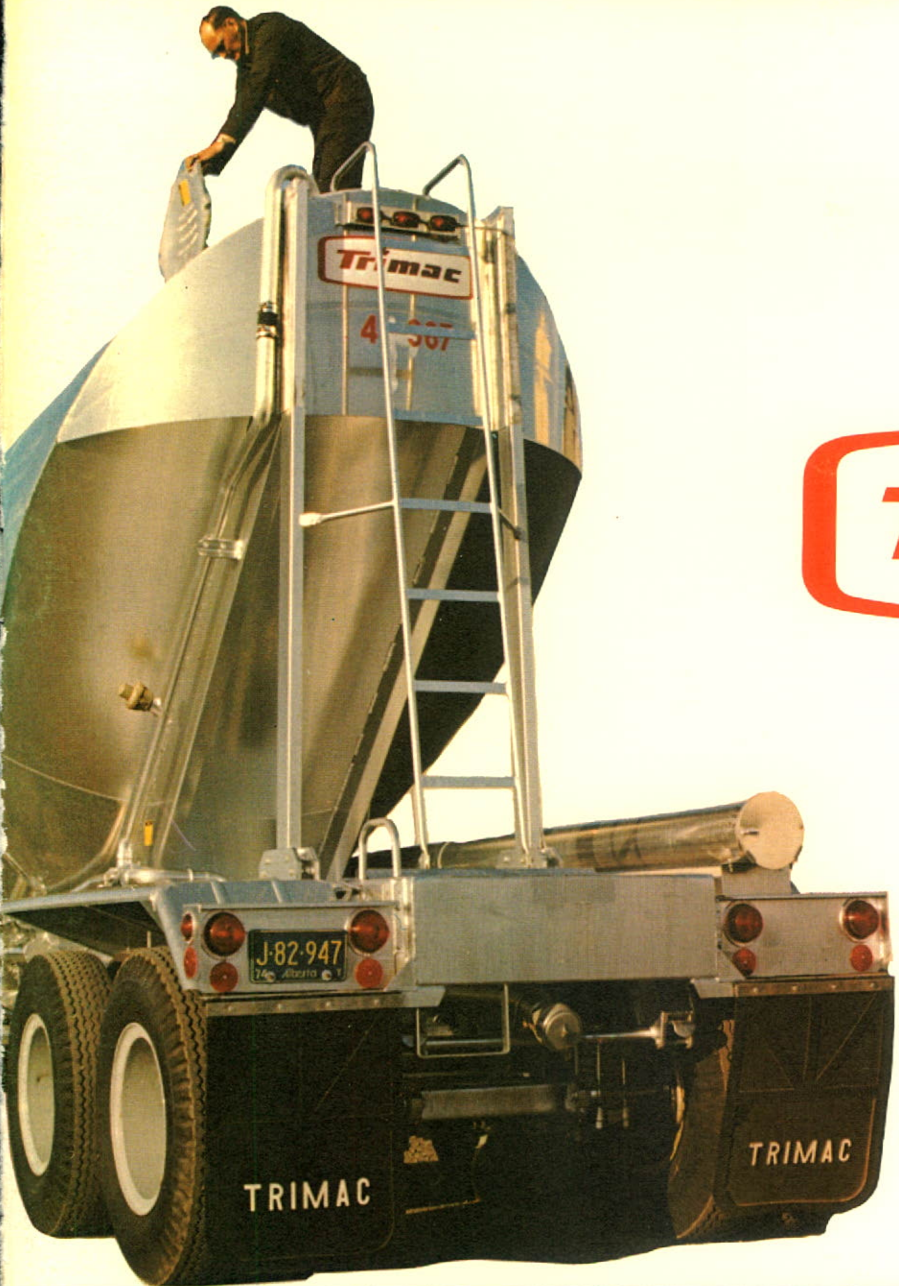
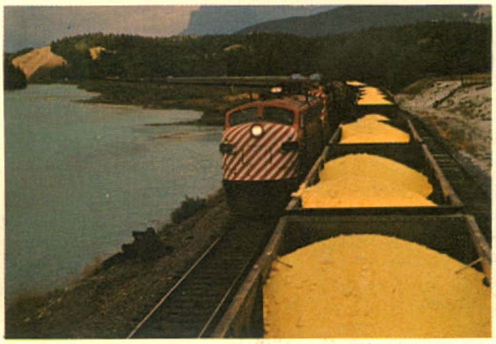


Trimac

1974 Annual Report



Financial Highlights

Year ended March 31, 1974

	1974	1973	Percentage Change
	(thousands of dollars)		
Total Operating Revenue	$ 58,027	$ 42,818	+35.5
Earnings Before Income Taxes	2,026	2,880	—29.7
Income Taxes	1,047	1,388	—24.6
Net Earnings	979	1,492	—34.4
—per Common Share			
Basic	46.0¢	73.2¢	—37.2
Fully diluted	44.6¢	73.2¢	—39.1
Cash Flow per Common Share — Basic	380.2¢	304.1¢	+25.0
— Fully diluted	369.0¢	304.1¢	+21.3
Average Number of Common Shares Outstanding during the year			
Basic	2,128,438	2,038,415	
Fully diluted	2,192,771	2,038,415	

Front cover top row l. to r.

ArcNav Tug "Edwin Lindberg" on Mackenzie River.

Rentway tandem diesel tractor and 45' trailer.

Bottom row l. to r.

United Contractors'pipeline construction spread in Alberta.

Systems Management Sulphur unit train.

Willock Vancouver branch service depot.

Back cover top row l. to r.

Trimac Consultants engaged on recent project.

Data Processing Division computer services.

Tricil Toronto liquid waste disposal plant.

Bottom row l. to r.

Willock Aluminum tank trailer fabrication

Tricil Solid waste compactor unit.

Trimac Bulk Commodity 8 Axle Stainless Steel combination unit in Ontario.

Large Photo

Trimac 1500 cubic ft. Dry Bulk Semi-trailer.

