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Interco Holdings Ltd 2000 annual report

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Enterra Holdings and Golder Associates

Enterra Holdings Ltd. is the ownership vehicle for Golder Associates Corporation, which is its primary asset. Golder Associates Corporation, through its international operating companies, provides engineering and environmental consulting services, as well as selective contracting, to over 2,500 clients around the world.

Golder Associates was founded in Canada in 1960 and has grown to become one of the largest, truly global earth science and environmental firms in the world. Our 2,300 engineers, scientists and support staff work in 80 offices in 19 countries throughout Asia, Australia, Canada, Europe, South America and the United States.

We pride ourselves in our technical, geographical and cultural diversity as well as our reputation for providing quality service. We service client organizations which operate in mining, land development, transportation, manufacturing, oil and gas, the public sector, legal and financial services, power, waste management, forestry, agriculture, and water resources.

The technical resources and geographical diversity of Golder Associates allow us to effectively deliver projects of any scale at the local, national and international levels.

Golder Associates is unique. The dedication of our people to the company and our clients is demonstrated by the fact that we are privately held with over 900 employee shareholders.

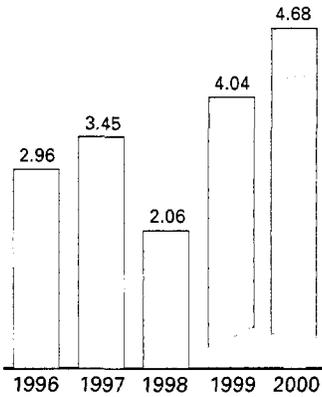
We are committed to being the best company of our kind in the world. A company that:

- Provides a rewarding environment for our people
- Delivers quality and value to our clients
- Delivers consistently superior return to shareholders
- Deserves and receives the respect of the community

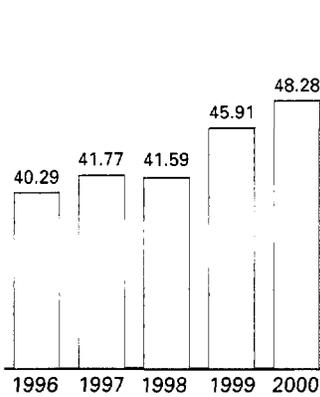
2000 Highlights

PER SHARE DATA

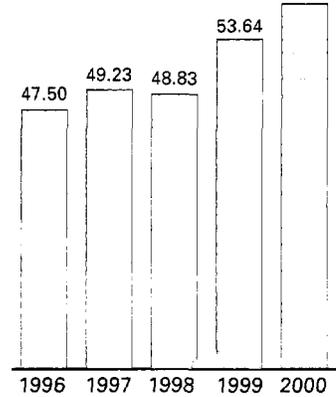
Net Income/Share (US\$)



Book Value/Share (US\$)

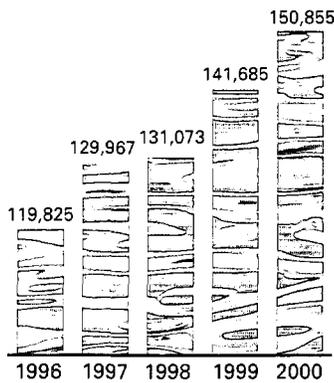


Price/Share (US\$)

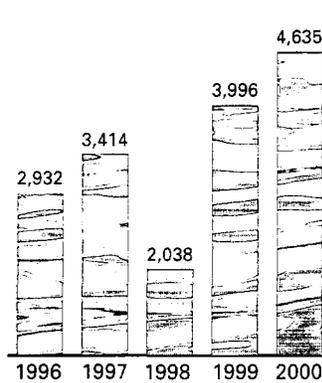


SELECTED FINANCIAL DATA

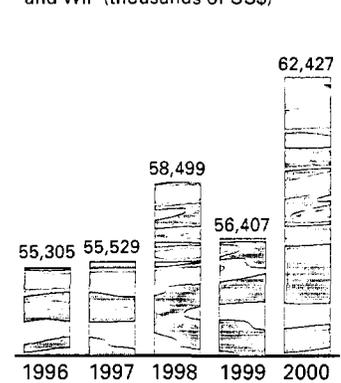
Annual Net Revenue (thousands of US\$)



Annual Net Income (thousands of US\$)

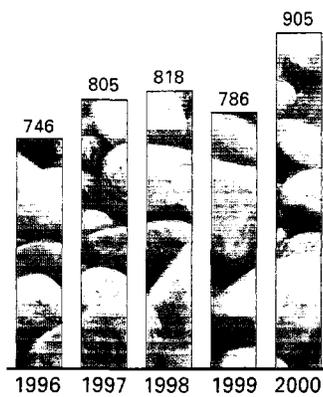


Year-End Receivables and WIP (thousands of US\$)

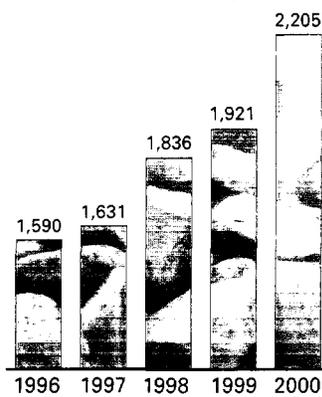


SHAREHOLDERS AND EMPLOYEES

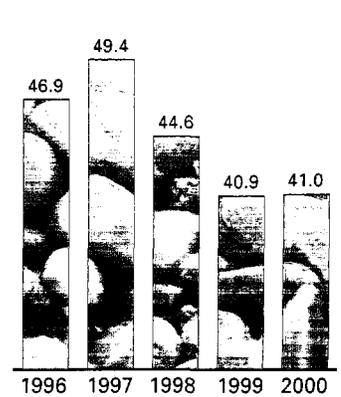
Number of Shareholders



Number of Full-Time Employees



% Employee-Shareholders



Letter to Shareholders

The year Two Thousand (2000) was characterized by continued growth, geographic expansion and increased profitability in Golder Associates.

Management changes included the selection of a new President for the U.S. operations and the installation of a Managing Board of Directors in the U.S.

The total number of full and part-time employees at year-end stood at over 2,300, an increase of about 150 people over the previous year. The growth largely occurred in North America, South America and Europe. In addition, we added over 100 new shareholders and more than 73,000 shares were purchased in the company.

In 2000, we expanded operations to Rio de Janeiro and San Paulo in Brazil. New operations were started in Manila, Philippines and Paris, France and we established a presence in both Madrid, Spain and Christchurch, New Zealand.

There was a strong commitment to training and to improving project and risk management across the company and major efforts were made in upgrading accounting and information management systems, particularly in connection with web site development.

