



# Southam Inc.

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Southam Inc. is a diversified Canadian-controlled enterprise whose principal activity is publishing 15 daily newspapers in Canada. It is also engaged in commercial printing, in publishing business periodicals, in producing trade shows and in operating the largest chain of retail book stores in Canada.

The company was incorporated under the Companies Act of Canada by letters patent on December 7, 1927, and was continued under the Canada Business Corporations Act on December 20, 1978. The issue or transfer of the company's shares is constrained (see note 8 on page 20).

## Listing of Capital Stock

The Toronto Stock Exchange  
The Montreal Exchange  
Vancouver Stock Exchange

**Stock Transfer Agent** – The Royal Trust Company

**Stock Registrar** – The Bankers Trust Company

**Stock Symbol** – STM

## Annual general meeting

The annual general meeting of the shareholders of the company will be held at 3:00 p.m. on Thursday, April 21, 1983 in the ROM Theatre, Royal Ontario Museum, 100 Queen's Park, Toronto, Ontario.

# The year's results at a glance

Consolidated, with comparative figures for 1981  
(Thousands of dollars except where indicated\*)

	1982	1981
<b>Income</b>		
Revenue from operations	<b>\$ 810,223</b>	\$ 808,106
Operating expenses	<b>776,182</b>	729,519
Income from continuing operations	<b>18,966</b>	43,735
*per common share	<b>1.51</b>	3.51
Net income	<b>20,646</b>	44,667
Dividends paid	<b>18,233</b>	20,009
*per common share	<b>1.45</b>	1.60
<b>Financial position</b>		
Working capital	<b>\$ 23,001</b>	\$ 19,789
Fixed assets (net)	<b>234,287</b>	234,792
Total assets	<b>514,746</b>	534,412
Long term debt	<b>125,965</b>	129,520
Shareholders' equity	<b>199,716</b>	196,464
Return on equity – historical (adjusted)	<b>9.0%</b>	19.7%
– adjusted for inflation	<b>4.1%</b>	9.8%
<b>Statistics</b>		
Advertising linage – newspapers (1,000's)	<b>464,459</b>	512,589
Daily newspaper circulation – December (1,000's)	<b>1,510</b>	1,492
Number of employees	<b>11,017</b>	11,602
Salaries, wages and employee benefits	<b>\$ 299,533</b>	\$ 267,043
Price range per common share	<b>\$38.50-\$24.25</b>	\$42.50-\$30.00

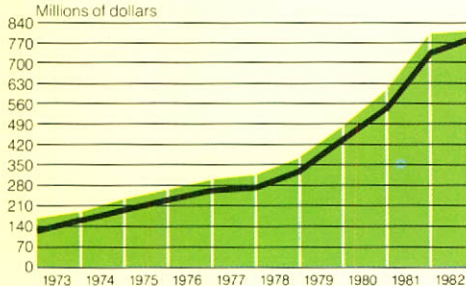
# Directors' report to shareholders

## Gross Revenue from Operations

1982 \$810,223,000

## Gross Expenses

1982 \$776,182,000

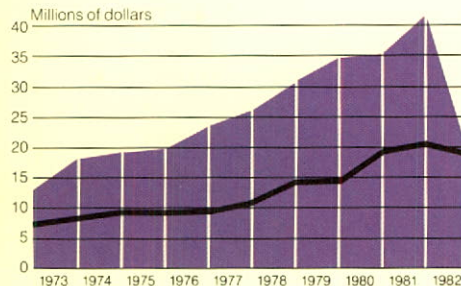


## Income from Continuing Operations

1982 \$18,966,000

## Gross Dividends

1982 \$18,233,000

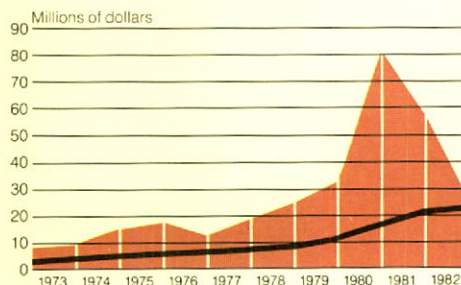


## Capital Expenditures

1982 \$27,398,000

## Depreciation

1982 \$23,457,000



A year ago the directors' report ended with the sentence: "If the present recession deepens, the skills of management will be fully tested in minimising the effect on both shareholders and employees".

The depth and severity of the current recession has been well documented. Given this environment almost none of its effects on Southam in 1982 can be described as surprising. However, the impact of deep recession on the company was beyond the experience of almost all management personnel. The rate of business decline, particularly in the summer months, was unprecedented. Southam's 1982 story can best be understood by dividing the year into three periods.

The first period, to the end of June, was a period of slow but accelerating contraction for most of the company's products, particularly its newspapers. During this period management's response was to place a tight rein on controllable costs other than manpower in an attempt to avoid major layoffs. At the end of the period net income before extraordinary items had fallen 47 percent below 1981.

The second period, to the end of September, revealed an even sharper loss of volume and revenue across a broader range of company products. It became clear that Southam had lost its ability to protect the job security of every employee and a program of manpower reductions was initiated. In the third quarter the company reported a loss of almost \$6,000,000.

The third period, to the end of the year, was a period during which the year over year rate of decline moderated for most of our products. At the same time savings in interest, newsprint and manpower costs became significant. Income before extraordinary items recovered to 87 percent of that achieved in 1981.

Clearly, living with recession and managing its implications was the dominant theme of 1982. While our goal was to minimise its effect on both employees and shareholders, the result was short of that goal for both groups.

The result for shareholders was a major

drop in earnings and a fourth quarter dividend reduction.

The result on employees was less even-handed. Over 95 percent of employees remained on staff throughout the year. The majority enjoyed gains in real income as wage and salary increases in 1982 generally exceeded inflation which had fallen below 10 percent by December. The remainder, in spite of the company's best efforts, lost their jobs. To the greatest extent possible these reductions were managed by attrition, by early retirements or by lay-offs of part-time and short service personnel.

Deep recession not only dominated short term operating performance, it forced a re-analysis of financial strategy with an emphasis on debt reduction, a cutback in capital expenditures and careful management of debt placement rather than new investment. At the same time the urgent imperative of reducing manpower costs led to a review of collective bargaining targets.

The skills of management have, indeed, been fully tested.

## Financial review

The full year's net income of \$20,646,000, or \$1.64 per share, was only 46 percent of that achieved in 1981. Included were 28 cents of extraordinary items resulting from the sale by Southam Communications of Trans Ad Limited, the sale of some investments by Selkirk Communications Limited and the sale of surplus real estate by Pacific Press. Quarterly earnings before extraordinary items were 44 cents, 59 cents, minus 48 cents and 81 cents for a total of \$1.36 per share.

Although the largest income reduction was from newspaper operations, that was because of their position as our dominant source of revenue. Further comment is included on page 7. Both Southam Printing and Southam Communications were also affected by the recession but to varying degrees and their results are referred to in more detail on pages 9 and 11. Segment income is provided on page 22.

The results of Coles Book Stores Limited were less affected by the recess-

sion but were wholly unsatisfactory for other reasons. A segment loss of \$6,108,000 was in spite of record revenues of \$83,177,000, a year over year gain of 13.4 percent. While the external environment dominated other operations, internal problems influenced Coles. These factors are referred to in more detail on page 13.

The most important financial result of Coles' problems was a \$4,750,000 third quarter pre-tax write-off based on a physical inventory taken in May. An additional \$2,000,000 provision for obsolete, damaged and unsaleable books was included in the fourth quarter. Further inventory adjustments are not anticipated in 1983.

Coles' operations had a separate and less visible effect on Southam's financial position. Because Coles' fiscal year ends in October the company's debt at year end of \$193,436,000 included Coles' debt two months earlier of \$32,200,000.

During this two month interval Coles achieved a major reduction in inventory with the result that at 31 December its debt had been reduced by \$10,000,000.

In fact Southam's total debt peaked at approximately \$223,000,000 in September and the decline since then is somewhat more encouraging than the year over year comparison.

The emphasis on debt reduction was also reflected in a sharp decline in expenditures on fixed assets. An original budget of approximately \$44,000,000 was cut progressively as the year unfolded and final expenditures were \$27,398,000 as compared with \$56,371,000 in 1981.

The cost of carrying debt in 1982 was \$30,348,000, only marginally below the level of 1981. However, the decline in debt late in the year was accompanied by significant reductions in interest rates and in the final quarter interest costs were 17 percent below those of the previous year. For the full year interest costs were 47 percent of operating income before interest and tax. In 1981 interest cost represented only 28 percent of a significantly higher operating income.

During the year \$18,233,000 was distributed as dividends. The regular com-

mon dividend of 40 cents per share was reduced to 25 cents in the final quarter. Total payout represented 88 percent of net income, a sharp and temporary departure from our policy of distributing approximately 40 percent of income to shareholders.

The decline in earnings and the substantial percentage distribution to shareholders resulted in an increase in shareholders' equity of only \$3,252,000, to \$199,716,000. At year end reported debt was 97 percent of shareholders' equity, down from 104 percent a year earlier.

The significant reduction in net income, the company's inability to retire debt in 1982 as rapidly as anticipated, the continuation of high real interest rates and the fact that the company's interest cost is tied to short term rates are all factors that have been constantly monitored throughout the year. We direct your attention specifically to note 5 on page 19.

The depth of the current recession has led to widespread discussion of a broad corporate liquidity or equity problem. Your directors do not believe this is a major concern for Southam. The company has reduced its debt and the debt/equity ratio in a year of unprecedented profit decline. We believe interest rates in 1983 will average well below those of 1982. The company has already achieved a significant reduction in manpower. The cost of its principal raw material, newsprint, was reduced by all suppliers in the final quarter of 1982 and we expect the lower prices to prevail throughout 1983. We have largely completed a major program of renewal and replacement of physical plant. Our 1983 capital budget is set at \$32,000,000, but this could be cut back if circumstances require it. The consensus of economic projections is for modest growth rather than further contraction in both 1983 and 1984.

The company's balance sheet remains strong. Working capital is at normal levels. We are well placed to recover with the economy. We foresee no difficulty in attracting capital, either equity or debt, to refinance existing debt or to invest in new businesses.

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## Associated businesses

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Southam has an interest in a number of other companies in the communications field which are accounted for on an equity basis. The companies and their carrying values are listed in note 3 on page 18. The total carrying value at year end was \$40,381,000. Our equity in their net income was \$567,000, as compared with \$1,371,000 in 1981.

One associate is Selkirk Communications Limited, a public company which issues its own report to shareholders. Selkirk's net income from all sources was only 44 percent of that for 1981. Included in net income was a gain from the sale of certain Selkirk investments and our portion of that gain has been treated as an extraordinary item.

The reasons underlying Selkirk's reduced income were partly a reflection of recession and high interest rates, but more particularly a result of its investment in several developing businesses in the United States and Canada that needed venture capital support.

Another associate, TV Guide Limited, had a more successful year. This company was founded in 1977 to acquire and operate the Canadian editions of TV Guide magazine and its French language sister publication TV Hebdo. In 1979 Canadian Living Magazine was acquired. In 1982 group revenues increased 16 percent and Southam's equity in the company's income rose by 132 percent.

A third associate, Infomart, is a partnership shared equally by Southam and Torstar Corporation. To the end of 1981 Southam accounted for its interest as an accumulating investment. In 1982, Infomart's results were accounted for on an equity basis. Our share of the 1982 net after tax loss was \$1,600,000.

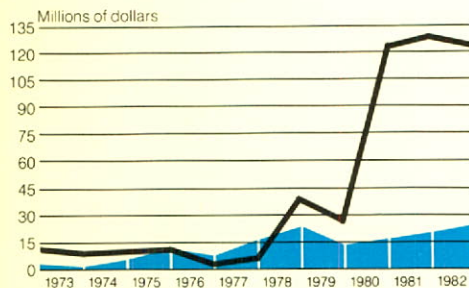
Infomart's partners continue to regard it as a research and development enterprise exploring the market potential of new communications technologies known generically as "videotex". Early in 1982, Infomart entered into a partner-

### Working Capital

1982 \$23,001,000

### Long term debt

1982 \$125,965,000

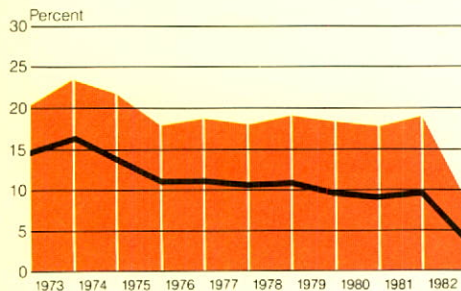


### Return on equity-historical

1982 9.0%

### Return on equity-adjusted for inflation

1982 4.1%



ship with The Times-Mirror Company of Los Angeles. The purpose was to combine the technical capabilities of Infomart and the U.S. marketing expertise of Times-Mirror to establish a leading position in "videotex" in the United States. This is proceeding according to plan.