Directors and Officers

***J. R. McCAIG**
President

***W. J. HARDSTAFF**
Senior Vice President

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

***M. DUBINSKY, Q.C.**
Vice-President, Corporate Affairs and Secretary

***F. N. HUGHES**
President, Oil Patch Industries Ltd.

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

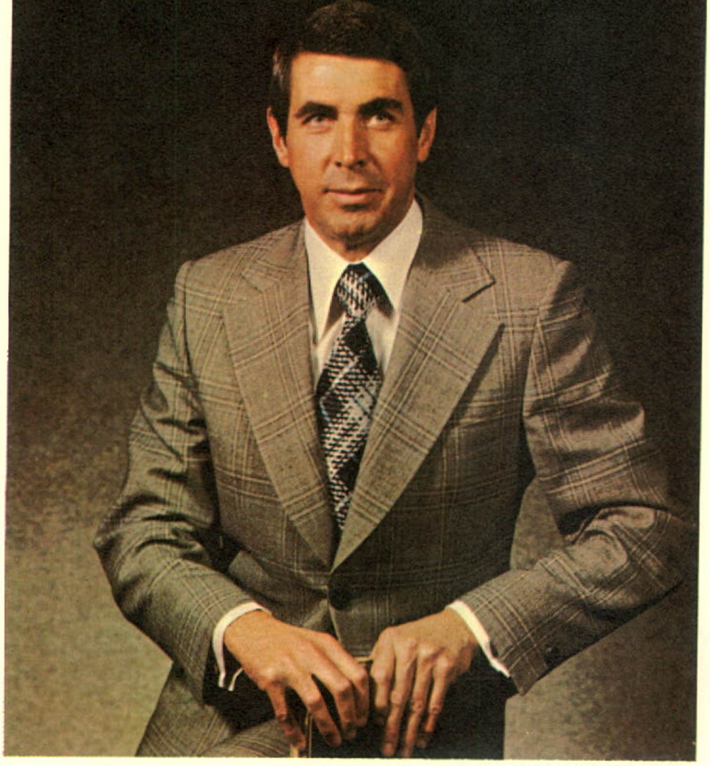
***R. W. McCAIG**
President, R. M. Industries Co. Ltd.

D. K. JACKSON
Vice President, Eastern

K. W. WINGER
Vice President, Finance and Treasurer

L. H. KING
Assistant Secretary

*Directors



Report to the Shareholders

Trimac Limited achieved operating revenues of $58,027,000 for the year ending March 31st, 1974, an increase of 35.5% over last year's comparable figure of $42,818,000. Net earnings for the year of $979,000 declined from the previous year's $1,492,000. Earnings per share are 46.0¢ compared with last year's 73.2¢.

The increased operating revenues indicate a continuing high rate of growth in the Company's historic businesses, with additional and growing revenues from the newer divisions. The decline in net earnings is due in large measure to unfavourable results in the Manufacturing Division. This was a consequence of spiralling costs, labour shortages and fixed price contracts. Less than satisfactory results were achieved in the Pipelining and Waste Management Divisions; Pipelining due to the depressed pipeline construction market and Waste Management as a result of needed management systems development and the costs of merging this division into Tricil Waste Management Ltd. Marine Transportation activities experienced a loss for the year as a result of expected development costs.

It is our view that Waste Management, Pipelining and Marine Transportation have all achieved important market positions as part of our corporate strategy and objectives and that each will make substantial contributions to future earnings.

The Highway Transportation Division continues to be a leader in innovative technology and growth. With the largest equipment capital programme in its history, over $5 million, substantial additional capacity will again be added to the fleet. The expected increase in gross vehicle weights throughout Alberta, Saskatchewan and Manitoba, allowing more uniform use of the type of equipment presently employed in Ontario and British Columbia, will have a marked beneficial effect.

The Transportation Equipment Leasing Division, Rentway Canada, is continuing to develop long-term full service leases with major companies across Canada. This, combined with its capabilities and large volume of shorter term rentals and project leasing, will provide continued profitable growth and opportunity.

The creation of Tricil Waste Management Ltd., (50-50 joint venture) by the merger of our solid waste management activities (Dominion Waste Management) with the largely liquid waste operations of Canadian Industries Limited (Goodfellow Enterprises), provides a broad base of operations and brings together a management team which combines transportation and materials handling skills with good technical and process capabilities. In approaching the next phase of the Waste Management industry development, that of recycling or recovery of values from waste, we believe Tricil is in a position of unique leadership.

Prospects for the Pipeline Construction Division, United Contractors, are much improved since initial major contracts for the current construction season are in hand. The confused state of Federal/Provincial relations relative to the oil and gas industry are, however, of continuing concern in this field. Approval of any of the major programmes currently proposed would have a very beneficial effect on construction volumes.

Arctic Navigation and Transportation, a 50-50 joint venture with RivTow Straits Limited, started in early calendar 1973, has developed an efficient fleet and an experienced operating staff. During the year, the company obtained a broad operating licence for work throughout the Mackenzie River System and the Beaufort Sea. ArcNav has now contracted a substantial volume of work for the coming season and into next year. Provision of these transportation and support services will generate increasing opportunity as plans proceed for the development of the Mackenzie Delta and subsequent pipelines.

The Systems Management, Consulting and Data Processing Divisions continue to develop in both capability and volume. They represent a resource in terms of both skilled personnel and business opportunity.

Problems in the Manufacturing Division, Willock Industries, resulted in a substantial loss for the past year. This, in turn, had an adverse effect on the overall Trimac Group profits. Both the new Willock management and Trimac firmly believe profitable results can be achieved in the current year as a result of programmes in place. Continued operation of each branch will depend on performance in relation to objectives.

Our proposed construction of a Bulk Commodity Marine Terminal at Roberts Bank, British Columbia, was again delayed by further environmental studies of the area. Our initial agreement with the National Harbours Board for the reclamation and lease of the site confirms our priority position when the final approvals for the Phase II development of the Roberts Bank Superport are authorized.

We have now terminated our agreement with Pacific Western Airlines for the management of the operations of Pacific Western Trucking.

Those major divisions with collective bargaining agreements have, during the past year, negotiated new labour contracts which extend through the current year and into 1975.

We continue to pursue our objective of a total transportation system, serving industry and the public interest and participating in major projects and activities throughout Canada.

The Company and its Board of Directors sincerely appreciates the continuing efforts and co-operation of all of our employees, customers and suppliers.

J. R. McCaig

J. R. McCaig
President

The Trimac Group

Trimac's business is the provision of transportation and distribution services and related equipment and systems.

From its historical beginning as a bulk commodity motor carrier, the Company has carefully expanded its activities to more fully service industry's rapidly growing transportation needs in Canada and the United States. Accompanying the development of new services has been a plan to position the Company to benefit from the expected opportunities and growth in key economic sectors of Canada.

Despite some disappointments, the past year was one of considerable accomplishment in the realization of these objectives.

The following sections provide a more complete description of the activities and achievements of each of the Trimac operating divisions and an outline of their expectations for the year ahead.

Highway Transportation

The past year was extremely busy for the Trimac Transportation System of trucking companies. Revenues reached $34 million, an increase of 27.7% over the prior year. Pretax earnings were up by 10.1%. Gross revenues from highway transportation represented 59.1% of Trimac's total gross revenues compared with 62.8% in 1973, 77.6% in 1972, and 90.3% in 1971.

No acquisitions were made during the year by this Division. The bulk highway transportation division is well positioned geographically, has a broad range of operating authorities, and provides a broad range of services so as to assure a high rate of internal growth arising from the increasing needs for bulk trucking services in Central and Western Canada, the Atlantic Provinces, and to and from the United States.

