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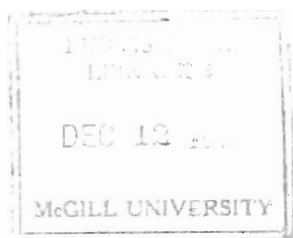
ALUMINIUM LIMITED  
(Incorporated under the Companies Act of the Dominion of Canada)  
and Fully Owned Subsidiary Companies

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FINANCIAL STATEMENTS

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31st December, 1938



ALUMINIUM LIMITED  
and Fully Owned Subsidiary Companies  
except Aluminum Power Company, Ltd. which is separately shown

Consolidated Balance Sheet  
31st December, 1938

ASSETS

Land, Plants and Facilities, at cost .....	\$61,415,672.61	
Less: Provision for Depreciation and Depletion .....	22,137,344.31	
		\$39,278,328.30
Patents and Trademarks, at cost .....	\$ 344,516.56	
Less: Provision for Amortization .....	99,316.50	
		245,200.06
Investment in Fully Owned Subsidiary Company not consolidated .....		100,000.00
Investments in and Advances to Subsidiary Companies: (Capital Stock more than 50% owned)		
Investments in Shares carried at .....	\$ 8,682,519.02	
Advances .....	264,062.07	
Less: Reserves resulting from adjustments of the values of the above investments and advances .....	8,946,581.09	
		8,107,401.49
Investments in Shares of Other Allied Companies, at cost .....		6,569,045.90
(Capital Stock not more than 50% owned)		
Unamortized Bond Discount and Expense .....		485,186.49
Indemnity and Surety Deposits .....		112,192.96
Sinking Fund Balance in Hands of Trustee .....		321.01
Prepaid Expenses and Deferred Charges to Operations .....		891,296.46
Current Assets:		
Inventories of Aluminium, Materials and Supplies at cost or under, which is not in excess of market, determined from book and physical invent- ories and certified by officers of the companies .....	\$11,957,794.16	
Accounts and Notes Receivable (Less reserves of \$136,588.55) .....	8,302,308.40	
Marketable Securities, at cost (Quoted value \$535,158.75) .....	517,403.02	
Cash in Banks and on Hand .....	7,487,825.80	
	28,265,331.38	
Net Current Assets of Fully Owned Subsidiary Companies domiciled in countries having exchange restrictions .....	2,214,898.90	
		30,480,230.28
		\$86,269,202.95

Approved on behalf of the Board,  
EDWARD K. DAVIS, President  
J. H. ALGER, Vice-President

ALUMINIUM LIMITED  
and Fully Owned Subsidiary Companies  
except Aluminum Power Company, Ltd. which is separately shown

Consolidated Balance Sheet  
31st December, 1938

LIABILITIES

Capital Stock:

6% Cumulative Redeemable Preferred Shares—Par Value \$100.00 78,996 Shares outstanding . . . . .	\$ 7,899,600.00
Common Shares—No Par Value 676,737 Shares outstanding . . . . .	30,720,717.39

Funded Debt:

Aluminium Limited 5% Sinking Fund Debenture Gold Bonds, due 1948.. (After redemption of \$3,000,000 as of 1st January, 1939)	\$ 5,188,000.00
Aluminum Company of Canada, Limited, 3 $\frac{3}{4}$ % Debentures of 1937, due 1954 . . . . .	11,000,000.00
Bonds of Fully Owned Foreign Subsidiary Companies . . . . .	983,183.30
	17,171,183.30

Accounts Payable to Subsidiary Companies not consolidated . . . . .	245,814.99
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Current Liabilities:

Accounts Payable . . . . .	\$ 4,754,090.49
Bank Loans . . . . .	300,326.25
Accrued Items . . . . .	497,934.14
Reserves for Income and Other Taxes . . . . .	4,171,358.61
	9,723,709.49

Operating Reserves and Deferred Credits . . . . .	464,583.54
Reserves for Exchange . . . . .	507,264.94
Capital Surplus . . . . .	540,000.00
Earned Surplus . . . . .	18,996,329.30

\$86,269,202.95

NOTES: Contingent Liability in respect of customers' notes discounted—\$236,553.08.  
Consolidated Balance Sheet and relative Consolidated Statements of Profit and Loss and Surplus are translated into United States dollars at rates of exchange current at 31st December, 1938, except that Fixed Assets and Funded Debt are at rates determined at dates of acquisition and issue.

