

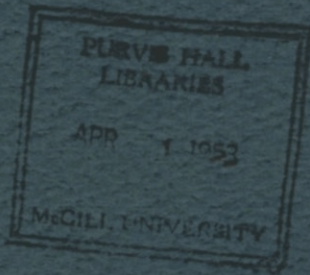
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25th Annual Report

1952

1952



ALUMINIUM LIMITED

DIRECTORS

DR. EARL BLOUGH
DR. DONALD K. DAVID
NATHANAEL V. DAVIS
JAMES A. DULLEA
DR. E. C. HARDER
N. BAXTER JACKSON
PAUL LAROCHE
E. G. MACDOWELL
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 LAROCHE, *Ass't. Secretary and Ass't. Treasurer*
D. M. KERTLAND, *Ass't. Treasurer*
DOROTHY CASSELMAN, *Ass't. Secretary*
JAMES A. PATERSON, *Ass't. Secretary*

REPORT

to the
shareholders of
ALUMINIUM LIMITED

The 25th annual report of Aluminium Limited, covering the affairs and the financial position of your Company for the year 1952, 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, 1952, as certified by your auditors, Price Waterhouse & Co., form a part of this report.

FINANCIAL RESULTS

Production and sale of aluminium products in 1952 reached their highest levels in the history of the Company. Consolidated sales income and operating revenues in 1952 were \$333 millions, compared to \$284 millions in 1951.

Capital expenditures of \$186 millions for new production facilities recorded in the accounts for 1952 were substantially larger than in 1951, or any previous year. This amount brought total capital expenditures recorded in the accounts for the two years to \$306 millions, being almost three-fourths of the capital cost of the presently authorized 1951-54 expansion programme which is now estimated at \$435 millions.

Net profit for the year 1952, after capital cost allowances (depreciation and depletion), income taxes and all other charges, was \$22,372,289, or the equivalent of \$2.73 per share on the 8,186,578 shares of capital stock outstanding at the end of the year. For the year 1951, net profit was \$28,760,876, or the equivalent of \$3.51 per share after giving effect to the two-for-one stock split in September 1952.

The substantial increase in capital cost allowances charged to operations, as permitted under Canadian Income Tax regulations, accounted largely for the 22% decrease in net profit as compared to 1951. It will also be noted that the Company has written off against this year's revenues financing expenses incurred in prior years of \$2,764,135, as well as \$1,320,353 expenses, including exchange loss, incurred by Aluminum Company of Canada, Ltd. in connection with its 1952 debenture issue. On the other hand, the change in the method of determining intercompany profit mentioned in Note 1 to the financial statements had the effect of increasing profit for the year by \$1,953,735.

Capital cost allowances for 1952 amounted to \$37,577,893, compared to \$27,580,624 in 1951, and \$14,276,948 in 1950. Aggregate allowances of \$37,577,893 on plant consisted of \$16,475,671 of normal allowances on facilities in operation, and \$21,102,222 of other capital cost allowances. The latter provision, which consists

principally of allowances on new facilities prior to completion by the Aluminum Company of Canada, Ltd., had the effect of reducing net profit, after income taxes, by \$11,227,900. In 1951, the provision of \$12,717,283 of similar allowances had the effect of reducing net profit by \$6,918,202.

As explained more fully in Note 4 to the financial statements, it is the present intention of Aluminum Company of Canada, Ltd. to continue to apply against the profits of the years through 1957 both normal allowances and additional capital cost allowances under certificates issued by the Minister of Defence Production for Canada. The normal allowances, including allowances on facilities under construction, will represent about two-thirds of the total. The overall effect of this policy, combined with the effect of depreciation allowances taken by the other subsidiaries, will be to increase depreciation reserves on total plant in the years 1951-57 by an amount equivalent to about 75 percent of the capital cost of the 1951-54 expansion programme as presently authorized.

Reflecting the above capital cost allowance policy, provision for Canadian and foreign income taxes in 1952 was somewhat lower than in the preceding year, despite increases in tax rates in certain countries, notably Canada and the United Kingdom. The provision in 1952 was \$35,258,018, compared to \$36,095,995 in 1951 and \$26,212,019 in 1950.

Based on the number of common shares outstanding at the end of 1952, the operating results per share may be summarized as follows:

	1952	1951	1950
Net Profit	\$ 2.73	\$ 3.51	\$ 3.98
Depreciation	4.59	3.37	1.74
Cash Income	7.32	6.88	5.72
Income Taxes	4.31	4.41	3.20
	<u>\$11.63</u>	<u>\$11.29</u>	<u>\$ 8.92</u>

In 1952, dividends per share were paid in U.S. currency as follows: On the 4,093,289 shares outstanding prior to the two-for-one split: \$1.00 on March 5th; \$1.00 on June 5th; \$1.00 on September 8th, and on the 8,186,578 shares outstanding following the split: \$0.50 on December 5th. Total dividends declared and paid in 1952 were (Canadian) \$16,039,585 compared to \$14,333,415 in 1951. Net current assets stood at \$94,771,608 at the end of 1952 — a decrease during the year of \$33,174,173, reflecting heavy current expenditure on the Company's expansion programme.

