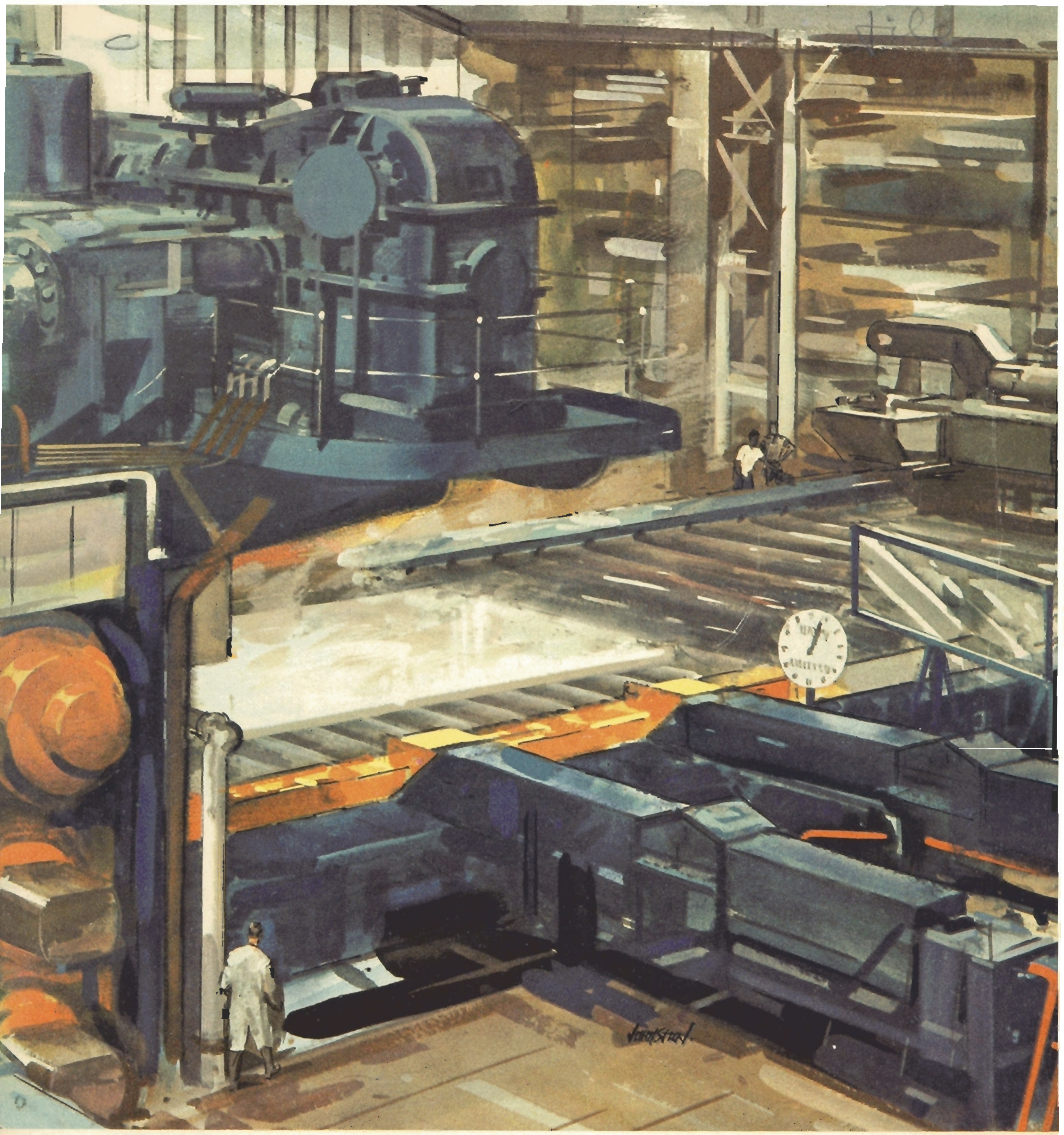

ALCAN

ALUMINIUM LIMITED
Annual Report

1960

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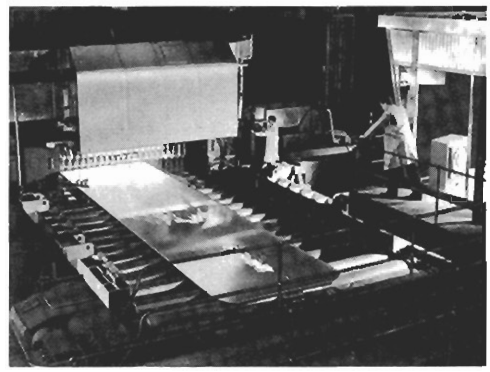


At Rogerstone, in the United Kingdom, Alcan Industries Limited inaugurated the largest aluminum rolling mill in Europe on October 6, 1960. An artist's conception of this new 144-inch mill appears on the covers of this report. It was painted by Robert Johnston, R.I., S.M.A., who has succeeded in conveying an impression of the magnitude of this huge mill and the dynamic forces involved in its operation.

The new 144-inch hot mill is capable of rolling the hardest alloys into aluminum plate 11 feet wide, or is used as the primary mill in the continuous sheet rolling process which produces coils weighing up to five tons. This mill with its auxiliaries and the other hot and cold rolling equipment concurrently installed, at a total cost of over $20,000,000, increase the annual capacity to 75,000 tons.

Principal industries utilizing the production from the new mill are shipbuilding, aircraft, railroad, chemical and petroleum. The aircraft industry is taking advantage of the strong alloys rolled in wide plate for construction of jet aircraft.

The photos above show the Rogerstone mill in actual operation. In the *lower photo*, the aluminum sheet is seen entering the hot mill which is powered by two 4,000 h.p. electric motors. These are viewed in the *upper photo* from the control room overlooking the motor room.

ALUMINIUM LIMITED
THIRTY-THIRD ANNUAL REPORT
FOR THE YEAR 1960

DIRECTORS AND OFFICERS

DIRECTORS

FIELD-MARSHAL THE RT. HON. THE EARL ALEXANDER OF TUNIS, K.G.

DANA T. BARTHOLOMEW

FRASER W. BRUCE

DR. DONALD K. DAVID

NATHANAEL V. DAVIS

JAMES A. DULLEA

N. BAXTER JACKSON

PAUL LAROQUE

EDWIN J. MEJIA

R. E. POWELL

H. H. RICHARDSON

M. B. DE SOUSA PERNES

JOHN L. SULLIVAN

M. P. WEIGEL

OFFICERS

NATHANAEL V. DAVIS, *President*

JAMES A. DULLEA, *Senior Vice President, Secretary and Chief Secretarial Officer*

EDWIN J. MEJIA, *Senior Vice President and Chief Sales Management Officer*

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

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

M. P. WEIGEL, *Director of Operations*

J. F. EVANS, *Treasurer*

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

K. C. BALA, *Assistant Secretary*

A. A. BRUNEAU, *Assistant Secretary*

DOROTHY CASSELMAN ROSS, *Assistant Secretary*

O. E. COLLING, *Assistant Treasurer*

D. M. KERTLAND, *Assistant Treasurer*

ALUMINIUM LIMITED *HEAD OFFICE 1155 METCALFE STREET, MONTREAL, CANADA*

THE YEAR 1960 AT A GLANCE

	For Year Ended 31st December	
RESULTS	1960	1959
Sales and operating revenues	$ 508.6 million	$ 447.6 million
Income before income taxes	$ 74.5 million	$ 48.1 million
Depreciation and reserve for future income taxes	$ 58.3 million	$ 54.1 million
Net income	$ 39.1 million	$ 24.1 million
Common shares outstanding	30,553,259	30,357,552
Net income per share	$ 1.28	79c
Dividends per share	(U.S.) 70c	(U.S.) 55c

	As at 31st December	
BALANCE SHEET ITEMS	1960	1959
Net current assets	$ 212.2 million	$ 220.8 million
Lands, plants, facilities (gross)	$1,505.5 million	$1,452.4 million
Additions to fixed capital	$ 64.3 million	$ 62.3 million
Shareholders' equity	$ 459.2 million	$ 436.0 million

OTHER	1960	1959
Sales of aluminum products	705,102 tons	643,328 tons
Number of employees (year-end)	49,000	44,000
Number of shareholders (year-end)	61,281	65,267

REPORT
TO THE SHAREHOLDERS OF
ALUMINIUM LIMITED

The 33rd Annual Report of Aluminium Limited covering the affairs and the financial results of the Company for the year 1960 is submitted on behalf of the Board of Directors. The financial statements of Aluminium Limited and its consolidated subsidiaries for the year ended December 31st, 1960, together with the report of the auditors, Price Waterhouse & Co., form a part of this report.

SUMMARY OF RESULTS

Before commenting on the year's activities, the following statistics are presented, in round figures for simplicity.

Net income of Aluminium Limited consolidated, after all charges, including dividends on preferred shares of subsidiaries, was $39.1 million or $1.28 a share on the 30.5 million shares outstanding at the end of the year. These earnings compare with net income of $24 million or 79¢ a share on the 30.4 million shares outstanding at the end of 1959.

Consolidated sales of aluminum in all forms were 705,100 tons compared with 643,300 tons in 1959.

Sales and operating revenues amounted to $508.6 million compared with $447.6 million in 1959. After deducting "cost of sales and operating expenses," there remained $186 million in 1960 compared with $155 million in 1959.

Cash generation, comprising net income, depreciation and reserves for future income taxes was $97 million in 1960 or $3.19 a share compared with $78 million or $2.58 a share in 1959.

Dividend payments during 1960, payable in U.S. currency, were 15¢ a share in each quarter, supplemented by a year-end extra payment of 10¢ a share. Total dividends disbursed were equivalent to $20.7 million in Canadian funds compared with $16 million in 1959.

Expenditures on new capital facilities and investments during the year totalled $70 million compared with $64 million in 1959.

* * * * *

Members of our senior management cannot recall a period of more intense competition than that experienced in 1960. The industry continues to have overcapacity and idle facilities and, while we estimate that primary aluminum consumption in the Free World increased by about 2% in 1960, productive capacity increased by an equal or greater tonnage. Conditions are not likely to change in the near future.

In terms of price and volume, the aluminum business in North America was weak in 1960, particularly in the field of fabricating. Outside North America the fabricating business was, in contrast, strong and relatively profitable. However, competition in the selling of primary metal was severe in all markets. Exporters of primary metal were active and aggressive in the markets of the Free World and ingot prices were, in consequence, under constant pressure.

Under these conditions, the Company's results for the year were comparatively good. The earnings were certainly an improvement over the two previous poor years but still an unsatisfactory return on the Company's assets.

All divisions of the Company contributed creditably to the improved results. Considering the highly competitive trading conditions, the performance of our international sales division in recording a 10% increase in sales volume is perhaps most conspicuous. The work of the sales division was helped by a generally strong demand for aluminum products in markets outside North America, including larger consumption of primary metal by the Company's expanding fabricating subsidiaries and affiliates. The activity of other sellers in the international markets is, however, most clearly evidenced by the more than doubling of exports of primary metal from the United States to a new high of some 285,000 tons.

The Company's sales in the United States declined materially from the levels of 1959. With overcapacity in the industry, sales to U.S. producers accounted for only a small proportion of total sales. The generally lower consumption of aluminum products in the United States and the abnormal competitive conditions experienced by United States fabricators caused a reduction in the Company's sales to the nonintegrated fabricators.

In Canada, aluminum sales declined slightly from the previous year, reflecting a somewhat reduced level of general business activity.

In other markets, notably Europe, the Far East and Australia, the Company's sales increased materially.

In addition to providing growing markets for primary aluminum, the Company's fabricating operations, particularly abroad, contributed to the improvement in consolidated net income in 1960. These results are partly attributable to the buoyant business conditions which prevailed in many areas such as the United Kingdom and Germany. They also reflect, however, expansion of the Company's fabricating activities as part and parcel of a program to provide fabricating outlets for a larger percentage of the group's primary capacity.

There were two particularly notable events in the Company's program of expansion of its fabricating facilities in 1960. On October 6th Alcan Industries Limited inaugurated the largest aluminum hot rolling mill in Europe (shown on the cover of this report). With the addition of this new equipment at Rogerstone in the United Kingdom, Alcan Industries Limited's capacity to provide larger tonnages in a broader variety of products has been substantially increased.

In the same month, the Company announced its participation with three leading U.S. metal companies — Bridgeport Brass Company, Cerro Corporation and Scovill Manufacturing Company — in plans to build a new 100,000-ton hot rolling mill to meet the growing needs of each of the four companies for coil stock for rerolling in their respective sheet mills. The new hot mill will be erected at Oswego, New York, at a capital cost of about $30 million and is expected to be in production early in 1963.

