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UNITED STEEL CORPORATION LIMITED

TWELFTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDED 31st DECEMBER, 1945

To Shareholders of United Steel Corporation, Limited:

Your Directors submit herewith the Twelfth Annual Report of your Corporation for the year ended 31st December, 1945, comprising the Balance Sheet and General Statement of Income and Expenditures and Earned Surplus, duly certified by the Company's auditors.

The Net Profit for the year amounted to \$601,325.00. After provision for Income and Excess Profits Taxes, amounting to \$369,418.08, the Net Earnings for the year amount to \$274,036.29, including \$42,129.37 Refundable Portion of Excess Profits Tax. After payment of \$35,637.00 Preferred dividend, the Earnings applicable to the Common shares amount to 50.8¢ per share, this being exclusive of Earnings from our holdings in subsidiary and other companies. After deductions as set forth in the Statement, balance of Earned Surplus at the year end amounted to \$1,957,342.17. Full allowable depreciation was taken and all Plants and equipment were maintained in first-class condition.

Contracts on our books are now more than \$5,000,000.00, which provides a substantial backlog for continuing production; prospects for additional large orders are bright, including new lines of products, particularly for the Mining, Pulp, Paper, Plastics and other industries.

In our 1944 report it was stated that reconversion offered no great problems and so it has proved, inasmuch as our four united Divisions—Dodge, Mead-Morrison, Standard Steel and Farand & Delorme—have long ceased the production of munitions and war equipment and are now fully engaged in the manufacture of peacetime products. Our record of performance for the Canadian Government during the war was of high order in every way. We have acquired a substantial interest in London Steel Construction Co. Limited, London, Ontario, and F. H. Hopkins & Company, Limited, Montreal, Quebec, both favourably located, and we have thereby not only strengthened our position in the trade from a manufacturing and sales standpoint but as they are good earners, they should soon be in a position to contribute to our revenue.

We have also acquired a substantial interest in a modern iron foundry thus expanding our group of Plants and, with this economical producer of grey-iron castings, our manufacturing facilities will thereby be speeded up, greater volume attained and lower costs made possible.

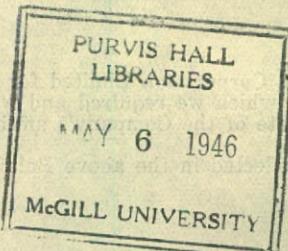
An entirely new departure will be the wide marketing of steel and alloy products from four new Warehouses, strategically located at Toronto, Welland, London and Montreal; the supplies of material will be furnished by leading Canadian and United States steel mills.

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, especially in connection with our war effort.

On behalf of the Board,

T. J. DILLON,
President.

April 1st, 1946.



UNITED STEEL COR

BALANCE SHEET AS A

UNITED STEEL CORPORATION LIMITED

CURRENT ASSETS:

ASSETS	
Cash on hand and in Bank	\$ 520,335.40
Accounts and Notes Receivable less Reserve	1,393,186.37
Due by Dominion Government	758,491.17
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	1,412,580.96
Investments in Industrial Stocks (Market value \$325,215.00)	318,778.98
Dominion of Canada Bonds (Market value \$433,090.00)	428,940.68
Cash Surrender Value of Life Insurance Policies	40,037.39
	\$ 4,867,350.95

INVESTMENT IN SUBSIDIARY COMPANIES:

Common and Preferred Shares, carried at	394,030.00
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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, with the cost of subsequent additions	3,926,471.18
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DEFERRED CHARGES

63,743.97

BOND DISCOUNT

48,000.00

GOODWILL

1.00

REFUNDABLE PORTION OF EXCESS PROFITS TAXES

415,627.66

\$9,715,224.76

APPROVED ON BEHALF OF THE BOARD:

T. J. DILLON, Director.

A. G. HOUSE, Director.

UNITED STEEL COR STATEMENT OF INCOME AND EXP FOR THE YEAR ENDE

Profit from Operations
Income from Investments

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

Net Profit for the year
Provision for Income and Excess
Less Refundable Portion

Deduct: Amortization of Bond Discount
Cost of Life Insurance

Less Capital Gains (Net)

Earned Surplus for the year
Balance of Earned Surplus brought forward
ber, 1944 (including Refundable Portio
Tax)

Deduct: Additional Income Taxes for prev

Deduct: Financing Expenses, including pre
and unamortized discount on old
Dividend Class "A" Preference Sh

Balance of Earned Surplus 31st Dec
REFUNDABLE PORTION OF EXCESS I

AUDITOR

To the Shareholders of United Steel Corporation Limited:

We have audited the books and accounts of United Steel Corporation Limited for the year ended 31st December, 1945. We have obtained all the information and explanations which we required and we report that is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to 31st December, 1945.

The Operations of the Subsidiary Companies are not reflected in the above Balance Sheet.

Toronto, 1st April, 1946.

PORATION LIMITED

TO 31st DECEMBER, 1945

LIABILITIES

CURRENT LIABILITIES:

Bank Loans	\$ 947,280.41
Accounts Payable and Accrued Charges	1,069,998.88
Provision for Income and Excess Profits Taxes	174,868.08
	<u>\$ 2,192,147.37</u>

RESERVES FOR DEPRECIATION

FIRST MORTGAGE SERIAL AND SINKING FUND BONDS:	
3 1/2% Serial Bonds due 1st September, 1946-55	\$ 600,000.00
4% Sinking Fund Bonds due 1st September, 1960	1,000,000.00
	<u>1,600,000.00</u>
Interest Accrued	20,333.32
	<u>1,620,333.32</u>

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, 1944	23,758 Shares
Issued during the year	593,950.00
	Nil
Issued and Outstanding 31st December, 1945	23,758 Shares
	593,950.00
Common Shares of No Par Value:	
Authorized 500,000 Shares	
Issued and Outstanding 31st December, 1944	469,419 Shares
Issued during the year	1,865,931.61
	5 Shares
	20.00
Issued and Outstanding 31st December, 1945	469,424 Shares
	1,865,951.61
EARNED SURPLUS (including Refundable Portion of Excess Profits Taxes)	<u>1,957,342.17</u>
	<u>\$9,715,224.76</u>

PORATION LIMITED

EXPENDITURE AND EARNED SURPLUS

TO 31st DECEMBER, 1945

\$ 897,300.82	
12,949.33	
<u>\$ 182,770.74</u>	<u>\$ 910,250.15</u>
and Legal	
66,379.99	
50,324.42	
9,450.00	
<u>308,925.15</u>	
Profits Taxes	
\$ 369,418.08	
42,129.37	
<u>601,325.00</u>	
274,036.29	
\$ 5,190.80	
905.75	
<u>272,288.71</u>	
6,096.55	
128.51	
<u>5,968.04</u>	
from 31st Decem- of Excess Profits	
\$1,788,504.47	
us years	
1,470.21	
<u>1,787,034.26</u>	
Sum on new bonds	
nds redeemed	
\$ 62,123.34	
res	
35,637.00	
<u>97,760.34</u>	
ber, 1945 (including	
OFITS TAX	<u>\$1,957,342.17</u>

REPORT

1st December, 1945.

our opinion the attached Balance Sheet and Statement of Income and Expenditure and Earned Surplus
the best of our information and explanations given us and as shown by the books of the Company on

