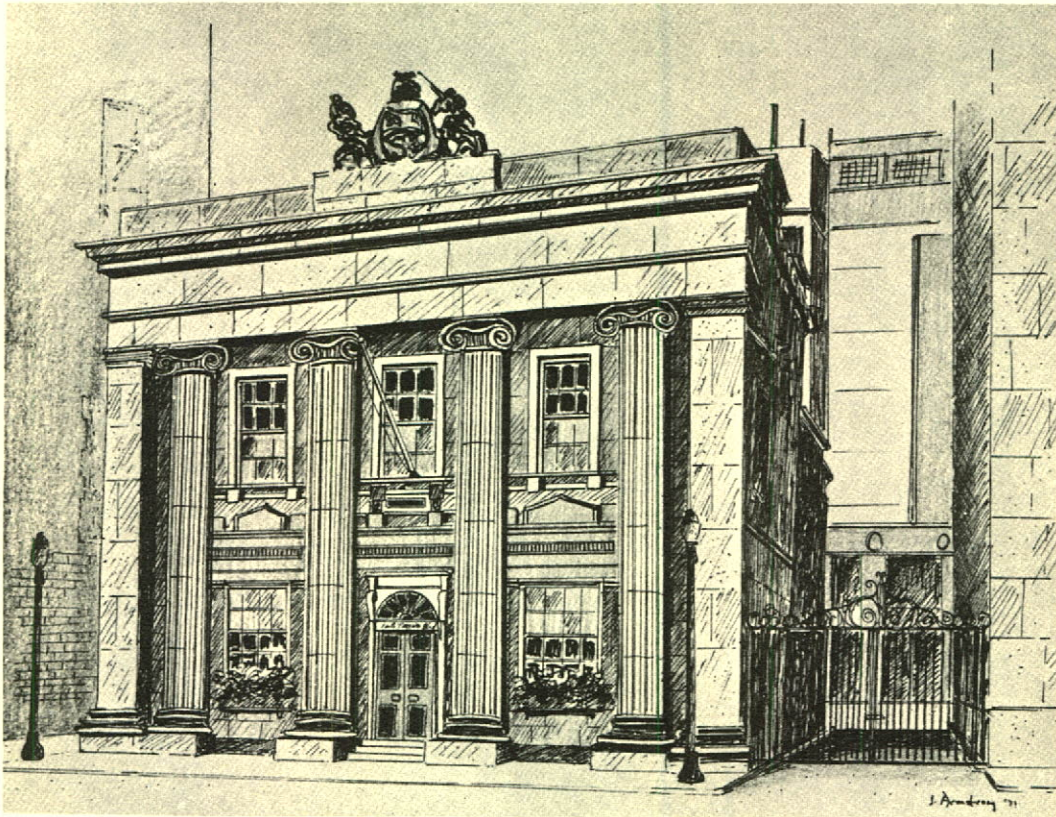


ARGUS CORPORATION LIMITED

34th Annual Report

NOVEMBER 30, 1979



*No. 10 Toronto Street*

*This historic building in Toronto, Canada, constructed in 1852, was acquired by Argus Corporation Limited as its head office in 1959. The architects were Messrs. Cumberland and Storm.*

HOWARD ROSS LIBRARY  
OF MANAGEMENT  
JAN 8 1980  
MCGILL UNIVERSITY

## *Board of Directors*

---

|                              |         |                              |              |
|------------------------------|---------|------------------------------|--------------|
| DOUGLAS G. BASSETT . . . . . | Toronto | JOHN R. FINLAY . . . . .     | Toronto      |
| *CONRAD M. BLACK . . . . .   | Toronto | *H. N. R. JACKMAN . . . . .  | Toronto      |
| *G. MONTEGU BLACK . . . . .  | Toronto | H. T. McCURDY . . . . .      | Toronto      |
| THOMAS G. BOLTON . . . . .   | Toronto | D. A. McINTOSH, Q.C. . . . . | Toronto      |
| *DIXON S. CHANT . . . . .    | Toronto | *F. DAVID RADLER . . . . .   | Vancouver    |
| GLEN W. DAVIS . . . . .      | Toronto | RONALD T. RILEY . . . . .    | Montreal     |
| *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<br>H. N. R. JACKMAN<br>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

December 27, 1979.

Your directors present the balance sheet of the Corporation as at November 30, 1979 and the statements of income and expenses and changes in the financial position for the year ended on that date. Also shown are comparative figures for the previous year.

The balance sheet shows the Corporation's major investments carried at market values. Provision has been made for deferred income taxes payable under the hypothetical assumption that such investments were sold at market prices prevailing on November 30, 1979, and on November 30, 1978 for the comparative statement. In our opinion, such a provision is not a definitive figure. Unrealized gain on such investments is estimated at \$50,932,712 at November 30, 1979 and \$78,619,346 at November 30, 1978.

