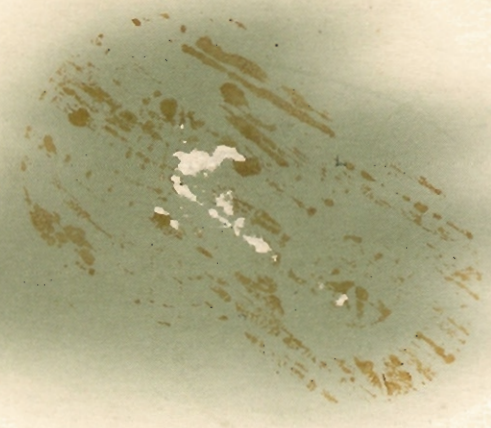


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1957  
ANNUAL  
REPORT

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for the year ending 31st December  
1957



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

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## ALUMINIUM LIMITED

HEAD OFFICE 1155 METCALFE STREET  
MONTREAL, CANADA

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### TRANSFER AGENTS

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*Montreal, Toronto and Vancouver*

MELLON NATIONAL BANK AND TRUST COMPANY  
*Pittsburgh*

THE FIRST NATIONAL CITY BANK OF NEW YORK  
*New York City*

MORGAN GRENFELL & CO. LIMITED  
*London, England*

### REGISTRARS

THE ROYAL TRUST COMPANY  
*Montreal, Toronto, Vancouver, London, England*

FIDELITY TRUST COMPANY  
*Pittsburgh*

THE HANOVER BANK  
*New York City*

## Directors

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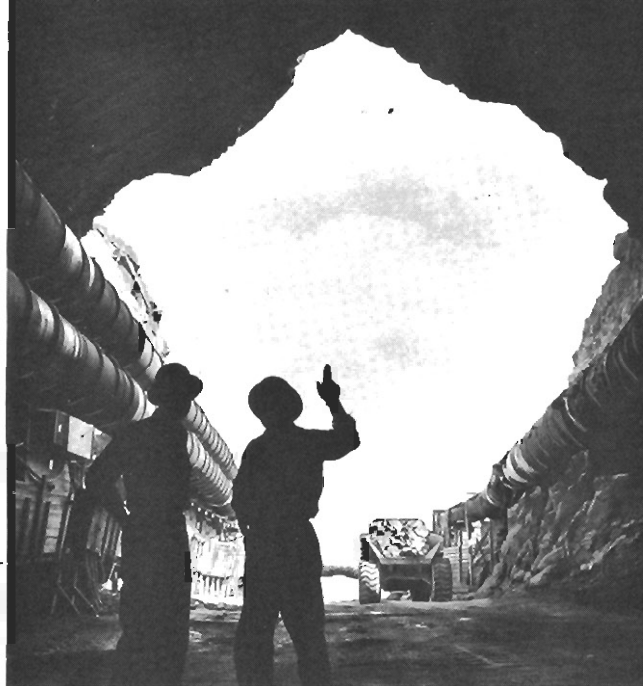
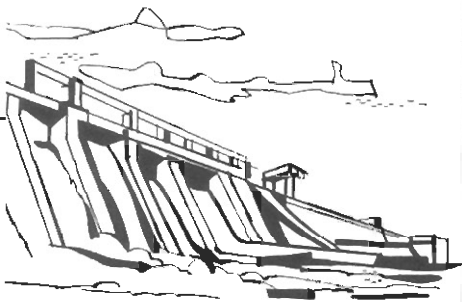
FIELD MARSHAL EARL ALEXANDER OF TUNIS, K.G.  
DANA T. BARTHOLOMEW  
DR. DONALD K. DAVID  
NATHANAEL V. DAVIS  
JAMES A. DULLEA  
RT. HON. C. D. HOWE, P.C.  
N. BAXTER JACKSON  
PAUL LAROCQUE

E. G. MACDOWELL  
EDWIN J. MEJIA  
R. E. POWELL  
H. H. RICHARDSON  
M. B. DE SOUSA PERNES  
JOHN L. SULLIVAN

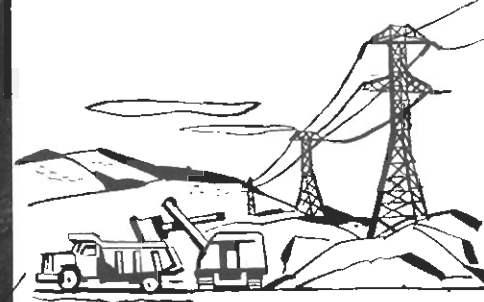
## Officers

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NATHANAEL V. DAVIS, *President*  
R. E. POWELL, *Senior Vice President*  
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 Employee Relations Officer*  
H. H. RICHARDSON, *Vice President and Chief Technical Officer*  
M. P. WEIGEL, *Director of Operations*  
J. F. EVANS, *Treasurer*  
PAUL LAROCQUE, *Ass't. Secretary and Ass't. Treasurer*  
K. C. BALA, *Assistant Secretary*  
A. A. BRUNEAU, *Assistant Secretary*  
D. CASSELMAN ROSS, *Assistant Secretary*  
O. E. COLLING, *Assistant Treasurer*  
D. M. KERTLAND, *Assistant Treasurer*



Excavation in progress on the 7-mile tunnel and underground powerhouse at Aluminum Company of Canada's 1,000,000 h.p. Chute-des-Passes hydroelectric project in northern Quebec.



## The Year 1957 at a Glance

### RESULTS

Sales and operating revenues . . . . .
Income before income taxes . . . . .
Depreciation and reserve for future income taxes . . . . .
Net income . . . . .
Common shares outstanding . . . . .
Net income per share . . . . .
Dividends paid . . . . .
Dividends per share . . . . .

### BALANCE SHEET ITEMS

Net current assets . . . . .
Lands, plants, facilities (gross) . . . . .
Additions to fixed capital . . . . .
Shareholders' equity . . . . .

### OTHER

Sales of aluminum products . . . . .
Number of shareholders (year-end) . . . . .
Number of employees (year-end) . . . . .

\*Adjusted for 3-for-1 share split in 1957.

### For Year Ending 31st December

1957	1956
\$453.5 million	\$482.6 million
\$78.3 million	\$108.1 million
\$51.9 million	\$51.1 million
\$41.4 million	\$55.7 million
30,168,212	*30,041,541
\$1.37	*\$1.85
\$25.3 million	\$23.2 million
(U.S.) 87½¢	(U.S.) *78¢

### As at 31st December

1957	1956
\$172.8 million	\$183.8 million
\$1,300.4 million	\$1,125.9 million
\$179.6 million	\$125.4 million
\$423.7 million	\$405.1 million

1957	1956
614,210 tons	705,058 tons
35,885	27,975
50,276	47,627

# REPORT

*to the shareholders of*

## **ALUMINIUM LIMITED**

The 30th Annual Report of Aluminium Limited covering the affairs and the financial results of the Company for the year 1957 is submitted herewith on behalf of the Board of Directors. The financial statements of Aluminium Limited and its consolidated subsidiaries for the year ended December 31st, 1957, together with the report thereon by the auditors, Price Waterhouse & Co., form a part of this report.

### **SUMMARY OF RESULTS**

The year 1957 was a year of transition for the Company and for the industry. The preceding ten years were, with few exceptions, years of strong demand, full production and rapid expansion. In 1957, however, supply exceeded demand. Free-world production did not increase. While consumption in Europe and many other areas continued to grow, overall consumption dropped by about 3%. At the same time customers reduced their inventories. The resulting decline in demand for primary metal led some companies, including Aluminium Limited, to retard their expansion programs.

Under these changing conditions, Aluminium Limited's results for the year were adversely affected not only by a consequent reduction in sales but also by the impact of a protracted strike at the Aluminum Company of Canada's main smelter located at Arvida, Quebec. Aluminium Limited's net income, after all charges, including dividends on preferred shares of subsidiary companies, was \$41,422,456 or \$1.37 per share on the 30,168,212 shares outstanding at the year end. For the preceding year, 1956, the comparable figures were \$55,657,372 or the equivalent of \$1.85 per share, after giving effect to the three-for-one share split which occurred in 1957.

Cash generation in 1957, comprising net income, depreciation and reserves for future income taxes was \$93,339,106 or \$3.09 per share, as compared with \$106,711,431 or \$3.55 per share in 1956.

## ALUMINIUM LIMITED

*and consolidated subsidiaries*

The reduction in net income reflects the decline in sales and operating revenues from \$483 million in 1956 to \$453 million in 1957 and the impact of the strike at Arvida. It also reflects increased operating costs resulting from retroactive wage increases granted in Canada during the year.

During 1957, quarterly dividend payments, based on the new subdivided shares, were at the rate of 20 cents per share (U.S. currency) in the first quarter and 22½ cents per share (U.S. currency) in the succeeding three quarters. Total dividend disbursements were the equivalent of \$25,264,472 in Canadian funds compared to \$23,192,053 in 1956.

Capital expenditures in 1957 under the Company's long-range expansion program amounted in total to \$180 million, principally to provide new basic facilities for production of hydroelectric power and raw materials on which future smelting expansion may be based. No new addition to the Company's Canadian smelting capacity was completed in 1957, although construction of potlines with an annual capacity of 80,000 tons\* was continued at Kitimar, British Columbia, until October when a decision was taken to defer their completion until justified by an upturn in demand.

Although the expansion programs of some other primary aluminum producers have also been curtailed, there are large increases in aluminum capacity scheduled to enter production in the next year or two in several countries. The Company must, therefore, look forward to a continuation of overcapacity in the industry as a whole until world markets can be expanded to absorb the increases in production. The abundance of primary aluminum supply does, however, provide the opportunity to develop new uses and markets with every assurance that users' requirements can be met. During the past several years the shortage of supply has unquestionably impaired the growth of uses for aluminum.

Currently the Company's Canadian smelters are operating at about 80% of rated capacity, producing substantially as much metal as in the year of peak production. Shipments so far this year are below this level. This reflects reduced sales to other producers who are bringing in new capacity as well as a lower demand in the trade generally. The general trade demand has shown some signs of stabilizing in recent months.

Increased emphasis is being put upon an improvement in operating efficiencies, a strengthening of sales, market development and research activities and expansion of fabricating outlets. While the Company remains confident that the growth in aluminum consumption will continue and will provide the basis for utilizing the expanded facilities which are under construction, the continuation of this program and the prospects of increasingly strong competition which may result in reduced profit margins will require the most careful utilization of the personnel, plant and capital resources of the Company.

## Operations

### ALUMINUM INGOT AND POWER

The Aluminum Company of Canada, Ltd. produced 556,700 tons of primary aluminum during 1957, — a 10% reduction from the total production in 1956. The decline in production

\* Short tons of 2,000 pounds each are used throughout this report.

## ALUMINIUM LIMITED

and consolidated subsidiaries

was caused by labor difficulties and changing market conditions. On May 17th hourly paid employees at the Arvida smelter commenced a strike which lasted for 4 months. When a labor settlement was reached in September, market conditions caused the Company to defer indefinitely reopening of the plant at full production levels. The changes in production rates caused by these events resulted in lower than normal operating efficiencies and higher than normal costs of production.

The record of the production of primary aluminum by Aluminum Company of Canada, Ltd. during the past four years is as follows, in short tons:

	Quebec	British Columbia	Total
1954.....	540,400	20,500	560,900
1955.....	540,600	67,100	607,700
1956.....	496,400	123,900	620,300
1957.....	397,300	159,400	556,700

Total power generation in our Quebec and British Columbia hydroelectric plants during 1957 was 14.1 billion kilowatt hours, this figure being approximately 15% of total power generation in Canada. A sixth generator was placed in operation at Kemano, British Columbia, in July, and a seventh in early 1958, giving total installed capacity there of 1,050,000 horsepower.

The smelting subsidiaries and affiliates in Brazil, India, Italy, Norway, Sweden and Japan operated at their effective capacities throughout the year, producing a total of 99,625 tons of aluminum, mainly for local consumption.

In January 1958 the lower demand for primary metal necessitated a further curtailment of production by the Aluminum Company of Canada, Ltd. Production rates were reduced to approximately 80% of rated capacity, the curtailments being made at Arvida, Shawinigan and Kitimat.

### RAW MATERIALS

The Company's main bauxite mining facilities in British Guiana, in France and in French Guinea mined and shipped bauxite at rates slightly below those of the previous year.

