"Fiscal 1982 has been one of the most successful and financially rewarding years in some time. We are confident Banister is back on track."

— *R.K. Banister* —

BANISTER CONTINENTAL LTD.
1982 ANNUAL REPORT

Contents

Foreword

Banister Continental Ltd. is a major Canadian heavy engineering construction company. The Corporation specializes in the construction of large-scale energy developments, subways, bridges, tunnels, highways, underground utilities, hydro-electric dams, gas distribution and gathering systems, cross-country pipelines, and marine projects.

Banister was founded in 1948 and became a public corporation in 1969. Banister Continental Ltd. shares are listed on the Toronto, Montreal, Alberta, and American Stock Exchanges. The Corporation has completed projects in Canada, the United States, and the Middle East.

The Corporation continues its tradition of quality workmanship, competitive pricing, and timely completion on all projects undertaken for its valued clients.

Annual Meeting

The company's annual meeting will be held at the Four Seasons Hotel, Edmonton, Alberta, Canada at 10:00 a.m. on September 9, 1982.

Shareholders who would like to receive, without charge, a copy of the Form 10-K Report to the Securities and Exchange Commission (including financial statements and schedules thereto), should address their requests to the Corporate Planning and Business Development Department, Banister Continental Ltd., Box 2408, Edmonton, Alberta, T5J 2R4

COVER:
Sidebooms installing a river crossing. This was part of the pre-build of the western Canadian leg of the Alaska Highway Gas Pipeline project.

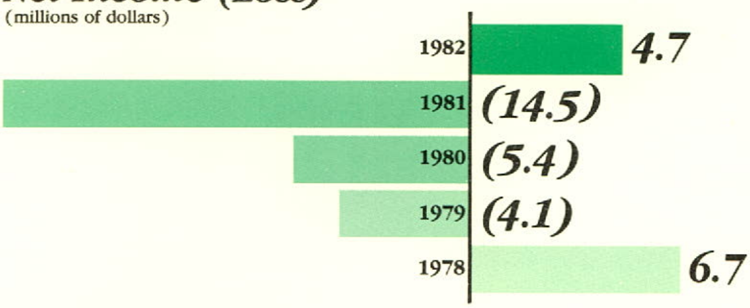
Financial Highlights

Years Ended March 31,
1982 and 1981

	1982	1981
Revenue	**$217,363,000**	$146,476,000
Net income (loss)	**$ 4,660,000**	$(14,537,000)
Net income (loss) per share:		
Basic	**$ 1.16**	$ (3.62)
Fully diluted	**$ 1.13**	$ (3.62)
Average common shares outstanding	**4,028,023**	4,028,023
Cash and short-term deposits	**$ 6,091,000**	$ 1,594,000
Working capital (deficiency)	**$ 1,715,000**	$ (590,000)
Bank indebtedness	**$ 30,797,000**	$ 50,948,000
Shareholders' equity	**$ 37,553,000**	$ 32,893,000
Assets held for disposal	**$ —**	$ 7,636,000
Total assets	**$111,415,000**	$131,439,000
Total backlog	**$250,000,000**	$187,570,000

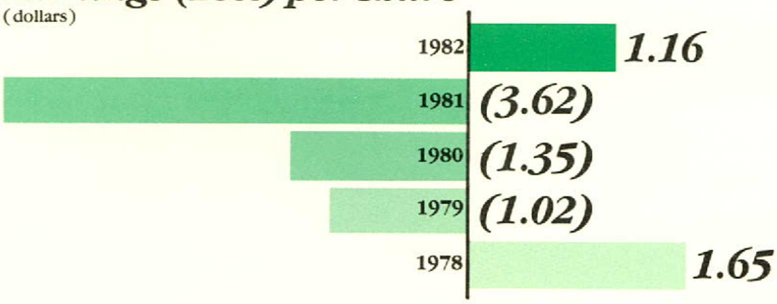
Net Income (Loss)

(millions of dollars)



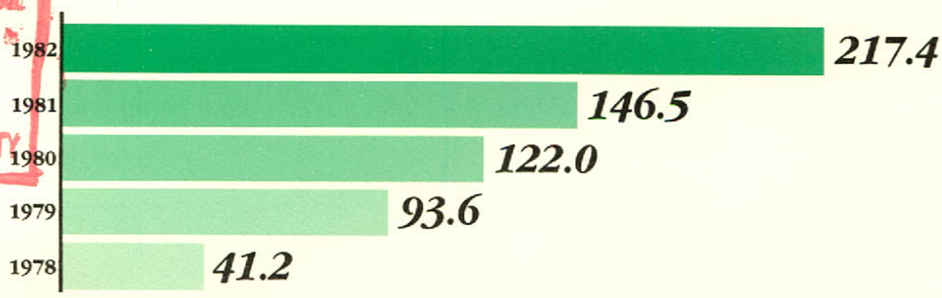
Earnings (Loss) per Share

(dollars)



Revenue

(millions of dollars)



To Our Shareholders:

"The renewed confidence our organization is enjoying enables us to better serve our valued clients."

It is a pleasant duty to report net income of $4,660,000 on record revenues of $217,363,000. Our improved cash position, working capital, and net worth and our decreased bank loans combine to substantially strengthen our balance sheet. Fiscal 1982 has been one of the most successful and financially rewarding years in some time. We are confident Banister is back on track.

This past year the highly cyclical pipeline construction industry experienced an upswing. Banister Pipelines benefitted from this upswing and will be fully employed on profitable work for the balance of the year. However, the industry remains cyclical and volumes available for tender in Canada in 1983 will probably not match this year's. For this reason the Corporation may investigate pipeline construction opportunities in the U.S. and international markets.

The final chapter has been written concerning our pipeline construction claim in Louisiana, which had been outstanding for over three years. The Corporation won an arbitration award and subsequently made a final settlement for U.S. $12.5 million. This settlement was of significant financial benefit. Equally important, the award exonerated the Corporation from an engineering, construction, and management point of view and justified our stand on the matter.

Our claim, and subsequent lawsuit, concerning a loss on a pipeline construction project in Oregon during fiscal 1981 is scheduled for trial on November 15, 1982. Despite the Corporation's desire to avoid legal proceedings, we find it necessary to have the courts settle this claim.

Pitts Engineering Construction Limited, our wholly owned civil and marine division, has obtained several major new projects from coast to coast in Canada which will be detailed later in this report.

The Corporation is the sponsoring partner with a 50% interest in Dalcan Constructors, a consortium of four Canadian contractors, building the huge hydro-electric dam and powerhouse for B.C. Hydro at Revelstoke, B.C. The project is now over 50% complete and technically we are performing well. However, the unforeseen and unprecedented high interest rates, together with inflation over a six-year project, have greatly increased our costs. The write-down we have taken to date is reflected in this year's earnings, and we feel we have adequately provided for the total estimated loss on this project.

During fiscal 1982 we merged our two utility construction divisions into Cliffside Pipelayers, the surviving entity. This business combination should improve the return on assets for the underground utilities unit. Cliffside operates in Ontario, where continued strong demand should allow the division to equal or exceed this past year's profitable operations.

Important management additions were made this year which we believe have significantly strengthened the Corporation. Mr. W.M. Bateman joined as President and Chief Operating Officer and Mr. R. MacTavish as Vice President, Finance, and Chief Financial Officer. These two men bring many years of construction experience to the Corporation and their contributions have already had a very positive effect.

At a special meeting of shareholders on June 28, 1982, the Corporation was authorized to issue 1,000,000 treasury shares to Trimac Limited at $7.50 per share with an option to purchase the shares held by the Banister family at $12.00 per share. Should Trimac exercise the option, an equivalent follow-up offer will be made to all minority shareholders. We will be asking our shareholders at the annual meeting to approve the election of Mr. J.R. McCaig and Mr. A. Vanden Brink to our Board of Directors. Mr. McCaig and Mr. Vanden Brink are Chairman and President, respectively, of Trimac Limited. Trimac is a Canadian owned company providing services in the energy and transportation industries. We welcome this association with Trimac, which we believe will be beneficial to both companies.

We are sorry to report that Mr. S.J. Silberman, who has served on our Board since Banister became a public corporation in 1969, does not intend to stand for re-election for health reasons. We thank Mr. Silberman for his valued help and wish him well. Our regret at his leaving is tempered by the fact that he will continue to act as outside legal counsel and we will have the benefit of his advice. Mr. R.T. Banister resigned during the fiscal year. He led the Corporation through several difficult and depressed years in the pipeline construction industry and successfully expanded the Corporation into civil engineering construction. He will be missed.

During fiscal 1982 Banister experienced a good year in which a back-to-basics philosophy served the Corporation well. The renewed confidence our organization is enjoying enables us to better serve our valued clients.
On behalf of the Board we thank our many loyal employees, clients, suppliers, bankers, bonders, and shareholders for their long-standing and appreciated support.

Banister enters the next fiscal year with a record backlog in excess of $250,000,000. Despite generally uncertain economic conditions, we should report another good year in fiscal 1983.

Respectfully submitted on behalf of the Board,

R.K. Banister

R.K. Banister
Chairman and Chief Executive Officer
June 30, 1982

OPPOSITE:
R.K. Banister (right), Chairman and Chief Executive Officer, and W.M. Bateman (left), President and Chief Operating Officer.


BANISTER

Pipeline Construction

"All new work obtained during fiscal 1982 by Banister Pipelines, the Corporation's pipeline construction division, showed a profit at year-end."

The Corporation operates in all phases of the pipeline construction industry and has successfully constructed more than 16,000 kilometers of cross-country pipelines in addition to thousands of kilometers of gathering and distribution lines. Specialized construction equipment and techniques have been developed to overcome the various climatic and geographic conditions encountered in pipeline installation. Banister was a pioneer in the construction of pipelines in frozen terrain under severe Arctic weather conditions.

Canadian Operations

During fiscal 1982 the Corporation was awarded contracts for construction of 240 km of pipeline in Canada. All new work obtained during fiscal 1982 by Banister Pipelines, the Corporation's pipeline construction division, showed a profit at year-end.

Two of the new contracts awarded to Banister Pipelines were completed during the fiscal year. Thirty-two kilometers of 508 mm, 610 mm, and 762 mm pipe were constructed for TransCanada PipeLines near Kingston, Ontario. Another contract, awarded by Trans Quebec & Maritimes Pipelines, involved construction of 18 km of 508 mm and 762 mm pipe in Quebec. Both projects reached final completion early in the spring of this year.

The Corporation also completed a number of smaller contracts, including pipe replacements for Syncrude Canada and Suncor Inc. at Fort McMurray, Alberta, equipment servicing for Polar Gas at Rea Point, N.W.T., and construction of 12 road crossings for TransCanada PipeLines near Regina, Saskatchewan. A ditching program involving the Corporation's patented Model 7-10 Ditcher was continued on Melville Island, N.W.T., as part of the Arctic Pilot Project.

