

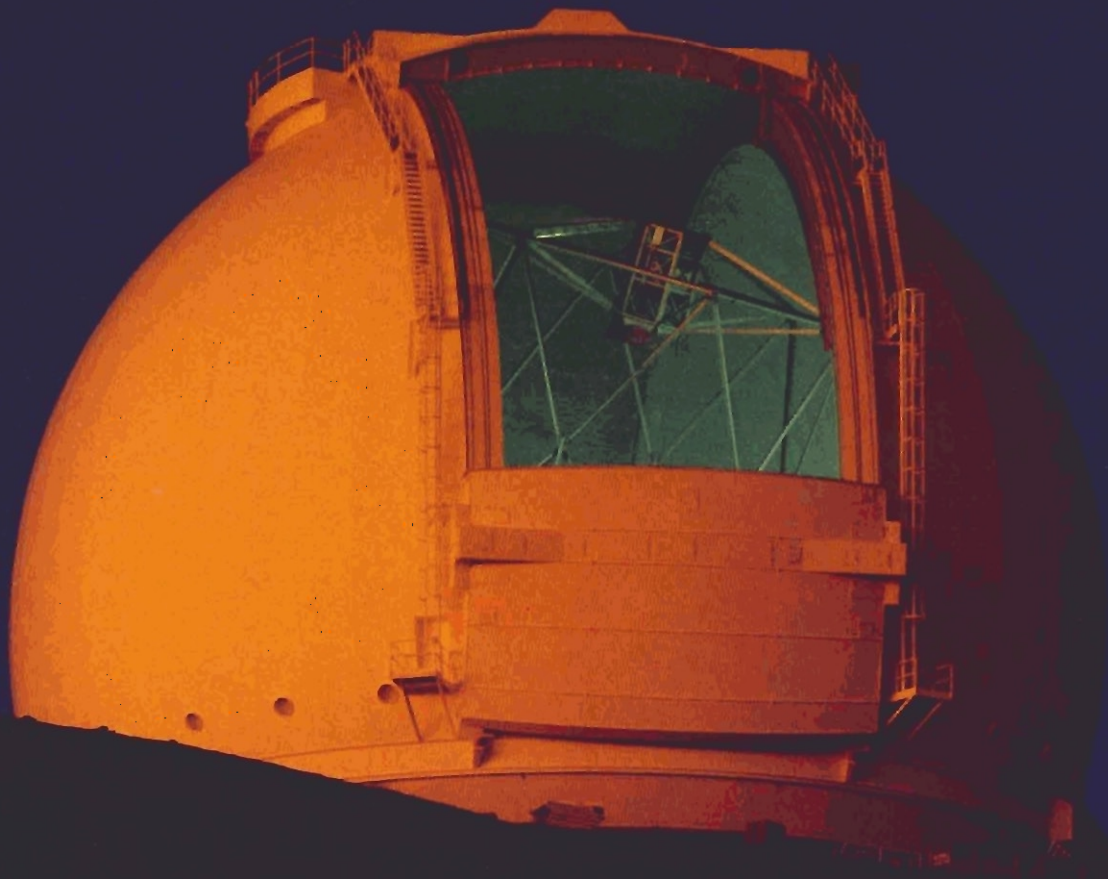
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AGRA Industries Limited Annual Report

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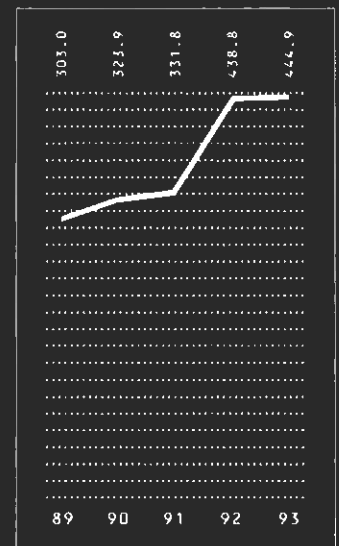
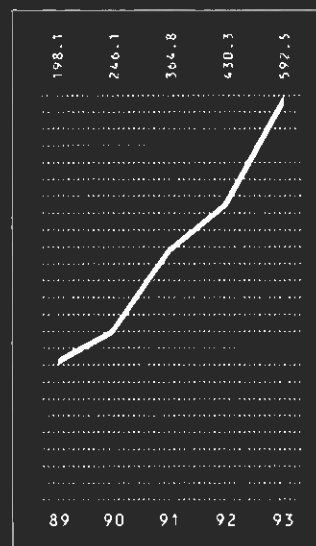
Financial Highlights

Year ended July 31	1993	1992*
OPERATIONS		
Revenue	\$592,488,957	430,265,936
Earnings		
From continuing operations	7,928,165	(930,714)
Discontinued operations	(5,742,862)	(7,758,195)
Net Earnings (loss)	\$ 2,185,303	(8,688,909)
COMMON SHARE STATISTICS		
Earnings		
From continuing operations	\$ 0.44	(0.05)
Net Earnings (loss)	0.12	(0.49)
Fully diluted earnings		
From continuing operations	0.43	(0.05)
Net Earnings (loss)	0.12	(0.49)
Dividends – Class A	0.14	0.14
– Class B	0.16	0.16
Equity	9.62	9.16
OTHER STATISTICS		
Average shares outstanding	17,865,815	17,807,099
Shareholders' equity	\$171,984,584	163,559,477
Working capital	63,740,545	61,588,089
SEGMENTED REVENUE		
Engineering, Construction & Technology	\$415,054,479	283,200,384
Resource Recovery & Recycling	42,938,967	37,192,814
Asset Development & Investments	134,495,511	109,872,738
	\$592,488,957	430,265,936

*Comparative figures have been restated to reflect operations discontinued during the 1993 fiscal year.

Cover:

AGRA subsidiary Coast Steel Fabricators designed and built this enclosure which houses the world's largest telescope at the W.M. Keck Observatory in Hawaii. Coast designed and is building the second Keck dome and now is also designing and building the world's largest telescope enclosure for the Japan National Large Telescope project, also in Hawaii. All these projects are adjacent to each other on Mount Mauna Kea on the big island of Hawaii.



Revenue

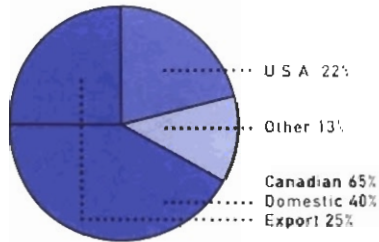
(\$ in Millions)

Excluding Revenue from discontinued operations

Assets

(\$ in Millions)

Corporate Profile



Revenue

AGRA employs more than 5,000 people in over 140 offices in 17 countries around the world.

AGRA Industries Limited is a diversified international corporation based in North America which is dedicated to the growth and enhancement of shareholders' value through professional management and services in engineering, the environment, construction and technology, and resource recovery. The company employs more than 5,000 people in some 140 offices in 17 countries around the world. Its shares are traded on the Montreal and Toronto stock exchanges.

AGRA's Engineering Group is an engineering/construction management company delivering services to clients in North America and around the world. It is involved in power (thermal, hydro, nuclear, combined-cycle cogeneration, power systems and management consulting); oil and gas pipelines; food, pharmaceutical, mining, chemical, oil, gas and petrochemical process facilities; transportation, ports and harbours; manufacturing plants; grain and bulk materials handling; oilseed processing; robotics; thin film technology; information systems; automated mapping/facilities management/geographic information systems; and radio spectrum management.

