

A N N U A L  
R E P O R T 1 9 9 4

Howard Ross Library  
of Management

JAN 16 1995

AGRI...  
UNIVERSITY

# A G R A

Industries Limited



Ontario's new toll Highway 407 is the largest infrastructure project currently underway in Canada, with a value in excess of \$1 billion. Monenco AGRA Inc. is the lead member of the consortium that will design, build, maintain and operate the 69-kilometre, all-electronic toll highway.

ACRA Industries Limited is an international corporation, based in Canada, which is dedicated to the growth and enhancement of shareholders' value. The company provides management services in engineering, the environment, construction, technology, and resource recovery to industrial, commercial and government clients in North America, Asia, Africa, Europe, the Caribbean and the Middle East. The company employs more than 5,000 people in 135 offices in 19 countries around the world.

Year ended July 31, 1994	1994	1993*
<b>OPERATIONS</b> (in thousands of dollars)		
Revenue	\$721,008	591,521
Earnings		
From continuing operations	(6,088)	8,580
Discontinued operations	(956)	(6,395)
Net Earnings (Loss)	\$ (7,044)	2,185
<b>COMMON SHARE STATISTICS</b>		
Earnings		
From continuing operations	(0.31)	0.48
Net earnings (loss)	(0.36)	0.12
Fully diluted earnings		
From continuing operations	(0.31)	0.46
Net earnings (loss)	(0.36)	0.12
Dividends – Class A	0.14	0.14
– Class B	0.16	0.16
Equity	9.33	9.62
<b>OTHER STATISTICS</b> (in thousands)		
Average shares outstanding	19,525	17,866
Shareholders' equity	\$191,786	171,984
Working capital	\$ 69,894	63,741
<b>SEGMENTED REVENUE</b> (in thousands of dollars)		
Engineering, Construction & Technology	\$501,517	414,086
Resource Recovery & Recycling	57,396	42,939
Asset Development & Investments	162,095	134,496
	\$721,008	591,521

\*Comparative figures have been restated to reflect operations discontinued during the 1994 fiscal year.





**Benjamin Torchinsky**  
Chairman of the Board



**Alex Taylor**  
President and  
Chief Executive Officer

AGRA's 1994 revenues increased by 22 per cent to \$721 million in the year ended July 31, 1994 with growth in each sector of our business. Despite this growth our earnings from continuing operations slumped to a loss of \$6.1 million compared to restated profit of \$8.6 million in 1993. Profits rose with revenue growth in the Resource Recovery & Recycling Sector, the Asset Development Sector, the Earth & Environmental Group and Systems Integration Group. However, the Engineering and Construction Groups within the Engineering, Construction & Technology Sector incurred substantial losses. The major cause was an overrun of construction and commissioning costs of a turnkey cogeneration plant in which we were a 50 per cent joint venture partner. Some lesser but nonetheless significant losses were incurred on pipeline, foundation and systems engineering projects due either to cost overruns or cancellation of these projects. We also incurred a loss from discontinued operations of \$0.9 million from shutdown costs of an engineering unit in New York. This reduced final results to a loss of \$7.0 million compared to a \$2.2 million profit the year before.

We are disappointed in our consolidated profit performance in 1994, even though we have successfully turned many underperforming units of previous years into profitable units. Unfortunately, losses from some of the projects in the Engineering, Construction & Technology units have overshadowed good results from the rest of our operations. Where the losing projects have not yet been concluded, an allowance for future costs to completion has been charged to our 1994 accounts and in our opinion will be out of the way for the new year.

As a result of our rapid growth over the last few years, in some situations our management control systems have either been inadequate or not properly applied and our results this year are directly related to this. Consequently, we have reviewed, revised and reinforced both systems and personnel in these areas and are confident that stringent management control systems are now in place to mitigate the risk of repeating such project losses in the future.

Our endeavours of the last few years in pursuing transportation privatization projects were rewarded with the assignment of the Government of Ontario's Highway 407 project. This success came six months after the Government of Canada's reversal of the Pearson Airport contract award and ongoing inability to settle the issue. The 407 contract was awarded to Canadian Highways International, a consortium of four engineering and construction companies led by Monenco AGRA which had bid to design, build, operate and maintain the \$1-billion, 69-kilometre, all-electronic toll highway. Canadian Highways International will use its experience on Highway 407 to pursue other road infrastructure projects in Canada and around the world.

