A NEW NORTH AMERICAN Trimac 1980 ANNUAL REPORT

THE COMPANY

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

Trimac serves a number of industries in the energy and transportation fields.

While the majority of Trimac's revenue is generated in Canada, it will increasingly be derived from an expanded presence in the United States, in the United Kingdom, Europe and Africa.

Directors	Director Since
M. Dubinsky, Q.C., Calgary	1971
F. M. Late, Dallas	1980
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, Chairman and Chief Executive Officer
A. Vanden Brink, President and Chief Operating Officer
K. W. Winger, Senior Vice President
M. W. McCaig, Vice President
F. T. Bailey, Vice President Administration and Secretary
R. B. McNichol, Treasurer

CONTENTS

DUPLICATE ANNUAL REPORTS

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

ADDITIONAL ANNUAL REPORTS

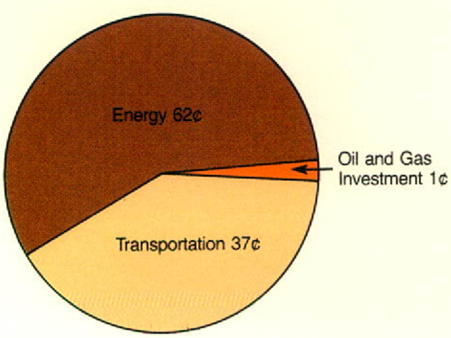
Contact Trimac's Public Relations Department, Box 3500, Calgary, Alberta, T2P 2P9 or telephone (403) 265-9900 for additional copies of this report or for general information about the Trimac companies.

ANNUAL MEETING

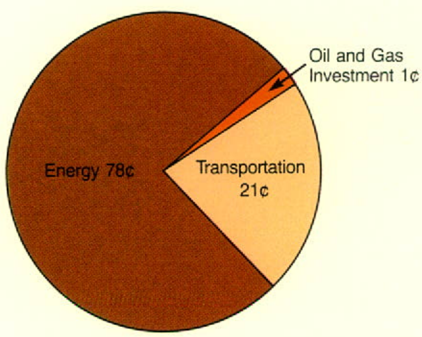
Trimac's Annual General Meeting will be held Tuesday, April 21, 1981 at 10:30 a.m. in the Glenview Room of the Calgary Convention Centre. Shareholders who are unable to attend are requested to fill out, sign and return their proxies as soon as possible.

THE YEAR IN BRIEF

	December 31 1980	1979	% Change
	(thousands of dollars)		
Operating revenues	**$308,987**	$193,468	+ 59.7
Net earnings	**26,828**	15,069	+ 78.0
Funds from operations	**61,108**	35,930	+ 70.1
Net capital expenditures	**56,390**	48,637	+ 15.9
Working capital	**32,207**	12,909	+149.5
Net capital invested	**348,750**	141,096	+147.2
Long term debt (excluding current maturities)	**182,301**	66,017	+176.1
Shareholders' equity	**115,645**	53,521	+116.1
COMMON SHARE DATA, after giving effect to 1980 three for one stock split:			
Net earnings — Basic	**$ 3.34**	$2.00	+67.0
— Fully Diluted	**$ 3.03**	$1.74	+74.1
Dividends	**$ 0.30**	$0.20	+50.0
Common Shareholders' equity	**$11.81**	$6.27	+88.4
SHAREHOLDER INFORMATION			
Number of shareholders:			
Common	**1,998**	783	+155.2
Preferred (Series A)	**806**	879	− 8.3
Number of shares outstanding:			
Common (after three for one split)	**9,169,409**	7,271,910	+ 26.1
Preferred (Series A)	**291,800**	310,000	− 5.9



SEGMENT REVENUE



SEGMENT OPERATING INCOME

TO OUR SHAREHOLDERS

New Developments

Trimac has changed substantially since our annual report to shareholders last year.

As a result of our July acquisition of Dallas based Cactus Drilling Corporation of Texas and its associated drilling companies, for $141 million (Canadian), revenue derived from our energy services has grown considerably. In 1979 it accounted for 53% of total revenue; by year end 1980 it had risen to 62%.

The new decade has begun with a combination of setback and opportunity. In Canada, the National Energy Program, designed to speed the country toward self-sufficiency in energy, appears to be having the opposite effect. On the other hand, oil and gas exploration in the United States reached an all time high in 1980.

While we are a Canadian company and prefer to keep Canadian employees working at home, it is in the best interests of you, our shareholders, and our employees to take advantage of the U.S. drilling opportunities until the Canadian market regains its strength.

In September, we completed our acquisition of Liquid Transporters, Inc., of Louisville, Kentucky — a regional highway bulk transport firm operating in the Ohio Valley.

In November, along with other senior appointments, A. (Tony) Vanden Brink became President and Chief Operating Officer of Trimac Limited. He was succeeded as President of Kenting Limited by T. A. (Tom) Jones, formerly Executive Vice President.

Earnings, Return and Revenue

Trimac's 1980 earnings reached $26,828,000, a 78% increase over the $15,069,000 reported for 1979.

Per share net earnings have increased to $3.34 per share, ($3.03 fully diluted) compared with $2.00 per share ($1.74 fully diluted).

The earnings increase is attributable to better performances from most of Trimac's operating companies and a substantial contribution from the inclusion of Cactus Drilling's earnings from July 1, 1980.

Return on average shareholders' equity was 31.7% compared with the previous year's 32.1%.

Operating revenue was $308,987,000, an increase of 60% over that reported for 1979.

Employees

At year end, 5,375 people were permanent Trimac employees. The increase was largely a result of our two acquisitions in the United States.

Over 900 people attended courses and seminars covering subjects including oilwell drilling technology, financial management, various safety subjects and first aid, marketing strategy and secretarial science.

Trimac's total payments in salaries, wages, benefits and owner-operator costs increased to $106.9 million from the $75.1 million in 1979.

Capital Employment

More than one half of our $56 million in net capital expenditures went into our drilling and other energy service businesses. Over $30 million was committed to the purchase of new Canadian drilling rigs and the upgrading of the Kenting and Cactus fleets.

The purchase and upgrading of highway transportation equipment for our trucking operations and new properties for terminals along with the replacement of units in our lease fleet accounted for over $14 million in investment. Investment in oil and gas properties increased by $14 million in 1980, bringing the total to $20 million.

Share Split

A proposal to split our common shares on a three-for-one basis was announced by our Board of Directors on March 11. Formal shareholder approval will be sought at our Annual General Meeting in Calgary, April 21.

The proposed split would increase the number of outstanding shares to more than 27 million and once again bring the per share price to a more accessible level for the individual investor.

Dividends

Effective the first quarter of 1981, we have raised the regular quarterly dividend by 20% to 36¢ per common share compared with 30¢ per share last year.

Future Markets

In the short term, Canada is less attractive than the U.S. in the energy market but more stable from a transportation perspective.

The market for transportation services in Canada, although influenced in the east by the spill-over effects of the U.S. recession, remains strong in western Canada, reflecting the still buoyant economy. Fully 80% of our highway bulk transportation business is generated west of Ontario.

In our view, the National Energy Program is not a positive step for Canadian self-sufficiency. The Program needs to be revised. The price for Canadian oil needs to increase and revenue sharing agreements between the federal government and the producing provinces must be resolved. If these steps are not taken, exploration capital will continue to be diverted to the more attractive U.S. market.

The offshore market in the United States has softened. Although the long term outlook is very positive, three of our platform rigs are currently idle. We expect the situation to improve by the fourth quarter.

Trimac, with 70% of our North American rig fleet in the United States and more than 50% of our Canadian drilling cash flow covered by long term contracts of up to three years' duration, is in a relatively protected position. We have moved two Canadian rigs to the U.S; two more are committed to move in the near future.

In summary, with our increased capability in the international energy scene and our efforts to maintain market share in Canada combined with the steady growth we forecast in transportation in Canada and the United States, Trimac is in an excellent position to continue its growth and returns on investment for the foreseeable future.

We express our thanks to our customers, suppliers, employees and to you, our shareholders, for helping to make 1980 another record year for Trimac.

J. R. McCaig

J. R. McCaig,
Chairman

A. Vanden Brink

A. Vanden Brink,
President

ENERGY

OPERATIONS IN THE ENERGY SEGMENT

OIL & GAS DRILLING
Trimac operates a total of 83 land drilling rigs in the United States, Canada and the United Kingdom.

PIPELINING AND OILFIELD CONSTRUCTION
Trimac's construction divisions build pipelines and production facilities throughout Alberta.

AIRBORNE & RESOURCES SURVEY
Aerial surveys, non-mineral resources studies and land surveys are carried out worldwide.

LAND SEISMIC SURVEY
Geophysical surveys to locate potential oil and gas deposits are performed for clients in Canada and the United States.

OIL AND GAS DRILLING

The Business in the United States

Drilling for oil and gas on land and offshore is Trimac's largest single line of business. The acquisition of the Cactus Drilling companies makes Trimac a major international drilling company.

Cactus, based in Dallas, with three operations centres in Texas, two in New Mexico and one in each of Oklahoma, Louisiana and Michigan, operates 50 land rigs ranging in depth from 2 100 to 7 600 m and seven platform rigs in the Gulf of Mexico, all capable of drilling to 7 600 m.

The Market

The drilling market in the United States reached an all time high in 1980 and is expected to strengthen even more through 1981.

Several reasons account for the upsurge, but the energy policies of Presidents Carter and Reagan have had the most direct effect. Their decontrol of oil prices has awakened the industry from years of unenthusiastic activity. An average of 2,909 rigs were active in 1980, 723 more than in 1979; 13,603 more wells were drilled than in 1979, for a total of 62,704. On February 13, 1981, 3,529 rigs were operating.

The impact on Cactus has been strongly positive. Revenues have increased as a result of price adjustments reflecting the high demand, higher utilization, new clients and a larger share of an expanding market.

