



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

*Annual
Report*

ALUMINIUM LIMITED

1928



1953

25 years ago

. . . on the 31st day of May, 1928, Aluminium Limited was incorporated and began its career in the international aluminium industry. Since then, far-reaching developments have occurred and again foundations have been laid for future growth.

On the occasion of this 25th Anniversary it has been thought appropriate to produce an illustrated book entitled "Aluminium Panorama," which will furnish for the owners and friends of the Company a review of the enterprise as it enters its second quarter-century. At a date closer to the actual anniversary the Company will take pleasure in forwarding copies of "Aluminium Panorama" to recipients of this 25th Annual Report.



T W E N T Y - S I X T H

Annual

Report

F O R T H E Y E A R E N D I N G 31ST D E C E M B E R

1953

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

M O N T R E A L

C A N A D A

Directors

DANA T. BARTHOLOMEW

DR. DONALD K. DAVID

NATHANAEL V. DAVIS

JAMES A. DULLEA

DR. E. C. HARDER

N. BAXTER JACKSON

PAUL LAROCQUE

E. G. MACDOWELL

EDWIN J. MEJIA

R. E. POWELL

H. H. RICHARDSON

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*

DANA T. BARTHOLOMEW, *Vice President and Chief Financial Officer*

E. G. MACDOWELL, *Vice President and Chief Sales Management Officer*

EDWIN J. MEJIA, *Vice President and Chief Public & Employee Relations Officer*

H. H. RICHARDSON, *Vice President and Chief Technical Officer*

J. F. EVANS, *Treasurer*

PAUL LAROCQUE, *Ass't. Secretary and Ass't. Treasurer*

D. M. KERTLAND, *Assistant Treasurer*

D. CASSELMAN ROSS, *Assistant Secretary*

JAMES A. PATERSON, *Assistant Secretary*

K. C. BALA, *Assistant Secretary*

O. E. COLLING, *Assistant Treasurer*

Report

TO THE SHAREHOLDERS OF

ALUMINIUM LIMITED

The 26th Annual Report of Aluminium Limited, covering the affairs and the financial position of the Company for the year 1953, is submitted herewith on behalf of the Board of Directors. Forming a part of this report are the financial statements of Aluminium Limited and its consolidated subsidiaries for the year ending December 31st, 1953, together with the report thereon by the auditors, Price Waterhouse & Co.

FINANCIAL RESULTS

Production of primary aluminum in 1953 exceeded any previous year in the Company's history. Sales, both in terms of physical volume and of dollar income, were also at higher levels. Consolidated sales and operating revenues were \$336 millions in 1953, compared to \$333 millions in 1952 and \$284 millions in 1951.

Expenditures of \$129 millions were made during 1953 in implementing the Company's plant expansion programme. This amount brought total capital expenditures on the 1951-1954 programme to \$435 millions, or more than 90 percent of the projected total for the four-year period.

Net profit for the year 1953, after capital cost allowances (depreciation and depletion), income taxes and all other charges, including preferred dividends declared by subsidiaries, was \$19,475,087, or the equivalent of \$2.16 per share on the 9,013,994 shares outstanding at the end of the year. For the preceding year 1952, net profit was \$22,372,289, or the equivalent of \$2.48 per share on the basis of the same number of shares.

Report TO THE SHAREHOLDERS

In 1953, the substantial increase in capital cost allowances, as permitted under Canadian income tax regulations, again resulted in the decrease in net profit as compared to the previous year. Capital cost allowances for 1953 amounted to \$50.7 millions, compared to \$37.6 millions in 1952 and \$27.6 millions in 1951. Aggregate allowances for 1953 of \$50.7 millions consisted of \$21.8 millions of normal allowances on facilities in operation and \$28.9 millions of other capital cost allowances, mainly on new facilities prior to completion by Aluminum Company of Canada, Ltd. Had these other allowances not been taken, net profit of \$35.8 millions would have been reported for 1953 and \$33.6 millions for 1952.

Net profit as reported for the year was also reduced by losses sustained in some of the subsidiaries' fabricating operations, mainly those in the United Kingdom. Aluminium Limited's net profit was in fact lower than the profit to be reported by its principal subsidiary, Aluminum Company of Canada, Ltd., partly by reason of the aforementioned losses by subsidiaries of Aluminium Limited, and partly because the parent company's consolidated earnings are stated after the provision of \$2.1 millions in preferred dividends declared by subsidiaries whereas such dividends are charged by the paying companies to surplus rather than income.

Income taxes at \$25.7 millions in 1953 against \$35.3 millions in 1952 reflect not only a drop in taxable income after capital cost allowances but also the 1953 reduction of approximately 3% in the Canadian tax rate and the recording in the fourth quarter of 1953 of refunds of \$1.1 millions pertaining to prior years' assessments. Higher interest charges and preferred dividends were paid during the year to service the increased debt and preferred capital.

On the basis of the number of common shares outstanding at the end of 1953, the operating results per share in the past four years may be summarized as follows:

	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>
Net Profit	\$3.62	\$ 3.19	\$ 2.48	\$ 2.16
Depreciation	<u>1.58</u>	<u>3.06</u>	<u>4.17</u>	<u>5.62</u>
Cash Income	5.20	6.25	6.65	7.78
Income Taxes	<u>2.91</u>	<u>4.00</u>	<u>3.91</u>	<u>2.85</u>
	<u>\$8.11</u>	<u>\$10.25</u>	<u>\$10.56</u>	<u>\$10.63</u>

In 1953, quarterly dividend payments were maintained at the rate of 50 cents per share (U.S. currency) which represented no change from the rate prevailing in the preceding fifteen months, taking into account the two-for-one share split in 1952. Due to the larger number of shares outstanding in 1953, however, total dividend disbursements were (Canadian)

\$17,307,846 compared with (Canadian) \$16,039,585 in 1952. During the year the number of shares outstanding increased from 8,186,578 at December 31st, 1952, to 9,013,994 at December 31st, 1953, as a result of a rights offering to shareholders and an offering under the Company's Employee Share Purchase Plan, both described in more detail elsewhere in this report.

GENERAL

Looking at the broad picture of the aluminum industry in the free world in 1953 it is noteworthy that more aluminum was produced and sold than in any previous year in the commercial history of the metal. Growth of smelting capacity, particularly in the United States, has proceeded at a rapid rate in recent years. Since the latter part of 1953 the increased supplies of aluminum have balanced total demand and currently there is sufficient production to meet all demands. This improvement in supply, coupled with the "stretch-out" in defence programmes, has led to a relaxation in governmental aluminum controls in the major markets. Although the bulk of metal sold has moved into fields of consumption, a portion has gone to meet stockpiling requirements.

While defence and stockpiling needs will undoubtedly continue to require large tonnages, the present adequacy of supplies is stimulating further development of those civilian uses in which the metal is now generally accepted and is encouraging the active introduction of aluminum in new fields which have been under development for many years. Aluminum now has full opportunity to prove its merits in competition with other materials, many of which have fallen in price. The era of greater competition will not all be easy, as experience in some of our markets has already shown in 1953, but, in our view, if the price of aluminum can be maintained at economic and competitive levels, the inherent advantages of the metal should maintain a healthy and growing demand in the years ahead.