To assist in financing the expansion programme the following new long-term indebtedness was incurred during the year: 1) the receipt from the Government of the United Kingdom of advances of \$22,200,000 against unsecured 3½% abatable redeemable notes due 1974; and 2) the sale by Aluminum Company of Canada, Ltd. in the

United States on May 20th, 1952, of U.S. \$90,000,000 3 $\frac{7}{8}$ % Sinking Fund Debentures Due 1970 which are guaranteed by Aluminium Limited.

As of January 1st, 1952, the accounts of two fully-owned fabricating companies in Germany were restored to consolidation and an investment in a partially-owned fabricating company in Japan was reinstated as an investment at cost. During World War II these three companies had been seized by their respective governments and had been removed from all direction or control by Aluminium Limited until reinstated by allied occupation authorities after hostilities ceased. The reinstatement in the consolidated accounts of these assets, which had previously been written off, resulted in a credit of \$3,019,248 to the surplus for the year.

GENERAL

Concerning the progress of the aluminium industry as a whole in 1952, it is observed that new and reactivated primary aluminium facilities came into service in several countries, resulting in the largest total production of the metal for any year in history. Statistics so far available indicate that in 1952, for the first time, the volumetric production of aluminium in the free world exceeded the combined volume of the older non-ferrous metals, copper, lead and zinc. By mid-year, the almost worldwide deficiency in supply of aluminium that had been strongly in evidence since the outbreak of hostilities in Korea in 1950 had been largely overcome in all important consuming countries except the United States where combined defence and stockpile requirements continued to exceed available supplies. In the United Kingdom and certain other overseas markets, the latter months of the year saw a softening in demand for aluminium and other industrial metals and aluminium experienced keener competition from other materials, particularly from tinplate in the container industry. The overall demand for the Company's primary aluminium nevertheless remained strong throughout the year.

MARKETS AND SALES

In Canada, the United Kingdom and the United States where the bulk of the Company's Canadian aluminium was marketed, a substantial but smaller percentage of shipments went to defence industries in 1952 as compared with 1951. As the year closed and aluminium controls were being relaxed in major markets, a more normal marketing situation than in the previous year appeared to be emerging.

Shipments of Canadian aluminium in ingot form in the past five years were as follows, in metric tons:*

	1948	1949	1950	1951	1952
United Kingdom...	145,500	146,500	133,000	181,600	234,300
U.S.A.....	79,800	66,900	147,500	93,700	104,100
Canada.....	58,200	52,500	60,000	78,500	80,500
All others.....	70,900	48,100	37,800	48,900	35,600
Total.....	<u>354,400</u>	<u>314,000</u>	<u>378,300</u>	<u>402,700</u>	<u>454,500</u>

*Metric tons of 2204.6 lbs. each.

Sales of aluminium in all forms and from all sources by consolidated subsidiaries of Aluminium Limited reached a record level of 488,300 metric tons in 1952 compared to 434,000 metric tons in 1951, and 401,000 metric tons in 1950. As in previous years, the United Kingdom, the United States and Canada were the principal outlets for the Company's products, buying 83% of the total tonnage which includes shipments from sources outside of Canada. Next in order of importance were Italy, Holland, and Australia, followed by Germany, Brazil and Sweden.

The Company's sales in the period 1948-52 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		
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	113,871,559	140,587	121,428,785	48,678,535	283,978,879
1952.....	340,287	138,243,586	147,987	136,906,497	57,843,902	332,993,985

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

The Company has entered into arrangements with the Government of the United Kingdom and into forward sales contracts with industrial customers in the United States covering the disposal of about 60% of its Canadian ingot capacity for the years 1953 to 1955 inclusive. In order to make available in 1952 and 1953 additional metal to supplement normal deliveries in the United States, arrangements have been entered into between the Company and the United Kingdom Government whereby the latter has released from time to time during the last eighteen months for diversion to the United States quantities of aluminium aggregating 85,000 metric tons, which it had previously agreed to purchase from the Company. As a result of these arrangements entered into with the United Kingdom Government, the Company has agreed to deliver to the United Kingdom Government in the next three years an aggregate of 45,000 metric tons of aluminium in replacement of metal released by the latter, and has granted the United Kingdom Government an option to purchase the balance of 40,000 metric tons in the years 1954-55.

Negotiations are under way between the Company and the United Kingdom Government looking towards an early reversion to private trading in aluminium in that country, as distinct from government bulk purchasing and distribution which have prevailed since 1939.

INGOT OPERATIONS

All available primary aluminium facilities of the Company's subsidiaries and affiliated companies were operated at maximum attainable capacity during 1952.

The sizeable expansion of hydroelectric power and ingot facilities undertaken in 1950 and 1951 by the principal producer — Aluminum Company of Canada, Ltd.— showed its first major result in 1952. New potlines of 45,000 metric tons annual capacity came into operation at the Isle Maligne smelter in the Saguenay District of Quebec and brought the year's production of the four main smelters in Quebec to 453,400 metric tons, compared to 405,600 metric tons in 1951. As the year closed, these plants were operating at an annual rate of approximately 500,000 metric tons, including the 32,000-ton plant at Beauharnois where electric power is purchased under contract.