Employees

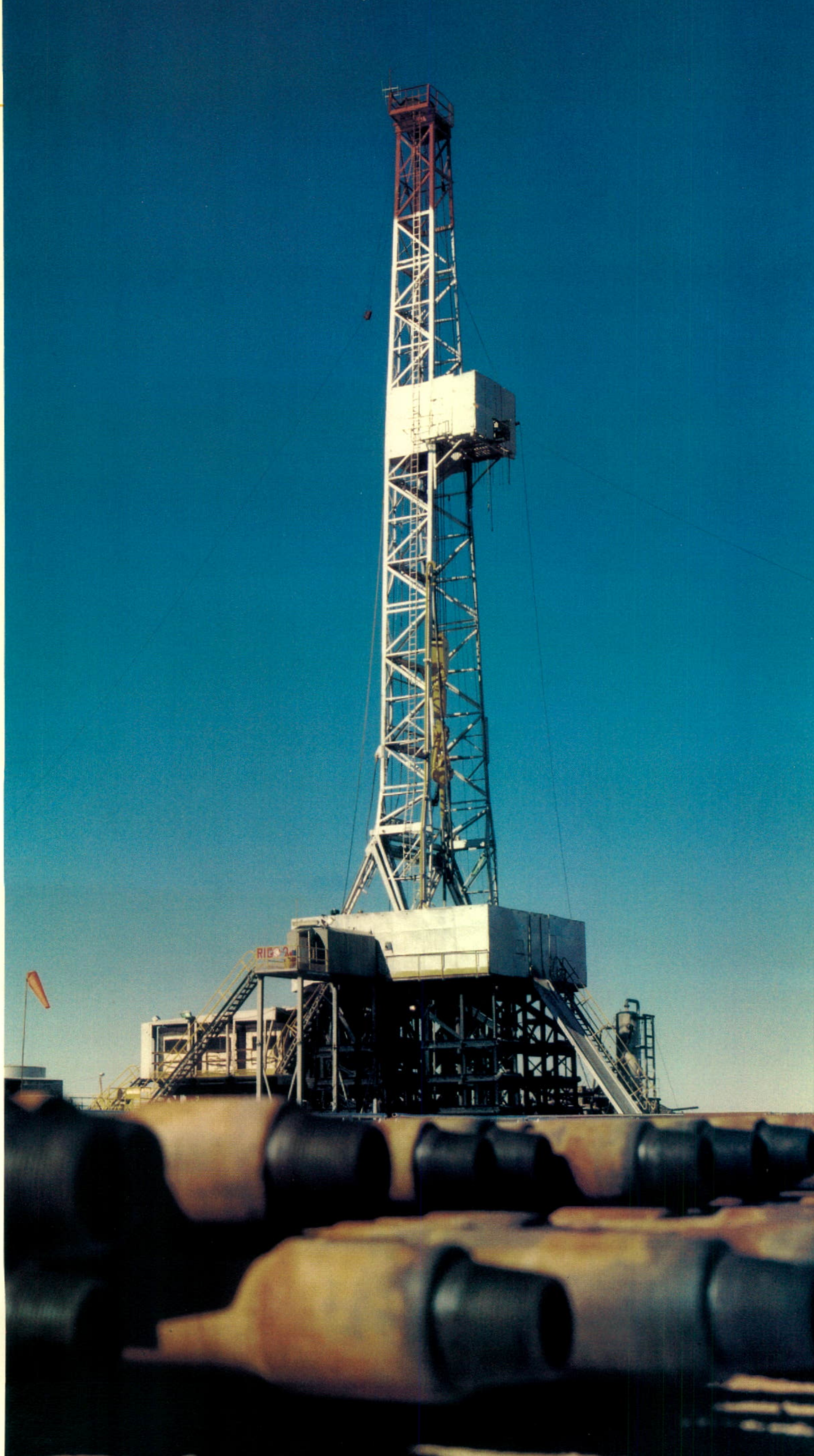
The Cactus companies bring in excess of 1,500 experienced employees to Trimac. Many have been with Cactus for most of their careers.

The majority of Cactus' people are working for the land rig companies while 300 are assigned to the offshore operation.

Safety and well control courses are mandatory for Cactus employees. Drilling courses sponsored by the United States Geological Survey and educational institutions are attended by senior drilling personnel.

The Future

To stay efficient and become more profitable, Cactus will spend in excess of $25 million U.S. in 1981 to upgrade rigs and, in doing so, take advantage of a trend toward deeper land drilling. The upswing in activity has placed strains on the industry, similar to those experienced in Canada in the last few years. Equipment manufacturers are hard pressed to keep up with demand, competition for personnel is keen and crews have to be trained. Nevertheless, Cactus looks forward to even higher land rig utilization in 1981.



Cactus' Rig #2, capable of drilling to 6 100 m, is working in west Texas.

The Business in Canada

Kenting Drilling at year end owned 28 rigs in Canada, ranging in depth capacity from 1 500 to 6 100 m. Two have since been shipped to the U.K. and two are now drilling in the northern United States. Capital spending for new Kenting rigs and upgrading the existing fleet in 1980 reached $26 million.

1980 Activities

While Kenting was able to increase market share and, consequently, revenue by 30% in 1980, the National Energy Program has softened the Canadian market. The effects on Kenting, however, are cushioned by the expansive market in the U.S. and an upswing in oil and gas exploration on land in the U.K. In addition about 50% of cash flows from Canadian operations are covered by long term contracts. Kenting Drilling's customers are major and independent oil and gas exploration and production companies.

Employees

Kenting Drilling added three rig managers, one drilling engineer, an electrician and approximately 50 rig personnel to bring its operating strength to 585 people.

Personnel training continued to be a high priority. One hundred eleven students successfully completed Level I Well Control at the Kenting Training Centre; 20 rig managers succeeded in Level II Well Control; 100 drillers, assistant drillers and rig managers went through courses on boiler operation and maintenance; 83 students received first aid and hydrogen sulphide alert certification.

The Future

Because of the uncertainties caused mainly by the National Energy Program, opportunities for growth in Canada are limited for the short term future.

By spring, the Canadian drilling industry is expected to move some 120 rigs to the United States.

Much reduced activity in Canada will see no rig additions and no major expansion in the employee count.

Kenting's strategy will be to capitalize on markets in the United States and the United Kingdom, while maintaining the highest possible market share in Canada.

As a result of Kenting's upgrading program for existing rigs, the addition of fuel efficient diesel-electric rigs, solid training programs, increasing emphasis on the latest technological advances and attention to detailed engineering during the actual drilling of wells, the organization is in an excellent position to take advantage of market opportunities no matter where they may occur.

The Business in the United Kingdom

Kenting Drilling Services will operate seven land rigs, ranging in depth from 1 400 to 3 400 m. Two new rigs joined the fleet early this year. Major clients include the National Coal Board (NCB), the National Energy Research Council (NERC) and private sector oil and gas companies.

The operation is based near Nottingham affording excellent transportation access to Britain's coal and petroleum prospective areas.

Kenting's oil and gas drilling activity increased during 1980 while NCB coal coring programs slowed somewhat, a result of government budget restrictions. Four rigs were operating at year end while Kenting's smallest rig was sold to the Dowell Training Centre.

Employees

Kenting Drilling Services employs 115 people; more than 80% are British Nationals. One hundred twenty-four courses covering a variety of technical and administrative topics were attended by Kenting's U.K. employees. Several courses were taught in Britain by Kenting's Canadian training staff.

The Future

The two diesel-electric rigs shipped from Canada are drilling on term contracts of up to two years — one for oil and gas, and one for geothermal energy on behalf of the NERC. A discovery in the south of England has resulted in one rig being contracted by two private sector companies for further oil and gas exploration in the area.

Kenting is planning to build a new operations and administrative centre to more adequately handle the increased fleet.

The British government is expected to further reduce exploration budgets for the NCB late in 1981 and through 1982. On the other hand, with an increased rig fleet and well trained personnel, we are well positioned for increasing oil, gas and geothermal activity.

PIPELINE AND OILFIELD CONSTRUCTION

The Business

The services of Trimac's production facility and pipeline construction companies, Kenting Oilfield Services and Kenting United Construction, are contracted by oil and gas production companies throughout Alberta and Saskatchewan.

Kenting United Construction has the manpower and equipment to simultaneously operate three pipeline spreads for laying pipe ranging in diameter from 60 to 406 mm.

Kenting Oilfield Services incorporates three departments in its operation, each with a specific area of expertise.

The Projects Department constructs oil and natural gas purification plants as well as the compressor stations and processing and production facilities required to move natural gas to market. It has the people and equipment capabilities to service up to five plant construction operations simultaneously.

The District Oilfield Maintenance Department has offices in four centres throughout Alberta, with the crews and equipment available to service existing production facilities. The department's capabilities extend from maintaining gas plants to laying small short pipelines to tie together individual wells.

The Technical Enterprise Department is the company's production and drilling industry supply store. Technical designs and fabricates electrical control systems for drilling rigs and markets and installs airfield lighting systems for governments and the aviation industry. Technical also distributes and services the compressors and heaters used in production facilities.

1980 Activities

An improved market was anticipated in 1980 for Kenting Oilfield and Kenting United Construction, primarily due to the expected sales of natural gas from reserves in western Canada and the prebuilding of the Foothills Pipeline.

The influx of new companies competing in the market and the unexpected slowdown of oilfield related projects created a soft market, one which worsened with the release of the federal budget and the announcement of the National Energy Program. As a result, Kenting Oilfield Services and Kenting United Construction recorded less than anticipated revenues.

Kenting Oilfield's Projects Department was involved in some gas plant construction during the year in addition to a portion of a $20 million heavy oil recovery pilot plant in west central Saskatchewan.

The largest contract for Kenting United Construction was a 70 km gas-gathering system in southern Alberta, ranging in size from 60 to 114 mm pipe.

Kenting United Construction can run three "spreads" of men and equipment for laying pipe, ranging in diameter from 60 to 406 mm.

Employees

The combined operations of Kenting Oilfield Services and Kenting United Construction employ 100 fulltime people and up to 300 during the peak season. During 1981, Projects will expand its operations with the addition of another projects supervisor and crew along with an estimator to accommodate construction projects — mainly additions of compressor power to existing gas pipelines.

During 1980, a comprehensive safety program was introduced to all operations. All elements of on-the-job safety and first aid procedures have been taught to almost 50 employees to date. Continued emphasis will be placed on the program throughout 1981.

The Future

The market for Kenting Oilfield Services and Kenting United Construction shows no indication of improving substantially in 1981.

The Projects Department has obtained contracts for construction of heavy oil pilot projects in northeast Alberta and in the southern region of the province. An upswing in activity is being experienced by Technical Enterprise, which is opening a Calgary office during the spring of 1981. The new operation is designed to expand Technical's present market base and to better service existing customers.

AIRBORNE AND RESOURCES SURVEY

The Business

Kenting Earth Sciences is a major international contractor providing airborne geophysical and photographic surveys together with mapping, land surveys and a variety of non-mineral resource study services. Based in Ottawa and working with its 60% owned Nigerian associate, Kenting Africa Resource Services, the company's clients are drawn from domestic and foreign governments of all levels and from private sector mining and petroleum exploration companies.

Kenting Earth Sciences flies 10 fixed wing aircraft equipped for geophysical and air photo survey. Aerial photo data are reduced to a variety of maps in Lagos, Nigeria and in Ottawa. The maps are used by clients for planning, forestry, engineering and agricultural purposes. Geophysical data are compiled and interpreted by staff in Ottawa assisted by an SPC-16 computer system. Results of these surveys are used by mineral and petroleum exploration companies to help locate potentially productive resource areas.

1980 Activities

While activity levels in most sectors served by Earth Sciences remained essentially flat, a land use study contract in Nepal and a two-year air photo contract in Indonesia were awarded and commenced in 1980. Domestic mapping contracts depend largely on funds allocated by the federal and provincial governments. Both levels have reduced their spending in markets served by airborne techniques.

Overseas in Nigeria, the civilian government, elected in 1979, has taken a firm hold on priorities and budget commitments. This should soon generate work, expected in 1980, for major development projects requiring the photo and mapping services provided by Lagos based Kenting Africa Resource Services.

Kenting Earth Sciences and Kenting Africa together employ 400 people fulltime — scientists, technologists, pilots, aircraft engineers, stereoplotter operators, surveyors, drafting people and administrative staff. Many work far from home for extended periods.

Future

In Canada, the airborne geophysics market is expected to improve in 1981, while mapping will also improve as one province begins a major medium and large scale mapping program for future development planning.

Overseas markets for all services are expected to strengthen in 1981.

Kenting Earth Sciences has been awarded a contract to provide a hydrographic survey of the Nile River from the Aswan High Dam to the Delta. Water depth data will be used in planning future navigation channels, port development, hydro power installations and agricultural projects.

LAND SEISMIC SURVEY

The Business

The geophysical information collected by seismic contractors determines, to a large extent, where oil and gas companies' drilling programs will be undertaken.

Kenting Exploration Services can field six seismic data gathering crews — operating the recording instruments, trucks, tracked vehicles and portable camps required to record sub-surface acoustic measurements.

1980 Activities

Kenting Exploration introduced its first land seismic crew into the U.S. market in May of 1980. The crew employs American citizens in almost all positions.

