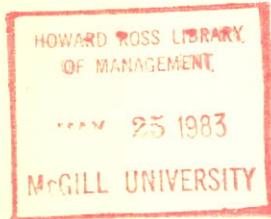


C  
Duf

# UNITED CORPORATIONS LIMITED

ANNUAL REPORT 1983



# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



**DIRECTORS**

G. DRUMMOND BIRKS  
Montreal

A. GEORGE DRAGONE  
Toronto

JAMES V. EMORY  
Toronto

JOCK K. FINLAYSON  
Toronto

KENNETH S. HOWARD, Q.C.  
Montreal

HENRY N. R. JACKMAN  
Toronto

CLIFFORD S. MALONE  
Toronto

DONALD J. MIANO  
Toronto

MARTIN H. SIEGERMAN  
Toronto

IAN S. STEERS  
London, England

ALAN E. TARR  
Winnipeg

WILLIAM P. WILDER  
Toronto

**OFFICERS**

HENRY N. R. JACKMAN  
Chairman and President

CLIFFORD S. MALONE  
Vice-Chairman

R. A. M. SMITH, C.A.  
Secretary and Treasurer

P. A. SMALLMAN  
Assistant Secretary and Assistant Treasurer

**Auditors** Price Waterhouse

**Transfer Agent** Montreal Trust Company.  
Shares transferable at Montreal, Toronto, Halifax,  
Winnipeg, Regina, Calgary and Vancouver.

**Registrar** The Royal Trust Company.

**Head Office** Suite 2990, South Tower  
Royal Bank Plaza  
Toronto, Ontario, M5J 2J2

**Shares Listed** First Preferred, Second Preferred (1959 and 1963  
Series) and Common shares are listed on the Montreal  
and Toronto Stock Exchanges.

# UNITED CORPORATIONS LIMITED

## TO THE SHAREHOLDERS:

As of March 31, 1983, the end of the company's fiscal year, net equity per common share was \$42.42. This was an increase of 43.9% from \$29.48 at the end of March, 1982, after provision for dividends totalling 98¢ per share.

At the end of June of last year net equity per common share reached a month-end low of \$26.49. The increase over the nine-month period to the March, 1983, figure was 60.1% after provision for dividends totalling 76¢ per share.

At the end of December, 1982, net equity per common share was \$37.11. The increase for the quarter was 14.3% after provision for dividends of 32¢ per share.

Net income for the year amounted to \$4,846,031 compared to \$4,815,381 for the previous year. After provision for preferred dividends, net income available for the common shares was \$4,467,676, equal to \$1.08 per share, compared to last year's \$4,437,026 also equal to \$1.08 per share.

Dividends declared on the common shares during the year aggregated \$4,036,182, consisting of four regular quarterly dividends of 22¢ per share together with a year-end extra of 10¢ per share for a total of 98¢ per share. The corresponding figure for last year was \$4,073,376 or 99¢ per share.

At their March meeting your directors declared a regular quarterly dividend of 22¢ per common share payable May 13th to shareholders of record May 4th. In addition, at a meeting held on April 11th your directors declared a capital gains dividend of \$5.39 per common share, payable 75% in the form of common shares (equal to one new common share for every ten shares held) at an issue price of \$40.41 per share, together with \$1.35 per share in cash. Full details with respect to the capital gains dividend were set out in a special notice to shareholders dated April 11th, but it should be noted that its record date is later than the record date for the quarterly dividend so that the latter will only apply to the present number of shares outstanding.

The stock market explosion from the lows of last summer has been extraordinary and it would be unrealistic to expect it to continue at the same pace. But, with increasing evidence of improvement in the American economy and preliminary indications that the Canadian economy will, as usual, follow the American trend with a lag, it is your director's present judgment that the underlying upward market trend is likely to continue. It would, however, be normal to expect periodic interruptions to the basic uptrend.

