Trimac

1973 Annual Report

1973	1972	Percentage Change
(thousands of dollars)		
$ 42,818	$32,925	+30.0
2,880	2,357	+22.2
1,388	1,132	+22.6
1,492	1,225	+21.8
73.2¢	71.4¢	+ 2.5
-	50	-
1,492	1,275	+17.0
73.2¢	74.3¢	— 1.5
304.1¢	255.7¢	+18.9
2,038,415	1,716,445	-

NGER
and Controller

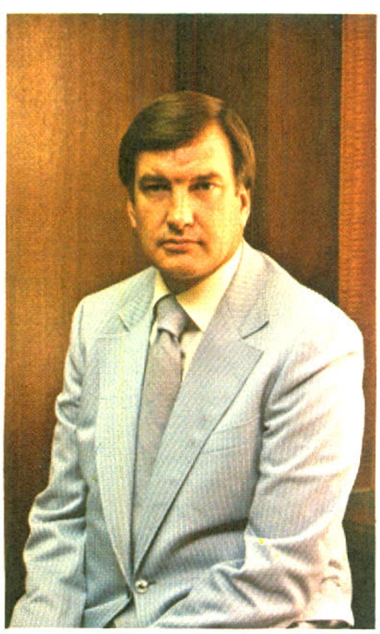
NSKY, Q.C.
sident, Corporate Affairs
etary

CAIG
t, R.M. Industries Co. Ltd.

7 L.H. KING
Assistant Secretary

8 *W.J. HARDSTAFF
Senior Vice-President

*Director



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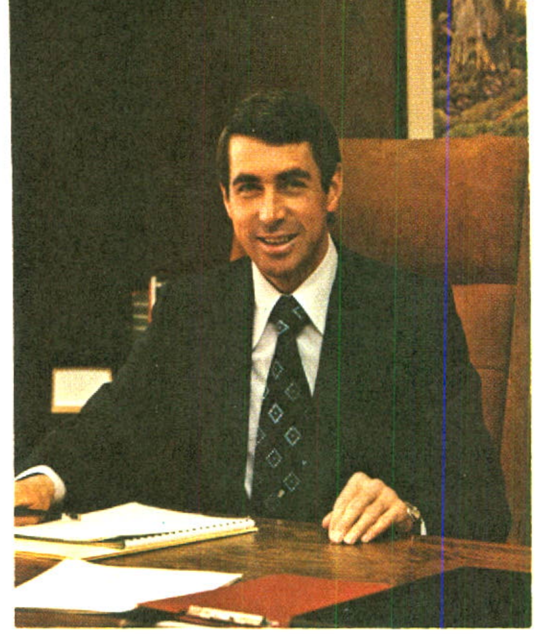

J.R. McCAIG
President

Report to the Shareholders

Trimac has completed another record year in terms of both gross revenues and net earnings. The financial results reflect the increased level of activity in the existing divisions and the addition of new divisions. The public share issue in 1971, together with shares issued as part consideration for acquisitions during the current fiscal year, have the combined effect of keeping earnings per common share at a constant level. A summary of these highlights is as follows:

	Thousands of Dollars	Percentage Change
Revenues	42,818	+30.0
Earnings	1,492	+17.0
Total assets	42,196	+55.7
Working capital	2,785	—32.0
Net worth	11,780	+31.8

During the past year, a number of important actions were taken as a part of the Company's plan to position itself for maximum participation at minimum risk in the opportunities that we have identified in key economic sectors of Canada.

Northern Development

—The creation of a vastly extended road network in the Northwest Territories and the Yukon,

—The energy problems confronting North America which have generated increased exploration activity for oil and gas in the Mackenzie Valley, the Beaufort Sea and the High Arctic,

—The possible future construction of delivery systems for oil, gas and minerals from Northern Canada and the North Slope of Alaska,

will all create demands for our traditional services and for new transportation and distribution services.

Financial Highlights

Year ended March 31, 1973

Total Operating Revenue

Earnings
Before Income Taxes and Extraordinary Item

Income Taxes

Net Earnings Before Extraordinary Item

— per Common Share

Extraordinary item

Net Earnings

— per Common Share

Cash Flow per Common Share

Average Number of Common Shares
Outstanding during the year

Directors and Officers:

*J.R. McCAIG
President

1 *M.W. McCAIG
President, Trimac Transportation System

2 *F.N. HUGHES
President, Oil Patch Equipment Ltd.

3 *R.D. SOUTHERN
President, Atco Industries Ltd.

4 K.W. WI
Treasurer

5 *M. DUB
Vice-Pres
and Secr

6 *R.W. Mc
Presiden

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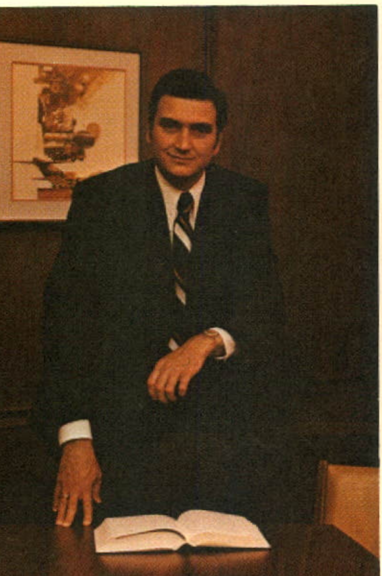

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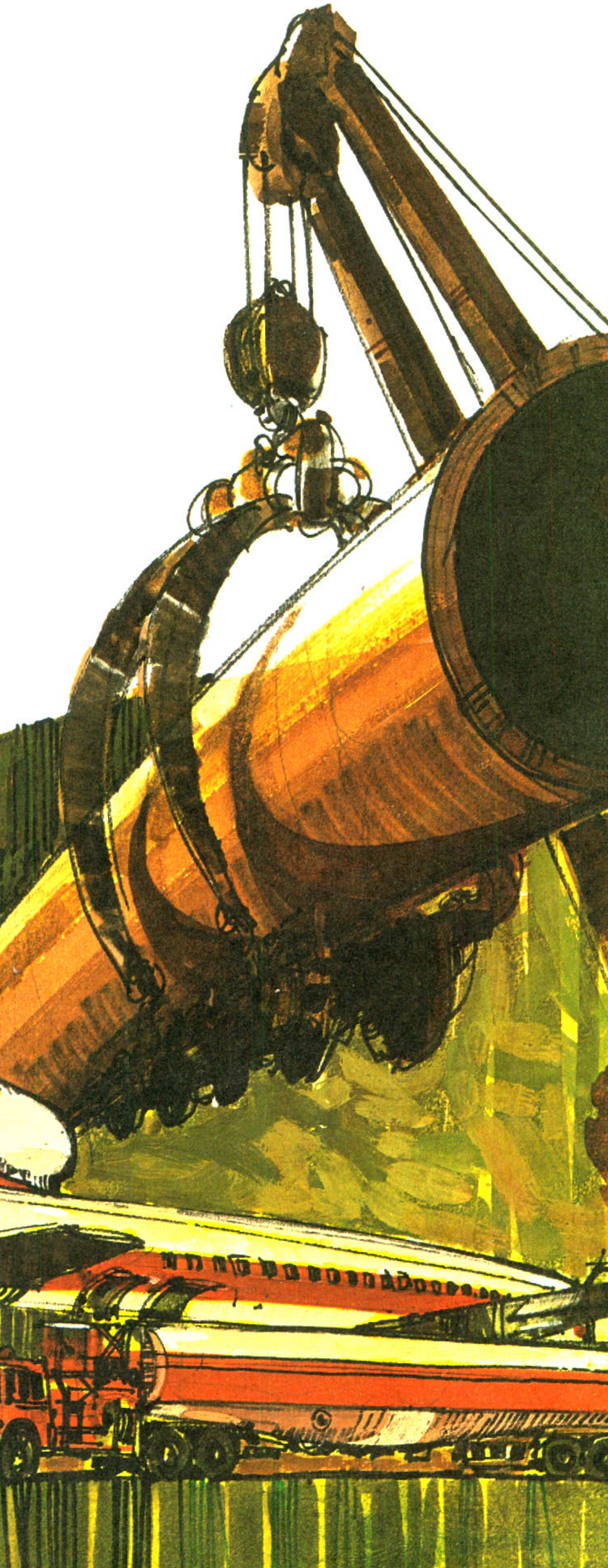


The Company strategy is to extend and broaden its services and products on a planned basis to increase our involvement in these developments, but, to do so on a basis that will not have an adverse effect if major development programs should become delayed or be deferred.

To this end we have, during the past year:

1. Acquired a Western Canadian pipeline construction company, United Contractors Limited, which will participate in the increased level of construction activity for small and medium size gas and oil gathering and transmission systems in Western Canada and the Northwest Territories.
2. Entered into a contract to manage the trucking division of Pacific Western Airlines in Northern Alberta and the Northwest Territories with an option to acquire an interest in this trucking activity at a future date.
3. Participated on a 50% basis in the organization of a new company, Arctic Navigation and Transportation Limited, to provide freight transport services on the Mackenzie River and in the Beaufort Sea by tug and barge and other smaller vessels.

