

ALGOMA STEEL CORPORATION, LIMITED

FIFTEENTH ANNUAL REPORT

For the year ended April 30th, 1950

President's Report

Sault Ste. Marie, Ontario
November 17, 1950.

To the Shareholders:

The Board of Directors herewith submits your Company's financial statements and your Auditors' report for the fiscal year ended April 30, 1950.

	Year Ended	
	April 30, 1950	April 30, 1949
Profit from Operations.....	\$ 7,558,341	\$ 7,958,982
Profit before Income Taxes.....	6,137,312	6,603,222
Income and Excess Profit Taxes.....	2,559,974	2,567,266
Net Profit.....	*3,577,338	4,035,956
Net Profit per New Common Share.....	2.17	2.44
Earned Surplus.....	17,205,748	13,628,410
Working Capital.....	16,344,188	14,056,064

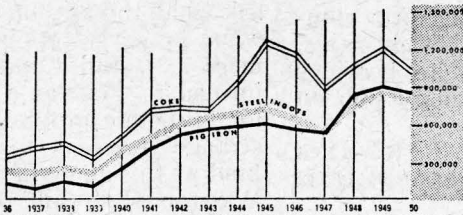
Since the issue of 1949 Report the common shares of your Company have been divided, each old share into four new shares, so that instead of 412,700 shares there are now outstanding 1,650,800 shares. This division was authorized by supplementary letters patent dated October 18, 1949.

The lower net profit in 1950 results from lower sales volume and an increase in the tax rate.

Production amounted to 1,040,765 tons coke, 831,768 tons iron and 802,448 tons steel ingots. The following chart gives a comparison of coke, iron and steel production with previous years.

*Transferred to Earned Surplus.

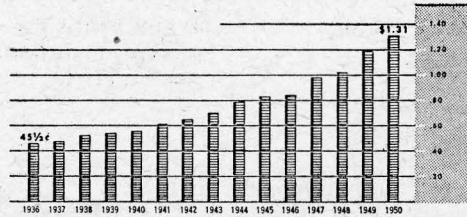
PRODUCTION OF COKE, PIG IRON AND STEEL INGOTS
BY FISCAL YEARS IN NET TONS



A total of \$1,421,267 was spent on additions to and improvements in Plant Equipment and a further reduction of \$250,000 was effected in Plant Extension Liability. This Plant Extension Liability will be completely discharged in 1951. Working Capital increased by \$2,288,124.

A new working agreement has been made with the United Steel Workers, Local 2251—effective for one year from May 1, 1950. This agreement incorporated several major changes. An increase in rates of pay of 8 cents an hour was agreed to, effective April 23, 1950 and the basic work week was reduced from 44 to 40 hours. The trend to higher wages continues and the average hourly wage has increased, in the fifteen years since the Incorporation of this Company, from 45½ cents in 1936 to \$1.31 in 1950.

AVERAGE HOURLY WAGE RATE
BY FISCAL YEARS



It was also agreed that an Employees Welfare Plan and a Pension Plan, acceptable to the Company would be submitted to the Union, and it is hoped that agreement of both sides will be effective by May 1, 1951.

During the past year your Directors, with the advice of most highly regarded authorities on iron and steel enterprise and its engineering, have decided on a comprehensive policy of extension and modernization of existing facilities for the purpose of substantially increasing tonnage of finished steel products, range of output and economies in production.

On June 1, 1950 your Company purchased the Plant of Canadian Furnace Limited, at Port Colborne, Ontario and transferred same to Algoma Steel Corporation's wholly owned subsidiary—Canadian Furnace Co., Limited—which Company will operate the two Blast Furnaces and ancillary equipment. The larger of the two furnaces has just been relined and both furnaces are now in good operating condition and will between them produce from 650 to 700 tons of pig iron daily. The location of this plant at the entrance to the Welland Canal carries your Company's operations into the centre of industrialized old Ontario.