May 4, 1983

H. N. R. Jackman  
Chairman

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS

March 31

|   | 1983                 | 1982                 |
|---|----------------------|----------------------|
| <b>Assets:</b>  |                      |                      |
| Portfolio investments, at market value (average cost —<br>1983 — \$114,204,508; 1982 — \$113,668,879) ..... | <b>\$167,181,852</b> | \$109,221,674        |
| Other investments (Note 2) .....  | <b>1,474,144</b>     | 1,726,815            |
|   | <b>168,655,996</b>   | 110,948,489          |
| Cash and short-term investments .....   | <b>6,851,748</b>     | 9,833,888            |
| Accrued income on investments .....   | <b>610,690</b>       | 855,236              |
| Due from brokers .....  | <b>3,155,055</b>     | 3,059,010            |
| Income taxes recoverable .....  | <b>3,336,842</b>     | 3,114,830            |
|   | <b>182,610,331</b>   | 127,811,453          |
| <b>Liabilities:</b>   |                      |                      |
| Accrued interest payable .....  | <b>91,452</b>        | 123,233              |
| Due to brokers .....  | <b>15,215</b>        | —                    |
| Other accounts payable .....  | <b>50,097</b>        | 45,420               |
|   | <b>156,764</b>       | 168,653              |
| Income debenture (Note 3) .....   | <b>8,000,000</b>     | 8,000,000            |
| Deferred income taxes .....   | <b>226,975</b>       | —                    |
|   | <b>8,383,739</b>     | 8,168,653            |
| Net assets .....  | <b>\$174,226,592</b> | <b>\$119,642,800</b> |
| <b>Represented by:</b>  |                      |                      |
| Stated capital (Note 4) —   |                      |                      |
| First Preferred   | Second Preferred     | Common               |
| 52,237  | —                    | 2,877,480            |
| —   | 200,000              | —                    |
| —   | —                    | 1,241,073            |
| 52,237  | <b>200,000</b>       | <b>4,118,553</b>     |
|   | <b>\$ 119,384</b>    | \$ 119,384           |
|   | <b>6,000,000</b>     | 6,000,000            |
|   | <b>28,342,651</b>    | 28,342,651           |
|   | <b>34,462,035</b>    | 34,462,035           |
| Surplus—  |                      |                      |
| Retained income .....   | <b>2,484,960</b>     | 2,053,466            |
| Accumulated net realized gains on investments .....   | <b>84,279,153</b>    | 87,582,305           |
|   | <b>86,764,113</b>    | 89,635,771           |
| Unrealized appreciation (decline) in value of<br>investments .....  | <b>53,000,444</b>    | (4,455,006)          |
|   | <b>\$174,226,592</b> | <b>\$119,642,800</b> |

### APPROVED BY THE BOARD:

H. N. R. Jackman, Director

C. S. Malone, Director

*See notes to financial statements.*

**CONSOLIDATED STATEMENT  
OF NET INCOME**

|  | Year ended March 31 |                     |
|--|---------------------|---------------------|
|  | <u>1983</u>         | <u>1982</u>         |
| Income:  |                     |                     |
| Dividends .....  | \$ 5,217,086        | \$ 5,291,912        |
| Interest .....   | 1,541,400           | 1,543,401           |
|  | <u>6,758,486</u>    | <u>6,835,313</u>    |
| Expenses:  |                     |                     |
| Management fees .....  | 168,542             | 211,651             |
| Directors' and officers' remuneration .....                          | 103,430             | 100,300             |
| Fees and expenses of trustee, registrar and<br>transfer agents ..... | 56,331              | 48,725              |
| Legal and audit fees .....   | 33,426              | 53,021              |
| Office and miscellaneous expenses .....                              | 56,106              | 64,020              |
| Interest .....   | 152,200             | 103,496             |
|  | <u>570,035</u>      | <u>581,213</u>      |
| Income before the following items .....                              | 6,188,451           | 6,254,100           |
| Interest on income debentures .....                                  | 691,534             | 860,520             |
| Retirement annuity .....   | —                   | 191,473             |
|  | <u>691,534</u>      | <u>1,051,993</u>    |
| Income before income taxes .....                                     | 5,496,917           | 5,202,107           |
| Foreign taxes withheld .....   | 92,238              | 68,733              |
| Provision for income taxes:  |                     |                     |
| Current .....  | 331,673             | 317,993             |
| Deferred .....   | 226,975             | —                   |
|  | <u>650,886</u>      | <u>386,726</u>      |
| NET INCOME .....   | <u>\$ 4,846,031</u> | <u>\$ 4,815,381</u> |
| Net income per common share (Note 7) .....                           | <u>\$1.08</u>       | <u>\$1.08</u>       |

*See notes to financial statements.*

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF SURPLUS

|   | Year ended March 31  |                      |
|---|----------------------|----------------------|
|   | 1983                 | 1982                 |
| <b>RETAINED INCOME:</b>   |                      |                      |
| Balance at beginning of year .....  | \$ 2,053,466         | \$ 1,689,816         |
| Net income .....  | 4,846,031            | 4,815,381            |
|   | <u>6,899,497</u>     | <u>6,505,197</u>     |
| Dividends:  |                      |                      |
| First preferred shares .....  | 78,355               | 78,355               |
| Second preferred shares .....   | 300,000              | 300,000              |
| Common shares   |                      |                      |
| (per share 1983 — \$0.98; 1982 — \$0.99) .....  | <u>4,036,182</u>     | <u>4,073,376</u>     |
|   | <u>4,414,537</u>     | <u>4,451,731</u>     |
| Balance at end of year .....  | <u>\$ 2,484,960</u>  | <u>\$ 2,053,466</u>  |
| <b>ACCUMULATED NET REALIZED GAINS ON INVESTMENTS:</b>                                       |                      |                      |
| Balance at beginning of year .....  | <u>\$ 87,582,305</u> | <u>\$ 98,281,633</u> |
| Net gain on investments sold during the year —  |                      |                      |
| Proceeds from sale of investments .....   | 78,245,725           | 109,436,507          |
| Investments at cost at beginning of year .....  | 113,668,879          | 117,705,828          |
| Investments purchased during year .....   | 83,388,265           | 91,005,973           |
| Investments at cost at end of year .....  | <u>(114,204,508)</u> | <u>(113,668,879)</u> |
| Cost of investments sold .....  | <u>82,852,636</u>    | <u>95,042,922</u>    |
|   | <u>(4,606,911)</u>   | <u>14,393,585</u>    |
| Less: Income taxes on net taxable gains on sale of investments (Note 6) .....               | <u>(1,303,759)</u>   | <u>3,688,075</u>     |
| Net gain (loss) on investments sold .....   | <u>(3,303,152)</u>   | <u>10,705,510</u>    |
|   | <u>84,279,153</u>    | <u>108,987,143</u>   |
| Dividend (\$8 per common share) .....   |                      | 28,539,784           |
| Income tax recovery resulting from dividend paid out of realized gains on investments ..... |                      | <u>(7,134,946)</u>   |
|   |                      | <u>21,404,838</u>    |
| Balance at end of year .....  | <u>\$ 84,279,153</u> | <u>\$ 87,582,305</u> |