The Company's sales development activities as well as those of others in the industry have contributed to the growing consumption of aluminum in many markets of the world. Prominent among the expanding uses in 1960 were automobile engines, railroad rolling stock, shipbuilding, canning and packaging, household and commercial construction, and electrical applications, including towers for transmission lines.

In 1960, Aluminum Company of Canada, Ltd.

celebrated the 60th anniversary of the establishment of the first smelter facilities in Canada at Shawinigan, Quebec. Alcan's business has prospered and grown over the years from the days when it was primarily a supplier of basic ingot to a few customers until the present when it provides specialized ingot and fabricated products and services to a growing number of customers in Canada and abroad. To meet the growing requirements for ingot products in a large variety of forms and types, new casting equipment was installed in Alcan's smelters both in the Saguenay and Kitimat regions. These facilities do not increase the basic capacities of the plants involved.

Alcan's Canadian ingot facilities operated at a 90% rate during most of the year but were reduced to an 80% rate in November to bring production and sales into closer balance, inventories having been built to a high level. Fluctuations in primary production rates create difficult operating problems and adversely affect costs of production. Considering that changes in production rates were necessary and that labour and other costs have tended to rise, Alcan's operating personnel have turned in an excellent performance.

The Company's shipping activities are closely related to production. After two years of poor results, our shipping activities in 1960 were brought into better balance and contributed to more efficient operations.

Aluminium Limited's research division — Aluminium Laboratories Limited — announced during 1960, after many years' work, the development of a basically new process for the production of aluminum. The new process employs, as its principal raw material, bauxite of roughly similar grades to that required for the conventional methods. The process does not appreciably reduce the large power requirements of the existing process but it does give promise of substantial savings in other elements of production cost and of capital cost.

The Company has under construction an experimental production unit capable of producing six to eight thousand tons of aluminum per year by this new process. The new plant will be completed in early 1962. It is expected that operation on this scale for a minimum period of a year or two will be required to determine whether the estimated savings in capital and operating costs can be realized in large scale operations. The new process is covered in a large number of countries by patents belonging to Aluminium Limited.

On a broader front, there are several developments over which the Company has little or no control which deserve mention in this report as having a bearing on its activities. First, we are concerned by the appearance of area protectionism as in Europe or economic nationalism as in many countries including Canada. A shift away from cooperation in trade and economic matters among the countries of the Free World poses a threat to international business including that of Aluminium Limited.

Second, in common with other North American companies, particularly those who, like ourselves, are deeply involved in international trade, further continuing increases in the domestic costs of doing business relative to other areas of the world could have serious consequences. Finally, the political risks of doing business in many parts of the world have increased during the past year. In certain areas, if private enterprise is to do its part in developing sound economic ventures, special means may have to be devised to assist business to meet the risks involved.

* * * * *

It is with profound regret that we record the death on December 31st of the Rt. Hon. C. D. Howe, P.C., a member of the Board of Directors of Aluminium Limited since January, 1958. Mr. Howe was a great Canadian who made an outstanding contribution as a leader of public affairs in wartime and in peace. Although his period of service as a director, following his return to private life, was only three years in duration, Mr. Howe's wide knowledge of affairs and his wise counsel enabled him to make a contribution to Aluminium Limited which his fellow directors valued greatly.

To fill the vacancy on the Board created by Mr. Howe's death, the directors on February 15th elected M. P. Weigel of Montreal, one of the Company's senior officers in the position of Director of Operations. Mr. Weigel is an engineering and production expert whose experience in operations and management in the aluminum industry covers a period of 36 years.

* * * * *

The competitive conditions which exist within the industry and the other broader forces which are at work are challenging rather than depressing. The men and women who make up the personnel of the Company are conducting the Company's affairs with enthusiasm, cheerfulness and optimism. We feel we are in a sound and growing industry and that Aluminium Limited is well suited to play a major role in its future, serving the interests of customers, employees, shareholders and the communities in which it operates.

A more detailed review of the year follows this summary of results.

Nathanael V. Davis, *President*

Montreal, Canada
March 15th, 1961.

REVIEW OF THE YEAR 1960

OPERATIONS

ALUMINUM INGOT

The Aluminum Company of Canada, Ltd. produced 637,800 tons* of primary aluminum in 1960, compared to 503,500 tons in 1959 and 600,400 tons during 1958.

In 1959, Alcan's production rate was at an average level of 66% of capacity, but it was increased by stages to achieve an average production rate of 85% of capacity for 1960 as a whole. This permitted the rebuilding of inventories of primary aluminum to an optimum level.

During the second half of 1960, production was adjusted downwards and reached 80% of capacity, or an approximate rate of 600,000 tons a year, by the end of December, where it still remains. This production rate, augmented by acquisitions from other subsidiaries and sources, is expected to bring supplies more closely in line with the level of sales anticipated in the early part of 1961.

A start was made during the year towards the completion of buildings at Kitimat, construction of which was suspended in 1957, which will eventually house smelter pot lines of about 80,000 tons capacity. Work proceeded on a modest and orderly basis with the object of ensuring that the two pot lines can be quickly and efficiently completed when the need arises.

At its Arvida, Kitimat and Isle Maligne smelters, Alcan initiated a comprehensive program for the improvement and enlargement of facilities for the casting of extrusion billets and sheet ingot. This will enable the Company to service the increasing percentage of its primary aluminum business which is done in this form rather than in traditional ingots which require further melting and casting in customers' fabricating plants. This project involves expenditures of some $6.5 million by mid-1961.

Collective labour agreements at the Canadian smelters expired during the latter half of the year. A three-year contract for Kitimat was signed but the contracts for the Quebec smelters are presently at varying stages of negotiation, conciliation or arbitration.

Other Smelter Operations

During the year, Aluminium Limited's other smelting subsidiaries and affiliates (including Chryslum Limited in Canada and those in Brazil, India, Italy, Japan, Norway and Sweden) produced a total of approximately 190,000 tons. Production in Norway was adversely affected by reduced power generation due to low rainfall.

Certain of these overseas companies undertook expansion of their primary aluminum capacity to meet expected requirements of their local markets in circumstances where foreign exchange and other factors militated against full reliance on imports.

Early in 1960, Indian Aluminium Company, Ltd. reached agreement with the Government of the State of Orissa for the supply of the power required to double the capacity of its 11,200-ton aluminum smelter at Hirakud, and to bring its total smelter capacity to 30,000 tons, by April 1962. Construction of the new capacity is proceeding according to schedule, including the related expansion of bauxite and alumina facilities.

*Short tons of 2,000 lbs. each.

In Brazil, Aluminio Minas Gerais, S.A., a subsidiary, began work on a new extension of its Saramenha smelter which will increase its capacity to 14,000 tons by the end of 1961.

In Japan, the Nippon Light Metal Company continued its expansion program at the Kambara smelter, as well as the enlargement of the Shimizu alumina plant. When this work is completed in mid-1961 the company's smelters at Niigata and Kambara will have a combined annual capacity of 92,000 tons.

In December 1960, Aluminium Limited decided not to participate in the proposed Volta River aluminum smelter in Ghana.

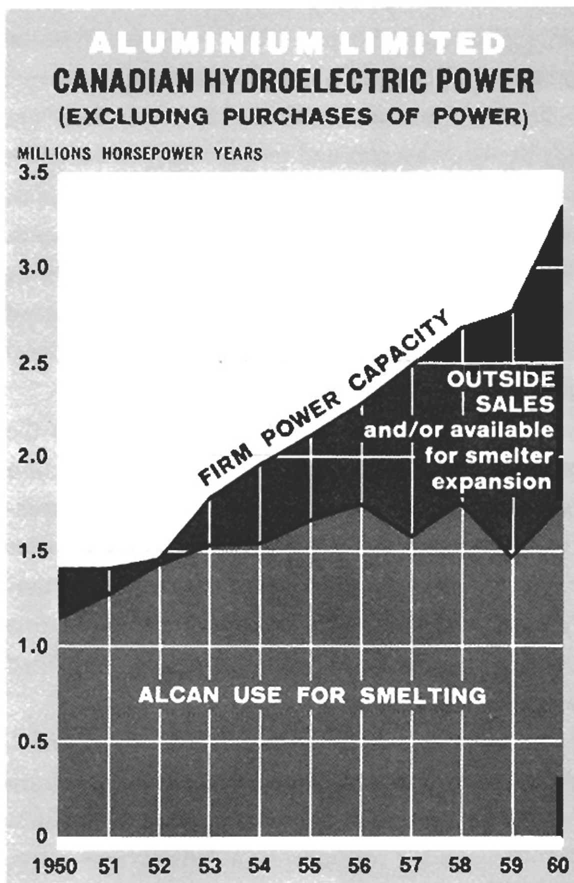
HYDRO-ELECTRIC POWER

In March, the fifth generator was brought into operation at the Chute-des-Passes hydro-electric station on the Peribonka River, bringing the Company's total installed capacity in Canada to 4,650,000 h.p. Demands on the Saguenay power system were higher than in 1959 due to the higher aluminum output. Power sales to domestic residents and commercial customers in the region continued to increase and this trend is expected to continue in 1961. Outside power sales amounted to $14 million in 1960.

In the latter part of the year tests were conducted to determine the cause of an unexpected drop in water pressure in the power tunnel at Kemano in British Columbia. This drop in no way inhibited the water supply to meet the generating requirements for the 192,000 tons of aluminum smelting capacity now operating at Kitimat.

Recent tests have indicated an abnormal increase of hydraulic losses in the power tunnel and have led to the conclusion that, in addition to entrapped air, suspected for some time, there is a physical obstruction in the tunnel such as fallen rock.

A temporary shutdown of aluminum production at the Kitimat smelter will take place in June, for a period of from five to eight weeks, when the power tunnel will be drained to permit inspection and probable repair. Engineering studies at present indicate that the cost of repairs to the tunnel will be of the order of $1 million.



In view of the Company's present level of inventories of aluminum, deliveries to customers should not be affected during the shutdown.

SECONDARY SMELTERS

In June, Aluminium Limited announced that it had withdrawn its proposal to purchase the assets of Apex Smelting Company, of Chicago, because of indicated objections on the part of the U.S. Department of Justice.

In the United Kingdom, with Enfield Rolling Mills Limited, the Company formed a new company—Alcan Enfield Alloys Limited—to acquire a secondary aluminum smelter at Bradford, previously operated by the former. The new company is producing a large range of foundry alloys from scrap and primary aluminum and thereby broadens the sales service offered by Alcan (U.K.) Limited, which is marketing the alloys produced by the new company.

At the end of October, Alcan Enfield Alloys Limited reached an agreement with Metal Closures Limited for the leasing to the former of the latter's John Dale Limited aluminum alloy smelter at London Colney. Alcan (U.K.) Limited is marketing the output.

RAW MATERIALS

Reflecting in part the net increase in aluminum production in 1960, the output of bauxite from the Company's principal mining operations in British Guiana, Jamaica and Guinea was considerably greater than in 1959.

Sales of alumina to third parties reached record levels in 1960 and those of calcined bauxite were at a high level.

In British Guiana, Demerara Bauxite Company, Ltd. produced more than 2 million tons of bauxite of all grades.

In Guinea, dried bauxite production reached 573,000 tons compared with 332,000 tons in 1959.

In Jamaica, Alumina Jamaica Limited operated its Ewarton and Kirkvine alumina plants at full capacity, producing a total of approximately 715,000 tons. The Ewarton plant, first brought into production in September 1959, reached its rated production capacity during the year.

Demerara Bauxite Company, Limited virtually completed the construction of its new 245,000-ton alumina plant at Mackenzie by the end of December and began production early in 1961.

With the completion of the Mackenzie plant, Aluminium Limited's total alumina capacity amounts to more than 2.5 million tons per annum. Facilities for the bulk unloading of alumina at Port Alfred in Quebec are scheduled for completion by the start of the 1961 shipping season, when alumina will be received from the Caribbean on a regular basis.

Another subsidiary, Société Anonyme des Bauxites et Alumines de Provence, which operates bauxite mines in Southern France, increased its production to 300,000 tons during 1960. The output from this operation is sold to third parties.

Southeast Asia Bauxites Ltd., a subsidiary in Malaya, and Sematan Bauxite Limited, an affiliate in Sarawak, operated satisfactorily during the year. A 25% equity interest in the former was sold to Nippon Light Metal Company, Ltd., in

Japan, an affiliate and the principal customer for the Malayan bauxite.

During 1960, alumina shipments were continued to Scandinavian aluminum smelters and elsewhere either for sale or under long term contracts for the exchange of alumina for aluminum. Shipments of alumina to the Canadian British Aluminium Company continued under a similar agreement which will expire, on cancellation, as from December 31st, 1961.

Bauxites du Midi, a French subsidiary, continued with the construction of the railway for the projected bauxite and alumina complex in the Boké region of the Republic of Guinea in West Africa.

