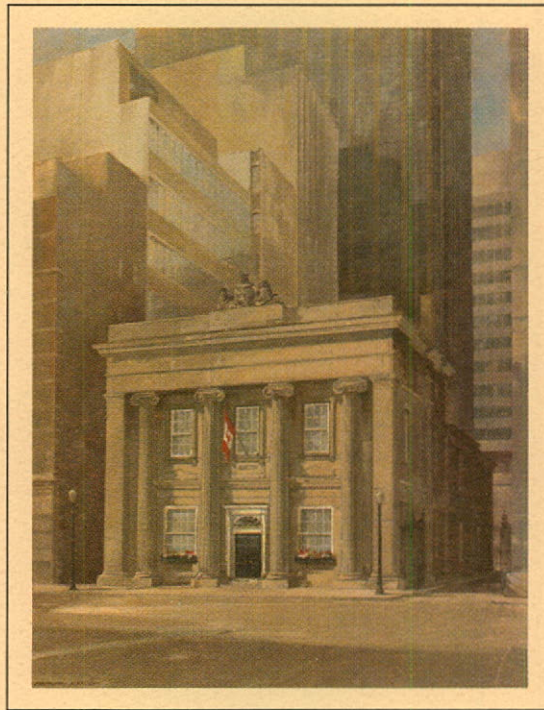


ARGUS CORPORATION LIMITED

36th Annual Report

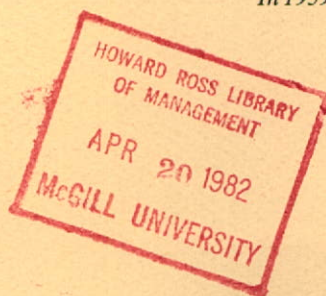
DECEMBER 31, 1981



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

*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. H. N. R. JACKMAN F. DAVID RADLER
<i>Secretary</i>	HARRY H. EDMISON
<i>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

March 31, 1982.

Your directors present the balance sheet of the Corporation as at December 31, 1981 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, 1980.

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, 1981, and on December 31, 1980 for the comparative statement. In our opinion, such a provision is not a definitive figure. Unrealized gain on such investments is estimated at \$47,302,119 at December 31, 1981 and \$74,218,702 at December 31, 1980.

As at December 31, 1981, the net asset value of each of the Corporation's Class C shares and common shares was \$8.85. The comparable net asset value of each Class C and common share at December 31, 1980 was \$11.19.

Income from investments during the 12 months ended December 31, 1981 amounted to \$7,076,298 compared to \$5,577,539 for the year ended December 31, 1980. Expenses were \$1,338,702 compared to \$1,043,805 in the previous year. Net income in 1981 amounted to \$5,471,372 compared to \$4,754,664 for the year ended December 31, 1980 (48¢ compared with 39¢ per Class C and common share).

In the 12 months ended December 31, 1981, the Corporation purchased 23,700 common shares of Dominion Stores Limited. Your Corporation's interest in that company was reduced from 38.5% to 21.7% of the outstanding shares, largely resulting from Dominion Stores' acquisition, involving a share exchange, of 93% of the outstanding shares of Hollinger Argus Limited. In November, 1981, your Corporation sold a private investment for \$5,134,924, which was purchased in December, 1978 for \$2,298,949 resulting in a capital gain of \$2,835,975. During 1981 3,750 Class A Preference Shares \$2.50 Series and 4,697 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In May, 1981, Mr. Edward G. Battle, President and Chief Executive Officer of Norcen Energy Resources Limited and Mr. C. Bruce Ross, Executive Vice-President and General Manager of Hollinger Argus Limited were elected to the Board of Directors.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

Submitted on behalf of the Board,

CONRAD M. BLACK,
Chairman of the Board.

G. MONTEGU BLACK,
President.

ARGUS CORPORATION LIMITED

Balance Sheet

ASSETS	December 31	
	1981	1980
INVESTMENTS:		
Securities having a quoted market value, at market (Note 1)	\$ 82,569,263	\$114,671,331
Cost—		
December 31, 1981—\$35,267,144		
December 31, 1980—\$34,825,822		
Securities not having a quoted market value, at cost (Note 1)	—	2,298,949
CASH	57,771	70,797
SHORT-TERM DEPOSITS, at cost plus accrued interest.	7,882,539	2,106,111
DEMAND PROMISSORY NOTES DUE FROM INVESTEE COMPANY, plus accrued interest (Note 4)	10,142,490	—
INCOME TAXES RECOVERABLE	—	7,607,294
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES	570,000	558,200
OTHER ASSETS	1,222,420	760,119
HEAD OFFICE PREMISES (10 Toronto Street):		
Land, building and furnishings, at nominal value	1	1
	<u>\$102,444,484</u>	<u>\$128,072,802</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
DIVIDENDS PAYABLE	\$ 354,603	\$ 360,000
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	46,751	63,181
INCOME TAXES PAYABLE	230,525	—
DEFERRED INCOME TAXES	—	5,626,807
SHAREHOLDERS' EQUITY:		
Capital stock (Note 2)—		
Number of shares		
Authorized	Issued	
237,336		Class A Preference—
	86,678	\$2.50 Series, cumulative
	150,658	\$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>83,545,711</u>
		<u>83,968,061</u>
Contributed surplus, realized on purchase for cancellation of preference shares (including \$249,046 arising during the year ended December 31, 1981)	1,804,782	1,555,736
Deficit	(30,840,007)	(37,719,685)
Unrealized gain on investments	47,302,119	74,218,702
	<u>101,812,605</u>	<u>122,022,814</u>
	<u>\$102,444,484</u>	<u>\$128,072,802</u>