Our Earth & Environmental Group was reorganized to operate as an integrated group rather than as separate regional companies. This \$120-million-a-year, 1,200-person engineering consulting organization has Canadian headquarters in Calgary and U.S. headquarters in Kirkland, Washington. In addition, the purchase of Dominion Soil in Ontario boosted our presence in a number of Ontario cities. On the international scene we incorporated AGRA Eurasia in

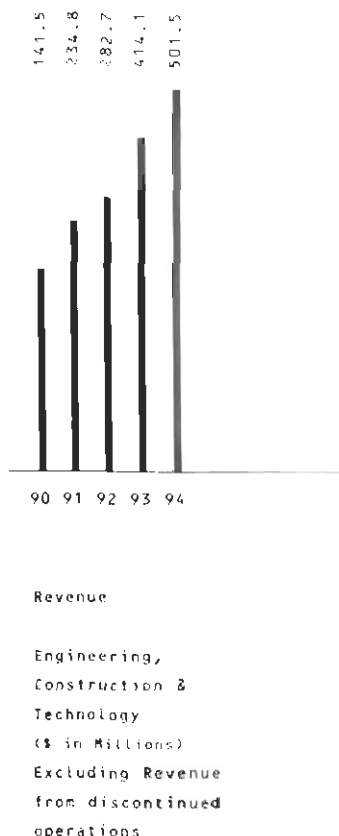
Moscow and now have a nine-person office working on various environmental assignments for international oil and gas companies in Russia.

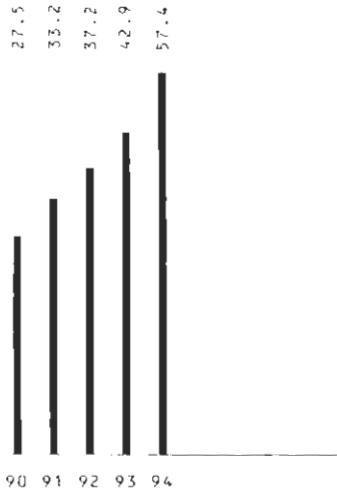
AGRA's Systems Integration Group continues to thrive. During the year work progressed on both the Keck II and the Japanese National Telescope projects and we were awarded a \$30-million contract for the Gemini eight metre telescope projects in Chile and Hawaii. At home we won a systems integration contract from the Ontario Government for the turnkey implementation of the Ontario Investment Service, a system offering potential investors in Ontario a one-stop information service about the province. In an effort to accelerate the formation of some of our systems developments we created FastMAN Software Systems Inc. and agreed with a Canadian venture capital company that they would invest \$6 million in the new company for 60 per cent ownership. AGRA retained 40 per cent and transferred technology to FastMAN in return for a cash payment and shares.

Within the Engineering Group, Baymont Technologies, a provider of Geographic Information Systems to the telephone, gas and electric utilities market, went through a transformation last year. Headquartered in Clearwater, Florida, and with production offices also in Toronto, Calgary, Singapore and Kuala Lumpur, Baymont was a long-term profitable company in the past but has failed to perform in the last three years. In 1994 we brought this unit back to profitability. We enter fiscal 1995 with the greatest backlog of utility orders in Baymont's history and a strong commitment to turn a profit in fiscal 1995.

The Engineering and the Construction Groups continued their concentration in the Chinese market. Monenco AGRA won a contract to assist in the engineering and project management to develop the 5,400-megawatt Longtan project on the Hongshui River, and signed a letter of intent to provide a \$35-million management information system for the 18,200-megawatt Three Gorges Project on the Yangtze River. We also won two key strategic engineering and power studies in southern China. The Construction Group performed soil densification work at the new Macao Airport and the Container Terminal 8 in Kowloon and negotiated a long-term alliance for providing specialty foundation services in China with a Chinese partner. We have established a permanent office in Beijing which is now fully operational and staffed by Mandarin-speaking Canadians and Chinese.

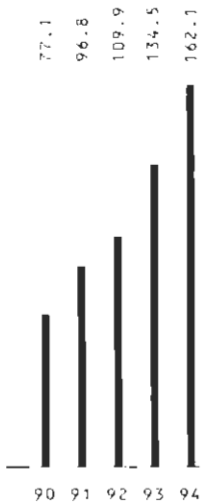
International business remains one of our major strategies. Of our consolidated revenues of \$721 million, 23 per cent (\$169 million) was generated in the United States, 8 per cent (\$61 million) in the Cayman Islands and 2 per cent (\$12 million) in other countries such as Mexico, Singapore, Hong Kong and Malaysia. Furthermore, 39 per cent (\$187 million) of our Canadian revenues of \$479 million were generated from exporting goods and services. The \$187 million was made up of \$92 million of duty-free revenues and \$95 million of primarily engineering construction revenues. Thus, revenues from non-Canadian operations and exports from Canada represented a total of 60 per cent of our consolidated revenues (\$429 million), the same percentage of our consolidated revenues as in 1993.





