1979 ANNUAL REPORT

trimac

THE COMPANY:

Trimac Limited is a Canadian owned, public company. Common shares are listed on the Toronto, Montreal and Vancouver stock exchanges.

The Trimac companies serve a number of segments within the transportation and energy resource industries.

Trimac operates primarily in Canada. Increasing revenues are derived from operations in the United States, Europe and Africa.

Trimac's customers are drawn from the petroleum, mining, construction and chemical industries and from all levels of domestic and foreign governments.

Directors

	Director Since
M. Dubinsky, Q.C., Calgary	1971
F. N. Hughes, Edmonton	1972
J. R. McCaig, Calgary	1970
M. W. McCaig, Calgary	1971
D. D. C. McGeachy, London	1977
D. A. McIntosh, Q.C., Toronto	1977
A. Vanden Brink, Calgary	1976

Officers

J. R. McCaig, President and Chief Executive Officer
M. W. McCaig, Vice President
K. W. Winger, Vice President Finance
F. T. Bailey, Secretary

ANNUAL MEETING:

Trimac's Annual General Meeting will be held April 24, 1980 at 10:30 a.m. in the Glenview Room of the Calgary Convention Centre. Shareholders who are unable to attend are requested to fill out, sign and return their proxies as soon as possible.

DUPLICATE ANNUAL REPORTS:

If, as a shareholder, you are receiving more than one copy of Trimac's Annual and Quarterly Reports, it could be your securities are registered in different names or at different addresses. If this is the case please contact the Secretary, Trimac Limited.

ADDITIONAL ANNUAL REPORTS:

Contact Trimac's Public Relations Department, Box 3500, Calgary, Alberta T2P 2P9 for additional copies of this report or for general information about the Trimac companies.

CONTENTS

THE YEAR IN BRIEF

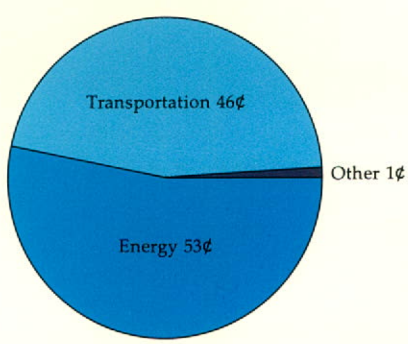
	December 31 1979	1978	% Change
	(thousands of dollars)		
Operating revenues	**193,468**	155,450	+ 24.5
Net earnings	**15,069**	10,464	+ 44.0
Funds from operations	**35,930**	27,935	+ 28.6
Net capital expenditures	**48,637**	33,384	+ 45.7
Working capital	**12,909**	10,676	+ 20.9
Net capital invested	**141,096**	104,874	+ 34.5
Long term debt (excluding current maturities)	**66,017**	49,976	+ 32.1
Shareholders' equity	**53,521**	40,262	+ 32.9

COMMON SHARE DATA, after giving effect to January 31, 1980 three-for-one stock split:

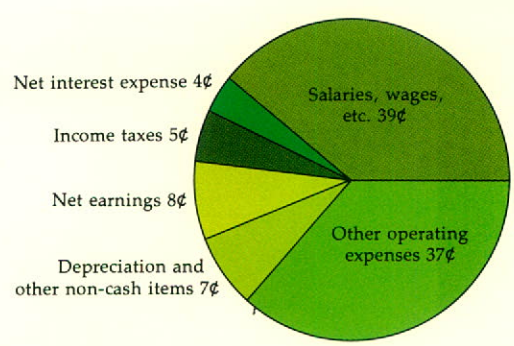
	1979	1978	% Change
Net earnings — Basic	**$ 2.00**	$ 1.48	+ 35.1
— Fully diluted	**$ 1.74**	$ 1.18	+ 47.5
Dividends	**$ 0.20**	$ 0.10	+100.0
Special dividend	—	$ 0.33	—
Shareholders' equity	**$ 6.27**	$ 4.55	+ 37.8

SHAREHOLDER INFORMATION

	1979	1978	% Change
Number of shareholders:			
Common	**783**	761	+ 2.9
Preferred (Series A)	**879**	945	− 7.0
Number of shares outstanding:			
Common (after three-for-one split)	**7,271,910**	7,073,685	+ 2.8
Preferred (Series A)	**310,000**	317,700	− 2.4



WHERE THE REVENUE DOLLAR COMES FROM



WHERE THE REVENUE DOLLAR GOES

TO OUR SHAREHOLDERS

Trimac's financial strength continues to grow. Earnings, revenue and return on net capital invested each set new records in 1979.

It was a year of much activity and considerable optimism as a new decade nears.

Earnings, Revenue and Return on Investment:

We have increased our 1979 net earnings 44% to $15,069,000.

Earnings increased to $2.00 per share ($1.74 fully diluted) compared with an equivalent of $1.48 ($1.18 fully diluted) for 1978, after giving effect to the three-for-one stock split of January 31, 1980.

Operating revenues increased 24.5% to $193,468,000.

The earnings increase is attributable primarily to the contribution of the expanded drilling fleet.

Trimac's return on net capital invested reached 16.5% in 1979 compared with 13.7% in 1978. Return on average shareholders' equity was 32.1% compared with the previous year at 28.7%.

Employees:

At year end, 2,930 people were permanent Trimac employees. During peak business periods, total staff levels can exceed 3,800.

We are well aware that Trimac's future growth depends not just on the availability of affordable capital, but on the ability of each of us to employ it effectively in our jobs throughout the company.

We continue our efforts to attract and retain skilled people through competitive salaries, improvements in our benefit and retirement plans and through training in general management, people management and operating safety programs.

Trimac's total payments in salaries, wages, benefits and owner operator costs increased to $75.1 million this year from $62.2 million in 1978.

Trimac

LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Trimac Limited will be held in the Glenview Room, Calgary Convention Centre, 110 - 9th Avenue, S.E., Calgary, Alberta, on Thursday, the 24th day of April, 1980 at the hour of 10:30 o'clock in the forenoon, for the following purposes:

(a) Receiving the report of the directors and the financial statements and auditor's report thereon for the year ended December 31, 1979;

(b) Electing directors;

(c) Appointing auditors for the ensuing year and authorizing the directors to fix their remuneration;

(d) Transacting such other business as may properly be brought before the meeting.

The Board of Directors has fixed March 31, 1980, as the record date for the determination of shareholders entitled to notice of and to vote at such Annual General Meeting of Shareholders and only shareholders of Record at the close of business at the date so fixed will be entitled to notice and to vote at such meeting or adjournments thereof. Shareholders who do not expect to attend the meeting in person are requested to complete, date and sign the attached proxy form and return it in the enclosed envelope to the Company's Secretary, c/o The Royal Trust Company, P.O. Box 2955, Calgary, Alberta, T2P 2Z3 so as to reach the Secretary of the Company not less than 24 hours before the hour of the meeting.

DATED at the City of Calgary, in the Province of Alberta this 31st day of March A.D., 1980.

BY ORDER OF THE BOARD OF DIRECTORS.

Franklin T. Bailey,

Secretary.

TRIMAC LIMITED

INFORMATION CIRCULAR

(Dated as at March 31, 1980)

This information circular is furnished in connection with the solicitation by the management of TRIMAC LIMITED (the "Company") of proxies to be used at the Annual General Meeting of Shareholders of the Company to be held at Calgary, Alberta, on Thursday, April 24, 1980, called for the purposes set forth in the accompanying notice of said meeting, and at any and all adjournments thereof. The cost of such solicitation will be borne by the Company.

The form of proxy enclosed, when properly signed, confers discretionary authority with respect to all matters which may properly come before the meeting. All shares represented by proxies will be voted; where a choice has been specified on the form of proxy with respect to any matters identified in this circular, the shares will be voted in accordance with the specifications so made. IF NO CHOICE IS SPECIFIED IT IS INTENDED TO VOTE THE SHARES AS IF THE SHAREHOLDER HAD SPECIFIED AN AFFIRMATIVE VOTE.

1. APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers of the Company. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY. A shareholder desiring to appoint some other person to represent him at the meeting may do so by striking out the printed names in the form of proxy and inserting in the blank space provided for that purpose the name in full of his desired proxy, who need not be a shareholder. The instrument appointing a proxy shall be in writing and signed by the shareholder or the shareholder's attorney duly authorized in writing. If the shareholder is a corporation the instrument of proxy shall be executed under the common seal of the corporation or the hand of an officer or attorney duly authorized in writing by the corporation, in which case the authority or notarial copy thereof shall be deposited with the instrument of proxy.

A shareholder who has given a proxy may revoke it by signing written notice of revocation and delivering same to the Registered Office of the Company so as to be received at least one hour before the time fixed for holding the meeting.

Instruments of Proxy, to be valid, must be deposited at the office of the Company's Secretary, in care of The Royal Trust Company, P.O. Box 2955, Calgary, Alberta, T2P 2Z3 so as to reach the Secretary of the Company not less than 24 hours before the hour of the meeting. By resolution passed on March 12, 1980, the Board of Directors determined that only shareholders of record on March 31, 1980, are entitled to notice of and to attend and vote at the meeting.

THE PROXY IN FAVOUR OF THE PERSONS DESIGNATED BY THE MANAGEMENT OF THE COMPANY WILL CONFER DISCRETIONARY AUTHORITY ON THE PERSONS APPOINTED WITH RESPECT TO:

(a) Amendments or variations to matters identified in said notice of meeting; and

(b) Other matters which may properly come before the meeting.

At the time of printing this circular, the management of the Company is not aware of any such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

2. OUTSTANDING VOTING SECURITIES OF THE COMPANY

The authorized voting share capital of the Company is 15,000,000 common shares without nominal or par value of which 7,405,071 shares were issued and outstanding as of March 15, 1980.

The right to vote and to notice of the meeting is limited to common shareholders of record on March 31, 1980. The transfer book of the Company will not be closed. Each common share in the capital stock of the Company entitles the holder thereof to one vote.

The number of shares of the Company owned of record or beneficially, directly or indirectly, as of March 15, 1980 by each person who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of the total of the common shares in the Company is as follows:

Name and Address	Type of Ownership	Number of Voting Shares Owned	Percentage of Outstanding Voting Shares Owned
John Robert McCaig	Beneficial	1,802,070	24.34%
Estate of Roger Woodrow McCaig (Deceased)	Beneficial and of record	852,225	11.51%
Maurice Wayne McCaig	Beneficial	845,100	11.41%

3. ELECTION OF DIRECTORS

The Board of Directors of the Company may consist of not more than nine directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors. The management does not contemplate that any of the nominees will be unable to serve as director, but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual General Meeting and until his successor is duly elected unless his office is earlier vacated in accordance with the Articles of Association of the Company.

The following table sets forth the names of all persons proposed to be nominated for election as directors, all positions and offices with the Company now held by them and their principal occupations or employments, the year in which they became directors of the Company, and the approximate number of equity shares of both the Company and its subsidiary, Kenting Limited, beneficially owned, directly or indirectly, by each of them, as of March 15, 1980.

Nominee for Director and City of Residence	Principal Occupation and Name and Principal Business of Employer	Date from which Nominee has Served as a Director of the Company	Number of Trimac Limited Equity Shares Beneficially Owned, Directly or Indirectly	Number of Kenting Limited Equity Shares Beneficially Owned, Directly or Indirectly
John Robert McCaig Calgary, Alberta	President and Chief Executive Officer of Trimac Limited (Management)	December 7, 1970	1,802,070	
Maurice Wayne McCaig Calgary, Alberta	Vice President of Trimac Limited (Management)	January 15, 1971	845,100	
Murrey Dubinsky, Q.C. Calgary, Alberta	President of Administrative Consultants Limited (Labour Relations Consultants)	January 15, 1971	999	
Antonie Vanden Brink Calgary, Alberta	President and Chief Executive Officer of Kenting Limited (Resource Development)	June 29, 1976	167,850	40,000
Duncan Donald Cameron McGeachy London, Ontario	Corporate Director	April 21, 1977	60,000	
Donald Alexander McIntosh, Q.C. Toronto, Ontario	Partner, Fraser & Beatty (Barristers & Solicitors)	April 21, 1977	12,000	

Messrs. John Robert McCaig and Maurice Wayne McCaig are two of the Executors of the Will of Roger Woodrow McCaig. As of March 15, 1980, the Estate owned beneficially and of record 852,225 common shares of the Company.

The information as to shares beneficially owned not being within the knowledge of the Company has been furnished by the respective directors individually.

4. REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Company and its subsidiaries whose financial statements are consolidated with those of the Company to the directors and senior officers of the Company during the Company's last completed financial year (December 31, 1979) was $548,000.

The estimated aggregate cost to the Company in the last completed financial year (December 31, 1979) of all pension benefits proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age, directly or indirectly, was $15,850.

The Company has entered into an agreement with Administrative Consultants Limited, of which Murrey Dubinsky, Q.C. is the President, for consultative services during the three year period January 1, 1977, through December 31, 1979. The aggregate remuneration paid pursuant to this agreement in the last completed financial year (December 31, 1979) was $28,800.

5. OPTION TO PURCHASE CAPITAL SECURITIES

On November 20, 1979 the Company granted to certain of its senior officers options to purchase 24,000 common shares pursuant to the terms of a Key Employee Share Option Plan.

The holders of options are entitled to purchase annually, for a purchase price of $12.03 1/3 per share, up to 20% of the aggregate number of common shares granted to such holder under the option plan. The right to exercise the options is cumulative and expires November 20, 1984. In the 30 days preceding November 20, 1979 the price per common share ranged from $10.66 2/3 to $12.66 2/3.

To date none of the holders of options have exercised their purchase rights.

6. APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Price Waterhouse & Co., Chartered Accountants, Calgary, Alberta, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Price Waterhouse & Co. have been auditors of the Company since its incorporation in 1970. There is no material relationship between that firm or any of its partners or associates and the Company in its capacity as independent chartered accountants. The persons named in the enclosed form of proxy also intend to vote for the authorization of the directors to fix the remuneration of said auditors for the ensuing year.

