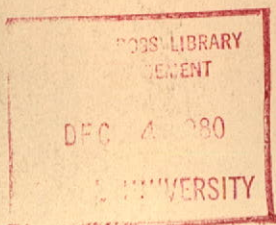
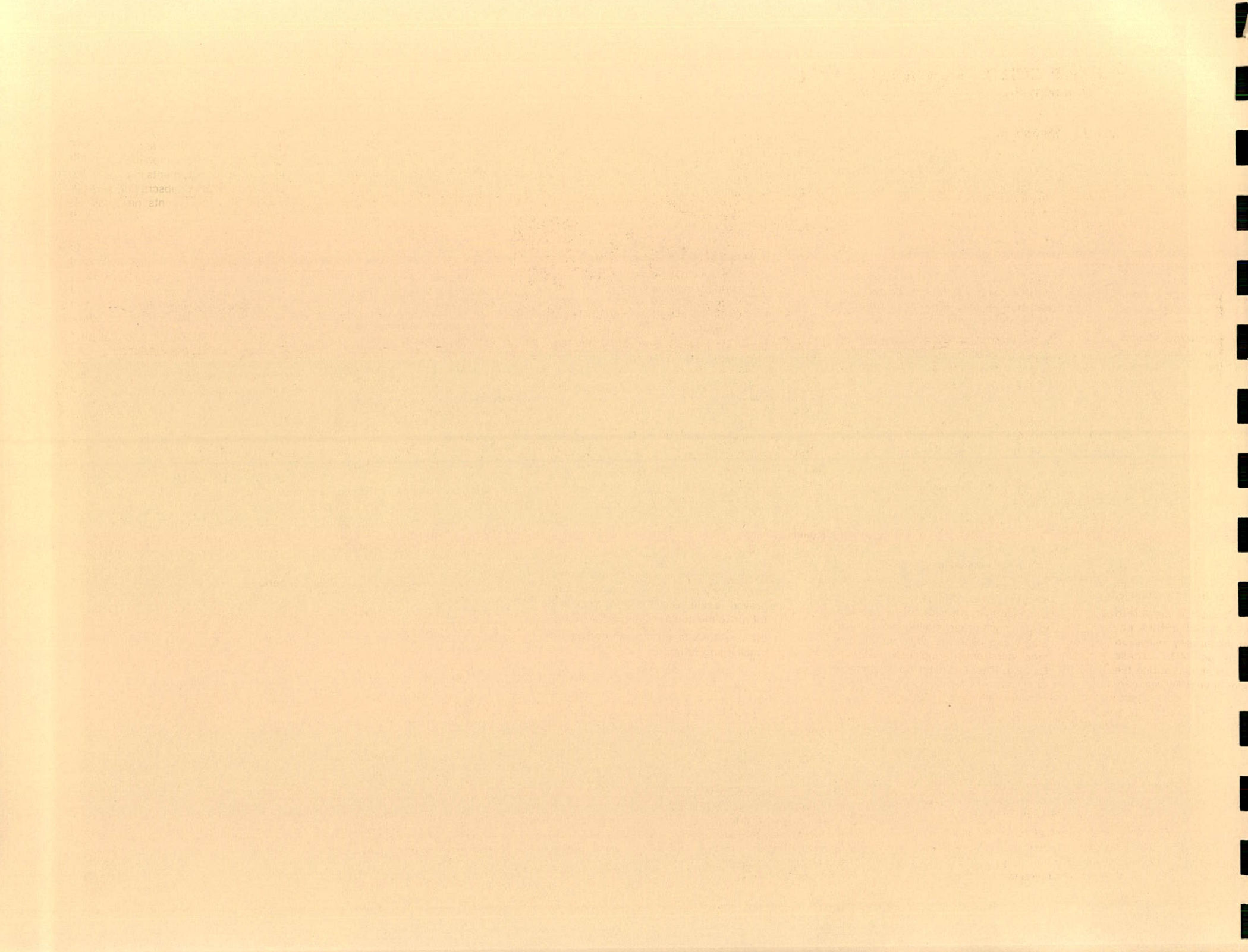


PREMIER COMMUNICATIONS LIMITED

REPORT 1980





PREMIER COMMUNICATIONS LIMITED

(formerly Premier Cablevision Limited)

Report to Shareholders

The fiscal year covered by this report was one of great change for the Company. The nature of the business of the Company started to change as we expanded into the United States. The control of the Company also changed. Even the name changed.