In India, Brazil, Norway, Sweden, and Italy, aluminium production by subsidiaries and affiliates was generally maintained at capacity levels. Construction of new facilities to double the capacity of the Indian Company (to 5,000 metric tons per year) was undertaken and expansion by the Swedish affiliate to 15,000 metric tons by 1956 proceeded on schedule.

EXPANSION PROGRAMME

By the end of 1952, the general programme undertaken early in 1951 for expansion and integration of the Company's hydroelectric and aluminium production facilities in Canada was partially completed and indications are that the remaining portions will be completed on schedule and will be in operation by the middle of 1954. This programme, which was undertaken to meet the actual and anticipated increase in demand for the Company's products in North America and abroad, has proceeded in two phases, one in the Province of Quebec and one in British Columbia. Ancillary and related undertakings to provide raw and semi-finished materials for these operations have proceeded in Jamaica, British Guiana and French West Africa.

The overall programme for 1951-54 will result in the creation by the Company in Quebec and British Columbia of some 1,000,000 h.p. of new hydroelectric generating capacity. This will be sufficient to support approximately 150,000 metric tons of annual aluminium smelting capacity under construction or built since 1950 and to provide firm power for older smelter units which formerly had to rely on purchased power.

The first part of the programme, consisting of the augmentation and integration of existing power and smelting facilities in the Saguenay District of Quebec, was virtually completed in 1952. This involved the construction of two new powerhouses on the Peribonka River, having a combined installed generating capacity of 540,000 h.p. with a firm power potential of 410,000 h.p. It also involved additional smelting capacity of 65,000 metric tons per annum, 45,000 tons of which came into operation at Isle Maligne during the summer. The total installed generating capacity of the Company's own power plants in Quebec has now been increased to 2,580,000 h.p. After providing power for the general industrial and residential needs of the district, these hydroelectric plants will normally make available sufficient energy to enable the Company to utilize fully its 465,000 metric tons of smelting capacity at Arvida, Isle Maligne and Shawinigan Falls, which

represents 94% of the Company's smelting capacity in Quebec, the balance being at Beauharnois, for which power is purchased.

The second part of the programme involves the development of a large new source of hydroelectric power at Kemano, British Columbia, and the construction of an aluminium smelter and related facilities at Kitimat about 50 miles away, and is well advanced. The damming of the Nechako River is completed. On October 8th, 1952, the gates of the diversion tunnel in the dam were closed and the waters began to raise the level of the tributary lakes to the westward to form the reservoir approximately 150 miles long and 2,800 feet above sea level. The half-way mark has been passed in driving the tunnel which will extend ten miles through the coastal mountain range and lead to penstocks which will drop the water to turbines 2,600 vertical feet below. At the discharge end of the penstocks the powerhouse cavern is partially excavated inside the mountain. This powerhouse cavern will be large enough to house a 1,100,000 h.p. plant, although generating capacity of only 450,000 h.p. is presently being installed. The right-of-way for the 50-mile transmission line has been cleared and towers are being built over the 5,300-foot mountain pass to the smelter site at Kitimat where steel has been erected and the port facilities are well under way. Smelter units with an annual capacity of 83,000 metric tons are expected to be producing aluminium by the middle of 1954.

Additional smelting capacity of approximately 180,000 metric tons per annum will be possible at Kitimat without substantial enlargement of the hydraulic works or transmission lines. These additions could be made at much lower costs per ton of capacity and in quicker stages than the initial basic development now being constructed. The project is also designed so that further expansion to an installed generating capacity of approximately 2,200,000 h.p., sufficient to produce 500,000 metric tons of aluminium per annum, could be attained at a cost estimated to be lower than could be achieved elsewhere. However, no expansion beyond the 83,000-ton stage has been authorized.

BAUXITE AND ALUMINA

The Company's bauxite mines in British Guiana continue to be the main sources of supply for Canadian smelters and produced about 2,000,000 tons of bauxite in 1952. Additional capacity for drying and calcining bauxite and further modernization of mining equipment were provided during the year.

Two important new sources of ore to supplement that in British Guiana were brought into production in 1952. In Jamaica, where the Company pioneered the exploration of bauxite deposits in 1942 and 1943, the many years of development work were climaxed in December last by the extraction of the first alumina (aluminium oxide) to be produced in the Caribbean area. A subsidiary, Alumina Jamaica Limited, has constructed this bauxite and alumina plant which is presently being enlarged to reach an annual capacity of 165,000 metric tons by April 1954. Output shipped from this plant via the

Panama Canal will be sufficient to support the planned first stage of aluminium production in British Columbia. Further expansion may readily be made when required.

In September, the first shipments of bauxite were made to our Canadian alumina plants from a new bauxite-mining and processing installation in the Los Islands of French West Africa. This operation, conducted by a French subsidiary, is the largest bauxite development yet undertaken on the African continent. Shipments of 300,000 tons of ore are expected in 1953.

MAGNESIUM

In early 1952, the decision was taken to strengthen the Company's position as a producer of magnesium by increasing production facilities for this metal at Arvida, Canada, from an annual capacity of 1,000 metric tons to 4,000 metric tons. The expanded plant will be in operation before this summer. Financing of this expansion was facilitated by loans from the United Kingdom Government in return for a first call on some of the magnesium production, as set forth in Note 5 to the Financial Statements.

