing success. In its first full year with us, South-Western, the foremost business education publisher in the world, exceeded sales of $100 million for the first time and achieved margins that matched our best expectations.

Delmar Publishers had a successful year, strengthening its position as a leader in vocational/technical publishing by becoming the principal company in the field of technology education in secondary schools. Linguistics International, which publishes in the foreign language and computer science fields, saw substantial improvements in both sales and operating margins. Van Nostrand Reinhold, while achieving substantial sales growth, still requires further editorial development to secure its place as a leading professional/reference publisher. Overall, our US book group enjoyed an excellent year, despite a less than buoyant marketplace.

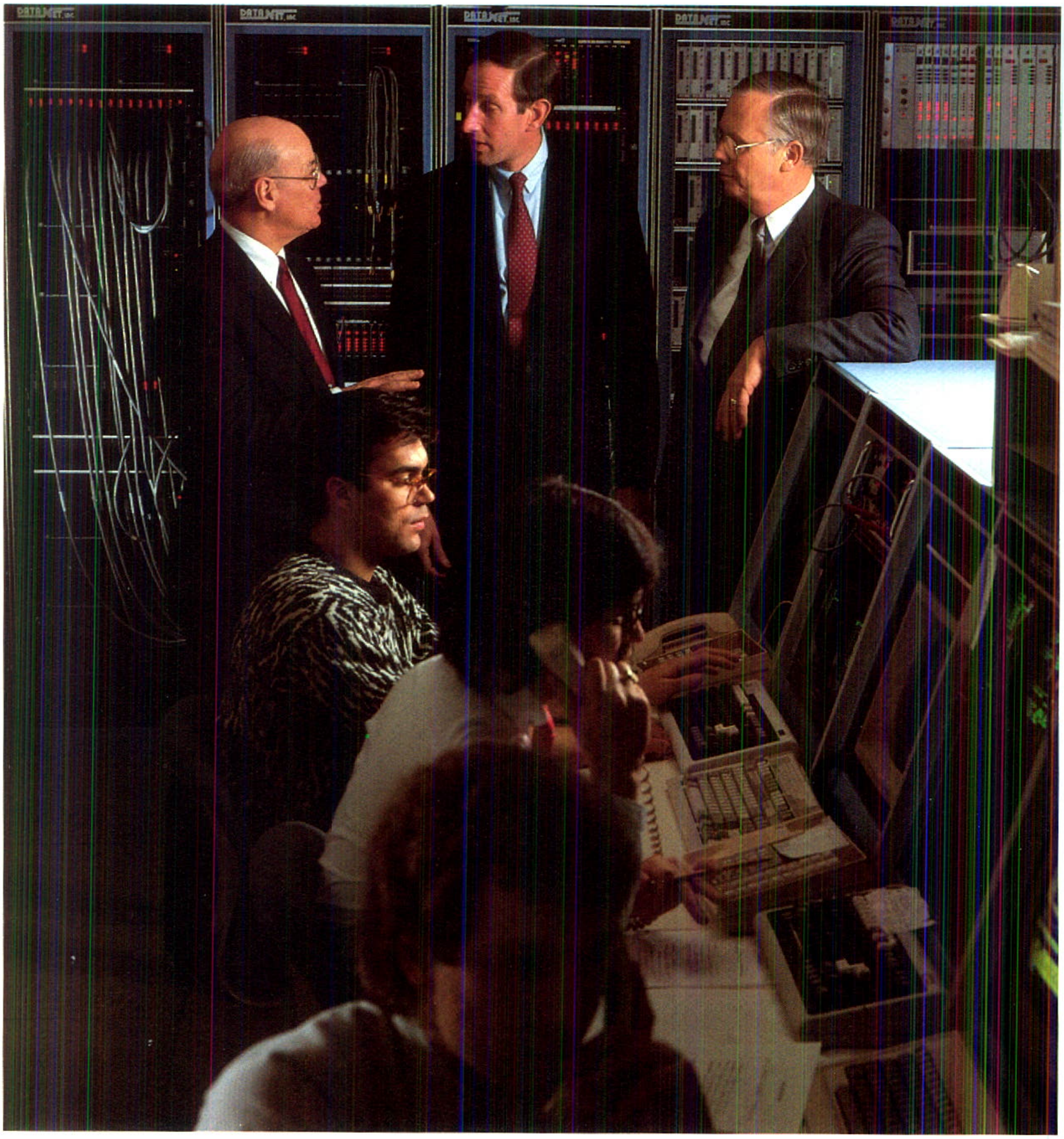
Profits of our non-US book companies were in line with our expectations. Nelson Canada, a leading schools publisher, enjoyed another good growth performance. During the year it began selling Wadsworth books in Canada, and integrating ABP's Canadian college division, thereby becoming an indigenous college publisher for the first time.

Against a background of weak education markets outside North America, the results of our UK and Australian education/reference publishers were in line with 1986.

Inadequate funding continued to impact adversely parts of the library services market in North America. Although our library group in total improved its results, these were below our expectations. Gale Research Company had a difficult year in library reference publishing, despite some improvement in sales. Its strong emphasis on new product development continues and should begin to bear fruit in 1988. Research Publications, a microform publisher of library reference materials, achieved improved sales and profits, and acquired Harvester Microform in the UK. UTLAS International continued to develop its base in automated library systems.

With aggressive product development and enhanced marketing strength, ITP looks forward to continued expansion and growth.

Information and Publishing



Peter H Shipman (right), Chairman of InFiNet, with George W Landgrebe, President of AutEx Systems and (left) Robert C Hall, President of InFiNet, photographed at AutEx, Wellesley, Massachusetts

InFiNet (International Financial Networks)

The InFiNet group of companies comprises American Banker/Bond Buyer, AutEx Systems, Technical Data International and CDA Investment Technologies (CDA), an important acquisition in 1987. In addition, Securities Data Company joined InFiNet early in 1988. InFiNet focuses on the provision of productivity enhancing services to the professional financial community world-wide, and on publishing newspapers and newsletters in the fields of banking, municipal bonds and mortgage-backed securities.

During 1987, all companies exceeded their profit plans and, excluding acquisitions, the group as a whole substantially increased sales while continuing to maintain healthy operating margins.

American Banker/Bond Buyer continued to expand its financial services product line and added a major new personal computer-based product, Munifacts Plus.

Following the success of AutEx's Trading Information System services in the US, the company has expanded into the London financial market, and has also introduced a completely revised product, Alert, which provides automated delivery instructions for institutions and brokers dealing in securities.

During 1987, Technical Data Corporation and Business Research Corporation were combined into a single trading entity, Technical Data International. This company achieved significant growth in all areas, particularly in its InvesText and First Call research products for the investment community. Encouraging progress has been made in penetrating the UK market, and marketing has begun in Japan.

The acquisition of CDA last April was a major step forward for InFiNet. CDA, through its Spectrum products, offers a variety of on-line, micro-computer and printed products covering, amongst others, the equity holdings and transactions of investment companies. In addition, its Cadence Universe database services include portfolio measurement and analysis, asset mix decision modelling and comparative statistics on investment advisors, mutual funds, insurance company funds and bank pooled funds. CDA has continued its high growth and impressive margin performance since joining the group.

A decision was reached late in the year to develop a dedicated telecommunications network to service AutEx's and other InFiNet companies' data communications needs, giving increased flexibility, improved reliability and reduced costs for customers. Planning is underway and it is expected that the network will be operational by mid-1988.

While 1988 may be an uncertain year for the financial community, InFiNet companies will continue to develop new products and services in attractive niches, and anticipate further growth in both sales and profits.

John A S Gill, Managing Director of Thomson Information Services (centre), with (right) Malcolm A Gill, Managing Director, International Thomson Publishing (UK) and Vincent H Conran, Managing Director, International Thomson Business Publishing, on the site of Rosehaugh Stanhope Developments' Broadgate Project, London. Thomson Information Services is a major provider of information to the building and construction industries

Thomson Information Services

Thomson Information Services Limited (TISL) embraces most of the Group's non-newspaper information and publishing interests outside North America. 1987 was a landmark year with rapid sales growth and improved operating margins. The increase in sales and profits arose from a combination of volume gains, new product development and six acquisitions.

Derwent Publications had another year of growth and strong new product development activity, expanding the use of its electronic databases and launching a series of 'Automotive Patents Profiles' in hard copy format.

