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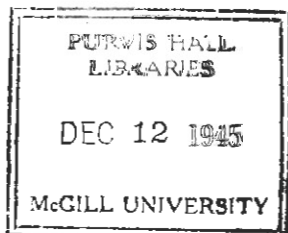
ALUMINIUM LIMITED

(Incorporated under the Companies Act of the Dominion of Canada)

and Fully Owned Subsidiary Companies

FINANCIAL STATEMENTS

31st December, 1943



ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Balance Sheet

31st December, 1943

In Canadian Dollars

ASSETS

Land, Plants and Facilities, at cost, of which approximately \$172,400,000 represents War Facilities to be amortized by special deduction from income	\$331,428,171	
Less: Reserves for Depreciation and Depletion, including \$123,610,671 special deduction from income	164,304,319	
		\$167,123,852
Patents, at cost, less Reserve for Amortization of \$140,103		173,187
Investments in Subsidiary Companies: (Capital Stock more than 50% owned)		
Investments in Shares, less \$456,293 being balance of reserve resulting from adjustment of the value of investments		6,912,009
Investments in Shares of Other Allied Companies, at cost (Capital Stock not more than 50% owned)		5,361,053
Indemnity and Surety Deposits		766,391
Unamortized Expense of Aluminum Company of Canada, Ltd. Preferred Share Issue		450,000
Prepaid Expenses and Deferred Charges to Operations		5,765,394
Refundable Portion of Canadian Excess Profits Tax (Contra)		544,773
Current Assets:		
Inventories of Aluminium, Materials and Supplies at cost or under, which is not in excess of market, determined from book and physical inventories and certified by officers of the companies	73,134,340	
Accounts and Notes Receivable, less reserves	55,751,515	
United Kingdom Tax Certificates	3,678,783	
Marketable Securities, at cost—principally Dominion of Canada Bonds and Treasury Bills (Quoted value \$13,385,653)	13,370,703	
Cash in Banks and on Hand	17,142,971	
		163,078,312
		350,174,971
Net Assets of Fully Owned Subsidiary Companies in enemy territory and Investments in Other Companies similarly located, less reserves		13,212,635
		\$363,387,606

Approved on behalf of the Board,

EDWARD K. DAVIS, Director

GEORGE O. MORGAN, Director

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Balance Sheet

31st December, 1943

In Canadian Dollars

LIABILITIES

Capital Stock:		
6% Cumulative Redeemable Preferred Shares—Par \$100, after purchase and cancellation of 6,547 Shares in 1943, 72,449 Shares outstanding.....	\$ 7,244,900	
Common Shares—No Par—744,410 Shares outstanding.....	33,935,185	
		\$ 41,180,085
Aluminum Company of Canada, Ltd. 5% Cumulative Redeemable S.F. Preferred Shares—Par \$100—150,000 shares issued in 1943 and outstanding.....		15,000,000
Aluminum Power Company, Ltd. Funded Debt:		
First Mortgage 4% Bonds, due 1968:		
Series "A"—payable in Canadian currency.....	9,500,000	
Series "B"—payable in U.S. currency.....	9,500,000	
Second Hypothec, securing Contractual Obligation for annual payments, which may be commuted for.....	14,241,647	
		33,241,647
Aluminum Company of Canada, Ltd. Notes Payable:		
3% Redeemable Notes, due 1961—payable to the British Government—principal and interest abatable in certain circumstances as provided in the contracts under which they were issued.....	55,600,000	
3% Note, due 1953—payable to the British Government.....	5,000,000	
3% Notes (U.S. \$12,350,000) to Export-Import Bank, Washington, D.C.—payable U.S. \$620,000 annually, balance in 1952 and 1953.....	13,585,000	
1 ³ / ₄ % Bank Loan, due 1944 (U.S. \$15,000,000)—refundable into Export-Import Bank, Washington, D.C. 10-year 3% Loan payable 5% annually, balance at maturity.....	16,500,000	
		90,685,000
Advance Payments on Sales Contracts.....		58,773,796
Accounts Payable to Subsidiary Companies not consolidated.....		238,473
Current Liabilities:		
Accounts Payable and Accrued Liabilities.....	57,132,374	
Reserves for Income and Excess Profits Taxes.....	8,677,723	
		65,810,097
Operating Reserves and Deferred Credits.....		1,854,567
Reserve against future depreciation in inventory values.....		6,430,004
Refundable Portion of Canadian Excess Profits Tax (Contra).....		544,773
Capital Surplus.....		1,194,700
Earned Surplus.....		48,434,464
		\$363,387,606

NOTES: Aluminium Limited Preferred Dividends are expressed to be payable in U.S. funds and in the event of redemption or liquidation the Preferred Shares are payable in U.S. funds at the option of the shareholder.

