



ANNUAL REPORT 1983

The Company

Majestic is one of North America's leading dryland cross country pipeline contractors. Originally formed in 1954, the company through amalgamation, was listed on the Toronto Stock Exchange in May, 1974. The company has been involved in all major pipeline systems in Canada, several in the United States, and has developed valuable expertise in arctic construction in both Canada and Alaska. The corporation has also completed projects in India and the Middle East.

The company owns a large fleet of well-maintained pipeline construction equipment. Our resources are particularly suited to big inch pipe from 508 mm to 1067 mm diameter and larger.

In 1982, the company acquired 51% of a new high-tech company called Majestic Laser Systems Ltd. This company has a mandate to undertake research and development projects within the general field of laser materials processing using high powered lasers.

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Cover

Tape crew in Wyoming preparing 406.4 mm pipe prior to lowering in for the Frontier Pipeline Co.

Annual and General Meeting

All shareholders are invited to attend the Annual and General Meeting of Shareholders to be held on May 10, 1984 at 10:00 a.m. (local time) in the **Rowand** Suite of the **Four Seasons Hotel**, Edmonton, Alberta, Canada.

Financial Highlights

1983

1982

OPERATIONS

Revenue	\$28,928,000	\$136,420,000
Net income (loss)	(2,741,000)	8,197,000
as a % of revenue	(9.5%)	6.0%
Funds provided by operations	677,000	13,450,000

FINANCIAL POSITION

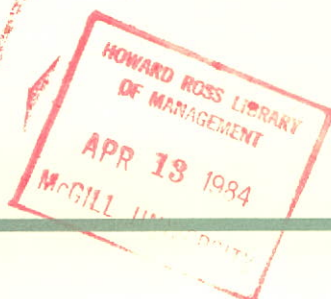
Cash and term deposits	\$20,210,000	\$ 31,908,000
Working capital	22,456,000	21,614,000
Current ratio	4.8:1	2.5:1
Property and equipment — net	12,294,000	15,187,000
Total assets	43,544,000	55,258,000
Shareholders' equity	31,984,000	34,644,000

PER COMMON SHARE

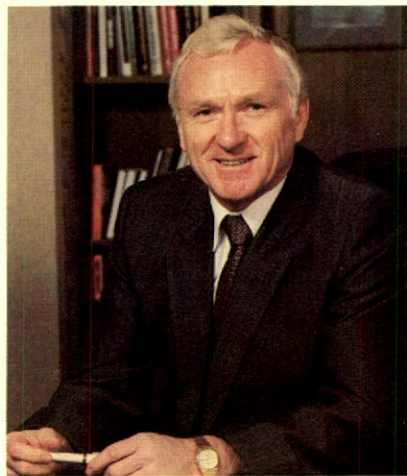
Net income (loss)	\$ (.33)	\$.98
Dividends	—	1.00
Funds provided by current operations	.08	1.61
Shareholders' equity	3.81	4.13
Weighted average common shares outstanding used in per share calculations	8,392,657	8,378,150

MARKET PRICE RANGE PER SHARE

Quarter ended: March 31	\$ 4.75 - 3.80	\$ 7.75 - 5.50
June 30	4.75 - 3.80	6.00 - 2.60
Sept. 30	5.75 - 4.30	4.00 - 2.80
Dec. 31	4.65 - 3.25	5.00 - 3.50



Report to Shareholders



A. J. CRESSEY

Construction operations during 1983 were very disappointing following the completion of two excellent years in 1981 and 1982. The loss suffered by our U.S. Division together with a reduction in the number of contracts available for tender were primarily responsible for our loss this year. The economic decline experienced by other industrial sectors in prior years has more recently affected our industry.

Projects completed in North America by the company in 1981 and 1982, designed to increase gas supply to the United States, are presently running at less than 50% of capacity and the demand for future big inch gas pipelines in North America will not increase significantly until the current gas surplus in the U.S. is absorbed and a realistic pricing structure for gas is negotiated. The company's construction operations were idle during the first and fourth quarters due to the deferral of many big inch projects in North America.

On May 5, 1983, our shareholders approved a change in name from Majestic Wiley Contractors Limited to Majestic Contractors Limited.

Revenues were \$28,928,000 for the year ended December 31, 1983 compared with \$136,420,000 in the previous year. The net loss was \$(2,741,000) or \$(0.33) per share compared with net income of \$8,197,000 or \$0.98 per share in 1982. Cash flow from operations was \$677,000 compared with \$13,450,000 in the previous year. Working capital increased from \$21,614,000 to \$22,456,000.

On January 20, 1984, the Board of Directors declared a cash dividend of twenty-five cents per share, payable on the thirty-first day of January, 1984 to shareholders of record at the close of business on the thirty-first day of January, 1984.

UNITED STATES OPERATIONS

In April of 1983, our U.S. Division was awarded a contract by Frontier Pipeline Co. to construct 463.5 km of 406.4 mm crude oil/condensate pipeline. The line runs from Summit County, Utah to Natrona County, Wyoming. Bids were very competitive and the company reported substantial losses on this project in the second and third quarters as actual production rates were lower than expected.

