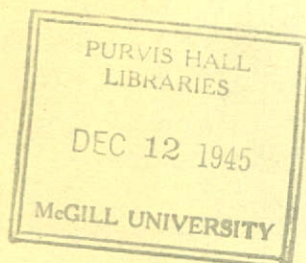


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ALUMINIUM LIMITED
(Incorporated under the Companies Act of the Dominion of Canada)
and Fully Owned Subsidiary Companies

FINANCIAL STATEMENTS

31st December, 1941



ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Balance Sheet

31st December, 1941

In Canadian Dollars

ASSETS

Land, Plants and Facilities, at cost.....	\$168,471,780	
Less: Reserves for Depreciation and Depletion.....	42,139,682	
		\$126,332,098
Patents, at cost.....	285,137	
Less: Reserve for Amortization.....	99,560	
		185,577
Investments in Subsidiary Companies: (Capital Stock more than 50% owned)		
Investments in Shares carried at.....	7,368,302	
Less: Balance of Reserve resulting from adjustment of the value of investments	456,293	
		6,912,009
Investments in Shares of Other Allied Companies, at cost.....		4,995,798
(Capital Stock not more than 50% owned)		
Indemnity and Surety Deposits.....		320,824
Prepaid Expenses and Deferred Charges to Operations.....		4,169,578
Current Assets:		
Inventories of Aluminium, Materials and Supplies at cost or under, which is not in excess of market, determined from book and physical inventories and certified by officers of the companies.....	31,418,555	
Accounts and Notes Receivable, less reserves.....	26,813,593	
Marketable Securities, at cost:		
Maturing in 1942 (Par value \$34,676,820)—principally Dominion of Canada Treasury Bills.....	34,628,355	
Other (Quoted value \$2,703,968).....	2,673,415	
Cash in Banks and on Hand.....	20,989,048	
		116,522,966*
		259,438,850
Net Assets of Fully Owned Subsidiary Companies in enemy territory and Investments in Other Companies similarly located, less reserves.....		13,152,878
		<u>\$272,591,728</u>

*Of the \$116,522,966 current assets \$48,107,141 is earmarked for construction.

Approved on behalf of the Board,

EDWARD K. DAVIS, Director

J. H. ALGER, Director

ALUMINIUM LIMITED

and Fully Owned Subsidiary Companies

Consolidated Balance Sheet

31st December, 1941

In Canadian Dollars

LIABILITIES

Capital Stock:

6% Cumulative Redeemable Preferred Shares—Par Value \$100	
78,996 Shares outstanding.....	\$ 7,899,600
Common Shares—No Par Value	
744,410 Shares outstanding.....	33,935,185
Aluminum Power Company, Ltd. Contractual Obligation for certain annual payments, secured by Second Hypothec, which may be commuted for \$15,000,000, stated at	7,562,500
Aluminum Power Company, Ltd. First Mortgage 4% Bonds, due 1968:	
Series "A"—payable in Canadian currency.....	\$ 9,500,000
Series "B"—payable in U.S. currency.....	9,500,000
	19,000,000
Aluminum Company of Canada, Ltd. 3% Redeemable Notes, due 1961, payable to the British Government—principal and interest abatable in certain circumstances as provided in the contracts under which they were issued	55,600,000
Advance Payments on Sales Contracts.....	56,264,428
Accounts Payable to Subsidiary Companies not consolidated.....	705,731

Current Liabilities:

Accounts Payable	13,460,641
Accrued Items.....	4,095,393
Reserves for Income and Excess Profits Taxes.....	27,041,805
	44,597,839
Operating Reserves and Deferred Credits	1,005,577
Reserve against future depreciation in inventory values.....	6,430,004
Capital Surplus.....	540,000
Earned Surplus.....	39,050,864
	\$272,591,728

NOTES: Preferred Dividends are expressed to be payable in U.S. funds and in the event of redemption or liquidation the Preferred Shares are payable in U.S. funds at the option of the shareholder.

The accounts of subsidiary companies, other than Canadian companies, included in the above consolidation are translated into Canadian dollars at official rates of exchange current at 31st December, 1941, except that Fixed Assets are at rates determined at dates of acquisition.

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Statement of Profit and Loss
For the Year Ending 31st December, 1941
In Canadian Dollars

Profit for the year ending 31st December, 1941, after provision for Depreciation and Depletion (see footnote) but before taking into account the items shown below.....		\$53,844,722
Add:		
Income from Investments.....	\$ 392,675	
Interest, etc.....	227,257	
		<u>619,932</u>
		54,464,654
Deduct:		
Interest on Indebtedness not maturing within one year.....	\$ 1,812,800	
Other Interest.....	300,632	
		<u>2,113,432</u>
Executive Salaries.....	641,656	
(Parent and fully owned subsidiary companies)		
Legal Fees.....	131,177	
Directors' Fees.....	11,101	
Amortization of Patents, Trademarks and Expenses in connection with acquisition of Properties.....	153,508	
Provision for Income and Excess Profits Taxes.....	31,416,649	
(Including \$15,740,420 Canadian Taxes)		
Reserved against future depreciation in inventory values.....	3,982,970	
		<u>38,450,493</u>
Profit for the year carried to Earned Surplus.....		<u>\$16,014,161</u>

NOTES: Provision for Depreciation and Depletion for the year amounted to \$17,275,636 of which \$3,944,807 was charged to Cost of Production and \$13,330,829 (including special provision of \$11,741,613 in respect of War Facilities) directly against Profits.