Fluorspar production at the Company's mine in St. Lawrence, Newfoundland, was reduced by two work stoppages during the year.

Fluoresqueda S.A., an affiliate which owns important fluorspar deposits in the State of Sonora, Mexico, brought into production at the end of 1960 a newly completed fluorspar flotation plant.

FABRICATING

The Company's overseas fabricating business increased substantially during the year due to improved economic conditions in Europe, Africa, Asia and Australia.

Although at year end there were signs of a levelling off in demand, total shipments from the 33 fabricating plants in which Aluminium Limited has complete or partial equity amounted to 310,000 tons, approximately 17% greater than in 1959.

Competition was strong; nevertheless there was some improvement in profit margins and the fabricating business directly and indirectly contributed substantially to the increase in the Company's net profit for the year.

In 1960, Aluminium Limited expanded its fabricating activities over a wide field. The Company now has fabricating subsidiaries or affiliates in more than 25 countries, but it has, and will continue to have, primary production capacity well in excess of its total fabricating capacity.

New Fabricating Plants

Several new fabricating plants were brought into operation in 1960. They include a foil plant in *Australia*, a utensil factory in *Nigeria* and sheet forming and corrugating plants in *Jamaica*, *Trinidad* and *Nigeria*. Good progress was made in the construction of a 4,500-ton sheet mill in *New Zealand*, which is due to come into production early in 1961, and a sheet and extrusion plant in *Colombia* which should also commence operations this year.

In October, Aluminium Limited announced its participation, with three leading U.S. metal companies, Bridgeport Brass Company, Cerro Corporation and the Scovill Manufacturing Company, in plans to build a new 100,000-ton hot-rolling mill in the *United States*, to meet the growing needs of each of the companies for coiled re-roll stock. A site near Oswego, New York, has been selected and engineering of the plant is under way. The rolling mill is expected to be in production early in 1963 at a capital cost of about $30 million.

Subject to conclusion of satisfactory arrangements in each case, approval was given for the development of modest sheet mills in *Nigeria* and *Malaya*, and to several other smaller ventures.

Aluminium Limited announced in February 1961 the purchase of a majority interest in Antonio Vernocchi S.A., a long established manufacturer of foil in *Argentina*. The plant is to be re-equipped and expanded.

Extensions Made to Existing Facilities

The bulk of the increase in installed capacity during the year was obtained by expanding and improving existing facilities.

On October 6th, the Company's *United Kingdom* subsidiary—Alcan Industries Limited—formally inaugurated its new hot-rolling mill at Rogerstone. These sheet facilities will soon have a capacity of 80,000 tons per annum and provision is made for an eventual increase to 175,000 tons nominal capacity.

In *Canada*, a 10,000-ton extension to Alcan's sheet mill at Kingston was finished and an additional extrusion press was installed. The Company's first line for the painting of aluminum strip (for residential siding and other uses) came into operation at Kingston. To assure an economic source of thin sheet ingot for export markets, continuous thin ingot casting equipment was installed in Alcan's plant at Shawinigan.

The good progress made in modernizing and expanding the sheet and extrusion facilities in *Australia* and *India* should enable these projects to be completed in mid-1961.

In *Spain*, the major rolling equipment at Alicante was brought into production along with a 3,300-ton extrusion press. A new 3,300-ton extrusion press came into operation in *Brazil*.

In *Japan*, substantial extensions were made to the sheet, foil, extrusion and alpaste facilities of the Company's Japanese affiliates.

By the end of the year, a long term program for the expansion and modernization of the sheet, extrusion and foil facilities in *Mexico* was virtually completed. A modernization of the company's sheet mill in *Germany* was also achieved.

Extensions Authorized to Existing Plants

Substantial expansions of the Company's sheet mills in *Norway*, *Germany*, *Brazil* and *Australia*, totalling some 43,000 tons per annum of new capacity were approved. An expansion of the strip plant in Toronto, *Canada* and an extension of the cable plant in *Brazil* were also authorized.

Additional extrusion presses were approved for plants in *Australia* and *South Africa*, and modern high speed 4-high foil mills were authorized for plants in *Switzerland*, *Japan* and *Canada*.

Important extensions to the foundry at Nürnberg in *Germany*, including the erection of a new plant on an adjacent site, were approved.

In December, an agreement was reached whereby Aluminium Limited will acquire an interest in Supreme Aluminum Industries Limited, a substantial utensil company in Toronto. Aluminum Goods Limited, a Canadian subsidiary, will licence that company to produce and market "Wear Ever" cooking utensils instead of continuing with these activities itself. Supreme Aluminum Industries Limited will expand its plant in order to support the enlarged utensil production and Aluminum Goods will in future concentrate on expanding its business in other aluminum products.

MARKETS & SALES

In 1960, the international aluminum industry continued to show growth, despite the downturn in consumption in North America.

Estimated total consumption in the Free World as a whole was 4,355,000 tons, made up of 3,-475,000 tons of primary aluminum and 880,000 tons of secondary metal, or an increase of about 2 percent over 1959. In turn, consumption in 1959 had been over 25 percent greater than in 1958.

Free World primary production in 1960 is estimated at close to 4 million tons, indicating substantial inventory accumulation during the year. The industry was, moreover, still faced with the problem of surplus facilities as total capacity by the year end had reached 4.7 million tons. The extent of this excess capacity, most of which was located in North America, largely determined international trading patterns during the year, and will inevitably affect the pattern of marketing in 1961.

The continuing general business prosperity in 1960 in Western Europe, Asia and Australia produced strong aluminum demand in all these areas and intensive competition for business.

The United Kingdom market showed improvement over 1959 despite the establishment of credit curbs at mid-year.

Aluminum consumption in the United States, which established a new record volume in 1959, failed to hold at the same level in 1960. In spite of significant breakthroughs in some new fields of application, domestic consumption showed a drop of about 14 percent from the previous year. Consumption in Canada remained at about the same level as in 1959.

The U.S. industry ended the year with approximately three-quarters of its primary facilities in

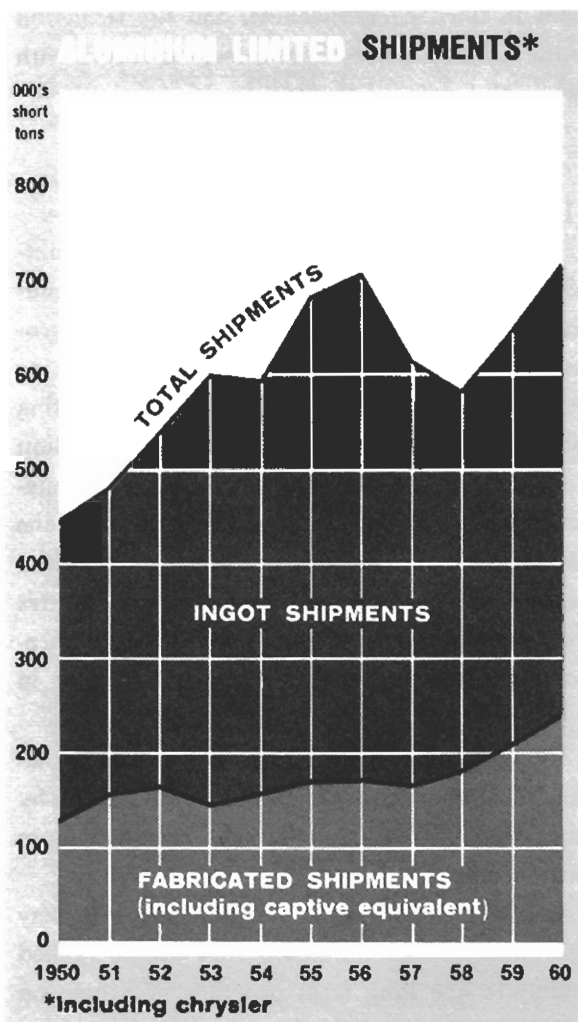
ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

Analysis of Consolidated Sales

	*Ingot and Ingot Products		Semi-Fabricated Products		All Other Products	Operating Revenues	Total
	Short Tons	$'000	Short Tons	$'000	$'000	$'000	$'000
1954	435,238	159,804	157,080	120,781	17,290	29,565	327,440
1955	511,683	208,924	169,627	145,405	18,372	40,815	413,516
1956	533,528	239,943	171,530	161,092	22,449	57,867	481,351
1957	450,030	207,465	164,180	156,529	22,060	67,799	453,853
1958	401,270	171,883	179,925	163,280	20,914	65,009	421,086
1959	437,455	186,435	205,873	178,540	27,425	55,162	447,562
1960	467,317	203,034	237,785	210,215	36,552	58,830	508,631

*Excluding ingot supplied to Company's fabricating plants.

operation, and one-quarter or about 540,000 tons of its completed capacity idle. In Canada, about 150,000 tons of completed capacity was idle. Even so, in 1960, the U.S. industry produced the largest amount of new metal ever recorded in a single year, and in 1960 exports of primary aluminum from the United States have been at a level more than double imports and equivalent to 15% of primary production. In 1960 the United States supplanted Norway as the second largest exporter of aluminum after Canada.



In December 1959, the Company's price of primary aluminum in Canada and in international markets had been increased to 23.25¢ a pound. In the U.S.A. the domestic price went up to 26¢ a pound at the same time and the Company followed suit in that market. These prices faced severe tests during the year and deteriorated in the closing months.

Profit margins on fabricated products in North America shrank to slender proportions in 1960 reflecting the highly competitive trading conditions currently prevailing. This was not the case in most markets outside North America.

Sales of aluminum in all forms and from all sources by Aluminium Limited's consolidated subsidiaries amounted to 705,100 tons in 1960 compared to 643,300 tons in 1959 and 581,200 tons in 1958.

The geographic distribution of consolidated sales of aluminum in all forms and from all sources has been as follows, in short tons:

	1956	1957	1958	1959	1960
Canada......	86,000	72,000	78,000	75,500	70,200
United States*	233,000	221,000	180,000	180,000	98,000
United Kingdom..	262,000	176,000	152,000	128,500	145,600
All others....	124,100	145,200	171,200	259,300	391,300
	705,100	614,200	581,200	643,300	705,100

**The U.S. figures do not include aluminum under contracts for delivery to customers' option, against which partial payments have been made.*

The principal markets for the Company's consolidated sales continued to be the United Kingdom, the United States, Canada and West

Germany, while Belgium, Italy, Scandinavia, Japan, Brazil, Australia, and India comprised markets of ever-increasing importance.

In February Aluminium Limited and Aluminum Company of America mutually agreed to the cancellation of the approximately 60,000 tons of aluminum scheduled for delivery by the former in 1960 and 1961 as the last remaining part of the contract for the supply of 600,000 tons signed in 1953. Aluminum Company of America paid a cancellation fee of approximately $9 million in full settlement in 1960.

Exports from the Soviet Union were a minor factor in world trade in aluminum during the year although to the extent that sales occurred, they were made at discount prices.

The Company continued to urge its fundamental conviction that free trade in aluminum is in the best interests of the industry and the consumer throughout the Western trading nations, in the belief that if aluminum consumption is to continue to show dynamic growth the metal must be increasingly competitive with other materials. Aluminium Limited expects and hopes, in the interest of the free world industry as a whole, that there will be a general agreement to lower aluminum tariffs as a result of the G.A.T.T. negotiations now in progress.

MAGNESIUM

The Company continued to be an active seller of primary magnesium in world markets, and to participate in the development of this light metal. The Company's sales of magnesium increased substantially during the year.

Greater use is being made of magnesium die castings by the automotive, power tool and appliance industries.

TRANSPORTATION

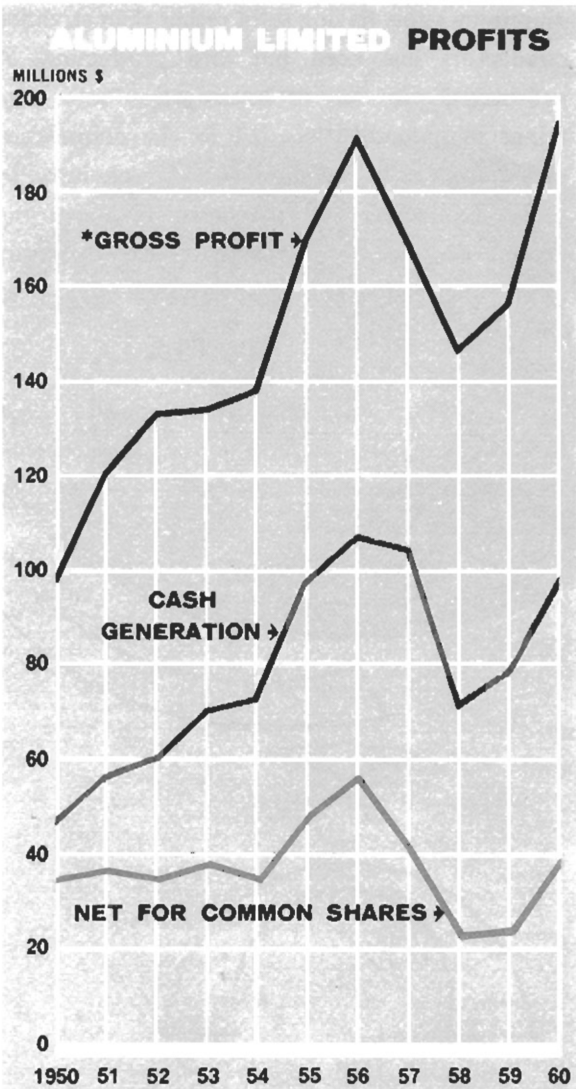
The anticipated improvement in the Company's shipping operations was realized in 1960. The increased movement of materials and supplies consequent on Aluminium Limited's increased production during the year, a general improvement in third party business, and the reduction in the size of the fleet more closely to accord with needs, all combined to improve the position.

