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**ALUMINIUM LIMITED ANNUAL REPORT FOR THE YEAR 1961**



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***ALUMINIUM LIMITED ANNUAL REPORT FOR THE YEAR 1961***







## *DIRECTORS AND OFFICERS*

### *DIRECTORS*

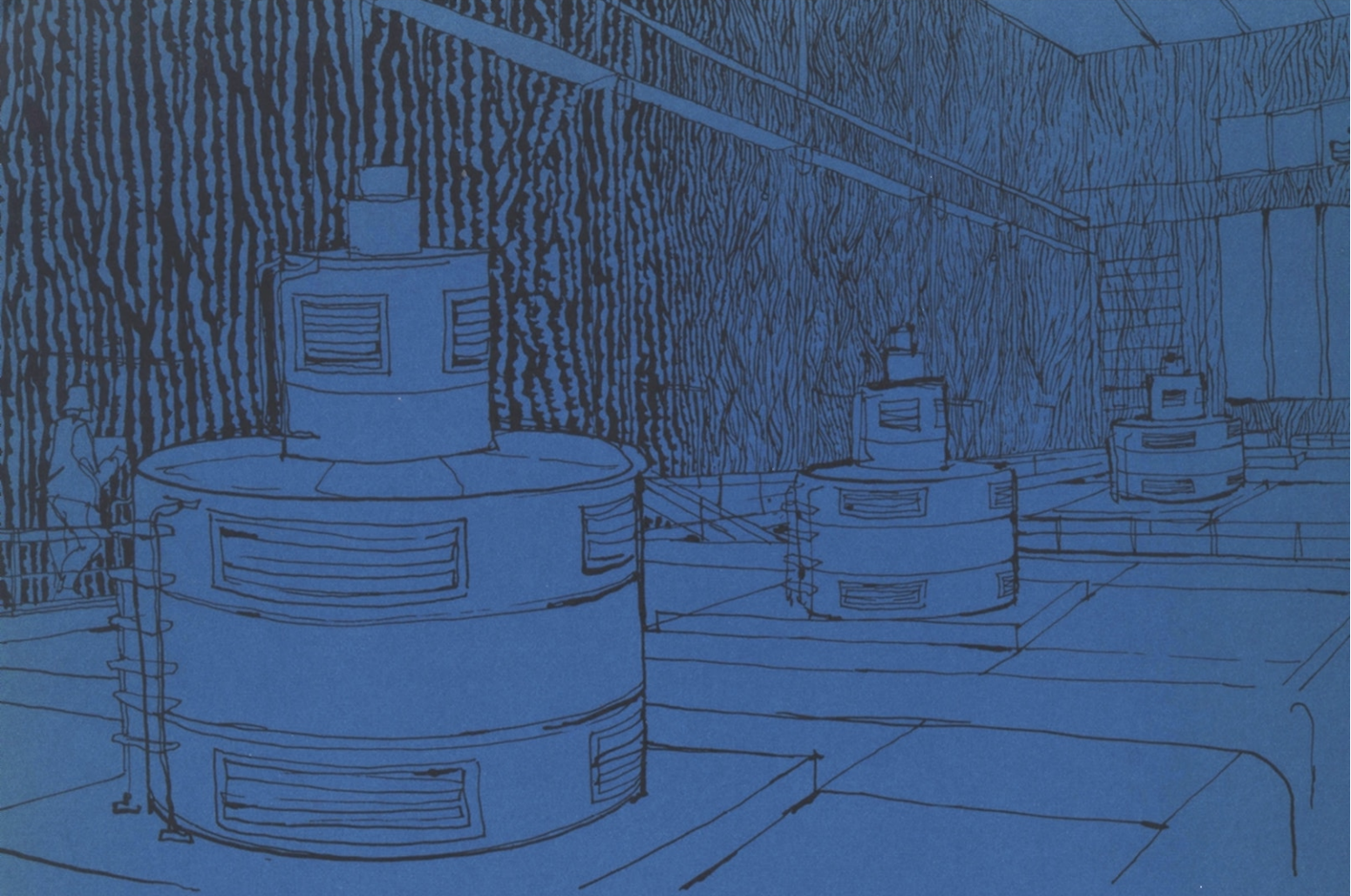
FIELD-MARSHAL THE RT. HON. THE EARL ALEXANDER OF TUNIS, K.G.

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, Vice-  
President and Director of Operations J. F. EVANS, Treasurer PAUL LAROQUE, Ass't. Secretary and Ass't. Treasurer  
K. C. BALA, Assistant Secretary D. K. PETAPIECE, Assistant Secretary DOROTHY CASSELMAN ROSS, Assistant  
Secretary O. E. COLLING, Assistant Treasurer D. M. KERTLAND, Assistant Treasurer





# THE YEAR 1961 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 per share

For Year Ended 31st December	
1961	1960
\$ 516.9 million	\$ 508.6 million
\$ 59.5 million	\$ 74.5 million
\$ 54.7 million	\$ 58.3 million
\$ 30.6 million	\$ 39.1 million
30,662,472	30,553,259
\$ 1.00	\$ 1.28
(U.S.) 60c	(U.S.) 70c

## BALANCE SHEET ITEMS

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

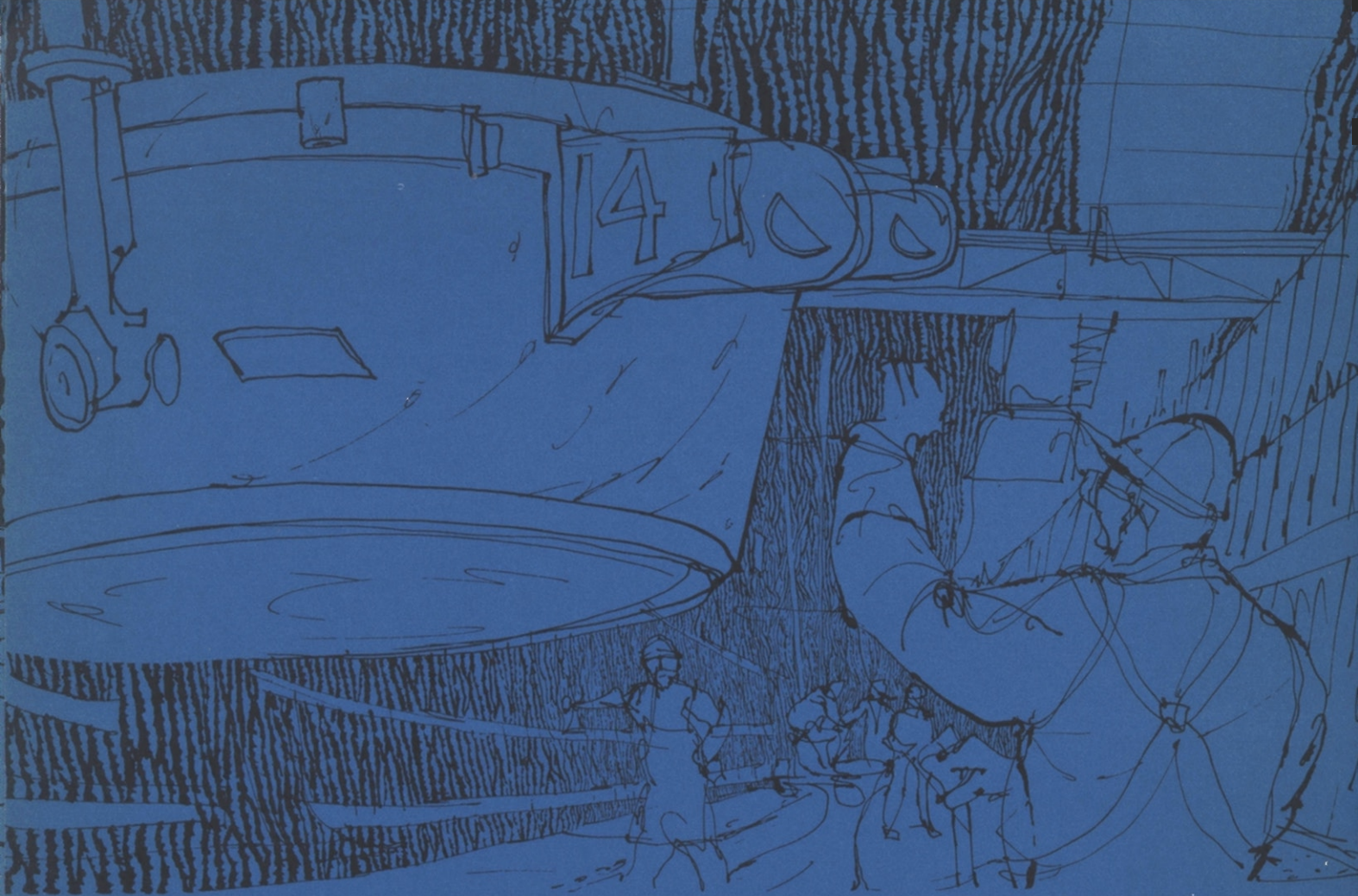
As at 31st December	
1961	1960
\$ 215.6 million	\$ 212.2 million
\$1,540.0 million	\$1,505.5 million
\$ 65.9 million	\$ 64.3 million
\$ 450.8 million	\$ 459.2 million

## OTHER

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

1961	1960
663,564 tons	705,102 tons
48,000	49,000
53,775	61,281







# REPORT TO THE SHAREHOLDERS

The 34th Annual Report of Aluminium Limited covering the affairs and the financial results of the Company for the year 1961 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, 1961, 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.