Late in the fiscal year, the Corporation was awarded a major contract by TransCanada PipeLines for construction of 190 km of 914 mm natural gas pipeline in Ontario. The dollar value of this project represents the largest single contract ever undertaken by Banister Pipelines. At fiscal year-end, clearing, grading, and ditching were in progress, and pipelaying began in mid-June. Final completion of the project is scheduled for December, 1982.

With the current work in hand, fiscal 1983 will be a busy one. The Corporation will continue to pursue work through selective bidding in order to utilize its resources. The number of contracts out for tender is comparable to other years, while dollar value is up substantially.

ABOVE:
Excavator loading truck for right-of-way preparation at Renfrew, Ontario.

OPPOSITE:
Bending crew working on 914 mm Trans-Canada PipeLine "North Bay Shortcut" project near Renfrew, Ontario.

U.S. Operations

In the United States the Corporation completed a contract begun in fiscal 1981 for construction of 177 km of 610 mm and 762 mm pipeline in Oregon. As reported in fiscal 1981, substantial losses were incurred on this contract. The Corporation is seeking reimbursement from the client for additional costs incurred, and a claim of approximately U.S. $30 million is currently scheduled for trial on November 15, 1982. Management believes the Corporation has sound legal and technical arguments in support of this claim.

On February 22, 1982, the Corporation accepted U.S. $12.5 million as final settlement of its claim against the U.S. Department of Energy. This claim originated in fiscal 1979 in relation to a pipeline project worked on in Louisiana as part of the Strategic Petroleum Reserve program. The settlement followed a decision in the Corporation's favour made in early December, 1981, by a panel of the American Arbitration Association.

Due to financial constraints during fiscal 1982, the Corporation disposed of nearly all its pipeline construction assets in the United States with the intention of concentrating its immediate pipeline construction activities in Canada. However, given the cyclical nature of the pipeline construction industry and the Corporation's improved financial position, Banister may resume activity outside Canada as market conditions dictate.

UPPER:
Coating and lowering-in crew at work on 32 km project for TransCanada PipeLines near Kingston, Ontario.

LOWER:
Right-of-way preparation on Renfrew project illustrates equipment synergies between civil and pipeline divisions.

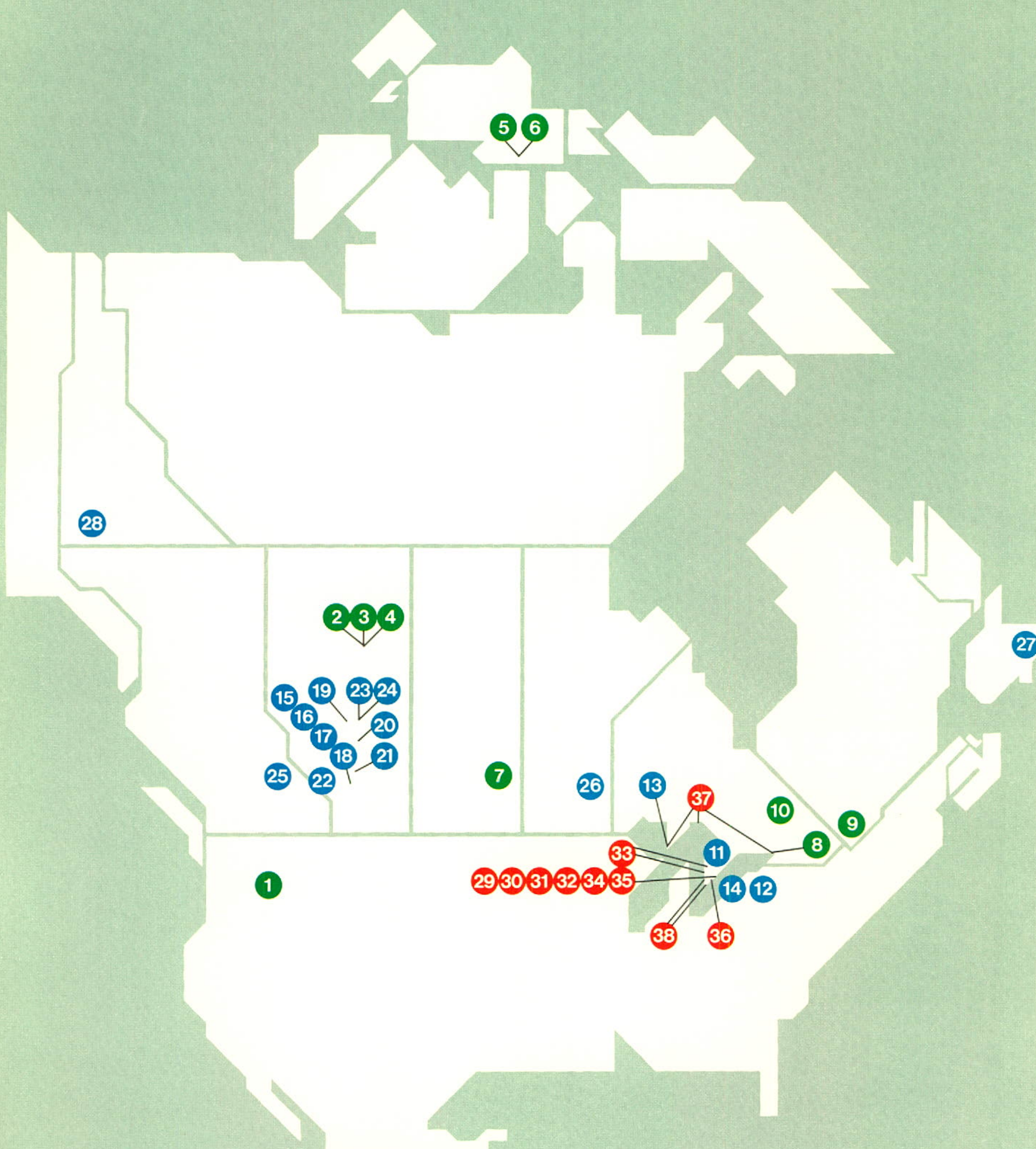
International Operations

The Corporation has been engaged in pipeline construction activities internationally in certain areas of the Middle East since 1978 through its wholly owned subsidiary, Banister Pipelines International, Inc. and prior to that time, through joint venture arrangements. These activities were similar in scope to the North American pipeline business, except that the Corporation was on occasion called upon to purchase a greater variety of material, including pipe, and to construct compressor and pumping stations in connection with these pipelines.

During fiscal 1982, the Corporation continued to suspend bidding on projects in parts of the Middle East. Management believes that current political uncertainties make the exposure in this area prohibitive. This past fiscal year the Corporation worked toward completing the disposal of its few remaining assets in this area.

UPPER:
Crew preparing to install concrete-weighted pipe through swampland on Kingston project.

LOWER:
Air track drilling ditch rock on TCPL pipeline project near Renfrew.



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Project Summary

Project	Location	Client
Pipeline Division		
1. Pan Alberta Loop (completed)	LaGrande, Oregon, U.S.A.	Northwest Pipeline Corporation
2. Replacement of 9 km oil and gas lines (completed)	Fort McMurray, Alberta	Syncrude Canada
3. Replacement of water line (completed)	Fort McMurray, Alberta	Syncrude Canada
4. 2 km of 406 mm pipe (completed)	Fort McMurray, Alberta	Suncor Inc.
5. Moving and servicing equipment	Rea Point, N.W.T.	Polar Gas
6. 7-10 Ditcher: 4-year operating and maintenance contract	Melville Island, N.W.T.	Nova, An Alberta Corporation
7. Twelve road crossings (completed)	Regina, Saskatchewan	TransCanada PipeLines
8. 32 km of 508 mm, 610 mm, and 762 mm pipe (completed)	Kingston, Ontario	TransCanada PipeLines
9. TQ&M Line: 18 km of 508 mm and 762 mm pipe (completed)	St. Eustache, Quebec	Trans Quebec & Maritimes Pipelines
10. 190 km of 914 mm natural gas pipeline	Renfrew, Ontario	TransCanada PipeLines
Civil and Marine Division		
11. Norris-Whitney Bridge	Belleville, Ontario	Ontario Ministry of Transportation & Communications
12. Welland Canal channel improvements (completed)	Port Robinson, Ontario	St. Lawrence Seaway Authority
13. St. Mary's Generating Station	Sault Ste. Marie, Ontario	Great Lakes Power Corporation
14. Queenston-Chippawa Power Canal dredging (completed)	Niagara Falls, Ontario	Ontario Hydro
15. Macleod Trail grade separations (completed)	Calgary, Alberta	City of Calgary
16. Glenmore Trail/Fairmount Drive grade separation (completed)	Calgary, Alberta	City of Calgary
17. Crowchild Trail Overpasses (completed)	Calgary, Alberta	City of Calgary
18. Concrete retaining walls (completed)	Calgary, Alberta	Standard General Construction
19. Keephills Thermal Plant pipe installations (completed)	Keephills, Alberta	TransAlta Utilities
20. Dickson Dam diversion tunnels (completed)	Innisfail, Alberta	Alberta Environment Ministry
21. Balzac Refinery foundations (completed)	Balzac, Alberta	Turbo Resources
22. Pocaterra spillway (completed)	Kananaskis Provincial Park, Alberta	TransAlta Utilities
23. Yellowhead Trail grade separation	Edmonton, Alberta	City of Edmonton
24. Yellowhead Trail rail bypass	Edmonton, Alberta	CN Rail
25. Revelstoke Dam and Powerhouse	Revelstoke, B.C.	B.C. Hydro
26. Great Falls Generating Station rehabilitation (completed)	Great Falls, Manitoba	Manitoba Hydro
27. "Syncrolift" ship repair facility	St. John's, Newfoundland	CN
28. Whitehorse Unit #4 Power project	Whitehorse, Yukon Territory	Northern Canada Power Commission
Utilities Division		
29. Annual contract, gas distribution	Toronto, Ontario	Consumers Gas
30. Water and sewer annual contract	Toronto, Ontario	City of Toronto
31. Water and sewer mains	West Toronto, Ontario	Region of Peel
32. Joint utilities	Toronto, Ontario	Cadillac Fairview
33. Annual contract, telephones	Toronto, Barrie, Newmarket, Ontario	Bell Canada
34. Utility work	Toronto, Ontario	various city commissions
35. 762 mm gas line (completed)	Toronto, Ontario	Consumers Gas
36. Various gas lines	Hamilton, Ontario	Union Gas
37. Various gas lines	Kingston, Sudbury, Sault Ste. Marie, Ont.	Northern & Central Gas
38. Telephone lines	Hanover and London, Ontario	Bell Canada


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Civil and Marine Engineering Construction

"Pitts was awarded new contracts totalling more than $80 million during the fiscal year for major construction projects across Canada."