7. OTHER BUSINESS

The management of the Company knows of no matters to come before the said meeting other than the matters referred to in the notice of said meeting. However, if any other matters which are not known to the management of the Company should properly come before the said meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

DATED at Calgary, Alberta, this 31st day of March, 1980.

BY ORDER OF THE BOARD OF DIRECTORS

Franklin T. Bailey,

Secretary.

PRINTED IN CANADA

Business Expansion:

On December 27, 1979, shareholders of Liquid Transporters, Inc., headquartered in Louisville, Kentucky, approved an Agreement and Plan of Merger which would effectively result in Liquid becoming a wholly owned subsidiary of Trimac. We anticipate all regulatory approvals required to complete the merger will be obtained during 1980. The cost of the acquisition will be in excess of $12 million (U.S.) and will initially generate annual revenues of $30 million (U.S.). Liquid is a well financed and well managed industry leader in bulk highway hauling in the Ohio Valley.

In Montreal, we acquired Transport Soulanges Inc., a bulk cement carrier, having $3 million annual revenues.

In Ottawa, Gloucester Disposal Services became part of Tricil Limited, making Tricil a major contractor in the roll-off waste container market in the city.

Capital Employment:

Most of our $59 million in capital expenditures went into our drilling and transportation businesses.

Adding six new Kenting drilling rigs, and upgrading the fleet in 1979 cost $25 million; more than $11 million went into new bulk highway hauling equipment. The remaining $23 million was divided among our other businesses as outlined in our Financial Review on page 19.

Share Split:

A three-for-one share split, announced in November, was completed on January 31, 1980. The split increased the number of shares outstanding to 7,331,505 and brought the per share price into a more accessible range.

Dividends:

The regular quarterly dividend has been raised by 50% to 7½¢ per new common share compared with an equivalent 5¢ last year.

Future Markets and Concerns:

Our attitude toward growth remains unchanged. We will continue to watch for opportunities to expand our service to customers, challenges to employees and returns to the shareholders.

Both trucking and drilling will receive healthy injections of capital in 1980; four new rigs at $22 million total and new highway tractors and trailers for $12 million.

Trimac's profitability is sensitive to the vitality of the natural resource sector. Over 40% of the net book value of our fixed assets consists of drilling rigs and related equipment. The outcome of federal/provincial resource pricing discussions is critical to continued strength in oil and gas exploration and development activity. We are confident that the vital need for Canada to become self sufficient in energy supply will provide strong incentive for all to achieve an equitable agreement.

We are adversely affected by high interest rates which increase the cost of our borrowing to finance our capital expansions. We estimate the 1979 to 1978 prime rate differentials to have diminished our per share profits for 1979 by $0.12 after giving effect to the January, 1980 stock split.

Trimac's Personality:

In our efforts to succeed as leaders in our businesses, we strive to achieve a very human environment in which our people can further develop their skills and approach their work with enthusiasm. We express our sincere appreciation to all employees for good efforts. You will meet a few of them in this report.

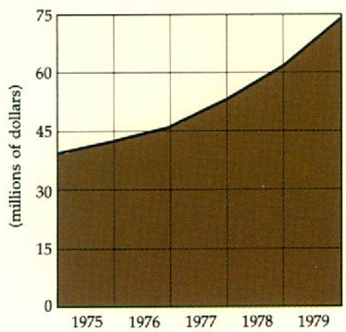
On behalf of the Board,

J. R. McCaig

J. R. McCaig
President

Jean-Paul Beauchemin — "I enjoy driving through the countryside . . . You feel good on the highway, especially in the morning with the sun shining."

HIGHWAY TRANSPORTATION



Revenues
12 months ended December 31

The Business

There are 12 bulk trucking companies in the Calgary-headquartered Trimac Transportation System — making Trimac the largest bulk trucking organization in Canada and one of the largest in North America.

Trucks operating from 27 terminals across Canada from Bedford, Nova Scotia, to Vancouver, B.C., carry a range of commodities including dry bulk cement, petroleum products, chemicals, pressurized gases and edible liquids.

Trimac's 900 customers are drawn from the major producers of the above products. About one-third of revenues are generated under contracts of varying lengths.

The two largest commodity categories are petroleum products and dry bulk materials, each contributing about 35% of total revenue.

More than 70% of revenue is generated in western Canada, 21% in Ontario — the balance in the remainder of Canada and the United States.

Employees

975 drivers and mechanics are represented by 10 bargaining units. The balance of Trimac Transportation's 1,190 full-time employees are employed in corporate, branch and regional management.

About 40% of Trimac's full-time power units are owned by independent business-people who operate their equipment under contract to Trimac.

Training & Recruiting

During the peak hauling season, when demand surges for products like asphalt for road building and cement for construction projects, an additional 290 drivers and mechanics join the companies in the system.

Programs designed to increase driver safety and proper handling of hazardous commodities are ongoing in the system.

Thirty instructional video tapes are used for training in safety, equipment familiarization and billing procedures. Video instruction plays an increasing role in training Trimac Transportation's people.

Bill Burtis, a 32-year Trimac veteran, was selected for the Canadian National Driver of the Year Award. Based in Calgary, Bill has driven more than four million km without an accident or a traffic violation.

Driver Doug Curtis from Winnipeg won first place in the Manitoba Truck Rodeo for the second time in two years and took third place in the 1979 National Truck Rodeo held in Nova Scotia.

Capital Investment

Trimac now has 1,380 trailers in service in Canada and in the United States. To accommodate market share growth and fleet replacements, 93 power units and 165 trailers were purchased in 1979. Much of the equipment is larger and more energy efficient and will be used primarily in the British Columbia and Ontario markets.

Expansion

The major expansion moves for Trimac Transportation have been the proposed acquisition of Liquid Transporters in Louisville, Kentucky, and the acquisition of Soulanges Cartage in Montreal.

Liquid has a strong industry presence, is well-financed, well-managed and is the leading chemical hauler in the Ohio Valley. We expect Liquid, with 1979 revenues of $30 million (U.S.), to make a valuable contribution to Trimac. We anticipate all regulatory approvals for the acquisition will be received in 1980.

In Montreal, Soulanges Cartage joined the system in November, 1979. A regional bulk cement carrier, Soulanges operates primarily in Canada and holds authorities to operate into parts of the United States.

Future Markets

We expect markets for dry bulk materials, cement, lime and wood chips will expand considerably next year in Alberta and British Columbia.

Of the 126 trailers, new for 1980, 61 are dry bulk units, 43 will service the petroleums market and the balance will be used for chemical and edible products.

Jean-Paul Beauchemin

In English, Jean-Paul Beauchemin's surname means "good road." That's appropriate. Jean-Paul has been driving 31 years for Trimac's Montreal-based Soulanges Cartage.

Driving is a family business for the Beauchemin family. Jean-Paul's brother, Roger, has been sitting behind the wheel of a Soulanges rig for a year longer than Jean-Paul. And another brother, Richmond, also has driven for the company.

Jean-Paul logs tens of thousands of miles annually as a long-haul driver from Quebec into the United States. The hours are long - 10 per day, five days a week. "But I enjoy driving through the countryside. Every day is different and always changing. You feel good on the highway, especially in morning with the sun shining."

He admits driving is a little harder these days as opposed to 30 years ago, when not as many vehicles were on the roads. On the other hand, he admits, today's roads are better and equipment is superior.

Trimac's acquisition of Soulanges "looks to be a good thing," thinks this veteran driver. He sees the company becoming bigger, with newer equipment arriving during 1980.

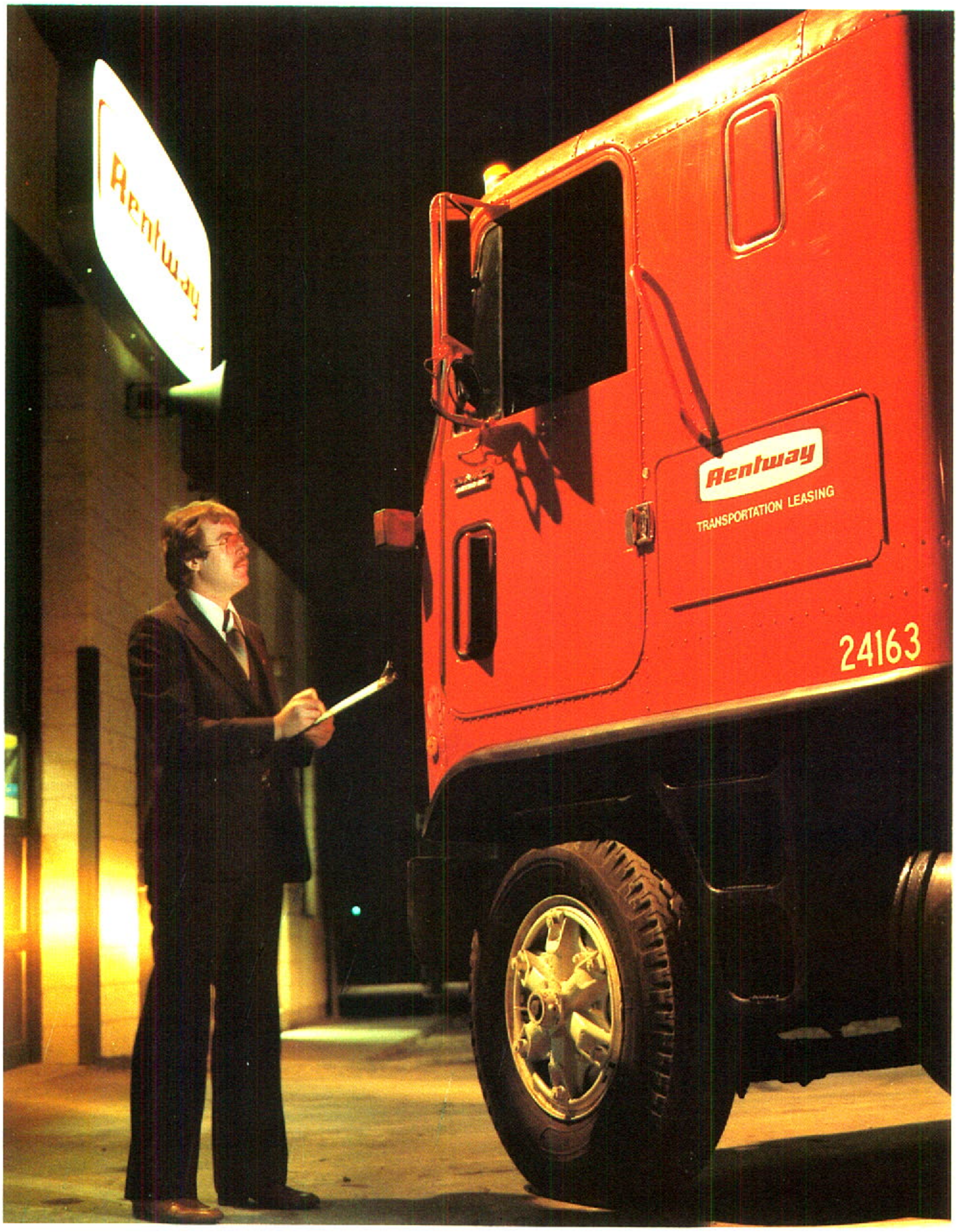
Incorporated in 1933, Soulanges has a long history of change and growth itself, recalls Jean-Paul. When he began his driving career in the late 1940s, he was one of a dozen drivers. Today, the full-time driving staff numbers 57.

"The drivers are happy that we're upgrading present equipment and purchasing new equipment," adds Soulanges Branch Manager Mike Davey. "They have a lot of pride about the trucks they drive."

Jean-Paul's pride extends, justifiably, to his 21-year safe-driving record. Accumulating approximately 70,000 miles (112 700 km) each year, Jean-Paul modestly attributes his accident-free record to "luck."

Married with a 22-year-old son, Jean-Paul has spent most of his life in Montreal. He'd like to visit western Canada, but Quebec is home.

Morris Wetzel



Moe Wetzel — "The biggest thing I look for in a person I'm hiring is attitude. If we become the best, we'll become the biggest — one of these days."

Rentway's Hamilton Branch Manager Moe Wetzel began working with the company in 1972 at the Edmonton branch. He was only 21, "just a small town kid," when he arrived at Rentway on the advice of his neighbour, a Rentway salesman. "I decided it was the place to begin a career - if they would train me." Rentway did. Moe's been there ever since.

January of 1978 saw Moe move from the west and settle in Hamilton as manager of Rentway's then newly-opened branch. Not only was it a move up in the company, but the relocation has offered exposure to Rentway's eastern operations where full service leasing comprises the bulk of the company's business. Moe's western background is in Rentway's short term project rentals.

The young operation and young manager have proven successful. "In Hamilton, like any new supplier, we had to gain trust for our operation. We found we couldn't just walk in and sell full service leasing in that market but had to change our initial emphasis to project rentals and maintenance of other fleets." There was an immediate market for that type of service, Moe adds, but no one had taken advantage of it.

His on-the-job experience has been complemented by night classes in transportation industry and management skills, but he readily admits to learning a great deal from others in the company.

"When you have a boss for five or six years who has been successful at how he deals with people, you start to use his methods and incorporate your own ideas. The biggest thing I look for in a person I'm hiring," Moe continues, "is attitude. If we become the best, we'll become the biggest - one of these days."

Hamilton has been home for the Wetzel family for two years now. Moe is a member of the local Chamber of Commerce, a member of the chamber's transportation committee and sub-committee on public transportation. Moe's involvement with the Hamilton Traffic Club keeps him up-to-date on changes affecting transportation in Ontario.

TRANSPORTATION EQUIPMENT LEASING

The Business

Rentway Canada Ltd. is the second-largest truck lease and rental company in Canada. 2,230 units are operated by Rentway's customers. Branches are located across Canada from Montreal to Vancouver together with two agencies in B.C. and one in Alberta.

Leasing and renting equipment to 600 companies in virtually all industries, Rentway has its largest customers by industry group in the manufacturing and distribution industries, oil and gas companies and government service agencies.

