

# 2002

Annual Report



**TRI-WHITE**  
CORPORATION

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*Performance and Value*

A black steam locomotive pulling a passenger train through a snowy mountain landscape. The train is emitting a large plume of white steam. The tracks lead from the bottom left towards the center of the image.

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## Five Year Financial Summary

Period ended

(In thousands of dollars, except for per share amounts)

	<b>Year Ended December 31, 2002</b>	6 Months Ended December 31, 2001	Year Ended June 30, 2001	Year Ended June 30, 2000	Year Ended June 30, 1999
Revenue from					
continuing operations	<b>\$ 40,604</b>	\$ 25,316	\$ 37,370	\$ 32,344	\$ 30,358
Depreciation and amortization					
from continuing operations	<b>3,498</b>	1,736	3,233	2,459	2,357
Interest income (expense)	<b>(21)</b>	(222)	2,732	(108)	(233)
Earnings from					
continuing operations					
before income taxes	<b>12,801</b>	11,068	15,100	12,299	12,910
Earnings from					
discontinuing operations					
before income taxes	-	-	-	7,620	7,604
Net earnings	<b>6,707</b>	3,297	21,004	11,910	12,068
Total assets	<b>135,395</b>	134,680	142,810	136,459	117,583
Shareholders' equity	<b>108,450</b>	106,694	107,323	95,633	87,495
Net earnings per common share					
- Basic	<b>\$ 0.15</b>	\$ 0.07	\$ 0.45	\$ 0.24	\$ 0.24
- Fully diluted	<b>\$ 0.15</b>	\$ 0.07	\$ 0.44	\$ 0.23	\$ 0.23
Equity per common share	<b>\$ 2.36</b>	\$ 2.33	\$ 2.33	\$ 1.95	\$ 1.72
Common shares outstanding	<b>45,896,725</b>	45,780,936	46,124,288	49,036,764	51,009,864



**K. (Rai) Sahi**  
Chairman and Chief Executive Officer

## **Chairman's Report** to Shareholders

For the year ended December 31, 2002, your Company reported net income of \$6.7 million, or \$0.15 per share, compared to \$3.3 million and \$0.07 per share for the six-month period ending December 31, 2001. The six-month comparative numbers are the result of the change in year-end in 2001 from June 30 to December 31, which allowed the core operating units at White Pass & Yukon Route to conduct their business on a cycle which coincides with that of their major customers, the cruise lines. Shareholders' equity at year-end reached \$108.5 million compared to \$106.7 million as at December 31, 2001.

The optimism expressed to you in last year's report materialized, as the core operations of the White Pass & Yukon Route performed well, achieving passenger counts close to our 2001 record season. In fact, had it not been for adverse weather conditions in August 2002, and the related cancellation of several dockings, we would have exceeded 2001 volumes.

Pre-tax earnings from Rail Tourism operations were \$15.7 million for the year, which compares to \$11.4 million for the six months ended December 31, 2001 and \$12.2 million for the twelve months ended June 30, 2001, a 25% increase on a 12 month comparative basis.

White Pass remains your Company's core operating unit and a key component of our strategy to deliver superior results. We continue to commit capital to enhance and upgrade our facilities, as evidenced by the US\$3.7 million current commitment to expand the main dock to accommodate the growing number of larger cruise ships. These investments, combined with initiatives on the cost side enhance the sustainability of the cash flow from this core asset, which is the foundation for our other investment activities and our dividend policy. The latter was amended in the first quarter of 2002, increasing the distribution by 20% from \$0.10 per share to \$0.12 per share per annum, and moving from semi-annual payments to quarterly distributions.

Corporately, your team continues to focus on opportunities outside of the traditional lines of business. In this regard our primary efforts in 2002 involved our investment in ClubLink Corporation, where we were able to significantly improve our prospects through increased board representation and governance initiatives. As at year-end, the market value of our portfolio investments including ClubLink exceeds our cost by \$14.5 million.

Looking ahead to 2003, the uncertainties we faced last year in the aftermath of September 11, 2001, have been amplified by current global tensions and the ongoing war. Continued consumer confidence and security of air travel are key to our ability to realize the opportunities available from our Rail Tourism operations, where the fundamentals continue to be very sound.

My sincerest thanks to our employees for their efforts and dedication to our success, and to you, our shareholders for your continued confidence.



**K. (Rai) Sahi**

Chairman and Chief Executive Officer

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

### **Operations**

#### **Overview**

Management's discussion and analysis of financial condition and the consolidated results of operations should be read in conjunction with Tri-White Corporation's ("Tri-White" or the "Company") audited consolidated financial statements and notes thereto for the year ended December 31, 2002 and the six month period ended December 31, 2001.

Tri-White's financial results consolidate the operations of White Pass held in several wholly-owned subsidiaries and the merchant banking operations of Tri-White. In 2001, the Company moved from a June year end to December, resulting in the six month reporting period ending December 31, 2001.

#### **Corporate Mandate**

In 1997, the Tri-White was formed to hold the railway and trucking divisions of Russel Metals.

The Company was listed on the TSX and was constituted with an independent board of directors and management group.

In 2000, the Company made a strategic decision to divest the trucking division and the sale was completed in July of that year. Today, Tri-White continues to operate White Pass, a tourist based business located in Southeast Alaska. White Pass provides docking facilities for cruise ships which include Skagway as a destination. White Pass operates three docks, one of which is a freehold property, while two are situated on city property under a long term tideland lease. Integrated with the port activities, the Company operates a tourist railway from Skagway to northern British Columbia and the Yukon Territory. In 2000, White Pass formed a joint venture with an operating partner to start a lumberjack show in Ketchikan, Alaska, also catering to the cruise ship industry.

Tri-White also seeks out opportunities and invests as a merchant banker. The majority of the investments have focused on debt and equity instruments in both public and private organizations.

#### **Business Strategy**

A key element in the Company's strategy is to build on its core operating business at White Pass. Having the company properly capitalized and with an experienced management team on site, Tri-White has the capability to deliver

sustainable free cash flow. The management at White Pass has been able to generate significant growth in passenger traffic by capitalizing on historical relationships with the cruise lines and continuing to offer a unique, affordable experience for the traveling public.

With respect to the merchant banking operations, corporate management has a proven record of building and delivering value. The objective of the Company is to maximize value over a five to ten year horizon, though, as in the case of the trucking division, the Company will monetize an investment when business conditions present an opportunity. Similarly, Tri-White capitalizes on short term trading opportunities as they are identified in the market.