Civil engineering construction operations are carried out by Pitts Engineering Construction Limited, the Corporation's largest subsidiary. Pitts specializes in the construction of large-scale energy developments, bridges, hydro-electric dams, multi-lane highways, subways, tunnels, and marine work. It is one of the few civil engineering companies in Canada capable of constructing both land- and marine-based projects.

Pitts bids on owner-designed projects with tenders based on plans and specifications supplied by the clients. On occasion, Pitts provides in-house designed alternatives in a competitive effort to provide clients with scheduling and cost advantages. On large projects, where the risk is high or where capital requirements are large, Pitts may enter into joint ventures, either as sponsor and manager, or as a participant.

Pitts was founded in 1942 and has developed expertise in all phases of engineering construction. Pitts was awarded new contracts totalling more than $80 million during the fiscal year for major construction projects across Canada.

Western Operations

Pitts' western division obtained approximately $40 million in new work during fiscal 1982. The largest new contract was for expansion of the Whitehorse Generating Station located in Whitehorse, Yukon, for Northern Canada Power Commission. The contract calls for intake modifications to the existing spillway, a steel penstock, restricted earth and rock excavations for the powerhouse and tailrace works, as well as concrete, electrical, and mechanical features. The 20 megawatt plant is to come on stream in the late fall of 1983.

Contracts were awarded by TransAlta Utilities for construction of the Pocaterra spillway in Kananaskis Provincial Park, Alberta, and by the City of Calgary for two bridge structures as part of the Crowchild Trail upgrading. A contract was also awarded to the Corporation by Standard General Construction for concrete retaining walls on the Crowchild Trail. The Kananaskis and Crowchild projects were completed in December, 1981 and June, 1982, respectively.

Work also progressed, or was completed on schedule, on several previously awarded projects. Both the Glenmore Trail/Fairmount Drive and the Macleod Trail grade separations were completed during the year for the City of Calgary's LRT project. Foundation work for Turbo Resources' new refinery near Balzac, Alberta and installation of make-up and blow-down lines for TransAlta's Keephills Thermal Plant west of Edmonton were finalized during the year.

Construction of the Dickson Dam twin diversion tunnels on the Red Deer River near Innisfail, Alberta for the Alberta Environment Ministry was completed in fiscal 1982. Work on two adjacent contracts in Edmonton started last year: a grade separation for the City of Edmonton and a subway underpass for CN are both on schedule for completion during the summer of 1982.

ABOVE:
Marine equipment dredging Queenston-Chippawa Power Canal for Ontario Hydro.

OPPOSITE:
Whirly cranes and cableway (upper left) building 2760 megawatt powerhouse and dam for British Columbia Hydro near Revelstoke, B.C.

Joint Ventures

The Great Falls Generating Station rehabilitation contract for Manitoba Hydro, sponsored and managed by Genstar Construction, was completed in fiscal 1982. Pitts' interest in this project was 40%.

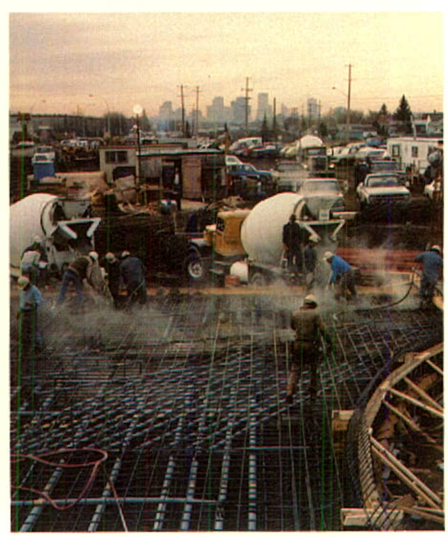
BELOW LEFT:
Land and marine equipment driving piles for CN's Syncrolift project, St. John's Harbour, Newfoundland.

RIGHT UPPER:
Installing steel beams on concrete piers for 1 km bridge spanning the Bay of Quinte between Belleville and Rossmore, Ontario for the Ontario Ministry of Transportation and Communications.

RIGHT LOWER:
Civil division pouring reinforced concrete deck on Yellowhead Trail grade separation for the City of Edmonton.

The Revelstoke Dam and Powerhouse for British Columbia Hydro, managed by Pitts, is approximately 50% complete, with total completion scheduled for July, 1984. This contract, the largest publicly tendered heavy construction contract in Canada to date, was awarded in July of 1979 to Dalcan Constructors, a consortium of Pitts, Genstar, Atlas, and Janin. This massive structure will contain 2.3 million cubic metres of concrete placed over 4 years, and when completed will have the capacity to generate 2760 megawatts of power. Approximately 1,300 individuals compose the construction team building the dam and powerhouse.

Higher than expected costs have been incurred on this project as a result of inflation over the life of the contract, compounded by unprecedented high interest rates and lower than expected productivity. These negative factors resulted in the Corporation taking a write-down this fiscal year of $21 million. It is believed that an adequate reserve has been made for all future losses anticipated on the project. Despite these problems, the Corporation's staff is constructing this complex multi-year mega-project in a highly competent manner. The Corporation and its joint venture partners are the most highly experienced hydro plant builders in Canada. This experience will serve the Corporation well, as many major hydro projects remain to be constructed in Canada in coming years.



Eastern Operations

Pitts' eastern division was also successful in obtaining $40 million in new work during fiscal 1982. The largest contract was awarded by Canadian National for construction of a marine elevator and transfer facility ("Syncrolift") in St. John's, Newfoundland. This structure will enable both domestic and foreign vessels fishing in Eastern Canadian waters to be dry-docked and repaired in St. John's Harbour rather than at distant locations. The project involves the driving of 22,600 metres of pipe piling for the foundation, extensive excavation both on land and in water, reinforced concrete, structural steel, and mechanical and electrical work. The project is scheduled for completion in late 1983.

A contract similar to one completed a year earlier was awarded by the St. Lawrence Seaway Authority for channel improvements at Port Robinson, Ontario. Approximately 525,000 cubic metres of scraper and dragline excavation substantially completed the work by fiscal year-end.

The contract for construction of the Norris-Whitney Bridge in Belleville, Ontario, awarded last year by the Ontario Ministry of Transportation and Communications, is scheduled for completion in late 1982. Ten concrete river piers constructed during 1981 will receive a 2,400 tonne steel plate girder superstructure and concrete deck during this working season. When completed, the bridge will have a length of approximately 1 km.

Work continues on the powerhouse for Great Lakes Power on the St. Mary's River in Sault Ste. Marie, Ontario. Awarded in January, 1980, this contract is for construction of a three-unit 52 megawatt powerhouse of the low head horizontal bulb type, and will be completed during the summer of 1982. A utilities relocation contract at the site begun last year was completed during fiscal 1982. Early in the fiscal year a third major contract for approach and tailrace channel improvements was awarded to the Corporation as part of this project. An extensive winter construction program extending to June of 1982 was required, consisting of 190,000 cubic metres of rock excavation, 360,000 cubic metres of fill material, and 14,000 cubic metres of concrete structures. Work is well advanced and scheduled for completion in September of this year.

BELOW:
Night operations at Revelstoke allow around-the-clock concrete placement. Over 2.3 million cubic metres of concrete will be poured.

"Cliffside maintains its lead in the utility construction market by constantly enhancing its competitiveness through innovation and efficiency."

The Corporation's underground utility construction operations are carried out by Cliffside Pipelayers, founded in 1957 and now a division of Banister, Inc. Cliffside specializes in the installation of natural gas distribution, telephone, hydro, and cable television lines, water mains, storm drains, and sewers throughout Ontario, with the largest volume of work being performed in the metropolitan Toronto area.

During fiscal 1982 Cliffside was awarded contracts for the installation of underground utilities and services by natural gas distribution companies, municipalities, and public utility commissions. Cliffside's operations continue to be consistently profitable and a record sales backlog of $21 million was reached by the beginning of fiscal 1983.

Cliffside maintains its lead in the utility construction market by constantly enhancing its competitiveness through innovation and efficiency. During fiscal 1982 Cliffside converted over a hundred trucks in its service fleet to burn propane instead of gasoline. With the cost of propane in Ontario substantially less than that of gasoline, significant savings are achieved. In addition to reduced fuel costs, conversion also results in decreased repairs and extended engine life. It is expected that the converted trucks will not require engine overhaul for approximately 10 years, which is the expected service life of Cliffside's vehicles.

Cliffside manufactures custom-designed field tools. Two items currently in use by Cliffside crews were designed and built in-house: a service application fusion tool for gas distribution lines and an underground piercing tool. These tools were designed and built by skilled Company craftsmen to meet the exact requirements of the crews in the field.

Cliffside manufactures tools for its own use and has now begun to supply them to outside firms as well. Recognition of the superior design and quality of these products will no doubt make Cliffside's manufacturing division an increasingly active part of the Corporation's underground utility operations.

ABOVE:
Utility crew butt fusing 102 mm polyethylene pipe using service application tool designed and built in-house at Cliffside's west Toronto shop.

OPPOSITE:
Cliffside crew welding small-diameter gas main for Consumers Gas. Over 25,000 homes in Ontario were converted from fuel oil to natural gas by Cliffside during fiscal 1982.

Outlook

"The management team firmly agrees that in spite of current economic uncertainties, the growth and profit opportunities for the Corporation are substantial."

A backlog of more than $250 million at year-end ensures that fiscal 1983 will be a busy year for the Corporation.

Canadian pipeline projects scheduled for calendar 1983 may not utilize the total capacity of the pipeline construction industry. However, in the medium and long term, pipeline construction is on the upswing and the Corporation looks forward to steadily increasing activity in the industry. Construction of the proposed Alaska Highway Pipeline Project will specifically benefit the pipeline construction industry as well as other segments of the economy.

Civil and marine construction work is available in Canada, but currently not in large volumes. Only the most aggressive and competent companies can compete successfully. The Corporation has the people and expertise as well as a large well-maintained equipment fleet to take advantage of opportunities across Canada.

Many areas of Ontario, Quebec, and the Maritimes will be converting from fuel oil to natural gas in the next few years. Cliffside has the equipment, personnel, and experience to efficiently and profitably carry out this work. Management foresees increased activity in the Corporation's underground utility construction division.

The Corporation is involved in an effort in conjunction with other major Canadian construction companies to pursue new work outside Canada in cooperation with the Federal Government. Operating internationally may again have positive results for the Corporation in the future.