The unprecedented demand for our bulk trucking services, coupled with very rapid increases in costs, created some problems. An adequate supply of equipment, qualified drivers and independent contract truckers to meet seasonal demands was difficult to obtain. Spiralling costs for fuel, new equipment, repair parts and other materials and supplies, together with increased borrowing costs were only partially offset by freight rate adjustments and improved operating efficiencies. A detailed analysis of cost increases and price adjustments begun in January, 1974, continues as an ongoing programme. The extremely high level of demand for services experienced throughout all of last year, still continues. It presents a great challenge to all of our personnel in this Division to maintain the high standard of service which has been and is our consistent goal. Our equipment procurement group has worked hard during the year to assure an adequate supply of new tractors and trailers for the 1974/75 year. A more intensive driver hiring and training programme is being followed to avoid the shortages encountered last year.

During the year, a major application for increased operating authorities was filed with the Ontario Highway Transport Board. A lengthy public hearing on this matter occurred in late 1973 and early 1974 and while the proceedings are now concluded, a decision has not yet been rendered. The extended licence sought by the Trimac subsidiary involved, Municipal Tank Lines Limited, would enable the company to transport dry bulk commodities within Ontario, and to move liquid and dry bulk commodities between Ontario and Quebec, the Atlantic Provinces, and the United States. The company is not now licensed to perform these services. Also during the past year, another Trimac highway transportation subsidiary, H. M. Trimble & Sons Ltd., proceeded with a major licence application before the Interstate Commerce Commission for expanded bulk commodity hauling authority between Canada and the United States along the West Coast. A decision on this important matter is expected in the near future.

We are most disappointed that increased gross vehicle weights for highway transportation equipment operating in the Prairie provinces were not introduced during the past year. The resulting increase in truck transportation efficiency, a matter of vital importance during these inflationary times, and improved competition between transport modes, would directly benefit Western Canadian industry. The efficiency and productivity of the highway transportation industry in Canada, and particularly in the West, would be greatly improved if the three Prairie provinces were to adopt allowable vehicle weights more consistent with those now permitted in British Columbia, Ontario, Quebec and most of the Atlantic provinces. The Federal and three Provincial governments have announced a programme on a cost sharing basis to bring about these changes. We consider it a matter of highest priority and are hopeful that necessary changes will occur not later than midsummer 1974. The substantial amount of new equipment this Division now has in service and on order is readily adaptable to the anticipated new gross weights, but will also operate satisfactorily under existing weight laws. Our experience in Ontario and British Columbia operating with higher gross vehicle weights, has been very useful in selecting the most efficient kind of new equipment to benefit from the expected new weight regulations.

Continued excellent labour-management relations greatly assisted the Division in coping with the service pressures experienced during the past year. We are pleased to report that we have now completed negotiations with all of our work force, in the majority of cases for the next two year period. In the difficult business conditions which now exist, all of the personnel of this Division deserve great thanks for their efforts and contributions during the year.

Equipment Leasing and Rental

Rentway Canada Ltd., Trimac's equipment leasing and rental division, opened additional branch operations in Victoria, Vancouver, Prince George, Winnipeg, and Windsor during the past year, making a total of 11 full-service offices. The other, previously established Rentway branches are located in Calgary, Edmonton, Clarkson, Rexdale, Scarborough and Kamloops. This expansion was partially responsible for the 107% increase in revenues achieved by this Division. Profits during the same period increased by 59%. Rentway now accounts for 15% of total Trimac revenue as compared to 10% a year ago.

Substantial growth is expected in the new fiscal year, and management anticipates improved earnings increases as recently-established branches reach mature profitability.

Rentway offers a complete range of vehicle rental and lease programmes to Canadian business and industry. The major sources of revenue are:

- full service truck leasing programmes;
- short term and project truck rentals;
- tandem diesel rentals;
- trailer rentals; and
- financing of leases for automobiles.

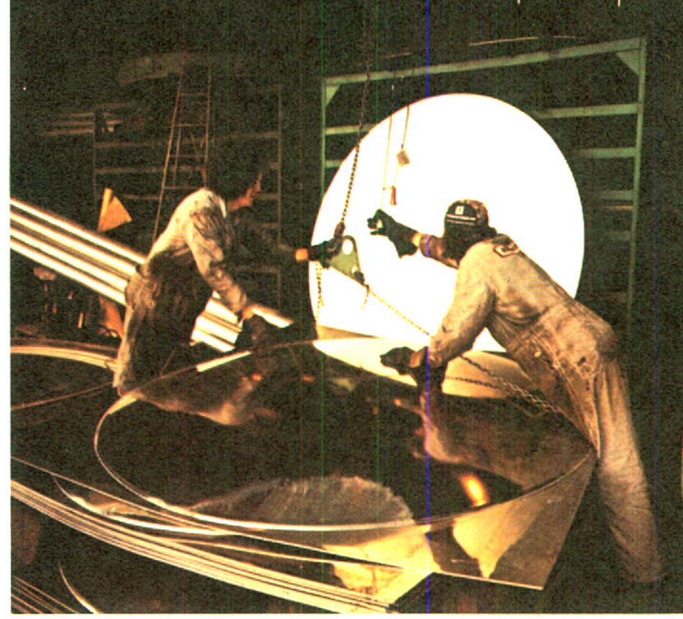
Substantial increases in full service leasing of tandem diesel line-haul equipment occurred during the year. A large programme will be undertaken during the coming year to supply such a lease to a major integrated oil company for much of its Ontario based fleet. To accommodate this expansion Rentway will commence operation of a large service facility in the Toronto market. The Company believes this facility will be the most complete of its kind in the industry.

Truck rentals (contracts for less than twelve months duration) continued as a major profit area for Rentway. The Division provides short-term rentals for peak season requirements, and replacement vehicles for business and industry. Project rentals, for entire fleets of trucks, are also a source of profitability and rapid growth.

Trailer rentals were introduced in the past year and proved profitable in the first year of operation. We expect this activity to make a significant contribution to profits in the new fiscal year, as the service, having been test marketed in Ontario, will now extend to other markets.

Automobile leasing has been offered primarily as an extra service to our truck lease customers. Therefore it is not expected that automobile leasing will be an important growth area.

Rentway's financial services company, Transport Acceptance Corporation Ltd., facilitated our growth by successfully negotiating lines of credit and terms to provide for continued growth of Trimac's transportation leasing operations.



Waste Management

A major diversification and expansion of services in the Waste Management Division was accomplished during the past year. In November, 1973, Trimac merged its solid waste management activities (Dominion Waste Management) with the liquid waste management activities of Canadian Industries Limited (The Goodfellow Group). The resulting company, Tricil Waste Management Limited, owned equally by CIL and Trimac, is uniquely positioned in the Canadian market to capitalize on the expanding waste management industry.