The Company is confident that the commitment to this strategy will produce above average returns over the long term. In the near term, there is the expectation to continue to provide real cash returns while building the underlying value for the future.

## Significant Transactions and Events

During the year, a number of significant transactions and events occurred:

### Consolidation of Cruise Ship Industry

In 2002, Carnival Corporation announced that it would be successful in completing its takeover bid for P&O Princess Cruise Lines. This consolidation will further concentrate ownership within the White Pass customer base, however, demand for the Company's services remains strong as Alaska continues to be a preferred destination within the industry.

### Control of ClubLink

Tri-White acquired a 25% interest in ClubLink in the third Quarter of 2001. Subsequently, the Company determined that a change in the strategic direction of ClubLink was required and in September, 2002 a takeover bid was initiated. At the expiration of the bid, on January 15, 2003, a governance agreement was reached with ClubLink and Tri-White took up 360,175 shares tendered to the bid.

### Company Dividend

The Company introduced a semi-annual dividend in 2000. During 2002, the payments were restructured on a quarterly basis and increased by 20% to 12 cents per share annually.

### Development

During 2002, the Company commenced a US\$3.7 million expansion of the dock facilities at Skagway. This project will be concluded in the spring of 2003 and will ensure that White Pass continues to offer the industry the capacity required to accommodate the larger vessels now being commissioned into service.

## Review of Financial Results

Revenue from operations for the year ended December 31, 2002 was \$40.6 million compared with \$25.3 million for the six months ended December 31, 2001 and \$37.4 million for the year ended June 30, 2001. Reported revenue originates at White Pass, and is comprised of revenue from docking services, ticket and merchandise sales for the rail excursion and the lumberjack show in Ketchikan. As virtually all of the reported revenue is generated in Alaska, the Company benefits from the relative strength of the U.S. dollar.

The passenger volume originating from the cruise ships and over-the-road traffic are the key drivers for the revenue stream. During the 2002 season, White Pass carried 311,382 passengers compared with 318,993 in 2001, a decrease of 2.4%. The decline is attributed to poor weather in Southeast Alaska which forced the cancellation of five ship arrivals at the port. This negatively impacts dock revenues, excursion and gift shop sales, though rail and port operations revenues reached record seasonal levels with the change in mix of customers and through small rate increases.

Revenue from the Great Alaskan Lumberjack Show was US\$1.5 million, an increase of 33% over the 2001 levels. The division, now in the third year of the start-up, has also begun to contribute to operating profits.

**EBITDA** <sup>(1)</sup> for the year ended December 31, 2002 was \$16.5 million compared with \$13.0 million for the six month period ended December 31, 2001 and \$15.5 million for the year ended June 30, 2001. On an annualized basis, operating margins have improved as White Pass initiated cost control measures to offset uncertainty in the market and counter cost pressure in labour and insurance components of the business.

During 2001, the Company made a number of investments to re-deploy the capital from the sale of its trucking division. The specific investments have been directed at enhancing returns for Tri-White and diversifying the asset mix.

ClubLink, like the White Pass Railway, operates in a highly seasonal market. Tri-White accounts for this investment using the equity method; for the year ended December 31, 2002 the Company recorded an equity loss of \$187,962 for ClubLink and received dividends of \$500,000. There were no dividends, earnings or losses from the equity accounted investment in 2001.

(1) EBITDA is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net income, this measure is useful supplemental information as it provides investors with an indication of income available prior to debt service, capital expenditures, and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of the Company's performance.

## Net Earnings

Net earnings totaled \$6.7 million for the year ended December 31, 2002, or \$0.15 per share compared to \$3.3 million, or \$0.07 per share for the six months ended December 31, 2001 and \$10.1 million or \$0.21 per share for the year ended June 30, 2001.

Revenue has improved steadily from season to season as a result of increased passenger counts, the Lumberjack Show start up, changes in the mix of customers and the implementation of modest rate increases for the rail excursion. On a consolidated basis, cost of sales and operating expenses for the year ended December 31, 2002 were 59.5% of revenue, up from 50% for the six months ended December 31, 2001. This reflects the pronounced seasonality of the tourist operations, where 70% of the annual revenues are generated in the months of July to September, and the related operating leverage inherent in the tourist business.

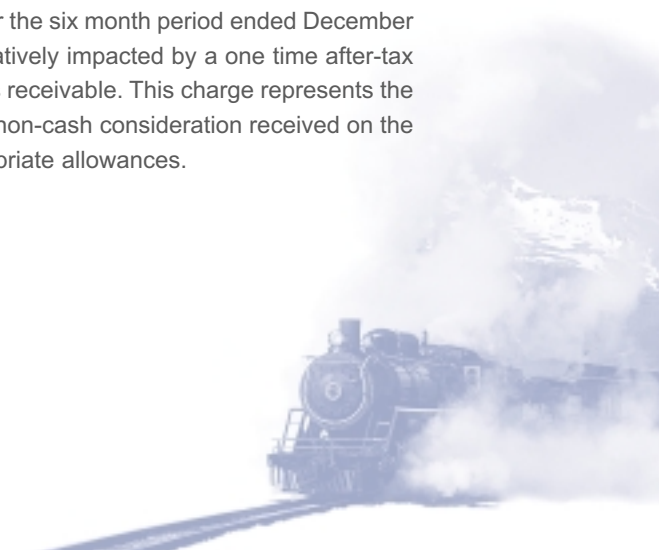
On an annualized basis, the operating margins at White Pass have remained relatively stable, though there is significant cost pressure from labour, benefits, fuel and insurance components.

Pre-tax earnings for White Pass were \$15.7 million for the year ended December 31, 2002 compared with \$11.4 million for the six months ended December 31, 2001. Again, this reflects the relatively strong seasonal results for the July to September period. The corporate operations produced a pre-tax loss of \$2.9 million in 2002 compared with a pre-tax loss of \$356,000 for the six month period to December 31, 2001. This reflects 12 months of overhead for 2002 combined with a reduction in interest income from the change in the investment portfolio, and the one-time costs incurred with the takeover bid of ClubLink.

The tax provision for the year ended December 31, 2002 reflects an effective rate of 48% versus 52% for the previous six month period. This is attributed to the distribution of earnings across various jurisdictions and that no benefit of the available tax loss carry forward amounts was recorded.

As at December 31, 2002 Tri-White had non-capital losses of approximately \$6.7 million which may be used to reduce taxable income in future years. This amount has not been recognized in the financial statements.

