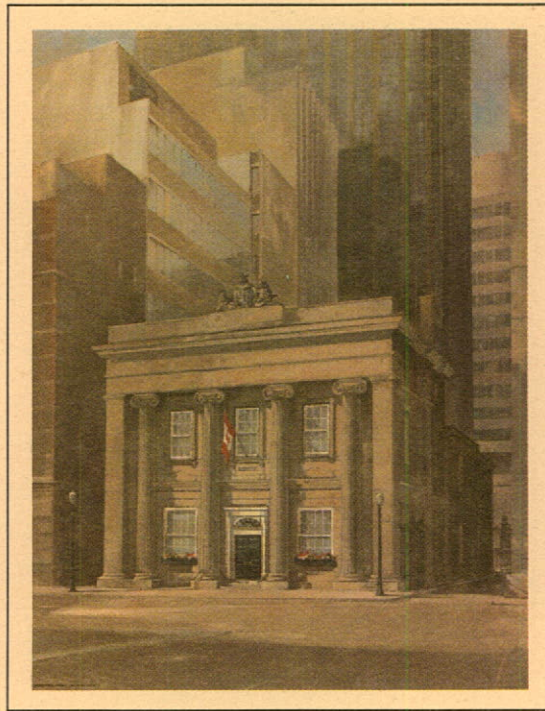


ARGUS CORPORATION LIMITED

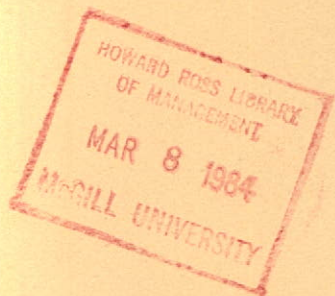
38th Annual Report

DECEMBER 31, 1983



TEN TORONTO STREET

Designed by Frederick Cumberland of Cumberland and Storm, the building was completed and opened as Toronto's seventh post office in 1852. By 1873 it had become too small to handle the steadily increasing mail load and the post office function moved to the eighth post office at the head of Toronto Street. Ten Toronto Street later became the office of the Bank of Canada in Toronto. In 1959 it was purchased by Argus Corporation as its head office, which function it has performed ever since.



Board of Directors

DOUGLAS G. BASSETT	Toronto	JOHN R. FINLAY, Q.C.	Toronto
*EDWARD G. BATTLE	Toronto	H. T. McCURDY	Toronto
*CONRAD M. BLACK	Toronto	*D. A. McINTOSH, Q.C.	Toronto
*G. MONTEGU BLACK	Toronto	F. DAVID RADLER	Vancouver
THOMAS G. BOLTON	Toronto	RONALD T. RILEY	Montreal
*DIXON S. CHANT	Toronto	*C. BRUCE ROSS	Toronto
GLEN W. DAVIS.	Toronto	TRUMBULL WARREN	Hamilton
FREDRIK S. EATON	Toronto	PETER G. WHITE	London, Ont.
*HARRY H. EDMISON	Toronto		

*Members of the Executive Committee

Officers

<i>Chairman of the Board.</i>	CONRAD M. BLACK
<i>President and Chief Executive Officer.</i>	G. MONTEGU BLACK
<i>Executive Vice-President.</i>	DIXON S. CHANT
<i>Vice-Presidents.</i>	FREDRIK S. EATON JOHN R. FINLAY, Q.C. F. DAVID RADLER
<i>Secretary-Treasurer.</i>	WENDELL F. WHITE, C.A.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO, CANADA M5C 2B7

Annual Report

TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED

February 28, 1984.

Your directors present the balance sheet of the Corporation as at December 31, 1983 and the statements of income and expenses and changes in the financial position for the 12 months ended on that date. Also shown are comparative figures for the year ended December 31, 1982.

The balance sheet shows the Corporation's major investments carried at market values. Provision has been made for deferred income taxes, if any, payable under the hypothetical assumption that such investments were sold at the market prices prevailing on December 31, 1983, and on December 31, 1982 for the comparative statement. In our opinion, such a provision is not a definitive figure. Unrealized gain on such investments is estimated at \$36,863,156 at December 31, 1983 and \$55,658,722 at December 31, 1982.

As at December 31, 1983, the net asset value of each of the Corporation's Class C shares and common shares was \$11.66. The comparable net asset value of each Class C and common share at December 31, 1982 was \$10.17.

Income from investments during the 12 months ended December 31, 1983, amounted to \$6,552,951 compared to \$7,629,860 for the year ended December 31, 1982. Expenses were \$1,813,372 compared to \$1,959,806 in the previous year. Net income in 1983 amounted to \$5,345,829 compared to \$5,126,422 for the year ended December 31, 1982 (47¢ compared with 44¢ per Class C and common share).

During 1983, 7,345 Class A Preference Shares \$2.50 Series and 4,350 Class A Preference Shares \$2.60 Series were purchased and cancelled.