APPROVED BY THE BOARD:

CONRAD M. BLACK, Director

G. MONTEGU BLACK, Director

ARGUS CORPORATION LIMITED

Statement of Investments

	December 31, 1981				December 31, 1980	
	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	3,394,000	21.72%	\$ 55,152,500	3,370,300	\$ 74,989,175
Standard Broadcasting Corporation Limited	Common	2,885,975	49.40%	27,416,763	2,885,975	39,682,156
				<u>\$ 82,569,263</u>		<u>\$114,671,331</u>
Securities not having a quoted market value				<u>\$ —</u>		<u>\$ 2,298,949</u>

NOTES TO FINANCIAL STATEMENTS

1. **SUMMARY OF ACCOUNTING POLICIES:**
December 31, 1981
 - 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.
Investments not having a quoted market value are carried at cost.
 - 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 have a par value of \$50 each 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, 1981, 3,750 Class A preference shares \$2.50 series and 4,697 Class A preference shares \$2.60 series were purchased and cancelled.
3. **INCOME TAXES:**
During the year the Corporation incurred a capital gain for tax purposes of \$1,418,000. However, no income taxes have been provided on this gain due to the utilization of allowable capital losses carried forward from prior years. The remaining allowable capital losses available to reduce future taxable capital gains amount to \$3,199,000. The potential tax benefits arising from allowable capital losses will be reflected in the financial statements when realized. The amount of capital gains and losses claimed by the Corporation in 1979 and 1980 is currently under review by the taxation authorities.
4. **RELATED PARTY TRANSACTIONS:**
During the year the Corporation made loans to an investee company which aggregate \$10,000,000 as at December 31, 1981. The loans are evidenced by demand promissory notes bearing interest at prime less one half of one percent.
The Corporation incurs costs in connection with the administration and operations at 10 Toronto Street. A portion of such costs is recovered from certain related companies.
The Corporation obtains aircraft services at cost from a related company.

ARGUS CORPORATION LIMITED

Statement of Income and Expenses

	Year ended December 31	
	1981	1980
Income:		
Dividends received	\$ 5,279,640	\$ 5,313,240
Interest earned	1,796,658	264,299
	<u>7,076,298</u>	<u>5,577,539</u>
Expenses:		
Remuneration of officers and directors	325,334	269,599
General office and administrative expenses	1,011,261	658,086
Renovation and fixture expenses	2,107	116,120
	<u>1,338,702</u>	<u>1,043,805</u>
Income before income taxes	5,737,596	4,533,734
Income taxes (recovered)	266,224	(220,930)
Net income for the year	<u>\$ 5,471,372</u>	<u>\$ 4,754,664</u>
Earnings per Class C preference and common share	<u>\$.48</u>	<u>\$.39</u>

Statement of Changes in Financial Position

	Year ended December 31	
	1981	1980
Cash in banks and short-term deposits at beginning of year	\$ 2,176,908	\$11,267,124
Source of funds:		
Net income for the year	5,471,372	4,754,664
Proceeds from disposal of investments, net of applicable income taxes in 1980	5,134,924	7,368,556
Increase in income taxes payable	7,837,819	—
	<u>\$ 20,621,023</u>	<u>\$23,390,344</u>
Application of funds:		
Purchase of investments	\$ 441,322	\$ 2,612,156
Due from investee company	10,142,490	—
Dividends	1,427,669	1,868,222
Purchase for cancellation of Class A preference shares	173,304	206,330
Decrease in income taxes payable	—	15,557,151
Decrease in dividends payable	5,397	427,972
Decrease in accounts payable and accrued liabilities	16,430	220,835
Other	474,101	320,770
	<u>12,680,713</u>	<u>21,213,436</u>
Cash in banks and short-term deposits at end of year	<u>7,940,310</u>	<u>2,176,908</u>
	<u>\$ 20,621,023</u>	<u>\$23,390,344</u>

ARGUS CORPORATION LIMITED

Statement of Deficit

	Year ended December 31	
	1981	1980
Deficit at beginning of year	\$(37,719,685)	\$ (9,003,275)
Net income for the year.....	5,471,372	4,754,664
Gain (loss) on disposal of investments, less income taxes thereon (1981—nil; 1980—recovery of \$7,368,556)	2,835,975	(31,602,852)
	<u>(29,412,338)</u>	<u>(35,851,463)</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	219,447	227,212
Class A Preference Shares \$2.60 Series.....	398,215	407,824
Class B Preference Shares 1962 Series	810,007	810,007
Class C Participating Preference Shares.....	—	338,543
Common Shares	—	84,636
	<u>1,427,669</u>	<u>1,868,222</u>
Deficit at end of year	<u><u>\$(30,840,007)</u></u>	<u><u>\$ (37,719,685)</u></u>

Statement of Unrealized Gain on Investments

	Year ended December 31	
	1981	1980
Balance at beginning of year	\$ 74,218,702	\$ 62,096,529
Increase (decrease) in unrealized gain on investments	(32,543,390)	14,802,305
Decrease (increase) in deferred income taxes	5,626,807	(2,680,132)
Balance at end of year	<u><u>\$ 47,302,119</u></u>	<u><u>\$ 74,218,702</u></u>

AUDITORS' REPORT

To the Shareholders of

ARGUS CORPORATION LIMITED:

We have examined the balance sheet and the statement of investments of Argus Corporation Limited as at December 31, 1981 and the statements of 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 financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, January 22, 1982

PRICE WATERHOUSE
Chartered Accountants

