



# TRI-WHITE CORPORATION

**TORONTO, CANADA MARCH 23, 2004** – Tri-White Corporation (the “Company”, TSX: TWH) today announced its financial results for the year-ended December 31, 2003. The Company had previously announced its regular quarterly dividend of \$0.06 per share payable on March 31<sup>st</sup> to shareholders of record as at March 12<sup>th</sup>.

## Highlights

The following table summarizes the consolidated financial results of the Company:

(000's except per share amounts)	Three months ended		Year-ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Revenue	(795)	154	37,573	40,604
EBITDA	(6,646)	(4,822)	14,674	16,508
Interest and other income (expense)	310	(146)	(371)	(242)
Equity earnings	(996)	(1,666)	293	(188)
Provision for income taxes	2,787	1,955	(5,949)	(6,094)
Net earnings (loss)	(4,983)	(5,343)	5,742	6,707
Earnings per share - basic	\$(0.21)	\$(0.23)	\$0.25	\$0.29
Average number of shares outstanding	22,923	22,919	22,923	22,932

EBITDA is not a recognized performance measure under Canadian GAAP. EBITDA is defined as earnings before taxes, interest, depreciation, amortization and earnings from equity accounted investments. Management believes that in addition to net earnings, this measure is useful supplemental information to provide investors with an indication of income available prior to debt service, capital expenditures and income taxes.



## Highlights

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

### **Expansion of Cruise Ship Activity**

In 2002, Carnival Corporation announced that it was successful in completing its takeover bid for P & O Princess Cruise Lines. This consolidation has further concentrated 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. As evidence of the strength of the sector, the port operations at White Pass experienced a 12% growth in traffic. This is attributed to larger, more modern ships being deployed in Alaska, combined with improved marketing efforts.

### **Control of ClubLink**

Tri-White acquired a 25% interest in ClubLink in September, 2001. Subsequently, the Company determined that a change in the strategic direction of ClubLink was required and in the third quarter of 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. Tri-White remains the largest single shareholder in ClubLink, with a 29.5% interest in the common shares.

ClubLink is Canada's largest owner, operator and developer of high-quality Member Golf Clubs, Daily Fee Golf Clubs and Golf Resorts, with 32 golf courses open for play in 2004.

### **Acquisition of MFP Financial Services Ltd.**

In November, 2003 the company announced that it had completed the acquisition of a 35% interest, or 3,080,000 common shares of MFP Financial Services Ltd. for aggregate consideration of \$23,870,000 of which \$11,935,000 was paid in cash at closing with the balance satisfied by the issuance of a promissory note bearing interest at a rate of 6% per annum, maturing on January 12, 2006. Tri-White acquired the shares for investment purposes and the transaction adds significant scale to the Company's portfolio.

MFP Financial Services Ltd. is a leading provider of innovative financial solutions in technology and equipment leasing, and equipment trading. Based in Ontario, MFP operates throughout North America and Europe.

### **Foreign Exchange**

Virtually all of the Company's operating income originates with the tourist operations in the United States and these results are translated to Canadian currency using average rates during the year. The relative strength of the Canadian dollar in 2003 versus 2002 has had a negative impact on the reported EBITDA for 2003. The Company estimates the impact of the foreign exchange fluctuations at \$1.4 million.

### **Sale of Lumberjack Show**

During the first quarter, the Company determined that it would monetize its interest in the Great Alaskan Lumberjack Show, a joint venture started in 2000. White Pass realized a gain of US\$332,700 on the transaction.

### **Share Consolidation**

In August, the Company announced the completion of the consolidation of its issued and outstanding common shares on the basis of two pre-consolidation shares for one post-consolidation share. The consolidation was approved by the shareholders of the Company at the Company's annual and special meeting of shareholders on June 12, 2003.



### **Company Dividend**

The Company introduced a regular dividend policy in 2000. During 2002, the payments were restructured on a quarterly basis and increased by 20% to 12 cents per share annually. Reflecting the share consolidation, the regular dividend rate is now 24 cents per share annually.

### **Development**

During 2002, the Company commenced a US\$3.7 million expansion of the dock facilities at Skagway. This project was concluded in the spring of 2003 and ensured that White Pass was able to continue to offer the industry the capacity required for the larger vessels now being deployed in Alaska.

### **Change in Accounting Policy**

In the past the Company adopted an accounting policy regarding seasonality to better match its costs with the timing of its revenue for interim financial reporting in the tourist division. Under this policy, the Company deferred first quarter operating and end of season maintenance costs to the second quarter and accrued such fourth quarter costs in the third quarter interim consolidated financial statements. The Company has now adopted the CICA recommended interim financial disclosure practices. There is no effect on the reported earnings for the 12-month periods ending December 31, 2003 or December 31, 2002.

### **Review of Financial Results**

Revenue from operations for the year-ended December 31, 2003 was \$37.6 million compared with \$40.6 million for the year-ended December 31, 2002. Reported revenue originates at White Pass, and is comprised of revenue from port services, ticket and merchandise sales for the rail excursion. As virtually all of the reported revenue is generated in Alaska, the Company benefits from the relative strength of the U.S. dollar.