CANADIAN OPERATIONS

In the second quarter, our Canadian Division was awarded two small projects by TransCanada Pipelines Limited to replace and modify part of its existing pipeline facilities in Saskatchewan, Manitoba and Ontario. Profit margins were reduced in order to remain competitive in the bidding process. We are happy to report that these two projects achieved better than bid results and were completed in the third quarter.

During the fourth quarter, the company was successful in obtaining a contract valued at \$38,000,000 from Interprovincial Pipe Line (NW) Ltd., for the construction of 339 km of 305 mm oil pipeline from Fort Simpson, N.W.T., to Zama, Alberta. Mobilization began late in the fourth quarter and construction will follow during the winters of 83/84 and 84/85. This project gives us a positive start for 1984.

INTERNATIONAL OPERATIONS

Early in 1983, the company established an office in Latin America which was closed on December 31, 1983 due to the political uncertainty and lack of foreign exchange available for many of these projects. We will continue to pursue projects on a selective basis in Latin America in association with local contractors where financing is available.

The company, through its wholly owned subsidiary Majestic International Contractors Limited, has signed an agreement with a Saudi Arabian national to form a Saudi company called Abahsain Majestic Pipeline Company Limited, with Majestic International Contractors Limited owning 49% of the issued shares. Government approvals for this new company are expected in February, 1984. Although pipeline construction is depressed in the Middle East at present, we believe it is an important market for the future of the company and this move will greatly enhance the company's opportunities in the Middle East as economic conditions improve.

Majestic Contractors Limited has concluded negotiations with an Alberta company to provide approximately twenty key supervisory personnel to assist in completion of the Petronas Pipeline Project (Phase I) in Malaysia on a cost-reimbursable basis. This project was started in 1983 and consists of 124,684 meters of 203.2 mm - 914.4 mm gas, butane and propane pipelines. We sent our supervisory personnel to Malaysia in early January, 1984 and completion of the project is expected by December, 1984. This arrangement offers our company a unique opportunity to work outside North America on a low-risk, high profile basis, through very difficult terrain and tropical climatic conditions. Experience gained by this work will help us when bidding on future international projects.



J. M. BANKES

LASER OPERATIONS

Our 51% owned subsidiary, Majestic Laser Systems Ltd. completed its first successful tests of its 20 kw laser in January, 1984. During 1984, the company will continue to test the unit on various materials and complete construction of an articulating arm which will allow the laser beam to track the circumference of these materials. The company will be investigating various ways to market this product in 1985. Majestic Contractors Limited has provided \$1.6 million of funding for this project to date excluding government grants.

OTHER OPERATIONS

In an effort to diversify the company's activities, we entered into a 50/50 joint venture with Goodbrand Construction Limited and were awarded two projects in the third quarter by Metro Canada Limited for construction of the elevated guideway for the Edmonds and Kingsway sections of the Advanced Light Rail Transit System in the Greater Vancouver area. These two projects are valued at \$6,800,000 and completion is expected in August, 1984.

OUTLOOK

The continually depressed market for big inch pipeline will make 1984 another difficult year in North America for your company. Our entry into the Middle East and Asian markets should increase future opportunities for the company when pipeline construction activities return to normal.

The company has taken steps to reduce overheads and other costs where possible, yet maintain its key people and equipment. Our strong financial position will allow us to investigate other areas of investment as they arise. Our laser project offers us a very exciting and potentially rewarding future.

MANAGEMENT CHANGES

Mr. J. G. Nash our Vice President, U.S. Operations retired at the end of the year. Mr. Nash joined the company in 1979 and was responsible for much of our success in the U.S. market. The Directors express their sincere appreciation and gratitude for his contribution to our success and wish him well in his retirement. Mr. Joseph Kolbl, Vice President, Asia was promoted to Vice President, International.

The Directors wish to express their sincere appreciation and gratitude to our employees for their loyalty and dedication during a difficult period.

January 31, 1984

A handwritten signature in black ink, appearing to read "A. J. Cressey".

