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1951

Annual
Report

A L U M I N I U M L I M I T E D

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Annual Report

FOR THE YEAR ENDING 31st DECEMBER

1951

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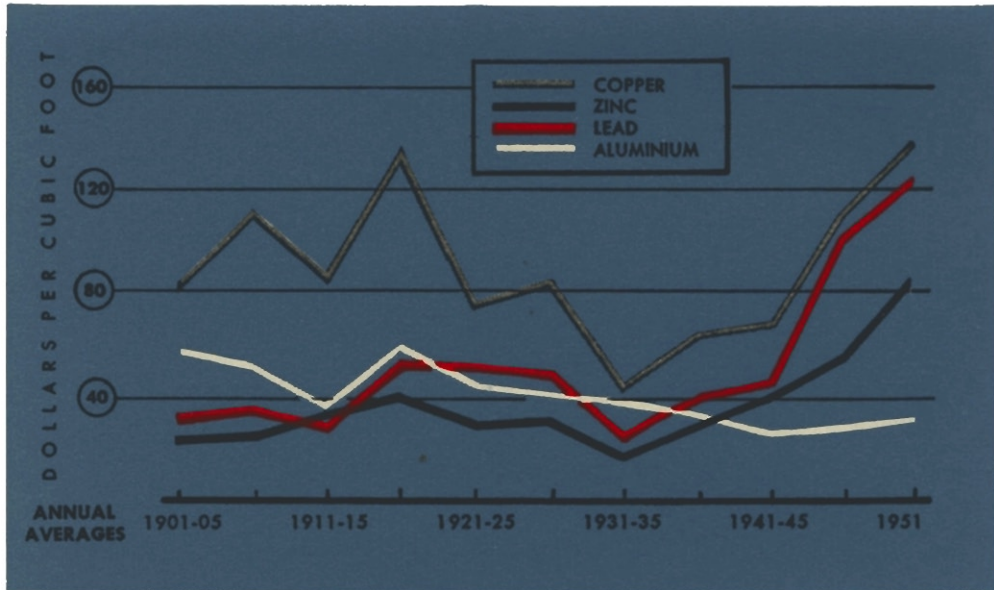
ALUMINIUM LIMITED
MONTREAL CANADA

non-ferrous metals

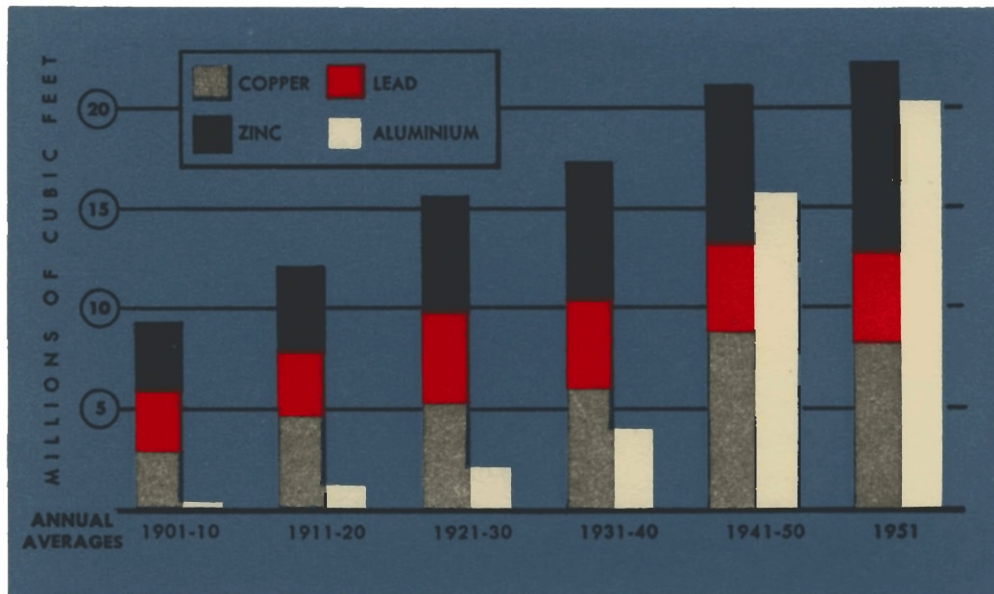
volumetric production and price comparison

1901-1951 (ANNUAL AVERAGES)

PRICES BY VOLUME



WORLD* PRODUCTION



*EXCLUDES U.S.S.R

report

TO THE
SHAREHOLDERS
OF
ALUMINIUM
LIMITED

A report on the affairs and the financial position of your Company for the year 1951 is submitted herewith on behalf of the Board of Directors. The financial statements of Aluminium Limited and its consolidated subsidiaries for the year ending December 31st, 1951, as certified by your auditors, Price Waterhouse & Co., form a part of this report.

ACCOUNTS

Production and sales of aluminium products were at their highest levels since 1944 and total capital expenditures for new facilities were larger than in any previous year of the Company's history. Consolidated sales income totalled \$283,978,879 in 1951 as against \$226,610,826 in 1950.

Net profit for the year 1951, after depreciation, income taxes and all other charges, was \$28,760,876 or the equivalent of \$7.03 per share on the 4,093,289 shares of capital stock outstanding at the end of the year. For the year 1950, net profit was \$32,608,353 or \$8.77 per share on the 3,722,050 shares outstanding. The 12% decline in 1951 net profit is attributable largely to increases in the provision for depreciation and depletion, and also to increases in provision for income taxes.