During the year the Company's bauxite reserves in Malaya were brought into production and initial shipments of approximately 50,000 tons were made to the Japanese market. A newly formed affiliate in Sarawak started the preliminary work of opening new bauxite mines to supply a part of the requirements of the Japanese market. The first shipments are expected to be made in 1958.

The alumina plants at Arvida produced 785,000 tons of alumina during the year. During the strike at Arvida, the other smelters in Quebec were kept in full operation by use of Jamaican alumina and alumina purchased from non-Company sources.

Alumina Jamaica Limited produced approximately 470,000 tons of alumina in 1957 at its Kirkvine Works, where construction was completed during the year. In addition to the normal shipments to Kitimat, British Columbia, Norway and Sweden, special shipments were made to the smelters in Quebec during the Arvida strike.



## **ALUMINIUM LIMITED**

*and consolidated subsidiaries*

During the year extensive improvements were made to the facilities of Newfoundland Fluorspar Limited, which mines and concentrates fluorspar at St. Lawrence, Newfoundland, for use at Arvida.

### **FABRICATING**

Despite the general slackening in business which became evident during the course of the year in several countries, shipments from 26 fabricating plants in which the Company has an important interest throughout the world, including partially-owned companies, were approximately 200,000 tons or about the same as in 1956. The fabricating companies again played an active and essential part in developing new applications and markets for aluminum. Competition intensified in all markets, with some reduction in profit margins.

The Company's long term program for the modernization and expansion of fabricating facilities has continued. The comprehensive modernization of the works at Banbury, England, of Northern Aluminium Company, Ltd. is nearing completion, and will substantially improve the efficiency and versatility of operations. During the year, work was also begun on the further expansion and modernization of Northern Aluminium's Rogerstone Works. The plans call for the installation of a 144-inch hot mill, which will be the widest aluminum rolling mill outside North America. The mill will be used mainly for the production of wide plate and sheet to meet the growing demand from the shipbuilding and transport industries.

Aluminum Company of Canada, Ltd. is installing a cable plant, together with extrusion facilities, at Vancouver, B.C., to serve the western Canadian market for these commodities. The demand for aluminum foil continues to grow, and foil-rolling facilities at the Kingston, Ontario, works are being expanded by the addition of a further high-speed foil mill. The increasing use of aluminum by the automobile industry has prompted the installation of additional die-casting facilities at Alcan's Etobicoke, Ontario, works.

Turning to other parts of the world, the new sheet-rolling facilities of Aluminio Iberico S.A. at Alicante, Spain, whose cable and extrusion facilities are already in operation, will be completed early in 1958. In Mexico, a start has been made on the modernization and expansion of the sheet and foil-rolling facilities of Aluminio Industrial Mexicano S.A. In Brazil, in addition to the expansion program already in hand in the sheet and foil plants of Aluminio do Brasil S.A., fabricating facilities are being expanded by the installation of cable equipment and an alpaste plant. An extrusion plant is in course of erection by Aluminium Méridional S.A. at Chartres, France, and in Germany the first completely automatic aluminum can-making line has been installed by Aluminiumwerke Göttingen G.m.b.H. New high speed foil-rolling equipment and an alpaste plant were installed in Japan by Toyo Aluminium K.K.

Late in the year, initial steps were taken to increase substantially the output of the sheet plant of Australian Aluminium Company Pty. Ltd. and to erect a modern foil plant on a site already acquired at Sydney.

### **TRANSPORTATION AND COMMERCIAL SERVICES**

During the year the Demerara-Saguenay Division (the ocean-shipping division) of Saguenay Terminals Limited was separately incorporated under the name of Saguenay Shipping Limited. The Port Alfred Division which operates docks and storage facilities at Port Alfred, Quebec, will continue under the name of Saguenay Terminals Limited.

## ALUMINIUM LIMITED

and consolidated subsidiaries

Outside sales of power in Canada increased to \$10 million.

Ocean shipping activities continued at a high level with total cargo carried approximating 7.5 million tons. Although the bulk of this was for Group companies, the proportion of non-Group business increased. General cargo services to the public have been improved, especially between Canada and Caribbean points. During the year, seven new ships joined the fleet on long term charter.

In 1957, 3 million tons of cargo in 532 vessels were handled through Port Alfred. Shipment of newsprint via Port Alfred increased appreciably.

The varied commercial activities of Sprostons, Limited in British Guiana, Trinidad, and Jamaica continued to expand during the year, including the building of small ships and barges at Georgetown, B.G.

### INDUSTRIAL RELATIONS

The Company's generally satisfactory relations with its industrial employees over the years were marred in 1957 by the most serious strike in its history. A strike was called at the Arvida plant on May 17th by the certified union, Le Syndicat National des Employés d'Aluminium d'Arvida, which has had a collective labor agreement with the Company since 1937. About 6,500 employees were involved. The issues had been thoroughly considered in the various stages of conciliation and arbitration over a period of eight months prior to the strike. Following a stoppage of four months, work was resumed on September 17th and a new three-year labor contract was signed. The settlement at Arvida provided the basis for separate labor contracts at other plants in Quebec. A new three-year contract was also signed at Kitimat.

The Arvida strike was conducted in an orderly manner and no damage to Company property resulted. It is difficult to assess the cost to the Company of the strike, but disregarding the possibility of profits from the ultimate sales of metal which would otherwise have been produced, it is estimated that the impact on the year's earnings was \$5 million.

## Markets and Sales

As a result of inventory reductions by industry and an estimated 3% decline in consumption of primary metal, world supply of aluminum in 1957 exceeded demand. A breakdown of primary aluminum production by principal producing countries in the free world during the past six years is shown in the following tabulation:

	1952	1953	1954	1955	1956	1957
				(Short Tons)		
U.S.A. ....	937,300	1,252,000	1,461,000	1,565,800	1,679,400	1,647,700
Canada .....	499,800	545,800	560,900	608,000	620,300	557,700
France .....	117,000	123,700	132,500	142,700	165,000	176,200
West Germany .....	110,800	117,800	142,400	151,100	162,200	169,500
Italy .....	58,200	61,200	63,500	68,000	69,900	72,800
Norway .....	56,300	58,600	67,600	79,500	103,000	105,200
Japan .....	47,000	50,100	58,200	62,500	72,600	74,800
Other Countries .....	127,400	144,100	152,800	179,000	208,000	246,500
TOTAL .....	<u>1,953,800</u>	<u>2,353,300</u>	<u>2,638,900</u>	<u>2,856,600</u>	<u>3,080,400</u>	<u>3,050,400</u>

## ALUMINIUM LIMITED

and consolidated subsidiaries

Shipments from the Company's Canadian aluminum smelters in the past five years were as follows, in short tons:

	1953	1954	1955	1956	1957
United Kingdom . . . . .	184,600	221,800	267,100	224,400	165,600
U.S.A. . . . .	237,000	192,560	193,200	215,300	227,800
Canada . . . . .	90,200	80,000	85,000	90,500	82,200
All Others . . . . .	37,900	60,840	64,300	66,300	79,900
TOTAL . . . . .	<u>549,700</u>	<u>555,200</u>	<u>609,600</u>	<u>596,500</u>	<u>555,500</u>

With metal in over-supply, keen competition was experienced in all markets. During the latter part of the year, prices weakened in most markets outside of North America. In Britain, and to a lesser degree in Western Europe, primary aluminum of Russian origin emerged as competition of consequence at low prices.

The use of primary metal in the United Kingdom declined and our shipments followed this trend. Fabricators reduced their stocks to lower levels than those which had prevailed in the previous year and were encouraged in this by the government's tight money policy. Shipments by United Kingdom fabricators commenced to improve in the latter part of 1957.

In the United States market, consumption of primary aluminum declined by approximately 8% compared with the preceding year. An encouraging development toward the year-end was the announced intention of the principal motor car manufacturers to use larger quantities of aluminum in their 1958 models. The average amount of aluminum in the 1957 models was 39.8 pounds. The average for 1958 is estimated at 45 pounds, an increase of 13%.

Leading developments in the Canadian market closely paralleled those in the U.S.A.

Taken as a group, all other markets continued to demonstrate substantial growth. Shipments of Canadian aluminum to these markets increased by 20% over 1956, repeating the growth rate of prior years.

Establishment of warehouse stocks in the U.S. and in other parts of the world was made possible by the freer supply of metal, thereby improving our competitive position through prompt deliveries.

Under the challenging conditions prevailing throughout the year, product quality was further improved and new sales offices were opened. Our active role in providing technical assistance to customers was enlarged.

Sales of aluminum in all forms and from all sources by consolidated subsidiaries of Aluminium Limited amounted to 614,210 tons in 1957, as compared to 705,058 tons in 1956.

Consolidated sales of all our products in the period 1952 to 1957 are shown in the following tabulation:

## ALUMINIUM LIMITED

and consolidated subsidiaries

	Ingot and Ingot Products		Semi-Fabricated Products		All Other	Operating	Total
	Short Tons	\$'000	Short Tons	\$'000	Products	Revenues	
					\$'000	\$'000	\$'000
1952.....	375,098	138,244	163,126	136,906	17,351	40,493	332,994
1953.....	451,819	167,839	145,960	118,638	18,922	30,289	335,688
1954.....	435,238	159,957	157,080	120,836	17,290	29,565	327,648
1955.....	511,683	207,895	169,627	145,064	18,372	40,815	412,146
1956.....	533,528	240,915	171,530	161,404	22,449	57,867	482,635
1957.....	450,030	207,193	164,180	156,430	22,060	67,799	453,482

Subject to Norwegian government formal approval, our Company has concluded a new barter contract with the Aardal og Sunndal Verk under which we will supply 1,720,000 tons of alumina over a period of 20 years in exchange for aluminum ingot. Other existing barter contracts with Aardal og Sunndal Verk were extended for approximately 15 years covering an additional 1,984,000 tons of alumina. We expect to deliver this alumina from plants in Jamaica, British Guiana and French West Africa.

The year 1957 was one of progress for aluminum in the canning field. In Europe, production reached 300,000,000 cans representing 11,000 tons of aluminum. In the United States, two projects reached the commercial stage and others will follow shortly. There is worldwide interest in this application.

The first important installations of aluminum pipelines for the oil industry were made during 1957. In Canada, the Company supplied 16 miles of four and six-inch welded pipe for the first commercial underground water-injection line for use in oil fields in Alberta. A second application was in Venezuela where two U.S. producers installed aluminum pipe in Lake Maracaibo for oil gathering lines. The success of these applications points to the future use of considerable tonnages of aluminum in the oil industry.

The foregoing examples of continuing progress for aluminum in transportation, packaging and industrial applications enhance the future sales prospects. Furthermore, the fabricating industry enters 1958 with inventory adjustments mainly completed. With abundant supplies, the stage is set for aluminum to become more competitive and resume its growth.

### Expansion Program

During the course of 1957 adjustments were made in some segments of the Company's expansion program.

In the first half of the year, it was decided to postpone indefinitely the construction of the eighth potline at Kitimat and the construction of new smelter facilities in Quebec which together would have added approximately 160,000 tons of annual aluminum capacity. No change was made in the schedule for the Chute-des-Passes hydroelectric project on the Peribonka

## **ALUMINIUM LIMITED**

*and consolidated subsidiaries*

River in Quebec nor in the construction schedule in the two alumina projects in Jamaica and British Guiana. The Chute-des-Passes power plant will have an installed generator capacity of 1,000,000 h.p. ready for use late in 1959.

In October the expansion program was further adjusted. Work on two potlines then under construction at Kitimat was suspended but in a manner which will permit their rapid completion at a later date. The construction schedule for the alumina project in British Guiana was stretched out to defer by one year the date of completion.

The overall effect of the adjustments made during the year is to defer completion in Canada of some 240,000 tons of primary smelting capacity and to reduce the previous capital outlay provision by about \$200 million in the years 1957 to 1959 inclusive. Under the revised program, the Company is continuing the development of hydroelectric facilities and alumina plants, which require lengthy construction periods. These facilities when completed will provide additional power for the Company's own needs and additional alumina for which there is an increasing outside demand. This program will at the same time provide the foundation on which the Company's Canadian smelter capacity can be quickly increased to 1,000,000 tons of aluminum per annum as market conditions warrant.

Turning to the scene outside Canada, Aluminium Limited's subsidiaries and affiliates are proceeding with various expansions of smelting capacity which although smaller in scope are nevertheless appropriate to their individual requirements.

