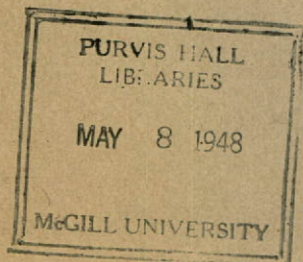


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Corporation
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Dominion Steel and Coal Corporation
LIMITED

ANNUAL REPORTS
BALANCE SHEETS
AND
PROFIT AND LOSS ACCOUNTS
of the Corporation
and its
Subsidiary and Associated Companies
for the Year
1947



Dominion Steel and Coal Corporation Limited

Executive and General Offices

CANADA CEMENT COMPANY BUILDING

Montreal, Que.

DIRECTORS

A. CROSS — Chairman of the Board

HON. C. P. BEAUBIEN

C. J. BURCHELL, K.C.

L. A. FORSYTH, K.C.

J. H. GUNDY

C. E. HUNT, K.C.

A. N. JONES

H. J. KELLEY

C. B. LANG

GEO. H. MONTGOMERY, K.C.

F. E. NOTEBAERT

C. G. TERRY

D. R. TURNBULL

DR. G. B. WATERHOUSE

COLIN W. WEBSTER

R. J. WYSOR

OFFICERS

C. B. LANG, *President*

R. C. McDONALD, *Secretary and Treasurer*

G. C. BROADBENT, *Assistant Secretary-Treasurer*

Dominion Steel and Coal Corporation Limited

Report of the Board of Directors for the year ended December 31st, 1947

TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Balance Sheet of your Corporation as at December 31st, 1947, with relative Profit and Loss Account for the year, together with the Certificate of the Auditors, Messrs. Price, Waterhouse & Co.

PROFIT AND LOSS ACCOUNT

The operations of the Corporation and its subsidiaries listed on page 8, after providing for depreciation and taxes on income, resulted in a combined net profit for the year of \$1,785,207.38. The combined net profit for the year 1946 was \$847,034.04. After crediting the profit for the year and deducting the dividends on the Common Class "B" Stock, the balance at credit of surplus as at December 31st, 1947, was \$11,702,438.95.

BALANCE SHEET

During the year net additions to properties and plants amounted to \$2,510,452.71. Reserve for depreciation totalled \$29,728,077.25 leaving the net value of properties and plants at \$28,849,981.33 as at December 31st, 1947.

Current assets, including insurance premiums and other charges paid in advance totalled \$30,976,961.18 and current liabilities \$9,766,863.89.

The net working capital at December 31st, 1947, was \$21,210,097.29.

The funded debt was decreased during the year by the retirement of \$225,000. First Mortgage Serial Bonds of Dominion Steel and Coal Corporation Limited, \$165,000. First Mortgage Serial Bonds of Halifax Shipyards Limited and \$150,000. First Mortgage Serial Bonds of The Canadian Bridge Company Limited, while deferred payments on properties were decreased by \$344,830.36.

Your Directors submit herewith on page 9 a schedule of the investments in stocks and securities of Associated and Subsidiary Companies not consolidated, together with certified Balance Sheets and Profit and Loss Accounts of Dominion Coal Company, Limited, Nova Scotia Steel and Coal Company Limited and Truscon Steel Company of Canada Limited.

The Balance Sheet of Dominion Coal Company, Limited includes the accounts of its subsidiaries as shown on page 24 and the Balance Sheet of Nova Scotia Steel and Coal Company Limited includes the accounts of its subsidiaries as shown on page 14.

At a meeting of the Board of Directors held on the 9th day of December, 1947, Mr. Arthur Cross tendered his resignation as President of the Corporation to take effect on the 31st day of December, 1947. The resignation of Mr. Cross was accepted with regret but the Directors are pleased to report that, Mr. Cross having consented thereto, he was elected Chairman of the Board, the appointment to be effective from the 1st day of January, 1948. The office of President of the Corporation, appointment also effective from January 1st, 1948, was filled by the election of Mr. C. B. Lang, formerly Executive Vice-President of the Corporation.

On behalf of the Board of Directors.

C. B. LANG
President.

Montreal, P.Q.
March 19th, 1948.

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 1947, 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.

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 the financial position as at December 31 1947, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.
Auditors

MONTREAL, March 8 1948.