In recent years the number of firms fabricating aluminum has greatly increased. The active interest of such fabricators is creating new markets for primary aluminum and should result in greater future consumption, particularly in such uses as building materials, transportation, electrical equipment, containers and irrigation tubing. Through its research and sales development activities the Company is assisting its customers in all markets, particularly in those areas where the newer and modern uses of aluminum are not generally known. Attention and support are being given to new methods which hold promise of decreasing the cost of fabricating aluminum products. Included in these methods are continuous casting and rolling of aluminum rods, seam-welding of aluminum tubing and new methods for applying aluminum sheathing on cables.

OPERATIONS

BAUXITE AND ALUMINA Bauxite production was maintained at near-capacity levels in 1953 by all of the Company's mining subsidiaries. Output of all grades of bauxite totalled 2,357,000 tons in British Guiana where a new calcining kiln and a modernized washing plant were brought into operation during the year.

At the new alumina factory in Jamaica, initial production problems were gradually resolved and enlargement of the plant to an annual capacity of 230,000 tons of alumina proceeded towards the completion date later in 1954. The first shipment of alumina was made from the Company's new Jamaica seaport at the year end and regular shipments to the British Columbia smelter will commence in May, 1954.

At the other principal source of bauxite for Canadian smelters, in the Los Islands of French West Africa, the first full year of operation resulted in shipments of approximately 400,000 tons.

ALUMINUM INGOT All aluminum smelting facilities of the Company's subsidiaries and affiliates were operated at maximum levels in 1953. The principal producer, Aluminum Company of Canada, Ltd. produced 545,800 short tons* of primary aluminum at its four smelters in Quebec province, an increase of 9% over the 499,800 tons in 1952 and 22% over the 447,100 tons in 1951. Canadian capacity will be increased to 638,500 tons when the Kitimat smelter starts operations in the summer of 1954.

In Italy, India, Brazil, Norway and Sweden, production by subsidiaries and affiliates was maintained at capacity levels in 1953. Expansion of the Indian smelter to double its previous capacity was continued in 1953 and steps were taken to increase the power supplies available to the smelters in Italy and Brazil.

ALUMINUM FABRICATING Reflecting the lessened demand for aluminum products in some of the Company's markets, not all fabricating facilities operated at full capacity in 1953, but operations generally were sustained at good levels. In Brazil, sheet rolling capacity was enlarged and installation of new extrusion equipment and high-speed foil mills was substantially completed. A new rolling mill was installed in Germany; new extrusion facilities were completed in Mexico and modernization of certain fabricating plants proceeded in the United Kingdom, Canada, India, Mexico and Japan.

*Short tons of 2,000 pounds each. All Company statistics are now reported in this measure rather than the metric ton of 2,204.6 pounds previously used.

MAGNESIUM Expansion of the Company's magnesium smelting facilities at Arvida, Canada, from an annual capacity of 1,100 tons to 4,400 tons was practically completed in 1953.

MARKETS AND SALES

In certain markets, particularly the United Kingdom, the demand for our products in 1953 was less than in 1952 but on balance a larger tonnage of aluminum, in a greater variety of forms and for more diversified end uses, was moved than in any earlier year.

Sales of aluminum in all forms and from all sources by consolidated subsidiaries of Aluminium Limited reached 597,779 short tons, thus exceeding sales of 538,224 tons in 1952 by 10 percent and 478,233 tons in 1951 by 25 percent. Sales income from aluminum in all forms was \$286 millions compared to \$275 millions in 1952 but a decline in certain other sales, chiefly operating revenues from shipping services performed for third parties, lowered the overall sales increase to \$3 millions.

Prices for primary aluminum remained generally firm throughout the year. On semi-fabricated products average returns were lower than in 1952, reflecting the strengthening buyers' market in several countries.

The United States, the United Kingdom and Canada were the principal markets for the Company's products, accounting for 87% of total shipments, originating principally in Canada but also from other sources. Germany, Brazil and Italy were next in order of importance as markets. Deliveries in the United States were more than double those of 1952 and this market was the principal buyer of the Company's products, accounting for about 44% of the total. Deliveries in the United Kingdom were lower than in recent years, reflecting a decline in aluminum fabrication in that country.

Shipments of Canadian aluminum in ingot form in the past five years have been as follows, in short tons:

	1949	1950	1951	1952	1953
United Kingdom	160,000	146,300	199,750	257,750	184,600
U.S.A.	87,800	162,250	103,100	114,500	237,000
Canada	64,000	66,000	86,350	88,550	90,200
All Others	78,000	41,600	53,800	39,150	37,900
	<u>389,800</u>	<u>416,150</u>	<u>443,000</u>	<u>499,950</u>	<u>549,700</u>

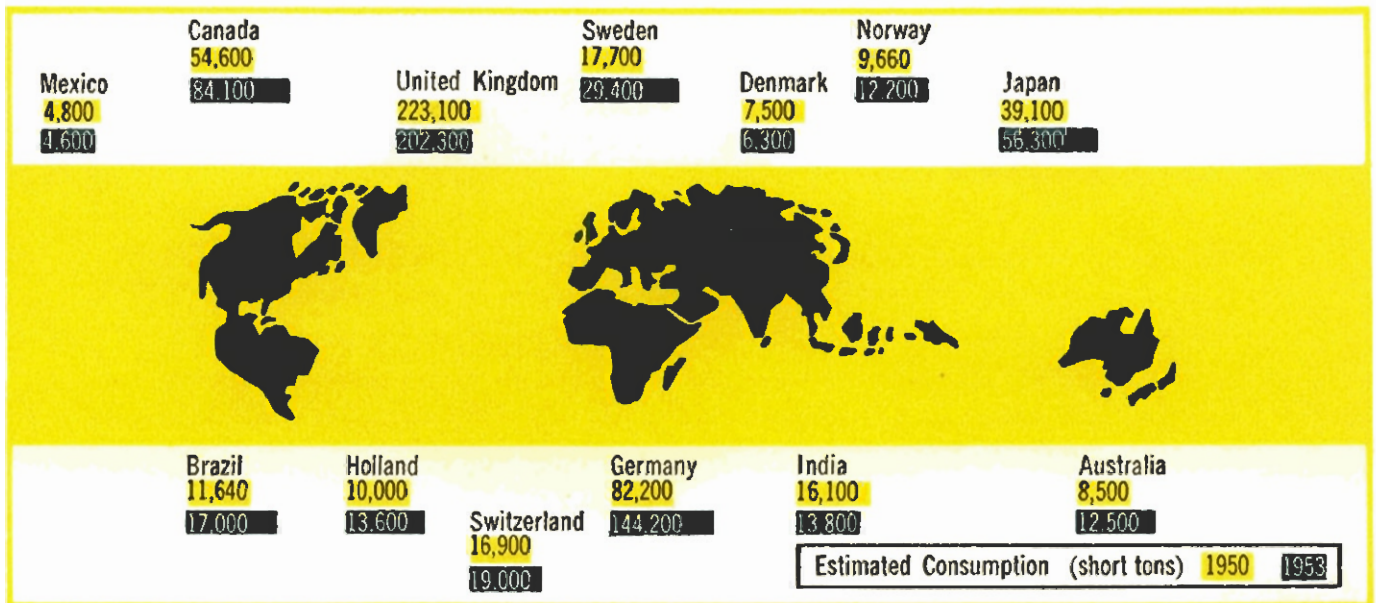
Report TO THE SHAREHOLDERS

The Company's sales in the period 1949-53 have been as follows:

Year	Aluminum				All other Products and Services Value	Total Value
	Ingot and Ingot Products		Semi-Fabricated Products			
	Short Tons	Value	Short Tons	Value		
1949.....	235,651	\$ 75,376,579	134,860	\$ 98,560,471	\$25,469,244	\$199,406,294
1950.....	316,498	107,077,644	125,522	90,837,827	28,695,355	226,610,826
1951.....	323,264	113,871,559	154,969	121,428,785	48,678,535	283,978,879
1952.....	375,098	138,243,586	163,126	136,906,497	57,843,902	332,993,985
1953.....	451,819	167,838,977	145,960	118,638,145	49,210,812	335,687,934

As an indication of the progress of commercial uses of aluminum outside the United States, estimated total consumption in thirteen representative countries was as follows, in short tons:

	1950	1953
Transportation.....	123,000	133,000
Household and commercial supplies..	109,000	130,000
Electrical industry.....	51,000	90,000
Building and construction.....	74,000	77,000
Canning and packaging.....	53,000	56,000
Food and farming.....	14,000	15,000
Other.....	78,000	114,000
	<u>502,000</u>	<u>615,000</u>



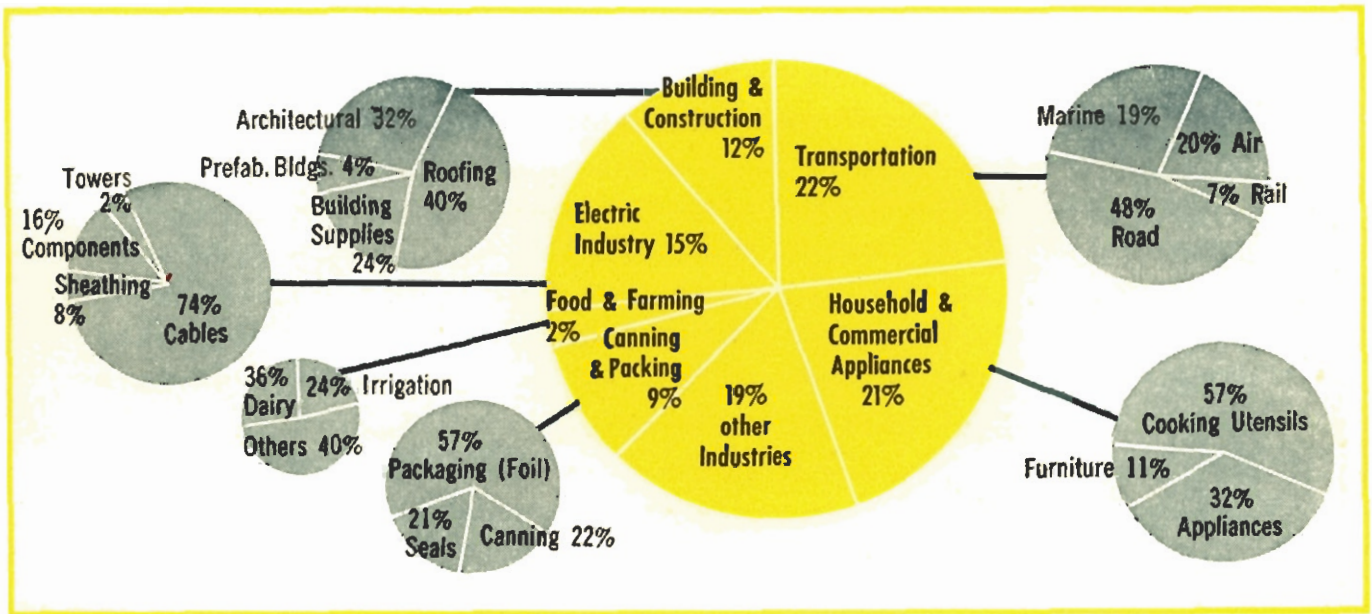
Estimated Consumption of Aluminum in 13 Representative Markets—1950 and 1953.

FORWARD SALES CONTRACTS

For some years, in addition to sales for immediate delivery, the Company has sought, particularly in the United Kingdom and the United States, to make long-term sales contracts for primary aluminum of Canadian production. Aside from giving support to the Company's large expansion programme, our objective has been to ensure to all consumers of raw aluminum an adequate future supply on which they can confidently rely.

UNITED STATES In recent years we have made sizable contracts to supply independent fabricators in the United States with an aggregate of about 320,000 tons of aluminum ingot during the years 1954 to 1959. Moreover, recognizing that not all independent fabricators would be prepared to undertake long-term commitments, the Company announced publicly in May 1953 that it would for the next seven years reserve for non-integrated fabricators in the United States an amount of 110,000 tons of primary aluminum per year. The 770,000 tons so reserved in the seven-year period exceeds by 450,000 tons the tonnage now under contract to independent fabricators in the United States.

In May 1953, the Company's distributing subsidiary, Aluminum Import Corporation, entered into forward sales contracts with two of the American producer-fabricators, Aluminum Company of America and Kaiser Aluminum and Chemical Corporation, calling for the sale to them of 600,000 and 186,000 tons respectively of primary aluminum over the period 1953



Estimated Division of Commercial Uses of Aluminum in 13 Markets—1953.

through 1958, with the bulk of the metal for delivery from 1955 onwards. Conclusion of these contracts was made possible by the revision of the contracts with the Government of the United Kingdom so that metal could be made available in 1953 and 1954 for delivery to the United States.

On July 20th, 1953, the United States Government filed in the District Court for the Southern District of New York a petition to prohibit the performance of the above-mentioned contract between Aluminum Import Corporation and Aluminum Company of America on the ground that such contract was in violation of the terms of a judgment entered in July, 1950, in the Anti-Trust Suit entitled "United States v. Aluminum Company of America, et al." Neither Aluminium Limited nor Aluminum Import Corporation was named as a party in the Government's petition. Aluminum Import Corporation has nevertheless applied for permission to intervene in the case and the court has granted such permission. The issue is pending before the United States courts and deliveries are being made under the contract.