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

|   | Year ended March 31  |                      |
|---|----------------------|----------------------|
|   | 1983                 | 1982                 |
| Net assets at beginning of year .....   | \$119,642,800        | \$189,142,974        |
| Add (deduct) changes during year —  |                      |                      |
| Net income .....  | 4,846,031            | 4,815,381            |
| Proceeds from issue of common shares .....  | —                    | 21,428,373           |
| Net gain (loss) on investments sold .....   | <u>(3,303,152)</u>   | <u>10,705,510</u>    |
| Increase (decrease) in unrealized appreciation in value of investments .....                | <u>57,455,450</u>    | <u>(80,592,869)</u>  |
| Dividends —   |                      |                      |
| Retained income .....   | <u>(4,414,537)</u>   | <u>(4,451,731)</u>   |
| Accumulated net realized gains on investments .....   | <u>—</u>             | <u>(28,539,784)</u>  |
| Income tax recovery resulting from dividend paid out of realized gains on investments ..... | <u>—</u>             | <u>7,134,946</u>     |
| Net assets at end of year .....   | <u>\$174,226,592</u> | <u>\$119,642,800</u> |

*See notes to financial statements.*

**CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 1983**

| <u>No. of Shares<br/>or Par Value</u> |   | <u>Average<br/>Cost</u> | <u>Market<br/>Value</u> | <u>%<br/>of Net<br/>Assets</u> |
|---------------------------------------|---|-------------------------|-------------------------|--------------------------------|
| <b>Banks</b>                          |   |                         |                         |                                |
| 219,417                               | Bank of Montreal .....  | \$ 5,316,814            | \$ 6,527,656            |                                |
| 86,800                                | The Bank of Nova Scotia .....   | 2,601,697               | 3,645,600               |                                |
| 73,800                                | Canadian Imperial Bank of Commerce .....  | 2,002,758               | 2,675,250               |                                |
| 97,900                                | The Royal Bank of Canada .....  | 1,813,130               | 3,193,987               |                                |
| 231,498                               | The Toronto-Dominion Bank .....   | 6,345,034               | 10,967,218              |                                |
|                                       |   | <u>18,079,433</u>       | <u>27,009,711</u>       | 15.50                          |
| <b>Trust, Savings &amp; Loan</b>      |   |                         |                         |                                |
| 354,025                               | National Trust Company, Limited .....   | <u>7,618,553</u>        | <u>13,452,950</u>       | 7.72                           |
| <b>Publishing &amp; Printing</b>      |   |                         |                         |                                |
| 23,000                                | Southam Inc.....  | 852,997                 | 799,250                 |                                |
| 226,100                               | Thomson Newspapers Limited Class A.....   | 4,852,824               | 7,093,887               |                                |
| 54,734                                | The Toronto Sun Publishing Corporation.....   | 519,227                 | 684,175                 |                                |
|                                       |   | <u>6,225,048</u>        | <u>8,577,312</u>        | 4.92                           |
| <b>TV &amp; Radio</b>                 |   |                         |                         |                                |
| 105,000                               | CHUM Limited Class B.....   | 1,831,376               | 1,837,500               |                                |
| 309,400                               | Maclean Hunter Limited Class Y.....   | 1,574,798               | 4,176,900               |                                |
|                                       |   | <u>3,406,174</u>        | <u>6,014,400</u>        | 3.45                           |
| <b>Breweries</b>                      |   |                         |                         |                                |
| 45,000                                | John Labatt Limited Class A Common.....   | <u>1,227,367</u>        | <u>1,935,000</u>        | 1.11                           |
| <b>Food Processing</b>                |   |                         |                         |                                |
| 44,800                                | Canada Packers Inc.....   | <u>1,620,911</u>        | <u>1,825,600</u>        | 1.05                           |
| <b>Distillers</b>                     |   |                         |                         |                                |
| 40,500                                | The Seagram Company Ltd.....  | <u>965,431</u>          | <u>1,366,875</u>        | .79                            |
| <b>Tobacco</b>                        |   |                         |                         |                                |
| 22,800                                | Imasco Limited .....  | 528,863                 | 795,150                 |                                |
| 40,100                                | Imasco Limited \$3.06 Conv. Pfd.,<br>Series B .....                                       | 2,044,664               | 2,796,975               |                                |
|                                       |   | <u>2,573,527</u>        | <u>3,592,125</u>        | 2.06                           |
| <b>Manufacturing</b>                  |   |                         |                         |                                |
| 50,000                                | Canadian Marconi Company .....  | 1,584,612               | 2,850,000               |                                |
| 87,000                                | Dominion Textile Inc.....   | 1,392,000               | 1,555,125               |                                |
| 17,200                                | Northern Telecom Limited.....   | 1,425,079               | 1,655,500               |                                |
| 103,600                               | Vulcan Industrial Packaging Limited.....  | 652,903                 | 828,800                 |                                |
|                                       |   | <u>5,054,594</u>        | <u>6,889,425</u>        | 3.95                           |
| <b>Food Retailers</b>                 |   |                         |                         |                                |
| 133,500                               | Loblaw Companies Limited.....   | 1,283,934               | 1,368,375               |                                |
| 67,700                                | The Oshawa Group Limited Class A .....  | <u>1,632,823</u>        | <u>1,607,875</u>        |                                |
|                                       |   | <u>2,916,757</u>        | <u>2,976,250</u>        | 1.71                           |
| <b>Specialty Retailers</b>            |   |                         |                         |                                |
| 53,185                                | Consumers Distributing Company<br>Limited .....   | 749,364                 | 1,010,515               |                                |
| \$1,000,000                           | Consumers Distributing Company Limited<br>11.875% Conv. Sub. Deb. December 14, 1997 ..... | 1,000,000               | 1,266,700               |                                |
| 180,000                               | Dylex Limited Class A Pfd.....  | 2,295,000               | 3,352,500               |                                |
|                                       |   | <u>4,044,364</u>        | <u>5,629,715</u>        | 3.23                           |