Revenue

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



Revenue

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

The Resource Recovery & Recycling Sector had a 34 per cent increase in revenue to \$57.4 million in 1994 and a net profit of \$2.3 million (compared to \$0.08 million in 1993). All segments of the sector were profitable with a significant contribution coming from Contain-A-Way in California. Robust aluminum prices were part of the reason for this profit success and these are forecast to be even stronger in the year to come. By fiscal year-end we were poised to increase the number of our recycling centres in California by about 20 per cent. In Ontario, AGRA Plastics doubled sales and increased profitability during the year by moving to larger premises and installing additional equipment.

Revenues and profits in the Asset Development Sector continued to increase with a revenue increase of 21 per cent to \$162.1 million and a net profit increase of 27 per cent in continuing operations. All segments of this business sector followed this trend. At Vancouver, we concluded an agreement with the new Vancouver Airport Authority which will extend our contract to operate duty-free stores in the airport for a further five years after our current contract expires in 1996. With this agreement concluded, we will build and operate four new stores in the airport and one multi-purpose duty-free department store in downtown Vancouver. We are experiencing a dramatic increase of Asian air travellers into Western Canada. Besides Vancouver Airport, in Western Canada we operate stores in downtown Vancouver, Grouse Mountain, Banff and Calgary International Airport. The Ellesmere Britannia resort in Grand Cayman Island had another very successful year with a year-round average occupancy rate at the hotel of more than 85 per cent, and more than \$18 million of condominium sales. The ongoing improvement of results from our resort is expected to continue and ultimately will lead to a further expansion of the facilities.

We enter fiscal 1995 with a good order book. In the Engineering and Systems Integration Groups, where backlog is of greatest significance, backlog is \$450 million, which represents 19 months of sales. In the airport retail business we have long-term franchise contracts in place for most of our locations, and certainly for the major ones. In our other businesses where future workload is predicated not on backlog but on market position, we believe we are well placed. We believe we have accounted for most of, if not all, the losses arising from the losing engineering and construction projects in fiscal 1994, and we further believe other engineering projects in which we are involved do not represent a serious risk to our future profits. We also believe we have management systems and controls in place to prevent the mistakes of previous years recurring in the future.

AGRA's founder and its Chief Executive Officer for 35 years, Ben Torchinsky, resigned from that position at our Annual General Meeting in January 1994. Mr. Torchinsky continues as Chairman of the Company and is active in various committees of the Board of Directors and certain specific activities of the ongoing operations. Alex Taylor, President and previously Chief Operating Officer, was appointed Chief Executive Officer by the Board of Directors following Mr. Torchinsky's resignation.

One of AGRA's most important assets is its people. The knowledge and skills they possess enable them to successfully develop new products and bring new technologies to market. They design, build, operate and manage projects and, most importantly, implement the company's vision for the future.

The following photos highlight four of AGRA's recent projects and some of the people who will help to bring them to completion.

# OTCC

Monenco AGRA, a member of Canadian Highways International, a consortium of four major engineering and construction companies, was awarded a contract by Ontario Transportation Capital Corporation (OTCC) to design, build, operate and maintain, for a 35-year period, Highway 407, the bypass around the northern outskirts of Toronto. The project represents the first major public-private sector partnership in Canada. Canadian Highways will use its experience on Highway 407 to pursue other opportunities in the \$500 billion infrastructure market around the world.







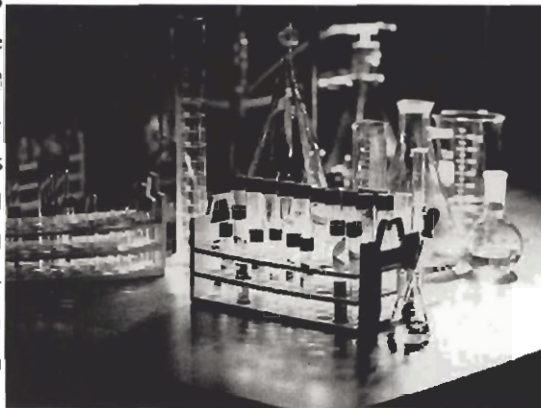
left:

Geoff Dunn  
Quality Assurance and Control Manager  
Canadian Highways International Constructors

right:

Peter Duckworth  
Environmental Manager  
Canadian Highways International Constructors

Wal-Mart Canada Inc. has retained AGRA Earth & Environmental to provide a broad range of environmental services during the conversion of 122 former Woolco stores across Canada. These stores were up to 30 years old and contained a number of environmental problems such as asbestos material, structural and geotechnical deficiencies, and underground storage tanks. AGRA Earth & Environmental identified the problems in each store and undertook remedial actions to ensure to Wal-Mart that the environment was protected.



