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ALUMINIUM LIMITED

FINANCIAL
STATEMENTS
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ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet 31st December 1949

In Canadian Dollars

ASSETS	31st December 1949	31st December 1948
Current Assets:		
Cash in banks and on hand	\$ 25,016,154	\$ 23,293,538
Marketable securities, principally Canadian Government bonds (quoted value \$38,573,107)	38,068,193	32,143,183
Accounts and notes receivable, less reserves	31,284,296	26,439,442
Inventories of aluminium, materials and supplies (at cost or under, which is not in excess of market, determined from book and physical inventories, certified by officers of the companies)	50,796,659	53,087,511
	<u>145,165,302</u>	<u>134,963,674</u>
Prepaid expense and deferred charges	6,560,668	7,321,320
Unamortized financing expenses of subsidiaries	3,128,995	3,311,424
Indemnity, surety and other deposits	669,984	769,996
Claims in respect of properties nationalized, carried at	1,100,000	—
Investments (see note 3):		
Fully owned subsidiaries not consolidated	1	10,338,852
Subsidiaries — more than 50% owned	3,774,159	4,669,775
Other allied companies — not more than 50% owned	8,675,872	9,133,625
	12,450,032	24,142,252
Less: Reserves	—	7,500,000
	<u>12,450,032</u>	<u>16,642,252</u>
Lands, plants, riparian rights, and facilities, at cost	443,140,634	423,608,887
Patents	1	1
	<u>\$612,215,616</u>	<u>\$586,617,554</u>

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet 31st December 1949

In Canadian Dollars

LIABILITIES

	31st December 1949	31st December 1948
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 22,900,427	\$ 26,044,878
Bank loans	1,184,223	5,528,106
Provision for income and other taxes	16,612,480	16,855,521
	<u>40,697,130</u>	<u>48,428,505</u>
Indebtedness not maturing within one year (see note 5)	143,134,116	139,743,321
Add: Provision for exchange on principal repayable in foreign currencies . .	3,806,236	—
	<u>146,940,352</u>	<u>139,743,321</u>
Reserves for amortization, depreciation and depletion of lands, plants and facilities	262,698,399	252,041,188
Deferred profit on sales of aluminium for future delivery	3,523,929	—
Operating reserves and deferred credits	1,024,572	2,174,681
Preferred Shares (cumulative redeemable sinking fund):		
Aluminum Company of Canada, Ltd. 4% shares	13,888,350	14,137,600
Saguenay Power Company, Ltd. 4¼% shares	4,422,200	4,566,000
	<u>18,310,550</u>	<u>18,703,600</u>
Minority interest in a subsidiary company	1,719,686	1,694,461
Capital Stock and Surplus:		
Shares without nominal or par value — 3,722,050 shares outstanding	33,935,185	33,935,185
Capital surplus	1,594,471	1,210,664
Earned surplus	101,771,342	88,685,949
	<u>137,300,998</u>	<u>123,831,798</u>
	<u>\$612,215,616</u>	<u>\$586,617,554</u>

Signed on behalf of the Board,

NATHANAEL V. DAVIS, Director

J. A. DULLEA, Director

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Statement of Profit and Loss For the Year Ending 31st December 1949

In Canadian Dollars

	1949	1948
Sales	\$199,406,294	\$208,645,068
Cost of sales, including selling, general and administrative expenses (see footnote)	147,265,000	156,558,656
Profit from operations	52,141,294	52,086,412
Add:		
Income from investments	820,557	365,022
Interest, etc.	1,068,628	993,790
Gain on disposal of surplus equipment	268,603	98,530
Profit on liquidation of an allied company	644,861	—
	54,943,943	53,543,754
Deduct:		
Interest on indebtedness not maturing within one year	4,139,937	4,110,165
Other interest	226,712	149,896
Provision for Canadian income taxes	17,260,110	14,745,237
Provision for foreign income taxes	3,079,594	4,954,152
Write-down of patents to nominal value of \$1	—	357,057
Purchase of past service retirement annuities	264,902	822,594
Amortization of financing expenses of subsidiaries	182,430	182,323
Adjustment arising from currency revaluations of net current assets	1,955,789	—
	27,109,474	25,321,424
Profit before dividends on preferred shares and provision for minority interest . . .	27,834,469	28,222,330
Dividends on preferred shares	748,777	769,013
Minority interest in profit of a subsidiary company	79,511	123,675
	828,288	892,688
Profit carried to earned surplus	\$ 27,006,181	\$ 27,329,642

NOTE: Provision for depreciation and depletion for the year amounted to \$9,898,714 of which \$6,991,135 was charged to cost of production. Legal fees amounted to \$113,609, directors' fees \$14,816, executive salaries (parent and consolidated subsidiaries) \$1,289,508.