ALUMINIUM LIMITED  
and Fully Owned Subsidiary Companies  
except Aluminum Power Company, Ltd. which is separately shown

Consolidated Statement of Profit and Loss  
For the Year Ending 31st December, 1938

Net Profit for the year ending 31st December, 1938, after provision for Depreciation and Depletion (see footnote) but before taking into account the items shown below . . . . .		\$15,476,468.24
Add:		
Income from Investments . . . . .	\$ 740,204.75	
Interest on Advances, etc. . . . .	52,528.11	
Gain from Purchase and Redemption of Bonds . . . . .	15,725.06	
	808,457.92	
Deduct:		\$16,284,926.16
Interest on Indebtedness not maturing within one year . . . . .	\$956,867.92	
Other Interest . . . . .	61,662.87	
	\$ 1,018,530.79	
Executive Salaries . . . . . (Parent and fully owned subsidiary companies)	451,432.57	
Legal Fees . . . . .	156,048.99	
Directors' Fees . . . . .	18,212.58	
Amortization of Patents and Expense in connection with acquisition of Properties . . . . .	350,318.17	
Premium on Bonds retired and Amortization of expense in connection with Issues of Bonds . . . . .	289,088.83	
Provision for Canadian Income Taxes . . . . .	2,559,543.80	
Reserved for Exchange . . . . .	224,791.15	
	5,067,966.88	
Profit for the year carried to Earned Surplus . . . . .		\$11,216,959.28

NOTE: Provision for Depreciation and Depletion for the year amounted to \$3,180,275.09 of which \$2,111,549.28 was charged to Cost of Production and \$1,068,725.81 directly against Profits.

Consolidated Statement of Earned Surplus  
For the Year Ending 31st December, 1938

Earned Surplus—31st December, 1937 . . . . .		\$ 8,253,346.02
Profit for the year as above . . . . .		11,216,959.28
		\$19,470,305.30
Deduct: Preferred Dividends Paid . . . . .		473,976.00
Earned Surplus—31st December, 1938 . . . . .		\$18,996,329.30

## Auditors' Report

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To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its fully owned subsidiary companies except Aluminum Power Company, Ltd. as at 31st December, 1938, and the relative consolidated statements of profit and loss and surplus. In connection therewith we examined or tested accounting records of Aluminium Limited and its Canadian subsidiaries and have been furnished with financial statements as at 31st December, 1938, of subsidiary companies operating outside of Canada whose books and accounts have been examined by independent auditors to varying dates within the year, and have received all the information and explanations we have required.

The detail transactions of the Canadian companies are examined by the companies' internal auditors whose reports are furnished to us. We made a general review of the accounting methods and of the operating and income accounts of those companies for the year but did not make a detailed audit of the transactions. We have satisfied ourselves that the inventories of aluminium and other products are valued at cost, which was below their market value at 31st December, 1938, and that the inventories of materials and supplies are stated at the lower of cost or market. Inter-company profits have been excluded from inventories.

The consolidated earned surplus at 31st December, 1938, \$18,996,329.30, includes \$1,462,-271.32 pertaining to companies domiciled in countries having exchange restrictions, which companies had an aggregate loss of \$22,342.74 for the year 1938.

On the above basis, we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminium Limited and its fully owned subsidiary companies except Aluminum Power Company, Ltd. as at 31st December, 1938, 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 financial statements above referred to; and that the relative consolidated statements of profit and loss and surplus fairly present the results of their combined operations for the year ending 31st December, 1938.

Pursuant to Section 114 of the Companies Act, 1934, we report that the profits and losses for the year of the subsidiary companies not consolidated have been included in the consolidated accounts only to the extent of dividends declared and that your Company's share of the aggregate of the profits and losses of these subsidiaries for the year exceeded the amount of such dividends. At 31st December, 1938, there was, in the aggregate, a net balance at the credit of these subsidiary companies' surplus accounts, of which your Company's share since acquisition was \$1,965,129.79, excluding the accumulated deficit of one subsidiary company, the investment in which was previously written off.

