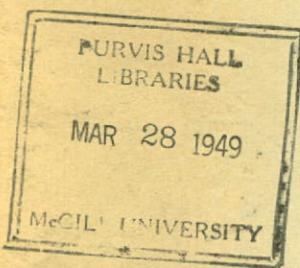
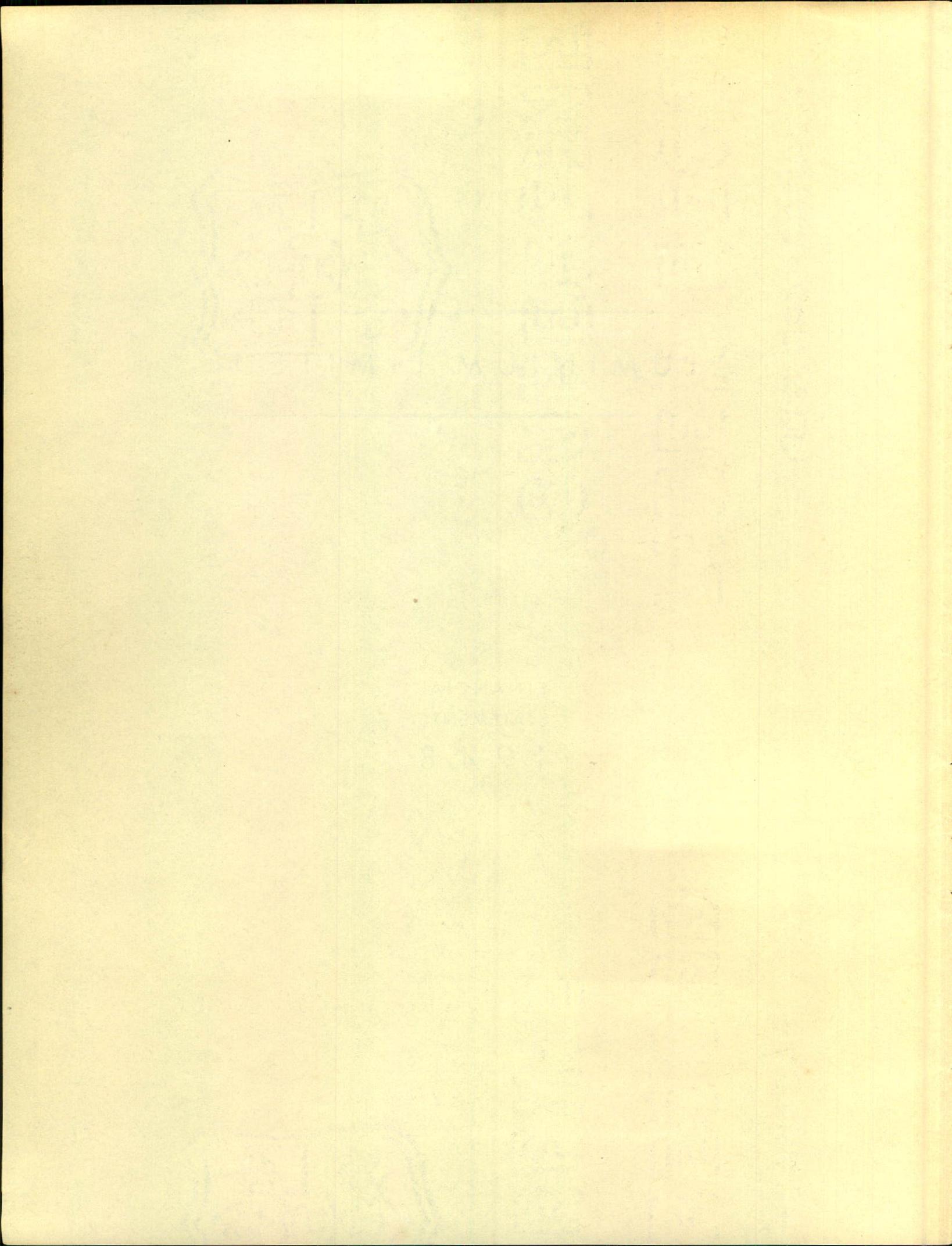

ALUMINIUM LIMITED

FINANCIAL
STATEMENTS
1948





INTRODUCTORY NOTE

To the Shareholders of Aluminium Limited:

We call attention to two changes adopted this year in the preparation of the financial statements.