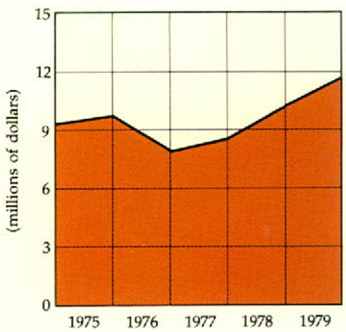
Revenues are split 34% from Ontario; 43% from the Prairies; British Columbia accounts for 23%.

One reason for Rentway's continuing success is its ability to custom-tailor lease and rental plans to suit diversified market requirements.

Project rentals are the largest single style of contract, accounting for 38% of revenue and a particularly popular economic alternative to ownership in the construction and oil and gas industries.

A full service or management lease is Rentway's most comprehensive service package. Full service includes insurance, licensing, maintenance, custom painting and can cover fuel, driver selection and training. Rentway is responsible for disposal of the vehicle at the end of the lease period.

Net leases offer vehicles custom painted as well but the customer is responsible for maintenance, insurance and licensing. Again, Rentway remains responsible for disposal at the end of the lease.



Revenues
12 months ended December 31

Employees

Rentway's staff of 90 is composed of 34 maintenance shop people, 16 in marketing, 28 in administration and 12 in general management.

Management and sales staff attend a minimum of two weeks annual training designed to develop and enhance their skills and their knowledge of the industry.

Expansion

The number of units in Rentway's fleet increased 9% in 1979, a result of the investment for new and replacement vehicles of over $6 million.

1980 fleet expansion and replacement will require $8 million in new capital.

Future

The certainty of higher energy costs is forcing companies which depend on truck transportation to explore all avenues of cost reduction.

Consequently, leasing new fleets to replace aging, energy-inefficient, company-owned fleets is an expanding market.

Companies distributing their own goods find leasing vehicles reduces capital expenditures for warehousing as they can move goods when necessary, keeping warehouse requirements to a minimum.

Rentals for construction projects will expand in proportion to the large energy projects planned for western Canada.

DATA PROCESSING SERVICES

The Business

MBI Data Services is Trimac's data processing bureau. 70% of its revenue is derived from the Trimac operating companies; 30% comes from select outside clients.

MBI and Trimac Transportation have together designed an on-line communications system which by year end had tied in the Calgary, Winnipeg and Toronto branches.

Employees

MBI's staff of 34 data processing professionals and support people keep their skills current through technical and management training programs.

Technology Expansion

In 1980, MBI will begin operating a new-generation, high-capacity, IBM 4341 computer, giving broader service capability.

John Pearson

Flying the skies for Kenting Helicopters has been the domain of Pilot/Engineer John Pearson for six years. Now, the 32-year-old aviator is extending his experience into other areas of the helicopter-charter operation.

John has temporarily discarded his flying suit for shirt and tie and joined the division's sales department during the off-season. It's interesting work, he admits, but "I like the air better."

John added the title of engineer to his credentials in 1979 after accumulating sufficient hours in that capacity during the last seven years. The difference between a pilot and pilot/engineer, he explains, is that the latter not only flies the helicopter but also is responsible for all its maintenance in the field.

In his new position, John is assuming twice the responsibility and pressure. "You don't have as much time to put your feet up and relax. You're always on duty, the only one flying the helicopter and taking care of it."

John has undertaken almost all types of assignments carried out by Kenting Helicopters - government surveys, forest fire prevention, geological and seismic surveys.

It's busiest in spring, summer and fall when a pilot averages 150 days on field assignments, many in northern areas. "The inaccessible jobs test your skills," says John, the father of a 2½-year-old daughter. He elected to try the division's sales work because "there was a possibility of being home more."

A native of Alberta, John recalls his first ride in a helicopter almost a decade ago. "It was always in the back of my mind that I'd like to learn to fly . . . but I never thought I'd do it for a living. It just fell into place."

John credits the low turnover of people in the division to the reputation they enjoy being associated with Kenting. "Our machinery is second to none . . . and we're known to be innovative in the industry." Kenting has earned a name for expertise in seismic surveys, he adds, in which "we're ahead of the 8-ball. A lot of companies look to us for the lead."

CHARTER HELICOPTER TRANSPORTATION

The Business

Kenting's Calgary-based helicopter fleet of 18 turbine-powered aircraft makes it the eighth-largest operator in Canada. The industry has about 800 machines available, licensed to more than 100 operators.

Kenting's fleet ranges in size from the four-passenger Bell 206B to the Bell 205A, carrying 14 passengers.

Kenting Helicopters works for energy and mineral resource companies and government agencies.

Operating mostly in Alberta, Kenting's helicopters fight forest fires, carry seismic exploration crews into remote foothills locations, and fly people and equipment to and from drilling rigs.

Employees

Kenting Helicopters' staff of pilots, engineers and administrative staff expands from a base of 50 to a peak of 60 in the operating season.

Safety seminars are held at the beginning and end of each season to prepare for the increased work load and to analyse difficulties encountered in the past season.

Kenting runs a training school, graduating commercial helicopter pilots. The school is also a prime source of new employees.

OIL AND GAS INVESTMENT

Tripet Resources Limited is Trimac's oil and gas investment vehicle.

Trimac agreed to double its oil and gas investment commitment during the year, as did General Distributors, our joint venture partner. A total of $6 million will be invested in 1980. We would see an equivalent amount being committed in 1981 and 1982.

As a participant in a drilling program on lands held by Voyager Petroleum, Tripet is involved in a two-phase program to drill 150 net wells. The program is 75% finished and will be completed by mid-year. The general quality of the wells is better than expected. Production commenced during 1979 and will gradually increase as wells are connected during the year.

John Pearson — "Our machinery is second to none . . . and we're known to be innovative in the industry. A lot of companies look to us for the lead."

In November, Tripet took a 15% position in a three-year $40 to $60 million exploration program on lands belonging to Hudson's Bay Oil and Gas Co. Ltd. About 40% of Tripet's $6 to $9 million commitment will be spent during 1980. Properties are located in western Canada and offshore Prince Edward Island. The balance of Tripet's capital will be spent in general exploration in western Canada, particularly in Alberta.

CONSULTING

Trimac's transportation consultants are shifting their business base from overseas to Canada. Some 70% of revenues are now coming from the Canadian private sector, including logistics and system design assistance for western Canadian resource-based projects — the Alsands and Esso Resources heavy oil plants and the prebuilding of the Foothills Pipeline. Trimac's consultants still provide distribution system analysis and problem solving services to a wide range of international clients.

HYDROCARBON TRADING

In late November, Trimac and The Great Western Holding Corporation Ltd. formed an equally owned joint venture, Stephens Energy Limited, to trade liquid petroleum gases, refinery intermediate streams and petroleum products.

ARCTIC CONSTRUCTION

Trimac's marine transportation and construction operations have contracted because of limited activity in the Mackenzie Delta and on the Beaufort Sea.

Arcnav provides a base from which to participate should activity in the area increase.

Marilyn MacDonald

After 10 years with Tricil in Sarnia, Marilyn MacDonald is one of the operation's "oldtimers." She started fulltime at Tricil in September of 1969, but it wasn't her first exposure to the waste disposal business. Marilyn had worked part-time with Tricil's predecessor, Goodfellow Enterprises Limited.

Marilyn has witnessed a lot of changes and growth in the once-small waste disposal service. Only two people were needed to handle the office responsibilities in 1973 when C-I-L, Inc. acquired the operation.

"It was so small that you did just about everything - not like today. It's hard to believe."

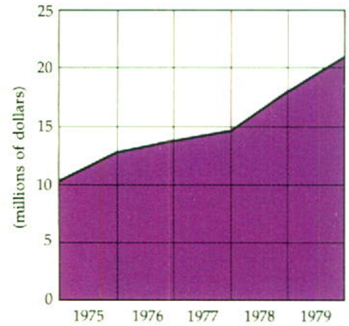
The same year, Trimac became involved as a joint-venture partner in Tricil. Now, 64 people work in the plant and office, each with his or her own area of expertise.

Marilyn's prime responsibility is accounts receivable, but, from past experience, is familiar with almost all aspects of Tricil Sarnia's accounting procedures. "She can do everything," says Marilyn's supervisor, Administration Manager Gord Miller.

Sitting on 200 acres (81 hectares), Tricil Sarnia disposes of both solid and liquid chemical by-products through its plant's incineration processes or landfill sites. The branch's 20 trucks collect these materials for disposal within a 250- to 300-mile (400- to 480-km) radius. All material is analysed in the on-site laboratory to confirm which disposal process is warranted.

Marilyn's work begins as soon as the truck arrives. Each load is assigned a code as to type of material and the customer to whom the service is billed. Each type of by-product has an individual billing rate, Marilyn explains. The codes insure all waste is disposed of correctly and that each customer is billed accordingly.

"It's steady all year-'round," says Marilyn, "and getting busier all the time." There is no particular peak season in the waste disposal business, especially in Sarnia, a centre primarily based on chemical-related industries. Tricil's disposal experts service close to 250 customers, most in the Sarnia area.



Revenues
12 months ended December 31

(Trimac's share is one-half)

WASTE MANAGEMENT, RESOURCE RECOVERY AND WASTE-TO-ENERGY SYSTEMS

The Business

Tricil, equally owned by Trimac and C-I-L., Inc., is a total-waste-management service company.

Tricil collects, processes and disposes of municipal, industrial and commercial solid waste and liquid chemical by-products.

With 10 Canadian branches and one in the United States, Tricil operates nationally as the largest liquid contractor and one of the largest in the solid waste business. The majority of operating revenue is generated in Ontario and Quebec.

Tricil's solid waste customers are municipalities and individual companies; in liquid waste, customers come from a wide variety of industries including paint, chemical, manufacturing and oil companies.

Tricil operates both as a contractor in today's markets and simultaneously as a developer of tomorrow's innovative high-technology problem-solving systems.

To operate effectively, the waste management contractor needs to have control of the waste handling process from as near the beginning as possible.

Tricil works with waste generators to assure a manageable by-product, to collect the waste and process it, removing valuable commodities, then to dispose of the residual in environmentally acceptable ways.

Marilyn MacDonald — "It was so small that you did just about everything — not like today . . . It's steady all year-'round and getting busier all the time."

In Hamilton, Ontario — a city of 450,000 — Tricil designed and manages a large multi-component solid-waste collection, processing, energy recovery and disposal system composed of three transfer stations, a solid waste processing and incineration plant, a 547-acre (220-hectare) landfill site and the transportation system connecting the components. The full system will be in operation in 1980.

Employees

Tricil's staff of 350 comprises engineers, technologists, plant- and vehicle-operating personnel and administrative people, with half in solid waste and half in liquids.

To keep current in management techniques, process technology and safe operating practices, 60 Tricil people attended courses or seminars during the year.

Expansion

In Ottawa, Tricil has acquired Gloucester Disposal Services, making Tricil the largest Ottawa contractor in the roll-off container market.

Tricil's $4.3 million capital budget was employed in the acquisition of Gloucester, improvements to the Sarnia Liquid facility, the purchase of property for a land fill in Kingston and the construction of a facility in Regina.

Future

A new research program begun in 1979 is aimed at developing an entirely new process for detoxifying inorganic liquid chemical by-products. In December, Tricil successfully completed pilot testing in the United States and is now assessing the commercial viability of the process for the North American market.

Capital investment in 1980 will exceed $7 million for new and replacement trucks, energy recovery technology and further improvements to the liquid waste incinerators at Sarnia and Mercier.

Kirk Gable — "I like working on this rig 'cause I've always been here. I know it inside out . . . I prefer where I am. I just like worrying about my crew."

Kirk Gable

At the drilling site, each rig takes on a personality of its own as the rig's workings become second nature to the men. Driller Kirk Gable prefers Kenting's Rig #7. "I like working on this rig 'cause I've always been here. I know it inside out."

By the beginning of 1980, Kirk had been "here" for 2½ years. One year after he began as a "green roughneck," Kirk had "worked my way up." Today, he's responsible for a four-man crew working a 12-hour shift.

At 21, Kirk is one of Kenting's youngest drillers. Rig 7 Manager Joe Balyan credits Kirk's "interest and willingness to learn" for his rapid ascent through the ranks.

Drilling in the Whitecourt area of west-central Alberta, Rig 7 drills 11,000 feet (3 350 m) and stands 130 feet (40 m) from drilling floor to the top of the derrick.

Kirk doesn't remember being interested in too much other than working on the rigs. His father spent 23 years as a driller, and until Kirk was five years old, the Gable family lived in camps at the drilling sites.

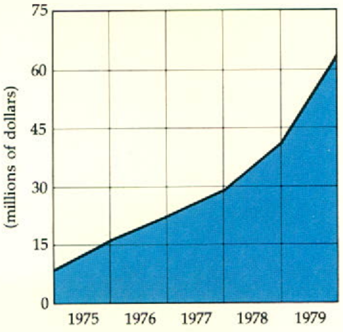
Although young, Kirk already is looking at committing his future to the drilling industry. "I'd like to try my hand at being a relief rig manager someday but I don't think I'm quite ready for it. I haven't been drilling that long."

A rig manager, he explains, is more management oriented. His decisions direct the drilling program, choosing the appropriate bit, the weight it carries in the hole, and the speed at which it is drilling.

As driller, Kirk's responsibilities include safety supervision and training of his crew. By the end of 1979, Rig 7 had accumulated 241 accident-free days, ranking sixth in Kenting's fleet of 25 rigs. On the drilling floor, Kirk undertakes the actual drilling of the hole, adding lengths of pipe, changing corrosion rings, and other day-to-day operations.

For now, says Kirk, "I prefer where I am. I just like worrying about my crew. I'm not too much for paperwork." Like all members of drilling crews, Kirk works a two-week shift followed by one week home.

OIL AND GAS DRILLING



Revenues
12 months ended December 31

The Business

Kenting Drilling is Canada's fourth-largest drilling contractor with 25 drilling rigs ranging in depth capability from 900 m to 6 100 m (15 rigs are rated in excess of 3 000 m).