The financial performance showed a reversal from the prior year decline in earnings. The earnings after tax increased from \$4,437,000 to \$4,685,000, and the earnings per share increased from \$1.33 to \$1.40. Revenue increased from \$36,000,000 to \$40,200,000. Subscribers to our Cable TV systems, as at August 31, 1980 totalled 576,205, an increase of 3.9 percent.

The activity, however, that dominated this year was change in control. A proposal had been put before the CRTC to have the principal shareholders of Premier and Western Broadcasting Company Ltd. formalize their control of the Company through a new holding company. This proposal was turned down by the CRTC in November 1979.

This was followed by an offer from Canadian Cablesystems Limited to all the shareholders of Premier at \$25.00 per share Canadian, or equivalent options in CCL equities. This offer was accepted by the major shareholders of Premier contingent on approval by the CRTC. This approval was received on July 31st, 1980.

The offer has now been accepted by over 99.6% of the Premier shareholders, making it one of the most successful offerings on record. From management's standpoint this amalgamation of the largest cable companies in Eastern and Western Canada has opened new opportunities for service to our subscribers, as well as new opportunities for staff in each company.

It is anticipated that through a corporate re-organization, Premier will become a wholly-owned subsidiary of Canadian Cablesystems Limited in the near future.

As a result of the joining of the two Companies, Premier took over responsibility for the very successful operations of Community Antenna Television Limited in Calgary, Alberta. This organization will continue to operate as a separate entity serving about 70,000 subscribers in that city.

The former Premier properties in the Toronto area are being amalgamated with those of Canadian Cablesystems Limited or, in certain instances, are being sold to other operators in the Toronto area. This is all part of a rationalization process which we believe will be of significant benefit to the subscribers in that area. As this does mean that a number of the former Premier employees in Toronto are leaving the Premier/CCL group, it is only fitting to thank them most sincerely for their contribution to Premier over the years, and to wish them well in their new careers.

We were pleased during the year to welcome Gordon Kennedy to the new position of Vice President, Marketing. Subsequent to the year end, we were also pleased to announce the promotion of Michael Jervis to the new position of Vice President, Planning & Development. Mr. Jervis was formerly Regional General Manager for British Columbia.

In the areas of expansion, we are able to report a substantial growth in subscribers in the over-the-air pay television operation known as MDS. These operations were just started during the latter part of the prior year. By year end, we and our associates had over 30,000 subscribers in Sacramento, San Francisco, Seattle and Portland.

During the time when CBS (the American TV broadcaster) was a partial owner of Premier, we were unable to participate directly in the cable television business in the United States. CBS was a helpful partner for us during the developmental years of Premier and their backing was greatly appreciated. However, now that CBS is no longer a shareholder Premier can join CCL in cable operations in the United States, our venture into MDS

should prove to be a complimentary marketing thrust. Over-the-air pay television can service areas that are not economic to cable and can provide an alternative for subscribers who want a stand-alone pay TV service.

During the year, we also made a 50% investment in TV Week, a very popular regional television listing magazine. This was done primarily so that we could provide better information to our subscribers on the new cable offerings including the community channel.

In the area of community services, we have continued to upgrade our offerings in the basic service. This year we inaugurated a children's programming service and a very popular multicultural television service. This is now available in Vancouver and will shortly be available in our other licensee operations in British Columbia.