The Aluminum Power Company, Ltd. Second Hypothec, and the annual payments secured thereunder, are payable in Canadian currency and in U.S. currency in equal parts.

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Statement of Profit and Loss
For the Year Ending 31st December, 1943

In Canadian Dollars

Profit for the year ending 31st December, 1943, after provision for Depreciation and Depletion (see footnote) but before taking into account the items shown below.....		\$32,155,765
Add:		
Income from Investments.....	\$ 695,471	
Interest, etc.....	389,235	
		1,084,706
		33,240,471
Deduct:		
Interest on Indebtedness not maturing within one year.....	\$ 3,082,881	
Other Interest.....	1,954,890	
		5,037,771
Executive Salaries..... (Parent and fully owned subsidiary companies)	672,483	
Legal Fees.....	80,690	
Directors' Fees.....	11,001	
Provision for Income and Excess Profits Taxes, including \$8,818,553 Canadian Taxes.....	14,364,695	
Amortization of Patents and Expense of Aluminum Company of Canada, Ltd. Preferred Share Issue.....	75,227	
		20,241,867
Profit before Dividends on Aluminum Company of Canada, Ltd. Preferred Shares.....		12,998,604
Aluminum Company of Canada, Ltd. Preferred Dividends, including Dividend payable 1st February, 1944.....		749,917
Profit carried to Earned Surplus.....		\$12,248,687

NOTE: Provision for Depreciation and Depletion for the year amounted to \$70,365,714 of which \$4,993,421 was charged to Cost of Production and \$65,372,293 (including special provision of \$64,555,491 in respect of War Facilities) directly against Profits.

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Statement of Surplus
For the Year Ending 31st December, 1943
In Canadian Dollars

Earned Surplus

Earned Surplus—31st December, 1942.....		\$44,894,588
Adjustments applicable to prior years:		
Sales adjustments (net).....	\$29,967,021	
Less: Income and Excess Profits Taxes, including \$503,495 Canadian Taxes..	29,915,612	
		51,409
Earned Surplus (as adjusted)—31st December, 1942.....		44,843,179
Profit for the year.....		12,248,687
		57,091,866
Dividends Paid:		
Aluminium Limited Preferred, including Exchange Premium.....	493,411	
Aluminium Limited Common.....	7,444,100	
Appropriation for the purchase and cancellation of 6,547 Aluminium Limited Preferred Shares.....	719,891	
		8,657,402
Earned Surplus—31st December, 1943.....		\$48,434,464

Capital Surplus

Capital Surplus—31st December, 1942.....		\$ 540,000
Purchase and Cancellation of 6,547 Aluminium Limited Preferred Shares.....		654,700
Capital Surplus—31st December, 1943.....		\$ 1,194,700

Auditors' Report

To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its fully owned subsidiary companies as at 31st December, 1943, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminium Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies are examined by the Companies' internal auditors whose reports are furnished to us. We were furnished by other independent accountants with audited financial statements of those subsidiaries whose records were not examined or tested by us, except for companies in enemy territory. We have received all the information and explanations we have required.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the relative statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December, 1943, except that Fixed Assets are at rates determined at dates of acquisition.

We have satisfied ourselves that the inventories of aluminium and other products are valued at cost, which was below market at 31st December, 1943, and that inventories of materials and supplies are stated at the lower of cost or market. Intercompany profits have been excluded from inventories. The provisions for Income and Excess Profits taxes, considered adequate by the management, are subject to final determination by the appropriate tax authorities.

Net assets of fully owned subsidiary companies in enemy territory and investments in shares of other companies similarly located are segregated in the attached balance sheet.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by exchange regulatory bodies of the countries in which the companies are carrying on operations.