The new smelter of the Indian Aluminium Company, Limited at Hirakud, India, is scheduled to be completed at its initial capacity of 11,000 tons per annum by early 1959. This will bring the annual capacity of this company to 17,500 tons. Expansion of the Hirakud smelter to a capacity of 22,000 tons is under consideration.

In Japan, reactivation of the first half of Nippon Light Metal Company's 20,000 ton smelter at Niigata is nearly complete and is expected to go into production early in 1958. When the second half is completed, the annual capacity of this Company's two smelters will then total about 55,000 tons. This Japanese affiliate is self-sufficient in alumina and also produces and markets various chemical products.

In Brazil the new 7,200 ton potline and the new hydroelectric station of Electro-Quimica Brasileira S.A. continue under construction and are expected to be ready for service about mid-1958. The local alumina facilities are also being expanded.

The new 4,300 ton potline and corresponding hydroelectric facilities of Norsk Aluminium Company at Hoyanger, Norway, are under active construction and are scheduled to be ready about mid-1958.

### **FRENCH WEST AFRICAN PROJECTS**

Bauxites du Midi, a French subsidiary which mines bauxite in the Los Islands, French Guinea, enlarged its important bauxite rights in the Boké area and negotiated an agreement with the Territorial authorities providing for development of this area. In the expectation that,

## ALUMINIUM LIMITED

*and consolidated subsidiaries*

within six or seven years, additional sources of raw materials will be necessary to support expansion of the Group's business, Bauxites du Midi has undertaken to set up installations for mining bauxite and producing alumina with related transportation and export shipping facilities. Construction work started in 1957 in and around the harbour site, at the mouth of the Rio Nunez.

Full realization of the Boké project may call for a total capital investment of the order of \$100 million over the next six or seven years. The present construction schedule provides for the expenditure in the early years of only a relatively small part of the expected total investment.

The Company has also been studying for some years, with other aluminum producers, a power and smelter project on the Konkouré River in French Guinea. This project, sponsored by the French government and the French Guinea government, involves the construction of a 600,000 h.p. hydroelectric development and a 155,000 ton aluminum smelter. Engineering studies were completed in 1956 and provisional tenders for the power construction were obtained in 1957.

The French government has offered to supply, in the form of loans and minority share participation, a substantial portion of the money for the power development and to guarantee a loan from the World Bank or other international source to provide a further important part of the capital required. The aluminum producers interested, under the leadership of the French firms Pechiney and Ugine, have expressed their willingness to proceed with the project, subject to certain conditions including the granting of the aforementioned World Bank or other loan. Aluminium Limited's participation in the project, constituting 20 percent of the investment to be made by the aluminum producers jointly, would call for an estimated \$35 million, mainly in the latter part of the six or seven year construction period. In view of the fact that the French West African territories are to be considered a part of the European Common Market, it is anticipated that the aluminum produced in French Guinea would be sold mainly in Western Europe.

## Financing

Capital expenditures in 1957 under the Company's continuing long range expansion program totalled some \$180 million, including \$51 million for hydroelectric facilities in Quebec, \$51 million for smelting and related facilities in British Columbia and \$44 million for bauxite and alumina projects in Jamaica, British Guiana and French West Africa.

To provide additional funds for its portion of program expenditures, Aluminum Company of Canada, Ltd. early last year sold debentures for U.S. \$125,000,000—of which U.S. \$7,430,000 were sold for delivery in March 1958—and increased its intermediate term credit-line with the United States and Canadian banks from U.S. \$100,000,000 to U.S. \$130,000,000. Borrowings under this credit-line prior to the debenture issue, amounting to U.S. \$63,000,000, were paid off out of debenture proceeds, but U.S. \$26,000,000 had again been drawn down by the end of 1957. Other financing operations during the year included intermediate term bank borrowing by Alumina Jamaica Limited of £4,000,000.

# ALUMINIUM LIMITED

and consolidated subsidiaries

## Source and Application of Funds

IN MILLIONS OF CANADIAN DOLLARS

	1957	1951-1957 Inclusive
<b>CASH AND MARKETABLE SECURITIES</b>		
(beginning of period) . . . . .	\$ 76	\$ 74*
<b>SOURCE OF FUNDS:</b>		
Net income . . . . .	41	291
Straight-line depreciation . . . . .	37	166
Reserve for future income taxes . . . . .	14	99
Sales of securities:		
Aluminium Limited shares . . . . .	2	101
Aluminum Company of Canada, Ltd. preferred shares . . . . .	—	60†
Aluminum Company of Canada, Ltd. abatable notes . . . . .	—	67
Aluminum Company of Canada, Ltd. fixed debt . . . . .	114	302
Other fixed debt . . . . .	16	40
Aluminum Company of Canada, Ltd. intermediate-term bank loans . . . . .	(22)	25
Net increase in short-term borrowings . . . . .	—	35
Other . . . . .	6	21
	<u>208</u>	<u>1,207</u>
	<u>\$284</u>	<u>\$1,281</u>
<b>APPLICATION OF FUNDS:</b>		
New plant . . . . .	\$180	\$ 859
New investments . . . . .	1	9
Redemption of debt and preferred shares . . . . .	15	94
Dividends paid on common shares . . . . .	25	135
Increase in working capital (excluding cash, marketable securities, short-term borrowings and funded debt payable within one year)	12	133
	<u>233</u>	<u>1,230</u>
<b>CASH AND MARKETABLE SECURITIES</b>		
(end of period) . . . . .	51	51
	<u>\$284</u>	<u>\$1,281</u>

\*Excluding proceeds of \$50 million Aluminum Company of Canada, Ltd. debentures underwritten in December 1950 but issued on 3rd January 1951, included under "Sales of securities."

†After deducting \$30 million applied to redemption of previous issue.

## **ALUMINIUM LIMITED**

*and consolidated subsidiaries*

Notwithstanding the decision to defer for the time being completion of new Canadian smelting facilities and to stretch out expansion of certain bauxite and alumina facilities, the Company's present plans envisage capital expenditures in 1958 of about \$125 million, largely devoted to completion on original schedule of new Canadian hydroelectric installations so that these facilities which require lengthy construction period will be available when the market for aluminum resumes its upward course. Included also are sizeable sums that are still expected to be spent on bauxite and alumina facilities as well as expenditures on fabricating capacity, largely in the United Kingdom.

In order to round out the position of its fully owned subsidiary, Aluminum Company of Canada, Ltd. as an integrated producer of primary aluminum, Aluminium Limited has recently sold to that company, effective January 1st, 1958, all the outstanding shares of Alumina Jamaica Limited. As a result of this transfer, the earnings of Alumina Jamaica Limited will be included in the consolidated income of Aluminum Company of Canada, Ltd. from January 1st, 1958. The transfer of ownership will not affect the Jamaican company's operations or sales, nor the consolidated earnings of Aluminium Limited.

During the last two years, the Company's insurance program has been extensively revised. A policy has been put into effect of self-insuring, where advisable and possible, any loss of a size that is not significant in relation to the Company's earnings. This is being done in such a way that over a period of time the premium saved may be expected to exceed by some margin the total of all such losses. At the same time, "all risks" insurance has been, or is in process of being, purchased to cover any accidental loss of a greater size. These policies cover all the material assets, gross profits and liability exposures of the Company and its consolidated subsidiaries, and are of a type and on a scale possibly unique. They are designed to take care of any major losses such as that caused by the recent break in the Kitimat transmission line. The policies are underwritten by Lloyd's and insurance companies in the London insurance market, which alone is equipped to handle them at this time.

### **RESEARCH AND EXPLORATION**

The Company's research organization pursued investigations and developments in all phases of the aluminum industry. Emphasis was placed on investigation of existing and alternate smelting techniques, on the development of cheaper production methods for our products, and on the improvement of fabricating and finishing procedures for products sold to the packaging, architectural and transportation industries. Modern analytical and inspection procedures based on ultrasonic, radioactive and similar techniques received continued attention and were installed in the Company's operations wherever improved standards of product quality could be achieved. Geological exploration and development was continuous through the year and was extended to several previously uninvestigated territories, in one of which large tonnages of bauxite were outlined within Company permit areas.

### **SHAREHOLDERS**

Shareholders are being informed by this year's proxy statement of a United States Court decision of December 12th, 1957, bringing to an end trustee arrangements in effect since 1951



# ALUMINIUM LIMITED

and consolidated subsidiaries

calling for shares of the Company owned by certain shareholders to be voted by three Court-appointed trustees. The trusteeship was terminated by the Court in recognition of the fact that only about 5% of the Company's shares still remain to be sold under the judgment in contrast with 37½% at the time the judgment was handed down.

In January 1957, the directors adopted a by-law calling for a three-for-one subdivision of Aluminium Limited's shares, which became effective on May 4th, 1957. The following tabulation shows the geographical distribution of shares by registered address of holders and the growth in the number of shareholders during 1957.

Geographical Distribution of Shares	End 1956		January 1958	
	Number	%	Number	%
Canada . . . . .	2,649,468	26.46	7,758,056	25.74
United States . . . . .	7,182,119	71.72	21,648,918	71.72
Other Countries . . . . .	182,260	1.82	774,786	2.54
Number of Shares . . . . .	<u>10,013,847</u>	<u>100.00</u>	<u>30,181,760</u>	<u>100.00</u>
Geographical Distribution of Shareholders	Number		%	
	Number	%	Number	%
Canada . . . . .	13,421	47.98	15,929	44.39
United States . . . . .	13,635	48.74	18,855	52.55
Other Countries . . . . .	919	3.28	1,101	3.06
Number of Shareholders . . . . .	<u>27,975</u>	<u>100.00</u>	<u>35,885</u>	<u>100.00</u>

## PERSONNEL

At the end of 1957, the total number of employees in Aluminium Limited's consolidated subsidiaries distributed geographically was as follows:

Area	No. of Employees
Africa . . . . .	1,396
Asia . . . . .	3,769
Canada . . . . .	21,893
Caribbean . . . . .	9,569
Europe . . . . .	3,867
South America . . . . .	2,614
United Kingdom . . . . .	6,952
United States . . . . .	198
Other . . . . .	18
Total . . . . .	<u>50,276</u>

The six formal retirement plans the Company has in operation in different areas of the world continued to function satisfactorily throughout 1957. Total contributions made during the year to these plans amounted to \$7.8 million, \$2.7 million being paid by employees and \$5.1 million by the Company. \* \* \*

The directors and management express their appreciation for the loyal efforts of employees in all capacities and in all countries during the year.

Montreal, Canada  
March 14th, 1958

Respectfully submitted,  
NATHANAEL V. DAVIS, President

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# D I V E R S I F I C A T I O N

*Alumina Operations, Aluminum Production and Fabricating Overseas*



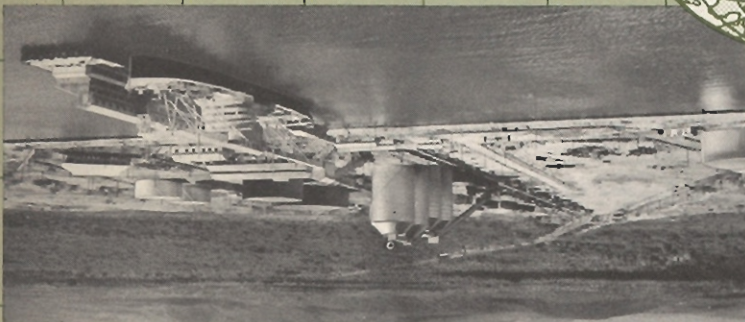
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Throughout its thirty-year history, Aluminium Limited's business has been international in character. While the expansion of its Canadian properties has held greatest prominence, requiring \$900 million of new capital investment since 1938, major development has also proceeded in other countries. In a large part this is to provide basic materials and market outlets for Canadian primary aluminum output. Other international investments seek to promote the growth of the primary aluminum industry in areas of consequence and to diversify Aluminium Limited's participation in related phases of the industry. At the end of 1957, about three-fourths of the Company's assets were in Canada; under present plans, more than half of new capital expansion in the next five years will take place overseas. The following few pages illustrate some of these international activities.

