MAJESTIC WILEY 1982 ANNUAL REPORT

Profile

Your company 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.

Contents

Cover:

594 sidebooms installing 1067 mm continuous concrete coated pipe across the Wanogu Lake for TransCanada Pipelines Limited in Northern Ontario.

Financial Highlights

	1982	1981
OPERATIONS		
Revenue	$136,420,000	$158,798,000
Net income	8,197,000	14,825,000
as a % of revenue	6.0%	9.3%
Funds provided by current operations	13,450,000	19,954,000
FINANCIAL POSITION		
Cash and term deposits	$ 31,908,000	$ 18,774,000
Working capital	21,614,000	20,778,000
Current ratio	2.5:1	1.7:1
Property and equipment — net	15,187,000	17,757,000
Total assets	55,258,000	68,518,000
Shareholders' equity	34,644,000	34,817,000
PER COMMON SHARE		
Net income	$ .98	$ 1.77
Dividends	1.00	—
Funds provided by current operations	1.61	2.38
Shareholders' equity	4.13	4.16
Weighted average common shares outstanding used in per share calculations	8,378,150	8,360,247
MARKET PRICE RANGE PER SHARE		
Quarter ended: March 31	$ 7.75 - 5.50	$ 5.13 - 4.05
June 30	6.00 - 2.60	5.50 - 4.00
Sept. 30	4.00 - 2.80	5.50 - 4.10
Dec. 31	5.00 - 3.50	7.63 - 5.13

Board of Directors

Sitting from left to right — **A. J. Cressey, J. M. Bankes**
Standing from left to right — **J. E. Maybin, G. W. Clayton, D. B. Perini** *Absent* — **J. B. Barber**

J. M. Bankes (2)
Chairman of the Board,
Majestic Wiley Contractors Limited

J. B. Barber (1)
Retired Executive,
Formerly Vice Chairman of the Board
and Senior Vice President,
The Algoma Steel Corporation Limited

G. W. Clayton (1)
Principal,
Columbia Pacific Resources Group Ltd.

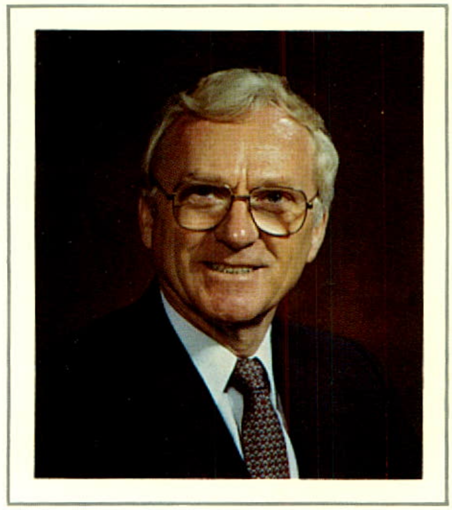
A. J. Cressey (2)
President and Chief Executive Officer,
Majestic Wiley Contractors Limited

J. E. Maybin (1)
Executive Director,
Petroleum Recovery Institute

D. B. Perini (2)
Chairman of the Board,
President and Chief Executive Officer,
Perini Corporation

(1) Member of the Audit Committee of the Board of Directors.
(2) Member of the Compensation Committee of the Board of Directors.

Report to Shareholders



I am pleased to report that construction operations in 1982 maintained a high level of activity with revenues and income second only to the company's record performance in 1981. Revenues were $136,420,000 for the year ended December 31, 1982 compared with $158,798,000 in the previous year. Net income was $8,197,000 or $0.98 per share compared with $14,825,000 or $1.77 per share.

The decrease in revenues resulted mainly from the lack of new work available for tender in the second half of the year. Net income was down from that reported for 1981 due to a lower than forecasted profit on our winter work and a reduced workload in the fourth quarter. Both the Canadian and U.S. divisions' operations were profitable in 1982.

The Board of Directors declared two special dividends each of 50 cents per share on March 4, 1982 and December 14, 1982 payable to shareholders of record on March 26, 1982 and January 5, 1983 respectively.

As previously announced, the company opened a representative's office in New Delhi, India as part of our move to pursue international work. In the fourth quarter Majestic International Contractors Limited was incorporated as a subsidiary company to handle our international business. Additional offices will be established in the first half of 1983 to investigate opportunities in the Middle East and Latin America.

The company holds a 51% equity interest in a company named Majestic Laser Systems Ltd. The other participants are Dr. Herb J. Seguin and the University of Alberta. The purpose of this company is to further develop and commercialize high-powered laser technology for a variety of industrial materials processing applications. The first unit will be ready for testing in July of 1983.

At present all our pipeline construction projects in North America have been completed. Several major pipeline projects have been postponed due to the worldwide reduction in energy demand. We do not foresee any major projects coming for tender in North America until the second half of 1983. The one promising area for expansion is the international market and we are optimistic that our increased presence in this area will result in new work for your company. Fortunately, the company is in a healthy financial position and will be able to weather the short-term reduction in North American pipeline activity. Also, the company will continue to investigate other areas of investment as they arise. In summary, 1983 will be a difficult year for pipeline construction in North America, but we expect normal activity to resume in 1984.

In 1982, the claim referred to in our last annual report was the subject of an application by the plaintiff for leave to appeal to the Supreme Court of Canada. The application was dismissed, thus upholding the original award in favour of the company.