UNITED KINGDOM In the United Kingdom, the Government, which had been since 1939 the sole importer and distributor of aluminum ingot, decided in 1953 that private trading in the metal should be restored as from July 1st. Accordingly, an arrangement was concluded with the Government whereby on July 1st, 1953, certain Government-owned stocks of aluminum ingot were purchased by Aluminium Union Limited, our sales subsidiary in the United Kingdom, and Aluminium Union Limited undertook the distribution of metal under the contract previously entered into between itself and the Government.

For the years 1954 and 1955 the Government has undertaken to purchase, if requested to do so, the difference between sales of the Company's aluminum in the United Kingdom and the amount (506,000 tons) previously contracted for by the Government for shipment during that period. The Government further has made a commitment for each of the years 1956-60 to purchase the difference, up to 22,000 tons, between sales of the Company's ingot in the United Kingdom and 275,000 tons, being the annual amount of Canadian production on which the Government has first call until 1971 under the terms of loans aggregating \$120 millions to Aluminum Company of Canada, Ltd. The Government has undertaken further to ensure the issuance of import licences and the availability of dollar exchange for sales of the Company's aluminum in the United Kingdom, up to the amounts previously contracted for by the Government for shipments during 1954-55, and up to 275,000 tons per annum in the years 1956-60.

EXPANSION PROGRAMME

The expansion programme undertaken by the Company in 1950 and 1951 was substantially completed in 1953. By the year-end more than 90% of the estimated total capital ex-

penditures for the programme had been made and about one-third of the newly acquired assets were in operation. The remainder will be in operation in the summer of 1954.

The completion of the first stage of the programme is represented by new primary aluminum capacity of 71,500 tons per annum in the Province of Quebec and two new hydroelectric stations on the Peribonka River in the same province. The second of these stations, each with an installed generating capacity of 270,000 h.p., was started in operation in the spring of 1953 and brought the Company's total installed generating capacity in Eastern Canada to 2,580,000 h.p. The new facilities added to those existing will, under normal water conditions, provide 94% of the power necessary to operate the Quebec smelters at their rated capacity of about 547,000 tons annually.

The other principal portion of the expansion programme, known as the "Kemano-Kitimat project," is located in the Province of British Columbia. The interior lake system in British Columbia has been dammed at its outlet on the Nechako River and the storage reservoir, 357 square miles in area, is filling behind the coastal mountain range. In December the final portions of the ten-mile tunnel were driven through the mountain to carry the water to the hydroelectric generating station now excavated in the mountain base 2,600 feet below the tunnel intake. Installation of turbines and generating equipment, with a total initial capacity of 450,000 h.p., is being completed in the Kemano powerhouse.

The transmission line system is ready to carry the electrical energy 50 miles to the new aluminum smelter site at Kitimat, where facilities with a capacity of 91,500 tons per annum are being readied for production. The harbour at Kitimat has been handling ocean cargoes for the past several months and the first shipment of alumina will be received in May from the Company's new bauxite and alumina operation in Jamaica.

The task in British Columbia has been an arduous one and has resulted in expenditures in excess of original estimates, largely as the result of inflationary factors and the element of remoteness involved in a project far from populated centres. With operations soon to begin at Kitimat, the essential base for a large production has been established and the new site, with its potential of rapid and low cost expansion, is expected to be a sound and economic source of future production. No expansion at Kitimat beyond the first stage of 91,500 tons is presently authorized but in order to be in a position to undertake further construction of additional capacity of equal size without delay, the decision was made in 1953 to prepare the plant site and groundworks for such expansion while the earth-moving equipment was still on the location. This work is being completed. Ultimate planned capacity of the British Columbia project is 550,000 tons of aluminum per annum, supported by an installed hydroelectric generating capacity of 2,240,000 h.p.

ALUMINIUM LIMITED
and Consolidated Subsidiaries
Source and Application of Funds
Years 1951 to 1953 inclusive

IN MILLIONS OF CANADIAN DOLLARS

		1951 to 1953 Incl.
	<u>1953</u>	<u>Incl.</u>
CASH AND MARKETABLE SECURITIES (beginning of period)	\$ 48	\$ 74*
SOURCE OF FUNDS:		
Net profit available for common shares	19	70
Capital cost allowances	51	117
Sales of securities:		
Aluminium Limited shares	28	52
Aluminum Company of Canada, Ltd. 3½% debentures	—	50
Aluminum Company of Canada, Ltd. 3½% abatable notes	20	67
Aluminum Company of Canada, Ltd. 3⅞% debentures	—	89
Alumina Jamaica Limited 5¼% second preferred shares	30	30
Alumina Jamaica Limited 4% loan	—	6
Aluminium Union Limited 4% note	14	14
Other	1	1
Short-term bank loans	27	28
Other sources of funds	—	7
	<u>190</u>	<u>531</u>
	<u>\$238</u>	<u>\$605</u>
APPLICATION OF FUNDS:		
New plant	\$129	\$435
New investments	3	4
Redemption of debt and preferred shares	7	23
Dividends paid on common shares	17	47
Increase in working capital (excluding cash, marketable securities and short-term bank loans)	29	43
	<u>185</u>	<u>552</u>
CASH AND MARKETABLE SECURITIES (end of period)	53	53
	<u>\$238</u>	<u>\$605</u>

*Excluding net proceeds of \$50 millions Aluminum Company of Canada, Ltd. 3½% debentures underwritten in December 1950 but issued on 3rd January 1951, as shown under "Sales of Securities".

The above does not include proceeds of \$50 millions Aluminum Company of Canada, Ltd. 4½% debentures issued in March 1954.

The total cost of the over-all expansion programme in the years 1951-54 inclusive, is estimated at \$465 millions, of which the expenditure of \$435 millions had been recorded in the accounts by the end of 1953 (\$129 millions during the year), leaving \$30 millions as the balance of capital expenditures to be incurred in 1954. Of the total programme, \$123 millions were required for the Quebec expansion now completed; \$275 millions in British Columbia; \$30 millions in Jamaica; \$7 millions in British Guiana, and \$30 millions in other subsidiary operations.

FINANCING

The major sources of new funds since the end of 1950 have been:

- (a) Proceeds of the issue of new securities in the amount of \$359 millions (including \$50 millions debentures issued by Aluminum Company of Canada, Ltd. in March 1954, out of which all its bank borrowings have been repaid);
- (b) Retained earnings and provisions for capital cost allowances which together aggregated \$140 millions in the years 1951 to 1953 inclusive.

New financing in 1953 included in the foregoing summary consisted of:

- (1) Aluminum Company of Canada, Ltd.'s issue of \$30,000,000 of 5¼% cumulative redeemable sinking fund second preferred shares, offered only in Canada in April;
- (2) Aluminium Limited's offer to its shareholders in April of the right to subscribe for a total of 818,657 additional shares of capital stock on the basis of one additional share for each ten shares held. A total of 816,090 shares was subscribed for and issued, with proceeds of \$27,380,817. In addition 11,326 shares were issued under the Employee Share Purchase Plan for \$419,062.
- (3) Aluminum Company of Canada, Ltd. issued \$20,000,000 in 3½% redeemable notes due 1974 and received cash advances of equal amount from the Government of the United Kingdom, representing the final payments under a loan agreement of 1951.
- (4) Aluminium Union Limited, the Company's sales subsidiary in the United Kingdom, gave to the U.K. Government a 4 percent redeemable note due December 31st 1955, guaranteed by the Company, in the amount of £4,918,540 (\$13,766,010) in payment for certain government-owned stocks of aluminum on the reversion to private trading in aluminum in that country, as more fully described earlier in this report.