Kenting Exploration streamlined its service capabilities during the year by disbanding its geoscience department. The 25 employees affected were relocated to other positions within the division or were aided in finding new employment.

By directing its full attention to land seismic surveys, Kenting Exploration has been able to expand these operations with an increase in people and equipment. Capital expenditures in 1980 and costs of upgrading and replacing existing instrumentation were slightly more than $1 million. Kenting Exploration also replaced its fleet of field survey trucks with 21 new vehicles.

Employees

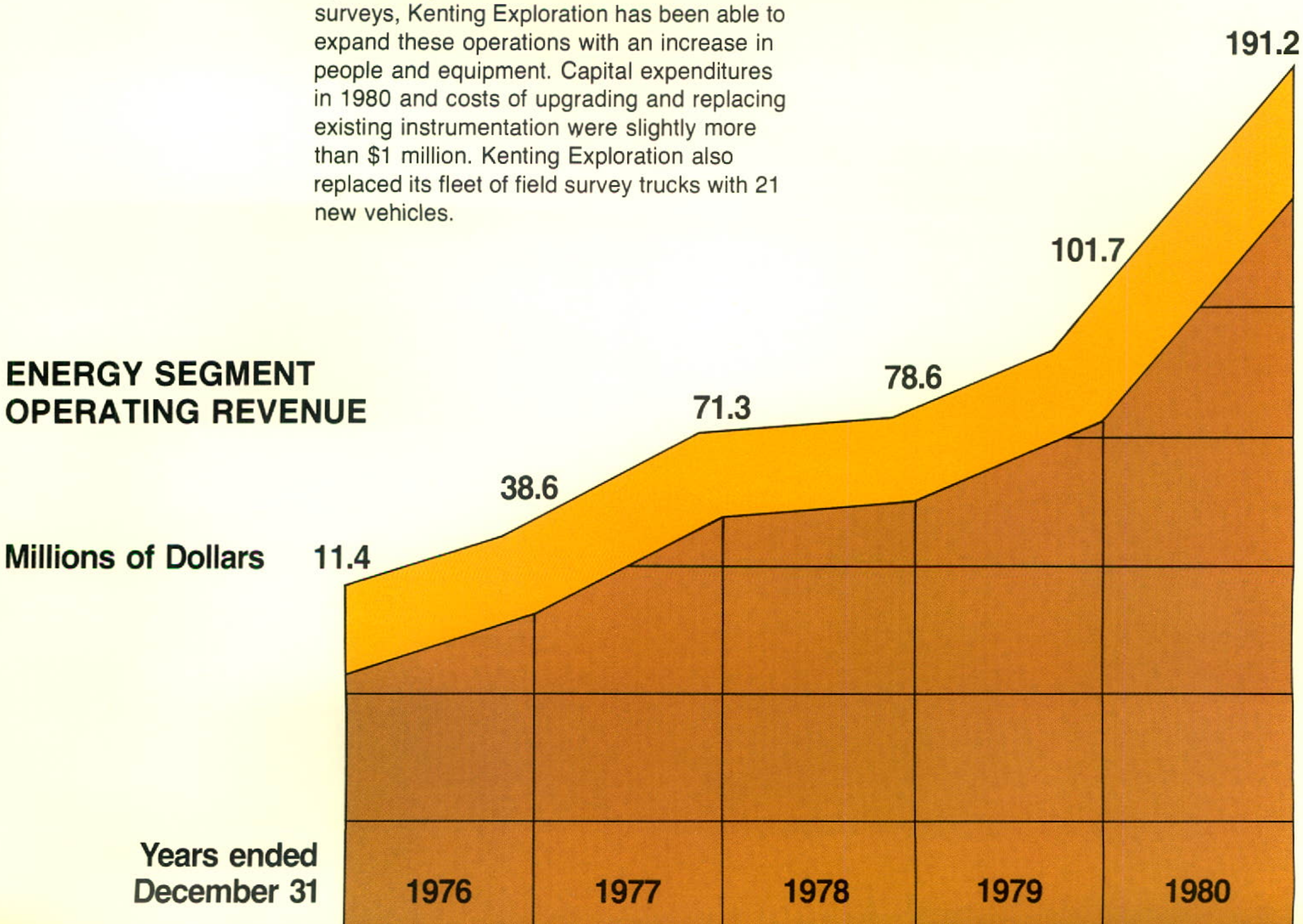
Kenting Exploration employs a permanent staff of 52 but, during its peak season, the number of employees can reach 200. The division provides on-the-job training for all junior field positions and takes advantage of management seminars conducted by industry related resource people.

The Future

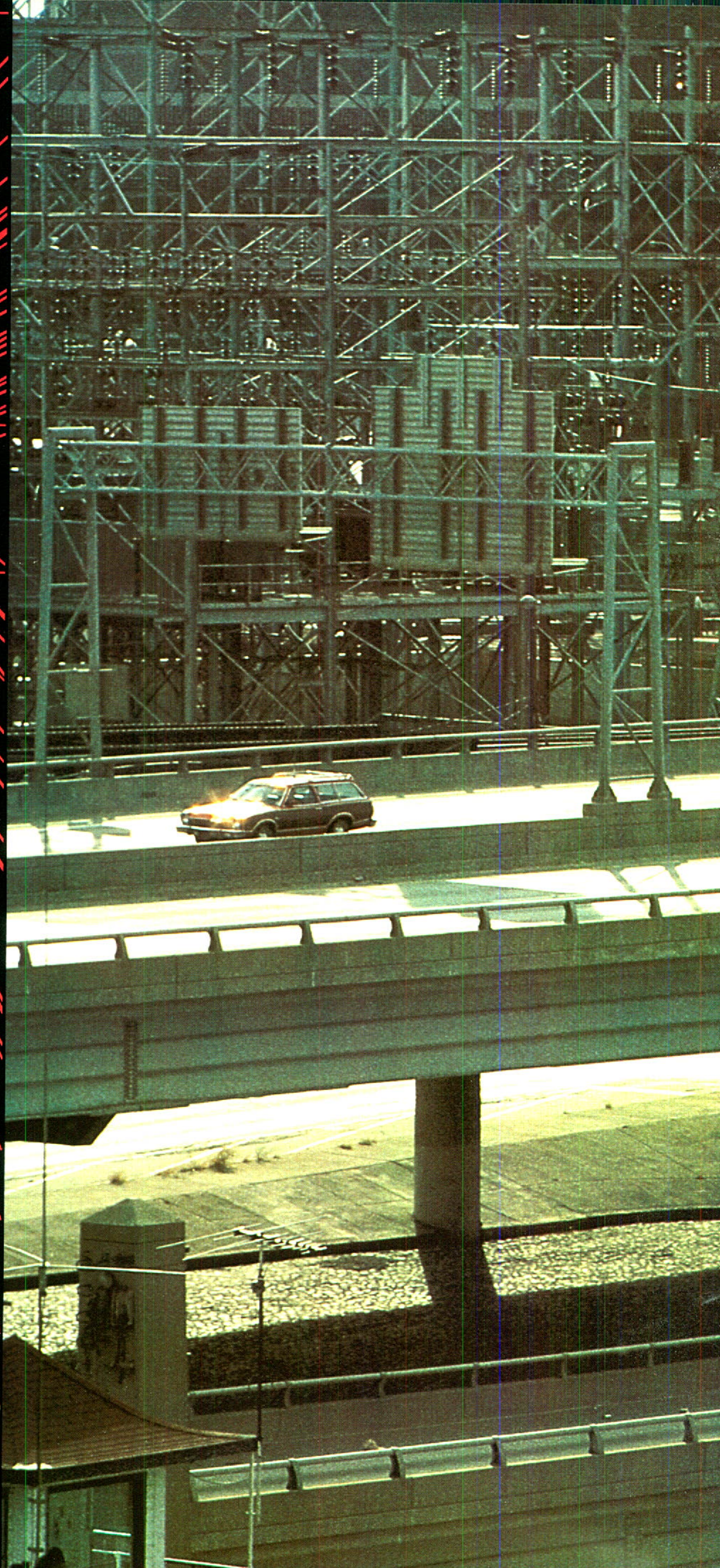
The federal budget and subsequent slowdown of exploration activity in western Canada may have far reaching effects on Kenting Exploration. The division has reacted by reducing the number of land seismic crews it fields in Canada to three.

By May of 1981, Kenting Exploration expects to have increased its U.S. operations from one crew to four. Capital expenditures could reach $1 million as Kenting continues with its plan to purchase new portable seismic equipment for use in the States. It is anticipated that the longer term contracts available in the U.S. will offset the weak Canadian market.

ENERGY SEGMENT OPERATING REVENUE



TRANSPORTATION




LOUISVILLE TRUST BANK

OPERATIONS IN THE TRANSPORTATION SEGMENT

HIGHWAY TRANSPORTATION

Trimac's highway bulk transportation system is Canada's largest and only transcontinental bulk carrier.

TRANSPORTATION EQUIPMENT LEASING AND RENTAL

Trimac's transportation leasing and rental operation is the second largest in Canada and provides service in most of the country.

HELICOPTERS

Helicopter charter serves the mining, petroleum, coal and forestry industries in western Canada.

CONSULTING

Trimac's transportation consultants solve logistics and physical distribution problems for a variety of industries.

HIGHWAY TRANSPORTATION

The Business in Canada

Twelve operating companies in the Trimac Transportation System haul from 27 locations and carry commodities ranging from dry bulk cement, petroleum products, chemicals, pressurized gases to edible liquids.

The company's 900 customers are major producers of the commodities transported by Trimac. Those in the petroleum and dry bulk industries make up the largest proportions of Trimac's revenue base, about 35% each. Almost 80% of revenue is generated in western Canada.

1980 Activities

Trimac Transportation set new records for sales, profits and return on investment in 1980.

In its program of replacing existing equipment with larger more energy efficient units, Trimac Transportation added 53 power units and 99 trailers to its fleet during 1980. Net capital expenditures reached $7.9 million.

Trimac now owns 408 tractors and 1,487 trailers to service the transportation requirements of its customers. Another 315 units are supplied by leased operators.

Employees

A work force of 1,400 runs Trimac Transportation System's operations. Of these 1,035 are drivers and mechanics.

Trimac Transportation System maintains an on-going training program, with particular emphasis on safety procedures. During 1980, 300 operations people attended in-house safety seminars, which are supplemented throughout the year by Trimac's audio visual training program. Some 16 hours of audio visual instruction are available in each of Trimac's nine largest terminals and are presented by company trained instructors to drivers, mechanics and administrative staff.

All levels of management within Trimac Transportation System are exposed to sales and management courses, conducted either in-house or by outside resource people.

The Future

Trimac Transportation System anticipates continued high rates of inflation during 1981. The system is preparing for a potential slowdown in activity by rearranging certain operating authorities. This will provide increased service to present and prospective customers, and continue Trimac's aggressive marketing approach.

The company plans to dispose of 39 power units and 30 trailers in 1981 and purchase 57 new tractors and 100 new trailers. Optimum performance levels will be achieved with constant upgrading of equipment and strict monitoring of the entire fleet's utilization. Planned net capital expenditures are $7.8 million.

The Business in the United States

September of 1980 marked Trimac's entry into the United States' transportation industry with the acquisition of Liquid Transporters, Inc.

Based in Louisville, Kentucky, Liquid is the leading chemical hauler in the Ohio Valley. Liquid and its subsidiaries, Russ Transport, Inc. and Producers Transport Co., are regional carriers primarily serving Kentucky, Tennessee, Illinois, Ohio, Indiana and North Carolina.

