

**ALIAN T INC.**

(Incorporated under the laws of Canada)

**INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**March 31, 2003**

**ALIAN T INC.**  
**Consolidated balance sheets**  
**(Unaudited)**

<i>(thousands of dollars)</i>	<b>As at March 31, 2003</b>	<b>As at December 31, 2002</b>
<b>Assets</b>		
Current assets		
Cash and short-term investments	\$ 286,563	\$ 263,599
Accounts receivable (Note 3)	427,850	424,322
Inventory	37,541	35,229
Prepayments	47,117	41,656
Future income tax asset	11,178	-
	<u>810,249</u>	<u>764,806</u>
Capital investments (Note 4)	<u>2,277,108</u>	<u>2,329,359</u>
Other assets		
Long-term investments (Note 5)	40,278	44,724
Deferred charges	103,461	110,585
Future income tax asset	24,359	14,390
Goodwill (Note 6)	343,472	365,810
	<u>511,570</u>	<u>535,509</u>
<b>Total assets</b>	<b><u>\$ 3,598,927</u></b>	<b><u>\$ 3,629,674</u></b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Notes payable and bank advances (Note 7)	\$ 31,569	\$ 98,884
Payables and accruals (Note 8)	296,319	191,912
Future income tax liability	-	2,116
Long-term debt due within one year (Note 9)	135,438	143,064
	<u>463,326</u>	<u>435,976</u>
Long-term debt (Note 9)	1,233,390	1,265,536
Accrued benefit obligation	82,457	73,873
Deferred credits	12,464	12,858
	<u>1,791,637</u>	<u>1,788,243</u>
Non-controlling interest (Note 10)	<u>164,579</u>	<u>170,856</u>
Shareholders' equity		
Capital stock (Note 11)	1,220,801	1,237,650
Contributed surplus	69,320	69,320
Retained earnings	355,835	354,080
Cumulative translation adjustment	(3,245)	9,525
	<u>1,642,711</u>	<u>1,670,575</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$ 3,598,927</u></b>	<b><u>\$ 3,629,674</u></b>

*See accompanying notes to the consolidated financial statements*

*Signed on behalf of the board of directors*

*Chairman:*

*Director:*

**ALIAN T INC.**  
**Consolidated statements of income**  
**(Unaudited)**  
**For the three months ended March 31**

*(thousands of dollars except per share amounts)*

	<b>2003</b>	<b>2002</b>
Operating revenues (Note 12)	\$ 655,433	\$ 645,647
Expenses		
Cost of operating revenues	189,770	191,750
Operating expenses	253,301	226,021
Depreciation and amortization	110,205	107,851
	<u>553,276</u>	<u>525,622</u>
Operating income	<u>102,157</u>	<u>120,025</u>
Other expenses		
Loss on foreign exchange (Note 2)	-	458
Other expenses	2,507	1,475
	<u>2,507</u>	<u>1,933</u>
Interest charges		
Interest on long-term debt	27,032	33,343
Other interest	322	402
	<u>27,354</u>	<u>33,745</u>
Income before underlisted items	72,296	84,347
Income taxes	28,664	25,214
Income before non-controlling interest	<u>43,632</u>	<u>59,133</u>
Non-controlling interest	4,744	5,680
<b>Net income</b>	<b><u>\$ 38,888</u></b>	<b><u>\$ 53,453</u></b>
<b>Earnings per common share</b> (Note 13)		
Basic	<u>\$ 0.26</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 0.26</u>	<u>\$ 0.37</u>

*See accompanying notes to the consolidated financial statements*

**ALIANT INC.**  
**Consolidated statements of retained earnings**  
**(Unaudited)**  
**For the three months ended March 31**

<i>(thousands of dollars)</i>	<b>2003</b>	<b>2002</b>
Retained earnings, beginning of period	\$ 354,080	\$ 326,610
Net income	38,888	53,453
Preferred share dividends	(2,384)	(2,384)
Common share dividends	(34,749)	(30,991)
<b>Retained earnings, end of period</b>	<b>\$ 355,835</b>	<b>\$ 346,688</b>

*See accompanying notes to the consolidated financial statements*

**ALIANTE INC.**  
**Consolidated statements of cash flows**  
**(Unaudited)**  
**For the three months ended March 31**

<i>(thousands of dollars)</i>	<b>2003</b>	<b>2002</b>
Cash and cash equivalents from (used in) operations		
Net income from operations	\$ 38,888	\$ 53,453
Add (deduct) non cash items:		
Depreciation and amortization	110,205	107,851
Future income taxes	(28,115)	(19,000)
Other non cash items	9,807	2,811
Share in earnings of equity accounted investments	2,224	386
Non-controlling interest	4,744	5,680
	<u>137,753</u>	<u>151,181</u>
Change in non cash working capital balances related to operations	95,454	3,545
	<u>233,207</u>	<u>154,726</u>
Cash and cash equivalents from (used in) financing		
Repurchase of accounts receivable	-	(10,000)
Net repayments of notes payable and bank advances	(67,315)	(29,761)
Proceeds from long-term debt	-	100,000
Repayments of long-term debt	(16,218)	(806)
Proceeds from issue (repurchase) of common shares	(19,036)	9,335
Preferred share dividends	(2,384)	(2,384)
Common share dividends	(32,562)	(12,497)
	<u>(137,515)</u>	<u>53,887</u>
Cash and cash equivalents from (used in) investing		
Capital investments	(76,697)	(106,652)
Proceeds on sale of investments	2,107	972
Decrease (increase) in investments	168	(251)
Increase in deferred credits	4,330	10,624
	<u>(70,092)</u>	<u>(95,307)</u>
Change in cash and short-term investments	25,600	113,306
Cash and short-term investments, beginning of period	263,599	131,558
Effect of exchange rate changes on cash	(2,636)	-
<b>Cash and short-term investments, end of period</b>	<b><u>\$ 286,563</u></b>	<b><u>\$ 244,864</u></b>
Supplementary disclosure		
Interest paid	\$ 21,625	\$ 21,774
Income taxes paid	\$ 13,937	\$ 48,585

*See accompanying notes to the consolidated financial statements*