Dominion Steel and Coal Corporation Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31 1947

(This statement does not include the results of the operations of Nova Scotia
Steel and Coal Company Limited and Dominion Coal Company, Limited
and their respective subsidiaries)

| | | |
|---|-----------------|-----------------|
| Combined profits from operations and Government assistance after deducting manufacturing, selling and administration expenses . . . | | \$ 5,361,050.79 |
| Miscellaneous income | | 596,962.14 |
| | | \$ 5,958,012.93 |
| Provision for depreciation | \$ 2,226,235.65 | |
| Interest on funded debt | 185,918.74 | |
| Interest on bank and other loans | 140,554.38 | |
| | | \$ 2,552,708.77 |
| DEDUCT: Provision for taxes on income | | \$ 3,405,304.16 |
| | | 1,620,096.78 |
| Net profit for the year | | \$ 1,785,207.38 |
| Surplus as at December 31 1946 | | 10,436,773.07 |
| | | \$12,221,980.45 |
| Dividend on Common Class "B" shares of Dominion Steel and Coal Corporation Limited | | 519,541.50 |
| Surplus as at December 31 1947 | | \$11,702,438.95 |

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 at values determined at December 31 1929..... | \$32,492,382.33 | |
| Net additions since..... | 26,085,676.25 | |
| | \$58,578,058.58 | |
| LESS: Reserve for depreciation..... | 29,728,077.25 | \$28,849,981.33 |
| Investment in stocks and securities of subsidiary and associated companies not consolidated..... | | 6,477,680.21 |
| Funds on deposit with Trustees..... | | 454,631.25 |
| Insurance recoveries re property lost by enemy action..... | | 456,063.97 |
| Inventories, as certified by the Management, valued at cost or market, whichever was the lower..... | \$14,544,005.33 | |
| Trade accounts and bills receivable, less reserve..... | 6,446,386.97 | |
| Other accounts receivable, less reserve..... | 210,298.84 | |
| Investments— | | |
| Dominion of Canada bonds (Market value at December 31 1947—\$7,762,000.00)..... | \$ 7,500,400.00 | |
| Others..... | 54,558.61 | |
| | 7,554,958.61 | |
| Cash on hand, in banks and on deposit..... | 2,103,750.77 | |
| | \$30,859,400.52 | |
| LESS: Insurance recoveries re property lost by enemy action, shown above..... | 456,063.97 | 30,403,336.55 |
| Balance receivable from Nova Scotia Steel and Coal Company Limited and its subsidiary companies..... | | 250,376.41 |
| DEFERRED CHARGES: | | |
| Insurance premiums and other charges paid in advance..... | \$ 323,248.22 | |
| Discount and expenses on bonds of subsidiary companies..... | 16,987.50 | |
| | 340,235.72 | |
| | | \$67,232,305.44 |

APPROVED ON BEHALF OF THE BOARD:

A. CROSS, Director

GEO. H. MONTGOMERY, Director

Corporation Limited Companies

AS AT DECEMBER 31 1947

assets and liabilities of Nova Scotia Steel
Dominion Coal Company, Limited and
subsidiaries)

LIABILITIES

FUNDED DEBT:

| | |
|---|-----------------|
| Dominion Steel and Coal Corporation Limited— | |
| First Mortgage Bonds— | |
| Authorized at rates of interest not exceeding 6% per annum. | \$10,000,000.00 |
| Outstanding: | |
| First Mortgage Serial 3½% Bonds, Series A, payable | |
| \$225,000.00 annually March 1 1948-1956. | \$ 2,025,000.00 |
| First Mortgage Fifteen Year 3½% Bonds, Series A, due | |
| March 1 1961. | 1,750,000.00 |
| | \$ 3,775,000.00 |
| Wholly Owned Subsidiaries— | |
| HALIFAX SHIPYARDS LIMITED— | |
| 4% First Mortgage Serial Bonds—Payable \$165,000.00 an- | |
| nually August 15 1948-1949. | 330,000.00 |
| THE CANADIAN BRIDGE COMPANY LIMITED— | |
| First Mortgage Serial Bonds—Payable \$150,000.00 annually | |
| October 1 1948-1955 at progressive rates of interest from | |
| 2½% to 3%. | 1,200,000.00 |
| | \$ 5,305,000.00 |
| Deferred payments on properties. | 2,211,375.26 |
| Bank loan secured under Section 88 of the Bank Act (Canadian Tube | |
| & Steel Products Limited). | \$ 2,400,000.00 |
| Accounts payable and accrued liabilities, including provision for taxes | 5,475,236.28 |
| Wages payable and accrued. | 974,032.10 |
| Bond interest accrued. | 57,147.92 |
| Dividend payable. | 259,770.75 |
| | 9,166,187.05 |
| Balance payable to Dominion Coal Company, Limited and its subsid- | |
| iary companies. | 600,676.84 |
| Operating and contingent reserves. | 4,305,363.57 |
| 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 |
| | \$76,500,000.00 |
| Issued— | |
| 1,039,083 Common Class "B" shares. | \$25,977,075.00 |
| Capital Surplus. | 7,964,188.77 |
| Surplus from Operations. | 11,702,438.95 |
| | 45,643,702.72 |
| | \$67,232,305.44 |

