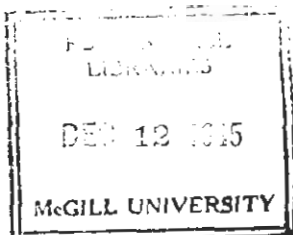


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ALGOMA STEEL CORPORATION, LIMITED

TENTH
ANNUAL REPORT

FOR THE YEAR ENDED
APRIL 30th, 1945



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
THOMAS ARNOLD	-	-	-	Montreal, Quebec
HON. T. A. CRERAR	-	-	-	Ottawa, Ontario
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
August 28th, 1945

To the Shareholders,

ALGOMA STEEL CORPORATION, LIMITED

The Directors herewith submit your Company's audited Balance Sheet and Profit and Loss Account for the year ended April 30th, 1945.

You will see from the Profit and Loss Account that the Net Profit for the year after providing for all taxes amounted to \$1,112,132.06 as against \$1,057,796.38 last year, an increase of \$54,335.68. Profit from Operations amounted to \$3,482,796.46 as against \$4,156,285.68 last year, a decrease of \$673,489.22.

Sales increased substantially over the previous year and were the largest in the Company's history but this result is less favourable than might have been expected. The reduction in profit from operations is due entirely to increased costs of materials and wages.

Profit for the year before Income and Excess Profits Taxes amounted to \$2,284,272.85 as against \$1,754,013.74 last year, an increase of \$530,259.11. This increase is solely due to a reduction of depreciation which is shown at \$1,055,616.53 this year as against \$2,267,295.84 last year, a decrease of \$1,211,679.31. This reduction in depreciation is due to all Special Depreciation of plant purchased for war purposes having been completed last year.

Working Capital at \$9,091,132.77 shows an increase of \$1,469,086.43 over last year but is still only of modest proportions for a business of such magnitude and in relation to the Capital Expenditures which will be necessary to maintain the plant at requisite efficiency. The Company's Working Capital has been built up chiefly at the expense of the Bondholders of the predecessor Company whose interest charges of upwards of one million dollars a year on Bonds in excess of twenty million dollars have been saved to the enterprise since 1932.

HELEN MINE.

The operations of your Company's wholly owned subsidiary Algoma Ore Properties, Limited at the Helen Mine and sintering plant have been satisfactory. During the year under review 487,525 tons sinter have been made and shipped as compared with

473,744 tons in the previous year. This sinter, about 52% iron and 3% manganese, is sold in major part for use in United States furnaces and the balance in Canadian furnaces.

During the past year the East ore body at the Helen Mine has been brought into satisfactory production and for several years will furnish all our present ore requirements but the demand for Algoma Sinter is increasing and your Company intends to proceed gradually into underground mining with the purpose of an all year round operation in the future.

A sink float plant is being installed to eliminate excess silica in a percentage of the ore that has hitherto been treated as waste. This sink float plant should be ready for operation next year.

Within a few miles of our sintering plant a body of high grade hematite ore has been opened up—known as Josephine Mine—owned by Michipicoten Iron Mines Limited, which Company has entered into a long term contract with Algoma Ore Properties, Limited for the whole of its production—both lump ore and concentrate. This concentrate will be treated by us in our sintering plant. The Josephine ore will be a valuable addition to our ore enterprise.

The ore reserves of the Helen today as established by diamond drilling are estimated by our engineers to be in excess of 100,000,000 tons. The ore body has not been bottomed and at the lowest point reached by drills is wider than the average width down to that point.

GOULAIS MAGNETITE

No further development has been done at this property beyond that reported last year as the body of ore already established is of sufficient magnitude for many years operations. Our engineers are continuing to study the treatment being developed by various American companies on similar magnetite properties with the object of arriving at the most economic treatment. It is not our intention to begin operations on this property until plant deliveries can be guaranteed and sufficient mining labour is available.