NET INCOME of Aluminium Limited consolidated, after all charges, including dividends on preferred shares of subsidiaries, was \$30.6 million or \$1 a share on the 30.7 million shares outstanding at the end of the year. This compares with net income of \$39.1 million or \$1.28 a share on the 30.5 million shares outstanding at the end of 1960.

CONSOLIDATED SALES of aluminum in all forms were 663,600 tons, after certain fourth quarter adjustments, compared with 705,100 tons in 1960.

SALES AND OPERATING REVENUES amounted to \$516.9 million compared with \$508.6 million in 1960. After deducting "cost of sales and operating expenses", there remained \$187.3 million in 1961 compared with \$185.8 million in 1960.

CASH GENERATION, comprising net income and depreciation, was \$85.3 million in 1961 or \$2.78 a share compared with \$97.4 million or \$3.19 a share in 1960.

DIVIDEND PAYMENTS during 1961 were U.S. 15c a share in each quarter. Total dividends disbursed were equivalent to \$18.6 million in Canadian funds compared with \$20.7 million in 1960.

EXPENDITURES ON NEW CAPITAL FACILITIES AND INVESTMENTS during the year totalled \$79 million compared with \$70 million in 1960.

\* \* \* \* \*

The reduction in earnings in 1961 was due, in part, to the decline in tonnage of sales and to stiffer price competition. Furthermore, a comparison of the earnings for the two years must take into account the fact that 1960 after-tax earnings benefited by some \$2 million from the two non-recurring factors shown in note 11 to the Financial Statements whereas 1961 earnings for the year as a whole suffered an after-tax loss of nearly \$2 million caused by the shutdown at Kitimat to enable repairs to be made to the Kemano tunnel.

The Company's sales tonnage declined by some 6% from the 1960 level. Despite this decline in total tonnage, sales revenues and cost of sales showed increases in 1961 due mainly to a larger proportion of aluminum sales being made in higher valued products costing more to produce. Sales of non-aluminum commodities were also higher in 1961.

During the year Alcan's Canadian smelters operated at an average of 73% of capacity. This rate of production was more than sufficient to meet group sales requirements and metal inventories were increased by approximately \$19 million during the course of the year. At the end of the year Alcan smelters were operating at 77% of capacity.

The Company estimates that consumption of aluminum in the free world in 1961 increased by approximately 180,000 tons or 4% over 1960. At the same time there was an estimated decline in primary production by some 100,000 tons or 2%. Nevertheless, there was no letup in the severe competitive conditions which have prevailed in the industry. The heavy load of surplus capacity remained a major determinant of international trade patterns in aluminum and continued to exert a downward pressure on prices. The most notable change in the price structure occurred in September when the published price in the United States was reduced from U.S. 26c to U.S. 24c per lb. In February of this year the Company reduced its price in overseas markets to U.S. 22½c per lb.

The course of Canadian exchange has materially affected the results of the Company in recent months. For example, in 1960 the value of the Canadian dollar averaged 1.03 to the U.S. dollar. In 1961 it averaged .99 to the U.S. dollar and in recent months has declined to below .96 to the U.S. dollar. As a result of these changes

and disregarding the fact that some of the benefit can be said to have been passed on in reduced prices to the export markets, it is estimated that 1961 earnings benefited to the extent of some \$4 million in relation to 1960. Under present exchange rates, operations in 1962 are benefiting to an extent sufficient broadly to offset recent reductions in published prices.

The pattern of demand for aluminum within the countries of the free world depends directly on the health of the individual economies, the balance of trade, and foreign exchange problems. In 1961, while demand fell off in the United Kingdom, the European Economic Community and Australia, it rose in Latin America and Japan. In the United States and Canada there was a net growth of 8% which, in the United States in particular, resulted in an increase in shipments in the latter part of the year. So far in 1962, the Company's sales of ingot products have increased in the Americas but have declined in other areas, particularly Europe. Sales of semi-fabricated products have continued to expand generally.

I am glad to report that the repairs and improvements in the Kemano tunnel were successfully completed permitting resumption of normal operations on September 12th. The Company's engineers and consultants believe that the work done should ensure the trouble-free operation of the tunnel in future. Measurements taken since completion of the repairs indicate that the water-carrying capacity of the tunnel is greater than the original design capacity and studies are being carried on to determine whether the firm power rating may be increased.

On the fabricating side of the business, which is becoming increasingly important for the Company, the program for the expansion of fabricating facilities proceeded satisfactorily in 20 countries during the year. The steps being taken are expected to provide for larger assured outlets for our primary aluminum. While more details are given in the Review of the Year, which follows, mention should be made of the startup of a new sheet plant in New Zealand in September, the start of construction of new sheet plants in Nigeria and Malaya, and the acquisition of a modern aluminum foundry in West Germany. In Sweden the Company exchanged its half interest in a smelting company for a significant share participation in the leading Swedish fabricating company, A/B Svenska Metallverken. While in 1961 the Company's expansion program in the field of fabricating added only modestly to the capacity of those companies in which Aluminium Limited owns a 50% or greater equity, the projects under way or authorized are expected to result in an increase of 30% in capacity over the next two years.

Competition in semi-fabricated products was strong in all markets. Nevertheless, consolidated shipments increased by 5% over the previous year and made an important contribution to net income.

The construction of facilities to produce aluminum by the basically new process announced in July 1960 proceeded satisfactorily during the year. The plant will go into operation in 1962.

In the field of bauxite, previous statements have referred to the steps the Company has taken, firstly on its own and later in conjunction with several other major producers, to obtain the necessary financing to complete a proposed large-scale bauxite and alumina development in the Republic of Guinea, West Africa. In August it became clear that appropriate long-term financing could not be obtained for such a large-scale project and the Government of Guinea was so informed. In consequence, the Government of Guinea has taken over all of the Company's assets in the country on the grounds that compensation was owing for the Company's failure to proceed with the project as foreseen in the long-term convention entered into in 1958.

It is a matter of regret that the Company's efforts to bring about the development of the important bauxite resources in Guinea have not so far been successful. While the outlook is unclear, it is hoped that it may still be possible to resume the project sometime in the future on a modified basis mutually advantageous to the Government of Guinea and to the participants.



Steps have been taken by the Company for the replacement from other sources of that part of the Company's bauxite requirements which had been provided from Guinea and which last year amounted to less than 10% of total requirements. In the absence of any assurance that the project will be revived, the Company is assuming the total loss of its investment in Guinea, estimated at \$24.5 million, which has been written off directly against surplus account.

Many of the bauxite resources now being operated by the Company and many other producers in the industry are located in areas which have recently achieved, or are rapidly achieving, political independence which is frequently attended with economic problems. Bauxite or alumina for our Canadian operations is presently obtained from Jamaica, British Guiana and Surinam. We believe that the bauxite and alumina companies there are broadly and soundly based and well regarded by the respective governments as good industrial citizens making an essential contribution to their economies. The Company has additional bauxite facilities operating in Malaya, Sarawak and France. It also has bauxite operations in India and Brazil, which form part of the integrated aluminum industry in those countries. To achieve a still broader base of supply to meet the increased requirements for future growth, the Company continues to investigate additional bauxite deposits in Australia, the Pacific and other areas.

In last year's report reference was made to the appearance of area protectionism and economic nationalism in some parts of the world — developments which pose a threat to international business including that of Aluminium Limited. In 1961, the predominant forces at work, particularly the international trade policies advanced by the United States administration, give encouragement that ways will be found to bring about freer trade conditions in the international aluminum industry. The Company firmly believes that freer trade conditions provide the soundest basis for the continued development and growth of the industry.

In conclusion, 1961 was not an easy year. Commercially, the severe competition which has existed during the past few years was, if anything, intensified. In common with the industry as a whole, the Company's earnings fell well short of representing a satisfactory return on the capital invested, largely if not solely as a result of the forces brought on by overcapacity. Much is being done by the Company and others in the industry to contribute to the growth of consumption through sales development activities and by adding the fabricating facilities needed to convert aluminum into useable forms. This and our confidence in the future are reflected in planned fixed capital outlays and investments of \$80 million in 1962 following upon comparable expenditures of \$79 million in 1961.

While the degree of buoyancy of general business in world markets has a more immediate impact on consumption — and on the level of the Company's sales — the development work being done and the expansion of fabricating facilities are clearly contributing to the increase in consumption of aluminum. It is to be hoped that the effect of these steps will not be nullified by unjustified increases in primary capacity undertaken without reference to the basic forces of supply and demand in the free markets of the world.

While there are many tasks to accomplish before the Company's earnings can be brought into better proportion to the capital invested, all members of our personnel are conducting the Company's affairs with enthusiasm and a conviction that the Company has a sound position in a growing industry. It is a pleasure for me to pay tribute to the manner in which all of our personnel continue to contribute to the Company's ongoing.