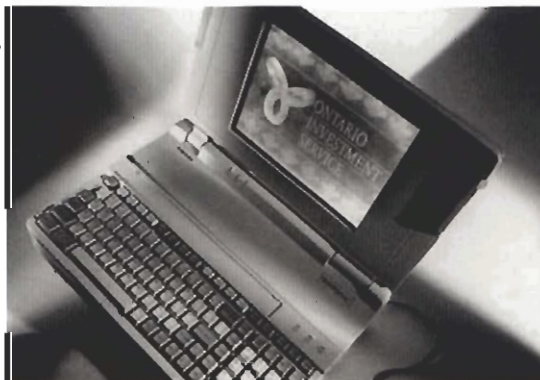
# Wal-Mart



Katrina Kuzniar  
Environmental Engineer  
AGRA Earth & Environmental Limited

# O I S

Monenco AGRA was selected by the Government of Ontario to implement the Ontario Investment Service, a partnership of business and government organizations that will provide a one-stop, multimedia service designed to attract and retain investment in Ontario. OIS is a customer-focused service that offers access to the most comprehensive database in North America; an interactive multimedia system on Internet; a professionally-staffed audio-visual presentation theatre and resource centre; and a network of people and organizations interacting through information systems to generate investment in Ontario.

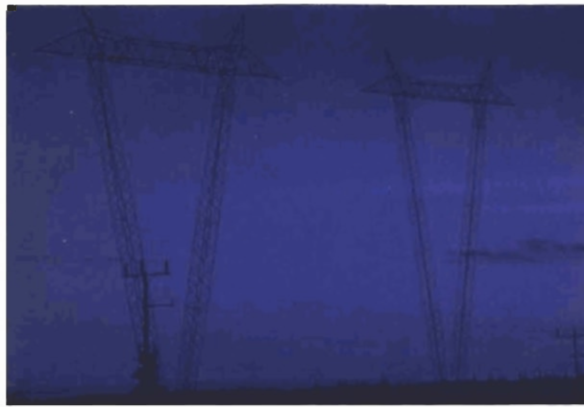


Cheuk C. Kwan  
Vice-President, Systems  
Monenco AGRA Inc.



# MEP PRC

In 1994 Monenco AGRA was awarded contracts to develop long term strategic energy plans and power system planning for all of Southern China, for the Ministry of Electric Power, People's Republic of China (MEP PRC). Monenco AGRA is a leader in the preparation of strategic plans to help countries assess their long-term energy needs; schedule the development of appropriate energy supply systems; implement conservation programs; set energy prices; and analyze the socio-economic and environmental impacts of such developments. It also has worked with Thailand's National Energy Policy office on key issues related to energy policy. It is currently helping the State of Orissa in India to privatize its electric power sector and in Iran, Monenco AGRA is preparing a strategy to help that country develop its energy sector.





Dr. M. (NAT) Natarajan  
Senior Thermal Power Consultant  
Monenco AGRA Inc.

Robert G. Livett  
Vice President, International Power Marketing  
Monenco AGRA Inc.

E N G I N E E R I N G  
A N D  
C O N S T R U C T I O N

The highlight  
of the year was  
the awarding  
of Ontario's toll  
Highway 407 to  
a consortium  
of engineering  
and construction  
companies led  
by Monenco  
AGRA.

During fiscal 1994, AGRA's strategies were implemented in various areas of the company's operations. Those strategies include active pursuit of high-growth overseas markets, formation of strategic partnerships to bring new technologies to market, and development of AGRA's expertise in its main business areas by bidding on and undertaking major infrastructure developments, locally and internationally.

AGRA's Earth & Environmental, Engineering, Construction and Systems Technology groups were successful in penetrating foreign markets, particularly the power sector in China and environmental management and engineering in the Commonwealth of Independent States (formerly the Soviet Union). A number of AGRA's operating companies also entered into strategic joint venture and partnership arrangements with foreign companies. In addition, we put in place more formalized procedures for initial risk assessment, bid practices and project execution to ensure that project losses that have depressed earnings in previous years have less chance of occurring in the future.



N o r t h A m e r i c a — AGRA's Engineering, Construction & Technology Sector was very active in North America during fiscal 1994. The highlight of the year was the awarding of Ontario's toll Highway 407 to Canadian Highways International Corporation. This consortium of Ontario engineering and construction companies, led by Monenco ACRA, will design, build, maintain and operate for a 35-year period, this 69-kilometre, all-electronic toll highway around the northern outskirts of Toronto. Canadian Highways International will use its experience on Highway 407 to pursue infrastructure projects in Canada and other highway projects in Indonesia, China, Malaysia, Venezuela, Brazil and India.