In addition, management of our traditional service and product groups have:

1. Expanded Rentway Canada Limited's specialized truck rental and leasing services by opening a new branch in Inuvik, Northwest Territories and expanding this activity in Edmonton, Alberta.
2. Developed plans for an important expansion of the manufacturing division's production and service facilities in Alberta to meet the rapidly growing trailer equipment market.

Eastern Canada

A buoyant economy, coupled with the large population and industrial base in Central and Eastern Canada, provide a major Canadian market for our various services. In these regions our market penetration is as yet modest. The Company plans increased participation and expansion of all of its services in this area.

Accordingly, we have, during the past year;

1. Extended the area of operations of the highway transportation division into the Atlantic provinces by the completion of the acquisition of Tank Lines Limited in Halifax, N.S. effective June 12, 1972.
2. Expanded the transportation equipment rental and leasing operations by introducing full service leasing of heavy duty line-haul equipment and the addition of a large fleet of highway trailer units to our Ontario operations.
3. Developed a major position in the waste management business in Ontario by the acquisition of a company now known as: Dominion Waste Management Group Limited (formerly Lohner Canada Ltd.).
4. Opened a Trimac Limited executive office in Toronto, Ontario in order to co-ordinate all of our activities in the Eastern Region. Mr. D. K. Jackson will be appointed Vice-President, Eastern Development, Trimac Limited, in charge of that activity.

Western Canada

The various divisions of the Company are well positioned to benefit from the expected growth and industrial development in all four Western Canadian provinces.

During the year, we have;

1. Opened new branches of the Rentway equipment leasing and rental division in Vancouver and Kamloops, B.C.
2. Expanded our Dominion Waste Management operation by establishing a new commercial waste collection service in Calgary.
3. Completed the acquisition of Willock Industries Ltd. as of April 21, 1972 which provides the Company with additional manufacturing capability for specialized transportation and materials handling equipment at Langley, B.C.
4. Introduced a large complement of higher gross vehicle weight truck transport equipment to our British Columbia and Yukon operations in order to improve service at lower costs and increased margins as a result of the improved weight laws initiated the previous year in those regions.

These actions and the activities of our various operating divisions are more fully described in the following pages of this report.

All of Trimac's services and products to industry and government in Canada and the United States, including the new activities described herein, involve the provision of distribution or transportation services and related equipment or transmission systems. We believe that the new services organized or acquired, in waste management, marine operations, and pipeline construction fit well with our other longer established operations. Users of these services are for the most part industries and agencies with whom the Company has well developed business relations. The management of these activities, similar to our historical services of bulk trucking, equipment manufacturing, and equipment leasing, involve the marshalling and operation of mobile equipment together with operating and maintenance personnel in a tightly cost controlled environment. Our services group, comprising data processing, transportation consulting, systems management and transportation research and development provide support to the operating management of all the divisions.

The financial condition of the Company continues to be strong even after completing two major acquisitions during the past year.

In the year ahead are many challenges and many opportunities. The development of all of our services, old and new, should generate gross revenues for the year ended March 31, 1974 in excess of $50 million.

Sincere thanks and appreciation are extended to all employees, customers and suppliers for their support and contribution to the success of the Company. We expect 1973/74 to be another year of significant accomplishment and improvement.

J. R. McCaig

J.R. McCaig
President

Highway Transportation

The operating motor carrier companies of the Trimac Transportation System had a successful year and achieved record new highs in revenues and profits notwithstanding some adverse circumstances.

Gross revenues increased by more than 5% over the previous year. More importantly, earnings were up approximately 12%. The continued improvement in profit margin reflects management emphasis on operating cost controls. Gross revenues from highway transportation were 62.8% of Trimac's total gross revenues compared with 77.6% in 1972 and 90.3% in 1971. While the highway transportation division continues to grow and remains the major revenue producer, the effect of Trimac's expansion into other transportation services is now evident.

Revenues were adversely affected and were well below forecast during the first half of the year due to poor spring weather and extended road ban periods in much of Western Canada. Additionally, work stoppages in the construction and forest products industries in that region caused a decrease in highway transport operating revenues compared to the previous year which was not offset until the third and fourth quarters. The overall result was that revenues and earnings from this division were less than expected.

During the year, this division expanded its area of operations into the Atlantic provinces with the acquisition of Tank Lines Limited in Halifax, Nova Scotia, so that now the highway transport services of the Company extend from coast to coast in Canada, as well as internationally between Canada and a majority of the United States.

While the Company was not able to implement its intended expansion in Quebec, plans are proceeding to broaden the division's operations, both geographically and as to services in Central Canada and Atlantic provinces, thereby increasing participation in this major Canadian market.

The highway transport division continues to maintain a strong position in Western Canada and substantial growth is expected from the expansion of the petroleum, chemical and mining industries in that region in addition to development of the North.

In February 1973, the company entered into a management agreement with Pacific Western Trucking (a division of Pacific Western Airlines) which is a general freight carrier with several terminals in Northern Alberta and the Northwest Territories. The management of this operation increases the division's involvement with truck-air intermodal traffic, particularly with respect to services into the Northwest Territories.

The management contract contains option provisions under which the Company may acquire 50% of the Pacific Western Trucking operation next year.

Throughout the past year, the Company was able to further test and develop larger gross vehicle weight equipment in British Columbia, which introduced increased gross vehicle weights the previous year. New equipment required for this type of service was added both in British Columbia and Ontario, where comparable vehicle weight regulations apply. Additional new equipment of this type will be added this year in those areas where regulations permit, in order to minimize transportation costs to shippers and to improve company profitability.

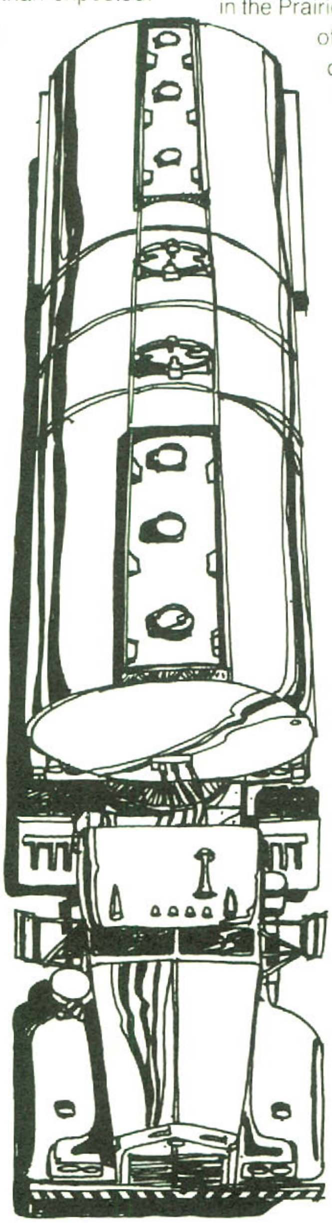
The major potential for highway transportation in Western Canada will be fully realized, both to Western Canadian shippers and the Company, only by the adoption in the Prairie provinces of regulations that allow higher gross vehicle weights, as has already occured in the other industrially developed regions of Canada and the United States. The provinces of Ontario and Quebec for some years now have allowed vehicle weights of 130,000 pounds and upwards as contrasted to the 72,000 pound weight limits in Alberta, Saskatchewan and Manitoba. Similar truck weights, placed in effect in the Prairie provinces, and on a basis standardized to other regions of Canada would result in significantly reduced shipping costs for Western industry and improved competition between transport modes. At the same time the motor carrier industry would appreciably benefit by more economic use of equipment and personnel.

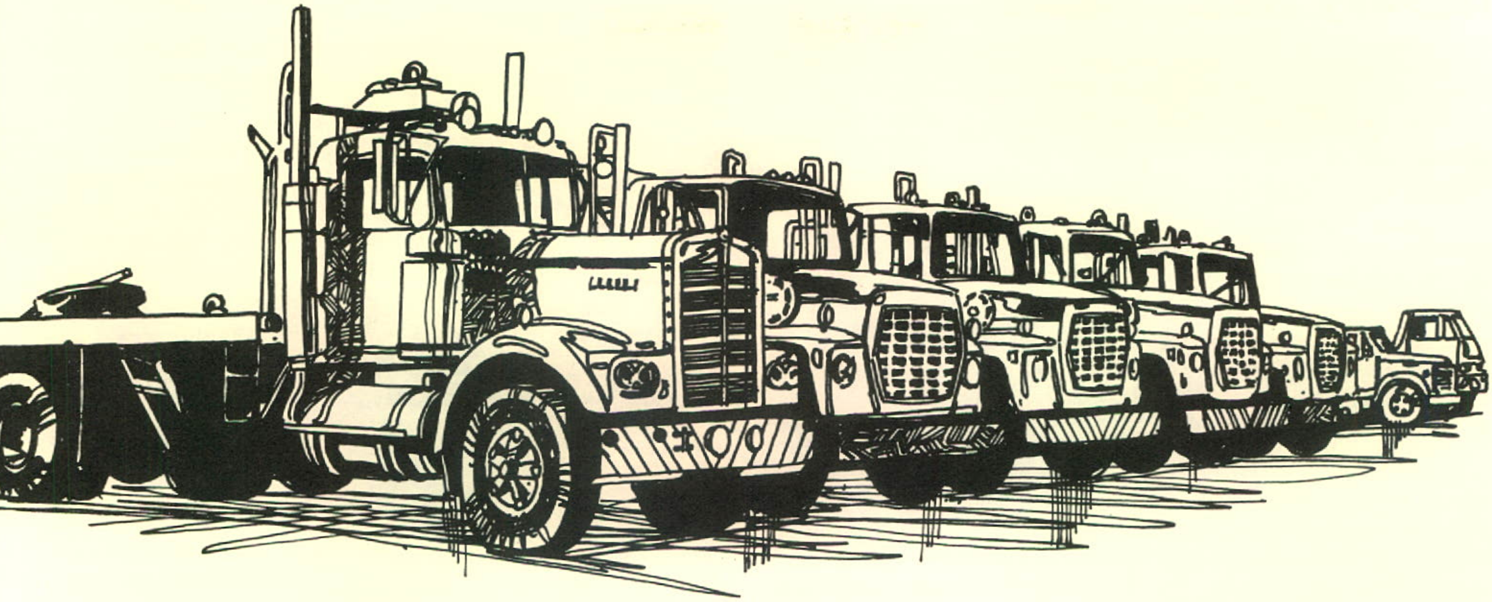
We believe that important changes in these weight regulations will occur in the present year. This action would have a significant beneficial effect to the Company.