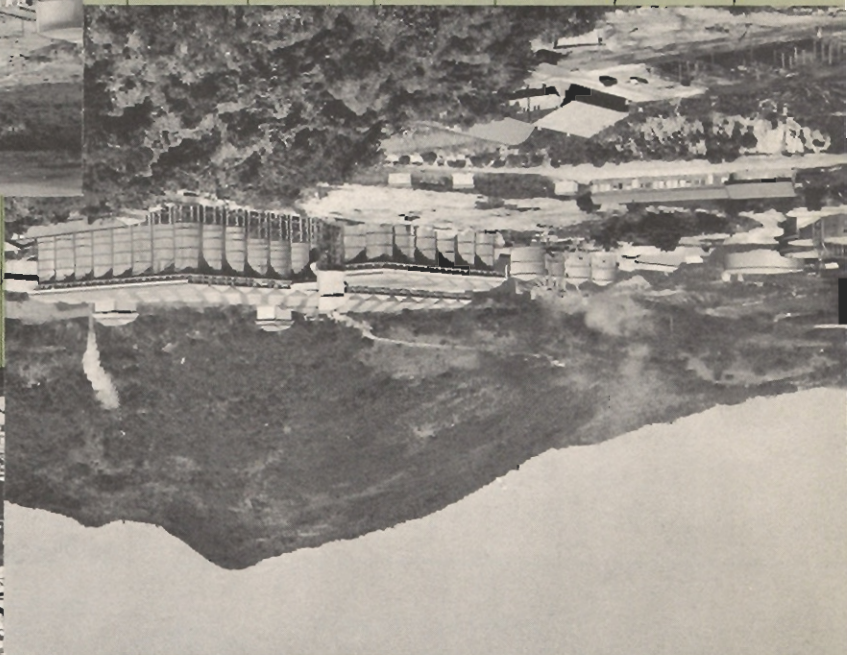
# ALUMINA OPERATIONS OVERSEAS



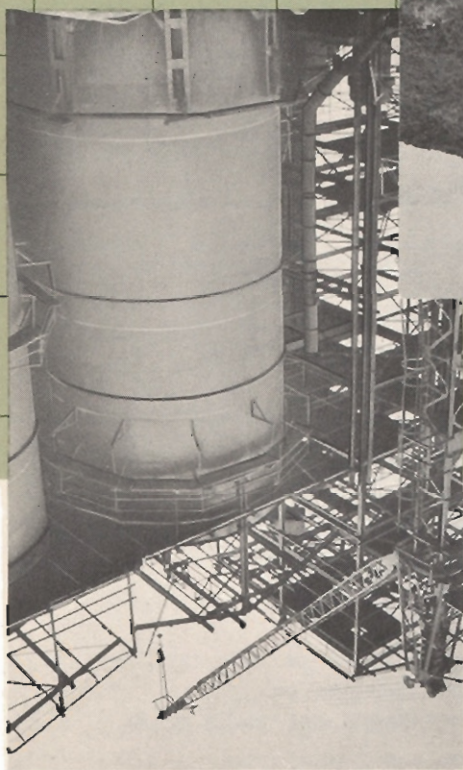
Port Esquivel is the Company's modern harbour on Jamaica's south coast for exporting alumina in bulk to Canada and world markets.



**JAMAICA** The Kirivine alumina plant in Jamaica, now completed, has an annual capacity of 540,000 tons of alumina processed from the island's bauxite.

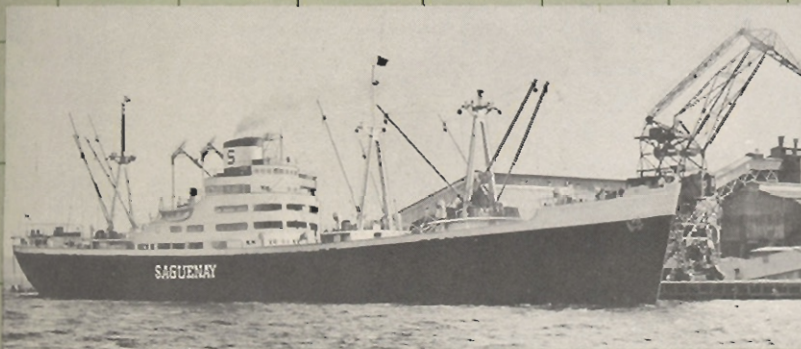
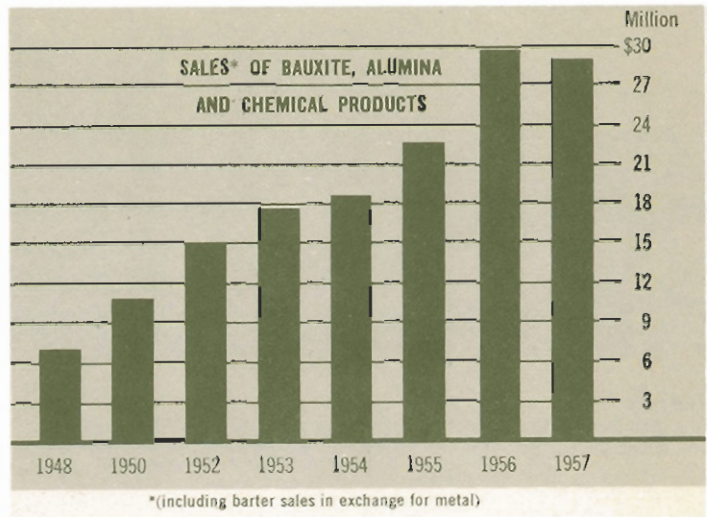


Alumina Jamaica Limited's Plant No. 2 under construction near Ewarton will add 245,000 tons of alumina capacity in 1958.



Processing of bauxite ores is a major foundation of the aluminum industry and the Company's outside sales of chemical products, particularly alumina, are of growing significance. Other types of bauxite products are sold in increasing quantities for abrasive, refractory and chemical uses.

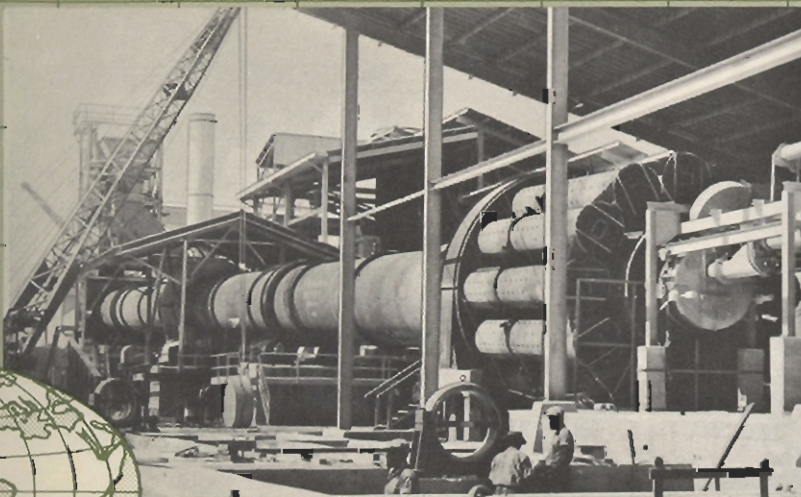
Alumina plants in Canada supply the Company's Quebec aluminum smelters. Three alumina plants in the Caribbean area — one completed and two under construction — cater to the alumina requirements of the Kitimat smelter in British Columbia and to international buyers, particularly in Scandinavia. As the first bauxite producer in French West Africa, Aluminium Limited is now planning a second and larger bauxite and alumina operation in this area.



**SCANDINAVIA'S** important and expanding aluminum industry in Norway and Sweden uses Jamaican alumina, shown here being discharged by new bulk-handling equipment at Sundsvall, Sweden.

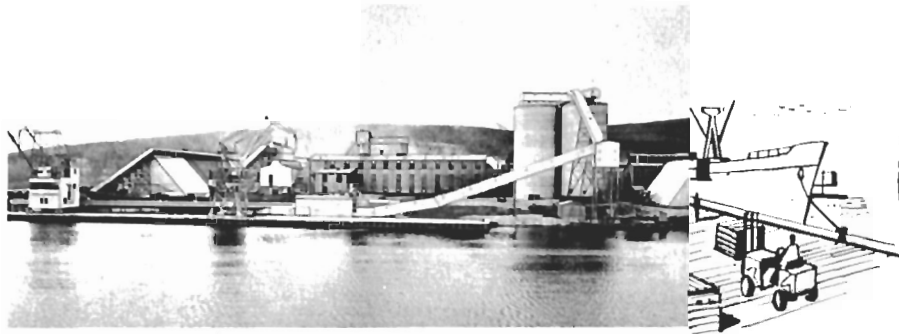


**FRENCH WEST AFRICA** Preliminary harbour installation in the Rio Nunez estuary at Dougoufissa mark the start of construction on the Boké bauxite and alumina project.



**BRITISH GUIANA** One of several kilns of the Demerara Bauxite Company producing calcined bauxite for sale to the refractory, abrasive and chemical industries. A new alumina plant is being built.





**SWEDEN**  
Improved facilities at the Kubikenborg smelter of AB Svenska Aluminiumkompaniet include a larger dock with new equipment for unloading bulk alumina.



**NORWAY**  
Hoyanger, where a 4,300 ton expansion to the A/S Norsk Aluminium Company's smelter will be completed in 1958, as well as additional power facilities.

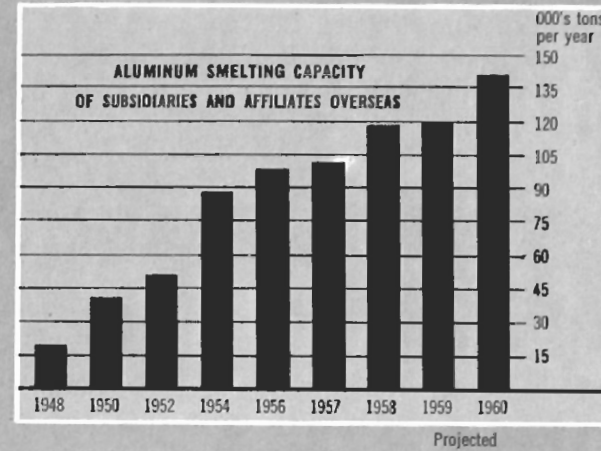


**INDIA**  
The new 11,000 ton per year smelter of the Indian Aluminium Company, under construction near Hirakud, Orissa, to be powered by state hydro project.

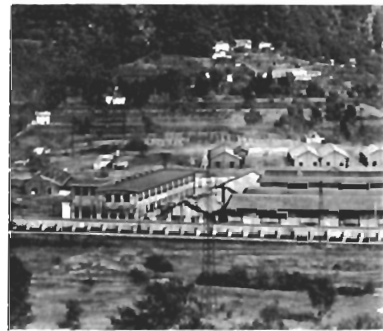


# ALUMINUM PRODUCTION OVERSEAS

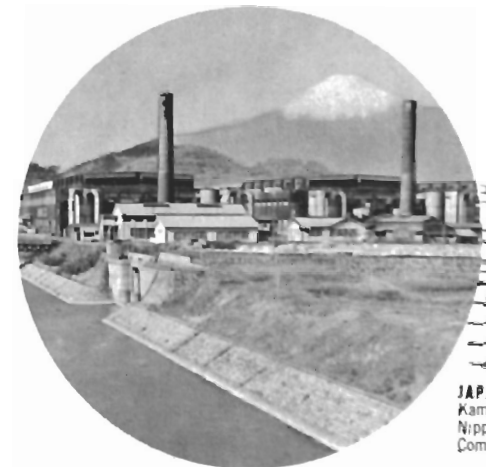
In addition to its aluminum production in Canada, with present capacity of 770,000 tons per year, Aluminium Limited has complete or partial ownership of companies producing primary aluminum in six countries illustrated here. Of varying size and with histories dating back in some cases more than thirty years, these operations have all been expanded recently to serve their respective markets and further development is planned.