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED MARCH 8 1948

PRICE, WATERHOUSE & Co.

Auditors

Dominion Steel and Coal Corporation Limited

LIST OF SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 1947

DOMINION SHIPPING COMPANY LIMITED
JAMES PENDER & Co. (LIMITED)
HALIFAX SHIPYARDS LIMITED
SEABOARD POWER CORPORATION LIMITED
CANADIAN TUBE & STEEL PRODUCTS LIMITED
PECK ROLLING MILLS LIMITED
ST. LAWRENCE WIRE Co. LIMITED
SECURITY FENCE Co. LIMITED
SYDNEY LUMBER COMPANY LIMITED
THE SARNIA FENCE COMPANY (1939) LIMITED
THE CANADIAN BRIDGE COMPANY LIMITED
THE ESSEX TERMINAL RAILWAY COMPANY
CANADIAN STEEL LANDS LIMITED
CANADIAN BRIDGE ENGINEERING COMPANY LIMITED
CANADIAN TRANSMISSION TOWER COMPANY LIMITED
THE CANADIAN STEEL & WIRE COMPANY LIMITED
CANADIAN STEEL CORPORATION LIMITED
GRAHAM NAIL & WIRE PRODUCTS LIMITED

Dominion Steel and Coal Corporation Limited

INVESTMENTS IN STOCKS AND SECURITIES OF SUBSIDIARY AND ASSOCIATED COMPANIES NOT CONSOLIDATED DECEMBER 31 1947

Nova Scotia Steel and Coal Company Limited—

| | | |
|--|---|----------------|
| *30,000 shares of common stock of \$100.00 each..... | } | \$4,933,075.00 |
| \$6,917,500.10 of 6% debentures..... | | |

The Eastern Car Company Limited—

| | |
|--|----------|
| \$1,200.00 of first mortgage serial bonds..... | 1,200.00 |
|--|----------|

Dominion Coal Company, Limited—

| | | |
|--|---|------------|
| *480,000 shares of common stock of \$25.00 each..... | } | 862,313.81 |
| 16,048 shares of 6% preferred stock of \$25.00 each..... | | |

Truscon Steel Company of Canada Limited—

| | | |
|---|---|------------|
| 2,145 shares of common stock of \$100.00 each..... | } | 681,091.40 |
| 714 shares of preferred stock of \$100.00 each..... | | |

| | |
|--|-----------------------|
| Book value per Consolidated Balance Sheet of Dominion Steel and Coal Corporation Limited..... | <u>\$6,477,680.21</u> |
|--|-----------------------|

*Total issue of these securities

Nova Scotia Steel and Coal Company Limited

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Nova Scotia Steel and Coal Company Limited and its subsidiary companies for the year ending December 31 1947, 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.

In our opinion, the attached consolidated balance sheet of Nova Scotia Steel and Coal Company Limited and its subsidiaries is properly drawn up so as to show a true and correct view of the financial position as at December 31 1947, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.

Auditors

MONTREAL, March 8 1948.

Nova Scotia Steel and Coal Company Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31 1947

| | | | |
|--|----|----|-----------------|
| Combined profits from operations and Government assistance after deducting manufacturing, selling and administration expenses. | | \$ | 864,848.69 |
| Miscellaneous income. | | | 476,158.18 |
| | | | \$ 1,341,006.87 |
| Provision for depreciation. | \$ | | 358,207.33 |
| Interest on first mortgage and serial bonds. | | | 137,642.50 |
| Interest on bank and other loans. | | | 23,022.66 |
| | | | 518,872.49 |
| | | | \$ 822,134.38 |
| DEDUCT: Provision for taxes on income. | | | 368,280.21 |
| Net profit for the year. | | | \$ 453,854.17 |
| Surplus, December 31 1946. | \$ | | 238,415.67 |
| ADD: Refundable portion of excess profits tax, transferred. | | | 147,889.90 |
| | | | \$ 386,305.57 |
| DEDUCT: Adjustments in respect of subsidy and other claims applicable to prior years. | | | 182,492.09 |
| | | | 203,813.48 |
| Surplus as at December 31 1947. | | | \$ 657,667.65 |

NOTE: No interest was paid on 6% Debentures, which are all held by Dominion Steel and Coal Corporation Limited.