Tricil offers fully-integrated services for the collection, transportation, and disposal of solid and liquid waste throughout Canada. The company currently has operations in Montreal, Toronto, Sarnia, Ottawa, Kingston, Belleville, St. Catharines, Watertown, Regina, Edmonton and Calgary.

The liquid waste division of Tricil provides a complete liquid waste disposal service for both inorganic and organic industrial waste. High temperature furnaces are employed at central treatment plants in Montreal, Toronto and Sarnia to efficiently dispose of organic liquids in full compliance with all Federal and Provincial air and water protection regulations. An ability to handle and dispose of a large variety of inorganic wastes, at these locations, using government approved processes and methods, enables Tricil to service the industrial heartland of Canada.

Tricil provides residential solid waste collection services under long-term contracts to the cities of Ottawa and St. Catharines and a number of other smaller communities in Ontario and in upstate New York. Sanitary landfill sites are owned and operated by Tricil in Ontario and New York State.

Gross revenues from Tricil are expected to exceed $10 million in fiscal 1975 based on present operations.

This Division did not contribute earnings in fiscal 1974, as significant attention was required to management reorganization and operating systems development. The development work successfully accomplished and the broader business base established during the past year will cause this Division to contribute earnings at satisfactory levels in the present fiscal year.

Manufacturing

On January 1, 1974, the Willock Group of Companies was renamed Willock Industries. The revised name more accurately describes the activities in which this Division is now engaged.

Willock is a long-established leader in the manufacture of highway trailers and tankers, and aircraft refuelers. Cement mixers, tow tractors and specialty materials handling equipment are other Willock products. The Division is also recognized as a leading distributor of many well-known brand-name parts and truck equipment.

Willock Industries has factories and service depots in Vancouver and Langley, British Columbia; Calgary and Edmonton, Alberta; and Oakville, Ontario. Executive offices in Richmond, B.C., were opened in January of this year to accommodate the new management group now co-ordinating and directing the activities of this Division.

Despite a 20.7% increase in total revenues, only two of the five Willock branches earned a profit during the year and the Division overall had a substantial loss. This disappointing performance had a negative effect on overall Trimac earnings. Areas of difficulty included attracting and retaining skilled manpower, soaring costs of materials and components, production inefficiencies, and delays in product pricing revisions.

Ongoing programmes to improve profits include:

- an intensive hiring and retraining programme
- increased efficiencies to improve productivity
- control of overhead to help stabilize costs
- improved pricing for better revenues.

With the serious shortage of transportation equipment that now exists, demand for most Willock products is very strong. Accordingly, a definite product line has been established for each branch, with emphasis on products manufactured successfully in the past. Each branch now functions as an independent profit centre. These programmes, coupled with the continuing high level of demand at adjusted prices, cause us to believe this Division will produce satisfactory profits in the year ahead.

Pipeline Construction

United Contractors Limited did not enjoy the profitability of previous years in the year ended March 31, 1974. This was primarily due to the depressed pipeline construction market during the year. The Division had almost no work in the first 20% of the season. This was followed by a full work load, but at below normal prices. This full work load posture allowed United to maintain its traditional policy of retaining on a continuous basis, an unusually large and very well qualified group of long-term employees at all levels. It further allowed United to add several new and key companies to its portfolio of satisfied customers.

United, at the time of this writing, has 40% of its 1974 work in hand at prices that should produce sound profits. These projects will commence at the outset of the current season. United specializes in the construction of medium inch pipelines. The Division's customers have a substantial amount of this type work forthcoming and therefore United expects to fill out its workload for the balance of the year even though the pipeline construction market for large diameter lines will generally continue to be slow during 1974.

During the past year, United established a new permanent field office and maintenance shop in Medicine Hat, Alberta. This facility is additional to the Division's long established base at Estevan, Saskatchewan, which it still maintains. The move establishes a more effective operating base in Alberta while still keeping United well positioned and readily available for work in Saskatchewan and Manitoba. The move further enables United to participate in the construction of the substantial gas gathering programme in the Medicine Hat field.

Pipeline building in Western Canada has been dormant due to confusion and delay in issuing permits, and the general uncertainty of political implications related to the welfare of the oil industry. The restraint that has occurred on oil and gas exports will be offset, and hopefully relaxed, as confidence in Arctic reserves builds, and the Mackenzie Valley Pipeline moves closer to reality.

The resumption of increases of export gas and other products, coupled with the many product lines that are currently held in abeyance, will present an opportunity for a return to more normal pipeline construction activity late in 1974, and certainly in 1975.

Marine Transportation

Arctic Navigation and Transportation Ltd., (ArcNav) was successfully launched in 1973 as a 50-50 joint venture between Trimac Limited and RivTow Straits Limited. The prime objective of the joint venture is to provide marine transportation and ancilliary services in Canada's Far North.

During the year the company was able to obtain a broad operating license to provide service on the Mackenzie River and its tributaries and into the Beaufort Sea. A new 2200 horsepower tug and six large new barges were constructed together with other smaller support craft.

Activity in 1973 was limited as regulatory approvals and equipment deliveries both occurred late in the season. Although little revenue was produced, there was an opportunity for equipment trials and a full introduction of our services.

ArcNav has negotiated a contract with Sunoco E & P Limited (Sun) for the provision of both marine and construction equipment to deliver freight and to build an artificial island during the coming season in Mackenzie Bay. This contract makes provision to continue this work over a four year period. ArcNav has recently completed the construction of a winter island for Sun. All programmes for additional marine equipment construction to serve this contract are on schedule.

A new 1500 horsepower tug, Manitowoc dredge (6 cu. yd. capacity) with dredge barge, freight barge, and a drill barge are being added to the marine fleet this year, along with several units of land equipment.

ArcNav will have all of its equipment fully utilized during the coming season, and expects full utilization to continue.

The outlook in the Arctic is bright in that reserves are constantly being built up to support the Mackenzie Valley Pipeline. Although exploration activity is not accelerating currently, it seems logical that it will gain momentum over the next few years, particularly when the Beaufort Sea beyond Mackenzie Bay is approved for drilling.

Systems Management

The Systems Management group's principal activity is the supervision and administration of the land transport system for the movement from Alberta to tidewater at Vancouver of sulphur destined for offshore export. Trimac is now in its fifth year of providing this management service for 24 sulphur producing companies.

Record volumes, some 65% higher than the prior year record, were successfully shipped notwithstanding many serious operating difficulties. These included a major rail strike that interrupted traffic for several weeks. As well, dramatic and record high volumes of West Coast destined export shipments of Western Canadian grain, coal, potash and other commodities in addition to sulphur have severely taxed the capacities of the rail carriers involved.

This management group is deeply involved in seeking solutions to the rail car and locomotive power equipment shortages and the problem of limited rail access to west coast bulk terminal facilities.

We believe the experience from the operation of the complex export sulphur and other systems has equipped our Systems Management, Consulting and Data Processing Divisions unusually well to more fully participate in and service the transportation and logistics needs that exist and will arise from the resource and industrial development taking place in Canada.