We also inaugurated a Vancouver & Toronto stock market listing programme in Victoria as a prelude to many new offerings we have undertaken to provide to subscribers.

Our operations in Ireland continue to improve their performance. We are actively pursuing the possibility of pay television in Ireland and the United Kingdom. Your Company continues to be concerned, however, that we are able to offer such programming in the United States and overseas while we are still precluded from offering such services in Canada. There can be no reasonable doubt about the demand for these services. We are hopeful that the recent announcements by the CRTC and the Minister of Communications will lead to the implementation of pay television in Canada during 1981.

Finally, during the year the Company changed its name from Premier Cablevision Limited to Premier Communications Limited. We felt this better described the expanded operations of the Company, as some of our activities, e.g. over-the-air pay television, were really not cable operations.

The management of Premier is now

looking forward to the dynamic changes that will come from the association with CCL. We have committed ourselves to a long list of improvements in programming services to our subscribers as well as the plant improvements necessary to ensure quality service.

The Company particularly wants to thank the members of the Premier Board for their support during the change of ownership proceedings. We are pleased to welcome a number of new members to the Board including Mr. John E. Davis, Mr. John W. Graham, Q.C., Mrs. Beverley Lecky, Mr. Philip B. Lind, Mr. J. Stephen McDonald, Mr. Edward S. Rogers, Mr. Ian H. Stewart and Mr. W. David Wilson. We particularly wanted to thank Mr. Gordon R. Gilley, Mr. Frank A. Griffiths, Mr. Gordon F. Keeble, Mr. George B. McKeen, Mr. Austin G.E. Taylor and Mr. David A. Williams, all of whom had served on the Board for a number of years. Their contribution has been invaluable.

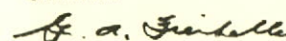
Finally, both the former and present Board Members sincerely appreciate the loyalty and dedication of the Premier staff. Any year in which a change in control takes place is a difficult one for employees. The fact that during such a period they produced substantially improved results over the prior year is a tribute to the quality of the staff we have.

We now look forward to an even more challenging future.

On behalf of the Board



Chairman



President and
Chief Executive Officer



PREMIER COMMUNICATIONS LIMITED

**CONSOLIDATED
BALANCE SHEET**

as at August 31, 1980

ASSETS	1980 \$	1979 \$
	in thousands	
CURRENT ASSETS		
Cash and deposit receipts	3,849	8,698
Accounts receivable	2,342	1,718
Short-term investments	4,000	4,000
Prepaid expenses and inventories, at cost	767	597
	<u>10,958</u>	<u>15,013</u>
INVESTMENTS (Note 2)	8,634	7,103
FIXED ASSETS (Notes 3 and 7)	60,043	35,373
DEFERRED CHARGES (Note 4)	2,598	1,570
UNALLOCATED COST OF SHARES IN SUBSIDIARIES, at cost less amortization	6,689	6,788
	<u>88,922</u>	<u>65,847</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,726	5,449
Service revenue received in advance	3,651	3,544
Income taxes	840	1,842
Current portion of long-term debt	1,715	1,964
	<u>12,932</u>	<u>12,799</u>
LONG-TERM DEBT (Note 5)	15,563	17,716
DEFERRED INCOME TAXES	7,928	7,786
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	370	458
	<u>36,793</u>	<u>38,759</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	2,380	2,380
APPRAISAL INCREMENT (Note 7)	22,357	
RETAINED EARNINGS	27,392	24,708
	<u>52,129</u>	<u>27,088</u>
	<u>88,922</u>	<u>65,847</u>

APPROVED BY THE DIRECTORS

G. A. Frickler

Director

S. F. Gibb

Director

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended August 31, 1980

	1980 \$	1979 \$
	in thousands	
RETAINED EARNINGS - BEGINNING OF YEAR	24,708	23,189
Net earnings for the year	4,685	4,437
	<u>29,393</u>	<u>27,626</u>
Dividends	2,001	2,918
RETAINED EARNINGS - END OF YEAR	<u>27,392</u>	<u>24,708</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended August 31, 1980