It is believed that the funds on hand, including the remaining proceeds of the March 1954 debenture issue and supplemented by retained earnings and capital cost allowances, will be

sufficient to permit the Company to bring the British Columbia project into operation at its initial capacity in the summer of 1954 and to meet other requirements of the Company and its subsidiaries for the completion of the four-year expansion programme.

It is expected that some additional working capital will be required for inventories of aluminum and accounts receivable if ingot sales in the United Kingdom recover further from the level of a year ago before private trading was resumed.

INVESTMENTS

In 1953, Aluminium Limited acquired a 50% interest in The Nippon Light Metal Company, Ltd., the major producer of primary aluminum in Japan. This company has a rated capacity for aluminum ingot of 27,000 tons, and has its own hydroelectric power resources with an installed capacity of 180,000 h.p. During the year just ended, the smelter ran at near capacity, with most of the production consumed in Japan. It is expected that this new investment will help stimulate efforts to expand the aluminum market in Japan and will benefit Aluminium Limited's business in the Far East.

Also, during 1953 the Company concluded formation of a partnership with Spanish interests for the establishment of a new fabricating company in Spain, to be known as "Aluminio Iberico S.A." The new company is constructing a modern plant at Alicante for the production of aluminum sheet, plate, extrusions, transmission cables and foil. The plant is designed for an eventual fabricating capacity up to 20,000 tons per year.

GOLD COAST ALUMINUM PROJECT

The projected integrated aluminum development based on the waterpower of the Volta River in the Gold Coast, West Africa, continues to occupy the Company's attention. The Volta River project has a potential capacity of 230,000 tons of primary aluminum per year and its development is being jointly considered by the governments of the Gold Coast and the United Kingdom, The British Aluminium Company, Ltd. and Aluminium Limited. A commission appointed by the two governments is investigating all phases of the project and the Company is making technical information available to the commission, as well as conducting various studies on its own behalf. The findings of the commission will provide the basis for further negotiations looking to implementation of the project. In 1953, Aluminium Limited increased its holdings in West African Aluminium Limited and obtained an option to purchase all other outstanding shares. West African Aluminium Limited has interests in certain Gold Coast bauxite deposits and holds concessions on the proposed Volta River power site.

RESEARCH AND EXPLORATION

The Company's research organization in Canada, England and Switzerland pursued investigations and developments in all phases of the aluminum industry. Emphasis was placed on process improvement and the broadening of uses for aluminum. Continuing attention was given to the location and acquisition of suitable sources of raw materials and success was achieved in the location of fluorspar deposits commensurate with the Company's long-term production programme. Improved techniques were developed in continuous casting of aluminum and in the production and recovery of aluminum fluoride materials essential to metal production. An alloy with improved resistance to pitting corrosion was finally proved ready for marketing and significant progress was made in the development of methods for using aluminum in containers and for structural purposes.

SHARE PURCHASE AND SHARE OPTION PLANS

On October 1st, 1953, the First Offering of shares was made under the Aluminium Limited Employee Share Purchase Plan. Under the First Offering a total of 160,000 shares was offered at a price of \$37 per share (15% below the market price as permitted under the Plan) to about 23,000 regular full-time employees of the Company and its subsidiaries in Canada, the United Kingdom, other parts of the British Commonwealth, as well as in Brazil, France, French West Africa, Germany, Italy, Switzerland and the United States. Approximately 2,800 employees elected to purchase a total of 31,770 shares.

On July 15th, 1953, pursuant to the recommendations of the Committee appointed to administer the Share Option Plan, options covering 187,000 shares of Aluminium Limited were granted by the Company to 75 officers and other employees at an option price of \$47.50 per share, the closing price of the shares on the Montreal Stock Exchange the preceding day. Employees who received these options are located in Canada, the United States, the United Kingdom, Switzerland, the Caribbean area, and a few other countries where the Company has establishments.

At the end of 1953 the Company's shares were held by approximately 18,700 registered shareholders, compared with the last announced total of 11,000 at the end of 1951.

DIRECTORS

In January of 1954, Dr. Earl Blough and George O. Morgan, two of the Company's directors and vice-presidents, retired from active service after long and outstanding careers in the Company and the industry. To fill the vacancies thereby created on the Board, the directors elected H. H. Richardson and Dana T. Bartholomew and appointed them vice-

Report TO THE SHAREHOLDERS

presidents of the Company. Mr. Richardson is chief technical officer for Aluminium Limited and president of Aluminium Laboratories Limited. He has served in the industry since 1924 in the United States and Europe as a senior metallurgist and for the past 13 years in Canada as a director of research and technical activities. Mr. Bartholomew is chief financial officer for Aluminium Limited and has served in various responsible financial posts in Canada and overseas since joining the Company 15 years ago following a decade in investment finance.

The Board wishes to express its sincere appreciation for the outstanding services rendered by Dr. Blough and Mr. Morgan over many years. Dr. Blough's career in the industry extended almost 50 years from the pioneer days when he worked as the first research and technical assistant to Charles Martin Hall, the inventor of the present aluminum smelting process. Several important discoveries, including the "3S" alloy, are credited to Dr. Blough and he later directed the technical and development programme which resulted in the adoption of aluminum alloys as the standard material for aircraft. Dr. Blough joined Aluminium Limited on its formation in 1928, was elected a director in the same year and headed its research and technical branches until 1946.

Mr. Morgan entered the aluminum business in 1914 and filled positions of great responsibility in the financial field, including those of treasurer of Aluminum Company of Canada, Ltd. from 1929 until 1935, treasurer of Aluminium Limited from 1928 until 1934 and chief financial officer until 1946. He served as a director of Aluminium Limited for more than 20 years.

* * *

The year has been a busy one and all of the 36,000 employees of the Company and its subsidiaries—whether engaged in operations, sales, research, administration or the plant expansion programme—are deserving of the sincere appreciation of the Board of Directors and Management for their perseverance and loyalty.

Respectfully submitted,
NATHANAEL V. DAVIS,
President.

Montreal, P.Q.
March 17th, 1954.