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS (continued)

| No. of Shares<br>or Par Value         |  | Average<br>Cost | Market<br>Value | %<br>of Net<br>Assets |
|---------------------------------------|--|-----------------|-----------------|-----------------------|
| <b>Copper</b>                         |  |                 |                 |                       |
| 86,900                                | Placer Development Limited.....                            | \$ 1,458,439    | \$ 1,890,075    | 1.09                  |
| <b>Gold &amp; Silver</b>              |  |                 |                 |                       |
| 47,700                                | Bachelor Lake Gold Mines Inc.....                          | 166,950         | 333,900         |                       |
| 66,505                                | Campbell Red Lake Mines Limited.....                       | 1,161,192       | 1,978,523       |                       |
| 8,300                                 | Equity Silver Mines Limited .....                          | 264,285         | 311,250         |                       |
| 12,400                                | Giant Yellowknife Mines Limited .....                      | 220,547         | 251,100         |                       |
| 17,500                                | Kiena Gold Mines Limited.....                              | 406,733         | 402,500         |                       |
| 46,796                                | Lac Minerals Ltd.....                                      | 827,444         | 1,070,459       |                       |
| 80,775                                | Lake Shore Mines, Limited.....                             | 1,998,408       | 2,948,287       |                       |
| 82,000                                | Pegasus Gold Ltd.....                                      | 1,038,944       | 1,025,000       |                       |
| 215,300                               | Quebec Sturgeon River Mines Limited.....                   | 1,618,158       | 1,426,363       |                       |
| 83,000                                | Sigma Mines (Quebec) Limited.....                          | 1,032,663       | 1,411,000       |                       |
|                                       |  | 8,735,324       | 11,158,382      | 6.40                  |
| <b>Nickel</b>                         |  |                 |                 |                       |
| 55,077                                | Great Lakes Nickel Limited Options .....                   | 1,620           | 8,262           | .01                   |
| <b>Miscellaneous Metals</b>           |  |                 |                 |                       |
| 42,208                                | Canada Tungsten Mining Corporation Limited .....           | 714,521         | 865,264         | .50                   |
| <b>Integrated Oils</b>                |  |                 |                 |                       |
| 56,000                                | BP Resources Canada Limited .....                          | 1,277,663       | 1,134,000       | .65                   |
| <b>Oil &amp; Gas Producers</b>        |  |                 |                 |                       |
| \$ 375,000                            | Argyll Resources Ltd. 10% Conv. Deb.<br>Aug. 31, 1983..... | 375,000         | 300,037         |                       |
| 550,735                               | Atlantis Resources International Ltd.....                  | 236,900         | 374,500         |                       |
| 126,600                               | Canada Northwest Energy Limited .....                      | 2,826,405       | 3,101,700       |                       |
| 165,000                               | Omega Hydrocarbons Ltd.....                                | 1,432,300       | 1,381,875       |                       |
| 850,000                               | Warren Explorations Limited .....                          | 650,000         | 340,000         |                       |
|                                       |  | 5,520,605       | 5,498,112       | 3.16                  |
| <b>Gas Transmission</b>               |  |                 |                 |                       |
| 171,255                               | Inland Natural Gas Co. Ltd.....                            | 2,572,147       | 2,311,943       | 1.33                  |
| <b>Real Estate &amp; Construction</b> |  |                 |                 |                       |
| 22,650                                | Trizec Corporation Ltd.....                                | 552,643         | 594,563         | .34                   |
| <b>Transportation</b>                 |  |                 |                 |                       |
| 292,391                               | Algoma Central Railway .....                               | 4,803,410       | 5,116,850       |                       |
| 180,500                               | Laidlaw Transportation Limited Class A .....               | 520,668         | 3,452,063       |                       |
| 240,500                               | Laidlaw Transportation Limited Class B .....               | 1,110,168       | 4,419,187       |                       |
|                                       |  | 6,434,246       | 12,988,100      | 7.45                  |
| <b>Telephone</b>                      |  |                 |                 |                       |
| 177,400                               | Bell Canada.....   | 3,258,554       | 4,479,350       | 2.57                  |
| <b>Miscellaneous</b>                  |  |                 |                 |                       |
| 503,700                               | CAE Industries Ltd.....                                    | 996,892         | 5,414,775       |                       |
| 97,700                                | MDS Health Group Limited Class B .....                     | 1,162,374       | 2,076,125       |                       |
| 4,538                                 | Solartech Limited .....                                    | 224,000         | 22,690          |                       |
|                                       |  | 2,383,266       | 7,513,590       | 4.31                  |