**Nova Scotia Steel and
and Subsidia
CONSOLIDATED BALANCE SHEET**

ASSETS

| | | |
|--|-----------------|-----------------|
| Properties and plant at cost, except in the case of Nova Scotia Steel and Coal Company Limited properties, which are at values determined at August 1 1938, with subsequent changes (net)..... | \$22,372,408.07 | |
| LESS: Reserve for depreciation..... | 8,296,853.88 | |
| | | \$14,075,554.19 |
| Cash in hands of Trustees for bondholders..... | | 122,777.76 |
| Insurance recoveries re property lost by enemy action..... | | 214,086.05 |
| Inventories, as certified by the management, valued at cost or market, whichever was the lower..... | \$ 3,163,693.79 | |
| Trade accounts receivable, less reserve..... | 2,760,032.75 | |
| Other accounts receivable, less reserve..... | 141,930.64 | |
| Dominion of Canada bonds (Market value at December 31 1947 \$2,665,875.00)..... | 2,617,237.50 | |
| Cash on hand, in banks and on deposit..... | 936,678.94 | |
| | \$ 9,619,573.62 | |
| LESS: Insurance recoveries re property lost by enemy action, shown above..... | 214,086.05 | |
| | | 9,405,487.57 |
| Balance receivable from Dominion Coal Company, Limited and its subsidiary companies..... | | 298,149.18 |
| Refundable portion of excess profits tax..... | | 147,889.90 |
| Deferred charges to operations..... | | 164,711.46 |

APPROVED ON BEHALF OF THE BOARD:

\$24,428,656.11

A. CROSS, Director
A. N. JONES, Director

Coal Company Limited

y Companies

ET AS AT DECEMBER 31 1947

LIABILITIES

| | |
|---|------------------------|
| Funded and debenture debt: | |
| First Mortgage 3½% Twenty-five Year bonds due January 2 1963— | |
| Authorized and issued..... | \$ 4,000,000.00 |
| LESS: Redeemed through sinking fund..... | 1,100,000.00 |
| | <u>\$ 2,900,000.00</u> |
| 6% Debentures, payable on demand (owned by Dominion Steel and Coal Corporation Limited)..... | 6,917,500.10 |
| | <u>\$ 9,817,500.10</u> |
| The Scotia Rolling Stock Company Limited—3% Serial Equipment bonds 1948-1956..... | 288,000.00 |
| The Eastern Car Company Limited— | |
| First Mortgage bonds—Authorized..... | \$ 2,000,000.00 |
| Issued—Series A, repayable \$100,000.00 annually July 1 1948 to 1955 at progressive rates of interest from 2½ to 6%..... | \$ 1,000,000.00 |
| LESS: Redeemed and cancelled..... | 200,000.00 |
| | <u>800,000.00</u> |
| | <u>\$10,905,500.10</u> |
| Special bank loan of subsidiary company—guaranteed..... | 720,000.00 |
| Reserve for replacement of property lost by enemy action..... | 214,086.05 |
| Bank loans of subsidiary company—secured under Section 88 of the Bank Act..... | \$ 987,000.00 |
| Accounts payable and accrued liabilities..... | 1,498,782.04 |
| Wages payable and accrued..... | 379,656.58 |
| Bond interest accrued..... | 66,725.00 |
| | <u>2,932,163.62</u> |
| Balance payable to Dominion Steel and Coal Corporation Limited and its subsidiary companies..... | 250,376.41 |
| Operating and contingent reserves..... | 2,002,962.28 |
| Capital Surplus, being the difference between the par value of the capital stock of Acadia Coal Company Limited as carried in the accounts of that Company and the value at which the shares were brought into the accounts of the Nova Scotia Steel and Coal Company Limited on the termination of Receivership of the latter Company in 1938..... | 3,650,700.00 |
| Capital stock of Acadia Coal Company Limited, held by public..... | 95,200.00 |
| Capital stock and surplus: | |
| Authorized and issued— | |
| 30,000 shares of \$100.00 each (Owned by Dominion Steel and Coal Corporation Limited)..... | \$ 3,000,000.00 |
| Surplus from operations..... | 657,667.65 |
| | <u>3,657,667.65</u> |
| | <u>\$24,428,656.11</u> |