A third subsidiary, LTL Leasing, Inc., is also based in Louisville and leases tractors and trailers to clients on a full service basis. Liquid Terminals, Inc. operates an intermodal bulk distribution centre in Indiana.

At year end 1980, the company operated 427 tractors, 193 of which were supplied by owner operators and 809 trailers out of 11 terminals.

1980 Activities

Since Liquid was acquired in September, seven acres have been purchased in Brandenburg, Kentucky for a new terminal.

Despite depressed economic conditions in the U.S., Liquid maintained its existing market share.

Deregulation of the U.S. trucking industry formally occurred in July with the passage of the Motor Carrier Act, 1980. Although no significant impact was apparent by the end of 1980, Liquid anticipates that deregulation will enable it to implement newly developed contract hauls in its bulk transport operation.

Liquid has the benefit of Trimac's extensive experience in operating in Canadian jurisdictions, where regulation varies from minimal in Alberta to complex in eastern provinces.

Employees

Liquid added 470 employees to Trimac. The company plans to add up to 50 drivers, 10 maintenance people, two clerical and two administrative positions during 1981, assuming an increased demand for Liquid's services is provided by a return in the United States to a healthier economy.

In-house training of its driving force continues to be the major thrust of Liquid's professional driver development program. New driver candidates are required to attend classes in the handling of liquid and dry bulk products, with special emphasis on hazardous commodities. Safe driving techniques and highway courtesies also are stressed. Approximately 60 employees completed the program during 1980.

Liquid sponsors several employees each year to the Tank Truck Middle Management Training Program, sanctioned by National Tank Truck Carriers, Inc. — an industry association. Administrative personnel have participated in American Management Association courses. Liquid also was represented at meetings of the Environmental Protection Agency regarding new regulations in the transportation of hazardous substances.

Specialized handling and transport of petroleum products and chemicals is one specialty of Trimac Transportation.

The Future

Increased earnings are expected as a result of innovative service techniques and corresponding equipment utilization, especially with the addition of the new more efficient power units to the fleet. The company projects capital expenditures of $1.6 million in 1981 for 18 tractors and 45 trailers.

A new terminal has been opened in Houston to capitalize on back-hauling and chemical markets.

TRANSPORTATION EQUIPMENT LEASING AND RENTAL

The Business

Rentway Canada Ltd. is firmly established as the second largest lease and rental company for trucks and tractor trailers in Canada.

Customers in the manufacturing and distribution industries, oil and gas companies and government service agencies make up the largest portion of Rentway's revenue base — project rental contracts. Full service, or management lease, and net lease packages are also available to customers.

Full service leasing is Rentway's most comprehensive service package. It includes insurance, licensing, maintenance, custom painting and can cover fuel, driver selection and training.

Net lease contracts offer custom painting as well, but the customer retains responsibility for maintenance, insurance and licensing.

Rentway is responsible for disposal of the equipment at the end of the lease period for both full service and net lease packages.

1980 Activities

In 1980, Rentway provided a total of 2,122 units from branches in Montreal, Hamilton, London, Mississauga, Calgary, Edmonton and Burnaby, and from two agencies in British Columbia and one in Alberta.

A weakened economy in eastern Canada, combined with high interest rates, impacted Rentway's growth objectives during 1980. The company decreased its fleet inventory by 42 units from 1979 to 1980 while maintaining its revenue distribution of 33% in eastern Canada and 67% west of Ontario. Revenues increased by 10% over 1979 as a result of growth in existing branches and Rentway's ability to offer customers the benefits of new fuel saving equipment.

Employees

The success of Rentway's growth will be determined, to a large extent, by the professional development of the company's employees.

During 1981, Rentway's administrative people will attend in-house management courses. Sales staff will be trained in equipment technical advances and sales skills. The qualifications of Rentway's shop personnel continue to be advanced annually, while shop supervisors will be attending seminars on fleet management and maintenance.

The company employs 36 maintenance shop people, 17 in marketing, 28 in administration and 12 in general management. Ten new positions, nine in maintenance and one in marketing, will be established in 1981 to bring Rentway's staff to 103.

The Future

Rentway anticipates investing more than $8 million, net of disposals, in its program to upgrade and replace the current fleet of trucks and trailers. This capital expenditure reflects the higher costs of new vehicles and Rentway's anticipated growth. Offering new, energy efficient vehicles to private fleet owners is Rentway's cost saving alternative.

HELICOPTER CHARTER

The Business

Kenting Helicopters operated 19 helicopters in 1980. The market was the most buoyant in 10 years for a variety of reasons. A large number of helicopters was required to combat particularly serious forest fires. Fires provided a market for Kenting but also allowed prices to rise in other markets — pipeline construction and seismic survey — as equipment usually employed there was diverted to fire fighting.

Revenue was derived in western Canada, the majority in Alberta, and no significant change is expected for 1981.

Employees

Kenting Helicopters has a staff of 50 to 60 pilots, engineers and administrative personnel, depending on seasonal activity levels.

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

Kenting's training school is a prime source of new pilots for the division.

The Future

In the spring, Kenting will take delivery of the first Bell 412 helicopter to fly in Canada and of four Aerospatiale 355 Twinstar machines. All five are twin engine aircraft, which provide extra safety margins. Total investment is $5 million.

After disposals of equipment no longer economic for Kenting's markets, the fleet will stand at 20 machines, an increase of one unit over 1980.

A new personnel and equipment transportation market is expected as British Columbia coal development projects increase activity in 1981.

TRANSPORTATION CONSULTING

During 1980, Trimac Consulting's efforts were extended into transportation planning for the Cold Lake and Alsands heavy oil projects in Alberta, reflecting the company's shift in its business base from overseas to Canada. Seventy per cent of Trimac Consulting's revenue comes from projects in western Canada. The remainder is divided equally between eastern Canada and offshore projects.

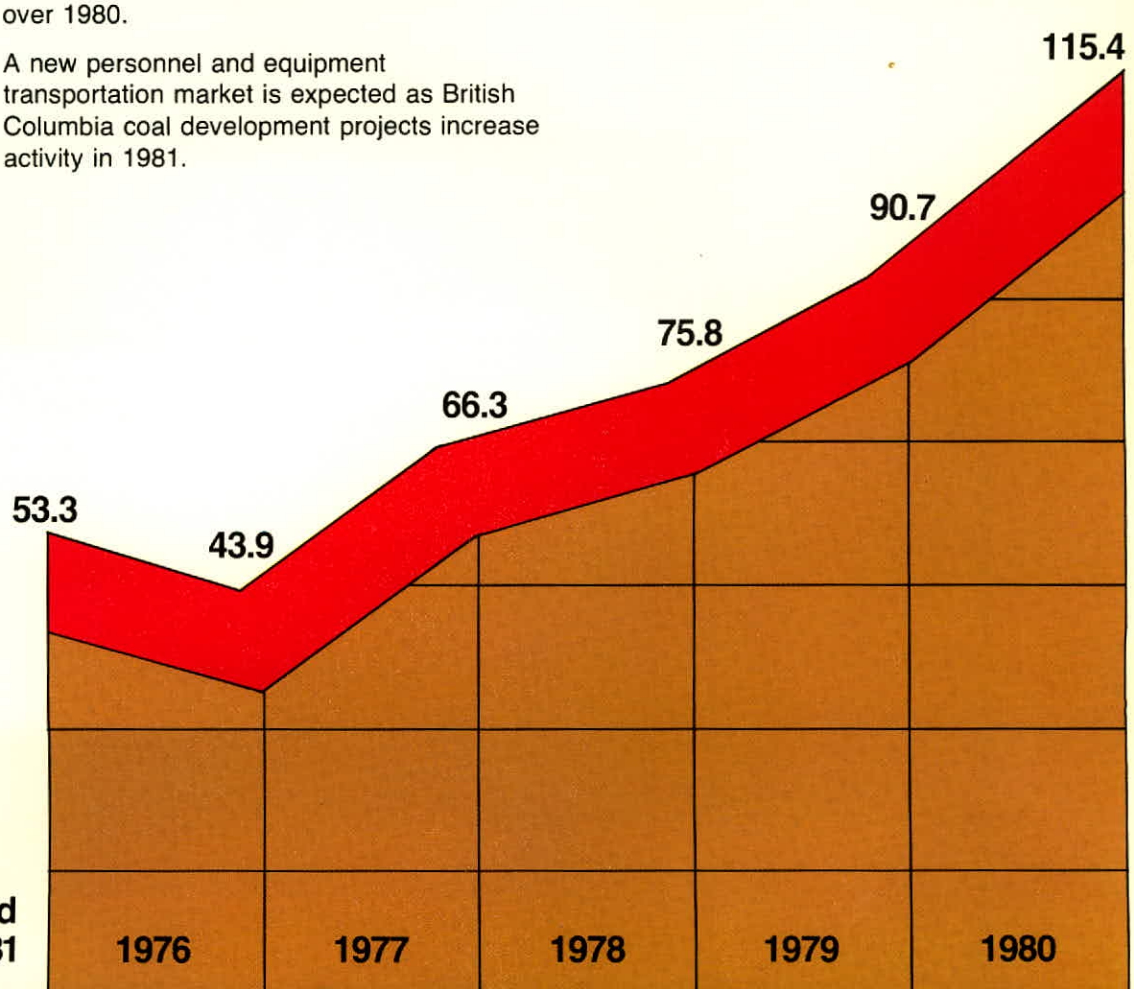
Throughout the year, Trimac Consulting also conducted transportation and system implementation for construction of the Alaska Highway Gas Pipeline.

The unstable federal political scene early in 1980 placed several federal government agencies' budgets into holding patterns. A slowdown in consulting opportunities resulted.

For 1981, revenue should increase due largely to the escalation of work being undertaken in logistics planning for the Alaska Highway Pipeline. The expected increase in international assignments should also contribute to an improved year in 1981.

TRANSPORTATION SEGMENT OPERATING REVENUE

Millions of Dollars



Years ended December 31

OTHER BUSINESSES

OPERATIONS IN THIS SECTION

WASTE MANAGEMENT

Tricil Limited, a joint venture with C-I-L Inc. is a waste management company, operating across Canada and in the United States.

OIL AND GAS INVESTMENT

Trimac's oil and gas investments are being made in both Canada and the United States.

HYDROCARBON TRADING

A joint venture with The Great Western Holding Corporation Ltd., Stephens Energy Limited acquires surplus refinery products to sell in areas of scarcity.

DATA PROCESSING

Trimac's data processing organization installed an IBM 4341 computer in 1980 — one of the first in Canada.

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

The Business

Tricil Limited, a joint venture with C-I-L Inc., is a waste management and waste-to-energy contractor. Tricil operates in three markets:

- solid waste management
- liquid chemical byproduct processing and destruction
- resource recovery and waste-to-energy systems.

With ten branches in Canada and two in the United States, Tricil operates nationally as the largest liquid chemical byproduct contractor and one of the largest in the solid municipal, industrial and commercial waste business.

In the solid waste field, Tricil's customers are municipalities and industries; in liquids, customers come from a variety of industries including chemical, petrochemical, paint, manufacturing and oil companies.

Major advances were made in 1980. In Hamilton, Ontario, with the completion of three solid waste transfer stations and final approval of a new landfill site, the complete waste management system for the Region of Hamilton — Wentworth came on stream in October. The system is composed of four components:

- A unique incineration plant which removes ferrous metals from municipal solid waste and produces steam from burning of the remaining waste
- Three transfer stations
- A bulk hauling system to move the waste from the transfer stations to the landfill site
- A landfill site.

On the liquids side, increased volumes of liquid waste, previously sent to landfills, were received at the Ontario and Quebec facilities for destruction and disposal under strict environmental regulations.