In the past year, the highway transport division developed and successfully introduced to service the first bulk liquid sulphur dioxide transport trailer in Canada.

Important additions to the Operating Authorities held by the operating subsidiaries were made including authority to transport dry bulk commodities between Ontario and Western Canada. Licenses for operations into and out of the United States were expanded, adding to our ability to service international movements of bulk commodities. This segment of our traffic is growing rapidly with increasing volumes of chemicals, petroleum products, alcoholic beverages, and other bulk commodities being moved between points as far distant as the Gulf of Mexico and Western Canada.

Improved growth in both revenues and profits is anticipated for this division in the year ahead, with continuing good labour management relations.





Equipment Leasing and Rental

The equipment leasing and rental activities of Trimac Limited are carried on under the name of Rentway Canada Limited. Rentway currently has branch operations in Vancouver (Burnaby), Kamloops, Calgary, Edmonton, Clarkson, Rexdale and Scarborough. New branches will be established in Windsor and the Province of Quebec during our next fiscal year as Rentway continues its program of expansion into each major Canadian centre.

Gross revenues of Rentway in the year increased 43.8% compared to the previous year, and profits increased by 47.6% in the same period. Management expects these rates of growth to be substantially increased during 1973/74. Rentway revenues now represent approximately 10% of total Company revenue.

For the 1973/74 period programs begun in 1972/73 will contribute significantly to corporate growth. Full service leasing of heavy duty line-haul equipment was initiated during this year. At year end more than 100 such vehicles were in service. Beginning in April 1973, Rentway will provide a full service lease program for 75 such tractors to a highly respected transport carrier in Ontario. Rentway management believes this to be the largest lease of its kind in Canada and marks a major accomplishment in the expansion of this market segment.

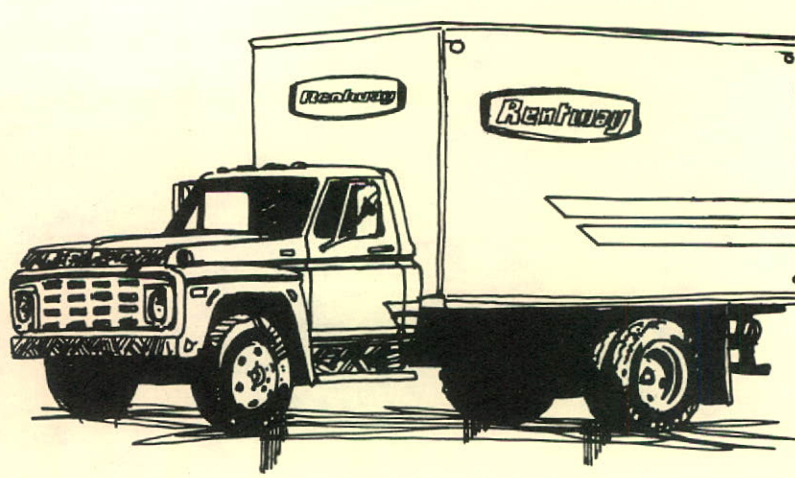
During the year, Rentway began offering short-term trailer rental services to industrial and commercial customers in Ontario markets. This rental service has a direct tie-in with the provision of line-haul tractor rental and lease. The market acceptance of Rentway's trailer rental program has been most encouraging and management expects that the 45 foot van trailer rental pool will exceed 200 units by March 31, 1974.

During the year, other Rentway services continued to expand. Project rentals of specialized truck equipment to the pipeline and natural resource development industries was strong. To capitalize on this market segment, Rentway initiated its truck rental program in Inuvik to better service the demand for specialized truck equipment in that area.

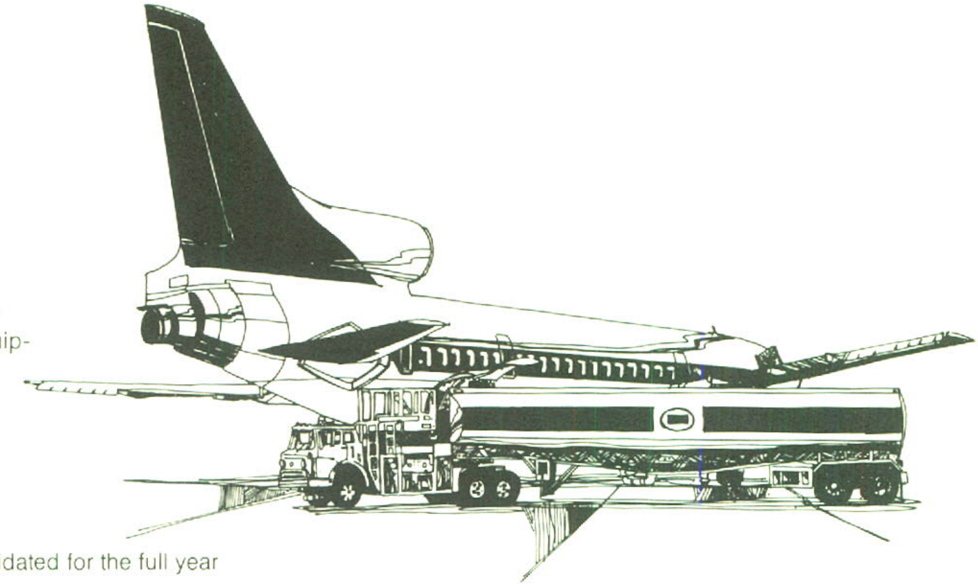
Leasing activities of light and medium trucks in all branches continued to expand. While these services are expected to grow significantly in the future, their percentage of total revenue will decline because of the more rapid growth of the heavy truck rental and leasing activities.

In the year under review, a major indentity change was implemented. A bold new logo identifying Rentway with the Trimac Group, a new slogan of "Transportation Leasing" and newly painted red-orange trucks and trailers will enhance the image of the Rentway fleet in Canada.

Facilitating Rentway's growth in leasing, the Trimac financial services company, Transport Acceptance Corporation Limited, successfully negotiated lines of credit and terms to provide for the continued growth of Trimac's transportation leasing services.



Manufacturing



The transport and materials handling equipment manufacturing division was expanded at the beginning of the fiscal year by the addition of S.J. Thompson Truck Equipment Co. Ltd. in February 1972 and Willock Industries Ltd. acquired as of April 21, 1972. These companies, together with Willock Truck Equipment Co. Ltd., manufacture and distribute a broad range of equipment from plants in

Vancouver, B.C.
Langley, B.C.
Calgary, Alberta
Edmonton, Alberta
Oakville, Ontario

Earnings of all three companies are consolidated for the full year for the first time.

Despite the sales increases, profit results during the year were disappointing and this division did not materially contribute to the overall company profits.

Difficulties arose from the under-utilization of certain facilities and the problems inherent in adding additional shifts comprised of new personnel while simultaneously changing the product mix. It is felt that these problems are now being resolved and the division is expected to return to the higher level of earnings it achieved in 1972.

Improved standardization of product lines as between the three major manufacturing facilities in Vancouver, Langley and Oakville is now in effect and all three are operating on full double shifts with trained personnel.

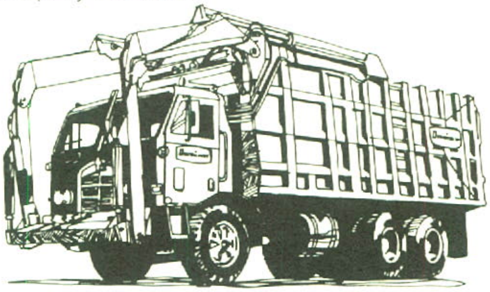
Plans are now under review for a significant expansion of manufacturing and service facilities in Alberta to meet the rapidly growing trailer and equipment market arising from increased development in that province and the Northwest Territories.