The less than ideal economic climate over the past fiscal year and the predicted continuation of this fact in Canada means the Corporation must continue to make every effort and exercise every management skill to ensure the most efficient operation possible.

Banister stands ready and able to meet the growing engineering and construction demands of its valued clients. The management team firmly agrees that in spite of current economic uncertainties, the growth and profit opportunities for the Corporation are substantial. Banister intends to continue to play a major role in the construction industry.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Corporation earned a profit of approximately $4.7 million in fiscal 1982 compared to losses of $14.5 million and $5.4 million in fiscal 1981 and 1980 respectively. The fiscal 1982 profit is primarily attributable to a U.S. $12.5 million (approximately Canadian $15 million) claim settlement for additional compensation on a pipeline contract awarded to Banister Pipelines America, a division of the Corporation's U.S. subsidiary, and substantially improved construction margins in the Canadian pipeline operations, reduced by a $21 million provision representing the Corporation's share of the estimated loss to completion on the Revelstoke Dam project in British Columbia. This provision for loss on the Revelstoke Dam project results from substantial unanticipated operating costs and excessive financing costs. Reference is made to Note 16 to the Corporation's consolidated financial statements for a description of contingencies related to this project and of outstanding claims with respect to certain other contracts described below.

The fiscal 1981 and 1980 losses resulted primarily from substantial extra costs, for which the Corporation had not been reimbursed, incurred on pipeline construction contracts by the Corporation's U.S. pipeline subsidiary. As a result of losses in its U.S. operations and the political instability in the Middle East, the Corporation discontinued pipeline operations in these areas in fiscal 1981. Substantially all the U.S. assets have been disposed of.

Depreciation expense for fiscal 1982 decreased $2.9 million and $1.5 million compared to fiscal 1981 and 1980 respectively primarily due to the disposal of the U.S. assets, referred to above. Fiscal 1981 depreciation expense included a provision of $1.8 million as depreciation to reduce the carrying value of these assets to estimated net realizable value.

Interest incurred increased significantly over the three years ending March 31, 1982; however, the portion expensed during this period decreased due to the $6.6 million and $2.8 million of interest capitalized on long-term construction projects for fiscal 1982 and 1981 respectively in accordance with the Corporation's accounting policies. The interest capitalized to date has been fully provided for and included in the provision for loss on the Revelstoke Dam project. The increase in interest incurred during the three year period ending March 31, 1982 is due primarily to the increase in short-term borrowings (average balance outstanding: fiscal 1982 - $27.6 million; fiscal 1981 - $23.3 million; fiscal 1980 - $4.0 million) used tc finance continuing operations and higher than expected interest rates. This increase has been partially offset by the reduction of long-term debt particularly in fiscal 1981 where proceeds from the sale of the Corporation's investment in Standard Industries Ltd. were applied to reduce long-term debt.

During fiscal 1982 and fiscal 1981 the Corporation recorded gains of $0.3 million and $2.6 million from joint venture interests disposed of in a prior year.

The effective Federal income tax rate in fiscal 1982 was substantially lower than expected due to interest income earned by the Corporation's foreign subsidiaries not subject to income tax. In fiscal 1981 and 1980 the effective income tax rate was considerably higher than the statutory rate due to operating losses of the Corporation's U.S. subsidiary for which no future tax recoveries were provided.

The fiscal 1982 recovery of income taxes of $4.6 million relates to the application of prior years' operating losses against current year's income by the Corporation's U.S. subsidiary for which no tax recovery was previously provided.

On longer term construction projects, the Corporation is protected from increasing labour and material costs as the terms of such contracts normally provide for wage escalation adjustments and major material purchases are committed at the time the contract is bid. Where certain items are not covered by escalation clauses in the contracts, the Corporation determines its bid price according to anticipated inflation over the life of the contract. On the short-term Canadian pipeline contracts, labour problems have in the past few years forced wage payments in excess of contractual amounts. This situation has been rectified early in fiscal 1982 with the negotiation of new collective agreements.

Liquidity

Working capital increased $2.3 million in fiscal 1982 compared to a decrease of $11.6 million and $6.3 million in fiscal 1981 and 1980 respectively. The current year's

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

improvement results primarily from the U.S. $12.5 million claim settlement which did not result in any income taxes due to the utilization of prior years' tax losses, the sale of fixed assets and improved Canadian pipeline operations partially offset by the provision for loss on the Revelstoke Dam project. During fiscal 1981 and 1980, delays in reaching a reasonable settlement of the Corporation's outstanding claims relating to losses incurred on U.S. pipeline contracts had necessitated the use of additional short-term debt to finance continuing operations.

The Corporation had unused lines of credit amounting to $14.2 million for fiscal 1982 compared to $14.1 million for fiscal 1981.

Subsequent to March 31, 1982 the Corporation entered into agreements, conditional upon shareholder approval, to issue one million additional common shares to Trimac Limited for a consideration of $7.5 million and to refinance existing bank indebtedness. The impact of these agreements which would improve the Corporation's working capital by $10.2 million is described in Note 17 to the Corporation's consolidated financial statements.

In an effort to preserve and increase working capital, the Corporation has instituted a number of programs including the closure of certain unprofitable operations, the reduction of overhead costs, and the disposal of surplus equipment.

Capital Resources

In the normal course of business, the Corporation replaces its construction equipment over an extended period of time based on the specific requirements of contracts obtained. In certain situations, the Corporation will rent or lease rather than purchase equipment. Equipment purchased for certain long-term civil construction contracts may be funded by proceeds from mobilization advances received at the beginning of the contract.

As referred to earlier, new arrangements, conditional upon shareholder approval, to issue capital stock and refinance existing bank loans were entered into subsequent to March 31, 1982. Capital resources are believed to be adequate for required capital expenditures in fiscal 1983.

Banister Continental Ltd.

Consolidated Financial Statements

March 31, 1982, 1981, and 1980

Summary of Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada which are not materially different from those generally accepted in the United States.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries and its pro rata share of assets, liabilities, revenues and expenses of joint ventures. Certain joint ventures are included on the basis of a fiscal year ending on December 31 in order to provide for a timely consolidation. Note 1 to the financial statements summarizes the effect of the joint ventures on the consolidated financial statements.

Translation of foreign currencies

The accounts of the Corporation, its foreign subsidiaries and joint ventures stated in foreign currencies have been translated into Canadian dollars using:

- the year-end rates for cash, amounts receivable and payable,
- exchange rates in effect at the time of the transaction for other assets, liabilities and deferred credits, and
- exchange rates prevailing during the years for revenues and expenses, except for depreciation and amortization which have been translated at rates pertaining to the related assets.

All foreign exchange gains or losses are included in income.

Accounting for contracts

Income from contracts which may extend up to five years is determined on the percentage of completion basis except that income from civil construction contracts of a fixed price nature is not recognized until projects attain a stage of completion sufficient to reasonably

Summary of Accounting Policies (continued)

determine the probable results. Provision is made for all anticipated losses as soon as they become evident. Claims for additional contract compensation are not recognized until resolved.

Net unbilled revenues on contracts in progress are included in accounts receivable. Deferred contract costs represent costs in excess of billings on uncompleted contracts. Unearned revenue and contract advances include the excess of billings over the amount of costs incurred on uncompleted contracts and payments received from clients in advance of the performance of the work. Provisions for anticipated losses on uncompleted contracts are deducted from related accumulated contract costs with any excess being included in unearned revenue.

Interest on the net accumulated expenditures on long-term construction projects is capitalized as a deferred contract cost.

Provision for estimated major overhaul costs for equipment is charged to contract costs as the equipment is utilized.

Land held for resale

Land held for resale is valued at the lower of cost and estimated net realizable value.

Fixed assets

Fixed assets are recorded at cost and are depreciated on the straight line method, after recognition of salvage values ranging up to 30%, over the useful lives of the assets which are estimated to be 10 to 20 years for buildings and 4 to 15 years for construction equipment.

When joint ventures are established to perform single contracts and equipment is acquired for use during the contract to be disposed of upon completion of the contract, the cost of such equipment, net of estimated salvage value, is treated as a contract cost. The original cost of this equipment less estimated salvage value is amortized and charged to contract costs based on the percentage-of-completion method, with the percentage being determined on the same basis as that for income recognition. The unamortized portion of such equipment cost is included in deferred contract costs.

Fixed assets which are surplus to the Corporation's requirements and are committed for disposal are stated at amounts not exceeding estimated net realizable value and classified as current assets.

Excess of cost over net assets at acquisition

Excess of cost over net assets at acquisition, which resulted from the 1969 purchase of the Banister pipeline operations, is not being amortized since the Corporation does not believe there is any diminution of value.

Income taxes

Deferred income taxes result from timing differences between financial and tax reporting principally relating to recognition of construction revenues and accelerated depreciation. That portion of deferred income taxes which relates to amounts included in current assets and liabilities is shown as a current asset or current liability.

Unremitted earnings of the Corporation's foreign subsidiaries amounted to approximately $16,000,000 at March 31, 1982 and $14,000,000 at March 31, 1981. A large portion of the unremitted earnings has been advanced to the Corporation's U.S. subsidiary and is not presently available for repatriation. In addition, a portion of the unremitted earnings can be repatriated on a tax free basis. For these reasons Canadian income taxes have not been provided for the repatriation of such earnings.

Investment tax credits available to the United States subsidiaries are applied to reduce the income tax provision in the year the credits are allowed for tax purposes.

Retirement plans

The Corporation and its subsidiaries maintain retirement plans covering full-time employees. Pension expense is accrued and funded currently and includes current costs and amortization of unfunded past service costs.

Earnings (loss) per share

Basic earnings (loss) per share were computed by dividing net income (loss) by the weighted average number of common shares outstanding during each year.

Fully diluted earnings (loss) per share were determined on the assumption that the convertible debenture was converted at the beginning of the year and net income adjusted for the interest saving (net of tax). As the Corporation had net losses in fiscal 1981 and 1980, the assumed conversion of the convertible debenture is anti-dilutive and therefore not relevant in computing fully diluted loss per share.

Earnings (loss) per share computations have been made in accordance with generally accepted accounting principles applicable in Canada. The computations for fiscal 1982, 1981 and 1980 made on this basis are substantially the same as those which would have resulted had the computation been made in accordance with generally accepted accounting principles applicable in the United States.