CAPITAL EXPENDITURES AND FINANCING

Expenditures on plant and investments amounted to some $70 million in 1960, of which $24 million was devoted to the comprehensive program for the expansion of existing fabricating plants and the development of new fabricating facilities. Residual expenditures of $9 million were incurred on the completion of the Chute-des-Passes power project and $17 million on the enlargement of bauxite and alumina facilities in the Caribbean and in India. Other expenditures were made on general improvement and replacement to increase productivity and efficiency in existing plants.

Funds for these expenditures, and for the reduction of long term debt and preferred shares by some $26 million, were largely provided from cash income.

Capital expenditures contemplated in 1961 may amount to some $90 million. They will be applied mainly to the long term program of expansion of the Company's fabricating facilities on a wide geographic basis. However some funds will be devoted to increasing the efficiency and output of the Company's existing raw material, ingot and fabricating plant. It is expected that the funds required for these outlays will be found from cash income (though it is likely that 1961 will see some reversal of reserves for future income taxes) supplemented by drawings under the intermediate term credit and some borrowings by foreign subsidiaries.



*before interest, depreciation, selling, general and administrative expenses and income taxes

SHAREHOLDERS

In September, a sale of 350,000 shares of Aluminium Limited by certain shareholders in the United States virtually completed the disposal of some 8,400,000 shares (adjusted for splits) required by a judgment of a United States Court during the 10-year period ending January 16th, 1961. The last few remaining shares were disposed of early in January and a certificate of complete compliance with the 1951 judgment has been filed with the Court.

The injunctions in the stock disposal judgment against the voting of the shares required to be disposed of and the injunctions against the voting of certain other shares not required to be disposed of, automatically terminated upon this recent completion of the stock disposals required by the judgment. All outstanding shares, therefore, now have unrestricted voting rights.

The number of registered shareholders increased from 4,100 at the beginning of the 10-year period to approximately 60,000 at the end of 1960.

In 1960, the Company made its fourth offering of shares to employees under its employee share purchase plan approved by shareholders in 1953. The price per share to the 25,000 eligible employees was $25, or 85% of the last reported sale price in the Montreal Stock Exchange on April 28th.

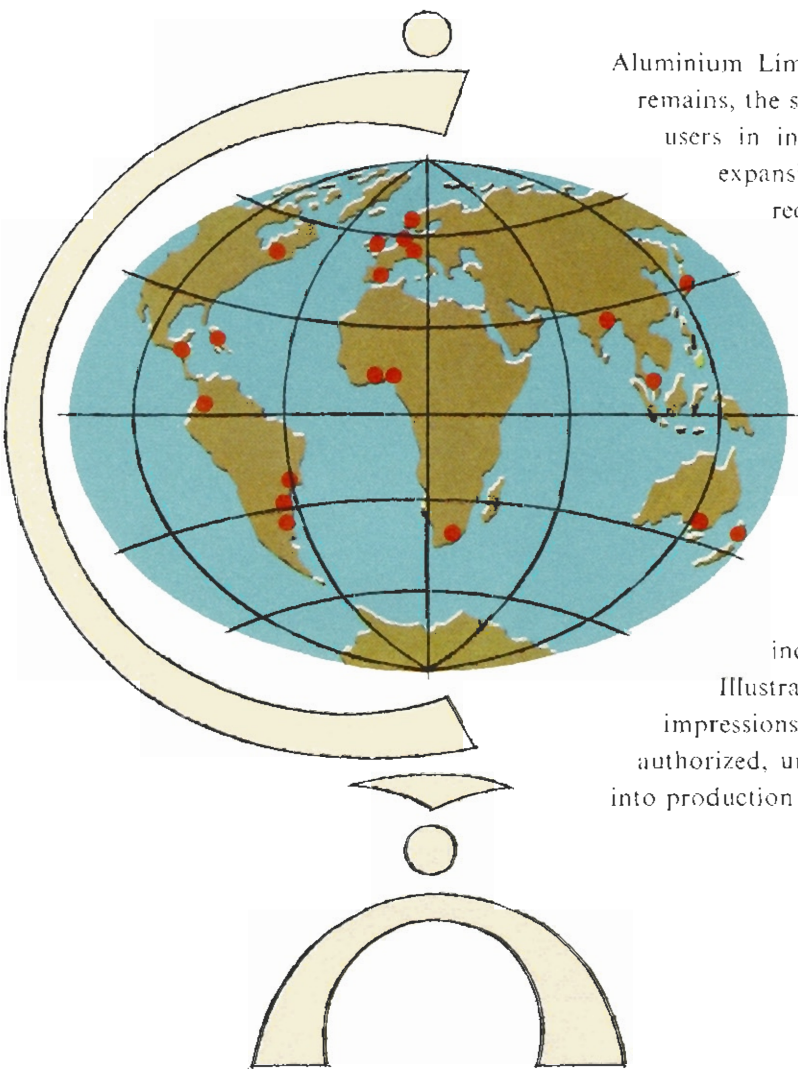
RESEARCH AND DEVELOPMENT

As a result of Aluminium Limited's long term research program, a decision was made in 1960 to proceed with the construction of new experimental facilities at Arvida for the production of aluminum by a basically new process which holds prospects of achieving substantial savings in capital and production costs. Meanwhile research continued into the conventional smelting and alumina processes in pursuit of further operating economies.

Emphasis continued during the year on research and the development of new fabricating techniques in support of sales of fabricated products of both group companies and customers. Examples of many achievements in these fields include the development of apparatus for determining the gas content of molten metal to assist towards control of porosity in fabricated products, and of additives for rolling and bearing lubricants which have been put to extensive use in the Company's rolling mills. An automatic portable pipe welding machine for field-welding of aluminum pipe was developed through the prototype stage to commercial production. An improved insulated aluminum cable having solid rather than stranded conductors has been put into production. A substantial program of investigation into container manufacture has led to the commercial exploitation of new equipment and techniques by group companies and customers. Technical and engineering assistance was extended to group fabricating plants and to customers in over 30 countries on six continents.

The Company's geological and power engineers continued with investigations necessary to keep the Company abreast of significant developments. The investigation and development of ore reserves already acquired was maintained.

FABRICATING EXPANSION FEATURED IN ALUMINIUM LIMITED'S 1960 PROGRAM



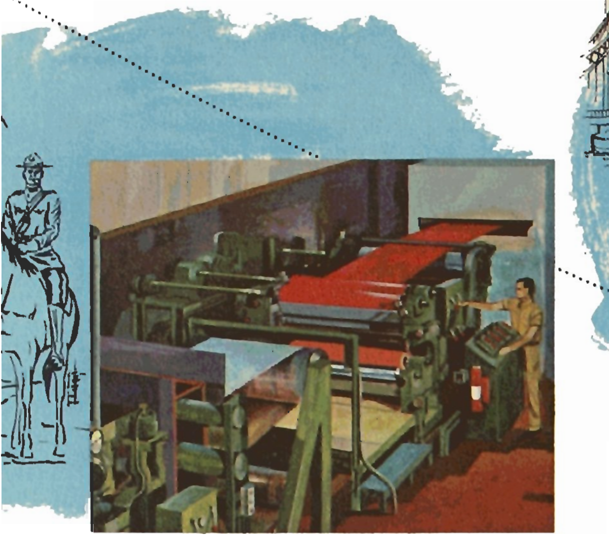
Aluminium Limited's traditional main role has been, and remains, the supply of primary aluminum to other metal users in international markets. For the past decade, expansion of mining, smelting and power operations received the main emphasis.

In a complementary role, to develop the use of aluminum and to expand the market for a larger portion of its own primary output, the Company is currently directing its efforts in many areas to the creation of new or enlarged facilities for fabricating the metal into forms required by customers.

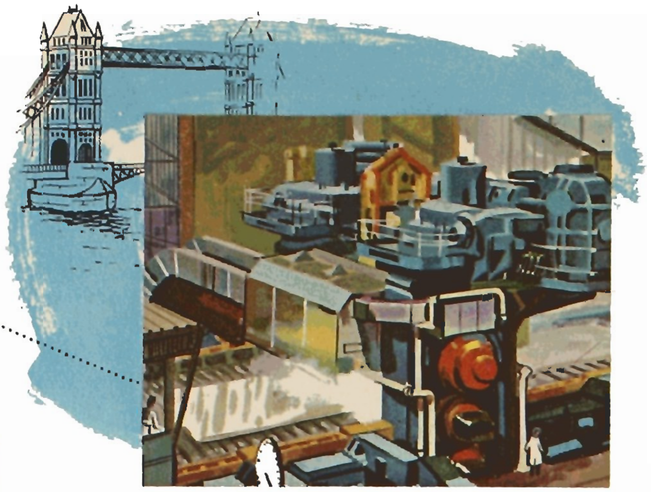
Through subsidiaries or affiliates, often in its familiar role of pioneer local fabricator, Aluminium Limited is promoting industrial growth in a score of countries.

Illustrated on the following pages are artists' impressions of 20 fabricating plants which were newly authorized, under construction or expansion, or brought into production during the year 1960.