With the acquisition in 1948 of additional shares in the Saguenay Power Company, Ltd. bringing Aluminium Limited's interest in this enterprise to 93.6% of the outstanding common shares, the Saguenay Power group of companies is consolidated in the Aluminium Limited statements for the first time.

Simultaneously, reserves for amortization, depreciation and depletion are carried for the first time on the liability side of the balance sheet.

In our opinion, these changes contribute to a clearer accounting presentation of the financial statements and should better enable you to determine the state of the company's affairs and the position of the business under present-day conditions.

NATHANAEL V. DAVIS

President

ALUMINIUM LIMITED
AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet
31st December 1948

In Canadian Dollars

ASSETS

Current Assets:

Cash in banks and on hand.....	\$ 23,293,538
Marketable securities—principally Dominion of Canada bonds..... (quoted value \$32,431,698)	32,143,183
Accounts and notes receivable, less reserves.....	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)	53,087,511
	<u>\$134,963,674</u>
Prepaid expense and deferred charges.....	7,321,320
Unamortized financing expenses of subsidiaries.....	3,311,424
Indemnity, surety and other deposits.....	769,996
Investments:	
Fully owned subsidiaries not consolidated, including advances of \$3,405,331	10,338,852
Subsidiaries—more than 50% owned.....	4,669,775
Other allied companies—not more than 50% owned.....	9,133,625
	<u>24,142,252</u>
Less: Reserves.....	7,500,000
	<u>16,642,252</u>
Lands, plants, riparian rights, and facilities, at cost.....	423,608,887
Patents.....	1

\$586,617,554

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet 31st December 1948

In Canadian Dollars

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities.....	\$ 24,745,878
Bank loans.....	5,528,106
Reserves for income and excess profits taxes.....	16,855,521

\$ 47,129,505

Indebtedness not maturing within one year:

Aluminum Company of Canada, Ltd.:

First mortgage 3½% sinking fund bonds, due 1974:	
Series "A"—payable in Canadian currency.....	13,064,000
Series "B"—payable in U.S. currency.....	24,939,000
Second hypothec, securing contractual obligation for annual payments, which may be commuted for.....	11,639,553
3% Redeemable notes, due 1961—payable to the British Government..... (interest and \$36,140,000 of principal abatable in certain circum- stances 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, payable in U.S. currency	23,200,000
2% Serial debentures, due 1950/1952.....	2,700,000
Northern Aluminium Company, Ltd. 3½% debentures, due 1957/1961, £1,250,000.....	5,025,000
Other indebtedness.....	5,506,583

141,042,321

Preferred Shares (cumulative redeemable sinking fund):

Aluminum Company of Canada, Ltd. 4% shares.....	14,137,600
Saguenay Power Company, Ltd. 4¼% shares.....	4,566,000

18,703,600

Reserves for amortization, depreciation and depletion of lands, plants and facilities

252,041,188

Operating reserves and deferred credits.....

2,174,681

Minority interest in Saguenay Power Company, Ltd.....

1,694,461

Capital Stock and Surplus:

Shares without nominal or par value—3,722,050 shares outstanding.....	33,935,185
Capital surplus.....	1,210,664
Earned surplus.....	88,685,949

123,831,798

\$586,617,554

Approved 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 1948

In Canadian Dollars

Sales		\$208,645,068
Cost of sales, including selling, general and administrative expenses (see footnote).		156,558,656
Profit from operations		52,086,412
Add:		
Income from investments	\$	365,022
Interest, etc.		993,790
Gain on disposal of surplus equipment		98,530
		1,457,342
		53,543,754
Deduct:		
Interest on indebtedness not maturing within one year		4,110,165
Other interest		149,896
Provision for Canadian income taxes		14,745,237
Provision for foreign income taxes		4,954,152
Write-down of patents to nominal value of \$1		357,057
Purchase of past service retirement annuities		822,594
Amortization of financing expenses of subsidiaries		182,323
		25,321,424
Profit before dividends on preferred shares and provision for minority interest		28,222,330
Dividends on preferred shares		769,013
Minority interest in profit of Saguenay Power Company, Ltd.		123,675
Profit carried to earned surplus		\$ 27,329,642

NOTE: Provision for depreciation and depletion for the year amounted to \$8,626,037 of which \$6,274,500 was charged to cost of production. Legal fees amounted to \$71,475, directors' fees \$13,401, executive salaries (parent and consolidated subsidiaries) \$1,159,364.

