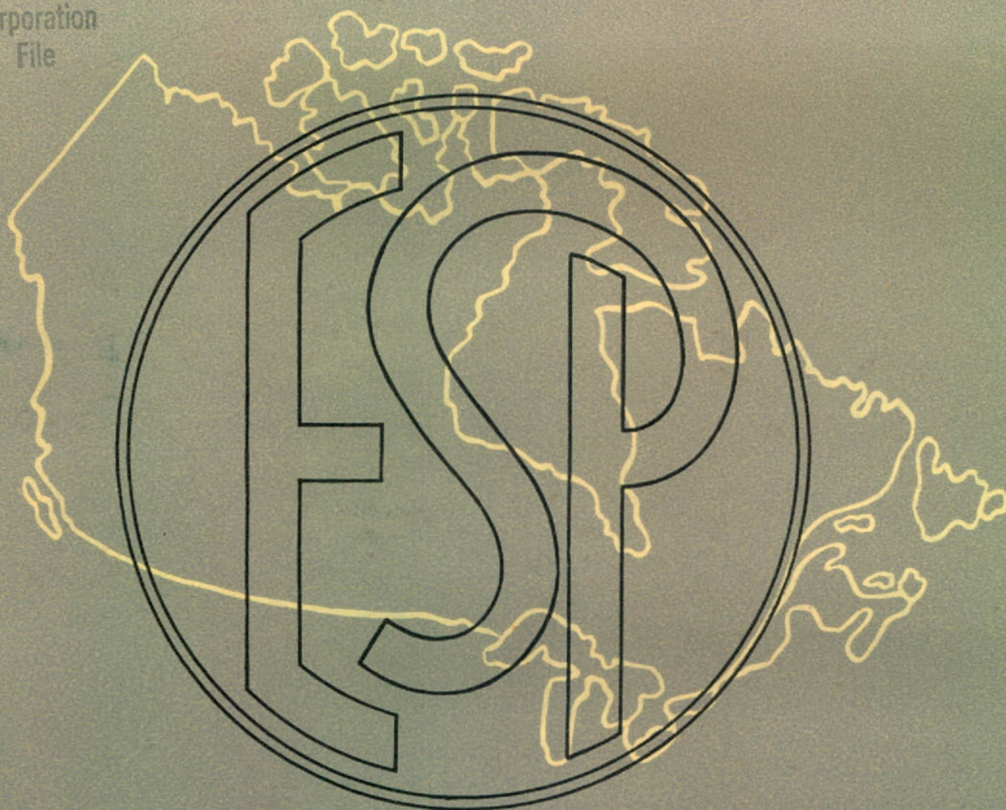
Corporation File



SERVING CANADA *with* STEEL PRODUCTS *for* FIFTY YEARS

1897 1947

ANNUAL REPORT 1946

Eastern Steel Products *Limited*

Eastern Steel Products Limited

PRESTON TORONTO MONTREAL

Board of Directors

W. L. BAYER N. T. BERRY, K.C. A. K. CAMERON

A. B. DAVIDSON W. H. DENTON

J. E. LABELLE, K.C. J. G. LORRIMAN

GORDON McMILLAN, K.C. COL. W. E. PHILLIPS

Officers

Chairman of the Board	A. K. CAMERON
President	J. G. LORRIMAN
Vice-President	W. L. BAYER
General Manager	F. J. MADELY
Secretary-Treasurer	N. T. BERRY

Head Office

PRESTON, ONTARIO

Factories at

MONTREAL

TORONTO PRESTON

To the Shareholders of

EASTERN STEEL PRODUCTS LIMITED

Preston, Ontario, Canada,
March 14th, 1947.

Your Directors submit herewith, their Twentieth Annual Report on the operations of your Company and its subsidiaries for the fiscal year ended November 30, 1946 together with audited Consolidated Balance Sheet, at that date, and a statement of related earned surplus, and profit and loss. The fiscal year of W. D. Beath & Son Limited was concluded November 30, so as to synchronize with Eastern Steel Products Limited. The consolidated statement, therefore covers only eleven month's operations of the Beath subsidiary.

The protracted steel strike of last summer seriously hampered operations in all our divisions, as steel supplies from our principal sources, were cut off for nearly four months. This had a very adverse effect on earnings for the last five months of the fiscal year.