	1980 \$	1979 \$
	in thousands	
SOURCE OF WORKING CAPITAL		
Current operations		
Net earnings for the year	4,685	4,437
Add: Items not affecting working capital-		
Depreciation and amortization	6,923	6,492
Deferred income taxes (net)	142	522
Equity in earnings of associated companies (net of dividends received)	(294)	(162)
Other	211	289
From operations	<u>11,667</u>	<u>11,578</u>
Proceeds from disposal of fixed assets	126	84
Reduction of guarantee deposit	612	235
	<u>12,405</u>	<u>11,897</u>
USE OF WORKING CAPITAL		
Dividends	2,001	2,918
Fixed asset additions	8,958	7,443
Long-term debt repayments and current portion	2,036	2,333
Redemption of preference shares held by minority shareholders	98	45
Investment in and loans to associated companies	2,577	4,561
Deferred pay television development costs (net)	923	
	<u>16,593</u>	<u>17,300</u>
DECREASE IN WORKING CAPITAL	4,188	5,403
WORKING CAPITAL - BEGINNING OF YEAR	2,214	7,617
WORKING CAPITAL (DEFICIENCY) - END OF YEAR	<u>(1,974)</u>	<u>2,214</u>

PREMIER COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF EARNINGS

for the year ended August 31, 1980	1980 \$	1979 \$
	in thousands	
OPERATING REVENUE	40,209	36,005
EXPENSES		
Cost of sales and expenses	23,849	20,609
Depreciation	6,439	6,138
Interest — long-term	1,865	1,947
— other	218	55
Amortization of deferred charges	133	123
Amortization of unallocated cost of shares in subsidiaries	97	97
	32,601	28,969
Less: Interest income	1,402	1,602
	31,199	27,367
	9,010	8,638
PROVISION FOR INCOME TAXES		
Current	4,104	3,863
Deferred	478	522
	4,582	4,385
	4,428	4,253
OTHER INCOME (EXPENSE)		
Equity in net earnings of associated companies (less amortization of \$254,000)	268	192
Minority interest in net earnings of subsidiaries	(11)	(8)
NET EARNINGS FOR THE YEAR	4,685	4,437
EARNINGS PER SHARE (Note 8)	\$1.40	\$1.33

TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Premier Communications Limited as at August 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. For certain companies accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion, these consolidated financial

statements present fairly the financial position of the company as at August 31, 1980 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 which, accept for the change in the method of valuation of fixed assets described in note 7, have been applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Vancouver, B.C.
October 10, 1980.

Chartered Accountants

AUDITORS' REPORT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 1980

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the company and all companies in which it holds more than a 50% interest.

	Ownership
Vancouver Cablevision Limited	100%
Victoria Cablevision Ltd.	100%
Fraser Cablevision Limited,	100%
York Cablevision Limited,	100%
Oakville Cablevision Limited	100%
PCL Enterprise Limited	100%
Kirk Mailing Service Ltd.	100%
Keeble Cable Television Limited	97%
Borden Cable Television Limited	95%
Premier Communications Research Limited	100%
Premier Cablevision Nederland B.V. (Holland)	100%
Premier Communications Network, Inc. (United States)	100%
Marlin Communal Aerials Limited (Ireland)	75%
Premier Skyline Communications Limited (Ireland)	100%
Waterford Cablevision Limited (Ireland)	90%
Wirevision Limited (Ireland)	100%

Unallocated costs of investments in shares of subsidiaries arising prior to April 1, 1974 are written off if there is considered to be permanent impairment of value. The unallocated costs of shares in subsidiaries acquired subsequent to April 1, 1974 are being amortized over 40 years.