Our UK business magazines company acquired three magazines to strengthen existing product clusters. In addition, 'Building Today' was launched as a successor to 'Building Trades Journal' and 'New Electronics' became a monthly technical publication. 'Drapers Record' had a most successful centenary year.

Glenigan, which provides sales leads information services to the building and construction industries, had a very successful first year within TISL, and successfully launched its 'Tender Alert' service. Early in 1988, a similar business was acquired in Norway.

'Family Circle' and 'Living' continued to increase their circulations and profits, and three new Practical titles were successfully launched.

In Scandinavia, we had an excellent year. The new edition of the highly respected Karnov legal publication was well received, and we enjoyed strong growth in our directory companies.

In Australia, we enhanced our exhibition business with the acquisition of World Trade Promotions, and Cordell and the magazine company continued to strengthen their market positions.

Glass's Guide Service (51%) had another fine year with enhancements to its technical and valuation services for the automobile industry, as well as further growth in both sales and profits.

Our UK-based professional publishing companies had a very good year, providing new services for the legal, accounting and taxation communities locally, as well as 'Equities International', a successful new international publication for the financial services community, and various electronic database services.

A number of ABP's specialized publishing interests joined TISL during the year. By adding Sweet & Maxwell, W Green & Son and Police Review in the UK and The Law Book Company in Australia, TISL has become one of the leading UK and Australian-based professional publishing companies. Product development and marketing plans are being finalized to exploit market opportunities to the full.

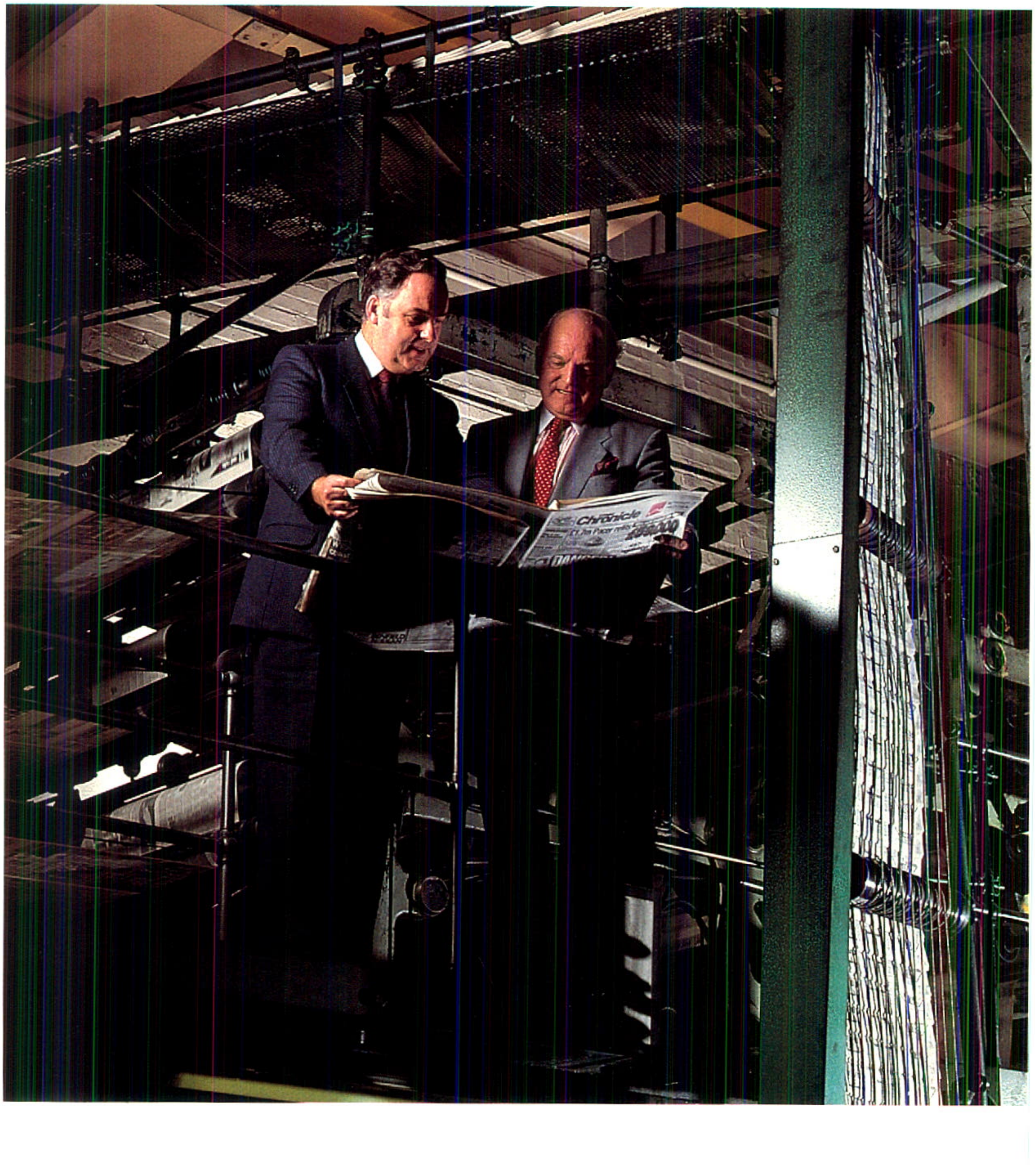
ABP's and the Group's existing UK-based scientific and academic publishing interests have been brought together within TISL. Commissioning, marketing and sales activities have been given a sharper focus and ambitious plans are being implemented to take full advantage of the scope offered by a strong product and revenue base in an attractive international market.

Jane's Publishing had a much better year in 1987, led by an excellent performance from 'Jane's Defence Weekly' but, in the US, DMS had another difficult year with profits below 1986. During 1987 Interavia, publisher of 'International Defense Review' and 'Interavia Aerospace Review', was acquired and, as a result, Jane's Publishing Group has become the leading defence information provider in the world.

Thomson Directories (50%) enjoyed another year of excellent growth and achievement of ambitious sales targets. We are optimistic about the potential for this local directory business.

We anticipate that 1988 will be another year of strong growth and development for TISL.

Information and Publishing



Bill Heeps, Chairman and Chief Executive of Thomson Regional Newspapers (right) with Joe Logan, Managing Director, Newcastle Chronicle & Journal, photographed in the press-room in Newcastle, England, where a considerable investment in colour printing presses is taking place

Thomson Regional Newspapers

Thomson Regional Newspapers (TRN) is the largest regional newspaper publisher in the UK with 33 paid-for and 37 free newspapers. A more buoyant advertising market for TRN's titles, especially in the employment category, enabled all publishing centres to show an improvement in profitability over 1986, with three of the larger centres – Belfast, Cardiff and Newcastle – producing outstanding performances. With higher sales and the containment of costs, TRN achieved a further improvement in its operating margin.

Computerized technology in commercial and editorial departments has been introduced in all centres and the resulting productivity improvements are exceeding our expectations. TRN is now in a much stronger competitive position in its marketplaces, and the reduced cost base is opening up fresh opportunities for the development of additional titles and services.

While, for most of 1987, the aggregate number of newspapers sold by TRN was again below the preceding year, from September the situation began to improve. Sales of the 'Belfast Telegraph' exceeded those in 1986, while the 'Lancashire Evening Telegraph' maintained the 1986 level. Sales of the 'South Wales Echo' in the final months of 1987 were running above the level of the previous year. TRN's highest priority is to secure improvements in circulation and household penetration in all its ten centres and, to this end, record expenditure on new initiatives in editorial, and product development generally, is underway.

Tactical acquisitions in 1987, strengthening existing positions, included the purchase of Weekly Courier (Morpeth), the publisher of two free weekly newspapers in the north-east of England with a combined verified circulation of 105,000 copies, and the move by Thames Valley Newspapers to total ownership of a property newspaper in the region.

Because of our confidence in the future of TRN, the Group is embarking upon a major program of re-equipment and modernization in several centres, involving the installation of three new press lines accompanied by packing and distribution equipment. TRN will become the first newspaper publishing company in Britain to use the new Goss Colorliner printing presses, which will facilitate and encourage the optimal use of colour in advertisements and editorial illustrations.

A record number of awards was won by TRN's newspapers in industry competitions, and publishing centres were again instrumental in raising funds for charities.

TRN is confident that a seventh successive year of higher sales and profits can be achieved by expanding the volume of advertising and newspaper sales while keeping price increases at or below the level of inflation.