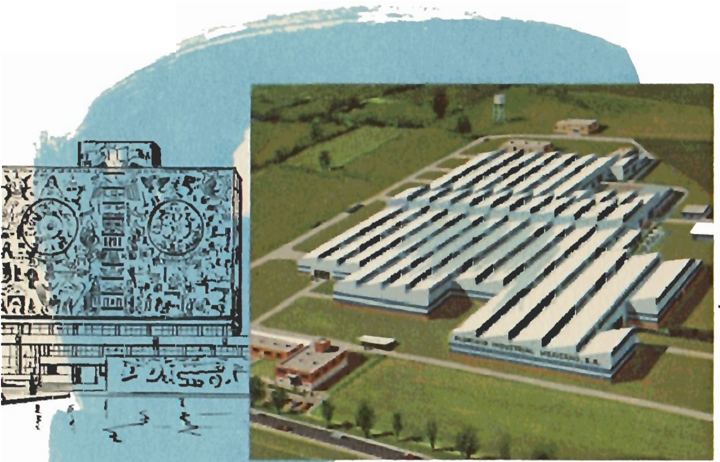
PLATE & SHEET EXTRUSIONS WIRE, ROD & BARS FORGINGS CASTINGS FOIL



11 CANADA

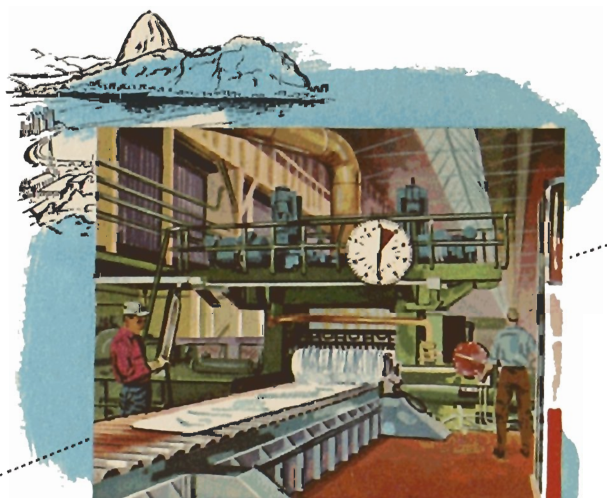


12 UNITED KINGDOM

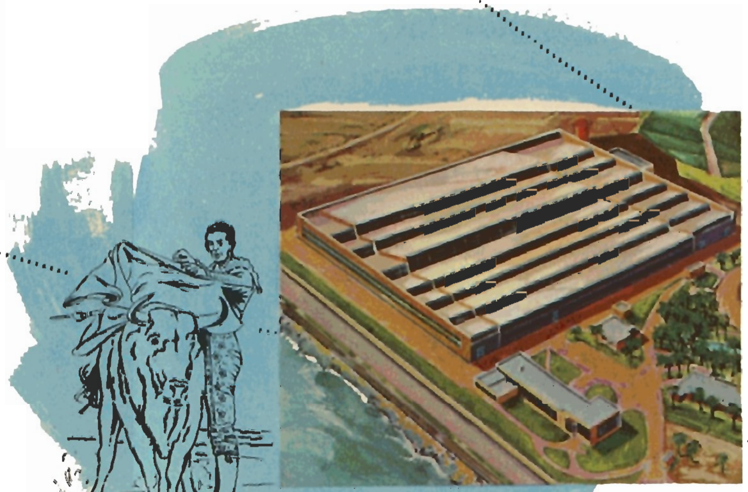


13 MEXICO

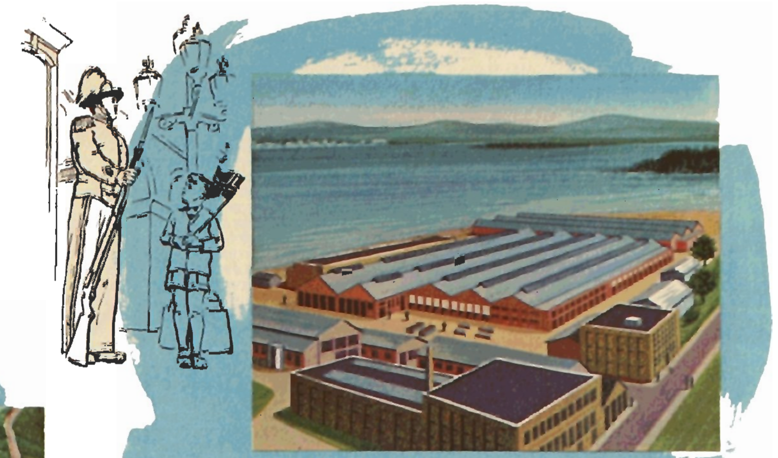
14 COLOMBIA



15 BRAZIL

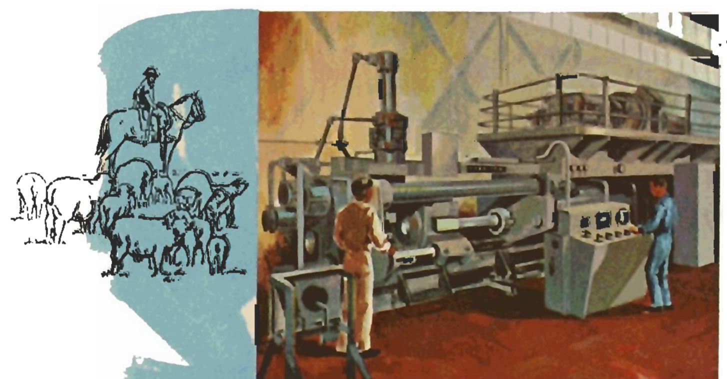


16 SPAIN

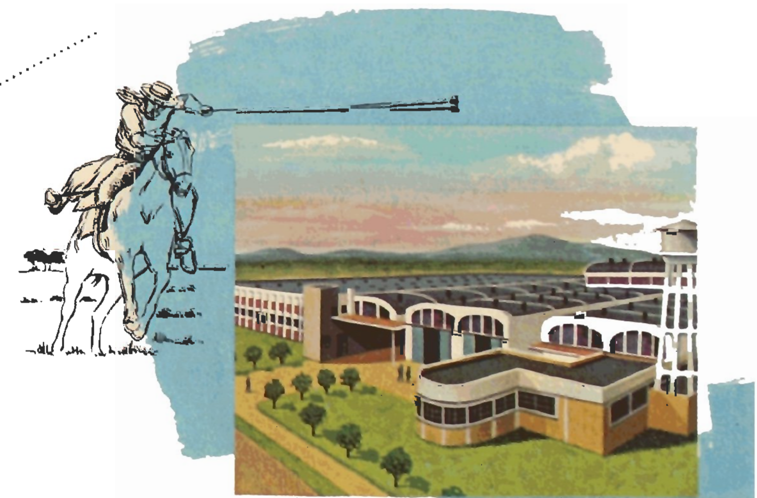


17 NORWAY

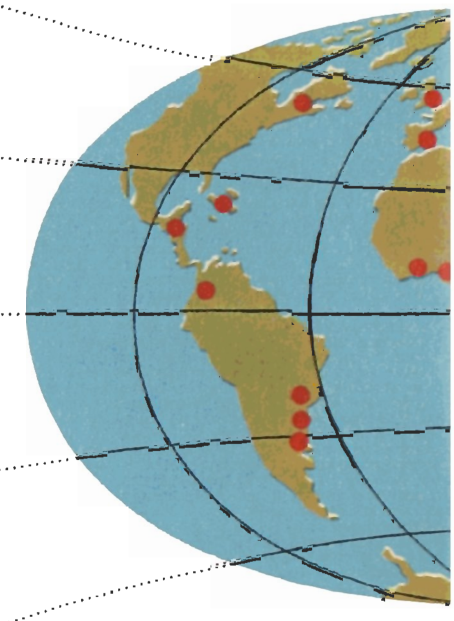
18 WEST INDIES

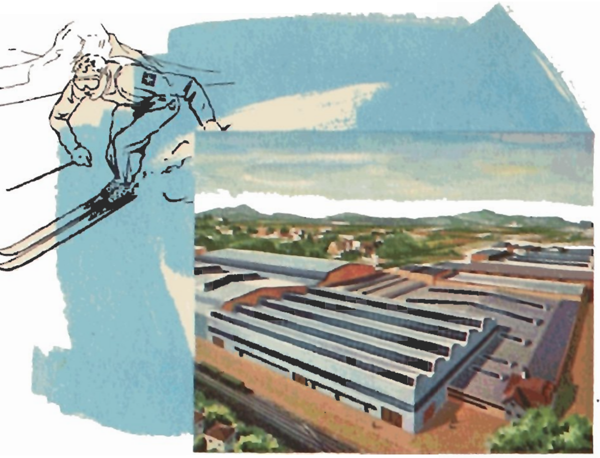


19 URUGUAY

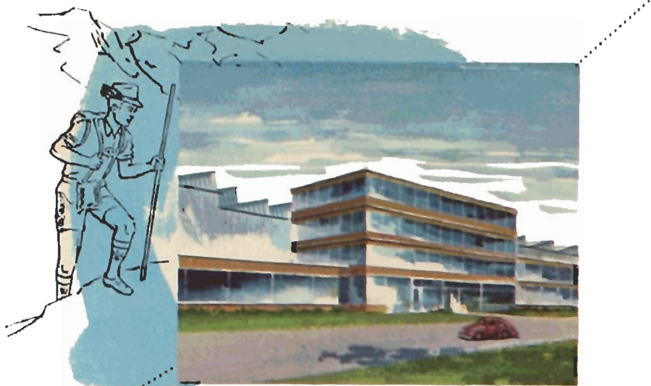


20 ARGENTINA

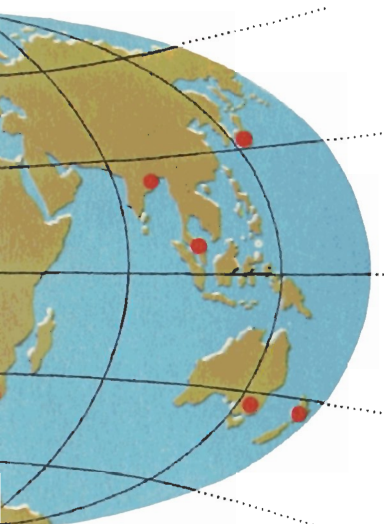


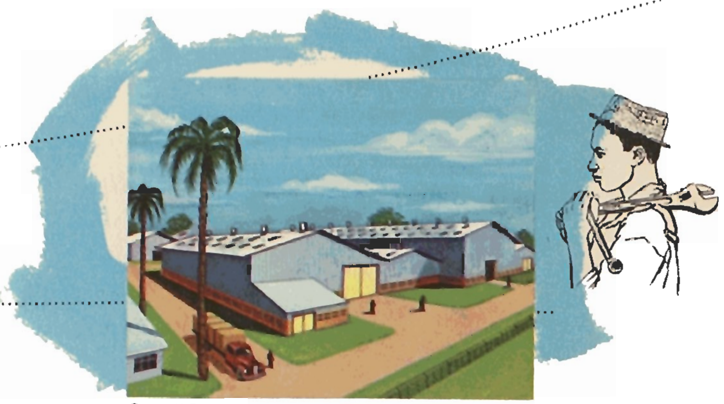


1 SWITZERLAND

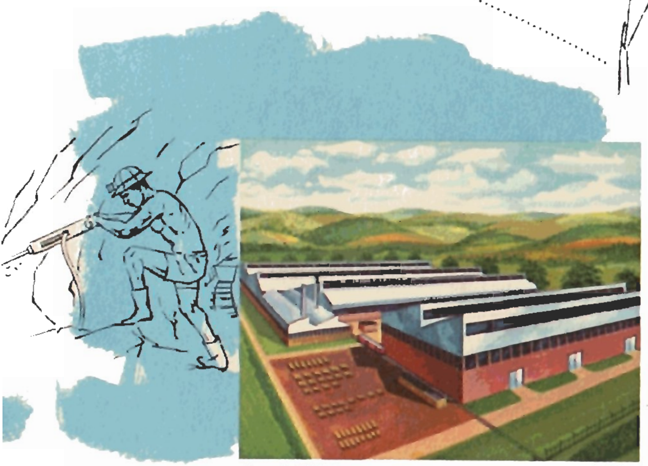


2 WEST GERMANY

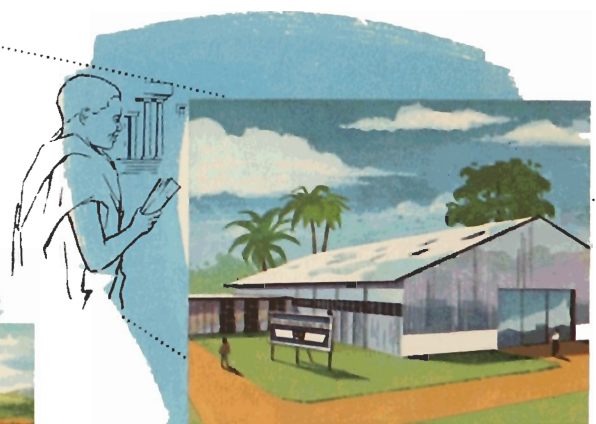




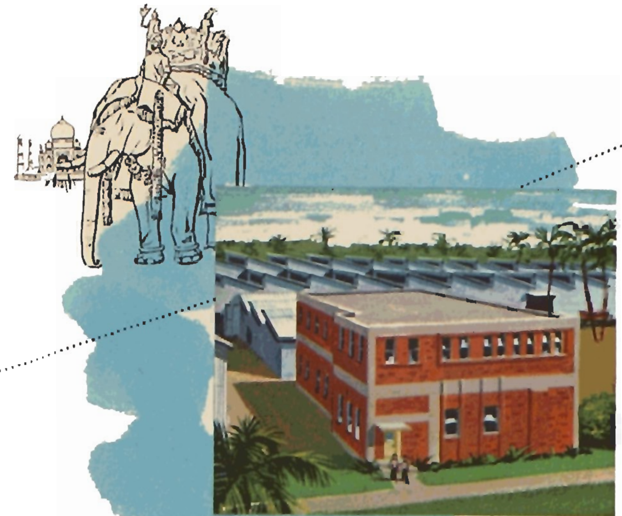
3 NIGERIA



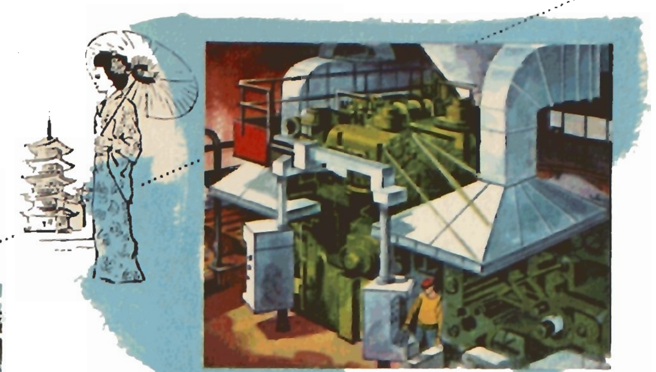
4 SOUTH AFRICA



5 GHANA

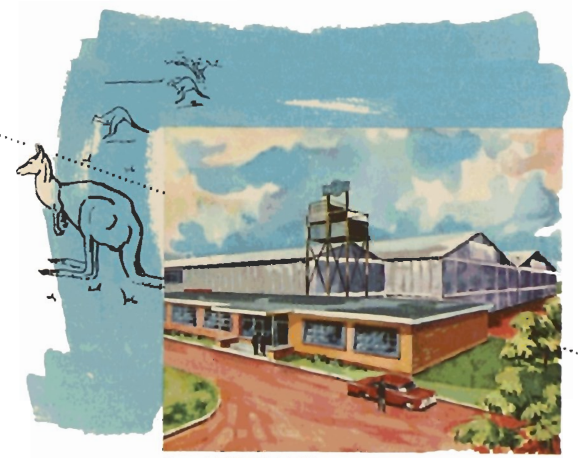


6 INDIA



7 JAPAN

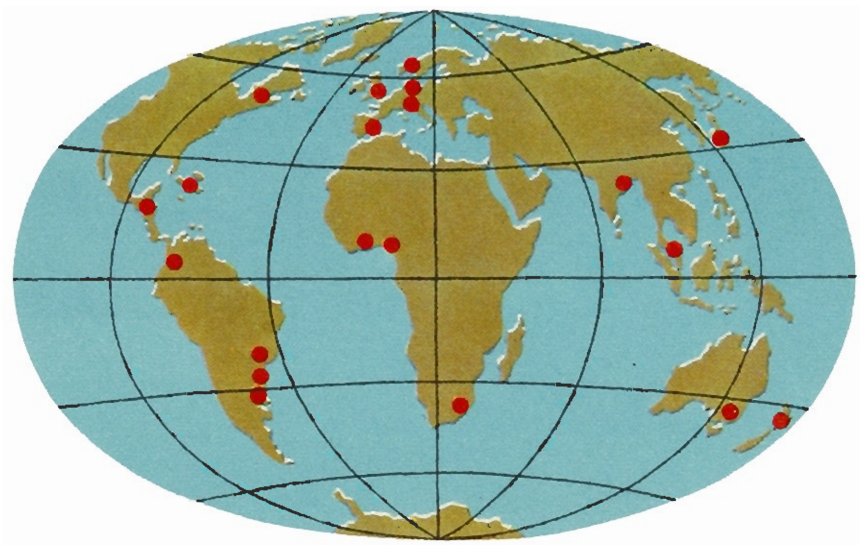
8 MALAYA



9 AUSTRALIA

10 NEW ZEALAND

WORLD-WIDE SALES ORGANIZATION



The Company's marketing activities are conducted by more than 70 sales offices and 100 agents in more than 100 countries. Many of these offices are established by the individual producing or fabricating subsidiaries to handle mainly domestic sales in the subsidiary's domestic market. The remaining sales offices transact the other and larger portion of the Company's total business which moves in the channels of international trade.

...ited • Aluminium Limited Sales, Inc. • Alcan S.A. • Alcan Australia Limited

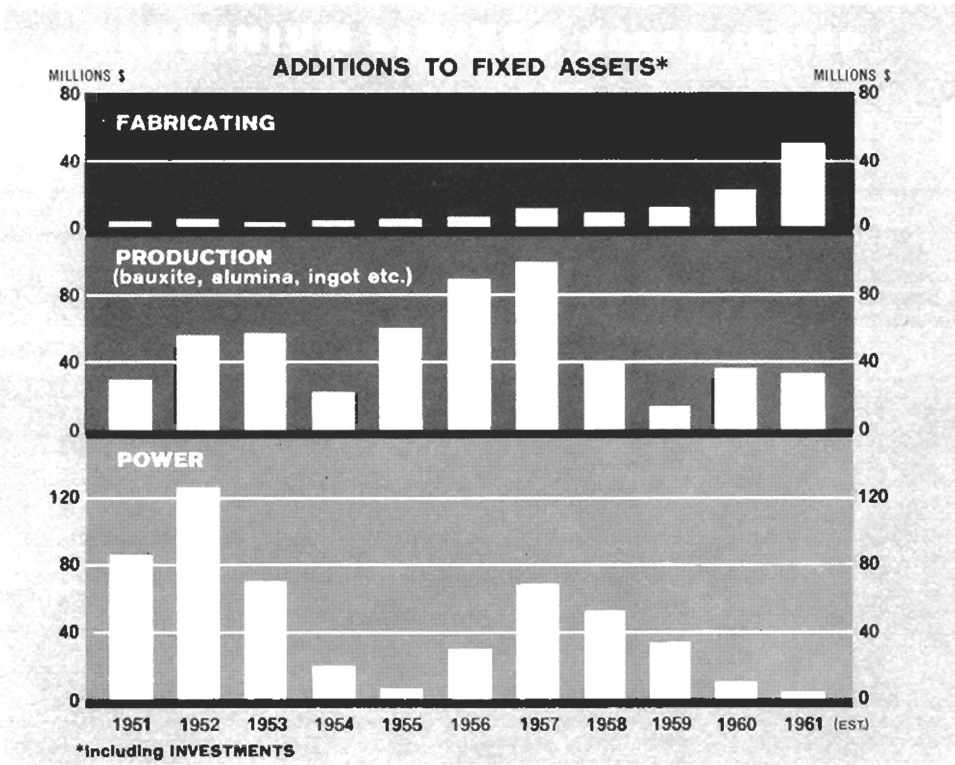
Alcan Asia Limited • Alcan Africa Limited • Alcan de Venezuela S.A. • Alcan de Mexico S.A.

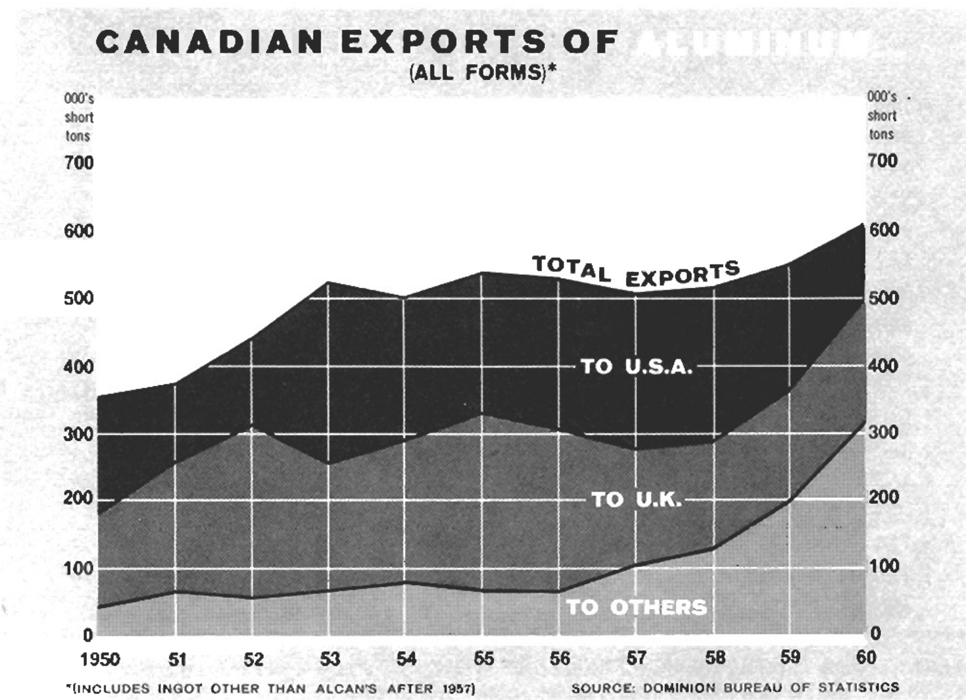
COMPARATIVE FINANCIAL STATISTICS

AS ADJUSTED

Year	Total Assets before Reserves	Sales and Operating Revenues	Net Income before Depreciation and Income Taxes	Current Income Taxes	"Cash Income"(1)	Number of Common Shares(2)	Per Common Share: Capital Stock and Surplus	Per Common Share: Net Income	Per Common Share: Cash Dividends
	Millions of Canadian Dollars					Millions	Canadian Dollars		
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	197	57	20	37	22.3	6	1.21	.43
1950	698	226	73	26	47	22.3	7	1.56	.59
1951	809	283	92	36	56	24.6	9	1.51	.62
1952	972	332	95	35	60	24.6	9	1.44	.65
1953	1,124	336	96	26	70	27.0	10	1.41	.66
1954	1,180	327	94	21	73	27.1	11	1.29	.65
1955	1,310	414	123	26	97	29.9	12	1.61	.71
1956	1,468	481	138	31	107	30.0	13	1.85	.77
1957	1,629	454	112	8	104	30.2	14	1.37	.84
1958	1,734	421	80	9	71	30.3	14	.74	.73
1959	1,820	448	91	13	78	30.4	14	.79	.53
1960	1,906	509	122	25	97	30.6	15	1.28	.68

(1) 1950 and thereafter is before reserve for future income taxes — see note 6 to financial statements.
(2) Outstanding at end of each year, adjusted for stock dividend in 1939 and stock splits in 1948, 1952 and 1957.


ADDITIONS TO FIXED ASSETS*
MILLIONS $
FABRICATING
PRODUCTION
(bauxite, alumina, ingot etc.)
POWER
80
40
0
120
1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 (EST.)
*including INVESTMENTS


CANADIAN EXPORTS OF
(ALL FORMS)*
000's short tons
700
600
500
400
300
200
100
0
TOTAL EXPORTS
TO U.S.A.
TO U.K.
TO OTHERS
1950 51 52 53 54 55 56 57 58 59 60
*(INCLUDES INGOT OTHER THAN ALCAN'S AFTER 1957)
SOURCE: DOMINION BUREAU OF STATISTICS

SOURCE AND APPLICATION OF FUNDS

IN MILLIONS OF CANADIAN DOLLARS

	1960	1950-1960 Inclusive
Cash and Marketable Securities		
(beginning of period)	$ 75	$ 63
Source of Funds:		
Net income	39	411
Straight-line depreciation	52	318
Reserve for future income taxes	6	132
Sales of securities:		
Aluminium Limited shares	5	110
Aluminum Company of Canada, Ltd. preferred shares	—	60(1)
Aluminum Company of Canada, Ltd. abatable notes	—	67