The final reported net earnings for the year ended December 31, 2002 were \$6.7 million compared with \$3.3 million for the six month period ended December 31, 2001. The results for 2001 were negatively impacted by a one time after-tax charge of \$2.0 million taken against notes receivable. This charge represents the after-tax amount required to write off the non-cash consideration received on the sale of the trucking division, net of appropriate allowances.



## Financial Condition

### Assets

Consolidated assets at year end totaled \$135.4 million compared with \$134.7 million at December 31, 2001. Additions to the capital assets utilized at White Pass contributed significantly to the increase.

Assets employed in the tourist operations were \$95.4 at December 31, 2002 compared with \$94.9 million at December 31, 2001. Corporate assets, including investments moved from \$39.8 million to \$40.0 million over the similar period.

Cash balances declined by \$800,000 to \$1.7 million at December 31, 2002 as the Company continued with its regular dividend program and incurred corporate expenses and transaction costs associated with ClubLink.

As at December 31, 2002 the Company's portfolio and other investments totaled \$37.2 million compared with \$37.7 million at December 2001. The portfolio includes 5.0 million shares of ClubLink carried at \$24.3 million and other marketable securities of \$12.9 million.

Tri-White continues to view the ClubLink investment as an opportunity to generate returns well above the yields available from alternative investments. ClubLink is accounted for as an equity investment and for the year ended December 31, 2002 the Company recognized a related accounting loss of \$187,962. By comparison, for the initial period of ownership from September 4, 2001 to December 31, 2001, there were no earnings or losses attributable to ClubLink.

For the year ended December 31, 2002 Tri-White received dividends on the ClubLink investment of \$500,000. In 2001, no dividends were received.

As at December 31, 2002 the market value of the investment portfolio exceeded carrying cost by \$14.5 million.

The accounts receivable balance of \$1.4 million as at December 31, 2002 includes \$1.3 million due to Tri-White as a result of the takeover bid activities. This amount was collected subsequent to the year end.

Inventory levels, at \$4.9 million, remained comparable to the prior year and include steel rail, shop parts, gift shop merchandise and maintenance of way supplies.

Capital assets employed in the tourist operations account for virtually all of the fixed assets at Tri-White. The book value increased by \$3.3 million to \$88.1 million since December 31, 2001 reflecting the investment in dock facilities and upgrades to rolling stock and the maintenance of way.

### Liabilities

Bank indebtedness declined from \$8.8 million at December 31, 2001 to \$4.2 million at December 31, 2002. The bank debt is available from an operating facility for the White Pass operations and a margin line at corporate.



The reduced debt level this year is attributed to the retention of operating cash flow in Alaska, where the US\$10 million revolving bank line was reduced to \$1.1 million at year end.

Accounts payable of \$4.3 million at the 2002 year end have increased by \$2.2 million from December 2001. The increase is largely due to \$1.9 million in accrued costs relating to the takeover bid of ClubLink.

### **Shareholders' Equity**

Consolidated shareholders' equity at December 31, 2002 totaled \$108.5 million or \$2.36 per share, compared to \$106.7 million or \$2.33 per share at December 31, 2001. As at December 31, 2002 the total number of shares outstanding was 45,896,725.

For 2002, Tri-White revised the regular dividend program and commenced quarterly payments of \$0.03 per share, an increase of 20% over the prior year's distribution. For the year ending December 31, 2002 the Company issued 115,789 common shares under the Dividend Reinvestment Plan, which enables shareholders to elect to receive common shares as an alternative to cash dividends. The Company issued 189,648 shares under this program during the six months ended December 31, 2001.

On August 26th, 2002 the Company announced the renewal of its normal course issuer bid providing the Company the authority to purchase, for cancellation, up to 2,294,147 common shares over the following twelve month period. No purchases were made under the normal course issuer bid in 2002.

### **Liquidity**

Given the consistent performance of the Company's main operating subsidiary, White Pass, and the conservative capital structure at Tri-White, sufficient capital is available to execute the Company's strategic plan and finance continued growth.

During 2002 the Company generated \$16.2 million in funds from operations and ended the year with cash balances of \$1.7 million. These funds have been used to pay corporate overhead, maintain dividend distributions and to reinvest in the business.

Tri-White and its subsidiaries maintain cash, liquid assets and credit facilities to ensure that all commitments can be met, that funds are available to support the business units, and that the Company is able to capitalize on opportunities that may arise.

As at December 31, 2002, Tri-White had operating debt of \$4.2 million and marketable securities with a carrying value of \$37.2 million.

## **Risk and Uncertainties**

### **Tourism and Merchant Banking**

The success of White Pass is largely dependant upon the flow of cruise ship traffic along the west coast of North America to Alaska. As experienced during 2002, these operations can be disrupted for reasons beyond the control of White Pass.

As a federal transportation undertaking in both Canada and the United States, White Pass is subject to regulation by numerous agencies. The tourist operations comply with requirements that are in effect at any point in time; however, changes in these regulations can impact the cost and efficiency of this business unit.

At the corporate level, the performance of any investment in a merchant banking scenario is, by nature, speculative. External factors, which the Company may not be in a position to influence, could impact any single investment or the general business climate.

### **Environmental**

Although extensive research has been completed on potential environmental matters at White Pass, the business unit could be subjected to further scrutiny as a result of changes in legislation, or due to a focus on the rail operations, including the legacy of the past. This division has been in operation for more than 100 years, transporting a variety of products, some of which are now classified as environmentally unfriendly. Every attempt has been made to identify and deal with these issues and, at this time, the Company believes that remediation programs have met or exceeded regulatory requirements.

### **Interest Rate and Currency Risk**

Tri-White conducts business both in Canada and the United States. Fluctuations in interest or exchange rates could affect the cost of capital or the contribution from the U.S. operations.

### **Dependence on Key Personnel**

The performance of the Company is substantially dependent upon key management personnel. The loss of the services of any such personnel could have a material effect on the performance of Tri-White, its subsidiaries, earnings or financial condition.

The Company has commenced a process to renegotiate several collective bargaining agreements which expired December 31, 2001 and cover approximately 59% of the hourly employees. During the 2002 season, White Pass operated under the terms of the previous agreements without incident. The Company has now settled two of the contracts, and negotiations are in process on the third agreement.



**Litigation**

The Company and certain of its subsidiaries are defendants in a number of legal actions. Although the outcome of these claims cannot be determined, the resolution of these matters is not expected to have a material adverse effect on the Company's financial position.