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Statement of Surplus For the Year Ending 31st December 1949

In Canadian Dollars

EARNED SURPLUS

Earned surplus—31st December 1948.		\$ 88,685,949
Provision for exchange on principal of indebtedness not maturing within one year and payable in foreign currencies.		3,806,236
		84,879,713
Profit for the year.		27,006,181
		111,885,894
Aluminium Limited dividends (1948: \$9,863,432).	\$9,677,330	
Appropriations for the purchase for cancellation of preferred shares of subsidiaries.	437,222	10,114,552
Earned surplus—31st December 1949.		\$101,771,342

CAPITAL SURPLUS

Capital surplus—31st December 1948.	\$ 1,210,664
Par value of preferred shares of subsidiaries purchased for cancellation.	383,807
Capital surplus—31st December 1949.	\$ 1,594,471

Notes to Financial Statements

1. The consolidated financial statements include the accounts of all fully owned subsidiaries except certain companies indicated below [notes 3(b) and (c)], and include the consolidated accounts of Saguenay Power Company, Ltd. in which Aluminium Limited's equity is 93.6%.

2. Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at official rates of exchange current at 31st December 1949, except that fixed assets and their related reserves are at rates determined at dates of acquisition of such assets.

3. The investments in fully owned subsidiaries not consolidated at 31st December 1948, \$10,338,852, have been treated in the following manner:

- (a) The accounts of certain subsidiaries domiciled in France and Italy having an investment value of \$3,756,856 have been restored to consolidation at 31st December 1949.
- (b) Investments of \$4,236,564 in subsidiaries whose properties have been nationalized have been written down to their estimated realization value of \$1,100,000.
- (c) Investments of \$2,345,432 in the remaining subsidiaries have been written down to nominal value of \$1.

The disposition of these investments together with the write-off of an investment of \$900,939 in an allied company (not more than 50% owned) resulted in an aggregate loss of \$7,407,292 which was written off against the reserve previously provided for that purpose.

4. The assets of Saguenay Power Company, Ltd. include an item of long-term power sales contracts carried in their books at \$19,639,785. In consolidating the accounts of that company, the excess of Aluminium Limited's equity in Saguenay Power's net assets at date of acquisition over its investment in shares of that company, \$7,346,728, has been applied to reduce the value of contracts, the remaining \$12,293,057 having been written off in 1948 against consolidated earned surplus.

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Notes to Financial Statements (continued)

5. Indebtedness not maturing within one year comprises the following:

Aluminum Company of Canada, Ltd.:	
First mortgage 3½% sinking fund bonds, due 1974:	
Series "A"	\$ 12,617,000
Series "B" (U.S. \$24,087,000)	26,495,700
Commutation value of contractual obligation for annual payments secured by second hypothec (Can. \$5,589,113; U.S. \$5,589,113)	11,737,137
3% Redeemable notes, due 1961—payable to the British Government—interest and \$33,360,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued	54,968,185
Saguenay Power Company, Ltd.:	
First mortgage 3% sinking fund bonds, due 1971 (U.S. \$23,200,000)	25,520,000
2% Serial debentures, due 1950/1952	2,700,000
Northern Aluminium Company, Ltd.:	
3½% Debentures, due 1957/1961 (£1,250,000)	3,840,625
3½% Debentures, due 1962/1964 (£750,000)	2,304,375
Aluminium Limited:	
Bank loan, due 1952/1956 (U.S. \$3,500,000)	3,850,000
Bank loan, due 1950/1954 (N.Kr. 2,270,000)	350,261
Other indebtedness	5,366,453
	<u>149,749,736</u>
Less: Provision for sinking funds and other indebtedness payable in 1950 included in current liabilities	2,809,384
	<u>\$146,940,352</u>

6. The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by regulatory bodies of the countries in which the companies are carrying on operations. The surpluses of non-Canadian subsidiaries forming part of the consolidated earned surplus at 31st December 1949 aggregated \$9,071,285.

