

ALCAN INC.

INTERIM CONSOLIDATED STATEMENT OF INCOME (unaudited)

| Three months ended March 31 | 2005 | 2004 |
|---|--------------|--------------|
| <i>(in millions of US\$, except per share amounts)</i> | | |
| Sales and operating revenues | 5,172 | 6,005 |
| Costs and expenses | | |
| Cost of sales and operating expenses, excluding depreciation and amortization noted below | 4,084 | 4,958 |
| Depreciation and amortization | 272 | 336 |
| Selling, administrative and general expenses | 379 | 395 |
| Research and development expenses | 49 | 61 |
| Interest | 85 | 93 |
| Other expenses (income) – net | 25 | (2) |
| | 4,894 | 5,841 |
| Income from continuing operations before income taxes and other items | 278 | 164 |
| Income taxes | 98 | 41 |
| Income from continuing operations before other items | 180 | 123 |
| Equity income | 29 | 16 |
| Minority interests | (1) | (6) |
| Income from continuing operations | 208 | 133 |
| Income (Loss) from discontinued operations | 10 | (27) |
| Net income | 218 | 106 |
| Dividends on preference shares | 2 | 2 |
| Net income attributable to common shareholders | 216 | 104 |
| Earnings (Loss) per share | | |
| Basic: | | |
| Income from continuing operations | 0.56 | 0.36 |
| Income (Loss) from discontinued operations | 0.02 | (0.07) |
| Net income per common share – basic | 0.58 | 0.29 |
| Diluted: | | |
| Income from continuing operations | 0.56 | 0.35 |
| Income (Loss) from discontinued operations | 0.02 | (0.07) |
| Net income per common share – diluted | 0.58 | 0.28 |
| Dividends per common share | 0.15 | 0.15 |

ALCAN INC.**INTERIM CONSOLIDATED BALANCE SHEET** (unaudited)

| | March 31, 2005 | December 31, 2004 |
|--|---------------------------|----------------------|
| <i>(in millions of US\$)</i> | | |
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash and time deposits | 205 | 184 |
| Trade receivables (net of allowances of \$61 in 2005 and \$99 in 2004) | 2,865 | 3,232 |
| Other receivables | 1,234 | 1,272 |
| Deferred income taxes | 199 | 214 |
| Inventories | 2,840 | 4,029 |
| Current assets held for sale | 403 | 817 |
| Total current assets | 7,746 | 9,748 |
| Deferred charges and other assets | 2,497 | 2,877 |
| Deferred income taxes | 728 | 870 |
| Property, plant and equipment | | |
| Cost (excluding Construction work in progress) | 15,826 | 21,922 |
| Construction work in progress | 586 | 816 |
| Accumulated depreciation | (5,611) | (9,445) |
| | 10,801 | 13,293 |
| Intangible assets (net of accumulated amortization of \$163 in 2005 and \$172 in 2004) | 1,086 | 1,230 |
| Goodwill | 5,116 | 5,496 |
| Long-term assets held for sale | 138 | 163 |
| Total assets | 28,112 | 33,677 |

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INTERIM CONSOLIDATED BALANCE SHEET (cont'd) (unaudited)

| | March 31, 2005 | December 31, 2004 |
|--|---------------------------|----------------------|
| <i>(in millions of US\$)</i> | | |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current liabilities | | |
| Payables and accrued liabilities | 4,747 | 5,800 |
| Short-term borrowings | 354 | 2,486 |
| Debt maturing within one year | 409 | 569 |
| Deferred income taxes | 6 | 23 |
| Current liabilities of operations held for sale | 570 | 714 |
| Total current liabilities | 6,086 | 9,592 |
| Debt not maturing within one year | 5,971 | 6,345 |
| Deferred credits and other liabilities | 4,401 | 4,975 |
| Deferred income taxes | 1,279 | 1,543 |
| Long-term liabilities of operations held for sale | 52 | 260 |
| Minority interests | 96 | 236 |
| Shareholders' equity | | |
| Redeemable non-retractable preference shares | 160 | 160 |
| Common shareholders' equity | | |
| Common shares | 6,098 | 6,670 |
| Additional paid-in capital | 689 | 112 |
| Retained earnings | 3,241 | 3,362 |
| Common shares held by a subsidiary | (31) | (35) |
| Accumulated other comprehensive income | 70 | 457 |
| | 10,067 | 10,566 |
| | 10,227 | 10,726 |
| Total liabilities and shareholders' equity | 28,112 | 33,677 |

