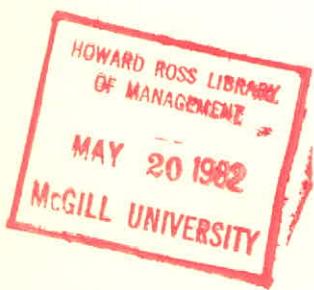


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# UNITED CORPORATIONS LIMITED

ANNUAL REPORT 1982



# 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  
President

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, 1982 the end of the corporation's fiscal year, net equity value per common share was \$29.48 after payment of a capital gains dividend of \$8 per common share in January of this year. The comparative net equity value at March 31, 1981, when adjusted for the common shares issued as a result of the noted dividend, would have been \$47.22, emphasizing the current depressed economic and market conditions.

During the comparable twelve-month period the Toronto Stock Exchange Index declined by 31.9%. Considering the fact that the shareholders received a \$2 cash distribution as part of the capital gains dividend in addition to their regular quarterly dividends, the decline in our net equity value was roughly comparable to the TSE Index.

Net income for the year amounted to \$4,815,381 or \$1.08 per common share compared to a restated earnings figure for last year of \$1.17. However, as the latter figure included a non-recurring dividend from an affiliate which has been sold, the balance of net income remained fairly constant.

As noted above, your Directors declared an \$8 per common share capital gains dividend, \$2 of which was paid in cash and the balance in new common shares having an issue price of \$38.81, being the net equity value per common share at December 31, 1981. This dividend attracted a refund of taxes previously paid amounting to \$7,134,946, leaving a balance of refundable tax on hand of \$9,516,283.

During the year James V. Emory retired as President and Chief Executive Officer, a position which he held for just under 20 years. It was under Mr. Emory's leadership that the Company experienced the period of its greatest growth and progress. We are fortunate however that Mr. Emory remains as a Director of the Company and Chairman of United Bond & Share Limited, which continues to be your Company's investment manager.

Your Directors hope that the current uncertainties surrounding business conditions and security values will resolve themselves so that the Company can continue its growth and progress.