Kenting and the industry are drilling at an 85% utilization rate. This is considered full utilization as drilling days are lost while rigs are moved from one location to another and during spring break-up when the terrain is too soft to move equipment.

Kenting's customers are drawn from 700 oil and gas companies operating in western Canada. Drilling contracts with these major and independent companies can be for a single well, series of wells or even longer term. Kenting now has 12 rigs under firm contracts of six months to four years duration.

About one-third of Kenting's contracts are drilled on a meterage basis — the client pays a fixed price per meter of hole drilled. Kenting takes the risk of drilling the well within the contract price. The key to profitability here is the experience, training and efficiency of Kenting's people.

Other contracts are drilled on a straight day rate basis.

Employees

Kenting Drilling has 475 employees. Rapid growth has created a surge in demand for new employees in virtually every job category in the industry. The need for staff training and safety awareness has become paramount.

A spate of reports and features in the national and local media may have given the impression that "working on the rigs" is a hazardous occupation.

In fact, the incidence of accidents and fatalities has consistently fallen since 1973. Accidents do happen; the number has increased but not nearly as fast as the number of people employed in the industry.

Kenting's training school and programs were featured in our June, 1979, Interim Report to Shareholders. A total of 103 rig workers have been through the Level I Blow Out Prevention Course; 26 more drilling personnel took supervision and general management training during 1979.

Overseas in Britain, where Kenting has been drilling since 1972, an additional five rigs are run by 90 employees. Four rigs drill to 1 500 m, the fifth to 2 450 m.

While industry activity in Britain is not as hectic as in Canada, training is essential. Crews receive their instruction in-house and at an industry training facility in Montrose, Scotland.

For the last few years, Kenting has been drilling mostly for coal in England. With a worsening international petroleum supply situation, a shift toward more onshore oil drilling is likely to result.

Expansion

The Canadian drilling industry added 89 rigs to the fleet in 1979 — an increase of 22%. Kenting added six rigs to its fleet — a 30% increase.

Future

Demand for new drilling rigs has not diminished. Kenting has placed orders for four new rigs; the largest is capable of drilling to 5 500 m. Total capital investment will be $22 million. The new rigs will go into service beginning in June, 1980.

Vern Harvey

Vern Harvey — "I've stayed interested because I've moved around a lot. Often, changing positions within a company is as challenging as changing companies."

After 23 years with his division, Districts Manager for Edmonton Vern Harvey has "worked for Kenting Oilfield Services longer than anyone else in the organization." In fact, Vern joined before the division was known as Kenting and went by its original name, Canadian Well Services and Tank Co. Ltd.

"We supply roustabout crews to the oil patch for servicing and maintenance," says Vern of the Districts Department which has offices in Turner Valley, Rocky Mountain House, Stettler, Fort St. John, and Vern's office in Edmonton. Even though there are seasonal peaks, it's steady work.

Considered part of field operations, Vern spends an equal amount of time at his desk and at the job site. He'd like to be in the field more. "I don't like sitting behind a desk. I like being out looking after my people."

Edmonton's Districts projects start and end with Vern, from bidding the job, supplying all labor and equipment, and acting as liaison with the customer. "After the little bit of paperwork, it's straight contact work and managing the crews."

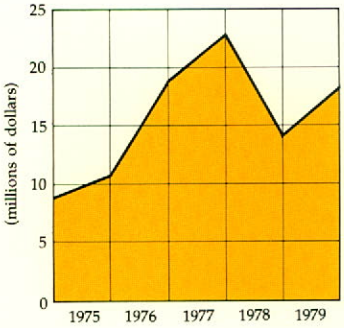
Three departments comprise Kenting Oilfield Services: Districts, Technical Enterprise and Projects Construction. The division also incorporates a pipeline construction company, Kenting United Construction.

"Districts is probably the smallest part of Kenting Oilfield," Vern explains. Its work is on a smaller scale and contracted on an hourly basis. Its very much a profitable entity, however, and customers "know they get good service."

Originally from Calgary, Vern began his career there in the previous owner's payroll department. His move to Edmonton as office manager came later and, from that post, Vern went on to become production supervisor, purchasing agent and now districts manager. He also fit in a 2½-year stint in Lloydminster where the division once had an office.

"I've stayed interested because I've moved around a lot," he says. "Often, changing positions within a company is as challenging as changing companies."

PIPELINING AND OILFIELD CONSTRUCTION



Revenues
12 months ended December 31

The Business

Kenting Oilfield Services and Kenting United Construction, Trimac's production facility and pipeline construction companies, work for oil and gas companies throughout Alberta.

Kenting Oilfield is the second-largest company of its type in Canada.

Pipelining

Kenting United Construction has five pipeline construction spreads (groups of equipment) capable of laying pipelines from two to 16 inches in diameter.

Construction

Kenting Oilfield's Projects department builds a variety of facilities to purify and move oil and natural gas.

Compressor stations, gas processing plants and centralized production facilities are required to move natural gas to markets. Pumping stations and a variety of secondary recovery installations (water or miscible flood plants) maintain pressures in oil reservoirs to enhance production.

Districts Operations

Kenting's Districts Oilfield Maintenance department has crews and equipment available in five centres to service existing production facilities throughout Alberta and B.C.

Crews are equipped for jobs ranging from the regular maintenance of gas plants to the laying of small short pipelines tying individual wells together.

Technical Sales and Service

Technical Enterprise is unique in its mix of products and services.

Technical Enterprise is a production and drilling industry supply store, distributing and servicing hardware such as compressors and heaters used in production facilities.

Technical also designs and fabricates electrical control systems for drilling rigs and supplies airfield lighting systems to governments and the aviation industry.

Employees

Kenting Oilfield and Kenting United employ about 400 people at peak season and about 200 in the off season.

Kenting Oilfield, in co-operation with the Alberta Department of Labour, runs an apprenticeship program for pipe fitters and electricians, training people for trades in the oilfields.

A full-time safety co-ordinator is responsible for the design and implementation of ongoing safety programs in all departments.

Expansion

Anticipating the strengthening of oilfield construction activity related to new gas exports, Kenting Oilfield and Kenting United have moved into expanded offices, shops and equipment yard in Nisku, outside Edmonton.

Future

The continuing discovery of natural gas reserves in Alberta and British Columbia, the approval of gas exports to the United States, the "pre-building" of the southern portion of the Foothills line, and the steady demand for new drilling rigs will all combine to assure a much improved climate for Kenting's oilfield related services in the early '80s.

Debbie Lapensee

A success story at Kenting Earth Sciences in Ottawa is 22-year-old Debbie Lapensee, a five-year veteran of the division's computer department. Debbie started without any experience in her field, but "lots of initiative and enthusiasm," says her supervisor, Alister "Smitty" Calder.

Debbie is responsible for running co-ordinates of field surveys through the computer in order to provide the mapping department with the information needed for plotting. It requires great attention to detail. "I can't miss something. It will show up later on."

She doesn't miss much, according to Smitty. In fact, programmers in the department with years of experience and education are a little amazed at her comprehension. "You explain a computer procedure to her once and she immediately understands it."

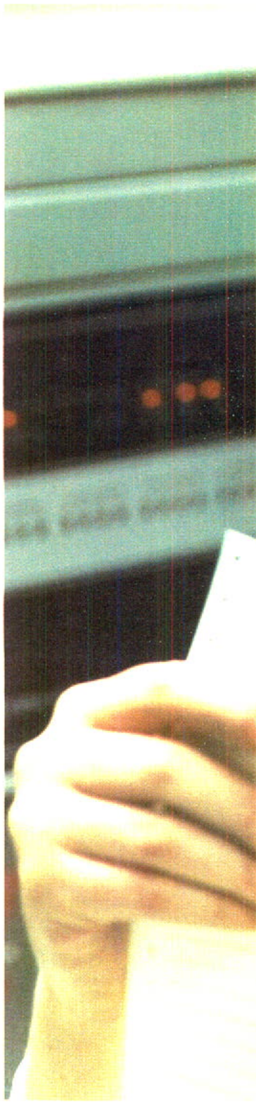
Classified as an operator, not a programmer, Debbie rarely designs a computer program herself, she explains. "I run the job, make sure it's going through the right steps and do adjustments." But, adds Smitty, "at the rate she's going, I can see her doing the actual programming soon."

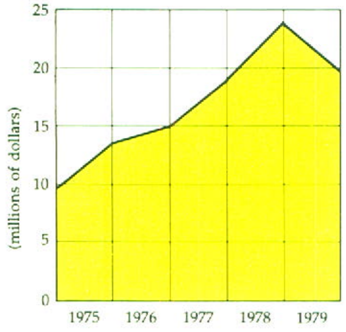
Debbie attributes much of her comprehension ability to the other members of the department who provided "really good help" in training her for the position. "They share a lot of their knowledge."

What led Debbie to be interested in computer operating? "I decided I was going to have a job with some challenges . . . I need pressure. If I don't have it I don't show much initiative."

Traditionally, her type of job requires two to three years of post-secondary education with the emphasis on maths, sciences and a major in computers. It wasn't a prerequisite for the job, says Smitty, but Debbie enrolled in night and correspondence courses to complement her on-the-job experience.

Says Debbie, "If you show you're anxious and willing to show some achievement, they reward you for it."





Revenues
12 months ended December 31

GEOPHYSICS, MAPPING AND RESOURCE STUDIES

The Business

Looking for mineral, energy and agricultural resources is the most far flung of all Trimac's activities.

Two organizations provide the services:

Kenting Exploration Services — Calgary
- oil, gas and mineral exploration using ground geophysical methods.

Kenting Earth Sciences — Ottawa
- aerial mineral survey
- aerial mapping
- resource development.

Kenting Africa Resource Services, an affiliate in Lagos, Nigeria, offers the same services as Earth Sciences, in the African market.

Kenting Exploration Services supplies petroleum exploration companies with contract land seismic survey crews. The petroleum geophysics group runs six data gathering crews made up of recording instruments, trucks, tracked vehicles and portable camps, in "play" areas where oil companies need geophysical data on which to base land acquisition for future drilling programs.

The mining and engineering group collects data for mineral producers and exploration companies seeking new ore bodies, for engineering firms who may require a variety of sub-surface data and for companies operating off shore installations such as drilling rigs or submarine pipelines.

Debbie Lapensee — "I need pressure. If I don't have it I don't show much initiative . . . If you show you're anxious and willing to show some achievement, they reward you for it."

Flying 10 survey aircraft of varying sizes and applications, Kenting Earth Sciences collects geophysical data for mining and petroleum exploration and takes aerial photographs, which form the basis for a variety of maps from topographic to land classification.

On the ground, the division extends its mapping capabilities using a variety of specialized measuring techniques to provide input data needed by agriculturalists, hydrologists, foresters and economists as well as photogrammetrists.

Earth Sciences' services are required virtually everywhere. There are few countries where the company has not worked. 1979 found crews and equipment starting a land capability project in Nepal funded by the Canadian International Development Agency, finishing the job of mapping the Nile Valley in Egypt for the Ministry of Irrigation, and conducting airborne geophysical surveys for international oil companies in the Middle East and the Far East.

Employees

This group employs 260 people fulltime. Scientists, technologists, pilots, aircraft engineers, stereoplotter operators, drafting people, photographers, vehicle drivers and administrative staff — work, many far from home, for extended periods. Peak-season operations can add another 400. In Nigeria, a further 140 people, mostly Nigerian nationals, are on Kenting payrolls year-'round.

Future

In Nigeria, a change to civilian elected government took place last summer. Indications are that the new government will assume a more expansive general business attitude fuelled by increasing oil export revenue.

The need for large mapping and natural resource projects in developing nations is apparent. Their timing, however, is unpredictable. In Canada, the market for aerial geophysics for base metals is strengthening and the uranium markets for both airborne and ground services are strong.

Canadian petroleum geophysical exploration activity has increased to an all-time high. While the summer months are expected to show a decline over winter levels, we anticipate the market to be stronger than last year. In the United States, demand for crews continues to boom.

Martin Ancliff — "Drilling is the sort of job that you do and it gets into your blood."

Martin Ancliff

A driller with Kenting Drilling Services in the United Kingdom, Martin Ancliff was one of the first British drillers to work in the U.K. and, in 1979, was Kenting's first five-year employee.

Martin has recorded other firsts in his relatively short career. In 1977, he went through Kenting's training program in Nisku — the first British employee to do so — and was promoted to the position of driller in 1978. Since then, Martin has graduated from three additional courses in Montrose, Scotland, and has gained extensive experience on both National Coal Board (NCB) and private oil and gas drilling operations.

A relatively new industry in the United Kingdom, "drilling is the sort of job that you do and it gets into your blood," says Martin. "Very few people realize there is a lot of (drilling) activity on land. They think I should be up in the North Sea."

Martin received his initial experience on Rig 12, where he started as a floorman and quickly earned the post of derrickman. After relief drilling on Rig 12, Martin assumed full responsibilities as driller on a rig working for the NCB.

"A different set-up altogether," NCB rigs search for coal core samples as opposed to oil and gas, explains Martin, and do not drill as deep or run as much casing. Drilling a coal hole doesn't take as long as an oil well and a crew often can be on the move once a month.

The big difference between drilling in Britain and Canada is the weather. "Our winters are a lot milder so we don't need the boilerhouse for heat . . . or steam to keep drilling." Camps in Britain also are a rarity, he adds. "With the country being so small, we can always stay in towns. Not being 200 miles (320 km) in the bush, we're always near civilization."

Although it has only been two years since Martin became one of the first British drillers, their numbers are increasing steadily. And with the experience these men are gaining, it won't be long before one is named the first British-born rig manager in the U.K. "When the opportunity comes along, I would go for it . . . I wouldn't mind being the first."

FINANCIAL REVIEW

The following commentary, designed to assist your interpretation of Trimac's financial position, should be read in conjunction with the Consolidated Financial Statements.