During the year, Mr. George W. Clayton joined the Board of Directors bringing with him many years of engineering, consulting and managerial experience in the electrical utility and natural gas industries.

Our U.S. Pipeline division was strengthened and reorganized during the year with the promotions of Mr. Kenneth Austin from Chief Engineer to Vice President, Engineering and Mr. Allen Ellis from Assistant Secretary to Vice President, Administration.

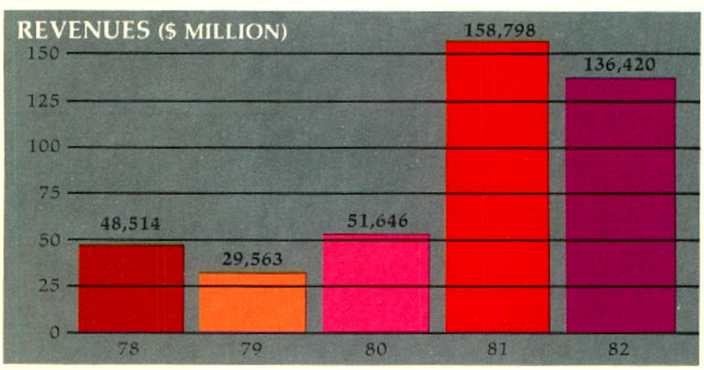
Dr. Herb J. Seguin was appointed Chairman of the Board of Majestic Laser Systems Ltd.

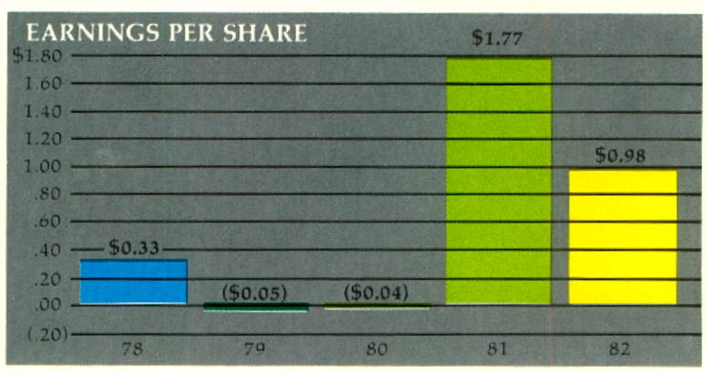
Mr. Adrian Jones was appointed to the office of Vice President, Latin America, of Majestic International Contractors Limited.

The Directors wish to express their sincere appreciation to our employees for their important contribution throughout the year. The Directors wish to express their gratitude to our shareholders for their continued confidence and interest.

A. J. Cressey
President and
Chief Executive Officer

Edmonton, Alberta
February 1, 1983





Canadian Operations

George M. Oswald
Vice President, Canadian Operations

In 1982, the success of your company in the Canadian pipeline market was second only to the unprecedented level of construction activity of the preceding year. 1981 was the best year in the history of the company. Revenues for 1982 were $93, 756,000 versus $102,988,000 reported in 1981.

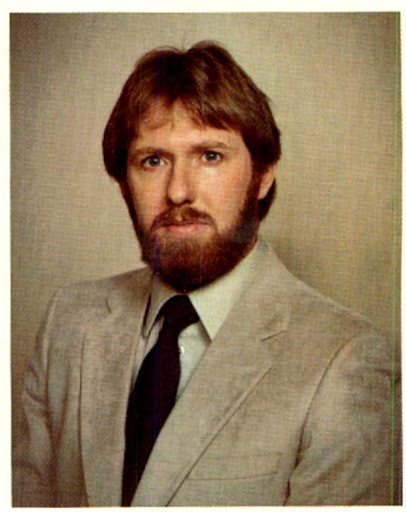
This year Majestic Wiley, as a forerunner in the successful application of the automatic welding system, successfully completed 206.9 km of 1,067 mm gas pipeline in Ontario and Manitoba for TransCanada Pipelines Limited.

New projects awarded and completed in 1982 included 28.4 km of 506 mm and 610 mm gas pipeline replacement for Westcoast Transmission Company's "Grizzly" system in British Columbia; 38.5 km of 406.4 mm and 508 mm gas pipeline for Nova in Alberta, and 762 mm and 914 mm upgrading for TransCanada Pipelines in Ontario and Manitoba.

