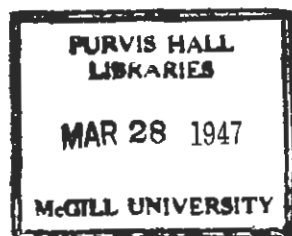

ALUMINIUM LIMITED

FINANCIAL
STATEMENTS
1 9 4 6



ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet
31st December 1946

In Canadian Dollars

ASSETS

Lands, plants and facilities, at cost	\$345,728,580	
Less: Reserves for amortization, depreciation and depletion	227,145,908	\$118,582,672
Patents, at cost, less reserve for amortization of \$154,534		138,938
Investments in shares of subsidiary companies		10,599,508
(capital stock more than 50% owned)		
Investments in shares of other allied companies		5,732,769
(capital stock not more than 50% owned)		
Indemnity, surety and other deposits		880,158
Prepaid expenses and deferred charges to operations		2,570,665
Refundable portion of Canadian excess profits tax (contra)		629,915
 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, certified by officers of the companies	30,316,670	
Accounts and notes receivable, less reserves	21,551,115	
Marketable securities—principally Dominion of Canada bonds and treasury bills (quoted value \$44,320,079)	43,259,096	
Cash in banks and on hand	15,488,062	110,614,943
		249,749,568
Net assets of fully owned subsidiary companies and investments in other companies in enemy and formerly occupied territory, less reserves		13,204,771
		\$262,954,339

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 1946

In Canadian Dollars

LIABILITIES

Capital Stock:

Common shares—no par—744,410 shares outstanding		\$ 33,935,185
Redemption price of 2,225 Aluminium Limited 6% cumulative redeemable preferred shares—par \$100—called but not surrendered		242,525
<i>(72,449 shares outstanding at 31st December 1945 were called for redemption on 29th November 1946)</i>		
Aluminum Company of Canada, Ltd. 4% cumulative redeemable sinking fund preferred shares—par \$25—600,000 shares outstanding		15,000,000
Aluminum Company of Canada, Ltd. Funded Debt:		
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"—payable in Canadian currency	\$ 13,750,000	
Series "B"—payable in U.S. currency	26,250,000	
		40,000,000
Second hypothec, securing contractual obligation for annual payments, which may be commuted for		12,618,086
3% Redeemable notes, due 1961—payable to the British Government—interest and \$41,700,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued		54,968,185
Current Liabilities:		
Accounts payable and accrued liabilities	24,543,152	
Reserves for income and excess profits taxes	6,586,712	
		31,129,864
Operating reserves and deferred credits		2,398,183
Refundable portion of Canadian excess profits tax (contra)		629,915
Capital surplus		8,439,600
Earned surplus		63,592,796
		\$262,954,339

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss
For the Year Ending 31st December 1946

In Canadian Dollars

Sales		\$110,698,088
Cost of sales, including selling, general and administrative expenses (see footnote).....		88,158,140
		<hr/>
Profit from operations		22,539,948
Add:		
Income from investments	\$ 975,105	
Interest, etc	1,146,160	
Gain on disposal of surplus equipment	228,314	
Abatement of principal of 3% redeemable notes	631,815	
Profit on sale of shares in an allied company	46,431	
		<hr/>
		3,027,825
		<hr/>
		25,567,773
Deduct:		
Interest, including \$2,732,406 on indebtedness not maturing within one year...	3,010,452	
Expense in connection with preferred share issues and redemptions	382,360	
Provision for income and excess profits taxes, including \$6,832,448 Canadian taxes	9,417,344	
		<hr/>
		12,810,156
		<hr/>
Profit before dividends on Aluminum Company of Canada, Ltd. preferred shares		12,757,617
Aluminum Company of Canada, Ltd. preferred dividends, including dividend payable 1st March 1947		637,500
		<hr/>
Profit carried to earned surplus		<u>\$ 12,120,117</u>

NOTE: Provision for depreciation and depletion for the year amounted to \$6,103,546 of which \$5,047,745 was charged to cost of production. Executive salaries amounted to \$928,017, legal fees \$96,913, directors' fees \$13,294 and amortization of patents \$20,828.

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Surplus
For the Year Ending 31st December 1946

In Canadian Dollars

EARNED SURPLUS

Earned surplus—31st December 1945		\$ 60,727,724
Adjustments applicable to prior years (net)		1,221,219
		61,948,943
Earned surplus (as adjusted)—31st December 1945		61,948,943
Profit for the year	\$ 12,120,117	
Reserve for future depreciation in inventory values no longer deemed required	3,000,000	
Post-war refund of United Kingdom excess profits tax less income tax thereon	1,469,752	
		16,589,869
		78,538,812
Dividends Paid:		
Aluminium Limited preferred, including exchange premium	349,385	
Aluminium Limited common	6,699,690	
Appropriation for the redemption of 72,449 Aluminium Limited preferred shares...	7,896,941	
		14,946,016
Earned surplus—31st December 1946		\$ 63,592,796

CAPITAL SURPLUS

Capital surplus—31st December 1945		\$ 1,194,700
Par value of 72,449 Aluminium Limited preferred shares called for redemption		7,244,900
		8,439,600
Capital surplus—31st December 1946		\$ 8,439,600

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 1946, 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 and formerly occupied 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 1946, except that fixed assets are at rates determined at dates of acquisition.