Consulting Services

Trimac Consulting Services achieved an impressive increase in revenues during the past fiscal year. The positive contribution to overall Trimac earnings demonstrates this Division has made the transition from the developmental phase of the previous year to a full fledged operating division this year.

The consulting group successfully concluded its initial major assignment in Bangladesh for the Canadian Government (CIDA), and has been retained further to provide ongoing transportation technical assistance in several specific areas to Bangladesh government transport agencies. A number of unit train systems for the internal distribution of badly needed foodgrains were implemented and are now largely self-sustaining. In addition, a Trimac consultant has implemented new accounting and equipment maintenance methods for the Bangladesh Road Transport Corporation, the country's publicly-owned truck and bus system.

In Thailand, Trimac concluded an agreement with the Government-owned transport agency, Express Transportation Organization, to supervise design and layout, commissioning, and management of a major break-bulk, multi-commodity truck terminal and warehouse complex on the outskirts of Bangkok.

Other important assignments completed include:

— a trade-off study evaluating truck equipment operating costs versus capital investment in road facilities servicing remote Northern Canadian communities.

— a Highway Benefit Study which detailed the commercial benefits accruing from alternate Gross Vehicle Weight Standards in Western Canada.

— a Harbours Study identifying the operating characteristics, capacity, and accessibility of Ports and terminals serving Western Canada.

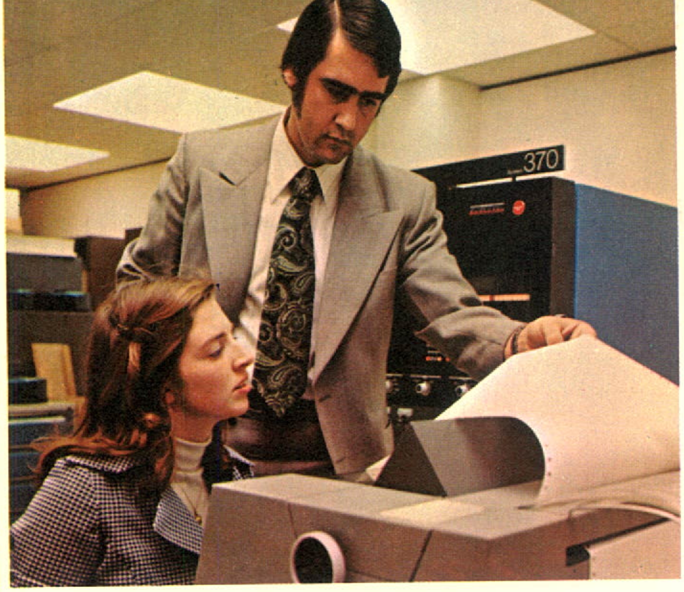
— a Western Canadian Surface Transportation Study which inventoried and projected road, rail, water and pipeline traffic.

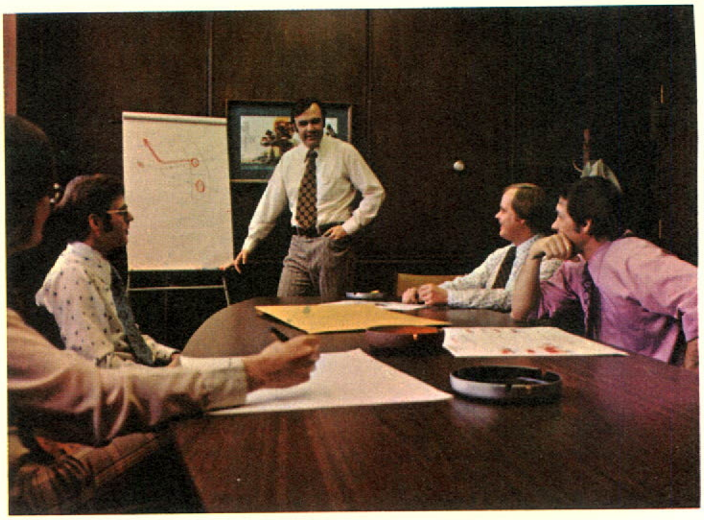
Work in progress includes:

— the design and evaluation of an improved grain handling system in Western Canada.

— participation in the evaluation of the effects of new rail pricing techniques on other modes of transport, and other projects for a variety of business and government clients.

Emphasis will be placed on strengthening relationships with government and other agencies during 1974, and expanding the present base for providing transportation management and distribution planning work to the industrial sector. The consulting group will continue to call on Trimac's various operating divisions in road, rail, water, pipeline and computer services, to provide 'project teams' ideally suited to specific tasks.





Data Processing

MBI Data Services enjoyed an increase in revenues of 26% during the year, compared with a revenue increase of 23% during the previous year. Profits improved by 11%.

In June 1973, a new IBM System 370 Model 135 computer was installed. Trimac believes that this Division's systems and computing capability are an integral part of our total transportation skills and services. The system conversion and greatly expanded capacity have well equipped this Division to handle the expanding volumes and improved systems for the Trimac Group and its outside clients.

A new Systems and Development Department being developed with the Data Processing Division will work closely with user companies in the development of on-line data entry and retrieval systems. Improvements thus obtained in information flow will assist client management and staff in the decision-making processes.

A project establishing off-line data transmission from Trimac operations in Vancouver will be operational in the first quarter of the current fiscal year. Successful operation of this link will be followed by establishment of a similar data transmission centre in Toronto for various Trimac operations in Eastern Canada.

Consolidated Balance Sheet

MARCH 31, 1974

ASSETS

	(Thousands of Dollars) 1974	1973
CURRENT ASSETS:		
Cash and short term deposits	$ 809	$ 489
Accounts receivable (Note 5) —		
Trade	7,446	6,175
Other	1,020	483
Income taxes recoverable	104	141
Inventories of supplies and material at lower of cost or net realizable value	2,676	1,999
Prepaid expenses —		
Tires (Note 2)	1,042	809
Licences and other	1,119	831
TOTAL CURRENT ASSETS	14,216	10,927
INVESTMENTS, SECURITIES AND ADVANCES:		
Investment in and advances to 50% owned companies (Note 3)	2,880	—
Balances receivable under Employees share purchase plans (Note 8)	1,471	526
Other	244	280
	4,595	806
FIXED ASSETS, at cost (Note 4):		
Revenue vehicles and equipment	40,646	31,320
Land, buildings, plant and other equipment	9,401	8,165
Total cost	50,047	39,485
Less: accumulated depreciation	17,309	14,144
	32,738	25,341
DEFERRED CHARGES	350	604
GOODWILL AND AUTHORITIES, at cost (Note 1)	3,279	4,518
	$55,178	$42,196