Domestically, AGRA continued to be a dominant player in the power industry. It won cogeneration projects in Timmins, Ontario, in Corinth, New York, and three projects in Quebec. Regrettably, a decision by the State of New York to cancel a power sales contract with Hydro Québec forced it to cancel two of those projects, leaving only the cogeneration facility for TransAlta Utilities in Becancour, Quebec. Monenco ACRA continued to provide engineering design and project management services for the construction of the gravity base structure and topsides facilities for the \$6.2-billion Hibernia offshore oil production platform.

Monenco ACRA was pleased to receive an engineering award of excellence from Canadian Consulting Engineering Magazine and the Association of Consulting Engineers of Canada for its work on the Shand Power Station in Estevan, Saskatchewan. Group Cartier Ltée, 50 per cent owned by Monenco ACRA, also received an award for the rehabilitation of hydrocarbon contaminated soil in Ville D'Anjou, Quebec.

In an effort to streamline its infrastructure division, the operations of Howe were folded into Monenco ACRA at its head office in Oakville, Ontario. AGRA's ISO 9000 certification program for all its major offices continued in 1994 with the awarding of ISO 9002 certification to Baymont Technologies. Many of AGRA's engineering companies already have ISO 9000 certification, the world-wide standard of quality assurance in the profession.

The four main operating companies in AGRA's Earth & Environmental Group officially amalgamated in 1994 to form AGRA Earth & Environmental, with Canadian headquarters in Calgary and U.S. headquarters in Kirkland, Washington. By amalgamating, AGRA Earth & Environmental will become better known to its clients in its various geographic markets and will be able to compete more efficiently both nationally and internationally.

AGRA Earth  
& Environmental  
formed an  
alliance with  
U.S. retailing  
giant Wal-Mart  
to provide  
environmental  
and other  
services for its  
122 Canadian  
stores, and  
formed partner-  
ship agreements  
with U.S.  
engineering firm  
Morrison  
Knudsen to  
pursue remedia-  
tion contracts.

AGRA Earth & Environmental had a busy year in the domestic marketplace. It formed an alliance with U.S. retailing giant Wal-Mart to provide environmental, geotechnical and materials testing services for its 122 stores across Canada. The group also began to provide environmental, geotechnical and materials testing services to Canadian Highways International on the Highway 407 project in Toronto, and significantly expanded its presence in Ontario by opening an office in Ottawa and purchasing Dominion Soil Investigation Inc., a geotechnical engineering company employing about 80 people in five other offices in the province.

The Alberta environmental group was selected as the winner of the 1994 Alberta Business Award of Distinction in recognition of its outstanding achievement in developing and/or marketing environmental products or services internationally which have had a positive impact on the environment.

In the United States, AGRA Earth & Environmental's office in Anchorage, Alaska, won a \$6-million (U.S.) contract from the U.S. Army Corps of Engineers to investigate several military sites for toxic and radiological wastes. AGRA Earth & Environmental took steps to build partnering relationships with Morrison Knudsen Corporation, one of North America's largest construction companies. Meetings with MK during the year resulted in partnership agreements to pursue major remediation contracts for the Alaska District Army Corps of Engineers. Additionally, MK and AGRA Earth & Environmental have teamed up to pursue a \$12-million (U.S.) cleanup proposal for the Seattle District Army Corps of Engineers. AGRA Earth & Environmental also undertook various environmental audit and monitoring programs during the year for clients in Mexico.

AGRA's Construction Group acquired U.S. Pipeline Inc. in Houston, Texas, to pursue small- and mid-diameter pipeline projects in the United States, and was awarded a contract to install two-metre diameter foundations into rock for the Prince Edward Island fixed-link bridge. The group's construction division also installed caissons for a major sewage treatment plant on Deer Island, Massachusetts, and its pipeline division installed more than 360,000 metres of pipe, ranging in diameter from eight to 42 inches, in Western Canada.

Early in the year, AGRA introduced FastMAN 3.3, an affordable, PC-based material requirement planning (MRP) software.