*Nathanael V. Davis*

President

Montreal, Canada,  
March 14th, 1962.





# REVIEW OF THE YEAR 1961

## OPERATIONS

ALUMINUM INGOT—The Aluminum Company of Canada, Ltd. produced 549,000 tons\* of primary aluminum in 1961, compared with 637,800 tons in 1960 and 503,500 tons in 1959.

In 1961 Alcan's production rate was at an average level of 73% of capacity, as compared with the average production rate of 85% of capacity for 1960. The Kitimat smelter was shut down temporarily to permit of repairs to the Kemano power tunnel.

A modified construction program was carried on at Kitimat in 1961 directed towards the completion of buildings which will house new smelter potlines when they are required.

During the year, Alcan improved and enlarged the facilities for the casting of extrusion billets and sheet ingots at its smelters at Arvida, Kitimat and Isle Maligne. Further improvement and enlargement of these facilities at Shawinigan and Kitimat will be carried out during 1962.

Three-year collective labour agreements were signed during the year for the Canadian smelters at Arvida, Isle Maligne, Shawinigan and Beauharnois. A three-year contract had already been made for Kitimat during the latter half of 1960.

### OTHER SMELTER OPERATIONS

In 1961 Aluminium Limited's other smelting subsidiaries and affiliates (including those in Brazil, India, Italy, Japan, Norway and Sweden) produced a total of approximately 182,000 tons compared with 190,000 in 1960.

As in 1960 certain of these overseas companies undertook expansion of their primary capacity to meet the expected domestic market requirements in circumstances where foreign exchange and other factors militated against full reliance on imports.

During the year the Company transferred its half interest in the aluminum-smelting company in Sweden known as A/B Svenska Aluminiumkompaniet, to A/B Svenska Metallverken, the largest fabricator of aluminum in Sweden, which thereby acquired full ownership of the smelting company. Aluminium Limited in return received a substantial interest in A/B Svenska Metallverken and will continue to supply all the alumina requirements of the Swedish smelters.

In 1961 construction of the Indian Aluminium Company's new bauxite, alumina and smelter capacity proceeded according to schedule. Towards the end of the year new smelting capacity at Hirakud, and new alumina capacity at Muri, were brought into production. The Company's primary aluminum capacity in India is now 30,000 tons per annum.

Aluminio Minas Gerais S.A., a subsidiary in Brazil, brought new smelter capacity into operation during the latter half of 1961. When the current extension is completed in the first half of 1962, the smelter will have a capacity of 14,000 tons per annum.

\* short tons of 2,000 lbs. each

In Japan the Nippon Light Metal Company completed the expansions of its smelter at Kambara and its alumina plant at Shimizu which were scheduled for 1961, and embarked on a further program designed to increase the combined annual capacity of the Company's smelters to 113,000 tons by early 1963.

#### HYDRO ELECTRIC POWER

On a planned basis, aluminum production at the Kitimat smelter in British Columbia was stopped on June 19th in order that the Kemano power tunnel could be drained to permit inspection and probable repair. A rockfall was found in the tunnel as expected. Satisfactory repairs and improvements were successfully completed in 3 months at Kemano and normal operations were resumed at Kitimat in September. In the opinion of the Company's engineers and consultants, the measures taken should ensure trouble-free operation of the tunnel in future. The water-carrying capacity of the tunnel is greater than the original design capacity. Engineering studies are being carried on to determine the effect of this on the firm power rating of the first half of the Kemano development.

Operating experience with the Saguenay Hydro-Electric System since the completion of the Chute-des-Passes generating station has shown that, due to modifications in design during reconstruction of the Manouan Dam and to better efficiencies of generating and transmission than expected, the system now has a firm capacity of 2,600,000 h.p. instead of the 2,500,000 h.p. previously anticipated. While there was a small decrease in the amount of power utilized for aluminum production from the Saguenay Power System, power sales to domestic residents and commercial customers in the Saguenay region continued to increase. Total group power sales to third parties amounted to \$15.6 million in 1961.

#### RAW MATERIALS

In British Guiana, Demerara Bauxite Company, Limited produced 1,788,000 tons of bauxite of all grades. The Company's new alumina plant began production in January 1961, and produced 146,000 tons by the end of the year.

In Jamaica, the alumina plants of Alumina Jamaica Limited (now named Alcan Jamaica Limited) operated at effective capacity, with a total production of 768,700 tons.

Société Anonyme des Bauxites et Alumines de Provence, a French subsidiary, produced 353,100 tons of bauxite during 1961. Southeast Asia Bauxites Ltd., a subsidiary, and Sematan Bauxite Limited, an affiliate, continued satisfactory operations in Malaya and Sarawak respectively.

Sales of calcined bauxite attained record levels in 1961.

The Company's contract for the exchange of alumina for aluminum with Canadian British Aluminium Company expired, on cancellation, on December 31st, 1961. During 1961 alumina shipments were continued to Scandinavian aluminum smelters and elsewhere either for sale or under long term metal exchange contracts.

Newfoundland Fluorspar Limited shipped 78,600 tons of fluorspar to Arvida, Quebec from St. Lawrence, Newfoundland.

Dried bauxite production by Bauxites du Midi in the Republic of Guinea amounted to 397,100 tons com-



pared with 573,000 tons in 1960. As described on page 8, the Company ceased to operate the Guinea bauxite facilities in November and steps were thereupon taken to replace from other sources of supply that part of Guinea bauxite production that had been shipped to Alcan's smelters in Canada.

## FABRICATING

Against a background of a general levelling in demand in certain areas, the sales of Group semi-fabricated products slightly exceeded the 1960 level.

Total shipments from the fabricating plants in which Aluminium Limited owns a 50% or greater equity, including those not consolidated, amounted to 300,000 tons compared with 294,000 tons in 1960.

Competition remained strong but the fabricating business continued to make a substantial contribution towards the Company's net profit.

The Company's program for the expansion of its fabricating activities continued on a broad basis in 1961. The major developments in the fabricating field (mainly by subsidiaries but also by affiliates) in twenty countries in 1961 were:—

## NORTH AMERICA

**CANADA** An additional foil mill was purchased for Kingston, where Alcan also embarked on a major \$11 million expansion of the plant's sheet mill looking to a doubling of capacity by early 1963. A paintline was added to Vancouver Works to provide baked-enamel finished extrusions for the building industry. A manufacturer of rigid foil containers, Cochrane Foil Wares, was purchased.

**U.S.A.** Good progress was made with the construction of the new 100,000 ton hot rolling mill in Oswego, N.Y. which is being built in conjunction with three U.S. partners. Upon its completion in late 1962, this plant will supply large "reroll coils" to the four owners for further rolling in their respective plants.

## LATIN AMERICA

**ARGENTINA** Government authorization was received for the Company's plans to modernize and expand the foil and sheet plant it recently acquired, to install an extrusion press, and to construct a large additional sheet plant on another site.

**BRAZIL** The 5,000 ton expansion of the sheet facilities proceeded satisfactorily. The new facilities will begin production in 1962, when 1,000 tons of new foil capacity will also be brought in.

**COLOMBIA** A new 1,500 ton extrusion press came successfully into operation. The 1,800 ton sheet plant under construction should begin operations in 1962.

**MEXICO** The current program for the expansion and modernization of the sheet, extrusion and foil facilities was completed.

**URUGUAY** Additional sheet facilities and an extrusion press were brought into production.

## EUROPE

**BELGIUM** A controlling interest was acquired in a partially completed extrusion plant, the Company's second such plant in the European Common Market.

GERMANY Good progress was made with the expansion of the Göttingen sheet plant to 25,000 tons capacity. The project will be completed in 1963. An addition to die casting capacity will start operating in 1962. This, together with the modern aluminum foundry acquired in 1961, will double the Company's German foundry capacity to 10,000 tons.

NORWAY Good progress was made on the authorized program to double sheet rolling capacity to 26,000 tons by 1965. Some new capacity should be available early in 1962.

SWEDEN The Company exchanged its half interest in the smelter company (A/B Svenska Aluminiumkompaniet) for a significant share participation in the leading Swedish fabricating company, A/B Svenska Metallverken.

SWITZERLAND A 3,000 ton increase in foil capacity was under way.

#### UNITED KINGDOM

The authorized sheet rolling facilities of Alcan Industries Limited were completed with the installation of new cold rolling equipment, a new remelt furnace and a continuous lacquering and anodizing line.

#### AFRICA

NIGERIA Construction work began late in the year on the 5,000 ton sheet mill expected to be in operation in late 1962.

UNION OF SOUTH AFRICA A new 1,500 ton extrusion press came into production in June and a 900 ton foil expansion project is scheduled for operation in the latter part of 1962.

#### ASIA

INDIA A new 3,300 ton extrusion press came into operation in October and 8,000 tons of new sheet capacity are expected to begin in mid-1962.

JAPAN Increased foil capacity of 1,300 tons was authorized.

MALAYA Arrangements were concluded for the construction of a 2,000 ton sheet plant. Production should begin in 1962.

