



UNITED
CORPORATIONS
LIMITED

Annual Report 1975



UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada

DIRECTORS

IAN A. BARCLAY
Vancouver
G. DRUMMOND BIRKS
Montreal
JAMES V. EMORY
Montreal
JOCK K. FINLAYSON
Montreal
CHARLES L. GUNDY
Toronto
KENNETH S. HOWARD, Q.C.
Montreal
HENRY N. R. JACKMAN
Toronto
CLIFFORD S. MALONE
Montreal
IAN S. STEERS
London, England
ALAN E. TARR
Winnipeg
ISABEL WATERHOUSE
Montreal

OFFICERS

J. V. EMORY
President
C. L. GUNDY
Vice-President
M. H. SIEGERMAN
Assistant to the President
R. A. M. SMITH, C.A.
Secretary and Treasurer
EVELYN CLAYTON
Assistant-Secretary
P. A. SMALLMAN
Assistant-Treasurer

Head Office

800 Dorchester Blvd. West
Montreal, Que. H3B 1X9

Shares Listed

Class "A", 1959 Series Preferred and Class "B" shares are listed on the London, England, Montreal and Toronto Stock Exchanges. 1963 Series Preferred shares are listed on the Montreal and Toronto Stock Exchanges.

Auditors

Price Waterhouse & Co.

Transfer Agent

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

Registrar

The Royal Trust Company.



TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 43rd Annual Report of your Company for the year ended March 31, 1975.

The developing problems referred to in last year's Annual Report became increasingly obvious as 1974 progressed to the point where it would be no exaggeration to say that never in the post-war years have so many uncertainties, economic and political, national and international, buffeted world financial markets. Indeed, it is generally agreed that 1974 was the worst year of the post-war era for most of the stock markets of the world and that, with respect to North American markets, even the very sizeable declines in the most widely followed market indices failed to show the damage inflicted on the great majority of individual stock prices.

However, it became noticeable during the last quarter of 1974 that stock markets all over the world were showing increasing buoyancy despite the fact that the many uncertainties in the outlook had become obvious to the point of receiving front-page attention in the news media. While there was no denying the seriousness of those problems, it was also a fact that markets had by that time spent many months discounting them and that frequently in the past this discounting process has been largely completed by the time the underlying reason for it has become easily apparent. The rise in the stock market during the first quarter of 1975, which was one of the sharpest on record, indicates that the obvious problems facing us had, in all probability, been discounted by the end of last year so that the present risk lies in the possibility of unexpected adverse developments which might interrupt the rebirth of confidence which is now in an early stage of development.

As we move into our new fiscal year we are still in uncertain times and uncertainty in the outlook tends to produce a high degree of volatility in financial markets. As a consequence, economic and stock market forecasts are even more hazardous than usual. On balance, however, we incline to the view that the odds now favour a period of generally rising markets interrupted, as such markets always are, by reactions of comparatively minor, though possibly abrupt, proportions. The extent and duration of the rise will depend, to a considerable degree, on

whether inflation can be brought under better control during the next economic expansion.

Statements of Net Assets and Changes in Net Assets (pages 4 and 6)

Our month-end net equity values per Class "B" Share during the year reflected the volatility of the market, declining from the March 31, 1974, figure of \$21.23 to a low of \$15.17 at the end of September and then moving back up to \$18.14 as of March 31, 1975, the end of our fiscal year. As of that date, total net assets stood at \$71,674,185, as compared to \$82,457,336 at the end of the previous year, after full provision for taxes and payment of dividends on all classes of shares totalling \$2,770,598.

After allowance for the respective redemption prices of the outstanding Class "A" and First Preferred Shares, the net equity value behind each of the three classes of shares was:-

Class "A"	
Shares	— \$71,674,185 or \$1,372.09 per share
First Preferred	
Shares	— \$70,107,075 or \$ 350.53 per share
Class "B"	
Share	— \$63,927,510 or \$ 18.14 per share

Statements of Net Income and Surplus (see page 5)

Income from interest and dividends totalled \$3,504,110, well ahead of last year's figure of \$2,646,318 and a new record for any twelve month period in the history of your Company. Operating expenses, at \$256,619 compared to \$270,578 last year, and management fees, which decreased to \$175,000 from \$183,500, were both at the lowest level for any twelve-month fiscal period since 1968. Net after-tax income reached a new high of \$3,169,046 as against the previous high of \$2,374,441 last year.