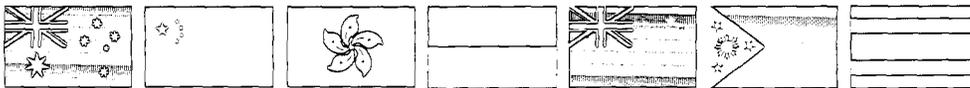
There was a major commitment made in 2000 to communicate our business areas to both clients and staff. This included the strategic profiling of 22 multinational clients for whom we are currently building client service teams. The intention is to increase business volume from key clients and to build client loyalty.

In 2000 gross revenues were increased by 9.4 per cent from US \$202.4 million to \$221.5 million while net revenues were increased from \$141.7 million to about \$151.0 million. Pre tax income was increased by 23 per cent from US \$6.6 million to \$8.1 million. As a result, the target operating margin of 8 per cent of net revenue was achieved and the return to our shareholders was more than 17 per cent.

In summary, 2000 was a very successful year both financially and with respect to our many initiatives. This performance will allow us to continue to grow from a position of strength and security.



Frederick W. Firlotte
President, Enterra Holdings Ltd.
and Golder Associates Corporation



2000 HIGHLIGHTS STRATEGIC ACHIEVEMENTS ASIA PACIFIC			
FINANCE	CLIENT	PROCESSES	LEARNING & GROWTH
Improved awareness of billing and cash flow by all staff	Broaden services/ cross selling	Implemented measures to reduce risk	Staff development in marketing, time management and risk management
Turnover days remained below 70 days	Focus on strengthening client relationships and client service	Improved internal communication	Deliberate regional staff exchange and participation in International Employee Exchange Program

Regional Operations: Asia Pacific

Net Revenues reported by Golder Associates Pty. Ltd. as expressed in Australian dollars were comparable to 1999 and net revenues for Hong Kong declined by 20 per cent in 2000. The operating income of the Asian operations as expressed in local currencies exceeded 1999. All operations in the Asia Pacific region, with the exception of the startup Philippines office, were profitable. We are very proud of this achievement. Our ratio of debtors plus work in progress for 2000 remained under 70 days, continuing a trend set in 1999.

2000 was a year of consolidation for the region, strengthening our Asia Pacific presence and capacity through the acquisition of Riddolls and Grocott Pty. Ltd. in Christchurch, New Zealand which adds to our expertise in geology and hydrogeology, and Mining Resources Technology Pty. Ltd. in Mt Pleasant, Western Australia that increases our capability in mineral resource characterization, development and mining. In addition, the Hong Kong office and the BTG-Golder joint venture consolidated and returned to profitability.

This region won two Awards for Excellence from The Association of Consulting Engineers Australia (ACEA) in April 2000 for work carried out on the Gold Ridge Mine Tailings Storage Facility in the Solomon Islands, and the South Bank Parklands Re-development: Underground Carpark Project.

In 2000 we achieved our balanced scorecard goals of developing staff by conducting client relationship and time management training, providing national and international staff exchanges, implementing a range of measures to reduce risk, and improving cross selling through local and inter-office technical presentations by staff. A new Accounting/Project Management system was implemented in August 2000. A focus on improving communication included regular office manager teleconferences and a push to produce project sheets for marketing purposes.

Our staffing in the region in 2000 totaled 290.



2000 HIGHLIGHTS STRATEGIC ACHIEVEMENTS CANADA

FINANCE	CLIENT	PROCESSES	LEARNING & GROWTH
Profit Index (multiplier x utilization) on target of 1.74	Established mantra of service improvement for our key clients.	Implemented a national project management and audit system	Completed employee feedback sessions in every office
Turnover days reduced.	Completed over 80 client feedback interviews	Implemented Health and Safety plans at every office location	23,000 training hours; Golder U increased by 30%, to 5,700 hours
Loan requirements down by \$4 million	Adoption of Go/No go decision criteria on competitive proposals reduced proposal preparation costs by 10%	Over 230 people spent time working in other offices	Completed career-planning sessions with 500 staff

Regional Operations: Canada

Golder Associates Ltd. (GAL) exceeded its financial goals in 2000, recording an operating income of over 14 per cent of net revenue, the best in 10 years. We experienced steady improvement throughout the year augmented by a strong 4th quarter in all regions. Net revenues grew by 12 per cent to \$78.0 million (local currency), \$6.0 million higher than budget.

We continued a progressive increase in the net revenue multiplier throughout the year, rising from an average of 2.81 in 1999 to 2.92 in 2000. Overall, the full time staff grew by 5 per cent to over 840 full time employees.

Achievement of the strategic goals in the 2000 Balanced Scorecard can be attributed largely to the increased focus on the "critical success factors" that were identified in the 2000 business plan, including:

- **Balanced Scorecard Implementation:** The Balanced Scorecard is now being used throughout the company as a useful tool to communicate and manage strategy.
- **Increase Capacity for Contracting Operations (GAIA):** Senior staff additions and regional expansion of GAIA allowed our contracting operations to contribute 9 per cent of GAL's gross revenue during 2000. GAIA also implemented business systems appropriate for its market focus, size and project tasks.

→ **Operating Principles:** Operating principles were established by the Management Team to support local decision making for business planning and expansion.

→ **Reduction in Accounts Receivable:** Engaged the entire company in improving the invoicing processes and speed of payment. Awards were presented to over 80 per cent of staff in offices that consistently beat the company target. The result was that average turnover days were 10 days lower than the prior year, reducing our loan requirement by \$4.0 million. We ended the year with turnover days of 89.

→ **Working Smarter:** Continued to implement a higher rate structure and 10 per cent disbursement markup, achieving an average net multiplier of 3.00 over the last half of the year. This more than offset a 0.4 per cent decline in project chargeability.

During 2000, GAL was named as one of Canada's 50 Best Managed Private Companies. This award recognizes the contributions made by all Canadian employees.



2000 HIGHLIGHTS STRATEGIC ACHIEVEMENTS EUROPE

FINANCE

Net revenues increased by 20% from 1999—in local currencies

Net income on budget in 4 out of 6 companies

CLIENT

GAE Ltd. succeeding in responding to client demands for seamless pan-European services

Successful development of international clients such as Delphi, Celestica and Eaton in partnership with other Golder regions

PROCESSES

Completion of the transition to new management teams

Progress made towards implementation of ISO 9000

LEARNING & GROWTH

Focus on training on financial reporting and project management

Regional Operations: Europe

The European companies achieved greater stability, and 4 out of 6 operations met or exceeded their budgets during the year 2000. Performance was particularly good in Italy, Hungary (13 and 15 per cent income to fee ratio) and Germany, which recovered from past difficulties. The UK operation was also on budget and Finland was close to budget. Sweden still had to contend with problems associated with their merger, which affected their performance. A critical issue for Golder Europe has been the continued decline of local currencies (and the Euro) against the US dollar.