Employees

Tricil employs more than 350 people. To foster the promotion of safety, managerial, technical and financial expertise within Tricil, 90 employees attended formal training courses during the year.

Expansion

Tricil's 50% increase in revenue over that of 1979 is accounted for by normal price increases, an increased market share in the liquid waste industry, geographic expansion of solid waste collection activities and the construction and start-up of the Hamilton — Wentworth project.

The Future

Capital spending for 1981 will exceed $10 million. The majority will be dedicated to the purchase and replacement of revenue vehicles and to the continued upgrading and modification of the liquid waste handling and destruction facilities in Ontario and Quebec.

Major activities for 1981 are likely to include:

- Increased collection and disposal of liquid byproducts and the pursuit of unique clean-up and disposal contracts for liquid waste products.
- Geographic expansion of the solid waste collection activity by acquisition.
- Design and construction of municipal waste-to-energy facilities.
- Modification of the Hamilton — Wentworth solid waste processing and incineration plant to produce electricity.

Tricil also anticipates finalization of a contract with the government of Prince Edward Island for the design and construction of a waste-to-energy plant in Charlottetown.

Tricil's marketing office in Atlanta, Georgia is actively pursuing waste-to-energy projects in the United States.

OIL AND GAS INVESTMENT

The Business in the United States

In early 1979, Cactus obtained the right to earn a 12 1/2% working interest in 88,000 gross acres from Texaco Inc. by committing to expend 16 2/3% of a six well exploratory drilling program. All wells are in Texas.

The six wells, ranging in depth from 3 300 m (11,000 ft.) to 6 500 m (21,500 ft.) are expected to cost Cactus about $5.3 million U.S.

In Rusk County, the first exploratory well drilled to 3 300 m (11,000 ft.) was a gas producer and a follow-up well was also successful. Each well has stabilized at a production rate of 1 million cubic feet per day.

Together, these wells are expected to contribute $300,000 U.S. net operating profit to Cactus annually. The Rusk County property has the potential for another 13 well locations.

The second and third deep tests in Fort Bend and Hidalgo Counties were dry holes and have been abandoned.

The last three deep tests are all presently drilling below 3 960 m (13,000 ft.) and are expected to be evaluated by late summer.

Cactus also has interests in about 50 producing properties in west Texas and eastern New Mexico containing 15,000 gross acres (1,800 net acres). Net annual operating profit from these properties is $650,000 U.S.

The Business in Canada

Tripet Resources Limited is Trimac's Canadian oil and gas investment management subsidiary. Tripet operates a joint venture exploration program funded equally by Trimac and General Distributors of Canada Ltd. The joint venture was commenced on January 1, 1978 and in the past two years, funding by the partners has been maintained at a total of $6 million annually. This level of funding is expected to continue through 1982.

The East Central Alberta Project, totalling 149 gross wells operated by Voyager Petroleums Ltd., was completed. This project will reach full production levels prior to mid 1981.

Tripet expended about $3 million in the exploratory program conducted by Hudson's Bay Oil and Gas Company Limited during 1980. Although two tests offshore Prince Edward Island and two deep tests in Alberta at Rosevear and Strachan were unsuccessful, substantial encouragement was obtained in heavy oil zones in over 30% of the 60 well Saskatchewan program. Up to 30 development wells may be drilled in 1981, depending upon economics under the National Energy Program. In addition, the deep Pocketknife well in the foothills of northeast British Columbia is an indicated natural gas discovery.

Elsewhere, Tripet shared in an oil development success in the Chauvin area and in the Ewing Lake and Fenn areas west of Stettler, where in total 11 wells were drilled, completed and placed on production in 1980. We expect that 15 to 20 development wells will be drilled in 1981.

In the Edwand Lake area of northeastern Alberta, Tripet participated in six wells on lands covered by a gas purchase contract. Four of these were successful; two will be placed on production during the first half of 1981.

In addition to operating the Joint Venture Program, Tripet manages the other producing properties of Trimac in Canada, as well as pursuing opportunities in the industry in the United States. During 1980, Trimac's other Canadian properties provided operating profit of $924,000 and on the order of $900,000 U.S. was expended in property acquisition and drilling through Trimac's wholly owned U.S. subsidiary, Quantum Resources Inc. Quantum was established in mid 1980 to pursue U.S. oil and gas investment.

HYDROCARBON TRADING

Stephens Energy Limited is an equally owned joint venture of Trimac and The Great Western Holding Corporation Ltd.

The business concentrates on acquiring surplus natural gas liquids from suppliers in Canada for sale to buyers in the United States.

Stephens has secured a supply of gas liquids from independent Alberta producers thus providing a base load for its western operations.

Seventy-five rail tank cars are under lease to move products from eastern and western Canada into the northern tier United States.

Since its inception in late 1979, Stephens has expanded its operations from its Toronto base, opened an office in Calgary and now has a staff of eight people.

DATA PROCESSING

MBI Data Services, Trimac's data processing bureau, placed itself on the leading edge of current technology with the installation in 1980 of an IBM 4341 computer.

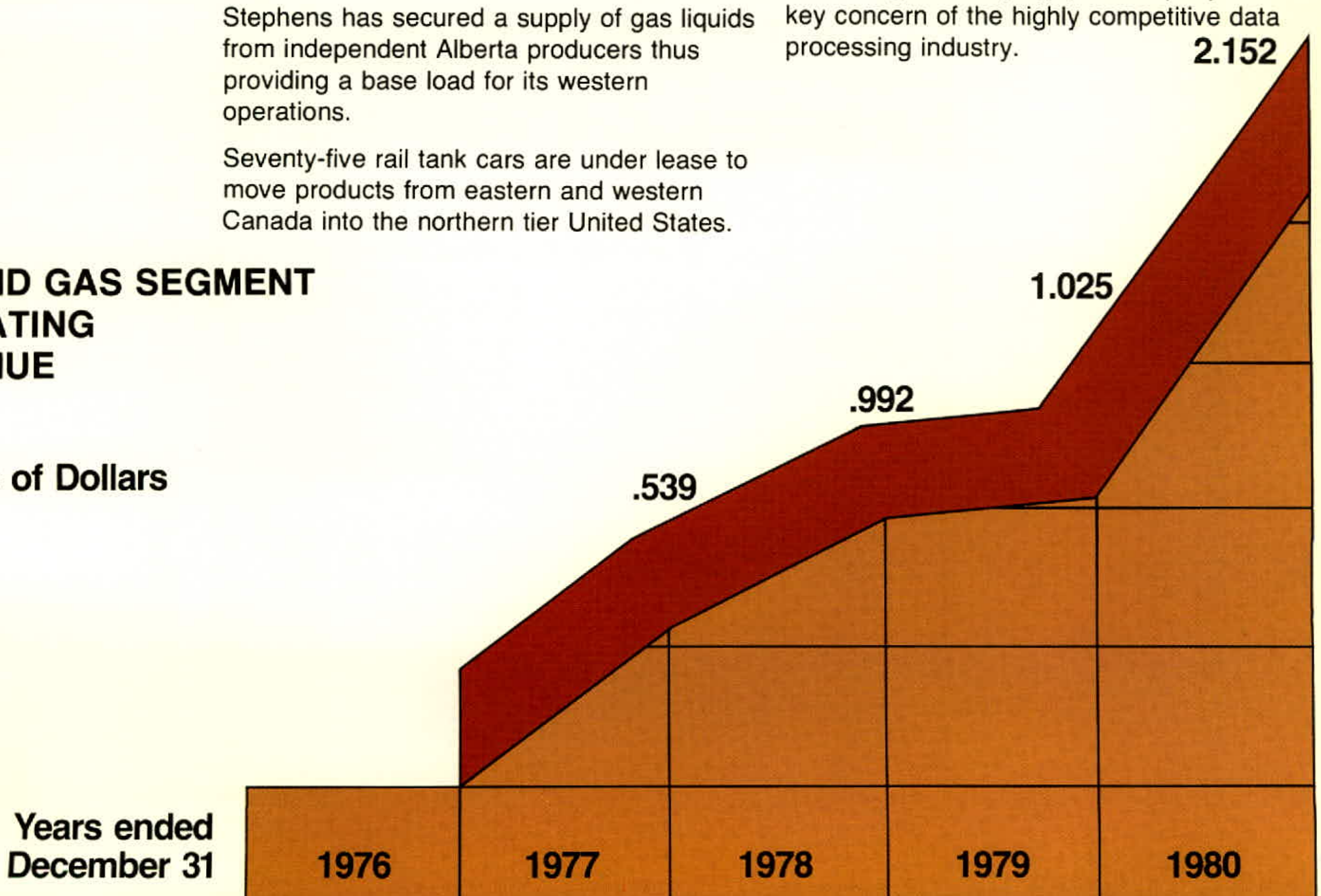
The new hardware expands MBI's system design and processing capabilities, particularly those of the on-line communication system employed by the Trimac Transportation System. The on-line network services 12 Trimac branches from Vancouver to Toronto; the balance will be on-line in 1981.

MBI's revenue is derived 70% from Trimac operating companies, while the remaining 30% is generated from select outside clients.

Offering in-house technical training to the company's 34 employees and by supporting participation in management and supervisory courses, MBI strives to maintain the expertise of the professionals it has attracted. Recruiting and keeping qualified people is the key concern of the highly competitive data processing industry.

OIL AND GAS SEGMENT OPERATING REVENUE

Millions of Dollars



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

— $308,987,000 operating revenues, up 60%
— $ 26,828,000 net earnings, up 78%
— $141,773,000 expended to acquire subsidiaries
— $ 61,108,000 funds from operations, up 70%
— $ 67,906,000 gross capital expenditures, up 17%
— $ 62,124,000 increase in shareholders' equity, up 116%
— $116,284,000 increase in long term debt, up 176%
— $ 37,071,000 net proceeds from October, 1980 common share issue

Revenues

Trimac's consolidated operating revenues increased by $115,519,000 or 60%, to $308,987,000 in 1980. The largest single contributing factor was the acquisition of the Cactus group of drilling companies, effective July 1, 1980.

All divisions of Trimac showed significant growth with two minor exceptions. Markets in the pipeline construction area remained weak and the airborne resources survey area is still significantly below the buoyant 1978 year.

Costs

Interest expense (net of interest income) increased 125% in 1980 to $17,841,000 compared with $7,946,000 in 1979. Unprecedented levels of interest rates were reached; most of Trimac's long term debt is tied to U.S. or Canadian bank prime or to international money market rates. For detail refer to Note 3 to the Consolidated Financial Statements.

Income taxes, as a percentage of pre-tax income, have declined to 38.5% from 42.1% in 1979. In Canada, increased investment in drilling rigs and other equipment eligible for the Federal Government's investment tax credit has contributed more in absolute funds, but less in percentage terms, to this reduction. In the United States, few investment tax credits were earned; these are expected to increase sizeably in 1981 with a larger U.S. capital program. In addition, the income tax reorganization of the Cactus assets as detailed in Note 7(a) resulted in a significant tax rate reduction. An analysis of the effective tax rate is set out in Note 5(a).

Earnings

Net earnings before extraordinary items increased 76% or $11,332,000 in 1980, to $26,310,000. The per share equivalent increased 64% to $3.27. Returns on net capital invested and average shareholders' equity were 14.6% and 31.7% respectively in 1980.

Financial Position

Trimac's working capital increased $19,298,000 or 149% to $32,207,000 at the end of 1980; subsidiaries acquired in 1980 contributed 80% of this increase.

Capital Expenditure Financing

Fixed assets expanded by a net $31,863,000 over 1979; two-thirds of the increase was in the drilling division.