Aluminum Company of Canada, Ltd. fixed debt	—	310
Other fixed debt	—	59
Aluminum Company of Canada, Ltd. intermediate-term bank loans	4	115
Net increase in short-term borrowings	10	45
Other	6	36
	122	1,663
	$197	$1,726
Application of Funds:		
New plant	$ 64	$1,104
New investments	6	28
Redemption of debt and preferred shares	26	149
Dividends paid on common shares	21	207
Increase in working capital (excluding cash, marketable securities, short-term borrowings and funded debt payable within one year)	17	175
	134	1,663
Cash and Marketable Securities		
(end of period)	63	63
	$197	$1,726

(1) After deducting $30 million applied to redemption of previous issue.

CONSOLIDATED BALANCE SHEET ASSETS

31st December 1960

IN CANADIAN DOLLARS

	31st December 1960	*31st December 1959*
Current Assets:		
Cash	$ 57,553,438	$ 62,043,661
Government of Canada securities (quoted value $5,772,701)	5,774,052	13,222,934
Receivables	101,587,851	90,795,965
Inventories of aluminum, materials and supplies (note 3)	181,573,153	155,521,434
	346,488,494	321,583,994
Deferred receivables	15,461,037	11,945,472
Prepaid expense and deferred charges	12,243,580	12,579,008
Investments in companies not consolidated, at cost (note 4)	26,324,352	21,927,753
Lands, plants, riparian rights, and facilities, at cost (note 5)	1,505,544,253	1,452,417,810
Less: Accumulated amortization, depreciation and depletion (note 6)	547,230,173	503,198,830
	958,314,080	949,218,980
	$1,358,831,543	$1,317,255,207

CONSOLIDATED BALANCE SHEET LIABILITIES

31st December 1960

IN CANADIAN DOLLARS

	31st December 1960	*31st December 1959*
Current Liabilities:		
Payables	$ 61,141,750	$ 51,813,783
Short-term borrowings (principally in foreign currencies)	46,177,466	36,006,367
Income and other taxes	26,031,317	12,298,084
Other debt payable within one year (note 7)	942,000	630,000
	134,292,533	100,748,234
Debt not maturing within one year (note 7)	557,346,229	578,199,595
Reserve for future income taxes (note 6)	131,575,020	125,138,826
Preferred shares of consolidated subsidiaries, etc. (note 8)	76,455,931	77,160,039
Capital Stock and Surplus:		
Shares without nominal or par value (note 9) 30,553,259 shares outstanding	143,598,496	138,879,361
Capital surplus	7,403,125	5,783,100
Earned surplus (note 10)	308,160,209	291,346,052
	459,161,830	436,008,513
	$1,358,831,543	$1,317,255,207

Signed on behalf of the Board:

NATHANAEL V. DAVIS, Director

DANA T. BARTHOLOMEW, Director

CONSOLIDATED STATEMENT OF INCOME

For the year ending 31st December 1960

IN CANADIAN DOLLARS

	1960	*1959*
Sales and Revenues:		
Sales	$449,801,256	$392,400,109
Operating revenues (transportation services, power sales, etc.)	58,829,779	55,161,955
Income from marketable securities	185,415	686,773
Income from investments	1,808,651	1,059,619
Other income (note 11)	10,487,345	2,967,503
	521,112,446	452,275,959
Costs and Expenses:		
Cost of sales and operating expenses	322,852,567	292,380,796
Provision for depreciation and depletion (note 6)	51,855,385	47,019,754
Selling, general and administrative expenses	45,755,261	39,726,831
Interest on debt not maturing within one year	22,951,235	23,007,468
Other interest	3,219,658	2,013,998
	446,634,106	404,148,847
Income before income taxes	74,478,340	48,127,112
Provision for current income taxes	25,013,557	13,108,358
Reserve for future income taxes (note 6)	6,436,194	7,119,597
	31,449,751	20,227,955
Income after income taxes	43,028,589	27,899,157
Dividends on preferred shares of consolidated subsidiaries, etc.	3,918,827	3,808,437
Net income	$ 39,109,762	$ 24,090,720

Note: Net income for 1960 includes a cancellation fee of $4.5 million (net after tax) offset by overseas capital write-offs of $2.5 million and the adverse impact of a change in accounting policy of $1.9 million—see notes 1 and 11.