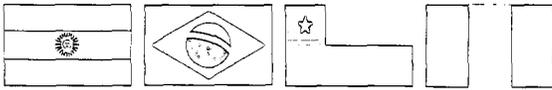
In overall numbers the European operation did not grow, with staff levels remaining at approximately 300 people, but changes have been made in both staff and company management in UK, Germany and Sweden. Strategic GAE Ltd. offices were opened in France and Spain which are proving very successful.

GAE Ltd, which incorporated in December 1999, submitted approximately 50 proposals that resulted in more than 30 new projects.

Other relevant achievements in 2000 include:

- Recognition as joint leading environmental consultancy in the UK, based on a survey undertaken by *Environment Business Journal*.

- Ranked No. 2 in an environmental consultancy survey in Hungary.
- ISO 9001 certification for Turin and Milan offices.
- Signing important Master Service Agreements in Germany with public agencies.
- Development in the UK of GasSim software, following the success of Landsim and Consim.
- Development of Operation & Maintenance work for Oil Companies in Finland and Italy.
- Co-operative working amongst all the European companies to successfully complete due diligence assignments in France for GE Capital and Deutsche Bank.
- The growth of business for EU agencies, following the eastward expansion of the EU.
- Contacts and joint work developed with many partners in different European countries, including a Memorandum of Understanding with Burgeap in France, and multiple work exchanges with the Danwater group of Denmark.



2000 HIGHLIGHTS STRATEGIC ACHIEVEMENTS SOUTH AMERICA

FINANCE

60% growth in net revenues
Operating income of 5% of net revenues

CLIENT

Diversification of services in Brazil
Substantial growth in capability and client base in Chile

PROCESSES

Implementation of Managing Boards throughout the region
Better integration of regional operations

LEARNING & GROWTH

Increased understanding of business practice and procedures throughout the region
Successful staff transfers to and from other regions

Regional Operations: South America

Golder Associates received total net revenue of approximately \$9.0 million from projects in South America in 2000.

About \$4.0 million of this was billed by our local companies in Brazil, Chile and Peru, representing a 60 per cent growth in net revenues in these local companies in 2000.

Our Latin American companies generated an income of \$0.2 million in 2000, which compares with a loss of \$0.4 million in 1999. Our companies in Chile and Peru generated profits of between 8 and 10 per cent of net revenue while our Brazilian company ended the year in a near break-even position, after sustaining losses in the first half of the year.

Other relevant achievements in 2000 include:

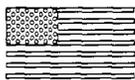
→ Near completion of Golder Associates' very successful involvement in the Antamina project in Peru; this is the world's largest mine development project, with a capital investment of \$2.8 billion.

→ Substantial improvement in capability and client base in our Chilean company, leading to a growth in staff from 8 to 35 people over the course of the year.

→ Continuing diversification of our operations in Brazil with successful start-up offices in Rio de Janeiro and Sao Paulo, and an increase in the range of services offered by our Belo Horizonte office.

→ Development of registered companies in Bolivia and Argentina to facilitate major projects in those countries.

We continue to make progress in developing strong, self sustaining, local companies in Latin America. These companies will give Golder Associates access to major resource projects in the region, and provide opportunities for the group to apply its international expertise to waste management, remediation, hydropower and transportation projects.


2000 HIGHLIGHTS STRATEGIC ACHIEVEMENTS UNITED STATES
FINANCE

Operating income and net revenues increased significantly

Turnover days reduced

Operating loan was zero at year-end

CLIENT

Implementation of a formal client survey program

Sales targets established for senior staff

Market Sector concept further developed and refined

PROCESSES

A new company President and GAI Board of Directors appointed

Internal business practices were improved substantially

LEARNING & GROWTH

Balanced Scorecards were developed for each branch office, and each Professional employee Level 4 (and higher)

Six core Golder U courses presented totaling over 6,000 training hours

Regional Operations: United States

Following three years of steady rebuilding and incremental improvements, Golder Associates Inc. (GAI) returned to a robust level of profitability in 2000. Operating income increased from \$1.4 million in 1999 to \$3.3 million and net revenues grew by 8 per cent to \$61.0 million.

These financial gains occurred during a year of significant organizational change in the U.S. Centered on the operating company Board of Directors, a new governance structure was implemented and a new President was selected. GAI also initiated changes in office management at eight branch locations affecting well over half of our employees.

Cash management continues to be a particular strength of the company. Interest expense was reduced by 60 per cent and turnover days in 2000 averaged 92 compared to 99 the previous year. GAI's operating loan balance was zero at year-end.

As we rely more on the Balanced Scorecard for developing strategy, communicating objectives, and measuring performance, the non-financial factors that drive our success become more apparent. GAI achieved positive results in the following areas:

- **Client initiatives** in 2000 included the introduction of a formal client survey program, which focused on feedback and insight from our top 25 clients. Another accomplishment involved the identification of sales goals and client development responsibilities for the senior members of the firm.
- A focus on **internal business practices** also contributed to our improved operating performance. Total overhead costs as a percent of Net Revenue decreased significantly in 2000. Based on improvements in project management, the provisions for project write-offs, legal expenses, and bad debts were meaningfully reduced in comparison to 1999. Occupancy costs were also cut substantially.
- **Learning and growth initiatives** were actively pursued in 2000. Company-wide training was undertaken in the areas of Contracts and Risk Management, Balanced Scorecards, Team Building, Health and Safety, and Project Management.

At the conclusion of the year, GAI was operating on a firm foundation with excellent client relationships, solid backlog, and a stable and experienced staff of nearly 700.

Management Discussion & Analysis

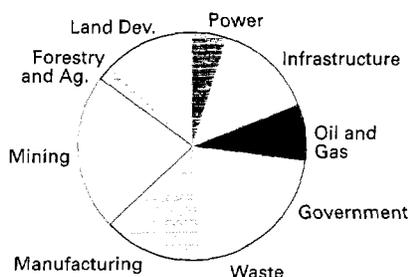
REVENUES

Gross revenues for 2000 were \$221.5 million representing a 9.4 per cent increase over the 1999 gross revenues of \$202.4 million. Net revenues for 2000 were \$150.9 million, exceeding 1999 net revenues by approximately \$9.2 million, or 6.5 per cent. This increase in net revenues coupled with a higher net revenue multiplier resulted in net project income exceeding \$100.0 million representing a 7.4 per cent increase over 1999.

MARKETS AND CLIENTS

The approximate distribution of revenue by market sector is illustrated on the following chart:

5%	Power
14%	Infrastructure
8%	Oil and Gas
14%	Government
8%	Waste
14%	Manufacturing
22%	Mining
2%	Forestry and Agriculture
13%	Land Development



Our work for the Natural Resource Industries (mining, oil and gas, forestry and agriculture) continues to represent about one third of our business volume. In our traditionally strong mining market, we benefit from our participation on numerous small, local projects as well as some of the largest most prestigious mine developments in the world, notably in South America and the Asia Pacific region. While the mining market has historically dominated the

group, the oil and gas industry continues to grow in importance for Golder Associates. This growth has been centered on site remediation in Canada and Europe, as well as the oil sands expansions in Western Canada.