#### OCEANIA

AUSTRALIA Sheet, extrusion, and foil capacity were increased substantially during the year. Further sheet capacity will come into operation in 1962.

NEW ZEALAND The new 5,000 ton sheet plant began operations in September.

#### MARKETS AND SALES

With only small changes in consumption and production, the problem of surplus capacity continued as a major factor determining international trading patterns and prices in 1961. Present indications are that a larger part of capacity will be engaged in 1962 than in recent years.

In the free world as a whole estimated consumption was 4,540,000 tons, made up of 3,620,000 tons of primary aluminum and 920,000 tons of secondary metal, compared with 4,360,000 tons in 1960. While total

consumption increased by approximately 4%, there were changes in the amount and patterns of useage in the respective major markets. Free world primary production in 1961 was approximately 3,870,000 tons or some 100,000 tons less than in 1960.

In Europe and the United Kingdom, at the beginning of the year, business generally had just passed a peak in activity. 1961 witnessed reduced demand in some important countries and lower rates of growth in others. There was probably some reduction in manufacturers' ingot inventories which had been built up by imports in 1960. The market for fabricated products became increasingly competitive.

In North America, the start of the year marked the low point of a recessionary period and from the middle of 1961 onwards there was a steady improvement in general demand.

In Japan, the demand for aluminum rose sharply during the year, and in Latin America, despite the serious fiscal problems of the area, the consumption of aluminum rose to new record levels.

The excess of capacity over demand continued to cause price instability throughout most of the free world. In these circumstances, and because of the subsequent decline in the exchange rate of the Canadian dollar, the Company in September responded to customer requests by offering the alternatives of buying aluminum ingot at the long-established Canadian price of Can. 23¼c a lb. at the U.S. border, or of continuing to buy in the U.S. at the U.S. list price of 26c a lb. This action prompted a reduction in the U.S. list price from 26c a lb. to 24c a lb. In the rest of the world the Company had, since December 1959, listed primary metal at U.S. 23¼c a lb. but had been meeting lower prices when they had been substantiated. Subsequently, in February 1962, its overseas price was reduced to U.S. 22½c a lb. while the price in Canada remained at Can. 23¼c a lb.

Sales of aluminum in all forms and from all sources by Aluminium Limited's consolidated subsidiaries amounted to 663,600 tons in 1961 compared to 705,100 tons in 1960 and 643,300 tons in 1959. Sales during the fourth quarter of 1961 amounted to 169,600 tons before giving effect to a retroactive tonnage adjustment applicable to the first 9 months of the year.

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

	1957	1958	1959	1960	1961
Canada . . . . .	72,000	78,000	75,500	70,200	75,000
United States* . . . . .	221,000	180,000	180,000	98,000	121,700
United Kingdom . . . . .	176,000	152,000	128,500	145,600	139,600
All others . . . . .	145,200	171,200	259,300	391,000	327,300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	614,200	581,200	643,300	705,100	663,600
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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



Sales of semi-fabricated products in 1961 amounted to 241,600 tons as compared with 229,400 tons in 1960. Part of the indicated increase resulted from inclusion in the Company's sales figures of the sales of four fabricating companies which had not previously been consolidated into Aluminium Limited's accounts, although almost an equivalent volume had been included in previous years as a sale of ingot to these companies. Sales of semi-fabricated products are expected to rise steadily as a result of the progressive expansion of the Company's widespread fabricating facilities which in turn will provide larger outlets for the Company's primary aluminum.

Sales of ingot products other than those shipped to the Company's fabricating plants totalled 422,000 tons, a decrease of 53,800 tons compared with 1960, but sales to the Company's regular customers, the independent fabricators, showed an increase. The net decrease in sales resulted from the reduction in sales to other aluminum producers whose obligations to purchase from the Company had expired or, in the case of the European producers, whose own production had been largely sufficient to satisfy their own metal requirements. Sales to other aluminum producers in 1961 represented only 6% of total sales whereas in previous years they have represented a very substantial proportion of the Company's sales.

In the highly competitive markets now prevailing the Company has derived an important advantage from the high quality of its ingot products. The expanded casting facilities for extrusion billets and sheet ingots at the Company's smelters were fully utilized to provide ingot in these forms. These special casting facilities will be further augmented in 1962.

In 1962 the consumption of aluminum should continue to increase in a wide variety of fields. New applications are making themselves increasingly felt in the automobile industry (exterior trim, bumpers, brake drums, etc.); in building construction (curtain walls, beams, siding, including painted siding, roofing); in transportation (railroad freight cars, truck trailers, pleasure boats); in the electrical industry (transmission towers, cables, conduit, sub-stations for electric utilities); in the oil industry (pipe lines, oilwell drill pipe); in household ap-

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## ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

### Analysis of Consolidated Sales

	*Ingot and Ingot Products		Semi-Fabricated Products		All Other Products \$'000	Operating Revenues \$'000	Total \$'000
	Short Tons	\$'000	Short Tons	\$'000			
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.....	475,713	206,307	229,389	206,942	36,552	58,830	508,631
1961.....	421,958	190,293	241,606	226,585	41,526	58,527	516,931

\*Excluding ingot supplied to Company's fabricating plants.

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plications (utensils and foil, appliances and packaging); and in the canning industry (sardines, beer, citrus fruits, canned foods generally). As mass production and marketing techniques develop in new areas, aluminum should thrive in a multiplicity of fields. The supplement accompanying this report illustrates some of the major new applications.

## MAGNESIUM

The Company continued to increase its sales of magnesium during the year and to obtain a higher return on sales.

Technological improvement in the automated die casting of magnesium broadened the application of the metal in the automotive and related power equipment industries.

## TRANSPORTATION

In the Company's shipping operations the desired balance between group business, outside business, and available fleet has now been achieved and stabilized. These operations made an important contribution to the efficient ongoing of the group enterprise.

## CAPITAL EXPENDITURES AND FINANCING

Expenditures on plant and investments amounted to approximately \$79 million in 1961. Of this amount approximately \$41 million was applied to the long term program of expansion of the Company's fabricating facilities. Other expenditures were made on completing the new alumina plant in British Guiana, and in enlarging integrated bauxite, alumina and smelter facilities in Brazil, India and Japan. In addition, expenditures were made on the continuing objective of increasing productivity and efficiency in existing plants. Funds for these expenditures were largely provided out of cash income.

In 1962 capital expenditures of approximately \$80 million are planned and an increased proportion will be devoted to expanding the Company's world-wide fabricating facilities.

## RESEARCH AND DEVELOPMENT

Good progress was made on the construction of the experimental plant at Arvida for the production of aluminum by the basically new process which was announced in July 1960 and referred to in the Company's Annual Report for 1960.

Since the decision was taken to build the new process plant experimental work has continued, with good results, toward resolving the many engineering and design problems inherent in scaling-up from the pilot plant stage to that of a production unit. Elaboration of design for the purpose of obtaining both production reliability and flexibility of operating conditions in such an experimental production unit has added to the capital cost.

No developments have occurred which alter the basic economic advantages foreseen for this process. Operation of the initial stages of the plant has now started and all portions should be ready for operation before the end of this year.

Research on the conventional smelter and alumina processes was devoted particularly to the more efficient use of carbon materials and improvements in alumina process techniques.

Today's highly competitive market demands increasing control of the composition and physical properties of our products. Accordingly the Company has devoted particular attention to research and development work on the reduction of impurities, on the close control of chemical composition limits and on the development of products with physical characteristics tailored to meet the specific requirements of individual customers.

Work continued on the development of new fabricating techniques. A development program was instituted in the foundry field during the year with special attention devoted to pressure die casting.

One significant development resulting from research in the ingot field was the introduction of the new Alcan 50S HO homogenized extrusion ingot which gives an excellent combination of extrusion speed, strength and finish.

The fundamental research program on the study of aluminum alloys, chemical properties, surface treatment, metallography, etc. was maintained with particular emphasis on utilization techniques and strength of aluminum structures.

Customers and group companies continued to receive our engineering and technical assistance and several new technical assistance agreements, in support of sales, were completed during the year.

Geological work continued on ore reserves already acquired and a number of bauxite occurrences in new areas were investigated.