Waste Management

During the past year, the Dominion Waste Management division of the Company was substantially expanded.

This division first began operations by the acquisition of a small commercial waste collection operation in Edmonton, Alberta in late 1971. In July 1972, a similar service involving commercial waste collection services with front-end loaders and containers was begun in Calgary. In January 1973, the Calgary services were expanded by the addition of roll-off equipment to service industrial accounts.

On December 21, 1972, the Company completed the acquisition of Lohner Canada Ltd., and the name of that company has subsequently been changed to Dominion Waste Management Group Limited. This company provides extensive dry waste municipal and commercial collection and disposal services throughout Ontario and upstate New York. The division's Eastern Canadian services are principally concentrated in four major operating divisions:



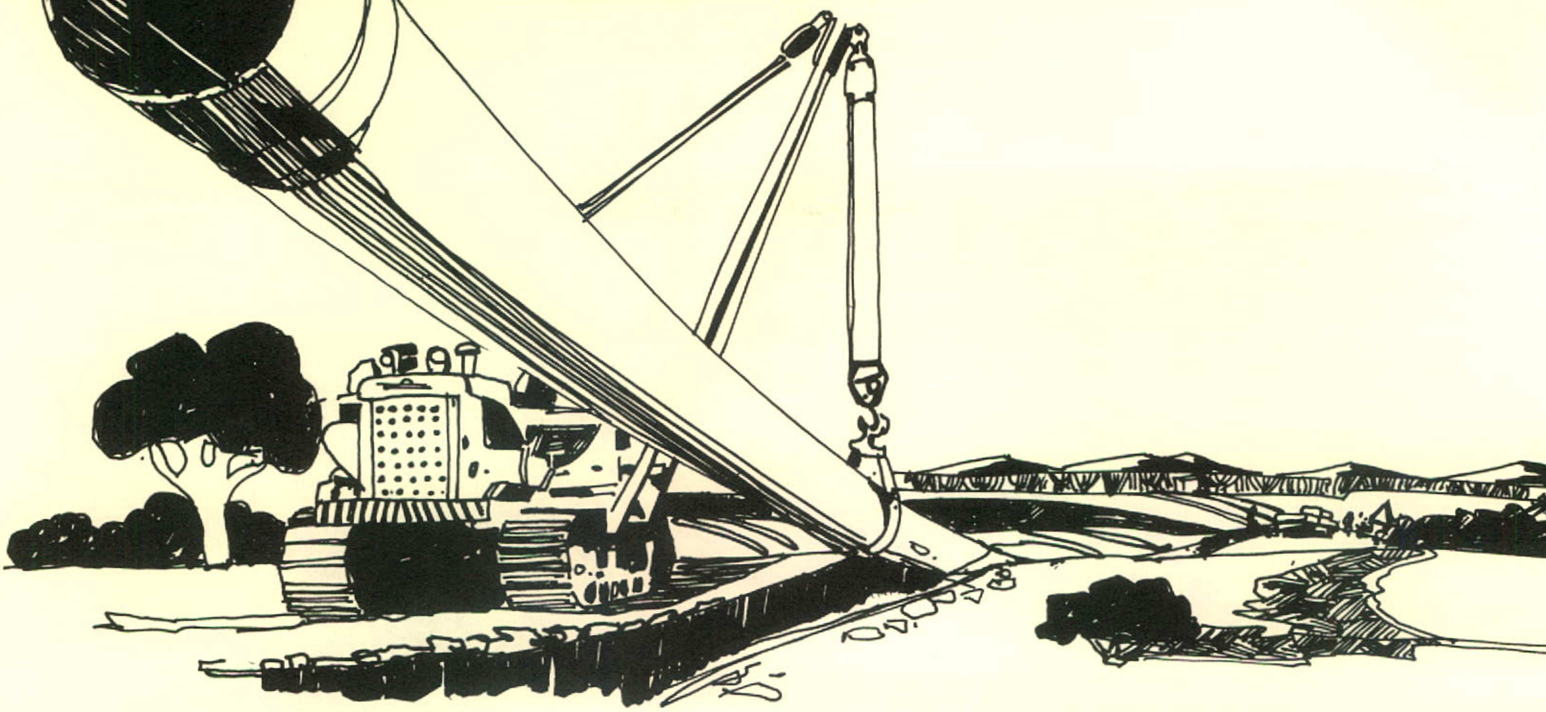
Ottawa Division	Ottawa, Ontario
Niagara Division	St. Catharines, Ontario
Seaway Canada Division	Kingston, Ontario
Seaway U.S. Division	Watertown, N.Y.

Through its subsidiaries, Dominion provides residential collection services under long-term contracts to the cities of Ottawa and St. Catharines and a number of other smaller communities in Ontario. Commercial waste services are also provided in those centres and at Kingston, Ontario, Watertown, N.Y. and adjacent communities. Two sanitary landfill sites are operated by the division in the Kingston area.

Gross revenues from Waste Management services will be approximately $5.0 million in fiscal 1974 based on present operations.

This division as a whole did not contribute earnings in fiscal 1973. This resulted from the need to re-equip and reorganize the Edmonton operation and from start-up costs in the Calgary branch. Both of these branches will become profitable in 1973/74. Operating efficiencies, budgetary procedures and cost controls now introduced into the Dominion Waste Management Group Limited operations are expected to cause this division to make a fuller contribution to earnings during the present fiscal year.

Continued substantial growth is expected of this new service division in the near term as an increasing number of municipalities in both Eastern and Western Canada begin to contract municipal waste collection and disposal services.



Pipeline Construction

An important new service company was added to the Trimac group by the acquisition of United Contractors Limited effective November 1, 1972.

United has been prominent in the construction of small and medium inch pipelines and has completed projects in Saskatchewan, Alberta, Manitoba, Ontario and the United States.

The major work undertaken in the current year was the construction of the Wascana Pipeline System. This system consisted of a pumping station and tankage at Regina, and 165 miles of 12" diameter pipeline from Regina to tankage at Poplar, Montana. United completed the project on a turnkey fixed sum basis, except for engineering and land acquisition.

In addition to the above, during 1972 United completed 80 miles of 16" diameter and 60 miles of 4" through 14" diameter pipelines in Alberta, and 110 miles of 4" through 6" diameter pipelines in Saskatchewan. During the past three years, the company has completed over 1,000 miles of pipeline in Western Canada.

The future for pipeline construction looks extremely bright in Western Canada and, of course, in the North. There may be some hesitation in the market demand during the first half of the 1973 season. This will be a reflection of the uncertainty of gaining Energy Board permits to export both oil and gas. However, it does appear likely that the Alyeska project will be given an unqualified go ahead by fall. This will confirm the threshold volumes for the Canadian Arctic gas line down the Mackenzie, which, in turn, would seem to give the authorities confidence to release Alberta reserves. The net result of these events should be a substantial increase in pipeline construction in Alberta and Western Canada generally, in 1974, and the commencement of the Mackenzie and associated gathering lines in 1975.

United has been able to maintain a steady and full workload over the years. As a result, it has been able to develop and maintain an unusually large group of very well qualified long-term employees at all levels. These people have earned for United a reputation for providing on schedule, quality work for the least cost. This combination will stand United in good stead in future.

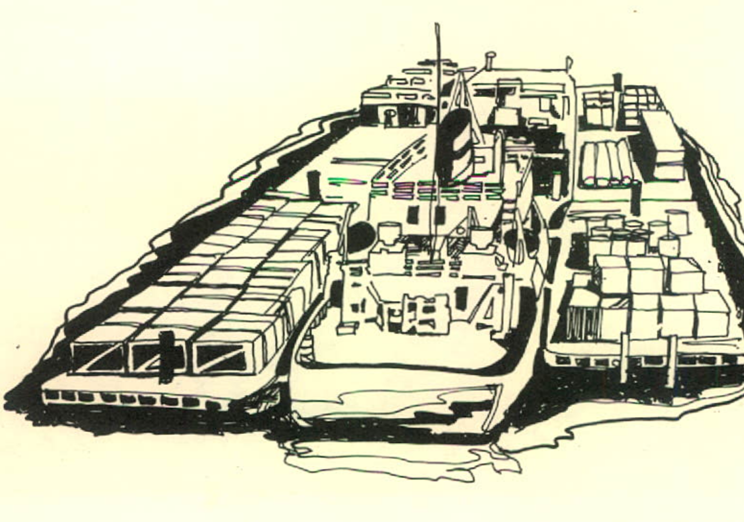
United's heavy equipment skills will contribute in a very practical way to Trimac's overall transportation development in the North.