Land development and infrastructure projects generally associated with site investigations, assessments and remediation consistently represent about one-quarter of the corporation's revenue. These projects represent a broad mix of transportation and property development initiatives handled by our clients throughout the world.

The initiatives undertaken by the corporation to coordinate and expand services offered to the manufacturing industry continued to pay off in 2000. From a relatively modest base, the number of clients we work with around the world has more than doubled over the past few years. The growth has been facilitated by the addition of environmental due diligence and EMS to the more traditional site assessment and remediation services we offer this multi-national group of companies.

The solid waste market has been a mainstay of our American operations since the 80's and continues to be important in all of our operations. This market tends to be relatively local and the client base, while small, represents several of the top 20 Golder Associates clients worldwide, based on revenue.

Since the mid to late 90's the power industry has consistently grown in importance to Golder Associates. To date the opportunities have been largely focused in the American Southeast, Eastern Canada and Southern Europe. With the ongoing privatization of the industry,

environmental awareness and local shortages, we see large growth potential in all of our operations, particularly in the U.S.

Clients in the public sector continue to provide a strong and consistent contribution to our revenue. Projects and clients, ranging from municipalities to federal governments, are extremely diverse and have involved most of the engineering and environmental services offered by the corporation. Our broad geographic coverage has provided Golder Associates the advantage of a local presence in most of the world and allowed us to successfully compete on numerous public works projects.

In 2000 the corporation committed to building strategic profiles and client service teams around 22 clients that have significant potential for global revenue. The objective is to market our services and develop relationships with these clients in a concerted fashion while leveraging our global presence. The clients with whom we have started this initiative represent the mining, manufacturing, oil and gas, power, waste and service industries, with the strongest concentration in manufacturing, mining, and oil and gas.

EXPENSES

Selling, general and administrative (SG&A) expenses increased by approximately \$6.1 million or 7.1 per cent over 1999. Higher compensation costs in 2000 including salaries, bonuses and benefit costs accounted for a significant portion of this increase. Operating income for 2000 of \$8.6 million was \$0.8 million higher than 1999, and represented a 5.7 per cent return on net revenues which was marginally higher than the two preceding years. EBITDA (earnings before interest, taxes, depreciation and amortization) increased by \$1.8 million or 16.5 per cent when compared to 1999. Interest expense in 2000, excluding mortgage interest, was comparable to 1999. This is positive in view of the growth in revenues and increased interest rates during 2000. The effective tax rate increased from 39.3 per cent in 1999 to 42.8 per cent in 2000. This increase is attributable to the accounting for tax losses, particularly those related to Sweden and Hong Kong. In 2000, the Swedish operation incurred losses and the tax impact related to the future recovery of these losses was not reflected in the 2000 tax provision. Conversely, the benefit of Hong Kong tax losses recognized in 2000 was significantly less than the benefit realized in 1999.

LIQUIDITY AND CAPITAL RESOURCES

During 2000, the company generated \$9.6 million in net cash flow from operating activities and was able to reduce the overall level of bank indebtedness by approximately \$2.8 million and long-term debt by approximately \$0.6 million. The company invested \$3.9 million in capital assets largely related to upgrading personal computers and network systems. The company believes that existing credit facilities together with cash flow from operating activities will be sufficient to meet liquidity and capital requirements in 2001.

FINANCIAL RISK MANAGEMENT

The company's financial position and operating results are impacted by movements in foreign currency exchange rates. During 2000, the Canadian and the Australian dollars as well as the European currencies depreciated in value in relation to the U.S. dollar. These downward movements resulted in a change to the foreign currency translation adjustment of approximately \$1.8 million and at the end of the year, the foreign currency translation adjustment had reduced the consolidated book value of the company by approximately \$4.5 million.

As a result of changes in the insurance market and our recent claims experience, the company's liability insurance premiums will effectively double in 2001 and in North America, the deductible will increase from \$0.1 million to \$0.5 million per claim occurrence. In response to these increases, the company has implemented a risk management program focused on project management training, project audits, proactive claims management and better business practices.

SHARE PERFORMANCE

Earnings per share increased to \$4.68 from \$4.04 in 1999 and the share price changed from \$53.64 to \$56.73, a 5.8 per cent increase. If the foreign currency translation adjustment was excluded, the share price would have increased by over 9.0 per cent. In addition, there were 100 new employee shareholders in 2000. Looking ahead, the Board of Directors will continue to evaluate measures to enhance the benefits of ownership and to focus on generating consistent profits and return to the shareholders.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

As of December 31, 2000

thousands of U.S. dollars	2000	1999
ASSETS		
Current Assets:		
Cash and short-term investments	\$ 3,808	\$ 3,640
Marketable securities (note 2)	6,282	5,839
Accounts receivable – trade	41,531	39,869
Work in progress	20,896	16,538
Prepaid expenses	2,052	2,109
	74,569	\$ 67,995
Investments in and Advances to Other Companies (note 3)	1,908	1,275
Capital Assets (note 4)	15,534	15,476
Other Assets:		
Future income tax assets	1,324	1,514
Loans receivable from shareholders (note 6)	4,680	4,791
Life insurance, at net value	1,891	1,748
Goodwill	1,287	1,415
	9,182	9,468
Total Assets	\$ 101,193	\$ 94,214
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank indebtedness (note 7)	\$ 7,832	\$ 10,667
Accounts payable and accrued liabilities	36,911	28,942
Dividends payable	495	495
Income taxes payable	365	540
Future income tax liabilities	2,340	2,035
Current portion of long-term debt (note 8)	1,132	1,710
	49,075	44,389
Long-Term Debt (note 8)	4,326	4,300
Non-Controlling Interest	-	85
Total Liabilities	53,401	48,774
Shareholders' Equity:		
Capital stock (note 9)	8,260	8,260
Retained earnings	44,024	39,884
	52,284	48,144
Foreign currency translation adjustment	(4,492)	(2,704)
Total Shareholders' Equity	47,792	45,440
Total Liabilities and Shareholders' Equity	\$ 101,193	\$ 94,214

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 2000

thousands of U.S. dollars	2000	1999
Gross Revenues	\$ 221,487	\$ 202,407
Less subcontract and other direct costs	70,632	60,722
Net Revenues	150,855	141,685
Direct Labor	50,494	48,266
Net Project Income	100,361	93,419
Selling, General and Administrative Expenses	91,753	85,657
Operating Income	8,608	7,762
Other Income (Expense)		
Investment and other income	1,103	846
Interest expense	(1,594)	(1,624)
Non-controlling interest	-	(19)
Amortization of goodwill	(218)	(108)
Gain (loss) on foreign exchange	201	(277)
Total Other Income (Expense)	(508)	(1,182)
Income Before Income Taxes	8,100	6,580
Income taxes – current	3,062	1,901
– future	403	683
Total Income Taxes (note 5)	3,465	2,584
Net Income for the Year	4,635	3,996
Retained Earnings, Beginning of Year	39,884	36,383
Dividends	(495)	(495)
Retained Earnings, End of Year	\$ 44,024	\$ 39,884