The earnings of subsidiary companies, other than Canadian companies, included in the above consolidation are translated into Canadian dollars at official rates of exchange current at 31st December, 1941.

Consolidated Statement of Earned Surplus
For the Year Ending 31st December, 1941

Earned Surplus—31st December, 1940.....		\$32,701,323
Profit for the year as above.....		<u>16,014,161</u>
		48,715,484
Dividends Paid:		
Preferred, including Exchange Premium.....	\$ 526,113	
Common.....	7,444,100	
Appropriation for the purchase of past service retirement annuities under The Retirement Income and Life Assurance Plan.....	1,694,407	
		<u>9,664,620</u>
Earned Surplus—31st December, 1941.....		<u>\$39,050,864</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, 1941, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminium Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies were examined by the Companies' internal auditors whose reports were furnished to us. We were furnished by other independent auditors with financial statements of those subsidiaries whose records were not examined or tested by us, except for companies in enemy territory. We have received all the information and explanations we have required.

We have satisfied ourselves that the inventories of aluminium and other products are valued at cost, which was below market at 31st December, 1941, and that inventories of materials and supplies are stated at the lower of cost or market. Intercompany profits have been excluded from inventories. The reserve against future depreciation in Canadian inventory values has been increased to \$6,430,004. The provision for Canadian Income and Excess Profits taxes, considered adequate by the management, is subject to final determination by the Income Tax Department.

Net assets of fully owned subsidiary companies in enemy territory and investments in shares of other companies similarly located are segregated in the attached Balance Sheet. Provision was made in 1941 for the Canadian companies' current assets in territory that came under enemy control in that year.

The accounts of Aluminum Power Company, Ltd., a fully owned subsidiary, are included in the consolidated statements, whereas in prior years they were separately shown.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by exchange regulatory bodies of the countries in which the companies are domiciled.

On the above basis, we report that the attached consolidated balance sheet is, in our opinion, 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, 1941, 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 financial statements above referred to, and that the relative consolidated statements of profit and loss and surplus fairly present the results of the combined operations of the Companies, excluding those in enemy territory.

Pursuant to Section 114 of the Companies Act, 1934, we report that the profits and losses for the year of the subsidiary companies not consolidated have been included in the consolidated accounts only to the extent of dividends declared and that your Company's share of the aggregate of the profits and losses of these subsidiaries for the year exceeded the amount of such dividends.

PRICE, WATERHOUSE & CO.,
Auditors.

24th March, 1942

ALUMINIUM LIMITED

and Fully Owned Subsidiary Companies

In Canadian Dollars

Comparative Earnings Data

	1939*	1940*	1941
Profit carried to Earned Surplus (less payments for past service retirement annuities).....	\$ 15,846,384	\$ 11,021,145	\$ 14,319,754
Provision for Income and Excess Profits Taxes.....	8,050,311	20,836,907	31,416,649
Provision for Depreciation and Depletion:			
Normal.....	3,771,926	3,613,800	5,534,023
Special (in respect of War Facilities).....	0	778,604	11,741,613

Comparative Condensed Balance Sheets

	31st December	1939*	1940*	1941
ASSETS				
Land, Plants and Facilities (Net).....	\$ 69,525,428	\$ 85,789,558	\$ 126,332,098	
Investments.....	16,062,736	11,774,905	11,907,807	
Prepaid Expenses, Deferred Charges, etc.....	1,791,450	2,822,772	4,675,979	
Current Assets.....	38,628,387	63,470,016	116,522,966	
Net Assets in Enemy Territory (less reserves).....	1	11,682,639	13,152,878	
	<u>\$126,008,002</u>	<u>\$175,539,890</u>	<u>\$272,591,728</u>	
LIABILITIES				
Capital Stock and Surplus.....	\$ 70,536,357	\$ 75,076,108	\$ 81,425,649	
Bonds, Notes, etc.....	36,702,557	66,162,500	82,162,500	
Advance Payments on Sales Contracts.....	0	0	56,264,428	
Current Liabilities.....	17,230,529	31,595,402	45,303,570	
Reserves and Deferred Credits.....	1,538,559	2,705,880	7,435,581	
	<u>\$126,008,002</u>	<u>\$175,539,890</u>	<u>\$272,591,728</u>	

*Prior to 1941 the consolidated statements of Aluminium Limited and Fully Owned Subsidiary Companies did not include Aluminum Power Company, Ltd. The accounts of that company are here consolidated for comparative purpose.

ALUMINIUM LIMITED

Montreal, Que., Canada

DIRECTORS

EDWARD K. DAVIS, President

J. H. ALGER, Secretary

E. BLOUGH

President, Aluminium Laboratories Limited,
Montreal

AIMÉ GEOFFRION, K.C.

Geoffrion & Prud'homme,
Montreal

E. G. MacDOWELL

President, Aluminium Union Limited,
Montreal

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

Toronto

EDWIN J. MEJIA

GEORGE O. MORGAN

President, Aluminium Securities Limited,
Montreal

R. E. POWELL

President, Aluminum Company of Canada, Ltd.,
Montreal

J. F. EVANS Treasurer

J. A. DULLEA Assistant Secretary