FINANCING

The cost of the expansion programme, which is scheduled to be substantially completed in 1954, is now estimated at \$435 millions through 1954. Of this amount, the expenditure of \$306 millions had been recorded in the accounts up to December 31st, 1952.

Expenditures under this programme have been financed in part through the issuance by Aluminum Company of Canada, Ltd. of \$207 millions in debt securities (of which \$140 millions were sold publicly and \$67 millions represent advances from the United Kingdom Government, including \$20 millions to be received by July 1st, 1953), and the application of the proceeds aggregating \$24 millions from the sale by Aluminium Limited in 1951 of additional capital shares. The balance of the funds required to the end of 1952 was largely provided by retained earnings and by capital cost allowances aggregating \$42 millions and \$44 millions in 1951 and 1952 respectively. As shareholders were informed last October, additional financing will be required in 1953. The proposed sale in Canada by Aluminum Company of Canada, Ltd. of \$30,000,000 par value of a new series of Preferred Shares and the proposed offer to the shareholders of Aluminium Limited of the right to subscribe for a total of 818,657 additional shares on the basis of one additional share for each ten shares held, have now been announced. These, together with future retained earnings and capital cost allowances are expected to provide sufficient funds to meet remaining authorized fixed capital expenditures and working capital requirements. In the event that interim additional funds should be required because of unforeseen developments, recourse may be had to short-term bank borrowings.

FABRICATING OPERATIONS

The programme of expansion and modernization of the Company's fabricating facilities has been continued. The year saw the further expansion of sheet and foil rolling facilities in the Union of South Africa, Mexico and Brazil. Additional facilities for extrusion are also being installed in the latter two countries. In Australia, the Company's investment has been enhanced by the installation of a foil mill — the first in that country — and additional extrusion facilities will be added. In India, expansion of the sheet mill is now under way, as is the modernization of the Japanese sheet and foil plant.

Steps have been taken to increase the flexibility of output of Northern Aluminium Company's continuous strip mill in England, with a view to broadening the market, and a start has been made on a long-term plan for the modernization of this company's Banbury rolling mill. Operations and equipment have been progressively improved in the Com-

ALUMINIUM LIMITED	
and Consolidated Subsidiaries	
Source and Application of Funds	
1952	
IN MILLIONS OF CANADIAN DOLLARS	
<u>Source</u>	
Net profit	\$ 22
Capital Cost Allowances	38
Amortization and write-off of financing expenses incurred in prior years	3
Sales of Securities:	
Alumina Jamaica Limited 4% loan (portion drawn down in 1952)	\$ 2
Aluminum Company of Canada, Limited 3 ⁷ / ₈ % debentures	89
Aluminum Company of Canada, Limited 3 ¹ / ₂ % abatable notes	22
	113
Net current assets in Germany reinstated in consolidated accounts	1
Decrease in working capital	31
	\$208
<u>Application</u>	
New plant	\$186
Redemption of debt and preferred shares	6
Dividends	16
	\$208

pany's plants in Switzerland and Germany, while expansion of the paste plant in France is being undertaken.

GOLD COAST ALUMINIUM PROJECT

As described in a United Kingdom Government "White Paper" of November, 1952, plans have been developed among the U. K. Government, the Gold Coast Government, The British Aluminium Company, Ltd. and the Company, covering the joint establishment of an aluminium smelter, with a potential capacity of 210,000 tons per annum, in the Gold Coast, West Africa, where there are large deposits of bauxite and important hydroelectric sites on the Volta River. The Company has an option on some of these bauxite deposits, and West African Aluminium Limited, in which the Company owns 25% of the capital shares (with an option to acquire a further 41 $\frac{2}{3}$ %), has interests in other bauxite deposits and a concession on the most advantageous power site on the Volta River. This project would provide the United Kingdom and other markets with a sterling area source of aluminium to augment existing supplies, but the decision as to whether it will be carried out awaits the report of a recently formed Preparatory Commission now examining in greater detail certain aspects of the project. Assuming a decision to proceed, it is not expected that substantial sums would be spent by the Company on this project before 1957.

RESEARCH AND EXPLORATION

The Company's research staffs at its two large laboratories in Canada and the one in England (currently being expanded) devoted their attention to a broad range of investigation last year. Among many subjects, more attention was given to the improvement of mechanical and chemical properties of aluminium and its alloys which should lead to wider market applications for the metal. Last year's expenditure on research, exploration and development was approximately \$4,000,000.

SHARE PURCHASE AND SHARE OPTION PLANS

During the course of the year further study was given by the Company to the introduction of share purchase and share option plans for employees of the Company and its subsidiaries. On March 19th, 1953, special by-laws dealing with such plans were enacted by the Board of Directors and will be submitted to the shareholders for consideration at the annual meeting on April 30th, 1953.

DIRECTORS

It is with deep regret that we record the deaths of two esteemed former colleagues on the Board of Directors of Aluminium Limited.

The Honourable Leighton McCarthy, P.C., Q.C., who was a member of the first Board of Directors on the formation of the Company in 1928, died on October 4th, 1952. His valued service extended just a few months short of a quarter century.