## EMPLOYEES

The operations of the Company's consolidated subsidiaries on all continents required the services of an average number of 49,371 employees in the last six months of 1961. Their geographic distribution by major areas was as follows:

CANADA . . . . .	17,385	LATIN AMERICA	
		Argentina . . . . .	238
		Brazil . . . . .	3,664
UNITED KINGDOM . . . . .	7,438	Mexico . . . . .	850
		Uruguay . . . . .	274
		Other . . . . .	86
CARIBBEAN			<u>5,112</u>
Jamaica . . . . .	2,949	ASIA	
British Guiana . . . . .	4,349	India . . . . .	4,760
Trinidad . . . . .	673	Other . . . . .	148
	<u>7,971</u>		<u>4,908</u>
EUROPE		AFRICA	
Italy . . . . .	548	South Africa . . . . .	1,031
Switzerland . . . . .	919	Other . . . . .	567
Germany . . . . .	2,800		<u>1,598</u>
France . . . . .	311	UNITED STATES . . . . .	236
Other . . . . .	13	OCEANIA . . . . .	132
	<u>4,591</u>	TOTAL . . . . .	<u>49,371</u>



# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## SOURCE AND APPLICATION OF FUNDS

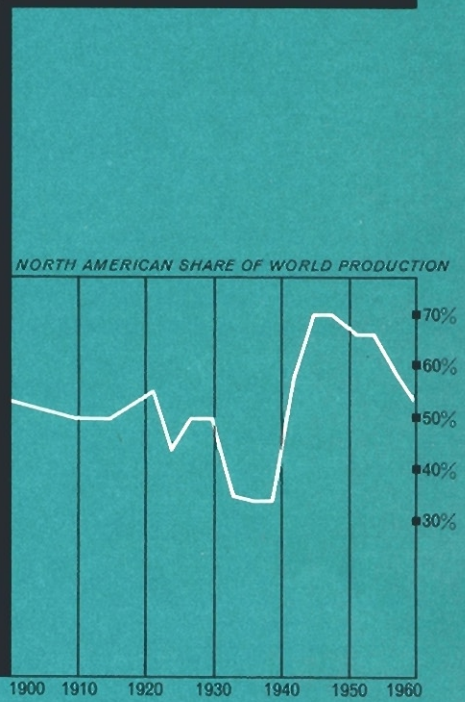
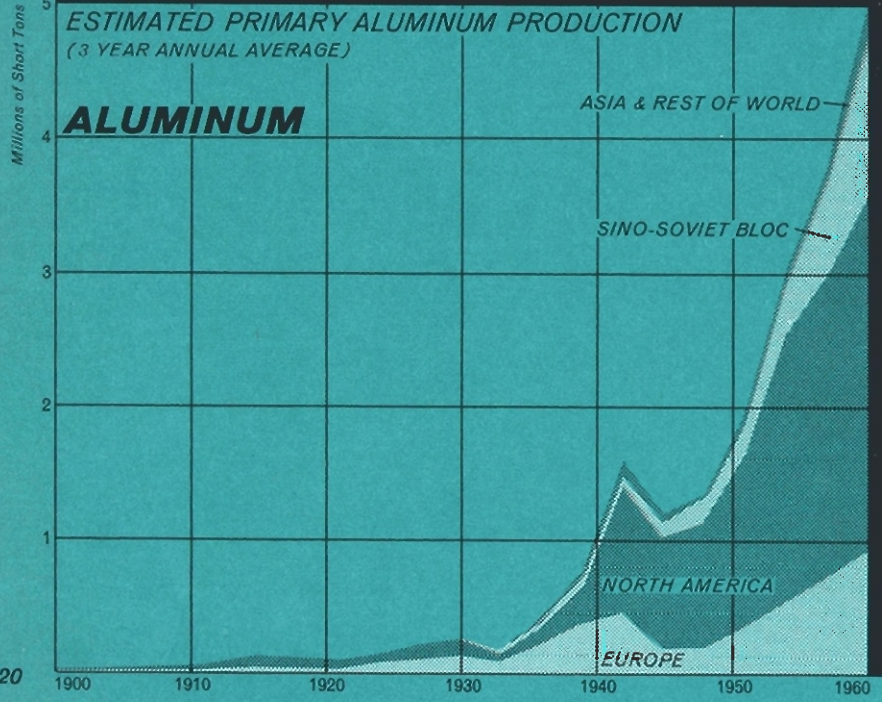
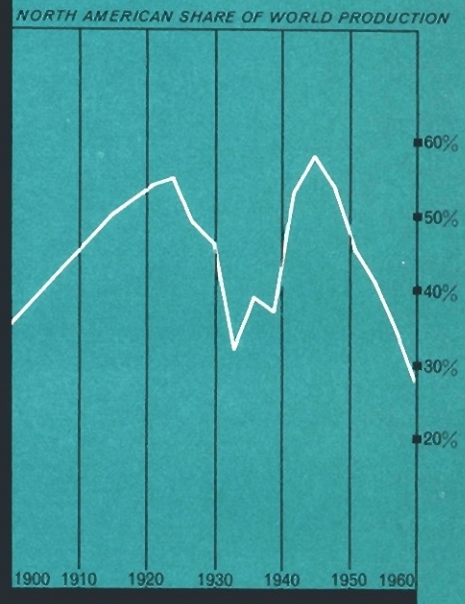
IN MILLIONS OF CANADIAN DOLLARS

	1961	1950-1961 Inclusive
Cash and Marketable Securities (beginning of period)	\$ 63	\$ 63
SOURCE OF FUNDS:		
Net income	31	442
Straight-line depreciation	55	373
Reserve for future income taxes	(1)	131
Sales of securities:		
Aluminium Limited shares	2	112
Aluminum Company of Canada, Ltd. preferred shares	—	60 <sup>(1)</sup>
Aluminum Company of Canada, Ltd. abatable notes	—	67
Aluminum Company of Canada, Ltd. fixed debt	—	310
Other fixed debt	12	71
Aluminum Company of Canada, Ltd. intermediate-term bank loans	13	128
Net increase in short-term borrowings	8	53
Other	1	37
	<u>121</u>	<u>1,784</u>
	<u>\$184</u>	<u>\$1,847</u>
APPLICATION OF FUNDS		
New plant	\$ 66	\$1,170
New investments	13	41
Redemption of debt and preferred shares	20	169
Dividends paid on common shares	19	226
Increase in working capital (excluding cash, marketable securities, short-term borrowings and funded debt payable within one year)	18	193
	<u>136</u>	<u>1,799</u>
Cash and Marketable Securities (end of period)	48	48
	<u>\$184</u>	<u>\$1,847</u>