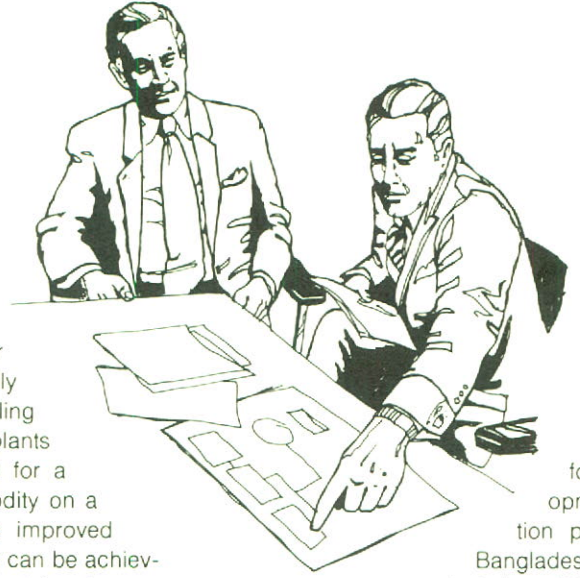
Marine Transportation

Trimac Limited has recently entered into an agreement with Rivtow Straits Limited of Vancouver to form a new marine transportation company, Arctic Navigation and Transportation Limited. Trimac is a 50% owner of this company. Arctic Navigation and Transportation Limited has in turn completed arrangements, subject to regulatory approval, to acquire Lindberg Transport Ltd. of Ft. Simpson, N.W.T., which operates on the Mackenzie River.

Arctic is presently constructing six barges, 3 of 1,000 tons and 3 of 800 tons capacity, and one twin-engined diesel 2,200 horsepower tug, which are intended for operations on the Mackenzie River and in Arctic waters. This equipment is of the latest design and meets all new anti-pollution regulations and specifications. The barges are constructed for both general freight and petroleum product movements. Additional equipment will be added as required to meet the anticipated increases in volumes as further oil activity develops in the North.

Arctic has been fortunate in obtaining people who have years of experience on the Mackenzie watershed system to operate their equipment this year. It is anticipated that a complete intermodal service will be offered to the various shippers moving freight down the Mackenzie River, complementing these marine services with the road transport capability of the Trimac Transportation System division.





Systems Management

The Systems Management group functions to plan, organize and manage complete distribution systems for major commodity shippers. Generally this involves supervising and controlling the distribution network from source plants to ultimate destination, usually acting for a group of shippers of a similar commodity on a traffic pooling basis. By this means improved utilization and therefore cost reductions can be achieved, arising from the common and more intensive use, on a large scale, of the component handling and transport links of the network.

Computerized cost and operational controls and report generation have been developed enabling rapid transmittal of information to the division's customers.

The major activity of the Systems Management group involves the management of a total land transport system for the movement of export sulphur from Alberta to the Port of Vancouver. In this operation, the division acts for 22 sulphur producing companies utilizing a number of complete sulphur rail train sets on each of the two national railroads. The division is now in its fourth year in providing management for this export sulphur system.

With the experience from the operation of the complex export sulphur system, the division is actively studying the development of other transportation systems, primarily in Canada, with emphasis being placed on bulk commodity movements and special project systems.

Bulk Terminalling

The past year proved a disappointing period in the Company's plan to construct and operate a multi-bulk commodity terminal facility at Roberts Bank, near Vancouver, British Columbia. This development awaits reclamation of the site by the National Harbours Board, as part of the next phase of development of that superport. We believe that the need for increased storage and terminalling capacity for bulk commodities, particularly sulphur, is greater than ever and it is now clear that the lack of such facilities is impeding the sale of Western Canadian sulphur into world markets.

Recent announcements by the federal authorities indicate that second phase land reclamation will be undertaken this year and we are hopeful our facility will be operating by early 1975.

While this terminal facility is initially intended to handle bulk sulphur, the Company's plan is to develop the complex to handle a broad range of other bulk commodities, including products from the agricultural, mining, and chemical industries as long-term contracts can be obtained.

Consulting Services

The past year involved further development in establishing both foreign and domestic markets for Trimac Consulting Services Ltd.

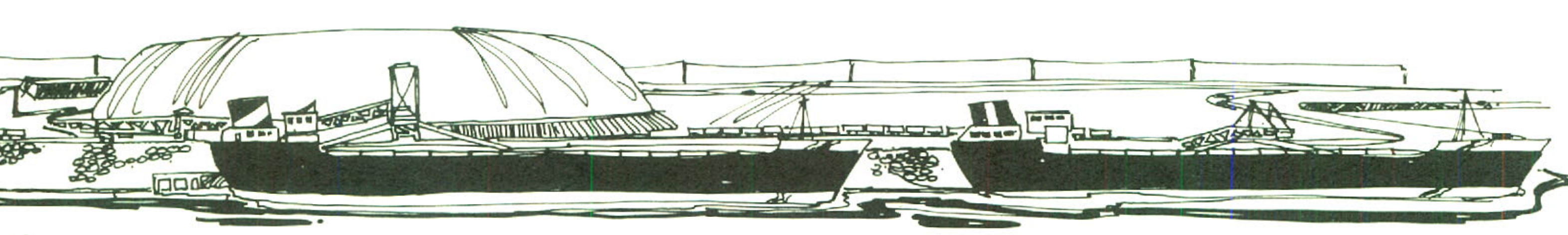
Major projects included the division being retained by the Canadian government's foreign aid arm, Canadian International Development Agency (CIDA) to provide transportation planning assistance to the Government of Bangladesh. Initially this involved a reconnaissance study in late 1972. Subsequently a sizeable contract, now in progress, developed whereby we are providing the government with five resident transport advisors, representing each of the prime modes of transportation in Bangladesh. The duration of this assignment is five months. The task of the advisors will be to offer advice and assistance to a special government cabinet committee formed to coordinate the various transport systems in the country. The project team will concentrate on improving intermodal efficiency in the transportation network, which was disrupted during the recent war.

Domestically, a number of studies have been undertaken or are in progress by our Transportation Consulting group on behalf of various departments of both our federal and provincial governments. These generally deal with the formulation of strategy to improve the transportation sector of the economy, allowing developing industry and commerce to more favourably compete in national and international markets, and with Northern development, and the transportation planning required to sustain future development of our natural resources and supporting activity.

Emphasis will be placed on developing the industrial sector as a source of transportation and distribution planning work during 1973/74. Trimac's operating and management expertise emanating from our various transportation activities has produced highly marketable human transport skills which are offered to industry in Canada.

Consulting services provided include —

(1) Transportation Economic Studies.
(2) Distribution Studies.
(3) Operations Analysis and Control.
(4) Transportation Systems Planning.
(5) Intermodal Systems Planning and Design.
(6) Cost and Rate Studies.
(7) Terminal Facility Planning and Design.
(8) Transportation Manpower Planning.
(9) Waste Collection, Treatment, Disposal Planning.
(10) Transportation Equipment Financing and Leasing Studies.
(11) Insurance, Accident and Safety Studies.
(12) Transportation Equipment Planning.



Research and Development

The Company continues to maintain research and development activities directed towards

- development of new transportation services and equipment.
- development of distribution services not now performed by Trimac.
- liaison and coordination between the operating divisions of the Company in their development activities.

We are convinced that the years immediately ahead will provide major needs for additional and new transportation services in Canada and are determined to participate in this exciting challenge.

Through this group and our Transportation Consulting service group, we expect to identify opportunities for Trimac's services and products in other parts of the world. During the past year our personnel have been involved in Southeast Asia, particularly Thailand, in activities which we expect will lead to the provision of services there.

Financial

Data Processing

During the year under review, MBI Data Services Ltd. increased its revenues by 23.6% and earnings increased accordingly over the previous year. 70% of revenues were derived from internal services and 30% from outside customers. The Data Processing division will be expanding its services in the coming year with the replacement of our existing computer by an IBM System 370 Model 135 which has potentially up to four times the capacity of our present equipment. This will enable our users to have on-line data enquiry to information stored in the computer. A study is in progress on the feasibility of instituting a new media for data input, by replacing the present card punch equipment with magnetic disk recorders. This will provide for the transmission of data from data input centers, i.e. Toronto to Calgary, resulting in more timely information from which operational performance can be measured. Such a system, together with our enlarged computer capacity, will be of great assistance to our rapidly expanding eastern Canadian operations in highway transport, equipment leasing, waste management services and manufacturing as well as to our outside customers.

The depth of practical transportation experience within our Data Processing group coupled with the expanded computer capacity, will allow greater support to Trimac's Consulting group. This will provide new concepts in mathematical computer model development, along with the existing variety of programs, for analyzing, modifying or planning new transportation and distribution networks for government and business alike. Plans are also underway to add a number of new forecasting techniques to the range of computer services available to the transportation community.