Net earnings, after providing for depreciation of $52,281.98 and income and excess profits taxes of $177,500.00, amounted to $236,136.63. Dividends of 60c. per share amounting to $172,886.40 were paid on the common shares of the Company, while dividends and premium on redemption of preferred shares totalled $796.25. The stock was recently placed on a 15c. quarterly dividend basis. Earned surplus was increased from $652,079.98 to $770,850.18.

During the year the fixed assets were independently appraised to establish their present values. The excess appraisal value of fixed assets over net book value less the book value of patents, leases and goodwill which have been written off appears on the balance sheet at $1,886,231.27.

Working capital, at the end of the fiscal year, stood at $1,490,809.65 and, in addition, refundable portion of excess profits taxes amounted to $371,500.00.

To all members of the organization, the Directors wish to express grateful appreciation of their loyal and untiring efforts, in meeting the various problems of a year which presented many unusual difficulties.

On behalf of the Board,

J. G. LORRIMAN,
President.

Eastern Ste
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AND ITS
THE A. B. ORM
W. D. BEATH

CONSOLIDATED

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ASSETS

Current Assets:		
Cash and bank balances ....$	183,653.55	
Investments at cost:		
Dominion of Canada Bonds (market value $362,925.00)	358,000.00	
Shares of other companies (market value 33,010.00)	34,873.25	
Accounts receivable (less bad debt reserve)..........	432,233.89	
Inventories as determined and certified by the management — valued at estimated cost for goods finished and in process and the lower of cost or market for raw materials, etc.	1,136,249.79	
Prepaid expenses and accrued revenue	38,527.68	$2,183,538.16
Life Insurance cash surrender value..........		87,744.56
Refundable portion of excess profits taxes..........		371,500.00
Fixed Assets:		
Land, buildings, plant and equipment at depreciated appraisal value as per appraisals by Industrial Valuation Company, Limited in 1946 plus subsequent additions at cost		3,314,993.69
Deferred Charges:		
Debenture issue expenses less portion amortized..........		49,314.35
		$6,007,090.76

Approved on behalf of the Board.

J. G. LORRIMAN, Director.
W. L. BAYER, Director.

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SUBSIDIARIES

SBY CO. LIMITED

ND

& SON LIMITED

BALANCE SHEET

r 30, 1946

LIABILITIES

Current Liabilities:		
Accounts payable and accrued expenses	$ 515,388.27	
Provision for Federal taxes	128,111.04	
Debenture interest accrued and principal payment maturing April 1, 1947	49,229.20	$ 692,728.51
First Secured Debentures, Series "A":		
Maturing $40,000. annually 1947 to 1956, $50,000. annually 1957 to 1961 and $850,000. in 1966. Sinking fund payments of $50,000. annually to commence in 1962. Interest at varying rates from 2½% to 4% depending on maturity. Amount issued	1,500,000.00	
Less Payment due April 1, 1947 shown above	40,000.00	1,460,000.00
Reserve for Contingencies		50,000.00
Minority Interest in Subsidiary Company		156,748.69
Excess Appraisal Value of fixed assets over net book value, less book value of patents, leases and goodwill		1,886,231.27
Capital Stock and Surplus:		
Capital Stock:		
Authorized 400,000 shares of no par value:		
Issued 288,144 shares	990,532.11	
Earned surplus	770,850.18	1,761,382.29
		$6,007,090.76

NOTE—Contract for building extension, estimated to cost $115,000.00 has been made for completion during 1947.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Eastern Steel Products Limited and its subsidiary companies for the fiscal period ended November 30, 1946 and have obtained all the information and explanations we have required. We report that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the combined affairs of the said companies as at November 30, 1946 according to the best of our information and the explanations given us and as shown by their books.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Toronto, Canada,
February 17, 1947.

Eastern Steel Products Limited

AND ITS SUBSIDIARIES
THE A. B. ORMSBY CO. LIMITED
AND
W. D. BEATH & SON LIMITED

CONSOLIDATED PROFIT & LOSS and EARNED SURPLUS ACCOUNT

Year ended November 30, 1946

Earned surplus, December 1, 1945				$652,079.98
Net operating profit for year (see footnote) after deducting all expenses, including executive salaries and legal fees $34,042.71 but before undermentioned items			$440,814.12	
Add:				
Income from investments			13,840.78	
Profit on investments and assets sold			14,041.86	
Life insurance—increase in cash surrender value			3,554.98	
			$472,251.74	
Deduct:				
Provision for depreciation		$ 52,281.98		
Income and excess profits taxes	$178,500.00			
Less Refundable portion	1,000.00	177,500.00		
Minority interest in profits of subsidiary company		6,333.13	236,115.11	
Net earnings for year			236,136.63	
Transfer of reserves for guarantees and inventory			50,000.00	
Recoveries and adjustments relating to prior years			6,316.22	292,452.85
				944,532.83
Deduct:				
Dividends paid, aggregating 60c. a share			$172,886.40	
Dividends and premium on redemption of preferred stock			796.25	173,682.65
Earned surplus, November 30, 1946				$770,850.18