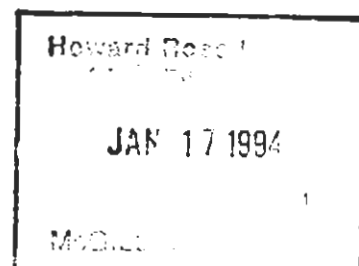
AGRA's Earth & Environmental Group is a full-service environmental and geotechnical engineering company offering engineering, scientific and

contracting services to clients around the world. Its activities include air, water, soil and groundwater assessment and remediation services; hazardous material handling; environmental audits and assessments; environmental regulatory consulting and permitting; site and equipment decommissioning; materials testing; irrigation and water resources; and conventional, earthquake and Arctic geotechnical engineering.

AGRA's Construction Group is a specialist subsurface, marine and pipeline contractor offering engineering construction services to clients worldwide. The Group is involved in pile and earth foundation construction; pipeline construction; drilling services; and soil and groundwater environmental remediation services.

The Resource Recovery & Recycling Sector consists of two types of businesses: the management and operation of beverage container recovery and recycling systems in Alberta and California; and the manufacture of value-added plastic products in Alberta and Ontario.

The Asset Development Sector includes two major non-core businesses, both of which continue to expand and thrive. The duty-free retailer operates exclusive shops in Toronto's Pearson International Airport, the international airports in Halifax, Calgary and Vancouver, and several off-airport locations in Vancouver and Banff. The sector also operates an exclusive luxury hotel and golf course in Grand Cayman and is developing condominium and single-family luxury residences around the golf course.



Report to Shareholders



Alex Taylor
President

Benjamin Torchinsky
Chairman of the Board

AGRA's profit in our fiscal year which ended July 31, 1993 improved over fiscal 1992 despite the continuing recession in North America. We pursued our core strategies, making adjustments along the way, and positioned ourselves to perform well in the North American market of the nineties and to increase our business volume in our target markets overseas. Improved profit in fiscal 1994 and beyond will result from our efforts of the last few years to rationalize and focus our business.

Managing growth was one of our accomplishments in 1993 as revenue climbed by 38 per cent to \$592.5 million compared to \$430.3 million in 1992. While most of this growth resulted from the inclusion of Monenco AGRA Inc., revenues for the year from our other continuing operations grew by 15 per cent, or close to \$60 million. The Engineering, Construction & Technology Sector was restructured to integrate Monenco AGRA and focus our business direction. At the same time we implemented cost reduction measures to avoid duplication of services or offices. Some one-time costs, however, were absorbed in our 1993 results.

We made a profit of \$7.9 million from continuing operations in 1993 compared to a loss of \$0.9 million in 1992. Included

in the profit from continuing operations was a tax recovery of \$7.4 million from previously unrecorded tax items and a net gain of \$2.4 million from the sale of our shares of Cogeco Inc. This sale was part of our reorganization plan, as was the closing down of several non-profitable units. The total loss from discontinued operations of \$5.7 million included an estimated loss of \$4.8 million from the closing of Beer Precast Concrete Limited and Allied Architectural Systems — our building cladding construction businesses — and a loss of about \$0.9 million from the closure of a printing business in Canada and an engineering business in the United Kingdom.

While our consulting engineering companies continue to grow around the world many of our traditional markets in the engineering construction business have changed. Governments and public utilities in North America and developing countries overseas cannot finance future infrastructure developments by increasing debts or raising taxes. The notion of "user-pay" for public services prevails in our markets. AGRA has been sensitive to these issues and has implemented a strategy to provide the necessary finance, design, construction and operation skills to undertake infrastructure projects. This market initially opened up in the transportation and public utilities sectors in Canada and we immediately reacted to this new opportunity. AGRA is leading a consortium proposing to finance, build and operate Highway 407 around Toronto. This project will be a toll highway and will

likely include leading-edge technology in highway tolling. The provincial government is encouraging the successful bidder to export the skills and technologies it develops from this project to provide additional economic benefits to Canada.

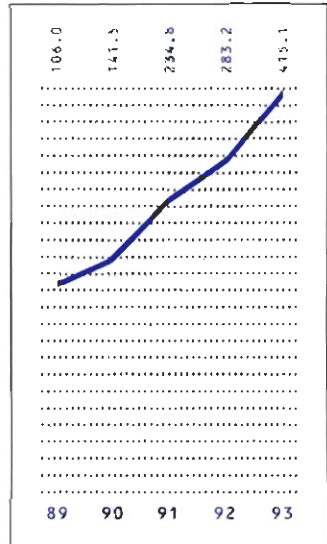
Protection of the environment and the notion of sustainable development have increased the demand for electrical generation facilities in many of our markets. The use of gas fuel in high-efficiency, non-polluting combined-cycle electrical generation arrangements, often with the added advantage of cogeneration of process steam, constitutes a major market for our services. We have already engineered and completed combined-cycle cogeneration plants in Ontario, the U.S.A., the United Kingdom and Indonesia and are currently engineering in turnkey consortia two such new plants in Ontario, and one in the U.S.A. Large-scale combined-cycle plants are also being engineered in Iran and Indonesia, and a combined-cycle cogeneration plant is being engineered in Quebec. All of the plants in North America have been or will be built for private developers who sell the electricity to local utilities.

In the turnkey transportation and electrical generation projects, the risks and the rewards are greater than in our more traditional consulting engineering businesses. Therefore, we have concentrated on what we do best — project management and engineering — and have brought in partners who have complementary skills to share the risks and rewards with us.

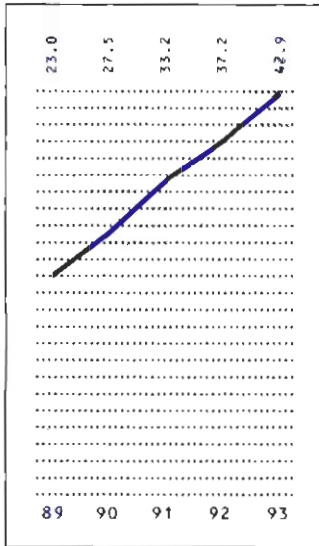
Ours truly is an international business. Of our revenues of \$592 million in fiscal 1993, 28 per cent (\$166 million) was generated in the U.S.A. and other countries, and 7 per cent (\$44 million) in the Cayman Islands. The Canadian revenues of \$382 million comprised

\$235 million for the Canadian market and \$147 million for export, which represented an increase of 41 per cent or \$43 million over 1992. The \$147 million was made up of \$82 million of duty-free revenues, up from \$67 million in 1992, and \$65 million of primarily engineering construction revenues, up from \$37 million in 1992. Thus, while Canada is our home base, our non-Canadian operations and exports from Canada represent over 60 per cent of our revenues.