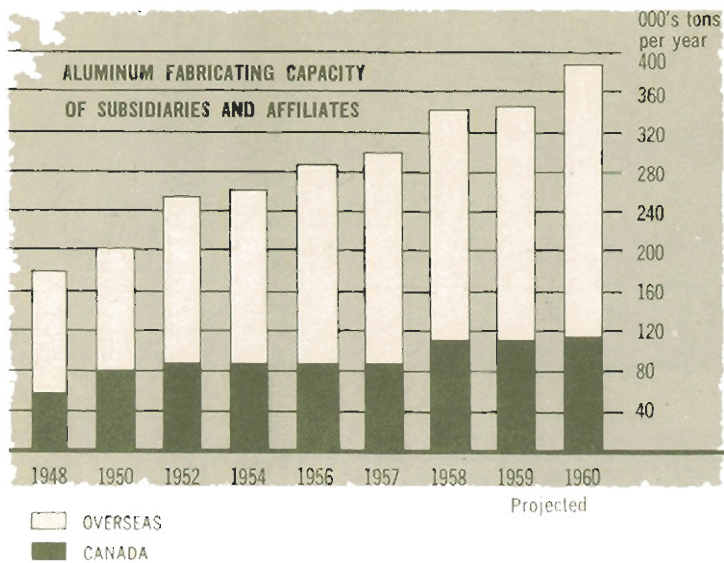
**BRAZIL**  
The aluminum smelter of Eletro Quimica Brasileira S.A. at Saramenha in the state of Minas Gerais is being expanded to 7,200 tons.



**ITALY**  
Società dell'Alluminio Italiano's smelter and hydroelectric power plant have been expanded in the past two years.



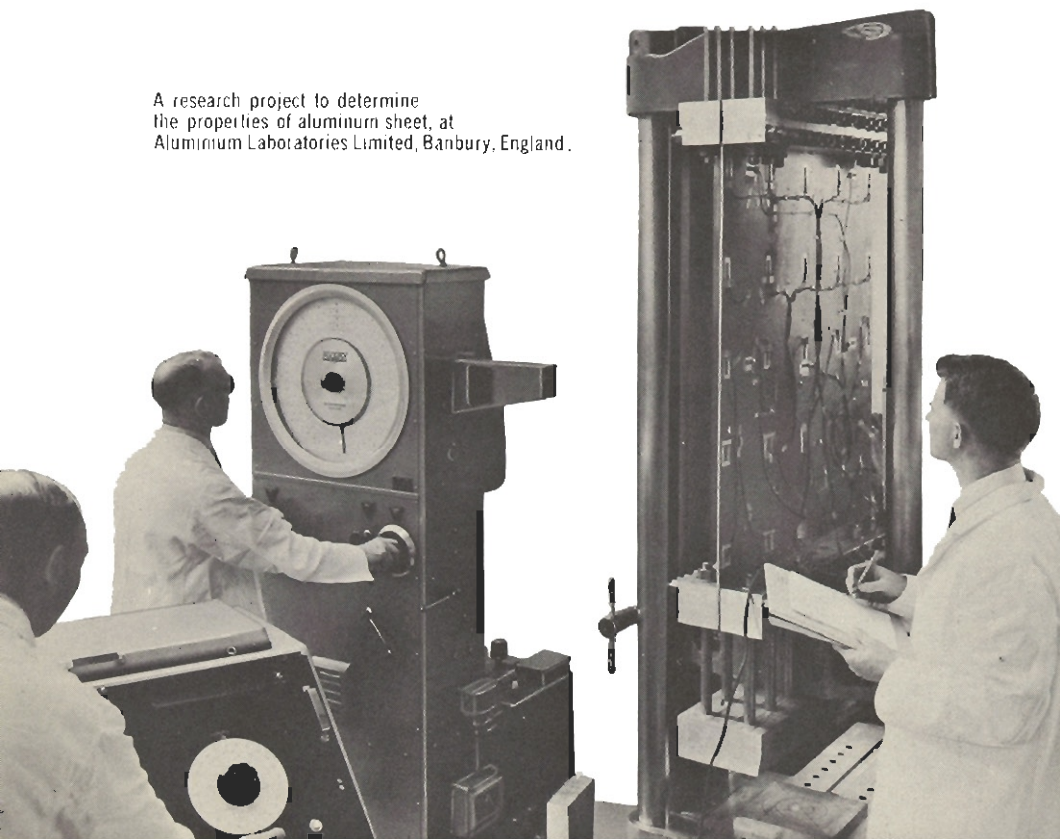
**JAPAN**  
Kambara smelter of the Nippon Light Metal Company.



# F A B R I C A T I N G O V E R S E A S

To support growth in aluminum consumption and to provide semi-fabricated metal in many forms to manufacturers of end products, fabricating plants are built by producers of primary aluminum as well as by independent companies. Over the years Aluminium Limited has encouraged growth in the industry through fabricating activities in several countries illustrated here.

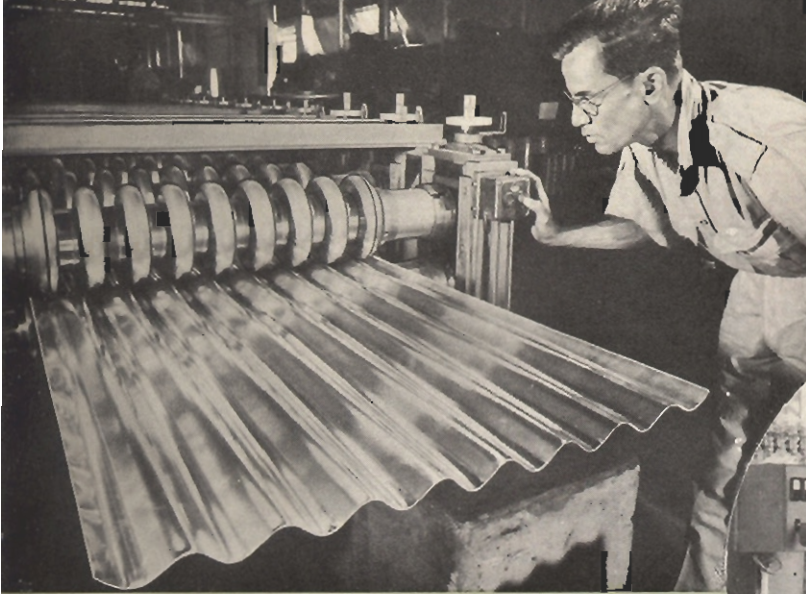
A research project to determine the properties of aluminum sheet, at Aluminium Laboratories Limited, Banbury, England.



## BRAZIL

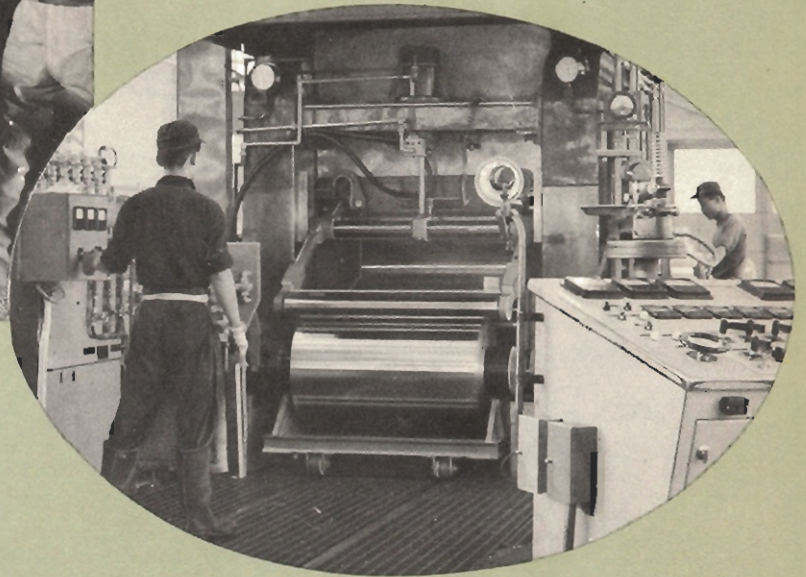
The expansion program at the Alumínio do Brasil plant includes this foil-rolling department now in operation.





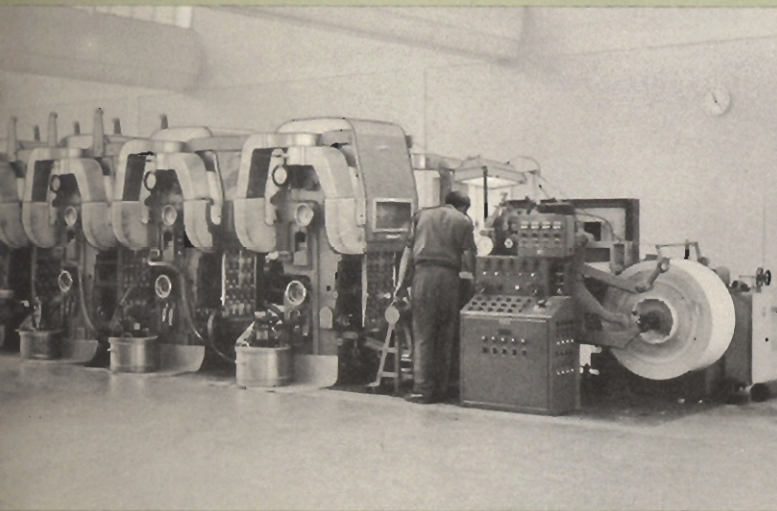
**INDIA**

Corrugated sheet for building construction being produced at the Belur plant of the Indian Aluminium Company.



**JAPAN**

This new 4-high foil mill in operation at Toyo Aluminium K.K.'s Yao plant supplies Japanese foil markets.



**SWITZERLAND**

This 6-colour rotogravure printing press in the new foil-finishing building of Aluminiumwerke A.-G. Rorschach prints foil for labels and wrapping.

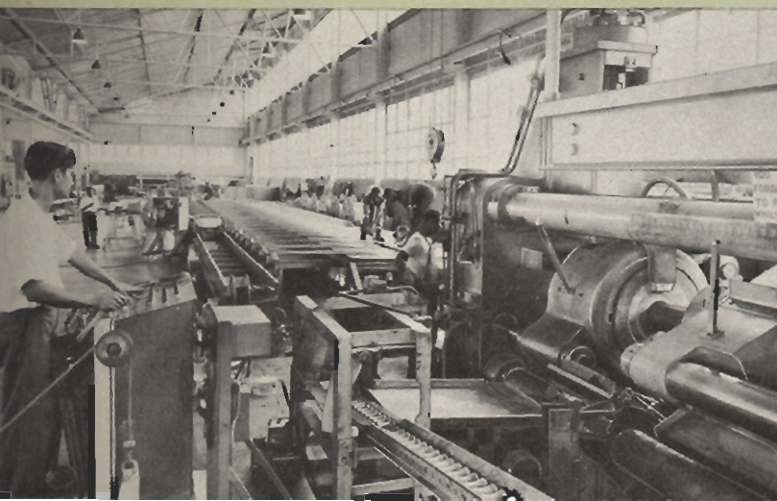


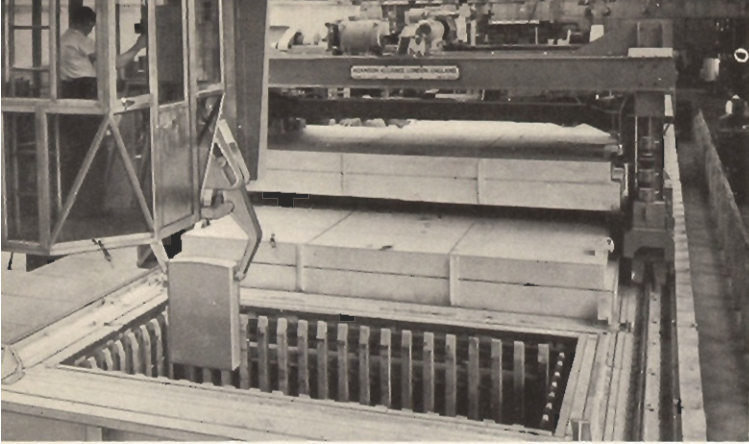
**SPAIN** The new sheet cable and extrusion plant of Aluminio Iberico, S.A. at Alicante.



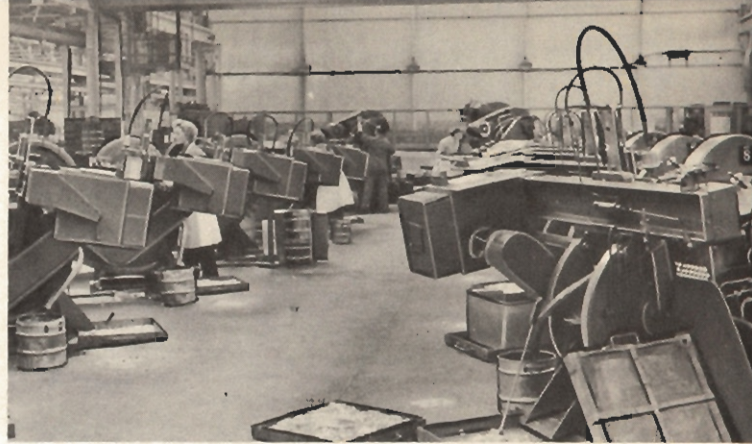
**SOUTH AFRICA**

The new 2,200 ton extrusion press in operation at the Pietermaritzburg plant of the Aluminium Company of South Africa.