	Drilling	Highway Transportation	Leasing	All Other Divisions	Total
			(thousands of dollars)		
Funds provided for fixed asset replacement:					
(a) Depreciation and amortization	$ 9,432	$ 6,802	$ 5,107	$ 3,186	$24,527
(b) Asset disposal proceeds	3,067	1,052	6,370	1,027	11,516
Total replacement funds	12,499	7,854	11,477	4,213	36,043
Capital expenditures	34,048	10,760	11,804	11,294	67,906
Net expansion of fixed assets	$21,549	$ 2,906	$ 327	$ 7,081	$31,863
Net expansion was financed from the following sources:					
(c) Net increase (decrease) in term debt	$14,288	$ 2,009	$ (884)	$ (5,190)	$10,223
(d) Deferred income tax increase (decrease)	11,051	926	478	(610)	11,845
(e) Net funds from or (to) working capital	(3,790)	(29)	733	12,881	9,795
	$21,549	$ 2,906	$ 327	$ 7,081	$31,863

Consolidated Capitalization

	December 31 1980		December 31 1979	
	$	**%**	$	%
		(Dollar amounts are in thousands)		
Long term debt	**$182,301**	**52.3**	$ 66,017	46.5
Deferred income taxes	**43,560**	**12.5**	21,042	14.8
Minority interest	**7,244**	**2.1**	1,434	1.0
Shareholders' equity	**115,645**	**33.1**	53,521	37.7
	$348,750	**100.0**	$142,014	100.0

Trimac's year end debt to equity ratio increased to 1.6/1.0 from the 1.2/1.0 ratio at December 31, 1979. Substantial additional long term borrowings to finance the acquisitions of the Cactus Drilling group of companies and Liquid Transporters, Inc. were offset by increased equity from strong earnings together with the proceeds of the October, 1980 common share issue.

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended December 31, 1980

	1980	1979
OPERATING REVENUES	**$308,987,000**	$193,468,000
COSTS AND EXPENSES:		
Operating costs and expenses	**225,609,000**	146,187,000
Depreciation and amortization	**24,527,000**	16,346,000
	250,136,000	162,533,000
	58,851,000	30,935,000
OTHER DEDUCTIONS (INCOME):		
Interest expense — long term debt	**17,685,000**	7,495,000
Other interest expense (net of interest income)	**156,000**	451,000
Gains on sale of assets	**(2,062,000)**	(1,714,000)
	15,779,000	6,232,000
	43,072,000	24,703,000
INCOME TAXES:		
Current	**4,745,000**	3,635,000
Deferred	**11,845,000**	6,766,000
	16,590,000	10,401,000
	26,482,000	14,302,000
Share of earnings of 50% owned companies	**1,569,000**	908,000
	28,051,000	15,210,000
Minority interest in net earnings of subsidiaries	**1,741,000**	232,000
Net earnings before extraordinary items	**26,310,000**	14,978,000
Extraordinary items (Note 4)	**518,000**	91,000
NET EARNINGS	**$ 26,828,000**	$ 15,069,000
Net earnings per share before extraordinary items — Basic	**$3.27**	$1.99
— Diluted	**$2.97**	$1.73
Net earnings per share — Basic	**$3.34**	$2.00
— Diluted	**$3.03**	$1.74

CONSOLIDATED BALANCE SHEET

December 31, 1980

ASSETS

	1980	1979
CURRENT ASSETS:		
Cash and short term deposits	**$ 25,855,000**	$ 5,896,000
Accounts receivable	**77,355,000**	42,261,000
Contracts in progress	**9,797,000**	3,319,000
Inventories of supplies and material at lower of cost or net realized value	**4,361,000**	2,630,000
Prepaid expenses	**5,562,000**	4,213,000
TOTAL CURRENT ASSETS	**122,930,000**	58,319,000
INVESTMENTS AND ADVANCES:		
Investment in and advances to 50% owned companies	**5,711,000**	4,523,000
Notes receivable from employees	**4,658,000**	1,071,000
Other	**3,101,000**	1,120,000
	13,470,000	6,714,000
FIXED ASSETS, at cost less accumulated depreciation and amortization (Note 2)	**300,048,000**	119,342,000
GOODWILL AND AUTHORITIES	**3,025,000**	3,049,000
	$439,473,000	$187,424,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	1980	1979
CURRENT LIABILITIES:		
Bank advances, secured	**$ 3,810,000**	$ 7,196,000
Accounts payable and accrued	**43,069,000**	25,122,000
Income taxes payable	**8,050,000**	1,442,000
Contract advances	**16,492,000**	1,211,000
Current maturities of long term debt (Note 3)	**19,302,000**	10,439,000
TOTAL CURRENT LIABILITIES	**90,723,000**	45,410,000
LONG TERM DEBT (Note 3)	**182,301,000**	66,017,000
DEFERRED INCOME TAXES (Note 5(b))	**43,560,000**	21,042,000
MINORITY INTEREST	**7,244,000**	1,434,000
SHAREHOLDERS' EQUITY (Note 6):		
Share capital	**54,302,000**	15,905,000
Retained earnings	**61,343,000**	37,616,000
	115,645,000	53,521,000
CONTINGENT LIABILITY (Note 5(c))		
	$439,473,000	$187,424,000

Approved by the Board:

J. R. McCaig

J. R. McCaig, Director

A. Vanden Brink

A. Vanden Brink, Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1980

	1980	1979
SOURCE OF FUNDS:		
From operations (a)	**$ 61,108,000**	$35,930,000
Increase in long term debt	**182,355,000**	43,043,000
Proceeds on issue of common shares	**37,801,000**	594,000
Income taxes payable (Note 5(b))	**28,383,000**	—
Proceeds on sale of fixed assets	**11,516,000**	9,382,000
	321,163,000	88,949,000
APPLICATION OF FUNDS:		
Investment in subsidiaries, net of working capital acquired (Note 7)	**141,773,000**	664,000
Purchase of fixed assets	**67,906,000**	58,019,000
Repayment of long term debt	**69,538,000**	27,384,000
Income taxes payable (Note 5(b))	**17,390,000**	—
Dividends	**3,101,000**	2,212,000
Other changes — net	**2,157,000**	(1,563,000)
	301,865,000	86,716,000
Net increase in working capital	**19,298,000**	2,233,000
Working capital, beginning of the year	**12,909,000**	10,676,000
WORKING CAPITAL, END OF THE YEAR	**$ 32,207,000**	$12,909,000

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

	1980	1979
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Increase (decrease) in:		
Cash and short term deposits	**$ 19,959,000**	$(3,232,000)
Accounts receivable and contracts in progress	**41,572,000**	8,661,000
Inventories and prepaid expenses	**3,080,000**	1,464,000
	64,611,000	6,893,000
Decrease (increase) in:		
Bank advances	**3,386,000**	1,844,000
Accounts payable, income taxes and contract advances	**(39,836,000)**	(2,139,000)
Current maturities of long term debt	**(8,863,000)**	(4,365,000)
	(45,313,000)	(4,660,000)
Increase in working capital	**$ 19,298,000**	$ 2,233,000

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1980

	1980	1979
BALANCE, BEGINNING OF THE YEAR	**$37,616,000**	$24,759,000
Net earnings for the year	**26,828,000**	15,069,000
	64,444,000	39,828,000
DEDUCT:		
Dividends —		
Common shares (1980 — $0.30 per share; 1979 — $0.20 per share)	**2,376,000**	1,440,000
9.12% First Preferred Shares, Series A	**676,000**	720,000
Other preferred shares	**49,000**	52,000
	3,101,000	2,212,000
BALANCE, END OF THE YEAR	**$61,343,000**	$37,616,000

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 Cactus Corporation of Texas (87% owned), Kenting Africa Resource Services Limited (60% owned) 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 are being amortized on a straight line basis over periods of up to forty years, except for $2,223,000 of goodwill and authorities which was acquired prior to March 31, 1974.

(c) 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, 1980, 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 portion of the year that their operations have been consolidated with those of the Company. 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 $6,020,000 at December 31, 1980.

(d) 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.

(e) Interests in oil and gas properties —

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 total estimated proven reserves. Proceeds on disposal of properties are applied to reduce the total costs in the pool.

(f) Fixed assets —

Depreciation is provided at rates which will amortize costs to estimated residual values, mainly as follows:

Asset	Depreciation Method	Estimated Useful Life
Land drilling rigs	Straight line (residual — 15% to 25%)	15 years
Offshore platform rigs	Straight line based on operating days (residual — 25%)	15 years
Highway tractors	Varying percentages of original cost	5-7 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 and other	Various	4-25 years

(g) 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. In Canada, 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.

(h) International Accounting Standards —

The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards.

(i) Operating lease revenue —

Operating revenues include revenue from operating leases of $13,421,000 (1979 — $11,734,000).

(j) Comparative information —

Certain comparative figures for the 1979 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			
	1980		1979	
	Cost	**Net Book Value**	Cost	Net Book Value
	(thousands of dollars)			
Revenue producing vehicles and equipment:				
Drilling rigs and related equipment	**$209,276**	**$194,759**	$ 56,898	$ 51,594
Bulk hauling highway units	**62,257**	**36,463**	44,451	21,291
Lease and rental units	**26,782**	**19,128**	22,954	16,260
Other equipment	**23,963**	**12,345**	22,656	12,526
	322,278	**262,695**	146,959	101,671
Land, buildings and yard improvements	**16,796**	**14,835**	12,076	10,294
Interests in oil and gas properties	**20,897**	**19,737**	6,940	6,412
Other	**5,306**	**2,781**	3,335	965
	$365,277	**$300,048**	$169,310	$119,342

NOTE 3 — LONG TERM DEBT:

	December 31			
	1980		1979	
	Long Term	**Current**	Long Term	Current
	(thousands of dollars)			
Equipment obligations —				
Bank term loans				
— U.S. drilling rigs (a)	**$ 74,078**	**$ —**	$ —	$ —
— Canadian and U.K. drilling rigs (b)	**34,493**	**10,173**	20,205	5,554
Revolving credit agreements — fixed and floating interest rates from ½% to 1¼% over prime (c), (d)	**26,745**	**972**	30,655	643
Other — interest rates ½% to 1% over prime (e)	**1,296**	**1,439**	548	1,159
Total equipment obligations	**136,612**	**12,584**	51,408	7,356
Other long term debt —				
Bank term loans (f), (i)	**24,494**	**2,224**	12,706	2,120
Purchase liability (g)	**19,151**	**—**	—	—
Other (h), (i)	**2,044**	**4,494**	1,903	963
Total other long term debt	**45,689**	**6,718**	14,609	3,083
Total long term debt	**$182,301**	**$19,302**	$66,017	$10,439

(a) The loans may be drawn down under an $85,000,000 U.S. (approximately $100,000,000 Canadian) line of credit until July 23, 1983, at which time equal quarterly principal repayments over 12 years will commence. Interest rates will vary over the period from ⅝% to 1% over the London Interbank Offered Rate ("LIBOR"). The loans are secured by Cactus drilling rigs (Note 7(a)).

(b) The loans are mainly secured by certain drilling rigs and accounts receivable arising out of work performed by such rigs. Interest rates are mainly ½% to ¾% over prime. The loans are repayable as follows: 1981 — $10,173,000; 1982 — $9,508,000; 1983 — $8,288,000; 1984 — $7,504,000; 1985 — $5,865,000; thereafter — $3,328,000.

(c) The revolving credit agreements of various subsidiaries provide for credit lines equal to the lesser of a total of $46,860,000 at December 31, 1980, or an amount determined by formula in each agreement (which amounts totalled $38,274,000 at December 31, 1980). The loans are secured by charges against certain vehicular equipment arising from either a floating charge debenture or chattel mortgages. Even though Trimac expects all of the revolving credits to continue at least until January 1982, 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.