A major strategy for AGRA's engineering construction business is deeper penetration into target international markets where growth rates in Gross Domestic Product are likely to be two to three times those of North America. Two of the markets we would like to highlight are South and East Asia, where AGRA companies have existing operating and/or marketing offices. Current projects contracted or awarded include six engineering projects in China in the energy and transportation sectors; several specialty construction projects in Hong Kong; engineering for a multi-billion-dollar nuclear power station in South Korea; engineering and environmental projects in the Philippines; a combined-cycle power station engineering project in Indonesia; two systems integration projects in Singapore; operating offices in Singapore and Kuala Lumpur providing geographic information services for U.S.A. and U.K. clients; and several engineering projects in Thailand. In India our associate company operates significant engineering offices in New Delhi and

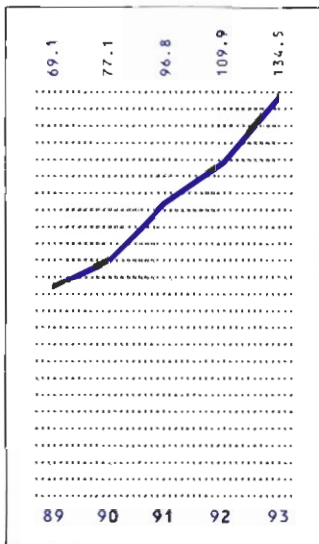


Revenue
 Engineering,
 Construction & Technology
 (\$ in Millions)
 Excluding Revenue
 from discontinued operations



Revenue

Resource Recovery & Recycling
(*\$ in Millions*)
Excluding Revenue
from discontinued operations



Revenue

Asset Development & Investments
(*\$ in Millions*)
Excluding Revenue
from discontinued operations

Bombay. As India opens up to the private sector — a stated current government policy — we expect many of the opportunities we are pursuing to come to fruition.

Another strategy for AGRA in the nineties is strategic partnerships. AGRA owns equity interest in a number of specialty companies which together had revenues of \$73 million in 1993, not consolidated in AGRA's revenues. AGRA is actively engaged in their management and our share of the profit from these companies, included as earnings of non-consolidated entities, amounted to \$1.8 million in 1993. These companies include 50 per cent interests in Canatom, which is involved in managing and engineering nuclear projects; Cartier, which engineers infrastructure projects in Quebec; Teshmont, which specializes in high-voltage transmission; and Seacore in the United Kingdom, which specializes in marine drilling and construction. A number of new ventures of this type are being pursued overseas, including partnerships with environmental service companies to serve markets in Japan, Poland and the Czech Republic.

Many clients, such as Canada's federal government, already require or have given notice that they will require the internationally recognized ISO 9000 registration in the engineering field. We already have this certification in some of our engineering construction companies, and the attainment of registration within the context of Total Quality Management programs is a high priority in our organization.

In the Resource Recovery & Recycling Sector, our strategy of bringing existing operations to maturity has continued and the sector made a small profit in 1993. The plastic bottle manufacturing unit, which specializes in

the formation of bottles using virgin and recycled polyethylene terephthalate (PET), is profitable and is being expanded to increase its sales from the current \$5 million level to twice that amount in 1994.

Our Asset Development Sector consists of Alders airport retail services and the Cayman Island hotel and condominium development. Revenues grew 22 per cent to \$135 million in 1993 and net profit rose to \$2.6 million from \$700,000 in 1992. We have achieved our goal of being the leading airport duty-free retailer in Canada. Both the Britannia Hyatt Regency Hotel and the adjacent condominium development project in Grand Cayman are profitable and showed improved results in 1993 over 1992.

Our entry into the finance-build-own-operate opportunities, turnkey contracts and expanded foreign work will require increased working capital. To address this requirement, a private placement of 2,500,000 AGRA non-voting Class B shares issued from our treasury at a price of \$8.25 per share has been arranged and should be completed by January, 1994.

While revenue and profit improved in 1993 over 1992, the Engineering Construction & Technology and the Resource Recovery & Recycling Sectors clearly have to perform better to bring profit results closer to our potential. Management is confident that the strategies outlined in this report will enable us to attain this goal.

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Strategies for Success in the World Economy

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Global Markets

With the exception of Mexico, North American markets in AGRA's Engineering Sector will remain weak during the next few years. Therefore, AGRA is actively pursuing high-growth markets outside of North America in China, Taiwan, Southeast Asia, South Asia, the Middle East, North Africa, Latin America and Russia.

Partnering

AGRA will pursue strategic partnerships to bring new technologies to the company and help market and develop AGRA's expertise in such areas as systems integration, engineering, environment, construction, resource recovery and recycling.

Project Development

High debt loads are causing governments around the world to rely more and more on the private sector to finance, build and operate major projects. AGRA is developing teams which possess the combined packaging, financing, engineering and legal skills that are required to undertake project developments of this nature.

Corporate Management

AGRA's strategic objectives can only be achieved through good management practices. AGRA's senior management is committed to the implementation of policies and procedures, such as Total Quality Management and ISO 9000 certification, which will ensure that individual subsidiary units operate efficiently and profitably and have the necessary qualifications to meet customer requirements.

Implementation

We have completed the market-driven reorganization of our operations which began in 1989. We are now in a position to capitalize on our strategic efforts by taking lead roles in the emerging environmental industry, through our Earth & Environmental Group and Resource Recovery Sector, and in the global engineering and construction industry, through the wide range of services offered by our Engineering and Construction groups.

Engineering



The emergence of China as a viable business market has opened up numerous opportunities for AGRA companies, particularly in the power sector.

AGRA continued to develop its expertise in designing and building cogeneration facilities such as this 38-megawatt plant in Maitland, Ontario. (pictured right)

The growth in the AGRA Engineering Group that occurred in 1992 with the acquisition of Monenco was followed in 1993 with the successful integration and consolidation of operations. Many of AGRA's smaller engineering companies were merged into Monenco AGRA Inc., making it the largest operating unit within AGRA Industries. A consolidation of Monenco AGRA's leased space in Calgary, St. Catharines, Oakville and other smaller operations should result in rent savings of more than \$2 million in fiscal 1994. A streamlining of Monenco AGRA's corporate structure combined with an aggressive marketing program and the consolidation of its operating and financial organization should result in even more efficient and profitable operations in fiscal 1994.

NEI AGRA, Inc. in Houston, Texas was the first AGRA company — and the first engineering firm in North America — to be granted ISO 9000 certification, which it received several years ago. AGRA's Engineering Group has committed itself to ISO 9000 certification for all major offices. In the future, internationally recognized quality certifications such as ISO 9000 — the worldwide standard

for quality assurance in the engineering profession — will be mandatory for companies wanting to participate in major world projects.

AGRA companies continued to develop their worldwide expertise in the design and construction of combined-cycle cogeneration facilities with the signing and/or execution of joint venture and turnkey contracts worth about \$350 million for the construction of plants in Ontario, Quebec, New York State, the United Kingdom and Indonesia. The giant 1,725-megawatt (MW) Teesside electrical cogeneration plant in England was completed in only 23 months and went on-line during the year. NEI AGRA provided engineering design, procurement and construction management services for this project. Monenco AGRA also successfully commissioned the 38-MW Maitland cogeneration plant in Ontario and synchronized two 33-MW Cikarang plants in Indonesia.