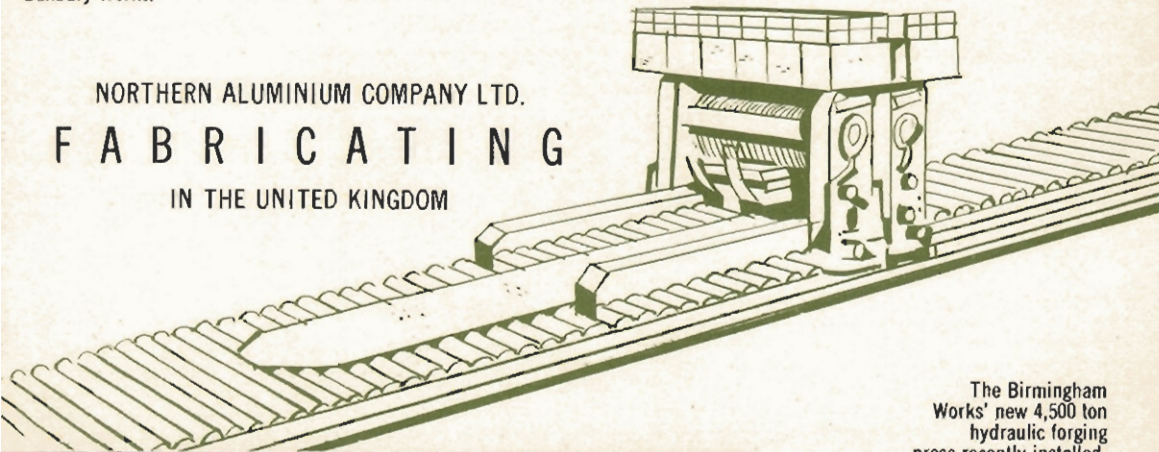


A rolling ingot being lowered into one of the new pit-type pre-heating furnaces by a two-ton aluminum crane at Banbury Works.

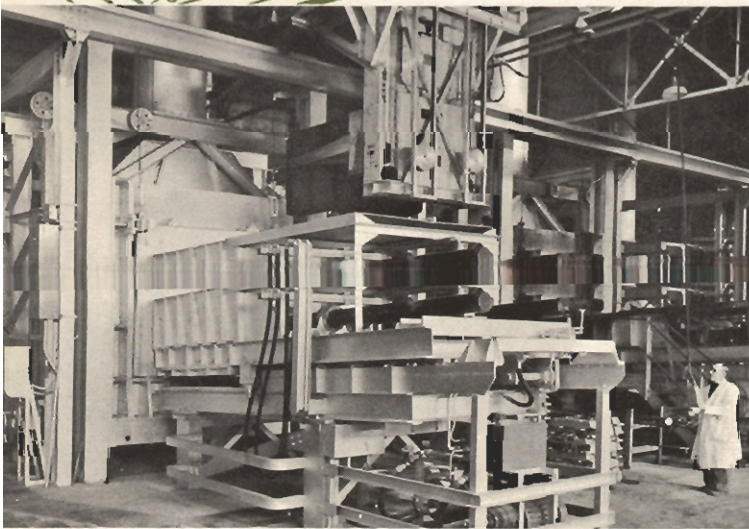
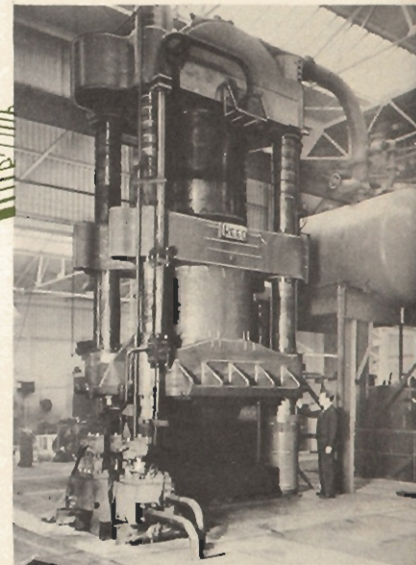


New slug-blanking presses in operation at Banbury Works.

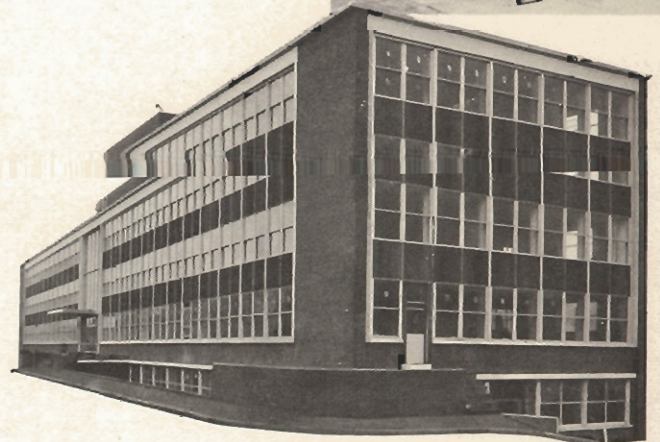
NORTHERN ALUMINIUM COMPANY LTD.  
**F A B R I C A T I N G**  
 IN THE UNITED KINGDOM



The Birmingham Works' new 4,500 ton hydraulic forging press recently installed.

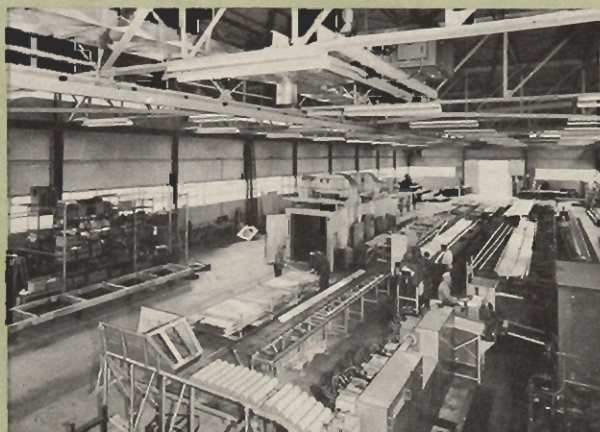


One of the new oil-fired remelt furnaces of 20,000 lbs. capacity at recently-modernized Banbury Works.

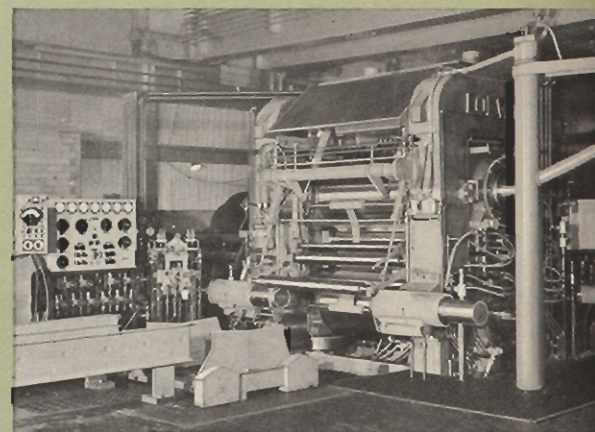


Northern's administration building at Rogerstone Works, opened on March 12, 1958.

**CANADA**  
 (right) Vancouver Works: Alcan's newest extrusion plant.



(extreme right) Kingston Works: Alcan's new 60 inch foil mill.





**ALUMINIUM LIMITED**

and consolidated subsidiaries

**Comparative Financial Statistics**

(AS ADJUSTED)

Year	Total Assets before Reserves	Sales and Operating Revenues	Net Income before Depreciation and Income Taxes			Number of Common Shares <sup>(1)</sup>	Per Common Share		
			Current Income Taxes	"Cash Income"			Capital Stock and Surplus	Net Income	Cash Dividends
Millions of Canadian Dollars						Millions	Canadian Dollars		
1928	\$ 71	\$ 12	\$ 1	\$ 0	\$ 1	18.9	\$ 1	\$ .02	\$ 0
1929	75	30	4	0	4	18.9	1	.13	0
1930	75	26	3	1	2	18.9	1	.03	0
1931	81	22	1	1	0	19.5	1	— .08	0
1932	81	13	1	0	1	19.6	1	— .08	0
1933	84	14	2	0	2	19.6	1	— .05	0
1934	83	21	2	0	2	19.6	1	— .02	0
1935	84	26	2	0	2	19.6	1	.01	0
1936	88	32	4	0	4	20.7	1	.09	0
1937	98	49	13	2	11	22.3	2	.36	0
1938	144	66	20	5	15	22.3	2	.49	0
1939	158	92	28	8	20	22.3	3	.69	.14
1940	209	82	38	22	16	22.3	3	.49	.27
1941	324	132	53	15	38	22.3	3	.65	.33
1942	446	198	75	12	63	22.3	4	.69	.33
1943	528	290	96	14	82	22.3	4	.52	.33
1944	523	259	81	11	70	22.3	4	.49	.27
1945	480	114	26	8	18	22.3	4	.52	.27
1946	490	111	28	10	18	22.3	5	.54	.30
1947	514	153	38	15	23	22.3	5	.72	.33
1948	587	209	56	20	36	22.3	6	1.22	.44
1949	612	199	57	20	37	22.3	6	1.21	.43
1950	698	227	73	26	47 <sup>(2)</sup>	22.3	7	1.56	.57 <sup>(3)</sup>
1951	809	284	92	36	56 <sup>(2)</sup>	24.6	9	1.51	.59 <sup>(3)</sup>
1952	972	333	95	35	60 <sup>(2)</sup>	24.6	9	1.44	.67 <sup>(3)</sup>
1953	1,124	336	96	26	70 <sup>(2)</sup>	27.0	10	1.41	.67 <sup>(3)</sup>
1954	1,180	328	94	21	73 <sup>(2)</sup>	27.1	11	1.29	.67 <sup>(3)</sup>
1955	1,310	412	123	26	97 <sup>(2)</sup>	29.9	12	1.61	.72 <sup>(3)</sup>
1956	1,468	483	137	31	107 <sup>(2)</sup>	30.0	13	1.85	.78 <sup>(3)</sup>
1957	1,631	453	112	19	93 <sup>(2)</sup>	30.2	14	1.37	.87 <sup>(3)</sup>

(1) Outstanding at end of each year, adjusted for stock dividend in 1939 and stock splits in 1948, 1952 and 1957.

(2) Before reserve for future income taxes — see note 6 to financial statements.

(3) Dividend payments in U.S. dollars after 5th September 1950, including U.S. \$.25 in 1950.