**Outlook**

The 2002 tourist season at White Pass concluded October 1st, 2002. For the upcoming season, indications are that the number and size of ships arriving in Skagway will increase. Accordingly, the Company has committed to a US\$3.7 million expansion of the dock to be ready for the 2003 season. With this investment, the Alaska operations will be in a position to satisfy the needs of the cruise ship companies, and continue to provide best-in-class port facilities to the customers. Efforts also continue to enhance efficiency in the face of rising input prices.

The merchant banking operations continue to maintain a substantial investment in ClubLink. Following the takeover bid activities, ClubLink is in a position to move forward with a restructured Board and a new focus for the business. As with all of the Tri-White assets, the Company intends to build the underlying value of the investment, and over the long term, deliver enhanced returns.

This annual report may contain forward looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and results of operations, that by nature these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the Management's Discussion and Analysis of this report and as discussed in public disclosure documents filed with the Canadian regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

## Financial Statements

### Management's Reporting Responsibility

The accompanying consolidated financial statements of Tri-White Corporation and its subsidiaries, and all information in this annual report, are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimated and judgements.

Management of the Corporation and its subsidiaries, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls. Management believes that its system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for presentation of financial statements and that assets are properly accounted for and safeguarded.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, consisting entirely of outside directors. The audit committee reviews the Corporation's annual consolidated financial statements and recommends their approval to the Board of Directors. The shareholders' auditors have full access to the audit committee, with and without management present.

These financial statements have been examined by the shareholders' auditors, Deloitte & Touche LLP, Chartered Accountants, and their report is presented herein.



**K. (Rai) Sahi**

Chairman and Chief Executive Officer



**Don Turple**

Chief Financial Officer

### Auditors' Report

#### To the Shareholders of Tri-White Corporation

We have audited the consolidated balance sheets of Tri-White Corporation as at December 31, 2002 and 2001 and the consolidated statements of earnings and retained earnings and cash flows for the year ended December 31, 2002, the six month period ended December 31, 2001 and the year ended June 30, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the year ended December 31, 2002, the six month period ended December 31, 2001 and the year ended June 30, 2001 in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta, March 7, 2003



Chartered Accountants

## Consolidated Balance Sheets

December 31, 2002 and 2001  
(Expressed in Thousands of Dollars)

	2002 \$	2001 \$
<b>Assets</b>		
Current		
Cash	1,688	2,500
Accounts receivable	1,377	757
Income taxes receivable	1,191	2,912
Inventories	4,896	4,970
Prepaid expenses and other assets	932	1,003
	<b>10,084</b>	12,142
Portfolio investments (Note 5)	12,853	12,723
Investment (Notes 6 and 18)	24,312	25,000
Capital assets (Note 8)	88,146	84,815
	<b>135,395</b>	134,680
<b>Liabilities</b>		
Current		
Bank indebtedness (Note 9)	4,218	8,839
Accounts payable and accrued liabilities	4,302	2,110
Current portion of provision for future site restoration (Note 15)	232	366
	<b>8,752</b>	11,315
Future income tax liability (Note 10)	17,877	16,275
Provision for future site restoration (Note 15)	316	396
	<b>26,945</b>	27,986
Commitments and contingencies (Note 15)		
<b>Shareholders' Equity</b>		
Share capital (Note 11)	61,084	60,786
Cumulative translation adjustment	4,704	4,450
Retained earnings	42,662	41,458
	<b>108,450</b>	106,694
	<b>135,395</b>	134,680

See accompanying notes

### Approved by the Board



**K. (Rai) Sahi**  
Director



**John Lokker**  
Director

## Consolidated Statements of Earnings and Retained Earnings

Year Ended December 31, 2002, Six Month Period Ended December 31, 2001 and the Year Ended June 30, 2001  
(Expressed in Thousands of Dollars)

	December 31, 2002 (12 months) \$	December 31, 2001 (6 months) \$	June 30, 2001 (12 months) \$
<b>Revenue</b>	<b>40,604</b>	25,316	37,370
Cost of Sales and Operating Expenses	<b>24,063</b>	12,288	21,895
	<b>16,541</b>	13,028	15,475
Depreciation	<b>3,498</b>	1,736	3,233
Earnings from Continuing Operations			
Before the Undernoted	<b>13,043</b>	11,292	12,242
<b>Other (Expenses) Income</b>			
(Loss) gain on sale of assets and investments	<b>(33)</b>	(2)	126
Loss on equity accounted investment	<b>(188)</b>	-	-
Interest (expense) income and other	<b>(21)</b>	(222)	2,732
	<b>(242)</b>	(224)	2,858
Earnings from Continuing Operations			
Before Income Taxes	<b>12,801</b>	11,068	15,100
Provision for Income Taxes (Note 10)			
Current	<b>4,492</b>	3,391	2,716
Future	<b>1,602</b>	2,404	2,260
	<b>6,094</b>	5,795	4,976
Earnings from Continuing Operations	<b>6,707</b>	5,273	10,124
Loss on Notes Receivable (Note 7)	-	(1,976)	-
Gain on Sale of Discontinued Operations (Note 7)	-	-	10,880
<b>Net Earnings</b>	<b>6,707</b>	3,297	21,004
<b>Retained Earnings, Beginning of Period</b>	<b>41,458</b>	40,791	26,706
Dividends Paid	<b>(5,503)</b>	(2,306)	(4,826)
Excess of Purchase Price of Common Shares Over Average Carrying Value (Note 11)	-	(324)	(2,093)
<b>Retained Earnings, End of Period</b>	<b>42,662</b>	41,458	40,791
<b>Earnings Per Share</b> (Note 11)			
Earnings from continuing operations			
Basic	<b>0.15</b>	0.12	0.21
Diluted	<b>0.15</b>	0.12	0.21
Net earnings			
Basic	<b>0.15</b>	0.07	0.45
Diluted	<b>0.15</b>	0.07	0.44

See accompanying notes

## Consolidated Statements of Cash Flows

(Expressed in Thousands of Dollars)