(b) Investments in Associated Companies

Investments in companies in which Premier holds a major interest but not more than 50% and over which Premier exercises significant influence are included in the consolidated financial statements in accordance with the equity method of accounting. Under this method the company records its share of earnings and losses of these companies rather than dividends received. The excess of the cost of the investment in companies accounted for by the equity method over the related underlying equity in the net assets of the investee companies is being amortized over periods ranging from 10 to 40 years.

(c) Foreign Exchange

Amounts stated in foreign currency have been translated to Canadian dollars on the following bases: fixed assets, related accumulated depreciation and other non-current assets at exchange rates in effect at the appropriate acquisition dates; all assets and liabilities, including long-term debt, at exchange rates in effect at the balance sheet date; all earnings accounts other than depreciation and amortization at average exchange rates for the year.

Gains and losses arising from the translation of non-current monetary assets and liabilities at current rates are deferred and amortized over the remaining life of the assets and liabilities; all other gains or losses from translation are included in net earnings.

(d) Fixed Assets and Depreciation

All fixed assets are stated at appraised values at August 31, 1980 (note 7). The distribution system includes electronic equipment, cable and construction plus materials and installation for subscriber connections. Interest and overhead during construction is charged to operations in the year. As distribution systems have been rebuilt, the cost of existing plant, along with related amounts of accumulated depreciation, has been removed from the accounts.

The cost of fully depreciated assets and the related amounts of accumulated depreciation has also been removed from the accounts.

The distribution systems have been depreciated to August 31, 1980 on a straight-line basis as follows:

- 5% in the year of acquisition
- 10% in each of the next nine years
- 5% in the eleventh year

All other classes of assets are depreciated using the declining-balance method, over the useful life of the assets.

(e) Deferred Charges

Deferred charges include computer development costs, refinancing costs, pay television development costs and past service pension costs which are amortized over periods from three to ten years.

(f) Revenue and Expense

Operating revenue in the financial statements includes subscriber service billings, installation charges and equipment sales. The cost of the initial subscriber installation is capitalized as part of the distribution system while disconnection and reconnection costs are expensed.

2. INVESTMENTS

	Carrying Value	
	1980	1979
	\$	\$
	in thousands	
Investments in cable, pay television and related enterprises		
Carried on an equity basis	4,136	4,477
Loans and advances at cost	2,084	90
	6,220	4,567
Other investments		
Carried on an equity basis	1,811	1,321
Carried at cost	603	1,215
	2,414	2,536
	8,634	7,103

The excess of the cost of investments carried on an equity basis and the company's share of the underlying net assets at the date of acquisition of these investments amounted to \$4,934,000 (1979 - \$4,440,000).

Included in other investments carried at cost is a guarantee deposit maintained by the company with the Allied Irish Investment Bank (AIIB) in an amount equal to 75% of the AIIB loan (note 5) plus a 7½% foreign exchange contingency.

PREMIER COMMUNICATIONS LIMITED

3. FIXED ASSETS

Fixed assets as at August 31, 1980 are shown at appraised values. The comparative figures for August 31, 1979 consist of capital cost net of accumulated depreciation.

	1980	1979
	Appraised Value \$	Net \$
	in thousands	
Land and buildings	1,287	1,014
Distribution systems	52,646	31,383
Studio equipment and improvements	1,729	1,050
Automotive equipment	1,803	606
Tools and test equipment	1,246	502
Office furniture, fixtures and improvements	1,332	818
	<u>60,043</u>	<u>35,373</u>

4. DEFERRED CHARGES

Deferred charges at cost less related accumulated amortization are:

	1980	1979
	\$	\$
	in thousands	
Computer development	97	112
Refinancing	91	104
Past service pension costs	221	276
Unamortized foreign exchange	886	1,078
Pay television development costs	1,303	
	<u>2,598</u>	<u>1,570</u>