(d) If no additional amounts were borrowed, estimated repayments in the years ending December 31, would be: 1981 — $5,004,000; 1982 — $4,000,000; 1983 — $6,027,000; 1984 — $3,832,000; 1985 — $2,732,000; thereafter — $6,122,000.

(e) Other loans are secured by fixed charges on the related equipment. The loans are repayable as follows: 1981 — $1,439,000; 1982 — $709,000; 1983 — $450,000; and 1984 — $137,000.

(f) Bank term loans are repayable over periods of up to ten years. 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 $5,279,000.

(g) The purchase liability, which arose on the acquisition of Cactus (Note 7(a)), is payable over five years to July 23, 1985 in varying amounts. It is anticipated that payments will be financed under the 15 year equipment loan facility.

(h) Included are mortgage loans, repayable over periods from 1981 to 2002, and unsecured notes and agreements payable, which mature at various dates to 1990. Interest rates vary from 7% to 14½%.

(i) The amounts to be repaid during the years ending December 31, are: 1981 — $6,718,000; 1982 — $5,798,000; 1983 — $2,675,000; 1984 — $3,094,000; 1985 — $2,892,000; thereafter — $12,079,000.

NOTE 4 — EXTRAORDINARY ITEMS:

Extraordinary items consists of the following:

	Year Ended December 31	
	1980	1979
	(thousands of dollars)	
Gain on sale of investments	**$ 540**	$ —
Income tax reductions arising from the utilization of certain losses carried forward	**260**	67
Share of extraordinary item of 50% owned company	**(282)**	
Other	**—**	24
	$ 518	$ 91

NOTE 5 — INCOME TAXES:

(a) Tax provision —

The provision for 1980 and 1979 income taxes is less than would otherwise be expected, for the reasons set out below:

	1980		1979	
	Amount	**% of Earnings Before Income Taxes**	Amount	% of Earnings Before Income Taxes
	(Dollar amounts are in thousands)			
Computed "expected" tax	**$21,045**	**48.9%**	$11,857	48.0%
Permanent difference in tax depreciation (c)	**(2,871)**	**(6.7)**	—	—
Investment tax credits	**(1,614)**	**(3.8)**	(1,123)	(4.5)
Recovery of foreign tax	**—**	**—**	(600)	(2.4)
Other — net	**30**	**0.1**	267	1.0
Actual tax provision	**$16,590**	**38.5%**	$10,401	42.1%

(b) Balance sheet presentation —

The income tax liabilities of $28,383,000 related to the tax reorganization of Cactus (Note 7(a)) have been considered long term liabilities. During 1980, $17,390,000 of this amount became currently payable and $1,104,000 became deferred taxes. Based on current estimates of 1981 taxable income, it is not estimated that any portion of the remaining long term liability will become payable during 1981 and the balance of $9,889,000 has been assembled with deferred income taxes. Should such estimates of 1981 taxable income be too low, the potential net effect on working capital would be a reduction of up to $7,265,000.

(c) Contingent liability —

Pursuant to the tax reorganization of Cactus (Note 7(a)), the current year's tax provision has been reduced by $2,871,000 as a result of deducting, for U.S. federal income tax purposes, $6,241,000 of the $41,537,000 by which the tax cost base of the assets exceed the related accounting cost. Management intends to deduct the remaining $35,296,000 over the next five years, thereby reducing income tax expense and increasing net income and retained earnings by a further aggregate $16,236,000, assuming a 46% U.S. federal income tax rate. In view of the magnitude of the amounts involved, it is expected that the Internal Revenue Service will challenge the company's position. Should such a challenge be ultimately upheld, the effect on the current year would be to reduce net income, working capital and retained earnings by up to $2,871,000.

NOTE 6 — SHAREHOLDERS' EQUITY:

(a) Share Capital —

	Issued	
	Number	Amount
First Preferred Shares of a par value of $25. each (authorized 640,000 shares — $16,000,000) —		
9.12% Cumulative Redeemable First Preferred Shares, Series A		
Issued as at December 31, 1979	310,000	$ 7,750,000
Purchased for cancellation (i)	(18,200)	(455,000)
Issued as at December 31, 1980	291,800	7,295,000
Second Preferred Shares of a par value of $10. each (authorized 250,000 shares — $2,500,000) —		
4% Non-Cumulative Redeemable, Convertible Second Preference Shares, "A" Series		
Issued as at December 31, 1979	15,600	156,000
Converted into common shares	(4,800)	(48,000)
Redeemed	(2,400)	(24,000)
Issued as at December 31, 1980	8,400	84,000
Common (NOTE) —		
Issued as at December 31,1979	7,271,910	7,999,000
Issued pursuant to prospectus dated October 7, 1980 (ii)	1,200,000	37,071,000
Issued in satisfaction of share purchase agreement (iii)	360,000	850,000
Issued on conversion of Second Preferred Shares, "A" Series	19,199	48,000
Issued on exercise of Share Purchase Warrants	318,300	955,000
Issued as at December 31, 1980	9,169,409	46,923,000
Total share capital — December 31, 1980		$54,302,000

NOTE: During 1980 the Company's Class A Convertible and Class B Convertible shares were reclassified, share for share, into common shares and split three for one. The authorized number and the maximum consideration for which the common shares may be issued were changed to 15,000,000 and $200,000,000 respectively.

(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 1980 the Company purchased 18,200 shares pursuant to its purchase obligation. For the first quarter of 1981, the outstanding obligation amounts to 3,200 shares, that quarter's obligation.

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 12 months ending June 30, 1983 to nil after June 30, 1987.

(ii) Issue of common shares — The proceeds of $37,071,000 above are net of underwriting commission and share issue costs of $2,302,000 and a tax recovery of $1,123,000.

(iii) On December 3, 1980, pursuant to a 1977 agreement with A. Vanden Brink, the Company issued 360,000 common shares as consideration for 40,000 shares of Kenting Limited. The minimum cash consideration of $850,000 under the agreement, previously recorded as long term debt, has been recorded as the issue price of the Company's shares.

(b) Common Shares Reserved —

	Number of Shares
— for share purchase warrants expiring May 17, 1982	249,066
— for conversion of 8,400 Second Preferred Shares, "A" Series	33,600
— for payment of agreements to purchase 20,050 shares of a subsidiary company (Note 9)	180,450
— 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)	268,000
	731,116

(i) At December 31, 1980, 108,000 options granted November 20, 1979 and expiring November 20, 1984 were outstanding at a price of $12.03 $^{1}/_{3}$ per share, and 160,000 options granted November 26, 1980 and expiring November 26, 1985 were outstanding at a price of $35.625 per share.

(c) Retained earnings —

Under the provisions of the governing statutes, $1,401,000 (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 — ACQUISITION OF SUBSIDIARIES:

(a) Cactus Drilling —

On July 23, 1980, under the terms of an offer dated April 9, 1980, a subsidiary of the Company (owned 13% by three senior officers of Cactus and 87% by Trimac) acquired all of the issued and outstanding shares of Cactus Drilling Corporation of Texas, Cactus Drilling Company and Cactus International, Inc. (collectively "Cactus"). Cactus is a drilling contractor operating 50 land rigs primarily in the southwestern United States and seven platform rigs in the Gulf of Mexico, offshore Texas and Louisiana. The aggregate purchase price was $169,897,000 ($147,250,000 U.S.), including acquisition costs of $981,000 ($850,000 U.S.) and income tax liabilities of $28,383,000 ($24,600,000 U.S.).

Immediately following the acquisition, the three aforementioned companies were merged. The assets and liabilities of the merged company were then distributed to subsidiaries of the Company, which have continued to carry on operations under the same names as the Texas corporations. This asset distribution had the effect of converting the investment in the Texas corporations into direct ownership of the assets involved. Income tax liabilities of $28,383,000 ($24,600,000 U.S.) were attracted and in turn added to the cost base. Based on current U.S. federal income tax regulations and decisions by the courts, management has determined that the cost basis of these assets for tax purposes exceeded the related cost for accounting purposes at acquisition by approximately $41,537,000 ($36,000,000 U.S.) (Note 5(c)).

The foregoing aggregate purchase price exceeded the book value of Cactus by $101,000,000 ($87,536,000 U.S.) at July 1, 1980 (the effective acquisition date). The amount has been allocated under the "Purchase Method" to fixed assets of Cactus having estimated market values in excess of their book values, as follows:

	U.S.	Canadian
	(thousands of dollars)	
Current assets	$ 50,204	$ 57,925
Less: Current liabilities	14,242	16,432
	35,962	41,493
Fixed assets	111,288	128,404
Net assets acquired	$147,250	$169,897

The purchase was financed as follows:		
Fifteen year, U.S. term loan facility	$ 57,000	$ 65,767
Fifteen year, Canadian (or U.S. equivalent) operating facility and term loan	23,490	27,307
Equity of 13% minority shareholders	3,510	4,050
Installments payments and holdbacks due to vendors, net of $3,348,000 U.S. due from minority shareholders	13,250	15,288
Available cash from Cactus	25,400	29,102
Income tax liabilities	24,600	28,383
	$147,250	$169,897

(b) Liquid Transporters, Inc. —

On September 30, 1980, pursuant to an Agreement and Plan of Merger dated September 27, 1979, Liquid Transporters, Inc. ("Liquid"), headquartered in Louisville, Kentucky, became a wholly owned subsidiary of the Company. Liquid and its subsidiaries are primarily common carriers of liquid and dry commodities in tank vehicles, operating principally between Kentucky, Tennessee and other points in the United States. Liquid also holds intrastate authority in Kentucky, Ohio, Indiana, Tennessee and North Carolina. The aggregate purchase price including estimated acquisition costs of $347,000 ($296,000 U.S.) was $14,821,000 ($12,662,000 U.S.).

The foregoing aggregate price exceeded the book value of Liquid by $3,191,000 ($2,726,000 U.S.) at September 30, 1980. This excess has been allocated under the "Purchase Method" to fixed assets of Liquid having estimated market values in excess of their book values, as follows:

	U.S.	Canadian
	(thousands of dollars)	
Current assets	$ 4,910	$ 5,747
Less: Current liabilities	3,669	4,295
	1,241	1,452
Other investments	543	636
Fixed assets	15,577	18,233
Authorities	116	136
	17,477	20,457
Less: Long term debt	2,962	3,467
Deferred income taxes	1,853	2,169
	4,815	5,636
Net assets acquired	$12,662	$14,821

The purchase was financed under a ten year term loan facility. Loans to an aggregate of $11,000,000 U.S. may be drawn down until October 1, 1983, at which time equal quarterly principal repayments over seven years will commence. Interest is payable at 3/4% over U.S. bank prime. The loan agreement contains provisions restricting additional debt and requiring maintenance of working capital in Liquid.

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, 1980 was $723,000.

NOTE 9 — INTEREST OF EMPLOYEES IN SUBSIDIARIES:

(a) Kenting Limited —

Employees of Kenting Limited, a subsidiary company, hold 20,050, 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 in the Consolidated Statement of Earnings.

At the option of the employee, after February 1, 1982, the Company will exchange nine Trimac common shares for each Kenting common share as an alternative to the foregoing purchase arrangement.

(b) Cactus Corporation of Texas —

Each of the three senior officers of Cactus referred to in Note 7(a) has an option to sell his shares in Cactus to Trimac and Trimac has options to buy their shares for cash prior to April 1, 1990. The price for such a purchase is to be calculated by applying one of two formulae based on the performance of Cactus. The total amount of these payments cannot be determined at this time but is expected to be no less than $4,050,000 ($3,510,000 U.S.).