Consolidated Statement of Income and Retained Earnings

Years ended March 31, 1982, 1981, and 1980
(Stated in Canadian Dollars)

	1982	1981	1980
Revenue:			
Construction and services *(Note 16 (c))*	**$213,783,000**	$143,426,000	$119,890,000
Interest and other income *(Note 12)*	**3,580,000**	3,050,000	2,090,000
	217,363,000	146,476,000	121,980,000
Expenses:			
Operating	**202,107,000**	143,125,000	106,469,000
Depreciation *(Note 5)*	**5,492,000**	8,350,000	6,971,000
Interest *(Note 13)*	**2,545,000**	3,243,000	4,551,000
Selling, administrative and general	**10,090,000**	11,066,000	10,708,000
	220,234,000	165,784,000	128,699,000
	(2,871,000)	(19,308,000)	(6,719,000)
Gain on joint venture interests disposed of in a prior year *(Note 1)*	**276,000**	2,624,000	—
Loss from continuing operations before income taxes and extraordinary item	**(2,595,000)**	(16,684,000)	(6,719,000)
Income taxes recoverable (provided) *(Note 8)*	**2,634,000**	1,959,000	(257,000)
Income (loss) from continuing operations before extraordinary item	**39,000**	(14,725,000)	(6,976,000)
Income from discontinued operations *(Note 3)*	**—**	188,000	1,559,000
Income (loss) before extraordinary item	**39,000**	(14,537,000)	(5,417,000)
Recovery of income taxes by utilization of prior years' losses *(Note 8)*	**4,621,000**	—	—
Net income (loss)	**4,660,000**	(14,537,000)	(5,417,000)
Retained earnings, beginning of year	**2,582,000**	17,119,000	23,238,000
Dividends	**—**	—	702,000
Retained earnings, end of year	**$ 7,242,000**	$ 2,582,000	$ 17,119,000
Earnings (loss) per share:			
Basic:			
Income (loss) from continuing operations before extraordinary item	**$ .01**	$ (3.67)	$ (1.74)
Income (loss) before extraordinary item	**$ .01**	$ (3.62)	$ (1.35)
Net income (loss)	**$ 1.16**	$ (3.62)	$ (1.35)
Fully diluted:			
Income (loss) from continuing operations before extraordinary item	**$ .01**	$ (3.67)	$ (1.74)
Income (loss) before extraordinary item	**$ .01**	$ (3.62)	$ (1.35)
Net income (loss)	**$ 1.13**	$ (3.62)	$ (1.35)

(See accompanying notes and summary of accounting policies)

Consolidated Balance Sheet

March 31, 1982 and 1981
(Stated in Canadian Dollars)

ASSETS	1982	1981
Current assets		
Cash and short-term deposits *(Note 2)*	**$ 6,091,000**	$ 1,594,000
Receivables *(Note 4)*	**33,091,000**	25,749,000
Recoverable income taxes	**368,000**	278,000
Deferred contract costs	**18,899,000**	38,886,000
Land held for resale	**1,344,000**	1,610,000
Other current assets	**2,810,000**	2,580,000
Fixed assets held for disposal *(Note 5)*	**—**	7,636,000
Total current assets	**62,603,000**	78,333,000
Fixed assets, less accumulated depreciation *(Note 5)*	**41,075,000**	45,426,000
Other assets, at cost	**799,000**	742,000
Excess of cost over net assets at acquisition	**6,938,000**	6,938,000
	$111,415,000	$131,439,000

LIABILITIES AND SHAREHOLDERS' EQUITY	1982	1981
Current liabilities		
Bank loans *(Note 6)*	**$ 16,522,000**	$ 35,008,000
Accounts payable and accrued liabilities	**19,566,000**	20,209,000
Deferred income taxes	**2,458,000**	5,547,000
Unearned revenue and contract advances *(Note 7)*	**14,986,000**	11,400,000
Current portion of long-term debt *(Note 9)*	**7,356,000**	6,759,000
Total current liabilities	**60,888,000**	78,923,000
Long-term debt *(Note 9)*	**8,982,000**	11,503,000
Deferred income taxes	**3,992,000**	8,120,000
Contingencies *(Note 16)*		
Shareholders' equity *(Notes 10 and 11)*:		
Common shares without nominal or par value — 20,000,000 shares authorized 4,028,023 shares issued	**27,200,000**	27,200,000
Contributed surplus	**3,111,000**	3,111,000
Retained earnings	**7,242,000**	2,582,000
Total shareholders' equity	**37,553,000**	32,893,000
	$111,415,000	$131,439,000

On behalf of the Board:

R.K. Banister **Director** W. Bateman **Director**

(See accompanying notes and summary of accounting policies)

Consolidated Statement of Changes in Financial Position

Years Ended March 31, 1982, 1981, and 1980
(Stated in Canadian Dollars)

	1982	1981	1980
Working capital provided by:			
Proceeds from sale of fixed assets	**$ 5,883,000**	$ 5,717,000	$ 4,563,000
Recovery of income taxes by utilization of prior years' losses	**4,621,000**	—	—
Fixed assets held for disposal	—	7,636,000	—
Dividends received from associated company	—	150,000	581,000
	10,504,000	13,503,000	5,144,000
Working capital used for:			
Operations:			
Loss (income) from continuing operations before extraordinary item	**(39,000)**	14,725,000	6,976,000
Add (deduct) non-working capital items:			
Depreciation	**(5,492,000)**	(8,350,000)	(6,971,000)
Deferred income taxes	**4,128,000**	1,408,000	(138,000)
Gain on sale of fixed assets	**3,396,000**	1,079,000	844,000
Currency translation gains (losses)	—	32,000	(301,000)
Gain on joint venture interests disposed of in a prior year	—	2,624,000	—
Total used for continuing operations	**1,993,000**	11,518,000	410,000
Additions to fixed assets	**3,628,000**	6,425,000	8,189,000
Reduction in long-term debt	**2,521,000**	17,715,000	1,903,000
Less proceeds applied from sale of shares of associated company *(Note 3)*	—	(11,241,000)	—
Conversion of 5½% subordinated debenture *(Note 10)*:			
Reduction in debenture	—	277,000	—
Less capital stock issued	—	(277,000)	—
Repurchase of common shares	—	—	274,000
Dividends	—	—	702,000
Other	**57,000**	678,000	(17,000)
	8,199,000	25,095,000	11,461,000
Increase (decrease) in working capital	**$ 2,305,000**	$(11,592,000)	$ (6,317,000)
Increases (decreases) in working capital by component:			
Cash and short-term deposits	**$ 4,497,000**	$(12,360,000)	$ 2,575,000
Receivables	**7,342,000**	7,375,000	(56,000)
Recoverable income taxes	**90,000**	7,000	(1,827,000)
Deferred contract costs	**(19,987,000)**	19,301,000	13,660,000
Land held for resale	**(266,000)**	(1,049,000)	(511,000)
Fixed assets held for disposal	**(7,636,000)**	7,636,000	—
Other current assets	**230,000**	1,185,000	193,000
Bank loans	**18,486,000**	(26,445,000)	(7,563,000)
Accounts payable and accrued liabilities	**643,000**	(350,000)	(4,196,000)
Dividends payable	—	—	401,000
Deferred income taxes	**3,089,000**	(93,000)	(1,171,000)
Unearned revenue and contract advances	**(3,586,000)**	(1,931,000)	(7,649,000)
Current portion of long-term debt	**(597,000)**	(4,868,000)	(173,000)
Increase (decrease) in working capital	**$ 2,305,000**	$(11,592,000)	$ (6,317,000)

(See accompanying notes and summary of accounting policies)

Notes to Consolidated Financial Statements

March 31, 1982, 1981, and 1980
(Stated in Canadian Dollars)

Note 1. Joint ventures

The Corporation has investments in and advances to several joint ventures and has participated in these joint ventures in an effort to spread present day business risks and to make available to the Corporation increased capital and technological resources.

A portion of the Corporation's joint venture operations in 1980 was conducted outside of North America; however, this international business was not active in fiscal 1981 and 1982.

In 1978, a subsidiary company sold its 50 percent interest in joint ventures to its joint venture partner for an amount subject to adjustment upon final determination of certain assets and liabilities of the joint ventures. Recognition of the results of the sale in the statement of income was deferred until final settlement could be determined. Final determination of the more significant assets and liabilities of these joint venture interests has been made with the result that the Corporation recognized gains of $276,000 in fiscal 1982 and $2,624,000 in fiscal 1981 of amounts previously deferred.

The Corporation's pro rata share of the joint venture operations included in the consolidated financial statements is summarized below:

Statement of Income

	1982	1981	1980
Revenue	**$ 72,790,000**	$ 26,616,000	$ 6,375,000
Expenses:			
Operating	**91,681,000**	25,462,000	1,660,000
Other	**—**	32,000	21,000
	91,681,000	25,494,000	1,681,000
Income (loss) before income taxes	**(18,891,000)**	1,122,000	4,694,000
Income taxes	**—**	—	4,000
Net income (loss)	**$(18,891,000)**	$ 1,122,000	$ 4,690,000

Balance Sheet

	1982	1981
Assets:		
Current assets	**$ 17,481,000**	$ 38,170,000
Liabilities and owner's equity:		
Current liabilities	**$ 21,879,000**	$ 24,010,000
Owner's equity (deficiency), including advances	**(4,398,000)**	14,160,000
	$ 17,481,000	$ 38,170,000

Note 1. Joint ventures (continued)

Statement of Changes in Financial Position

	1982	1981	1980
Working capital provided by:			
Operations	**$ —**	$ 1,122,000	$ 4,690,000
Advances from joint venturers	**1,206,000**	11,067,000	—
Other	**—**	125,000	—
	1,206,000	12,314,000	4,690,000
Working capital used for:			
Operations	**18,891,000**	—	—
Additions to fixed assets and other	**—**	—	210,000
Return of equity to joint venturers	**873,000**	1,572,000	2,991,000
	19,764,000	1,572,000	3,201,000
Increase (decrease) in working capital	**$(18,558,000)**	$ 10,742,000	$ 1,489,000

Notes:

(a) Transactions between the joint ventures and the Corporation have been eliminated in the consolidated financial statements including equipment rentals charged by the Corporation amounting to $1,070,000, $33,000 and $129,000 for fiscal years 1982, 1981 and 1980 respectively.

(b) Income taxes applicable to the income of unincorporated joint ventures are not provided in the ventures' accounts but are included, to the extent of the Corporation's share, in its consolidated statement of income.

Note 2. Cash and short-term deposits

Cash and short-term deposits are made up of:

	1982	1981
Cash on hand and in bank	**$ 191,000**	$1,043,000
Short-term deposits	**5,900,000**	551,000
	$6,091,000	$1,594,000

Note 3. Investment in associated company

In April, 1980 the Corporation sold its investment in Standard Industries Ltd., an associated company, for $11,241,000 and the proceeds were applied to reduce the term bank loan.

The Corporation's equity earnings of the associated company for fiscal 1981 and 1980 have been disclosed as income from discontinued operations.

Note 4. Receivables

Fiscal 1982 receivables include holdbacks receivable amounting to $12,682,000 ($11,091,000 in 1981) and unbilled receivables amounting to $189,000 ($628,000 in 1981).