5. LONG-TERM DEBT

	1980	1979
	\$	\$
	in thousands	
Promissory note payable to The Mutual Life Insurance Company of New York, with annual interest at 9½%, repayable in annual instalments of U.S. \$450,000 from 1981-1982 and U.S. \$990,000 from 1983-1992 (\$10,800,000 U.S. funds)	12,501	13,120
Promissory note payable to Chemco Canada Limited, a subsidiary of the Chemical Bank of New York, with annual interest at 10%, repayable in annual instalments of \$1,000,000 from 1981-1984 (\$4,000,000 Canadian funds)	4,000	5,000
Loan payable to the Allied Irish Investment Bank, with annual interest at rates varying from between 2% to 3% above the Dublin Inter-Bank rate, repayable in annual instalments of 80,000 Irish pounds in 1981 and 240,000 Irish pounds in 1982 (320,000 Irish pounds)	777	1,560
	17,278	19,680
Current portion	1,715	1,964
	<u>15,563</u>	<u>17,716</u>

The loan payable to the AIIB is secured by a debenture creating a floating charge on all the property, undertaking and assets of Marlin Communal Aerials Limited and a guarantee deposit in the amount of \$603,000 (note 2).

All other debt as at August 31, 1980 is unsecured.

Estimated total annual repayments over the next five fiscal years are:

	\$
	in thousands
1981	1,715
1982	2,103
1983	2,146
1984	2,146
1985	1,146

6. SHARE CAPITAL

	1980	1979
	\$	\$
	in thousands	
Authorized — 10,000,000 shares without par value with a maximum price of \$18.00 each		
Issued and fully paid — 3,335,086 shares	<u>2,380</u>	<u>2,380</u>

7. APPRAISAL INCREMENT

During the latter part of this year, appraisal of the company's Canadian distribution systems at current depreciated replacement cost was carried out by Saperstein & Associates Ltd., consulting telecommunication and broadcast engineers. In addition, all the other fixed assets were appraised at depreciated replacement cost. The resultant appraisal increment of \$22,357,000 was recorded as at August 31, 1980.

8. EARNINGS PER SHARE

Earnings per share are computed on the weighted average number of shares outstanding during the year.

9. LEASE COMMITMENTS

(a) Minimum operating lease payments for each of the next five years and in aggregate are as follows:

	\$
	in thousands
1981	1,337
1982	1,272
1983	1,142
1984	1,044
1985	966
Thereafter	4,100

PREMIER COMMUNICATIONS LIMITED

(b) Information relating to capital leases entered into prior to January 1, 1979, which for purposes of these financial statements have been treated as operating leases, is as follows:

- (i) if the leases had been accounted for as capital leases the carrying value of the capitalized assets would be \$325,000; the amount of the related obligation would be \$351,000;
- (ii) the effect on the net earnings if the leases had been accounted for as capital leases would be \$47,000 (1979 - \$5,000).

No capital leases, wherein the risks and benefits of ownership are transferred to the lessee, have been entered into the current year.

10. SUBSEQUENT EVENT

The company's Eastern subsidiaries, York Cablevision Limited, Oakville Cablevision Limited and Keeble Cable Television Limited entered into various agreements dated February 29, 1980, rationalizing the cable licenses in the Toronto area. The agreements, which were all conditional upon approval being given to Canadian Cablesystems Limited to acquire control of Premier Communications Limited, were effective September 2, 1980. Under the agreements the company sold and purchased certain subscribers together with related distribution and other assets for a total net consideration of \$6,573,330 made up as follows:

	\$
Sales proceeds	17,104,071
Cost of purchases	<u>10,530,741</u>
	<u>6,573,330</u>

It is not practical at this time to determine the full financial effect of these transactions.

11. OTHER INFORMATION

- (a) Directors' and Senior Officers' Remuneration
The aggregate remuneration paid to directors and senior officers of the company was \$602,000 (1979 - \$515,000)
- (b) Dividend Restrictions
Loan agreements in connection with the company's long-term debt provide, amongst other things, for reasonable constraints on the declaration and payment of dividends.
- (c) Retained Earnings
Retained earnings include capital and contributed surplus of \$3,709,000.