We anticipate that Southam's share of Infomart's 1983 losses, including the shared costs of the U.S. activities will be moderately below those for 1982.

Apart from the non-newspaper associates already mentioned, Southam has minority investments in two independent Canadian dailies, The Kitchener-Waterloo Record (48 percent) and The Brandon Sun (49 percent). Both papers were affected by the recession and suffered decreases in advertising linage and income. Our equity in their 1982 net income was off 11 percent.

### Inflation accounting

In December, 1981, following several years of analysis and discussion with Canadian public companies, the Canadian Institute of Chartered Accountants published an exposure draft entitled "Reporting the Effects of Changing Prices".

Although the CICA's current recommendations would only require companies to report on the effects of inflation in 1983, there was an invitation to companies to include supplemental information with the 1982 accounts. We have chosen not to do so.

The question of inflation accounting has been a matter of broad discussion by the accounting profession and by industry for some years. In spite of the lengthy period of study it is our opinion that the majority of public companies do not consider that the CICA recommendations are fully appropriate. The techniques proposed are complicated and will not be easily understood. The resulting figures depend too much on matters of opinion and judgment to be of real value to shareholders.

Since 1975 Southam has reported on the effects of inflation using a simpler method. This method has been compared with and produces similar results to those now being proposed in terms of calculating net income as a return on shareholders' equity when equity is adjusted to express it in current dollars. This information has been included annually on the final line of the ten year summary in this and previous annual reports.

In 1982 Southam's return on equity adjusted for inflation was 4.1 percent, down from 9.8 percent the year before. In our opinion this return-on-investment calculation is the most valid measure of the company's performance on a year to year basis. Our publicly stated target is to earn a minimum 12 percent return. That has not been achieved since 1975.

### The public interest

The demise of a number of Canadian daily newspapers in 1979 and 1980 and increased concentration of ownership of those remaining has led to legitimate concern as to whether the public interest is being adequately served.

In our 1980 report we noted the initiation of an enquiry under combines legislation and the appointment of a Royal Commission by the federal government.

The combines enquiry resulted in specific charges being laid by the crown in May, 1981. A preliminary hearing resulted in the decision that a trial should proceed in the Supreme Court of Ontario and this is expected to commence in September, 1983. Your directors remain convinced that the company is not in breach of any law.

The Royal Commission on Newspapers completed its hearings and reported in August, 1981. Since then the federal Minister of State for Multiculturalism has announced the government's intention to proceed with specific legislation that is in some ways consistent and in other ways inconsistent with the commission's recommendations. As this report is written, draft legislation has not yet been brought down.

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## The company and its employees

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The total workforce at year end was the equivalent of 11,017 full time employees. This was a reduction of 585 from the year before. The staff reductions were effected during the second half of the year as part of the company's response to the economic recession and followed some increase in manpower during the first half.

Payroll costs including salaries, wages and benefits were up 12.2 percent to \$299,533,000. Of this over \$2,000,000 represented termination pay which was charged to operations.

In spite of the staff reductions, payroll costs increased to 37 percent of total revenues as compared to 33 percent in 1980 and 1981.

During the year 41 of the 80 collective agreements to which the company is party were renegotiated. Approximately 43 percent of company employees are union members.

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## The board of directors

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Several years ago the number of directors was reduced from 17 to 15 in keeping with the general goal of reducing the board to a more workable size. A further reduction, to 14, will take place this year.

Two employed directors retired as publishers last summer and they will retire as directors at this year's annual meeting. The remaining directors are eligible for re-election and will be nominated. E.L. Donegan, Q.C., a partner of Blake, Cassels and Graydon, the company's solicitors, will also be nominated.

The retiring directors are notable. John D. Muir became vice-president and publisher of The Hamilton Spectator in 1971. He was elected a director in 1978. His career at The Spectator started in 1952 and he made a major contribution to its success as advertising manager and business manager before becoming publisher. His careful management was instrumental in The Spectator's successful move to new facilities in 1976, in the planning of which he had played a key part.

Frank G. Swanson became vice-president and publisher of The Calgary Herald in 1962 following a career with the company that started in Edmonton in 1938, resumed after the war as London correspondent and eventually led to the associate editor's chair at The Ottawa Citizen in 1956. He was elected a director in 1971 and a member of the executive committee in 1979. As was the case with John Muir, Frank Swanson was the key executive responsible for the planning of and successful move to a new home for The Herald in 1981.

Both retiring publishers brought years of publishing experience and wise counsel to the board. Both deserve the full appreciation of all shareholders and employees for the part they have played in the company's success.

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## An executive change

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In September, Peter St. G. O'Brien retired as vice-president, personnel. He joined the company in 1965 as its first senior human resources officer and during the years of its most rapid growth played a major role in developing policies that affect Southam's people.

H.O. Thomasson, formerly general manager of The Calgary Herald, was appointed his successor.

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## Outlook for 1983

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This report has already mentioned a number of factors that should result in improved profitability in 1983.

The decline in interest rates continues and our interest cost, over \$30,000,000 in each of the past two years, is expected to drop by over \$7,000,000 in 1983.

There will be a significant saving in the cost of newsprint based on both the lower prices that are expected to prevail throughout the year and a program of converting our major newspapers to narrower web widths. Savings in excess of \$8,000,000 are projected although this will depend upon the levels of circulation and advertising achieved.

The manpower reductions that became necessary in the past year were partially offset by termination costs that were expensed. In 1983 total employment costs will increase by at least \$12,000,000 less than they would have, this being the approximate direct annual cost of those no longer on the company's payroll.

Shareholders are aware of the Coles' loss in 1982. The subsidiary's management is committed to a substantially better performance in 1983.

By the end of 1982 an uncertain consensus was forming that the economy had "bottomed out", that recovery was imminent if not yet under way and that the pace of recovery will be slow until 1984. We have no reason to disagree with this consensus.

With respect to demand for Southam's full range of products we do not expect a return to normal conditions until well into 1984 or 1985.

While we anticipate an earnings recovery in 1983, it seems clear that this will be from the trough of 1982, not a full return to previous levels of income.



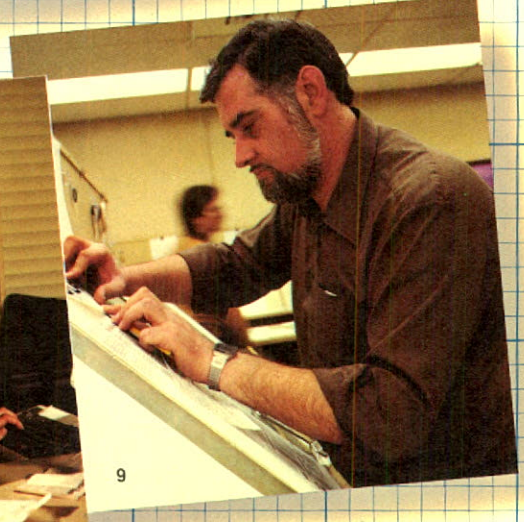
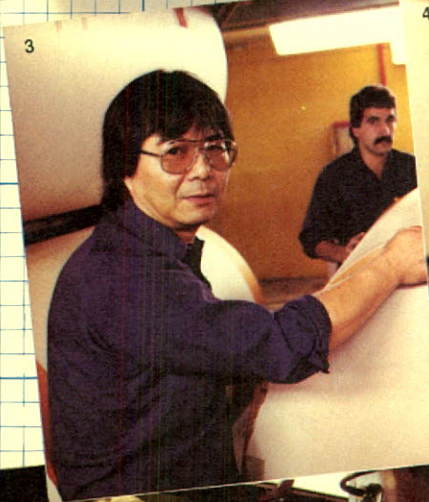
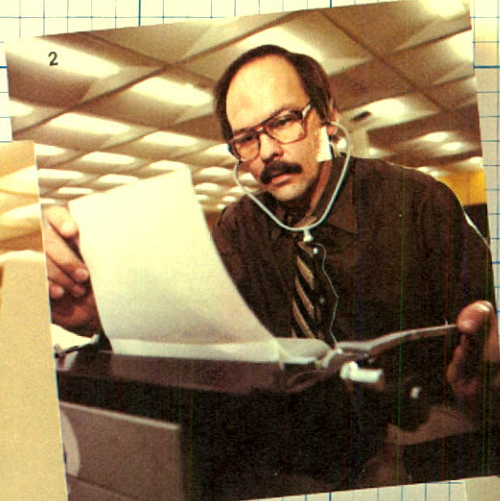
Chairman of the Board



President

OUR PEOPLE ARE OUR GREATEST ASSET

- 1. Stewart Brown: Sportswriter
- 2. Larry Sicinski: Special Projects Writer
- 3. James K. Wong: Offset Pressman
- 4. Pearl McBride: Classified Advisor
- 5. Stan Watkins: Credit Manager
- 6. Rochelle Vickers: Senior Accounts Clerk
- 7. Daniel Muse: Journeyman Pressman
- 8. Susan Johnston: Reporter
- 9. Colin Shackell: Composer
- 10. Ned Karafloff: Camera Operator
- 11. Tom Blair: Journeyman Pressman/Plate Maker
- 12. Norma Kirkby: Computer Operator

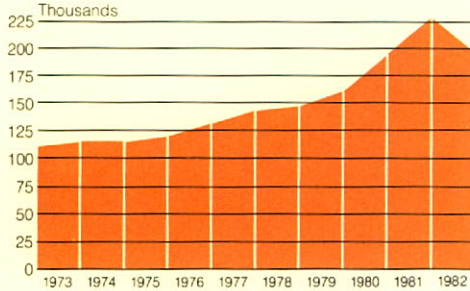




# Southam Newspapers

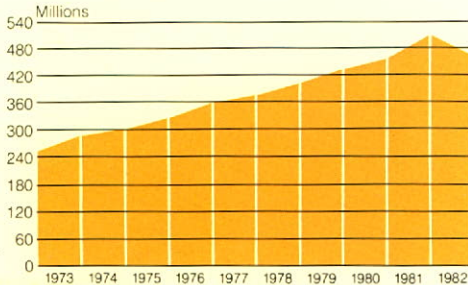
## Newsprint tonnage

1982 197,000



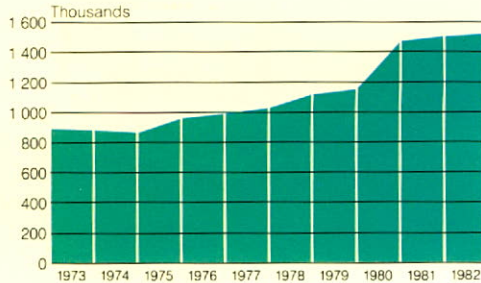
## Advertising linage

1982 464,459,000



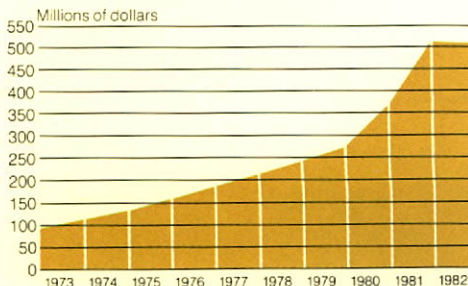
## Circulation

1982 1,510,000



## Newspaper Revenues

1982 \$507,378,000



The directors' report has already mentioned the significant reduction in 1982 newspaper earnings. Segment income of \$51,683,000 was only 60 percent of that achieved in the previous year.

The decline was largely the result of an 11 percent loss of advertising linage. The pattern of reduced volume by quarters: -6 percent, -11 percent, -18 percent and -8 percent suggested some "bottoming out" at year end.

Hardest hit was classified linage which declined 21 percent with record interest rates having a devastating effect on real estate, automotive and employment advertising.

The impact of recession was uneven between regions and newspaper markets. Southam's major declines in 1982 were in those markets, specifically Vancouver, Edmonton and Calgary, which had previously enjoyed the greatest rates of economic growth. The heaviest linage losses were generally experienced by the papers with the largest advertising volumes.