	December 31, 2002 (12 months) \$	December 31, 2001 (6 months) \$	June 30, 2001 (12 months) \$
<b>Cash Flows Related to the Following Activities:</b>			
<b>Operating Activities</b>			
Earnings from continuing operations	6,707	5,273	10,124
Adjustments for:			
Depreciation	3,498	1,736	3,233
Future income taxes	1,602	2,404	2,260
Change in estimate for environmental liability	197	-	-
Loss (gain) on sale of assets and investments	33	5	(415)
Loss on equity accounted investment	188	-	-
Dividends from equity accounted investment	500	-	-
	<b>12,725</b>	9,418	15,202
Changes in non-cash working capital	3,439	2,671	(32,241)
Cash from (to) operations	<b>16,164</b>	12,089	(17,039)
<b>Investing Activities</b>			
Proceeds on sale of investments	1,382	15,308	-
Proceeds on sale of assets	27	-	168
Proceeds on sale of discontinued operations	-	443	36,000
Purchase of capital assets	(6,830)	(2,980)	(4,995)
Purchase of investments (Note 6)	(1,572)	(25,000)	-
Site restoration expenditures	(411)	(554)	(2,407)
Purchase of subordinate debenture	-	-	(1,000)
Decrease in bank indebtedness on sale of discontinued operations	-	-	1,340
	<b>(7,404)</b>	(12,783)	29,106
<b>Financing Activities</b>			
Dividends paid	(5,205)	(1,935)	(4,700)
Shares purchased for cancellation	-	(1,026)	(6,036)
	<b>(5,205)</b>	(2,961)	(10,736)
Effect of Currency Translation on Cash Balances and Cash Flows	254	(964)	1,421
<b>Net Increase (Decrease) in Cash</b>	<b>3,809</b>	(4,619)	2,752
<b>Cash, Beginning of Period</b>	<b>(6,339)</b>	(1,720)	(4,472)
<b>Cash, End of Period</b>	<b>(2,530)</b>	(6,339)	(1,720)
Represented by:			
Cash	1,688	2,500	5,905
Bank indebtedness	(4,218)	(8,839)	(7,625)
	<b>(2,530)</b>	(6,339)	(1,720)

**Supplementary Cash Flow Information** (Note 12)

See accompanying notes

## Notes

### to the Consolidated Financial Statements

Year Ended December 31, 2002, Six Month Period Ended December 31, 2001 and the Year Ended June 30, 2001  
(Tabular Amounts Expressed in Thousands of Dollars, Except Per Share Amounts)

#### 1. Nature of Operations

Tri-White Corporation (the "Company") formed under the laws of Canada, operates a tourist railway with related services in Alaska, British Columbia and the Yukon Territory under the business name White Pass & Yukon Route and in Canada is engaged in merchant banking activities. As a merchant banker, the Company seeks out opportunities and invests in debt and equity investments in both public and private companies.

#### 2. Basis of Presentation

These consolidated financial statements include the accounts of the Tri-White Corporation and its subsidiary companies, which include White Pass & Yukon Canada Inc., White Pass & Yukon U.S. Inc., Pacific and Arctic Railway and Navigation Company, Skagway Terminal Company, British Columbia-Yukon Railway Company, British Yukon Railway Company Limited, White Pass Enterprises, LLC, and its 50 percent owned subsidiary, The Great Alaskan Lumberjack Show, LLC (collectively the "Company"). All material inter-company balances, transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated.

#### 3. Change in Accounting Policy

##### Stock-based compensation plan

Effective January 1, 2002, the Company adopted The Canadian Institute of Chartered Accountants' ("CICA") new recommendations under Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments". As permitted by the CICA, the Company has applied this change prospectively for new awards granted on or after that date. The Company has chosen to recognize no compensation expense when stock options are granted to employees and directors when issued at market value, under stock options plans with no cash settlement features. Any consideration paid by employees or directors on exercise of share options is credited to share capital. However, direct awards of stock to employees and stock and stock option awards granted to non-employees will be accounted for using the fair value method of accounting for stock-based compensation. As no stock options were granted in 2002, adoption of the new standard had no impact on the consolidated financial statements of the Company.

#### 4. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

##### Fiscal year end

The fiscal year end of the Company has been changed from June 30 to December 31, effective December 31, 2001.

##### Principles of consolidation

The financial statements of entities, which are controlled by the Company, referred to as subsidiaries, are consolidated. Entities which are not controlled, but over which the Company has the ability to exercise significant influence are accounted for using the equity method of accounting.

##### Revenue recognition

Rail tourism and docking revenues are recognized as earned when rail passenger and docking services are provided.

##### Portfolio investments

Portfolio investments consist of common and preferred shares of publicly traded companies. Portfolio investments which are effectively held to maturity or which have a reduction in market value, which is considered temporary in nature, are recorded at cost. Declines in value that are other than temporary are recognized immediately.

##### Inventories

Inventories consist primarily of materials and supplies, which are stated at cost, determined on a first-in, first-out basis, and are charged to expense or added to the cost of property and equipment when used.

## Notes

### Capital assets

Capital assets are recorded at cost. Depreciation is provided at rates that charge the original cost of such assets to operations over their useful lives that average 10 years for equipment, 20 years for buildings, 30 years for wooden bridges and ties, 40 years for docks and 60 years for rail and steel bridges. Land and tunnels are not depreciated.

### Income taxes

The Company uses the liability method of accounting for income taxes. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

### Foreign currency translation

The accounts of foreign subsidiaries are translated into Canadian dollars at the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated at the average rate of exchange for the year. The resulting gains and losses are accumulated as a separate component of shareholders' equity called the cumulative translation adjustment.

### Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management has made significant estimates related to environmental liabilities and to the useful lives of capital assets. Actual results could differ from these estimates.

### Future site restoration costs

Site restoration costs have been estimated taking into consideration the anticipated method and extent of the remediation consistent with regulatory requirements, industry practices, current technology and the possible uses of the site. The estimated amount of future restoration costs is reviewed regularly based on available information. Where the forecasted net restoration costs exceed existing provisions, an additional expense is recognized in the period.

### Financial instruments

The Company is exposed to the risk that arises from fluctuations in interest rates, the exchange rate of the U.S. dollar and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency exchange rate risk. The Company is exposed to credit risk from customers and the Company's subsidiary is economically dependent upon the Alaskan tourism industry. The Company's accounts receivable, income tax receivable, portfolio investments and accounts payable and accrued liabilities constitute financial instruments. Based on available market information, the carrying value of the Company's financial instruments approximates their fair value.

### Stock-based compensation plan

No compensation expense is recognized for the plan when stock options are issued at market to employees or directors. Any consideration paid by employees or directors on exercise of stock options is credited to share capital. Direct awards of stock to employees and stock and stock option awards granted to non-employees will be accounted for using the fair value method of accounting for stock-based compensation.

### Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding in each respective period. Dilutive earnings per share is calculated using the treasury stock method. Under this method, proceeds that could be obtained upon exercise of options, if dilutive, are assumed to be used to purchase common shares at the average market price during the period.