(d) Comparative Figures

Certain figures have been restated to conform with the presentation used in the 1980 financial statements.

(e) Change of Name

During the year the company changed its name from Premier Cablevision Limited to Premier Communications Limited.

PREMIER COMMUNICATIONS LIMITED

BOARD OF DIRECTORS

SYDNEY W. WELSH
Chairman of the Board,
Whonnock,
British Columbia

W. GARTH PITHER
Vice-Chairman of the
Board,
Vancouver,
British Columbia

JOHN M. BIRD*
West Vancouver,
British Columbia

JOHN E. DAVIS
Calgary, Alberta

GEORGE A. FIERHELLER
Vancouver,
British Columbia

JOHN W. GRAHAM, Q.C.
Toronto, Ontario

BEVERLEY LECKY
Vancouver,
British Columbia

PHILIP B. LIND
Toronto, Ontario

J. STEVEN MCDONALD
Surrey,
British Columbia

EDWARD S. ROGERS
Toronto, Ontario

IAN H. STEWART*
Victoria,
British Columbia

ROBERT M. SUTHERLAND, Q.C.
Toronto, Ontario

W. DAVID WILSON*
Vancouver,
British Columbia

* Audit Committee

OFFICERS

SYDNEY W. WELSH
Chairman of the Board

W. GARTH PITHER
Vice-Chairman of the
Board

GEORGE A. FIERHELLER
President and Chief
Executive Officer

LAWRENCE FOX
Senior Vice-President,
Finance & Operations

ROBERT W. PEAKE
Vice-President,
Technical Services

HARRY K. DAVIS
Vice-President, Research &
Development

FRANCIS C. GARRETT
Vice-President, Staff
Services & Secretary

MICHAEL JERVIS
Vice-President, Planning &
Development

GORDON KENNEDY
Vice-President, Marketing

HEAD OFFICE

1090 West Georgia
Street,
Vancouver, B.C.
V6E 3Z7

REGISTERED OFFICE

17th Floor,
1075 W. Georgia St.,
Vancouver, B.C.
V6E 3G2

TRANSFER AGENT

Canada Trust Company
Vancouver, B.C.

AUDITORS

Coopers & Lybrand
Vancouver, B.C.

BANKERS

Toronto-Dominion
Bank
Vancouver, B.C.
Chemical Bank
New York, New York
Bank of America
San Francisco, California

SHARE LISTINGS

Vancouver Stock
Exchange
Toronto Stock Exchange
Montreal Stock
Exchange

SUBSIDIARY COMPANIES

Victoria Cablevision Ltd.
Victoria, B.C.

Vancouver Cablevision Limited
Vancouver, B.C.

Fraser Cablevision Limited
Port Coquitlam, B.C.

Oakville Cablevision Limited
Oakville, Ontario

York Cablevision Limited
Toronto, Ontario

Keeble Cable Television Limited
Toronto, Ontario

Borden Cable Television Limited
Alliston, Ontario

Marlin Communal Aerials Limited
Dublin, Ireland

Waterford Cablevision Limited
Waterford, Ireland

Premier Cablevision Nederland, B.V.
The Netherlands

Premier Communications Network, Inc.
Burlingame, California

Premier Communications Research Limited
Vancouver, B.C.

Kirk Mailing Services Ltd.
Vancouver, B.C.

ASSOCIATED COMPANIES

Northwest Sports Enterprises Ltd.
Vancouver, B.C.
12.5% Interest

Western Cablevision Limited
Surrey, B.C.
45% Interest

California Satellite Systems Limited
Sacramento, California
50% Interest

Northwest Entertainment Network, Inc.
Seattle, Washington
50% Interest

Western Canada TV Week Ltd.
Vancouver, B.C.
50% Interest



