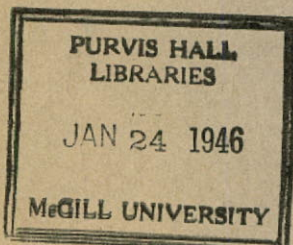


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Dominion Steel and Coal Corporation
LIMITED

ANNUAL REPORT
CONSOLIDATED BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT

For year ended
December 31st, 1944



Dominion Steel and Coal Corporation Limited

Executive and General Offices

CANADA CEMENT COMPANY BUILDING

Montreal, Que.

DIRECTORS

HON. C. P. BEAUBIEN

C. J. BURCHELL, K.C.

A. CROSS

L. A. FORSYTH, K.C.

J. H. GUNDY

A. N. JONES

H. J. KELLEY

C. B. LANG

GEO. H. MONTGOMERY, K.C.

M. W. McDONALD

F. E. NOTEBAERT

DR. G. B. WATERHOUSE

COLIN W. WEBSTER

OFFICERS

A. CROSS, *President*

H. J. KELLEY, *First Vice-President and General Manager*

C. B. LANG, *Vice-President*

M. W. McDONALD, *Secretary and Treasurer*

Dominion Steel and Coal Corporation Limited

Report of the Board of Directors for the Year Ended December 31st, 1944

Your Directors submit herewith the Consolidated Balance Sheet of your Corporation as at 31st December, 1944, with relative Profit and Loss Account for the year, together with the Certificate of the Auditors, Messrs. Price, Waterhouse and Company.

PROFIT AND LOSS ACCOUNT

The combined net profit from the operations of the Corporation and the subsidiaries consolidated, after payment of all charges and after provision for depreciation and taxes, amounted to \$575,305.32 as compared with \$1,002,385.93 for the year 1943. There was provided for depreciation the amount of \$2,772,015.00 as compared with \$3,080,990.92 in the previous year.

The balance at credit of earned surplus carried forward from the previous year was \$8,052,190.08. As the result of renegotiation of Government contracts affecting prior years, the amount of \$553,720.89 was charged to this account. After crediting the profit for the year of \$575,305.32 the balance at credit of the account at 31st December, 1944, was \$8,073,774.51.

The operations of the Subsidiary and Associated Companies not consolidated have in the aggregate resulted in a profit for the year.

BALANCE SHEET

The properties and plant at values determined at December 31st, 1929, plus cost of additions to December 31st, 1943, amounted to \$49,669,905.06. The expenditure on this account during the year 1944 amounted to \$1,595,960.59 making the total property account at December 31st, 1944, \$51,265,865.65 prior to adjustment. This amount included an expenditure advanced by the Government for the rehabilitation of the Plate Mill at the Sydney Plant. By agreement to be effective December 31st, 1944, title to the Plate Mill is to be transferred to the Government and the necessary adjustments have been made in the Company's accounts leaving a balance on property account at December 31st, 1944, of \$47,133,204.04. Reserves for depreciation amount to \$22,138,901.71 leaving the net value of property account at 31st December, 1944, at \$24,994,302.33.

Current Assets, including Deferred Charges, total \$26,488,389.72 and Current Liabilities \$7,466,247.58. Net Working Capital at December 31st, 1944, amounted to \$19,022,142.14.

First Mortgage Bonds of the Subsidiary Companies, amounting to \$447,000., were retired during the year.

Deferred Payments on properties were reduced by \$1,522,525.24 representing repayments to the Federal Government of advances in connection with plant extensions and adjustment of accounts in respect to transfer of title of the Plate Mill to the Government.

Based on Ingot production, the rate of operation of the Sydney Steel Plant for the year was practically the same as the previous year, viz., 81%. A decline in demands of the products of the Company during the earlier part of the year caused a curtailment of production in that period. All subsidiary plants of the Corporation operated at practically full capacity.

The operations at Wabana Ore Mines was practically confined to the production of ore for Sydney Plant, as due to inability to obtain ships, only 27,310 tons were exported.

Satisfactory results are being obtained from the operations of the Ore Benefication Plant and the Open Hearth Mixer, which came into operation during the year.

Extensive research was started during the year in connection with the preparation of coal to improve the quality of Coke and the recovery of by-products. The program will extend over two years and it is anticipated that valuable information will be obtained resulting in improved operations.

All plants of the Corporation have been maintained in as satisfactory condition as possible under present circumstances.

Up to date, the employees of the Corporation and Associated Companies have subscribed for Victory Bonds an amount of \$14,618,850. and for War Savings Certificates \$2,739,364.

The Directors desire to record their appreciation for the efficient service rendered during the year by the officers and employees of the different plants and also to extend their best wishes to all employees on leave of absence serving in His Majesty's Forces.

On behalf of the Board of Directors,

Montreal, P.Q.
April 4th, 1945.

A. CROSS,
President.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

Auditors' Report to the Shareholders

We have examined the books and accounts of Dominion Steel and Coal Corporation Limited and its Subsidiary Companies for the year ending December 31, 1944, and have obtained all the information and explanations we required. In connection therewith we reviewed the system of accounting control and procedures and examined or tested accounting records, but we did not make a detailed audit of the transactions. Provision has been made for Income and Excess Profits Taxes in an amount considered by the Directors to be adequate and this provision is subject to final determination by the Income Tax Department.