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED
MARCH 8 1948

PRICE, WATERHOUSE & Co.
Auditors

Nova Scotia Steel and Coal Company Limited

LIST OF SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED
BALANCE SHEET AS AT
DECEMBER 31 1947

TRENTON STEEL WORKS LIMITED
TRENTON INDUSTRIES LIMITED
OLD SYDNEY COLLIERIES LIMITED
THE SCOTIA ROLLING STOCK COMPANY LIMITED
ACADIA COAL COMPANY LIMITED
THE EASTERN CAR COMPANY LIMITED

Truscon Steel Company of Canada Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st DECEMBER 1947

| | |
|---|----------------------|
| Profit from operations before provision for depreciation and taxes on income..... | \$ 456,989.63 |
| Provision for depreciation | 12,201.81 |
| | <hr/> |
| Provision for taxes on income..... | \$ 444,787.82 |
| | 222,000.00 |
| | <hr/> |
| Net profit for the year..... | <u>\$ 222,787.82</u> |

STATEMENT OF SURPLUS FOR THE YEAR ENDED 31st DECEMBER 1947

| | |
|--|----------------------|
| Balance at credit December 31 1946..... | \$ 372,617.05 |
| ADD: Net profit for the year..... | 222,787.82 |
| | <hr/> |
| | \$ 595,404.87 |
| DEDUCT: Dividend on 7% preference shares covering the year ended July 10 1947... | 4,998.00 |
| | <hr/> |
| Balance at credit December 31 1947..... | <u>\$ 590,406.87</u> |

Truscon Steel Company

(Incorporated under the

BALANCE

AS AT 31st

| CURRENT: | ASSETS | | |
|--|--------|---------------|----------------|
| Cash in bank and on hand— | | | |
| Cash on deposit in bank..... | | \$ 249,812.61 | |
| Imprest funds..... | | 4,731.00 | |
| | | <hr/> | \$ 254,543.61 |
| Investments in Dominion of Canada bonds at cost (market value at 31st December 1947 \$159,500)..... | | | 152,500.00 |
| Accounts receivable— | | | |
| Trade accounts including holdbacks..... | | \$ 508,974.04 | |
| LESS: Reserve for doubtful accounts..... | | 50,000.00 | |
| | | <hr/> | |
| | | \$ 458,974.04 | |
| Amounts due by employees re Canada Savings bonds (secured)..... | | 25,990.00 | |
| | | <hr/> | 484,964.04 |
| Inventories as determined and certified by the management and valued at the lower of cost or market— | | | |
| Raw materials..... | | \$ 226,874.04 | |
| Goods in process..... | | 30,711.75 | |
| Finished stock..... | | 157,002.69 | |
| Stores..... | | 12,579.52 | |
| | | <hr/> | |
| | | \$ 427,168.00 | |
| LESS: Reserve for future decline in prices..... | | 28,463.63 | |
| | | <hr/> | 398,704.37 |
| PREPAID CHARGES AND OTHER ASSETS..... | | | \$1,290,712.02 |
| | | | 10,063.28 |
| REFUNDABLE PORTION OF TAXES ON INCOME..... | | | 61,600.00 |
| FIXED: | | | |
| Land, buildings, plant, equipment, automobiles and dies..... | | \$ 789,735.06 | |
| LESS: Reserve for depreciation..... | | 703,365.87 | |
| | | <hr/> | 86,369.19 |
| PATENTS..... | | | 1.00 |
| | | | <hr/> <hr/> |
| | | | \$1,448,745.49 |

APPROVED ON BEHALF OF THE BOARD:

C. B. LANG, Director

A. CROSS, Director

of Canada Limited

(Ontario Companies Act)

SHEET

DECEMBER 1947

LIABILITIES

CURRENT:

| | |
|--|---------------|
| Accounts payable and accrued charges..... | \$ 323,422.24 |
| Reserve for taxes on income..... | 134,770.38 |
| Bankers' loans on bonds purchased and held on behalf of employees (secured)... | 22,446.00 |
| | <hr/> |
| | \$ 480,638.62 |

