


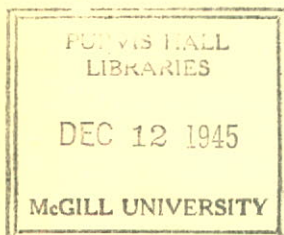
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ALGOMA STEEL CORPORATION, LIMITED

NINTH
ANNUAL REPORT



FOR THE YEAR ENDED
APRIL 30th, 1944




ALGOMA STEEL CORPORATION, LIMITED



DIRECTORS

SIR JAMES DUNN, Bart., President and Chairman	- - -	Bathurst, N.B.
Board of Directors.		
W. C. FRANZ, Vice-President	- - - - -	Sault Ste. Marie, Ontario
JOHN A. McPHAIL, K.C., Vice-President	- - - - -	Sault Ste. Marie, Ontario
A. A. AITKEN	- - - - -	Montreal, Quebec
THOMAS ARNOLD	- - - - -	Montreal, Quebec
JOHN W. HOBBS	- - - - -	Toronto, Ontario
E. GORDON McMILLAN, K. C.	- - - - -	Toronto, Ontario
JOSEPH SIMARD	- - - - -	Montreal, Quebec
LEO H. TIMMINS	- - - - -	Montreal, Quebec



PRESIDENT'S REPORT

Sault Ste. Marie, Ontario
October 6th, 1944

To the Shareholders,

ALGOMA STEEL CORPORATION, LIMITED

The Directors submit herewith your Company's audited Balance Sheet and Profit and Loss Account for the year ended April 30th, 1944.

Net Profit for the year after providing for all taxes amounted to \$1,057,796.38 from which dividends of \$98,675.00 were paid on Preference Stock leaving \$959,121.38 which has been added to Earned Surplus. This now amounts to \$5,193,624.04. Working Capital is shown at \$7,622,046.34.

During the year Messrs. Coverdale & Colpitts, Consulting Engineers, of New York were engaged to report on your Company's works. They give your works a sound value of \$18,438,714.00 based on original cost but excluding land values, after provision for depreciation as at April 30th, 1943 against a value of \$15,423,188.00 carried by your Company, the sound value being greater by \$3,015,526.00. Based on 1939 replacement cost the sound value after provision for depreciation is placed at \$19,932,693.00 being \$4,509,505.00 greater than values included in the Balance Sheet.

Last year's report referred to arrangements with His Majesty's Government at Ottawa relating to the construction of Coke Ovens, Blast Furnace, etc. All these projects have now been completed. These new works now completed include 86 modern type Koppers Ovens with a daily capacity of 1,400 net tons of coke and a new Blast Furnace built by McKee & Company of Cleveland which ranks among the largest on this continent with a daily capacity of 1,000 gross tons of Pig Iron, both of which have been acquired under long term lease from His Majesty's Government.

During the year under review your Company has been occupied in producing Metallurgical Coke for the International and

Falconbridge Nickel Companies and Metallurgical and Domestic Coke for the Coal Controller and its usual range of steels for home and foreign customers, and in addition steel for ships plates, shells and for various types of military vehicles and other war implements.

Your Company's wholly owned subsidiary Algoma Ore Properties Limited produced and shipped during the year under review 473,744 tons of Sinter as compared with 414,602 tons of Sinter in the previous year. This Sinter is sold for use in U. S. and Canadian furnaces and continues to give satisfaction.

Further explorations on the property mentioned in last year's report as estimated to contain 50,000,000 tons of Magnetite have been made and we are now advised that upwards of 100,000,000 tons of Ore has been clearly established. This property is known as the Goulais. The iron content and other features of the extended Ore body continued as in the earlier explorations. The ore body has now been cut at a depth of 2,200 feet below surface and the width and grade of the ore body at this depth were found to be of a better average than the ore nearer the surface.

The Directors wish to express their thanks to the officers and employees for the loyal and efficient service rendered by them during the year.

JAMES DUNN,
President and Chairman,
Board of Directors.

ALGOMA STEEL CORP

BALANCE SHEET as at

ASSETS

CURRENT

Cash		104,837.58	
Cash—Employees' deposits for Victory Bonds and War Savings Certificates per contra.....			26,013.00
Bills and Accounts Receivable:			
Employees' Victory Bonds.....	16,134.00		
Sundry Debtors	5,426,382.62	5,442,516.62	
Inventories:			
As determined by the management valued at the lower of cost or market:			
Raw materials, semi-finished products and supplies.....	7,499,008.65		
Saleable Products	640,846.77	8,139,855.42	13,713,222.62
ADVANCES TO SUBSIDIARY COMPANIES			824,340.67
INVESTMENTS:			
Subsidiary Companies		1,065,424.01	
Other		24,043.98	1,089,467.99
* PROPERTY AND EQUIPMENT:			
Land, Buildings, Plant and Equipment		27,519,731.82	
Less: Reserve for Depreciation		9,760,090.45	17,759,641.37
PREPAYMENTS AND DEFERRED CHARGES			252,468.77

* Does not include any value for property acquired by lease and otherwise from His Majesty's Government.

\$ 33,639,141.42

THE SHAREHOLDERS,
Algoma Steel Corporation, Limited,
Sault Ste. Marie, Ontario, Canada.

We have examined the books and accounts of Algoma Steel Corporation, Limited for the year ended September 30, 1944, and the explanations which we have required.

New Plant subject to special depreciation has been depreciated on the same basis as the old plant. The Depreciation Board in this regard is pending.

In our opinion, subject to the approval of the War Contracts Depreciation Board and Loss Account are properly drawn up so as to exhibit a true and correct view of the financial position of the company at the year then ended, according to the best of our information and the explanations given.