NOTE 10 — SEGMENTED INFORMATION:

Trimac's operations can be divided into three business segments:

Energy services includes oil and gas drilling, pipelining and oilfield construction, airborne and resources survey and land seismic survey.

Transportation services includes highway transportation, transportation equipment leasing and rental, helicopter charter and transportation consulting.

Oil and gas investment includes the exploration for, development and production of crude oil and natural gas reserves.

The following tables provide an analysis of Trimac's revenue, operating income, depreciation and amortization, capital expenditures and identifiable assets by industry segment and revenue, operating income and identifiable assets by geographic area for 1980.

By Industry Segment (thousands of dollars)

	Year Ended December 31, 1980				December 31, 1980
	Revenue	Operating Income (i)	Depreciation and Amortization	Capital Expenditures	Identifiable Assets
Energy services	$191,217	$51,175	$11,510	$36,006	$302,084
Transportation services	115,443	13,591	12,253	23,714	99,507
Oil and gas investment	2,152	899	635	7,731	23,584
	308,812	65,665	24,398	67,451	425,175
Corporate and other	1,349	(4,752)	129	455	14,298
Interest	—	(17,841)	—	—	—
Inter-segment eliminations	(1,174)	—	—	—	—
	$308,987	$43,072	$24,527	$67,906	$439,473

By Geographic Area (thousands of dollars)

	Year Ended December 31, 1980		December 31, 1980
	Revenue	Operating Income (i)	Identifiable Assets
Canada	$211,283	$36,051	$212,374
United States	77,974	18,072	202,471
Other	22,707	6,790	24,628
	311,964	60,913	439,473
Interest	—	(17,841)	—
Inter-area eliminations	(2,977)	—	—
	$308,987	$43,072	$439,473

(i) Operating income is income before taxes, share of earnings of 50% owned companies, minority interest and extraordinary items.

AUDITORS' REPORT

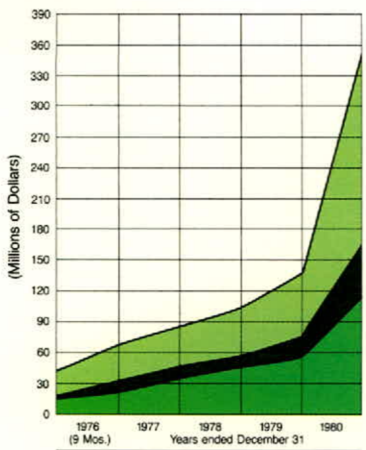
To the Shareholders of
TRIMAC LIMITED:

We have examined the consolidated balance sheet of Trimac Limited as at December 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1980 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.

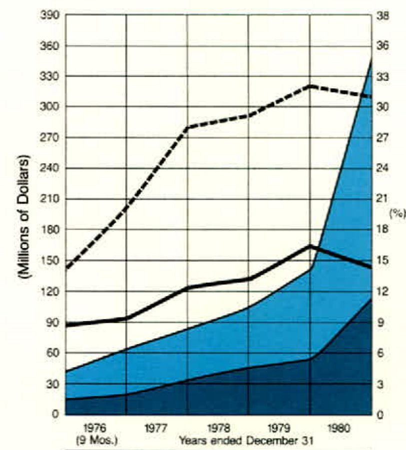
Calgary, Alberta
February 20, 1981

PRICE WATERHOUSE & CO.
Chartered Accountants



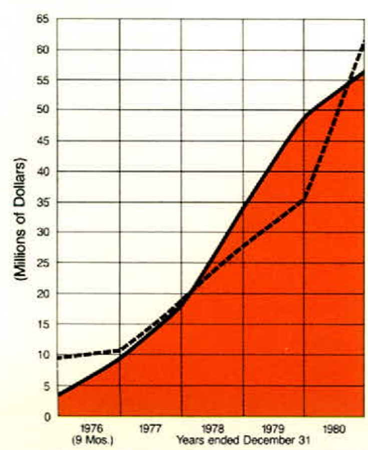
CONSOLIDATED CAPITALIZATION

- Long Term Debt
- Deferred Income Taxes And Minority Interest
- Shareholders' Equity



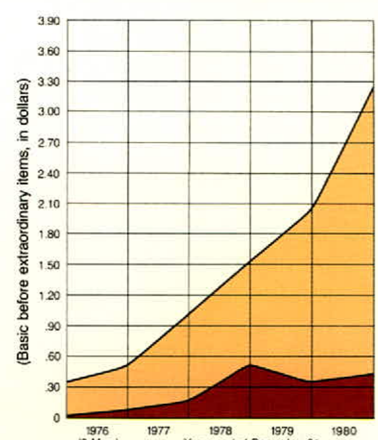
NET CAPITAL INVESTED AND SHAREHOLDERS' EQUITY

- Net Capital Invested ($)
- Shareholders' Equity ($)
- Return on Net Capital Invested (%)
- Return on Average Shareholders' Equity (%)



NET CAPITAL EXPENDITURES AND FUNDS FROM OPERATIONS

- Net Capital Expenditures
- Funds From Operations



EARNINGS PER SHARE (After 1980 Share Split)

- Reinvested in Business
- Dividends

FIVE YEAR FINANCIAL REVIEW

	Year Ended December 31				Nine Months Ended December 31
	1980	1979	1978	1977	1976 (1)
	(Dollar amounts are in thousands, except per share figures)				
RESULTS					
Revenue	$308,987	$193,468	$155,450	$137,872	$ 83,684
Earnings before taxes, share of earnings of 50% owned companies, minority interest and extraordinary items	43,072	24,703	19,593	14,339	7,440
Provision for income taxes	16,590	10,401	9,036	6,849	3,619
Share of earnings of 50% owned companies	1,569	908	372	408	293
Minority interest	1,741	232	258	923	1,091
Net earnings for the year before extraordinary items	26,310	14,978	10,671	6,975	3,023
Per common share (2)					
— Basic	3.27	1.99	1.52	1.02	0.47
— Fully diluted	2.97	1.73	1.21	0.84	0.46
Net earnings for the year	26,828	15,069	10,464	7,060	3,407
Per common share (2)					
— Basic	3.34	2.00	1.48	1.04	0.53
— Fully diluted	3.03	1.74	1.18	0.85	0.51
Depreciation and amortization	24,527	16,346	12,745	10,800	6,580
Funds from operations	61,108	35,930	27,935	18,767	10,632
Per common share (2)					
— Basic	7.81	5.02	4.28	2.93	1.67
— Fully diluted	7.03	4.34	3.38	2.41	1.62
Interest expense — long term debt	17,685	7,495	4,252	3,633	2,743
Average number of common shares outstanding (2)					
— Basic	7,826,886	7,159,476	6,519,297	6,397,911	6,385,314
— Fully diluted	8,692,343	8,279,676	8,261,676	7,792,887	6,574,314
YEAR END POSITION					
Working capital	32,207	12,909	10,676	11,066	6,387
Fixed assets, at cost	365,277	169,310	121,919	91,047	74,621
Total assets	439,473	187,424	146,871	110,563	92,207
Long term debt	182,301	66,017	49,976	39,651	34,042
Shareholders' equity	115,645	53,521	40,262	32,556	18,399
QUARTERLY RESULTS (unaudited)					
Revenues					
First quarter	54,818	44,321	35,318	35,079	19,147
Second quarter	52,251	42,257	36,114	30,325	32,838
Third quarter	97,846	55,801	42,360	42,123	31,699
Fourth quarter	104,072	51,089	41,658	30,345	N/A
	308,987	193,468	155,450	137,872	83,684
Net earnings					
First quarter	2,810	3,498	1,968	1,023	623
Second quarter	3,845	2,769	1,894	704	1,592
Third quarter	9,532	5,272	3,356	2,735	1,192
Fourth quarter	10,641	3,530	3,246	2,598	N/A
	26,828	15,069	10,464	7,060	3,407
Fully diluted earnings per common share (2)					
First quarter	0.31	0.40	0.21	0.14	0.09
Second quarter	0.44	0.32	0.20	0.09	0.24
Third quarter	1.12	0.61	0.39	0.32	0.18
Fourth quarter	1.16	0.41	0.38	0.30	N/A
	3.03	1.74	1.18	0.85	0.51

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

(2) Restated to give effect to the January, 1980 three for one common share split.

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, adjusted for share of earnings of 50% owned companies, extraordinary items and gains on sale 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.

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

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.

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

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.

WORKING CAPITAL current assets less current liabilities.

OFFICERS

J. R. McCaig, Chairman and Chief Executive Officer
A. Vanden Brink, President and Chief Operating Officer
K. W. Winger, Senior Vice President
M. W. McCaig, Vice President
F. T. Bailey, Vice President Administration and Secretary
R. B. McNichol, Treasurer

SENIOR MANAGEMENT

ENERGY

Kenting Limited

A. Vanden Brink, Chairman
T. A. Jones, President
D. R. Dennehy, Vice President
W. W. Ebel, Vice President
J. M. Smart, Vice President Finance
K. C. Grogan, Secretary Treasurer

Cactus Drilling Companies

F. M. Late, Chairman
D. A. Rundle, President
B. D. Talley, Executive Vice President
E. M. Van Hooser, Secretary
E. M. Dunlevy, Jr., Treasurer

TRANSPORTATION

Trimac Transportation Group Limited

D. K. Jackson, President
M. W. McCaig, Group Vice President
G. E. Petersen, Vice President, Treasurer

DIVISIONAL MANAGEMENT

ENERGY

Kenting Drilling Division

W. W. Ebel, President

Kenting Drilling Services (United Kingdom)

R. D. Pidskalny, Managing Director

Kenting Earth Sciences Division

D. G. MacKay, Vice President, General Manager

Kenting Africa Resource Services (Nigeria)

Chief Oluwole Coker O.N., Chairman
H. Gansen, Managing Director

Kenting Oilfield Services/Kenting United Construction Divisions

R. L. McKenzie, Vice President, General Manager

Kenting Exploration Services Division

H. W. Penny, Vice President, General Manager

Cactus Drilling Corporation of Texas

L. A. Rogers, Vice President, Operations

Cactus International, Inc.

M. L. Ellis, Vice President, Operations

Cactus Drilling Company

M. A. Proctor, Vice President, Operations

OIL AND GAS INVESTMENT

Tripet Resources Limited

F. G. Vetsch, President

TRANSPORTATION

Trimac Transportation System Limited

A. J. Coyston, Executive Vice President

Liquid Transporters, Inc.

L. J. Perme, President

Rentway Canada Ltd.

J. E. Sauvé, President

Kenting Helicopters Divison

C. N. Crawford, Vice President, General Manager

Trimac Consulting Services Ltd.

R. S. McBride, General Manager

M. B. I. Data Services Ltd.

C. J. Nesselbeck, General Manager

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.

Yates Advertising Ltd
lawson graphics western limited
PRINTED IN CANADA

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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

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Telex: 053-4173

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Don Mills and Toronto

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53 Lawson Street
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Branch in Kano

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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
Rocky Mountain House, Stettler, Edmonton and Turner Valley;
Sales office in Calgary

Kenting United Construction Division
703 - 19th Avenue
Nisku Industrial Park
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Sales office 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

Sales office in Calgary

OIL AND GAS INVESTMENT

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

U.S. OPERATIONS

Cactus Drilling
13747 Montford Drive
Suite 300
Dallas, Texas 75240
Telephone: (214) 934-3333

Branches in
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Telephone: (416) 364-5088
Telex: 06-524729

Branch in Calgary

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