Recognizing the future importance of China, AGRA opened a marketing office in Beijing. Teshmont Consultants was awarded a contract to provide consulting services on the design of the 1,000-kilometre Tian Guang power transmission line. Subsidiary company Howe AGRA conducted a study on the establishment of a new port facility at Jinshan and, under a separate contract, prepared studies and did the preliminary engineering on a grain distribution and marketing project for the World Bank. Monenco AGRA and Teshmont, in a consortium with Ontario Hydro and Manitoba Hydro, continued to execute Canadian International Development Agency power



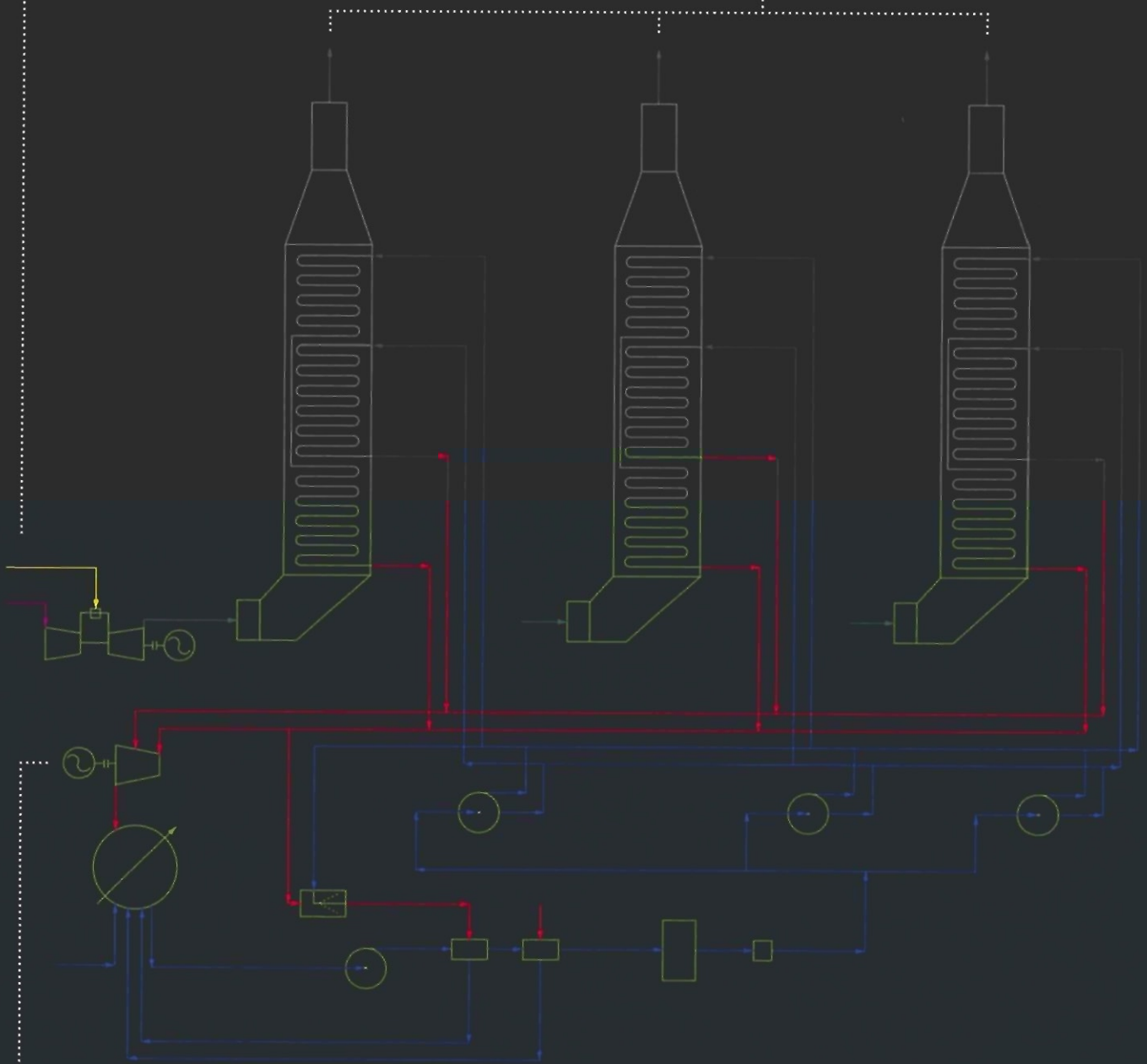
Combined-Cycle Cogeneration

Gas Turbine:

In this combined gas and steam cycle, a gas turbine emits exhaust at a high flow and temperature to a Heat Recovery Steam Generator.

HRSG:

The heat recovery steam generators (HRSGs) generate steam using the waste heat in the exhaust of the gas turbine, as well as exhaust from other sources.



Steam Turbine Generator:

The steam turbine generator receives steam at two pressure levels from the HRSGs. The steam is expanded through the steam turbine and exhausted to a condenser.

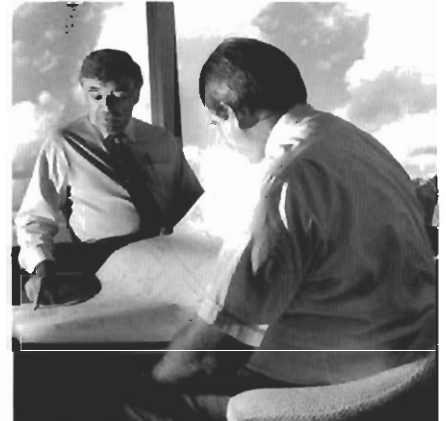
- WATER
- STEAM
- EXHAUST
- NATURAL GAS
- AIR

planning contracts in South China. The consortium is bidding on a number of new additional projects in the power sector in China.

During the year, AGRA opened an office in Islamabad and established a marketing base in Damascus, Syria. Several years of intense marketing efforts by Monenco AGRA in Iran resulted in contracts to provide engineering, procurement and implementation services to expand the existing Shahid Rajaie thermal power plant and to engineer the 800-MW Ghom combined-cycle plant. The 450-MW

construction of the topside facilities and gravity base structure of the \$5.2-billion Hibernia offshore oil production project in Newfoundland, Canada.

AGRA's Systems Integration Group continued to expand its role as a world leader in currency security systems. Vadeco AGRA Technologies supplied production and engineering services to support the Bank of Canada in the production of its optical security device (OSD) for all \$20, \$50, \$100 and \$1,000 notes. A technology transfer and licensing agreement with the Bank will allow AGRA to promote the use of the OSD



Beldune power plant in New Brunswick, which features the first advanced flue-gas desulfurization unit in Canada, was commissioned during 1993. Monenco AGRA has provided engineering, construction management and other services to New Brunswick Electric Power Commission since work on the plant began in 1987. Monenco AGRA also increased to 50 per cent and 29 per cent respectively its ownership in Canatom and Nuclear Project Managers, which are providing design, procurement and construction management services for three new CANDU nuclear reactors in Wolsong, South Korea, a \$4-billion project. Monenco AGRA continued to provide consortium engineering design and project management services for the

on other international currencies and high-security documents. The OSD is a small square of reflective film which makes the note extremely difficult to counterfeit. Monenco AGRA continued to develop its position as a world leader in data conversion services, proprietary technologies and systems such as the proprietary Fast Material Requirement Planning (FastMAN), Project Management Systems (MPMS), and wireless telecommunications frequency management systems.

AGRA is putting together teams of managers and technical specialists who possess the combined packaging, financing, engineering and legal skills to undertake major infrastructure and other projects. (From left: Wesley Saliera, Erik Hansen, Tony Coptand, Terry Belisle, John Stremilaw, Brian Emery.)

Environment



The Earth & Environmental Group is very active providing consulting services to U.S.A. and European companies developing oil and gas fields in Western Siberia in Russia.

AGRA completed the remediation of a large, highly contaminated lead refining and smelter site in downtown Toronto. (pictured right)

AGRA's Earth & Environmental Group of companies continued to move toward the integration of its various subsidiaries with the amalgamation of W-E-R AGRA Limited into its water resources division. The operations of the four main companies in this group in Canada and the United States will be amalgamated in fiscal 1994 to create the AGRA Earth & Environmental Group, a single North American-based national and multinational earth and environmental company employing some 1,200 people in 40 offices around the world.