Reported Canadian dollar sales volume declined in 2003 substantially as a result of the foreign exchange fluctuation (\$4.8 million).

The passenger volume originating from the cruise ships and over-the-road traffic is the key driver for the revenue streams. During the 2003 season, White Pass carried 348,559 passengers compared with 311,352 in 2002, an increase of 12%. The increase in activity is attributed to a steady number of ship arrivals at the port, larger vessels in service, and a more targeted marketing program. These initiatives positively impacted port revenues, gift shop sales, and the rail excursion.

EBITDA<sup>(1)</sup> for the year-ended December 31, 2003 was \$14.7 million compared with \$16.5 million for the year-ended December 31, 2002. On an annualized basis, operating margins have remained stable 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.

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(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.



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, 2003 the Company recorded equity income of \$66,221 compared to a loss of \$187,962 in 2002. The Company received dividends of \$642,920 in 2003 compared with \$500,000 in 2002.

The Company also accounts for its investment in MFP Financial Services Ltd. using the equity method. During the fourth quarter, the Company reported equity income relating to this investment of \$226,694 (2002-nil). No dividends were received.

## **Financial Condition**

### **Assets**

Consolidated assets at year-end totalled \$138.2 million compared with \$135.4 million at December 31, 2002. Significant investments made during the year include the acquisition of 3.1 million shares of MFP Financial Services Ltd. for \$23.9 million and additions to the capital assets utilized at White Pass of \$5.4 million.

Assets employed in the port and tourist operations were \$81.9 million at December 31, 2003, compared with \$95.4 million at December 31, 2002. Corporate assets, including investments moved from \$40.0 million to \$56.2 million over the similar period.

Cash balances declined by \$1.3 million to \$379,000 at December 31, 2003 as the Company deployed cash reserves for the MFP acquisition and continued with its regular dividend program.

Accounts receivable balance of \$204,000 represents trade accounts for the tourist division. Historically, there have been no credit issues with the clients, and electronic settlement capabilities have been implemented to support the collection process. The 2002 balance included an amount of \$1.2 million for a corporate transaction; the amount was subsequently collected.

Inventory levels (including maintenance supplies) at \$4.6 million are comparable to 2002 balances and include steel rail, shop parts, maintenance of way supplies and gift shop merchandise.

Prepaid balances have risen as the Company has made progress payments on a \$US 1.6 million expansion of the railcar fleet.

As at December 31, 2003, the Company's portfolio investments totalled \$4.6 million compared with \$12.9 million at December 2002. The Company has liquidated a number of positions during the year as market conditions warranted, for aggregate proceeds of \$7.6 million. The market value of these securities exceeds the carrying cost by \$461,000 at year-end.

Long-term investments include 5.4 million shares of ClubLink carried at \$26.4 million and 3.1 million shares of MFP Financial Services Ltd. carried at \$24.2 million. The market value of these assets exceeds their carrying cost by \$13.4 million at December 31, 2003.

By maintaining a disciplined approach on the buy side, Tri-White views the investments in ClubLink and MFP as opportunities to generate returns well above the yields available from alternate securities.



Both ClubLink and MFP are accounted for as equity investments. For the year-ended December 31, 2003 the Company recognized equity income of \$66,221 and \$226,694 respectively.

For the year-ended December 31, 2003, Tri-White received dividends on the ClubLink investment of \$642,920 compared with \$500,000 in 2002. There were no dividends received on the MFP shares.

Capital assets employed in the tourist operations account for virtually all of the fixed assets at Tri-White. The book value decreased by \$12.3 million to \$75.8 million since December 31, 2002 due to foreign exchange fluctuations of \$13.5 million. This was partly offset by additional investment of \$5.4 million in the expansion of the port facilities and upgrades to the maintenance of way.

### **Liabilities**

Bank indebtedness increased from \$4.2 million at December 31, 2002 to \$9.1 million at December 31, 2003. The bank debt of \$8.2 million is provided by an operating facility for White Pass operations and a margin line at the public company. The rise in the debt levels this year is attributed to the reinvestment of operating cash flow to provide additional capacity in Alaska, combined with the growth in the investment portfolio.

Notes payable of \$11.9 million is comprised of a promissory note issued as partial consideration for the purchase of the 3.1 million shares of MFP. The note bears interest at 6% and matures in January, 2006.

Significantly, during the year, the Company was able to increase the US operating facility from US\$10 million to US\$15 million on substantially the same terms. The balance outstanding under this revolving bank line was US\$3.7 million at year-end.

Accounts payable of \$1.5 million at the end of 2003 have decreased by \$2.8 million from December 2002. The decrease 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, 2003 totalled \$98.0 million or \$4.28 per share, compared to \$108.5 million or \$4.73 per share at December 31, 2002. As at December 31, 2003 the total number of shares outstanding was 22,898,000. In August, 2003 the Company announced a share consolidation whereby all shareholders received one post-consolidation share for two pre-consolidation shares.