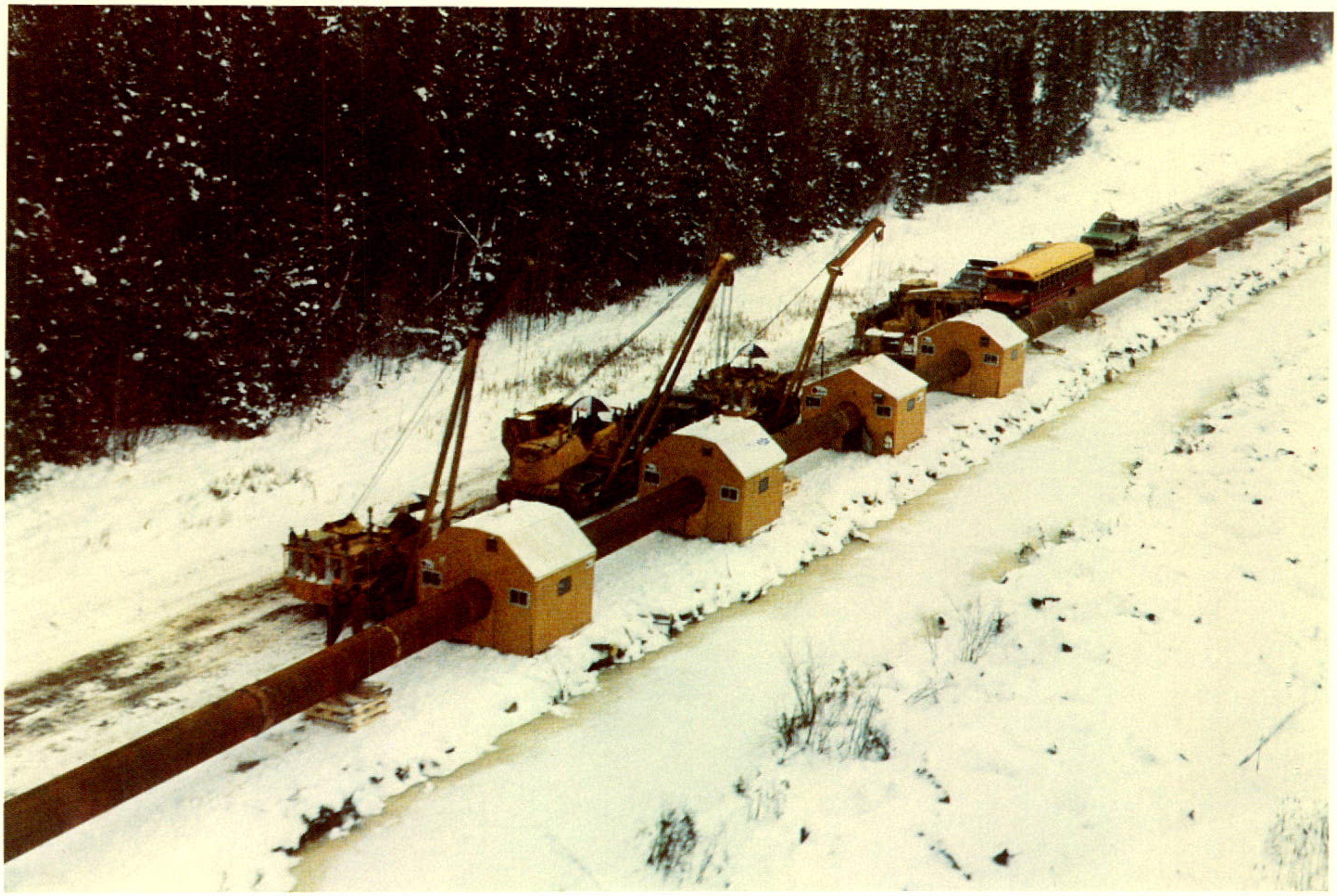
Although 1983 will reflect a downturn in the construction of new pipeline facilities, we are in a strong position to compete for work throughout Canada and look forward to participating in the upcoming projects such as the Norman Wells project, the Vancouver Island gas system, the LNG facilities in British Columbia, and the expansion of TransCanada's facilities.

Mike J. Finlayson
Manager of Construction

Leo Ziehr
General Superintendent



Bill Partington
Chief Engineer



Majestic's specially designed welding huts to support the automatic welding operation on TransCanada Pipeline's project in northern Ontario.

Backend welders completing the final passes on a weld for Nova in central Alberta.

"Grizzly" campsite in northern British Columbia on the Westcoast Transmission project.

U.S. Division

Jerry G. Nash
Vice President, U.S. Operations

The U.S. Division continued its high level of construction activity in 1982, despite the return of highly competitive bidding to the U.S. market.

Revenues for 1982 were $42,664,000 (Canadian dollars) versus $55,810,000 (Canadian dollars) reported in 1981. Revenues decreased due to the lack of work available for tender in the third and fourth quarters.

1982 marked the completion and occupation of permanent headquarters located in Lubbock, Texas. The company also installed a new computer system which will greatly enhance bidding capabilities and job costing. These new facilities will provide the company with a solid base for future growth.

In August of 1982, 150 km of 1,067 mm gas pipeline for Northern Border Pipeline Company in North Dakota was completed. This project enjoyed excellent progress and is one of the most successful projects ever completed by Majestic Wiley.

New projects awarded and completed in 1982 included 108 km of 610 mm gas pipeline near Lubbock, Texas for Red River Pipeline Company and 168.3 km of dual 102 mm and 152 mm gas pipeline near Coffeyville, Kansas for Mid-America Pipeline Company. The project for Mapco was the longest common ditch dual line ever constructed.

The deferral of projects, other than those in Alaska, will make 1983 very competitive and difficult to maintain current volumes in the short term.

We continue to look to the U.S. Congress for passage of the eminent domain legislation for coal slurry pipelines which would result in a strong new market in coming years.

Left — **Roy Schuetzeberg**
Senior Estimator

Sitting — **Jerry G. Nash**
Vice President, U.S. Operations

Standing — **Ken Austin**
Vice President, Engineering

Far Right — **Allen Ellis**
Vice President, Administration

Part of the rock crew working on the Mid-America Pipeline project in Kansas.

Preparation of making a tie-in weld on Northern Border 1067 mm project in North Dakota.