Jarvis Howard Alger, who was also one of the members of the original Board, died on January 14th, 1953. Mr. Alger devoted his entire business career to the aluminium industry; he was the first secretary of Aluminium Limited and held that post, along with membership on the Board, through an unbroken period of fifteen years.

On January 21st, 1953, Dr. E. C. Harder was appointed a director of the Company, filling the vacancy created by the death of Mr. McCarthy. Dr. Harder, who is internationally recognized as a leading authority on the geology of bauxite and other minerals used in aluminium production, has been senior geologist for the Company since its formation in 1928.

* * *

The Board of Directors and management desire to express their sincere appreciation for the continued efforts and loyalty of the 37,000 employees of the Company and its subsidiaries during a year which made heavy demands upon their energies.

Respectfully submitted,
NATHANAEL V. DAVIS,
President.

March 19th, 1953.

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	324	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
1952	972	333	95	60	22	16	209

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

ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Balance Sheet

31st December 1952

IN CANADIAN DOLLARS

A S S E T S

	31st December 1952	31st December 1951
Current Assets:		
Cash	\$ 26,701,502	\$ 25,658,845
Marketable securities, principally Canadian and United States Governments (quoted value \$21,403,527)	21,394,316	64,099,420
Receivables, less provision for doubtful accounts	45,776,251	35,997,048
Inventories of aluminium, materials and supplies (note 3) (at cost or under, which is not in excess of market)	80,380,150	71,481,632
	174,252,219	197,236,945
Indemnity receivable 1953/1956 in respect of French properties nationalized	1,544,019	1,933,485
Prepaid expense and deferred charges	11,902,259	10,524,386
Unamortized financing expenses of subsidiaries (note 8)	—	2,764,135
Indemnity, surety and other deposits	825,577	709,277
Investments:		
Fully owned subsidiaries not consolidated (note 1)	—	1
Subsidiaries — more than 50% owned (note 1)	2,634,853	1,710,019
Other allied companies — not more than 50% owned	6,909,558	6,888,263
	9,544,411	8,598,283
Lands, plants, riparian rights, and facilities, at cost (note 4)	773,522,439	587,456,973
Less: Amount thereof charged to operations (note 4)	340,902,449	303,959,664
	432,619,990	283,497,309
	\$630,688,475	\$505,263,820

ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Balance Sheet

31st December 1952

IN CANADIAN DOLLARS

LIABILITIES

	31st December 1952	31st December 1951
Current Liabilities:		
Payables, including accrued liabilities	\$ 42,756,793	\$ 39,691,746
Bank loans, principally in Brazilian cruzeiros and sterling	6,166,865	6,150,343
Income and other taxes	26,618,065	20,936,471
Other debt payable within one year (note 5)	3,938,888	2,512,604
	79,480,611	69,291,164
Debt not maturing within one year (note 5)	224,187,900	135,046,269
Debt contingent on volume of operations (note 5)	93,692,500	75,928,750
Operating reserves and deferred credits	3,049,555	3,919,915
Preferred shares of subsidiary companies (note 6)	18,307,300	18,735,000
Minority interest in subsidiary companies	2,678,427	2,654,400
Capital Stock and Surplus:		
Shares without nominal or par value:		
8,186,578 shares outstanding	58,065,720	58,065,720
(after two-for-one split in 1952)		
Capital surplus	2,899,572	2,483,313
Earned surplus (note 9)	148,326,890	139,139,289
	209,292,182	199,688,322
	\$630,688,475	\$505,263,820

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 1952

IN CANADIAN DOLLARS

	1952	1951
Sales	\$332,993,985	\$283,978,879
(including \$40,492,963 operating revenues — \$34,526,088 in 1951)		
Cost of sales	201,105,790	164,113,447
(including \$31,872,658 operating expenses — \$23,920,540 in 1951)		
	131,888,195	119,865,432
Selling, general and administrative expenses	23,678,902	20,782,386
	108,209,293	99,083,046
Interest on marketable securities, etc.	1,133,585	1,774,366
(including \$314,435 income from investments — \$267,662 in 1951)		
Indemnities received in respect of foreign properties, less proportionate carrying value	664,660	611,658
	110,007,538	101,469,070
Interest on contingent and other debt not maturing within one year	8,857,435	5,977,973
Other interest	561,997	420,781
Amortization and write-off of financing expenses (note 8)	4,084,488	413,753
(including \$2,764,135 incurred prior to 1952)		
Exchange adjustment arising in consolidation	497,567	970,738
Loss on sale of investment in a subsidiary company	—	389,404
	14,001,487	8,172,649
Capital cost allowances in respect of lands, plants and facilities . . .	96,006,051	93,296,421
(see footnote and note 4)		
	37,577,893	27,580,624
	58,428,158	65,715,797
Provision for income taxes	35,258,018	36,095,995
(including \$28,482,254 Canadian taxes — \$30,942,460 in 1951)		
	23,170,140	29,619,802
Dividends on preferred shares	726,480	744,337
Minority interest in profit of subsidiary companies	71,371	114,589
	797,851	858,926
Profit carried to earned surplus	\$ 22,372,289	\$ 28,760,876
NOTES: Aggregate capital cost allowances (see note 4) consist of the following:		
Normal allowances on facilities in operation	\$16,475,671	\$14,863,341
*Other allowances, including \$18,215,808 (1951—\$12,717,283) on facilities prior to completion	21,102,222	12,717,283
	\$37,577,893	\$27,580,624
*Other allowances had the effect of reducing profit carried to earned surplus by	\$11,227,900	\$ 6,918,202

Legal fees for 1952 amounted to \$265,755, directors' fees \$15,145, executive salaries (parent and consolidated subsidiaries) \$1,878,306.