After provision of \$378,355 for dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares was \$2,790,691 or 79.3¢ per Class "B" Share, also a new high and a gain of almost 40% over the previous high of \$1,996,086 or 56.7¢ per share set only a year ago.

Class "B" dividends declared and paid out of income during the year increased substantially to \$2,392,243

from \$1,829,086. Net income available for the Class "B" Shares exceeded dividends declared on those shares by \$398,448 which, when added to accumulated net income at the beginning of the year of \$626,259, brought the year-end figure for accumulated net income to \$1,024,707.

Sales of investments during the year resulted in net realized investment gains of \$848,082, on which no capital gains tax was payable. In fact, we were able to recapture \$145,384 of refundable capital gains tax previously paid, so that net realized investment gains resulting from the year's operations totalled \$993,466. A reduction of \$160,000 in the value of our investment in International Capital Corporation reduced this total to \$833,466 which, when added to accumulated net realized investment gains of \$57,089,822 at the beginning of the year, brought the year-end total to \$57,923,288.

Combining the year-end figures for accumulated net income and accumulated net realized investment gains produced an overall surplus of \$58,947,995, up from \$57,716,081 at the end of the previous year. However, this increase of \$1,231,914 in surplus was considerably more than offset by a reduction of \$12,061,890 in unrealized appreciation in value of investments resulting from the unfavourable stock market conditions during the year.

Dividends

Regular dividends at the annual rate of \$1.50 per share were declared and paid on the Class "A" and First Preferred Shares during the year.

The increase in net income previously referred to resulted in a sizeable increase in dividends on the Class "B" Shares declared and paid out of income during the year. These reached a new high by a considerable margin, totalling 68¢ per Class "B" Share compared to last year's previous all-time high of 52¢ per share, and were declared as follows:-

April, 1974 — regular 12¢ per share
July, 1974 — regular 14¢ per share
October, 1974 — regular 14¢ plus extra 4¢ per share
January, 1975 — regular 16¢ plus extra 8¢ per share

It is worth noting that the regular quarterly dividend rate was increased twice during the year to its

present level of 16¢ per share which produces a regular annual dividend rate of 64¢ per share.

Portfolio and Investment Policy

The detailed portfolio of investments held by your Company as of March 31, 1975, is set out on pages 7 to 9 inclusive of this report and the distribution of investments, together with summary balance sheets as of the end of the last six fiscal periods showing changes in portfolio weightings is on page 11. These reflect the move towards a somewhat more aggressive investment policy taken early in 1975.

Record of Asset Valuations, Income and Dividends

As usual, there appears on page 12 a record of your Company's progress since its inception in 1933. Since the end of 1967 net equity value per Class "B" Share, when taken by itself, has become increasingly less meaningful as a measure of our investment results. Special dividends totalling \$1.40 per Class "B" Share were paid in the years 1968 to 1971 under the old Income Tax Act and a total of 50¢ has been paid out of taxable capital gains under the revised Act since the beginning of 1972. Such distributions, together with the ebb and flow of refundable capital gains taxes as realized capital gains and losses are incurred, have caused sizeable distortions in our record of net equity values and these distortions are almost certain to increase as time goes by.

Subsidiary and Associated Companies

Our wholly owned subsidiary, United Bond & Share Limited, acts as the management company for all of our operations, including the provision of investment management services on a fee basis.

This subsidiary had a reasonably successful year although income from management fees, which are based on assets under management, suffered from the depreciation in those assets resulting from depressed market conditions. Despite this, it was able to absorb a larger proportion of our total management expenses with a consequent further reduction in the share borne by United. As has already been noted, this resulted in the latter's management expenses for the year being the lowest of any twelve-month fiscal period since 1968 despite the strong inflationary trend during the intervening years.