A. J. Cressey
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read "J. M. Bankes".

J. M. Bankes
Chairman of the Board



UNITED STATES OPERATIONS — FRONTIER PIPELINE PROJECT IN UTAH AND WYOMING

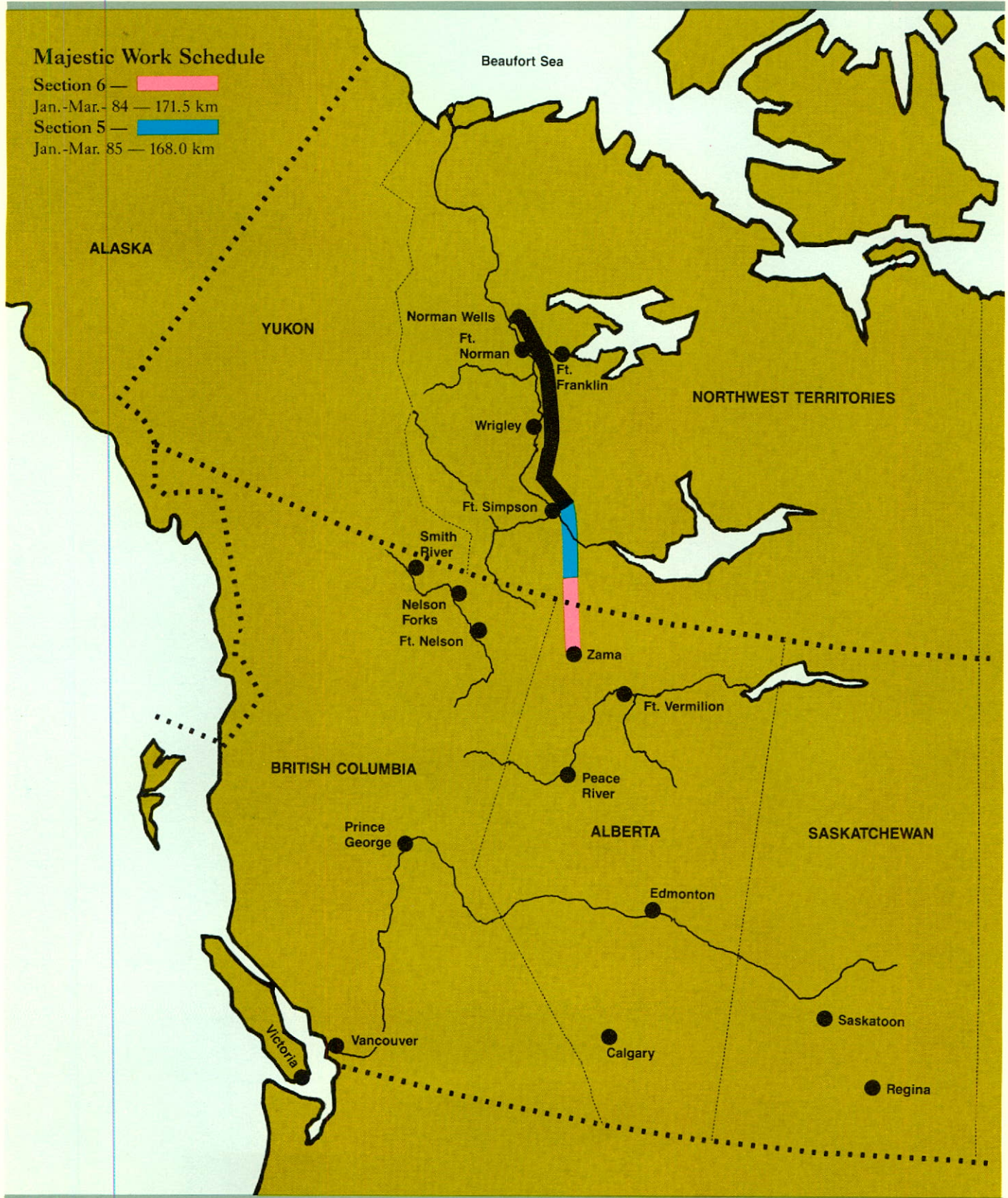
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(TOP) Crew preparing for tie-in weld.

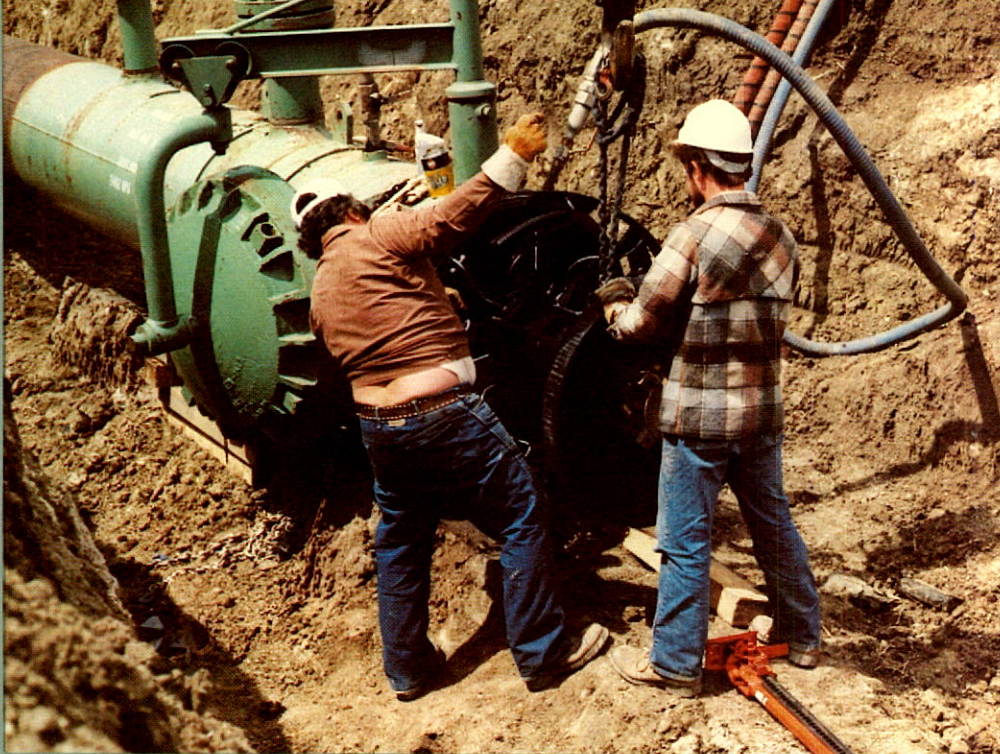
(BOTTOM LEFT) Crew prepares to dewater trench before backfill.