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2000

thousands of U.S. dollars	2000	1999
Cash Provided by (Used in):		
Operating Activities:		
Net income for the year	\$ 4,635	\$ 3,996
Items not affecting cash flow:		
Amortization of capital assets	3,011	2,781
Amortization of goodwill	218	108
Future income taxes	403	683
Other	(100)	(84)
	8,167	7,484
Decrease in non-cash working capital items related to operations (note 10)	1,388	4,016
	9,555	11,500
Investing Activities:		
Decrease (increase) in loans receivable from shareholders	111	(562)
Business acquisitions (note 3)	(930)	(167)
Repayments from other companies	224	431
Purchase of capital assets	(3,942)	(5,217)
	(4,537)	(5,515)
Financing Activities:		
Long-term debt issued	1,449	767
Repayment of long-term debt	(2,001)	(1,390)
Dividends paid	(495)	(247)
Net change in bank indebtedness	(2,835)	(4,553)
	(3,882)	(5,423)
Effect of Exchange Rate Changes on Cash	(968)	492
Change in Cash and Cash Equivalents	168	1,054
Cash and Cash Equivalents, Beginning of Year	3,640	2,586
Cash and Cash Equivalents, End of Year	\$ 3,808	\$ 3,640
Cash and Cash Equivalents consist of:		
Cash	3,709	3,538
Short term investments	99	102
	\$ 3,808	\$ 3,640

See accompanying notes to financial statements.

Auditors' Report

TO THE SHAREHOLDERS OF ENTERRA HOLDINGS LTD.:

We have audited the consolidated balance sheet of *Enterra Holdings Ltd.* as at December 31, 2000 and the consolidated statements of income and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

April 3, 2001

Chartered Accountants

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2000

THOUSANDS OF U.S. DOLLARS

1. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are stated in thousands of U.S. dollars. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(a) Principles of consolidation

The consolidated financial statements of *Enterra Holdings Ltd.* ("*Enterra*" or "*Company*") comprise the accounts of *Enterra Holdings Ltd.* (continued under the laws of New Brunswick, Canada) and its wholly owned subsidiaries. Investments in other companies, disclosed in note 3, are accounted for under the equity method.

(b) Foreign currency translation

The accounts of the *Company's* self-sustaining non-U.S. operations are translated into U.S. dollars using the current-rate method. Assets and liabilities are translated at year-end exchange rates and revenues and expenses are translated at average exchange rates. Gains and losses arising from the translation of the financial statements of the non-U.S. operations are deferred in a "Cumulative Translation Adjustment" account in shareholders' equity. The *Company's* non-U.S. integrated operations are not considered material and are therefore also translated using the current-rate method.

(c) Revenue recognition

Gross revenues for consulting services are recognized on the percentage of completion basis. Unbilled consulting services are shown as work in progress and are valued at net billable value. Gross revenues are summarized as follows:

	2000	1999
Consulting fees	\$ 137,238	\$ 127,518
Other project revenues including subcontracts	84,249	74,889
	\$ 221,487	\$ 202,407

(d) Marketable securities

Marketable securities are stated at the lower of amortized cost and market value. Premiums and discounts arising on acquisition are amortized over the terms of the securities to their maturity.

(e) Capital assets and amortization

Capital assets are recorded at cost less accumulated amortization. Amortization has been provided substantially using the following basis and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	5%
Parking areas	Declining balance	4%
Furniture and equipment	Declining balance	15-20%
Vehicles and computer equipment	Declining balance	30%
Leasehold improvements	Over terms of leases	

(f) Goodwill

Goodwill is carried at cost less accumulated amortization and is being amortized against income on a straight-line basis over periods of fifteen and twenty years. The net carrying amount is reviewed regularly to determine whether there has been an impairment in value. Accumulated amortization to date is \$807 (1999 - \$589).

(g) Cash and cash equivalents

Cash consists of cash in the bank and term deposits which mature within ninety days of the year-end.

(h) Income taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(i) Employee future benefits

The Company maintains several defined contribution pension plans under which contributions are required to be made. Such contributions are charged to income in the year in which they are earned by the employees.

2. MARKETABLE SECURITIES:

The market value of marketable securities as at December 31, 2000 is \$6,323 (1999 - \$6,047).

Marketable securities totaling \$1,150 (1999 - \$3,737) are held in escrow as security for a subsidiary's reinsurance contract.

3. INVESTMENT IN AND ADVANCES TO OTHER COMPANIES:

	Share Ownership	Total 2000	Equity	Consisting of Advances	Total 1999
GlobalTox International Consultants, Inc.	30%	\$ 82	\$ 62	\$ 20	\$ 102
Western Oilfield Environmental Services Ltd.	28%	152	152	-	148
Golder Sierra LLC	38%	376	275	101	649
BTG-Golder Company Ltd.	44%	207	54	153	223
Golder Geotech Utama	50%	185	69	116	153
50 Burwood Road Pty. Ltd.	33%	906	906	-	-
		\$1,908	\$1,518	\$ 390	\$ 1,275

During the year, the Company purchased an additional 9% of BTG-Golder Company Ltd. for \$24 and purchased a one-third ownership in 50 Burwood Road Pty. Ltd. for \$906.

4. CAPITAL ASSETS:

	2000		1999	
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Land	\$ 2,121	\$ -	\$ 2,121	\$ 2,336
Buildings and parking areas	6,869	2,740	4,129	4,494
Furniture and equipment	11,511	7,848	3,663	3,335
Computer equipment	12,026	8,553	3,473	3,435
Vehicles	1,256	654	602	458
Leasehold improvements	2,644	1,098	1,546	1,418
	\$ 36,427	\$ 20,893	\$ 15,534	\$ 15,476

5. INCOME TAXES:

The Company's consolidated tax provision is based on rates and allowances applicable to each of the income tax jurisdictions in which the Company operates. The consolidated tax provision differs from that expected by applying the combined Canadian federal and provincial income tax rate to consolidated earnings before income taxes and discontinued operations, for the following reasons:

	2000	1999
Expected combined Canadian federal and provincial income tax rate	43.5%	44.6%
Expected provision for income tax based on the above rate	\$ 3,524	\$ 2,935
Increase (decrease) in income tax resulting from: Losses (recognized) not recognized for tax purposes:		
Germany	(51)	(14)
Hong Kong	(94)	(254)
South America	-	41
Sweden	170	-
	25	(227)
Business credits - United States	(77)	-
Other	(7)	(124)
Provision for income taxes	\$ 3,465	\$ 2,584

A subsidiary of the Company has operating losses of approximately \$850 available to offset future taxable income. These losses may be carried forward indefinitely. The future benefit of these losses has not been recorded in these financial statements because management recognizes that there is no certainty that sufficient taxable income will be generated to utilize these losses.