**ALUMINIUM LIMITED**  
and consolidated subsidiaries

## Consolidated Balance Sheet - ASSETS

31st December 1957

IN CANADIAN DOLLARS

	31st December 1957	31st December 1956
Current Assets:		
Cash . . . . .	\$ 47,989,026	\$ 38,078,966
Government of Canada securities (quoted value \$2,995,000) . . . .	2,993,574	38,099,127
Receivables . . . . .	76,930,637	82,744,355
Inventories of aluminum, materials and supplies (note 3) . . . . . (lower of cost or market)	163,342,971	145,318,872
	<u>291,256,208</u>	<u>304,241,320</u>
Deferred receivables . . . . .	8,190,870	7,013,294
Prepaid expense and deferred charges . . . . .	14,450,293	15,134,750
Investments in companies not consolidated (note 4) . . . . .	16,895,051	15,553,742
Lands, plants, riparian rights, and facilities, at cost (note 5) . . . . .	1,300,417,800	1,125,940,700
Less: Accumulated amortization, depreciation and depletion (note 6)	422,221,312	387,048,632
	<u>878,196,488</u>	<u>738,892,068</u>
	<u><u>\$1,208,988,910</u></u>	<u><u>\$1,080,835,174</u></u>

**ALUMINIUM LIMITED***and consolidated subsidiaries***Consolidated Balance Sheet - LIABILITIES**

31st December 1957

IN CANADIAN DOLLARS

	31st December 1957	31st December 1956
Current Liabilities:		
Payables . . . . .	\$ 56,626,788	\$ 50,645,736
Short-term borrowings (principally in foreign currencies) . . . . .	40,333,985	40,413,936
Income and other taxes . . . . .	18,523,287	24,003,004
Other debt payable within one year (note 7) . . . . .	3,013,000	5,422,260
	<hr/>	<hr/>
	118,497,060	120,484,936
Debt not maturing within one year (note 7) . . . . .	402,496,660	301,295,713
Debt contingent on volume of operations (note 7) . . . . .	85,359,250	91,443,500
Reserve for future income taxes (note 6) . . . . .	100,542,612	86,053,764
Preferred shares of consolidated subsidiaries, etc. (note 8) . . . . .	78,351,952	76,419,015
Capital Stock and Surplus:		
Shares without nominal or par value (note 9)		
30,168,212 shares outstanding . . . . .	135,134,847	132,689,701
Capital surplus . . . . .	3,434,650	3,143,350
Earned surplus (note 10) . . . . .	285,171,879	269,305,195
	<hr/>	<hr/>
	423,741,376	405,138,246
	<hr/>	<hr/>
	\$1,208,988,910	\$1,080,835,174
	<hr/> <hr/>	<hr/> <hr/>

Signed on behalf of the Board,

NATHANAEL V. DAVIS, Director

DANA T. BARTHOLOMEW, Director

**ALUMINIUM LIMITED***and consolidated subsidiaries***Consolidated Statement of Income***For the Year Ending 31st December 1957*

IN CANADIAN DOLLARS

	<u>1957</u>	<u>1956</u>
Sales and Revenues:		
Sales . . . . .	\$385,682,717	\$424,767,889
Operating revenues (transportation services, etc.) . . . . .	67,799,163	57,867,098
Income from marketable securities . . . . .	897,913	1,075,187
Income from investments . . . . .	1,030,941	738,946
Gain on disposal of surplus fixed assets . . . . .	736,088	1,295,567
Exchange adjustment arising in consolidation (loss in 1956) . . . . .	371,437	(1,284,037)
Other income (note 11) . . . . .	1,751,735	1,201,756
	<u>458,269,994</u>	<u>485,662,406</u>
Costs and Expenses:		
Cost of sales . . . . .	230,403,043	245,783,817
Operating expenses (transportation services, etc.) . . . . .	55,944,522	45,316,779
Provision for depreciation and depletion (note 6) . . . . .	37,427,802	32,554,976
Selling, general and administrative expenses . . . . .	37,218,932	35,811,071
Interest on contingent and other debt not maturing within one year . . . . .	16,542,164	13,261,317
Other interest . . . . .	2,434,599	2,255,108
Cost of establishing supplementary pension fund . . . . .	—	2,569,147
	<u>379,971,062</u>	<u>377,552,215</u>
Income before income taxes . . . . .	78,298,932	108,110,191
Provision for current income taxes . . . . .	19,112,863	30,648,990
(including \$9,653,323 Canadian taxes; \$20,922,216 in 1956)		
Reserve for future income taxes (note 6) . . . . .	14,488,848	18,499,083
	<u>33,601,711</u>	<u>49,148,073</u>
Income after income taxes . . . . .	44,697,221	58,962,118
Dividends on preferred shares of consolidated subsidiaries, etc. . . . .	3,274,765	3,304,746
Net income . . . . .	<u>\$ 41,422,456</u>	<u>\$ 55,657,372</u>

## Consolidated Statement of Surplus

For the Year Ending 31st December 1957

IN CANADIAN DOLLARS

### EARNED SURPLUS

Earned surplus — 31st December 1956 . . . . .		\$269,305,195
Net income for the year . . . . .		41,422,456
		310,727,651
Aluminium Limited dividends (1956 — \$23,192,053) . . . . .	\$25,264,472	
Transfer to capital surplus . . . . .	291,300	25,555,772
		\$285,171,879

### CAPITAL SURPLUS

Capital surplus — 31st December 1956 . . . . .		\$ 3,143,350
Transfer from earned surplus of par value of preferred shares of a consolidated subsidiary purchased for cancellation . . . . .		291,300
		\$ 3,434,650

# ALUMINIUM LIMITED

and consolidated subsidiaries

## Notes to Financial Statements

### 1. Principles of Consolidation:

The consolidated financial statements include the accounts of all subsidiaries (companies more than 50% owned) with the exception of three partially owned foreign subsidiaries, the inclusion of which would have no significant effect. 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 1957, 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 current 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. Inventories of Aluminum, Materials and Supplies:

	1957	1956
Aluminum . . . . .	\$ 65,469,605	\$ 61,820,935
Raw materials . . . . .	73,107,832	60,860,719
Supplies . . . . .	24,765,534	22,637,218
	<u>\$ 163,342,971</u>	<u>\$ 145,318,872</u>

### 4. Investments in Companies Not Consolidated:

	1957	1956
Companies more than 50% owned . . . . .	\$ 3,717,130	\$ 2,833,112
Companies not more than 50% owned . . . . .	13,177,921	12,720,630
	<u>\$ 16,895,051</u>	<u>\$ 15,553,742</u>

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

	1957	1956
Land and water rights . . . . .	\$ 54,755,006	\$ 52,071,214
Mineral properties, rights and development . . . . .	12,309,280	10,203,223
Buildings, machinery and equipment . . . . .	1,033,666,083	989,816,858
	<u>1,100,730,369</u>	<u>1,052,091,295</u>
Construction work in progress . . . . .	199,687,431	73,849,405
	<u>\$1,300,417,800</u>	<u>\$1,125,940,700</u>

Capital projects envisaged for the next few years, including those referred to on pages 11 and 12 of the Directors' Report, are presently expected to involve the expenditure of about \$125,000,000 during 1958.

### 6. Depreciation Policy:

Canadian Income Tax regulations permit the use of the diminishing balance method of calculating capital cost allowances and additional allowances may be claimed on property in respect of which certificates have been obtained from the Minister of Defence Production. These additional allowances (for which, on the basis of present construction plans, Aluminum Company of Canada, Ltd. is eligible to the extent of some \$55 million deductible over the next few years) as well as the diminishing allowances, apply to facilities prior to completion as well as to facilities in use. Certain non-Canadian subsidiaries, too, are permitted by regulations to claim capital cost allowances that exceed straight-line depreciation.

The consolidated subsidiaries, while claiming tax allowances as permitted by regulation, follow the policy of providing in their accounts only for straight-line depreciation on facilities in use. Inasmuch as capital cost allowances for tax purposes in later years on existing assets will consequently fall correspondingly short of the

# ALUMINIUM LIMITED

*and consolidated subsidiaries*

## 6. Depreciation Policy—*continued*

amount of depreciation which will be recorded in the accounts for such years, reserves have been set aside for application against taxes payable in those later years. The amounts set aside each year are calculated at tax rates prevailing in that year and are thus equivalent to the reduction in each year's taxes resulting from taking capital cost allowances in excess of straight-line depreciation on facilities in operation.

7. Debt not maturing within one year:	1957	1956
Aluminum Company of Canada, Ltd.:		
Revolving credit loans from banks under U.S. \$130,000,000 credit agreement, convertible at the Company's option on or before maturity (1st May 1960) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. \$26,000,000) . . . . .	\$ 25,245,625	\$ 46,954,375
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A" . . . . .	7,616,000	8,290,000
Series "B" (U.S. \$14,481,000) . . . . .	14,481,000	15,543,000
Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian currency and in United States currency in equal parts . . . . .	8,068,335	8,400,000
3½% Sinking fund debentures, due 1971 . . . . .	40,396,000	42,400,000
3⅞% Sinking fund debentures, due 1970 (U.S. \$70,658,000) . . . . .	69,531,888	71,903,478
4½% Sinking fund debentures, due 1973 . . . . .	45,500,000	46,750,000
4½% Sinking fund debentures, due 1980 (U.S. \$117,570,000) . . . . . (excluding U.S. \$7,430,000, sold in 1957 for delivery 4th March 1958)	113,692,622	—
Redeemable notes — payable to the U.K. Government: (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)	19,232,500	16,485,000
3½% Note, due 1971 . . . . . (b)	8,741,250	7,492,500
3½% Note, due 1974 . . . . . (c)	8,000,000	6,000,000
3½% Note, due 1974 (magnesium) . . . . . (d)	186,746	186,746
3½% Redeemable note, 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. \$17,434,000)	17,434,000	18,340,000
3% Serial debentures, due 1958/1965 . . . . .	2,400,000	2,700,000
Northern Aluminium Company, Ltd.:		
3⅞% Debentures, due 1958/1961 (£1,000,000) . . . . .	4,020,000	5,025,000
3⅞% Debentures, due 1962/1964 (£ 750,000) . . . . .	2,304,375	2,304,375
Alumina Jamaica Limited:		
U.S. Government International Cooperation Administration . . . . .	—	4,785,499
6% Bank loans, due 1960 (£4,000,000) . . . . .	10,815,620	—
Other debt . . . . .	8,419,699	3,980,000
	406,525,660	307,979,973
Less: Bonds and debentures held by a consolidated subsidiary and debt of \$3,013,000 payable within one year . . . . .	4,029,000	6,684,260
	\$402,496,660	\$301,295,713

# ALUMINIUM LIMITED

and consolidated subsidiaries

## 7. 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)

	1957	1956
3% Notes, due 1971..... (a)	\$35,717,500	\$38,465,000
3½% Note, due 1971..... (b)	16,233,750	17,482,500
3½% Note, due 1974..... (c)	32,000,000	34,000,000
3½% Note, due 1974 (magnesium)..... (d)	1,408,000	1,496,000
	<u>\$85,359,250</u>	<u>\$91,443,500</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)	1,594,746	3½%	4,000†	33.33	88,000	1,360

\*1957 aluminum production — 505,000 metric tons.

†1957 magnesium production — 1,340 metric tons.

## 8. Preferred Shares of Consolidated Subsidiaries, etc.:

Cumulative Redeemable Preferred Shares:

Aluminum Company of Canada, Ltd.:

	1957	1956
4% Sinking fund first preferred shares.....	\$11,565,350	\$11,856,650
4½% Sinking fund second preferred shares.....	60,000,000	60,000,000
Indian Aluminium Company, Ltd. 5% Preferred shares.....	1,329,200	1,329,200

	<u>72,894,550</u>	<u>73,185,850</u>
Minority interest in equity of consolidated subsidiaries.....	5,457,402	3,233,165
	<u>\$78,351,952</u>	<u>\$76,419,015</u>

## 9. Capital Stock:

References to numbers of shares and price per share in the following paragraphs are on the basis of the 3-for-1 subdivision of the shares which became effective 4th May 1957.

In April 1953, with the approval of the shareholders, 1,200,000 shares were reserved for employees under a Share Purchase Plan and 900,000 shares were reserved for officers and other key employees under a Share Option Plan.

Under the Share Purchase Plan, an initial offering was made in 1953 at a price of \$12.33 per share, being 85% of the then market price. This offering was completed in 1955 with a total of 94,641 shares fully paid and issued. A second offering was made in April 1956 at a price of \$34.66 per share, being 85% of the then market price. Under this offering 60,201 shares, including 18,951 shares issued in 1957, were fully paid and issued by 31st December 1957. Subject to minor adjustments, this offering was completed in January 1958 with the issuance of a further 5,448 fully paid shares.



## ALUMINIUM LIMITED

and consolidated subsidiaries

### 9. Capital Stock — continued

As at 31st December 1956, 568,290 shares were subject to outstanding options under the Share Option Plan. During 1957, 102,392 shares were issued at a price of \$15.84 and 5,328 shares were issued at a price of \$31.25 (in each case the market price ruling when the options were granted). As at 31st December 1957, 262,540 shares remained subject to options at \$15.84 and 198,030 shares were subject to options at \$31.25, all of which were exercisable. In 1957, options for the remaining available 141,000 shares, not exercisable until July 1958, were granted at the then market price of \$49.00 per share, but of these an option for 1,000 shares was subsequently cancelled. Therefore, at the end of 1957, 1,000 shares were still available for the granting of options under the plan.

### 10. Earned Surplus:

Consolidated earned surplus at 31st December 1957 includes approximately \$133,000,000 which, pursuant to the provisions of the 4½% sinking fund debentures, due 1980, of Aluminum Company of Canada, Ltd., subject to certain reservations, is not available for payment of cash dividends to Aluminium Limited.