(BOTTOM RIGHT) Installing pipe under railroad crossing.

Norman Wells Pipeline Project - 864 km OF 304.8 mm OIL PIPELINE







CANADIAN OPERATIONS

TransCanada Pipelines project in Saskatchewan, Manitoba & Ontario to replace and modify portions of its existing line.

(TOP LEFT)

Hydraulic Track Drill being used for drilling ditch rock.

(BOTTOM LEFT)

Bending crew just completed bending a double joint of pipe. Tie-in crew in the background making one of the final welds.

(TOP RIGHT)

Installing construction pig in the multi-purpose head in preparation for cleaning debris in a valve section.

(BOTTOM RIGHT)

Two 1,600 cfm compressors used to propel the pig through the valve section.



GOODBRAND - MAJESTIC (A Joint Venture) Advanced Light Rail Transit Projects Greater Vancouver Area

(TOP LEFT)

Joint venture crew placing footing concrete.

(TOP RIGHT)

Joint venture crew placing column concrete.

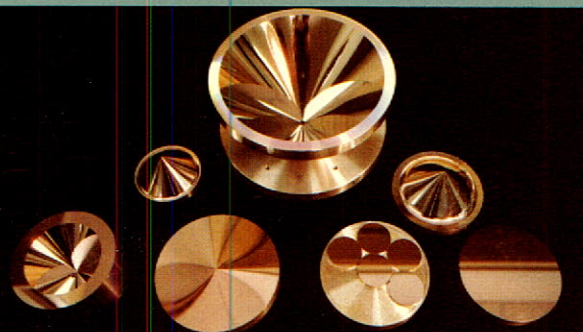
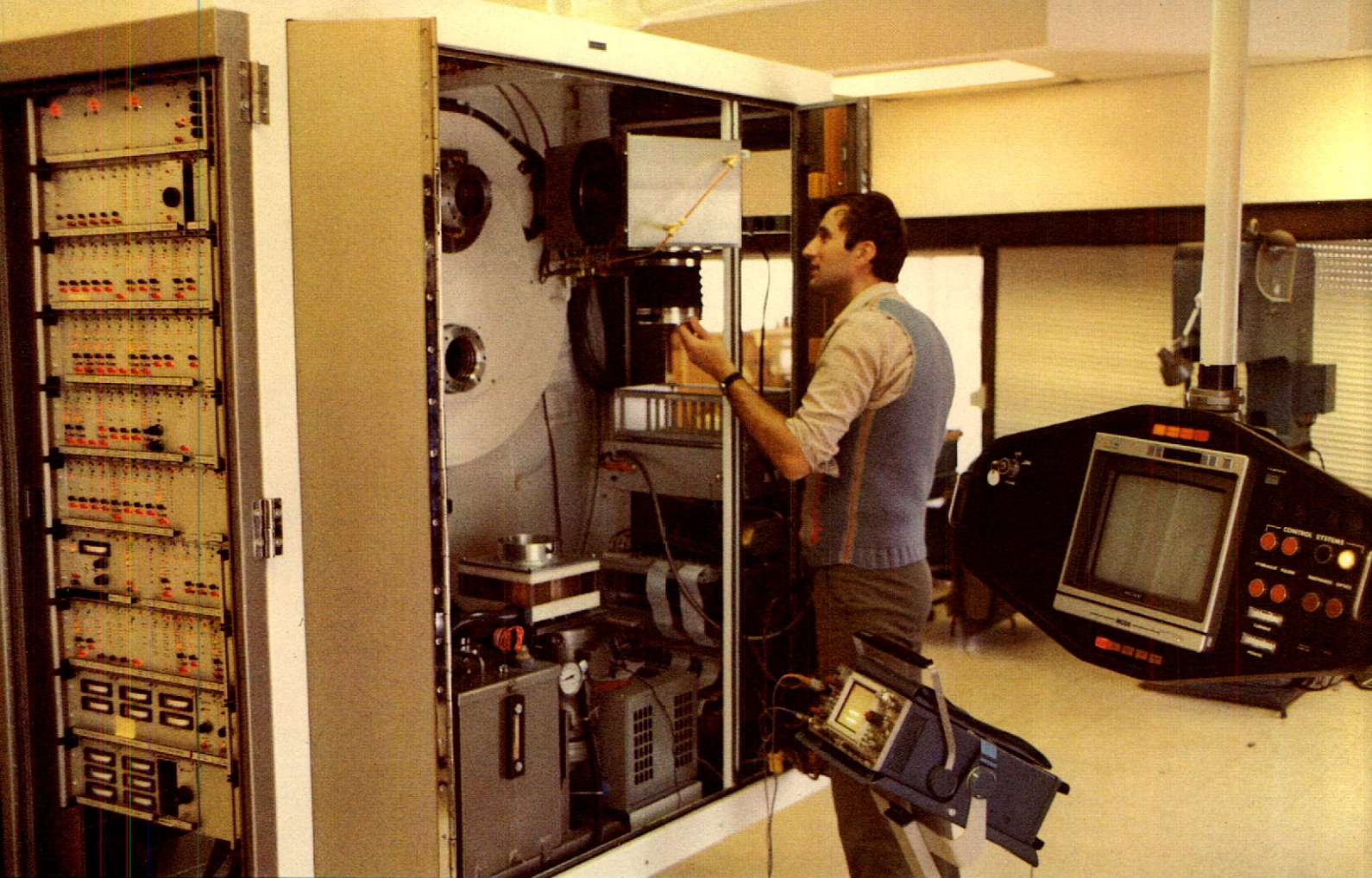
(CENTRE)