Depreciation and depletion for 1951 amounted to \$27,580,624 as compared to \$14,276,948 in 1950. The substantial increase in depreciation charged during the year reflects provision of \$12,717,283 by our subsidiary, Aluminum Company of Canada, Ltd., for depreciation, including accelerated depreciation, in respect of facilities under construction at the end of the year which had the effect of reducing net profit, after taxes, by \$6,918,202. Other depreciation in 1951 amounted to \$14,863,341 as compared with \$14,276,948 in 1950.

In referring to the Financial Statements, your attention is directed to a significant change in the terminology whereby the term "depreciation and depletion" has been used interchangeably with the term "capital cost allowances." This change is considered desirable in order to reflect the fact that the amount charged against 1951 operations no longer represents a fixed-rate amortization of the cost of plant and facilities over the estimated useful life thereof based on engineering estimates, but includes substantial additional write-offs within the terms of the Canadian Income Tax Act which permit a considerable degree of flexibility in this regard.

It will also be observed that the 1951 capital cost allowance charge is shown separately in the Statement of Profit and Loss instead of being included under "Cost of Sales" and "Selling, General and Administrative Expenses" as in previous years' statements. In order to permit comparison, the 1950 figures as shown in the statement for that year have been adjusted accordingly.

If, as is expected, accelerated capital cost allowances are taken for the years 1952-57, earnings as reported will continue to be affected during this period by the decisions of the Company regarding the amount of such allowances.

Provision for Canadian and foreign income taxes was greater than ever before, requiring \$36,095,995 in 1951 compared to \$26,212,019 in 1950.

Based on the number of common shares now outstanding, the operating results per share may be summarized as follows:

	<u>1951</u>	<u>1950</u>
Net Income	\$ 7.03	\$ 7.97
Depreciation	6.74	3.49
Income Taxes	<u>8.82</u>	<u>6.40</u>
	<u>\$22.59</u>	<u>\$17.86</u>

Dividends per share were paid in U.S. currency as follows: \$.75 on March 5th, \$.90 on June 5th and September 5th, and \$1.00 on December 5th. Aggregate dividends declared and paid in 1951 were \$14,333,415 in terms of Canadian dollars, compared to \$13,092,367 in 1950.

Net current assets stood at \$127,945,781 at the year end — a decrease during the year of \$32,251,832. The decrease is mainly the result of heavy expenditures incurred during the year in implementing the Company's expansion programme, described later in this report.

The main changes in indebtedness during the year were the receipt from the Government of the United Kingdom of advances of \$24,975,000 against unsecured 3½% redeemable notes due 1971, (of which the \$23,726,250 portion remaining abatable at the year end is reflected in the accounts under the heading "Indebtedness Contingent on Volume of Operations,") and the prepayment on December 28th of bank loans of U.S. \$5,350,000 due 1952 to 1956.

Capital stock increased as a result of the Company's offer to shareholders of record on October 19th to subscribe for 372,205 additional shares on the basis of one additional share for each ten shares held at a price of \$65. per share. Total subscriptions of 371,239 shares, or 99.7% of the number offered, provided \$23,899,212 net.

The exchange adjustment of \$970,738 appearing on the Statement of Profit and Loss results largely from the appreciation in value of the Canadian dollar which, on the other hand, has eliminated the need for the 1950 provision of \$1,152,400 for exchange on principal of indebtedness repayable in foreign currencies. This amount has been credited to earned surplus.

GENERAL

Urgent demand for aluminium and the expansion of production facilities were the major and related forces affecting the Company during the year.

In Canada, the United States and the United Kingdom, where 88% of the Company's Canadian production was marketed, government controls and directives channelled a large percentage of the available aluminium into essential defence uses.

Heavily increased demands in other markets were also felt. In South America, Europe, Africa and Asia where consumers have looked to your Company for their aluminium requirements for many years, the Company was able to satisfy only a small portion of their wants. The expansion programme in progress is intended to put the Company again in a position to meet the full requirements of its customers and it is our belief that we shall have the means to close the current gaps in supply in the coming years.

MARKETS AND SALES

Shipments of aluminium in all forms by consolidated subsidiaries of Aluminium Limited in 1951 totalled 434,000 metric tons as compared to 401,000 metric tons in 1950. Canada, the United Kingdom and the United States were again the principal outlets for the Company's products, purchasing 80% of the total tonnage. Australia, Germany and Brazil were next in order of importance.

Distribution of Canadian aluminium in ingot form to principal markets in the past five years was as follows, in metric tons:

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
United Kingdom...	109,000	145,500	146,500	133,000	181,600
U.S.A.....	14,000	79,800	66,900	147,500	93,700
Canada.....	44,700	58,200	52,500	60,000	78,500
All others.....	84,400	70,900	48,100	37,800	48,900
Total.....	<u>252,100</u>	<u>354,400</u>	<u>314,000</u>	<u>378,300</u>	<u>402,700</u>

Present contracts with the United Kingdom Government will call upon the Company to deliver a total of 1,010,000 metric tons of aluminium ingot during the four years commencing January 1st, 1952. Forward sales contracts have also been entered into with

a number of industrial customers in the United States. The total deliveries contemplated by the latter contracts are 246,100 metric tons in the eight years from 1952 to 1959 with the bulk of deliveries prior to 1957.

Although there were minor price adjustments in most markets, the price of primary aluminium measured in dollars generally was still at lower levels than in 1939.