In preparation of installing a concrete coated section of 1067 mm pipe across one of the river crossings on the Northern Border project in North Dakota.

Backfilling operation on the Red River Pipeline in Texas using a Spicer Auger.

Al Munro
Vice President, Equipment & Purchasing

Continuous concrete coating being applied on the 610 mm pipe on river crossing for Westcoast Transmission Company in northern British Columbia.

TA77 Barber Greene Ditcher working on the Nova project in central Alberta.

Left **Dorothy Kriese**
Computer Operator.

Right **Ron Foshaug**
Data Processing Manager

International Operations

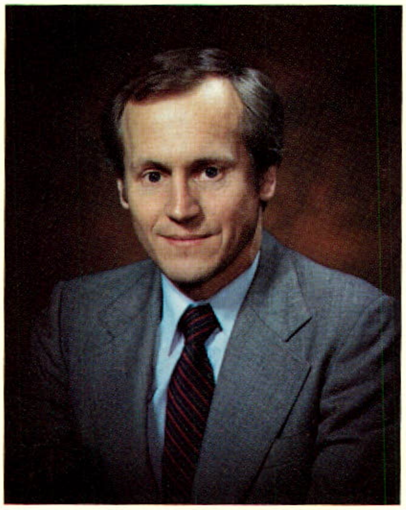
The company decided to diversify geographically in the latter part of 1981 and re-enter the international market.

In the first months of 1982, the company submitted a tender for the 1,500 km Dampier to Perth gas pipeline in Australia, but was unsuccessful. In May, a Representative's office in New Delhi, India was opened and Mr. Naresh Kathju was appointed as General Manager reporting to Mr. Joseph Kolbl, Vice President, Asia. To date, the company has submitted tenders on three contracts with its Indian partner, and is optimistic that at least one contract will be awarded to the venture. A large Canadian gas transmission company has undertaken to perform the engineering and design on two of the three projects tendered.

After careful study the company has decided to open offices in the Middle East and Latin America in 1983 and selectively tender on projects with local joint venture partners. There are over 51,300 km of pipelines presently under construction, planned or proposed in these two markets and the company believes that it has an opportunity to participate in this expanding market.

A new company named Majestic International Contractors Limited was incorporated in the fourth quarter to conduct the international activities. Mr. Adrian Jones has joined this company as Vice President, Latin America and he will be responsible for marketing the company's services in Latin America.

Joe Kolbl
Vice President, Asia



Adrian Jones
Vice President, Latin America
Majestic International Contractors Limited

Naresh Kathju
Representative and General Manager, India

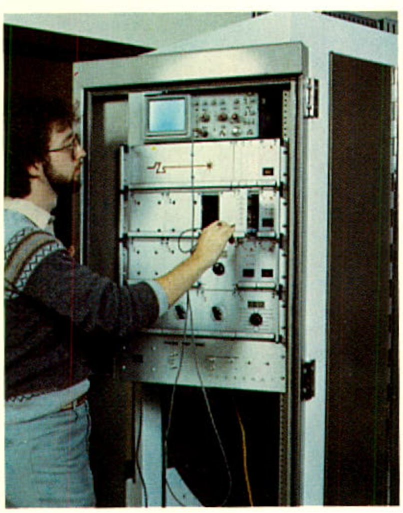
Majestic Laser Systems Ltd.

Dr. H. J. Seguin
Chairman of the Board

A new high technology research and development company was established in 1982 as a joint venture among Majestic Wiley Contractors Limited, Dr. H. J. Seguin and the University of Alberta. This new company has a mandate to undertake research and development projects within the general field of laser materials processing and will further serve as a vehicle to commercialize appropriate aspects of the technology of high power lasers developed within the laser research laboratory at the University of Alberta over the past 16 years.

To achieve this end, a modern fully equipped industrial laser laboratory has been built at Majestic Wiley's offices near Ellerslie, Alberta. This new research and development facility, which has been operational since April 1, 1982, currently employs a scientific staff of 12 engineers and technologists.

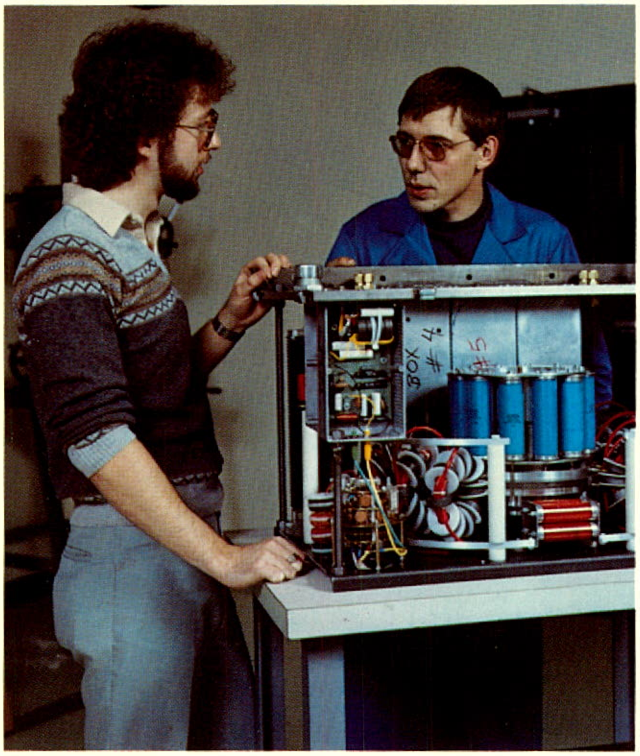
Unique to Canada, this newly-commissioned joint venture should provide a highly desirable opportunity for research and development in a new, exciting and potentially rewarding area of industrial high technology.