Particularly noteworthy was the further expansion of the RoyFund operation made up of two mutual funds, RoyFund Ltd., which is equity-oriented, and RoyFund Income Trust, which is, as its name suggests, income-oriented with a portfolio consisting of mortgages and high-yielding fixed income securities. Both funds are managed by United Bond & Share and distributed through the branches of The Royal Bank of Canada. Depressed market conditions reduced the market value of the equity fund's portfolio during the year with the result that total assets fell somewhat despite a continued sizeable inflow of new money. On the other hand, the assets of the income fund grew substantially. On a combined basis the assets of the two funds as of May 31, 1975 had reached \$91.1 million as compared to \$74.5 million a year earlier. RoyFund now appears to be firmly established as one of the fastest growing operations of its kind in Canada.

The Interior Trust Company, owned equally by The Royal Bank of Canada and United Bond & Share, remained inactive during the year insofar as the usual operations of a trust company are concerned. However, it continues to operate an investment program of its own and, in addition, owns 50% of the voting shares of RoyMor Ltd. with the other half owned by The Royal Bank of Canada. The business of RoyMor Ltd. is to purchase mortgages from the bank which the latter has originated and processed. It has had an outstanding record of growth which it is anticipated will be maintained into the indefinite future.

As was anticipated in last year's Annual Report, International Capital Corporation Ltd., which is jointly owned by The Royal Bank of Canada, IAC Limited

and United, is in the process of winding down its merchant banking operations and is now carried on our books at a value of \$366,400 after a return of capital of \$113,600 and a write-down of \$160,000 to reduce our remaining investment to a conservative estimate of its realizeable value.

Directors and Officers

In October, 1974, C. S. Malone of Montreal was appointed a Director to fill the vacancy created by the untimely death of T. N. Beaupré in March of that year.

July, 1975, will mark the formal retirement of Isabel Waterhouse after thirty-six years of distinguished service to your Company. Miss Waterhouse joined United in 1939, was appointed an Officer in 1954 and was elected a Director in 1973. Her years with the Company saw the net equity of our Class "B" Shares grow from \$4.5 million to the present level of \$63.9 million together with the sizeable growth of other assets under management which followed the formation of United Bond & Share in 1959. Through it all she demonstrated an untiring devotion to the affairs of the Company which will be greatly missed by her fellow Officers and Directors in the years to come. We are sure that shareholders would wish to join in wishing her many years of happy retirement.

On behalf of the Directors,

J. V. Emory
President

June 12th, 1975.

UNITED CORPORATIONS LIMITED

STATEMENT OF NET ASSETS

March 31

	<u>1975</u>	<u>1974</u>
Assets:		
Portfolio investments, at market value (average cost — 1975 \$64,009,346; 1974 \$58,076,953)	<u>\$64,272,513</u>	\$70,402,010
Other investments (Note 1)	<u>1,831,305</u>	2,071,071
	<u>66,103,818</u>	72,473,081
Cash and other assets —		
Cash and temporary cash investments	<u>5,383,296</u>	10,020,919
Accrued income on investments	<u>324,436</u>	211,467
Accounts receivable	<u>—</u>	19,105
Income taxes recoverable	<u>160,575</u>	—
	<u>5,868,307</u>	10,251,491
TOTAL ASSETS	<u>71,972,125</u>	<u>82,724,572</u>
Liabilities:		
Income taxes	<u>—</u>	249,431
Other accounts payable	<u>37,966</u>	17,805
Due to brokers	<u>259,974</u>	—
	<u>297,940</u>	267,236
NET ASSETS	<u>\$71,674,185</u>	<u>\$82,457,336</u>
Shareholders' Equity		
Capital stock (Notes 4 and 5):		
Authorized —		
52,237 Class "A" shares		
200,000 First preferred shares		
48,617,302 Second preferred shares		
6,000,000 Class "B" shares		
Issued —		
Class "A" First preferred Class "B"		
52,237 — 2,877,480 for a consideration of	\$ 119,384	\$ 119,384
— 200,000 — " " "	<u>6,000,000</u>	6,000,000
— — 644,993 " " "	<u>6,343,639</u>	6,296,814
<u>52,237</u> <u>200,000</u> <u>3,522,473</u>	<u>12,463,023</u>	12,416,198
Surplus	<u>58,947,995</u>	57,716,081
Unrealized appreciation in value of investments . . .	<u>263,167</u>	12,325,057
	<u>59,211,162</u>	70,041,138
\$71,674,185	<u>\$82,457,336</u>	