The AGRA E&E Group is continuing to expand from a strong background in conventional geotechnical and materials engineering work to provide full-service capabilities in earth and environmental engineering across North America. Environmental work has doubled in size to 40 per cent of the group's total revenues in 1993 from 20 per cent in 1990.

During fiscal 1993, the group undertook a wide variety of projects across North America. It developed a computer model to predict the quality of water in the Red Deer River in Alberta and conducted air, surface water and

groundwater quality monitoring programs for the Ryan Lode Mines in Alaska. The water resources division did the preliminary design of the Little Bow River dam and reservoir project in Alberta and continued work on several canal rehabilitation projects, also in Alberta. The group monitored the construction of landfill sites in Southern California, performed bioremediation services for hydrocarbon-contaminated sites in British Columbia and Washington state, and did the permitting for a large, open-pit limestone mine in Boulder County, Colorado.

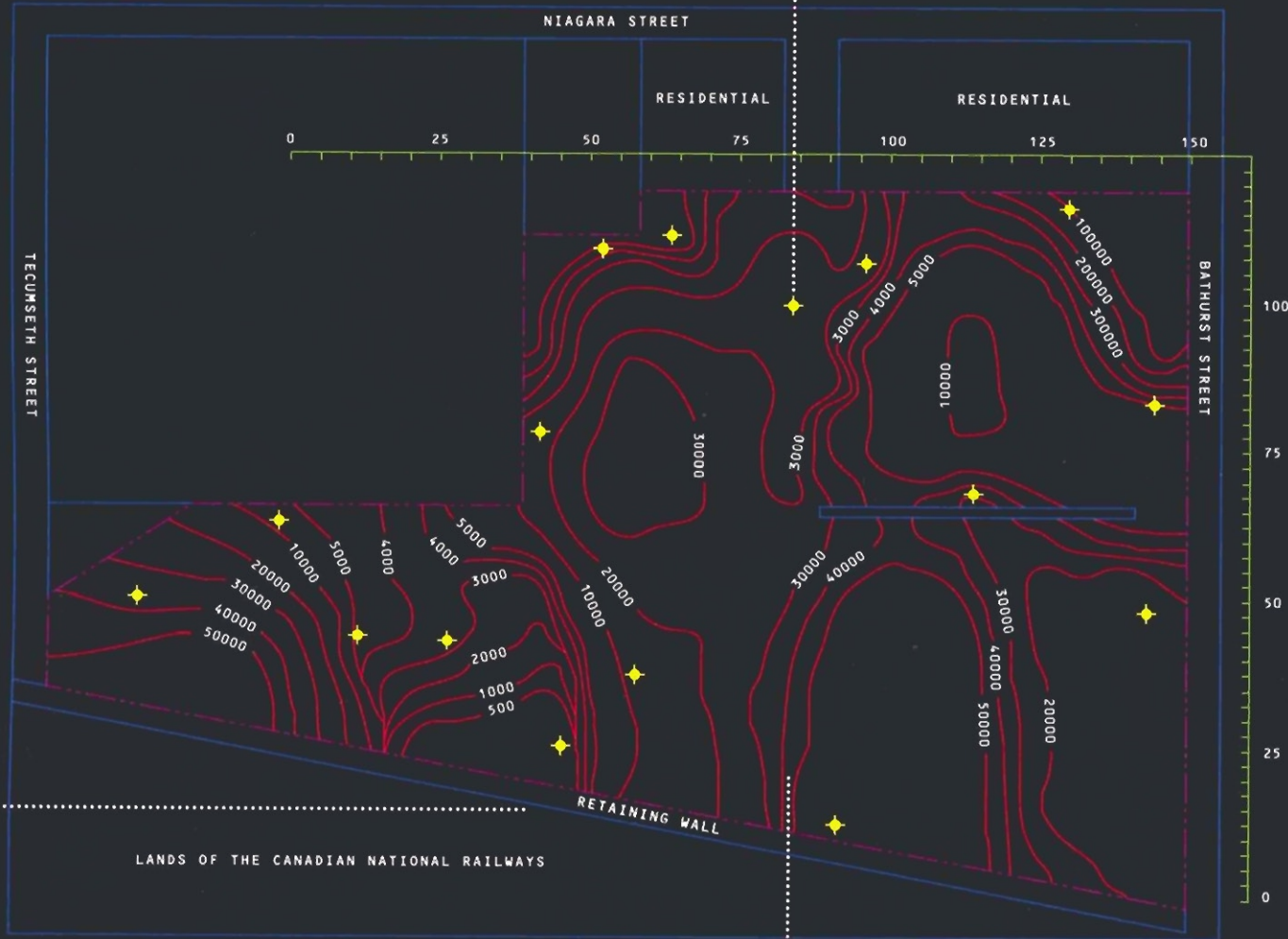
The AGRA Earth & Environmental Group is securing major contracts with national clients in the real estate and oil businesses in Canada and the United States. AGRA E&E in the U.S.A. is teaming with major engineering companies which will undertake large remediation contracts. The main strategic geographical areas of expansion are the Eastern and Midwestern U.S.A., Ontario and Mexico. We have made significant inroads in Ontario with the establishment of a strong environmental unit in Mississauga which this year completed the remediation of a large lead refining and smelter site in downtown Toronto. We have had an operating office in Mexico City since



Soil Remediation

The lead that penetrated the walls of the buildings on the 1.5-hectare site originated from the smelter fumes of the battery recycling plant, while acid from discarded batteries carried lead into the ground.

Boreholes were drilled to determine the extent of contamination in the soil and the ground water. Computer generated contours show contaminant concentrations which are indicated by the numbers in parts per million (ppm).

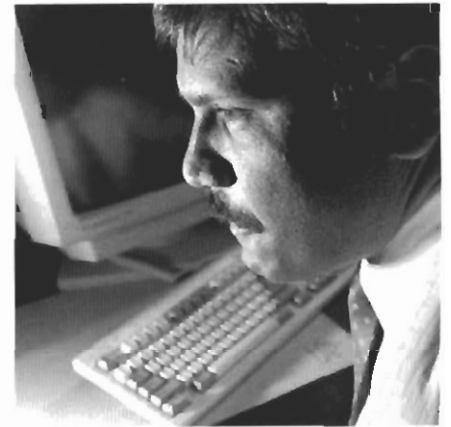
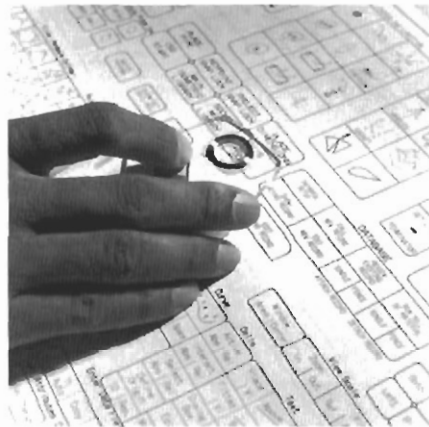
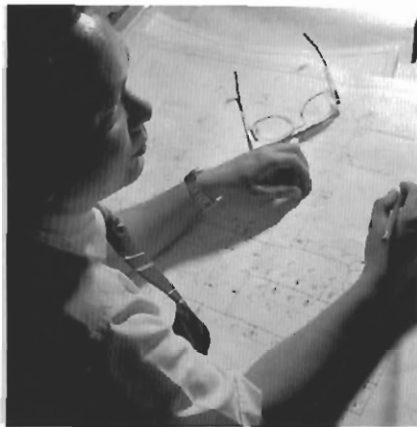


Many truckloads of soil, excessively contaminated with lead, were transported from Toronto to a hazardous waste facility near Sarnia. Environmental consultants monitored airborne dust levels to ensure levels did not exceed one microgram of lead per cubic metre of air.