During the year, the Corporation acquired, through its subsidiary, 536463 Ontario Limited, 2.9 million shares of Dominion Stores Limited from its parent company, The Ravelston Corporation Limited, and a Ravelston subsidiary, at a cost of \$17 per share. This acquisition resulted in increasing the Corporation's ownership in Dominion Stores Limited to approximately 40%.

In July 1983 Mr. H. N. R. Jackman resigned as a Vice-President and Director of the Corporation after many years of valued service. In December 1983 Mr. Harry H. Edmison, who had served with distinction as an officer of the Corporation since its inception in 1945, retired as its Secretary.

Shareholders, on request, will receive copies of the annual report of Dominion Stores Limited, which is the Corporation's major investment.

Submitted on behalf of the Board,

CONRAD M. BLACK,
Chairman of the Board.

G. MONTEGU BLACK,
President.

ARGUS CORPORATION LIMITED

Consolidated Balance Sheet

ASSETS	December 31	
	1983	1982
INVESTMENTS:		
Securities having a quoted market value, at market (Note 1)	\$122,734,950	\$ 92,730,991
Cost—		
December 31, 1983—\$81,384,474		
December 31, 1982—\$35,267,144		
CASH	67,718	68,563
SHORT-TERM INVESTMENTS, at cost plus accrued interest	2,764,429	8,622,980
INCOME TAXES RECOVERABLE	495,480	—
DEMAND PROMISSORY NOTES DUE FROM INVESTEE COMPANY, plus accrued interest	—	10,861,918
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES	594,000	582,000
OTHER ASSETS	2,130,688	1,360,413
HEAD OFFICE PREMISES (10 Toronto Street):		
Land, building and furnishings, at nominal value	1	1
	<u>\$128,787,266</u>	<u>\$114,226,866</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
DIVIDENDS PAYABLE	\$ 333,661	\$ 340,954
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	65,958	91,771
INCOME TAXES PAYABLE	—	68,562
DEFERRED INCOME TAXES	4,487,320	1,805,125
SHAREHOLDERS' EQUITY:		
Capital stock (Note 2)—		
Number of shares		
Authorized	Issued	
204,706		Class A Preference—
	75,983	\$2.50 series cumulative
	128,723	\$2.60 series cumulative
1,000,000		Class B Preference—
	300,000	Cumulative 1962 Series \$2.70 dividend
6,770,944	6,770,944	Class C Participating Non-Voting Preference
10,000,000	1,692,736	Common
		<u>81,914,211</u>
		<u>82,498,961</u>
Contributed surplus, realized on purchase for cancellation of preference shares, including \$287,211 arising during the year ended December 31, 1983 (1982—\$675,592)	2,767,585	2,480,374
Earned surplus (deficit)	2,355,375	(28,717,603)
Unrealized gain on investments	36,863,156	55,658,722
	<u>123,900,327</u>	<u>111,920,454</u>
	<u>\$128,787,266</u>	<u>\$114,226,866</u>

APPROVED BY THE BOARD:

CONRAD M. BLACK, Director

G. MONTEGU BLACK, Director

ARGUS CORPORATION LIMITED

Consolidated Statement of Investments

	December 31, 1983				December 31, 1982	
	Class of shares	Number of shares	Percentage of outstanding shares	Indicated market value (Note 1)	Number of shares	Indicated market value (Note 1)
Securities having a quoted market value:						
Dominion Stores Limited	Common	6,294,100	40.15%	\$122,734,950	3,394,000	\$ 62,789,000
Standard Broadcasting Corporation Limited	Common	—	—	—	2,885,975	29,941,991
				<u>\$122,734,950</u>		<u>\$ 92,730,991</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **SUMMARY OF ACCOUNTING POLICIES:** December 31, 1983

Principles of consolidation—
The consolidated financial statements include the accounts of the Corporation and its subsidiary, 536463 Ontario Limited. All of the common shares of the subsidiary are owned by the Corporation.

Investments—
The investments having a quoted market value are carried in the balance sheet at market values which are determined by pricing the holdings in each security at the closing quoted market prices at the year end. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

Deferred income taxes—
Provision is made for deferred income taxes that would be payable if the investments had been realized at the year end at the indicated quoted market value on that date.

Dividend income—
Dividend income is recognized in the statement of income and expenses on a cash received basis.