**CONSOLIDATED STATEMENT OF INVESTMENTS (continued)**

| No. of Shares<br>or Par Value      |   | Average<br>Cost             | Market<br>Value             | %<br>of Net<br>Assets |
|------------------------------------|---|-----------------------------|-----------------------------|-----------------------|
| <b>Foreign Securities</b>          |   |                             |                             |                       |
| 40,785                             | Abbott Laboratories Inc. ....                     | \$ 2,032,940                | \$ 2,168,538                |                       |
| 51,000                             | Airborne Freight Corporation ....                 | 1,158,135                   | 1,284,690                   |                       |
| 28,615                             | American Telephone and Telegraph Company ....     | 2,129,815                   | 2,282,046                   |                       |
| 47,000                             | Cooper Laboratories, Inc. ....                    | 1,795,341                   | 4,809,040                   |                       |
| 38,000                             | Deluxe Check Printers, Inc. ....                  | 1,765,656                   | 2,032,240                   |                       |
| 77,406                             | Docutel/Olivetti Corporation ....                 | 1,490,343                   | 2,572,202                   |                       |
| 58,325                             | General Defense Corporation ....                  | 661,242                     | 1,343,225                   |                       |
| 19,000                             | General Electric Company ....                     | 1,323,772                   | 2,466,770                   |                       |
| 40,000                             | General Instrument Corporation ....               | 1,891,514                   | 2,689,200                   |                       |
| 12,200                             | International Business Machines Corporation. .... | 1,471,574                   | 1,533,052                   |                       |
| 60,900                             | The Japan Technology Fund ....                    | 1,494,220                   | 1,499,358                   |                       |
| 320,000                            | London and Manchester Group plc. ....             | 1,665,341                   | 2,016,000                   |                       |
| 104,100                            | M.D.C. Corporation ....                           | 513,082                     | 1,657,272                   |                       |
| 15,000                             | Novo Industri A/S ADR ....                        | 650,430                     | 929,700                     |                       |
| 73,600                             | Switchco Inc. ....                                | 792,167                     | 887,616                     |                       |
| 112,500                            | Tacoma Boatbuilding Co. ....                      | 2,060,491                   | 2,278,125                   |                       |
| 35,000                             | TAMPAX Incorporated. ....                         | 1,528,928                   | 2,244,900                   |                       |
| 166,522                            | Unifi, Inc. ....                                  | 2,233,042                   | 3,526,936                   |                       |
| 87,900                             | Uniroyal, Inc. ....                               | 905,288                     | 1,249,938                   |                       |
|                                    |   | <u>27,563,321</u>           | <u>39,470,848</u>           | <u>22.66</u>          |
| <b>Total Portfolio Investments</b> |   | <b>\$114,204,508</b>        | <b>\$167,181,852</b>        | <b>95.96%</b>         |
| <b>Short-term Investments</b>      |   | <b>4,392,916</b>            | <b>4,416,016</b>            | <b>2.53</b>           |
| <b>Other Assets — Net</b>          |   | <b>2,628,724</b>            | <b>2,628,724</b>            | <b>1.51</b>           |
| <b>Net Assets</b>                  |   | <b><u>\$121,226,148</u></b> | <b><u>\$174,226,592</u></b> | <b><u>100.00%</u></b> |