May 3, 1982

H. N. R. Jackman  
Chairman

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS

|  | March 31             |                      |
|--|----------------------|----------------------|
|  | 1982                 | 1981                 |
| <b>Assets:</b>   |                      |                      |
| Portfolio investments, at market value (average cost — 1982 — \$113,668,879; 1981 — \$117,705,828) . . . . . | <b>\$109,221,674</b> | \$193,922,428        |
| Other investments (Note 2) . . . . .   | <b>1,726,815</b>     | 1,836,900            |
|  | <b>110,948,489</b>   | 195,759,328          |
| Cash and temporary cash investments . . . . .  | <b>9,833,888</b>     | 9,244,870            |
| Accrued income on investments . . . . .  | <b>855,236</b>       | 661,705              |
| Due from brokers . . . . .   | <b>3,059,010</b>     | 154,667              |
| Income taxes recoverable. . . . .  | <b>3,114,830</b>     | —                    |
|  | <b>127,811,453</b>   | 205,820,570          |
| <b>Liabilities:</b>  |                      |                      |
| Accrued interest payable . . . . .   | <b>123,233</b>       | 133,671              |
| Due to brokers . . . . .   | <b>—</b>             | 244,753              |
| Other accounts payable . . . . .   | <b>45,420</b>        | 33,076               |
| Income taxes payable . . . . .   | <b>—</b>             | 8,266,096            |
|  | <b>168,653</b>       | 8,677,596            |
| Income debenture (Note 3) . . . . .  | <b>8,000,000</b>     | 8,000,000            |
|  | <b>8,168,653</b>     | 16,677,596           |
| Net assets . . . . .   | <b>\$119,642,800</b> | <b>\$189,142,974</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   | 200,000              | 4,118,553            |
|  |                      |                      |
| Surplus—   |                      |                      |
| Retained income. . . . .   | <b>2,053,466</b>     | 1,689,816            |
| Accumulated net realized gains on investments . . . . .  | <b>87,582,305</b>    | 98,281,633           |
|  | <b>89,635,771</b>    | 99,971,449           |
| Unrealized appreciation (decline) in value of investments . . . . .  | <b>(4,455,006)</b>   | 76,137,863           |
|  | <b>\$119,642,800</b> | <b>\$189,142,974</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        |                            |
|--|----------------------------|----------------------------|
|  | <b>1982</b>                | <b>1981</b>                |
| <b>NET INCOME:</b>   |                            |                            |
| Income —   |                            |                            |
| Dividends.....   | \$ 5,291,912               | \$ 4,943,654               |
| Interest.....  | 1,543,401                  | 1,392,635                  |
|  | <u>6,835,313</u>           | <u>6,336,289</u>           |
| Expenses —   |                            |                            |
| Management fees.....   | 211,651                    | 200,791                    |
| Directors' and officers' remuneration .....  | 100,300                    | 50,375                     |
| Fees and expenses of trustee, registrar and<br>transfer agents .....               | 48,725                     | 32,622                     |
| Legal and audit fees .....   | 53,021                     | 29,033                     |
| Office and miscellaneous expenses .....  | 64,020                     | 32,838                     |
| Interest.....  | 103,496                    | 25,622                     |
|  | <u>581,213</u>             | <u>371,281</u>             |
| Income before the following items.....   | <u>6,254,100</u>           | <u>5,965,008</u>           |