The balances billed but not paid by customers pursuant to retainage provisions in construction contracts will be due upon completion of the contracts and acceptance by the owner. Based on the Corporation's experience with similar contracts in recent years, $10,159,000 of the balance at March 31, 1982 is expected to be collected in the year ending March 31, 1983 and the remainder in subsequent years.

Unbilled receivables comprise principally amounts of revenue recognized on contracts for which billings had not been presented to owners because the amounts were not billable at the balance sheet date. The unbilled amounts receivable are billable upon completion of final cleanup work which is expected to be completed in May, 1982.

Note 5. *Fixed assets*

The cost and net book value of fixed assets (in thousands) are as follows:

	Cost		Net Book Value	
	1982	1981	**1982**	1981
Land and buildings	**$ 6,793**	$ 8,437	**$ 5,984**	$ 7,335
Construction equipment	**68,092**	69,924	**34,359**	37,375
Other	**1,331**	1,605	**732**	716
	$76,216	$79,966	**$41,075**	$45,426

A provision of $1,797,000 was included as depreciation in the fourth quarter of fiscal 1981 to reduce the carrying value of surplus equipment owned to estimated net realizable value. In fiscal 1982 the Corporation disposed of these assets and repaid bank indebtedness. These assets are described as fixed assets held for disposal and included in current assets in 1981.

Note 6. *Bank loans*

The Corporation's short-term borrowings consist of various operating loans of the Corporation and its subsidiaries. At March 31, 1982, the unused line of credit with respect to these operating loans is $14,199,000 ($14,110,000 at March 31, 1981).

The Corporation's $8,263,000 share of bank indebtedness of a joint venture is collateralized by a floating charge debenture against certain joint venture assets which are included in deferred contract costs. Bank loans of subsidiaries amounting to $7,787,000 are collateralized as described in Note 9. The remaining bank indebtedness is unsecured.

Note 7. *Unearned revenue and contract advances*

Contract advances amounting to $7,500,000 ($7,086,000 in fiscal 1981) are collateralized by chattel mortgages on certain equipment owned by joint ventures which is included in deferred contract costs.

Note 8. *Income taxes*

Components of the provision for income taxes are as follows:

	1982	1981	1980
Current			
Canadian —			
Federal	**$ 1,000**	$ (466,000)	$(569,000)
Provincial	**—**	(167,000)	(177,000)
Foreign —			
Federal	**4,582,000**	(11,000)	90,000
	4,583,000	(644,000)	(656,000)
Deferred			
Canadian —			
Federal	**(5,471,000)**	(971,000)	386,000
Provincial	**(1,746,000)**	(344,000)	51,000
Foreign —			
Federal	**—**	—	476,000
	(7,217,000)	(1,315,000)	913,000
Income taxes (recoverable)	**$(2,634,000)**	$(1,959,000)	$ 257,000

Note 8. Income taxes (continued)

The following is a reconciliation between the normal Canadian federal statutory tax rate and the consolidated effective tax rate:

	1982	1981	1980
Canadian federal income tax rate	**(47.8)%**	(47.8)%	(46.0)%
Income not included for income tax purposes	**(48.0)**	(7.2)	(2.7)
Equity earnings of associated company	**—**	—	(15.1)
Operating losses for which no tax recoveries are currently available	**—**	47.6	57.3
Exchange translation losses (gains)	**2.6**	(1.1)	6.0
Tax rate differential relating to the use of losses or tax loss carrybacks	**16.0**	—	—
Tax exempt portion of capital loss	**4.4**	—	0.6
Other	**(28.7)**	(3.4)	4.9
Consolidated effective tax rate	**(101.5)%**	(11.9)%	5.0 %

Deferred income tax expense (recovery) results from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The source of these differences and the income tax effect of each was as follows:

	1982	1981	1980
		(thousands of dollars)	
Depreciation:			
Excess of tax over book depreciation	**$ 39**	$ 1,094	$ 1,089
Long-term contracts including joint ventures:			
Use of percentage completion for financial purposes, and use of billings less costs excluding contractual holdbacks for tax purposes	**(2,226)**	8,187	3,353
Reserve for equipment overhauls:			
Charged to expense for financial purposes but not deductible until paid	**(355)**	—	140
Provision for future losses:			
Charged to expense for financial purposes but not deductible until incurred	**(10,347)**	(406)	—
Capitalized interest:			
Capitalized for financial purposes but deducted for tax purposes as incurred	**3,285**	1,348	—
Loss carryforwards:			
Benefit recognized for financial purposes but not for tax purposes	**1,892**	(12,043)	(3,717)
Other:			
Expenses accrued or deferred for financial purposes, deducted for tax purposes as paid; and expenses deducted for tax purposes but accrued or deferred for financial purposes until incurred	**495**	505	48
Deferred income tax expense (recovery)	**$(7,217)**	$ (1,315)	$ 913

Certain United States subsidiaries have operating loss carryforwards, for which no accounting tax benefit has been recognized, of approximately $14,108,000 available to reduce future years' taxable income which expire in 1996.

The Corporation's United States subsidiaries have investment tax credit carryovers of approximately $206,000 available to reduce future U.S. Federal income taxes and expire between 1990 and 1994.

In the 1982 fiscal year, operating loss carryforwards of one of the Corporation's United States subsidiaries, for which no accounting tax benefit had previously been recognized, were applied against taxable income. Income taxes otherwise payable were reduced by $4,621,000 which has been reflected as an extraordinary item in the statement of income.

Note 9. Long-term debt

	1982	1981
5½% U.S. dollar convertible subordinated debenture, payable to a company controlled by a director of the Corporation, repayable in equal annual instalments of U.S. $232,500 maturing December 31, 1988 convertible at the holder's option at U.S. $12.19 per share into 133,511 (152,584 in 1981) shares of common stock (U.S. $1,627,500 1982; $1,860,000 in 1981).	**$ 1,992,000**	$ 2,208,000
Revolving bank loan of up to $10,000,000 repayable July 31, 1982 with interest at the bank's cost of borrowing plus ¾%.	**4,000,000**	—
Investment bank loan with interest at bank's prime rate plus ¼% repayable by December 31, 1983 from cash flow of a joint venture.	**7,275,000**	—
Term bank loan with interest at the bank's prime rate plus 1% repayable subsequent to March 31, 1982.	**3,000,000**	—
Term bank loan repayable in ten equal annual instalments with interest at the bank's prime plus ¾% collateralized by a guarantee and demand debenture of the parent corporation and hypothecation of the shares of Pitts Engineering Construction Limited.	**—**	6,500,000
Chattel mortage loan (U.S. dollars) repayable in quarterly instalments to September 30, 1985, with an interest rate of 10⅜%, collateralized by certain construction equipment and a parent company guarantee (U.S. $5,426,000 in 1981).	**—**	6,440,000
Operating loan repaid subsequent to March 31, 1981 with proceeds from term bank loan.	**—**	3,000,000
Notes payable, with annual payments of $42,750, balance due January, 1983, no interest payable.	**71,000**	114,000
	16,338,000	18,262,000
Less amount due within one year	**7,356,000**	6,759,000
	$ 8,982,000	$11,503,000

The term bank loan and investment bank loan, together with other operating loans to subsidiaries of the Corporation and a joint venture are collateralized by a general assignment of accounts receivable, a $40,000,000 debenture containing a fixed charge and specific mortgage on those subsidiaries' land, buildings and certain equipment and a floating charge on all other assets of those subsidiaries, and guarantees of the parent corporation and other subsidiaries. Conditions in the loan agreement relating to these loans restrict the sale of assets and creation of encumbrances on assets.

Note 9. Long-term debt (continued)

The revolving bank loan is collateralized by a $25,000,000 debenture of the parent corporation containing a fixed charge and specific mortgages on land and buildings and a floating charge on all other assets and guarantees of subsidiary companies. This loan has been repaid subsequent to March 31, 1982.

Note 17 refers to new banking arrangements which may become available to the Corporation subsequent to March 31, 1982.

The principal repayments of long-term debt over each of the next five years are as follows:

1983	$7,356,000
1984	$7,560,000
1985	$ 285,000
1986	$ 285,000
1987	$ 285,000

Note 10. Common shares

During fiscal 1981 the holder of the Corporation's 5½% U.S. dollar convertible subordinated debenture elected to convert the maturing instalment amounting to $277,000 (U.S. $232,500) into 19,073 common shares.

Note 11. Stock options

The Corporation has granted options to purchase shares of the Corporation to officers and other key employees under a stock option plan which lapsed in 1979. These options become exercisable in four equal cumulative instalments beginning one year after the date of grant and expire five years after the date of grant. No options can be exercised under this plan after November 10, 1983.

The details of outstanding and exercisable options for fiscal 1982, 1981 and 1980 are as follows:

	1982	1981	1980
Option price per share	**$ 9.13**	$ 9.13	$ 9.13
Options outstanding beginning of year	**13,387**	34,587	62,437
Exercised for cash in lieu of shares	**—**	10,825	20,413
Expired and cancelled	**550**	10,375	7,437
Options outstanding end of year	**12,837**	13,387	34,587
Options exercisable beginning of year	**5,341**	5,892	11,619
Became exercisable	**4,823**	13,449	14,686
Exercised	**—**	10,825	20,413
Exercisable options cancelled	**550**	3,175	—
Options exercisable end of year	**9,614**	5,341	5,892

At March 31, 1982, 12,837 common shares were reserved for issuance upon the exercise of stock options.

The Corporation has the right, at the time an option is exercised, to pay an amount to the option holder equal to the excess of the market value over the option price of the shares in lieu of issuing common shares. Such payments to option holders are charged to income in the year of payment.

The proceeds from options exercised for shares are credited to common shares with no charge to income.

Note 12. Interest and other income

Interest and other income consists of:

	1982	1981	1980
Interest	**$ 369,000**	$1,451,000	$1,818,000
Gain on sale of fixed assets	**3,396,000**	1,079,000	844,000
Foreign exchange gains (losses)	**(355,000)**	370,000	(680,000)
Other	**473,000**	150,000	108,000
Loss on sale of fixed assets held for disposal *(Note 5)*	**(303,000)**	—	—
	$3,580,000	$3,050,000	$2,090,000

Note 13. Interest capitalized

Total interest cost incurred amounted to $9,114,000 for fiscal 1982 and $6,062,000 and $4,760,000 for fiscal 1981 and 1980 respectively. Interest capitalized on long-term construction projects and included in contract costs amounted to $6,569,000, $2,819,000 and $209,000 for fiscal 1982, 1981 and 1980 respectively.

Note 14. Operating lease costs and rental expense

The Corporation leases certain administrative facilities and equipment and construction equipment. Construction equipment is generally leased for periods of less than one year.