6. LOANS RECEIVABLE FROM SHAREHOLDERS:

The Company provided loans to employees of the subsidiary companies for the purpose of purchasing shares in the Company. These loans are interest free and are repayable on a straight-line basis at 10% to 20% of the original loan principal per year.

7. BANK INDEBTEDNESS:

The Company has a revolving facility of \$23,000 with the Bank of Nova Scotia which is secured by a general assignment of book debts, a general security agreement over all present and future personal property and the guarantees of certain of the Company's subsidiaries. Funds may be advanced under this facility in Canadian dollars at the Bank's prime lending rate or in U.S. dollars at the Bank's U.S. dollar base rate in Canada or LIBOR plus 1%. At December 31, 2000, the Company had borrowed \$6,746 (1999 - \$10,163) under this facility.

The remainder of the bank indebtedness amounting to \$1,086 (1999 - \$504) consists of funds borrowed under bank overdraft facilities extended to various of the Company's subsidiaries. Total overdraft credit available to the Company's subsidiaries amounts to approximately \$2,000 with variable interest rates ranging from 7% to 9% at December 31, 2000.

8. LONG-TERM DEBT:

	2000	1999
Notes payable, secured by liens on equipment repayable over 36 months with interest at the bank rate plus 2%	\$ 1,882	\$ 1,628
Loans payable to shareholders are unsecured and bear interest at prime bank rate plus 4%	-	577
Mortgages payable, secured by real estate, at interest rates of 6% to 9.5% with various repayment terms and maturing no later than November 1, 2003	3,576	3,805
	5,458	6,010
Less portion included in current liabilities	1,132	1,710
	\$ 4,326	\$ 4,300

The above notes payable include CDN. \$2,734, SEK 331 and HUF 6,460 (1999 - CDN. \$2,140, SEK 863 and HUF 8,956). The above mortgages include CDN. \$2,541 (1999 - CDN. \$2,649).

The Company intends to renew its mortgages on their due dates, and the repayment schedule below reflects the assumed repayment term.

Repayment of long-term debt as follows:

2001	\$ 1,312
2002	738
2003	529
2004	180
2005	180
2006 and thereafter	2,699
	\$ 5,458

9. CAPITAL STOCK:

	2000	1999
Authorized:		
An unlimited number of shares without par value		
Issued:		
989,859 shares	\$ 8,260	\$ 8,260

At December 31, 2000, there were 52,579 issued shares held in trust by a third party for resale to employees of the Company's subsidiaries. Pursuant to an agreement between the Company and each of its shareholders, the Company has an obligation to reacquire these shares if they are not repurchased by employees. Based on the number of shares held in trust, the amount of this obligation approximates \$2,820 at December 31, 2000.

10. CASH FLOW INFORMATION:

Decrease in non-cash working capital items related to operations

	2000	1999
Marketable securities	\$ (443)	\$ 939
Accounts receivable	(1,662)	4049
Work in progress	(4,358)	(1,957)
Accounts payable and accrued liabilities	7,969	338
Income taxes payable	(175)	409
Other	57	238
	\$ 1,388	\$ 4,016

	2000	1999
Interest paid	\$ 1,581	\$ 1,633
Income taxes paid	\$ 3,047	\$ 2,169

11. EMPLOYEE FUTURE BENEFITS:

Effective January 1, 2000, the Company adopted the new Canadian accounting standards for employee future benefits. The only impact to the Company upon implementation of this standard was the requirement to declare the amount of defined contribution pension expense incurred during the year. The defined contribution pension expense for the year ended December 31, 2000 was \$3,044 (1999 - \$2,773). The Company does not have an obligation to provide post retirement health, dental or other benefits to its employees.

12. COMMITMENTS:

The Company and its subsidiaries are obligated under various long-term leases for building facilities, furniture, equipment and vehicles. Approximate annual lease commitments as at December 31, 1999 are as follows:

2001	\$ 5,146
2002	3,954
2003	2,999
2004	1,904
2005	1,175

13. CONTINGENCIES:

In the ordinary course of business, several of the Company's subsidiaries have been named as parties to litigation and have been advised of claims arising from work they performed. Management is of the opinion that the outcome of such litigation and claims will not have a material adverse effect on the Company's financial position, operating results or cash flows.

14. FINANCIAL INSTRUMENTS:**Fair value**

Other than investments in other companies and long-term debt, the fair values of the Company's financial instruments approximate their carrying values due to the relatively short period to maturity. Based on estimated interest rates currently available to the Company for mortgages, equipment and notes payable with similar terms and maturities, the fair market value of such instruments approximates the book value. It is not practicable to determine the fair values of investment in other companies (note 3).

Credit risk

Due to the large base of customers, the management of the Company has concluded that credit risk relating to its accounts receivable is normal. The Company has made suitable provision for accounts felt to be subject to risk of non-collection.

Interest rate risk

The Company is exposed to interest rate risk on its variable-rate interest-bearing debt consisting of bank indebtedness of \$7,832 (see note 7) and long-term debt of \$1,882 (see note 8).

15. SEGMENTED INFORMATION:

The Company, through its Canadian holding company, Golder Associates Corporation, provides earth engineering and environmental consulting services to clients on a global basis.

	Gross Revenues	Net Revenues	Capital Assets and Goodwill
Canada	\$ 85,314	\$ 52,509	\$ 6,110
United States	86,399	61,003	5,635
Asia Pacific	20,275	14,640	2,791
Europe	31,065	19,166	1,970
South America	6,226	3,537	315
Intercompany revenues	(7,792)	-	-
	\$ 221,487	\$ 150,855	\$ 16,821