On the above basis and according to the best of our information and the explanations given to us, we report that, in our opinion, the attached Consolidated Balance Sheet of Dominion Steel and Coal Corporation Limited and its Subsidiaries consolidated, is properly drawn up so as to show a true and correct view of their financial position as at December 31, 1944, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

As mentioned in the report of the Board of Directors, the operations of the Subsidiary and Associated Companies not consolidated, for the year ending December 31, 1944, have resulted in a profit and the value at which the investments in these Companies are carried on the Balance Sheet of the Corporation is substantially below the equity of the Corporation in these Companies as shown by their Financial Statements.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, P.Q.
March 27, 1945.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1944

(This Statement does not include the results of the operations of Nova Scotia
Steel & Coal Company Limited and Dominion Coal Company Limited
and their respective Subsidiaries)

Combined Profits from Operations and returns from Investments after deducting Manufacturing, Selling and Administration Expenses and providing for Income and Excess Profits Taxes, and for renegotiating of war contracts but before charging Depreciation and Interest		\$ 4,077,158.42
Provision for Depreciation		2,772,015.00
		\$ 1,305,143.42
Interest on Bank and Other Loans	\$ 338,493.50	
Interest on 6¼% Cumulative Participating Registered Income Bonds	275,500.00	
Interest on Bonds of Subsidiary Companies	115,844.60	
		729,838.10
Profit for the year ending December 31, 1944, after providing for Income and Excess Profits Taxes		\$ 575,305.32
Surplus, Balance at December 31, 1943	\$ 8,052,190.08	
DEDUCT: Adjustment arising through renegotiation of Government Contract affecting prior years	553,720.89	
		7,498,469.19
Surplus, Balance at December 31, 1944		\$ 8,073,774.51

Dominion Steel and Coal and Subsidiary

CONSOLIDATED BALANCE SHEET

(This Balance Sheet does not include the
and Coal Company Limited and
their respective

ASSETS

Properties and Plant of Companies at values determined at December 31, 1929	\$ 32,492,382.33	
Net additions since	14,640,821.71	
	\$ 47,133,204.04	
LESS: Reserve for Depreciation	22,138,901.71	\$ 24,994,302.33
Investments in Stocks and Securities of Subsidiary and Associated Companies not consolidated		9,192,577.28
Cash in hands of Trustees for Bondholders		195,658.11
Insurance Recoveries re Property lost by Enemy Action		1,509,505.04
Employees' Victory Loan Subscriptions Receivable:		
Secured by Dominion of Canada Bonds, which in turn have been pledged with the Bank as security for Special Loans		1,347,250.33
Inventories, as certified by the Management, valued at cost or market, whichever was the lower	\$ 11,763,462.46	
Trade Accounts and Bills Receivable, less Reserve	7,169,946.02	
Other Accounts Receivable, less Reserve	3,902,533.88	
Investments	2,108,182.49	
Cash on hand and in banks	2,227,486.76	
	\$ 27,171,611.61	
LESS: Insurance Recoveries re Property lost by Enemy Action, shown above	1,509,505.04	25,662,106.57
Balance Receivable from Nova Scotia Steel & Coal Company Limited and Subsidiary Companies		511,868.93
DEFERRED CHARGES:		
Insurance Premiums and Other Charges paid in advance	\$ 314,414.22	
Discount and Expenses on Bonds of Subsidiary Companies	15,262.50	
		329,676.72

Submitted with our Report dated March 27, 1945.

PRICE, WATERHOUSE & CO.
Auditors.

\$ 63,742,945.31

Corporation Limited

Companies

AS AT DECEMBER 31, 1944

Assets and Liabilities of Nova Scotia Steel
 Dominion Coal Company Limited and
 subsidiaries)

LIABILITIES

FUNDED DEBT:

Dominion Steel and Coal Corporation Limited—

Prior Lien Bonds—

Authorized.....\$ 3,500,000.00

Issued and held in Treasury.....\$ 1,750,000.00

6 $\frac{1}{4}$ % Cumulative Participating Registered Income Bonds
 (\$4,500,000.00 closed) due 1955..... \$ 4,408,000.00

Wholly Owned Subsidiaries—

HALIFAX SHIPYARDS LIMITED—

4% First Mortgage Serial Bonds—payable \$165,000.00
 annually August 15, 1945-1949..... 825,000.00

THE CANADIAN BRIDGE COMPANY LIMITED—

First Mortgage Bonds due 1952.....\$ 1,250,000.00

Fifteen Year Debentures..... 750,000.00

\$ 2,000,000.00

LESS: Redeemed through Sinking Fund..... 217,000.00

1,783,000.00

\$ 7,016,000.00

Deferred Payments on Properties..... 1,935,191.14

Reserve for Replacement of Property lost by Enemy Action..... 1,509,505.04

Special Bank Loan for Purchases of Victory Bonds for Employees.. 1,347,250.33

Bank Loans—secured.....\$ 3,600,000.00

Accounts Payable and Accrued Liabilities, including Provision for Taxes 2,749,829.88

Wages Payable..... 519,497.06

Bond Interest Accrued..... 128,248.33

6,997,575.27

Balance Payable to Dominion Coal Company Limited and Subsidiary
 Companies.....

468,672.31

Operating and Contingent Reserves..... 3,874,172.37

CAPITAL STOCK AND SURPLUS:

Authorized—

1,000,000 Preferred Class "A" Shares.....\$ 40,000,000.00

1,460,000 Common Class "B" Shares.....\$ 36,500,000.00

Issued—

1,039,083 Common Class "B" Shares.....\$ 25,977,075.00

Capital Surplus..... 6,543,729.34

Surplus from Operations..... 8,073,774.51

40,594,578.85

\$ 63,742,945.31