1991 and recently we were awarded an environmental audit program and groundwater study in Guadalajara.

Internationally, AGRA E&E has established permanent offices in Russia, Tanzania and Chile and now is working in more than 20 countries around the world, including India, Indonesia, Thailand, the Philippines, the United Kingdom, China, Ecuador and Argentina. The water resources division is pursuing markets for irrigation work in Mexico as well as water supply and water management projects in the Caribbean, Southeast Asia and

AGRA are working together in Japan to identify prospective clients and provide remediation services for the cleanup of contaminated industrial sites. AGRA E&E has signed a teaming agreement with a geotechnical and environmental consulting firm in Wroclaw, Poland, and is working on environmental assignments for Elektrownia Turów, which operates a 2,000-megawatt (MW) coal-fired power plant in Bogatynia. In the Czech Republic, AGRA has teamed with a local mining and geology company to work on environmental projects. We have undertaken a major



East Africa. A staff of five people is providing on-going consulting services on the RAJAD irrigation project in India. The group is very active providing consulting services to U.S.A. and European companies developing oil and gas fields in Western Siberia and has been contracted to provide environmental services and permafrost engineering for the Baydaratskaya pipeline crossing. This crossing is an important component of a pipeline which will take gas from the Bonenkova field in the Yamal Peninsula to markets in Europe via a 3,500-kilometre pipeline to Moscow.

We have established teaming agreements with several foreign companies to export North American technology overseas. Konoike Construction and

environmental audit and site assessment for an automobile manufacturing plant in Brno and are conducting a significant environmental training and technology transfer program for various institutes in the country.

The AGRA Earth & Environmental Group has matured rapidly, both nationally and internationally. A key objective is to continue to improve the business skills of our people in order to achieve better operational performance in an industry in which we have a solid market position.

AGRA continues to develop its position as a world leader in niche technologies such as data conversion services, proprietary systems like Fast Material Requirement Planning (FastMAN), and wireless telecommunications frequency management systems. (From left: Fred Aules, Karlus Young.)

Construction



The AGRA Construction Group is actively pursuing new markets in the United States and internationally, particularly in Asia.

AGRA installed caissons for a major tunnel project in Boston using a specially developed, five-foot-diameter cluster drill — the largest in the world. (pictured right)

The economic recession has adversely affected government funding of infrastructure projects such as bridges, wharfs, docks and other capital projects. As a result of this downturn, the Construction Group turned its sights beyond its traditional geographic market in Canada to pursue opportunities in the United States and internationally, particularly in Asia.

We established an office in Hong Kong which began with an initial staff of five people to pursue ground improvement and ground modification work in Hong Kong and Southeast Asia. Several projects in the area have been undertaken, including the densification of eight million cubic feet of soil at the new Macau International Airport and one million cubic feet of soil at the Container Terminal 8 development in Hong Kong. Soil densification is the process of compacting or "densifying" soil to stabilize it for construction purposes.

The group has secured some foreign contracts, and marketing efforts in Indonesia, Malaysia and Thailand have identified a substantial number of potential new projects in those countries. Given their size and dollar value, AGRA is identifying possible joint venture partners with whom to undertake major projects. Traditionally,

the marketing strategy of the group has been to service its customers on a strictly geographic basis. However, we now are attempting to locate large projects with special technical characteristics regardless of geographic location.

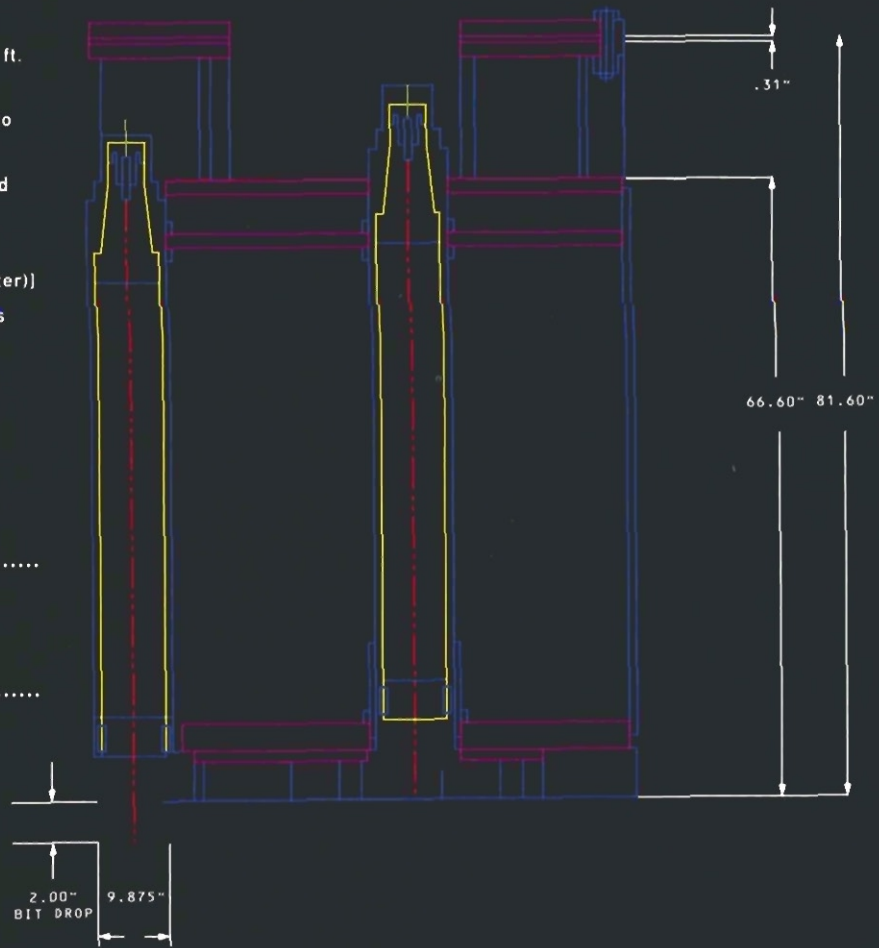
The group's revenues were positively enhanced by a \$12-million contract to install 670 caisson foundations for a new post office facility in downtown Chicago. The completed building will straddle 11 tracks used by the Chicago commuter train system. We had to devise innovative construction methods in order to work while the 320 daily trains continued to run, often within a few feet of the shafts that were being drilled. Other soil densification jobs were undertaken for the construction of a new airport terminal in Vancouver and a new underground tunnel in Boston. There, we installed caissons in a cofferdam using a specially developed, five-foot-diameter cluster drill — the largest in the world.