Recession had a lesser effect on newspaper circulation. Although as an economy measure our papers discontinued distribution to some peripheral communities, total circulation at year end was even with 1981 and circulation revenue was ahead 14 percent.

It is difficult to express an opinion as to whether the significant reductions in Southam's newspaper revenues and earnings resulted in any loss of market share to other newspapers or to other mass media. A part of the problem is that the experience of competing media is not yet fully on the public record. It appears likely that the effect of recession on broadcast revenues lagged the newspaper experience because of the longer lead times involved in placing advertising in the electronic media. Apart from that broadcasters have never enjoyed the substantial classified advertising revenues that are unique to newspapers and this was the category most affected in 1982.

The year's investment in newspaper fixed assets was \$19,000,000, as compared with \$41,000,000 the year before.

The move of The Calgary Herald to new facilities at the end of 1981 marked the end of a major program of renewal and replacement of newspaper plant that had been under way for a decade. During that period our major papers in

Montreal, Ottawa, Hamilton, Edmonton and Calgary were almost totally re-equipped with expanded capacity and the latest printing and publishing technologies. During the same period our smaller papers in Sault Ste. Marie and Medicine Hat were re-located in new plants and changes in production and improvements in working conditions were completed at all other divisions.

In July, The Kamloops News, which was acquired in 1981, converted from thrice weekly free distribution to five day paid publication and moved to new facilities. At year end paid circulation had reached 20,700.

Publication of the rotogravure magazine TODAY was suspended at the end of August. The cost of closing was less than the losses that would have occurred during the last four months. In 1983 the saving will be in excess of \$3,500,000.

TV Times, the television program listing magazine carried as a supplement by some Southam and other Canadian dailies, has continued to do well.

The retirement in July of two publishers, mentioned in the directors' report, resulted in a number of senior appointments.

Donald Carlson was appointed publisher of The Hamilton Spectator. David Tafler, formerly editor, was promoted to publisher of the Financial Times of Canada to succeed him.

Patrick O'Callaghan became publisher of The Calgary Herald and William Newbigging succeeded him as publisher of the Edmonton Journal.

Paddy Sherman succeeded Newbigging as publisher of The Ottawa Citizen and Gerald Haslam moved to The Vancouver Province to succeed Sherman.

While this number of moves at one time was unusual, all of those involved were attracted by the challenges inherent in their new responsibilities and all have settled enthusiastically into their new positions.

## Southam Daily Newspapers

Distribution of Circulation at December 31, 1982

British Columbia	422,533
Alberta	353,162
Ontario	522,374
Quebec	212,220
Total	1,510,289



SOME SOUTHAM PRINTING EMPLOYEES

1. G. Dee: Steel Rule Die Maker
2. George Hill: Steel Rule Die Maker
3. Inge Ecke: Take-off Folder Gluer
4. S. Idenouye: Die Cutter
5. Maria DiBenedetto: Die Cutter
6. Grant Hallett: Stripper
7. Antonio Ruggiero: Carton Stripper
8. Martin McDermott: Step-Repeat Operator
9. Don Burt: Etcher and Stager
10. Harold Bovair: 1st Pressman
11. Allan Phillips: Press Room Foreman
12. Bob Rezek: Bookbinder
13. F. Raymond: Refoucher

# Southam Printing Limited

Southam Printing is a group of nine operating divisions which collectively represent one of Canada's largest commercial printing enterprises.

Although revenues were affected by recession this was to a lesser degree than many other industries. At \$169,118,000, Southam Printing's 1982 sales were approximately equal with 1981 and income was off only 4.7 percent, a significant achievement in view of the economic environment.

We believe the satisfactory earnings performance is the direct result of experienced and enthusiastic leadership. The company's divisions are each operated by management teams which are encouraged to take an entrepreneurial approach in the matching of equipment and manpower to the needs of specific customers in their individual markets. They have been successful in responding quickly to changing conditions. They are close to their customers and understand their requirements.

The year's results also reflect an aggressive cost control program and encouraging improvements in productivity.

The company's divisions are located in Quebec, Ontario, Manitoba, Alberta and British Columbia. Although most divisions performed well, operations in British Columbia were affected by the depressed condition of that province.

Expansion in the industry's production capacity in recent years represented an additional hurdle in 1982 as aggressive price competition between printers put great pressure on profit margins.

During the year \$4,764,000 was spent on fixed assets. A capital program of \$11,000,000 is planned for 1983. This program will respond to new technolo-

gies and changing customer requirements. Major spending will be for a new generation web offset press at Southam Murray, a five colour and a six colour sheet fed offset press at McLaren, Morris & Todd and equipment to convert a newsprint press to higher quality heatset production at Canadian Publishers.

Most of the company's manufacturing personnel are unionised and relations with unions have generally been excellent. Unfortunately during 1982 we experienced a seven week strike at Southam Farwest by employees who did not accept the reality of the current severe recession in British Columbia. This strike was settled on satisfactory terms. The cost of recent labour settlements has been declining and we expect this will continue in 1983.

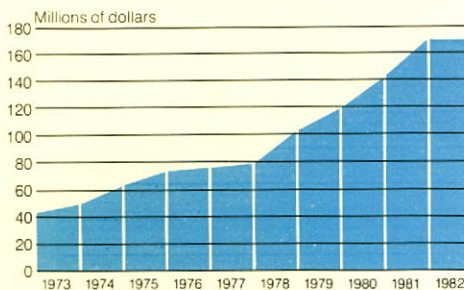
In January 1982 we purchased a 50 percent interest in Multiple Business Forms Canada Inc., with provision to acquire full ownership at a later date. Multiple has plants in Montreal and Toronto. We are delighted with this new association. Strong management maintained earnings at a good level in spite of the lower demand being experienced by the business forms sector.

We expect the printing industry to experience better sales in 1983, but some markets will recover only slowly and aggressive price competition will continue as long as excess capacity remains unabsorbed.

We are confident that Southam Printing will retain its position of profit leadership in the industry. The confidence is based on the quality of the company's management and on the skills of all employees who have demonstrated their ability and desire to meet competition successfully.

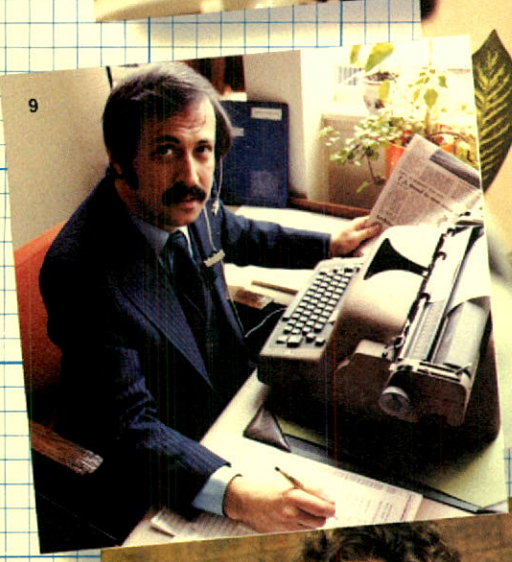
## Southam Printing Limited Revenues

1982 \$169,118,000



SOUTHAM COMMUNICATIONS HAS MANY PEOPLE DOING MANY THINGS

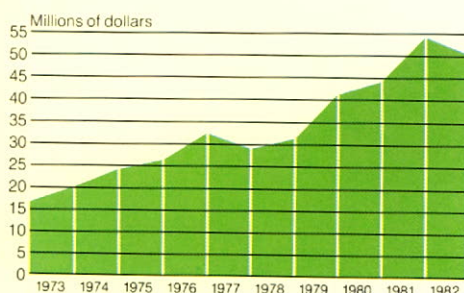
- 1. Barbara Cheng: Designer
- 2. Jorge Estrada: Creative Director
- 3. Jim Ransom: Manager CANADATA
- 4. Scott Williams: Managing Editor
- 5. Deidre McMurdy: Assistant Editor
- 6. Betty Cheung: Data Entry Operator
- 7. Andrea M. Azan: Data Entry Operator
- 8. Marg Whitaker: Advertising Co-ordinator
- 9. Barry Ginsberg: Reporter
- 10. Jean Winstanley: Personnel Officer
- 11. Scott Sillcox: Exhibit Sales
- 12. Judy Hurd: Show Manager
- 13. Grace Relf: Supervisor/Reception Area
- 14. Gillian Perry: Billing Clerk
- 15. Julie Kent: Paste-up Artist



# Southam Communications Limited

## Southam Communications Limited Revenues

1982 \$50,550,000



Southam Communications is a diversified communications organisation serving the needs of business, government and the professions with a wide range of special information products. These products are aimed at the unique requirements of specific customers as compared with its parent's concentration on mass media serving a broader public.

Results in 1982 were seriously affected by the weak economy. Operating revenue was down 7.8 percent and segment income declined 47 percent. However a portion of these reductions resulted from the sale of Trans Ad Limited in January.

The reason for this diversiture was because of the risk of conflict of interest when Trans Ad's regular and legitimate pursuit of municipal transit advertising contracts takes place in markets where Southam's daily newspapers comment editorially on the public performance of local politicians and officials. The sale resulted in a capital gain of approximately \$1,575,000 which was not included in segment income.

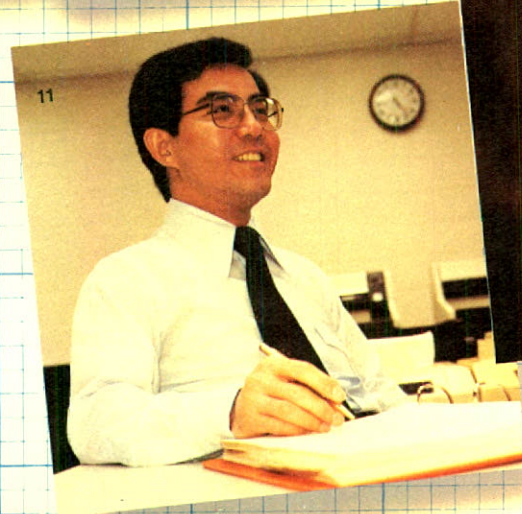
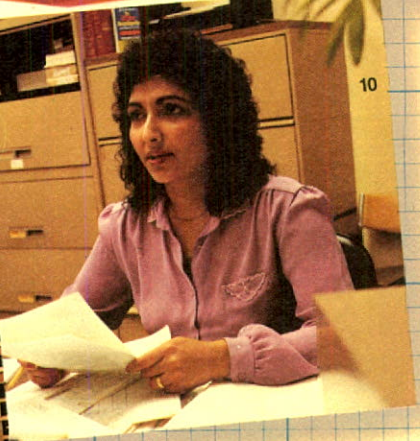
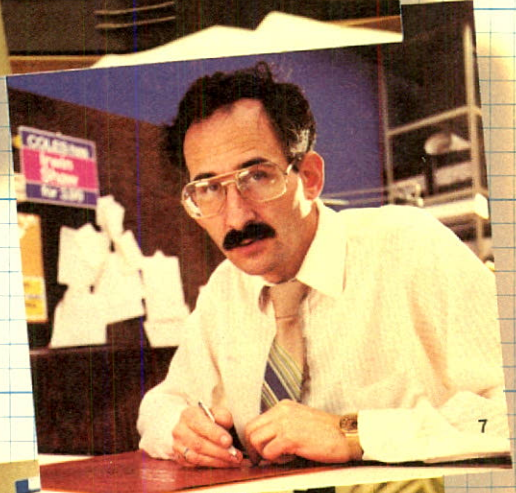
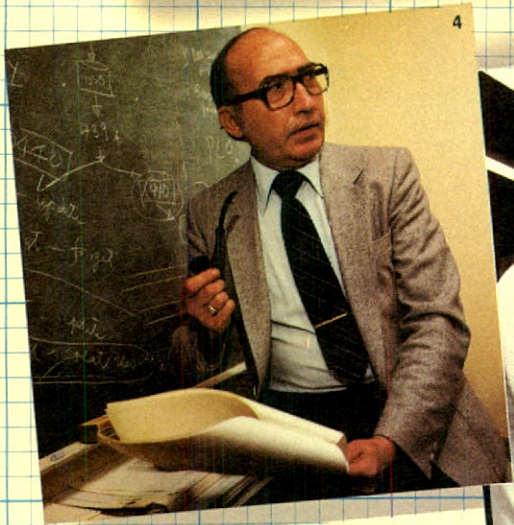
With respect to continuing operations the largest volume decrease was experienced in business publication advertising which declined 21 percent. The company's publications serving forest, mining and construction industries were particularly affected by the depressed conditions of these sectors. A number of other products enjoyed increased profitability. Unfortunately the "losers" outnumbered the "winners" and group publishing income was off sharply for the year.