ALUMINIUM LIMITED

AND CONSOLIDATED SUBSIDIARIES

Consolidated Statement of Surplus For the Year Ending 31st December 1948

In Canadian Dollars

EARNED SURPLUS

Earned surplus—31st December 1947.....	\$ 72,323,932
Surplus, since acquisition, of subsidiaries not previously consolidated.....	\$ 2,595,450
Transfer from capital surplus of par value of Aluminium Limited 6% preferred shares redeemed and cancelled.....	8,439,600
Refundable portion of excess profits taxes.....	666,512
	<u>11,701,562</u>
	84,025,494
Write-off in consolidation of power sales contracts of Saguenay Power Company, Ltd.	12,293,057
	<u>71,732,437</u>
Profit for the year.....	27,329,642
	<u>99,062,079</u>
Aluminium Limited dividends.....	9,863,432
Appropriations for the purchase for cancellation of preferred shares of subsidiaries	512,698
	<u>10,376,130</u>
Earned surplus—31st December 1948.....	<u>\$ 88,685,949</u>

CAPITAL SURPLUS

Capital surplus—31st December 1947.....	\$ 9,022,000
Surplus, since acquisition, of subsidiary not previously consolidated.....	127,354
	<u>9,149,354</u>
Par value of preferred shares of subsidiaries purchased for cancellation.....	500,910
	<u>9,650,264</u>
Transfer to earned surplus of par value of Aluminium Limited 6% preferred shares redeemed and cancelled.....	8,439,600
Capital surplus—31st December 1948.....	<u>\$ 1,210,664</u>

ALUMINIUM LIMITED
AND CONSOLIDATED SUBSIDIARIES

Notes to Financial Statements

The consolidated financial statements include the accounts of all fully owned subsidiaries, with the exception of those located in enemy and formerly occupied territory which are carried as investments, and also include for the first time the accounts of Saguenay Power Company, Ltd. and its three fully owned subsidiaries in which the equity of Aluminium Limited was increased to 93.6% during 1948.

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 dates of acquisition over its investment in shares of that company, \$7,346,728, has been applied to reduce the value of contracts and the remaining \$12,293,057 has been written off against consolidated earned surplus.

The accounts of subsidiaries, other than Canadian companies, included in the consolidated balance sheet and the related statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December 1948, except that fixed assets are at rates determined at dates of acquisition.

The investments in fully owned subsidiaries not consolidated include \$4,236,564 in companies subject to expropriation proceedings. Reserves provided in prior years and aggregating \$7,500,000, which the management feels should prove adequate, are carried against the combined investments and advances. The net current assets located in enemy and formerly occupied territory—the property of consolidated subsidiaries—\$1,099,125, and the relative 100% reserve provided in prior years are not shown in the attached consolidated balance sheet.

By Supplementary Letters Patent dated 24th March 1948, the authorized capital stock of Aluminium Limited was reduced by the cancellation of the 6% preferred shares, called for redemption in 1946, and each common share was subdivided into five shares, resulting in authorized capital of 5,000,000 shares without nominal or par value of which 3,722,050 are issued and outstanding. Simultaneously, the par value of the 6% preferred shares, previously appropriated from earned surplus, has been restored to earned surplus.

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 included in the consolidated earned surplus at 31st December 1948 aggregated \$7,945,421.

Consolidated profit for the year 1948 includes net income of \$5,502,040 of consolidated non-Canadian subsidiaries; net dividends paid by that group to their Canadian parent during the year aggregated \$2,449,506.

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 1948, and the related consolidated 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 were furnished by other independent accountants with audited financial statements of 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 1948, 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 furnished by other independent accountants.

Pursuant to section 114 of The Companies Act, 1934 (under which all companies more than 50% owned are classified as subsidiaries) we report that the profits for the year of the non-consolidated "subsidiaries" for which financial statements are available, 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 for the period exceeded the amount of such dividends. The remaining "subsidiaries" not consolidated are located in enemy and formerly occupied territory and complete accounts of these companies are not available.

PRICE, WATERHOUSE & CO.,

Auditors.

Montreal, 15th March 1949.

ALUMINIUM LIMITED

Montreal
Canada

DIRECTORS

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

E. 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.

NATHANAEL V. DAVIS
President
Stand Corporation

NATHANAEL V. DAVIS, President

J. A. DULLEA, Secretary

J. W. McKEE, Treasurer