View of A.L.R.T. project prior to beam erection.

(BOTTOM)

Beam contractor places first 120 tonne beam on Section J.





MAJESTIC LASER SYSTEMS LTD.

(TOP)

Laser output port showing laser power meter assembly (lower center), electronics rack (left), and control console (right).

(BOTTOM LEFT)

Typical mirrors used in laser optical system.

(BOTTOM RIGHT)

Side view of the laser.

Summary of Accounting Policies

December 31, 1983 and 1982

ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and, therefore, conform in all material respects with the standards of the International Accounting Standards Committee.

PRINCIPLES OF CONSOLIDATION

The financial statements are expressed in Canadian dollars and include the accounts of the company, its 100% owned subsidiary, Majestic International Contractors Limited, its 51% owned subsidiary, Majestic Laser Systems Ltd., and its pro rata share, utilizing the proportionate consolidation method, of the assets, liabilities, revenues and expenses of joint ventures. Details for joint ventures have not been provided as the amounts are not material. All significant intercompany transactions and balances have been eliminated in consolidation.

TRANSLATION OF FOREIGN CURRENCIES

Accounts stated in foreign currencies have been translated into Canadian dollars as follows:

- a) as to current assets (except for prepaid expenses) and current liabilities (except for deferred contract revenue) at the exchange rate at year-end;
- b) as to all other assets, liabilities and non-current deferred income taxes, at the approximate rate of exchange at the time the transaction occurred; and
- c) as to revenues and expenses, at the average rate of exchange for the year, except for items relating to balance sheet accounts that are translated at historical exchange rates.

All translation gains and losses are included in the statement of income in accordance with generally accepted accounting principles applicable in Canada.

ACCOUNTING FOR CONSTRUCTION CONTRACTS

Profits from construction contracts are recognized for accounting purposes on the percentage of completion method. The percentage of completion is determined by relating the actual cost of work performed to date, to the current estimated total cost of the respective contracts. When the current estimated costs to complete indicate a loss, such a loss is recognized immediately for accounting purposes. Revisions in cost or revenue estimates during the course of the work are reflected during the accounting period in which the facts which cause the revision become known. Income from claims are recorded in the year such claims are resolved.

Unbilled work represents the excess of contract costs and profits or losses recognized to date, on the percentage of completion accounting method, over billings to date. Deferred contract revenue represents the excess of billings to date, over the amount of contract costs and profit recognized to date, on the percentage of completion accounting method.

PROPERTY AND EQUIPMENT

All property and equipment is recorded at cost. The cost and the accumulated depreciation of property and equipment which are retired or sold are removed from the accounts and the gain or loss is recorded in the statement of income.

Depreciation is provided primarily on the declining balance method over the useful lives of the assets which are estimated to be 10 to 25 years for buildings, 3 to 10 years for construction equipment and 10 years for other assets.

INCOME TAXES

The provision for income taxes recognizes the tax effects of all income and expense transactions included in each year's financial statements regardless of the year

the transactions are reported for tax purposes. In calculating taxes payable, investment tax credits relating to equipment are applied to reduce income taxes payable when the qualifying assets are placed into service and are applied to increase income taxes payable when the qualifying assets are sold.

Investment tax credits relating to the scientific research investment contract were applied to reduce income taxes payable in the year in which it was purchased.

Deferred income taxes arising from items in current assets or current liabilities are classified as a current liability.

The non-current deferred income taxes arise primarily from the difference between the depreciation claimed for tax purposes and the depreciation recorded in the accounts, as well as from the scientific research investment contract.

EARNINGS PER SHARE

Computations of earnings per share are based on the weighted average number of shares outstanding during the respective years (1983 — 8,392,657 shares, 1982 — 8,378,150 shares). The additional number of shares issuable upon the potential exercise of employees' stock options has not been included since the effect would not be material.