Information and Publishing: group outlook

Despite some uncertainty for business generally, our policies and priorities for the information and publishing group have not changed. Our product development programs are vital to our future and we plan to expense some $80 million in 1988. We expect capital expenditure on further modernization and computer systems' enhancement to exceed $100 million. We will seek further tactical acquisitions to enhance our established bases; and, over the years ahead, will also selectively pursue strategic acquisitions to take us into new markets. We intend to increase further our marketing effectiveness and productivity to ensure that we are one of the most efficient companies in all the sectors we serve. With this commitment, we are confident that our business will continue to grow and succeed.

Derek H Davison, Chairman and Chief Executive of Britannia Airways (right), with David Hopkins, Managing Director, in a hangar at Luton Airport, England, where one of the Boeing 767 fleet is in for a regular maintenance check

1987 was a year of record sales, exceeding £1 billion for the first time. Profit, including interest, of $70 million was lower than the 1986 record, but better than any previous year. All companies achieved improved profits over 1986, with the major exception of UK tour operating, where the difficult summer 1987 market saw heavy price discounting which severely affected profitability, both for the industry and our own companies.

1987 was Britannia Airways' twenty-fifth anniversary, which it celebrated by carrying a record 6.15 million passengers, surpassing the previous record, set in 1986, by 600,000 passengers. Profits also set a record and there were further increases in the utilization of both our Boeing 737 and Boeing 767 fleets. This growth in activity required additional staff, principally flying staff, but nevertheless productivity gains were again achieved. Customer satisfaction remained high and for the second year running Britannia was voted "Charter Airline of the Year" by travel agents.

A particular and pleasing feature of 1987 was the larger winter flying program, where Britannia benefited from a 20% increase in the market. With the fleet regularly flying an average of over 14 hours a day in summer, compared with eight hours in winter, it is the latter that provides most scope for increased utilization.

Britannia continued its small but steady incursion into scheduled flying on routes to popular holiday destinations. While representing less than 1% of total business, nine scheduled routes were operated in 1987 and the policy of applying for, and operating under, such licences will continue in 1988.

The Britannia fleet in 1987 included five wide-bodied Boeing 767 aircraft, which have continued to prove most attractive to passengers. To help meet future demand, a further three of these aircraft have been ordered; one for delivery in March 1988, one at the end of the year and one in 1989.

From its small beginnings in 1962, with a fleet of three Lockheed Constellations, Britannia has grown to become one of the leading leisure airlines in the world. It embarks on its second quarter century intent on maintaining that record of success.

Further significant gains in volume and market share but a much reduced profit were the main features of 1987 for Thomson Holidays. The number of holidaymakers choosing Thomson Holidays, including Skytours, grew from 2.6 million in 1986 to 3.4 million in 1987. This means that in the two years since 1985, Thomson Holidays has grown by 145% in terms of passengers carried and has moved from a 19% to a 33% share of the UK market through travel agents.

However, the market environment for summer 1987 programs was a difficult one. Although the overall market is estimated to have grown by some 13%, much of this growth occurred in bookings close to the departure date, when substantial discounting was required to achieve sales. Once again, more than half of the market's growth was taken up by Thomson Holidays although, as a result of discounting, the company was not able to achieve 1986 profitability.

For the sixth consecutive year, Thomson Holidays was voted "Top Major Tour Operator" by

Leisure Travel

Paul Brett, Deputy Managing Director of the Thomson Travel Group (centre) in the photographic library at Thomson Holidays in London, with Thomson Holidays' Managing Director, Charles Newbold (right) and Marketing Director, Rosemary Astles readers of the 'Travel Trade Gazette' magazine. The growth in the business has subjected the company to many pressures, but the quality of holidays operated, as measured by questionnaires completed by customers on return flights, was maintained at similar levels to 1986. We are aiming for an improvement in quality in 1988.

The Skytours brand, which was relaunched in 1986, increased sales by a remarkable 175% to over 400,000 passengers in 1987, making it the fourth largest brand in the UK market in only its second year of operation. Substantial growth was also seen in the long-haul program, Thomson Worldwide; in the winter program aimed at the over-55 age group, Thomson Young at Heart; and in the specialist program of inexpensive holidays to Greece and the Greek Islands, Thomson Simply Greece.

Further productivity gains were made in 1987, with the significant landmark of 4,000 holidays sold per UK-based member of staff being reached for the first time. Substantial investment in technology has enabled Thomson Holidays to improve this measure of productivity to almost three times the level of five years ago.

After two years of enormous growth in volume and market share, 1988 will see volumes stabilizing. Sales of the winter 1987/88 programs are ahead of last year, with Ski and Young at Heart again making significant gains. Early bookings for the summer 1988 season are below last year's level, both for the market and for Thomson Holidays. It is expected that much of this shortfall will be recovered as the booking season progresses. Taking the year as a whole, both the market's and Thomson's volumes are expected to be similar to those of 1987.

1987 saw Portland Holidays achieve record sales of 304,000 holidays and record quality scores. Financially the year was disappointing, although the company remained profitable despite a difficult late booking marketplace.

The Portland philosophy remains that of offering a streamlined product range with the emphasis on high quality, value for money holidays. Portland takes large allocations in popular hotels in the most popular resorts and offers these from the five most important UK airports on a direct-sell basis. This approach enables low overhead costs to be achieved, which results in holiday prices that competitors find difficult to match.

Portland's growth comes predominantly from recommendations by satisfied clients. 'Woman' magazine readers, for the fourth year running, voted Portland "The Best Tour Operator", and for the second year running, Portland representatives were voted the best. Attention to quality is paramount in ensuring the continuing success of Portland Holidays and quality is continuously monitored through holiday satisfaction questionnaires completed by clients on their return flights.

In line with the market, early sales for summer 1988 are behind last year. However, we would expect, by the end of the season, to have achieved sales similar to summer 1987.

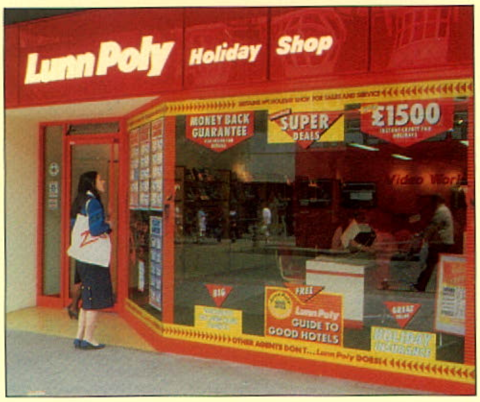
1987 was an excellent year for Lunn Poly with sales, market share and profits all exceeding the records achieved in 1986. The company has continued to expand, opening an additional 116 shops, bringing the total to 351.

Productivity improved consistently and in 1987 sales per retail employee increased by 6%, and sales per shop by 35% to an average of £1.25 million.

Roger Davies (centre), Chairman and Chief Executive of the Thomson Travel Group, with John MacNeill, Managing Director of Lunn Poly, at a Lunn Poly Holiday Shop in the UK

Lunn Poly now employs nearly 2,100 people. A further 450 are employed on Youth Training Schemes, which have been particularly successful in developing new enthusiastic staff. Management is concentrating on improving service standards within the shops, with the aim of having the best in the industry.

In addition, Lunn Poly has been making more effective use of technology. Viewdata is used to gain access to most tour operators' reservations systems. Pilot schemes are now underway on an electronic point-of-sale system which will substantially increase the productivity of shops and the service to customers. At the same time, a new accounting system has been introduced which will improve both productivity and management information.



The policy of achieving high sales revenue by strongly promoting holiday price offers has given Lunn Poly a strong start to the 1988 booking season, and early sales are excellent.

In 1987, Thomson Vacations in the US achieved record carryings of 176,000 passengers, while reducing overheads and more than doubling profits. Based on client satisfaction questionnaires, very high standards of product quality and client satisfaction were maintained, and the repeat client percentage continued to increase.

During the year, Thomson Vacations relocated all its head office departments from downtown Chicago to a suburban location. All reservations and inventory systems have been converted to Tandem computer hardware, which offers improved response times and a very flexible upgrade path. New reservations, inventory control and production software has been developed in-house to run on the new equipment.

During the year, we reduced the size of Unitours, our retail travel operation in the US, and it returned to profitability.

Leisure Travel: group outlook

1988 is likely to be a low growth year for the UK tour operating industry. Britannia Airways' growth plans are modest, with a small increase in the fleet size for summer 1988 resulting from the delivery of a further Boeing 767 aircraft in March.