As at November 30, 1979, the net asset value of each of the Corporation's Class C shares and common shares was \$11.90, before providing for the deferred income taxes on capital gains referred to above. Such taxes, if applicable, would amount to approximately 9¢ per share. The comparable net asset value of each Class C and common share at November 30, 1978 was \$21.20 and the comparable deferred income taxes on that date were 72¢ per share. The reduction in the year-to-year net asset value was due entirely to the special dividends of \$10 per share paid to the Class C and common shareholders last July. Such dividends were paid in cash or at the option of shareholders (other than residents of the United States) in Class A shares of Hollinger Argus Limited (formerly Hollinger Mines Limited).

In addition to the net gain referred to in the semi-annual report of \$31,022,630 on the sale of the Corporation's holdings of Domtar Inc. common shares in December, 1978, a net gain of \$7,625,861 was realized on the disposition of the Corporation's Hollinger shares either by way of special dividends or on the sale to The Ravelston Corporation Limited of 1,722,990 Class A shares of Hollinger, which were not distributed to the other shareholders as special dividends.

Income from investments during the year amounted to \$9,035,032 compared to \$10,870,444 for the previous year. Expenses were \$1,030,921 compared to \$457,020. More than half the increase in expenses incurred during the past year resulted from necessary renovations and refurbishing at the Corporation's offices at 10 Toronto Street. These outlays represented the only major expenditure on the Corporation's headquarters since the property was acquired in 1959. Net income amounted to \$7,169,711 compared to \$10,155,224 for the year ended November 30, 1978 (67.3¢ compared with \$1.02 per Class C and common share). The contraction of investment income in 1979 from the previous year was attributable largely to the sale of the Corporation's Domtar holdings, the special dividend payments and the disposal of the Hollinger shares noted above.

In addition to the regular dividends on the Corporation's Class A and Class B Preference Shares, dividends totalling 80¢ per share were paid on the Class C and the common shares during the year along with the \$10.00 per share special dividends paid on July 31, 1979. At its meeting in September, 1979, your Board of Directors reduced the annual dividend rate on the Corporation's Class C and common shares from 80¢ per share to 20¢ per share commencing with the December, 1979 quarterly payments. Such reductions followed upon lower current and projected income levels resulting from the disposal of the Hollinger holdings.

In the six months period ended November 30, 1979, 627,000 common shares of Dominion Stores Limited were purchased and a further 32,000 shares were purchased in December, 1979. These purchases increased your Corporation's holdings in that company to 3,237,300 shares or 37.8% of such shares outstanding. The Corporation also acquired 193,500 shares of Standard Broadcasting Corporation Limited, increasing its holdings in that company to 2,880,975 shares or 51% of the shares outstanding.

Since November 30, 1978, 2,762 Class A Preference Shares \$2.50 Series and 3,766 Class A Preference Shares \$2.60 Series were purchased and cancelled.

Your Board of Directors records with sadness the death in October, 1979 of Mr. H. J. Carmichael, C.M.G., who had been a director of your Corporation since its inception in 1945. His contribution to the Corporation over this lengthy period will be gratefully remembered.

Earlier this month, Messrs. Ronald T. Riley and Peter G. White were elected to the Board of Directors to fill the vacancies resulting from the death of Mr. Carmichael and the recent retirement of Mr. James R. Wright. Mr. Riley is Vice-President, Administration, Canadian Pacific Limited and Mr. White is Executive Vice-President, Western Dominion Investment Company Limited.

Mr. James R. Wright retired as Treasurer of the Corporation in October, 1979 after outstanding service to Argus and its affiliated companies over a 33-year period.

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*—NOVEMBER 30, 1979  
(with comparative figures at November 30, 1978)

| ASSETS  | 1979                 | 1978                 |
|---|----------------------|----------------------|
| <b>INVESTMENTS:</b>   |                      |                      |
| Securities having a quoted market value, at market (Note 1) .....   | \$122,209,734        | \$207,514,157        |
| Cost—   |                      |                      |
| November 30, 1979—\$70,476,081                                      |                      |                      |
| November 30, 1978—\$122,740,424                                     |                      |                      |
| Securities not having a quoted market value, at cost (Note 1) ..... | 2,298,952            | —                    |
| CASH .....  | 57,002               | 81,109               |
| SHORT-TERM DEPOSITS, at cost plus accrued interest .....            | 11,503,768           | 1,408,405            |
| CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES .....               | 545,500              | 533,800              |
| OTHER ASSETS .....  | 455,061              | 335,463              |
| <b>HEAD OFFICE PREMISES (No. 10 Toronto Street):</b>                |                      |                      |
| Land, building and furnishings, at nominal value .....              | 1                    | 1                    |
|   | <u>\$137,070,018</u> | <u>\$209,872,935</u> |