The Company's sales in the postwar period have been as follows:

Year	Aluminium				All other Products and Services*	Total Value
	Ingot and Ingot Products		Semi-Fabricated Products			
	Metric Tons	Value	Metric Tons	Value		
1945.....	132,851	\$ 48,824,162	63,622	\$ 58,263,027	\$12,063,588	\$119,150,777
1946.....	106,922	35,522,520	84,204	63,193,820	18,561,776	117,278,116
1947.....	155,108	47,061,713	117,306	87,276,574	25,138,689	159,476,976
1948.....	238,476	76,941,852	139,578	106,774,927	24,928,289	208,645,068
1949.....	213,781	75,376,579	122,344	98,560,471	25,469,244	199,406,294
1950.....	287,125	107,077,644	113,873	90,837,827	28,695,355	226,610,826
1951.....	293,263	114,316,195	140,587	121,425,796	48,236,888	283,978,879

*Includes power sales of Saguenay Power Company, Ltd. and its subsidiaries in all years.

FABRICATING OPERATIONS

Fabricating operations in England, Canada and elsewhere were at higher levels in 1951 than in 1950, the production of such plants being increasingly devoted to defence uses. As a result, other uses which have been in the past, or promise to be in the future, desirable and constructive commercial applications were denied adequate supplies.

The large, continuous strip-rolling facilities completed in England by Northern Aluminium Company, Ltd. in 1950 proved themselves satisfactorily in their first year of operation but full production of the plant was restricted by the limitation of primary aluminium supplies.

Expansion of the Company's fabricating facilities in several markets to broaden its future ingot outlets continued during the year. The capacity of sheet-rolling facilities in the Union of South Africa was more than doubled during the year; new rolling mills came into use in Mexico and modernization and expansion of fabricating plants in Norway and Denmark continued. A programme to expand foil facilities and build a new sheet mill and extrusion plant was well under way in Brazil. The Company increased its investment in a leading aluminium-fabricating enterprise in Australia. Ownership of a firm engaged in the utensils and finished goods business in India was sold to local Indian interests.

INGOT OPERATIONS

Production of primary aluminium by all the Company's subsidiaries and affiliated companies was conducted at maximum attainable levels in 1951.

The output of the principal producer — Aluminum Company of Canada, Ltd.— from its smelters in Quebec Province was increased from 360,000 metric tons in 1950 to 405,600 metric tons in 1951. In April the smelter at Beauharnois, Quebec, with an annual capacity of 32,000 metric tons was reopened, using power purchased from outside sources. Despite the increases over 1950, a subnormal water situation which prevailed during the fall of the year created an insufficiency of hydroelectric power from the Company's own generating stations and from other stations to support full capacity operations during that period. A five-week labour strike at the Shawinigan Falls smelter also affected production.

In other aluminium-producing enterprises in India, Norway, Sweden and Italy, in which the Company has an interest, production was generally maintained at capacity levels throughout the year although on much smaller scales than in Canada. In Brazil, following the Company's acquisition of a 99.5% equity interest in Eletro-Quimica Brasileira S.A., the idle aluminium smelter owned by this company was reactivated during the year to increase supplies for the Brazilian market.

EXPANSION PROGRAMME

Two major expansion programmes are being conducted in Canada,— one in the Province of Quebec and one in the Province of British Columbia. In Quebec during the year construction of two new hydroelectric installations on the Peribonka River was pursued to increase the Company's power-generating facilities. The upstream development, known as Chute du Diable, is due for completion this summer and will have a firm generating capacity of 200,000 horsepower. The downstream development, known as Chute-à-la-Savane, with a firm capacity of 210,000 horsepower, was started in the spring of 1951 and is expected to commence the generation of power late this year. The completion of these developments will permit the full utilization of the existing aluminium-smelting capacity of 420,000 metric tons per year in the Saguenay Valley and at Shawinigan Falls and will additionally supply power for the operation of a new smelter having a capacity of 45,000 metric tons per annum now being constructed at Isle Maligne. The Quebec power and ingot expansion programme together with the required bauxite-mining and ancillary facilities is designed to increase production at an early date to approximately 500,000 metric tons per year including Beauharnois, and is estimated to cost approximately \$110 millions.

A longer-term expansion programme is being carried out in British Columbia with related facilities in Jamaica, British West Indies. A separate publication describing the British Columbia-Jamaica project is being made available to shareholders with this report and only brief reference to the programme will be made here. The present programme involves the construction of the first pivotal phase of a new, and potentially large, hydroelectric and aluminium complex on the west coast of Canada ultimately capable of producing 1,600,000 horsepower of firm electric energy and 500,000 metric tons of aluminium annually. The first phase of the programme is being undertaken at this time providing for the installation of 450,000 horsepower of generating capacity and the construction of 83,000 metric tons of annual ingot-smelting capacity. The current programme includes the construction of a dam and tunnel capable of providing the water required for a firm generating capacity of 800,000 horsepower. The installation of these works will thus permit more rapid completion of any further smelting expansion that may be undertaken. First production of aluminium from the British Columbia plant is planned for early 1954 utilizing about 300,000 horsepower. Expenditures for the first phase in British Columbia are now estimated at \$195 millions.

In Jamaica the Company is proceeding with the construction of new bauxite-mining facilities and an alumina-manufacturing plant capable of supplying the initial alumina requirements of the British Columbia smelter. The alumina plant presently authorized and under construction will be capable of producing 165,000 metric tons of alumina per annum. Further development beyond this capacity is provided for in the general planning of the undertaking. As a part of this programme a deep waterport is being constructed on the south coast of Jamaica to handle both incoming and outgoing shipments.

Other expansion projects include a new bauxite-mining and processing installation on the Los Islands of French West Africa which will have an annual capacity of 250,000 metric tons of bauxite starting in 1952, and the installation of additional kilns for drying and calcining bauxite at our British Guiana mines.

Expenditures of \$120 millions were made during 1951 in implementing the Company's overall plant expansion programme which is now estimated to cost \$360 millions during the period 1951 to 1954 inclusive.