# UNITED CORPORATIONS LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 1983

1. Summary of accounting policies:
  - (a) Principles of consolidation —  
The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, UNC Holdings Limited. The present purpose of the subsidiary is to acquire joint venture interests in petroleum and natural gas exploration and development.
  - (b) Portfolio investments —  
Portfolio investments are carried at market value which is determined from published last sales prices on national securities exchanges at March 31, 1983. When no quoted market is available, the market value of investments is determined by the directors of the Corporation.  
No provision is made for deferred income taxes on the unrealized appreciation in value of investments as at March 31.
  - (c) Other investments —  
The investments in joint ventures are carried at the lower of amortized cost and net realizable value.
  - (d) Income taxes —  
The Corporation provides for income taxes on the tax allocation basis. The cumulative differences between tax calculated on such basis and that calculated under current Income Tax laws are timing differences and are reflected as Deferred income taxes.
  - (e) Dividend and interest income —  
Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.
  - (f) Foreign exchange —  
The average cost of foreign investments is the cost thereof translated into Canadian dollars at the rate of exchange prevailing at the time of purchase. The market value of such investments at March 31, 1983 has been translated into Canadian dollars at the exchange rate prevailing at that date.

### 2. Other investments:

Other investments consist of the following —

|   | March 31                |                           |
|---|-------------------------|---------------------------|
|   | 1983                    | 1982                      |
| Shares in Atlantis Resources Ltd. ....              | \$ —                    | \$ 236,900                |
| Interest in Atlantis Resources joint ventures ..... | <u>1,474,144</u>        | 1,489,915                 |
|   | <u><u>1,474,144</u></u> | <u><u>\$1,726,815</u></u> |

### 3. Income debenture:

The income debenture is due August 1, 1986 and is repayable in whole or in part at the option of United Corporations Limited on 30 days' notice. This debenture bears interest at a variable rate determined in relation to the prime lending rate. At March 31, 1983 the rate was 7.0%.

### 4. Stated capital:

The classes of shares and, where applicable, the maximum number of shares that the Corporation is authorized to issue are as follows:

- (a) 52,237 First Preferred Shares without nominal or par value are redeemable at \$30.00 each;
- (b) 200,000 Second Preferred Shares without nominal or par value, issuable in series of which Second Preferred Shares (i) 80,290 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1959 Series and are redeemable at \$30.00 each and (ii) 119,710 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1963 Series and are redeemable at \$31.50 each;

**NOTES  
TO CONSOLIDATED  
FINANCIAL STATEMENTS**  
Continued

(c) Third Preferred Shares without nominal or par value, issuable in series. The maximum number of Third Preferred Shares that may be outstanding at any time shall be that number of which the stated value does not exceed \$15,000,000; and

(d) an unlimited number of Common Shares without nominal or par value.

The Corporation has an employees' stock option plan under which options for the purchase of 66,290 common shares may be granted. During the current fiscal year, no options were granted or exercised.

**5. Net equity value of the Corporation's common shares:**

The net equity value of the Corporation's common shares is determined by adding the total amount of refundable capital gains tax on hand (Note 6) to the net assets and deducting from the resulting total the outstanding preferred shares at their cost of redemption. Net equity value per common share is the net equity value divided by the number of common shares outstanding.

|  | March 31             |                |
|--|----------------------|----------------|
|  | 1983                 | 1982           |
| Net assets .....   | <b>\$174,226,592</b> | \$119,642,800  |
| Add:   |                      |                |
| Refundable capital gains tax on hand<br>at end of year ..... | <b>8,212,524</b>     | 9,516,283      |
|  | <b>182,439,116</b>   | 129,159,083    |
| Deduct:  |                      |                |
| Cost of redemption —   |                      |                |
| First preferred shares .....                                 | <b>1,567,110</b>     | 1,567,110      |
| Second preferred shares.....                                 | <b>6,179,565</b>     | 6,179,565      |
|  | <b>7,746,675</b>     | 7,746,675      |
| Net equity value .....                                       | <b>\$174,692,441</b> | \$121,412,408  |
| Net equity value per common share (Note 7).....              | <b>\$42.42</b>       | <u>\$29.48</u> |

**6. Income taxes:**

The Corporation qualifies as an investment corporation under Section 130 of the Income Tax Act, Canada. As such, dividends received from taxable Canadian corporations are not taxed while other income is taxed at reduced rates.

Taxes on capital gains are refundable when the Corporation distributes such gains by way of capital gains dividends to its shareholders. The Corporation has refundable capital gains tax on hand of \$8,212,524 at March 31, 1983. This potential recovery has not been recorded in the Corporation's accounts.

It is the Corporation's policy not to pay instalments during the year in respect of potential capital gains taxes payable. Accordingly, interest charges incurred on taxes payable amounting to \$197,436 in fiscal 1983 have been reflected in the consolidated statement of net income.