APPROVED BY THE BOARD:

K. S. HOWARD, Director

J. V. EMORY, Director

**STATEMENT OF
NET INCOME**

Year ended March 31

	<u>1975</u>	<u>1974</u>
INCOME —		
Dividends and interest	<u>\$ 3,504,110</u>	<u>\$ 2,646,318</u>
EXPENSES —		
Management fee	<u>175,000</u>	183,500
Directors' remuneration	<u>25,600</u>	21,900
Fees and expenses of trustee, registrar and transfer agents	<u>24,611</u>	31,693
Taxes other than income taxes	<u>1,565</u>	1,947
Legal and audit fees	<u>14,100</u>	9,800
Office and miscellaneous expenses	<u>15,743</u>	21,738
	<u>256,619</u>	<u>270,578</u>
Income before income taxes	<u>3,247,491</u>	<u>2,375,740</u>
INCOME TAXES —		
Foreign withholding taxes	<u>49,279</u>	4,707
Provision for Canadian taxes	<u>63,000</u>	60,000
	<u>112,279</u>	<u>64,707</u>
	<u>3,135,212</u>	<u>2,311,033</u>
Equity in net income of subsidiary	<u>33,834</u>	63,408
Net income	<u>\$ 3,169,046</u>	<u>\$ 2,374,441</u>
Net income per Class "B" share based on the average number of shares outstanding during the year	<u>79.3¢</u>	<u>56.7¢</u>

**STATEMENT OF
SURPLUS**

Year ended March 31

	<u>1975</u>	<u>1974</u>
Undistributed net income, beginning of year	<u>\$ 626,259</u>	<u>\$ 459,259</u>
Net income above	<u>3,169,046</u>	<u>2,374,441</u>
	<u>3,795,305</u>	<u>2,833,700</u>
Dividends:		
Class "A" shares	<u>78,355</u>	78,355
First preferred shares	<u>300,000</u>	300,000
Class "B" shares (per share 1975 — 68¢; 1974 — 52¢)	<u>2,392,243</u>	1,829,086
	<u>2,770,598</u>	<u>2,207,441</u>
	<u>1,024,707</u>	<u>626,259</u>
Undistributed net income, end of year		
Accumulated net realized investment gains, beginning of year	<u>57,089,822</u>	54,778,873
Net gain on sale of investments (Note 2)	<u>848,082</u>	2,503,428
Amount applied to reduce investment to realizable value	<u>(160,000)</u>	—
	<u>57,777,904</u>	<u>57,282,301</u>
Income tax recovery (expense) resulting from sale of investments (Note 3)	<u>145,384</u>	<u>(192,479)</u>
Accumulated net realized investment gains, end of year	<u>57,923,288</u>	57,089,822
Surplus, end of year	<u>\$58,947,995</u>	<u>\$57,716,081</u>

UNITED CORPORATIONS LIMITED

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	<u>1975</u>	<u>1974</u>
Net assets, beginning of year	\$82,457,336	\$83,758,227
Add (deduct) changes during year —		
Net income	3,169,046	2,374,441
Net gain on sale of investments (Note 2)	848,082	2,503,428
Decrease in unrealized appreciation in value of investments	(12,061,890)	(3,778,840)
Dividends	(2,770,598)	(2,207,441)
Income tax recovery (expense) resulting from sale of investments	145,384	(192,479)
Amount applied to reduce investment to realizable value	(160,000)	—
Proceeds from issue from Class "B" shares	46,825	—
Net assets, end of year	71,674,185	82,457,336
Redemption value of Class "A" and first preferred shares	7,746,675	7,746,675
Net assets, applicable to Class "B" shares	\$63,927,510	\$74,710,661
Number of Class "B" shares outstanding at end of year	3,522,473	3,517,473
Net asset value per Class "B" share	\$18.14	\$21.23