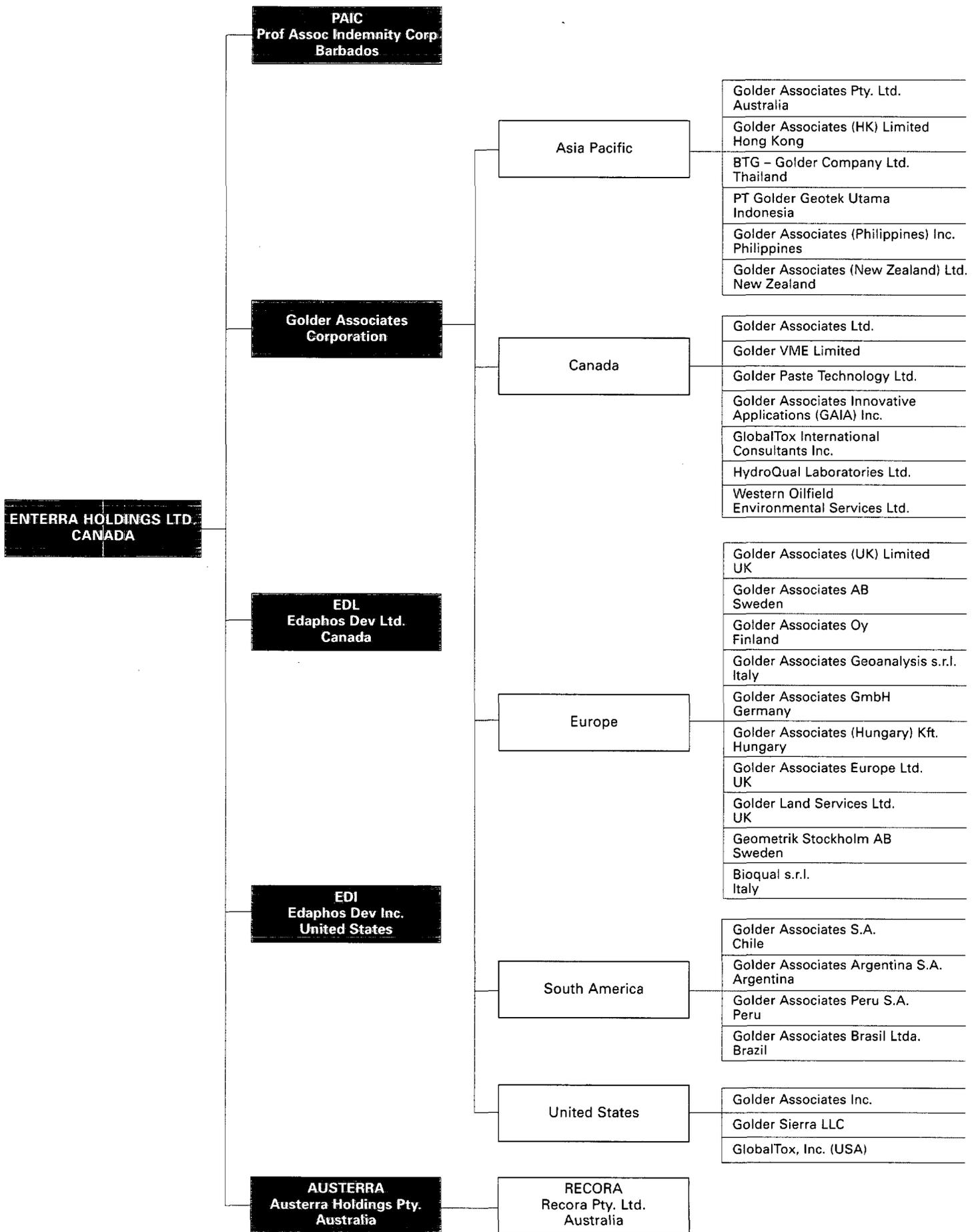
16. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Consolidated Income by Segment

Year ended December 31, 2000

thousands of U.S. dollars	CONSULTING SERVICES						Property Rentals	Insurance Services	Enterra Holdings Ltd.	Eliminate Interco. Billings	TOTAL
	Canada	United States	Asia Pacific	Europe	South America	GAC					
Gross Revenues	\$ 85,314	\$ 86,399	\$ 20,275	\$ 31,065	\$ 6,226					\$ (7,792)	\$ 221,487
Less subcontract and other direct costs	32,805	25,396	5,635	11,899	2,689					(7,792)	70,632
Net Revenues	52,509	61,003	14,640	19,166	3,537						150,855
Direct Labor	18,038	20,961	4,587	5,472	1,436						50,494
Net Project Income	34,471	40,042	10,053	13,694	2,101						100,361
Selling, General and Administrative Expenses	31,437	36,711	8,939	13,231	1,877	15	337	58	27	(879)	91,753
Operating Income (Loss)	3,034	3,331	1,114	463	224	(15)	(337)	(58)	(27)	879	8,608
Other Income (Expense)											
Investment and other income	57	75	84	111	60	641	959	527	609	(2,020)	1,103
Interest expense	(629)	(163)	0	(307)	(5)	(454)	(279)		(898)	1,141	(1,594)
Amortization of goodwill	(117)	(53)					(48)				(218)
Gain (loss) on foreign exchange	175	(3)	(56)	28	(9)	(65)			131		201
Total Other Income (Expense)	(514)	(144)	28	(168)	46	74	680	527	(158)	(879)	(508)
Income (Loss) Before Income Taxes	\$ 2,520	\$ 3,187	\$ 1,142	\$ 295	\$ 270	\$ 59	\$ 343	\$ 469	\$ (185)	0	\$ 8,100



NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

02 OCT 22 10:10

OF

ENTERRA HOLDINGS LTD.

TO THE SHAREHOLDERS:

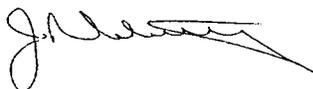
NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of ENTERRA HOLDINGS LTD. will be held at Golder Associates, 182 Lord Street, Perth, W.A., Australia on the 6th day of November 2001 at 5:00 o'clock in the afternoon (local time) for the following purposes:

1. To elect Directors of the Company.
2. To receive and confirm the financial statements of the Company as at December 31, 2000, together with the report of the auditors thereon.
3. To approve the Resolution to amend the Articles of the Corporation to divide each of the issued and outstanding common shares of the Corporation on January 1, 2002 on the basis of 5 common shares for each issued and outstanding common share.
4. To appoint Deloitte & Touche as auditors and to authorize the Board of Directors to fix their remuneration.
5. To consider any other business as may properly come before the meeting or any adjournment thereof.

Shareholders are requested to vote, date, sign and mail their proxies on the form enclosed even though they may plan to attend the meeting. If Shareholders are present at the meeting, their proxies may be withdrawn and they may vote personally on all matters brought before the meeting, as described more fully in the enclosed Proxy Statement.

DATED at Mississauga, Ontario the 4th day of October, 2001.

BY ORDER OF THE BOARD OF DIRECTORS



J.R.Schultz, Secretary/Treasurer

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF
SHAREHOLDERS OF
ENTERRA HOLDINGS LTD.**

This Proxy Statement is furnished to Shareholders by the Board of Directors of Enterra Holdings Ltd. (the "Company"), in connection with the solicitation by the Board of Directors of proxies for use at the Annual General Meeting of Shareholders ("AGM") on the 6th day of November, 2001 at 5:00 o'clock in the afternoon (local time), and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement and accompanying Proxy Request and Notice of Annual Meeting are first being mailed to Shareholders on October 4, 2001.