CAPITAL:

| | |
|--|---------------|
| 1,000 7% cumulative preferred shares of \$100 each authorized, whereof issued 714 shares..... | \$ 71,400.00 |
| (NOTE: Dividends paid to 10th July 1947) | |
| 4,000 common shares of \$100 each authorized, whereof issued 3,063 shares..... | 306,300.00 |
| | <hr/> |
| | \$ 377,700.00 |

| | | |
|---------------------|------------|------------|
| EARNED SURPLUS..... | 590,406.87 | |
| | <hr/> | 968,106.87 |

\$1,448,745.49

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the balance sheet of Truscon Steel Company of Canada Limited as at 31st December 1947, but we did not make a detailed audit of the transactions for the year.

We report that in our opinion the above balance sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December 1947, according to the best of our information and the explanations given to us and as shown by the books.

All our requirements as auditors have been complied with.

CLARKSON, GORDON & CO.
Chartered Accountants.

TORONTO, CANADA, 9th February 1948.

Dominion Coal Company, Limited

Report of the Board of Directors for the year ended December 31st, 1947

TO THE SHAREHOLDERS:

Your Directors submit herewith the Consolidated Balance Sheet of your Company as at December 31st, 1947, with relative Profit and Loss Account for the year, together with the Certificate of the Auditors, Messrs. Price, Waterhouse & Co.

PROFIT AND LOSS ACCOUNT

The operations of the Company and its subsidiaries listed on page 24 after providing for depreciation resulted in a combined net profit of \$47,040.86 as compared with \$580,470.19 for the year 1946. The reduction this year is attributable to the cessation of operations during the strike.

The balance at credit of surplus after transferring the profit for the year and adjustments applicable to prior years and deduction of dividends on the Preferred Stock, was \$2,002,606.61 at December 31st, 1947.

BALANCE SHEET

During the year net additions to property amounted to \$120,542.55. Reserve for depreciation totalled \$22,086,302.79 leaving the net value of properties at \$18,916,543.69 at December 31st, 1947.

The cost of mining equipment now obsolete and of no value, has been excluded from the property account in the amount of \$6,386,832.36 and the reserve for depreciation has been reduced by an equivalent amount.

The net value of the properties is not affected thereby, as full depreciation in respect of these assets has been made in past years.

The funded debt was reduced in accordance with sinking fund requirements. The amount redeemed by the Trustee during the year was \$419,500. of First Mortgage Bonds of Dominion Coal Company, Limited and \$121,000. of The Dominion Rolling Stock Company Limited Equipment Bonds.

Current assets, including insurance and other expenses paid in advance totalled \$10,514,180.49 and current liabilities \$3,706,335.73.

Net working capital at December 31st, 1947, was \$6,807,844.76.

GENERAL

During the year sales of coal from your collieries totalled 2,432,882 gross tons against 3,138,872 gross tons for 1946. The production in the year 1947 was 2,526,208 gross tons against 3,292,353 gross tons in the preceding year. The cessation of operations during the strike is reflected in the reduction of sales and production in 1947.

At a meeting of the Board of Directors held on the 9th day of December, 1947, Mr. Arthur Cross tendered his resignation as President of the Company, to take effect on the 31st day of December, 1947. The resignation of Mr. Cross was accepted with regret but the Directors are pleased to report that, Mr. Cross having consented thereto, he was elected Chairman of the Board, the appointment to be effective from the 1st day of January, 1948. The office of President of the Company, appointment also effective from January 1st, 1948, was filled by the election of Mr. C. B. Lang, formerly Executive Vice-President of the Company.

On behalf of the Board of Directors.

C. B. LANG
President.

Montreal, P.Q.
March 19th, 1948.

Dominion Coal Company, Limited and Subsidiary Companies

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Dominion Coal Company, Limited and its subsidiary companies for the year ending December 31 1947, 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.

In our opinion, the attached consolidated balance sheet of Dominion Coal Company, Limited and its subsidiaries is properly drawn up so as to show a true and correct view of the financial position as at December 31 1947, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.
Auditors

MONTREAL, March 8 1948.

