

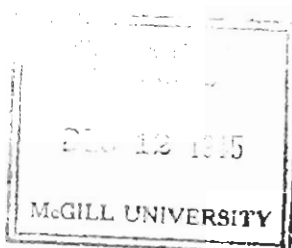
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ALGOMA STEEL CORPORATION, LIMITED

EIGHTH ANNUAL REPORT



FOR THE YEAR ENDED
APRIL 30th, 1943



ALGOMA STEEL CORPORATION, LIMITED



DIRECTORS

SIR JAMES DUNN, Bart., President and Chairman Board of Directors.	- - -	Bathurst, N.B.
T. F. RAHILLY, First Vice-President and General Manager.	- - - -	Sault Ste. Marie, Ontario
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

PRESIDENT'S REPORT

Sault Ste. Marie, Ontario
August 4th, 1943.

To the Shareholders,

ALGOMA STEEL CORPORATION, LIMITED

The Directors submit herewith the audited Balance Sheet and Profit and Loss Account of your Corporation for the year ended April 30th, 1943. Net Profit for the year after providing for all taxes amounted to \$846,803.11 out of which dividends of \$104,375.00 were paid on Preference Stock leaving \$742,428.11 to be added to Earned Surplus which now amounts to \$4,234,502.66.

During the year net expenditures on property, plant and equipment were \$1,785,861.38. The Working Capital is now \$6,130,002.50.

Last year's report referred to new works being constructed by arrangement and in conformity with the wishes of the Dominion Government comprising Coke Ovens, Blast Furnaces, Coal Storage and Docks. The Docks and Coal Storage are completed and in use, the Coke Ovens are completed and the associated By-product Plant is almost ready for operation. The rebuilt No. 2 Blast Furnace is in successful operation and the new No. 5 Blast Furnace will be ready to be blown in early in August. This No. 5 Blast Furnace is of the most modern design and is the largest in the British Commonwealth.

During the past fiscal year due to the necessity for increased steel production in the country and again in conformity with the wishes of and by arrangement with the Dominion Government your Corporation has been constructing works necessary to increase its annual steel capacity by 235,000 net tons of ingots.

Your Corporation's wholly owned Subsidiary Algoma Ore Properties Limited produced and shipped during the year 414,602 tons of sinter compared with 487,865 tons last year a decrease of 73,263 tons. The decrease resulted from the late opening of navigation. Of the 414,602 tons shipped this year 220,065 tons were delivered to United States furnaces and 194,537 tons were used in your Corporation's furnaces at Sault Ste. Marie. Production of sinter for the current year is expected to be 450,000 tons. During

the year \$246,392.57 was expended chiefly on mining equipment and machinery spares at the Mine and Sintering Plant.

Deferred charges to operations include \$253,024.41 expended for open pit and underground exploration and development at the Helen Mine.

Algoma Ore Properties Limited has continued intensive exploratory operations covering several of its properties and during the last three years has expended \$230,298.66 on stripping, trenching and diamond drilling. One of these properties (situated within 50 miles of the city of Sault Ste. Marie) has been in part closely drilled over the past two years (sections 150 feet apart each section having two to three drill holes) and our engineer in charge of operations, Mr. George W. MacLeod, B.Sc., C.I.M.M., M.E.I.C, estimates 50,000,000 tons of magnetite without any deleterious ingredients and capable of producing 20,000,000 tons of 64% iron concentrate. The territory so far drilled and estimated to contain 50,000,000 tons of ore covers a length of 4,500 feet. Exploratory drill holes several hundred feet below the levels considered in the above estimate show the deposit still persists and the deepest hole so far drilled has not bottomed the ore. Some 3,500 feet of territory on which magnetite is indicated remain to be drilled.

During the period of proving up this ore experiments on concentration have been carried out under the direction of Mr. E. W. Davis, Director of Mines Experiment Station at the University of Minnesota, who reports that the ore can be concentrated economically by well established process similar to those used by American Steel Companies on various low grade ores in the United States.