| Interest on income debenture .....   | 860,520                    | 704,383                    |
| Retirement annuity.....  | 191,473                    | —                          |
|  | <u>1,051,993</u>           | <u>704,383</u>             |
| Income before income taxes .....   | <u>5,202,107</u>           | <u>5,260,625</u>           |
| Foreign taxes withheld .....   | 68,733                     | 31,796                     |
| Provision for income taxes .....   | 317,993                    | 353,402                    |
|  | <u>386,726</u>             | <u>385,198</u>             |
|  | <u>4,815,381</u>           | <u>4,875,427</u>           |
| Equity in net income of United Bond & Share Limited<br>(sold in fiscal 1981) ..... | —                          | 311,232                    |
| <b>NET INCOME</b> .....  | <b><u>\$ 4,815,381</u></b> | <b><u>\$ 5,186,659</u></b> |
| Net income per common share (Note 5) .....   | <u>\$1.08</u>              | <u>\$1.17</u>              |

*See notes to financial statements.*

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF SURPLUS

|   | Year ended March 31  |                      |
|---|----------------------|----------------------|
|   | 1982                 | 1981                 |
| <b>RETAINED INCOME:</b>   |                      |                      |
| Balance at beginning of year .....  | \$ 1,689,816         | \$ 1,515,458         |
| Net income .....  | 4,815,381            | 5,186,659            |
|   | <u>6,505,197</u>     | <u>6,702,117</u>     |
| Dividends:  |                      |                      |
| First preferred shares .....  | 78,355               | 78,355               |
| Second preferred shares .....   | 300,000              | 300,000              |
| Common shares   |                      |                      |
| (per share 1982 — \$0.99; 1981 — \$1.13) (Note 5) .....                       | 4,073,376            | 4,633,946            |
|   | <u>4,451,731</u>     | <u>5,012,301</u>     |
| Balance at end of year .....  | <u>\$ 2,053,466</u>  | <u>\$ 1,689,816</u>  |
| <b>ACCUMULATED NET REALIZED GAINS ON INVESTMENTS:</b>                         |                      |                      |
| Balance at beginning of year .....  | \$ 98,281,633        | \$ 74,231,941        |
| Net gain on investments sold during the year —                                |                      |                      |
| Proceeds from sale of investments .....                                       | 109,436,507          | 76,910,895           |
| Investments at cost at beginning of year .....                                | 117,705,828          | 97,843,309           |
| Investments purchased during year .....                                       | 91,005,973           | 64,703,633           |
| Investments at cost at end of year .....                                      | (113,668,879)        | (117,705,828)        |
| Cost of investments sold .....  | 95,042,922           | 44,841,114           |
|   | <u>14,393,585</u>    | <u>32,069,781</u>    |
| Less: Income taxes on net taxable gains on sale of investments (Note 7) ..... | 3,688,075            | 8,020,089            |
| Net gain on investments sold .....  | <u>10,705,510</u>    | <u>24,049,692</u>    |
|   | <u>108,987,143</u>   | <u>98,281,633</u>    |
| Dividend (Note 4) .....   | 28,539,784           | —                    |
| Recovery of income taxes arising from payment of dividend .....               | (7,134,946)          | —                    |
|   | <u>21,404,838</u>    | <u>—</u>             |
| Balance at end of year .....  | <u>\$ 87,582,305</u> | <u>\$ 98,281,633</u> |