ALUMINIUM LIMITED and Consolidated Subsidiaries

Consolidated Statement of Surplus
For the Year Ending 31st December 1952

IN CANADIAN DOLLARS

EARNED SURPLUS

Earned surplus — 31st December 1951		\$139,139,289
Surplus arising from reinstatement of German and Japanese assets and investments (note 1)		3,019,248
Profit for the year		<u>22,372,289</u>
		164,530,826
Aluminium Limited dividends (1951: \$14,333,415)	\$ 16,039,585	
Appropriations for the purchase for cancellation of preferred shares of subsidiaries	<u>164,351</u>	<u>16,203,936</u>
Earned surplus — 31st December 1952		<u>\$148,326,890</u>

CAPITAL SURPLUS

Capital surplus — 31st December 1951		\$ 2,483,313
Par value of preferred shares of subsidiaries purchased for cancellation (partly purchased out of 1951 appropriations)		<u>416,259</u>
Capital surplus — 31st December 1952		<u>\$ 2,899,572</u>

Notes to Financial Statements

1. Principles of Consolidation:

The consolidated financial statements include the accounts of all fully owned subsidiaries, together with the accounts of three partially owned subsidiaries (in which Aluminium Limited's interest exceeds 85% of the equity of the common shareholders). As of 1st January 1952, the accounts of two fully owned subsidiaries together with certain other assets in Germany (previously written down to \$1) were restored to consolidation and an investment in a partially owned company in Japan (previously written off) was reinstated at cost; these adjustments resulted in a credit of \$3,019,248 to surplus. The inclusion of the German companies in the consolidated accounts had no significant effect on 1952 earnings.

All intercompany items and transactions, including profits in inventories, have been eliminated. In 1952, intercompany profits in the inventories of consolidated subsidiaries have been eliminated on the basis of intercompany profit less income taxes thereon, whereas, in prior years, such intercompany profits were eliminated without recognition of income taxes; this change in the method of determining intercompany profits had the effect of increasing consolidated net profit for 1952 by \$1,953,735. Intercompany profits on sales to subsidiaries not consolidated are not significant.

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 1952, except that (a) fixed assets and their related reserves are at rates current at dates of acquisition, and (b) debt not maturing within one year is at rates prevailing at dates of issue except that the Aluminium 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. Inventories of Aluminium, Materials and Supplies:

	1952	1951
Aluminium	\$ 23,427,532	\$ 19,320,322
Raw materials	38,249,399	36,821,480
Supplies	18,703,219	15,339,830
	\$ 80,380,150	\$ 71,481,632

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

	1952	1951
Land and water rights	\$ 43,683,736	\$ 43,279,471
Mineral properties, rights and development	7,752,135	7,749,426
Buildings, machinery and equipment	499,385,016	419,126,458
	550,820,887	470,155,355
Construction work in progress	222,701,552	117,301,618
	\$773,522,439	\$587,456,973

Policies re Capital Cost Allowances:

Canadian subsidiaries of Aluminium Limited take capital cost allowances on the diminishing balance method in the maximum amount allowable for income tax purposes. These diminishing balance allowances apply to facilities under construction as well as to facilities in operation.

Continued

ALUMINIUM LIMITED
and Consolidated Subsidiaries

4. Policies re Capital Cost Allowances — *continued*

In addition to capital cost allowances determined on the diminishing balance method, Canadian income tax regulations provide for additional allowances on property for which certificates have been obtained from the Minister of Defence Production; these additional allowances likewise apply to facilities under construction as well as to facilities in operation. Under Canadian regulations the amount of capital cost allowances deducted for tax purposes may not exceed the amount recorded in the books of account and reflected in the financial statements.

Aluminum Company of Canada, Ltd. has been granted certificates that entitle it to apply against profits of the years 1951-1957 additional allowances up to an aggregate of approximately \$123,000,000 on the basis of construction cost estimates submitted to the Minister. In 1952, the aggregate capital cost allowances charged by Aluminum Company of Canada, Ltd. were equivalent to 2¾ cents per pound of aluminium sales during the first six months and 3¼ cents per pound of aluminium sales during the last six months (as compared with 2-4/10 cents per pound in 1951) and it is the present intention of that subsidiary company to take such amount of additional allowances permitted under the above certificates as will bring its total capital cost allowances in each of the years 1953-1955 inclusive to an amount equivalent to 3½ to 4 cents per pound of aluminium sales and in the years 1956 and 1957 to an amount equivalent to 3 to 3½ cents per pound of aluminium sales.