R. J. Hunter testing electronic control panels of the laser.

Dr. V. E. Merchant and P. R. Spilsted checking laser electrode module.

S. J. Chalk machining optical components for laser.



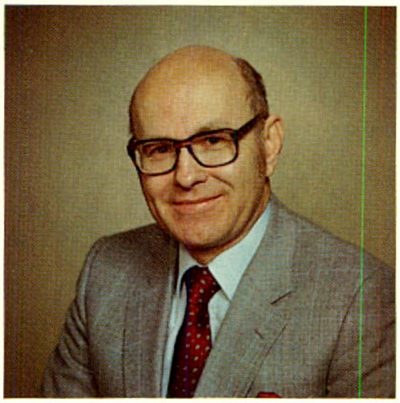
R. J. Hunter and D. E. Kryvoblocki assembling laser pulser.

Side view of laser under construction in laboratory.

Dr. M. R. Cervenan and P. R. Clark in front of laser vessel.

J. Arnold and Dr. V. E. Merchant testing laser fan assembly.

Financial Review



Norman A. Harrison
Vice President, Finance and Treasurer

Operating Results

Revenues for the year decreased by 14.1% from 1981's record revenues of $158,798,000 to $136,420,000. Net income also decreased by 44.7% from $14,825,000 to $8,197,000.

Although revenues and net income were lower than those reported in 1981, they represent the second best results in the company's history. Lower operating margins and fewer contract awards in the third and fourth quarters are primarily responsible for the decrease in net income. Net income as a percentage of revenue for 1982 was 6.0% which brings the company's five year average net income to 5.9%.

General and administrative expenses fell from $6,003,000 in 1981 to $5,104,000 due to a reduction in the incentive compensation accrued in 1982.

Other income increased from $1,105,000 to $1,791,000 due mainly to a reduction in interest expense in 1982.

Financial Condition

Cash and term deposits totalled $31,908,000 at December 31, 1982, compared to $18,774,000 at the end of 1981. The increase in cash reflects a smaller investment in property and equipment as well as completion of all projects. Management anticipated an economic downturn and decided not to exercise significant equipment purchase options.

Working capital amounted to $21,614,000, a slight increase over a figure of $20,778,000 reported at the end of 1981. The special dividends declared in 1982 reduced working capital but our current position is more than adequate for our requirements. Funds provided by operations during 1982 amounted to $13,450,000 compared to $19,954,000 in 1981. This resulted from our reduced net income in 1982.

During the year the company invested $5,000,000 in a Scientific Research Investment Contract with Bell Northern Research providing guaranteed semi-annual payments from 1983 to 1987. Our estimated return on this investment after tax is 20%.

The company is conservatively financed and presently has no debt. Unused lines of credit are available to the company in the amount of ten million dollars for future expansion.

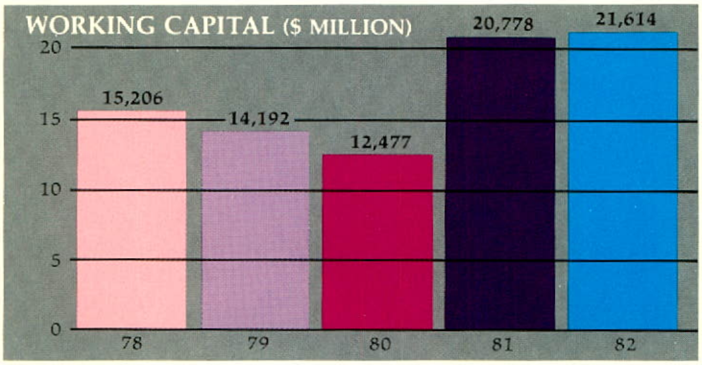
The company's return on average shareholders' equity in 1982, decreased to 23.6% from the record 54.2% in 1981, resulting principally from the decrease in net income. Our five year average return on shareholders' equity was 20.4%.

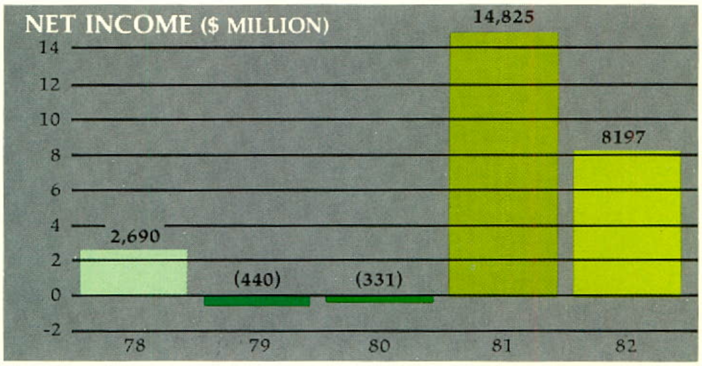
Special dividends in the amount of $1.00 per share or $8,382,000 were declared in 1982. Declaration of further dividends will be dependent upon future operating results and the financial position of the company.