Dominion Coal Company, Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31 1947

| | | |
|--|-----------------|-----------------|
| Combined loss from operations after deducting mining costs, selling and administration expenses..... | | \$ 321,175.86 |
| Miscellaneous income, including Government assistance..... | | 1,944,897.88 |
| | | \$ 1,623,722.02 |
| Provision for depreciation..... | \$ 1,310,206.24 | |
| Interest on funded debt..... | 157,673.80 | |
| Interest on bank loans..... | 108,801.12 | |
| | | 1,576,681.16 |
| Net profit for the year..... | | \$ 47,040.86 |
| Surplus as at December 31 1946..... | | 1,984,651.39 |
| | | \$ 2,031,692.25 |
| ADD: Adjustments, net, in respect of subsidy and other claims applicable to prior years..... | | 131,713.61 |
| | | \$ 2,163,405.86 |
| DEDUCT: Dividends on preferred shares July 1 to December 31 1947.. | | 160,799.25 |
| Surplus as at December 31 1947..... | | \$ 2,002,606.61 |

Dominion Coal and Subsidiary

CONSOLIDATED BALANCE SHEET

ASSETS

| | | |
|--|-----------------|-----------------|
| Properties at cost..... | \$41,002,846.48 | |
| LESS: Reserve for depreciation..... | 22,086,302.79 | |
| | | \$18,916,543.69 |
| Cash in hands of Trustees for Bondholders..... | | 511,677.67 |
| Inventories, as certified by the management, valued at cost or market, whichever was the lower..... | \$ 4,490,948.65 | |
| Trade accounts receivable, less reserve..... | 4,568,323.82 | |
| Other accounts receivable, less reserve..... | 327,196.99 | |
| Investments..... | 61,450.00 | |
| Cash on hand and in banks..... | 337,235.84 | |
| | | 9,785,155.30 |
| Balance receivable from Dominion Steel and Coal Corporation Limited and its subsidiary companies..... | | 600,676.84 |
| DEFERRED CHARGES: | | |
| Insurance and other expenses paid in advance..... | \$ 128,348.35 | |
| Discount on bonds..... | 56,360.60 | |
| | | 184,708.95 |

\$29,998,762.45

APPROVED ON BEHALF OF THE BOARD:

A. CROSS, Director
GEO. H. MONTGOMERY, Director

Company, Limited

Companies

AS AT DECEMBER 31 1947

LIABILITIES

CAPITAL STOCK:

Common stock—authorized and issued—

480,000 shares of a par value of \$25.00 each (Owned by Dominion Steel and Coal Corporation Limited)..... \$12,000,000.00

6% Cumulative sinking fund preferred stock—

Authorized—400,000 shares of a par value of \$25.00 each..... \$10,000,000.00

Issued—240,000 shares of a par value of \$25.00 each..... \$ 6,000,000.00

Less: Redeemed through sinking fund..... 640,025.00

214,399 shares outstanding (Preferred dividend in arrears \$803,996.25)..... 5,359,975.00

\$17,359,975.00

FIRST MORTGAGE BONDS—

Authorized..... \$12,000,000.00

Issued..... \$ 7,500,000.00

Outstanding—

First mortgage 15 year bonds 4½% Series "A" due October 1, 1952..... \$ 3,000,000.00

4½% First mortgage bonds, 1939 series, due 1952..... 1,500,000.00

\$ 4,500,000.00

Less: Redeemed through sinking fund..... 1,227,500.00

3,272,500.00

Bank loan (secured under Section 88 of the Bank Act)..... \$ 1,250,000.00

Accounts payable and accrued liabilities including provision for taxes..... 1,203,191.53

Wages payable and accrued..... 838,851.76

Bond interest accrued..... 36,815.63

Dividend payable..... 79,327.63

3,408,186.55

Balance payable to Nova Scotia Steel and Coal Company Limited and subsidiary companies.....

298,149.18

RESERVES:

Renewals and betterments, contingencies and other operating reserves..... 3,657,345.11

EARNED SURPLUS, balance..... 2,002,606.61

\$29,998,762.45

SUBMITTED WITH OUR REPORT TO THE SHAREHOLDERS DATED MARCH 8 1948

PRICE, WATERHOUSE & Co.

Auditors

Dominion Coal Company, Limited and Subsidiary Companies

LIST OF SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31 1947

SYDNEY AND LOUISBURG RAILWAY COMPANY
THE DOMINION ROLLING STOCK COMPANY LIMITED
THE CUMBERLAND RAILWAY AND COAL COMPANY
DOMINION COAL IMPORT COMPANY LIMITED