Southex, the company's trade show and exhibition group continued as the premier show producer in Canada. This division's revenues were up 29 percent over 1981, but a part of this growth was from the biennial National Petroleum Show, the largest industrial exhibition in Canada, which was staged in 1982 but not in 1981.

During the year the subsidiary completed two significant acquisitions. The Engineering Times, a well established tabloid paper serving all engineering disciplines was acquired in April. While currently depressed by soft market conditions it will be a major contributor to the publishing division in future years.

Scott's Industrial Directories was acquired in December. This group publishes four major regional industrial directories of Canada and two trade directories in the Metropolitan Toronto area. These new products are a natural fit with a number of the subsidiary's other activities.

An analysis of Southam Communication's results for 1982 suggests that the impact of recession was delayed until well into the second half. This time lag as compared with the total economy is expected on the recovery side as well. It is also the case that many of the industrial sectors which we serve are not yet showing signs of increased activity. For these reasons we expect 1983 to be a year without significant growth of segment income.



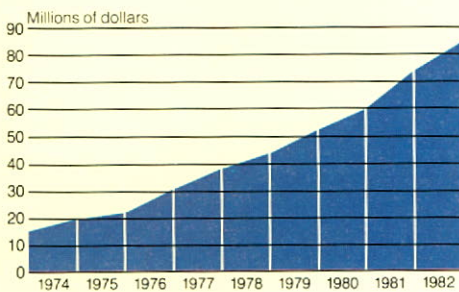
COLES HAS A VARIETY OF JOB FUNCTIONS

1. Paul Welsh: Design/Draftsman
2. Michael Cleeland: Store Manager
3. Parveen Jaffer: Accounting Clerk
4. C. B. Cardinell: Manager, Data Processing
5. Mussarat Mohammad: Packer
6. Raj Kapil: Machine Operator
7. Michael P. Brodey: Design Development Manager
8. Sandra Small: Data Entry Operator
9. Carolin Brooks: Assistant Store Manager
10. Sarinder K. Gill: Secretary to Real Estate Director
11. William Wong: Senior Systems Analyst
12. T. Alcorn: Buying Co-ordinator

# Coles Book Stores Limited

## Coles Book Stores Limited Revenues

1982 \$83,177,000



The directors' report has already mentioned the problems encountered at this subsidiary. In spite of these difficulties Coles continues as the largest book retailer in this country. During the year six new stores were opened and three were closed in Canada. One store was closed in the United States. At year end 234 stores were operating, 173 in Canada and 61 in the United States.

Operating revenue for the year ended 30 October was a record \$83,177,000, up 13.4 percent over the previous year.

In May 1982 a physical inventory count revealed a significant difference from anticipated levels because of a failure to account for books that had been sold at prices below those necessary to maintain budgeted operating margins. This resulted in a \$4,750,000 inventory write-down reported in Southam's third quarter.

Later in the year a further analysis of stock in stores and in Coles' central warehouse resulted in the decision to write down the value of damaged, obsolete and unsaleable books. Accordingly an additional \$2,000,000 provision was included in Southam's fourth quarter that anticipated the disposal of this stock in 1983.

While we believe that Coles' inventory is now conservatively valued and that no further inventory adjustments will be required in 1983, the result of the write-offs was a pre-tax segment loss of \$6,108,000 in 1982.

Coles' inventory valuation problems required a management response, separate from the accounting adjustments, to ensure that the surprises of 1982 are not repeated in future years. This involved some management changes and the implementation of new management information systems to give more effective control of purchases, stock valuation and monitoring of working capital.

In addition the company's marketing and store operations departments have been re-organized. An incentive system for store managers is being implemented. A program has been initiated to give Coles' stores an appearance distinctively different to its competition. A category buying system has been introduced.

In July 1982 Coles' chief operating responsibility was assumed by William E. Ardell, vice-president, administration. He was confirmed as president of the company in January 1983.

In August 1982 John C. Maynard, CA, joined the company as vice-president, finance and secretary.

In October 1982 Leonard Berger, a former Coles employee, rejoined the company as vice-president, purchasing.

Although Coles' sales increased significantly in a year of severe economic recession, a recovery of normal operating margins may be delayed because of the continuing low levels of consumer confidence. In spite of that we expect Coles will show significantly improved results in 1983 and that it has the earnings potential to justify our original confidence in its future. Its new management is dedicated to both goals.

# Auditors' Report

## Summary of accounting policies

December 31, 1982

### To the Shareholders of Southam Inc.

We have examined the consolidated statement of financial position of Southam Inc. as at December 31, 1982 and the consolidated statements of income, reinvested 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.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 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, Canada  
February 4, 1983



Chartered Accountants

The principal accounting policies followed by Southam Inc. and subsidiary companies are summarized hereunder to facilitate a comprehensive review of the financial statements contained in this report. All policies conform to generally accepted accounting principles and have been consistently applied.

### Principles of consolidation

The consolidated financial statements include the accounts of all subsidiaries of which the more substantial are Southam Printing Limited, Southam Communications Limited, Coles Book Stores Limited and Pacific Press Limited. The accounts of Coles are consolidated on a two month delay basis for its fiscal year ended in October. The results of operations of subsidiaries are included in the consolidated financial statements from the dates of acquisition of control.

### Inventories

Materials and supplies included in inventories are valued at the lower of cost and replacement cost. Inventories of work in process and finished goods are valued at the lower of cost and net realizable value. Work in process and finished goods include cost of raw materials, direct labour and manufacturing overhead expenses. Retail merchandise is valued at the lower of cost and net realizable value less normal profit margin.

### Associated businesses

The company follows the equity method of accounting for all associated businesses and accordingly, the equity in earnings attributable to these investments is included in income. Goodwill included in investments in associated companies is accounted for in conformity with the method set out below.

### Fixed assets

Land, buildings, machinery and equipment and leasehold improvements are stated at cost. Depreciation is provided primarily on a straight line basis, using rates of 2½ percent per annum for buildings and 10 percent per annum for machinery and equipment. Leasehold improvements are amortized over the term of the applicable lease.

When fixed assets are sold or scrapped, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is included in income.

### Goodwill

Beginning in 1973 goodwill is recorded as an asset to be systematically amortized by charges to earnings over periods not to exceed 40 years. Prior to 1973, goodwill was written off and charged to reinvested earnings.

### Income taxes

The company provides for income taxes currently payable and, in addition, provides for deferred income taxes resulting from timing differences between financial and taxable income.

The federal investment tax credit has been deferred and is being amortized over the depreciable life of the related fixed assets.

### Comparative figures

Certain 1981 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1982.



# Consolidated statement of income

Year ended December 31

	1982	Percentage change	1981
	(Thousands of dollars)		
<b>Revenue from operations</b>			
Southam Newspapers	<b>\$507,378</b>		\$509,747
Southam Printing Limited	<b>169,118</b>		170,193
Coles Book Stores Limited	<b>83,177</b>		73,349
Southam Communications Limited	<b>50,550</b>		54,817
	<b>810,223</b>	+ .3	808,106
<b>Operating expenses</b>			
Salaries, wages and employee benefits	<b>299,533</b>		267,043
Newsprint, paper and ink	<b>184,250</b>		193,987
Other supplies and services	<b>236,570</b>		214,874
Depreciation	<b>23,457</b>		20,810
Amortization of goodwill	<b>2,024</b>		1,930
Interest (note 5)	<b>30,348</b>		30,875
	<b>776,182</b>	+ 6.4	729,519
<b>Operating income before income taxes</b>	<b>34,041</b>	- 56.7	78,587
<b>Income taxes</b>			
Current	<b>16,792</b>		24,484
Deferred (reduction)	<b>(1,150)</b>		11,739
	<b>15,642</b>	- 56.8	36,223
Operating income	<b>18,399</b>	- 56.6	42,364
Equity in net income of associated businesses (note 3)	<b>567</b>	- 58.6	1,371
<b>Income from continuing operations</b>	<b>18,966</b>	- 56.6	43,735
Loss from discontinued operations of Today Magazine Inc. after income tax reductions of \$1,530,000 (1981 - \$1,350,000)	<b>1,870</b>	+ 13.3	1,650
<b>Income before extraordinary items</b>	<b>17,096</b>	- 59.4	42,085
Extraordinary items (note 9)	<b>3,550</b>	+ 37.5	2,582
<b>Net income</b>	<b>\$ 20,646</b>	- 53.8	\$ 44,667
<b>Earnings per common share</b>			
From continuing operations	<b>\$ 1.51</b>		\$ 3.51
Before extraordinary items	<b>\$ 1.36</b>		\$ 3.37
After extraordinary items	<b>\$ 1.64</b>		\$ 3.58
<b>Average number of common shares outstanding</b>	<b>12,526,369</b>		12,443,355

# Consolidated statement of financial position

December 31

	1982	1981
	(Thousands of dollars)	
<b>Current assets</b>		
Accounts receivable	<b>\$100,604</b>	\$111,131
Inventories (note 2)	<b>66,426</b>	72,694
Prepaid expenses	<b>4,249</b>	2,455
	<b>171,279</b>	186,280
Deduct		
<b>Current liabilities</b>		
Bank loans and commercial paper (note 5)	<b>66,788</b>	72,999
Accounts payable and accrued liabilities	<b>65,793</b>	68,133
Income taxes	<b>3,349</b>	13,416
Deferred revenue – subscriptions and rentals	<b>11,665</b>	11,030
Long term debt due within one year (note 5)	<b>683</b>	913
	<b>148,278</b>	166,491
<b>Working capital</b>	<b>23,001</b>	19,789
Add		
Investments		
Associated businesses (note 3)	<b>40,381</b>	38,354
Mortgage receivable		9,050
Other investments	<b>2,298</b>	1,153
Fixed assets, less accumulated depreciation (note 4)	<b>234,287</b>	234,792
Advances – employee stock purchase plan	<b>1,236</b>	1,811
Goodwill	<b>65,265</b>	62,972
<b>Capital employed</b>	<b>366,468</b>	367,921
Deduct		
Long term debt (note 5)	<b>125,965</b>	129,520
Deferred income taxes	<b>40,787</b>	41,937
	<b>166,752</b>	171,457
<b>Shareholders' equity</b>	<b>\$199,716</b>	\$196,464
Derived from		
Capital stock (note 8)		
Preferred shares – 5 percent cumulative, convertible, voting, redeemable at \$100 per share		
Authorized and issued – 18,225 shares	<b>\$ 1,823</b>	\$ 1,823
Common shares		
Issued – 12,576,101 shares (1981 – 12,532,843 shares)	<b>12,608</b>	11,769
Reinvested earnings	<b>185,285</b>	182,872
	<b>\$199,716</b>	\$196,464

Approved by the Board of Directors  
 St. Clair Balfour, Director  
 Gordon N. Fisher, Director

# Consolidated statement of reinvested earnings

Year ended December 31

	1982	1981
	(Thousands of dollars)	
<b>Balance at beginning of year</b>	<b>\$182,872</b>	\$158,214
Net income	<b>20,646</b>	44,667
	<b>203,518</b>	202,881
Deduct		
Dividends		
Preferred shares – 5 percent	<b>91</b>	91
Common shares – \$1.45 per share (1981 – \$1.60 per share)		
Cash	<b>14,571</b>	15,781
Issue of common shares (1982 – 123,942 shares, 1981 – 113,459 shares)	<b>3,571</b>	4,137
	<b>18,233</b>	20,009
<b>Balance at end of year</b>	<b>\$185,285</b>	\$182,872

# Consolidated statement of changes in financial position

Year ended December 31

	1982	1981
	(Thousands of dollars)	
<b>Working capital derived from</b>		
Operations		
Income before extraordinary items	<b>\$ 17,096</b>	\$ 42,085
Add items not involving working capital	<b>27,112</b>	33,233
	<b>44,208</b>	75,318
Long term borrowing		4,104
Proceeds from sale of fixed assets	<b>5,145</b>	2,700
Issue of common shares		2,153
Proceeds from sale of subsidiary	<b>2,330</b>	
Mortgage receivable	<b>9,050</b>	
	<b>60,733</b>	84,275
<b>Working capital applied to</b>		
Additions to fixed assets	<b>27,398</b>	56,371
Long term debt repaid or currently payable	<b>3,555</b>	
Dividends paid in cash	<b>14,662</b>	15,872
Goodwill purchased	<b>4,217</b>	2,165
Common shares purchased for cancellation	<b>2,732</b>	3,557
Investments acquired	<b>4,751</b>	2,611
Other items	<b>206</b>	654
	<b>57,521</b>	81,230
<b>Increase in working capital</b>	<b>3,212</b>	3,045
<b>Working capital at beginning of year</b>	<b>19,789</b>	16,744
<b>Working capital at end of year</b>	<b>\$ 23,001</b>	\$ 19,789

# Notes to consolidated financial statements

December 31, 1982  
(Tabulated dollars in thousands)

## 1. Accounting policies and segmented information

The summary of accounting policies contained herein represents the principal accounting policies applied in preparation of these consolidated financial statements.