The group's pipeline division acquired MONAD Contractors Limited during fiscal 1993, a facilities construction contractor serving the oil and gas, manufacturing, mining, municipal, and pulp and paper industries in Western Canada. We opened an office in Houston, Texas, to service the increasing demand for natural gas pipelines in the United States. Natural gas requirements in the U.S.A. are rising as more jurisdictions force users to switch to the cleaner source of energy provided by natural gas. While maintaining its competitiveness in the small- and mid-inch pipeline market, the pipeline division also upgraded its equipment to handle big-inch pipeline

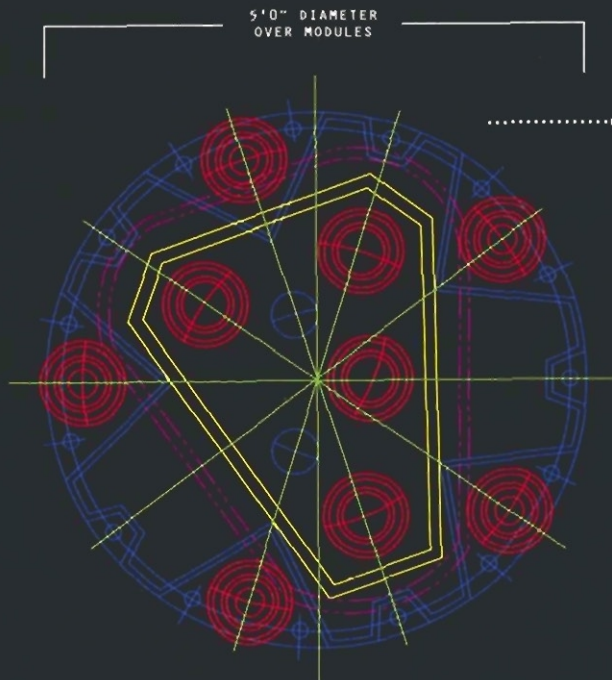


Cluster Drill

→ The world's largest Down Hole Hammer Cluster Drill, 5 ft. diameter (1.5 m), was used by Frontier Foundations, Inc. to successfully penetrate the solid Argillite for the 67 drilled shafts installed inside North America's largest cofferdam (208 ft. diameter (64 m diameter)) for the Boston, Massachusetts Central Artery Project, Vent Building #6.



→ The Cluster Drill design employs 9 - 10 in. diameter Down Hole Hammers and requires 7,000 cubic feet/minute of compressed air for efficient operation. This design provides the ability to install large diameter shafts into solid rock faster and more economically than conventional methods.



→ The Cluster Drill uses a series of modular-design bits to mechanically impact the rock, break it up into small pieces and convey it, by compressed air, to a disposal point. This system is faster than using conventional roller cone reverse circulation and does not require drilling fluids or associated expensive mobilization/set-up costs.

construction. It successfully installed several major projects in Western Canada, including 42-inch-diameter pipe, and now is considered a major player in the big-inch pipeline construction industry. Negotiations and proposals for pipeline-related projects are being pursued in international locations.

The group has developed expertise in large-diameter drilled pile foundations in marine construction works including a range of special equipment such as large diameter rigs and jack-up rigs. Jack-up rigs are particularly useful

Columbia and Alberta, expanded in 1993 into the states of Washington and Oregon. The environmental contracting division undertook a major hydrocarbon cleanup and several soil remediation projects in Alaska. The market for environmental remediation continues to be legislation-driven. The legislative climate in the U.S.A. Northwest is very favorable and there is a good possibility that increased funding for environmental cleanup will be forthcoming under the Clinton administration. The focus in the United States for cleanup also is moving away



in areas subject to large tides or high waves and wind. We were recently awarded a British Construction Industry Award for the construction of navigation beacons in the Severn River in Britain, where 15-metre tidal fluctuations twice a day create some of the most hazardous construction conditions in the world. We subsequently installed the caisson foundations in the same location for the five-kilometre Severn River Bridge which connects England with Wales. Domestically, the Group restored 2,000 feet of shoreline and installed 162 stone columns for subsoil densification and 161 expanded-base concrete piles for the foundation supports for a waterfront condominium development on the Fraser River in Vancouver.

Environmental contracting operations, which began in 1992 in British

from consulting and assessment issues and concentrating increasingly on actual site activity, offering good prospects for our environmental contracting operations in the years ahead.

Another significant development during the year was the discontinuation of AGRA's building cladding operations. This was necessary because of poor demand for our products caused by the recession in the North American commercial construction market combined with a long-term overcapacity of completed real estate projects.

The Engineering Group of AGRA Industries already has ISO 9000 certification — the worldwide standard for quality assurance in the engineering profession — in some of its companies and is committed to obtaining this recognition for all its major offices. (From left: Pat Shaw, Mel Galea, Mike Stocks, Geoff Morrison.)

Resource Recovery



The strategy of AGRA's Resource Recovery & Recycling Sector is to concentrate on niche environmental businesses in North America.

AGRA has doubled its production capacity of small plastic amenity containers made from polyethylene terephthalate (PET) for the hospitality and other industries in North America. (pictured right)

AGRA's Resource Recovery & Recycling Sector continued to make considerable progress in fiscal 1993 in profit stability and revenue growth. This sector consists of companies which operate beverage container recovery and recycling systems and manufacture value-added plastic products. All units performed well and recorded growth in revenues. This resulted from improvements in productivity and quality, the implementation of effective marketing strategies, and the commitment of staff to sustained profitability and growth.

The sector's strategy is to concentrate on niche environmental businesses engaged in the operation of reverse distribution systems and the production of environmentally sensitive plastic products. AGRA is North America's largest manned operator of reverse distribution systems with operations in California and Alberta.

In California, AGRA operates approximately 300 collection depots across the state. At the beginning of 1993, the state modified its recycling legislation to encourage the industry

to move to a more marketing-oriented operation. While the change initially caused a slight decrease in revenues due to the procedural adjustments required, this move will ultimately improve revenues and profits.

In Alberta, in addition to managing the beverage container recycling system across the province, AGRA Recycling manufactures plastic products such as flake, sheet and thermoform packaging from post-consumer plastic beverage containers. Flake is marketed to an expanding customer base in the United States. During the year, a number of technological improvements were made which improved product quality. Demand for AGRA's 100 per cent post-consumer plastic sheet products is increasing as environmental pressure grows on manufacturers to use packaging which is recyclable and has recycled content.