Our tour operating plans are for modest growth in line with the market and our efforts will be concentrated on maintaining our competitive position, improving quality and increasing profits.

Lunn Poly, where the potential for growth is greater, will continue to expand at a faster rate than the market with the planned opening of more shops.

In the US, both Thomson Vacations and Unitours aim to maintain the levels of sales and profits achieved in 1987 in a marketplace that is expected to be more difficult.

Overall, we see 1988 as a year of consolidating our recent volume and market share gains, while seeking an improvement in profitability in what presently remains a highly competitive marketplace. Market share is a continuing, key priority and we will not be diverted from our objective, even if this entails short term profit sacrifice. However, we believe that underlying demand will continue to grow and we see better margins being achieved in time in tour operating. Our quality and our cost levels will ensure that we remain the industry leader.

Joe Darby, Chairman and Chief Executive of Thomson North Sea (left) with Joe Rumble, Managing Director, at the TNS offices in London

After the dramatic fall in oil prices during 1986, higher prices and relative stability returned in 1987, mainly in response to OPEC production constraints. Our average sales price in 1987 was $17.85 per barrel compared with $14.04 per barrel in 1986 and this, combined with slightly higher North Sea production, resulted in substantially increased operating profit.

In response to the 1986 price collapse, a major review of policy was undertaken in early 1987. It was decided to dispose of our interests in North America, where performance had not lived up to our expectations, and to concentrate future investment in the UK. Accordingly, the Thomson-Jensen companies in Canada were sold in June and the US assets of Thomson-Monteith were sold in December, yielding a small profit overall.

Thomson North Sea (TNS) had a successful year. Production from the Piper, Claymore and Scapa fields, in which TNS has a 20% interest, averaged 271,000 barrels per day in 1987 compared to 262,000 barrels per day in 1986, the increase from Scapa more than offsetting the modest decline of Piper and Claymore. Performance from all three fields continues to exceed expectations. Independent petroleum consultants, DeGolyer and MacNaughton, increased their estimates of original proved reserves in the Scapa field by 25.3 million barrels and in the Claymore field by 26.3 million barrels, to 65 million and 467.8 million barrels respectively. These increases represent 47% and 21% of reserves remaining in these fields at the year-end. In line with increased reserves, average production from the Scapa field increased to 21,000 barrels per day in 1987 and will rise further in the current year.

A summary of DeGolyer and MacNaughton's reserve estimates for Piper, Claymore and Scapa as at December 31, 1987 is shown in the table at the foot of this column.

The Balmoral field, in which TNS has a 7.4% interest and a 9.2% carried interest, continues to perform satisfactorily, an average production rate of 34,600 barrels per day being achieved in 1987. The operator's estimate of original proved reserves remains unchanged at 68 million barrels, of which TNS's share is 5 million barrels. Additional oil production of 370,000 barrels was obtained in 1987 as a result of production testing a deeper reservoir which has been named the Stirling field. Stirling reserves are small and future development will depend on final test results.

Balmoral will benefit in the future from reduced operating costs which will be shared by the Glamis field some five miles to the south-west. The £35 million development plan for Glamis, in which TNS has an 8% interest, was approved by the Department of Energy in December 1987. Oil reserves estimated at approximately 13 million barrels will be recovered by three wells linked to Balmoral by sub-surface flow-lines. First production is expected towards the end of 1989. Plans also include a production test of another small oil discovery, known as Blair, located between Balmoral and Glamis.

Development plans for the Chanter field, previously known as South-East Piper, situated six

(millions of barrels)	Piper field	Claymore field	Scapa field	**Total**
Original proved reserves based on current estimates	*951.8*	*467.8*	*65.0*	***1484.6***
ITOL's share of original proved reserves	*190.4*	*93.5*	*13.0*	***296.9***
Remaining ITOL share as at December 31, 1987	*28.3*	*31.4*	*10.6*	***70.3***

miles from the Piper platform, were also approved in December. Oil reserves of approximately 6 million barrels will be produced initially by one well linked to Piper by a sub-surface flow-line. Produced gas will be used as fuel on the Piper platform. Development costs are estimated at £30 million and TNS has a 28.3% share.

Transportation of oil for a tariff from Texaco's Tartan, Highlander and Petronella fields through our offshore pipeline and onshore processing facilities on the island of Flotta in the Orkneys continues to contribute to operating profits. A further tariffing agreement was signed in May 1987 for the transport of oil from Amerada's Rob Roy and Ivanhoe fields, commencing in 1989. The two fields are expected to produce some 83 million barrels of oil over a ten year period. Other tariffing opportunities are currently being pursued.

Evaluation of our North and South Birch discoveries continued in 1987 and, in order to investigate the viability of development, it was decided to carry out extended well production tests commencing in 1988 and to drill further appraisal wells. A specially converted drilling rig will be used in the tests, and produced oil will flow into a 70,000 ton tanker. The tests are expected to last between 18 and 24 months.

Exploration activity remained depressed in the early part of 1987 following the 1986 fall in oil prices, but showed encouraging signs of recovery towards the end of the year. TNS participated in seven exploration wells and recorded two oil discoveries and one gas discovery. The gas discovery in block 44/27 tested at a rate of 2.4 million cubic feet per day and at present does not appear commercial. The oil discoveries are more promising, well 29/6a-3 testing at a rate of 5,000 barrels per day and well 15/17-16, located to the east of Piper, testing in early 1988 at 5,400 barrels per day. Each discovery will be appraised by further wells in order to determine reserves.

In the Tenth Round of Offshore Licensing, TNS, through its membership in two consortia, obtained interests in six new blocks. Three blocks were awarded to a consortium operated by Occidental and three to a consortium led by Amerada Hess. In the Second Round of Onshore Licensing, which closed on 28 October 1987, TNS applied as a member in two consortia for licences in Cheshire and the East Midlands.

TNS will continue to place its principal emphasis on exploration in the UK as the main method to increase reserves. In total, TNS currently has interests in 33 offshore blocks and three onshore licenses and plans to drill ten exploration/appraisal wells in 1988.

Oil and Gas: outlook

The level of oil prices and the stability of the market in 1988 depend on OPEC's ability to restrain production. The year has not started well with several OPEC members exceeding their production quotas and Saudi Arabia reaffirming that it will not act as a swing producer. This has led to some erosion of the official $18 per barrel marker price. It is to be hoped that, as the year progresses, production discipline will be reasserted and prices will recover.

Now that we have disposed of our North American interests, attention will focus firmly on exploration and development activity in the North Sea where there are good opportunities. However, so long as pricing uncertainties remain, we shall continue to evaluate such opportunities with caution.

Five year summary

(millions of US dollars except per share amounts. Reporting currency – see note 1 to consolidated financial statements)

Earnings and related data	**1987**	1986	1985	1984	1983
Sales					
Information and publishing	**1,418**	1,029	1,055	975	826
Leisure travel	**1,696**	1,173	888	847	728
Oil and gas	**423**	329	666	746	672
	3,537	2,531	2,609	2,568	2,226
Operating profit					
Information and publishing	**212**	129	92	62	44
Leisure travel	**46**	52	49	40	47
Oil and gas	**71**	47	142	172	157
	329	228	283	274	248
Earnings attributable to common shares	**185**	142	164	147	107
Earnings per common share (cents)	**63.2**	48.5	56.1	49.9	37.9
Dividends per common share (cents)	**20.0**	18.5	17.5	15.5	13.5

Financial position at December 31					
Assets employed					
Information and publishing	**2,251**	1,545	932	921	701
Leisure travel	**650**	442	437	389	263
Oil and gas	**266**	351	374	410	340
Assets employed in operations	**3,167**	2,338	1,743	1,720	1,304
Corporate cash and other	**252**	376	255	216	254
	3,419	2,714	1,998	1,936	1,558
Shareholders' equity	**1,188**	1,029	678	730	514

Auditors' report

To the shareholders of
International Thomson Organisation Limited

We have examined the consolidated balance sheet of International Thomson Organisation Limited as at December 31, 1987 and the consolidated statements of earnings, retained earnings and changes in cash 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, 1987 and the results of its operations and the changes in its cash 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

Price Waterhouse
Chartered Accountants
Toronto, Canada
March 1, 1988

Consolidated statement of earnings

(Reporting currency – see note 1)

