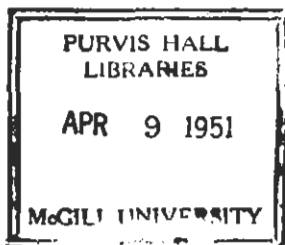


ALUMINUM COMPANY OF CANADA, LIMITED

1950

FINANCIAL STATEMENTS



ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet
31st December 1950

ASSETS

	<u>31st December 1950</u>	<u>31st December 1949</u>
Current Assets:		
Cash	\$ 14,016,460	\$ 12,331,446
Cash received 3rd January 1951 from sale of \$50,000,000 3½% sinking fund debentures, due 1971	49,375,000	—
Funds set apart for preferred dividend payable 1st March 1951	136,005	139,004
Canadian Government bonds (quoted value \$26,494,570)	26,667,908	23,414,813
Receivables, less provision for doubtful accounts	6,527,615	7,760,327
Receivable from affiliated companies	12,676,033	13,175,668
Inventories of aluminum, materials and supplies, at cost or under, which is not in excess of market	<u>38,424,823</u>	<u>39,826,927</u>
	<u>147,823,844</u>	<u>96,648,185</u>
Prepaid expense and deferred charges	5,695,908	4,488,460
Indemnity, surety and other deposits	<u>569,102</u>	<u>574,479</u>
Investment in shares of an affiliated company	16,750	16,750
Lands, plants, riparian rights, and facilities, at cost	352,051,983	350,549,779
Less: Amortization, depreciation and depletion	<u>241,830,276</u>	<u>234,477,856</u>
	<u>110,221,707</u>	<u>116,071,923</u>
	<u>\$264,327,311</u>	<u>\$217,799,797</u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet
31st December 1950

LIABILITIES

	<u>31st December 1950</u>	<u>31st December 1949</u>
Current Liabilities:		
Payables, including accrued liabilities	\$ 11,968,543	\$ 9,885,489
Notes payable to Aluminium Limited	—	5,500,000
Payable to affiliated companies	404,885	387,595
Preferred dividend payable 1st March 1951	136,005	139,004
Provision for income and other taxes	13,592,633	10,783,954
Other indebtedness payable within one year (note 2)	1,905,000	1,785,320
	<u>28,007,066</u>	<u>28,481,362</u>
Indebtedness not maturing within one year (note 2)	149,237,185	104,651,674
Deferred profit on sales of aluminum for future delivery	—	3,441,257
Operating reserves and deferred credits	590,323	769,547
Capital Stock and Surplus:		
4% Cumulative redeemable sinking fund preferred shares — par \$25 — 543,574 shares outstanding (555,534 shares at 31st December 1949)	13,589,350	13,888,350
Common shares — no par — 3,000,000 shares outstanding including 1,500,000 shares issued as a stock dividend in 1950	30,000,000	15,000,000
Capital surplus	1,410,650	1,111,650
Earned surplus	41,492,737	50,455,957
	<u>86,492,737</u>	<u>80,455,957</u>
	<u>\$264,327,311</u>	<u>\$217,799,797</u>

Signed on behalf of the Board,
R. E. POWELL, *Director*
DANA T. BARTHOLOMEW, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss
For the Year Ending 31st December 1950

	1950	1949
Profit for the year after provision for depreciation and depletion (see footnote) but before taking into account the following items.....	\$ 57,833,999	\$ 44,581,908
Add:		
Interest on marketable securities, etc.....	814,243	677,912
Gain on disposal of surplus equipment.....	288,522	245,661
	58,936,764	45,505,481
Deduct:		
Interest on indebtedness not maturing within one year.....	3,123,890	3,172,246
Other interest.....	59,094	99,400
Executive salaries.....	340,176	276,918
Legal fees.....	55,590	37,095
Provision for Canadian income taxes.....	21,300,101	15,372,600
Provision for foreign income taxes.....	1,661,654	1,731,519
Expense in connection with retirement of bonds and other debt.....	161,610	25,771
Discount and expense on 3½% debentures due 1971.....	710,789	—
Adjustment arising from currency revaluations.....	436,027	304,484
	27,848,931	21,020,033
Profit carried to earned surplus.....	\$ 31,087,833	\$ 24,485,448

NOTES: Provision for depreciation and depletion for the year amounted to \$11,415,088 of which \$6,185,394 was charged to cost of production. Aluminum Company of Canada, Limited and its Canadian subsidiaries provided for 1950 depreciation in the maximum amount allowable for tax purposes in accordance with revised Canadian income tax regulations. The change in basis had the effect of reducing net profit for 1950 by \$2,039,000.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Surplus
For the Year Ending 31st December 1950