CONSOLIDATED STATEMENT OF SURPLUS

For the year ending 31st December 1960

IN CANADIAN DOLLARS

EARNED SURPLUS

Earned surplus — 31st December 1959		$291,346,052
Net income for the year		39,109,762
		330,455,814
Aluminium Limited dividends (1959 — $15,994,535)	$20,675,580	
Transfer to capital surplus	1,620,025	22,295,605
Earned surplus — 31st December 1960		$308,160,209

CAPITAL SURPLUS

Capital surplus — 31st December 1959	$ 5,783,100
Transfer from earned surplus of par value of preferred shares of Aluminum Company of Canada, Ltd. purchased for cancellation	1,620,025
Capital surplus — 31st December 1960	$ 7,403,125

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 eight 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.

The method of allocating the costs of the Group's ocean shipping operations was changed in 1960. This change in accounting policy, which tends to smooth out the impact on consolidated net income of seasonal fluctuations in such operations, had the effect of reducing consolidated net income for 1960 by $1.9 million with a corresponding reduction in the carrying value of year-end inventory.

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 1960, except that (a) inventories, 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.

2. Geographical Distribution of Assets and Liabilities:

A condensed analysis of the balance sheet at 31st December 1960, according to the domicile of the constituent companies and their branches, follows:

	North America	South America & Caribbean	United Kingdom & Continental Europe	All Other	Total
ASSETS		(in millions of dollars)			
Current Assets	193	32	97	24	346
Investments	3	3	13	7	26
Fixed assets	1,157	208	76	65	1,506
Less: Depreciation, etc.	(442)	(59)	(30)	(16)	(547)
Other assets	25	2	1	—	28
	936	186	157	80	1,359
LIABILITIES					
Current liabilities	51	17	56	10	134
Funded debt	526	11	12	8	557
Reserve for future income taxes	123	4	4	1	132
Preferred shares, etc.	70	—	—	7	77
	770	32	72	26	900
Common shareholders' equity	166	154	85	54	459

3. Inventories of Aluminum, Materials and Supplies:

Inventories, as summarized below, are stated at lower of cost or market.	1960	1959
Aluminum	$117,170,230	$ 86,855,312
Raw Materials	61,021,910	62,561,689
Supplies	25,152,161	20,725,556
	203,344,301	170,142,557
Less: Partial payments against aluminum under contracts for delivery at customer's option	21,771,148	14,621,123
	$181,573,153	$155,521,434

4. Investments in Companies not Consolidated, at cost:

	1960	1959
Companies more than 50% owned	$ 4,116,462	$ 4,932,372
Companies 50% owned	15,380,065	11,167,839
Companies less than 50% owned	6,827,825	5,827,542
	$26,324,352	$21,927,753

Aluminium Limited's interest in the net assets of those of the above companies owned 50% or more (located primarily in Australia, Japan, Mexico and Scandinavia), in which its investment amounted to $19.5 million at 31st December 1960, aggregated $34 million as indicated by the following summary of the assets and liabilities of these companies.

(In millions of dollars)

ASSETS		LIABILITIES	
Current assets	72	Current liabilities	44
Investments	8	Funded debt	50
Fixed assets	123	Third party interest	29
Less: Depreciation, etc.	(46)	Aluminium Limited interest	34
	157		157

Aluminium Limited's equity in the aggregate net income of these companies in 1960 amounted to $4.0 million of which $1.3 million was received in the form of dividends and included in consolidated income.

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

	1960	1959
Land and water rights	$ 58,053,769	$ 57,841,414
Mineral properties, rights and development	16,056,852	15,352,726
Buildings, machinery and equipment	1,306,903,455	1,272,279,169
Uncompleted facilities	45,881,004	46,286,807
	1,426,895,080	1,391,760,116
Construction work in progress	78,649,173	60,657,694
	$1,505,544,253	$1,452,417,810

The expenditure for uncompleted facilities represents the cost of certain smelter facilities in British Columbia, the construction of which, though since resumed at a slow pace, was suspended in 1957.

Capital projects envisaged for the next few years, including those referred to on pages 7 to 11 of this report, may involve the expenditure of some $90 million during 1961.

6. Depreciation Policy and Reserve for Future Income Taxes:

With minor exceptions, depreciation recorded in the accounts is calculated on a straight-line basis in respect of all completed facilities. Commencing in 1958 depreciation on this basis has also been charged in respect of the uncompleted facilities in British Columbia referred to in Note 5.

Income tax regulations in Canada, and in certain other countries, permit the use (for the purpose of determining income taxes) of various forms of capital cost allowances which do not coincide with the amount of depreciation recorded in the accounts. These allowances generally exceed straight-line depreciation during the early life of new assets and later fall short of it.

When capital cost allowances utilized for determining income taxes exceed straight-line depreciation, an amount equivalent to the resultant reduction in current income taxes is charged to income and credited to a Reserve for Future Income Taxes. When the allowances so utilized later fall short of straight-line depreciation, resulting in higher current income taxes than would otherwise be payable, an appropriate portion of the reserve is transferred back to income.

7. Debt not maturing within one year:	1960	1959
Aluminum Company of Canada, Ltd.:		
Revolving credit loans from banks under U.S. $160,000,000 credit agreement, convertible at the Company's option on or before maturity (1st May 1963) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. $119,000,000)	$115,519,907	$111,512,578
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	5,038,000	5,948,000
Series "B" (U.S. $11,478,000)	11,478,000	11,978,000
Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian currency and in United States currency in equal parts	7,125,000	7,425,000
3½% Sinking fund debentures, due 1971	33,212,000	34,493,000
3⅞% Sinking fund debentures, due 1970 (U.S. $63,373,000)	62,362,993	68,982,781
4½% Sinking fund debentures, due 1973	42,113,000	44,438,000
4½% Sinking fund debentures, due 1980 (U.S. $113,400,000)	109,745,526	115,006,343
Redeemable notes — payable to the U.K. Government — interest and $65,962,500 of principal abatable in certain circumstances as provided in the contracts under which they were issued:		
3% Notes, due 1971	54,950,000	54,950,000
3½% Notes, due 1971	24,975,000	24,975,000
3½% Notes, due 1974	40,000,000	41,915,446
Saguenay Power Company, Ltd.:		
First mortgage 3% Sinking fund bonds, due 1971 (U.S. $14,318,000)	14,318,000	15,680,000
3% Serial Debentures, due 1961/1965	1,500,000	1,800,000
Alcan Industries Limited:		
5% Debentures, due 1962/1964 (£750,000)	2,304,375	2,304,375
6% Debentures, due 1983 (£3,000,000)	9,421,512	9,421,512
Alumina Jamaica Limited:		
6% Bank loans, due 1962 (£4,000,000)	10,815,620	10,815,620
Other debt	13,409,296	17,183,940
	$558,288,229	578,829,595
Less: Debt payable within one year included in current liabilities ($18,740,337 less $17,798,337 already redeemed)	942,000	630,000
	$557,346,229	$578,199,595

Allowing for payments already made, sinking fund requirements over the next 5 years against the above debt, other than bank loans, amount to approximately $0.9 million in 1961 (appearing under Current Liabilities), $16.8 million in 1962, $19.7 million in 1963, $20.2 million in 1964 and $19.8 million in 1965.

8. Preferred Shares of Consolidated Subsidiaries, etc.:	1960	1959
Cumulative Redeemable Preferred Shares:		
Aluminum Company of Canada, Ltd.:		
4% Sinking fund first preferred shares	$10,382,975	$10,707,800
4½% Sinking fund second preferred shares	57,213,900	58,509,100
Indian Aluminium Company, Ltd., 5% Preferred shares	1,329,200	1,329,200
	68,926,075	70,546,100
Minority interest in equity of consolidated subsidiaries	7,529,856	6,613,939
	$76,455,931	$77,160,039

9. Capital Stock:

(*Number of shares and prices adjusted, where applicable, to reflect 1957 3 for 1 split*).

Capital stock was increased during 1960 as a result of the issuance, under the 1960 offering of the Employee Share Purchase Plan, of 172,224 shares at $25 and, in completion of the 1958 offering, of 5,805 shares at $23. The offering prices were fixed, under the terms of the Plan, at approximately 85% of the market prices current on the offering dates. At 31st December, 1960, 53,024 shares remained to be purchased by employees at $25 under the 1960 offering, and 718,885 shares were available for further offerings under the Plan. Prior to 1960 a total of 250,062 shares were issued under the Plan at prices of $12.33, $34.66 and $23.

Capital stock was further increased during 1960 as a result of the exercise of options as indicated in the following tabulation, which also summarizes other changes during the year in the status of outstanding options. These options were granted to officers and other employees under the Share Option Plans, the option prices having been fixed, under the terms of the Plans, at the market prices ruling when the options were granted.

Option price and year of grant	Shares under option 1 January 1960	Year 1960 Exercised	Year 1960 Granted	Year 1960 Cancelled	Shares under option 31 December 1960
$15.84 - 1953	168,420	17,678	—	—	150,742
31.25 - 1955	198,030	—	—	5,400	192,630
36.50 - 1959	137,750	—	—	4,250*	133,500
30.75 - 1960	—	—	67,750†	—	67,750
	504,200				544,622

* Available for further options.
† Exercisable from 17th February 1961.

The number of shares available for the granting of options decreased during 1960 from 162,250 to 98,750. Prior to 1960 a total of 382,080 shares were issued at $15.84 and 10,470 shares at $31.25 upon the exercise of options.

10. Earned Surplus:

Consolidated earned surplus at 31st December 1960 includes approximately $133 million 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.

11. Other Income:

In 1960 other income includes a cancellation fee of $9.0 million, a gain of $1.4 million on disposal of surplus fixed assets ($1.1 million in 1959) and a profit from the redemption of debt of $1.4 million ($1.2 million in 1959). The 1960 amount is reduced by $2.5 million representing the write-off of certain overseas investments and other assets.

12. Commitments:

A subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to $22.3 million in 1961 ($27.4 million paid in 1960), $17.1 million in 1962, $11.2 million in 1963, $6.4 million in 1964, $4.4 million in 1965, $2.4 million in 1966 and lesser amounts up to 1974.

See also reference to capital expenditure program in note 5.

13. Statutory Information:

Executive salaries for the year 1960 were $3,126,259, legal fees $247,942, directors' fees $67,948, Canadian income taxes $11,601,783.

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

CANADA CEMENT BUILDING
PHILLIPS SQUARE
MONTREAL 2

14th March 1961

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and consolidated subsidiaries as at 31st December 1960 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 1960 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 except for the change (which we approve) in the method of allocating ocean shipping costs referred to in note 1 to the financial statements.