Additional segmented information supplementing that set out in these consolidated financial statements is provided herein. The directors of the company have determined the various classes of business for the company and its principal subsidiaries on the following basis:

Newspapers	Southam Inc. and Pacific Press Limited
Printing	Southam Printing Limited
Book sales and publishing	Coles Book Stores Limited
Business publications and shows	Southam Communications Limited

## 2. Inventories

	1982	1981
Materials and supplies	\$24,277	\$27,754
Work in process	9,830	6,926
Finished goods	2,384	2,319
Retail merchandise (Coles Book Stores Limited)	29,935	35,695
	<b>\$66,426</b>	<b>\$72,694</b>

## 3. Investments in associated businesses

	Percent interest	Carrying Value	
		1982	1981
<b>NEWSPAPER AND PUBLISHING</b>			
Sun Publishing Company Limited (Brandon)	49	\$ 542	\$ 526
Kitchener-Waterloo Record Limited	48	5,050	4,635
TV Guide Inc.	33	11,569	10,772
<b>ELECTRONIC COMMUNICATIONS</b>			
Selkirk Communications Limited			
A (non-voting)	38	18,236	17,857
B (voting)	30		
Infomart	50	3,750	4,233
<b>OTHER</b>		<b>1,234</b>	<b>331</b>
		<b>\$40,381</b>	<b>\$38,354</b>

Goodwill amounting to \$7,400,000 is included in the amounts above.

Dividends received from associated companies amounted to \$1,468,000 (1981 – \$1,706,000).

## 4. Fixed assets

	1982	1981
Land	\$ 18,415	\$ 21,351
Buildings	103,812	102,922
Machinery and equipment	227,707	209,969
Leasehold improvements	10,333	8,893
	<b>360,267</b>	<b>343,135</b>
Less accumulated depreciation	125,980	108,343
	<b>\$234,287</b>	<b>\$234,792</b>

## 5. Long term debt

Certain indebtedness has been classified as long term since the company intends to use a portion of available term banking arrangements to refinance these borrowings. These arrangements provide that the company may borrow up to \$100,000,000 to be repaid from 1988 to 1997 and up to \$40,000,000 to be repaid in 1985.

	1982	1981
<b>SOUTHAM INC.</b>		
Bank loans	<b>\$ 78,462</b>	\$153,959
Commercial paper	<b>87,149</b>	
Perpetual redeemable 5 percent debentures	<b>248</b>	257
<b>SUBSIDIARY COMPANIES</b>		
Bank loans	<b>18,263</b>	39,624
Debentures, 11 percent	<b>6,000</b>	6,000
Other	<b>3,314</b>	3,592
	<b>193,436</b>	203,432
Deduct portion included in current liabilities		
Bank loans and commercial paper	<b>66,788</b>	72,999
Other	<b>683</b>	913
	<b>67,471</b>	73,912
	<b>\$125,965</b>	\$129,520

Interest on bank loans fluctuates with bank prime and the commercial paper has an average rate at December 31, 1982 of 11.8 percent. The bank loans may be repaid at any time.

## 6. Commitments

(a) The company has approved a capital expansion program totalling approximately \$32,000,000 for 1983.

(b) Coles Book Stores Limited has obligations under long term operating leases for retail outlets and warehousing facilities extending for various periods to 1999.

The minimum aggregate rentals under these leases amount to approximately \$57,216,000 of which payments required in each of that company's next five years are: 1983 - \$8,609,000; 1984 - \$8,375,000; 1985 - \$7,863,000; 1986 - \$6,939,000; 1987 - \$6,045,000.

## 7. Guarantee

The company has guaranteed certain indebtedness amounting to U.S. \$8,750,000 in connection with its 33 percent interest in TV Guide Inc. Provision to increase the company's interest is provided

for in the event that payments are made under the guarantee. The company has also guaranteed indebtedness amounting to \$1,550,000 in connection with its partnership in Infomart.

## Notes to consolidated financial statements (Continued)

### 8. Capital Stock

#### SHARE CONSTRAINT

The issue or transfer of the company's shares to non-Canadian persons or corporations is restricted to a maximum of 25 percent of both the number of shares outstanding and the paid up capital attributable thereto. This restriction ensures that the company will continue to have Canadian status so that advertisers may deduct, for income tax purposes, the cost of advertising in any of its publications.

#### PREFERRED SHARES

The preferred shares are redeemable by the company at \$100 per share plus accrued and unpaid cumulative dividends. The holder may convert preferred shares into the greatest number of common shares

having an aggregate market value at the time of such conversion which does not exceed the aggregate redemption value of the preferred shares converted.

#### COMMON SHARES

The directors may determine whether to pay dividends in cash or by issuing fully paid common shares and which shareholders have the right to elect to receive such dividends in shares.

The directors have determined that shareholders who come within the "constrained class" or who are indebted in respect of shares included in the Employee Stock Purchase Plan are ineligible to receive stock dividends on such shares.

#### SUMMARY OF SHARE TRANSACTIONS FOR THE YEAR

	Preferred		Common	
	Shares	Amount	Shares	Amount
Issued at January 1, 1982	18,225	\$1,823	12,532,843	\$11,769
Stock dividends			123,942	3,571
	18,225	1,823	12,656,785	15,340
Common shares purchased for cancellation			80,684	2,732
Issued at December 31, 1982	18,225	\$1,823	12,576,101	\$12,608

### 9. Extraordinary Items

	1982	1981
Equity in extraordinary items of associated companies	\$ 912	\$2,582
Gain on sale of land after income taxes of \$391,000	1,063	
Gain on sale of subsidiary after income taxes of \$400,000	1,575	
	<b>\$3,550</b>	\$2,582

### 10. Legal proceedings

On May 1, 1981, the Attorney General of Canada charged the company and certain other companies with offences under the Combines Investigation Act, including conspiring to lessen unduly competition of major English language daily newspapers published in certain areas and forming a merger or a monopoly in certain areas. The trial has been scheduled to commence during 1983 and the company will contest the charges. In the event of conviction, the

court is empowered to order the dissolution of any merger or monopoly found to exist, to prohibit any act directed toward the continuation of an offence found to have been committed, and to impose fines. The outcome of these proceedings is not determinable at this time and the effect, if any, is expected to be accounted for in the consolidated statement of income in the year in which it is known.

# Retirement funds statement

(not included in company accounts)

	1982 (Thousands of dollars)		1981
<b>Balance January 1</b>	<b>\$</b>	<b>132,478</b>	\$ 113,605
Contributions during year			
Employee required		<b>4,284</b>	3,849
Company		<b>4,379</b>	3,901
		<b>8,663</b>	7,750
Employee voluntary extra		<b>116</b>	127
Transfer of funds from subsidiaries		—	1,187
		<b>8,779</b>	9,064
Net income of funds		<b>14,098</b>	12,183
		<b>22,877</b>	21,247
Net profit on sale of investments		<b>2,492</b>	3,804
		<b>25,369</b>	25,051
Payments for pensions and refunds on death or termination		<b>6,384</b>	6,178
		<b>18,985</b>	18,873
<b>Balance December 31</b>	<b>\$</b>	<b>151,463</b>	\$ 132,478

This statement includes all pension funds administered by the company in addition to those funds included in The Southam Retirement Plan.

In 1982 the funds were administered by, among others, Royal Trust Corporation of Canada, National Trust Company Limited, Investors Group Trust Co. Ltd., Sun Life Assurance Company of Canada, Confederation Life Insurance Co., Great West Life Assurance Company or invested in government annuities.

The actuarial report of December 31, 1981 showed that the plan was satisfactorily funded. It is anticipated that this will also be the case at December 31, 1982.

## Significant statistics

	Employees	Salaries and wages (Thousands of dollars)	Shares owned
British Columbia	2,003	\$ 62,247	461,125
Alberta	2,045	52,435	582,179
Manitoba	264	4,284	74,780
Ontario	4,722	109,312	8,113,656
Quebec	1,487	42,405	3,120,857
Other	496	3,739	241,729
<b>Total</b>	<b>11,017</b>	<b>\$ 274,422</b>	<b>12,594,326</b>

## Supplementary segmented information

(Thousands of dollars)

	Total Consolidated	
	1982	1981
External sales	\$ 810,223	\$ 808,106
Intercompany sales	14,815	14,142
	<b>825,038</b>	822,248
Consolidating adjustments	<b>(14,815)</b>	(14,142)
Operating revenue	\$ 810,223	\$ 808,106
Gross income (loss)	\$ 89,870	\$ 132,202
Depreciation	23,457	20,810
Amortization of goodwill	2,024	1,930
Segment income (loss) from continuing operations	64,389	109,462
Interest	30,348	30,875
Income taxes	15,642	36,223
Operating income	\$ 18,399	\$ 42,364
Current assets	\$ 171,279	\$ 186,280
Fixed assets	234,287	234,792
Goodwill	65,265	62,972
Assets employed in operations	470,831	484,044
Corporate assets	43,915	50,368
Total assets	\$ 514,746	\$ 534,412
Additions to fixed assets	\$ 27,398	\$ 56,371

## Allocation of revenue

Year ended December 31

Salaries and wages
Employee benefits
Newsprint, paper and ink
Other supplies and services
Community welfare donations
Depreciation and amortization
Interest on borrowed funds
Income taxes
Dividends
Retained in company from operations
Revenue from operations



Southam Newspapers		Southam Printing Limited		Coles Book Stores Limited		Southam Communications Limited	
1982	1981	1982	1981	1982	1981	1982	1981
\$ 507,378	\$ 509,747	\$ 169,118	\$ 170,193	\$ 83,177	\$ 73,349	\$ 50,550	\$ 54,817
530	454	14,285	13,688				
\$ 507,908	\$ 510,201	\$ 183,403	\$ 183,881	\$ 83,177	\$ 73,349	\$ 50,550	\$ 54,817

\$ 69,347	\$ 101,302	\$ 19,545	\$ 19,858	\$ (3,805)	\$ 2,836	\$ 4,783	\$ 8,206
16,745	14,819	4,412	3,998	1,625	1,458	675	535
919	795	255	255	678	678	172	202
\$ 51,683	\$ 85,688	\$ 14,878	\$ 15,605	\$ (6,108)	\$ 700	\$ 3,936	\$ 7,469

\$ 76,108	\$ 82,451	\$ 53,501	\$ 54,576	\$ 31,120	\$ 36,942	\$ 10,550	\$ 12,311
180,991	182,848	37,286	37,017	10,915	11,266	5,095	3,661
31,516	34,842	2,088	2,343	25,421	23,919	6,240	1,868

\$ 288,615	\$ 300,141	\$ 92,875	\$ 93,936	\$ 67,456	\$ 72,127	\$ 21,885	\$ 17,840
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\$ 18,984	\$ 41,143	\$ 4,764	\$ 11,243	\$ 1,329	\$ 2,797	\$ 2,321	\$ 1,188
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1982		1981	
(thousands of dollars)		(thousands of dollars)	
\$ 274,422	33.87%	\$ 245,291	30.35%
25,111	3.10	21,752	2.69
184,250	22.74	193,987	24.01
235,540	29.07	213,646	26.44
1,030	.13	1,228	.15
25,481	3.14	22,740	2.81
30,348	3.75	30,875	3.82
15,642	1.93	36,223	4.48
18,233	2.25	20,009	2.48
166	.02	22,355	2.77
\$ 810,223	100%	\$ 808,106	100%

# Southam Inc.

Head Office, 150 Bloor Street West,  
Toronto, Ontario, M5S 2Y8  
(416) 927-1877 Telex 065-23486

## Subsidiaries

Canadian Publishers Company Limited  
Coles Book Stores Limited  
Coles the book people! Inc.  
Journal of Commerce Limited  
McLaren, Morris and Todd Limited  
Pacific Press Limited  
Panex Show Services Ltd.  
Les Publications Eclair Ltée