STATEMENT OF UNREALIZED APPRECIATION IN VALUE OF INVESTMENTS

Year ended March 31

	<u>1975</u>	<u>1974</u>
Balance, beginning of year	\$12,325,057	\$16,103,897
Decrease during year	(12,061,890)	(3,778,840)
Balance, end of year	\$ 263,167	\$12,325,057

STATEMENT OF INVESTMENTS AS AT MARCH 31, 1975

No. of Shares or par value	Average cost	Market value	% of net Assets
Banks			
50,000 Bank of Montreal	\$ 843,500	\$ 725,000	
40,450 The Bank of Nova Scotia	1,481,721	1,643,281	
79,000 Canadian Imperial Bank of Commerce	1,223,734	1,984,875	
52,500 The Mercantile Bank of Canada	1,001,801	951,562	
52,500 The Mercantile Bank of Canada — Rights	—	82,950	
99,000 The Royal Bank of Canada	1,676,700	2,994,750	
45,724 The Toronto-Dominion Bank	1,607,299	1,823,245	
	7,834,755	10,205,663	14.24
Distilling			
26,900 Hiram Walker-Gooperham & Worts Limited Class "A"	1,396,342	1,069,275	
28,400 The Seagram Company Ltd.	1,053,004	859,100	
	2,449,346	1,928,375	2.69
Brewers			
30,000 John Labatt Limited Class "A"	677,830	547,500	
21,500 The Molson Companies Limited Class "A"	554,632	384,313	
	1,232,462	931,813	1.30
Chemical			
10,000 Canadian Industries Limited	209,109	175,000	
5,800 Union Carbide Canada Limited	113,677	114,550	
	322,786	289,550	.40
Communications			
5,700 Quebecor Inc.	93,021	38,475	
41,325 Toronto Star Ltd. Class "B"	523,726	526,894	
	616,747	565,369	.79
Construction & Materials			
42,300 Canada Cement Lafarge Ltd.	160,317	502,312	.70
Food Processing			
60,000 Burns Foods Limited	837,032	667,500	.93
General Manufacturing			
100,000 Canadian Marconi Company	495,454	335,000	
10,000 I.T.L. Industries Limited 6½% Conv. Pfd. Series "B"	250,000	103,750	
33,500 Sklar Manufacturing Limited	230,480	97,988	
	975,934	536,738	.75
Asbestos			
44,400 Asbestos Corporation Limited	940,429	699,300	.98
Coal			
9,000 McIntyre Mines Limited	361,330	398,250	.56
Copper			
44,700 Kerr Addison Mines Limited Class "A"	579,730	547,575	
43,100 Noranda Mines Limited Class A	1,543,842	1,416,912	
	2,123,572	1,964,487	2.74
Nickel			
16,900 Falconbridge Nickel Mines Limited	545,151	540,800	
32,500 Great Lakes Nickel Limited	239,687	20,475	
52,322 Great Lakes Nickel Limited Options	1,207	7,848	
65,000 The International Nickel Company of Canada, Limited Class "A"	2,176,830	1,633,125	
	2,962,875	2,202,248	3.07

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS (Cont'd)