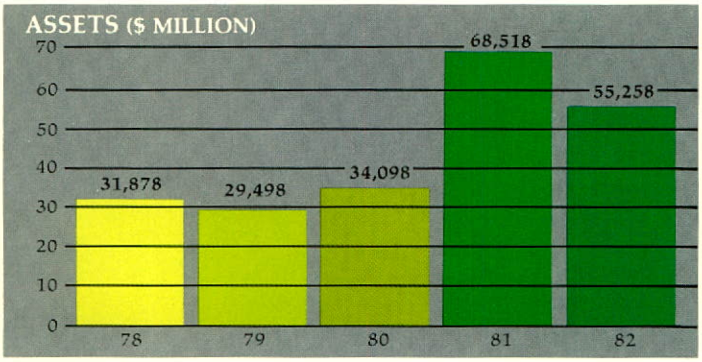
Left — **Levern G. Wasylynchuck**
Vice President and Comptroller

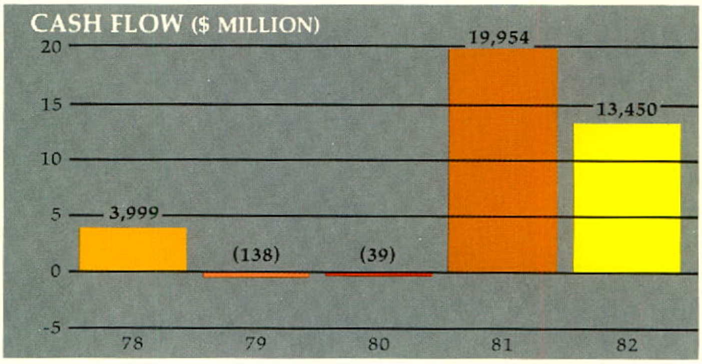
Middle — **Jennifer M. C. Overend**
Secretary

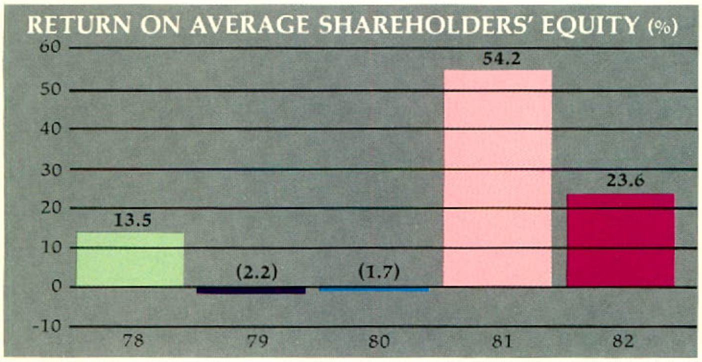
Right — **Richard J. Haagsma**
Senior Accounting Manager

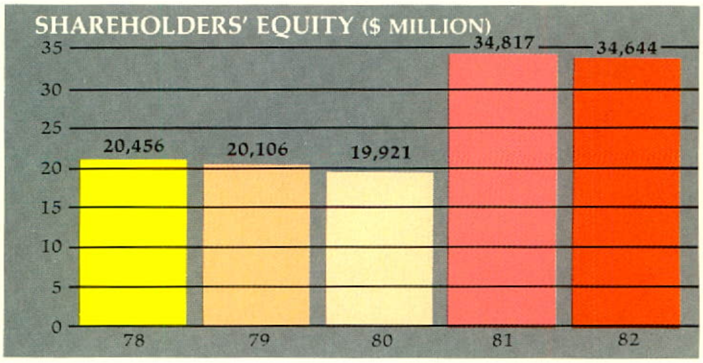












SUMMARY OF ACCOUNTING POLICIES
DECEMBER 31, 1982 AND 1981

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 51% owned subsidiary, Majestic Laser Systems Ltd. and its 100% owned subsidiary Majestic International Contractors Limited. All significant intercompany transactions and balances have been eliminated in consolidation.

TRANSLATION OF FOREIGN CURRENCIES

The accounts of the company 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 statements 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 costs and earnings or loss 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 is recognized when realization can be reasonably estimated.

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 in the accounts 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 are 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 in accordance with generally accepted accounting principles applicable in Canada (1982 — 8,378,150 shares, 1981 — 8,360,247 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.

RETIREMENT AND INCENTIVE COMPENSATION PLANS

The company has a non-contributory pension plan which covers its executive, professional, administrative and clerical employees, subject to certain specified service requirements. An actuarial valuation is prepared every three years. The actuarial valuation as at December 31, 1982 indicates that there is no unfunded liability in the plan.

The company has an incentive compensation plan which provides for payment to be made to certain key employees based on attained levels of profit. Amounts accrued under this plan are charged to income in the current year, while payments are contingently payable over a period of years, depending upon the extent to which the company achieves performance goals, as defined, during those years.

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. As such expenses are given favourable treatment under the Income Tax Act, there is a resulting permanent tax saving which has been applied to reduce the cost of the investment in the accompanying financial statements.

The contract entitles the company to guaranteed semi-annual payments from 1983 to 1987. The cost of the investment and the related income taxes are being amortized over the life of the guaranteed payments.