7. A condensed analysis of the consolidated balance sheet according to the domicile of the constituent companies, expressed in millions of Canadian dollars, follows:

	Canada	Other Western Hemisphere	Other British Commonwealth	All Other	Total
ASSETS					
Current assets	115.0	14.0	12.3	3.9	145.2
Investments	12.0	—	.2	.2	12.4
Fixed assets	387.5	20.9	27.5	7.2	443.1
Other assets	10.0	1.1	.1	.3	11.5
	<u>524.5</u>	<u>36.0</u>	<u>40.1</u>	<u>11.6</u>	<u>612.2</u>
LIABILITIES					
Current liabilities	28.3	2.4	8.2	1.8	40.7
Funded debt	140.0	—	6.8	.1	146.9
Fixed capital reserves	237.2	14.1	8.5	2.9	262.7
Preferred shares	18.3	—	—	—	18.3
Other liabilities	6.0	.1	—	.2	6.3
	<u>429.8</u>	<u>16.6</u>	<u>23.5</u>	<u>5.0</u>	<u>474.9</u>
Common shareholders' equity	<u>94.7</u>	<u>19.4</u>	<u>16.6</u>	<u>6.6</u>	<u>137.3</u>

8. The profit of consolidated non-Canadian subsidiaries for the year 1949 was \$5,415,781, which was reduced in consolidation by \$2,111,461 arising from currency revaluations; net dividends paid by that group to their Canadian parent during the year aggregated \$3,065,843. Consolidated profit also includes net dividends of \$744,152 from non-consolidated subsidiaries and other allied companies all of which are in foreign countries. A geographical breakdown of net dividends received from non-Canadian subsidiaries and other allied companies follows: Western Hemisphere, \$2,005,712; Other British Commonwealth, \$1,054,022; All Other, \$750,261.

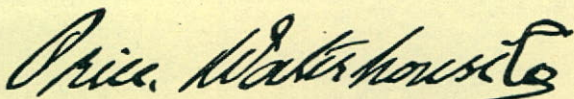
AUDITORS' REPORT

To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its consolidated subsidiaries as at 31st December 1949, and the related statements of profit and loss and surplus. Our examination of Aluminium Limited, its Canadian subsidiaries and certain of its foreign subsidiaries included such tests of the accounting records and other supporting evidence and such other procedures as we deemed appropriate, including a review of the reports of the company's internal auditors. We inspected audited financial statements submitted by other independent accountants for those consolidated subsidiaries whose records were not examined by us. We have received all the information and explanations we have required.

On the above basis, we report that, in our opinion, the accompanying consolidated balance sheet supplemented by the notes appended thereto is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminium Limited and its consolidated subsidiaries as at 31st December 1949, and that the related consolidated statements of profit and loss and surplus present fairly the results of the combined operations of the companies for the year ending on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the audited financial statements submitted by other independent accountants.

Pursuant to section 114 of The Companies Act, 1934, we report that the profits for the year of the non-consolidated subsidiaries have been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profits of those subsidiaries exceeded the amount of such dividends.


Auditors.

Montreal, 15th March 1950.

ALUMINIUM LIMITED

Montreal
Canada

DIRECTORS

HON. LEIGHTON McCARTHY, P.C., K.C.

DR. EARL BLOUGH

GEORGE O. MORGAN

E. G. MacDOWELL

President
Aluminium Union Limited

EDWIN J. MEJIA

President
Aluminium Fiduciaries Limited

J. A. DULLEA

President
Aluminium Secretariat Limited

PAUL LaROQUE

Secretary
Aluminium Secretariat Limited

R. E. POWELL

President
Aluminum Company of Canada, Ltd.

NATHANAEV. DAVIS

President
Stand Corporation

NATHANAEV. DAVIS, President

J. A. DULLEA, Secretary

J. F. EVANS, Treasurer