

UNITED STEEL CORPORATION LIMITED

THIRTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED 31st DECEMBER, 1946

To Shareholders of United Steel Corporation, Limited:

Your Directors submit herewith the Thirteenth Annual Report of your Corporation for the year ended 31st December, 1946, comprising the Balance Sheet and General Statement of Income and Expenditures and Earned Surplus, duly certified by the Company auditors.

The Net Profits of the Corporation and its Subsidiary for the year, after allowing for taxes, amounted to \$404,968.38. Remaining Earnings, after payment of \$35,637.00 Preferred Dividend, amount to 78.6c per Common Share. The Standard Profits of the Corporation and its Subsidiary have been determined in an amount in excess of that amount estimated in computing tax liabilities for the past five years. The net effect of this and the completion of renegotiation of war contracts has been an increase to the Earned Surplus Account of \$711,241.76. Full allowable Depreciation was taken and all Plants and Equipment were maintained in first class condition.

The Earnings of our Subsidiary company not reflected in this Balance Sheet were considerable and its acquirement has strengthened our position in the trade from both a manufacturing and sales standpoint.

The substantial interest which was acquired in a modern iron foundry has lived up to expectations and our manufacturing facilities, by virtue of increased flow of raw materials, have and will continue to make its acquisition worthwhile.

The Inventories of Raw Material are in a good quantity position and the strikes in the steel industry that predominated during 1946, while somewhat of a handicap, did not deter us from having a good year of production. Our activities during the year under review were entirely of a peacetime nature and reflect earnings many times greater than the prewar years and business on our books is in good volume.

During the year we made arrangements with prominent United States manufacturers for lines of products in the Contracting, Mining and Pulp and Paper industries. These are now in a good state of production and the sales outlook is good.

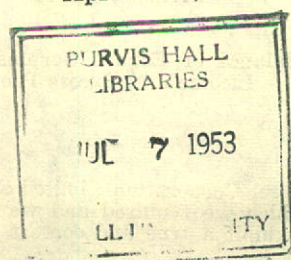
Your Directors and Officers are not prepared to venture predictions as to 1947 but will continue to devote themselves to the careful functioning of the Company and to the protecting of the Shareholders' interests.

The Directors wish to express their appreciation for the loyal and efficient services rendered by the Officers, Staff and Employees of the Corporation throughout the year.

On behalf of the Board,

T. J. DILLON,
President.

April 11th, 1947.



UNITED STEEL CORP

and its wholly owned

LONDON STEEL CONSTRUCTION

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in Bank	\$ 675,708.56
Accounts and Notes Receivable less Reserve	1,838,006.06
Due by Dominion Government	1,624,192.38
Inventories of Raw Materials and Supplies, Process and Finished Goods as determined and certified to by the Management and valued not higher than cost or market, whichever is the lower	2,450,108.03
Investments in Marketable Industrial Stocks (Market value \$53,325.75)	13,778.98
Investments in Other Industrial Stocks	117,000.00
Cash Surrender Value of Life Insurance Policies	42,488.64
	\$ 6,761,282.65

INVESTMENT IN SUBSIDIARY COMPANY:

Capital Stock, carried at	222,000.00
---------------------------	------------

PROPERTY ACCOUNT:

Land, Buildings and Plant appraised by Canadian Appraisal Company Limited in respect of the Dodge Manufacturing Company Limited on the basis of commercial value 16th January, 1929, and in respect of the Canadian Mead-Morrison Company Limited on the basis of commercial value 31st May, 1929, and in respect of the Standard Steel Construction Company Limited and Farand & Delorme Limited on the basis of purchase 18th January, 1941, and in respect of London Steel Construction Company Limited on the basis of purchase 30th June, 1943, with the cost of subsequent additions	4,330,076.70
--	--------------

DEFERRED CHARGES	81,339.15
------------------	-----------

BOND DISCOUNT	43,384.60
---------------	-----------

GOODWILL	1.00
----------	------

REFUNDABLE PORTION OF EXCESS PROFITS TAXES	151,341.95
--	------------

\$11,589,426.05

APPROVED ON BEHALF OF THE BOARD:

T. J. DILLON, Director.
A. G. HOUSE, Director.

CONSOLIDATED GENERAL STATEMENT EARNED SURPLUS FOR THE YEAR

Profit from Operations	
Revenue from Investments	
Distribution received from Subsidiary	

Deduct: Depreciation	
Remuneration to Executive Officers and Advisers	
Bond Interest	
Directors' Fees and Expenses	

Net Profit for Year	
Provision for Income Taxes	

Deduct: Amortization of Bond Discount	
Cost of Life Insurance	
Adjustments of Prior Years	