### Multi-employer pension plan

The Company's subsidiary participates in various multi-employer defined benefit plans, on a contributory and non-contributory basis, depending on the plan. Benefit costs are recognized as employees' services are provided.

## Notes

### 5. Portfolio Investments

	2002		2001	
	Cost	Market	Cost	Market
	\$	\$	\$	\$
Portfolio investments	12,853	12,462	12,723	12,383

During 2002, the Company sold certain investments for proceeds of \$1.4 million (2001 - \$15.3 million) and realized a loss of \$59,903 (2001 - loss of \$3,464).

### 6. Investment

The Company accounts for its 26.6% investment in ClubLink Corporation ("ClubLink") using the equity method. During 2002, the Company recorded an equity loss of \$187,962 and received dividends of \$500,000.

On September 4, 2001, the Company purchased 5 million shares of ClubLink for cash consideration of \$25 million, resulting in a negative purchase price discrepancy of \$29 million, which was notionally attributed to certain non-depreciable assets. For the period Tri-White held the shares, the four months ended December 31, 2001, no earnings, losses or dividends were attributed to this investment.

On September 13, 2002, the Company announced its intention to make a take-over bid for 100% of ClubLink outstanding common shares and 6% convertible debentures. On October 2, 2002, the Company increased its offer to purchase ClubLink's shares from \$7.00 to \$7.50 per share and to purchase the ClubLink's 6% convertible debentures (see Note 18).

As at December 31, 2002, the market value of the Company's investment in ClubLink is \$39.2 million, compared to the carrying value of \$24.3 million.

### 7. Sale of Tri-Line Expressways

During July 2000, the Company sold 100% of the issued and outstanding shares of Tri-Line (trucking transportation segment) for \$45 million resulting in a gain of \$10.9 million, net of \$6.7 million of income taxes and \$5.8 million of costs and other provisions. The consideration was \$36 million cash, \$1 million unsecured holdback (retained for 12 months from closing date), a \$7 million subordinated debenture bearing interest at 11.5%, \$1.1 million unsecured promissory note bearing interest at 11.5% and warrants for the right to purchase 6.6 million common shares of the purchaser for \$0.30 per share, subject to certain terms and conditions and working capital adjustments. Of the 6.6 million warrants received, 4.3 million were received on the date of sale and the remainder were earned on July 18, 2001, when the \$1 million holdback was not repaid. In December 2001, the Company determined that the notes receivable were not collectible and recorded a loss of \$2.0 million, net of tax recovery of \$783,000.

### 8. Capital Assets

	2002			2001		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land and tunnels	1,625	-	1,625	1,674	-	1,674
Buildings	20,813	2,408	18,405	17,913	1,818	16,095
Equipment	29,191	6,622	22,569	28,314	5,227	23,087
Docks	57,974	12,427	45,547	54,873	10,914	43,959
	109,603	21,457	88,146	102,774	17,959	84,815

### 9. Bank Indebtedness

Bank indebtedness represents funds borrowed under revolving credit facilities. At December 31, 2002, the Company had an unsecured operating line of credit with a U.S. bank in the maximum amount of US\$10 million that expires March 15, 2003 (2001 - US\$6.9 million, expired March 1, 2002) bears interest at U.S. prime and is payable on demand. In addition, a fee of 1/4 of one percent accrues on the unused portion of the line of credit. As at December 31, 2002, the Company had borrowed US\$700,000 (Cdn\$1.1 million), (2001 - US\$5.3 million, (Cdn\$8.3 million)) related to this facility.

## Notes

At December 31, 2001, the Company had an unsecured operating line of credit with a U.S. bank in the amount of US\$550,000, that expired April 1, 2002 with interest rate at U.S. prime and was payable on demand. This credit facility was reduced to US\$250,000 and extended to September 1, 2002. The Company has not extended this credit facility.

The Company maintains a margin line with a Canadian financial institution. The availability of the line is determined by a formula which relates to the portfolio investments and bears interest at Bank of Canada overnight rates. As at December 31, 2002 the Company had borrowed \$3.1 million relating to this facility.

### 10. Future Income Taxes

The provision for income taxes differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rate to earnings before income taxes. The major components of these differences are explained as follows:

	December 31, 2002 (12 months) \$	December 31, 2001 (6 months) \$	June 30, 2001 (12 months) \$
Earnings from continuing operations before income taxes	12,801	11,068	15,100
Expected corporate tax rate	39%	42%	43%
Calculated income tax provision	4,992	4,649	6,493
Differences in U.S. statutory tax rates	278	(206)	(343)
Permanent differences	(83)	(252)	-
Adjustments for changes in previous estimates	610	656	(1,191)
Impact of effective tax rate reduction on future income taxes	(265)	113	122
Operating losses of subsidiaries not recognized	618	835	-
Other	(56)	-	(105)
	<b>6,094</b>	5,795	4,976

Comprised of:

	December 31, 2002 (12 months) \$	December 31, 2001 (6 months) \$	June 30, 2001 (12 months) \$
Current	4,492	3,391	2,716
Future	1,602	2,404	2,260
	<b>6,094</b>	5,795	4,976

At December 31, the components of the net future income tax liability are as follows:

	2002 \$	2001 \$
Investment	175	-
Capital assets	(16,296)	(14,760)
Difference in tax basis of subsidiary company shares	(2,410)	(2,840)
Environmental provision	92	295
Capital loss carryforwards	562	1,030
	<b>(17,877)</b>	(16,275)

The Company has not recognized operating tax losses of \$6.7 million (2001 \$5.2 million) as the likelihood of realizing the future benefits of these losses cannot be determined.

## Notes

### 11. Share Capital

Authorized

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series

	2002		2001	
	Number of Shares	Amount \$	Number of Shares	Amount \$
Common shares				
Opening balance	45,781	60,786	46,124	61,118
Repurchase of common shares	-	-	(533)	(703)
Shares issued pursuant to dividend reinvestment plan	116	298	190	371
Ending balance	45,897	61,084	45,781	60,786

During the year ended December 31, 2002, the Company has not repurchased and cancelled any common shares under the current normal course issuer bid. During the six month period ended December 31, 2001, the Company repurchased and cancelled 533,000 common shares under the normal course issuer bid for cash consideration totalling \$1 million. As the consideration paid exceeded the stated value of the shares, the amount of the excess totalling \$324,000 was recorded as a reduction of retained earnings in 2001.

The Company issued 115,789 (2001 - 189,648) shares pursuant to the dividend reinvestment plan.