**7. Subsequent event:**

On April 11, 1983 the Corporation declared a dividend of \$5.39 per common share out of realized gains on investments, payable on May 13, 1983 to shareholders of record May 5, 1983. The dividend is payable in \$4.04 in stock and \$1.35 in cash. Approximately 411,855 common shares will be issued for a total consideration of \$16,643,060 in satisfaction of the stock dividend, resulting in the issue of 1 common share for each 10 common shares outstanding at the record date.

This dividend will result in a \$5,549,750 recovery of the Corporation's refundable capital gains tax on hand of \$8,212,524 at March 31, 1983.

The amounts noted in the financial statements for net income per common share and net equity value per common share would be \$0.99 and \$37.33 respectively, after giving retroactive effect to the stock dividend and the reduction in the refundable capital gains tax on hand at March 31, 1983.

# UNITED CORPORATIONS LIMITED

## AUDITORS' REPORT

### To the Shareholders of United Corporations Limited:

We have examined the consolidated financial statements of United Corporations Limited for the year ended March 31, 1983 which appear on pages 2 to 9 inclusive. Our examination was made in accordance with generally accepting auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position and investments of the Corporation as at March 31, 1983 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
April 29, 1983

Price Waterhouse  
Chartered Accountants

# UNITED CORPORATIONS LIMITED

## SUMMARY STATEMENTS OF NET ASSETS (all investments at market)

| Portfolio —   | 1983<br>March 31st   | 1982<br>March 31st   | 1981<br>March 31st   | 1980<br>March 31st   | 1979<br>March 31st   | 1978<br>March 31st   |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash, etc, Short Term Notes,<br>Bonds & Term Preferred .....                            | \$ 13,954,335        | \$ 24,916,714        | \$ 10,296,242        | \$ 3,735,165         | \$ 2,596,475         | \$ 6,924,806         |
| Less: Liabilities .....   | <u>383,739</u>       | <u>168,653</u>       | <u>8,677,596</u>     | <u>4,976,793</u>     | <u>1,215,073</u>     | <u>583,981</u>       |
| Net Reserves .....  | 13,570,596           | 24,748,061           | 1,618,646            | (1,241,628)          | 1,381,402            | 6,340,825            |
| Common Stocks .....   | 162,818,139          | 99,146,496           | 189,805,325          | 140,795,534          | 112,394,754          | 72,541,465           |
| Convertibles .....  | <u>4,363,713</u>     | <u>2,021,428</u>     | <u>3,882,103</u>     | <u>310,000</u>       | <u>1,356,887</u>     | <u>2,142,475</u>     |
| Total Portfolio Investments and<br>Cash .....   | 180,752,448          | 125,915,985          | 195,306,074          | 139,863,906          | 115,133,043          | 81,024,765           |
| Investment in and advances to<br>Subsidiary and Affiliated<br>Companies .....           | <u>1,474,144</u>     | <u>1,726,815</u>     | <u>1,836,900</u>     | <u>1,836,420</u>     | <u>1,659,654</u>     | <u>1,804,440</u>     |
| Net Assets available for investment   | 182,226,592          | 127,642,800          | 197,142,974          | 141,700,326          | 116,792,697          | 82,829,205           |
| Less: Bank loan and income<br>Debenture .....   | <u>8,000,000</u>     | <u>8,000,000</u>     | <u>8,000,000</u>     | <u>9,657,040</u>     | <u>9,506,120</u>     | <u>8,000,000</u>     |
| Total Net Assets .....  | <u>\$174,226,592</u> | <u>\$119,642,800</u> | <u>\$189,142,974</u> | <u>\$132,043,286</u> | <u>\$107,286,577</u> | <u>\$ 74,829,205</u> |
| <b>Capitalization —</b>   |                      |                      |                      |                      |                      |                      |
| Senior Capital at Redemption<br>Prices: —   |                      |                      |                      |                      |                      |                      |
| First Preferred Shares .....  | \$ 1,567,110         | \$ 1,567,110         | \$ 1,567,110         | \$ 1,567,110         | \$ 1,567,110         | \$ 1,567,110         |
| Second Preferred Shares .....   | <u>6,179,565</u>     | <u>6,179,565</u>     | <u>6,179,565</u>     | <u>6,179,565</u>     | <u>6,179,565</u>     | <u>6,179,565</u>     |
| Total Senior Capital .....  | 7,746,675            | 7,746,675            | 7,746,675            | 7,746,675            | 7,746,675            | 7,746,675            |
| Net Assets for Common Shares* ..  | 166,479,917          | 111,896,125          | 181,396,299          | 124,296,611          | 99,539,902           | 67,082,530           |
|   | <u>\$174,226,592</u> | <u>\$119,642,800</u> | <u>\$189,142,974</u> | <u>\$132,043,286</u> | <u>\$107,286,577</u> | <u>\$ 74,829,205</u> |
| *Percentage of Common Stocks &<br>Convertibles to Net Assets for<br>Common Shares ..... | 100.4%               | 90.4%                | 106.8%               | 113.5%               | 114.3%               | 111.3%               |

\*Percentage of Common Stocks &  
Convertibles to Net Assets for  
Common Shares .....