PRICE, WATERHOUSE & CO.,  
Auditors.

22nd March, 1939

# ALUMINUM POWER COMPANY, LTD.

(Incorporated under the Companies Act of the Province of Quebec)

## Balance Sheet

31st December, 1938

### ASSETS

Land, Water Rights, Plant and Equipment.....	\$34,991,649.70	
Less: Amount allocated as a portion of the value of the unutilized Waterpowers.....	7,437,500.00	
		\$27,554,149.70
Unamortized Expenses in connection with acquisition of Properties.....		75,797.10
<b>Current Assets:</b>		
Accounts Receivable.....	\$ 223,180.35	
Cash in Bank and on Hand.....	585,627.96	
		808,808.31
		\$28,438,755.11

### LIABILITIES

<b>Capital Stock:</b>		
20,000 Common Shares—No Par Value.....	\$	100,000.00
First Mortgage 2—4% Bonds, due <del>1948</del> <sup>1968*</sup> .....		
Series "A"—payable in Canadian currency.....	\$10,000,000.00	
Series "B"—payable in U.S. currency.....	10,000,000.00	
		20,000,000.00
Contractual obligation for certain annual payments, secured by Second Hypothec, which may be commuted for \$15,000,000, stated at.....		7,562,500.00
<b>Current Liabilities:</b>		
Accounts Payable.....	\$ 83,636.26	
Reserves for Income Taxes.....	42,853.06	
		126,489.32
Reserve for Depreciation.....		471,238.11
Deferred Credits to Operations.....		11,218.76
Earned Surplus.....		167,308.92
		\$28,438,755.11

\*Correction dated 4th April, 1939.

Approved on behalf of the Board,  
EDWARD K. DAVIS, President  
J. H. ALGER, Vice-President

# ALUMINUM POWER COMPANY, LTD.

(Incorporated under the Companies Act of the Province of Quebec)

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## Statement of Profit and Loss

For the Year Ending 31st December, 1938

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Net Profit for the year ending 31st December, 1938, after provision for Depreciation of \$471,254.35 but before taking into account the items shown below . . . . .	\$	612,775.58
Deduct:		
Interest on Bonds . . . . .	\$	400,000.00
Amortization of Expenses in connection with acquisition of Properties . . . . .		2,613.60
Provision for Canadian Income Taxes . . . . .		42,853.06
		<hr/>
		445,466.66
Profit for the year carried to Earned Surplus . . . . .	\$	<u>167,308.92</u>

NOTE: Approximately 85%, by value, of the power sales was to a fully owned Subsidiary Company of Aluminium Limited.

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### Earned Surplus

Profit for the year as above . . . . .	\$	<u>167,308.92</u>
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### Auditors' Report

To the Shareholders of Aluminum Power Company, Ltd.:

We have examined the books and accounts of Aluminum Power Company, Ltd. for the year ending 31st December, 1938, and have obtained all the information and explanations we have required. We report that the attached balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the affairs of Aluminum Power Company, Ltd. as at 31st December, 1938, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,  
Auditors.

22nd March, 1939

# ALUMINIUM LIMITED

Canada Life Building  
Toronto, Ontario, Canada

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## DIRECTORS

EDWARD K. DAVIS, President

J. H. ALGER, Vice-President and Secretary

E. BLOUGH

President, Aluminium Laboratories Limited,  
Montreal, Que., Canada

LUDWIG BRAASCH, Vice-President

AIMÉ GEOFFRION, K.C.

Geoffrion & Prud'homme,  
Montreal, Que., Canada

LEIGHTON McCARTHY, K.C., Vice-President

Chairman of the Board  
The Canada Life Assurance Company,  
Toronto, Ont., Canada

G. O. MORGAN, Jr., Vice-President

Director, Aluminium Securities Limited,  
Montreal, Que., Canada

R. E. POWELL

President, Aluminum Company of Canada, Ltd.,  
Toronto, Ont., Canada

J. F. VAN-LANE, Vice-President

McCarthy & McCarthy, Toronto, Ont., Canada

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## OFFICERS

J. W. McKEE . . . . . Treasurer  
M. B. de SOUSA PERNES . . . . . Assistant Secretary  
W. C. TERRY . . . . . Assistant Secretary

