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ALUMINIUM LIMITED

(Incorporated under the Companies Act of the Dominion of Canada)

and Fully Owned Subsidiary Companies

FINANCIAL STATEMENT

31st December, 1937

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ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Balance Sheet
31st December, 1937

ASSETS

Land, Plants and Facilities, at cost	\$58,003,373.98	
Less: Provision for Depreciation and Depletion	19,877,146.32	
		\$38,126,227.66
Patents and Trademarks, at cost	\$ 324,265.86	
Less: Provision for Amortization	84,699.34	
		239,566.52
Investments in and Advances to Subsidiary Companies: (Capital Stock more than 50% owned)		
Investments in Shares carried at	\$ 7,611,603.15	
Advances	1,352,355.30	
	8,963,958.45	
Less: Reserves resulting from adjustments of the values of the above investments and advances	902,084.68	
		8,061,873.77
Investments in Shares of Other Allied Companies, at cost		6,363,405.65
(Capital Stock not more than 50% owned)		
Unamortized Bond Discount and Expense		658,880.08
Indemnity and Surety Deposits		118,249.28
Sinking Fund Balance in Hands of Trustee		121.01
Prepaid Expenses and Deferred Charges to Operations		826,948.69
Current Assets:		
Inventories of Aluminium, Materials and Supplies, at cost or market, whichever is lower, as determined by responsible officials from book and physical inventories	\$10,289,050.90	
Advance Payments on Purchase Contracts	8,860.02	
Accounts and Notes Receivable (Less reserves of \$43,782.82)	8,020,172.87	
Marketable Securities, at cost (Quoted value \$251,170.00)	250,110.25	
Cash in Banks and on Hand	2,214,753.51	
	20,782,947.55	
Net Current Assets of Fully Owned Subsidiary Companies domiciled in countries having exchange restrictions	2,672,918.62	
		23,455,866.17
		<u>\$77,851,138.83</u>

Approved on behalf of the Board,
EDWARD K. DAVIS, President
J. H. ALGER, Vice-President

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Balance Sheet
31st December, 1937

LIABILITIES

Capital Stock:

6% Cumulative Redeemable Preferred Shares—Par Value \$100.00	
125,046 Shares Outstanding at 31st December, 1936.....	\$12,504,600.00
46,050 Shares Purchased and Cancelled.....	4,605,000.00
<u>78,996 Shares presently outstanding</u>	<u>\$ 7,899,600.00</u>

Common Shares—No Par Value

626,737 Shares Outstanding at 31st December, 1936.....	\$26,655,658.89
50,000 Shares issued for a consideration of \$5,420,078.00 of which \$1,355,019.50 was set aside as Distributable Surplus.....	4,065,058.50
<u>676,737 Shares presently outstanding</u>	<u>30,720,717.39</u>

Funded Debt:

Aluminium Limited 5% Sinking Fund Debenture Gold Bonds, due 1948..	\$ 8,664,000.00
Aluminum Company of Canada, Limited, 3¾% Debentures of 1937, due 1954.....	12,500,000.00
Bonds of Fully Owned Foreign Subsidiary Companies.....	1,480,501.90
	<u>22,644,501.90</u>
Accounts Payable to Subsidiary Companies Not Consolidated.....	173,836.60

Current Liabilities:

Accounts Payable.....	\$ 3,100,923.46
Bank Loans.....	1,266,131.81
Accrued Items.....	430,127.68
Reserves for Income and Other Taxes.....	2,243,338.10
	<u>7,040,521.05</u>
Operating Reserves and Deferred Credits.....	290,343.38
Reserves for Exchange.....	288,272.49
Capital Surplus.....	540,000.00
Earned Surplus.....	8,253,346.02
	<u>\$77,851,138.83</u>

NOTES: Contingent Liability in respect of customers' notes discounted—\$245,539.69.

Consolidated Balance Sheet and relative Consolidated Statements of Profit and Loss and Surplus are translated into United States dollars at rates of exchange current at 31st December, 1937, except that Fixed Assets and Funded Debt are at rates determined at dates of acquisition and issue.