FINANCING

As mentioned previously, the Company received during the year \$23,899,212 in the form of additional capital from shareholders and \$24,975,000 in the form of unsecured 3½% notes the abatable portion of which is carried under the heading "Indebtedness Contingent On Volume of Operations." The latter resulted from agreements negotiated in 1950 with the United Kingdom Government.

Under an agreement entered into in 1951 the British Government has undertaken to make additional advances during 1952 and 1953 aggregating \$40,000,000 against 3½% short-term notes to be converted on or about February 1st, 1954 into one unsecured twenty-year 3½% redeemable note, maturing 1974. Both principal and interest are payable only in proportion to the use of Canadian ingot capacity between 400,000 and 450,000 metric tons per annum, in line with the same principal as applied to lower production ranges, under which advances have previously been made by the British government. In return the British government was given a first call on an additional 50,000 metric tons per year for twenty years from 1954, making the total first call 250,000 metric tons per year until 1971 and 50,000 metric tons from 1971 to 1974. Contracts were also entered into with the British Government under which, as previously mentioned, deliveries of approximately 1,000,000 metric tons of aluminium ingot will be made during the years 1952 to 1955 inclusive.

Depreciation and retained earnings, plus the \$40,000,000 to be received in 1952 and 1953, are expected to provide a large part of the capital required to meet the expansion programme as now planned and estimated. The Company is, however, planning to raise further funds to provide adequate coverage for the capital and other requirements of the business.

RESEARCH AND DEVELOPMENT

Aluminium Limited's technical organization was actively engaged throughout the year in research and development and in raw material and power studies. Research was directed at process and product improvement in the smelting, fabrication and utilization fields. Current developments in the nature and availability of the raw materials and power essential to the industry justify the intensive study which these subjects are continuing to receive.

Consistent with the Company's long-standing policy, the technical organization has continued to investigate sources of additional raw material supplies and potential sites adapted to the economic production of aluminium. The possibilities of establishing a fully integrated ingot-producing enterprise in the Gold Coast, West Africa, were given further study.

SHARE OWNERSHIP

The total number of shareholders of Aluminium Limited increased from approximately 5,000 at the beginning of the year to more than 11,000 at the end of the year. The issue of rights to shareholders to subscribe for additional shares in the company and the disposal of shares by certain United States holders in accordance with a United States court judgment entered in January 1951, contributed to the growth in numbers of shareholders.

PERSONNEL

Relations between the Company and its employees continued to be generally satisfactory throughout 1951, although a labour dispute at the Shawinigan Falls smelter in Canada did result in a production stoppage for five weeks.

The year has been a busy one and all members of the organization are deserving of the gratitude and appreciation of the Board of Directors and management for their continuing perseverance and loyalty.

Respectfully submitted,

NATHANAEL V. DAVIS,

President.

March 19th, 1952.

ALUMINIUM LIMITED	
and Consolidated Subsidiaries	
Source and Application of Funds	
1951	
IN MILLIONS OF CANADIAN DOLLARS	
<u>Source</u>	
Net profit	\$ 29
Depreciation and depletion	28
Sales of securities	
Aluminium Limited shares	24
Aluminum Company of Canada Limited 3½% abatable notes	25
Jamaica Bauxites Limited 4% loan (portion drawn down in 1951)	4
Proceeds of disposition of plant and investments, etc.	4
Decrease in working capital	31
	<u>\$145</u>
<u>Application</u>	
New plant	120
New investments	1
Redemption of debt and preferred shares	10
Dividends	14
	<u>\$145</u>



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Comparative Financial Statistics
(as adjusted)

IN MILLIONS OF CANADIAN DOLLARS

Year	Total Assets before Reserves	Total Sales	Profit before Depreciation		Profit available for Common Shares	Cash Dividends paid on Common Shares	Common Shares plus Surplus
			before Income Taxes	after Income Taxes			
1928	\$ 71	\$ 12	\$ 1	\$ 1	\$—	\$ Nil	\$ 25
1929	75	30	4	4	2	Nil	28
1930	75	26	3	2	1	Nil	28
1931	81	22	1	—	-1	Nil	27
1932	81	13	1	1	-1	Nil	25
1933	84	14	2	2	—	Nil	26
1934	83	21	2	2	—	Nil	26
1935	84	26	2	2	1	Nil	27
1936	88	32	4	4	2	Nil	30
1937	98	49	13	11	8	Nil	39
1938	144	66	20	15	11	Nil	50
1939	158	92	28	20	16	3	63
1940	209	82	38	16	11	6	66
1941	316	132	53	38	15	7	72
1942	446	198	75	63	16	7	80
1943	528	290	96	82	12	7	84
1944	523	259	81	70	12	6	91
1945	480	114	26	18	12	6	98
1946	490	111	28	18	12	7	107
1947	514	153	38	23	16	7	115
1948 (1)	587	209	56	36	27	10	124
1949	612	199	57	37	27	10	137
1950	698	227	73	47	33	13	160
1951	809	284	92	56	29	14	200

(1) Includes Saguenay Power Company, Ltd. and subsidiaries for the first time.