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
1953	1,124	336	96	70	19	17	239

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



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Balance Sheet

31st December 1953

IN CANADIAN DOLLARS

ASSETS

	31st December 1953	31st December 1952
Current Assets:		
Cash	\$ 33,660,830	\$ 26,701,502
Marketable securities, principally Government of Canada bonds (quoted value \$19,561,355)	19,492,232	21,394,316
Receivables, less provision for doubtful accounts (note 3)	54,775,841	45,776,251
Inventories of aluminum, materials and supplies (note 3) (at cost or under, which is not in excess of market)	87,804,245	80,380,150
	<u>195,733,148</u>	<u>174,252,219</u>
Indemnity receivable 1954/1956 in respect of foreign properties nationalized	1,158,014	1,544,019
Prepaid expense and deferred charges (note 4)	13,786,624	12,727,836
Investments:		
Subsidiaries — more than 50% owned	4,001,006	2,634,853
Other allied companies — not more than 50% owned	8,308,568	6,909,558
	<u>12,309,574</u>	<u>9,544,411</u>
Lands, plants, riparian rights, and facilities, at cost (note 5)	900,912,276	773,522,439
Less: Amount thereof charged to operations (note 5)	390,418,693	340,902,449
	510,493,583	432,619,990
	<u>\$733,480,943</u>	<u>\$630,688,475</u>



Consolidated Balance Sheet

31st December 1953

IN CANADIAN DOLLARS

LIABILITIES

	31st December 1953	31st December 1952
Current Liabilities:		
Payables, including accrued liabilities	\$ 36,886,392	\$ 42,756,793
Bank loans (note 6)	33,522,621	6,166,865
Income and other taxes	18,730,850	26,618,065
Other debt payable within one year (note 7)	5,047,581	3,938,888
	<u>94,187,444</u>	<u>79,480,611</u>
Debt not maturing within one year (note 7)	236,595,325	224,187,900
Debt contingent on volume of operations (note 7)	109,696,250	93,692,500
Operating reserves and deferred credits	3,290,236	3,049,555
Preferred shares of subsidiary companies (note 8)	47,798,050	18,307,300
Minority interest in subsidiary companies	2,633,646	2,678,427
Capital Stock and Surplus:		
Shares without nominal or par value (note 10):		
9,013,994 shares outstanding	85,865,599	58,065,720
(including 827,416 shares issued for cash in 1953)		
Capital surplus	3,396,905	2,899,572
Earned surplus (note 11)	150,017,488	148,326,890
	<u>239,279,992</u>	<u>209,292,182</u>
	<u>\$733,480,943</u>	<u>\$630,688,475</u>

Signed on behalf of the Board.

NATHANAEL V. DAVIS, Director

DANA T. BARTHOLOMEW, Director



ALUMINIUM LIMITED
and Consolidated Subsidiaries

Consolidated Statement of Profit and Loss

For the Year Ending 31st December 1953

IN CANADIAN DOLLARS

	1953	1952
Sales	\$335,687,934	\$332,993,985
(including \$30,288,714 operating revenues; \$40,492,963 in 1952)		
Cost of sales	200,697,056	201,105,790
(including \$23,676,898 operating expenses; \$31,872,658 in 1952)		
	<u>134,990,878</u>	<u>131,888,195</u>
Selling, general and administrative expenses	25,041,076	23,678,902
	<u>109,949,802</u>	<u>108,209,293</u>
Interest on marketable securities, etc.	1,366,903	1,133,585
(including \$534,772 income from investments; \$314,435 in 1952)		
Indemnities received in respect of foreign properties, less proportionate carrying value	392,963	664,660
	<u>111,709,668</u>	<u>110,007,538</u>
Interest on contingent and other debt not maturing within one year	11,440,863	8,857,435
Other interest	729,036	561,997
Write-off of financing expenses	1,341,918	4,084,488
Exchange adjustment arising in consolidation	161,828	497,567
	<u>13,673,645</u>	<u>14,001,487</u>
	98,036,023	96,006,051
Capital cost allowances in respect of lands, plants and facilities	50,681,421	37,577,893
(see footnote and note 5)		
	<u>47,354,602</u>	<u>58,428,158</u>
Provision for income taxes	25,671,381	35,258,018
(including \$22,535,970 Canadian taxes; \$28,482,254 in 1952)		
	<u>21,683,221</u>	<u>23,170,140</u>
Dividends declared on preferred shares	2,133,072	726,480
Minority interest in profit of subsidiary companies	75,062	71,371
	<u>2,208,134</u>	<u>797,851</u>
Profit carried to earned surplus	<u>\$ 19,475,087</u>	<u>\$ 22,372,289</u>

NOTES: Aggregate capital cost allowances (see note 5) consist of the following:

Normal allowances on facilities in operation	\$21,812,257	\$16,475,671
*Other allowances, including \$24,381,813 (1952—\$18,215,808) on facilities prior to completion	<u>28,869,164</u>	<u>21,102,222</u>
	<u>\$50,681,421</u>	<u>\$37,577,893</u>
*Other allowances had the effect of reducing profit carried to earned surplus by	<u>\$16,356,860</u>	<u>\$11,227,900</u>

Legal fees for 1953 amounted to \$257,729, directors' fees \$14,819, executive salaries (parent and consolidated subsidiaries) \$2,005,174.



Consolidated Statement of Surplus

For the Year Ending 31st December 1953

IN CANADIAN DOLLARS

EARNED SURPLUS

Earned surplus — 31st December 1952		\$148,326,890
Profit for the year		<u>19,475,087</u>
		167,801,977
Aluminium Limited dividends (1952 — \$16,039,585)	\$ 17,307,846	
Appropriations for the purchase for cancellation of preferred shares of subsidiaries	<u>476,643</u>	<u>17,784,489</u>
Earned surplus — 31st December 1953 (note 11)		<u>\$150,017,488</u>

CAPITAL SURPLUS

Capital surplus — 31st December 1952		\$ 2,899,572
Par value of preferred shares of subsidiaries purchased for cancellation		<u>497,333</u>
Capital surplus — 31st December 1953		<u>\$ 3,396,905</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.

All intercompany items and transactions, including profits in inventories, have been eliminated. 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 1953, except that (a) investments, fixed assets and related reserves are at rates current at dates of acquisition, and (b) debts not maturing within one year are 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 United States currency, are stated on a dollar for dollar basis.

3. Current Assets:

(a) Inventories of Aluminum, Materials and Supplies:

	1953	1952
Aluminum	\$ 28,960,371	\$ 23,427,532
Raw materials	41,283,298	38,249,399
Supplies	17,560,576	18,703,219
	<u>\$ 87,804,245</u>	<u>\$ 80,380,150</u>

(b) Receivables and Inventories of Aluminum:

Since the early months of World War II the United Kingdom Government has contracted for a large portion of the annual Canadian production of metal on a basis whereby, until 1st July 1953, the Government had taken delivery of and paid for the metal in Canada for subsequent resale to consumers in the United Kingdom. Under these delivery arrangements the Company had been relieved of the necessity of financing metal stocks and receivables in the United Kingdom.

While these contracts do not expire until 31st December 1955, the United Kingdom Government in 1953 concluded an agreement with the Company for a reversion to private trading as a result of which the Company resumed the carrying of metal stocks and receivables in the United Kingdom. As of 31st December 1953 these metal stocks and receivables approximated \$17,200,000 of which \$13,766,010 (£4,918,540) was financed by a 4% redeemable note, due 31st December 1955, issued to the United Kingdom Government in payment for metal stocks purchased from them at the time of reversion.