Head office premises—
Head office premises are carried at nominal value and all capital additions to the building and furnishings are charged to expense as incurred.
2. **CAPITAL STOCK:**
 - (a) The Class A and Class B preference shares are without par value and are issuable in series; the Class C preference shares and the common shares are without par value.
The issued Class A and Class B preference shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.
The Class C preference shares, subject to the prior rights of the Class A and Class B preference shares, participate equally with the common shares in (i) any dividends paid in any fiscal year after \$.30 per share has been paid on each Class C preference share and common share and (ii) any distribution of assets.
 - (b) During the year ended December 31, 1983, 7,345 Class A preference shares \$2.50 series and 4,350 Class A preference shares \$2.60 series were purchased and cancelled.
3. **INCOME TAXES:**
The amount of capital losses claimed by the Corporation in 1980 is currently under discussion with the taxation authorities.
The effective tax rate for the Corporation differs from the statutory tax rate primarily because of non-taxable dividends.
4. **RELATED PARTY TRANSACTIONS:**
 - (a) During the year, the Corporation sold its investment of 2,885,975 shares in Standard Broadcasting Corporation Limited to Dominion Stores Limited at a price of \$10.50 per share. The sale price of \$30,302,738 was paid to the Corporation as follows:
 - (i) cash in the amount of \$23,801,038;
 - (ii) promissory note in the amount of \$6,500,000 (this note, bearing interest at 9%, was fully paid during the year); and
 - (iii) 100 common shares of Dominion Stores Limited.
 No taxable capital gain or allowable capital loss arose from the above transaction.
 - (b) During the year, the Corporation acquired, through its subsidiary, 536463 Ontario Limited, 2.9 million shares of Dominion Stores Limited from its parent company, The Ravelston Corporation Limited, and a Ravelston subsidiary, at a cost of \$17 per share. This acquisition resulted in increasing the Corporation's ownership in Dominion Stores Limited to 40.15%. The purchase price of \$49,300,000 was paid as follows:
 - (i) cash in the amount of \$36,499,700;
 - (ii) promissory notes in the amount of \$12,800,000 (these notes, bearing interest at 9%, were fully paid during the year); and
 - (iii) 300 non-cumulative redeemable non-voting preference shares of 536463 Ontario Limited.
 - (c) The Corporation incurs costs in connection with the administration and operations of 10 Toronto Street. A portion of such costs is recovered from certain related companies.
 - (d) The Corporation obtains aircraft services at cost from a related company.

ARGUS CORPORATION LIMITED

Consolidated Statement of Income and Expenses

	Year ended December 31	
	1983	1982
Income:		
Dividends received	\$ 6,179,822	\$ 4,836,987
Interest earned	373,129	2,792,873
	<u>6,552,951</u>	<u>7,629,860</u>
Expenses:		
Remuneration of officers and directors	479,645	457,354
General office and administrative expenses	1,231,265	1,502,452
Interest expense	102,462	—
	<u>1,813,372</u>	<u>1,959,806</u>
Income before income taxes	4,739,579	5,670,054
Income tax expense (recovery) (Note 3)	(605,450)	543,632
Net income for the year	<u>\$ 5,345,029</u>	<u>\$ 5,126,422</u>
Earnings per Class C preference and common share	<u>\$.47</u>	<u>\$.44</u>

Consolidated Statement of Changes in Financial Position

	Year ended December 31	
	1983	1982
Cash and short-term investments at beginning of year	\$ 8,691,543	\$ 7,940,310
Source of funds:		
Net income for the year	5,345,029	5,126,422
Net proceeds from disposal of investments	30,261,787	—
Increase in accounts payable and accrued liabilities	—	45,019
Decrease in loan to investee company	10,861,918	—
	<u>\$55,160,277</u>	<u>\$13,111,751</u>
Application of funds:		
Purchase of investments	\$49,304,250	\$ —
Increase in loan to investee company	—	719,428
Increase in other assets	770,275	137,993
Dividends	1,346,918	1,370,450
Purchase for cancellation of Class A preference shares	297,539	371,158
Decrease in income taxes payable	564,042	1,795,531
Decrease in dividends payable	7,293	13,649
Decrease in accounts payable and accrued liabilities	25,813	—
Other	12,000	11,999
	<u>52,328,130</u>	<u>4,420,208</u>
Cash and short-term investments at end of year	<u>2,832,147</u>	<u>8,691,543</u>
	<u>\$55,160,277</u>	<u>\$13,111,751</u>

ARGUS CORPORATION LIMITED

Consolidated Statement of Earned Surplus (Deficit)

	Year ended December 31	
	1983	1982
Deficit at beginning of year	\$(28,717,603)	\$(32,473,575)
Net income for the year	5,345,029	5,126,422
Gain on disposal of investment	27,074,867	—
	3,702,293	(27,347,153)
Dividends:		
Class A Preference Shares \$2.50 Series	199,146	210,712
Class A Preference Shares \$2.60 Series	337,767	349,731
Class B Preference Shares 1962 Series	810,005	810,007
	1,346,918	1,370,450
Earned surplus (deficit) at end of year	<u>\$ 2,355,375</u>	<u>\$(28,717,603)</u>

Consolidated Statement of Unrealized Gain on Investments

	Year ended December 31	
	1983	1982
Balance at beginning of year	\$ 55,658,722	\$ 46,733,185
Increase (decrease) in unrealized gain on investments	(16,113,371)	10,161,728
Increase in deferred income taxes	(2,682,195)	(1,236,191)
Balance at end of year	<u>\$ 36,863,156</u>	<u>\$ 55,658,722</u>

AUDITORS' REPORT

To the Shareholders of
ARGUS CORPORATION LIMITED:

We have examined the consolidated balance sheet and the consolidated statement of investments of Argus Corporation Limited as at December 31, 1983 and the consolidated statements of earned surplus (deficit), unrealized gain on investments, income and expenses and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, January 20, 1984

PRICE WATERHOUSE
Chartered Accountants