The charge to income for the rental expense of non-cancellable operating leases was $8,000 in fiscal 1982. Future minimum rental commitments for all non-cancellable operating leases as of March 31, 1982 were as follows:

1983	$146,000
1984	113,000
1985	124,000
1986	135,000
1987	135,000
	$653,000

Note 15. Retirement plans

The costs of retirement plans were approximately $458,000, $389,000 and $466,000 for 1982, 1981 and 1980 respectively. Based on the most recent actuarial review, surpluses exist in the plans at March 31, 1982. The Corporation is in the process of seeking approval from various government authorities to amend the plans and obtain refunds of excess Corporate contributions.

Note 16. Contingencies

(a) The Corporation has a 50% interest in Dalcan Constructors, a joint venture established to carry out the Revelstoke Dam project scheduled for completion in 1984. At March 31, 1982 the project was approximately 44% completed. It is management's view that a loss is likely to result upon completion of the contract and accordingly, provision for a $21,000,000 loss ($10,500,000 net of tax) representing the Corporation's share of the projected loss, is reflected in the fiscal 1982 financial statements. In arriving at the projected loss, no recognition has been given to claims submitted to the owner for additional contract compensation, relating to substantial extra costs, aggregating approximately $40,000,000 ($20,000,000 Corporation's share), as such claims have not been resolved. The joint venture has agreed not to commence legal action with respect to these claims until the earlier of completion of the contract or August 31, 1984. The projected loss does not include amounts up to approximately $18,000,000 ($9,000,000 Corporation's share) which would become payable to the owner as penalties for failure to achieve key construction schedule dates over the remainder of the contract. Management believes that these schedule dates can be met under normal circumstances.

The Corporation is jointly and severally liable for the obligations of its joint venture partners in all respects of the Revelstoke Dam project relating to the owner.

(b) During fiscal 1981, Banister Pipelines America, a division of the Corporation's U.S. subsidiary, was awarded contracts to construct approximately 110 miles of pipeline in the State of Oregon, as part of the pre-build of the Alaska Highway gas pipeline. It is the Corporation's view

Note 16. Contingencies (continued)

that during performance of the contract, the client, Northwest Pipeline Corporation, wrongfully interfered with, obstructed, and prohibited Banister Pipelines America from following normal pipeline construction practice, as contemplated in the contract, forcing it to incur substantial extra costs. In addition, Banister Pipelines America was required by the client to perform additional work for which it has not been paid. The job was substantially complete in fiscal 1981 and a legal action against the client was commenced on June 24, 1981 in the Circuit Court for the State of Oregon, for the County of Umatilla to recover approximately U.S. $30 million for additional expenses incurred, lost profits, damages, and interest thereon. The matter is scheduled for trial in November of 1982. Until a decision is rendered in the court action, or a settlement is reached, there is no reliable basis on which to predict the amount which may ultimately be recovered, if any, and accordingly, no recovery will be recorded until such time. Federal U.S. taxes will not be payable on any such recovery to the extent that tax loss carryforwards and investment tax credits, referred to in Note 8, can be utilized.

(c) In fiscal 1979 the Corporation was awarded a subcontract by Parsons-Gilbane, a joint venture, to construct approximately 57 miles of pipeline in the State of Louisiana for the U.S. Department of Energy's Strategic Reserve Program. A significant dispute arose over the compensation payable under the subcontract in which the Corporation was seeking to recover approximately U.S. $20,000,000. On February 16, 1982, the matter was resolved and the Corporation accepted, as full and final settlement, U.S. $12,500,000 (approximately $15,000,000 Canadian). This recovery is included in construction revenues in the fourth quarter of the current year.

(d) Pitts Engineering Construction Limited ("Pitts") has been named as a co-defendant in a claim issued by the Attorney General of Canada and the National Harbours Board in connection with certain dredging contracts completed in years prior to the acquisition of Pitts by the Corporation, alleging conspiracy and seeking to recover civil and exemplary damages in the total amount of $15 million from 18 defendants including Pitts and a former officer of Pitts. Although Pitts and the former officer have been found guilty of criminal charges relating to the same contracts, there is no reliable basis upon which to predict the amount, if any, which Pitts may ultimately be required to contribute to any recovery. The Corporation holds an unlimited indemnity, given by the former officer of Pitts, under which all losses, costs, fines, liabilities or damages which may be incurred by Pitts as a result of the dredging litigation are to be reimbursed to the Corporation. The former officer is required to and has pledged assets having a value of $3,800,000 as collateral to support the indemnity.

(e) The Corporation is involved in other claims and litigation primarily arising in the normal course of its business for the reimbursement of costs of additional work and of additional costs incurred because of changed conditions. Any settlements or awards will be reflected in income as the matters are resolved.

(f) The Corporation is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts and for the obligations of its associates in unincorporated joint ventures.

Note 17. Trimac purchase agreement and subsequent refinancing

On April 14, 1982, the Corporation entered into a Share Purchase and Standstill Agreement (the "Purchase Agreement") with Trimac Limited ("Trimac"). The Purchase Agreement provides for the sale by the Corporation to Trimac of 1,000,000 common shares at a price of $7.50 per share.

Concurrently with the execution of the Purchase Agreement, a director of the Corporation, Elmbridge Limited (a company controlled by the same director of the Corporation), Trimac and a subsidiary of Trimac entered into an Option Agreement which, among other things, provides for the grant to Trimac of an option exercisable, following shareholder approval, until December 31, 1983 to acquire all the common shares owned beneficially (26.5% of the current outstanding common shares of the Corporation) by the director of the Corporation at a minimum of $12 per share and unless the parties otherwise agree, requires Trimac, if it exercises its option, to make a "follow-up offer" of equivalent value to the other shareholders of the Corporation.

Pursuant to a Contingency Agreement dated April 14, 1982, the Purchase Agreement and the Option Agreement are each subject to the approval of the shareholders which will be considered at a special meeting of shareholders of Banister Continental Ltd. to be held on June 28, 1982.

On May 25, 1982, the Corporation entered into new banking arrangements which are conditional upon shareholder approval of the Purchase Agreement with Trimac.

Note 17. Trimac purchase agreement and subsequent refinancing (continued)

The new banking arrangements provide for the following loans:

(i) $20,000,000 operating bank loan.
(ii) $10,000,000 term loan, repayable at $2,000,000 per annum commencing April 1, 1983, with interest at the bank's prime plus ¾% and a standby fee of ½% on the undrawn portion.

The term bank loan would be applied to repay the existing investment loan of $7,275,000 and $2,725,000 would be applied to the existing term loan.

The proposed term bank loan and operating bank loan would be collateralized by a general assignment of accounts receivable and debentures for $75,000,000 containing a fixed charge on certain real estate and equipment and a floating charge on other Corporation assets. Conditions in the agreement relating to the proposed loans would restrict the amount of the operating bank loan to a percentage of certain accounts receivable.

Provided the shareholders of the Corporation approve the Purchase Agreement, the following pro forma consolidated balance sheet gives effect to the above transactions as if they had been consummated on March 31, 1982.

Pro Forma Consolidated Balance Sheet

March 31, 1982
(Stated in Canadian Dollars)

	March 31, 1982	Adjustments	Pro Forma March 31, 1982
		(thousands of dollars)	
Working capital:			
Current assets	$ 62,603	$ —	$ 62,603
Current liabilities	(60,888)	7,500[a] 2,725[b]	(50,663)
	1,715	10,225	11,940
Fixed assets, less accumulated depreciation	41,075	—	41,075
Other assets	799	—	799
Excess of cost over net assets at acquisition	6,938	—	6,938
Total	$ 50,527	$ 10,225	$ 60,752
Long-term debt	8,982	2,725[b]	11,707
Deferred income taxes	3,992	—	3,992
Total	12,974	2,725	15,699
Shareholders' equity:			
Common shares without nominal or par value: 20,000,000 shares authorized 4,028,023 shares issued (5,028,023 pro forma)	27,200	7,500[a]	34,700
Contributed surplus	3,111	—	3,111
Retained earnings	7,242	—	7,242
Total shareholders' equity	37,553	7,500	45,053
Total long-term debt, deferred taxes and shareholders' equity	$ 50,527	$ 10,225	$ 60,752

(a) To give effect to the sale of 1,000,000 common shares at $7.50 per share to Trimac pursuant to the Purchase Agreement. Proceeds used to reduce operating bank loans.

(b) To give effect to the new banking arrangements.

Pro forma earnings per share for fiscal 1982, computed as though the common shares had been issued at the beginning of the year, the proceeds applied to reduce operating bank loans and income adjusted for the reduction in interest expense (net of tax), are as follows:

Basic:	
Income before extraordinary item	$ .14
Net income	$1.05
Fully diluted:	
Income before extraordinary item	$ .14
Net income	$1.04

Note 18. Business segments

The Corporation operates in three industry segments — pipeline construction, civil engineering construction, and underground utilities construction. In 1982, underground utilities construction has for the first time been classified as a separate industry segment. Fiscal 1981 and 1980 industry segment information has been restated to correspond with this classification.

Pipeline construction includes the construction, upgrading and testing of pipelines, gathering systems and distribution systems for the oil and gas industry. Major pipeline construction activities have taken place only in Canada during fiscal 1982. During prior years, pipeline construction was active in Canada, the United States, and the Middle East.

Through Pitts Engineering Construction Limited, a wholly-owned subsidiary, the Corporation engages in civil engineering construction primarily for governments at all levels. Pitts does both dryland and marine work, specializing in the construction of large scale energy developments, multilane highways, bridges, dams and tunnels and marine construction. To date, all civil engineering construction has been carried out in Canada.

Underground utilities construction operations are conducted by Cliffside Pipelayers, a division of

Industry Segments (in thousands)

	Pipeline Construction		
	1982	1981	1980
Revenue from outside sources	**$ 60,802**	$ 38,873	$ 39,154
Segment operating profit (loss)	**$ 18,774**	$(18,171)	$ (5,238)
Interest expense			
Gain on disposal of joint venture operations			
Income from discontinued operations			
Income taxes recoverable (provided)			
Recovery of income taxes by utilization of prior years' losses			
Net income (loss)			
Identifiable assets	**$ 38,130**	$ 38,941	$ 56,087
Investment in affiliates			
Total assets			
Capital expenditures	**$ 2,453**	$ 1,777	$ 1,292
Depreciation and amortization	**$ 2,285**	$ 4,964	$ 3,966

Geographic Segments (in thousands)

Revenue from outside sources	
Segment operating profit (loss)	
Interest expense	
Gain on disposal of joint venture operations	
Income from discontinued operations	
Income taxes recoverable (provided)	
Recovery of income taxes by utilization of prior years' losses	
Net income (loss)	
Identifiable assets	
Investment in affiliates	
Total assets	

Note: 1981 and 1980 figures have been reclassified to conform to the presentation followed in 1982.