4. Prepaid Expense and Deferred Charges:

Since the agreement with the United Kingdom referred to in note 3(b) above achieved the benefit of private trading two and a half years earlier than would previously have been possible, it was considered appropriate to charge off the excess (approximately \$2,800,000) of the price of the metal purchased at market from the United Kingdom Government over the estimated normal carrying value of Canadian metal stocked in the United Kingdom against consolidated earnings over the period from 1st July 1953 to 31st December 1955. Approximately \$2,200,000 of this excess is carried forward in Prepaid Expense and Deferred Charges at 31st December 1953.

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

	1953	1952
Land and water rights	\$ 43,765,620	\$ 43,683,736
Mineral properties, rights and development	8,376,979	7,752,135
Buildings, machinery and equipment	572,698,028	499,385,016
	624,840,627	550,820,887
Construction work in progress	276,071,649	222,701,552
	<u>\$900,912,276</u>	<u>\$773,522,439</u>



5. Lands, etc. — *continued*

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 prior to completion as well as to facilities in operation.

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 prior to completion 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 for 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. Aggregate capital cost allowances charged by Aluminum Company of Canada, Ltd. were equivalent to 3 $\frac{3}{4}$ cents per pound of aluminum sales in 1953 as compared with averages approximately equivalent to 2-4/10 cents per pound and 3 cents per pound of aluminum sales in the years 1951 and 1952 respectively. 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 the years 1954 and 1955 to an amount equivalent to 3 $\frac{1}{2}$ to 4 cents per pound of aluminum sales and in the years 1956 and 1957 to an amount equivalent to 3 to 3 $\frac{1}{2}$ cents per pound of aluminum sales.

Non-Canadian subsidiaries with minor exceptions normally provide for depreciation under the straight-line method. In 1952 and 1953, however, certain additional allowances aggregating \$722,279 and \$719,272 respectively, were taken by some of these subsidiaries as permitted by the tax regulations of the countries in which they operate.

6. Bank Loans:

Bank loans include \$25,692,800 payable to Canadian and United States banks which have since been repaid by the application of part of the proceeds from \$50,000,000 4 $\frac{1}{2}$ % sinking fund debentures, due 1973, issued by Aluminum Company of Canada, Ltd. in March 1954.

7. Debt not maturing within one year:

	1953	1952
Aluminum Company of Canada, Ltd.:		
First mortgage 3 $\frac{1}{2}$ % sinking fund bonds, due 1974:		
Series "A"	\$ 10,488,000	\$ 10,733,000
Series "B" (U.S. \$20,523,000)	20,523,000	21,429,000
Commutation value of contractual obligation for annual payments secured by second hypothec (payable in Canadian currency and in United States currency in equal parts)	9,501,103	9,892,822
3 $\frac{1}{2}$ % Sinking fund debentures, due 1971	47,795,000	50,000,000
3 $\frac{7}{8}$ % Sinking fund debentures, due 1970 (U.S. \$90,000,000)	88,565,625	88,565,625
Redeemable notes, due 1971 — payable to the U.K. Government: (interest payable only if and to the extent aluminum production is maintained at rates specified in the respective notes during the term thereof)		
3% Notes	8,242,500	5,495,000
3 $\frac{1}{2}$ % Notes	3,746,250	2,497,500
3 $\frac{1}{2}$ % Redeemable notes, due 1974 — payable to the U.K. Government	440,000	440,000
Saguenay Power Company, Ltd.:		
First mortgage 3% sinking fund bonds, due 1971 (U.S. \$22,300,000)	22,300,000	23,200,000
Aluminium Union Limited:		
4% Redeemable note, due 1955 — payable to the U.K. Government (£4,918,540)	13,766,010	—
Northern Aluminium Company, Ltd.:		
3 $\frac{3}{8}$ % Debentures, due 1957/1961 (£1,250,000)	5,025,000	5,025,000
3 $\frac{1}{8}$ % Debentures, due 1962/1964 (£ 750,000)	2,304,375	2,304,375
Alumina Jamaica Limited:		
4% Loan, due 1954/1958 — payable to the U.S. Government Mutual Security Agency (U.S. \$5,446,222)	5,613,043	6,283,490
Other debt	4,475,000	3,185,976
	<u>242,784,906</u>	<u>229,051,788</u>
Less: Debt payable within one year in accordance with terms of the above obligations for which bonds with a par value of \$1,142,000 (\$925,000 in 1952) are held in anticipation of sinking fund requirements, the balance being included in current liabilities	6,189,581	4,863,888
	<u>\$236,595,325</u>	<u>\$224,187,900</u>



ALUMINIUM LIMITED
and Consolidated Subsidiaries

7. Debt — <i>continued</i>	<u>1953</u>	<u>1952</u>
Debt Contingent on Volume of Operations:		
Aluminum Company of Canada, Ltd.:		
Redeemable notes — payable to the U.K. Government:		
(principal and interest payable only if and to the extent aluminum (magnesium) production is maintained at rates specified in the respective notes during the term thereof)		
3% Notes, due 1971 (a)	\$ 46,707,500	\$ 49,455,000
3½% Notes, due 1971 (b)	21,228,750	22,477,500
3½% Notes, due 1974 (c)	40,000,000	20,000,000
3½% Notes, due 1974 (magnesium) (d)	1,760,000	1,760,000
	<u>\$109,696,250</u>	<u>\$ 93,692,500</u>

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 (metric tons)	Amount of principal abatable per ton	Maximum amount of principal abatable in any year	Entire interest is abatable if production is less than (metric tons)
(a) \$39,600,000	3%	172,500	\$24.00	\$1,980,000	90,000
(a) 15,350,000	3%	197,500	30.70	767,500	172,500
(b) 24,975,000	3½%	400,000	13.50	1,248,750	307,500
(c) 40,000,000	3½%	450,000	40.00	2,000,000	400,000
(d) 1,760,000	3½%	4,000	33.33	88,000	1,360

8. Preferred Shares of Subsidiary Companies:	<u>1953</u>	<u>1952</u>
Cumulative Redeemable Preferred Shares:		
Aluminum Company of Canada, Ltd.:		
4% Sinking fund first preferred shares	\$ 12,663,050	\$ 12,981,400
5¼% Sinking fund second preferred shares (issued for cash in 1953)	30,000,000	—
Saguenay Power Company, Ltd. 4¼% Sinking fund preferred shares	3,805,800	3,996,700
Indian Aluminium Company, Ltd. 5% Preferred shares	1,329,200	1,329,200
	<u>\$ 47,798,050</u>	<u>\$ 18,307,300</u>

9. Commitments:

The Company is engaged in a programme of capital expenditures presently estimated to cost \$465,000,000 during the period 1951 to 1954 inclusive, of which \$435,000,000 has been recorded in the accounts up to 31st December 1953.