Highlights

— $193,468,000 operating revenues, up 24%
— $ 15,069,000 net earnings, up 44%
— $ 59,065,000 gross capital expenditures (including Soulanges acquisition), up 47%
— $ 13,259,000 increase in shareholders' equity, up 33%
— $ 16,041,000 increase in long term debt, up 32%

Revenues

Trimac's consolidated operating revenues increased by $38,018,000 (24%) to $193,468,000 for 1979. All divisions showed improvement, with the exception of the geophysics, mapping and resource studies group, where revenues declined $3,900,000 to $19,900,000. The drilling division enjoyed the largest revenue increase. New rigs and increased utilization of the entire fleet contributed to a 57% increase in revenues, from $40,542,000 to $63,663,000.

Costs

Interest expense (net of interest income) increased 83% to $7,946,000 compared to $4,353,000 in 1978. Increases in the prime rate over those for 1978 contributed $1,900,000 of the $3,593,000 net increase. The remainder is attributable to increased borrowing to support Trimac's capital program. At December 31, 1979, $60,693,000 of the $76,456,000 long term debt, including current portion, was tied to bank prime, at floating interest rates.

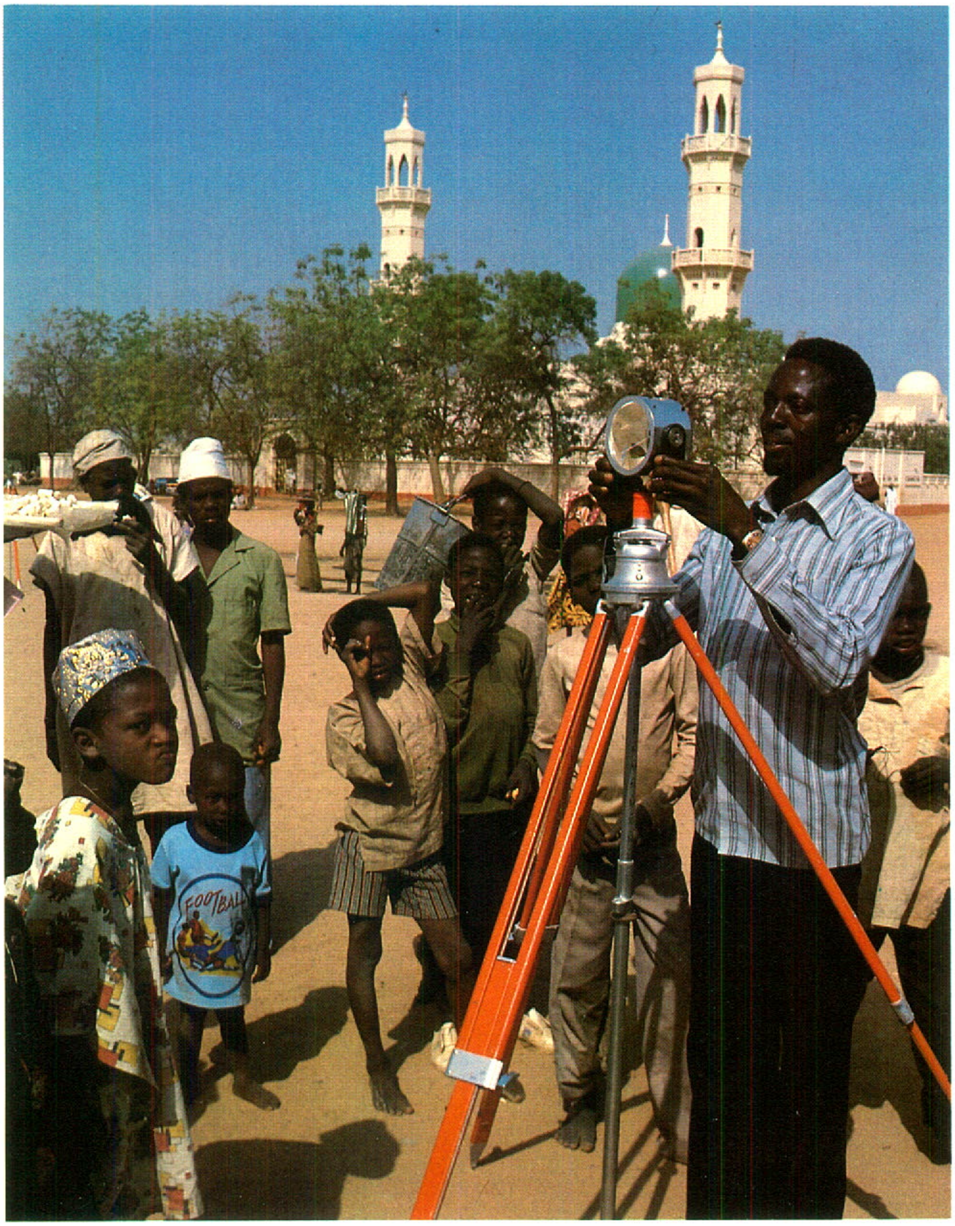
Income taxes, as a percentage of pre tax income, have declined to 42.1% from 46.1% in 1978. The increase in the federal government's investment tax credit on drilling rigs to 7% from 5% and the inclusion of bulk highway hauling equipment for the full year at 7% have increased the investment tax credit substantially over that for 1978. A refund of foreign tax in 1979 also reduced the tax provision significantly. Amounts are detailed in Note 7 to the Consolidated Financial Statements.

Financial Position

Trimac's working capital increased $2,233,000 (21%) to $12,909,000 at the end of 1979. The largest single change is the $9,320,000 increase in accounts receivable, which arose as follows:

(a) Fourth quarter drilling revenues increased 45% over 1978	$4,887,000
(b) Bulk highway hauling revenues were up 36% in the month of December	2,158,000
(c) Oilfield Services revenues were up 33% in the last four months of the year	1,803,000
(d) Other — net	472,000
	$9,320,000

Emmanuel Odjoji



Emmanuel Odjoji — Emmanuel joined Kenting Africa in 1967. Today he is one of the senior surveyors and is now writing computer programs.

Kenting Africa, in operation for close to 20 years, is an affiliate of Kenting Earth Sciences, Trimac's resource mapping division. Kenting Africa is partly Nigerian-owned and is staffed almost entirely by Nigerian nationals, many of whom have received their training at Kenting Africa's Lagos, Kano or Jos offices.

Emmanuel Odjoji joined Kenting Africa in 1967, but his first exposure to the mapping industry came at another firm's topographical department where Emmanuel was hired as an assistant to the surveyor for levelling and line cutting at field sites.

With the additional training and experience Emmanuel received at Kenting Africa, it wasn't long before he assumed full responsibilities as a surveyor. Today, Emmanuel is one of the senior surveyors at Kenting Africa.

Malcolm Campbell, manager of KES Ottawa's survey department and who has worked in Nigeria, responsible for Kenting Africa's survey section, adds, "He has an in-born ability to pick things up very quickly . . . and is now writing computer programs."

Emmanuel's future is promising, Malcolm believes. Kenting Africa wouldn't hesitate assigning Emmanuel to surveying projects outside the country if one was awarded.

Basile Beline, KES Ottawa's manager of overseas projects, has also worked with Emmanuel in Nigeria and trained him in most facets of a surveyor's job. "I was impressed with his work. He was so eager to learn."

Capital Expenditure Financing

Fixed assets expanded by a net $33,337,000; $20,283,000 was in the drilling division and $6,344,000 was for the highway transportation division. Net book value of drilling rigs and related equipment grew by 67% to $51,594,000, while the net book value of highway transportation units increased by 35% to $21,291,000.

	Drilling	Highway Transportation	Leasing	All Other Divisions	Total
			(thousands of dollars)		
Funds provided for fixed asset replacement:					
(a) Depreciation...	$ 4,147	$ 4,636	$ 4,766	$ 2,797	$16,346
(b) Asset disposal proceeds........	527	456	6,327	2,072	9,382
Total replacement funds	4,674	5,092	11,093	4,869	25,728
Capital expenditures	24,957	11,436	12,647	10,025	59,065
Net expansion of fixed assets.....	$20,283	$ 6,344	$ 1,554	$ 5,156	$33,337
Net expansion was financed from the following sources:					
(c) Increase in term debt (Net)...........	$ 9,199	$ 5,946	$ 333	$ 563	$16,041
(d) Deferred income tax increase	4,757	454	500	1,055	6,766
(e) Net funds from or (to) working capital..	6,327	(56)	721	3,538	10,530
	$20,283	$ 6,344	$ 1,554	$ 5,156	$33,337

Capitalization

	1979		1978	
	$	%	$	%
		(Dollar amounts are in thousands)		
Long term debt	**$ 66,017**	**46.5**	$ 49,976	47.1
Accrued costs..............	**918**	**0.6**	1,247	1.2
Deferred income taxes......	**20,124**	**14.2**	13,311	12.5
Minority interest...........	**1,434**	**1.0**	1,325	1.3
Shareholders' equity	**53,521**	**37.7**	40,262	37.9
	$142,014	**100.0**	$106,121	100.0

Trimac maintained its sound financial condition through 1979, with increased earnings and tax deferrals balancing the funds supplied by additional long term debt. The long term debt to shareholders' equity ratio has remained 1.2/1.0 for the past two fiscal years.

Garnie Mueller (right) and Barry Thomas, instrument supervisor — "There's a lot of morale and confidence in the company. It's well financed, which is especially important in this industry. We have some security."

Garnie Mueller

The probability of any oil and gas discovery is determined, to a great extent, by the geophysical exploration undertaken before a drilling rig is even moved on-site.

Kenting Exploration Services is in the business of providing this behind-the-scenes service, explains Garnie Mueller, crew supervisor in the division's land seismic department. "A company's decision on where to drill largely comes from geophysical surveys of this type. . . what we're providing is a contour map of the subsurface."

It's a competitive industry, he adds. At least 20 contractors in Canada offer the same service. "We're as good as any of the others. It comes down to personnel. We all buy the same equipment off the same shelf so it's what your crews do with it in the field that dictates your status in the industry."

At present, Kenting Exploration's land seismic department fields six crews, each with 20 to 25 Kenting people, who are responsible to Garnie and two other supervisors.

Leading the crew is a party manager who oversees all field operations. As crew supervisor, Garnie co-ordinates seismic projects, acts as liaison with customers, and visits the field site to assist the party manager with any equipment, personnel or logistic concerns. It's the best of both worlds for a man with a fair measure of management responsibilities yet "lots of opportunities for field visits," he says.

His knowledge of the business is based primarily on 29 years of field experience, with the occasional course on specialized seismic instruments. Keeping up-to-date with electronic technology is a prerequisite. "But," he adds, "in our operation, a good base of practical field experience is better than a degree in geophysics or geology.

"Any company is only as good as its people," Garnie adds, "and the people are only as good as management's attitude toward the people . . . If you take a look at the key personnel in our operations there's a lot of morale and confidence in the company. It's well-financed, which is especially important in this industry. We have some security."

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended December 31, 1979

	1979	1978
OPERATING REVENUES:		
Drilling and other resource services	**$102,417,000**	$ 79,546,000
Transportation services	**89,831,000**	75,036,000
Other	**1,220,000**	868,000
	193,468,000	155,450,000
COSTS AND EXPENSES:		
Operating costs and expenses	**146,187,000**	119,401,000
Depreciation and amortization	**16,346,000**	12,745,000
	162,533,000	132,146,000
	30,935,000	23,304,000
OTHER DEDUCTIONS (INCOME):		
Interest expense — long term debt	**7,495,000**	4,252,000
Other interest expense (net of interest income)	**451,000**	101,000
Gains on sale of assets	**(1,714,000)**	(642,000)
	6,232,000	3,711,000
	24,703,000	19,593,000
INCOME TAXES:		
Current	**3,635,000**	3,801,000
Deferred	**6,766,000**	5,235,000
	10,401,000	9,036,000
	14,302,000	10,557,000
Share of earnings of 50% owned companies	**908,000**	372,000
	15,210,000	10,929,000
Minority interest in net earnings of subsidiary	**232,000**	258,000
Net earnings before extraordinary items	**14,978,000**	10,671,000
Extraordinary items	**91,000**	(207,000)
NET EARNINGS	**$ 15,069,000**	$ 10,464,000
Net earnings per share before extraordinary items — Basic	**$5.96**	$4.55
— Diluted	**$5.20**	$3.63
Net earnings per share — Basic	**$6.00**	$4.45
— Diluted	**$5.23**	$3.55
Net earnings per share, after giving effect to the three-for-one share split effective January 31, 1980 (Note 11) — Basic	**$2.00**	$1.48
— Diluted	**$1.74**	$1.18

CONSOLIDATED BALANCE SHEET

December 31, 1979

ASSETS

	1979	1978
CURRENT ASSETS:		
Cash and short term deposits	$ 5,896,000	$ 9,128,000
Accounts receivable	42,261,000	32,941,000
Contracts in progress	3,319,000	3,258,000
Income taxes recoverable	—	720,000
Inventories of supplies and material at lower of cost or net realizable value	2,630,000	1,885,000
Prepaid expenses	4,213,000	3,494,000
TOTAL CURRENT ASSETS	58,319,000	51,426,000
INVESTMENTS, SECURITIES AND ADVANCES:		
Investment in and advances to 50% owned companies	4,523,000	3,628,000
Balances receivable under employees' share purchase plans	674,000	825,000
Other	1,517,000	3,257,000
	6,714,000	7,710,000
FIXED ASSETS, at cost less accumulated depreciation and amortization (Note 2)	119,342,000	84,684,000
GOODWILL AND AUTHORITIES	3,049,000	3,051,000
	$187,424,000	$146,871,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	1979	1978
CURRENT LIABILITIES:		
Bank advances, secured (Note 3)	$ 7,196,000	$ 9,040,000
Accounts payable and accrued	25,122,000	19,859,000
Income taxes payable	1,442,000	4,234,000
Contract advances	1,211,000	1,543,000
Current maturities of long term debt (Notes 4 and 5)	10,439,000	6,074,000
TOTAL CURRENT LIABILITIES	45,410,000	40,750,000
LONG TERM DEBT:		
Equipment obligations (Note 4)	51,408,000	37,715,000
Other (Note 5)	14,609,000	12,261,000
	66,017,000	49,976,000
ACCRUED COSTS	918,000	1,247,000
DEFERRED INCOME TAXES	20,124,000	13,311,000
MINORITY INTEREST	1,434,000	1,325,000
SHAREHOLDERS' EQUITY (Notes 6 and 11):		
Share capital	15,905,000	15,503,000
Retained earnings	37,616,000	24,759,000
	53,521,000	40,262,000
	$187,424,000	$146,871,000

Approved by the Board:

J. R. McCaig
Director

A. Vanden Brink
Director

Bill Moskwa — "What you're faced with in a service industry is that it takes only one mistake to ruin your credibility and six months to build it up again . . . You have to become an expert in what you're doing."