LIABILITIES AND SHAREHOLDERS' EQUITY

	(Thousands of Dollars) 1974	1973
CURRENT LIABILITIES:		
Bank advances secured (Note 5)	$ 3,965	$ 1,783
Accounts payable and accrued —		
Trade	6,441	4,739
Equipment purchases	—	93
Income taxes payable	61	740
Current maturities of long-term debt (Notes 6 and 7)	664	787
TOTAL CURRENT LIABILITIES	11,131	8,142
LONG-TERM DEBT:		
Equipment obligations (Note 6)	24,977	16,700
Other (Note 7)	2,597	3,219
	27,574	19,919
DEFERRED INCOME TAXES	2,962	2,355
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	6,457	5,492
Retained earnings (Note 9)	7,054	6,288
	13,511	11,780
	$55,178	$42,196

APPROVED ON BEHALF OF THE BOARD:

J. R. McCaig
J. R. McCaig
Director

W. J. Hardstaff
W. J. Hardstaff
Director

Consolidated Statement of Earnings

FOR THE YEAR ENDED MARCH 31, 1974

	(Thousands of Dollars) 1974	1973
OPERATING REVENUES:		
Transportation	$34,320	$26,874
Sales of Equipment	7,060	5,851
Equipment Lease and Rental	8,532	4,109
Waste Management, Pipeline Construction and Other	8,115	5,984
	58,027	42,818
COSTS AND EXPENSES:		
Direct Costs	38,541	29,274
Depreciation	6,802	4,086
Selling, General and Administrative	8,554	5,682
	53,897	39,042
	4,130	3,776
OTHER DEDUCTIONS (Income):		
Interest — Long-term Debt	2,149	939
Other Interest	119	93
Interest and Other Income	(74)	(19)
Gain on Disposals of Fixed Assets	(90)	(117)
	2,104	896
	2,026	2,880
INCOME TAXES:		
Current	514	768
Deferred	533	620
	1,047	1,388
NET EARNINGS	$ 979	$ 1,492
Net earnings per share — Basic	46.0¢	73.2¢
—Fully Diluted	44.6¢	73.2¢

Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED MARCH 31, 1974

	1974	1973
Balance, beginning of the year	$ 6,288	$ 4,996
Net earnings for the year	979	1,492
Dividends	(213)	(200)
	766	1,292
Balance, end of the year	$ 7,054	$ 6,288

TRIMAC LIMITED
And Subsidiary Companies

Consolidated Statement of Source and Application of Funds

FOR THE YEAR ENDED MARCH 31, 1974

(Thousands of Dollars)

		1974		1973
SOURCES:				
Operations				
Net earnings for the year		$ 979		$ 1,492
Depreciation		6,802		4,086
Deferred income taxes		533		620
(Gain) on sale of fixed assets		(90)		(117)
Less 50% owned companies' losses, depreciation and deferred income taxes		(222)		—
		8,002		6,081
Increase in long-term debt		14,451		13,113
Proceeds on disposal of fixed assets		2,603		2,146
Collection of notes receivable		3		275
Proceeds of share issues (Note 8)		965		1,551
		$26,024		$23,166
APPLICATIONS:				
Working capital deficiency of previously wholly owned companies converted to 50% interest (net of shares and working capital deficiency of company acquired during the year)		(397)		—
Purchase of shares of subsidiary companies less working capital acquired of $249,000		—		4,051
Net assets (removed) or added during year		(397)		4,051
Consisting of —				
Investment in and advances to 50% owned companies	$2,765		$ —	
fixed assets	(3,263)		2,820	
goodwill	(1,244)		2,166	
other assets	—		99	
deferred charges	(327)		385	
long term debt	1924		(1,196)	
deferred income taxes	(64)		(223)	
shareholders' advances	(188)		—	
	$ (397)		$ 4,051	
Purchase of fixed assets		19,735		13,950
Repayment of long-term debt		4,872		6,060
Dividends		213		200
Advances under employee share purchase plan		965		—
Other		336		215
		25,724		24,476
Net increase (decrease) in working capital		300		(1,310)
Working capital, beginning of the year		2,785		4,095
Working capital, end of the year		$3,085		$ 2,785

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, 1974 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 and 50% owned companies 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 and 50% owned companies.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1974 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 15, 1974

PRICE WATERHOUSE & CO.
Chartered Accountants

Notes to Consolidated Financial Statements

Note 1 - PRINCIPLES OF CONSOLIDATION:

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

It is the Company's practice to include in income its equity in net earnings of companies 50% owned and to reflect the investment in such companies at the value of their underlying net assets, together with goodwill arising on acquisition.

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 - INVESTMENT IN AND ADVANCES TO 50% OWNED COMPANIES:

The Company is the owner of a fifty percent voting and equity interest in two companies. It is the Company's policy to account for the investment in these companies on an equity basis and to consolidate its share of revenues and expenses on a "line by line" basis.

(a) Tricil Waste Management Limited —

On November 6, 1973 the Company effectively merged its 100% interest in its dry waste disposal company, Tricil Waste Management Limited (formerly Dominion Waste Management Group Limited), with the liquid waste disposal company owned by Canadian Industries Ltd. (C.I.L.). The Company and C.I.L. each own 50% of the combined entity. The difference between the Company's cost of $1,962,000 of the investment and the underlying net book value at the date of acquisition remains unchanged at $977,000.

The condensed consolidated balance sheet of Tricil Waste Management Limited at March 31, 1974 is as follows:

	(unaudited) (thousands of dollars)
Working capital	$ 585
Fixed assets (net book value)	6,112
Other tangible assets	239
Intangible assets	332
Total Assets	$ 7,268
Long term debt	$ 2,674
Deferred income taxes	20
Shareholders' advances	1,968
Shareholders' equity	2,606
Total Liabilities and Equity	$ 7,268

Had the merger occurred on or before April 1, 1973, the consolidated revenues, net earnings and earnings per share of Trimac Limited would have been as follows:

	Year Ended March 31, 1974
Pro forma revenue	$57,407,000
Pro forma net earnings	$ 1,104,000
Pro forma — basic earnings per share	51.9¢
— fully diluted earnings per share	50.3¢

Because the acquisition by the Company of the major portion of its dry waste companies occured in December, 1972, comparative amounts are not meaningful for the year ended March 31, 1973.

(b) Arctic Navigation and Transportation Ltd. —

In March, 1973 the Company together with RivTow Straits Ltd. of Vancouver incorporated Arctic Navigation and Transportation Ltd. (Arctic). On March 2, 1973, Arctic acquired a 50% interest in Lindberg Transport Ltd. together with the obligation to acquire the remaining 50% at a price to be based on defined future revenues. The Company undertook to build for and lease to Arctic certain marine barges. In the period ending March 31, 1974 no material amounts were payable with respect to such leases because the equipment was not effectively in service during the 1973 shipping season.