During 1946 Aluminum Company of Canada, Ltd. redeemed 150,000 5% cumulative redeemable sinking fund preferred shares of \$100 par and issued 600,000 4% cumulative redeemable sinking fund preferred shares of \$25 par, with facilities provided for an exchange of shares. The premium of \$750,000 received on the shares issued was offset against the premium of \$750,000 paid on the shares redeemed.

We have satisfied ourselves that the inventories of aluminium, materials and supplies are stated at cost or under, which is not in excess of market. Intercompany profits have been excluded from inventories. The \$3,000,000 reserve against future depreciation in inventory values, in the opinion of the management no longer required, has been restored to earned surplus.

Liability for income and excess profits taxes, for which the management has made provisions deemed adequate, is subject to determination by the tax authorities in jurisdiction.

Net assets of fully owned subsidiary companies and investments in other companies in enemy and formerly occupied territory continue segregated in the attached balance sheet. We are informed that the status of these assets and investments is not sufficiently clarified to permit reflecting them in the normal manner.

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

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 1946, 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 present fairly the results of the combined operations of the companies, excluding those in enemy and formerly occupied territory.

Pursuant to section 114 of the Companies Act, 1934, we report that the profit for the year of the non-consolidated subsidiary company, for which financial statements are available, has been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profit of that subsidiary for the period exceeded the amount of such dividends. No accounts are available in respect of the non-consolidated subsidiary company which is located in formerly occupied territory.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, 15th March 1947.

ALUMINIUM LIMITED
AND FULLY OWNED SUBSIDIARY COMPANIES

Financial Highlights

EARNINGS	1944	1945	1946
Sales.....	\$258,550,197	\$113,997,741	\$110,698,088
Provision for depreciation and depletion:			
Normal.....	6,961,177	5,685,021	6,103,546
Special (in respect of war facilities).....	51,787,341	0	0
Provision for income and excess profits taxes.....	10,880,207	8,715,458	9,417,344
Preferred dividends:			
Aluminum Company of Canada, Ltd.....	750,000	750,000	637,500
Aluminium Limited.....	482,510	481,967	349,385
Earnings available for common shares.....	10,838,504	11,516,919	11,770,732
Earnings per common share.....	14.56	15.47	15.81
Dividends per common share.....	8.00	8.00	9.00

ASSETS — 31 st DECEMBER

Lands, plants and facilities (net).....	\$116,982,747	\$113,305,251	\$118,582,672
Investments.....	12,620,738	16,050,856	16,332,277
Net assets in enemy and formerly occupied territory.....	13,210,705	13,208,874	13,204,771
Prepaid expenses, deferred charges, etc.....	4,241,735	3,784,400	4,219,676
Cash and marketable securities.....	96,669,113	80,992,311	58,747,158
Other current assets.....	56,874,896	29,203,502	51,867,785
	<u>300,599,934</u>	<u>256,545,194</u>	<u>262,954,339</u>

LIABILITIES — 31 st DECEMBER

Bonds, notes, etc.....	117,931,758	108,738,320	107,586,271
Advance payments on sales contracts.....	21,786,851	1,630,561	0
Current liabilities.....	38,679,956	20,684,619	31,372,389
Reserves and deferred credits.....	9,622,907	6,167,967	3,028,098
Preferred shares.....	22,244,900	22,244,900	15,000,000
	<u>210,266,372</u>	<u>159,466,367</u>	<u>156,986,758</u>
Equity of common shareholders.....	<u>\$ 90,333,562</u>	<u>\$ 97,078,827</u>	<u>\$105,967,581</u>

NOTE: Net adjustments of \$246,110 and \$1,221,219, credited to earned surplus respectively in the years 1945 and 1946, have been allocated to the years to which they pertain.

ALUMINIUM LIMITED

Montreal
Canada

DIRECTORS

HON. LEIGHTON McCARTHY, P.C., K.C.

E. BLOUGH

GEORGE O. MORGAN

E. G. MacDOWELL
President
Aluminium Union Limited

EDWIN J. MEJIA
President
Aluminium Fiduciaries Limited

J. A. DULLEA
President
Aluminium Securities Limited

PAUL LaROQUE
Secretary
Aluminium Secretariat Limited

R. E. POWELL
President
Aluminum Company of Canada, Ltd.

EDWARD K. DAVIS
President
Stand Corporation

EDWARD K. DAVIS, President

J. A. DULLEA, Secretary

J. W. McKEE, Treasurer