	Year ended December 31		
	1987	1986	*1986*
	(millions of US dollars)	(millions of US dollars)	*(millions of pounds sterling)*
Sales	**3,537**	2,531	*1,710*
Costs and other deductions:			
Cost of sales, selling, general and administrative expenses	**2,903**	2,096	*1,417*
Depreciation, depletion and amortization	**196**	138	*93*
Net interest expense and other financing costs (note 3)	**32**	2	*1*
Income and other taxes (note 4)	**197**	151	*102*
	3,328	2,387	*1,613*
Earnings	**209**	144	*97*
Dividends on preference shares	**24**	2	*1*
Earnings attributable to common shares	**185**	142	*96*
Earnings per common share	**63.2 cents**	48.5 cents	*32.8p*

Consolidated statement of retained earnings

(Reporting currency – see note 1)

	Year ended December 31		
	1987	1986	*1986*
	(millions of US dollars)	(millions of US dollars)	*(millions of pounds sterling)*
Balance at end of prior year	**568**		
Foreign currency translation gains merged with retained earnings (note 1)	**44**		
Balance at beginning of year	**612**	484	*327*
Earnings	**209**	144	*97*
	821	628	*424*
Preference share issue expenses	**1**	5	*3*
Dividends – preference shares	**24**	2	*1*
– common shares (note 5)	**59**	53	*36*
Balance at end of year	**737**	568	*384*

Consolidated balance sheet

(Reporting currency – see note 1)

	December 31		
	1987	1986	*1986*
	(millions of US dollars)	(millions of US dollars)	*(millions of pounds sterling)*
Assets			
Current assets:			
Cash and bank term deposits	**291**	275	*186*
Short-term investments, at cost which approximates market	**21**	101	*68*
Accounts receivable	**396**	253	*171*
Inventories	**157**	103	*70*
Prepaid expenses and other current assets	**153**	101	*68*
	1,018	833	*563*
Oil and gas properties (note 6)	**224**	315	*213*
Property and equipment (note 7)	**368**	281	*190*
Aircraft and spares (note 8)	**327**	253	*171*
Publishing rights	**851**	574	*388*
Goodwill	**594**	417	*281*
Other assets	**37**	41	*28*
	3,419	2,714	*1,834*
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank indebtedness	**34**	9	*6*
Accounts payable	**540**	354	*239*
Deferred revenue	**335**	256	*173*
Petroleum revenue tax	**34**	19	*13*
Income taxes	**51**	36	*24*
Current portion of long-term obligations (notes 9 to 11)	**77**	53	*36*
	1,071	727	*491*
Long-term debt (note 9)	**512**	331	*224*
Limited recourse long-term debt (note 10)	**42**	72	*49*
Capital lease obligations (note 11)	**93**	98	*66*
Provision for site restoration costs (note 12)	**45**	36	*24*
Other liabilities	**106**	92	*62*
Deferred taxes (note 13)	**287**	269	*182*
Preference shares of a subsidiary (note 14)	**75**	60	*40*
	2,231	1,685	*1,138*
Shareholders' equity:			
Share capital (note 15)	**492**	417	*282*
Foreign currency translation (losses) gains (note 16)	**(41)**	44	*30*
Retained earnings	**737**	568	*384*
	1,188	1,029	*696*
	3,419	2,714	*1,834*

Approved by the board

Thomson of Fleet
Thomson of Fleet, *Director*

Michael Brown.
Michael Brown, *Director*

Consolidated statement of changes in cash position

(Reporting currency – see note 1)

	Year ended December 31		
	1987	1986	*1986*
	(millions of US dollars)	(millions of US dollars)	*(millions of pounds sterling)*
Cash provided by (used for):			
Operations			
Earnings	**209**	144	*97*
Add (deduct) items not involving cash:			
Depreciation, depletion and amortization	**196**	138	*93*
Deferred taxes	**(44)**	13	*9*
Other	**2**	(6)	*(4)*
	363	289	*195*
Change in non-cash working capital	**30**	19	*13*
	393	308	*208*
Investing activities			
Acquisition of businesses less cash therein of $9 million (1986–$38 million)	**(429)**	(572)	*(386)*
Proceeds from disposal of businesses and investments	**69**	39	*26*
Additions to oil and gas properties	**(13)**	(83)	*(56)*
Additions to property and equipment, less disposals of $24 million (1986–$13 million)	**(109)**	(55)	*(37)*
Additions to aircraft and spares	**(33)**	(7)	*(5)*
Proceeds from disposal of aircraft	**—**	21	*14*
	(515)	(657)	*(444)*
Financing activities			
Proceeds from long-term debt	**146**	311	*210*
Repayment of long-term debt and obligations	**(123)**	(49)	*(33)*
Net proceeds from preference shares issued	**75**	290	*196*
Decrease in other liabilities	**(5)**	(3)	*(2)*
	93	549	*371*
Dividends paid on common shares(1)	**(59)**	(81)	*(55)*
Dividends paid on preference shares	**(23)**	—	*—*
Foreign currency translation gains (losses)	**22**	(18)	*(12)*
	(60)	(99)	*(67)*
(Decrease) increase in cash(2)	**(89)**	101	*68*

(1) As a result of the acceleration of the January dividend payment date to December, three dividends were paid in 1986.

(2) Cash comprises cash, bank term deposits and short-term investments less short-term bank indebtedness.

Segmented information

(millions of US dollars. Reporting currency – see note 1)

The principal activities of International Thomson Organisation Limited are information and publishing, leisure travel, and oil and gas. The tables below show certain information relating to these:

Business segment	Sales		Depreciation and depletion		Operating profit	
	1987	1986	**1987**	1986	**1987**	1986
Information and publishing	**1,418**	1,029	**54**	37	**212**	129
Leisure travel	**1,696**	1,173	**35**	28	**46**	52
Oil and gas(1)	**423**	329	**87**	55	**71**	47
	3,537	2,531	**176**	120	**329**	228
Corporate(2)					**(31)**	(27)
Net interest expense and other financing costs					**(32)**	(2)
Income before income taxes					**266**	199
Income taxes, net of tax refunds (note 4)					**(57)**	(55)
Earnings					**209**	144

	Acquisition of businesses		Additions to fixed assets		Assets	
	1987	1986	**1987**	1986	**1987**	1986
Information and publishing	**438**	610	**80**	49	**2,251**	1,545
Leisure travel	**—**	—	**86**	23	**650**	442
Oil and gas	**—**	—	**13**	86	**266**	351
Corporate cash and other	**—**	—	**—**	2	**252**	376
	438	610	**179**	160	**3,419**	2,714

Geographic segment	Sales		Operating profit		Assets	
	1987	1986	**1987**	1986	**1987**	1986
United Kingdom	**2,458**	1,738	**177**	148	**1,674**	1,142
United States	**946**	707	**137**	80	**1,355**	1,325
Canada	**51**	43	**8**	(3)	**132**	135
Other countries	**82**	43	**7**	3	**258**	112
	3,537	2,531	**329**	228	**3,419**	2,714

(1) Oil and gas operating profit is after deducting UK petroleum revenue tax (PRT) of $140 million (1986 – $96 million).

(2) Corporate includes amortization of intangibles of $20 million (1986 – $18 million) and other net non-operating profits of $5 million (1986 – $7 million). Effective January 1, 1987 publishing rights are no longer amortized.

1 *Reporting currency*

The financial statements of International Thomson Organisation Limited (ITOL) up to and including the year ended December 31, 1986 were expressed in pounds sterling. In recent years the proportion of ITOL's operations located in the United States has been increasing and it was therefore considered appropriate to report the results in US dollars beginning with the interim report for the first quarter of 1987. This change was effective as of January 1, 1987 and is not retroactive to prior financial periods. Financial information for periods prior to 1987 is expressed in US dollars by translating historic sterling amounts at US $1.48/£1, being the US dollar/pound sterling exchange rate on December 31, 1986.

The foreign currency translation gains of £30 million ($44 million) accumulated separately in shareholders' equity to December 31, 1986, resulted primarily from exchange fluctuations between the pound sterling and the US dollar. Following the change in reporting currency to US dollars, this amount was merged with retained earnings at January 1, 1987.

2 *Summary of significant accounting policies*

Principles of consolidation

The consolidated financial statements of 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.

Foreign currency translation

Assets and liabilities denominated in currencies other than US dollars are translated at December 31 rates of exchange. The results of operations denominated in currencies other than US dollars are translated at average rates of exchange for the year. Currency gains or losses arising from the 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.