Non-Canadian subsidiaries with minor exceptions normally provide for depreciation under the straight-line method. In 1952, however, certain additional allowances aggregating \$722,279 were taken by some of these subsidiaries as permitted by the tax regulations in the countries in which they operate.

5. Debt not maturing within one year:

	1952	1951
Aluminum Company of Canada, Ltd.:		
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	\$ 10,733,000	\$ 11,083,000
Series "B" (U.S. \$21,429,000)	21,429,000	22,286,000
Commutation value of contractual obligation for annual payments secured by second hypothec — (Can. \$4,946,411; U.S. \$4,946,411)	9,892,822	10,300,132
3½% Sinking fund debentures, due 1971	50,000,000	50,000,000
3⅞% Sinking fund debentures, due 1970 (U.S. \$90,000,000)	88,565,625	—
Redeemable notes, due 1971 — payable to the British Government: (interest payable only if and to the extent aluminium production is maintained at rates specified in the respective notes during the term thereof)		
3% Notes	5,495,000	2,747,500
3½% Notes	2,497,500	1,248,750
3½% Redeemable notes, due 1974 — payable to the British Government	440,000	—
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
Northern Aluminium Company, Ltd.:		
3⅞% Debentures, due 1957/1961 (£1,250,000)	5,025,000	5,025,000
3⅞% Debentures, due 1962/1964 (£ 750,000)	2,304,375	2,304,375
Alumina Jamaica Limited:		
4% Loan, due 1953/1958 — payable to the U.S. Government Mutual Security Agency (U.S. \$6,089,771)	6,283,490	4,743,198
Other debt	3,185,976	3,720,918
	229,051,788	137,558,873
Less: Debt payable within one year in accordance with terms of the above obligations for which bonds with a par value of \$925,000 are held in anticipation of sinking fund requirements, the balance being included in current liabilities	4,863,888	2,512,604
	\$224,187,900	\$135,046,269

Continued

ALUMINIUM LIMITED
and Consolidated Subsidiaries

5. Debt — *continued*

Debt contingent on volume of operations:

	<u>1952</u>	<u>1951</u>
Aluminum Company of Canada, Ltd.:		
Redeemable notes — payable to the British Government:		
<i>(principal and interest payable only if and to the extent aluminium [magnesium] production is maintained at rates specified in the respective notes during the term thereof)</i>		
3% Notes, due 1971 (a)	\$ 49,455,000	\$ 52,202,500
3½% Notes, due 1971 (b)	22,477,500	23,726,250
*3½% Notes, due 1974 (c)	20,000,000	—
3½% Notes, due 1974 (magnesium) (d)	1,760,000	—
	<u>\$ 93,692,500</u>	<u>\$ 75,928,750</u>

*Advances received pursuant to an agreement under which additional advances of \$20,000,000 will be received in 1953.

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
(a) \$39,600,000	3%	172,500 m. t.	\$24.00	\$1,980,000	90,000 m. t.
(a) 15,350,000	3%	197,500 m. t.	30.70	767,500	172,500 m. t.
(b) 24,975,000	3½%	400,000 m. t.	13.50	1,248,750	307,500 m. t.
(c) 40,000,000**	3½%	450,000 m. t.	40.00	2,000,000	400,000 m. t.
(d) 1,760,000**	3½%	4,000 m. t.	33.33	88,000	1,360 m. t.

**Abatability commences 1st January, 1954.

6. Preferred Shares of Subsidiary Companies:

	<u>1952</u>	<u>1951</u>
Cumulative redeemable preferred shares:		
Aluminum Company of Canada, Ltd. 4% sinking fund shares	\$ 12,981,400	\$ 13,231,100
Saguenay Power Company, Ltd. 4¼% sinking fund shares	3,996,700	4,174,700
Indian Aluminium Company, Ltd. 5% shares	1,329,200	1,329,200
	<u>\$ 18,307,300</u>	<u>\$ 18,735,000</u>

7. Commitments:

The Company is engaged in a programme of capital expenditures presently estimated to cost \$435,000,000 during the period 1951 to 1954 inclusive, of which \$306,000,000 has been recorded in the accounts up to 31st December 1952.

ALUMINIUM LIMITED
and Consolidated Subsidiaries

8. Amortization and Write-off of Financing Expenses:

	1952	1951
Aluminum Company of Canada, Ltd.:		
3 ⁷ / ₈ % Debenture issue expense (including exchange loss of \$1,171,045), less premium	\$ 1,320,353	\$ —
Aluminium Limited share issue expense	—	231,323
Saguenay Power Company, Ltd. financing expenses:		
Amortization	182,430	182,430
Write-off in consolidation	2,581,705	—
	\$ 4,084,488	\$ 413,753

In prior years consolidated profit and loss has been charged with the amortization of financing expenses of Saguenay Power Company, Ltd. as written off by the subsidiary. In addition to the instalment of \$182,430 written off in 1952, consolidated profit and loss has been charged with the balance of \$2,581,705 carried forward in the accounts of the subsidiary.

9. 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 1952 aggregated \$13,397,017. The profit of these subsidiaries for the year 1952 was \$5,287,957 and net dividends paid by that group to their Canadian parent during the year aggregated \$3,561,850.