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

|   | Year ended March 31  |                      |
|---|----------------------|----------------------|
|   | 1982                 | 1981                 |
| Net assets at beginning of year .....   | \$189,142,974        | \$132,043,286        |
| Add (deduct) changes during year —  |                      |                      |
| Net income .....  | 4,815,381            | 5,186,659            |
| Proceeds from issue of common shares .....  | 21,428,373           | —                    |
| Net gain on investments sold .....  | 10,705,510           | 24,049,692           |
| Increase (decrease) in unrealized appreciation in value of investments .....                | (80,592,869)         | 32,875,638           |
| Dividends —   |                      |                      |
| Retained income .....   | (4,451,731)          | (5,012,301)          |
| Accumulated net realized gains on investments .....   | (28,539,784)         | —                    |
| Income tax recovery resulting from dividend paid out of realized gains on investments ..... | 7,134,946            | —                    |
| Net assets at end of year .....   | <u>\$119,642,800</u> | <u>\$189,142,974</u> |

See notes to financial statements.

**CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 1982**

| No. of Shares<br>or Par Value    |  | Average<br>Cost   | Market<br>Value   | %<br>of Net<br>Assets |
|----------------------------------|--|-------------------|-------------------|-----------------------|
| <b>Banks</b>                     |  |                   |                   |                       |
| 155,842                          | Bank of Montreal .....                       | \$ 3,988,824      | \$ 3,448,004      |                       |
| 92,800                           | The Bank of Nova Scotia .....                | 1,881,024         | 2,134,400         |                       |
| 264,760                          | The Royal Bank of Canada .....               | 4,038,031         | 6,188,765         |                       |
| 98,098                           | The Toronto-Dominion Bank .....              | 1,799,665         | 2,820,318         |                       |
|                                  |  | <u>11,707,544</u> | <u>14,591,487</u> | 12.19                 |
| <b>Trust, Savings &amp; Loan</b> |  |                   |                   |                       |
| 354,025                          | National Trust Company, Limited .....        | 7,618,553         | 6,682,222         | 5.58                  |
| <b>Publishing &amp; Printing</b> |  |                   |                   |                       |
| 248,100                          | Thomson Newspapers Limited Class A .....     | 5,325,014         | 5,458,200         |                       |
| 84,200                           | The Toronto Sun Publishing Corporation ..... | 798,751           | 884,100           |                       |
|                                  |  | <u>6,123,765</u>  | <u>6,342,300</u>  | 5.30                  |
| <b>TV &amp; Radio</b>            |  |                   |                   |                       |
| 64,900                           | CHUM Limited Class B .....                   | 1,127,440         | 1,135,750         |                       |
| 309,400                          | Maclean Hunter Limited Class Y .....         | 1,574,798         | 3,403,400         |                       |
|                                  |  | <u>2,702,238</u>  | <u>4,539,150</u>  | 3.79                  |
| <b>Tobacco</b>                   |  |                   |                   |                       |
| 6,300                            | Imasco Limited .....                         | 260,585           | 266,175           | .22                   |
| <b>Manufacturing</b>             |  |                   |                   |                       |
| 103,600                          | Vulcan Industrial Packaging Limited .....    | 652,903           | 712,250           | .59                   |
| <b>Chemicals</b>                 |  |                   |                   |                       |
| 20,000                           | Celanese Canada Inc .....                    | 207,498           | 135,000           | .11                   |
| <b>Coal</b>                      |  |                   |                   |                       |
| 212,500                          | Pilgrim Coal Corporation .....               | 550,000           | 133,875           | .11                   |
| <b>Copper</b>                    |  |                   |                   |                       |
| 228,300                          | Placer Development Limited .....             | 3,831,550         | 2,796,675         | 2.34                  |
| <b>Gold &amp; Silver</b>         |  |                   |                   |                       |
| 47,700                           | Bachelor Lake Gold Mines Inc .....           | 166,950           | 152,640           |                       |
| 9,205                            | Campbell Red Lake Mines Limited .....        | 138,723           | 136,924           |                       |
| 87,591                           | Dome Mines Limited .....                     | 480,272           | 1,193,427         |                       |
| 9,000                            | Equity Silver Mines Limited .....            | 286,575           | 151,875           |                       |
| 80,775                           | Lake Shore Mines, Limited .....              | 1,998,408         | 928,913           |                       |
| 215,300                          | Quebec Sturgeon River Mines Limited .....    | 1,618,158         | 495,190           |                       |
| 62,000                           | Sigma Mines (Quebec) Limited .....           | 754,218           | 542,500           |                       |
|                                  |  | <u>5,443,304</u>  | <u>3,601,469</u>  | 3.01                  |
| <b>Nickel</b>                    |  |                   |                   |                       |
| 20,100                           | Falconbridge Nickel Mines Limited .....      | 1,041,338         | 1,123,088         |                       |
| 55,077                           | Great Lakes Nickel Limited Options .....     | 1,620             | 8,261             |                       |
|                                  |  | <u>1,042,958</u>  | <u>1,131,349</u>  | .95                   |