In the Systems Technology division, Monenco AGRA brought several major new products to market. It won a contract from Ontario's Ministry of Economic Development and Trade for the turnkey implementation of the Ontario Investment Service, a system which offers potential investors a one-stop information service about Ontario. The Ministry of Northern Development and Mines also contracted Monenco AGRA to design and develop the Earth Resources and Land Information System (ERLIS), a public access computer service that enables users to search and retrieve maps and browse through *Ontario's mining assessment* files. Early in the year, AGRA introduced FastMAN 3.3, an affordable, PC-based material requirement planning (MRP) software. A Canadian venture capital company subsequently invested \$6 million in FastMAN Software Systems Inc. in return for 60% ownership in the company. In addition to retaining 40% ownership, AGRA, as part of the transaction, transferred technology to FastMAN in return for a cash payment and shares in the FastMAN company. Monenco AGRA was the leader of a consortium that was awarded the first phase of a four-year, \$70-million contract from the Department of National Defence to design and develop an automated information system to increase the operational effectiveness of the Canadian Reserve Forces.

The Bank of Canada extended until 1996 its contract with Vadeko AGRA Technologies to provide engineering, operational and maintenance services associated with the manufacture of optically variable thin film – called the optical security device (OSD) – for stamping onto the bank's \$20, \$50, \$100 and \$1,000 bills as an anti-counterfeiting measure. Vadeko AGRA has a technology transfer and licensing agreement that allows it to promote the use of OSD on other international currencies and high-security documents, and has recently entered into a five-year agreement with Portals of the U.K., one of the world's major manufacturers of paper for currency, to purchase Vadeko's optically variable film for weaving into its currency paper.

East Asia — AGRA's general experience in China and its long experience in hydroelectric development helped it win a contract for the 5,400-megawatt Longtan hydroelectric development on the Hongshui River. A letter of intent has also been signed and negotiations are under way for a contract on the 18,200-megawatt Three Gorges Project. These projects are two of the largest hydroelectric developments in the world. Monenco AGRA is the lead member of a consortium assisting in the engineering and project management to develop Longtan and will develop an information and project management system for Three Gorges. AGRA is also providing design and construction services for a 150-megawatt thermal power plant on Hainan Island. Monenco AGRA was also awarded the Strategic Energy Planning Project, which will assess long-term energy demand and supply issues for southern China. In addition, Monenco AGRA is working on the second phase of the eight-year South China Power Studies Project, which involves the formulation of a plan to develop power systems for south China to the year 2015.

The Construction Group also was busy in Asia performing soil densification work at the new Macao Airport, the Container 8 terminal at Kowloon and at the Tung Chung Station, which is part of a highway system connecting Hong Kong to the new Chet Lap Kowk airport. The Earth & Environmental Group entered into a teaming agreement with Konoike Construction in Japan to provide site assessment and remediation services to the Japanese market. One of the group's projects involved remediation of contaminated soils at a former coal gasification plant.

AGRA is working on two of the world's largest hydroelectric projects in China – the 5,400-megawatt Longtan development and the 18,200-megawatt Three Gorges project on the Yangtze River.

Other activities in China during the year included a Monenco AGRA contract award for the development of a management training centre for the Civil Aviation Administration of China; a joint venture agreement with Bridge Machine Works in Wuhan to pursue foundation construction work; a study for the World Bank on flood control, flood forecasting and drainage improvements in the Yangtze Basin; studies for the modernization of China's grain distribution system and a study for a new port at Shanghai; and development of an environmental management plan for the China Ministry of Railways. Monenco AGRA continued to provide design, procurement and construction management services, through its 50% subsidiary Canatom, on three new CANDU nuclear reactors in Wolsong, South Korea, a \$4-billion project. Canatom is also supporting Atomic Energy of Canada Limited in its efforts to sell CANDU reactors in Indonesia and China.

India is building  
power plants  
at a rate of about  
10,000 megawatts  
per year,  
providing major  
prospects for  
AGRA in the  
country's power  
sector and  
other engineering  
projects.

South/Southeast Asia — Monenco AGRA's office in Jakarta is providing engineering services for the 800-megawatt combined cycle Pasuruan power plant in East Java, Indonesia and is involved in two Asian Development Bank projects for the Malaysian government's Department of Environment and Department of Irrigation and Drainage.

With the resumption of work on the Calaca steam power plant project, we now have operating staff in the Philippines. Monenco AGRA is jointly responsible for developing specifications, issuing and evaluating bids, contract negotiations, design approval and supervision of construction and commissioning of this 300-megawatt plant. We also have permanent offices in Kuala Lumpur and Singapore where we conduct geographic information systems work. During the year, Monenco AGRA's Spectrocan Engineering unit completed a project to supply the Telecommunications Authority of Singapore with an integrated frequency management computer system. Negotiations continue for follow-up work on earlier contracts in Malaysia and Indonesia.

Monenco AGRA has an office in Jakarta, and an AGRA representative has been appointed in Islamabad to cover the South Asia market. Major prospects in this region include pipeline, gas and hydro projects.