Southam Communications Limited  
Southam Communications Inc.  
Southam Farwest Printing Limited  
Southam Printing Limited  
South-Times Publishing Limited (75%)  
Vancouver Newspapers Limited  
Videosurgery Limited

## Newspapers

The Gazette, Montreal  
The Citizen, Ottawa  
The Nugget, North Bay  
The Spectator, Hamilton  
The Brantford Expositor  
The Sun-Times, Owen Sound  
The Windsor Star  
The Sault Star  
The Medicine Hat News

The Edmonton Journal  
The Calgary Herald  
The Citizen, Prince George  
The Province, Vancouver  
The Vancouver Sun  
The Kamloops News  
Financial Times of Canada, Toronto

## News bureaux

Ottawa, Halifax, Montreal, Toronto, Calgary, Edmonton,  
Vancouver, Washington, London, Paris, Tokyo, Cairo and Harare, Zimbabwe

## Newspaper advertising offices

Toronto, Montreal and representation in Vancouver

## Operating printing divisions

Agency Press, Vancouver, British  
Columbia  
Canadian Publishers, Calgary, Alberta  
Canadian Publishers, Winnipeg,  
Manitoba  
Gazette Canadian Printing, Candiac,  
Quebec  
McLaren, Morris & Todd, Mississauga,  
Ontario

Offset Print & Litho, Don Mills, Ontario  
Southam Business Forms, Candiac,  
Quebec  
Southam Farwest Printing, Burnaby,  
British Columbia  
Southam Murray Printing, Weston,  
Ontario  
Southam Specialty Printing, Candiac,  
Quebec

## Business publications

Administrative Digest  
Bath & Kitchen Marketer  
British Columbia Lumberman  
Building Guide  
Canadian Architect, The  
Canadian Chemical Processing  
Canadian Consulting Engineer  
Canadian Doctor  
Canadian Footwear Journal  
Canadian Forest Industries  
Canadian Industrial Equipment News  
Canadian Mining Journal  
Canadian Office Products and  
Stationery  
Canadian Petroleum  
Canadian Plastics  
Canadian Transportation & Distribution  
Management  
Canadian Travel News  
Collectibles  
Construction West  
Daily Commercial News & Construction  
Record

Drilling Canada  
Electrical Equipment News  
Electronics & Communications  
Engineering & Contract Record  
Engineering Times, The  
Equipment Maintenance  
Executive  
Génie-Construction  
Gifts & Tablewares  
Health Care  
Heating, Plumbing & Air Conditioning  
Journal of Commerce  
Laboratory Product News  
Meetings & Incentive Travel  
Modern Medicine of Canada/  
Médecine Moderne du Canada  
Opérations Forestières  
Oral Health  
Plomberie, Chauffage et Climatisation  
Pool Industry Canada  
Pulp & Paper Canada  
Shop  
Water & Pollution Control

### **Annuals and directories**

Canadian Highway Carriers Guide  
Canadian Medical Directory  
Canadian Mining Journal Reference Manual  
& Buyers' Guide  
Canadian Oil Register  
Canadian Plastics Directory &  
Buyers' Guide  
Canadian Pool & Patio Consumers  
Handbook  
Canadian Ports & Seaway Directory

### **Newsletters and loose-leaf services**

Agriweek  
Canadian Occupational Health and  
Safety News  
Canadian Occupational Safety and  
Health Law  
Canadian Recycling Market  
Corpus Chemical Report  
Corpus Plastics Report

### **Shows and exhibitions**

Atlantic Provinces Construction, Forestry &  
Mining Show  
Atlantic Provinces Industrial &  
Business Show  
British Columbia Computer and  
Business Show  
British Columbia Forest Industries  
Equipment Exhibition  
Buffalo Communications Show  
Buffalo Computer Show  
Buffalo Do It Yourself Show  
Buffalo International Production Show  
Calgary Do It Yourself Show  
Calgary Fall Gift Show  
Calgary Home & Garden Show  
Calgary Spring Gift Show  
Canadian Chemical & Process  
Equipment Exhibition  
Canadian Garden, Pool & Landscape  
Show  
Canadian Mining Equipment Exhibition  
Canadian Tire Products Parade  
Canadian Western Farm & Ranch Show  
Edmonton Alberta Computer and  
Business Show  
Edmonton Do It Yourself Show  
Edmonton Fall Gift Show  
Edmonton Home & Garden Show  
Edmonton Spring Gift Show  
Forest Industries Equipment Exhibition  
Graphic Trade Show – Toronto  
Industry Energy Exposition  
International Electrical, Electronics  
Conference & Exposition  
International Food & Wine Fair

### **Services**

Avcor  
CanaData  
Consumer Power Package  
Corpus Editorial/Publishing Services  
Seminar/Conference Consultants  
Southam Building Reports  
Southam Direct Marketing Services

Corpus Administrative Index  
Corpus Almanac & Canadian Sourcebook  
Hazardous Waste Management Handbook  
Occupational Health & Safety Index  
Ontario Building and  
Construction Handbook  
Pulp & Paper Canada Annual & Directory  
Scott's Industrial Directories  
Yardsticks for Costing

CPI Product Profiles  
Daily Oil Bulletin  
Eco/Log Canadian Pollution Legislation  
Eco/Log Week  
Energy Analects  
Energy Pricing News  
Ottawa Week  
Public Sector, The

International Materials Handling &  
Distribution Show  
Investor's Marketplace  
ISA Instrument Show  
Kitchener-Waterloo Industrial and  
Business Show  
Montreal Fall Gift Show  
Montreal Graphic Trade Show  
Montreal Spring Gift Show  
National Home Show  
National Petroleum Show  
Northern Ontario Industrial &  
Business Show  
Ontario Floorcovering Market  
Ottawa Garden, Pool & Landscape Show  
Ottawa Industrial & Business Show  
Petrochem Processing Conference  
& Exhibition  
Philadelphia Home Show  
Philadelphia Industrial Exhibition  
Photo & Travel Show  
Round Up  
Sanitation & Maintenance Show  
Suburban New York Home & Garden Show  
Toledo Industrial Exhibition  
Toronto Fall Gift Show  
Toronto Spring Gift Show  
Vancouver Fall Gift Show  
Vancouver Home & Garden Show  
Vancouver Home Improvement Exhibition  
Vancouver Island Business Show  
Vancouver Spring Gift Show  
Washington, D.C. Industrial Exhibition  
Western Ontario Business Computer  
Show and Seminar

Southam Direct Response  
Southam Product Cards  
Southam Reprint Sales  
Southam Sales Marketing Systems  
Southam Telephone Marketing  
Trade Show Consultants

# Directors and Officers

## Southam Inc.

- 2 St. Clair Balfour  
chairman of the board
- 2 Gordon N. Fisher  
president
- William J. Carradine  
senior vice-president
- John G. Craig, CA  
vice-president, finance and  
secretary
- 1 E. J. Mannion  
chairman  
Southam Communications Limited
- John S. Martin, CA  
controller
- G. L. Meadows, CA  
vice-president, corporate  
development
- J. Noel O'Halloran, CA  
treasurer
- L. J. Rothwell  
vice-president, engineering  
and production
- Margaret G. Shano  
assistant secretary
- H. O. Thomasson  
vice-president, personnel
- John S. Ward  
vice-president, marketing
- 2, 4 George L. Crawford, QC  
Priddis, Alberta
- 2, 3, 4 Hugh G. Hallward  
Montreal, Quebec
- 2, 4 J. Norman Hyland  
Vancouver, British Columbia
- 1 Norman B. Keevil, Jr. Ph.D.  
Vancouver, British Columbia
- 1 John D. Muir  
Hamilton, Ontario
- 1 Marnie Paikin  
Burlington, Ontario
- 2, 3, 4 J. Jacques Pigott  
Bolton, Ontario
- 1 Gaston Pouliot, QC  
Montreal, Quebec
- 1 G. H. Southam, OC  
Ottawa, Ontario
- 1 Wilson J. H. Southam  
Stoney Creek, Ontario
- 1 F. G. Swanson  
Calgary, Alberta
- 2, 3, 4 Adam H. Zimmerman, FCA  
Toronto, Ontario

## The Southam Newspapers

- Gordon Bullock  
vice-president and publisher  
The Windsor Star
- D. H. E. Carlson  
vice-president and publisher  
The Spectator, Hamilton
- W. R. Dane  
publisher  
The Sault Star
- Clark W. Davey  
vice-president Pacific Press,  
publisher, The Vancouver Sun
- Gerald P. Haslam  
vice-president Pacific Press,  
publisher, The Province, Vancouver
- Robert McConnell  
vice-president and publisher  
The Gazette, Montreal
- William Newbigging  
vice-president and publisher  
Edmonton Journal
- J. P. O'Callaghan  
vice-president and publisher  
The Calgary Herald
- Clifford C. Sharp  
publisher  
The Nugget, North Bay
- Paddy Sherman  
vice-president and publisher  
The Citizen, Ottawa
- Andrew W. Snaddon  
publisher  
The Medicine Hat News
- Bryson W. Stone  
publisher  
The Citizen, Prince George
- David Tafler  
publisher  
Financial Times of Canada
- James S. Thomson  
publisher  
The Brantford Expositor
- L. Rolf Timmermanns  
publisher  
The Kamloops News
- E. H. Wheatley  
president and general manager  
Pacific Press Limited
- E. P. Wilson  
publisher  
The Sun-Times, Owen Sound

### **Southam Communications Limited**

- 1 Edward J. Mannion  
chairman and chief executive officer
- 1 Sidney J. Cohen  
president
  - G. W. Funston  
vice-president
  - D. E. McClure  
vice-president
  - G. G. Stewart  
vice-president
  - C. Summerfield  
vice-president
- A.P. Varcoe, CA  
vice-president, finance  
and secretary
- 1 E. L. Donegan  
Toronto, Ontario
- 1 Gordon N. Fisher  
Toronto, Ontario
- 1 G. L. Meadows, CA  
Toronto, Ontario
- 1 J. Jacques Pigott  
Bolton, Ontario
- 1 Adam H. Zimmerman, FCA  
Toronto, Ontario

### **Southam Printing Limited**

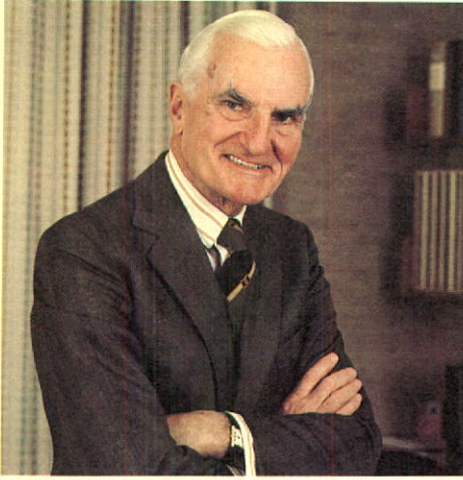
- 1 Frederick Best  
chairman of the board
- 1 D. G. Scott, FCA  
president
- 1 John S. Crawford  
senior vice-president
  - André Beaudet  
vice-president and general manager  
Specialty Printing and Business  
Forms divisions
  - Ronald W. Chase  
vice-president and general manager  
Southam Murray Printing division
  - C. G. J. Hewitt, CA  
secretary-treasurer
  - Frank A. Lipari  
vice-president and general manager  
Gazette Canadian Printing division
  - John Morris  
vice-president and general manager  
McLaren, Morris and Todd division
- Morrie Ostrow  
vice-president and general manager  
Canadian Publishers division
- Geo. D. Smith  
vice-president and general manager  
Agency Press division
- T. Stevenson  
general manager  
Southam Farwest Printing division
- Donald R. Townsend  
vice-president and general manager  
Offset Print & Litho division
- 1 E. L. Donegan  
Toronto, Ontario
- 1 Gordon N. Fisher  
Toronto, Ontario
- 1 Hugh G. Hallward  
Montreal, Quebec
- 1 G. L. Meadows, CA  
Toronto, Ontario
- 1 J. Jacques Pigott  
Bolton, Ontario

### **Coles Book Stores Limited**

- 1 Gordon N. Fisher  
chairman of the board
- 1 William E. Ardell  
president
  - L. A. Burger  
vice-president, purchasing
  - Jeffrey B. Cole  
vice-president, publishing
  - John C. Maynard, CA  
vice-president, finance and  
secretary
- 1 Frederick Best  
Toronto, Ontario
- 1 Hugh G. Hallward  
Montreal, Quebec
- 1 G. L. Meadows, CA  
Toronto, Ontario
- 1 Marnie Paikin  
Burlington, Ontario