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



# STEEL AND ALUMINUM PRODUCTION—1900-1960

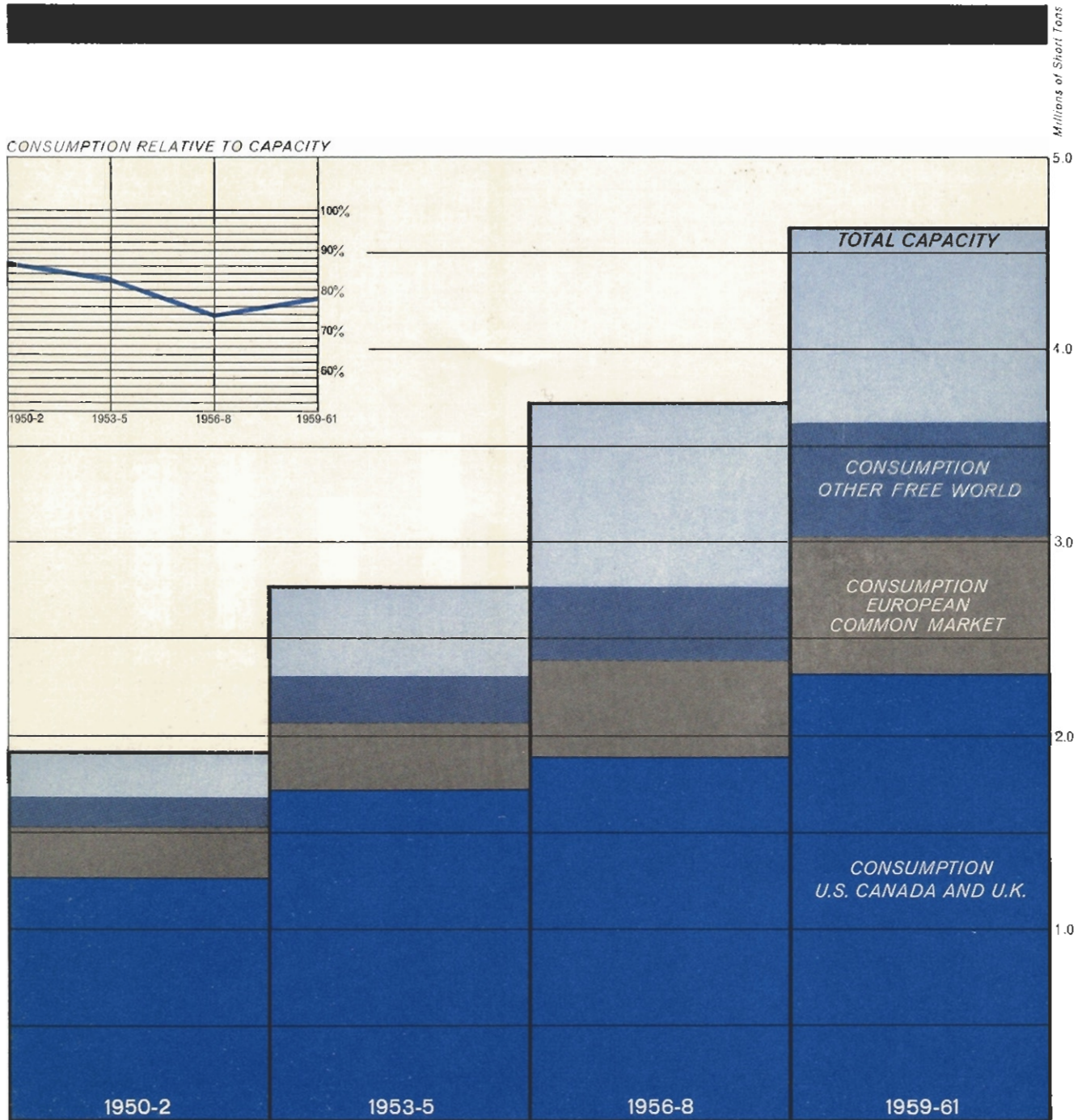


SOURCE: STEEL - BRITISH IRON AND STEEL FEDERATION ALUMINUM - ALCAN INTERNATIONAL LIMITED, MONTREAL



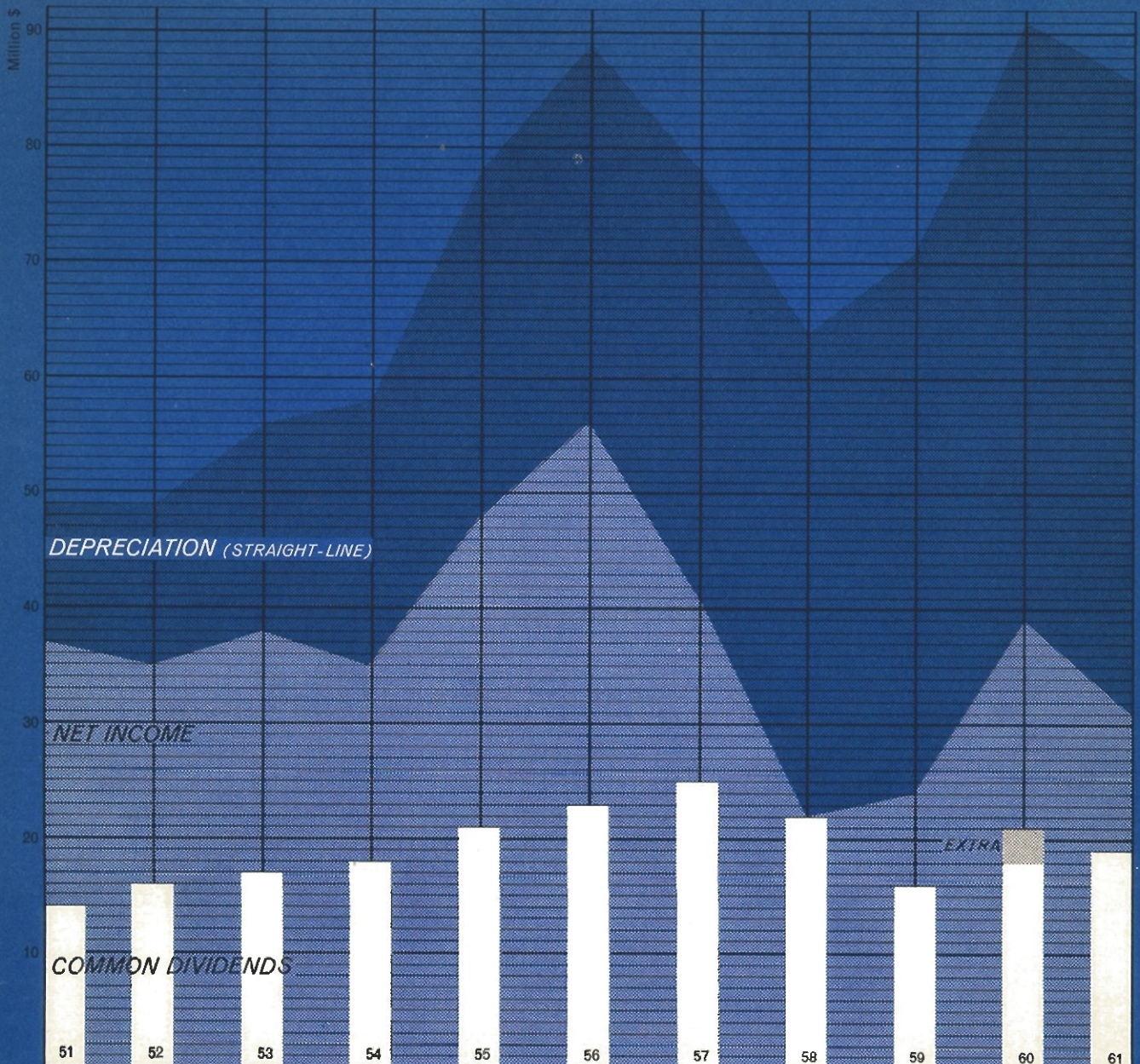
# FREE WORLD PRIMARY ALUMINUM

CIVILIAN CONSUMPTION & DEFENCE USES AND CAPACITY (3 YEAR ANNUAL AVERAGE)





# ALUMINIUM LIMITED CONSOLIDATED

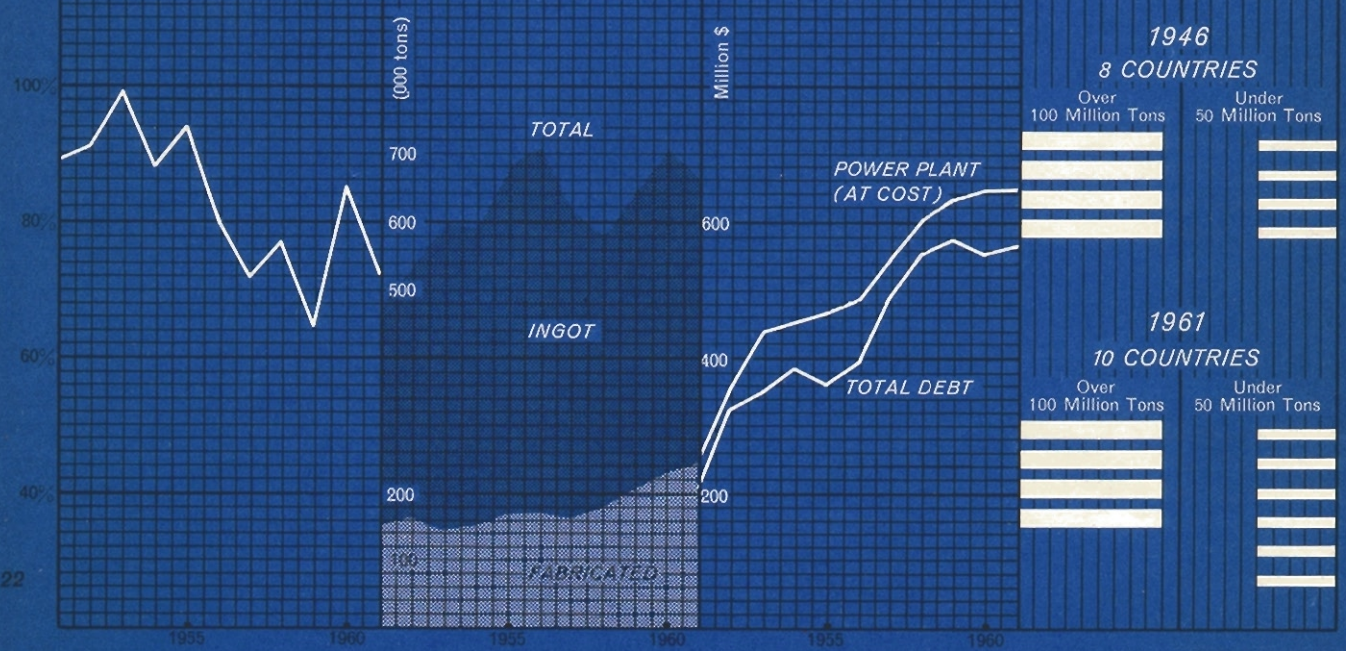


ALCAN SMELTER OPERATING RATE

ALUMINIUM LIMITED ALUMINUM SALES

ALUMINIUM LIMITED POWER INVESTMENT

ALUMINIUM LIMITED BAUXITE RESERVES





# 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	Current Income Taxes	"Cash Income" (1)	Number of Common Shares(2) in Millions	Per Common Share		
							Capital Stock and Surplus	Net Income	Cash Dividends
Millions of Canadian Dollars						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
1961	1,952	517	110	25	85	30.7	15	1.00	.61

(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 dividends and splits.

# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET ASSETS

31st December 1961

IN CANADIAN DOLLARS

	<u>1961</u>	<u>1960</u>
CURRENT ASSETS:		
Cash	\$ 47,264,798	\$ 57,553,438
Government of Canada securities (quoted value \$432,787)	433,603	5,774,052
Receivables	111,318,346	101,587,851
Inventories of aluminum, materials and supplies (note 3)	<u>200,075,279</u>	<u>181,573,153</u>
	359,092,026	346,488,494
Deferred receivables	7,566,802	15,461,037
Prepaid expense and deferred charges	11,000,396	12,243,580
Investments in companies not consolidated, at cost (note 4)	34,787,954	26,324,352
Lands, plants, riparian rights, and facilities, at cost (note 5)	1,539,978,995	1,505,544,253
Less: Accumulated amortization, depreciation and depletion (note 6)	<u>590,310,796</u>	<u>547,230,173</u>
	949,668,199	958,314,080
	<u>\$1,362,115,377</u>	<u>\$1,358,831,543</u>



# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET LIABILITIES

31st December 1961

IN CANADIAN DOLLARS

	1961	1960
CURRENT LIABILITIES:		
Payables	\$ 59,986,568	\$ 61,141,750
Short-term borrowings (principally in foreign currencies)	54,847,649	46,177,466
Income and other taxes	23,943,677	26,031,317
Other debt payable within one year (note 7)	4,695,299	942,000
	<u>143,473,193</u>	<u>134,292,533</u>
Debt not maturing within one year (note 7)	558,561,901	557,346,229
Reserve for future income taxes (note 6)	131,016,764	131,575,020
Preferred shares of consolidated subsidiaries, etc. (note 8)	78,306,080	76,455,931
CAPITAL STOCK AND SURPLUS:		
Shares without nominal or par value (note 9) 30,662,472 shares outstanding	145,939,079	143,598,496
Capital surplus	8,988,825	7,403,125
Earned surplus (note 10)	295,829,535	308,160,209
	<u>450,757,439</u>	<u>459,161,830</u>
	<u>\$1,362,115,377</u>	<u>\$1,358,831,543</u>

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 1961

IN CANADIAN DOLLARS

	1961	1960
SALES AND REVENUES:		
Sales	\$458,403,703	\$449,801,256
Operating revenues (transportation services, power sales, etc.)	58,527,250	58,829,779
Income from companies not consolidated	1,825,254	1,808,651
Other income (note 11)	2,251,846	10,672,760
	<hr/> 521,008,053	<hr/> 521,112,446
COSTS AND EXPENSES:		
Cost of sales and operating expenses	329,620,064	322,852,567
Provision for depreciation and depletion (note 6)	55,393,732	51,855,385
Selling, general and administrative expenses	48,167,830	45,755,261
Interest on debt not maturing within one year	23,913,648	22,951,235
Other interest	4,411,248	3,219,658
	<hr/> 461,506,522	<hr/> 446,634,106
Income before income taxes	59,501,531	74,478,340
Provision for current income taxes	25,146,111	25,013,557
Reserve for future income taxes (note 6)	(725,656)	6,436,194
	<hr/> 24,420,455	<hr/> 31,449,751
Income after income taxes	35,081,076	43,028,589
Dividends on preferred shares of consolidated subsidiaries, etc.	4,471,696	3,918,827
Net income	<hr/> <u>\$ 30,609,380</u>	<hr/> <u>\$ 39,109,762</u>

# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED STATEMENT OF SURPLUS

For the year ending 31st December 1961

IN CANADIAN DOLLARS

### EARNED SURPLUS

Earned surplus — 31st December 1960		\$308,160,209
Surplus, since acquisition, of subsidiaries not previously consolidated (note 1)	\$ 1,714,117	
Net income for the year	<u>30,609,380</u>	<u>32,323,497</u>
		340,483,706
Aluminium Limited dividends (1960 — \$20,675,580)	18,568,471	
Write-off of an overseas investment (note 1)	24,500,000	
Transfer to capital surplus	<u>1,585,700</u>	<u>44,654,171</u>
Earned surplus — 31st December 1961		<u>\$295,829,535</u>

### CAPITAL SURPLUS

Capital surplus — 31st December 1960		\$ 7,403,125
Transfer from earned surplus of par value of preferred shares of a consolidated subsidiary purchased for cancellation		<u>1,585,700</u>
Capital surplus — 31st December 1961		<u>\$ 8,988,825</u>



# 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 (a) seven partially owned foreign subsidiaries, the inclusion of which would have no significant effect and (b) a fully owned subsidiary, Bauxites du Midi, referred to below. All intercompany items and transactions, including profits in inventories, have been eliminated. Intercompany profits on sales to subsidiaries not consolidated are not significant.

The consolidation of certain subsidiaries for the first time in 1961 resulted in the addition of \$1.7 million to consolidated earned surplus as of 1st January 1961 representing Aluminium Limited's equity in their earnings since acquisition, but had no significant effect on net income for the year.

As a consequence of the circumstances explained on page 8, the accounts of Bauxites du Midi, a fully owned subsidiary, have been excluded from the consolidated financial statements as of 31st December 1961 and the estimated loss of \$24,500,000 has been written off directly to earned surplus. The operations of Bauxites du Midi, being mainly in the development stage, have had no significant effect on consolidated earnings.

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 1961, except that (a) certain bank balances, inventories, investments and fixed assets with 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 1961, according to the domicile of the constituent companies and their branches, follows:

	North America	South America & Caribbean	United Kingdom & Continental Europe	All other	Total
(in millions of dollars)					
<b>ASSETS</b>					
Current assets	\$ 193	\$ 38	\$ 98	\$ 30	\$ 359
Investments	6	1	14	14	35
Fixed assets	1,179	225	87	49	1,540
Less: Depreciation, etc.	(473)	(71)	(33)	(13)	(590)
Other assets	16	1	1	—	18
	<u>921</u>	<u>194</u>	<u>167</u>	<u>80</u>	<u>1,362</u>
<b>LIABILITIES</b>					
Current liabilities	52	21	61	9	143
Funded debt	519	11	13	16	559
Reserve for future income taxes	122	4	4	1	131
Preferred shares, etc.	70	—	—	8	78
	<u>763</u>	<u>36</u>	<u>78</u>	<u>34</u>	<u>911</u>
Common shareholders' equity	<u>\$ 158</u>	<u>\$158</u>	<u>\$ 89</u>	<u>\$ 46</u>	<u>\$ 451</u>

### 3. INVENTORIES OF ALUMINUM, MATERIALS AND SUPPLIES:

Inventories, as summarized below, are stated at lower of cost or market.

	1961	1960
Aluminum	\$136,125,699	\$117,170,230
Raw Materials	65,067,246	61,021,910
Supplies	25,230,050	25,152,161
	<u>226,422,995</u>	<u>203,344,301</u>
Less: Partial payments against aluminum under contracts for delivery at customer's option	26,347,716	21,771,148
	<u>\$200,075,279</u>	<u>\$181,573,153</u>

# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

4. INVESTMENTS IN COMPANIES NOT CONSOLIDATED, AT COST:	1961	1960
Companies more than 50% owned	\$ 5,421,751	\$ 4,116,462
Companies 50% owned	24,776,452	15,380,065
Companies less than 50% owned	4,589,751	6,827,825
	<u>\$34,787,954</u>	<u>\$26,324,352</u>

Aluminium Limited's interest in the net assets of those of the above companies owned 50% or more (located primarily in Australia, Japan and Scandinavia), in which its investment amounted to \$30.2 million at 31st December 1961, aggregated \$45 million as indicated by the following summary of the assets and liabilities of these companies.

ASSETS	(In millions of dollars)	LIABILITIES	
Current assets	\$ 74	Current liabilities	\$ 46
Investments	29	Funded debt	64
Fixed assets	139	Third party interest	42
Less: Depreciation, etc.	(45)	Aluminium Limited interest	45
	<u>\$197</u>		<u>\$197</u>

Aluminium Limited's equity in the aggregate net income of these companies in 1961 amounted to \$3.8 million of which \$1.1 million was received in the form of dividends and included in consolidated income.

5. LANDS, PLANTS, RIPARIAN RIGHTS, AND FACILITIES, AT COST:	1961	1960
Land and water rights	\$ 58,626,191	\$ 58,053,769
Mineral properties, rights and development	12,490,134	16,056,852
Buildings, machinery and equipment	1,387,331,104	1,306,903,455
Uncompleted facilities	46,896,296	45,881,004
	<u>1,505,343,725</u>	<u>1,426,895,080</u>
Construction work in progress	34,635,270	78,649,173
	<u>\$1,539,978,995</u>	<u>\$1,505,544,253</u>

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 11 to 14 of this report, are expected to involve the expenditure of some \$80 million during 1962.

## 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 Reserve for Future Income Taxes. When the allowances so utilized 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.

# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

7. DEBT NOT MATURING WITHIN ONE YEAR:	1961	1960
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 1964) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. \$132,000,000)	\$128,814,165	\$115,519,907
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	4,960,000	5,038,000
Series "B" (U.S. \$10,478,000)	10,478,000	11,478,000
Commutation value of contractual obligation for annual payments secured by second hypothec — payable in Canadian currency and in United States currency in equal parts	6,825,000	7,125,000
3½% Sinking fund debentures, due 1971	31,841,000	33,212,000
3⅞% Sinking fund debentures, due 1970 (U.S. \$56,884,000)	55,977,411	62,362,993
4½% Sinking fund debentures, due 1973	40,015,000	42,113,000
4½% Sinking fund debentures, due 1980 (U.S. \$107,928,000)	104,449,869	109,745,526
Redeemable notes — payable to the U.K. Government — interest and \$59,966,250 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	40,000,000
Saguenay Power Company, Ltd.:		
First mortgage 3% Sinking fund bonds, due 1971 (U.S. \$13,455,000)	13,455,000	14,318,000
3% Serial Debentures, due 1962/1965	1,200,000	1,500,000
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
Alcan Jamaica Limited:		
Bank loans, due 1965 (£4,000,000)	10,815,620	10,815,620
Other debt	22,775,248	13,409,296
	\$563,257,200	\$558,288,229
Less: Debt payable within one year included in current liabilities (\$21,849,740 less \$17,154,441 already redeemed)	4,695,299	942,000
	\$558,561,901	\$557,346,229

Allowing for payments already made, sinking fund requirements over the next five years against the above debt, other than bank loans, amount to approximately \$4.7 million in 1962 (appearing under Current Liabilities), \$15.0 million in 1963, \$20.2 million in 1964, \$19.8 million in 1965 and \$19.3 million in 1966.