Consolidated Balance Sheets

ASSETS	As At December 31 1982	1981
Current assets:		
Cash and term deposits	**$31,908,000**	$18,774,000
Accounts receivable	**1,209,000**	10,017,000
Holdbacks receivable	**2,392,000**	8,970,000
Unbilled work	**324,000**	12,141,000
Prepaid and other	**409,000**	213,000
Total current assets	**36,242,000**	50,115,000
Notes receivable (Note 1)	**329,000**	646,000
Property and equipment:		
Land	**118,000**	118,000
Buildings	**2,499,000**	2,451,000
Construction equipment	**35,586,000**	35,478,000
Other	**895,000**	590,000
	39,098,000	38,637,000
Less accumulated depreciation	**23,911,000**	20,880,000
Net property and equipment	**15,187,000**	17,757,000
Scientific research investment contract	**3,500,000**	—
	$55,258,000	$68,518,000

Approved by the Board:

A J Cressey Director

J M Stanton Director

LIABILITIES AND SHAREHOLDERS' EQUITY	As At December 31 1982	1981
Current liabilities:		
Accounts payable	**$ 1,397,000**	$ 8,497,000
Accrued liabilities	**4,523,000**	9,296,000
Dividends payable	**4,193,000**	—
Deferred contract revenue	**—**	109,000
Income taxes — current	**4,058,000**	2,480,000
— deferred	**457,000**	8,955,000
Total current liabilities	**14,628,000**	29,337,000
Deferred income taxes	**5,986,000**	4,364,000
Shareholders' equity:		
Capital Stock (Note 2):		
Authorized — 20,000,000 shares without nominal or par value		
Issued and fully paid — 8,378,906 shares (1981 — 8,374,906)	**8,137,000**	8,125,000
Contributed surplus	**3,082,000**	3,082,000
Retained earnings	**23,425,000**	23,610,000
Total shareholders' equity	**34,644,000**	34,817,000
	$55,258,000	$68,518,000

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

Consolidated Statements of Income

	Year Ended December 31 1982	1981 (Note 9)
Revenues	$136,420,000	$158,798,000
Operating expenses:		
Cost of operations	117,286,000	124,050,000
General and administrative expenses	5,104,000	6,003,000
Total operating expenses	122,390,000	130,053,000
Income from operations	14,030,000	28,745,000
Other income, net (Note 4)	1,791,000	1,105,000
Income before income taxes	15,821,000	29,850,000
Provision for income taxes (Note 3)	7,624,000	15,025,000
Net income	$ 8,197,000	$ 14,825,000
Earnings per share	$ 0.98	$ 1.77

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 1982	1981
Balance, beginning of year	$ 23,610,000	$ 8,785,000
Net income	8,197,000	14,825,000
Dividends	(8,382,000)	—
Balance, end of year	$ 23,425,000	$ 23,610,000

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	
	1982	**1981**
Sources of working capital:		
Net income	**$ 8,197,000**	$14,825,000
Depreciation	**3,651,000**	3,575,000
Deferred income taxes	**1,622,000**	1,854,000
Gain on sale of equipment	**(20,000)**	(300,000)
Provided by operations	**13,450,000**	19,954,000
Proceeds from sale of equipment	**321,000**	905,000
Notes receivable	**317,000**	—
Proceeds from exercise of employee stock options	**12,000**	71,000
Proceeds from sale of other assets	**—**	178,000
Other	**—**	12,000
Working capital provided	**14,100,000**	21,120,000
Uses of working capital:		
Purchase of scientific research investment contract	**3,500,000**	—
Purchase of property and equipment	**1,382,000**	12,173,000
Notes receivable	**—**	646,000
Dividends	**8,382,000**	—
Working capital used	**13,264,000**	12,819,000
Increase in working capital	**836,000**	8,301,000
Working capital, beginning of year	**20,778,000**	12,477,000
Working capital, end of year	**$21,614,000**	$20,778,000

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

1. NOTES 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 notes receivable are 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 198,079 shares at prices ranging from $3.06 to $5.96 per share were outstanding at December 31, 1982. Options for 4,000 shares at a price of $3.06 per share were exercised during the year and options for 15,027 shares at prices of $3.06 and $2.80 per share were cancelled during the year.

As at December 31, 1982, the following shares of the company have been reserved:

For exercise of outstanding stock options	198,079
For future stock options	170,415
	368,494

3. INCOME TAXES

The provision for income taxes is comprised of the following:

	1982	1981
Current	**$14,500,000**	$ 4,682,000
Current — deferred	**(8,498,000)**	8,489,000
Deferred	**1,622,000**	1,854,000
	$ 7,624,000	$15,025,000

4. OTHER INCOME, NET

	1982	1981
Income from term investments	**$ 2,057,000**	$ 1,709,000
Interest expense	**(337,000)**	(1,220,000)
Interest income re arbitration award	—	551,000
Other	**71,000**	65,000
	$ 1,791,000	$ 1,105,000

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration, including that portion of the incentive compensation earned during the year, paid or payable to the Directors and Senior Officers for the years ended December 31, 1982 and 1981 is as follows:

	1982		1981	
	Amount	Number	Amount	Number
Directors who are not Senior Officers	$ 22,000	4	$ 11,000	4
Directors who are also Senior Officers	481,000	2	336,000	3
	503,000	6	347,000	7
Senior Officers who are not Directors	1,286,000	9	828,000	8
	$1,789,000	15	$1,175,000	15

6. BUSINESS SEGMENT INFORMATION

The company operates in one industry segment, that being pipeline 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, 1982 and 1981 are as follows:

	CANADA	FOREIGN	TOTAL
1982 Revenues	$ 93,756,000	$42,664,000	$136,420,000
Segment operating profit	$ 8,882,000	$ 5,148,000	$ 14,030,000
Other income and expenses			1,791,000
Income taxes			(7,624,000)
Net income			$ 8,197,000
Identifiable assets	$ 43,430,000	$11,828,000	$ 55,258,000
1981 Revenues	$102,988,000	$55,810,000	$158,798,000
Segment operating profit	$ 19,914,000	$ 8,831,000	$ 28,745,000
Other income and expenses			1,105,000
Income taxes			(15,025,000)
Net income			$ 14,825,000
Identifiable assets	$ 48,040,000	$20,478,000	$ 68,518,000

7. CONTINGENCIES

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

8. CLAIM SETTLEMENT

All litigation relating to the arbitration in 1981 has been resolved with no modification in the award to the company.

9. RESTATEMENT OF PRIOR YEAR FIGURES

Certain 1981 expenses have been reclassified to conform with the 1982 presentation.

Auditors' Report

To the Shareholders of
Majestic Wiley Contractors Limited:

We have examined the consolidated balance sheets of Majestic Wiley Contractors Limited (an Ontario corporation) and subsidiaries as of December 31, 1982 and 1981, and the related consolidated statements of income, 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, 1982 and 1981, 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.

February 1, 1983
Calgary, Alberta

Arthur Andersen & Co.
Chartered Accountants

Five Year Review

(in thousands except per share amounts and ratios)

For the years ended December 31	1982	1981	1980	1979	1978
OPERATING RESULTS					
Revenues	**$136,420**	$158,798	$51,646	$29,563	$48,514
Cost of operations	**117,286**	124,050	52,999	30,866	44,588
Gross profit (loss) from operations	**19,134**	34,748	(1,353)	(1,303)	3,926
General & administrative expenses	**5,104**	6,003	3,921	2,650	2,540
Income (loss) from operations	**14,030**	28,745	(5,274)	(3,953)	1,386
Other income, net	**1,791**	1,105	3,782	2,646	2,931
Income (loss) before income taxes	**15,821**	29,850	(1,492)	(1,307)	4,317
Income taxes (recovery)	**7,624**	15,025	(1,161)	(867)	1,627
Net income (loss)	**$ 8,197**	$ 14,825	$ (331)	$ (440)	$ 2,690
Net income (loss) per common share	**$ .98**	$ 1.77	$ (.04)	$ (.05)	$ .33
Weighted average common shares outstanding used in per share calculations	**8,378**	8,360	8,307	8,281	8,273
BALANCE SHEET DATA					
Cash and marketable securities	**$ 31,908**	$ 18,774	$ 5,197	$ 9,572	$15,394
Current assets	**36,242**	50,115	24,144	20,555	21,557
Current liabilities	**14,628**	29,337	11,667	6,363	6,351
Working capital	**21,614**	20,778	12,477	14,192	15,206
Current ratio	**2.5 to 1**	1.7 to 1	2.1 to 1	3.2 to 1	3.4 to 1
Property and equipment — net	**15,187**	17,757	9,764	8,707	10,079
Total assets	**55,258**	68,518	34,098	29,498	31,878
Long-term debt	**—**	—	—	—	1,500
Deferred income taxes	**5,986**	4,364	2,510	3,029	3,571
Shareholders' equity	**34,644**	34,817	19,921	20,106	20,456
Shareholders' equity per common share	**4.13**	4.16	2.39	2.42	2.47
OPERATING STATISTICS					
Income (loss) as a percentage of revenues	**6.0%**	9.3%	(.6%)	(1.5%)	5.5%
Income (loss) as a percentage of average shareholders' equity	**23.6%**	54.2%	(1.7%)	(2.2%)	13.5%
Income (loss) as a percentage of average capital employed	**20.5%**	48.1%	(1.5%)	(1.8%)	10.5%
Funds provided by (used in) operations	**13,450**	19,954	(39)	(138)	3,999
Additions to property and equipment	**1,382**	12,173	3,467	1,789	2,644

Corporate Information

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

J. G. Nash, Vice President, U.S. Operations

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

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

J. Kolbl, Vice President, Asia

L. G. Wasylynchuk, 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 MWC)

BANKERS:

The Royal Bank of Canada

AUDITORS:

Arthur Andersen & Co., Chartered Accountants

OFFICES:

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P.O. Box 8205, Station "F"
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India Representative's Office
1st Floor, Tower Block, Suite 146
Ashok Hotel
50-B Chanakyapuri
New Delhi - 110021
Telephone: 370101
Telex: 8131-2567 or 8131-4147

Majestic International Contractors Limited
Reid House
Church Street
Hamilton, Bermuda
Telephone: (809) 295-2244
Telex: 3223

Majestic Laser Systems Ltd. (51%)
Dr. H. J. Seguin, Chairman
P.O. Box 8205, Station "F"
Edmonton, Alberta, Canada
T6H 4P1
Telephone: (403) 988-6421
Telex: 037-41558

ANNUAL AND GENERAL MEETING:

All shareholders are invited to attend the Annual and General Meeting of Shareholders, to be held on May 5, 1983 at 10:00 a.m. (local time) in the Rowand Suite of the Four Seasons Hotel, Edmonton, Alberta, Canada.