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Balance Sheet

31st December 1951

IN CANADIAN DOLLARS

ASSETS

	31st December 1951	31st December 1950
Current Assets:		
Cash	\$ 25,658,845	\$ 72,179,148
Marketable securities, principally Canadian Government bonds (quoted value \$64,128,273)	64,099,420	50,827,945
Receivables, less provision for doubtful accounts	35,997,048	32,501,138
Inventories of aluminium, materials and supplies (note 4) (at cost or under, which is not in excess of market)	71,481,632	54,614,721
	<u>197,236,945</u>	<u>210,122,952</u>
Indemnity receivable 1952/1956 in respect of French properties nationalized	1,933,485	1,100,000
Prepaid expense and deferred charges	10,524,386	8,072,872
Unamortized financing expenses of subsidiaries	2,764,135	2,946,565
Indemnity, surety and other deposits	709,277	680,833
Investments:		
Fully owned subsidiaries not consolidated	1	1
Subsidiaries — more than 50% owned (note 1)	1,710,019	8,147,459
Other allied companies — not more than 50% owned	6,888,263	6,966,208
	<u>8,598,283</u>	<u>15,113,668</u>
Lands, plants, riparian rights, and facilities, at cost (note 5)	587,456,973	459,718,729
Less: Amount thereof charged to operations (depreciation and depletion)	303,959,664	274,815,229
	<u>283,497,309</u>	<u>184,903,500</u>
	<u>\$505,263,820</u>	<u>\$422,940,390</u>



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Balance Sheet

31st December 1951

IN CANADIAN DOLLARS

LIABILITIES

	31st December 1951	31st December 1950
Current Liabilities:		
Payables, including accrued liabilities	\$ 39,691,746	\$ 23,273,941
Bank loans, principally in Brazilian cruzeiros and sterling	6,150,343	5,622,327
Income and other taxes	20,936,471	17,868,255
Other indebtedness payable within one year (note 6)	2,512,604	3,160,816
	<u>69,291,164</u>	<u>49,925,339</u>
Indebtedness not maturing within one year (note 6)	135,046,269	136,745,444
Indebtedness contingent on volume of operations (note 6)	75,928,750	54,968,185
Operating reserves and deferred credits	3,919,915	1,569,850
Preferred Shares (cumulative redeemable):		
Aluminum Company of Canada, Ltd. 4% sinking fund shares	13,231,100	13,589,350
Saguenay Power Company, Ltd. 4¼% sinking fund shares	4,174,700	4,349,300
Indian Aluminium Company, Ltd. 5% shares	1,329,200	
	<u>18,735,000</u>	<u>17,938,650</u>
Minority interest in subsidiary companies	2,654,400	1,749,925
Capital Stock and Surplus:		
Shares without nominal or par value:		
4,093,289 shares outstanding	58,065,720	33,935,185
(including 371,239 shares issued for cash in 1951)		
Capital surplus	2,483,313	1,961,685
Earned surplus (note 7)	139,139,289	124,146,127
	<u>199,688,322</u>	<u>160,042,997</u>
	<u>\$505,263,820</u>	<u>\$422,940,390</u>

Signed on behalf of the Board,
NATHANAEL V. DAVIS, Director
JAMES A. DULLEA, Director



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Statement of Profit and Loss
For the Year Ending 31st December 1951

IN CANADIAN DOLLARS

	1951	1950
Sales	\$283,978,879	\$226,610,826
Cost of sales	164,113,447	129,538,806
	119,865,432	97,072,020
Selling, general and administrative expenses	20,782,386	18,274,933
	99,083,046	78,797,087
Interest on marketable securities, etc. (including \$267,662 income from investments — \$371,212 in 1950)	1,774,366	1,629,955
Indemnity instalments received in respect of French properties nationalized, less proportionate carrying value of claim	611,658	—
	101,469,070	80,427,042
Interest on contingent and other indebtedness not maturing within one year	5,977,973	4,333,459
Other interest	420,781	188,157
Amortization and write-off of financing expenses	413,753	893,219
Loss on sale of investment in a subsidiary company	389,404	—
Exchange adjustment arising in consolidation	970,738	852,565
	8,172,649	6,267,400
	93,296,421	74,159,642
Capital cost allowances in respect of lands, plants and facilities (depreciation and depletion)	27,580,624	14,276,948
	65,715,797	59,882,694
Provision for income taxes (including \$30,942,460 Canadian taxes — \$23,499,776 in 1950)	36,095,995	26,212,019
	29,619,802	33,670,675
Dividends on preferred shares	744,337	733,756
Minority interest in profit of subsidiary companies	114,589	328,566
	858,926	1,062,322
Profit carried to earned surplus	\$ 28,760,876	\$ 32,608,353

NOTES. The Canadian Income Tax Act provides for capital cost allowances in respect of facilities under construction as well as facilities in use and, in addition thereto, accelerated allowances under certain circumstances. The total capital cost allowances, including accelerated allowances, charged to operations in respect of facilities under construction amounted to \$12,717,283 in 1951 and had the effect of reducing net profit for the year by \$6,918,202.

Legal fees for 1951 amounted to \$361,809, directors' fees \$35,488, executive salaries (parent and consolidated subsidiaries) \$1,803,487.



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Statement of Surplus
For the Year Ending 31st December 1951

IN CANADIAN DOLLARS

EARNED SURPLUS

Earned surplus --- 31st December 1950.		\$124,146,127
Surplus, since acquisition, of subsidiaries not previously consolidated (note 1)	\$ 178,406	
Provision for exchange on principal of indebtedness not maturing within one year, no longer required.	<u>1,152,400</u>	1,330,806
Profit for the year.		<u>28,760,876</u>
		154,237,809
Aluminium Limited dividends (1950: \$13,092,367)	14,333,415	
Appropriations for the purchase for cancellation of preferred shares of subsidiaries.	<u>765,105</u>	<u>15,098,520</u>
Earned surplus --- 31st December 1951.		<u>\$139,139,289</u>

CAPITAL SURPLUS

Capital surplus --- 31st December 1950.	\$ 1,961,685
Par value of preferred shares of subsidiaries purchased for cancellation	<u>521,628</u>
Capital surplus --- 31st December 1951.	<u>\$ 2,483,313</u>



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Notes to Financial Statements

1. Principles of Consolidation:

The consolidated financial statements include the accounts of all fully owned subsidiaries (except certain foreign companies carried at a nominal value of \$1), the consolidated accounts of Saguenay Power Company, Ltd. in which Aluminium Limited's equity is 93.6% and, for the first time, the accounts of Eletro-Quimica Brasileira, S.A. and Indian Aluminium Company, Ltd. in which Aluminium Limited's equity is 99.5% and 87.2% respectively. The inclusion of the latter two companies had no significant effect on 1951 earnings.