Bill Moskwa

"This business never gets boring," says Bill Moskwa of M.B.I. Data Services. "You can make it fun even if you're working on a project you're not enjoying, and there's always new things coming up."

Bill is M.B.I.'s manager of Technical Services and, during 1979, new things for his department included putting into place the on-line system which eventually will connect all Trimac Transportation System branches with the Calgary head office terminal.

Still heavily involved in the on-line system, Bill's expertise was called on from the beginning of M.B.I.'s participation in the project. The initial planning stages are completed, says Bill. "Now, we're enhancing what we did do and are more into training."

Bill joined M.B.I. in February of 1973 as a junior programmer. "I didn't expect to be where I'm at so quickly." Sometimes, he adds, "it feels to me to have been too quick to keep on top of what's happening in the industry."

Although the company has a few outside customers, Trimac provides the bulk of M.B.I.'s work. That has increased dramatically in the 1970s and Bill's position was created "because of the way the technology is developing and the way M.B.I. is growing."

Right now, Bill is concerned with "becoming stable in what I'm doing . . . setting standards . . . what you're faced with in a service industry is that it takes only one mistake to ruin your credibility and six months to build it up again. For that reason, you have to become an expert in what you're doing."

To accommodate the surge of activity and develop new systems for the Trimac group of companies, the division's new IBM 4341 computer offers seven times the power of M.B.I.'s 1979 system and is one of the first to be used in Calgary.

"My job is to make the changeover as simple as possible."

Originally from Saskatoon, Saskatchewan, where he completed his Bachelor of Science, Bill spent 1½ years with a major oil company before joining M.B.I. He hasn't looked back.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 1979

	1979	1978
SOURCE OF FUNDS:		
From operations (a)	**$35,930,000**	$27,935,000
Increase in long term debt	**43,043,000**	30,503,000
Proceeds on disposal of fixed assets	**9,382,000**	6,186,000
Proceeds on sale of investments	**2,351,000**	28,000
Proceeds on issue of common shares	**594,000**	1,149,000
Employees' share purchase plans	**151,000**	830,000
	91,451,000	66,631,000
APPLICATION OF FUNDS:		
Purchase of fixed assets	**58,019,000**	39,570,000
Repayment of long term debt	**27,384,000**	20,178,000
Dividends	**2,212,000**	3,849,000
Investment in subsidiary, net of working capital acquired (b)	**664,000**	—
Other changes — net	**939,000**	3,424,000
	89,218,000	67,021,000
Net increase (decrease) in working capital	**2,233,000**	(390,000)
Working capital, beginning of the year	**10,676,000**	11,066,000
WORKING CAPITAL, END OF THE YEAR	**$12,909,000**	$10,676,000

(a) Funds from operations is computed by adding net earnings, minority interests, depreciation and amortization, non-current deferred taxes and the change in non-current deferred and accrued accounts, adjusted for share of earnings of 50% owned companies, extraordinary items and gains on disposal of assets.

(b) The net assets acquired on the purchase of Soulanges Cartage & Equipment Company Limited consist of the following:

Fixed assets	**$1,046,000**
Long term debt	**(382,000)**
	664,000
Working capital	**326,000**
	$ 990,000

CHANGES IN COMPONENTS OF WORKING CAPITAL:

	1979	1978
Increase (decrease) in:		
Cash and short term deposits	**$(3,232,000)**	$ 5,955,000
Accounts receivable, contracts in progress and income taxes	**8,661,000**	6,102,000
Inventories and prepaid expenses	**1,464,000**	643,000
	6,893,000	12,700,000
Decrease (increase) in:		
Bank advances	**1,844,000**	(7,181,000)
Accounts payable, income taxes and contract advances	**(2,139,000)**	(2,748,000)
Current maturities of long term debt	**(4,365,000)**	(3,161,000)
	(4,660,000)	(13,090,000)
Increase (decrease) in working capital	**$ 2,233,000**	$ (390,000)

Emile Gobeille

The summer of 1980 marks Emile Gobeille's 20th anniversary as a Trimac driver. That's especially noteworthy considering the flawless safety record he has earned during his driving career.

Emile is a short-haul driver at Trimac's J. Kearns Transport branch in Saskatoon. He loads, delivers and off-loads four to five tankers of fuel in a day. Each load can be as much as 7,500 gallons (34 100 litres).

Emile Gobeille — "We're known for good equipment and maintenance here."

City trips require all the patience a driver can muster as difficulties escalate in moving through several gears while manoeuvring through city traffic. Retaining an accident-free record under those conditions can be even more of a challenge, say his co-workers.

Emile tried his hand at long-haul driving and prefers the shorter, in-city assignments. "I did my share of long trips. Now, I like to be close to home."

He assumed more than just the responsibilities of city driving when he began the short hauls. "You have to be your own manager. There's a lot of paperwork involved," explains a fellow driver. Fuel volumes for delivery must be accurate, and the driver has to be up-to-date on how much goes where and when. "It's not a job you can switch guys around on every couple of weeks. There's quite a bit to it."

The branch's senior driver, Emile worked part-time with Trimac in Moose Jaw before he signed on permanently in Saskatoon in 1960. "I've been with the McCaigs since I was a kid more or less . . . They only had about 10 trucks when I went down to Moose Jaw. I've gone right through with them."

Emile recalls being one of about four employees when he joined the Saskatoon operation. Today, 46 drivers are kept busy with 43 trucks on long and short hauls originating from that centre.

Emile takes a lot of pride in his truck - the 1969 Kenworth he's been driving for the last five years. "To look at it, you'd never know it was that old . . . I think Trimac has a good name in Saskatoon," he continues. "We're known for good equipment and maintenance here."

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1979

	1979	1978
BALANCE, BEGINNING OF THE YEAR	**$24,759,000**	$18,144,000
Net earnings for the year	**15,069,000**	10,464,000
	39,828,000	28,608,000
DEDUCT:		
Dividends —		
Common shares (1979 — $0.60 per share; 1978 — $1.30 per share)	**1,440,000**	3,033,000
9.12% First Preferred Shares, Series A	**720,000**	724,000
Other preferred shares	**52,000**	92,000
	2,212,000	3,849,000
BALANCE, END OF THE YEAR	**$37,616,000**	$24,759,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Principles of consolidation —

These consolidated financial statements include the accounts of Trimac Limited ("the Company") and its subsidiaries (collectively referred to herein as "Trimac"). All of the Company's subsidiaries are wholly-owned except for its Nigerian subsidiary and certain preferred share interests in Kenting Limited. Trimac follows the equity method of accounting for its investment in 50% owned companies. Under this method, the cost of the investment, including goodwill at acquisition, is adjusted for Trimac's share of undistributed earnings or losses and capital transactions. Trimac's share of earnings and extraordinary items is included in the statement of earnings as "Share of earnings of 50% owned companies" and "Extraordinary items" respectively.

(b) Goodwill and authorities —

Goodwill and authorities acquired subsequent to March 31, 1974 are being amortized on a straight line basis over periods of up to forty years. $2,934,000 of goodwill and authorities was acquired prior to that date.

(c) Prepaid tires —

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

(d) Translation of foreign currencies —

The accounts of foreign subsidiaries have been translated into Canadian dollars; current assets and liabilities using the rate in effect at December 31, 1979, other balance sheet items and related depreciation and amortization at applicable historical rates, and revenues and other expenses at the average exchange rate for the year. Unrealized exchange gains and losses are reflected in earnings as they accrue with the exception of unrealized gains relating to translation of the accounts of the Company's Nigerian subsidiary, which is subject to foreign exchange control regulations. Working capital of the Nigerian subsidiary amounted to $3,407,000 at December 31, 1979.

(e) Income from contracts —

Trimac follows the practice of recording income from contracts under the percentage-of-completion method of accounting. Any anticipated losses are provided for in their entirety.

(f) Accrued costs —

Provisions for non-current accrued costs are made (by charges to income based on levels of operating activity) for estimated future liabilities relating to major overhauls of aircraft and helicopters. Overhaul costs of highway hauling units engaged primarily in seasonal work are accrued in current liabilities.

(g) Fixed assets —

Trimac follows the full cost method of accounting for interests in oil and gas properties, whereby all costs related to the exploration for and development of oil and gas reserves are capitalized as incurred. Costs are amortized using the unit of production method, based on Trimac's total estimated proven reserves. Proceeds on disposal of properties are applied to reduce the total costs in the pool.

For fixed assets, other than land and interests in oil and gas properties, depreciation is provided using a variety of methods, at rates which will amortize costs to estimated residual values, mainly as follows:

Asset	Depreciation Method	Estimated Useful Life
Drilling rigs	Straight line (residual — 15% to 25%)	15 years
Highway tractors	Varying percentages of original cost	5 years
Highway trailers	Straight line	8 years
Rental vehicles	Varying percentages of original cost	3 years
Lease vehicles	Varying percentages of original cost	Varied to match term of lease
Buildings	Straight line	10-25 years
Other	Various	4-15 years

(h) Investment tax credits —

Federal income tax credits related to investments in certain fixed assets are accounted for by reducing the current year's income tax provision. These investment tax credits reduce the capital cost, for income tax purposes, of the related fixed assets. Deferred income taxes are provided on the difference between the "accounting" and "tax" costs of these assets.

(i) Other —

Revenue from operating leases (1979 — $11,734,000; 1978 — $10,293,000) is included in transportation services revenue.

Certain comparative figures for the 1978 year have been restated to conform to the current year's financial statement presentation.

NOTE 2 — FIXED ASSETS:

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

	December 31			
	1979		1978	
	Cost	**Net Book Value**	**Cost**	**Net Book Value**
	(thousands of dollars)			
Revenue producing vehicles and equipment:				
Drilling rigs and related equipment	**$ 56,898**	**$ 51,594**	$ 32,958	$ 30,905
Bulk hauling highway units	**44,451**	**21,291**	33,807	15,765
Lease and rental units	**22,954**	**16,260**	19,906	13,981
Other equipment	**22,656**	**12,526**	21,448	13,738
	146,959	**101,671**	108,119	74,389
Land, buildings and yard improvements	**12,076**	**10,294**	6,562	5,409
Interests in oil and gas properties	**6,940**	**6,412**	4,303	4,005
Other	**3,335**	**965**	2,935	881
	$169,310	**$119,342**	$121,919	$ 84,684

NOTE 3 — BANK ADVANCES, SECURED:

Bank advances are secured by general assignments of book debts, floating charge debentures on the assets of certain subsidiary companies, certain drilling rigs and the certificates of title to certain real property.

NOTE 4 — EQUIPMENT OBLIGATIONS:

	December 31			
	1979		1978	
	Long Term	Current	Long Term	Current
	(thousands of dollars)			
Revolving credit agreements — fixed and floating interest rates from $\frac{3}{4}\%$ to $1\frac{1}{4}\%$ over prime (a) (b)	**$30,655**	**$ 643**	$24,419	$ 225
Debenture payable — interest rate 1% over prime (c)	**548**	**1,159**	1,707	1,024
Bank term loans — interest rates mainly $\frac{1}{2}\%$ to $\frac{3}{4}\%$ over prime (d)	**20,205**	**5,554**	11,589	2,418
Total equipment obligations	**$51,408**	**$ 7,356**	$37,715	$ 3,667

(a) The revolving credit agreements of various subsidiaries provide for credit lines equal to the lesser of a total of $38,300,000 at December 31, 1979 or an amount determined by formula in each agreement (which amounts totalled $32,563,000 at December 31, 1979). The loans are secured by charges against certain 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 January, 1981, all 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 installments on a term basis consistent with the declining borrowing base, resulting in terms ranging from five years to a maximum of eight years.

(b) If no additional amounts were borrowed, estimated repayments in the years ending December 31, would be: 1980 — $6,818,000; 1981 — $7,327,000; 1982 — $6,001,000; 1983 — $3,667,000; 1984 — $2,142,000; thereafter — $5,343,000.

(c) The debenture is secured by fixed charges on certain drilling rigs. Anticipated annual repayments are as follows: 1980 — $1,159,000; 1981 — $548,000.

(d) Bank term loans are mainly secured by certain drilling rigs and accounts receivable arising out of work performed by such rigs. The loans are repayable as follows: 1980 — $5,554,000; 1981 — $5,640,000; 1982 — $4,824,000; 1983 — $3,806,000; 1984 — $3,736,000; thereafter — $2,199,000.

NOTE 5 — OTHER LONG TERM DEBT:

	December 31			
	1979		1978	
	Long Term	Current	Long Term	Current
	(thousands of dollars)			
Bank term loans (a)	**$12,706**	**$ 2,120**	$10,387	$ 2,315
Other (b)	**1,903**	**963**	1,874	92
	$14,609	**$ 3,083**	$12,261	$ 2,407

(a) Bank term loans are repayable over periods of up to nine years, and, in general, are secured. The interest rates vary from ½% to 1½% over prime. 410,241 common shares and 9,000 Class "C" preferred shares of Kenting Limited have been lodged as security for loans of $6,048,000.

(b) Included are mortgage loans, repayable over periods from 1980 to 2002, and unsecured notes and agreements payable, which mature at various dates to 1986. Interest rates vary from 7% to 12%. Also included is the balance representing the minimum amount payable under an agreement for the purchase of 40,000 shares of Kenting Limited (Note 9(a)).