PENSION AND INCENTIVE COMPENSATION PLANS

The company has two non-contributory pension plans which cover its executive, professional, administrative and clerical employees, subject to certain specified service requirements. An actuarial valuation is prepared every three years. The actuarial valuations as at December 31, 1982 for the Canadian plan and December 31, 1983 for the United States plan indicate that there is no unfunded liability in either plan.

The company has an incentive compensation plan which provides for payment to be made to certain key employees based on performance goals. Amounts accrued under this plan are charged to income in the current year and are payable over a period of years subject to approval of the Board of Directors. The amount not currently payable is immaterial.

SCIENTIFIC RESEARCH INVESTMENT CONTRACT

In 1982, the company purchased a scientific research investment contract. This investment qualifies as a research and development expense for income tax purposes. Under the Income Tax Act, there is a permanent tax saving which has been applied to reduce the cost of the investment in the financial statements.

The contract entitles the company to guaranteed semi-annual royalty payments from 1983 to 1986. The cost of the investment and the related income taxes are being amortized over the life of the guaranteed royalty payments.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs, net of related grants from government incentive programs, are charged against income during the year.

Consolidated Balance Sheets

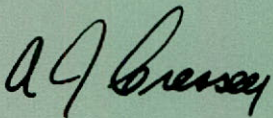
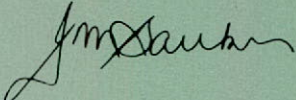
As At December 31
1983 1982

ASSETS

Current assets:

Cash and term deposits	\$20,210,000	\$31,908,000
Accounts receivable	2,635,000	1,209,000
Holdbacks receivable	1,858,000	2,392,000
Unbilled work	776,000	324,000
Income taxes recoverable	2,558,000	—
Prepaid and other	<u>368,000</u>	<u>409,000</u>
Total current assets	<u>28,405,000</u>	<u>36,242,000</u>
Note receivable (Note 1)	<u>220,000</u>	<u>329,000</u>
Property and equipment:		
Land	118,000	118,000
Buildings	2,511,000	2,499,000
Construction equipment	34,999,000	35,586,000
Other	<u>907,000</u>	<u>895,000</u>
	38,535,000	39,098,000
Less accumulated depreciation	<u>26,241,000</u>	<u>23,911,000</u>
Net property and equipment	<u>12,294,000</u>	<u>15,187,000</u>
Scientific research investment contract	<u>2,625,000</u>	<u>3,500,000</u>
	<u>\$43,544,000</u>	<u>\$55,258,000</u>

Approved by the Board:

 Director
 Director

LIABILITIES AND SHAREHOLDERS' EQUITY	As At December 31	
	1983	1982
Current liabilities:		
Accounts payable	\$ 3,092,000	\$ 1,397,000
Accrued liabilities	2,257,000	4,523,000
Dividends payable	—	4,193,000
Income taxes — current	—	4,058,000
— deferred	<u>600,000</u>	<u>457,000</u>
Total current liabilities	<u>5,949,000</u>	<u>14,628,000</u>
Deferred income taxes	<u>5,611,000</u>	<u>5,986,000</u>
Shareholders' equity:		
Capital Stock (Note 2):		
Authorized — 20,000,000 shares without nominal or par value		
Issued and fully paid — 8,404,335 shares (1982 — 8,378,906)	8,218,000	8,137,000
Contributed surplus	3,082,000	3,082,000
Retained earnings	<u>20,684,000</u>	<u>23,425,000</u>
Total shareholders' equity	<u>31,984,000</u>	<u>34,644,000</u>
	<u>\$43,544,000</u>	<u>\$55,258,000</u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income (Loss)

	Year Ended December 31	
	1983	1982
Revenues	<u>\$28,928,000</u>	<u>\$136,420,000</u>
Operating expenses:		
Cost of operations (Note 3)	33,547,000	117,286,000
General and administrative expenses	<u>4,346,000</u>	<u>5,104,000</u>
Total operating expenses	<u>37,893,000</u>	<u>122,390,000</u>
Income (loss) before other income	(8,965,000)	14,030,000
Other income, net (Note 4)	<u>2,569,000</u>	<u>1,791,000</u>
Income (loss) before income taxes	(6,396,000)	15,821,000
Provision for (recovery of) income taxes (Note 5)	<u>(3,655,000)</u>	<u>7,624,000</u>
Net income (loss)	<u>\$ (2,741,000)</u>	<u>\$ 8,197,000</u>
Earnings (loss) per share	<u>\$ (0.33)</u>	<u>\$ 0.98</u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Retained Earnings

	Year Ended December 31	
	1983	1982
Balance, beginning of year	\$23,425,000	\$ 23,610,000
Net income (loss)	(2,741,000)	8,197,000
Dividends (Note 9)	<u>—</u>	<u>(8,382,000)</u>
Balance, end of year	<u>\$20,684,000</u>	<u>\$ 23,425,000</u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Financial Position