2. Foreign Exchange:

Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31st December 1951, except that (a) fixed assets and their related reserves are at rates determined at dates of acquisition, and (b) indebtedness not maturing within one year is at rates prevailing at dates of issue except that the Aluminum Company of Canada, Ltd. first mortgage 3½% sinking fund bonds, due 1974, payable in U.S. dollars, are stated on a dollar for dollar basis.

3. Adjustment in Consolidation:

The assets of Saguenay Power Company, Ltd. include an item of long-term power sales contracts carried in their books at \$19,639,785. In consolidating the accounts of that company, the excess of Aluminium Limited's equity in Saguenay Power's net assets at date of acquisition over its investment in shares of that company, \$7,346,728, has been applied against the book value of contracts, the remaining \$12,293,057 having been written off in 1948 against consolidated earned surplus.

4. Inventories of Aluminium, Materials and Supplies:

	1951	1950
Aluminium	\$ 19,320,322	\$ 16,441,818
Raw materials	36,821,480	28,767,512
Supplies	15,339,830	9,405,391
	<u>\$ 71,481,632</u>	<u>\$ 54,614,721</u>

5. Lands, Plants, Riparian Rights, and Facilities:

	1951	1950
Land and water rights	\$ 43,279,471	\$ 43,017,518
Mineral properties, rights and development	7,749,426	6,667,768
Buildings, machinery and equipment	419,126,458	399,274,020
	<u>470,155,355</u>	<u>448,959,306</u>
Construction work in progress	117,301,618	10,759,423
	<u>\$587,456,973</u>	<u>\$459,718,729</u>

The company is engaged in a programme of capital expenditures presently estimated to cost \$360,000,000 during the period 1951 to 1954 inclusive, of which \$120,000,000 was expended in 1951.

Additions for 1951 also include \$10,000,000 resulting from the consolidation of two partially-owned subsidiaries not previously consolidated (note 1).



ALUMINIUM LIMITED
and Consolidated Subsidiaries

6. Indebtedness not maturing within one year:	1951	1950
Aluminum Company of Canada, Ltd.:		
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	\$ 11,083,000	\$ 12,186,000
Series "B" (U.S. \$22,286,000)	22,286,000	23,263,000
Commutation value of contractual obligation for annual payments secured by second hypothec (Can. \$5,150,066; U.S. \$5,150,066)	10,300,132	10,725,000
3½% Sinking fund debentures, due 1971	50,000,000	50,000,000
*Redeemable notes, due 1971 -- payable to the British Government -- interest payable only if and to the extent ingot production is maintained at rates specified in the respective notes during the term thereof:		
3% Notes	2,747,500	
3½% Notes	1,248,750	
Saguenay Power Company, Ltd.:		
First mortgage 3% sinking fund bonds, due 1971 (U.S. \$23,200,000)	23,200,000	23,200,000
2% Serial debentures, due 1952	900,000	1,800,000
Northern Aluminium Company, Ltd.:		
3¾% Debentures, due 1957/1961 (£1,250,000)	5,025,000	5,025,000
3¾% Debentures, due 1962/1964 (£ 750,000)	2,304,375	2,304,375
Aluminium Limited:		
Bank loan, due 1952/1956 (U.S. \$5,350,000)		5,879,000
Jamaica Bauxites Limited:		
4% Loan, due 1952/1958 -- payable to the U.S. Government Economic Cooperation Administration (U.S. \$4,507,700)	4,743,198	475,864
Other indebtedness	3,720,918	3,895,621
	137,558,873	138,753,860
Add: Provision for exchange on principal repayable in foreign currencies, no longer required in 1951		1,152,400
	137,558,873	139,906,260
Less: Indebtedness payable within one year in accordance with terms of the above obligations, included in current liabilities	2,512,604	3,160,816
	\$135,046,269	\$136,745,444
Indebtedness contingent on volume of operations:		
Aluminum Company of Canada, Ltd.:		
*Redeemable notes, due 1971 -- payable to the British Government -- principal and interest payable only if and to the extent ingot production is maintained at rates specified in the respective notes during the term thereof:		
3% Notes	\$ 52,202,500	\$ 54,968,185
3½% Notes	23,726,250	
	\$ 75,928,750	\$ 54,968,185

*Under agreement dated 19th April 1951, as amended on 2nd November 1951, the British Government has undertaken to make additional advances during 1952 and 1953 aggregating \$40,000,000 against 3½% short-term notes to be converted on or about 1st February 1954 into one unsecured 20 year 3½% redeemable note maturing 1974, with principal and interest subject to abatement during the period 1954 to 1974.

Continued



ALUMINIUM LIMITED
and Consolidated Subsidiaries

6. Indebtedness — continued

The formulae for abatement of the several notes in any year are summarized below:

Principal amount of Note	Rate of interest	Principal and interest are abatable if production is less than	Amount of principal abatable per ton	Maximum amount of principal abatable in any year	Entire interest is abatable if production is less than
\$39,600,000	3%	172,500 m. t.	\$24.00	\$1,980,000	90,000 m. t.
15,350,000	3%	197,500 m. t.	30.70	767,500	172,500 m. t.
24,975,000	3½%	400,000 m. t.	13.50	1,248,750	307,500 m. t.
40,000,000	3½%	450,000 m. t.	40.00	2,000,000	400,000 m. t.