## LIABILITIES AND SHAREHOLDERS' EQUITY

|  |                      |   |
|--|----------------------|---|
| DIVIDENDS PAYABLE .....  | \$ 423,179           | \$ 1,692,715                                      |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES .....   | 250,933              | 683,684   |
| INCOME AND CAPITAL TAXES PAYABLE .....   | 7,949,856            | 2,082   |
| DEFERRED INCOME TAXES (Note 1) .....   | 800,941              | 6,154,387   |
| <b>SHAREHOLDERS' EQUITY:</b>   |                      |   |
| Capital stock (Note 2)—  |                      |   |
| Number of shares   |                      |   |
| Authorized   | Issued               |   |
| 254,098  |                      | Class A Preference—                               |
|  | 94,366               | \$2.50 Series, cumulative .....                   |
|  | 159,732              | \$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>84,383,811</u>                                 |
| Contributed surplus, realized on purchase for cancellation of preference shares<br>(including \$107,352 arising during the year ended November 30, 1979) ..... | 1,371,234            | 1,263,882   |
| Earned surplus (deficit) .....   | (9,042,648)          | 36,746,628  |
| Unrealized gain on investments .....   | 50,932,712           | 78,619,346  |
|  | <u>127,645,109</u>   | <u>201,340,067</u>                                |
|  | <u>\$137,070,018</u> | <u>\$209,872,935</u>                              |

APPROVED BY THE BOARD:

CONRAD M. BLACK, Director

G. MONTEGU BLACK, Director

# ARGUS CORPORATION LIMITED

## Statement of Investments—AS AT NOVEMBER 30, 1979 (with comparative figures as at November 30, 1978)

|   | 1979              |                  |                                  |                                    | 1978             |                                    |
|---|-------------------|------------------|----------------------------------|------------------------------------|------------------|------------------------------------|
|   | Class of shares   | Number of shares | Percentage of outstanding shares | Indicated market value<br>(Note 1) | Number of shares | Indicated market value<br>(Note 1) |
| Securities having a quoted market value:              |                   |                  |                                  |                                    |                  |                                    |
| Dominion Stores Limited . . . .                       | Common            | 3,205,300        | 37.4%                            | \$ 60,099,375                      | 2,230,500        | \$ 37,082,063                      |
| Domtar Inc. . . . .                                   | Common            | —                | —                                | —                                  | 2,500,000        | 55,625,000                         |
| Hollinger Mines Limited . . . .                       | Class A<br>Common | —                | —                                | —                                  | 1,404,000        | 51,948,000                         |
| Massey-Ferguson Limited . . . .                       | Common            | 3,000,000        | 16.4%                            | 31,500,000                         | 3,000,000        | 32,625,000                         |
| Standard Broadcasting Corporation Limited . . . . .   | Common            | 2,880,975        | 51.0%                            | <u>30,610,359</u>                  | 2,687,475        | <u>30,234,094</u>                  |
|   |                   |                  |                                  | <u>\$122,209,734</u>               |                  | <u>\$207,514,157</u>               |
| Securities not having a quoted market value . . . . . |                   |                  |                                  | <u>\$ 2,298,952</u>                |                  | <u>\$ —</u>                        |

### NOTES TO FINANCIAL STATEMENTS

November 30, 1979

1. SUMMARY OF ACCOUNTING POLICIES:

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 as at November 30. 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 has been made for deferred income taxes that would be payable if the investments had been realized on November 30 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 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 November 30, 1979, 2,762 Class A preference shares \$2.50 series and 3,766 Class A preference shares \$2.60 series were purchased and cancelled.

3. HOLLINGER MINES LIMITED INVESTMENT:

Class C preference and common shareholders of record July 14, 1979 received on July 31, 1979 special dividends of \$10 per share. Holders (apart from residents of the United States) were given the option of receiving such dividends in Class A common shares of Hollinger Mines Limited (now Hollinger Argus Limited) on the basis of one Hollinger share for each four Class C or common shares held. The consideration for these special dividends was as follows:

|   |                     |
|---|---------------------|
| 332,056 Class A shares of Hollinger Mines Limited . . . . . | \$13,282,240        |
| Cash . . . . .  | 71,353,560          |
|   | <u>\$84,635,800</u> |

The balance of the Corporation's holdings of Class A shares of Hollinger Mines Limited (1,722,990 shares) was sold on July 30, 1979 to The Ravelston Corporation Limited at a price of \$40 per share.

4. CONTINGENT LIABILITY:

The Corporation previously had arrangements with certain shareholders of Hollinger Argus Limited (formerly Hollinger Mines Limited) regarding first refusal rights to purchase shares of that company. Certain of such shareholders have the right to put shares of Hollinger Argus Limited to the Corporation. These arrangements have been taken over by The Ravelston Corporation Limited which has agreed to assume and indemnify the Corporation against all obligations under such arrangements, including the aggregate contingent liability of the Corporation approximating \$28,690,000 as at November 30, 1979, which amount is subject to escalation under certain circumstances.