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

JAMES DUNN,
President and Chairman,
Board of Directors

ALGOMA STEEL CORPORATION, LIMITED

BALANCE SHEET as at APRIL 30th, 1945

ASSETS

LIABILITIES

CURRENT

Cash	\$ 1,790,236.44	
Cash--Employees' deposits for Victory Bonds and War Savings Certificates per contra	21,024.00	
Bills and Accounts Receivable:		
Employees' Victory Bonds	16,410.00	
Sundry Debtors	4,873,021.49	4,889,431.49
Inventories:		
As determined by the management valued at the lower of cost or market:		
Raw materials, semi-finished products and supplies	7,400,957.99	
Saleable Products	553,441.88	
	7,954,399.87	
Advance Payments on Contracts	193,499.13	8,147,899.00
Algoma Steel Corporation, Limited First Mortgage Bonds—at par—purchased for Sinking Fund	25,000.00	14,873,590.93
ADVANCES TO SUBSIDIARY COMPANIES		313,646.97
INVESTMENTS		
Subsidiary Companies	1,065,424.01	
Other	28,003.98	1,093,427.99
PROPERTY AND EQUIPMENT		
Land, Buildings and Equipment	27,863,438.00	
Less: Reserve for Depreciation	10,760,738.44	17,102,699.56
PREPAYMENTS AND DEFERRED CHARGES		231,544.13

\$ 33,614,909.58

CURRENT

Bank Loan—Secured by Employees' Victory Bonds	\$ 16,410.00	
Employees' deposits for Victory Bonds and War Savings Certificates per contra	21,024.00	
Interest—First Mortgage Bonds—Due May 1, 1945	42,850.00	
Accrued Wages and Salaries	564,641.41	
Accounts Payable and Accrued Liabilities		
Sundry Creditors	2,704,465.09	
Subsidiary Companies	1,146,068.89	3,850,533.98
Current Liability re Plant Extension	500,000.00	
Unclaimed Dividends	233.13	
Unclaimed Interest on First Mortgage Bonds	10,437.50	
First Mortgage Bonds—Series "A"		
Sinking Fund payment due Nov. 1, 1945	190,500.00	
Income and Excess Profits Taxes	585,828.14	5,782,458.16
DEFERRED LIABILITY RE PLANT EXTENSION		1,469,312.93
RESERVES		
For Rebuilding and Relining Furnaces and other Operating Reserves	3,533,896.30	
For Excess Profits Tax	237,719.46	
For Contingencies	108,879.01	3,880,494.77
FUNDED DEBT		
First Mortgage Bonds—Series "A"	1,714,000.00	
Less: Sinking Fund payment—Due Nov. 1, 1945 (as above)	190,500.00	
	1,523,500.00	
Sinking Fund payment—Due 1946	190,500.00	
Sinking Fund payment—Due 1947	190,500.00	
Balance due 1948	1,142,500.00	1,523,500.00
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	7,078	
Converted into Common Stock	2,160 9,238	
Outstanding	17,152	1,715,200.00
Common Stock—No par value		
Authorized — 1,000,000 Shares		
Issued	412,700	10,274,500.00
	11,989,700.00	
Distributable Surplus	2,831,072.62	
Earned Surplus	6,118,371.10	20,939,143.72

\$ 33,614,909.58

NOTE: Under the provisions of Section 6 (1) (b) of the Excess Profits Tax Act the effect of an inventory reserve has been applied in calculating the current tax liability.

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, 1945, and report that we have received all the information and explanations which we have required.

In our opinion, 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, 1945, 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, August 10th, 1945.

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

ALGOMA STEEL CORPORATION, LIMITED

Profit and Loss Account

For the Year Ended April 30th, 1945

PROFIT FROM OPERATIONS.....		\$ 3,482,796.46
OTHER INCOME:		
Interest Earned		19,180.18
		<u>3,501,976.64</u>
INTEREST CHARGES:		
On Loans	\$ 71,887.26	
On First Mortgage Bonds.....	90,200.00	162,087.26
		<u>162,087.26</u>
PROFIT BEFORE DEPRECIATION.....		3,339,889.38
DEPRECIATION		
Plant and Equipment		1,055,616.53
		<u>1,055,616.53</u>
PROFIT FOR YEAR before providing for Income and Excess Profits Taxes.....		2,284,272.85
PROVISION FOR INCOME AND EXCESS PROFITS TAXES		<u>1,172,140.79</u>
NET PROFIT FOR THE YEAR		<u><u>\$ 1,112,132.06</u></u>

Earned Surplus Account

Balance at credit April 30th, 1944.....		5,193,624.04
Net Profit for the Year ended April 30th, 1945.....		1,112,132.06
		<u>6,305,756.10</u>
DEDUCT:		
Dividends on Preference Stock	87,385.00	
Appropriation for Reserve for Contingencies.....	100,000.00	187,385.00
		<u>187,385.00</u>
Balance at Credit April 30th, 1945.....		<u><u>\$ 6,118,371.10</u></u>

ALGOMA STEEL CORPORATION, LIMITED

Subsidiary Companies



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).