7. Earned Surplus:

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.

The surpluses of non-Canadian subsidiaries forming part of the consolidated earned surplus at 31st December 1951 aggregated \$10,989,606. The profit of these subsidiaries for the year 1951 was \$5,581,068 and net dividends paid by that group to their Canadian parent during the year aggregated \$4,177,509.

8. Geographical Distribution of Consolidated Assets, Liabilities, etc.:

A condensed analysis of the consolidated balance sheet according to the domicile of the constituent companies at 31st December 1951, expressed in millions of Canadian dollars, follows:

	Canada	Other Western Hemisphere	Other British Commonwealth	All Other	Total
ASSETS					
Current assets	154.1	23.0	16.0	4.1	197.2
Investments	8.3	.1	—	.2	8.6
Fixed assets	496.1	38.5	36.9	16.0	587.5
Less: Depreciation, etc.	271.0	16.4	13.1	3.5	304.0
Other assets	13.8	2.0	.1	.1	16.0
	<u>401.3</u>	<u>47.2</u>	<u>39.9</u>	<u>16.9</u>	<u>505.3</u>
LIABILITIES					
Current liabilities	49.0	7.3	11.2	1.8	69.3
Funded debt	197.9	4.5	8.2	.4	211.0
Preferred shares	17.4	—	1.3	—	18.7
Other liabilities	5.0	.4	.8	.4	6.6
	<u>269.3</u>	<u>12.2</u>	<u>21.5</u>	<u>2.6</u>	<u>305.6</u>
Common shareholders' equity	<u>132.0</u>	<u>35.0</u>	<u>18.4</u>	<u>14.3</u>	<u>199.7</u>

auditors' report

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PRICE WATERHOUSE & CO.

215 ST. JAMES STREET WEST

MONTREAL 1

15th March 1952.

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and its consolidated subsidiaries as at 31st December 1951 and the related statements of profit and loss and surplus for the year then ended and have obtained all the information and explanations which we have required. Our examination of the financial statements of Aluminium Limited, its Canadian subsidiaries and certain of its foreign subsidiaries was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Financial statements of the remaining foreign subsidiaries have been examined by other independent accountants and have been accepted by us for inclusion in the consolidated statements.

In our opinion and 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, 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 Aluminium Limited and its consolidated subsidiaries as at 31st December 1951 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Pursuant to section 114 of The Companies Act, 1934, we report that the profits for the year of the non-consolidated subsidiaries have been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profits of these subsidiaries exceeded the amount of such dividends.



Chartered Accountants.



ALUMINIUM LIMITED
and Consolidated Subsidiaries

DIRECTORS

DR. EARL BLOUGH
DR. DONALD K. DAVID
NATHANAEL V. DAVIS
JAMES A. DULLEA
N. BAXTER JACKSON
PAUL LAROCQUE
E. G. MACDOWELL
HON. LEIGHTON MCCARTHY, Q.C.

EDWIN J. MEJIA
GEORGE O. MORGAN
R. E. POWELL
JOHN L. SULLIVAN

OFFICERS

NATHANAEL V. DAVIS, *President*
R. E. POWELL, *Senior Vice President and Director of Operations*
JAMES A. DULLEA, *Senior Vice President, Secretary and Chief Secretarial Officer*
DR. EARL BLOUGH, *Vice President*
E. G. MACDOWELL, *Vice President and Chief Sales Management Officer*
EDWIN J. MEJIA, *Vice President and Chief Public & Employee Relations Officer*
GEORGE O. MORGAN, *Vice President*
DANA T. BARTHOLOMEW, *Chief Financial Officer*
H. H. RICHARDSON, *Chief Technical Officer*
J. F. EVANS, *Treasurer*
PAUL LAROCQUE, *Ass't. Secretary and Ass't. Treasurer*
DOROTHY CASSELMAN, *Ass't. Secretary*
D. M. KERTLAND, *Ass't. Treasurer*



ALUMINIUM LIMITED
and Consolidated Subsidiaries

GROUP MANAGEMENT COMPANIES

ALUMINIUM FIDUCIARIES LIMITED	Public and employee relations
ALUMINIUM LABORATORIES LIMITED	Research, Engineering and Geological Exploration Research Laboratories at Kingston and Arvida, Canada, and Banbury, England
ALUMINIUM SECURITIES LIMITED	Financial management
ALUMINIUM SECRETARIAT LIMITED	Corporate procedure
ALUMINIUM UNION LIMITED	Sales management

CORRESPONDENTS of the Aluminium Limited Group of Companies

STAND CORPORATION	Boston and New York correspondent 38 Newbury Street, Boston and British Empire Building, New York
STAND LIMITED	London correspondent 11 Bruton Street, London, W.1.
STAND S.A.	Geneva correspondent 59, rue du Stand, Geneva

INTERNATIONAL DISTRIBUTING COMPANIES

ALUMINIUM UNION LIMITED	Sales offices at London, Calcutta, Sydney, Karachi Resident representatives at Paris, Hong Kong, Bangkok
ALUMINIUM IMPORT CORPORATION	Sales Offices at New York City, Sao Paulo and Buenos Aires Resident representatives at Caracas and Mexico, D.F.
L'ALUMINIUM COMMERCIAL S.A.	Sales office at Zürich
INTERNATIONAL ALUMINIUM COMPANY, LTD.	Sales Office at Tokyo Agents in all other important centres



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Subsidiary
OPERATING COMPANIES
(Consolidated)