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD 1963-1983

| Year    | Total<br>Net Assets<br>at Market | Value<br>Before<br>Funded<br>Debt | Funded<br>Debt and<br>Preferred<br>Shares | Common Shares         |            |              |            |              |                        |         |  |
|---------|----------------------------------|-----------------------------------|---|-----------------------|------------|--------------|------------|--------------|------------------------|---------|--|
|         |                                  |                                   |   | Shares<br>Outstanding | Net Equity |              | Net Income |              | Dividends Per<br>Share |         |  |
|         |                                  |                                   |   |                       | Total      | Per<br>Share | Total      | Per<br>Share | Income                 | Capital |  |
| 1964... | \$ 62,860,580                    | \$ 7,746,675                      | 3,471,123                                 | \$ 55,113,905         | \$15.87    | \$1,284,223  | \$0.37     | \$0.37       | \$—                    | \$—     |  |
| 1965... | 66,117,062                       | 7,746,675                         | 3,474,723                                 | 58,370,387            | 16.80      | 1,503,104    | 0.43       | 0.41         | —                      | —       |  |
| 1966... | 63,155,547                       | 7,746,675                         | 3,475,423                                 | 55,408,872            | 15.94      | 1,664,295    | 0.48       | 0.44         | —                      | —       |  |
| 1967... | 74,756,817                       | 7,746,675                         | 3,504,873                                 | 67,010,142            | 19.11      | 1,740,530    | 0.50       | 0.46         | —                      | —       |  |
| 1968... | 84,930,355                       | 7,746,675                         | 3,510,873                                 | 77,183,680            | 21.98      | 1,700,009    | 0.48       | 0.72         | —                      | —       |  |
| 1969... | 78,768,892                       | 7,746,675                         | 3,515,873                                 | 71,022,217            | 20.20      | 1,865,674    | 0.53       | 0.48         | 0.34                   | —       |  |
| 1970... | 71,219,714                       | 7,746,675                         | 3,515,873                                 | 63,455,575            | 18.05      | 1,981,177    | 0.56       | 0.52         | 0.36                   | —       |  |
| 1971... | 73,401,432                       | 7,746,675                         | 3,515,873                                 | 65,654,757            | 18.67      | 1,669,008    | 0.47       | 0.48         | 0.42                   | —       |  |
| 1972... | 86,757,181                       | 7,746,675                         | 3,515,873                                 | 79,020,426            | 22.47      | 1,723,962    | 0.49       | 0.48         | 0.25                   | —       |  |
| 1973... | 83,758,227                       | 7,746,675                         | 3,517,473                                 | 76,149,951            | 21.64      | 374,400 (a)  | 0.11 (a)   | 0.12 (a)     | 0.25 (a)               | —       |  |
| 1974... | 82,457,336                       | 7,746,675                         | 3,517,473                                 | 74,926,140            | 21.29      | 1,996,086    | 0.56       | 0.52         | —                      | —       |  |
| 1975... | 71,674,185                       | 7,746,675                         | 3,522,473                                 | 64,152,989            | 18.21      | 2,790,691    | 0.79       | 0.68         | —                      | —       |  |
| 1976... | 80,075,495                       | 15,746,675                        | 3,522,473                                 | 64,544,289            | 18.32      | 2,522,400    | 0.72       | 0.68         | —                      | —       |  |
| 1977... | 78,614,477                       | 15,746,675                        | 3,522,473                                 | 63,083,281            | 17.90      | 2,115,947    | 0.60       | 0.68         | —                      | —       |  |
| 1978... | 82,829,205                       | 15,746,675                        | 3,522,473                                 | 67,298,009            | 19.10      | 2,335,097    | 0.66       | 0.68         | —                      | —       |  |
| 1979... | 116,792,697                      | 17,252,795                        | 3,522,473                                 | 100,281,048           | 28.47      | 2,478,094    | 0.70       | 0.68         | —                      | —       |  |
| 1980... | 141,700,326                      | 17,403,715                        | 3,564,573                                 | 129,232,435           | 36.25      | 3,702,505    | 1.05       | 0.875        | —                      | —       |  |
| 1981... | 197,142,974                      | 15,746,675                        | 3,564,573                                 | 194,350,489           | 54.52      | 4,808,304    | 1.35       | 1.30         | —                      | —       |  |
| 1982... | 127,642,800                      | 15,746,675                        | 4,118,553                                 | 121,412,408           | 29.48      | 4,437,026    | 1.08 (b)   | 0.99 (b)     | 8.00 (c)               | —       |  |
| 1983... | 182,226,592                      | 15,746,675                        | 4,118,553                                 | 174,692,441           | 42.42      | 4,467,676    | 1.08       | 0.98         | —                      | —       |  |

(a) For the three months ending March 31, 1973.

(b) Based on the number of Common Shares outstanding at March 31, 1982.

(c) Paid \$2 in cash, \$6 in Common Shares.

All per share amounts from 1964 to 1981 have not been adjusted for the shares issued as a stock dividend in 1982.