If the enclosed Proxy Request form is properly executed and returned the shares represented thereby will be voted in accordance with its terms. Proxies must be received by the Secretary/Treasurer of the Company on or before the close of business on November 5, 2001 in order to be voted at the AGM. A return envelope has been enclosed for your convenience.

VOTING SECURITIES

RECORD DATE AND VOTING OF SECURITIES

The New Brunswick Business Corporations Act provides that Shareholders of record on the date immediately preceding the date of this notice are entitled to notice of and to vote at the AGM. On October 3, 2001, the Company had a total of 989,859 Common Shares outstanding and entitled to vote.

In the final vote for the Board of Directors, each shareholder is entitled to vote for the complete list or they may spread their votes between particular listed/unlisted candidates. The bylaws of the Company state:

Each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him/her multiplied by the number of directors to be elected, and he/she may cast all such votes in favour of one candidate or distribute them among the candidates in any manner.

If a shareholder has voted for more than one candidate without specifying the distribution of his/her votes among the candidates, he/she shall be deemed to have distributed his/her votes equally among the candidates for whom he/she voted.

If the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes shall be eliminated until the number of candidates remaining equals the number of positions to be filled.

ELECTION OF DIRECTORS

The Directors of the Company are elected annually to hold office until the election and qualification of their successors at the next AGM. The President and operating company heads/Regional Directors are automatically included on the list by virtue of their office but have to be re-elected annually. In order to optimize the performance of the Board and provide enhanced continuity, the Board of Directors has determined that At-large Directors will serve for a term of 3 years. It is proposed that the candidates indicated will stand for election to serve the terms noted below:

<u>NAME & MEMBER OF</u>	<u>DIRECTOR SINCE</u>	<u>POSITION WITH GOLDER ASSOCIATES</u>	<u>TERM EXPIRING</u>
Brown, M.L.	-----	Principal, Golder Associates Inc., Seattle, Washington	2004
McKeown, G.S.	-----	Principal, Golder Associates Ltd., Calgary, Alberta	2004

Directors Whose Terms of Office will Continue After Meeting

Been, K. ⁽⁴⁾⁽⁶⁾	1999	Principal, Golder Associates Inc., Houston, Texas	2003
Swindells, C.F. ⁽¹⁾⁽⁵⁾	1998	Principal, Golder Associates (Pty.) Ltd., Perth, Australia	2003
Brumund, W.F. ⁽²⁾⁽⁶⁾	1997	Principal, Golder Associates Inc., Atlanta, Georgia	2002
Busbridge, J.R. ⁽³⁾⁽⁴⁾⁽⁶⁾	1997	Principal, Golder Associates Ltd., Mississauga, Ontario	2002

President, Regional Directors and External Director

Firlotte, F.W. ⁽²⁾⁽³⁾	1999	President, Ex Officio	
Conlin, B.H. ⁽³⁾⁽⁵⁾	1999	Regional Director; President, Golder Associates Ltd.	
Fraser, R.A. ⁽³⁾⁽⁶⁾	1999	Regional Director; Managing Director, Golder Associates Pty.	
Jarre, P. ⁽³⁾⁽⁵⁾	1999	Regional Director; Managing Director, Golder Associates Europe Ltd.	
Thompson, S.R. ⁽³⁾⁽⁵⁾	1998	Regional Director; President, Golder Associates Inc.	
Shelley, L.W. ⁽¹⁾⁽²⁾	1997	External Director	2002

- (1) Member of Audit Committee
- (2) Member of Finance Committee
- (3) Member of Management (Operations) Committee
- (4) Member of Governance/Compensation Committee
- (5) Member of Development Committee
- (6) Member of Risk Management Committee

Under the New Brunswick Business Corporations Act each Director is elected for one year.

CONFIRMATION OF FINANCIAL STATEMENTS

The 2000 Annual Report previously distributed to all shareholders of the Company included a copy of the financial statements of the Company as at December 31, 2000 together with the report of the auditors thereon. Although not required, the Board of Directors recommends confirmation of the 2000 financial statements of the Company by the Shareholders.

AMENDMENT TO ARTICLES

The Board of Directors of Enterra Holdings Ltd. at their meeting on June 26, 2001 proposed that the shares of the company be split January 1, 2002 on the basis of 5 common shares for each issued and outstanding common share. In this regard, you are being asked to approve the following Resolution:

"Whereas it is deemed necessary and in the best interest of the Corporation to amend its articles (the "Articles") as hereinafter provided:

NOW THEREFORE BE IT RESOLVED THAT:

- 1. The Articles of the Corporation be amended to divide each of the issued and outstanding common shares of the Corporation on January 1, 2002 on the basis of 5 common shares for each issued and outstanding common share.*
- 2. Any officer of the Corporation is hereby authorized and directed to execute and deliver Articles of Amendment, in duplicate, to the Director appointed under the New Brunswick Business Corporations Act, and to do and perform all acts and things, including the execution of documents necessary to give effect to the foregoing resolution; and*
- 3. The directors of the Corporation may revoke this special resolution before it is acted on without further approval of the shareholders.*

INDEPENDENT AUDITORS

The Board of Directors recommends that Deloitte & Touche be appointed as independent auditors of the Company for fiscal 2001.

THE BOARD OF DIRECTORS

K. Been
W.F. Brumund
J.R. Busbridge
B.H. Conlin
F.W. Firlotte
R.A. Fraser
P. Jarre
W.M. Kellestine
L.W. Shelley
C.F. Swindells
S.R. Thompson
C.F. Voss

Corporate Information

AS OF MAY 31, 2001

ENTERRA HOLDINGS LTD.**OFFICERS**

F.W. Firlotte
President

J.R. Schultz
Secretary and Treasurer

BOARD OF DIRECTORS

K. Been

W.F. Brumund

J.R. Busbridge

B.H. Conlin

F.W. Firlotte

R.A. Fraser

P. Jarre

W.M. Kellestine

L.W. Shelley

C.F. Swindells

S.R. Thompson

C.F. Voss

GOLDER ASSOCIATES CORPORATION**MANAGEMENT TEAM**

F.W. Firlotte
President

J.M. Boyd
Vice President, Operations
Secretary

J.R. Busbridge
Regional Leader, South America

B.H. Conlin
President
Golder Associates Ltd.

R.A. Fraser
Managing Director
Golder Associates Pty. Ltd.
Regional Leader, Asia Pacific

P. Jarre
Managing Director
Golder Associates Geoanalysis s.r.l.
Regional Leader, Europe

S.R. Thompson
President
Golder Associates Inc.

J.R. Schultz
Treasurer

BOARD OF DIRECTORS

J.M. Boyd

D.W. Reades

G.S. Webb

AUDITORS

Deloitte & Touche LLP
Toronto, Ontario, Canada

LEGAL COUNSEL

McCarthy Tétrault
Toronto, Ontario, Canada

BANKERS

Bank of Nova Scotia
Toronto, Ontario, Canada
Atlanta, Georgia, USA