The condensed consolidated balance sheet of Arctic at March 31, 1974 is as follows:

	(unaudited) (thousands of dollars)
Working capital (deficit)	$(646)
Fixed assets (net book value)	1,063
Deferred start up costs, deferred income taxes, and goodwill	321
Total Assets	$ 738
Long term debt	$ 419
Minority interest	8
Shareholders' advances	368
Shareholders' equity	(57)
Total Liabilities and Equity	$ 738

TRIMAC LIMITED
And Subsidiary Companies

Note 4 - FIXED ASSETS AND DEPRECIATION POLICY:

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

	March 31, 1974		March 31, 1973	
	Cost	Net Book Value	Cost	Net Book Value
	(thousands of dollars)			
Land — held for possible future development	$ 868	$ 868	$ —	$ —
— other	497	497	705	705
Buildings and yard improvements	2,382	1,814	2,649	2,135
Revenue producing vehicles and equipment				
— Bulk hauling highway units	21,167	10,897	17,573	8,585
— Lease and rental units	19,479	15,140	11,927	9,781
— Arctic marine barges	1,757	1,757	—	—
— Waste disposal units	—	—	1,820	1,174
Waste containers	—	—	1,145	978
Other equipment	3,897	1,765	3,666	1,983
	$50,047	$32,738	$39,485	$25,341

The Company and its subsidiaries depreciates 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
Arctic Marine Barges	15 years
Buildings	25 years
Other Equipment and Fixtures	5-10 years

Note 5 - BANK ADVANCES, SECURED:

Demand bank loans in the amount of $3,965,000 at March 31, 1974 and $1,783,000 at March 31, 1973 are secured by general assignment of book debts.

Note 6 - EQUIPMENT OBLIGATIONS:

	March 31, 1974		March 31, 1973	
	Long term	Current	Long term	Current
	(thousands of dollars)			
Revolving credit agreements				
— 1½% over prime rate	$ 8,497	$ —	$ 6,387	$ —
— ½% and 1% over prime rate	9,665	—	6,632	—
— 1% over prime rate	5,729	—	3,069	—
Total revolving credits .... (a)	23,891	—	16,088	—
Bank term loans				
— 1½% over prime repayable in equal semi annual instalments to June 1, 1980	1,086	197	—	—
Conditional sales contracts (excluding deferred interest)	—	—	612	225
Total equipment obligations	$24,977	$ 197	$16,700	$ 225

(a) The various revolving credit loan agreements to various subsidiaries provide for credit lines equal to the lesser of a total of $27,300,000 at March 31, 1974 or an amount determined by agreed formula in each agreement (which amounts totalled $25,209,000 at March 31, 1974). The loans are secured by charges against relevent vehicular equipment arising from either a floating charge debenture or chattel mortgages. Even though the Company expects all of the revolving credits to continue at least until April 1975, all but one of the loans may be terminated by defined notice. If such termination occurs, each of the agreements provides for the loans to be repaid in monthly instalments on a term basis consistent with the declining borrowing basis which would result in terms ranging from five years to a maximum of eight years.

If no additional amounts were borrowed the amounts estimated to be repaid in the years ending March 31, are: 1975 - $6,018,000; 1976 - $5,615,000; 1977 - $4,901,000; 1978 - $3,565,000, 1979 - $2,313,000.

Note 7 - OTHER LONG - TERM DEBT:

	March 31 1974	March 31 1973
	(thousands of dollars)	
Bank term loans - interest rates from 1¼% to 1¾% over prime rate. repayable over periods from 3 years to 7 years, generally secured	$1,047	$1,317
Mortgage loans - interest rates from 6¾% to 11¼%, repayable over periods from 1974 to 1992, secured by charges against real estate	1,331	1,580
Notes and agreements payable - interest rates from 6% to 12¼%, maturing at various dates to 1978, generally unsecured	686	884
	3,064	3,781
Less: Current maturities	467	562
Total other long term debt less current maturities	$2,597	$3,219

The amounts to be repaid during the years ending March 31 are: 1975 - $467,000; 1976 - $849,000; 1977 - $395,000; 1978 - $260,000; 1979 - $194,000.

Note 8 - SHARE CAPITAL

	Authorized Number	Authorized Amount	Issued Number	Issued Amount
Preferred shares issuable in series on terms and conditions authorized by the directors but the aggregate par value of which is not to exceed $ 2,500,000 -Undesignated	147,000	$ 1,470,000	—	—
-Designated (Non-voting 4% Non-Cumulative Series 'A' Convertible, Redeemable preferred shares with a nominal or par value of $10.00 per share	103,000	$ 1,030,000	96,500	$ 965,000
	250,000	$ 2,500,000	96,500	$ 965,000
Common shares without nominal or par value	7,500,000	$10,000,000	2,128,438	$5,492,000
		$12,500,000		$6,457,000

On July 18, 1973 the authorized share capital of the Company was changed to include 250,000 preferred shares the aggregate par value of which is not to exceed $2,500,000. The terms and conditions of the series created thereby are to be determined by the directors of the Company. On July 18, 1973 Series 'A' 4%, non - voting, non - cumulative, redeemable, convertible preferred shares (each preferred share convertible to one common share in equal amounts cumulatively over 5 years from the date of issue) having a par value of $10.00 each was created. On July 18, 1973 96,500 of these shares were issued to employees, the consideration for which was $965,000 in interest bearing notes repayable July 1, 1983 or earlier under certain conditions. At March 31, 1974 $965,000 of such notes were outstanding. 96,500 common shares were reserved at March 31, 1974 for the conversion of Series 'A' preferred shares to common shares.

Note 9 - 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 a revolving credit bank loan referred to in Note 6, Trimac Transportation Limited must maintain a consolidated net worth of $5,500,000.

Note 10 - LEASES ON REAL PROPERTY:

The Company and various of its subsidiaries have entered into lease agreements for premises at annual rentals approximating $242,000 as at March 31, 1974 and for various terms expiring up to 1980.

Note 11 - 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 throughput of ships' cargo to and from the site with an estimated minimum of $280,000.

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

Note 12 - 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, 1974 was $281,048.

Note 13 - CONTINGENT LIABILITIES:

(a) The Company is contingently liable in the amount of $386,000 as a result of certain income tax reassessments received by Tricil Waste Management Limited (see Note 3), relating to periods prior to the Company's purchase thereof. Security in the amount of $232,500 valued at March 31, 1974 has been lodged by the former owners with the Department of National Revenue relative thereto. Additional security is being sought. Because of the former owners' and co-warrantors' obligations under their agreement with the Company, no provision has been made in the accounts for these reassessments.

(b) The Company guarantees to the extent of $925,000 to a Canadian Chartered Bank with respect to loans made to Arctic Navigation and Transportation Ltd. (see Note 3 (b)).

(c) The Company anticipates that a claim may be made against it in the approximate amount of $121,000 from Pacific Western Airlines (P.W.A.) in connection with an agreement to manage P.W.A.'s trucking division dated January 31, 1973. It is the Company's opinion that no material liability will result from the claim and accordingly no provision has been made in the accounts.