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 CORPORATION, LIMITED

BALANCE SHEET as at APRIL 30th, 1943

ASSETS		
CURRENT		
Cash	105,873.53	
Cash—Employees deposits for War Savings Certificates per contra	354.25	
Bills and Accounts Receivable:		
Sundry Debtors	5,308,696.28	
Subsidiary Companies	2,355.62	5,311,051.90
Inventories:		
As determined by the management valued at the lower of cost or market:		
Raw Materials, semi-finished products and supplies	5,367,625.34	
Saleable Products	470,049.19	5,837,674.53
Advance Payments on Contracts	86,916.35	11,341,870.56
ADVANCES TO SUBSIDIARY COMPANIES		881,767.70
INVESTMENTS.		
Subsidiary Companies	1,065,424.01	
Other	20,248.98	1,085,672.99
PROPERTY AND EQUIPMENT:		
Land, Buildings, Plant and Equipment	26,936,606.68	
Less: Reserve for Depreciation	7,523,364.90	19,413,241.78
NON-CURRENT INVENTORY—RAW MATERIALS		337,859.97
PREPAYMENTS AND DEFERRED CHARGES		236,929.43
		<u><u>\$ 33,297,342.43</u></u>

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 April 30, 1943, and report that we have obtained all the information and explanations which we have required.

Special depreciation on additional new plant has been calculated on the same basis as that allowed on new plant put into operation in the year ended April 30, 1942. Application to the War Contracts Depreciation Board in this regard is pending.

In our opinion, subject to the approval of the War Contracts Depreciation Board as to the depreciation above mentioned, the above Balance Sheet and accompanying Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at April 30, 1943, and the result of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Corporation.

Toronto, Ontario, July 30, 1943.

LIABILITIES		
CURRENT		
Bank Loan—Secured		1,671,000.00
Interest—First Mortgage Bonds—due May 1st, 1943		51,850.00
Employees' Subscriptions for War Savings Certificates per contra	354.25	
Accrued Wages and Salaries		374,628.30
Accounts Payable and Accrued Liabilities:		
Sundry Creditors	1,493,381.82	
Subsidiary Companies	15,519.22	1,508,901.04
Current Liability re Plant Extension		1,060,687.07
Unclaimed Dividends		143.45
Unclaimed Interest on First Mortgage Bonds		5,000.00
Provision for Income and Excess Profits Taxes		539,303.95
DEFERRED LIABILITY RE PLANT EXTENSION		2,939,312.93
RESERVES:		
For Rebuilding and Relining Furnaces, etc.	3,550,239.54	
Reserve for Contingencies	94,055.60	3,644,295.14
FUNDED DEBT:		
First Mortgage Bonds—Series "A" Serial Bonds due 1943 and 1944	* 400,000.00	
Convertible Bonds due 1948	1,714,000.00	2,114,000.00
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	3,435	
Converted into Common Stock	2,160	5,595 "
Outstanding	20,795	" 2,079,500.00
Common Stock—No par value Authorized — 1,000,000 Shares		
Issued — 412,700		10,274,500.00
Distributable Surplus		12,354,000.00
Earned Surplus:		2,799,363.64
As at April 30th, 1942	3,492,074.55	
Surplus for year ended April 30th, 1943	846,803.11	
	4,338,877.66	
Deduct: Dividends on Preference Stock	104,375.00	4,234,502.66
		19,387,866.30
		<u><u>\$ 33,297,342.43</u></u>

* Of this issue \$200,000.00 matures November 1st, 1943.

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

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account

For the Year Ended April 30th, 1943

PROFIT FROM OPERATIONS		\$ 3,817,437.32
OTHER INCOME:		
Interest Earned		<u>38,985.40</u>
		3,856,422.72
INTEREST CHARGES:		
On Loans	160,936.18	
On First Mortgage Bonds.....	107,700.00	<u>268,636.18</u>
PROFIT BEFORE DEPRECIATION.....		3,587,786.54
DEPRECIATION—Plant and Equipment Including Special Depreciation for “War” Plant and Equipment as authorized by the War Contracts Depreciation Board.....		<u>2,120,854.03</u>
NET PROFIT FOR YEAR before providing for Income and Excess Profits Taxes.....		1,466,932.51
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		<u>620,129.40</u>
SURPLUS FOR YEAR ENDED APRIL 30th, 1943		<u><u>\$ 846,803.11</u></u>

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).