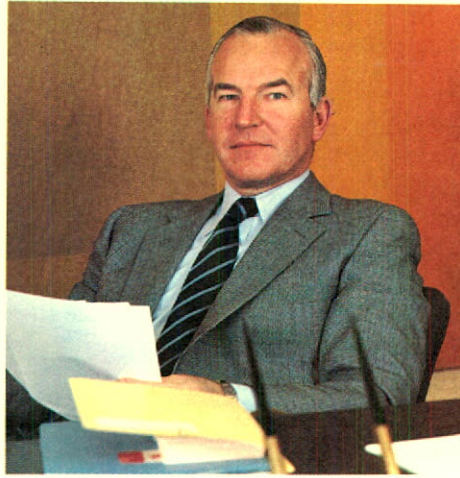
- 1 Director
- 2 Executive committee
- 3 Audit committee
- 4 Nominating committee

## Directors and officers



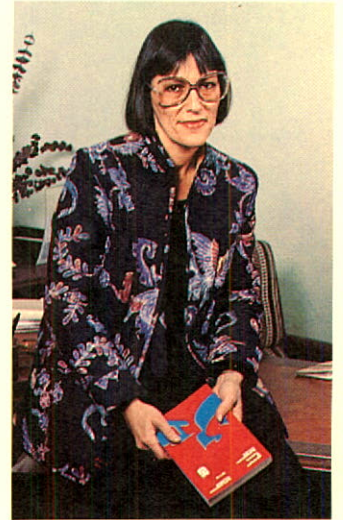
**St. Clair Balfour**

Elected director 1953.  
Born Hamilton, 1910.  
BA (Toronto). Joined The Spectator, Hamilton 1931; publisher 1951; vice-president and managing director, Southam Inc. 1954; president 1961; chairman of the board 1975. Governor Toronto Stock Exchange, director Canadian Executive Service Overseas, member Governing Council University of Toronto.



**Gordon N. Fisher**

Elected director 1967.  
Born Montreal, 1928.  
B Eng. (McGill). Joined head office of Southam Inc. as executive assistant 1958; assistant to the president 1962; vice-president 1965; vice-president and managing director 1969; president 1975. Trustee, Toronto General Hospital, governor Trinity College School, member policy committee Business Council on National Issues.



**Marnie Paikin**

Elected director 1978.  
Born Toronto, 1936.  
BA (University of Western Ontario), LL.D. (Univ of Toronto). Member, Inflation Restraint Board, Ontario Council of Health, Ontario Council on University Affairs; trustee, Toronto General Hospital. Past chairman, Governing Council, University of Toronto; past chairman, Hamilton Place



**J. Norman Hyland**

Elected director 1973.  
Born Vancouver, 1913.  
B.Comm. (U.B.C.). Chairman British Columbia Railway. Director MacMillan Bloedel Limited and a number of other Canadian companies.



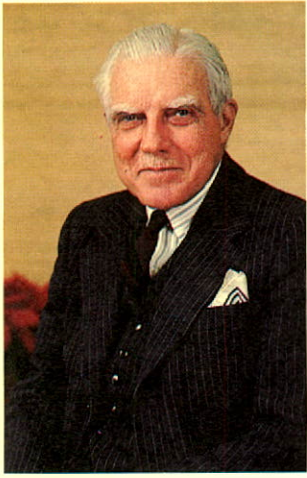
**Hugh G. Hallward**

Elected director 1974.  
Born Montreal, 1926.  
BA (McGill). President Argo Construction (1981) Inc. Chairman, board of directors, Bishop's College School; member of executive committee, chairman, board of governors McGill University and a director of a number of Canadian companies.



**Adam H. Zimmerman, FCA**

Elected director 1970.  
Born Toronto, 1927.  
BA (Toronto). Joined Noranda Mines Limited as assistant comptroller 1958; comptroller 1961; vice-president 1966; executive vice-president and director 1974; president & chief operating officer 1982. Chairman James MacLaren Industries, Inc., Noranda Metal Industries Limited, Noranda Aluminum Inc.; president Northwood Pulp and Timber Limited; vice-chairman MacMillan, Bloedel Limited; Fraser Inc.; director manufacturing and forest product subsidiaries and associates of Noranda and several Canadian public companies. Trustee Hospital for Sick Children



**John D. Muir**

Elected director 1978  
Born London, Ontario, 1919  
B Com. (Queen's) Joined The Spectator, Hamilton as retail advertising manager 1952; advertising sales manager 1954; business manager 1959; assistant publisher 1970; vice-president and publisher 1971-1982. Honorary member of the National Council of the Boy Scouts of Canada. Member Honorary Board of Governors Junior Achievement of Hamilton.



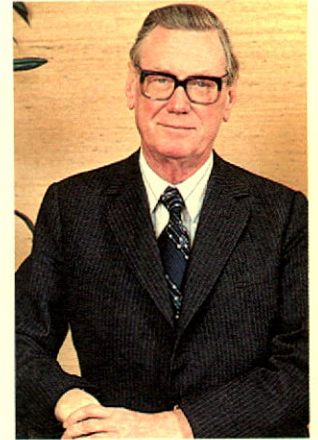
**G. Hamilton Southam, OC**

Elected director 1964.  
Born Ottawa, 1916.  
BA (Toronto). Joined The Times of London 1945; The Citizen, Ottawa 1946. Joined Department of External Affairs 1948; Secretary of Legation, Stockholm, 1949-1953; Chargé d'Affaires and later Ambassador, Warsaw, 1959-1962. Coordinator National Arts Centre, Ottawa 1964, Director-General 1967-1977. Chairman Festival Canada 1977-1979. Chairman National Theatre School 1979-1981, Lively Arts Market Builders/C Channel 1979. President Canadian Mediterranean Institute 1980.



**Norman B. Keevil Jr.**

Elected director 1981.  
Born Cambridge, Mass., 1938.  
Ph D (Berkeley), President & chief executive officer Teck Corporation 1981. Director Lornex Mines Limited, The Mining Association of Canada, Expo 86 Corporation. Member National Advisory Council on Mineral Industry.



**Frank G. Swanson**

Elected director 1971.  
Born Edmonton, 1917.  
BA (Alberta), MSc (Columbia). Joined Edmonton Journal 1938; Southam London bureau 1945; The Citizen, Ottawa 1948; associate editor 1956; editor 1960; assistant publisher The Calgary Herald 1961; vice-president and publisher 1962-1982. Director Royal Canadian Geographical Society; associate director Calgary Exhibition and Stampede.



**George L. Crawford, QC**

Elected director 1959.  
Born Edmonton, 1915.  
Called to Alberta Bar in 1939. Associate of McLaws & Company. Honorary Life Member Y.M.C.A. Past president Calgary Exhibition & Stampede. Director Canadian Utilities Ltd., Norwich Union Life Insurance Society, Selkirk Communications Limited, Continental Bank of Canada, IAC Limited and other Canadian companies.



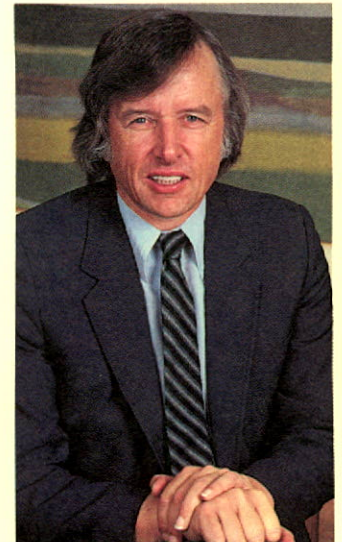
**Gaston Pouliot, QC**

Elected director 1975.  
Born Farnham, Quebec, 1922.  
Called to Quebec Bar in 1944.  
Partner, law firm Pouliot, Dion, Guilbault, Caron, Prévost. Director of a number of Canadian companies.



**J. Jacques Pigott, PEng**

Elected director 1962.  
Born Detroit, Mich. 1916.  
B A Sc. (Toronto). President Maranjac Holdings Limited, director Pigott Investments Ltd., North American Life Assurance Co., VG Trustco Ltd., Victoria & Grey Trust Ltd., Canadian Paraplegic Association.



**Wilson J. H. Southam**

Elected director 1971.  
Born Calgary, 1932.  
BA (McGill), MA (Oxford). Reporter, The Spectator, Hamilton 1960. Canadian Broadcasting Corporation public affairs writer, director, producer, 1963-1966. President and general manager The Group at Cox. Member Executive Committee Health Council of Ontario. Director Lively Arts Marketing Board.



**E. H. Wheatley**

Born Calgary, 1927  
Joined The Calgary Herald 1945; Toronto office Southam Newspapers 1950; national advertising manager The Calgary Herald 1958; advertising director Edmonton Journal 1960; marketing director 1968; assistant to the publisher and marketing director 1970; publisher The Brantford Expositor 1971; vice-president and publisher The Windsor Star 1976; publisher The Winnipeg Tribune 1977; president and general manager Pacific Press Limited 1980. Vice chairman Newspaper Marketing Bureau Director Audit Bureau of Circulations



**Paddy Sherman**

Born Newport, England, 1928  
Various British newspapers 1947-1952. Joined The Province, Vancouver 1952; editor 1965; vice-president and publisher 1972; publisher The Citizen, Ottawa 1982. Director, Canadian Press. Chairman, Canadian section, International Press Institute. Founding director Mountain Rescue Group and Outward Bound, Canada. Author: Cloud Walkers (1965); Bennett (1966); Expeditions to Nowhere (1981).



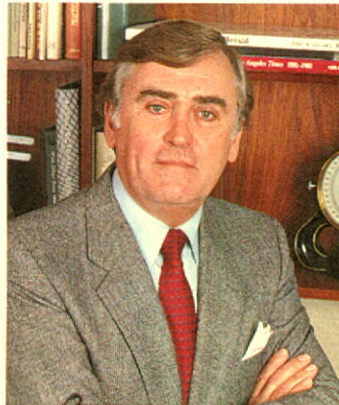
**H. O. Thomasson**

Born Ulverston, England, 1921  
Joined The Spectator, Hamilton 1946; national advertising manager 1952; personnel manager 1957; assistant business manager 1967; business manager, The Calgary Herald 1970; general manager 1977; vice-president, personnel, Southam Inc. 1982



**Fred Best**

Born Berlin, Germany, 1913  
Joined Canadian Printing & Lithographing Co. Ltd. 1945; general manager 1952; president 1960. President Offset Print & Litho Ltd. and Canprint Holdings Ltd. on acquisition by Southam Inc. in 1971. Vice-president and director Southam Printing Limited 1972; president 1975; chairman 1978. Past president Graphic Arts Industries Association; director Graphic Arts Technical Foundation; chairman Canadian Graphic Arts Scholarship Trust Fund.



**L. John Rothwell, P.Eng.**

Born Margate, England, 1927  
Joined the company as vice-president, engineering & production 1972. Previously North American president of Crabtree-Vickers Ltd. Member of the Graphic Arts Advisory Committee of The Rochester Institute of Technology. Fellow of the Institution of Mechanical Engineers, London, England.



**William Newbigging**

Born Toronto, 1939  
Joined Edmonton Journal 1957; city editor 1965; news editor 1967; assistant to the publisher 1971; executive assistant to the publisher The Citizen, Ottawa 1973; business manager 1974; general manager 1976; assistant publisher and general manager 1977; vice-president and publisher 1978; publisher Edmonton Journal 1982. Director, The Canadian Press, Canadian Daily Newspaper Publishers Association; member, board of governors, Canadian Advertising Foundation.



**William E. Ardell**

Born Calgary, 1944  
B. Comm (Sir George Williams). Merchandising manager Spalding Canada 1968; vice-president and general manager Shakespeare Canada 1973; general manager Graphic Web Ltd., 1979. Joined Coles Book Stores 1982; executive vice-president 1982; president 1983.



**C. W. Davey**

Born Chatham, Ontario, 1928.  
BA (Journalism) University of Western Ontario Chatham News 1948; Northern Daily News 1951; Globe and Mail 1951; managing editor 1963. Publisher Vancouver Sun 1978; vice-president Pacific Press 1981. Chairman The Canadian Press, 1982-83.