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

A condensed analysis of the consolidated balance sheet at 31st December 1952, according to the domicile of the constituent companies, expressed in millions of Canadian dollars, follows:

	Canada	Other Western Hemisphere	Other British Commonwealth	All Other	Total
ASSETS					
Current assets	114.9	33.7	18.0	7.7	174.3
Investments	9.3	.1	—	.1	9.5
Fixed assets	658.9	55.6	38.1	20.9	773.5
Less: Capital Cost Allowances	<i>303.1</i>	<i>18.5</i>	<i>14.9</i>	<i>4.4</i>	<i>340.9</i>
Other assets	12.1	2.0	.1	.1	14.3
	492.1	72.9	41.3	24.4	630.7
LIABILITIES					
Current liabilities	57.0	8.1	10.4	4.0	79.5
Funded debt	304.0	5.7	8.2	—	317.9
Preferred shares	17.0	—	1.3	—	18.3
Other liabilities	4.2	.5	.8	.2	5.7
	382.2	14.3	20.7	4.2	421.4
Common shareholders' equity	109.9	58.6	20.6	20.2	209.3

AUDITORS'
REPORT

PRICE WATERHOUSE & CO.

218 ST. JAMES STREET WEST

MONTREAL 1

16th March 1953.

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and consolidated subsidiaries as at 31st December 1952 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 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.

As indicated in a footnote to the consolidated statement of profit and loss, the Canadian companies have continued in 1952 to provide for capital cost allowances in accordance with Canadian income tax regulations which permit the deduction of allowances on facilities under construction (as well as facilities in use) provided that these allowances are recorded in the books of the companies. In our opinion, the practice of providing for capital cost allowances on facilities under construction has become recognized in Canada by reason of the income tax regulations although it is not in accordance with generally accepted accounting principles in the United States.

With the foregoing exception, 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, 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 consolidated subsidiaries as at 31st December 1952 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles which were applied on a basis consistent with that of the preceding year save for the changes (which we approve) in the basis of computing intercompany profits in inventories and in the policy of writing off financing expenses of a subsidiary as explained in notes 1 and 8 to the financial statements.

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.

Price Waterhouse & Co.

Chartered Accountants.

SUBSIDIARY OPERATING COMPANIES (Consolidated)

ALUMINIUM COMPANY OF CANADA, LTD. — CANADA
 ALMA & JONQUIERES RAILWAY COMPANY (THE) — CANADA
 ALUMINA JAMAICA LIMITED — JAMAICA
 ALUMINIO DO BRASIL, S.A. — BRAZIL
 ALUMINIUM COMPANY OF SOUTH AFRICA (PROPRIETARY) LTD. —
 SOUTH AFRICA
 ALUMINIUMWERKE A.-G. RORSCHACH — SWITZERLAND
 ALUMINIUMWERKE GOETTINGEN G.m.b.H. — GERMANY
 ALUMINIUMWERKE NUERNBERG G.m.b.H. — GERMANY
 ALUMINUM GOODS LIMITED — CANADA
 ALUMINIUM MERIDIONAL — FRANCE
 BAUXITES DU MIDI — FRANCE
 CHAGUARAMAS TERMINALS LIMITED — TRINIDAD
 DEMERARA BALXITE COMPANY, LTD. — BRITISH GULANA
 ELEFRO-QUIMICA BRASILEIRA S.A. — BRAZIL
 INDIAN ALUMINIUM COMPANY, LTD. — INDIA

NEWFOUNDLAND FLUORSPAR LIMITED — CANADA
 NORTHERN ALUMINIUM COMPANY, LTD. — GREAT BRITAIN
 ROBerval AND SAGUENAY RAILWAY COMPANY (THE) — CANADA
 SAGUENAY TERMINALS LIMITED — CANADA
 SAGUENAY ELECTRIC COMPANY — CANADA
 SAGUENAY POWER COMPANY, LTD. — CANADA
 SAGUENAY TRANSMISSION COMPANY, LTD. — CANADA
 SOCIETA DELL'ALUMINIO ITALIANO — ITALY
 SPROSTONS, LIMITED — BRITISH GULANA

**INTERNATIONAL DISTRIBUTING
COMPANIES**

ALUMINIUM UNION LIMITED
 ALUMINIUM IMPORT CORPORATION
 L'ALUMINIUM COMMERCIAL S.A.
 INTERNATIONAL ALUMINIUM COMPANY, LTD.

OTHER SUBSIDIARY AND ALLIED OPERATING COMPANIES
(Not Consolidated)

ALUMINIO INDUSTRIAL MEXICANO, S.A. — MEXICO
 AUSTRALIAN ALUMINIUM COMPANY PROPRIETARY LTD. —
 AUSTRALIA
 DANSK ALUMINIUM INDUSTRI (A/S) — DENMARK
 DET NORSKE NITRIDARTIESELSKAP — 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
 WEST AFRICAN ALUMINIUM LIMITED — GOLD COAST

Note: The companies listed on the upper portion of this page are the principal consolidated subsidiaries of Aluminium Limited; those on the lower portion of the page are the principal companies carried on the books of the Company as investments.

ALUMINIUM LIMITED

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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