8. PREFERRED SHARES OF CONSOLIDATED SUBSIDIARIES, ETC.:	1961	1960
Cumulative Redeemable Preferred Shares:		
Aluminum Company of Canada, Ltd.:		
4% Sinking fund first preferred shares	\$10,079,025	\$10,382,975
4½% Sinking fund second preferred shares	55,932,150	57,213,900
Indian Aluminium Company, Ltd., 5% Preferred shares	1,329,200	1,329,200
	67,340,375	68,926,075
Minority interest in equity of consolidated subsidiaries	10,965,705	7,529,856
	\$78,306,080	\$76,455,931

# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## 9. CAPITAL STOCK:

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

Capital stock was increased during 1961 as a result of the issuance, under the 1960 offering of the Employee Share Purchase Plan, of 43,567 shares at \$25. The offering price was fixed, under the terms of the Plan, at approximately 85% of the market price current on the offering date. At 31st December 1961, 7,593 shares remained to be purchased by employees at \$25 under the 1960 offering, and 720,749 shares were available for further offerings under the Plan. Prior to 1961 a total of 428,091 shares were issued under the Plan at prices of \$12.33, \$34.66, \$23.00 and \$25.00.

Capital stock was further increased during 1961 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 1st January 1961	Year 1961			Shares under option 31st December 1961
		Exercised	Granted	Cancelled	
\$15.84 - 1953	150,742	51,785	—	—	98,957
\$31.25 - 1955	192,630	9,816	—	—	182,814
\$36.50 - 1959	133,500	—	—	2,400*	131,100
\$30.75 - 1960	67,750	4,045	—	—	63,705
\$33.875 - 1961	—	—	1,500†	—	1,500
	544,622				478,076

\*Available for further options.

†Exercisable from 18th January 1962.

The number of shares available for the granting of options increased during 1961 from 98,750 to 99,650. Prior to 1961 a total of 399,758 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 1961 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:

	1961	1960
Gain on disposal of surplus fixed assets	\$ 674,759	\$ 1,359,089
Profit from redemption of debt	(348,048)	1,444,794
Cancellation fee	—	9,009,875
Write-off of overseas investments and other assets	—	(2,552,399)
Other	1,925,135	1,411,401
	<u>\$ 2,251,846</u>	<u>\$10,672,760</u>

## 12. COMMITMENTS:

A consolidated subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to \$14.8 million in 1962 (\$23.7 million paid in 1961), \$11.3 million in 1963, \$7.5 million in 1964, \$5.5 million in 1965, \$3.7 million in 1966, \$2.7 million in 1967 and lesser amounts up to 1974.

Aluminum Company of Canada, Ltd. has undertaken to purchase annually until 1973 certain quantities of semi-fabricated metal from Alroll, Inc., a non-consolidated U.S. subsidiary of Aluminium Limited (50.1% equity ownership). Under normal operations, Alroll's revenue from metal purchases contracted for by Alcan and by other customers will be sufficient to enable it to meet all its obligations, including the service of its debt. However, to enable Alroll to service its debt, Alcan could be required, under certain exceptional circumstances, to advance to Alroll maximum annual amounts estimated at \$5 million in 1963 and lesser amounts through 1972 without obtaining an equivalent value in metal.

See also reference to capital expenditure program in note 5.

## 13. STATUTORY INFORMATION:

Executive salaries for the year 1961 were \$3,452,236, legal fees \$315,868, directors' fees \$67,147, Canadian income taxes \$12,400,406.



# ALUMINIUM LIMITED AND CONSOLIDATED SUBSIDIARIES

## AUDITORS' REPORT

PRICE WATERHOUSE & CO.

CANADA CEMENT BUILDING  
PHILLIPS SQUARE  
MONTREAL 2

9th March 1962

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and consolidated subsidiaries as at 31st December 1961 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 1961 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 has not been included in consolidated income.

*Price Waterhouse & Co.*

Chartered Accountants

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## TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED, *Montreal, Toronto and Vancouver*

MELLON NATIONAL BANK AND TRUST COMPANY, *Pittsburgh*

FIRST NATIONAL CITY BANK, *New York City*

MORGAN GRENFELL & CO. LIMITED, *London, England*

## REGISTRARS

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

PITTSBURGH NATIONAL BANK, *Pittsburgh*

MANUFACTURERS HANOVER TRUST COMPANY, *New York City*



# ALUMINIUM LIMITED

## PRINCIPAL OPERATING SUBSIDIARIES AND AFFILIATES

### CANADA AND U.S.A.

Aluminum Company of Canada, Limited—Canada  
Alma & Jonquières Railway Company, The—Canada  
\*Alroll, Inc.—United States  
Aluminium Laboratories Limited—Canada  
Aluminum Goods Limited—Canada  
Magnesium Company of Canada, Ltd.—Canada  
Newfoundland Fluorspar Limited—Canada  
Roberval and Saguenay Railway Company, The—Canada  
Saguenay Electric Company—Canada  
Saguenay Power Company, Ltd.—Canada  
Saguenay Shipping Limited—Canada  
Saguenay Terminals Limited—Canada  
Saguenay Transmission Company, Limited—Canada  
\*Supreme Aluminum Industries Limited—Canada

### CARIBBEAN

Alcan Jamaica Limited—Jamaica  
Alcan Products of Jamaica Limited—Jamaica  
Chaguaramas Terminals Limited—Trinidad  
Demerara Bauxite Company, Limited—British Guiana  
Sprostons (Jamaica) Limited—Jamaica  
Sprostons, Limited—British Guiana  
Sprostons (Trinidad) Limited—Trinidad

### LATIN AMERICA

Aluminio Alcan de Colombia, S.A.—Colombia  
Aluminio Argentina S.A.C.I.—Argentina  
Aluminio del Uruguay S.A.—Uruguay  
Aluminio do Brasil S.A.—Brazil  
Aluminio Industrial Mexicano, S.A.—Mexico  
Aluminio Minas Gerais S.A.—Brazil  
Antonio Vernocchi S.A.I.C.I.F.—Argentina  
\*Fluoresqueda, S.A.—Mexico

### EUROPE

Alcan Alluminio Italiano S.p.A.—Italy  
Alcan Aluminiumwerke G.m.b.H.—Germany  
\*Alcan Enfield Alloys Limited—Britain  
Alcan Industries Limited—Britain  
\*Aluminio Iberico, S.A.—Spain  
Aluminium Alcan de France—France  
\*Aluminium Raeren S.A.—Belgium  
Aluminiumwerke A.-G. Rorschach—Switzerland  
\*Dansk Aluminium Industri Aktieselskab—Denmark  
\*Det Norske Nitridaktieselskap—Norway  
\*Fabrique d'Emballages Métalliques S.A.—Switzerland  
\*Nederlandsche Aluminium Maatschappij, N.V.—Holland  
\*Nordisk Aluminiumindustri, A/S—Norway  
\*Norsk Aluminium Company, Aktieselskapet—Norway  
Société Anonyme des Bauxites et Alumines de Provence—France  
\*Svenska Metallverken, Aktiebolaget—Sweden

### AFRICA

\*Alcan Aluminium of Nigeria Limited—Nigeria  
Alcan Aluminium of South Africa Limited—South Africa  
Bauxites du Midi—Guinea  
\*Ghana Aluminium Products Limited—Ghana  
\*Nigeria Aluminium Products Limited—Nigeria  
\*Tower Aluminium (Nigeria) Limited—Nigeria

### ASIA AND OCEANIA

\*Alcan Malayan Aluminium Company Limited—Malaya  
Indian Aluminium Company, Limited—India  
\*Nikkei Aluminium Company, Ltd.—Japan  
\*Nippon Light Metal Company, Ltd.—Japan  
\*Sematan Bauxite Limited—Sarawak  
Southeast Asia Bauxites Limited—Malaya  
\*Toyo Aluminium K.K.—Japan  
\*Aluminium Foils (Australia) Pty, Limited—Australia  
\*Australian Aluminium Company Limited—Australia  
Alcan Industries Limited—Branch, New Zealand

### INTERNATIONAL SALES

Alcan Africa Limited—Africa  
Alcan Asia Limited—Far East  
Alcan Australia Limited—Oceania  
Alcan S.A.—Europe, Near East, North Africa  
Alcan (U.K.) Limited—U.K. and Scandinavia  
Aluminium Limited Sales, Inc.—U.S.A., Caribbean and Latin America

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

**ALUMINIUM LIMITED**

POST OFFICE BOX 6090, MONTREAL 3, P.Q., CANADA