FOOTNOTE—Includes only eleven months' profits of W. D. Beath & Son Limited as its fiscal year previously ended December 31.

List of Products . . .

AGRICULTURAL PRODUCTS

Tite-Lap and Rib-Roll Galvanized Roofing
Preston Steel Truss Barns
"Add-a-Unit" Farm Buildings
Statite Led-Hed Roofing Nails
Preston Barn Door Track
Preston Barn Door Hardware
Preston Barn Ventilators
Corrugated Steel Tanks
Corrugated Galvanized Roofing
Steel Granary Lining
Steel Hog Troughs
Stable Ventilation Systems
Steel Sash for Stables, etc.
Steel Silo Roofs

POULTRY EQUIPMENT

Brooder Houses
Brooder Stoves
Battery Brooders
Brooder Accessories
Poultry Waterers
Poultry Feeders
Water Heaters
Poultry Houses
Poultry House Lighting
Ventilation Systems
Metal Nests
Laying Cages
Developer Cages
Incubators
Remedies and Sanitation Products
Killing and Dressing Equipment
Egg Candlers
Chick Box Staplers
Hen Specs

BEATH PRODUCTS

Steel Drums and Barrels
Dump Bodies and Hoists
Truck Tanks
Frink Sno-Plows
Road Scrapers
Underground Storage Tanks
Basement Fuel Oil Tanks

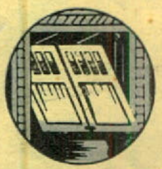
CONSTRUCTION PRODUCTS

Built-up Roofing
Lift-EZE Overhead Garage Door Hardware
Ormsby-Barcol OVERdoors
Metal Lath and Corner Bead
Eavetrough and Conductor Pipe
Aluminum Windows
Metal Ceilings
Metal Garages
Galvanized Ridge Roll
Revolving Doors
Acme Ready Roll Roofing
Ormsby-Lupton Steel Sash
Ormsby Rolling Steel Doors
Kalamein Doors

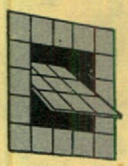
INDUSTRIAL PRODUCTS

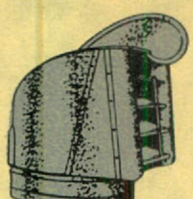
Skylights
Ormsby-Swartwout Revolving Ventilators
Espair Industrial Ventilators
Metal Clad Industrial Buildings
Heavy Gauge Corrugated Iron
Metal Awnings
Steel Awning Brackets
Heavy Sheet Metal Work
Stainless Steel Tanks
Shipping Doors
Ormsby Steel Roof Deck


METAL ROOFING

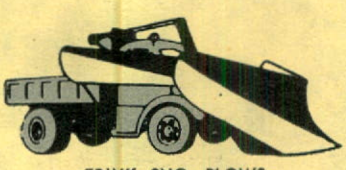

OVERHEAD GARAGE DOOR HARDWARE

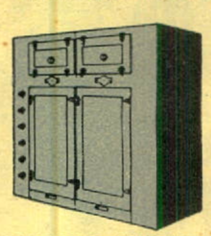

PRESTON BARNS

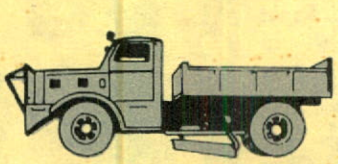

STEEL SASH

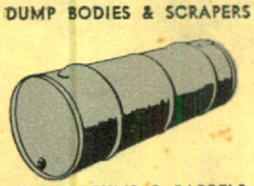

VENTILATORS


BROODER STOVES


FRINK SNO - PLOWS


JAMESWAY INCUBATORS


DUMP BODIES & SCRAPERS


STEEL DRUMS & BARRELS