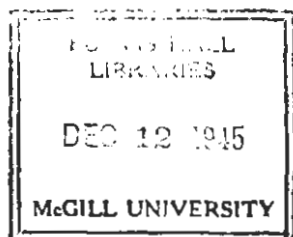


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ALGOMA STEEL CORPORATION, LIMITED

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 CORPORATION, LIMITED

BALANCE SHEET as at APRIL 30th, 1944

ASSETS		LIABILITIES	
CURRENT:			
Cash	104,837.58	Bank Loan—Secured	\$ 290,000.00
Cash—Employees' deposits for Victory Bonds and War Savings Certificates per contra	26,013.00	Bank Loan—Secured by Employees' Victory Bonds	15,349.53
Bills and Accounts Receivable:		Employees' deposits for Victory Bonds and War Savings Certificates per contra	26,013.00
Employees' Victory Bonds	16,134.00	Interest—First Mortgage Bonds—due May 1st, 1944	47,350.00
Sundry Debtors	5,426,382.62	Accrued Wages and Salaries	416,914.29
	5,442,516.62	Accounts Payable and Accrued Liabilities	
Inventories:		Sundry Creditors	3,473,180.40
As determined by the management valued at the lower of cost or market:		Subsidiary Companies	479,151.69
Raw materials, semi-finished products and supplies	7,499,008.65	Current Liability re Plant Extension	950,000.00
Saleable Products	640,846.77	Unclaimed Dividends	215.89
	8,139,855.42	Unclaimed Interest on First Mortgage Bonds	6,912.50
	13,713,222.62	Provision for Income and Excess Profits Taxes	386,088.98
ADVANCES TO SUBSIDIARY COMPANIES	824,340.67	6,091,176.28	
INVESTMENTS:		DEFERRED LIABILITY: re PLANT EXTENSION	1,989,312.93
Subsidiary Companies	1,065,424.01	RESERVES:	
Other	24,043.98	For Rebuilding and Relining Furnaces, etc.	3,499,553.26
	1,089,467.99	For Contingencies	66,983.04
* PROPERTY AND EQUIPMENT:		3,566,536.30	
Land, Buildings, Plant and Equipment	27,519,731.82	FUNDED DEBT:	
Less: Reserve for Depreciation	9,760,090.45	First Mortgage Bonds—Series "A"	
	17,759,641.37	Due November 1st, 1944	200,000.00
PREPAYMENTS AND DEFERRED CHARGES	252,468.77	Convertible Bonds due 1948	1,714,000.00
	20,078,115.91	CAPITAL STOCK AND SURPLUS:	
	\$ 33,639,141.42	5% Cumulative Redeemable Preference Stock	
		Authorized 27,000 Shares of \$100.00 par value	
		Issued	26,390 shares
		Less: Purchased and Redcmcd	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
		Distributable Surplus	12,055,200.00
		Earned Surplus	2,829,291.87
		As at April 30th, 1943	4,234,502.66
		Surplus for year ended April 30th, 1944	1,057,796.38
		Deduct: Dividends on Preference Stock	5,292,299.04
			98,675.00
			20,078,115.91
			\$ 33,639,141.42

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

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 30th, 1944, and report that we have received all the information and explanations which we have required.

New Plant subject to special depreciation has been depreciated on the same basis as that allowed in the two years ended April 30th, 1943. Approval by 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 30th, 1944, 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, September 27th, 1944.

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

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account

For the Year Ended April 30th, 1944

PROFIT FROM OPERATIONS		\$ 4,156,285.08
OTHER INCOME:		
Interest Earned		42,053.75
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		4,198,339.43
INTEREST CHARGES:		
On Loans	\$ 77,829.85	
On First Mortgage Bonds	99,200.00	177,029.85
		<hr/>
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
		<hr/>
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).