India — One of our associate companies – Howe (India) PVT Ltd. in New Delhi and Bombay – has been operating in India since 1966. This affords a unique opportunity for AGRA and its subsidiary companies to form joint ventures and work directly with government and international and local companies in that country.

The AGRA Earth & Environmental Group is currently undertaking a five-year drainage research and construction project in Rajasthan to remediate soil degradation in the Chambal River Basin. Monenco AGRA was awarded a contract, financed by the International Bank for Reconstruction and Development, to help restructure the electric power sector in the State of Orissa. Monenco AGRA will help the state restructure the sector to include an independent regulator, a hydro transmission and load dispatcher, and to establish one or more distribution companies.

India is building power plants at a rate of about 10,000 megawatts per year, providing major prospects for AGRA in the country's power sector as well as in other environmental engineering and infrastructure projects.

**S o u t h a n d C e n t r a l A m e r i c a** — AGRA Earth & Environmental was awarded several assignments in Latin America and has developed successful relationships with Fortune 500-level corporations for specific projects in Argentina, Ecuador and Chile. It is conducting environmental assessments and compliance audits for a major automotive manufacturer in Argentina, as well as socio-economic, environmental and geological assessments for power projects in Bolivia.

Monenco AGRA is providing ongoing engineering, design, construction and procurement services for the Zongo Valley power expansion project in La Paz, Bolivia. The project involves the installation of additional capacity at two existing plants, construction of four new generating stations, and a 47-kilometre, 155 kV transmission line and switching stations. A major feasibility study is also ongoing on four cascade hydro plants on the Miguillas River in Bolivia. In Venezuela, AGRA holds a 20% interest in COSA, a consulting engineering company specializing in providing services for the petrochemical and petroleum industries.

AGRA's specialty steel fabrication company, Coast Steel Fabricators, recently was awarded a contract for the \$30-million Gemini eight-metre telescope project. This project calls for Coast Steel to design and build two telescope enclosures, one on Cerro Pachon in Chile and the other on Mauna Kea in Hawaii, where Coast Steel has already built three enclosures.

AGRA has also appointed a representative in Lima, Peru, to pursue business in that country primarily, but also in other Latin American countries.

**M i d d l e E a s t a n d A f r i c a** — In Africa and the Middle East, AGRA is targeting process industries and power development as major lines of business. We have permanent offices in Iran, Libya and Tanzania, and now have agents in Kuwait, Syria, Saudi Arabia and Iran.

Monenco AGRA is undertaking the second phase of a major industrial energy conservation plan for Southern Africa. Over the next five years, it will provide energy management advisory services to help the 10 South African Development Council countries devise ways to conserve energy in various industrial sectors. Monenco AGRA was also awarded a turnkey contract to design and construct a pharmaceutical production facility in Jordan, and is providing ongoing engineering services for an oil production system in Libya.

The AGRA Earth & Environmental Group conducted an environmental impact assessment of the Songo Songo gas development program in Tanzania. The group formed a joint venture with Associated Engineering International and in April, 1994, it was awarded the design contract for the new water supply system by the Addis Ababa Water and Sewage Authority in Ethiopia.

Europe and Russia – The AGRA Earth & Environmental Group incorporated its nine-person office in Moscow as a Russian company, AGRA Eurasia Limited, to better compete for major projects in the former Soviet Union and more effectively represent its Western clients in the country.

AGRA Earth & Environmental received a number of projects during the year, including two major pipeline jobs. The first was the Baydaratskaya Bay Gas Pipeline Crossing. This project involves the construction of six natural gas pipelines over 2,500 kilometres from the Yamal Peninsula in Siberia to Central Europe. The second was the Caspian Pipeline Project, which will be constructed from oilfields near the Caspian sea in Kazakhstan to a seaport on the Black Sea. AGRA Eurasia was also awarded a major contract to develop an investor's guidebook for Russia on behalf of the European Bank for Reconstruction and Development.

AGRA Earth & Environmental also signed an alliance with Institute DIOS in the Ukraine, a modern design organization employing about 400 people. DIOS has participated in a large number of projects throughout the Ukraine, Czech Republic, Poland and Romania and should be able to help us establish our environmental and geotechnical services in those areas.

Coast Steel  
Fabricators was  
awarded  
a \$30-million  
contract to  
design and build  
two telescope  
enclosures and

In Switzerland, Vadeko AGRA was awarded a follow-on, Phase 2 contract by De La Rue Giori, the world's largest manufacturer of printing equipment for currency production, to develop cold transfer application equipment for optical security devices, to be integrated into their existing and newly designed printing machinery. The equipment will be able to apply any customer-supplied security device, such as holograms, as well as Vadeko's optically variable thin film material.