# 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>Miscellaneous Metals</b>           |  |                 |                 |                       |
| 42,208                                | Canada Tungsten Mining Corporation Limited .....                                 | \$ 714,521      | \$ 759,744      |                       |
| 107,100                               | Campbell Resources Inc. ....   | 1,962,832       | 673,659         |                       |
|                                       |  | 2,677,353       | 1,433,403       | 1.20                  |
| <b>Oil &amp; Gas Producers</b>        |  |                 |                 |                       |
| \$ 375,000                            | Argyll Resources Ltd. 10% Conv. Deb. Aug. 31, 1983 .....                         | 375,000         | 115,387         |                       |
| \$ 860,000                            | Bow Valley Resource Services Ltd.<br>Conv. Deb. 11% March 1, 2001 .....          | 860,000         | 584,800         |                       |
| 170,000                               | Dome Resources Limited \$5.75 Class A Retractable Pfd...                         | 8,235,654       | 8,053,750       |                       |
| 120,000                               | Dome Petroleum Limited Wts. ....   | 108,000         | 92,400          |                       |
| 20,000                                | Numac Oil & Gas Ltd. ....  | 705,025         | 356,200         |                       |
| \$ 200,000                            | Seaward Resources Ltd. Series B. Conv. Deb.<br>June 30, 1982 Prime Plus 1% ..... | 200,000         | 38,740          |                       |
| 44,800                                | Sulpetro Limited Class B .....   | 1,066,115       | 380,800         |                       |
| 850,000                               | Warren Explorations Limited .....  | 650,000         | 850,000         |                       |
| 93,000                                | Westmount Resources Ltd. ....  | 627,750         | 97,650          |                       |
| 225,000                               | Windsor Resources Inc. ....  | 918,750         | 326,250         |                       |
|                                       |  | 13,746,294      | 10,895,977      | 9.11                  |
| <b>Oil &amp; Gas Servicing</b>        |  |                 |                 |                       |
| 110,810                               | Bralorne Resources Limited .....   | 688,321         | 789,521         |                       |
| 160,450                               | Trimac Limited .....   | 722,817         | 1,083,037       |                       |
|                                       |  | 1,411,138       | 1,872,558       | 1.57                  |
| <b>Gas Transmission</b>               |  |                 |                 |                       |
| 590,000                               | NOVA, AN ALBERTA CORPORATION, Class A .....                                      | 4,537,657       | 3,687,500       | 3.08                  |
| <b>Real Estate &amp; Construction</b> |  |                 |                 |                       |
| 68,100                                | Bramalea Limited .....   | 515,404         | 400,088         |                       |
| 180,100                               | The Cadillac Fairview Corporation Limited .....                                  | 2,575,448       | 1,598,387       |                       |
| 22,650                                | Trizec Corporation Ltd. ....   | 552,643         | 475,650         |                       |
|                                       |  | 3,643,495       | 2,474,125       | 2.07                  |
| <b>Steel</b>                          |  |                 |                 |                       |
| 30,550                                | Dofasco Inc. Class A Common .....  | 944,362         | 1,004,331       |                       |
| 81,200                                | Ivaco Inc. ....  | 1,356,589       | 1,096,200       |                       |
| 97,300                                | Stelco Inc. Series A Common .....  | 3,783,572       | 2,116,275       |                       |
| 67,500                                | Stelco Inc. Conv. Pfd. Series C .....  | 1,969,835       | 1,282,500       |                       |
|                                       |  | 8,054,358       | 5,499,306       | 4.60                  |
| <b>Transportation</b>                 |  |                 |                 |                       |
| 275,563                               | Algoma Central Railway .....   | 4,550,074       | 4,167,891       |                       |
| 20,550                                | Canadian Pacific Limited .....   | 873,698         | 601,088         |                       |
| 180,500                               | Laidlaw Transportation Limited Class A .....                                     | 520,668         | 1,647,062       |                       |
| 240,500                               | Laidlaw Transportation Limited Class B .....                                     | 1,110,168       | 2,194,563       |                       |
|                                       |  | 7,054,608       | 8,610,604       | 7.20                  |
| <b>Telephone</b>                      |  |                 |                 |                       |
| 444,700                               | Bell Canada. ....  | 8,168,426       | 8,393,713       | 7.02                  |