Toronto, Ontario, September 27th, 1944.

CORPORATION, LIMITED

at APRIL 30th, 1944

LIABILITIES

CURRENT:

Bank Loan—Secured		\$ 290,000.00	
Bank Loan—Secured by Employees' Victory Bonds		15,349.53	
Employees' deposits for Victory Bonds and War Savings Certificates per contra		26,013.00	
Interest—First Mortgage Bonds—due May 1st, 1944		47,350.00	
Accrued Wages and Salaries		416,914.29	
Accounts Payable and Accrued Liabilities			
Sundry Creditors	3,473,180.40		
Subsidiary Companies	479,151.69	3,952,332.09	
Current Liability re Plant Extension		950,000.00	
Unclaimed Dividends		215.89	
Unclaimed Interest on First Mortgage Bonds		6,912.50	
Provision for Income and Excess Profits Taxes		386,088.98	6,091,176.28

DEFERRED LIABILITY: re PLANT EXTENSION 1,989,312.93

RESERVES:

For Rebuilding and Relining Furnaces, etc.	3,499,553.26		
For Contingencies	66,983.04	3,566,536.30	

FUNDED DEBT:

First Mortgage Bonds—Series "A" Due November 1st, 1944	200,000.00		
Convertible Bonds due 1948	1,714,000.00	1,914,000.00	

CAPITAL STOCK AND SURPLUS:

5% Cumulative Redeemable Preference Stock			
Authorized 27,000 Shares of \$100.00 par value			
Issued	26,390 shares		
Less: Purchased and Redeemed	6,423		
Converted into Common Stock	2,160	8,583	"
Outstanding	17,807	"	1,780,700.00
Common Stock—No par value			
Authorized — 1,000,000 Shares			
Issued	412,700	"	10,274,500.00
			12,055,200.00
Distributable Surplus			2,829,291.87
Earned Surplus			
As at April 30th, 1943	4,234,502.66		
Surplus for year ended April 30th, 1944	1,057,796.38		
	5,292,299.04		
Deduct: Dividends on Preference Stock	98,675.00	5,193,624.04	20,078,115.91
			<u>\$ 33,639,141.42</u>

the year ended April 30th, 1944, and report that we have received all the information and

that allowed in the two years ended April 30th, 1943. Approval by the War Contracts

to the depreciation above mentioned, the above Balance Sheet and accompanying Profit and Loss Statement of the Corporation's affairs as at April 30th, 1944, and the result of its operations for the year ended April 30th, 1944, as shown by the books of the Corporation.

BARROW, WADE, GUTHRIE & CO.,
Chartered Accountants.

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account

For the Year Ended April 30th, 1944

PROFIT FROM OPERATIONS		\$ 4,156,285.68
OTHER INCOME:		
Interest Earned		42,053.75
		<hr/>
		4,198,339.43
INTEREST CHARGES:		
On Loans	\$ 77,829.85	
On First Mortgage Bonds	99,200.00	177,029.85
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PROFIT BEFORE DEPRECIATION.....		4,021,309.58
DEPRECIATION—Plant and Equipment Including Special Depreciation for “War” Plant and Equipment as authorized by the War Contracts Depreciation Board.....		2,267,295.84
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NET PROFIT FOR YEAR before providing for Income and Excess Profits Taxes.....		1,754,013.74
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		696,217.36
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SURPLUS FOR YEAR ENDED APRIL 30th, 1944		\$ 1,057,796.38
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ALGOMA STEEL CORPORATION, LIMITED

Wholly Owned Subsidiaries



ALGOMA ORE PROPERTIES, LIMITED (An Ontario Corporation).

ALGOMA STEEL PRODUCTS COMPANY LIMITED (A Manitoba Corporation).

ALGOMA TRAMWAYS LIMITED (An Ontario Corporation).

CANNELTON COAL AND COKE COMPANY (A West Virginia Corporation).

FIBORN LIMESTONE COMPANY (A Michigan Corporation).

LAKE SUPERIOR COAL COMPANY (A West Virginia Corporation).

THE SOUTHERN ALGOMA RAILWAY COMPANY (An Ontario Corporation).



THE OTTAWA JOURNAL

The Journal Publishing Company of Ottawa, Limited.

MONDAY, OCTOBER 16, 1944.

Mr. King's Cabinet Changes.

The most satisfactory part of Mr. KING's cabinet changes is that Mr. C. D. HOWE is given the post of Minister of Reconstruction. This, it will be conceded generally, is a first class appointment. Differences of opinion there may be over various aspects of the Government's war effort, but so far as Mr. HOWE is concerned there is pretty common agreement that he has done a great job and has earned the country's gratitude.

Measured by the ordinary standards of politics Mr. HOWE has been a different sort of Minister. Not a parliamentarian, often seemingly unaware of what Parliament is about, he has been a great administrator; restless, tireless, unimpeded by fetishes and formulas, and with a genius for getting things done. There were dark days during the past five years when certain war supply problems in this country seemed insoluble, when the utmost in courage and optimism were required to surmount them. Mr. HOWE had the utmost in both qualities. Never cast down, he had the gift of overcoming trouble by the unique process of denying its existence, a talent which, extraordinarily helpful, is possessed by a few of us.

That talent will stand him in good stead in the task of reconstruction — certain to be a tremendous one, calling for both courage and optimism. It is characteristic of Mr. HOWE that, facing up to it, he keeps as well his present supply job and takes on in addition a number of other duties, including the direction of civil aviation. Almost it makes one wonder what other members of the Cabinet imagine they are going to do.

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