Inventories

Inventories are comprised principally of finished goods and are valued at the lower of cost and net realizable value. Cost is determined principally on a first-in, first-out basis.

Oil and gas properties

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.

Exploration costs are expensed as incurred. Producing oil and gas properties are recorded at cost, including tangible and intangible expenditures thereon and are depreciated or depleted on a unit of production basis over 90% of the proved developed reserves.

The estimated cost of discharging certain liabilities which may arise in respect of site restoration at the end of production in the North Sea is being provided for on a unit of production basis over the reserves estimated to be recovered from the fields over periods not in excess of the first ten years of their lives and is stated after deducting related deferred UK petroleum revenue tax (PRT) relief.

PRT charged against earnings recognizes timing differences arising from the different treatment for accounting and tax purposes of depreciation and depletion of oil and gas properties and of the provision for site restoration costs. Timing differences are provided at the current rate.

Property and equipment

Property and equipment are recorded at cost and depreciated on a straight line basis over their estimated useful lives.

Aircraft and spares

The fleet of aircraft, including aircraft held under capital leases, is depreciated on a pool basis over its estimated useful life; annual depreciation takes account of the number of seat hours flown during the year. Spares are recorded at cost and depreciated on a straight line basis over their estimated useful lives.

Publishing rights

Publishing rights are recorded at acquisition cost. In prior years publishing rights were amortized over periods not exceeding 40 years. Effective January 1, 1987, they are no longer amortized. This has not had a significant impact on the earnings for the year ended December 31, 1987. Based on annual reviews, any permanent impairment in the value 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 tangible assets and publishing rights. Goodwill is amortized over periods not exceeding 40 years and, based on annual reviews, any permanent impairment in the value is written off against earnings.

Deferred revenue

Inclusive tour revenue due in advance is included in deferred revenue until the date of tour departure.

Subscription revenue due in advance is included in deferred revenue and as information services are rendered or publications are delivered to subscribers the proportionate share is recognized as revenue.

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, principally depreciation, are reflected as deferred taxes in the financial statements.

Pension plans

ITOL has pension plans covering most employees. Some of these plans provide for a defined benefit based on employee length of service and final earnings. Other plans provide for benefits based on the accumulated company and employee contributions. With respect to the defined benefit plans, earnings are charged with the cost of benefits earned by employees as services are rendered.

3 *Net interest expense and other financing costs*

	1987	1986
Interest income	**(30)**	(25)
Interest on long-term debt (including limited recourse debt) and capital lease obligations	**53**	28
Interest on short-term bank indebtedness	**4**	4
	27	7
Interest capitalized on oil and gas development	**—**	(9)
	27	(2)
Dividends on preference shares of a subsidiary	**5**	4
	32	2

4 *Income and other taxes*

Income and other taxes comprise PRT of $140 million (1986 – $96 million) and income taxes of $70 million (1986 – $55 million), less tax refunds of $13 million (1986 – nil). The refunds arose in respect of dividends received by ITOL from International Thomson PLC (ITPLC), ITOL's principal UK subsidiary, following a reorganization of the UK group in 1986.

The potential income tax benefits arising from approximately $70 million of the accumulated losses in the United States which expire in the years 1992 to 2002, will be included in earnings when realized.

Income taxes, before tax refunds, as a percentage of income before income taxes of $266 million (1986 – $199 million) are 26.3% (1986 – 27.6%) which differs from the Canadian corporate tax rate of approximately 52% due principally to the effect of lower tax rates in the countries where ITOL has the majority of its activities.

5 *Dividends*

The directors of ITOL and ITPLC declared dividends payable on the following dates on the related common shares of these companies:

		1987	1986
June 15, 1987	ITOL – US 10.0 cents per share (July 15, 1986 – US 9.25 cents per share)	**5**	4
	ITPLC – 6.3796p per share (July 15, 1986 – 5.9620p per share)	**25**	21
December 15, 1987	ITOL – US 10.0 cents per share (December 15, 1986 – US 9.25 cents per share)	**5**	4
	ITPLC – 6.0976p per share (December 15, 1986 – 6.4482p per share)	**24**	24
		59	53

6 *Oil and gas properties*

	Cost	**Accumulated depreciation and depletion**	**Net 1987**	Net 1986
United Kingdom(1)	**709**	**485**	**224**	259
United States(2)	**—**	**—**	**—**	21
Canada(2)	**—**	**—**	**—**	35
	709	**485**	**224**	315

(1) ITPLC has a 7.4% interest in the Balmoral field in the United Kingdom and in addition has entered into an agreement under which it will pay all development costs in respect of a 9.23% interest in the unitized Balmoral field. Ownership of the assets and rights to production from the 9.23% carried interest in the field rest with ITPLC until payout. Payout will be achieved when full reimbursement of the expenditure together with the associated finance costs is received either from income attributable to the carried interest or by payment from the carried party, at its option, of the outstanding balance of the carried interest. Included in the United Kingdom oil and gas properties is $51 million (1986 – $67 million) in respect of the carried interest.

(2) During 1987 the oil and gas properties in the United States and Canada were sold.

7 *Property and equipment*

	Depreciation period	Cost	Accumulated depreciation	Net 1987	Net 1986
Land and buildings	15 to 40 years	**157**	**29**	**128**	110
Machinery and equipment	3 to 20 years	**444**	**204**	**240**	171
		601	**233**	**368**	281

8 *Aircraft and spares*

	Depreciation period	Cost	Accumulated depreciation	Net 1987	Net 1986
Aircraft and spares	14 to 20 years	**312**	**146**	**166**	118
Aircraft under capital leases	20 years	**186**	**25**	**161**	135
		498	**171**	**327**	253

9 *Long-term debt*

	1987	1986
Bank – secured 1988–1994	**27**	34
Bank – unsecured 1988–1995	**481**	300
Other	**23**	7
	531	341
Portion included in current liabilities	**19**	10
	512	331
Denominated in:		
Pounds sterling	**484**	263
US dollars	**38**	52
Other currencies	**9**	26
	531	341

Secured bank debt bears interest at fixed rates of up to 10.75%. Interest rates on unsecured bank debt are principally based on the London inter-bank offered rate (LIBOR).

Long-term debt maturities in each of the next five years are: \$19 million in 1988, \$33 million in 1989, \$30 million in 1990, \$33 million in 1991, and \$416 million in 1992 and thereafter.

10 *Limited recourse long-term debt*

	1987	1986
Bank	69	91
Portion included in current liabilities	27	19
	42	72
Denominated in:		
US dollars	69	77
Canadian dollars	—	14
	69	91

The limited recourse long-term debt, of which $45 million is secured on certain oil and gas properties, bears interest at rates based on LIBOR. The payment of interest and the repayment of principal are based on related oil and gas cash flows and are without recourse to ITOL. Based on production estimates, annual maturities are $27 million in 1988, $24 million in 1989 and $18 million in 1990.

11 *Capital lease obligations*

	1987	1986
Total future minimum lease payments	133	133
Imputed interest	9	11
	124	122
Portion included in current liabilities	31	24
	93	98

The future minimum lease payments in 1988 to 1990 are $36 million per year and $25 million in 1991.

12 *Provision for site restoration costs*

The provision for site restoration costs is stated after deducting deferred PRT relief of $62 million (1986 – $45 million).

13 *Deferred taxes*

Deferred taxes comprise the liability for PRT of $59 million (1986 – $75 million) and deferred income taxes of $228 million (1986 – $194 million).

14 *Preference shares of a subsidiary*

With effect from September 28, 1987 the rate of dividend on the 40,000,000 cumulative redeemable preference shares of £1 each issued by a subsidiary to a bank at par, was reduced from 7.94% to 7.67%. The subsidiary has the option to redeem the shares at the issue price at any time. Under an agreement between the bank and another subsidiary, payments will be made by the bank to that subsidiary or vice versa (as the case may be) compensating for any difference between equivalent market rates prevailing from time to time and the above rate of 7.67%. On or after September 28, 1990 the bank can require ITOL to purchase the preference shares at par.