For 2003, Tri-White continued with the regular dividend program and commenced quarterly payments of \$0.06 per share, on a post-consolidation basis.

For the year ending December 31, 2003 the Company issued 22,000 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 116,000 shares under this program during the 12-months ended December 31, 2002.



On August 26, 2003, the Company announced the renewal of its normal course issuer bid providing the Company the authority to purchase, for cancellation, up to 1,141,700 common shares over the following twelve-month period. During 2003, 174,000 shares were purchased for cancellation under the normal course issuer bid. The aggregate consideration paid for these shares was \$496,000 or \$5.56 per consolidated share. 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.

### **Seasonality**

The tourist operations at White Pass and the golf operations of ClubLink are highly seasonal. The majority of the revenue and earnings from these businesses occurs during the third quarter of the year. Accordingly, the reported earnings of Tri-White will fluctuate with those of the underlying business units.

### **Outlook**

The 2003 tourist season at White Pass concluded October 1, 2003. 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\$1.6 million expansion of the rail coach fleet to be ready for the 2004 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 in MFP, and over the long term, deliver enhanced returns.

The Company is a reporting issuer and as such, files the Corporation's Annual Information Form and Management Information Circular and related financial disclosure with SEDAR.

*This Release 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 the nature of 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 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.*

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Financial statements are attached.

**TRI-WHITE CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2003**

**Tri-White Corporation**  
**CONSOLIDATED BALANCE SHEETS**

As at,

	December 31, 2003 \$
(in thousands of dollars)	
<b>ASSETS</b>	
<b>Current</b>	
Cash and cash equivalents	379
Accounts receivable	204
Income and other taxes recoverable	666
Inventories	4,579
Prepaid expenses and other assets	1,438
	7,266
Portfolio investments	4,590
Long-term investments	50,565
Capital assets	75,781
<b>Total assets</b>	<b>138,202</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>Current</b>	
Bank indebtedness	9,142
Accounts payable and accrued liabilities	1,461
Current portion of provision for future site restoration	242
	10,845
Promissory note	11,935
Future income tax liabilities	17,178
Provision for future site restoration	212
<b>Total liabilities</b>	<b>40,170</b>
<b>Shareholders' equity</b>	
Share capital	60,921
Cumulative translation adjustment	(5,537)
Retained earnings	42,648
<b>Total shareholders' equity</b>	<b>98,032</b>
<b>Total liabilities and shareholders' equity</b>	<b>138,202</b>

**Tri-White Corporation**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS**

For the,

Year  
ended  
December 31,  
2003  
\$

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

<b>REVENUE</b>	<b>37,573</b>
<b>Cost of sales and operating expenses</b>	<b>22,286</b>
<b>Earnings from operations before the undernoted</b>	<b>15,287</b>
Amortization	3,225
<b>Earnings before other income (expense) and income taxes</b>	<b>12,062</b>
<b>OTHER INCOME (EXPENSE)</b>	
Interest and other	(51)
Net (loss) on sale of assets and investments	(613)
Earnings (loss) of equity accounted investments	293
	(371)
<b>Earnings before income taxes</b>	<b>11,691</b>
Provision for income taxes	
Current	3,642
Future	2,307
	5,949
<b>Net earnings for the year</b>	<b>5,742</b>
Retained earnings, beginning of year	42,662
Dividends paid	(5,500)
Excess of repurchase price of common shares over average carrying value	(256)
<b>Retained earnings, end of year</b>	<b>42,648</b>
<b>Net earnings per share</b>	
Basic - net earnings	0.25
Diluted - net earnings	0.25

**Tri-White Corporation**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

For the,

	Year ended December 31, 2003 \$
(in thousands of dollars)	
<b>OPERATING ACTIVITIES</b>	
Net earnings for the year	5,742
Items not affecting cash	
Amortization	3,225
Future income taxes	2,307
Change in estimate for environmental liability	(104)
Net loss on sale of assets and investments	613
(Earnings) loss of equity accounted investments	(293)
Distributions from equity accounted investments	643
Net change in operating assets and liabilities	(4,338)
<b>Cash provided by operating activities</b>	<b>7,795</b>
<b>FINANCING ACTIVITIES</b>	
Shares purchased for cancellation	(496)
Dividends paid	(5,423)
<b>Cash (used in) provided by financing activities</b>	<b>(5,919)</b>
<b>INVESTING ACTIVITIES</b>	
Proceeds on sale of assets and investments	8,763
Purchase of capital assets	(5,427)
Purchase of investments	(14,708)
Site restoration expenditures	10
<b>Cash used in investing activities</b>	<b>(11,362)</b>
<b>Net effect of currency translation adjustment on cash balances and cash flows</b>	<b>3,253</b>
Net (decrease) increase in cash and cash equivalents during the year	(6,233)
Cash and cash equivalents, beginning of year	(2,530)
<b>Cash and cash equivalents, end of year</b>	<b>(8,763)</b>
<b>Represented by</b>	
Cash and cash equivalents	379
Bank indebtedness and loans	(9,142)
	<b>(8,763)</b>