EARNED SURPLUS

Earned surplus — 31st December 1949	\$ 50,455,957
Profit for the year	31,087,833
	<u>81,543,790</u>
Dividends:	
Preferred, including dividend payable 1st March 1951	\$ 547,400
Common, including a stock dividend of \$15,000,000 and a dividend in kind of \$4,897,077 (note 5)	<u>37,897,077</u>
	38,444,477
Surplus, since acquisition, of two subsidiaries whose shares were paid as a dividend in kind (note 5)	1,323,651
Appropriations for the purchase for cancellation of preferred shares	282,925
	<u>40,051,053</u>
Earned surplus — 31st December 1950	<u>\$ 41,492,737</u>

CAPITAL SURPLUS

Capital surplus — 31st December 1949	\$ 1,111,650
Par value of 11,960 preferred shares purchased for cancellation (partly purchased out of 1949 appropriations)	<u>299,000</u>
Capital surplus — 31st December 1950	<u>\$ 1,410,650</u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Notes to Financial Statements

1. The accounts of the non-Canadian subsidiary company included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31st December 1950, except that fixed assets and their related reserves are at rates determined at dates of acquisition of such assets. The series "B" first mortgage 3½% sinking fund bonds, due 1974, payable in U.S. currency, and the second hypothec, securing contractual obligation for annual payments, payable in Canadian currency and in U.S. currency in equal parts, are stated on a dollar for dollar basis.

2. Indebtedness not maturing within one year comprises the following:

Aluminum Company of Canada, Limited:

First mortgage 3½% sinking fund bonds, due 1974:

Series "A"— payable in Canadian currency \$ 12,186,000

Series "B"— payable in U.S. currency 23,263,000

Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian currency and in U.S. currency in equal parts 10,725,000

3½% Sinking fund debentures, due 1971 (underwritten in 1950 and issued 3rd January 1951) 50,000,000

*3% Redeemable notes, due 1961 — payable to the British Government — interest and \$30,580,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued 54,968,185

151,142,185

Less: Indebtedness payable within one year in accordance with terms of the above obligations, included in current liabilities 1,905,000

\$149,237,185

*By agreement dated 1st March 1951 these notes were replaced by \$54,950,000 3% notes due 1971, the entire principal and interest subject to abatement; additionally, the British Government is providing \$24,975,000 in 1951 against 20 year 3½% notes with principal and interest also subject to abatement.

3. The surplus of the non-Canadian subsidiary included in the consolidation is subject to such restrictions as to distribution as may be imposed by regulatory bodies of the country in which it operates.

4. The Company is presently engaged in a construction programme involving a capital expenditure of approximately \$40,000,000.

5. On 29th December 1950 Aluminum Company of Canada, Limited paid to its parent, Aluminium Limited, a dividend in kind consisting of shares and notes of two subsidiary companies, Aluminum Goods Limited and Sprostons, Limited, carried in the Company's books at \$4,897,077. The earnings of these two companies for the year 1950, \$412,005, were included in the consolidated profit for the year; the surplus, since acquisition, of the two companies has been eliminated from consolidated earned surplus.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1950 and the related statements of profit and loss and surplus. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in respect of Aluminum Company of Canada, Limited and its principal Canadian subsidiaries and the inspection of audited financial statements reported on by other independent accountants for those subsidiaries whose records were not examined by us. We received all the information and explanations which we required.

On the above basis, we report that, in our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and surplus, supplemented by the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1950 and the results of their combined 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 companies examined by us and the audited financial statements reported on by other independent accountants.



Auditors.

Montreal, 15th March 1951.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL

President, Saguenay Power Company, Ltd.
Montreal

DANA T. BARTHOLOMEW
President, Aluminium Securities Limited
Montreal

NATHANAEL V. DAVIS
President, Aluminium Limited
Montreal

J. A. DULLEA
President, Aluminium Secretariat Limited
Montreal

PAUL LaROQUE
Secretary, Aluminium Secretariat Limited
Montreal

E. G. MacDOWELL
President, Aluminium Union Limited
Montreal

E. J. MEJIA
President, Aluminium Fiduciaries Limited
Montreal

J. ALEX PRUD'HOMME, K.C.
Geoffrion & Prud'homme
Montreal

H. H. RICHARDSON
President, Aluminium Laboratories Limited
Montreal

R. E. POWELL, *President*

J. ALEX PRUD'HOMME, K.C., *Vice-President*

A. W. WHITAKER, JR., *Vice-President and General Manager*

FRASER W. BRUCE, *Vice-President and General Sales Manager*

J. B. WHITE, *Vice-President and Director of Personnel*

PAUL S. WHITE, *Vice-President and Secretary*

McNEELY DuBOSE, *Vice-President*

N. E. RUSSELL, *Vice-President*

PAUL LEMAN, *Treasurer*