15 *Share capital*

		Stated amount 1987	1986
Preference shares:			
Series I	8,000,000 (1986 – 6,000,000) Cdn. $1.85 cumulative redeemable retractable shares with a stated capital of Cdn. $25 per share	**148**	111
Series II	6,000,000 (1986 – 6,000,000) cumulative redeemable floating rate shares with a stated capital of of Cdn. $25 per share	**110**	110
Series III	4,000,000 (1986 – 4,000,000) Cdn. $1.825 cumulative redeemable retractable shares with a stated capital of Cdn. $25 per share	**74**	74
Series IV	2,000,000 (1986 – nil) Cdn. $1.84375 cumulative redeemable retractable shares with a stated capital of Cdn. $25 per share	**38**	—
		370	295
Common shares:			
ITOL – 292,649,756 shares without par value		**118**	118
ITPLC – 292,649,756 shares with a par value of 1p each related to the common shares of ITOL		**4**	4
		122	122
		492	417

Preference shares:

The authorized preference share capital of ITOL is an unlimited number of preference shares without par value. The directors are authorized to issue preference shares without par value in one or more series, and to determine the number of shares in and terms attaching to each such series.

Series I

The Series I preference shares are non-voting and are retractable on October 15, 1991 at the option of the holder for Cdn. $25.00 per share and are redeemable after October 15, 1991 at the option of ITOL until October 15, 1992 for Cdn. $25.50 per share, thereafter and until October 15, 1993 for Cdn. $25.25 per share, and thereafter for Cdn. $25.00 per share, together in all cases with accrued dividends. In the quarter ending December 31, 1991 and each succeeding quarter, ITOL is required to make all reasonable efforts to purchase in the open market 1% of the Series I preference shares outstanding as of October 15, 1991 after deducting shares retracted on that date unless the market price is in excess of the then applicable retraction price. Dividends are payable quarterly thereon at Cdn. $1.85 per share per annum.

On June 16, 1987 ITOL issued an additional 2,000,000 Series I preference shares for a cash consideration of Cdn. $51,136,000 of which Cdn. $519,000 was credited to common share capital in order to preserve the stated capital of all Series I preference shares at Cdn. $25.00 per share, in accordance with the resolution approved by shareholders. The total number of authorized Series I preference shares is 10,000,000.

Note 15 continued on page 42.

Note 15 continued from page 41.

Series II

The Series II preference shares are non-voting and are redeemable after December 30, 1989 at the option of ITOL until December 30, 1990 for Cdn. $25.50 per share, thereafter and until December 30, 1991 for Cdn. $25.25 per share, and thereafter for Cdn. $25.00 per share, together in all cases with accrued dividends. Dividends are payable quarterly thereon at an annual rate of 70% of the Canadian bank prime rate applied to the stated capital of such shares. The total number of authorized Series II preference shares is 6,000,000.

Series III

The Series III preference shares are non-voting and are retractable on December 30, 1993 at the option of the holder, and are redeemable after December 30, 1993 at the option of ITOL, for Cdn. $25.00 per share, together in each case with accrued dividends. Dividends are payable quarterly thereon at Cdn. $1.825 per share per annum. The total number of authorized Series III preference shares is 4,000,000.

Series IV

On June 16, 1987 ITOL issued 2,000,000 Cdn. $1.84375 cumulative redeemable retractable non-voting preference shares, for a cash consideration of Cdn. $50,000,000. The Series IV preference shares are retractable on June 15, 1995 at the option of the holder for Cdn. $25.00 per share and are redeemable after June 15, 1993 at the option of ITOL until June 15, 1994 for Cdn. $25.50 per share, thereafter and until June 15, 1995 for Cdn. $25.25 per share, and thereafter for Cdn. $25.00 per share, together in all cases with accrued dividends. Dividends are payable quarterly thereon at Cdn. $1.84375 per share per annum. The total number of authorized Series IV preference shares is 2,000,000.

Common shares:

Each common share of ITOL has related to it one common share of ITPLC. The common shares of ITPLC are transferable only with the related common shares of ITOL. Dividends will be paid on the common shares of either ITOL or ITPLC at the option of the shareholder. These dividends will be paid on the ITPLC common shares unless the shareholder has elected in writing to receive dividends on the ITOL common shares.

If the ITPLC common shares have been deposited by the holder under a deposit arrangement provided for such shares, the holder thereof will be deemed to have elected to receive dividends on his ITOL common shares unless he has elected in writing to receive dividends on the ITPLC common 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 common shares are payable in US dollars. Dividends on ITPLC common shares are payable in pounds sterling in the same amount based on the pound sterling/US dollar rate of exchange at 3 p.m. in London, England on the business day prior to that on which the related dividend on the ITOL common shares is declared.

Dividends on the ITPLC common shares are payable in priority to any dividend on the ITPLC voting ordinary shares, all of which are directly or indirectly held by ITOL.

The ITOL common shares are voting shares. The ITPLC common shares are non-voting and may be redeemed by ITPLC at any time at their par value on not less than six months' prior notice. The authorized common share capital of ITOL is an unlimited number of shares and of ITPLC is 300,000,000 shares.

16 *Foreign currency translation (losses) gains*

	1987	1986
Balance at end of prior year	**44**	
Merged with retained earnings following change in reporting currency (note 1)	**(44)**	
Balance at beginning of year	**—**	71
Net translation (loss) for the year	**(41)**	(27)
Balance at end of year	**(41)**	44

The principal rates of exchange used to translate amounts expressed in currencies other than US dollars are as follows:

	1987	1986		**1987**	1986
Pounds sterling (£1):			Canadian dollar (Cdn. $1):		
Average	**$1.64**	$1.47		**$.75**	$.72
At December 31	**$1.88**	$1.48		**$.77**	$.72

17 *Pension plans*

The present value of accumulated pension benefits for defined benefit plans at December 31, 1987 is $120 million based upon projected benefit actuarial estimates. Plan assets of $145 million at market value at December 31, 1987 are available for payment of these benefits.

18 *Contingencies and commitments*

Operating lease commitments

Operating lease payments in 1987 were $55 million (1986 – $36 million) and future minimum payments are: 1988 – $62 million; 1989 – $57 million; 1990 – $54 million; 1991 – $48 million; 1992 – $37 million; and 1993-2100 – $288 million.

Oil and gas joint ventures

There are contingent liabilities in respect of the performance by ITPLC 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, ITPLC would have a liability to contribute proportionately towards the defaulting party's liability. Amounts so advanced would be secured on the defaulting party's share of the joint venture assets.

Capital expenditure	**1987**	1986
Capital expenditure contracted for but with no related liability incurred at end of year	**122**	52
Capital expenditure authorized but not contracted for at end of year	**73**	28
Share of joint venture capital expenditure programs on the North Sea oilfields authorized but with no related liability incurred at end of year	**39**	21
	234	101

19 *Acquisitions*

With effect from June 30, 1987 ITOL acquired Associated Book Publishers PLC (ABP) in the UK. The purchase was financed wholly in cash, except for $14 million of sterling denominated variable rate unsecured loan notes which were issued by ITOL. ABP is an international group of publishing companies, whose interests lie in legal, academic, educational, scientific, technical and professional books and journals. Following the acquisition, the general trade and bookshop interests of ABP were disposed of and the minority interest in its principal Canadian subsidiary was acquired.

Other information and publishing businesses in North America and Europe were acquired during the year for an aggregate consideration of $115 million.

The following is a summary of the acquisitions completed in 1987. These acquisitions have been accounted for on the purchase basis and where applicable the amounts shown have been translated into US dollars at the exchange rates at the dates of acquisition. Allocations of cost related to certain acquisitions may be subject to adjustment pending final valuation.

	ABP	Other	Total
Working capital, including cash of $9 million	18	5	23
Property and equipment	8	2	10
Publishing rights	212	53	265
Goodwill	86	56	142
Long-term debt and other liabilities	(1)	(1)	(2)
Cost	323	115	438

20 *Subsequent events*

On February 1, 1988, Securities Data Company (SDC) was acquired. SDC is a provider of information on new securities and debt issues, serving the investment communities in the US and abroad.

In addition, on March 1, 1988, the information services division of Sheshunoff & Company (Sheshunoff) was acquired by Warren, Gorham & Lamont. Based in Austin, Texas, Sheshunoff is a provider of financial information on US banks and other financial institutions.

The cash consideration for these acquisitions was $68 million.

21 *Segmented information*

See page 35.

22 *Comparative figures*

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

Major Businesses and Products

Information and Publishing

In total, the information and publishing group has nearly 25,000 individual products. These include 124 magazines, 74 newspapers, nearly 20,000 books and directories, 63 electronic services and over 4,500 other products, mainly journals and abstracts, loose-leaf services and microfiche. Companies and products include:

International Thomson Professional Publishing — *North America*

Publishers of information for professionals in the fields of law, tax, banking/financial services, accounting, business, real estate, data processing, engineering, and copyright and trademark research services.