**D. G. Scott, FCA**

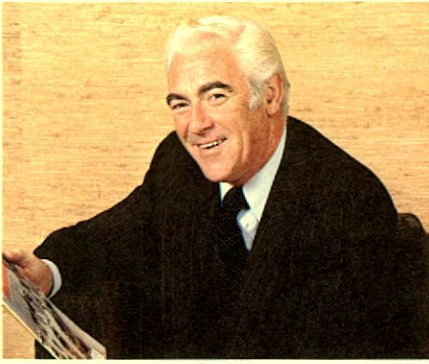
Born Toronto, Ontario, 1924  
Thorne, Riddell 1942. Joined Southam Printing Limited as controller 1954, appointed treasurer 1962, secretary-treasurer 1967, vice-president finance and secretary 1975, president 1980.



**Robert McConnell**

Born Vancouver, 1942  
BA English (University of British Columbia), Masters in English (University of Chicago). Joined The Province, Vancouver 1965; assistant city editor 1966; editorial writer 1968; Victoria Bureau 1970; editor 1972; executive assistant to the publisher The Gazette, Montreal 1976; general manager 1977; assistant publisher 1979; vice-president and publisher 1979.





**E. J. Mannion**  
Elected director 1978  
Born Preston, Ontario, 1927.  
Joined Thomson Newspapers 1948; retail advertising director 1954; director of sales 1957; general manager, Thomson Newspapers U.S. 1966. President and publisher, Southstar Publishers Limited 1968; chairman and chief executive officer, Southam Communications Limited 1978.



**John S. Ward**  
Born Toronto, 1919.  
MacLaren Advertising Company Limited, 1946. Joined Southam Newspapers, Toronto, 1948; assistant advertising manager Edmonton Journal 1950; advertising director 1951; vice-president, marketing Southam Inc., 1960.



**Don Carlson**  
Born Edmonton, Alberta, 1918  
BA (History Gold Medalist) University of Alberta  
Various editorial positions, Toronto Star, Vancouver Sun, Vancouver Province, Vancouver News-Herald, 1942-1954; director public relations, James Lovick and Company, 1954; director public relations, Crown Zellerbach Canada, 1955; vice-president, corporate secretary, Ford of Canada, 1959. Joined Southam as publisher, Financial Times of Canada, 1974; vice-president and publisher, The Spectator, 1982.



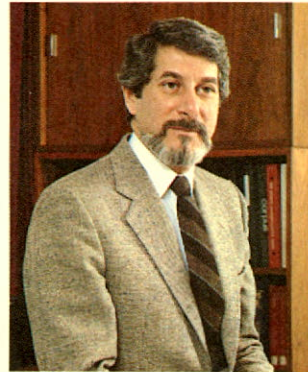
**Gordon Bullock**  
Born Leeds, England, 1932.  
Various British newspapers 1949-1954. Daily News, Hamilton 1954; joined The Spectator, Hamilton 1957; managing editor 1966; executive editor 1970; business manager 1975; general manager 1976; assistant publisher Edmonton Journal 1977; vice-president and publisher The Windsor Star 1979.



**J. Patrick O'Callaghan**  
Born County Cork, Ireland, 1925.  
Various British newspapers, 1947-1959. Red Deer (Alberta) Advocate 1959. Joined Edmonton Journal as assistant to the publisher 1968; executive editor Southam News 1969; executive assistant head office 1971; vice-president and publisher The Windsor Star 1972; publisher Edmonton Journal 1976; publisher The Calgary Herald 1982. President Canadian Daily Newspaper Publishers Association; director The Canadian Press, American Press Institute.



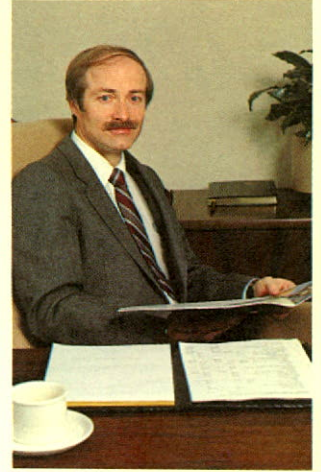
**Gerald Halsman**  
Born Rotherham, England, 1945.  
BA (Sociology) McGill University  
Executive assistant, House of Commons 1967. Broadcaster, CKY and CBC Winnipeg 1969. Joined The Winnipeg Tribune 1972; managing editor 1973; editor 1976. Joined MacMillan Bloedel Ltd. 1977. Re-joined Southam Inc. 1979 as director, Videotex Services. Publisher, The Province 1982; vice-president, Pacific Press 1983. Director, Infomart.



**Sidney J. Cohen**  
Born Toronto, 1933.  
Joined Hugh C. MacLean Publications Ltd. (now Southam Communications Limited) as circulation manager 1953; director of research 1957; business manager 1960; publisher 1964; vice-president 1971; executive vice-president 1975; president 1977. Past president Canadian Business Press.



**George L. Meadows, CA**  
Born Toronto, Ontario, 1938.  
BA (Toronto) Clarkson, Gordon 1963-1973. Project Group of Canada Ltd. 1973-1974; joined Southam Business Publications Limited 1974 as secretary-treasurer; vice-president and secretary-treasurer 1976; joined head office as assistant to the president 1977; vice-president, corporate development 1978.



**John G. Craig, CA**  
Born Windsor, Ontario, 1942.  
BA Business Administration (University of Western Ontario). Deloitte Haskins & Sells 1964, Multiple Access Ltd. 1969; vice-president, finance and administration Global Communications Limited 1976. Joined Southam Inc. as vice-president finance and secretary, 1981.



**William J. Carradine**  
Born Smooth Rock Falls, Ontario, 1929.  
BA Journalism, MBA (University of Western Ontario). Procter & Gamble 1954-1968. Vice-president and general manager London Free Press 1968-1972. Joined Southam head office as vice-president 1972; senior vice-president 1980.

# Ten-year comparative summary

(Thousands of dollars except where indicated\*)

1973

1974

## Income

Revenue from operations	\$	183,453	221,920
Operating expenses	\$	151,242	186,271
Interest on borrowed funds	\$	1,085	2,017
Depreciation and amortization	\$	4,270	5,148
Operating income before tax	\$	26,856	28,484
Income taxes	\$	12,617	13,224
Operating income	\$	14,239	15,260
Income from investments	\$	4,094	3,950
Income from continuing operations	\$	18,333	19,210
Extraordinary and other items	\$	302	813
Net income	\$	18,634	20,023
*Net income per share	\$	1.49	1.61
Dividends paid	\$	8,168	9,799
*Dividends per share	\$	.65	.80
Percent income distributed	%	43.8	48.9

## Financial position

Current assets	\$	35,358	45,542
Current liabilities	\$	33,825	40,771
Working capital	\$	1,533	4,771
Investments	\$	13,134	13,339
Fixed assets – gross	\$	97,664	109,212
Accumulated depreciation	\$	54,422	55,613
Other assets	\$	469	446
Goodwill	\$	2,185	2,909
Long-term debt	\$	8,347	10,390
Deferred income taxes	\$	3,562	6,106
Capital stock: 5 percent cumulative, redeemable, convertible, voting, preferred shares	\$	2,160	2,160
common shares	\$	8,005	8,005
Retained earnings	\$	38,489	48,403
*Equity per common share	\$	3.75	4.55

## Statistics

Advertising linage – newspapers (1,000s)		272,771	294,294
Advertising pages – magazines (1,000s)		21	22
Newspaper pages (1,000s)		173	180
Magazine pages (1,000s)		52	52
Daily newspaper circulation – December (1,000s)		891	881
Tons of newsprint used (1,000s)		114	114
Employees		6,473	6,930
Salaries and wages paid	\$	69,343	81,839
Employee benefits	\$	5,039	6,581
Improvements to plant	\$	9,536	14,782
Shareholders		3,526	3,546
*Price range per common share		\$33.00-25.50	30.25-20.00
(Price per share – Valuation day \$18.28)			
Return on revenue (operating margin)	%	14.6	12.8
Equity – after adjusting for goodwill previously written off (historical)	\$	78,558	88,472
Return (net income) on historical equity	%	23.7	22.6
Equity – adjusted for inflation	\$	112,149	137,876
Return (net income) on adjusted equity	%	16.6	14.5

From 1975 onward "Consolidated Statement of Income" includes our share of the earnings of associated companies.

1975	1976	1977	1978	1979	1980	1981	1982
257,300	293,012	312,593	379,108	484,235	605,120	808,106	<b>810,223</b>
221,526	252,121	270,240	322,828	408,571	512,776	675,904	<b>720,353</b>
2,085	1,888	933	2,606	7,586	16,109	30,875	<b>30,348</b>
6,052	7,025	7,752	9,961	12,571	17,750	22,740	<b>25,481</b>
27,637	31,978	33,668	43,713	55,507	58,485	78,587	<b>34,041</b>
12,764	14,223	14,058	17,982	24,579	26,858	36,223	<b>15,642</b>
14,873	17,755	19,610	25,731	30,928	31,627	42,364	<b>18,399</b>
5,085	5,698	6,436	5,293	3,132	3,496	1,371	<b>567</b>
19,958	23,453	26,046	31,024	34,060	35,123	43,735	<b>18,966</b>
10,825	659	—	2,209	5,590	(5,734)	932	<b>1,680</b>
30,783	24,112	26,046	33,233	39,650	29,389	44,667	<b>20,646</b>
2.37	1.93	2.09	2.67	3.18	2.36	3.58	<b>1.64</b>
9,772	9,882	10,861	14,616	14,989	19,960	20,009	<b>18,233</b>
.80	.81½	.87	1.17	1.20	1.60	1.60	<b>1.45</b>
31.7	41.0	41.7	44.0	37.8	67.9	44.8	<b>88.3</b>
56,480	58,188	65,922	104,219	127,064	154,298	186,280	<b>171,279</b>
43,547	51,323	50,874	81,582	113,476	137,554	166,491	<b>148,278</b>
12,933	6,865	15,048	22,637	13,588	16,744	19,789	<b>23,001</b>
18,744	30,839	35,469	38,103	48,347	43,698	48,557	<b>42,679</b>
126,900	132,216	147,879	175,581	199,532	293,326	343,135	<b>360,267</b>
59,877	61,577	66,996	74,173	82,214	93,206	108,343	<b>125,980</b>
327	240	253	234	344	1,388	1,811	<b>1,236</b>
7,323	5,307	5,451	30,180	30,030	62,737	62,972	<b>65,265</b>
12,693	4,168	6,480	39,782	27,289	125,416	129,520	<b>125,965</b>
10,688	12,543	14,952	18,491	22,932	30,198	41,937	<b>40,787</b>
2,160	2,160	2,160	2,160	1,823	1,823	1,823	<b>1,823</b>
8,005	8,005	8,005	8,005	8,798	9,036	11,769	<b>12,608</b>
72,804	87,014	105,507	124,124	148,785	158,214	182,872	<b>185,285</b>
6.52	7.66	9.15	10.66	12.68	13.44	15.53	<b>15.74</b>
320,414	354,821	373,951	395,266	433,994	458,908	512,589	<b>464,459</b>
22	25	20	17	17	18	18	<b>12</b>
192	208	214	225	240	253	272	<b>248</b>
52	54	44	41	40	42	43	<b>27</b>
942	985	1,013	1,134	1,155	1,476	1,492	<b>1,510</b>
119	132	142	148	162	189	228	<b>197</b>
7,410	7,314	7,203	8,814	9,571	10,795	11,602	<b>11,017</b>
96,254	106,868	111,879	125,777	154,632	188,912	245,291	<b>274,422</b>
7,781	9,366	10,457	11,298	13,209	16,379	21,752	<b>25,111</b>
17,048	12,976	18,828	24,354	31,626	81,801	56,371	<b>27,398</b>
4,027	4,120	4,134	4,165	3,941	4,274	4,603	<b>4,347</b>
29.00-21.50	26.00-17.88	23.00-17.75	27.25-19.75	29.00-24.75	43.50-27.75	42.50-30.00	<b>38.5-24.25</b>
10.7	10.9	10.8	11.5	11.5	9.7	9.7	<b>4.2</b>
112,873	127,083	145,576	164,193	189,310	198,977	226,367	<b>229,620</b>
27.3	19.0	17.9	20.2	20.9	14.8	19.7	<b>9.0</b>
176,203	206,800	247,213	288,080	343,157	394,003	453,953	<b>498,968</b>
17.5	11.7	10.5	11.5	11.6	7.5	9.8	<b>4.1</b>