	2002	2001
Weighted average common shares outstanding - basic	45,863	46,661
Dilutive effect of stock options	192	3
Weighted average common shares outstanding - dilutive	46,055	46,664

#### Stock options

At December 31, 2002, the Company has a fixed stock option plan open to directors, officers, full-time employees and consultants of the Company. Under this plan, the Company may grant total options to a maximum of 10% of the issued and outstanding common shares of the Company on a non-diluted basis. Under the plan, the exercise price generally equals the market price of the Company's stock on the day prior to the date of grant and an option's maximum term is ten years. Options generally vest over a five year period.

A summary of the Company's fixed stock option plan as at December 31 and changes during the period is presented below:

	As at and for the twelve months ended December 31, 2002		As at and for the six months ended December 31, 2001	
	Number of Shares	Weighted Average Exercise Price \$	Number of Shares	Weighted Average Exercise Price \$
Options outstanding, beginning of period	747,000	2.03	849,000	2.03
Forfeited	(4,000)	2.00	(102,000)	2.05
Options outstanding, end of period	743,000	2.03	747,000	2.03
Options exercisable, end of period	505,800	2.03	488,200	2.03

## Notes

The following table summarizes outstanding and exercisable options as at December 31, 2002 and December 31, 2001:

2002						
Total Options Outstanding				Options Exercisable		
Exercise Price	Weighted Average			Number Outstanding	Weighted Average	Price
	Number Outstanding	Remaining Contractual (Years)	Weighted Average Price			
December 31, 2002	December 31, 2002	(Years)	Price	December 31, 2002	Price	
\$			\$		\$	
1.90 - 2.05	743,000	6.0	2.03	505,800	2.03	

2001						
Total Options Outstanding				Options Exercisable		
Exercise Price	Weighted Average			Number Outstanding	Weighted Average	Price
	Number Outstanding	Remaining Contractual (Years)	Weighted Average Price			
December 31, 2001	December 31, 2001	(Years)	Price	December 31, 2001	Price	
\$			\$		\$	
1.90 - 2.05	747,000	7.0	2.03	488,200	2.03	

### 12. Supplementary Cash Flow Information

	December 31, 2002 (12 months)	December 31, 2001 (6 months)	June 30, 2001 (12 months)
	\$	\$	\$
Interest paid	406	150	360
Income taxes paid (received) Canadian authority	(1,642)	2,929	134
United States authority	4,219	4,089	3,480

### 13. Related Party Transactions

On February 28, 2002, the Company entered into an agreement with a related party, Paros Enterprises Limited ("Paros"), to provide a revolving demand credit facility to Paros, in the amount of \$5 million bearing interest rate of prime plus 1%. Paros is a significant shareholder of the Company. On February 28, 2002, under this facility, Paros borrowed \$3 million which was repaid prior to year end. The Company has recorded interest income of \$110,342.

The Company receives managerial and consulting services for the business and the business of its subsidiaries from Morguard Corporation ("Morguard"). The Chairman and Chief Executive Officer of the Company is a significant shareholder of Morguard. The Company pays a management fee of \$600,000 per annum, under a contractual agreement at market related prices which is included in cost of sales and operating expenses.

### 14. Employee Benefit Plans

The Company's subsidiary is required to participate in a multi-employer defined benefit plan sponsored by the Railroad Retirement Board for employees in the U.S. This plan is contributory; employees and the subsidiary contribute 12.55% and 23.75%, respectively, of eligible compensation. The amount charged to operations and contributed to the plan for the year ended December 31, 2002, six month period ended December 31, 2001 and the year ended June 30, 2001, was \$1.7 million, \$1.2 million and \$2.0 million, respectively.

The subsidiary participates in two defined benefit welfare plans covering substantially all of its employees covered by collective bargaining agreements. These plans are both contributory and non-contributory multi-employer plans. The plans provide health care and other welfare benefits during the employees'

## Notes

working lives and, for a monthly premium, benefits after retirement. Amounts charged to benefit costs and contributed to the plans for the year ended December 31, 2002, the six month period ended December 31, 2001 and the year ended June 30, 2001 totalled \$832,000, \$428,000 and \$635,000, respectively. The subsidiary makes monthly contributions to the plans based on hours worked by employees and based on monthly premiums.

The subsidiary has a 401(k) plan (the "Plan") which covers substantially all non-seasonal employees not covered by a collective bargaining agreement. Employees who elect to participate may contribute up to 15% of their eligible compensation to the maximum allowed. The subsidiary matches 100% of each employee's contribution to a maximum of 5% of eligible compensation. Additionally, the Plan contains provisions for the subsidiary, at its discretion, to make a special and a discretionary contribution at a percentage determined by the subsidiary. The amount charged to operations and contributed to the Plan for the year ended December 31, 2002, the six month period ended December 31, 2001 and the year ended June 30, 2001 was \$96,000, \$124,000 and \$102,000, respectively.

The subsidiary has a 401(k) plan that covers United Transportation Union members only. Employees who elect to participate may contribute up to 15% of their eligible compensation to the maximum dollar amount allowed. The plan contains no provision for the subsidiary funded contributions.

Canadian employees of the subsidiary may establish a self-managed Registered Retirement Savings Plan ("RRSP") within the guidelines specified under Federal law in Canada. Participating non-union employees contribute a minimum of 3% to a maximum of 5% of eligible compensation and the subsidiary matches 100% of each employee's contribution up to a maximum of 5%. Canadian employees of the subsidiary covered by a collective bargaining agreement may participate in this plan at their discretion without company matching contributions. The amount charged to operations and contributed to the plan for the year ended December 31, 2002, the six month period ended December 31, 2001 and the year ended June 30, 2001 was \$5,967, \$1,395 and \$4,100, respectively.

### 15. Contingencies and Commitments

a) The Company and certain of its subsidiaries are defendants in a number of legal actions. Although the outcome of these claims cannot be determined, in the opinion of management, the resolution of these matters is not expected to have a materially adverse effect on the Company's financial position.

b) As at December 31, 2002, the Company and its subsidiaries had operating lease commitments, with varying terms, requiring minimum annual payments approximately as follows:

	\$
2003	334,442
2004	317,787
2005	163,226
2006	158,320
2007	155,867
Thereafter	3,113,036
	4,242,678

c) The Company's operations and properties are subject to extensive federal, provincial, territorial, state, municipal and local environmental laws and requirements in both Canada and the United States, relating to, among other things, air emissions, the management of contaminants including hazardous materials and waste, discharges to waters and the remediation of environmental impacts. The Company believes it has identified and provided for the expenditures relating to known environmental matters, including compliance issues and the assessment and remediation of the environmental condition of its properties, whether currently or previously owned, or other properties where it may have environmental liabilities. The Company's total cost and liabilities for environmental matters cannot be predicted with certainty due to, among other things, the various issues described above, changing environmental laws and requirements and the necessity to conduct additional investigations. The Company has recorded a provision for future site restoration to cover the potential cost of environmental clean up. This represents management's best estimate of future costs. The current portion of the provision represents costs expected to be incurred within the next year.