The surpluses of non-Canadian subsidiaries forming part of the consolidated earned surplus at 31st December 1957 aggregated \$39,501,000 (\$25,667,000 in 1956).

### 11. Other Income:

In 1957 other income includes discounts of \$546,756 on bonds and debentures purchased for redemption and a net premium of \$512,444 (after all issue expenses) on the 4½% sinking fund debentures, due 1980, issued by Aluminum Company of Canada, Ltd. in 1957.

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

A condensed analysis of the consolidated balance sheet at 31st December 1957, according to the domicile of the constituent companies and their branches, follows:

	Canada	Other Western Hemisphere	Other British Commonwealth	All Other	Total
	(in millions of dollars)				
<b>ASSETS</b>					
Current assets . . . . .	160.7	51.1	65.7	13.8	291.3
Investments . . . . .	16.5	.3	—	.1	16.9
Fixed assets . . . . .	1,049.8	159.7	57.6	33.3	1,300.4
Less: Depreciation, etc. . . . .	(349.5)	(37.4)	(23.9)	(11.4)	(422.2)
Other assets . . . . .	19.8	2.0	.8	—	22.6
	897.3	175.7	100.2	35.8	1,209.0
<b>LIABILITIES</b>					
Current liabilities . . . . .	50.9	17.5	45.2	4.9	118.5
Funded debt . . . . .	468.2	10.8	8.4	.5	487.9
Reserve for future income taxes . . . . .	96.0	2.2	2.1	.2	100.5
Preferred shares, etc. . . . .	73.4	—	5.0	—	78.4
	688.5	30.5	60.7	5.6	785.3
Common shareholders' equity . . . . .	208.8	145.2	39.5	30.2	423.7

### 13. Executive Salaries, etc. (parent and consolidated subsidiaries):

The following amounts have been charged to income in 1957: executive salaries \$2,517,629; legal fees \$284,423; directors' fees \$24,056.

**ALUMINIUM LIMITED**

*and consolidated subsidiaries*

# Auditors' Report

**PRICE WATERHOUSE & Co.**

CANADA CEMENT BUILDING  
PHILLIPS SQUARE  
MONTREAL 2

14th March 1958

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and consolidated subsidiaries as at 31st December 1957 and the related consolidated statements of income 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.

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 income and surplus, supplemented by the notes 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 1957 and the results of their combined operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Pursuant to section 118 of the Companies Act, we report that the interest of Aluminium Limited in the profits for the year of the non-consolidated subsidiaries exceeded dividends from such subsidiaries included in consolidated income.

*Price Waterhouse & Co.*

Chartered Accountants

## Principal Subsidiaries and Affiliates

### THEIR ACTIVITIES AND MAIN COUNTRIES OF OPERATION

**ALUMINUM COMPANY OF CANADA, LIMITED (100%)** • Producers of primary ingot, sheet, foil, extrusions, cable, wire, forgings, castings, aluminum paste, alumina, chemicals; sales of these products in Canada; generates own hydroelectric power. Main plants at Arvida, Kitimat, Isle Maligne, Kingston, Shawinigan, Beauharnois, Etobicoke, Wakefield and Vancouver.

**ALUMINUM GODDS LIMITED (100%)** • Producers of utensils; jobbers; sales Plant at Toronto, Ontario.

**MAGNESIUM COMPANY OF CANADA, LTD. (100%)** • Sells magnesium produced at Arvida.

**NEWFOUNDLAND FLUORSPAR LIMITED (100%)** • Owns and operates fluorspar mine at St. Lawrence, Newfoundland.

**ROBERVAL & SAGUENAY RAILWAY COMPANY (100%)** • Owns and operates a railway from Port Alfred to Arvida.

**SAGUENAY-KITIMAT COMPANY (100%)** • Construction activities in Canada.—Kitimat, B.C.

**SAGUENAY SHIPPING LIMITED (100%)** • Operates a fleet of owned and chartered ships. Shipping arm of Aluminium Limited.

**SAGUENAY TERMINALS LIMITED (100%)** • Operates wharves and terminal facilities at Port Alfred.

**ALMA & JONQUIERES RAILWAY COMPANY (93.6%)** • Owns and operates a railway from Isle Maligne to C.N.R. main line.

**SAGUENAY ELECTRIC COMPANY (93.6%)** • Retail electricity in Saguenay district of Quebec.

**SAGUENAY POWER COMPANY, LTD. (93.6%)** • Owns and operates hydroelectric power station at Isle Maligne.

**SAGUENAY TRANSMISSION COMPANY, LTD. (93.6%)** • Transmits and sells electric power wholesale in Saguenay district.

**ALUMINIUM FIDUCIARIES LIMITED (100%)** • Employee relations.

**ALUMINIUM LABORATORIES LIMITED (100%)** • Research, engineering and exploration. Laboratories at Banbury (England), Arvida and Kingston.

**ALUMINIUM SECRETARIAT LIMITED (100%)** • Corporate procedure and public relations.

**ALUMINIUM SECURITIES LIMITED (100%)** • Financial management.

**ALUMINIUM UNION LIMITED (100%)** • Sales management.

**ALUMINIUM LIMITED SALES, INC. (100%)** • International distributing company; sales in the U.S.A., Cuba, Central and South America.

**ALUMINIUM LIMITED, INCORPORATED (100%)** • Boston and New York correspondent for Aluminium Limited Group of Companies.

**ALUMINIO DE VENEZUELA, S.A. (100%)** • Sales in Venezuela.

**ALUMINIO DO BRASIL, S.A. (100%)** • Producers of sheet, extrusions, foil and utensils in Brazil. Plant at Utinga.

**ALUMINIO MERCANTIL, S.A. (100%)** • Sales in Mexico and Central America.

**ELETRO-QUIMICA BRASILEIRA, S.A. (100%)** • Producers of primary ingot and alumina; also ferro-alloys; mines own bauxite deposits in Brazil. Plant at Saramenha, Minas Gerais.

**ALUMINIO INDUSTRIAL MEXICANO, S.A. (60.9%)** • Producers of sheet, foil, extrusions and paste in Mexico. Plant at Mexico City.

**ALUMINIO DEL URUGUAY, S.A. (70.9%)** • Producers of sheet, circles, extrusions and foil in Uruguay. Plant at Montevideo.

**ALUMINA JAMAICA LIMITED (100%)** • Producers of alumina in Jamaica from company owned bauxite deposits; agriculture and cattle development. Kinyine Works near Williamsfield; second alumina plant near Ewarton.

bauxite mines and treating plant for preparation of various grades of bauxite in British Guiana. Alumina plant under construction.

**CHAGUARAMAS TERMINALS LIMITED (100%)** • Owns and operates a bauxite trans-shipment station with dock, storage at Trinidad.

**SPROSTONS, LIMITED (100%)** • Shipping, trading, construction and miscellaneous services. Branches in British Guiana and Trinidad.

**DEMERARA BAUXITE COMPANY, LTD. (100%)** • Owns and operates

**SPROSTONS (JAMAICA) LIMITED (100%)** • Operates Port Esquivel; trading, construction and miscellaneous activities throughout Jamaica.

\*Not included in Aluminium Limited's Consolidation but carried on the books as an investment.

CANADA

UNITED STATES AND CENTRAL AND SOUTH AMERICA

CARIBBEAN

# ALUMINIUM LIMITED

and consolidated subsidiaries

## Principal Subsidiaries and Affiliates-continued

**ALUMINIUM (CANADA) LIMITED** (100%) • London correspondent for Aluminium Limited Group of Companies.

**ALUMINIUM LIMITED (CANADA) S.A.** (100%) • Geneva correspondent for Aluminium Limited Group of Companies.

**ALUMINIUM MÉRIDIONAL** (100%) • Producers of aluminum paste at Bedous. Extrusion plant under construction at Chartres.

**ALUMINIUM UNION LIMITED** (100%) • International distributing company. Sales in the U.K., Benelux and Scandinavia.

**ALUMINIUMWERKE GÖTTINGEN G.m.b.H.** (100%) • Producers of sheet, utensils, impact extrusions and job shop work at Göttingen, Germany

**ALUMINIUMWERKE NURNBERG G.m.b.H.** (100%) • Producers of castings at Nürnberg, Germany.

**ALUMINIUMWERKE A.-G. RORSCHACH** (100%) • Producers of sheet and foil at Rorschach, Switzerland.

**BAUXITES DU MIDI** (100%) • Owns bauxite mines at Brignoles, France. Mines and treats bauxite at Los Islands, French West Africa.

**L'ALUMINIUM COMMERCIAL S.A.** (100%) • International distributing company in continental Europe, Northern Africa and the Middle East.

**NORTHERN ALUMINIUM COMPANY, LTD.** (100%) • Producers of sheet, extrusions, castings, rod, wire, forgings, aluminum paste in England. Plants at Rogerstone, Banbury and Birmingham.

**ALUMINIUM COMPANY OF SOUTH AFRICA (PTY.) LTD.** (100%) • Producers of sheet, foil and extrusions in Union of South Africa. Sales of these products. Plant at Pietermaritzburg.

**ALUMINIUM UNION LIMITED** (100%) • International distributing company. Sales in the British Commonwealth and Colonies.

**BAUXITES DU MIDI** (100%) • Mines and treats bauxite in French West Africa.

**INTERNATIONAL ALUMINIUM COMPANY, LTD.** (100%) • International distributing company. Sales in Japan and the Far East.

**SOUTHEAST ASIA BAUXITES LIMITED** (100%) • Mines bauxite on the Malay Peninsula.

**SAGUENAY SHIPPING (U.K.) LIMITED** (100%) • Supervises Saguenay Shipping Limited operations in the U.K. and Europe.

**SOCIÉTÉ ANONYME DES BAUXITES ET ALUMINES DE PROVENCE** (100%) • Bauxite mining at Brignoles, France.

**SOCIETÀ DELL'ALLUMINIO ITALIANO** (100%) • Producers of primary and secondary ingot in Italy; generates own hydroelectric power. Plant at Borgofranco d'Ivrea.

**\*ALUMINIO IBERICO, S.A.** (37.4%) • Produces sheet, extrusions, rod and cable in Spain. Plant at Alicante.

**\*DANSK ALUMINIUM INDUSTRI, A/S** (50%) • Producers of utensils and tanks; jobbers in Denmark. Plant at Copenhagen.

**\*N. V. NEDERLANDSCHE ALUMINIUM MAATSCHAPPIJ** (40%) • Produces sheet, extrusions, foil and alpaste at Utrecht, Holland.

**\*A/S NORDISK ALUMINIUMINDUSTRI** (50%) • Produces sheet, rod, utensils and castings in Norway. Plant at Holmestrand.

**\*A/S NORSK ALUMINIUM COMPANT** (50%) • Producers of primary ingot, alumina, pig iron; generates own hydroelectric power at Hoyanger, Norway.

**\*DET NORSKE NITRIDAKTIESELSKAP** (33.3%) • Producers of primary ingot in Norway. Plants at Tyssedal and Eydehavn.

**\*AB SVENSKA ALUMINIUMKOMPANIET** (50%) • Producers of primary ingot in Sweden. Plants at Kubikenborg and Mansbo.

**INDIAN ALUMINIUM COMPANY, LTD.** (61.4%) • Producers of alumina, primary ingot, sheet, paste, extrusions; mines own bauxite deposits in India. Mines at Bagru Hill. Plants at Muri Junction, Alwaye, Hirakud, Belur and Katwa.

**\*AUSTRALIAN ALUMINIUM COMPANY PROPRIETARY LIMITED** (50%) • Produces sheet, extrusions and foundry ingot in Sydney, Australia.

**\*NIPPON LIGHT METAL COMPANY, LTD.** (50%) • Producers of primary ingot, alumina; generates own hydroelectric power in Japan. Plants at Shimizu, Kambara and Niigata.

**\*SEMATAN BAUXITE LIMITED** (50%) • Bauxite mines in Sarawak.

**\*TOYO ALUMINIUM K.K.** (50%) • Producers of sheet, foil and alpaste at Osaka, Japan.

\*Not included in Aluminium Limited's Consolidation but carried on the books as an investment.

UNITED  
KINGDOM  
AND  
EUROPE

AFRICA,  
ASIA AND  
AUSTRALIA