Algoma Ore Properties, Limited produced and sold during year under review 773,852 tons of Algoma Sinter, an increase of approximately 200,000 tons over previous year. Underground operation by block cave system in Helen ore body is now in operation and completely successful producing at rate of 1,000,000 tons of sinter a year. The ore field in the vicinity of the Helen, Victoria and Siderite Hill expands under our continuous exploration.

Our wholly owned subsidiaries—Cannelton Coal & Coke Company and Lake Superior Coal Company, in West Virginia, operated only 217 days during this fiscal year due to labour shutdowns affecting the coal industry of America generally.

The most modern cleaning plant is being installed at Cannelton to provide washed coal for its customers, chief of which is Algoma Steel Corporation. In spite of reduced days of operation in the coal trade our efficient associates in our coal Companies provided from our own mines and purchases full coal requirements of Algoma Steel Corporation.

Your Directors acknowledge and extend thanks for loyal service rendered by officers and employees during the year under review.

JAMES DUNN,
President and Chairman,
Board of Directors.

Balance Sheet

as at April 30th, 1950

ASSETS

CURRENT:			
Cash	\$ 3,749,876		
Bills and Accounts Receivable:			
Sundry Debtors ..	\$8,027,582		
Subsidiary Companies	1,919	8,029,501	
Inventories:			
As determined by the management valued at the lower of cost or market:			
Raw Materials, Semi-finished Products and Supplies	\$7,103,270		
Saleable Products	976,130		
	\$8,079,400		
Advance Payments on Contracts	730,389	8,809,789	
			\$20,589,166
ADVANCES TO SUBSIDIARY COMPANIES			20,000
INVESTMENTS:			
Subsidiary Companies	\$ 1,620,924		
Marketable Securities at Cost	1,407,171		
Other	58,794	3,086,889	
PROPERTY AND EQUIPMENT:			
Land, Buildings and Equipment	\$30,774,012		
Less: Reserve for Depreciation	15,346,873		
	\$15,427,139		
Franchise	20,000	15,447,139	
PREPAYMENTS AND DEFERRED CHARGES			381,497
			\$39,524,691

LIABILITIES

CURRENT:			
Accrued Wages and Salaries		\$ 1,274,226	
Accounts Payable and Accrued Liabilities:			
Sundry Creditors ..	\$1,054,922		
Subsidiary Companies	20,424	1,075,346	
Current Liability re Plant Extension		250,000	
Income Taxes		1,645,406	
			\$ 4,244,978
DEFERRED LIABILITY RE PLANT EXTENSION			239,313
RESERVES:			
For Rebuilding and Relining Furnaces and Other Operating Reserves		\$ 4,706,332	
For Contingencies		21,098	
			4,727,430
CAPITAL STOCK AND SURPLUS:			
Common Stock—No par value:			
Authorized—4,000,000 shares Issued—1,650,800 shares		\$10,274,300	
Distributable Surplus Earned Surplus		2,832,722	
		17,205,748	
			30,312,970
			\$39,524,691

Profit and Loss Account

For the Year Ended April 30th, 1950

PROFIT FROM OPERATIONS	\$ 7,558,341
OTHER INCOME:	
Dividends Received	\$43,517
Bond Interest	180
	43,697
	7,602,038
INTEREST ON LOANS	65,671
PROFIT BEFORE DEPRECIATION	7,536,367
DEPRECIATION:	
Plant and Equipment	1,399,055
PROFIT FOR YEAR before providing for Income Taxes	6,137,312
PROVISION FOR INCOME TAXES	2,559,974
NET PROFIT FOR THE YEAR	\$ 3,577,338

Earned Surplus Account

Balance at Credit, April 30th, 1949	\$13,628,410
Net Profit for the year ended April 30th, 1950	3,577,338
Balance at Credit, April 30th, 1950	\$17,205,748

AUDITORS' REPORT

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, 1950, and report that we have received all the information and explanations which we have required.

In our opinion, the above Balance Sheet and relative 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, 1950, 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, October 14th, 1950.

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