TRIMAC LIMITED
And Subsidiary Companies

Consolidated Balance Sheet

MARCH 31, 1973

ASSETS

	(Thousands of Dollars) 1973	1972
CURRENT ASSETS:		
Cash and short term deposits	$ 489	$ 2,618
Accounts receivable (Note 4) —		
Trade	6,175	3,430
Other	483	235
Income taxes recoverable	141	135
Inventories of supplies and material at lower of cost or net realizable value	1,999	1,220
Prepaid expenses —		
Tires (Note 2)	809	761
Licences and other	831	676
TOTAL CURRENT ASSETS	10,927	9,075
INVESTMENTS, SECURITIES AND ADVANCES, at cost:		
Balance receivable under Employees share purchase plan	526	761
Mortgages and agreements receivable	3	44
Other	277	72
	806	877
FIXED ASSETS, at cost (Note 3):		
Revenue vehicles	31,320	21,857
Land, buildings, plant and other equipment	8,165	4,232
Total cost	39,485	26,089
Less: accumulated depreciation	14,144	11,403
	25,341	14,686
DEFERRED CHARGES	604	109
GOODWILL AND AUTHORITIES, at cost (Note 1)	4,518	2,352
	$42,196	$27,099

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Thousands of Dollars) 1973	1972
CURRENT LIABILITIES:		
Bank advances secured (Note 4)	$ 1,783	$ 1,761
Accounts payable and accrued —		
Trade	4,739	2,617
Equipment purchases	93	88
Income taxes payable	740	51
Current maturities of long-term debt (Notes 5 & 6)	787	463
TOTAL CURRENT LIABILITIES	8,142	4,980
LONG-TERM DEBT:		
Equipment obligations (Note 5)	16,700	9,663
Other (Note 6)	3,219	2,007
	19,919	11,670
DEFERRED INCOME TAXES	2,355	1,512
SHAREHOLDERS' EQUITY:		
Share capital (Note 7)	5,492	3,941
Retained earnings (Note 8)	6,288	4,996
	11,780	8,937
	$42,196	$27,099

APPROVED ON BEHALF OF THE BOARD:

J.R. McCaig

J.R. McCaig,
Director

W.J. Hardstaff

W.J. Hardstaff
Director

TRIMAC LIMITED
And Subsidiary Companies

Consolidated Statement of Earnings

FOR THE YEAR ENDED MARCH 31, 1973

	(Thousands of Dollars) 1973	1972
OPERATING REVENUES:		
Transportation	$26,874	$25,553
Sales of Equipment	5,851	4,134
Equipment Lease and Rental	4,109	2,856
Waste Management, Pipeline Construction and Other	5,984	382
	42,818	32,925
COSTS AND EXPENSES:		
Direct Costs	29,274	22,269
Depreciation	4,086	3,039
Selling, General and Administrative	5,682	4,488
	39,042	29,796
	3,776	3,129
OTHER DEDUCTIONS (Income):		
Interest - Long-term Debt	939	837
Other Interest	93	57
Interest and Other Income	(19)	(39)
Gain on Disposals of Fixed Assets	(117)	(83)
	896	772
	2,880	2,357
INCOME TAXES:		
Current	768	1,057
Deferred	620	75
	1,388	1,132
Net earnings before extraordinary item	1,492	1,225
Extraordinary item	—	50
NET EARNINGS	$ 1,492	$ 1,275
Net earnings per share before extraordinary item	73.2¢	71.4¢
Net earnings per share	73.2¢	74.3¢

Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED MARCH 31, 1973

	(Thousands of Dollars) 1973	1972
Balance, beginning of the year	$ 4,996	$ 3,721
Net earnings for the year	1,492	1,275
Dividend	(200)	—
	1,292	1,275
Balance, end of the year	$ 6,288	$ 4,996

TRIMAC LIMITED
And Subsidiary Companies

Consolidated Statement of Source and Application of Funds

FOR THE YEAR ENDED MARCH 31, 1973

		(Thousands of Dollars)		
		1973		1972
SOURCES:				
Operations				
Net earnings for the year		$ 1,492		$ 1,275
Depreciation		4,086		3,039
Deferred income taxes		620		75
Gain on sale of fixed assets		(117)		(83)
		6,081		4,306
Increase in long-term debt		13,113		9,912
Proceeds on disposal of fixed assets		2,146		1,527
Collection of notes receivable		275		61
Proceeds of common share issues (Note 7)		1,551		2,931
		23,166		18,737
APPLICATIONS:				
Purchase of shares of subsidiary companies		3,802		350
Less working capital acquired		(249)		70
		4,051		280
Balance				
Consisting of -				
fixed assets	$ 2,820		$ 18	
goodwill	2,166		262	
other assets	99		-	
deferred charges	385		-	
long-term debt	(1,196)		-	
deferred income taxes	(223)		-	
	$ 4,051		$ 280	
Purchase of fixed assets		13,950		7,202
Repayment of long-term debt		6,060		7,279
Dividend		200		-
Purchase of minority interest		-		483
Advances under employee share purchase plan		-		560
Other		215		102
		24,476		15,906
Net increase (decrease) in working capital		(1,310)		2,831
Working capital, beginning of the year		4,095		1,264
Working capital, end of the year		$ 2,785		$4,095

Auditors' Report

To the Shareholders of
Trimac Limited

We have examined the consolidated balance sheet of Trimac Limited and its subsidiaries as at March 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Trimac Limited and those subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of other auditors who have examined the consolidated financial statements of other subsidiaries.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
May 11, 1973

PRICE WATERHOUSE & CO.
Chartered Accountants

Notes to Consolidated Financial Statements

Note 1 - PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of all subsidiary companies from their dates of acquisition.

Subsidiary companies acquired during the year and their effective dates of acquisition are:

Willock Industries Ltd. — April 21, 1972
Tank Lines Limited — June 12, 1972
Mindevco Mineral Development Co. Ltd. — November 4, 1972
Dominion Waste Management Group Ltd. (formerly Lohner Canada Ltd.) — December 21, 1972

The excess of the cost of the shares of subsidiaries over their underlying book values at dates of acquisition has been attributed substantially to goodwill and authorities. In the opinion of management, there is no reason to expect any significant decrease in the value of this asset.

Note 2 - PREPAID TIRES:

The cost of original tires and tubes and replacement costs of tires and tubes used on vehicles hauling bulk commodities are charged to prepaid expenses and are written off to income on a mileage basis.

Note 3 - FIXED ASSETS AND DEPRECIATION POLICY:

The cost of fixed assets and net book value by major classification is as follows:

	(thousands of dollars)			
	March 31, 1973		March 31, 1972	
	Cost	Net Book Value	Cost	Net Book Value
Land	$ 705	$ 705	$ 515	$ 515
Buildings and yard improvements	2,649	2,135	2,167	1,763
Revenue producing vehicles and equipment				
- Bulk hauling highway units	17,573	8,585	15,533	6,927
- Lease and rental units	11,927	9,781	6,163	4,728
- Waste disposal units	1,820	1,174	60	56
Waste containers	1,145	978	101	97
Other equipment	3,666	1,983	1,550	600
	$39,485	$25,341	$26,089	$14,686

The Company and its subsidiaries depreciate the costs of property, plant and equipment to their estimated residual values based on the following estimated useful lives of the assets:

	Estimated Useful Life
Power Units	5 years
Highway Trailers	8 years
Rental Vehicles	3 years
Leased Vehicles	Varied to match term of lease
Waste Disposal Vehicles	
- Truck	5 years
- Packer	8 years
Waste Containers	10 years
Buildings	25 years
Other Equipment and Fixtures	5-10 years

Note 4 - BANK ADVANCES, SECURED:

Demand bank loans in the amount of $1,783,000 at March 31, 1973 and $1,761,000 at March 31, 1972 are secured by general assignment of book debts.

Note 5 - EQUIPMENT OBLIGATIONS:

	March 31, 1973		March 31, 1972	
	Long Term	Current	Long Term	Current
	(thousands of dollars)			
Trimac Leasing Ltd.				
(a) Revolving loan	$ 6,387	$ -	$ 4,976	$ -
Transport Acceptance Corp. Ltd.				
(b) Revolving loans	9,701	-	4,687	-
Dominion Waste Management Group Ltd.				
(c) Conditional sales contracts (excluding deferred interest)	837	225	-	-
	$ 16,925	$ 225	$ 9,663	$ -

(a) Trimac Leasing Ltd.

Trimac Leasing Ltd.'s agreement with the bank provides for a line of credit equal to the lesser of $7,500,000 or 90% of the depreciated cost of the revenue producing vehicles of the company. Interest is charged at the bank's prime rate plus 1½% and a standby fee of ½ of 1% per annum is payable on any unused amount below $7,500,000. The loan is secured by a floating charge debenture of $8,000,000, by a guarantee and postponement of claim signed by Trimac Transportation Limited and supported by the hypothecation of its shareholdings in certain subsidiary companies, by an assignment of the book debts of Trimac Leasing Ltd., and by a guarantee and postponement of claim in the amount of $1,500,000 signed by Trimac Limited. In addition, Trimac Transportation Limited is required to maintain a consolidated net worth of at least $5,500,000.

Although the loan is repayable in monthly instalments equal to the depreciation provided on revenue producing vehicles, the company has the right of additional borrowings up to the maximum amount. Provided that the company is not in default of any of the conditions of the loan, the company expects the arrangement to continue at least until April 1974. If termination were to occur, the loan would be converted to a term loan repayable over a period of up to eight years. The amounts estimated to be repaid during the twelve month periods ending March 31 are: 1974 - $1,961,000, 1975 - $1,699,000, 1976 - $1,418,000, 1977 - $1,207,000, 1978 - $102,000, provided that no additional amounts are borrowed during the periods. $6,387,000 was outstanding at March 31, 1973 of which $580,000 was advanced in April and May 1973 to finance equipment purchased prior to year end but not paid for.