10. Capital Stock:

In April 1953, the Company offered to its shareholders the right to subscribe for a total of 818,657 additional shares without nominal or par value on the basis of one additional share for each ten shares held. A total of 816,090 shares was subscribed for in cash (\$27,380,817) and subsequently issued.

As approved by the shareholders at the annual meeting on 30th April 1953, 400,000 shares without nominal or par value were reserved for employees of the Company and its subsidiaries under an Employee Share Purchase Plan and 300,000 shares without nominal or par value were reserved for officers and other key employees of the Company and its subsidiaries under a Share Option Plan.

On 1st October 1953, the Company made an initial offering of shares under the Employee Share Purchase Plan at a price of \$37.00 per share, being the next even dollar above 85% of the then market price. The employees elected to purchase 31,770 shares, the purchase price of which may be payable by instalments. As at 31st December 1953, 11,326 of such shares had been fully paid and issued.

On 15th July 1953, the Company granted options for 187,000 shares under the Share Option Plan to 75 officers and other key employees at the then market price of \$47.50 per share. The options are, in general, exercisable during the nine year period beginning on 15th July 1954, subject, however, to other termination dates by reason of termination of employment, retirement or death, etc.

ALUMINIUM LIMITED
and Consolidated Subsidiaries



11. Earned Surplus:

The surpluses of the individual non-Canadian consolidated subsidiaries are subject to such restrictions as to distribution as are imposed by regulatory bodies of the countries in which the companies are carrying on operations. However, in 1953, the dividends paid by these companies to their Canadian parent exceeded the aggregate of their profits less losses as recorded in the consolidated accounts for the year. The surpluses of these non-Canadian subsidiaries, forming part of the consolidated earned surplus at 31st December 1953, aggregated \$9,401,395.

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

A condensed analysis of the consolidated balance sheet at 31st December 1953, according to the domicile of the constituent companies, expressed in millions of Canadian dollars, follows:

	<u>Canada</u>	<u>Other Western Hemisphere</u>	<u>Other British Commonwealth</u>	<u>All Other</u>	<u>Total</u>
ASSETS					
Current assets	135.2	34.9	15.9	9.7	195.7
Investments	12.1	—	—	.2	12.3
Fixed assets	770.5	68.5	39.7	22.2	900.9
Less: Capital cost allowances	<u>346.2</u>	<u>21.8</u>	<u>16.7</u>	<u>5.7</u>	<u>390.4</u>
Other assets	12.8	1.8	.1	.3	15.0
	<u>584.4</u>	<u>83.4</u>	<u>39.0</u>	<u>26.7</u>	<u>733.5</u>
LIABILITIES					
Current liabilities	72.6	8.5	8.1	5.0	94.2
Funded debt	333.3	4.8	8.2	—	346.3
Preferred shares	46.5	—	1.3	—	47.8
Other liabilities	4.5	.5	.7	.2	5.9
	<u>456.9</u>	<u>13.8</u>	<u>18.3</u>	<u>5.2</u>	<u>494.2</u>
Common shareholders' equity	<u>127.5</u>	<u>69.6</u>	<u>20.7</u>	<u>21.5</u>	<u>239.3</u>

Auditors' report

PRICE WATERHOUSE & CO.

218 ST. JAMES STREET WEST

MONTREAL 1

15th March 1954.

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED

We have examined the consolidated balance sheet of Aluminium Limited and consolidated subsidiaries as at 31st December 1953 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 1953 to provide for capital cost allowances in accordance with Canadian income tax regulations which permit the deduction of allowances on facilities prior to completion (as well as facilities in operation) provided that these allowances are recorded in the books of the companies. In our opinion, although generally accepted accounting principles do not require the provision of capital cost allowances until facilities are completed, the practice of providing such allowances on facilities prior to completion has become recognized in Canada by reason of the income tax regulations.

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 1953, and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles (except as noted in the preceding paragraph) which were applied on a basis consistent with that of the preceding year.

Pursuant to section 118 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)

ALUMINUM COMPANY OF CANADA, LTD.— CANADA	DEMERARA BAUXITE COMPANY, LTD.— BRITISH GUIANA
ALMA & JONQUIERES RAILWAY COMPANY (THE) — CANADA	ELETRO-QUIMICA BRASILEIRA S.A.— BRAZIL
ALUMINA JAMAICA LIMITED — JAMAICA	INDIAN ALUMINIUM COMPANY, LTD.— INDIA
ALUMINIO DO BRASIL, S.A.— BRAZIL	NEWFOUNDLAND FLUORSPAR LIMITED — CANADA
ALUMINIUM COMPANY OF SOUTH AFRICA (PTY.) LTD.— SOUTH AFRICA	NORTHERN ALUMINIUM COMPANY, LTD.— GREAT BRITAIN
ALUMINIUMWERKE A.-G. RORSCHACH — SWITZERLAND	ROBERVAL AND SAGUENAY RAILWAY COMPANY (THE) — CANADA
ALUMINIUMWERKE GOETTINGEN G.m.b.H.— GERMANY	SAGUENAY TERMINALS LIMITED — CANADA
ALUMINIUMWERKE NUERNBERG G.m.b.H.— GERMANY	SAGUENAY ELECTRIC COMPANY — CANADA
ALUMINUM GOODS LIMITED — CANADA	SAGUENAY POWER COMPANY, LTD.— CANADA
ALUMINIUM MERIDIONAL — FRANCE	SAGUENAY TRANSMISSION COMPANY, LTD.— CANADA
BAUXITES DU MIDI — FRANCE	SOCIETA DELL'ALLUMINIO ITALIANO — ITALY
CHAGUARAMAS TERMINALS LIMITED — TRINIDAD	SPROSTONS, LIMITED — BRITISH GUIANA

International Distributing Companies

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

Other Subsidiary and Allied Operating Companies

(NOT CONSOLIDATED)

ALUMINIO IBERICO, S.A.— SPAIN	NIPPON LIGHT METAL Co. LTD. (THE) — JAPAN
ALUMINIO INDUSTRIAL MEXICANO, S.A.— MEXICO	NORDISK ALUMINIUMINDUSTRI (A/S) — NORWAY
AUSTRALIAN ALUMINIUM COMPANY PROPRIETARY LTD.— AUSTRALIA	NORSK ALUMINIUM COMPANY (A/S) — NORWAY
DANSK ALUMINIUM INDUSTRI (A/S) — DENMARK	SVENSKA ALUMINIUMKOMPANIET (AB) — SWEDEN
DET NORSKE NITRIDAKTIESELSKAP — NORWAY	TOYO ALUMINIUM K.K.— JAPAN
NEDERLANDSCHE ALUMINIUM MAATSCHAPPIJ (N.V.) — HOLLAND	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, Toronto and Vancouver

Mellon National Bank and Trust Company, Pittsburgh

The National City Bank of New York, New York City

Morgan Grenfell & Co. Limited, London, Eng.

REGISTRARS

The Royal Trust Company, Montreal, Toronto, Vancouver, London, Eng.

Fidelity Trust Company, Pittsburgh

The Hanover Bank, New York City