AGRA's marine drilling unit, Seacore Limited, developed a new technology to lay marine pipeline landfall sections with minimal environmental impact. It was successfully used to install a 460-metre-long section of 315-millimetre-diameter polyethylene outfall pipeline at Salcombe, England. We expect numerous additional applications for this technology to arise in the near future.

AGRA incorpo-  
rated its office  
in Moscow  
as a Russian  
company, AGRA  
Eurasia Limited.

AGRA's Resource Recovery & Recycling Sector recorded a substantial increase in both revenues and profits in fiscal 1994 over fiscal 1993, due primarily to excellent results produced by Contain-A-Way in California. AGRA is one of the largest operators of reverse distribution systems in North America with operations throughout California and Alberta.

In California, AGRA operates some 300 depots across the state where it collects aluminum, plastic and glass beverage containers and then transports them to central depots for processing and distribution to remanufacturers. The improved performance there was the result of increases in the volume of material collected and processed, a marketing and promotional campaign, and cost reduction measures. Special promotional campaigns were successful in increasing awareness in the community about Contain-A-Way and its business. The company developed a program with its grocer clients to run advertisements in their weekly flyers, and added an 800 telephone service that enables people to immediately locate the collection centre closest to them by entering their zip codes on the telephone.

Contain-A-Way has continued to reduce costs in all areas of its operations, but particularly in overhead and transportation. It signed an agreement with a major leasing company to lease all of its tractors. The program will give Contain-A-Way more reliable equipment and enable it to further increase efficiency while reducing operating costs even more.

In Alberta, AGRA manages the province's beverage container recycling system and manufactures plastic products such as flake and sheet from post-consumer plastic beverage containers. Sales of AGRA Recycling's 100 per cent post-consumer plastic sheet increased by five per cent due to increased demand from customers in Canada. The company also continued to successfully market flake to an expanding customer base in the United States.

In Ontario, AGRA Plastics doubled its sales and significantly improved both profitability and production by moving to a larger building and installing additional equipment. It now produces plastic containers for food products such as cooking oils and ketchup as well as for dishwashing detergent and personal grooming products. AGRA Plastics continued to aggressively pursue its niche market in the production of small plastic amenity containers made from PET for the hospitality and other industries, as well as standard plastic containers for sale in Canada and for export to the United States, Mexico, Puerto Rico, Saudi Arabia, Brazil, Argentina and Taiwan.



Revenue and profit in the Asset Development & Investments Sector increased in fiscal 1994 over fiscal 1993, as Allders International (Canada) Limited and the Ellesmere Britannia hotel resort and condominium development on Grand Cayman Island both showed better than expected performance.

Allders 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. Allders' newest outlets on Vancouver's Grouse Mountain and in Banff were profitable in their first year of operation and exceeded expectations.

Vancouver is experiencing rapid economic growth from a growing Asian market. In order to accommodate this growth, the Vancouver Airport Authority (VAA) will build two new runways and complete a new terminal building in 1996. Allders has completed an agreement with the VAA for a new contract to build and operate four new stores in the airport and a two-storey duty-free department store in downtown Vancouver. The contract extends from 1996 to 2002 and is expected to generate more than \$500 million in sales during the period.

The Ellesmere Britannia hotel resort and condominium complex also had a very successful year. A marketing campaign by the Grand Cayman Department of Tourism, the release of the Tom Cruise film, *The Firm*, in which our hotel appears prominently, and advertising by the Hyatt Regency and Ellesmere Britannia resulted in an average annual occupancy level at the hotel of more than 85%. The outlook for fiscal 1995 continues to look very good based on advanced reservations already in hand.

Allders' newest outlets on Vancouver's Grouse Mountain and in Banff were profitable in their first year of operation and exceeded expectations.

A decision by the Grand Cayman government to reduce the island's land transfer tax to 7½% from 10%, coupled with an improvement in the U.S. economy and tourism on the island, contributed to the sale of more than \$18 million of condominiums. The fifth and final stage in phase II of construction, consisting of 18 three-bedroom luxury condominium units, began in July and is expected to be completed in June, 1995. Seven of these units were sold before construction began. Based on current sales activity, construction of an additional eight, very large luxury apartments in phase I directly adjacent to the hotel, is in the planning stage. Construction of these special units is expected to begin in June 1995.

In addition, the infrastructure for phase III, which is a single-family, luxury home subdivision, Britannia Estates, has recently been completed. The subdivision consists of 21 extra large building lots, with some facing a canal leading to the ocean and others facing the ocean itself or the Britannia golf course. More than one-third of the land has already been sold and construction of homes by purchasers is expected to begin early in 1995.