(b) Transport Acceptance Corporation Limited

(i) Transport Acceptance Corporation Limited's agreement provides for a line of credit not to exceed the lesser of $7,500,000 or the aggregate depreciated value (as defined in the agreement) of all vehicles pledged under the agreement. No principal payments are required so long as the loan balance does not exceed such amount. Interest is charged at Canadian Bank prime interest rate plus 1% on rental vehicle loans and plus ½% on other borrowings. The loan is secured by a chattel mortgage on all vehicles pledged, by the assignment of lease proceeds for all such vehicles leased, and the guarantee of Trimac Limited. The agreement may be terminated by either party at any time upon ninety days notice. In that event, repayment is permitted on the declining loan value of vehicles pledged at the time of such termination. The amounts estimated to be repaid during the twelve month periods ending March 31 are: 1974 - $1,923,000, 1975 - $1,966,000, 1976 - $1,586,000, 1977 - $655,000, 1978 - $271,000, provided that no additional amounts are borrowed during the periods. $6,632,000 was outstanding at March 31, 1973 of which $1,648,000 was advanced in April and May 1973 to finance equipment purchased prior to year end but not paid for.

(ii) Transport Acceptance Corp. Ltd.'s agreement with the bank provides for a line of credit not to exceed the lesser of $1,000,000 or the net book value of leased vehicles pledged.

On April 24, 1973, the maximum amount of the credit was increased to $3,300,000. Interest is charged at the bank's prime rate plus 1%. The loan is secured by the assignment of lease proceeds and a chattel mortgage on applicable vehicles.

Although the loan is repayable in monthly instalments equal to depreciation provided on pledged vehicles, the company can reborrow up to the maximum amount. Provided that the company is not in default, there is no provision for cancellation of the agreement. The amounts estimated to be repaid during the twelve month periods ended March 31 are: 1974 - $652,000, 1975 - $667,000, 1976 - $684,000, 1977 - $544,000, 1978 - $433,000, provided that no additional amounts are borrowed during the periods. $3,069,310 was outstanding at March 31, 1973 of which $1,803,750 was advanced in May 1973 to finance equipment purchased but not paid for at year end.

(c) Dominion Waste Management Group Limited

Dominion Waste Management Group Limited has conditional sales contracts owing on vehicles, waste packers, and waste containers with varying interest rates from 11% to 15% repayable over periods from 36 to 60 months secured by retention of title to equipment. The principal amounts to be repaid during the twelve month periods ending March 31 are: 1974 - $225,000, 1975 - $238,000, 1976 - $243,000, 1977 - $121,000, 1978 - $10,000.

Under the terms of the above contracts, Dominion will become liable for interest which is not reflected in the accounts as follows: 1974 - $82,000, 1975 - $57,000, 1976 - $31,000, 1977 - $9,000, 1978 - $1,000.

Note 6 - OTHER LONG TERM DEBT:

	March 31 1973	March 31 1972
	(thousands of dollars)	
(a) Bank term loans	$1,317	$ 210
(b) Mortgage loans	1,580	1,305
(c) Notes and agreements payable	884	955
	3,781	2,470
Less: Current maturities	562	463
Total other long term debt less current maturities	$3,219	$2,007

(a) Bank Term Loans

The bank term loans are repayable over periods of from three to five years with interest rates varying from the bank's prime rate plus 1¼% to 1¾%. The loans are secured by first floating charge debentures on the assets of the particular company except for a $500,000 term loan directly to Trimac Limited.

(b) Mortgage Loans

The mortgage loans are repayable over periods extending from 1973 to 1992 with interest rates varying from 6¾% to 12% and are secured by charges against fixed assets.

(c) Notes and Agreements

The notes and agreements payable are repayable over periods extending up to 1978 with interest rates varying from 0% to 8%. The notes and agreements are unsecured for the most part with the major portion of the total bearing interest at 6% to 8% per annum and maturing by March 31, 1976.

(d) Aggregate Maturities

The amounts to be repaid during the twelve month periods ending March 31 are: 1974 - $562,316, 1975 - $502,848, 1976 - $766,744, 1977 - $434,186, 1978 - $361,447.

Note 7 - SHARE CAPITAL:

	Authorized Number	Authorized Amount	Issued Number	Issued Amount
Common shares without nominal or par value	7,500,000	$10,000,000	2,128,438	$5,492,000

On January 29, 1973 the authorized share capital of the Company was changed to 7,500,000 no par value common shares not to exceed $10,000,000 in the aggregate.

On April 21, 1972, 12,500 common shares were issued pursuant to the Willock Industries Ltd. purchase agreement in full satisfaction of the purchase price of $100,000.

On November 24, 1972, cash was paid and 50,910 common shares were issued pursuant to the Mindevco Mineral Development Corporation Limited purchase agreement at a consideration of $584,860 net of issue costs, as partial consideration for the purchase.

At March 31, 1973 effect has been given to the issuance of 12,916 common shares at a consideration of $142,076 as set out in the agreement dated November 4, 1972, in satisfaction of one half of the balance of the purchase price of the shares of Mindevco Mineral Development Corporation Limited. These shares are not issuable until May 31, 1973. The remaining balance of the purchase price, $130,000 payable in cash at the same time, is included in "Accounts Payable and Accrued - Trade".

On December 21, 1972, 69,000 common shares were issued pursuant to the Lohner Canada Ltd. purchase agreement at a consideration of $723,755 net of issue costs as partial consideration for the purchase.

Note 8 - RETAINED EARNINGS:

(a) Under the provisions of the governing statutes, $996,100 (the amount equal to the par value of preference shares of Trimac Transportation Limited purchased for cancellation) is restricted from distribution to shareholders.

(b) As a result of the acquisition by the Company of Trimac Transportation Limited, a portion of the consolidated retained earnings is classified as "designated surplus" under the provision of Section 192 (1) of the Canadian Income Tax Act. Normally dividends cannot be paid out of the designated surplus of the subsidiaries without the payment of income taxes, but insofar as the Company is concerned this raises no practical difficulties in the foreseeable future because dividends may be paid by the subsidiaries of the Company, free of tax, out of the earnings of subsidiaries subsequent to such acquisition.

(c) Under the terms of the revolving credit bank loan referred to in Note 5, Trimac Transportation Limited must maintain a consolidated net worth of $5,500,000.

Note 9 - LEASES ON REAL PROPERTY:

The Company and various of its subsidiaries have entered into lease agreements for premises at annual rentals approximating $220,000 as at March 31, 1973 and for various terms expiring up to 1980.

Note 10 - COMMITMENTS:

(a) In June 1970 Trimac entered into an Initial Agreement with the National Harbours Board of Canada for reclamation and lease of a site at Roberts Bank, near Vancouver, B.C. for the construction by the Company of terminal facilities for the storing and shipping of bulk commodities exclusive of grain. The commitment of Trimac to lease the site is predicated upon performance by the Harbours Board of certain conditions, including commencement of reclamation by a specified date in respect of which performance by the Harbours Board has been waived. The Company does not wish to exercise any right of termination that it may have under the Initial Agreement. The term of the proposed lease will be ten years certain, commencing on the earlier of first shipment from the site or nine months after the site is ready for occupancy. Rental under the lease will be determined only when Harbours Board construction has been completed and the Lessee's facilities erected, estimated to require from sixteen up to twenty-five months after commencement of work by the Harbours Board. Such annual rental will be dependent, in part, upon through-put of ships' cargos to and from the site with an estimated minimum of $280,000.

(b) At March 31, 1973, the Company was committed to purchase five shallow draft river barges, which were under construction, designed for service on the Mackenzie River System. Of the total estimated capital cost of $1,600,000, $265,473 had been paid at March 31, 1973 in accordance with the terms of the construction contracts.

(c) Pursuant to an agreement dated March 2, 1973, the Company has guaranteed the obligation of Arctic Navigation and Transportation Limited (50% of the shares of which are owned by the Company) to purchase the remaining one half of the shares of Lindbergh Transport Ltd. to a maximum amount of $125,000.

Note 11 - REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate direct remuneration paid or payable by Trimac and its subsidiaries to the directors and senior officers (as defined in the Alberta Companies Act) of Trimac during the twelve months ended March 31, 1973 was $251,064.

Note 12 - CONTINGENT LIABILITIES:

Dominion Waste Management Group Limited (formerly Lohner Canada Ltd.) which was acquired effective December 21, 1972 has received notices of reassessment of income taxes for the fiscal years ended September 30, 1970 and 1971 totalling $249,577 including interest and penalties. Under the terms of the purchase agreement, the vendors and co-warrantors agreed to indemnify and hold harmless the Company in respect of such claims and to settle any such claims which relate to periods prior to the closing of the agreement without reference to the Company or to Dominion. Accordingly, no provision has been made in the accounts for these income tax reassessments.