Add: Capital Gains	
Net Adjustment on determination of and completion of Renegotiation	

Additions to Earned Surplus through above	
Balance of Earned Surplus brought forward (including Refundable Portion of Excess Profits Taxes)	

Deduct: Dividend Class "A" Preference Shares	
Dividend Common Shares	

Balance of Earned Surplus 31st December 1946 (Income and Excess Profits Taxes)	
--	--

AUDITOR'S REPORT

To the Shareholders of United Steel Corporation Limited:

We have audited the books and accounts of United Steel Corporation Limited and its wholly owned subsidiaries. We obtained all the information and explanations which we required and we report that in our opinion the Balance Sheet and Earned Surplus is properly drawn up so as to exhibit a true and correct view of the financial position of the Companies on 31st December, 1946.

Toronto, 11th April, 1947.

ORATION LIMITED

ed Subsidiary
ION COMPANY LIMITED
T AS AT 31st DECEMBER, 1946

LIABILITIES

CURRENT LIABILITIES:

Bank Loans	\$2,058,018.64	
Accounts Payable and Accrued Charges	768,050.46	
Provision for Income and Excess Profits Taxes 1946	92,222.11	
		\$ 2,918,291.21
		1,675,658.07

RESERVES FOR DEPRECIATION

FIRST MORTGAGE SERIAL AND SINKING FUND BONDS:

3½% Serial Bonds due 1st September, 1947-55	\$ 540,000.00	
4% Sinking Fund Bonds due 1st September, 1960	1,000,000.00	
	1,540,000.00	
Interest Accrued	19,633.32	
		1,559,633.32

CAPITAL:

Class "A" Cumulative Redeemable Preference Shares

Par Value \$25.00 each:

Authorized 80,000 Shares, less Redeemed 11,128 Shares

Issued and Outstanding 31st December, 1945	23,758 Shares	593,950.00
Issued during the year	Nil	

Issued and Outstanding 31st December, 1946	23,758 Shares	593,950.00
--	---------------	------------

Common Shares of No Par Value:

Authorized 500,000 Shares

Issued and Outstanding 31st December, 1945	469,424 Shares	1,865,951.61
Issued during the year	Nil	

Issued and Outstanding 31st December, 1946	469,424 Shares	1,865,951.61
--	----------------	--------------

CAPITAL SURPLUS

EARNED SURPLUS (including Refundable Portion of Excess Profits Taxes)	2,891,830.54
	<u>\$11,589,426.05</u>

OF INCOME AND EXPENDITURE AND R ENDED DECEMBER 31st, 1946

	\$ 926,223.57	
	10,817.70	
	44,400.00	
		\$ 981,441.27
	\$ 189,071.70	
and Legal	71,165.17	
	70,300.00	
	7,350.00	
		\$ 337,886.87
		\$ 643,554.40
		243,178.13
		\$ 400,376.27
	\$ 4,585.80	
	393.86	
	5,756.12	
		10,735.78
		\$ 389,640.49
	\$ 15,327.89	
Standard Profits	711,241.76	
		726,569.65
		\$1,116,210.14
d from 31st December, 1945		1,975,555.82
s Profits Tax)		\$3,091,765.96
es	\$ 35,637.00	
	164,298.42	
		199,935.42
, 1946 (including Refundable		<u>\$2,891,830.54</u>

S' REPORT

igned subsidiary, London Steel Construction Company Limited, for the year ended 31st December, 1946.
our opinion the above Consolidated Balance Sheet and Consolidated Statement of Income and Expen-
abined Companies' affairs according to the best of our information and explanations given us and as shown

VIGEON & COMPANY,
Chartered Accountants.

PLANTS

TORONTO WELLAND PORT ROBINSON MONTREAL LONDON

OFFICES

TORONTO MONTREAL WINNIPEG VANCOUVER
KIRKLAND LAKE
WELLAND HAILEYBURY LONDON
LONDON, ENGLAND

CHIEF PRODUCTS

Elevator and Conveying Equipment
Power Transmission Machinery
Material Handling Equipment
Portable Conveyors
Hydraulic Presses
Grain Elevator Equipment
Coal and Ore Handling Bridges
Structural Steel — Buildings, Bridges
Steel Plate Work and Welded Steel Products
Mine Hoists
Chain and Belt Conveyors
Contractors' Equipment
Edge Moor Water Tube Boilers
Blaw-Knox Products
Automotive Equipment
Structural Steel Head Frames
Cummer Asphalt Plants
Baldwin-Southwark Products
Jigs, Tools, Fixtures
Aircraft Components
Shipbuilding Equipment
Sewage and Sanitation Equipment