**CONSOLIDATED STATEMENT OF INVESTMENTS (continued)**

| No. of Shares<br>or Par Value      |  | Average<br>Cost      | Market<br>Value      | %<br>of Net<br>Assets |
|------------------------------------|--|----------------------|----------------------|-----------------------|
| <b>Miscellaneous</b>               |  |                      |                      |                       |
| 503,700                            | CAE Industries Ltd. ....                               | \$ 996,892           | \$ 4,029,600         |                       |
| 60,600                             | Fining Tractor & Equipment Company Limited Class A.... | 333,769              | 484,800              |                       |
| 60,600                             | Fining Tractor & Equipment Company Limited Class B.... | 333,769              | 469,650              |                       |
| 44,100                             | Gandalf Technologies Inc. ....                         | 730,463              | 678,038              |                       |
| 97,700                             | MDS Health Group Limited Class B....                   | 1,162,374            | 977,000              |                       |
| 4,538                              | Solartech Limited ....                                 | 224,000              | 224,000              |                       |
|                                    |  | <u>3,781,267</u>     | <u>6,863,088</u>     | 5.74                  |
| <b>Foreign Securities</b>          |  |                      |                      |                       |
| 48,000                             | Crutcher Resources Corporation....                     | 1,491,381            | 943,200              |                       |
| 56,900                             | Digicon Inc. ....                                      | 1,961,079            | 1,388,929            |                       |
| 72,406                             | Docutel Corporation....                                | 1,329,192            | 2,178,697            |                       |
| 19,000                             | General Electric Company ....                          | 1,323,772            | 1,478,580            |                       |
| 18,700                             | Henderson Baring Malaysia and Singapore Fund....       | 494,984              | 404,107              |                       |
| 60,900                             | The Japan Technology Fund....                          | 1,494,221            | 1,114,470            |                       |
| 20,000                             | Korea International Trust ....                         | 249,785              | 251,200              |                       |
| 49,800                             | Knogo Corporation....                                  | 676,073              | 558,258              |                       |
| 320,000                            | London and Manchester Assurance Company Limited....    | 1,665,341            | 1,737,600            |                       |
| 104,100                            | M.D.C. Corporation ....                                | 513,082              | 575,673              |                       |
| 34,000                             | MCI Communications Corporation ....                    | 1,349,575            | 1,346,400            |                       |
| 35,000                             | Novo Industri A/S ADR....                              | 1,517,670            | 1,611,750            |                       |
| 64,000                             | Petroleum Equipment Tools Co. ....                     | 2,008,390            | 1,217,920            |                       |
| 73,600                             | Switchco Inc. ....                                     | 792,167              | 418,048              |                       |
| 50,000                             | Tacoma Boatbuilding Co. ....                           | 1,353,631            | 1,351,000            |                       |
| 133,218                            | Unifi, Inc. ....                                       | 2,233,042            | 1,983,616            |                       |
|                                    |  | <u>20,453,385</u>    | <u>18,559,448</u>    | <u>15.51</u>          |
| <b>Total Portfolio Investments</b> |  |                      |                      |                       |
|                                    | <b>Temporary Cash Investments</b>                      |                      |                      |                       |
|                                    | <b>Other Assets — Net</b>                              |                      |                      |                       |
|                                    | <b>Net Assets</b>                                      |                      |                      |                       |
|                                    |  | <u>\$113,668,879</u> | <u>\$109,221,674</u> | <u>91.29%</u>         |
|                                    |  | <u>7,377,481</u>     | <u>7,369,680</u>     | <u>6.16</u>           |
|                                    |  | <u>3,051,446</u>     | <u>3,051,446</u>     | <u>2.55</u>           |
|                                    |  | <u>\$124,097,806</u> | <u>\$119,642,800</u> | <u>100.00%</u>        |

# UNITED CORPORATIONS LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 1982

### 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, 1982. 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 Atlantis Resources Ltd. and its joint ventures are carried at the lower of cost and net realizable value.

#### (d) Dividend and interest income —

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

#### (e) 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, 1982 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           |                    |
|---|--------------------|--------------------|
|   | 1982               | 1981               |
| Shares in Atlantis Resources Ltd. ....              | \$ 236,900         | \$ 236,900         |
| Interest in Atlantis Resources joint ventures ..... | 1,489,915          | 1,500,000          |
| Promissory note receivable September 30, 1981 ..... | —                  | 100,000            |
|   | <u>\$1,726,815</u> | <u>\$1,836,900</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, 1982 the rate was 9.74%.

### 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;
- (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

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

During the year, the Corporation declared a dividend of \$8 per common share out of realized gains on investments, payable January 29, 1982 to shareholders of record January 11, 1982. The dividend was payable \$6 in stock and \$2 in cash. 551,080 common shares were issued for a total consideration of \$21,387,412 in satisfaction of the stock dividend, resulting in the issue of 0.1545 common share for each common share outstanding at the record date.

In accordance with the provisions of the employees' stock option plan, options to purchase 2,900 common shares were exercised at an average price of \$14.12. At March 31, 1982, 66,290 common shares are reserved for further options.

**5. Net income and dividends per common share:**

The amounts noted in the financial statements for net income per common share, and common share dividends from retained income have been calculated giving retroactive effect to the stock dividend of 551,080 common shares.