Banister Inc., a wholly-owned subsidiary of the Corporation. Cliffside's work consists of the construction of all types of public utility systems in metropolitan Toronto and throughout Ontario.

During fiscal 1982 civil construction activities derived $102,157,000 and pipeline activities derived $1,023,000 of revenue from Canadian governments or government agencies. During this same period revenue from pipeline activities in the amount of $22,961,000 was derived from one client which accounted for more than ten percent of consolidated revenue.

During fiscal 1981, civil construction activities derived $54,036,000 of revenue from Canadian governments or government agencies. During this period, revenue from three clients exceeded ten percent of consolidated revenue. Two of these clients accounted for $28,907,000 pipeline construction revenue and the third resulted in $19,895,000 civil construction revenue.

In fiscal 1980, civil construction activities derived $42,200,000 and pipeline construction activities derived $1,000,000 from Canadian governments or Canadian government agencies. There were no clients during fiscal 1980 which accounted for more than ten percent of revenue.

Civil Engineering Construction			Utility Construction			Consolidated		
1982	1981	1980	**1982**	1981	1980	**1982**	1981	1980
$119,124	$ 72,515	$ 51,702	**$ 37,437**	$ 35,088	$ 31,124	**$217,363**	$146,476	$121,980
$(19,635)	$ 115	$ 2,850	**$ 535**	$ 1,991	$ 220	**$ (326)**	$(16,065)	$ (2,168)
						(2,545)	(3,243)	(4,551)
						276	2,624	—
						—	188	1,559
						2,634	1,959	(257)
						4,621	—	—
						$ 4,660	$(14,537)	$ (5,417)
$ 56,985	$ 75,460	$ 52,414	**$ 16,300**	$ 17,038	$ 14,640	**$111,415**	$131,439	$123,141
						—	—	11,204
						$111,415	$131,439	$134,345
$ 519	$ 1,886	$ 3,221	**$ 656**	$ 2,762	$ 3,676	**$ 3,628**	$ 6,425	$ 8,189
$ 1,940	$ 2,159	$ 2,222	**$ 1,267**	$ 1,227	$ 783	**$ 5,492**	$ 8,350	$ 6,971

Domestic			Foreign			Consolidated		
1982	1981	1980	**1982**	1981	1980	1982	1981	1980
$198,025	$126,549	$ 98,730	**$ 19,338**	$ 19,927	$ 23,250	**$217,363**	$146,476	$121,980
$(13,128)	$ (1,993)	$ 2,039	**$ 12,802**	$(14,072)	$ (4,207)	**$ (326)**	$(16,065)	$ (2,168)
						(2,545)	(3,243)	(4,551)
						276	2,624	—
						—	188	1,559
						2,634	1,959	(257)
						4,621	—	—
						$ 4,660	$(14,537)	$ (5,417)
$109,745	$116,636	$ 95,204	**$ 1,670**	$ 14,803	$ 27,937	**$111,415**	$131,439	$123,141
						—	—	11,204
						$111,415	$131,439	$134,345

Auditors' Report

To the Shareholders of Banister Continental Ltd.:

We have examined the accompanying consolidated balance sheet of Banister Continental Ltd. as at March 31, 1982 and 1981 and the consolidated statements of income and retained earnings and changes in financial position for the three years ended March 31, 1982. 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, these consolidated financial statements present fairly the financial position of the Corporation as at March 31, 1982 and 1981, and the results of its operations and changes in its financial position for the three years then ended March 31, 1982 in accordance with accounting principles generally accepted in Canada applied on a consistent basis during the period.

Arthur Young, Clarkson, Gordon & Co.

Chartered Accountants
Edmonton, Canada
June 15, 1982

Comment on Differences in Canadian-United States Reporting Standards

In the United States, reporting standards for auditors require the provision of an opinion qualified as being subject to the outcome of significant uncertainties affecting the financial statements such as those referred to in the accompanying balance sheet as at March 31, 1982 and as described in Note 16 (a) and (b) to the financial statements. The above opinion is expressed in accordance with Canadian standards and is not qualified with respect to, and provides no reference to, these uncertainties since such an opinion would not be in accordance with Canadian reporting standards for auditors when the uncertainties are adequately disclosed in the financial statements.

Arthur Young, Clarkson, Gordon & Co.

Chartered Accountants
Edmonton, Canada
June 15, 1982

Market for Common Shares

March 31, 1982 and 1981

The common shares of Banister Continental Ltd. are traded on the American Stock Exchange in the United States and the Toronto, Montreal, and Alberta Stock Exchanges in Canada. Following is a schedule of high and low share prices, by quarter, for the fiscal years ended March 31, 1982, and March 31, 1981 on the Toronto Stock Exchange and the American Stock Exchange.

a) on the Toronto Stock Exchange (in Canadian $)

	1982		1981	
	High	**Low**	High	Low
Quarter ended:				
June 30	**11¾**	**6¾**	17	12
September 30	**8½**	**4¼**	24½	17¼
December 31	**6⅝**	**4**	23¾	13
March 31	**8¼**	**5¼**	15¾	11½

b) on the American Stock Exchange (in U.S. $)

	1982		1981	
	High	**Low**	High	Low
Quarter ended:				
June 30	**10**	**5¼**	15	10⅛
September 30	**7⅛**	**3⅜**	21⅝	14⅞
December 31	**5½**	**3⅜**	20¾	10⅝
March 31	**6⅝**	**4⅜**	13½	9⅜

As of May 20, 1982, there were 3,151 holders of record of the Corporation's shares, as shown on the records maintained by the Corporation's Registrar and Transfer Agent.

No dividends were declared during fiscal 1982 or fiscal 1981. During fiscal 1980, dividends of 17.5 cents Canadian per common share were paid, at the rate of 10 cents for the first quarter and 7.5 cents for the second quarter.

The Foreign Investment Review Act of Canada contains restrictions on the acquisition of control of the Corporation by persons who are not Canadian citizens or by non-eligible persons or groups, as defined therein.

Pursuant to the Income Tax Act of Canada, non-resident shareholders are subject to a 25% withholding tax on any dividend paid by the Corporation. As a result of tax conventions with the United States of America and certain other countries, the rate of withholding tax for residents of the United States and such other countries is reduced to 15%. Pursuant to further provisions of the Income Tax Act of Canada, the rate of withholding tax on dividends is reduced by a further 5% for corporations which have filed the necessary form to establish a degree of Canadian ownership. The Corporation has filed such form, based on the fact that individuals resident in Canada and corporations controlled in Canada own not less than 25% of the issued and outstanding voting and equity shares of the Corporation. Accordingly, under present circumstances, the rate of withholding tax payable by shareholders resident in the United States and certain other countries on any dividends which may be paid by the Corporation, is 10%.

Selected Financial Data

For the Years Ended March 31
(Stated in Canadian Dollars)

	1982	1981	1980	1979	1978
Revenue	**$217,363,000**	$146,476,000	$121,980,000	$ 93,582,000	$ 41,225,000
Income (loss) from continuing operations before extraordinary item	**$ 39,000**	$(14,725,000)	$ (6,976,000)	$ (5,050,000)	$ 5,670,000
Earnings (loss) from continuing operations per common share:					
Basic	**$ .01**	$ (3.67)	$ (1.74)	$ (1.25)	$ 1.41
Fully diluted	**$ .01**	$ (3.67)	$ (1.74)	$ (1.25)	$ 1.35
Total assets	**$111,415,000**	$131,439,000	$134,345,000	$121,851,000	$ 76,294,000
Long-term debt	**$ 8,982,000**	$ 11,503,000	$ 29,527,000	$ 31,129,000	$ 2,633,000
Cash dividends declared per common share	**$ —**	$ —	$ 0.17	$ 0.40	$ 0.40

Notes:

a) Revenue for 1978 includes the gain on disposal of investment in Raymond International Inc. amounting to $7,656,000.

b) Earnings (loss) per share for the five years are computed as stated in the summary of accounting policies. Earnings (loss) per share so computed are in accordance with generally accepted accounting principles applicable in Canada and are substantially the same as those which would have resulted had the computation been made in accordance with the principles applicable in the United States.

Directors and Officers

Board of Directors

R.K. Banister
Chairman of the Board and Chief Executive Officer

H.B. Banister
Vice President, Corporate Planning and Business Development

W.M. Bateman
President and Chief Operating Officer

R. Bernstein*
Partner
Bear, Stearns & Co. Investment Bankers

N. Fraser*
Vice President
Pitfield, Mackay, Ross & Company Limited

S.A. Milner**
President
Chieftain Development Co. Ltd.

A.M. Shoults**
Chairman of the Board
CHQT Broadcasting Ltd.

S.J. Silberman**
Partner
Kaye, Scholer, Fierman, Hays & Handler Attorneys

G.A. Van Wielingen*
Chairman of the Board and Chief Executive Officer
Sulpetro of Canada Ltd.

* Members of the Compensation Committee
** Members of the Audit Committee

Officers

R.K. Banister
Chairman of the Board and Chief Executive Officer

W.M. Bateman
President and Chief Operating Officer

E.R. Austin
Group Vice President, Utilities

W.A. Barrie
Group Vice President, Civil Engineering

R.F.C. Marriott
Group Vice President, Pipelines

H.B. Banister
Vice President, Corporate Planning and Business Development

C.N. D'Croix
Vice President, Administration (Eastern Region)

D. Flynn
Vice President, Labour Relations

R. MacTavish
Vice President, Finance, Treasurer, and Chief Financial Officer

A.F. Rankel
Vice President, Equipment and Purchasing

F.A.M. Tremayne
Secretary and General Counsel

J.W. Wright
Vice President, Administration (Western Region)

J. Lech
Controller

Common Stock Listed on

Alberta Stock Exchange
Montreal Stock Exchange
Toronto Stock Exchange
American Stock Exchange
Stock symbol is BAC (ASE), (TSE), (MSE) AND BAN (AMEX)

Executive Offices

Banister Continental Ltd.
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Phone (403) 462-9430/Telex 037-2380

Subsidiaries, Divisions and Affiliates

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Registrar and Transfer Agents

Guaranty Trust Company of Canada
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Calgary, Alberta T2P 3C5
88 University Avenue
Toronto, Ontario M5J 1T8
427 St. James Street West
Montreal, Quebec J8X 2K1

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Banks

Royal Bank of Canada
First National Bank of Chicago

Auditors

Arthur Young, Clarkson, Gordon & Co.

Universiade'83

Edmonton, Alberta, Canada will be hosting the World Student Games July 1-11, 1983.

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