ALUMINUM COMPANY OF CANADA, LTD.— CANADA	Producers of primary ingot, sheet, foil, extrusions, cable, wire, forgings, castings, aluminium paste, alumina, chemicals Works: Arvida, Isle Maligne, Shawinigan Falls, Kingston, Etobicoke, Wakefield, Beauharnois
ALMA & JONQUIERES RAILWAY COMPANY (THE) — CANADA	Owms and operates a railway from Isle Maligne to C.N.R. main line
ALUMINIO DO BRASIL, S.A.— BRAZIL	Producers of utensils and foil Works: Sao Paulo
ALUMINIUM COMPANY OF SOUTH AFRICA (PROPRIETARY) LTD.— SOUTH AFRICA	Producers of sheet and foil Works: Pietermaritzburg
ALUMINIUMWERKE A.-G. RORSCHACH — SWITZERLAND	Producers of sheet and foil Works: Rorschach
ALUMINUM GOODS LIMITED — CANADA	Producers of utensils; jobbers Works: Toronto
ALUMINIUM MERIDIONAL — FRANCE	Producers of aluminium paste Works: Bedous
BAUXITES DU MIDI — FRANCE	Owms bauxite mines at Brignoles, France Developing bauxite in French West Africa
CHAGUARAMAS TERMINALS LIMITED — TRINIDAD	Owms and operates a bauxite trans-shipping station with dock, storage at Port-of-Spain
DEMERARA BAUXITE COMPANY, LTD.— BRITISH GUIANA	Owms and operates bauxite mines, and treating plant for preparation of various grades of bauxite. Works: Mackenzie
ELETRO-QUIMICA BRASILEIRA S.A.— BRAZIL	Producers of primary aluminium, also ferro-alloys. Works: Ouro Preto
INDIAN ALUMINIUM COMPANY, LTD.— INDIA	Owms and operates bauxite mines; producers of alumina, primary ingot, sheet, paste Works: Bagru Hill, Muri Junction, Alupuram, Belur
JAMAICA BAUXITES LIMITED — JAMAICA	Developing bauxite properties in Jamaica
NEWFOUNDLAND FLUORSPAR LIMITED — CANADA	Owms and operates fluorspar mine at St. Lawrence
NORTHERN ALUMINIUM COMPANY, LTD.— GREAT BRITAIN	Producers of sheet, extrusions, castings, rod, wire, forgings, aluminium paste Works: Banbury, Rogerstone, Birmingham
ROBERVAL AND SAGUENAY RAILWAY COMPANY (THE) — CANADA	Owms and operates a railway from Port Alfred to Arvida
SAGUENAY TERMINALS LIMITED — CANADA	Operates ships, docks and warehouses
SAGUENAY ELECTRIC COMPANY — CANADA	Retails electricity in Saguenay district



ALUMINIUM LIMITED
and Consolidated Subsidiaries

SAGUENAY POWER COMPANY, LTD. — CANADA
SAGUENAY TRANSMISSION COMPANY, LTD. —
CANADA
SOCIETA DELL'ALLUMINIO ITALIANO — ITALY
SPROSTONS, LIMITED — BRITISH GUIANA

Owms and operates hydroelectric power station at Isle Maligne
Transmits and sells electric power wholesale in Saguenay district
Producers of primary ingot
Works: Borgofranco d'Ivrea
Shipping, trading and miscellaneous services
Branches in British Guiana, Trinidad and Jamaica

Other Subsidiary and Allied
OPERATING

COMPANIES
(Not Consolidated)

ALUMINIO INDUSTRIAL MEXICANO, S.A. —
MEXICO
ALUMINIUMWERKE GOETTINGEN G.m.b.H. —
GERMANY
ALUMINIUMWERKE NUERNBERG G.m.b.H. —
GERMANY
AUSTRALIAN ALUMINIUM COMPANY
PROPRIETARY LTD. — AUSTRALIA
DANSK ALUMINIUM INDUSTRI (A/S) —
DENMARK
DELPHI BAUXITES S.A. — GREECE
DET NORSKE NITRIDAKTIESELSKAP —
NORWAY
NEDERLANDSCHE ALUMINIUM MAATSCHAPPIJ
(N.V.) — HOLLAND
NORDISK ALUMINIUMINDUSTRI (A/S) —
NORWAY
NORSK ALUMINIUM COMPANY (A/S) —
NORWAY
SVENSKA ALUMINIUMKOMPANIET (AB) —
SWEDEN
TOYO ALUMINIUM K.K. — JAPAN

Producers of sheet, foil and paste
Works: Mexico City
Producers of sheet and utensils; jobbers
Works: Göttingen
Producers of castings
Works: Nürnberg
Producers of sheet, extrusions, forgings, and castings. Works: Sydney
Producers of utensils; jobbers
Works: Copenhagen
Owms bauxite mines
Producers of primary ingot
Works: Eydehavn, Tyssedal
Producers of sheet and extrusions
Works: Utrecht
Producers of sheet, castings and utensils; jobbers. Works: Holmestrand
Producers of alumina and primary ingot
Works: Høyanger
Producers of primary ingot
Works: Månsbo and Kubikenborg
Producers of sheet and foil. Works: Osaka

Note: The companies listed on pages 22 and 23 are the principal consolidated operating subsidiaries of Aluminium Limited; those on the lower portion of page 23 are the principal companies carried on the books of the Company as investments.

ALUMINIUM LIMITED
HEAD OFFICE: 1155 METCALFE STREET
MONTREAL — CANADA
MAIL ADDRESS — P.O. BOX 6090



TRANSFER AGENTS

National Trust Company, Limited, Montreal and Toronto
Mellon National Bank and Trust Company, Pittsburgh
The National City Bank of New York, New York City

REGISTRARS

The Royal Trust Company, Montreal and Toronto
Fidelity Trust Company, Pittsburgh
The Hanover Bank, New York City