(c) The amounts to be repaid during the years ending December 31, are: 1980 — $3,083,000; 1981 — $2,196,000; 1982 — $6,232,000; 1983 — $1,207,000; 1984 — $1,288,000; thereafter — $3,686,000.

NOTE 6 — SHAREHOLDERS' EQUITY:

(a) Share Capital —

	Authorized		Issued	
	Number	Amount	Number	Amount
First Preferred Shares of a par value of $25. each	640,000	$16,000,000		
9.12% Cumulative Redeemable First Preferred Shares, Series A				
Issued as at December 31, 1978			317,700	$ 7,942,000
Purchased for cancellation (i)			(7,700)	(192,000)
Issued as at December 31, 1979			310,000	7,750,000
Second Preferred Shares of a par value of $10. each	250,000	$ 2,500,000		
4% Non-Cumulative Redeemable Convertible Second Preferred Shares, "A" Series				
Issued as at December 31, 1978			15,700	157,000
Converted into Common Shares			(100)	(1,000)
Issued as at December 31, 1979			15,600	156,000
Class A Convertible	7,500,000	$15,000,000		
Class B Convertible	7,500,000			
Issued as at December 31, 1978			2,357,895	7,404,000
Issued on conversion of Second Preferred Shares, "A" Series			133	1,000
Issued on exercise of Share Purchase Warrants			65,942	594,000
Issued as at December 31, 1979 (ii) (Note)			2,423,970	7,999,000
Total share capital — December 31, 1979				$15,905,000

Note: Effective January 31, 1980, the Class A and Class B Convertible Shares were reorganized into common shares. See Note 11.

(i) Purchase obligation — The Company is required to purchase 3,200 First Preferred Shares, Series A each calendar quarter in the open market, if the market price does not exceed par plus accrued and unpaid cumulative dividends and costs of purchase. The quarterly purchase obligation carries forward for up to three succeeding quarters, to the extent not satisfied, and is then extinguished.

During 1979 the Company purchased 7,700 shares pursuant to its purchase obligation. For the first quarter of 1980, the outstanding obligation amounts to 2,200 shares from the third quarter of 1979 and 3,200 shares for each of the fourth quarter of 1979 and the first quarter of 1980 — a total of 8,600 shares.

After June 30, 1982 the Company is further entitled to redeem the outstanding First Preferred Shares, Series A at a premium reducing from $1.75 per share during the twelve months ending June 30, 1983 to Nil after June 30, 1987.

(ii) Of the total common shares outstanding at December 31, 1979 there were 989,741 Class A Convertible Shares and 1,434,229 Class B Convertible Shares. The Class A and Class B Convertible Shares are without nominal or par value, voting and convertible into one another on a share for share basis. The shares are equal in all respects.

(b) Common Shares Reserved —

	Number of Shares
— for outstanding $9 share purchase warrants expiring May 17, 1982	189,122
— for conversion of 15,600 Second Preferred Shares "A" Series	20,800
— for payment of agreements to purchase 60,550 shares of a subsidiary company	181,650
— for options granted to officers and employees of the Company and its subsidiaries under the terms of the Company's Employee Stock Option Plan (i)	36,000
	427,572

(i) At December 31, 1979, 36,000 options granted November 20, 1979 and expiring November 20, 1984 were outstanding at a price of $36.10 per share for a potential consideration of $1,299,600. Options may be exercised at the rate of 20% per plan year, on a cumulative basis.

Sufficient Class A Convertible and Class B Convertible Shares have been reserved to provide for the conversion of all of the outstanding, or to be outstanding, Class A Convertible and Class B Convertible Shares into one Class.

(c) Retained earnings

(i) Contributed surplus in the amount of $50,000 which arose in 1977 on the issuance of Second Preferred Shares has been included with retained earnings.

(ii) Under the provisions of the governing statutes, $1,377,000 (an amount equal to the par value of preference shares of the Company and its subsidiaries redeemed) is restricted from distribution to shareholders.

NOTE 7 — INCOME TAXES:

The provision for 1979 and 1978 income taxes is less than would otherwise be expected, for the reasons set out below:

	1979		1978	
	Amount	**% of Earnings Before Income Taxes**	Amount	% of Earnings Before Income Taxes
	(Dollar amounts are in thousands)			
Computed "expected" tax	**$11,857**	**48.0%**	$ 9,405	48.0%
Investment tax credits	**(1,123)**	**(4.5)**	(598)	(3.1)
Recovery of foreign tax	**(600)**	**(2.4)**	—	—
Other — net	**267**	**1.0**	229	1.2
Actual tax provision	**$10,401**	**42.1%**	$ 9,036	46.1%

NOTE 8 — STATUTORY INFORMATION:

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers (as defined in the Alberta Companies Act) of the Company during the year ended December 31, 1979 was $548,000.

NOTE 9 — COMMITMENTS:

(a) Under a 1977 agreement with A. Vanden Brink, the Company agreed to purchase and Vanden Brink agreed to sell 40,000 common shares of Kenting Limited for a consideration which may be either 120,000 Class A Convertible shares of the Company or, at the option of the vendor, an amount of cash which cannot be determined at the present time. The minimum cash consideration of $850,000 has been recorded as a long term liability on the books of the Company. The ultimate cash consideration, should the vendor choose cash rather than shares, would become determinable in 1982 and would be payable over a period of up to three years and would be calculated by one of two methods each of which is based on the profitability of Kenting Limited during the period from January 1, 1977 to December 31, 1981.

The actual cost of the shares will be recorded at the time the ultimate cash cost is determinable or at the time the vendor elects to receive the 120,000 shares. In the latter case the $850,000 would be recorded as the issue price of the Company's shares. It is the Company's intention to allocate any cash excess, over the $850,000 minimum presently recorded, to the related assets to the extent that they had excess values at the time control was acquired. Any additional excess cost would be allocated to goodwill and amortized over an appropriate period.

(b) Employees of Kenting Limited, a subsidiary company, hold 20,550, 5% convertible redeemable non-voting participating Kenting Limited preferred shares of a par value of $21.25. The shares are convertible, at the option of the holder, on a cumulative basis at the rate of 20% for each year after February 1, 1977 into common shares of Kenting, on a share for share basis. The Company is obligated to purchase and the holder must sell these common shares immediately upon issue at a price of $21.25 per share plus or minus the net change in the fully diluted net book value per common share of Kenting for the period from January 1, 1977 to the end of the fiscal period immediately preceding such purchase. The earnings allocable to these shares are shown as minority interest on the Consolidated Statement of Earnings.

At the option of the employee, after February 1, 1982, the Company will exchange three Trimac Class A Convertible shares for each Kenting common share as an alternate to the foregoing purchase arrangement.

NOTE 10 — AGREEMENT TO ACQUIRE LIQUID TRANSPORTERS, INC.:

On December 27, 1979, shareholders of Liquid Transporters, Inc. ("Liquid"), headquartered in Louisville, Kentucky, approved an Agreement and Plan of Merger which would result in Liquid becoming a wholly-owned subsidiary of the Company. Trimac has arranged a line of credit to acquire Liquid's shares, at an estimated cost of U.S. $12.6 million. The acquisition is subject to regulatory approvals, which are expected during 1980.

NOTE 11 — SUBSEQUENT EVENT:

On January 15, 1980 the Company's shareholders approved the following changes to the capital structure of the Company:

(a) The 7,500,000 Class A Convertible Shares and 7,500,000 Class B Convertible Shares were reclassified, share for share, into common shares, without nominal or par value.

(b) The 15,000,000 common shares were subdivided into 45,000,000 common shares, thereby effecting a three-for-one stock split.

(c) The number of common shares authorized was reduced from 45,000,000 to 15,000,000, for a maximum aggregate consideration of $25,000,000.

On January 31, 1980, the effective date of the above stock split, the number of outstanding common shares was increased to 7,331,505.

AUDITORS' REPORT

To the Shareholders of
TRIMAC LIMITED

We have examined the consolidated balance sheet of Trimac Limited as at December 31, 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Trimac Limited and those subsidiaries and the 50% owned company of which we are auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of other auditors who have examined the consolidated financial statements of a subsidiary and a 50% owned company.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1979 and the results of its operations and the changes in its financial position 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
February 22, 1980

PRICE WATERHOUSE & CO.
Chartered Accountants

ADDITIONAL FINANCIAL INFORMATION

Schedule of Divisional Assets and Liabilities
At December 31, 1979

	Drilling and Other Resource Services	Trans-portation Services	Other	Total
		(thousands of dollars)		
ASSETS				
CURRENT ASSETS:				
Cash and short term deposits	$ 2,194	$ 526	$ 3,176	$ 5,896
Accounts receivable	30,976	11,060	225	42,261
Contracts in progress	3,245	—	74	3,319
Inventories	1,443	1,187	—	2,630
Prepaid expenses	1,158	3,041	14	4,213
TOTAL CURRENT ASSETS	39,016	15,814	3,489	58,319
INVESTMENTS, SECURITIES AND ADVANCES:				
Investment in and advances to 50% owned companies	(268)	(81)	4,872	4,523
Balances receivable under employees' share purchase plans	399	—	275	674
Other	774	75	668	1,517
	905	(6)	5,815	6,714
FIXED ASSETS, AT COST	81,525	86,257	1,528	169,310
Accumulated depreciation and amortization	14,365	35,435	168	49,968
	67,160	50,822	1,360	119,342
GOODWILL AND AUTHORITIES	711	2,338	—	3,049
TOTAL ASSETS	$107,792	$68,968	$10,664	$187,424
LIABILITIES				
CURRENT LIABILITIES:				
Bank advances, secured	$ 5,900	$ 1,296	$ —	$ 7,196
Accounts payable and accrued	14,541	9,917	664	25,122
Income taxes payable	1,501	(170)	111	1,442
Contract advances	1,126	85	—	1,211
Current maturities of long term debt	7,833	1,138	1,468	10,439
TOTAL CURRENT LIABILITIES	30,901	12,266	2,243	45,410
EQUIPMENT OBLIGATIONS	20,753	30,655	—	51,408
OTHER LONG TERM DEBT	3,255	5,225	6,129	14,609
ACCRUED COSTS	257	661	—	918
DEFERRED INCOME TAXES	12,899	7,230	(5)	20,124
MINORITY INTEREST	1,434	—	—	1,434
TOTAL LIABILITIES	$69,499	$56,037	$8,367	$133,903

NOTE: Interdivisional advances have been eliminated.

FIVE YEAR FINANCIAL REVIEW

	Year Ended December 31			Nine Months Ended December 31	Year Ended March 31
	1979	1978	1977	1976 (1)	1976 (1)
	(Dollar amounts are in thousands, except per share figures)				
RESULTS					
Revenue	$193,468	$155,450	$137,872	$ 83,684	$ 65,020
Earnings before taxes, share of earnings of 50% owned companies, minority interest, and extraordinary items	24,703	19,593	14,339	7,440	4,155
Provision for income taxes	10,401	9,036	6,849	3,619	1,963
Share of earnings of 50% owned companies	908	372	408	293	18
Minority interest	232	258	923	1,091	—
Net earnings for the year before extraordinary items	14,978	10,671	6,975	3,023	2,240
Per common share					
— Basic	5.96	4.55	3.07	1.41	1.04
— Fully diluted	5.20	3.63	2.53	1.37	1.02
Net earnings for the year	15,069	10,464	7,060	3,407	2,143
Per common share					
— Basic	6.00	4.45	3.11	1.59	0.99
— Fully diluted	5.23	3.55	2.56	1.54	0.98
Depreciation and amortization	16,346	12,745	10,800	6,580	7,539
Funds from operations	35,930	27,935	18,767	10,632	9,737
Per common share					
— Basic	15.06	12.85	8.80	5.00	4.58
— Fully diluted	13.02	10.14	7.23	4.85	4.43
Interest expense	9,002	4,854	4,039	2,932	2,960
Average number of common shares outstanding					
— Basic	2,386,492	2,173,099	2,132,637	2,128,438	2,128,438
— Fully diluted	2,759,892	2,753,892	2,597,629	2,191,438	2,197,938
YEAR END POSITION					
Working capital	12,909	10,676	11,066	6,387	4,142
Fixed assets, at cost	169,310	121,919	91,047	74,621	49,735
Total assets	187,424	146,871	110,563	92,207	52,366
Long term debt	66,017	49,976	39,651	34,042	21,925
Shareholders' equity	53,521	40,262	32,556	18,399	15,489
QUARTERLY RESULTS (unaudited)					
Revenues					
First quarter	44,321	35,318	35,079	19,147	15,750
Second quarter	42,257	36,114	30,325	32,838	19,576
Third quarter	55,801	42,360	42,123	31,699	16,959
Fourth quarter	51,089	41,658	30,345	N/A	12,735
	193,468	155,450	137,872	83,684	65,020
Net earnings					
First quarter	3,498	1,968	1,023	623	466
Second quarter	2,769	1,894	704	1,592	899
Third quarter	5,272	3,356	2,735	1,192	428
Fourth quarter	3,530	3,246	2,598	N/A	350
	15,069	10,464	7,060	3,407	2,143
Fully diluted earnings per common share					
First quarter	1.20	0.63	0.43	0.28	0.20
Second quarter	0.95	0.60	0.26	0.73	0.42
Third quarter	1.85	1.19	0.98	0.53	0.19
Fourth quarter	1.23	1.13	0.89	N/A	0.17
	5.23	3.55	2.56	1.54	0.98

(1) Restated to reflect the one-line basis of accounting for share of earnings of 50% owned companies.

GLOSSARY OF SELECTED ACCOUNTING TERMS

CURRENT ASSETS cash or other assets which will be either converted to cash or used in the conduct of business activities within one year of the balance sheet date.

CURRENT LIABILITIES obligations which will be liquidated through cash payment or the conduct of business activities within one year of the balance sheet date.