Callaghan & Company
Specializing in corporate and commercial law, municipal law, federal practice, trial practice and tax law. Products include:
Mertens Law of Federal Income Taxation
Nichols Cyclopedia of Legal Forms
Uniform Commercial Code Reporting Service
Lane's Goldstein Trial Technique

The Carswell Company
Publishers of legal treatises, law reports and loose-leaf encyclopedia. Products include:
The Canadian Abridgement
The Canadian Encyclopedia Digest
The Canadian Legal Classic Series
Western Weekly Reports

Clark Boardman Company
Publishers of legal information with emphasis in securities regulation, intellectual property, criminal law, immigration, and environmental law. Products include:
Securities and Federal Corporate Law
Lindey on Entertainment, Publishing and the Arts
Law of Environmental Protection

Richard De Boo Publishers
Reference books and services for the legal, accounting and business community. Products include:
Canada Tax Service
Ontario Corporations Manual
Canada Legal Directory
Canadian Payroll Manual

Thomson & Thomson
World-wide trademark and copyright research services. Products include:
TRADEMARKSCAN® on-line US trademark database
Thomson & Thomson search and watch reports for North American trademarks, company names, copyrights and literary titles
Compu-Mark multinational trademark searches, watching and directories

Warren, Gorham & Lamont
Publishers of professional books, loose-leaf services, newsletters, journals and directories, primarily in the fields of tax, banking, business, law, real estate, accounting, data processing and engineering. Products include:
Federal Income Taxation of Corporations & Shareholders
Practical Accountant
Real Estate Review
Bankers Magazine

International Thomson Business Press — *North America*

Publishers of over 40 business and professional magazines plus directories, newsletters and other information services in the medical, automotive, industrial, transportation and retail markets. Principal companies and products include:

International Thomson Industrial Press
Tooling & Production
PurchasingWorld

Ward's Communications
Ward's Auto World
Ward's Automotive International

International Thomson Communications
CableVision
Communications Engineering and Design

International Thomson Retail Press
Consumer Electronics
Video Business
Toy & Hobby World
Convenience Store Merchandiser

International Thomson Transport Press
American Sailings
Traffic World
The Official Railway Guide
Motor Carrier Directory

Medical Economics Company
Medical Economics
Physicians' Desk Reference
AIDS Alert
Contemporary OB/GYN
Veterinary Economics
Drug Topics
RN

Med Publishing
Practical Cardiology
Oncology & Biotechnology News
IM – Internal Medicine for Specialists
Geriatric Medicine Today

Mitchell International
Mitchell Manuals
Mitchellmatix

International Thomson Publishing

North America

Specialized book publishing group serving world-wide markets in the education, professional/reference and library fields.
Principal companies, imprints and products include:

South-Western Publishing Co
Century 21 Accounting
Century 21 Typewriting
Accounting Principles & Practices
Business Law

Wadsworth
Biology – The Unity and Diversity of Life
The Practice of Social Research

PWS/Kent
Calculus With Analytic Geometry

Brooks/Cole
Foundations of College Chemistry
Living in the Environment, an Introduction to Environmental Science, 5

Gale Research Company
Encyclopedia of Associations
Encyclopedia of Information Systems & Services
1987 Gale Directory of Publications

Nelson Canada
Networks series
Spelling Connections 3

Delmar Publishers
Technology in Your World
Technical Drawing and Design
Technology Drawing and Design

Heinle & Heinle
Allons Y!
Poco a Poco Spanish for Proficiency

Boyd & Fraser
Computer Fundamentals with Application Software (Shelly & Cashman)

Van Nostrand Reinhold (US)
Dangerous Properties of Industrial Materials (Sax)
Accounting Handbook for Non-Accountants
Encyclopedia of Chemistry

Thomas Nelson Australia
Diary of Weary Dunlop
Physics for Senior Students

Thomas Nelson (UK)
Peak Math

UTLAS International
Library Automation services and products

InFiNet

North America

Print and electronic services providing high-utility information to the professional financial community.
Principal products include:

AutEx Trading Information System
Munifacts
American Banker
The Bond Buyer
First Call
The Financial Software Series
InvesText
Mortgage-Backed Securities Information Services
Spectrum
Cadence
Video Munifacts
Alert
MultiPort

Thomson Information Services

United Kingdom

Magazines, information services, legal, professional, scientific and academic publishing and local directories, based principally in the United Kingdom, Scandinavia and Australia.
Principal companies and products include:

Jane's Publishing Company
Jane's Fighting Ships
Jane's All the World's Aircraft
Jane's Defence Weekly
International Defense Review
Interavia Aerospace Review
DMS Market Intelligence Reports

International Thomson Publishing
Construction News
Drapers Record
Meat Trades Journal
Broadcast
Family Circle
Glass's Guide automobile services (51% holding) (UK and Australia)
Glenigan construction services
Danish and Norwegian local directories
Thomson Communications Scandinavia (trade magazines, Denmark)
Karnov legal services (Denmark)
Riber Credit Information services (Denmark)
Factory Equipment News (Australia)
Thomson World Trade Promotions trade exhibitions (Australia)
Cordell construction services (Australia)

Thomson Directories (50% partnership)
UK local directories

Derwent Publications
Chemical Patents Index
Electrical Patents Index
World Patents Abstracts
Ringdoc
Biotechnology Abstracts

International Thomson Professional Information
ICAEW Taxation Service
Building Societies' Gazette
Sweet & Maxwell
The Supreme Court Practice
Archbold: Criminal Pleadings
The Law Book Company (Australia)
Australian Digest
Australian Law Journal
Scots Law Times
International Financing Review
Equities International
Police Review

Routledge, Chapman & Hall
Routledge
Arden Shakespeare
Tavistock Social Science
Chapman & Hall
Chemical Dictionaries
Journal of Materials Science
Spon Price Books
Van Nostrand Reinhold (International)

Thomson Regional Newspapers

United Kingdom

The leading publisher of regional newspapers, with the main titles in the three provincial capitals, Belfast, Cardiff and Edinburgh, and two other important regional centres, Newcastle and Aberdeen. Principal publications include:

The Scotsman (Edinburgh)
Belfast Telegraph (Northern Ireland)
Western Mail (Cardiff)
Press and Journal (Aberdeen)
Evening Chronicle (Newcastle)
Evening News (Edinburgh)
South Wales Echo (Cardiff)
The Journal (Newcastle)
Evening Gazette (Teesside)
Evening Express (Aberdeen)
Lancashire Evening Telegraph (Blackburn)
Evening Post (Reading)
Sunday Sun (Newcastle)
Chester Chronicle (Cheshire)
Merthyr Express (Mid-Glamorgan)
Glamorgan Gazette (Mid-Glamorgan)
Crewe Chronicle (Cheshire)
Pontypridd Observer (Mid-Glamorgan)
Wokingham Times (Berkshire)

Leisure Travel

One of the world's leading leisure air travel and holiday companies with operations in the UK and US, and sales in 1987 of £1,034 million. Most of the group's business is in the UK and accounts for over 30% of Britain's total expenditure on package holidays by air.
Principal companies:

Thomson Holidays (including Skytours)
UK's biggest inclusive tour operator, carrying over 3.4 million customers in 1987, 30% of all Britain's package tour holidaymakers.

Portland Holidays
UK's largest direct-sell inclusive tour operator offering holidays at prices significantly lower than those available through travel agents.

Britannia Airways
Britain's leading leisure airline. In 1987 the airline carried 6.2 million passengers and its fleet of Boeing 737 and 767 wide-bodied aircraft flew a total of 133,000 hours, averaging 11.7 hours per day.

Lunn Poly
Through its chain of 351 holiday shops, Lunn Poly is now the UK's second largest chain selling overseas inclusive tours.

Thomson Vacations
One of the top ten tour operators in the US in volume, and regularly rated the number one tour operator by travel agents in the Mid West.

Oil and Gas

Oil and gas development in the UK through Thomson North Sea. Major interests include shares in the Piper, Claymore, Scapa and Balmoral fields, all of which are situated in the North Sea. Thomson North Sea has a 20% interest in an offshore pipeline and the onshore terminal on the island of Flotta in the Orkneys which are used to transport and process oil from the company's fields and also from other North Sea fields for a tariff.

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