## Notes

### 16. Segmented Information

The Company operates primarily in two operating segments, Rail tourism and docking and Corporate and other operations. The rail tourism operations are defined to include the railway and dock operation of British Yukon Railway, British Columbia -Yukon Railway, White Pass and Yukon Canada Inc. and its subsidiaries. It operates docking facilities for ships and a tourist scenic/historic railway primarily in Alaska with a small portion in Canada. Corporate and other operations include, corporate office and other management and merchant banking operations.

Results by business segment:

As at and for the twelve months ended December 31, 2002

	Rail tourism and docking \$	Corporate and other \$	Total \$
Revenue	40,604	(a) -	<b>40,604</b>
Cost of sales and operating expenses	21,902	2,161	<b>24,063</b>
	18,702	(2,161)	<b>16,541</b>
Depreciation	3,485	13	<b>3,498</b>
	15,217	(2,174)	<b>13,043</b>
Gain (loss) on sale of assets and investments	27	(60)	<b>(33)</b>
Loss on equity accounted investment	-	(188)	<b>(188)</b>
Interest income (expense) and other	415	(436)	<b>(21)</b>
Earnings (loss) before income taxes	15,659	(2,858)	<b>12,801</b>
Income tax expense (recovery)	6,332	(238)	<b>6,094</b>
Segment net earnings (loss)	9,327	(2,620)	<b>6,707</b>
Segment capital assets	88,115	31	<b>88,146</b>
Segment assets	95,383	40,012	<b>135,395</b>
Capital expenditures	6,830	-	<b>6,830</b>

(a) One customer accounted for 19% of the rail tourism and docking revenue.

As at and for the six months ended December 31, 2001

	Rail tourism and docking \$	Corporate and other \$	Total \$
Revenue	25,316	(a) -	25,316
Cost of sales and operating expenses	12,288	-	12,288
	13,028	-	13,028
Depreciation	1,728	8	1,736
	11,300	(8)	11,292
Loss on sale of assets and investments	(2)	-	(2)
Interest income (expense) and other	126	(348)	(222)
Earnings (loss) from continuing operations before income taxes	11,424	(356)	11,068
Income tax (expense) recovery	(5,895)	100	(5,795)
Earnings (loss) from continuing operations	5,529	(256)	5,273
Loss on notes receivable	-	(1,976)	(1,976)
Segment net earnings (loss)	5,529	(2,232)	3,297
Segment capital assets	84,771	44	84,815
Segment assets	94,909	39,771	134,680
Capital expenditures	2,980	-	2,980

(a) One customer accounted for 21% of the rail tourism revenue.

## Notes

As at and for the twelve months ended June 30, 2001

	Rail tourism and docking	Corporate and other	Total
	\$	\$	\$
Revenue	37,370	(a) -	37,370
Cost of sales and operating expenses	21,715	180	21,895
	15,655	(180)	15,475
Depreciation	3,211	22	3,233
	12,444	(202)	12,242
Gain on sale of assets and investments	126	-	126
Interest and income (expense) and other	(322)	3,054	2,732
Earnings from continuing operations			
before income taxes	12,248	2,852	15,100
Income taxes	3,693	1,283	4,976
Earnings from continuing operations	8,555	1,569	10,124
Gain on sale of discontinued operations	-	10,880	10,880
Segment net earnings	8,555	12,449	21,004
Segment capital assets	85,531	52	83,583
Segment assets	98,970	43,840	142,810
Capital expenditures	4,995	-	4,995

(a) One customer accounted for 19% of the rail tourism revenues.

### 17. Comparative Figures

Certain of the prior period's comparative figures have been reclassified to conform to the current year's presentation.

### 18. Subsequent Event

In January 2003, the Company raised its offer for ClubLink to \$7.75 per share. Subsequently, the Company announced that its offer to purchase all of the common shares and 6% convertible debentures of ClubLink had expired in accordance with the terms of the offer. On January 8, 2003, a Governance Agreement was reached with ClubLink's two other major shareholders under which the Company acquired 360,175 additional common shares tendered to the bid.

## Corporate Directory

### Directors

**Fraser R. Berrill** <sup>1</sup>

**J. Judd Buchanan** <sup>2</sup>

**David A. King** <sup>1,2</sup>

**John Lokker** <sup>1</sup>

**K. (Rai) Sahi**

**Arni C. Thorsteinson** <sup>2</sup>

**Donald W. Turple**

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Audit Committee <sup>1</sup>

Corporate Governance and Compensation  
Committee <sup>2</sup>

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### Officers

**K. (Rai) Sahi**

Chairman and Chief Executive Officer

**Donald Turple**

Chief Financial Officer

**Eugene Hretzay**

Corporate Counsel & Secretary

**Frank Munsters**

Vice President

**Gary Danielson**

Executive Vice President  
White Pass & Yukon Route

### Corporate Data

#### Auditors

Deloitte & Touche LLP

#### Transfer Agents and Registrars of Common Shares

CIBC Mellon Trust Company

#### Bankers

Royal Bank of Canada

Wells Fargo Bank Alaska N.A.

#### Legal Counsel

Blake Cassels & Graydon, LLP

Patton Boggs, LLP

Bankston, Gronning, O'Hara, Sedor,

Mills, Givens and Heaphy, P.C.

#### Share Listing

Toronto Stock Exchange

#### Ticker Symbol

TWH

### Investor Relations

Contact: Donald Turple

Tel. 416-367-6877

Fax 416-367-6890

E-mail: [dturple@morguard.com](mailto:dturple@morguard.com)

Website: [www.tri-white.com](http://www.tri-white.com)

### Executive Office

One University Avenue

Suite 1400, Toronto, Ontario

M5J 2P1

Tel. 416-862-3800

Fax 416-367-6890

The Annual General Meeting of the Shareholders of Tri-White Corporation will be held on Monday, May 26, 2003 at 2:30 pm at the Toronto Stock Exchange Conference Centre, 130 King St. West, The Exchange Tower, Toronto, Ontario.