DEFERRED INCOME TAXES income taxes are levies made by federal and various provincial governments based on earnings of the company. Deferred income taxes are levies which will become payable in future years when expenses (mainly depreciation) claimed for tax purposes become less than those charged for accounting purposes. Provisions for such taxes are made by charges against earnings during years in which income tax deductions exceed amounts charged for accounting purposes.

DEPRECIATION AND AMORTIZATION systematic charges against earnings intended to amortize the cost of property, plant and equipment (less estimated salvage values) over the useful life of such assets.

EQUITY BASIS a method of accounting for long-term investments under which an investor records his share of earnings or losses of the entity in which he has invested by increasing or decreasing the carrying value of the investment.

EXTRAORDINARY ITEMS earnings or losses which are not typical of normal business activities and which are not expected to occur regularly over a period of years.

FUNDS FROM OPERATIONS computed by adding net earnings, minority interests, depreciation and amortization, non-current deferred taxes and the change in non-current deferred and accrued accounts adjusted for share of earnings of 50% owned companies, extraordinary items and gains on disposal of assets.

GOODWILL AND AUTHORITIES intangible assets, being the acquisition costs of subsidiary companies which could not be allocated to specific assets, and the costs incurred in acquiring authorities or licences to operate in defined geographic or market areas.

MINORITY INTEREST the equity interest in net assets or earnings of subsidiary companies related to capital stock of these subsidiaries owned by shareholders other than Trimac Limited and its wholly owned subsidiaries.

NET CAPITAL INVESTED is total assets less current liabilities and accrued costs.

PERCENTAGE-OF-COMPLETION a method of accounting which results in the recording of contract profits on the basis of the amount of work the contractor has completed.

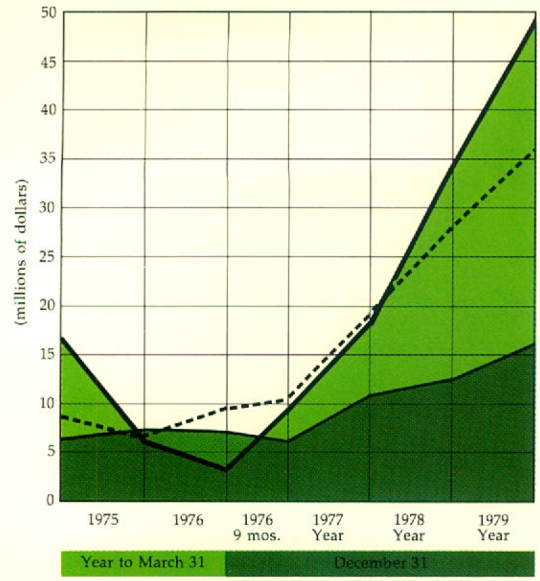
RETAINED EARNINGS the amount by which accumulated net earnings have exceeded accumulated net losses and dividends paid.

RETURN ON NET CAPITAL INVESTED the sum of net earnings plus long term debt interest on an after tax basis as a percentage of the average of beginning and end of year net capital invested.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY net earnings as a percentage of the average of beginning and end of year shareholders' equity.

LONG TERM DEBT borrowed money originally repayable over more than a one year period.

WORKING CAPITAL current assets less current liabilities.

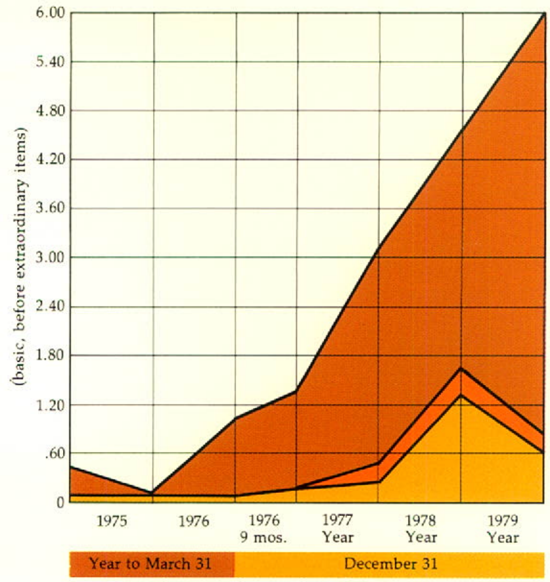


NET CAPITAL EXPENDITURE, DEPRECIATION AND FUNDS FROM OPERATIONS

Capital Expenditures
(Net of Disposal Proceeds)

Depreciation

Funds From Operations

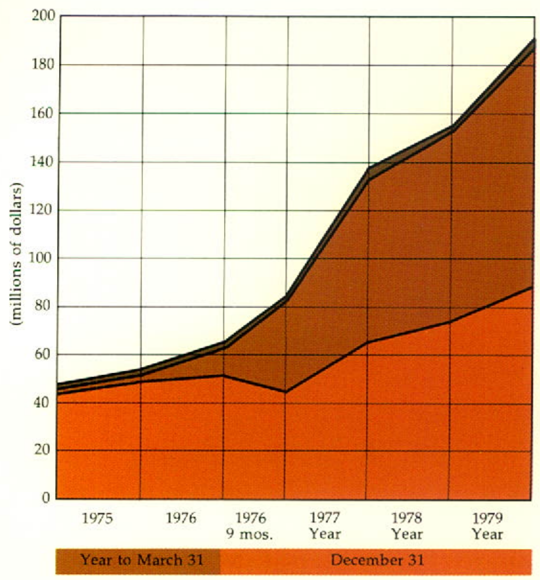


EARNINGS PER SHARE

Reinvested in Business

1st Preferred Series A Dividends

Common Share Dividends

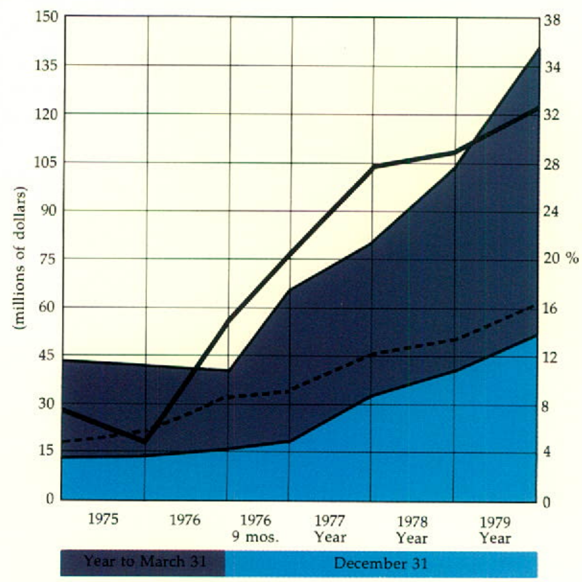


REVENUE: BY CLASS OF BUSINESS

Other

Energy

Transportation



NET CAPITAL INVESTED AND SHAREHOLDERS' EQUITY

Net Capital Invested

Shareholders' Equity

Return on Net Capital Invested

Return on Average Shareholders' Equity

OFFICERS

J. R. McCaig, President and Chief Executive Officer
M. W. McCaig, Vice President
K. W. Winger, Vice President Finance
F. T. Bailey, Secretary

SENIOR MANAGEMENT

KENTING LIMITED
A. Vanden Brink, President
T. A. Jones, Senior Vice President
K. C. Grogan, Secretary Treasurer
J. M. Smart, Controller

TRIMAC TRANSPORTATION GROUP LIMITED
D. K. Jackson, President
K. N. Wahl, Vice President
G. E. Petersen, Vice President, Treasurer

DIVISIONAL MANAGEMENT

TRIMAC TRANSPORTATION SYSTEM LIMITED
A. J. Coyston, Executive Vice President

RENTWAY CANADA LTD.
J. E. Sauve, President

TRIMAC CONSULTING SERVICES LTD.
R. S. McBride, General Manager

M. B. I. DATA SERVICES LTD.
C. J. Nesselbeck, General Manager

KENTING DRILLING DIVISION
W. W. Ebel, Vice President, General Manager

KENTING DRILLING SERVICES (UNITED KINGDOM)
R. D. Pidskalny, Managing Director

KENTING EARTH SCIENCES DIVISION
D. G. Mackay, Vice President, General Manager

KENTING AFRICA RESOURCES SERVICES (NIGERIA)
H. Gansen, Managing Director

KENTING OILFIELD SERVICES/KENTING UNITED CONSTRUCTION DIVISIONS
D. R. Dennehy, Vice President, General Manager

KENTING EXPLORATION SERVICES DIVISION
W. R. Redmond, Vice President, General Manager

KENTING HELICOPTERS DIVISION
C. N. Crawford, Vice President, General Manager

TRIPET RESOURCES LIMITED
F. G. Vetsch, President

JOINT VENTURE COMPANIES

TRICIL LIMITED
R. F. Day, President

STEPHENS ENERGY LIMITED
K. A. Stephens, President

ARCNAV MARINE LIMITED
C. T. Newman, Vice President, General Manager

OTHER INFORMATION

Stock Exchange Listings

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

Registrars and Transfer Agents

The Royal Trust Company
— Common Shares & Share Purchase Warrants

Crown Trust Company
— 9.12% First Preferred Shares, Series A

Auditors

Price Waterhouse & Co.

ART WORKS
lawson graphics western limited
PRINTED IN CANADA

DIRECTORY OF OFFICE LOCATIONS

TRANSPORTATION SERVICES

Trimac Transportation Group Limited
6th Floor, 736 - 8th Avenue, SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 265-9900
Telex: 03-825633

Bulk Highway Transportation
Trimac Transportation System Limited
3rd Floor, 736 - 8th Avenue, SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 265-9900
Telex: 03-824656

Branches in
Kitimat, Burnaby, Prince George, Kamloops, Dawson Creek, Chetwynd, Fort Nelson, Whitehorse, Grande Prairie, Calgary, Edmonton, Lloydminster, Lethbridge, Moose Jaw, Saskatoon, Regina, St. Boniface, Brandon, The Pas, Thunder Bay, Picton, Windsor, Sarnia, Clarkson, Toronto, Bedford and Montreal

Operating Companies
Maccam Transport Ltd.
H.M. Trimble & Sons Ltd.
Oil and 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) Limited
Tank Lines Limited
Transport Soulanges Inc.

Transportation Equipment Leasing
Rentway Canada Ltd.
3rd Floor, 736 - 8th Avenue SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone (403) 265-9900
Telex: 03-825633

Branches in
Burnaby, Edmonton, Calgary Mississauga, Windsor, London and Hamilton

Helicopter Charter
Kenting Helicopters Division
Hangar No. 10
Calgary International Airport
Calgary, Alberta T2P 2G3
Telephone: (403) 277-8526
Telex: 03-821732

Data Processing
M.B.I. Data Services Ltd.
4th Floor, 736 - 8th Avenue, SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 269-6926
Telex: 03-825633

Transportation Consulting
Trimac Consulting Services Ltd.
6th Floor, 736 - 8th Avenue, SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 265-9900
Telex: 03-825633

ENERGY SERVICES

Kenting Limited
3rd Floor, 700 - 6th Avenue, SW
Calgary, Alberta T2P 0T8
Telephone: (403) 263-2980
Telex: 03-824542

Oil and Gas Drilling
Kenting Drilling Division
3rd Floor, 700 - 6th Avenue, SW
Calgary, Alberta T2P 0T8
Telephone: (403) 263-2980
Telex: 03-824542

Operations offices in Nisku, Alberta

Kenting Drilling Services Limited
Unit 6, Wilford Industrial Estate
Ruddington Lane
Wilford, Nottingham
United Kingdom
Telephone: (602) 819-136
Telex: 51377905+

Geophysical Survey and Mapping
Kenting Earth Sciences Division
380 Hunt Club Road
Ottawa, Ontario K1G 3N3
Telephone: (613) 521-1630
Telex: 053-4173

Branches in
Calgary, Don Mills and Toronto

Kenting Africa Resource Services
53 Lawson Street
P.O. Box 1658 (Mail)
Lagos, Nigeria, Africa
Telephone: (01) 636-555, (01) 636-629

Branches in
Kano and Jos, Nigeria

Kenting Exploration Services Division
5636 Burbank Crescent, SE
Calgary, Alberta T2H 1Z6
Telephone: (403) 253-6633
Telex: 03-822630

Pipelining and Construction
Kenting Oilfield Services Division
703 - 19th Avenue
Nisku Industrial Park
Nisku, Alberta T0C 2G0
Box 490 (Mail)
Leduc, Alberta T9E 2Y3
Telephone: (403) 955-2855

Operations offices in
Fort St. John, Rocky Mountain House, Stettler, Edmonton and Turner Valley; Sales offices in Calgary

Kenting United Construction Division
703 - 19th Avenue
Nisku Industrial Park
Nisku, Alberta T0C 2G0
Box 490 (Mail)
Leduc, Alberta T9E 2Y3
Telephone: (403) 955-2855

Sales offices in Calgary

Technical Enterprise Division
9766 - 51st Avenue
Edmonton, Alberta T6E 0A6
P.O. Box 4220 (Mail)
Edmonton, Alberta T6E 2A0
Telephone: (403) 434-3421
Telex: 03-742505

OIL AND GAS INVESTMENT

Tripet Resources Limited
4th Floor, 736 - 8th Avenue, SW
Calgary, Alberta T2P 1H4
Telephone: (403) 261-0651

JOINT VENTURE COMPANIES

Waste Management
Tricil Limited
Suite 400, 101 Queensway West
Mississauga, Ontario L5B 2P7
Telephone: (416) 270-8280
Telex: 06-960113

Branches in
Edmonton, Regina, St. Catharines, Sarnia, Hamilton, Mississauga, Ottawa, Kingston, La Salle and Mercier in Canada; Felt Mills in New York

Hydrocarbon Trading
Stephens Energy Limited
2540, First Canadian Place
P.O. Box 45 (Mail)
Toronto, Ontario M5X 1A9
Telephone: (416) 364-5088
Telex: 06-524729

Marine Construction
Arcnav Marine Limited
6th Floor, 736 - 8th Avenue, SW
P.O. Box 3500 (Mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 261-3693
Telex: 03-825633