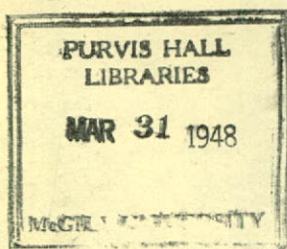


Corporation
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ALUMINIUM LIMITED

FINANCIAL
STATEMENTS
1947



ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet 31st December 1947

In Canadian Dollars

ASSETS

	31st December 1947	31st December 1946
Current Assets:		
Cash in banks and on hand	\$ 20,355,480	\$ 15,488,062
Marketable securities—principally Dominion of Canada bonds (quoted value \$34,686,594)	33,699,017	43,259,096
Accounts and notes receivable, less reserves	24,631,436	21,551,115
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	46,147,015	30,316,670
	<u>124,832,948</u>	<u>110,614,943</u>
Refundable portion of Canadian excess profits tax (contra)	560,578	629,915
Prepaid expenses and deferred charges	5,032,004	2,570,665
Indemnity, surety and other deposits	969,793	880,158
Investments:		
Fully owned subsidiaries not consolidated, including advances of \$3,399,212	10,332,733	—
Subsidiary companies—more than 50% owned	11,174,963	10,599,508
Other allied companies—not more than 50% owned	12,370,793	5,732,769
	33,878,489	16,332,277
Less: Reserves (see notes to financial statements)	7,500,000	—
	<u>26,378,489</u>	<u>16,332,277</u>
Lands, plants and facilities, at cost	356,581,237	345,728,580
Less: Reserves for amortization, depreciation and depletion	230,820,434	227,145,908
	<u>125,760,803</u>	<u>118,582,672</u>
Patents, at cost, less reserve for amortization of \$159,897	126,455	138,938
Net assets of fully owned subsidiary companies and investments in other companies in enemy and formerly occupied territory, less reserves (see notes to financial statements)	<u>—</u>	<u>13,204,771</u>
	<u><u>\$283,661,070</u></u>	<u><u>\$262,954,339</u></u>

ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet 31st December 1947

In Canadian Dollars

LIABILITIES

	31st December 1947	31st December 1946
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 24,194,998	\$ 24,543,152
Common dividend payable 2nd January 1948	1,488,820	—
Reserves for income and excess profits taxes	11,364,345	6,586,712
	<u>37,048,163</u>	<u>31,129,864</u>
Redemption price of Aluminium Limited 6% cumulative redeemable preferred shares—par \$100—called but not surrendered	—	242,525
Deferred liability in respect of facilities purchased, due 1949/1954	<u>2,741,902</u>	—
Funded Debt:		
Aluminum Company of Canada, Ltd.:		
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"—payable in Canadian currency	13,438,000	13,750,000
Series "B"—payable in U.S. currency	25,655,000	26,250,000
Second hypothec, securing contractual obligation for annual payments, which may be commuted for	12,118,651	12,618,086
3% Redeemable notes, due 1961—payable to the British Government—interest and \$38,920,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued ...	54,968,185	54,968,185
Northern Aluminium Company, Ltd. 3¾% debentures, due 1957/1961, £1,250,000	5,025,000	—
	<u>111,204,836</u>	<u>107,586,271</u>
Aluminum Company of Canada, Ltd. 4% cumulative redeemable sinking fund preferred shares—par \$25—576,704 shares outstanding after purchase for cancellation of 23,296 shares in 1947	14,417,600	15,000,000
Operating reserves and deferred credits	<u>2,406,874</u>	<u>2,398,183</u>
Refundable portion of Canadian excess profits tax (contra)	560,578	629,915
Capital Stock and Surplus:		
Common shares—no par—744,410 shares outstanding	33,935,185	33,935,185
Capital surplus	9,022,000	8,439,600
Earned surplus	72,323,932	63,592,796
	<u>115,281,117</u>	<u>105,967,581</u>
	<u>\$283,661,070</u>	<u>\$262,954,339</u>

Approved on behalf of the Board,
NATHANAEL V. DAVIS, Director
J. A. DULLEA, Director

ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss For the Year Ending 31st December 1947

In Canadian Dollars

	1947	1946
Sales.....	\$153,431,755	\$110,698,088
Cost of sales, including selling, general and administrative expenses (see footnote).	116,820,289	88,158,140
Profit from operations.....	36,611,466	22,539,948
Add:		
Income from investments.....	956,383	975,105
Interest, etc.....	1,034,306	1,146,160
Gain on disposal of surplus equipment.....	731,093	228,314
Abatement of principal of 3% redeemable notes.....	—	631,815
Profit on sale of shares in an allied company.....	2,261	46,431
	<u>39,335,509</u>	<u>25,567,773</u>
Deduct:		
Interest on indebtedness not maturing within one year.....	3,255,269	2,732,406
Other interest.....	133,182	278,046
Provision for Canadian income and excess profits taxes.....	10,559,202	6,832,448
Provision for foreign income and excess profits taxes.....	4,632,992	2,584,896
Expense in connection with preferred share issues and redemptions.....	—	382,360
Reserved for investments (see notes to financial statements).....	4,142,445	—
	<u>22,723,090</u>	<u>12,810,156</u>
Profit before dividends on Aluminum Company of Canada, Ltd. preferred shares.	16,612,419	12,757,617
Aluminum Company of Canada, Ltd. preferred dividends.....	588,128	637,500
Profit carried to earned surplus.....	<u>\$ 16,024,291</u>	<u>\$ 12,120,117</u>

NOTE: Provision for depreciation and depletion for the year amounted to \$7,134,665 of which \$5,403,132 was charged to cost of production. Executive salaries amounted to \$1,066,891, legal fees \$91,063, directors' fees \$8,371 and amortization of patents \$19,584.

ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Surplus

For the Year Ending 31st December 1947

In Canadian Dollars

EARNED SURPLUS

	1947	1946
Earned surplus—beginning of year.....	\$ 63,592,796	\$ 60,727,724
Adjustments applicable to prior years (net).....	783,906	1,221,219
Earned surplus (as adjusted)—beginning of year.....	64,376,702	61,948,943
Profit for the year.....	16,024,291	12,120,117
Reserve for future depreciation in inventory values no longer deemed required.	—	3,000,000
Post-war refund of United Kingdom excess profits tax less income tax thereon...	—	1,469,752
	<u>80,400,993</u>	<u>78,538,812</u>
Dividends:		
Aluminium Limited preferred, including exchange premium.....	—	349,385
Aluminium Limited common, including dividend payable 2nd January 1948..	7,444,100	6,699,690
Appropriation for the redemption of 72,449 Aluminium Limited preferred shares.	—	7,896,941
Appropriation for the purchase for cancellation of 23,296 Aluminum Company of Canada, Ltd. preferred shares.....	632,961	—
	<u>8,077,061</u>	<u>14,946,016</u>
Earned surplus—end of year.....	<u>\$ 72,323,932</u>	<u>\$ 63,592,796</u>

CAPITAL SURPLUS

	1947	1946
Capital surplus—beginning of year.....	\$ 8,439,600	\$ 1,194,700
Par value of 72,449 Aluminium Limited preferred shares called for redemption..	—	7,244,900
Par value of 23,296 Aluminum Company of Canada, Ltd. preferred shares purchased for cancellation.....	582,400	—
Capital surplus—end of year.....	<u>\$ 9,022,000</u>	<u>\$ 8,439,600</u>

ALUMINIUM LIMITED

AND FULLY OWNED SUBSIDIARY COMPANIES

Notes to Financial Statements

The accounts of all fully owned subsidiary companies are included in the consolidated financial statements with the exception of those located in enemy and formerly occupied territory which are carried as investments.

The investments in and advances to companies in enemy and formerly occupied territory, segregated in previous balance sheets, have been transferred to appropriate "Investment" captions in the attached balance sheet. The investments in the fully owned subsidiaries not consolidated include \$4,257,509 in companies subject to expropriation proceedings. Reserves, which the management feels should prove adequate, aggregating \$7,500,000, including \$4,142,445 provided in the year 1947, are carried against the combined investments and advances. The net current assets located in enemy and formerly occupied territory—the property of consolidated companies—\$1,100,121, and the relative 100% reserve provided in prior years are not shown in the attached consolidated balance sheet.

The accounts of subsidiary companies, 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 1947, except that fixed assets are at rates determined at dates of acquisition.

The liability for income and excess profits taxes, for which the management has made provisions deemed adequate, is subject to determination by the tax authorities in jurisdiction.

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.

Consolidated profit for the year 1947 includes net income of \$4,437,558 of consolidated non-Canadian fully owned subsidiaries; net dividends paid by that group to their Canadian parent during the year aggregated \$3,449,836.

A condensed geographical analysis of the assets and liabilities expressed in millions of Canadian dollars follows:

ASSETS	CANADA	UNITED KINGDOM	OTHER BRITISH COMMONWEALTH	CONTINENTAL EUROPE	ALL OTHER	TOTAL
Current assets.....	96.9	13.6	8.7	3.1	2.5	124.8
Investments.....	11.0	.0	3.1	9.5	2.8	26.4
Lands, plants and facilities (net)...	109.0	8.7	6.7	1.4	.0	125.8
Other assets.....	5.3	.1	.9	.1	.3	6.7
	<u>222.2</u>	<u>22.4</u>	<u>19.4</u>	<u>14.1</u>	<u>5.6</u>	<u>283.7</u>
LIABILITIES						
Current liabilities.....	23.6	7.1	4.3	.8	1.2	37.0
Funded debt.....	106.2	5.0	.0	.0	.0	111.2
Subsidiary preferred shares....	14.4	.0	.0	.0	.0	14.4
Other liabilities.....	4.0	1.4	.4	.0	.0	5.8
	<u>148.2</u>	<u>13.5</u>	<u>4.7</u>	<u>.8</u>	<u>1.2</u>	<u>168.4</u>
Common shareholders' equity...	<u>74.0</u>	<u>8.9</u>	<u>14.7</u>	<u>13.3</u>	<u>4.4</u>	<u>115.3</u>

AUDITORS' REPORT

To the Shareholders of Aluminium Limited:

We have examined the consolidated balance sheet of Aluminium Limited and its fully owned subsidiary companies as at 31st December 1947, 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 subsidiaries whose records were not examined by us, except for companies in enemy and formerly occupied territory. 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 fully owned subsidiary companies as at 31st December 1947, 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 the companies more than 50% owned are classified as subsidiary companies) we report that the profit for the year of the one non-consolidated "subsidiary" company for which financial statements are available, has been included in the consolidated accounts to the extent of dividends declared and that your company's share of the profit of that subsidiary for the period exceeded the amount of such dividends. The remaining "subsidiary" companies 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 1948.

ALUMINIUM LIMITED

Montreal
Canada

DIRECTORS

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

E. BLOUGH

GEORGE O. MORGAN

E. G. MacDOWELL

President
Aluminium Union Limited

J. A. DULLEA

President
Aluminium Securities Limited

EDWIN J. MEJIA

President
Aluminium Fiduciaries Limited

PAUL LaROQUE

Secretary
Aluminium Secretariat Limited

R. E. POWELL

President
Aluminum Company of Canada, Ltd.

NATHANAEL V. DAVIS

Managing Director
Stand Limited

NATHANAEL V. DAVIS, President

J. A. DULLEA, Secretary

J. W. McKEE, Treasurer