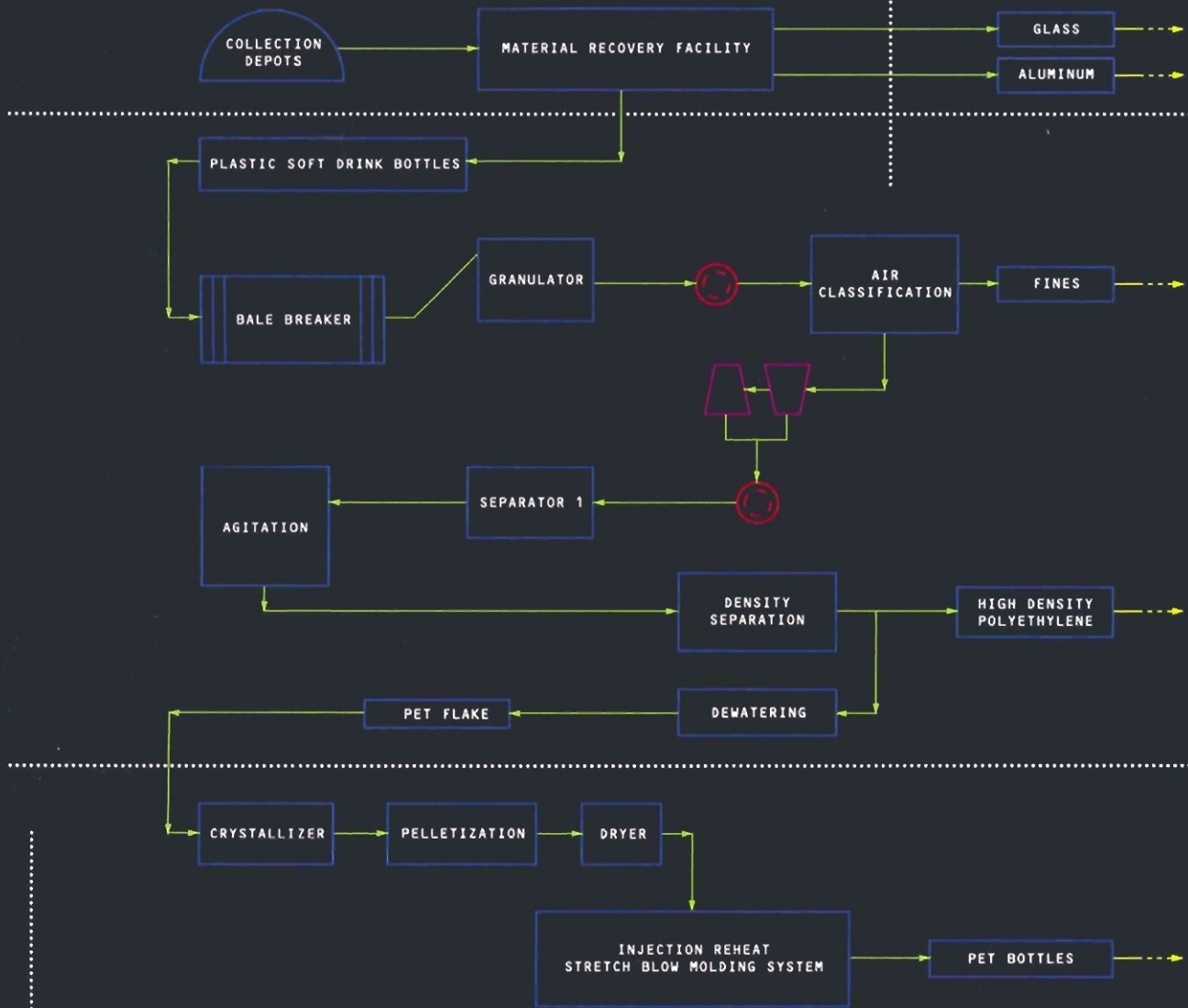
In Ontario, AGRA Plastics showed exceptional growth in production, revenue and profitability. Its strategic focus on producing packaging which is recyclable or has recycled content has made it a leader in this high-growth market segment in Canada and the



Recycling Process

① Plastic, Glass, and Aluminum beverage containers are collected at depots, sorted and densified at Contain-A-Way Material Recovery Facilities (MRFs) in Alberta, Canada and California, U.S.A.

② AGRA Recycling processes plastic soft drink bottles (PET) in Edmonton, Alberta, cleaning the material and removing contaminants including paper, glue, dirt, syrup residue, metal, and other plastics.



③ AGRA Plastics, located in Mississauga, Ontario, has the PET pelletized to further aid in processing and then injection/stretch blow molds the material into new consumer products such as shampoo bottles.

United States. AGRA is aggressively pursuing its niche market in environmentally sensitive plastic packaging. During the year, it doubled its production capacity of small plastic amenity containers made from polyethylene terephthalate (PET) for the hospitality and other industries in North America. This was achieved by expanding AGRA Plastics' manufacturing facilities in Mississauga, Ontario, and through the joint development of a leading-edge integrated two-stage blow molding system with a major world manufacturer of injection molding equipment.

Brazil, Saudi Arabia, Africa and Taiwan. AGRA Plastics' emphasis on environmentally sensitive plastic packaging has led to strong and growing demand, domestically and internationally, for its products in established and new markets.

Opportunities for the future development of the Resource Recovery & Recycling Sector are good. There is a strong global trend toward environmental protection. The recycling industry is growing at the rate of 25 per cent to 30 per cent a year. There is also a trend toward post-consumer



Concurrently, AGRA dramatically increased the production capacity of multi-layered, co-extruded containers.

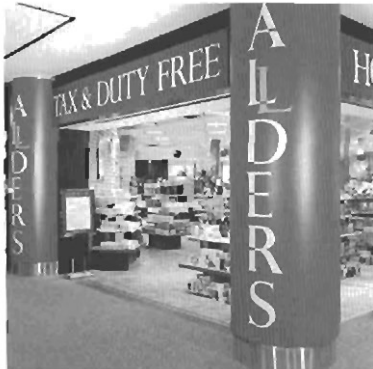
Total Quality Management control procedures and systems have either been incorporated or are being encouraged among all operating units within this sector through education, information and co-ordination by the sector's executive management.

Testing of environmentally sensitive plastic packaging products is currently being done for several large consumer product companies. As well, AGRA is producing standard plastic containers for sale in Canada and for export to the United States, Mexico, Puerto Rico,

plastics recycling and environmentally sensitive plastic packaging. Several provinces in Canada and states in the U.S.A. are currently considering new or expanded recycling legislation for containers and other material. These factors point to an increased demand for the goods and services that the Resource Recovery & Recycling Sector provides, leading to growth and a continuing commitment by AGRA to this sector as one of its two core businesses.

AGRA's systems, from advanced computerized project management systems to the detailed collection of technical drawings and specifications, ensure that clients receive the highest level of service, regardless of their project's size or complexity. (From left: Renata Cieslak, Gurmit Saini.)

Asset Development



Alders International (Canada) Limited continues to be the largest operator of duty-free airport retail stores in Canada.

The Asset Development & Investments Sector continued to grow in fiscal 1993 through the expansion of Alders' retail operations and the Ellesmere Britannia hotel resort and condominium development on Grand Cayman Island.

Alders is Canada's largest duty-free retailer, operating duty-free, gift and news, and off-airport retail outlets in Vancouver, Banff, Calgary, Toronto and Halifax. Following the success of its first off-airport store in downtown Vancouver, Alders opened another off-airport store in Banff, Alberta, which immediately captured a substantial share of the lucrative Japanese tourist market and showed a profit in its first year. Alders also recently opened a new off-airport shop at the top of Grouse Mountain in Vancouver. In Calgary's international airport, Alders renegotiated a new five-year contract with a major rent reduction which has substantially improved operating results there. Alders also took over the duty-free operations in Toronto's Terminal 3 with a 10-year contract which

will provide a stable business base in Canada's premier airport.

The Ellesmere Britannia Hotel in Grand Cayman experienced an excellent occupancy level of more than 80 per cent in fiscal 1993 in spite of the economic recession. Stage Three construction of 12 luxury villas — six, three-bedroom and six, four-bedroom units — in Phase 2 of the condominium development was nearing completion by the end of the year. Stage Four construction of an additional 18, three-bedroom units has begun and should be completed by the summer of 1994. Thirty per cent of those units were sold prior to ground-breaking. The last phase of the Britannia development will encompass an exclusive residential homesite development on 21 acres of land with 23 lots, five of which are already committed. A highlight of the year in Cayman and at the Village of Britannia was the filming of Paramount Pictures' *The Firm*, starring Tom Cruise. Filming was done on several locations on the island and the Britannia resort was featured in several scenes.

Company Directors and Officers

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Toronto

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Mississauga

R.G. Dittmer
Calgary

H. Tenenbaum
Toronto

R. Torchinsky
Vancouver

R. Richardson
Ottawa

A. Columbia
Vancouver

A. Torchinsky
Vancouver

S. Roessler
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and Chief Executive Officer



Alexander Taylor
President and
Chief Operating Officer



Robert G. Dittmer
Executive Vice-President
and Secretary



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Construction Group



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Corporate Counsel and
Assistant Secretary