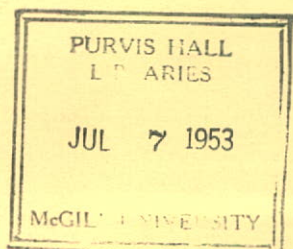


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UNITED STEEL CORPORATION LIMITED

Fifteenth Annual Report



FOR THE FISCAL YEAR
ENDED 31st DECEMBER, 1948

United Steel Corporation Limited

BOARD OF DIRECTORS

T. J. DILLON	- - - - -	New York
HON. SALTER A. HAYDEN, K.C.	- - - - -	Toronto, Ont.
A. G. HOUSE	- - - - -	Toronto, Ont.
F. L. HAVILAND	- - - - -	Welland, Ont.
R. T. NORTHCOTE	- - - - -	Welland, Ont.
W. EWART BANNERMAN	- - - - -	Toronto, Ont.
H. E. HALL	- - - - -	Toronto, Ont.
D. H. McDOUGALL	- - - - -	Montreal, Que.
BRIG. R. A. MACFARLANE	- - - - -	Toronto, Ont.
G. R. GARDINER	- - - - -	Toronto, Ont.
E. E. H. WRIGHT	- - - - -	St. Catharines, Ont.

OFFICERS

T. J. DILLON	- - - - -	Chairman and President
HON. SALTER A. HAYDEN, K.C.	- - - - -	Vice-President and Secretary
A. G. HOUSE	- - - - -	Vice-President and Treasurer
F. L. HAVILAND	- - - - -	Vice-President, Standard Steel Construction Division
E. L. SMITH	- - - - -	Assistant Secretary
R. J. WEIR	- - - - -	Assistant Treasurer

SOLICITORS

McCARTHY AND McCARTHY	- - - - -	Toronto, Ontario
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TRANSFER AGENTS

THE ROYAL TRUST COMPANY	- - - - -	Toronto, Ontario
THE EASTERN TRUST COMPANY	- - - - -	Montreal, Quebec

United Steel Corporation Limited

President's Report

To Shareholders of United Steel Corporation Limited:

Your Directors submit herewith the Fifteenth Annual Report of your Corporation for the year ended 31st December, 1948, comprising the Balance Sheet and General Statement of Income and Expenditure and Earned Surplus, duly certified by the Companies' Auditors.

The Assets of two of the Subsidiaries not heretofore fully included in the Annual Reports are now incorporated in the Balance Sheet, which reflects the entire Assets of the Corporation and its Subsidiaries.

Net Profits for the Corporation and its wholly owned subsidiaries, after providing for full allowable Depreciation and for both Federal and Provincial Taxes, amounted to \$805,602.72. After payment of \$35,637.00 Preferred Dividend, remaining Earnings were \$1.70 per Common Share, or \$769,965.72, of which \$234,714.48 was disbursed in Common Dividends, as compared with \$1.29 per Common Share in 1947, or \$607,202.44, of which \$246,447.51 was disbursed in Common Dividends.

Our current position has improved very satisfactorily when compared with the year 1947. For comparison, the ratio of Current Assets to Current Liabilities as of 31st December, 1948, was 3.2 to 1, against 31st December, 1947, of 1.9 to 1. Our Bank Overdraft for the period ended 31st December, 1948, was \$137,737.95 and, as at 31st December, 1947 was \$1,530,152.29, a reduction of \$1,392,414.34.

Inventories as of 31st December, 1948, are down approximately \$500,000.00 from the 1947 period, which is a healthy sign under present conditions, as raw materials, from present indications, are more readily obtainable.

Sales for the period under review were substantially over those of the 1947 period. Business on Hand is in good volume and solely for domestic markets.

Additions to Machinery and Equipment were made during 1948 and these expenditures are justifying themselves through the lowering of costs and increasing of production.

The Corporation is continuing to increase its scope of manufacturing by the addition of new lines of steel products and Contractors' equipment,

particularly at the Welland Division, which was formerly the Munitions Plant and which was purchased by your Corporation from the Government.

Your Directors do not wish to make predictions as to the future, due to unsettled conditions throughout the world, but they will continue to devote themselves to the careful functioning of the Corporation 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 9, 1949.

United Steel Corp and its wholly owned

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash on hand and in Bank	\$ 149,766.32	
Accounts and Notes Receivable less Reserve	1,635,784.06	
Inventories of Raw Materials and Supplies, Process and Finished Goods as determined and cer- tified to by the Management and valued not higher than cost or market, whichever is the lower	2,954,492.96	
Investments in Marketable Bonds and Stocks (Market value \$53,247.40)	50,471.18	
Cash Surrender Value of Life Insurance Policies	46,780.14	
		\$ 4,837,294.66

Property Account:

Land, Buildings and Plant of the Parent Corpora- tion and London Steel Construction Company, Limited, as appraised by Canadian Appraisal Company, Limited, on the basis of commercial value 16th January, 1929, 31st May, 1929, and 31st December, 1947, at Toronto, Wel- land and London Plants respectively; of Standard Steel Construction Company, Limited, and Farand & Delorme, Limited, and F. H. Hopkins & Company, Limited, at cost; all with the cost of additions		5,573,346.99
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Deferred Charges:

Prepaid Insurance and other Expenses	\$ 92,497.91	
Bond Discount	34,721.40	
		127,219.31

Goodwill 2.00

Refundable Portion of Excess Profits Taxes 10,658.98

APPROVED ON BEHALF OF THE BOARD:

T. J. DILLON, Director.

A. G. HOUSE, Director.

\$10,548,521.94

Corporation Limited

Owned Subsidiaries

as at 31st December, 1948

LIABILITIES			
Current Liabilities:			
Bank Loans	\$	287,504.27	
Accounts Payable and Accrued Charges		700,120.66	
Provision for Federal and Provincial Taxes 1948		521,031.04	
			\$ 1,508,655.97
Reserves for Depreciation			1,598,750.71
First Mortgage Serial and Sinking Fund Bonds:			
3½% Serial Bonds due 1st September, 1949-55	\$	420,000.00	
4% Sinking Fund Bonds due 1st September, 1960		1,000,000.00	
	\$	1,420,000.00	
Interest Accrued		18,233.32	
			1,438,233.32
First Mortgage F. H. Hopkins & Company Limited:			
4½% First Mortgage, Payable Monthly, Balance Due in 1958			89,665.63
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, 1947	23,758 Shares	\$ 593,950.00	
Issued during the year	Nil		
Issued and Outstanding 31st December, 1948	23,758 Shares		593,950.00
Common Shares of No Par Value:			
Authorized 500,000 Shares			
Issued and Outstanding 31st December, 1947	469,429 Shares	\$ 1,865,971.61	
Issued during the year	Nil		
Issued and Outstanding 31st December, 1948	469,429 Shares		1,865,971.61
Capital Surplus			211,239.57
Earned Surplus (including Refundable Portion of Excess Profits Taxes)			3,242,055.13
			<u>\$10,548,521.94</u>

United Steel Corporation Limited

CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE AND EARNED SURPLUS FOR THE YEAR ENDED 31st DECEMBER, 1948

Profit from Operations	\$ 1,846,757.67	
Revenue from Investments	2,817.33	
		\$ 1,849,575.00
Deduct:		
Depreciation	\$ 229,961.51	
Remuneration to Executive Officers and Legal Advisers	142,690.43	
Bond Interest	56,100.00	
Directors' Fees and Expenses	12,240.00	
		440,991.94
Net Profit for Year		\$ 1,408,583.06
Provision for Taxes		602,980.34
		\$ 805,602.72
Deduct:		
Amortization of Bond Discount	\$ 4,231.00	
Cost of Life Insurance	703.58	
		4,934.58
Net Additions to Earned Surplus		\$ 800,668.14
Balance of Earned Surplus brought forward from 31st December, 1947 (including Refundable Income and Excess Profits Taxes)		3,038,833.83
		\$ 3,839,501.97
Deduct:		
Dividend Class "A" Preference Shares	\$ 35,637.00	
Dividend Common Shares	234,714.48	
Adjustment of Prior Years	327,095.36	
		597,446.84
Balance of Earned Surplus 31st December, 1948 (in- cluding Refundable Excess Profits Taxes)		<u>\$ 3,242,055.13</u>

United Steel Corporation Limited

Auditors' Certificate

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, London Steel Construction Company Limited, United Steel Sales Limited, and Toronto Foundry Company Limited, for the year ended 31st December, 1948, and have obtained all the information and explanations which we have required. In the case of F. H. Hopkins & Company Limited, also a wholly owned subsidiary, we have accepted the Financial Statements of 31st December, 1948, as reported on by the Auditors of that Company.

We report that in our opinion the foregoing Consolidated Balance Sheet and Consolidated Statement of Income and Expenditure and Earned Surplus is properly drawn up so as to exhibit a true and correct view of the combined Companies' affairs, according to the best of our information and the explanations given us and as shown by the books of the Companies on 31st December, 1948.

VIGEON & COMPANY,

Chartered Accountants.

Toronto, 9th April, 1949.

United Steel Corporation Limited

Head Office

58 Pelham Ave., Toronto, Ontario

SUBSIDIARIES AND PLANTS

CANADIAN MEAD-MORRISON DIVISION	-	-	-	Welland, Ont.
DODGE MANUFACTURING DIVISION	-	-	-	Toronto, Ont.
F. H. HOPKINS & CO. LIMITED	-	-	-	Montreal, Que.
FARAND AND DELORME DIVISION	-	-	-	Montreal, Que.
LONDON STEEL CONSTRUCTION CO. LTD.	-	-		London, Ont.
STANDARD STEEL CONSTRUCTION DIVISION				Port Robinson, Ont.
TORONTO FOUNDRY COMPANY LIMITED	-	-		Toronto, Ont.
UNITED STEEL SALES LIMITED	-	-	-	Toronto, Ont.

OFFICES

TORONTO	MONTREAL	WINNIPEG	VANCOUVER
KIRKLAND LAKE			
WELLAND	HAILEYBURY	LONDON	

United Steel Corporation Limited

PRODUCTS

Elevating and Conveying Equipment
Power Transmission Machinery
Material Handling Equipment
Portable Conveyors
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
Structural Steel Head Frames
Cummer Asphalt Plants
Baldwin-Southwark Products
Sewage and Sanitation Equipment
Pulp and Paper Machinery
Distributors Iron and Steel Products