	Year Ended December 31	
	1983	1982
Sources of working capital:		
Net income (loss)	\$(2,741,000)	\$ 8,197,000
Depreciation and amortization	3,889,000	3,651,000
Deferred income taxes	(375,000)	1,622,000
Gain on sale of equipment	(96,000)	(20,000)
Provided by operations	677,000	13,450,000
Proceeds from sale of equipment	264,000	321,000
Note receivable	109,000	317,000
Proceeds from exercise of employee stock options	81,000	12,000
Working capital provided	<u>1,131,000</u>	<u>14,100,000</u>
Uses of working capital:		
Purchase of scientific research investment contract	—	3,500,000
Purchase of property and equipment	289,000	1,382,000
Dividends	—	8,382,000
Working capital used	<u>289,000</u>	<u>13,264,000</u>
Increase in working capital	842,000	836,000
Working capital, beginning of year	<u>21,614,000</u>	<u>20,778,000</u>
Working capital, end of year	<u>\$22,456,000</u>	<u>\$21,614,000</u>

The accompanying summary of accounting policies and notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1983 and 1982

1. NOTE RECEIVABLE

Effective April 30, 1981, J. L. Cox and Sons, Inc., a wholly-owned subsidiary of the company, was sold. Consideration for the sale was a note receivable of \$457,000 (U.S.) payable in five equal annual payments of \$91,400 (U.S.), plus interest, starting April 30, 1982. Interest is payable in U.S. dollars at the Mercantile Bank of Canada's prime rate. The note receivable is collateralized by a subordinated mortgage on real property of the purchaser.

2. CAPITAL STOCK

Certain key employees are granted options exercisable during the period of five years from the date of granting at a rate of 20% of the total optioned shares per year on a cumulative basis.

Options for 233,355 shares at prices ranging from \$3.06 to \$5.96 per share were outstanding at December 31, 1983. On March 8, 1983, options for 46,306 shares at a price of \$3.57 per share were granted and on August 4, 1983 options for 14,399 shares at a price of \$4.21 per share were granted. Options for 25,429 shares at prices ranging from \$3.06 to \$4.21 per share were exercised during the year.

As at December 31, 1983, the following shares have been reserved:

For options granted	233,355
For future options	<u>109,710</u>
	<u>343,065</u>

3. RESEARCH AND DEVELOPMENT COSTS

Included in cost of operations are research and developments costs of \$758,000 in 1983 and \$728,000 in 1982.

4. OTHER INCOME, NET

	1983	1982
Income from short-term investments	\$ 2,298,000	\$ 2,057,000
Royalties from scientific research investment contract	1,326,000	—
Amortization of cost of scientific research investment contract ...	(1,250,000)	—
Interest expense	(74,000)	(337,000)
Other	269,000	71,000
	<u>\$ 2,569,000</u>	<u>\$ 1,791,000</u>

5. INCOME TAXES

The provision for (recovery of) income taxes is comprised of the following:

	1983	1982
Current	\$ (3,423,000)	\$ 14,500,000
Current — deferred	143,000	(8,498,000)
Deferred	(375,000)	1,622,000
	<u>\$ (3,655,000)</u>	<u>\$ 7,624,000</u>

The recovery of income taxes in 1983 is greater than the expected recovery due primarily to the tax saving related to the scientific research investment contract.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration, including that portion of the incentive compensation earned during the year, paid or payable, for the years ended December 31 is as follows:

	1983		1982	
	Amount	Number	Amount	Number
Directors who are not Senior Officers	\$ 24,000	4	\$ 22,000	4
Directors who are also Senior Officers	285,000	2	481,000	2
	309,000	6	503,000	6
Senior Officers who are not Directors	805,000	9	1,286,000	9
	<u>\$1,114,000</u>	<u>15</u>	<u>\$1,789,000</u>	<u>15</u>

7. BUSINESS SEGMENT INFORMATION

The company operates in one industry segment, that being construction. Its operations are conducted principally in Canada and the United States. The operations and identifiable assets by geographic region for the years ended December 31, 1983 and 1982 are as follows:

	CANADA	FOREIGN	TOTAL
1983			
Revenues	<u>\$14,395,000</u>	<u>\$14,533,000</u>	<u>\$ 28,928,000</u>
Operating loss	<u>\$(3,126,000)</u>	<u>\$(5,839,000)</u>	<u>\$ (8,965,000)</u>
Other income, net			2,569,000
Recovery of income taxes			3,655,000
Net loss			<u>\$ (2,741,000)</u>
Identifiable assets	<u>\$34,887,000</u>	<u>\$ 8,657,000</u>	<u>\$ 43,544,000</u>
1982			
Revenues	<u>\$ 93,756,000</u>	<u>\$ 42,664,000</u>	<u>\$ 136,420,000</u>
Operating profit	<u>\$ 8,882,000</u>	<u>\$ 5,148,000</u>	<u>\$ 14,030,000</u>
Other income, net			1,791,000
Income taxes			(7,624,000)
Net income			<u>\$ 8,197,000</u>
Identifiable assets	<u>\$ 43,430,000</u>	<u>\$ 11,828,000</u>	<u>\$ 55,258,000</u>

8. CONTINGENCIES

Contingent liabilities include the usual liability of contractors for performance and completion of construction contracts.