TRIMAC LIMITED
And Subsidiary Companies

Additional Financial Information

Schedule of Divisional Assets and Liabilities

AT MARCH 31, 1973

(Thousands of Dollars)

ASSETS	Bulk Commodity Highway Transportation	Equipment Manufacturing	Equipment Leasing	Waste Management	Pipeline Construction	Realty Holdings	Trimac Limited	Total
Current assets:								
Cash and short term deposits	$ 160	$	$ 5	$ 10	$ 298	$ 16	$	$ 489
Accounts receivable	3062	939	762	315	1,406		174	6,658
Inventories	405	1,466	33	95				1,999
Prepaid expenses	1,367	19	142	87	6	1	18	1,640
Income taxes recoverable				120	21			141
	4,994	2,424	942	627	1,731	17	192	10,927
Investments, securities and advances:								
Balance receivable under employees share purchase plan	17						509	526
Notes and mortgages receivable						3		3
Other	44	100		102			31	277
	61	100		102		3	540	806
Fixed assets, at cost:								
Revenue vehicles	17,573		11,926	1,821				31,320
Other	1,591	433	230	1,846	1,185	2,810	70	8,165
Accumulated depreciation	(9,890)	(185)	(2,222)	(855)	(484)	(487)	(21)	(14,144)
	9,274	248	9,934	2,812	701	2,323	49	25,341
Deferred charges		8		425			171	604
Goodwill and authorities	1,673	62		240	223		2,320	4,518
Total assets	$16,002	$ 2,842	$10,876	$ 4,206	$ 2,655	$ 2,343	$3,272	$42,196
LIABILITIES								
Current liabilities:								
Bank advances, secured	$ 324	$ 1,125	$	$ 328	$	$	$ 6	$ 1,783
Accounts payable	2,153	750	480	583	674	4	188	4,832
Income taxes payable	470	37	4		206	23		740
Current maturities of long-term debt	24	59		391	20	168	125	787
Total current liabilities	2,971	1,971	484	1,302	900	195	319	8,142
Equipment obligations	6,387		9,701	612				16,700
Other long-term debt	540	76		850	120	1,258	375	3,219
Deferred income taxes	1,533	2	405	(25)	423	23	(6)	2,355
Total liabilities	$11,431	$2,049	$10,590	$2,739	$1,443	$1,476	$ 688	$30,416

Note: Interdivisional advances have been eliminated.

TRIMAC LIMITED
And Subsidiary Companies

Five Year Financial Review

	(Thousands of Dollars)				
		March 31			December 31
RESULTS FOR THE YEAR ENDED	1973	1972	1971	1970	1968
Revenue	$42,818	$32,925	$25,564	$21,331	$15,450
Earnings before taxes	2,880	2,357	1,316	1,033	953
Provision for income taxes	1,388	1,132	679	526	451
Net earnings for the year	1,492	1,275	634	527	498
Per common share	$ 0.73	$ 0.74	$ 0.42	$ 0.35	$ 0.33
Depreciation	4,086	3,039	1,934	1,741	1,290
Cash flow from operations (1)	6,198	4,389	2,543	2,345	1,878
Per common share	$ 3.04	$ 2.56	$ 1.68	$ 1.55	$ 1.24
Interest	1,032	894	720	576	352
Average number of common shares outstanding	2,038,415	1,716,445	1,515,612	1,515,612	1,515,612

YEAR END POSITION					
Working capital (excluding current maturities)	3,572	4,558	1,794	1,340	1,052
Fixed assets at cost	39,485	26,089	22,282	16,551	11,286
Total assets	42,196	27,099	19,894	14,860	11,073
Long term debt (including current maturities)	20,706	12,133	9,529	5,828	3,843
Shareholders' equity	11,780	8,937	4,731	4,097	3,632

(1) Cash flow from operations is computed by summing net earnings for the year, depreciation written and the change in deferred income taxes.

Senior Division Management:

HIGHWAY TRANSPORTATION
M. W. McCaig — President
A. R. Aitchison — Vice-President and General Manager

EQUIPMENT MANUFACTURING
R. E. Willock — President
A. R. Barker — Vice-President and General Manager

EQUIPMENT LEASING AND RENTAL
D. K. Jackson — President

WASTE MANAGEMENT
R. W. McKimm — Chairman — Eastern
D. V. BELL — President — Eastern
J. P. OGILVIE — General Manager — Western

PIPELINE CONSTRUCTION
K. M. Stephenson — President
J. D. Minter — General Manager

MARINE TERMINALLING
W. J. Hardstaff — President

CONSULTING SERVICES
D. P. Dean — Vice-President and General Manager

DATA PROCESSING
E. L. Graham — General Manager

SYSTEMS MANAGEMENT
K. R. Walker — General Manager

Head Office:

535 - 7th Avenue S.W., Calgary, Alberta T2P 0Y4

Registrar and Transfer Agent:

THE ROYAL TRUST COMPANY

600 - 7th Avenue S.W.,
Calgary, Alberta T2P 0Y6

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Vancouver, B.C.

101 The McCallumHill Building,
Regina, Saskatchewan

287 Broadway,
Winnipeg, Manitoba R3C 0R9

Royal Trust Tower,
Toronto-Dominion Centre,
Toronto, Ontario

630 Dorchester Boulevard West,
Montreal 101, Quebec

THE TRIMAC GROUP OF COMPANIES

TRIMAC LIMITED

TRIMAC TRANSPORTATION SYSTEM

- Maccam Transport Ltd.
- H. M. Trimble & Sons Ltd.
- Oil & Industry Suppliers Ltd.
- Westland Carriers Ltd.
- Columbia Bulk Carriers Ltd.
- Municipal Tank Lines Limited
- Mercury Tanklines Limited
- Adby Transport Limited
- J. Kearns Transport Ltd.
- Territorial Transport (1968) Ltd.
- Tank Lines Limited

WILLOCK TRUCK EQUIPMENT CO. LTD.

- S. J. Thompson Truck Equipment Ltd.
- Willock Industries Ltd.

RENTWAY CANADA LTD.

TRANSPORT ACCEPTANCE CORPORATION LTD.

DOMINION WASTE MANAGEMENT

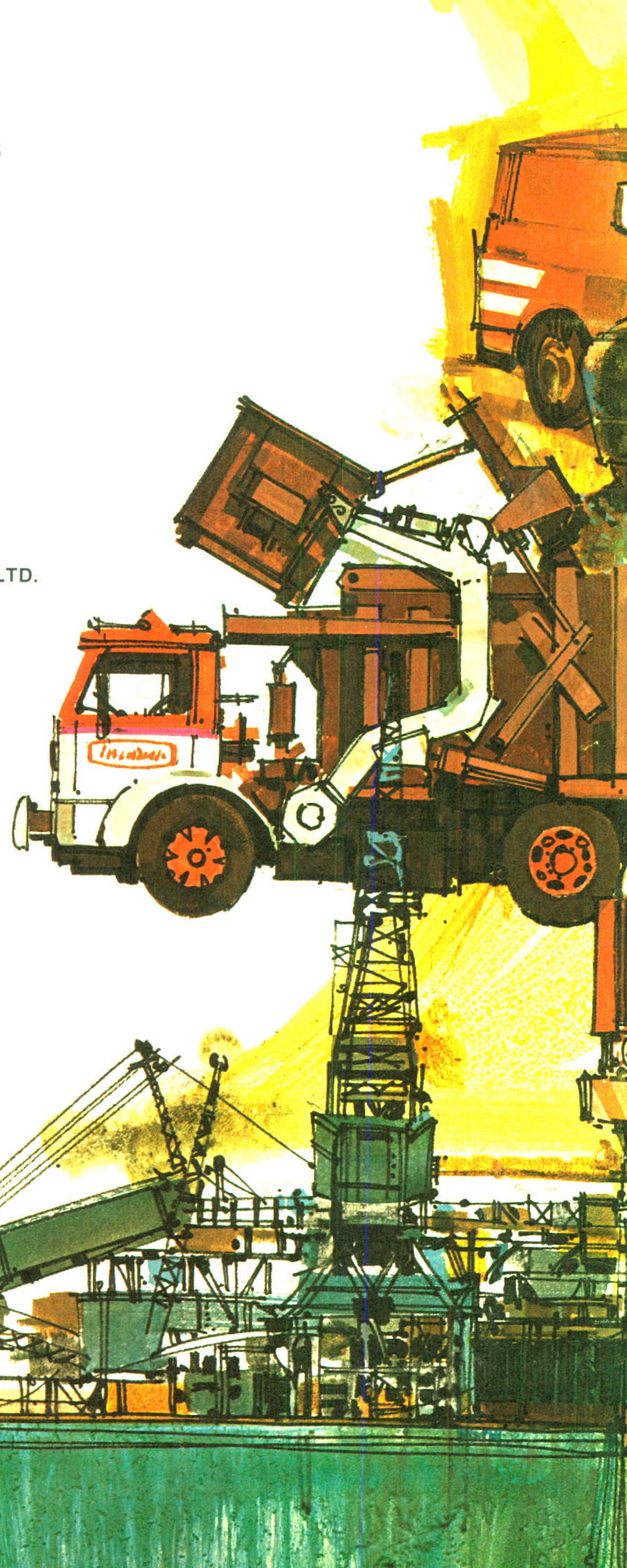
- Dominion Waste Management Ltd.
- Dominion Waste Management Group Ltd.

UNITED CONTRACTORS LIMITED

M.B.I. DATA SERVICES LTD.

TRIMAC CONSULTING SERVICES LTD.

TRIMAC MARINE TERMINALS LIMITED



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