ALCAN INC.**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS** (unaudited)**Three months ended March 31***(in millions of US\$)***OPERATING ACTIVITIES**

| | 2005 | 2004 |
|--|--------------|-------|
| Net income | 218 | 106 |
| Loss (Income) from discontinued operations | (10) | 27 |
| Income from continuing operations | 208 | 133 |
| Adjustments to determine cash from operating activities: | | |
| Depreciation and amortization | 272 | 336 |
| Deferred income taxes | 61 | (28) |
| Equity income, net of dividends | (27) | (16) |
| Asset impairment provisions | 8 | 5 |
| Gain on sale of businesses and investments – net | (1) | - |
| Stock option compensation | 5 | 2 |
| Change in operating working capital, deferred items, and other – net | (546) | (162) |
| Cash from (used for) operating activities in continuing operations | (20) | 270 |
| Cash from operating activities in discontinued operations | 41 | 20 |
| Cash from operating activities | 21 | 290 |

FINANCING ACTIVITIES

| | | |
|--|----------------|-------|
| Proceeds from issuance of new debt | 386 | 541 |
| Debt repayments | (636) | (220) |
| Short-term borrowings – net | (2,022) | (228) |
| Common shares issued | 4 | 25 |
| Dividends – Alcan shareholders (including preference) | (58) | (57) |
| – Minority interests | - | (2) |
| Cash from (used for) financing activities in continuing operations | (2,326) | 59 |
| Cash used for financing activities in discontinued operations | (37) | (3) |
| Cash from (used for) financing activities | (2,363) | 56 |

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) (unaudited)

Three months ended March 31

(in millions of US\$)

INVESTMENT ACTIVITIES

| | 2005 | 2004 |
|--|--------------|-------|
| Purchase of property, plant and equipment | (292) | (252) |
| Business acquisitions and purchase of investments | - | (368) |
| Net proceeds from disposal of business, investments and other assets | 9 | 44 |
| Settlement of amounts due from Novelis, net | 2,565 | - |
| Cash from (used for) investment activities in continuing operations | 2,282 | (576) |
| Cash used for investment activities in discontinued operations | (57) | (14) |
| Cash from (used for) investment activities | 2,225 | (590) |
| Effect of exchange rate changes on cash and time deposits | (18) | (27) |
| Decrease in cash and time deposits | (135) | (271) |
| Cash and time deposits – beginning of period | 340 | 778 |
| Cash and time deposits – end of period in continuing operations | 205 | 408 |
| Cash and time deposits – end of period in discontinued operations | - | 99 |
| Cash and time deposits – end of period | 205 | 507 |

ALCAN INC.

(in millions of US\$, except where indicated)

1. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements are based upon accounting policies and methods of their application consistent with those used and described in the Company's annual financial statements as contained in the most recent annual report. The interim financial statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and therefore should be read in conjunction with the Company's annual report.

In the opinion of management of the Company, the unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position and the results of operations and cash flows in accordance with U.S. GAAP, applied on a consistent basis. The results reported in these interim consolidated financial statements are not necessarily indicative of the results that may be expected for the entire year.

Spin-off of Rolled Products Businesses

On January 6, 2005, Alcan completed the spin-off of Novelis Inc. (Novelis), as described in note 5 – Spin-off of Rolled Products Businesses. Prior to the spin-off, these businesses were owned by Alcan. Alcan's consolidated financial statements as at December 31, 2004 and for the three months ended March 31, 2004 include the operations transferred to Novelis. Alcan's consolidated financial statements as at and for the three months ended March 31, 2005 exclude the operations transferred to Novelis. Management concluded that all income earned and cash flows generated by Novelis entities from January 1 to 5, 2005, were insignificant. In addition, the transactions between Alcan and Novelis during this period were also immaterial, with the exception of a net gain on derivative contracts, which has been recorded in retained earnings.

2. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On April 20, 2005, the Company announced the sale of Almet France to Amari Metal France Ltd., which specializes in distributing aluminum, stainless steel and cuprous metal products. The assets of Almet France were previously classified as held for sale and included in discontinued operations.

3. CAPITALIZATION OF INTEREST COSTS

Total interest costs in continuing operations in the first quarter of 2005 and 2004 were \$90 and \$95, respectively of which \$5 and \$2 were capitalized.

4. SALES AND ACQUISITIONS OF BUSINESSES AND INVESTMENTS

On March 22, 2005, the Company announced the creation of a new company in the Chinese Suzhou region, which will be equipped to fabricate packaging for beauty and personal care products. The Company has signed an agreement with the local government of the Mudu New District for the manufacturing site, which will initially produce plastic and aluminum packaging for make-up and skincare. Production will commence in the third quarter of 2005.

On March 16, 2005, the Company announced that it reached an agreement to sell Guardian Espanola S.A. to its current local management team. Located in Vitoria, Spain, Guardian Espanola S.A. produces flexible packaging and promotional items.

4. SALES AND ACQUISITIONS OF BUSINESSES AND INVESTMENTS (cont'd)

Pursuant to a Memorandum of Understanding signed in June 2004, on February 23, 2005, the Company announced the signing of a Shareholders' Agreement with Oman Oil Company S.A.O.C. and the Abu Dhabi Water and Electricity Authority for a 20% equity interest in the development of a proposed 325-kt aluminum smelter project in Sohar, Oman. The Company has the option of acquiring up to 60% of a planned second potline for an additional 330 kt of aluminum. The agreement provides that the Company would license its AP35 smelter technology and take a leading role in the construction and operation of the smelter. Subject to successful completion of the project agreements and financing arrangements, construction is expected to commence in the second half of 2005 and result in the first metal production by 2008.

On February 15, 2005, the Company announced that it reached an agreement with the U.K. administrators of Parkside International, to acquire the assets of Parkside's flexible food packaging plant in Zlotow, Poland. The acquisition was completed on May 2, 2005 following the approval of Polish and German anti-trust authorities.

On January 11, 2005, the Company announced its investment of \$55 in the Russian packaging market, to build and equip two new plants located in the Moscow and St. Petersburg regions. The Moscow site will focus on flexible packaging for the confectionery and dairy markets and represents an initial investment of \$25. The St. Petersburg site will be dedicated to tobacco packaging and represents an initial investment of \$30.

5. SPIN-OFF OF ROLLED PRODUCTS BUSINESSES

On January 6, 2005, Alcan completed the spin-off of Novelis to its shareholders. Alcan shareholders received one Novelis common share for every five Alcan common shares held. Novelis consists of substantially all of the aluminum rolled products businesses held by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil, which are fully integrated with the rolled products operations there, as well as four former Pechiney rolling facilities in Europe.

The agreements giving effect to the spin-off provide for various post-transaction adjustments and the resolution of outstanding matters, which are expected to be carried out by the parties by the end of 2005.

Following the spin-off, the Company settled amounts due from Novelis and used the net proceeds of \$2.6 billion to settle third party debt. Included in the net proceeds was a payment of \$100 made by the Company to Novelis in accordance with a separation agreement between the parties.

6. SUBSEQUENT EVENTS

On April 1, 2005, the Company announced the sale of its aluminum tubes business to its current management team and 21 Centrale Partners, an investment fund specialized in high potential mid-sized industrial companies. The sale consists of three plants located in Saumur (France), Kolin (Czech Republic) and Civitate al Piano (Italy). In divesting this business, the Company is continuing its strategy to direct its investments into markets with higher growth rates. In the second quarter of 2005, these businesses will be included in discontinued operations.

Montreal, Canada
9 May 2005