9. SUBSEQUENT EVENT

On January 20, 1984 a dividend of \$0.25 per share was declared, payable January 31, 1984.

Auditor's Report

To the Shareholders of
Majestic Contractors Limited:

We have examined the consolidated balance sheets of Majestic Contractors Limited (an Ontario corporation), (formerly Majestic Wiley Contractors Limited) and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of income (loss), retained earnings and changes in financial position for the years then ended. Our examinations were 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, the accompanying consolidated financial statements present fairly the financial position of the company and subsidiaries as of December 31, 1983 and 1982, and the results of their operations and the changes in their financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

January 31, 1984
Calgary, Alberta

Arthur Andersen & Co.
Chartered Accountants

Five Year Financial Review

(in thousands except per share amounts and ratios)

For the years ended December 31	1983	1982	1981	1980	1979
OPERATING RESULTS					
Revenues	\$28,928	\$136,420	\$158,798	\$51,646	\$29,563
Cost of operations	33,547	117,286	124,050	52,999	30,866
Gross profit (loss) from operations	(4,619)	19,134	34,748	(1,353)	(1,303)
General & administrative expenses	4,346	5,104	6,003	3,921	2,650
Income (loss) before other income	(8,965)	14,030	28,745	(5,274)	(3,953)
Other income, net	2,569	1,791	1,105	3,782	2,646
Income (loss) before income taxes	(6,396)	15,821	29,850	(1,492)	(1,307)
Income taxes (recovery)	(3,655)	7,624	15,025	(1,161)	(867)
Net income (loss)	\$(2,741)	\$ 8,197	\$ 14,825	\$ (331)	\$ (440)
Earnings (loss) per common share	\$ (.33)	\$.98	\$ 1.77	\$ (.04)	\$ (.05)
Weighted average common shares outstanding used in per share calculations	8,393	8,378	8,360	8,307	8,281
BALANCE SHEET DATA					
Total assets	\$43,544	\$ 55,258	\$ 68,518	\$34,098	\$29,498
Cash and marketable securities	20,210	31,908	18,774	5,197	9,572
Current assets	28,405	36,242	50,115	24,144	20,555
Current liabilities	5,949	14,628	29,337	11,667	6,363
Working capital	22,456	21,614	20,778	12,477	14,192
Current ratio	4.8 to 1	2.5 to 1	1.7 to 1	2.1 to 1	3.2 to 1
Property and equipment — net	12,294	15,187	17,757	9,764	8,707
Deferred income taxes	5,611	5,986	4,364	2,510	3,029
Shareholders' equity	31,984	34,644	34,817	19,921	20,106
Shareholders' equity per common share	3.81	4.13	4.16	2.39	2.42
OPERATING STATISTICS					
Income (loss) as a percentage of revenues	(9.5%)	6.0%	9.3%	(.6%)	(1.5%)
Income (loss) as a percentage of average shareholders' equity	(8.2%)	23.6%	54.2%	(1.7%)	(2.2%)
Income (loss) as a percentage of average capital employed	(7.0%)	20.5%	48.1%	(1.5%)	(1.8%)
Funds provided by (used in) operations	\$ 677	\$ 13,450	\$ 19,954	\$ (39)	\$ (138)
Additions to property and equipment	289	1,382	12,173	3,467	1,789

Corporate Information

BOARD OF DIRECTORS:

J. M. Bankes
Chairman of the Board of Directors,
Majestic Contractors Limited

J. B. Barber
Retired Executive,
Formerly Vice Chairman of the Board and
Senior Vice President,
The Algoma Steel Corporation Limited

G. W. Clayton
Principal,
Columbia Pacific Resources Group Ltd.

A. J. Cressey
President and Chief Executive Officer,
Majestic Contractors Limited

J. E. Maybin
Executive Director,
Petroleum Recovery Institute

D. B. Perini
Chairman of the Board,
President and Chief Executive Officer,
Perini Corporation

OFFICERS:

J. M. Bankes, Chairman of the Board of Directors

A. J. Cressey, President and Chief Executive Officer

G. M. Oswald, Vice President, Canadian Operations

N. A. Harrison, Vice President, Finance and
Treasurer

A. D. Munro, Vice President, Equipment and
Purchasing

J. Kolbl, Vice President, International

L. G. Wasylynychuk, Vice President and Comptroller

K. Austin, Vice President, Engineering, U.S.

A. Ellis, Vice President, Administration, U.S.

J. M. C. Overend, Secretary

TRANSFER AGENT AND REGISTRAR:

Montreal Trust Company, Calgary and Toronto

STOCK EXCHANGE LISTING:

The Toronto Stock Exchange (symbol MJC)

BANKERS:

The Royal Bank of Canada

AUDITORS:

Arthur Andersen & Co., Chartered Accountants

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Ashok Hotel
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Majestic Laser Systems Ltd. (51%)
Dr. H. J. Seguin, President
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Telephone: (403) 988-6421
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