The earned surplus at 31st December, 1942, has been adjusted in respect of sales, interest and tax adjustments affecting the operations of prior years, which adjustments were agreed subsequent to 31st December, 1942.

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 as at 31st December, 1943, 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 the combined operations of the companies, excluding those in enemy territory.

Pursuant to Section 114 of the Companies Act, 1934, we report that the profit for the year of the one subsidiary company not consolidated and for which financial statements are available has been included in the consolidated accounts to the extent of dividends declared and that the amount of such dividends exceeded your Company's share of such profit by \$85,703, which excess was charged by the subsidiary company against its accumulated surplus. In the case of the other subsidiary company not consolidated and for which accounts are not available for the years subsequent to 1941 your Company's share of that subsidiary's earned surplus at 31st December, 1941, exceeded the dividends of \$303,898 received by your Company during the years 1942 and 1943.

PRICE, WATERHOUSE & CO.,
Auditors.

22nd March, 1944

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

In Canadian Dollars

Comparative Condensed Earnings (as adjusted)

	1941	1942	1943
Profit before taking into account the following items.	\$57,485,326	\$76,121,770	\$97,729,013
Deduct:			
Provision for Depreciation and Depletion:			
Normal.	5,534,023	6,328,056	5,810,223
Special (in respect of War Facilities).	17,700,509	40,571,185	64,555,491
Provision for Income and Excess Profits Taxes.	15,487,883	13,902,358	14,364,695
Reserved for Investments and Other Assets in Enemy Territory	0	76,149	0
Reserved against future depreciation in inventory values.	3,367,185	0	0
Aluminum Company of Canada, Ltd. Preferred Dividends.	0	0	749,917
Profit carried to Earned Surplus.	<u>\$15,395,726</u>	<u>\$15,244,022</u>	<u>\$12,248,687</u>

Comparative Condensed Balance Sheets (as adjusted)

	31st December	1941	1942	1943
ASSETS				
Land, Plants and Facilities (net).		\$120,373,202	\$180,402,620	\$167,123,852
Investments.		11,907,807	12,140,972	12,273,062
Prepaid Expenses, Deferred Charges, etc.		4,675,979	7,172,939	7,699,745
Current Assets.		117,830,018	138,041,160	163,078,312
Net Assets in Enemy Territory (less reserves).		13,152,878	13,220,323	13,212,635
		<u>\$267,939,884</u>	<u>\$350,978,014</u>	<u>\$363,387,606</u>
LIABILITIES				
Capital Shares.		\$ 41,834,785	\$ 41,834,785	\$ 56,180,085
Surplus.		37,046,551	45,383,179	49,629,164
Bonds, Notes, etc.		82,162,500	107,027,503	123,926,647
Advance Payments on Sales Contracts.		56,264,428	88,828,865	58,773,796
Current Liabilities.		43,196,039	59,795,104	66,048,570
Reserves and Deferred Credits.		7,435,581	8,108,578	8,829,344
		<u>\$267,939,884</u>	<u>\$350,978,014</u>	<u>\$363,387,606</u>

NOTE: The statements for the years 1940 and 1941 have been adjusted to reflect the net adjustment of \$2,177,003 charged to Earned Surplus in the year 1942 and the statements for the years 1941 and 1942 have been adjusted to reflect the net adjustment of \$51,409 charged to Earned Surplus in the year 1943.

ALUMINIUM LIMITED

Montreal, Que., Canada

DIRECTORS

EDWARD K. DAVIS, President

J. A. DULLEA, Secretary

E. BLOUGH

President, Aluminium Laboratories Limited
Montreal

AIMÉ GEOFFRION, K.C.

Geoffrion & Prud'homme,
Montreal

E. G. MacDOWELL

President, Aluminium Union Limited,
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HON. LEIGHTON McCARTHY, P.C., K.C.

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EDWIN J. MEJIA

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Montreal

GEORGE O. MORGAN

President, Aluminium Securities Limited,
Montreal

R. E. POWELL

President, Aluminum Company of Canada, Ltd.,
Montreal

J. W. McKEE Treasurer
D. CASSELMAN Asst. Secretary
G. GORRIE Asst. Treasurer
A. SENCHYNA Asst. Secretary and Asst. Treasurer