**6. 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 7) 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. The net equity value for 1981 has been restated to reflect the stock dividend of 551,080 common shares in fiscal 1982.

|  | March 31             |                |
|--|----------------------|----------------|
|  | 1982                 | 1981           |
| Net assets .....                       | <b>\$119,642,800</b> | \$189,142,974  |
| Add:                                   |                      |                |
| Refundable capital gains tax on hand   |                      |                |
| at end of year .....                   | <b>9,516,283</b>     | 12,954,190     |
|  | <b>129,159,083</b>   | 202,097,164    |
| 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>\$121,412,408</b> | \$194,350,489  |
| Net equity value per common share..... | <b>\$29.48</b>       | <b>\$47.22</b> |

**7. 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 where the Corporation distributes such gains by way of capital gains dividends to its shareholders. The Corporation has refundable capital gains tax on hand of \$9,516,283 at March 31, 1982. 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 \$103,496 in fiscal 1982 have been reflected in the consolidated statement of net income.

# 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, 1982 which appear on pages 2 to 9 inclusive. Our examination was made in accordance with generally accepted 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, 1982 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, April 30, 1982

Price Waterhouse  
Chartered Accountants

# UNITED CORPORATIONS LIMITED

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

| Portfolio —   | 1982<br>March 31st   | 1981<br>March 31st   | 1980<br>March 31st   | 1979<br>March 31st   | 1978<br>March 31st   | 1977<br>March 31st   |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash, etc, Short Term Notes,<br>Bonds & Term Preferred .....                            | \$ 24,916,714        | \$ 10,296,242        | \$ 3,735,165         | \$ 2,596,475         | \$ 6,924,806         | \$ 1,234,300         |
| Less: Liabilities.....  | 168,653              | 8,677,596            | 4,976,793            | 1,215,073            | 583,981              | 284,550              |
| Net Reserves .....  | 24,748,061           | 1,618,646            | (1,241,628)          | 1,381,402            | 6,340,825            | 949,750              |
| Common Stocks.....  | 99,146,496           | 189,805,325          | 140,795,534          | 112,394,754          | 72,541,465           | 74,223,540           |
| Convertibles .....  | 2,021,428            | 3,882,103            | 310,000              | 1,356,887            | 2,142,475            | 1,601,912            |
| Total Portfolio Investments and<br>Cash.....  | 125,915,985          | 195,306,074          | 139,863,906          | 115,133,043          | 81,024,765           | 76,775,202           |
| Investment in and advances to<br>Subsidiary and Affiliated<br>Companies .....           | 1,726,815            | 1,836,900            | 1,836,420            | 1,659,654            | 1,804,440            | 1,839,275            |
| Net Assets available for investment   | 127,642,800          | 197,142,974          | 141,700,326          | 116,792,697          | 82,829,205           | 78,614,477           |
| Less: Bank loan and income<br>Debenture .....   | 8,000,000            | 8,000,000            | 9,657,040            | 9,506,120            | 8,000,000            | 8,000,000            |
| Total Net Assets.....   | <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> | <u>\$ 70,614,477</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.....  | 6,179,565            | 6,179,565            | 6,179,565            | 6,179,565            | 6,179,565            | 6,179,565            |
| 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* ..  | 111,896,125          | 181,396,299          | 124,296,611          | 99,539,902           | 67,082,530           | 62,867,802           |
|   | <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> | <u>\$ 70,614,477</u> |
| *Percentage of Common Stocks &<br>Convertibles to Net Assets for<br>Common Shares ..... | 90.4%                | 106.8%               | 113.5%               | 114.3%               | 111.3%               | 120.6%               |

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

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD 1963-1982

| 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 |
| 1963... | \$ 52,320,937                    | \$ 7,746,675                      | 3,471,123 (a)                             | \$ 44,574,262         | \$12.84    | \$1,025,784  | \$0.30     | \$0.33       | \$ —                   |         |
| 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 (b)  | 0.11 (b)   | 0.12 (b)     | 0.25 (b)               |         |
| 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 (c)   | 0.99 (c)     | 8.00 (d)               |         |

(a) Common Share figures have been adjusted to reflect the subdivision of 3 for 1 in June 1964.

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

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

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

All per share amounts from 1963 to 1981 have not been adjusted for the shares issued as a stock dividend in 1982.