TRIMAC LIMITED
And Subsidiary Companies

Additional Financial Information

Schedule of Divisional Assets and Liabilities

AT MARCH 31, 1974

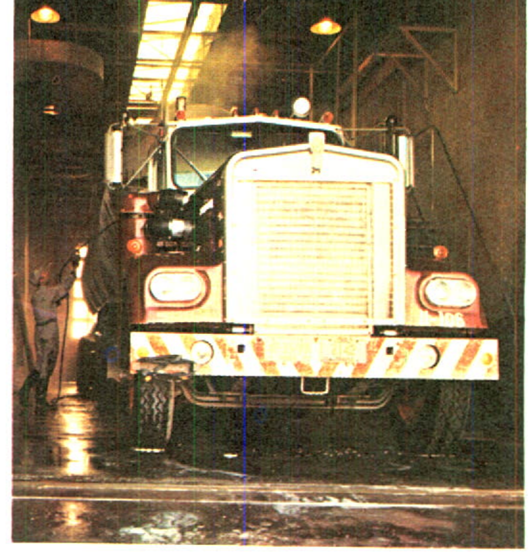
(Thousands of Dollars)

ASSETS	Bulk Commodity Highway Transportation	Equipment Manufacturing	Equipment Leasing	Pipeline Construction	Arctic Marine Transportation	Realty Holdings	Trimac Limited	Total
Current assets:								
Cash and short term deposits	$ 147	$ 1	$ 11	$ 649	$	$ 1	$	$ 809
Accounts receivable	4,985	1,247	1,672	194	18	3	347	8,466
Inventories	460	2,091	125					2,676
Prepaid expenses	1,731	27	384	8	6		5	2,161
Income taxes recoverable	69	9		26				104
	7,392	3,375	2,192	877	24	4	352	14,216
Investments, securities and advances:								
Investment in and advances to 50% owned companies							2,880	2,880
Balance receivable under employees share purchase plans	17						1,454	1,471
Other	44	200						244
	61	200					4,334	4,595
Fixed assets, at cost:								
Revenue vehicles	21,167		19,479					40,646
Other	1,612	506	429	1,270	1,757	3,352	475	9,401
Accumulated depreciation	(11,334)	(223)	(4,520)	(634)		(568)	(30)	(17,309)
	11,445	283	15,388	636	1,757	2,784	445	32,738
Deferred charges	34				72		244	350
Goodwill and authorities	1,673	63		223			1,320	3,279
Total assets	$20,605	$3,921	$17,580	$1,736	$1,853	$2,788	$6,695	$55,178
LIABILITIES								
Current liabilities:								
Bank advances, secured	$ 1,438	$1,564	$ 417	$	$	$	$ 546	$ 3,965
Accounts payable	3,593	1,549	1,101	128	3	35	32	6,441
Income taxes payable	(9)	31			7	18	14	61
Current maturities of long-term debt		52		20	197	221	174	664
Total current liabilities	5,022	3,196	1,518	148	207	274	766	11,131
Equipment obligations	8,497		15,394		1,086			24,977
Other long-term debt	523	23		100		1,380	571	2,597
Deferred income taxes	2,186	(201)	632	326		19		2,962
Total liabilities	$16,228	$3,018	$17,544	$ 574	$1,293	$1,673	$1,337	$41,667

Note: Interdivisional advances have been eliminated.

TRIMAC LIMITED
and Subsidiary Companies

Five Year Financial Review



RESULTS FOR THE YEAR ENDED	1974	1973	1972	1971	1970
			(Thousands of Dollars) March 31		
Revenue	$ 58,027	$ 42,818	$ 32,925	$ 25,564	$ 21,331
Earnings before taxes	2,026	2,880	2,357	1,316	1,033
Provision for income taxes	1,047	1,388	1,132	679	526
Net earnings for the year	979	1,492	1,275	634	527
Per common share — Basic	$0.46	$0.73	$0.74	$0.42	$0.35
— Fully Diluted	$0.45	$0.73	$0.74	$0.42	$0.35
Depreciation	6,802	4,086	3,039	1,934	1,741
Cash flow from operations (1)	8,092	6,198	4,389	2,543	2,345
Per common share — Basic	$3.80	$3.04	$2.56	$1.68	$1.55
— Fully Diluted	$3.69	$3.04	$2.56	$1.68	$1.55
Interest	2,268	1,032	894	720	576
Average number of common shares outstanding					
— Basic	2,128,438	2,038,415	1,716,445	1,515,612	1,515,612
— Fully Diluted	2,192,771	2,038,415	1,716,445	1,515,612	1,515,612
YEAR END POSITION					
Working capital (excluding current maturities)	3,749	3,572	4,558	1,794	1,340
Fixed assets at cost	50,047	39,485	26,089	22,282	16,551
Total assets	55,178	42,196	27,099	19,894	14,860
Long-term debt (including current maturities)	28,238	20,706	12,133	9,529	5,828
Shareholders' equity	13,511	11,780	8,937	4,731	4,097

(1) Cash flow from operations is computed by summing net earnings for the year, depreciation written and the change in deferred income taxes, excluding those relevant items of 50% owned companies.

Senior Division Management

HIGHWAY TRANSPORTATION
M. W. McCaig — President
D. R. MacDonald — Vice President, Sales
A. J. Coyston — Vice President, Operations
J. E. Sauve — Vice President, Eastern

EQUIPMENT LEASING AND RENTAL
D. K. Jackson — President
E. L. Gray — Vice President, Western
C. R. Matthews — Vice President, Eastern

EQUIPMENT MANUFACTURING
R. E. Willock — President
R. T. Whitehead — Executive Vice President

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

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

DATA PROCESSING
E. L. Graham — General Manager

SYSTEMS MANAGEMENT
K. R. Walker — General Manager

Joint Venture Companies

WASTE MANAGEMENT
D. K. Jackson — President
G. W. Redwood — Executive Vice President

MARINE TRANSPORTATION
K. M. Stephenson — President

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

Bentall Centre,
555 Burrard Street,
Vancouver, B.C.

101 The McCallum Hill Building,
Regina, Saskatchewan

287 Broadway,
Winnipeg, Manitoba R3C 0R9

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

630 Dorchester Boulevard West,
Montreal 101, Quebec

Securities Exchange Listing

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

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 INDUSTRIES

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

RENTWAY CANADA LTD.
TRANSPORT ACCEPTANCE CORPORATION LTD.
UNITED CONTRACTORS LIMITED
M.B.I. DATA SERVICES LTD
TRIMAC CONSULTING SERVICES LTD.
TRIMAC MARINE TERMINALS LIMITED

JOINT VENTURE COMPANIES

TRICIL WASTE MANAGEMENT LIMITED
ARCTIC NAVIGATION AND TRANSPORTATION LTD.