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Statement of Profit and Loss
For the Year Ending 31st December, 1937

Net Profit for the year ending 31st December, 1937, after Depreciation and
Depletion (see footnote) but before taking into account the items shown below \$11,677,888.41

Add:

Income from Investments	\$ 854,318.55	
Interest on Advances, etc.	45,965.62	
Gain from Purchase and Redemption of Bonds	2,362.23	
Gain from Sale of Investments	254,304.69	
		<u>1,156,951.09</u>
		\$12,834,839.50

Deduct:

Interest on Indebtedness not maturing within one year	\$1,037,396.29	
Other Interest	103,456.71	
		<u>\$ 1,140,853.00</u>
Executive Salaries (Parent and fully owned subsidiary companies)	394,534.50	
Legal Fees	74,758.03	
Directors' Fees	21,379.08	
Amortization of Patents and Expense in connection with Issues of Bonds, etc.	118,119.53	
Premium on Bonds retired and special Amortization of expense in connection with Issues of Bonds and Preferred Shares	797,912.48	
Provision for Canadian Income Taxes	1,529,045.58	
Reserved for Exchange	276,190.61	
		<u>4,352,792.81</u>
Profit for the year carried to Earned Surplus		<u>\$ 8,482,046.69</u>

NOTE: Provision for Depreciation and Depletion for the year amounted to \$2,138,862.56 of which
\$1,443,852.53 was charged to Cost of Production and \$695,010.03 directly against Profits.

ALUMINIUM LIMITED
and Fully Owned Subsidiary Companies

Consolidated Statement of Surplus
For the Year Ending 31st December, 1937

Earned Surplus

Earned Surplus—31st December, 1936.....		\$ 3,223,231.83
Profit for the year as per statement attached.....		8,482,046.69
		<u>\$11,705,278.52</u>
Deduct: Preferred Dividends Paid.....	\$2,909,340.00	
Appropriated for purchase and cancellation of 5,400 Preferred Shares.....	542,592.50	
		<u>3,451,932.50</u>
Earned Surplus—31st December, 1937.....		<u><u>\$ 8,253,346.02</u></u>

Capital Surplus

Capital Surplus resulting from the purchase and cancellation of 5,400 Preferred Shares.....	\$ 540,000.00
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Paid-in Distributable Surplus

Part of consideration received for 50,000 Common Shares.....		\$ 1,355,019.50
Deduct: Amount in excess of par value paid for 40,650 Preferred Shares purchased and cancelled.....	\$1,085,076.25	
Balance applied against unamortized expense in connection with issue of Preferred Shares.....	269,943.25	
		<u><u>1,355,019.50</u></u>

Auditors' Report

To the Shareholders of Aluminium Limited:

We have made an examination of the books and accounts of Aluminium Limited and its fully owned subsidiary companies in Canada for the year ending 31st December, 1937, and of authenticated statements for that year of the fully owned subsidiary companies operating outside of Canada whose books and accounts have been examined by independent auditors to varying dates within the year, and have obtained all the information and explanations we have required.

On the above basis, we report that the consolidated balance sheet attached hereto 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, 1937, according to the best of our information and the explanations given to us, and as shown by the books of the companies and the authenticated statements referred to; and that the relative consolidated statements of profit and loss and surplus fairly present the results of the combined operations of Aluminium Limited and fully owned subsidiary companies for the year ending 31st December, 1937.

Pursuant to Section 114 of the Companies Act, 1934, we report that the profits and losses for the year of the subsidiary companies not fully owned and 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. At 31st December, 1937, there was, in the aggregate, a net balance at the credit of these subsidiary companies' surplus accounts, of which your Company's share since acquisition was \$1,838,180.64, excluding the accumulated deficit of one subsidiary company, the investment in which was previously written off.

PRICE, WATERHOUSE & CO.,
Auditors.

24th March, 1938

ALUMINIUM LIMITED

Canada Life Building
Toronto, Ontario, Canada

DIRECTORS

J. H. ALGER, Vice-President and Secretary

E. BLOUGH

LUDWIG BRAASCH

EDWARD K. DAVIS, President

AIMÉ GEOFFRION, K.C.,
Geoffrion & Prud'homme,
Montreal, Que., Canada

ANDRÉ HENRY-COÜANNIER, Vice-President

LEIGHTON McCARTHY, K.C., Vice-President
President, Canada Life Assurance Company,
Toronto, Ont., Canada

G. O. MORGAN, Jr., Vice-President

J. F. VAN-LANE, Vice-President
McCarthy & McCarthy, Toronto, Ont., Canada

OFFICERS

J. W. McKEE Treasurer

M. B. de SOUSA PERNES Assistant Secretary

W. C. TERRY Assistant Secretary