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

ALUMINIUM LIMITED

PRINCIPAL OPERATING SUBSIDIARIES AND AFFILIATES

Main Countries of Operations	*Company*	*Products or Activity*	*Aluminium Limited's Equity*	*Chief Executive or Operating Officer*
CANADA	Aluminum Company of Canada, Limited	primary ingot, sheet, foil, extrusions, cable, wire, forgings, castings, aluminum paste, alumina, chemicals; generates own hydro-electric power.	100%	Fraser W. Bruce, *President*
	Aluminium Laboratories Limited	research, engineering and exploration. Laboratories at Banbury (England), Arvida and Kingston.	100%	H. H. Richardson, *President*
	Aluminum Goods Limited	industrial products, outboard boats, sales.	100%	N. E. Russell, *President*
	Newfoundland Fluorspar Limited	owns and operates fluorspar mine at St. Lawrence, Newfoundland.	100%	Rupert Wiseman, *General Manager*
	Roberval & Saguenay Railway Company, The	owns and operates a railway from Port Alfred to Arvida.	100%	F. A. Dagg, *Vice President, General Manager*
	Saguenay Shipping Limited	operates a fleet of Group owned and chartered ships. Shipping arm of Aluminium Limited.	100%	F. L. Parsons, *President*
	Saguenay Terminals Limited	operates wharves and terminal facilities at Port Alfred.	100%	F. A. Dagg, *Vice President, General Manager*
	Alma & Jonquières Railway Company, The	owns and operates a railway from Isle Maligne to C.N.R. main line.	93.6%	B. A. Walker, *Vice President, Manager*
	Saguenay Electric Company	retails electricity in Saguenay district of Quebec.	93.6%	Gaston Dufour, *President, General Manager*
	Saguenay Power Company, Ltd.	owns and operates hydro-electric power station at Isle Maligne.	93.6%	N. S. Crerar, *President, General Manager*
	Saguenay Transmission Company, Limited	transmits and sells electric power wholesale in Saguenay district.	93.6%	N. S. Crerar, *President*
LATIN AMERICA AND CARIBBEAN				
ARGENTINA	*Antonio Vernocchi S.A.I.C.I.F.	rolls foil at Buenos Aires.	76%	H. A. Edelmann, *President*
BRAZIL	Aluminio do Brasil S.A.	sheet, extrusions, foil and utensils in Brazil.	100%	F. A. Sievert, *Director-President*
	Aluminio Minas Gerais S.A.	primary ingot and alumina; also ferro-alloys; mines own bauxite deposits in Brazil. Generates own power.	100%	T. A. Wootton, *Managing Director*

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

ALUMINIUM LIMITED

PRINCIPAL OPERATING SUBSIDIARIES AND AFFILIATES

Main Countries of Operations	*Company*	*Products or Activity*	*Aluminium Limited's Equity*	*Chief Executive or Operating Officer*
LATIN AMERICA AND CARIBBEAN *(continued)*				
COLOMBIA	Aluminio Alcan de Colombia S.A.	operates extrusion plant and sheet mill.	73.13%	John P. Lee, *President*
BRITISH GUIANA	Demerara Bauxite Company, Limited	owns and operates bauxite mines and treating plant for preparation of various grades of bauxite in British Guiana. Alumina plant under construction.	100%	J. G. Campbell, *Managing Director*
	Sprostons Limited	shipping, trading, construction and miscellaneous services in British Guiana.	100%	J. C. Batzold, *Managing Director*
JAMAICA	Alcan Products of Jamaica Limited	operates sheet corrugating and furniture plant.	100%	J. C. Batzold, *Managing Director*
	Alumina Jamaica Limited	alumina in Jamaica from company-owned bauxite deposits; agriculture and cattle development.	100%	D. A. Bryn Davies, *Managing Director*
	Sprostons (Jamaica) Limited	operates Port Esquivel; trading, construction and miscellaneous activities throughout Jamaica.	100%	J. C. Batzold, *Managing Director*
MEXICO	*Aluminio Industrial Mexicano, S.A.	sheet, foil, extrusions and paste in Mexico.	60.9%	R. A. Blay, *President*
	*Fluoresqueda, S.A.	mines fluorspar.	33.3%	James W. Swent, *President*
TRINIDAD	Chaguaramas Terminals Limited	owns and operates a bauxite transshipping station with dock, storage at Trinidad.	100%	John Macindoe, *Vice President*
	Sprostons (Trinidad) Limited	trading, miscellaneous services, sheet corrugating plant in Trinidad.	100%	J. C. Batzold, *Managing Director*
URUGUAY	Aluminio del Uruguay S.A.	sheet, circles, extrusions and foil in Uruguay.	70.9%	Hans B. Tafelmacher, *Managing Director*
EUROPE				
DENMARK	Dansk Aluminium Industri A/S	utensils and tanks; jobbers in Denmark.	50%	Carl Jacobsen, *General Manager*
FRANCE	Alcan Aluminium de France	aluminum paste, extrusions in France.	100%	Paul Frétault, *Chairman, General Manager*
	Société Anonyme des Bauxites et Alumines de Provence	bauxite mining in Southern France.	100%	André Chalmin, *Chairman, General Manager*

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ALUMINIUM LIMITED

PRINCIPAL OPERATING SUBSIDIARIES AND AFFILIATES

Main Countries of Operations	*Company*	*Products or Activity*	*Aluminium Limited's Equity*	*Chief Executive or Operating Officer*
FRANCE & GUINEA	Bauxites du Midi	owns bauxite mines at Brignoles, France. Mines and treats bauxite in Guinea.	100%	J. Y. Eichenberger, *Chairman, General Manager*
GERMANY	Aluminiumwerke Göttingen G.m.b.H.	sheet, utensils, impact extrusions and job shop work.	100%	R. W. Herzer, *Manager*
	Aluminiumwerke Nürnberg G.m.b.H.	foundry at Nürnberg, Germany.	100%	Kurt Schneider, *Manager*
ITALY	Società dell'Alluminio Italiano S.p.A.	primary and secondary ingot in Italy; generates own hydroelectric power.	100%	I. Barontini, *Managing Director*
NETHERLANDS	*N.V. Nederlandsche Aluminium Maatschappij	sheet, extrusions, foil and alpaste at Utrecht, Netherlands.	40%	G. J. J. Both, Sr., *President*
NORWAY	*A/S Nordisk Aluminiumindustri	sheet, rod, utensils and castings at Holmestrand, Norway.	50%	Nils Ramm, *Managing Director*
	*A/S Norsk Aluminium Company	primary ingot, alumina, pig iron; generates own hydroelectric power.	50%	Nils Ramm, *Managing Director*
	*Det Norske Nitridaktieselskap	primary ingot in Norway.	50%	Egil Kollenborg, *Managing Director*
SPAIN	*Aluminio Iberico, S.A.	sheet, extrusions, rod and cable in Spain.	42.29%	D. A. Corbett-Thompson, *General Manager*
SWEDEN	*AB Svenska Aluminium-kompaniet	primary ingot in Sweden.	50%	Herman S. Lund, *Managing Director*
SWITZERLAND	Aluminiumwerke A.-G. Rorschach	sheet and foil in Switzerland.	100%	Charles Meiner, *President*
	*Fabrique d'Emballages Métalliques S.A.	manufacture of aluminum cans in Switzerland, Netherlands, France.	33.3%	Paul Sieber, *Managing Director*
UNITED KINGDOM	*Alcan Enfield Alloys Limited	produces secondary foundry alloys.	50%	W. W. Kee, *Managing Director*
	Alcan Industries Limited	sheet, extrusions, castings, rod wire, forgings, aluminum paste in England. Branch plant, New Zealand.	100%	S. E. Clotworthy, *Managing Director*

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ALUMINIUM LIMITED

PRINCIPAL OPERATING SUBSIDIARIES AND AFFILIATES

Main Countries of Operations	*Company*	*Products or Activity*	*Aluminium Limited's Equity*	*Chief Executive or Operating Officer*
AFRICA				
GHANA	*Ghana Aluminium Products Limited	corrugating, window and furniture manufacture.	60%	D. P. Crilly, *Managing Director*
NIGERIA	*Nigeria Aluminium Products Limited	corrugating plant.	60%	Bruce Manning, *Managing Director*
	*Tower Aluminium (Nigeria) Limited	utensil plant.	25.6%	D. E. Davey, *General Manager*
UNION OF SOUTH AFRICA	Alcan Aluminium of South Africa Limited	sheet, foil and extrusions in Union of South Africa. Sales of these products.	100%	N. H. Custers, *Managing Director*
ASIA				
INDIA	Indian Aluminium Company, Limited	alumina, primary ingot, sheet, paste, extrusions; mines own bauxite deposits in India.	65%	J. F. Horwood, *Acting Managing Director*
JAPAN	*Nippon Light Metal Company, Ltd.	primary ingot alumina; generates own hydroelectric power in Japan. Has 70% equity in company with three fabricating plants.	50%	Giichi Kusano, *President*
	*Toyo Aluminium K.K.	sheet, foil and alpaste.	50%	Y. Oyamada, *President*
MALAYA	Southeast Asia Bauxites Limited	mines bauxite on the Malay Peninsula.	75%	A. R. Chin-Bing, *Manager*
SARAWAK	*Sematan Bauxite Limited	bauxite mines in Sarawak.	33.3%	W. A. Conrad, *Managing Director*
AUSTRALASIA				
AUSTRALIA	*Aluminium Foils (Australia) Pty. Limited	foil.	50%	W. S. Hogg, *General Manager*
	*Australian Aluminium Company Limited	sheet, extrusions and foundry ingot.	50%	O. F. McMahon, J. E. Hatton, *Joint Managing Directors*

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AUDITORS

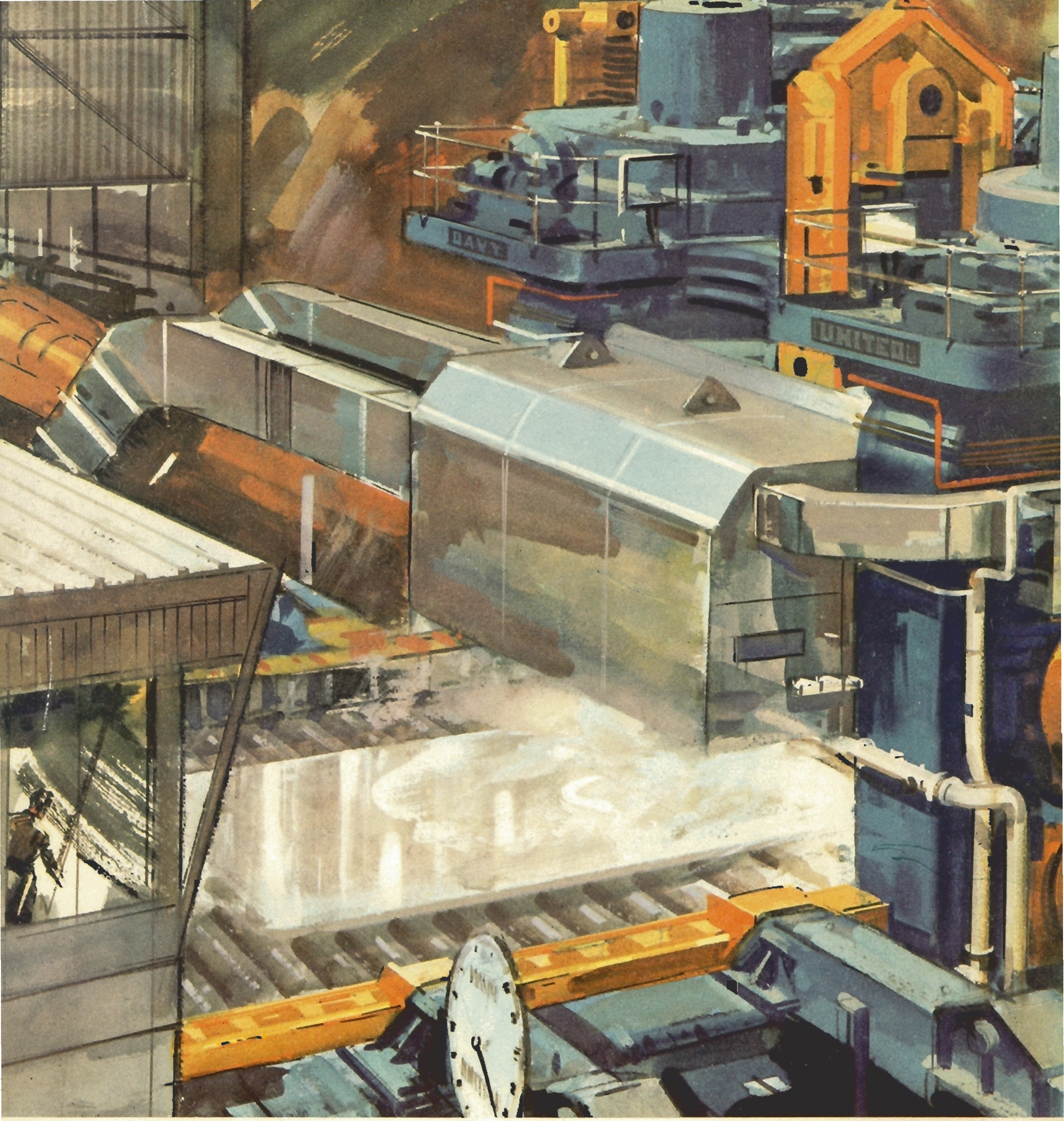
PRICE WATERHOUSE & CO.

TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED, *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*
PITTSBURGH NATIONAL BANK, *Pittsburgh*
THE HANOVER BANK, *New York City*


DAVY