<u>No. of Shares or par value</u>		<u>Average cost</u>	<u>Market value</u>	<u>% of net Assets</u>
Uranium				
64,200	Rio Algom Mines Limited	\$ 2,057,708	\$ 1,412,400	1.97
Zinc				
43,700	Cominco Ltd.	1,351,237	1,256,375	1.75
Specialty Retailers				
7,400	Canadian Tire Corporation Limited Class "A"	353,233	314,500	.44
Food Retailing				
35,350	Dominion Stores Limited	603,665	649,556	
25,000	Steinberg's Limited Class "A"	479,750	475,000	
		1,083,415	1,124,556	1.57
Oil & Gas				
85,000	Alberta Eastern Gas Limited	879,958	552,500	
11,000	Continental Oil Company (Del.)	478,195	498,960	
11,800	Gulf Oil Canada Limited	272,344	351,050	
24,000	Gulf Oil Corporation	503,865	469,200	
35,000	Husky Oil Ltd.	998,860	533,750	
25,500	Imperial Oil Limited Class "A"	646,192	637,500	
18,000	The Louisiana Land and Exploration Company	506,194	426,240	
14,000	Marathon Oil Company	496,362	457,800	
20,800	Pacific Petroleum Ltd.	383,555	379,600	
71,100	Shell Canada Limited Class "A"	893,114	1,075,387	
900	Texaco Canada Limited	54,019	28,800	
		6,112,658	5,410,787	7.55
Paper & Forest Products				
45,500	Abitibi Paper Company Ltd.	537,584	443,625	
12,000	Consolidated-Bathurst Limited	176,280	277,500	
4,800	Domtar Limited	125,293	94,800	
25,500	MacMillan Bloedel Limited	686,954	599,250	
		1,526,111	1,415,175	1.98
Transmission — Gas				
79,000	The Alberta Gas Trunk Line Company Limited Class "A"	754,425	987,500	
111,600	TransCanada PipeLines Limited	1,304,976	1,185,750	
61,600	Westcoast Transmission Company Limited	1,345,898	1,347,500	
		3,405,299	3,520,750	4.91
Real Estate				
29,000	Alliance Building Corporation Limited	303,630	134,850	
46,000	The Cadillac Fairview Corporation Limited	557,588	586,500	
28,000	S. B. McLaughlin Associates Limited	584,267	280,000	
49,900	Trizec Corporation Ltd.	805,386	898,200	
		2,250,871	1,899,550	2.65
Steel				
29,100	The Algoma Steel Corporation, Limited	608,313	789,337	
63,600	Dominion Foundries and Steel, Limited	1,644,385	1,526,400	
51,000	The Steel Company of Canada, Limited Class "A"	1,440,945	1,408,875	
		3,693,643	3,724,612	5.20
Trust Companies				
26,900	The Royal Trust Company Class "A"	651,656	632,150	.88
Finance Companies				
70,000	Financial Collection Agencies Ltd.	838,530	116,900	.16

STATEMENT OF INVESTMENTS (Cont'd)

No. of Shares or par value	Average cost	Market value	% of net Assets
Utilities — Electric			
38,050 Calgary Power Ltd.	\$ 851,986	\$ 932,225	1.30
Utilities — Gas			
72,900 The Consumers' Gas Company	1,216,446	1,066,163	
22,700 Northern and Central Gas Corporation Limited	256,394	232,675	
	<u>1,472,840</u>	<u>1,298,838</u>	1.81
Utilities — Telephone			
80,142 Bell Canada	3,532,294	3,796,727	
67,500 British Columbia Telephone Company	667,561	734,063	
	<u>4,199,855</u>	<u>4,530,790</u>	6.32
Tobacco			
14,700 Imasco Limited Class "A"	444,573	437,325	
30,100 Rothmans of Pall Mall Canada Limited 6 5/8 % Conv. Second Pfd. (\$20 par)	430,770	436,450	
	<u>875,343</u>	<u>873,775</u>	1.22
Miscellaneous			
66,500 Consumers Glass Company Limited	565,414	914,375	
8,000 Crown Life Insurance Company	358,185	440,000	
30,000 Genstar Limited	551,161	510,000	
16,000 Great-West Life Assurance Company	1,015,356	992,000	
20,000 Okanagan Helicopters Limited	294,043	130,000	
14,100 Reed Shaw Osler Limited Class "A"	162,150	98,700	
25,000 Systems Dimensions Limited	273,417	101,250	
\$350,000 Systems Dimensions Limited 5% Conv. 1989	410,000	224,000	
	<u>3,629,726</u>	<u>3,410,325</u>	4.76
Gold			
30,500 Blyvooruitzicht Gold Mining Co. Ltd.	363,376	415,563	
16,600 Buffelsfontein Gold Mining Co. Ltd.	606,452	462,725	
32,900 Camflo Mines Limited	506,532	464,712	
5,000 Campbell Red Lake Mines Limited	171,764	167,250	
77,050 Dome Mines Limited	2,656,440	4,209,242	
33,000 Doornfontein Gold Mining Co. Ltd.	486,090	602,250	
46,300 Pamour Porcupine Mines Limited	399,515	416,700	
19,600 Sigma Mines (Quebec) Limited	470,988	607,600	
14,000 Vaal Reefs Exploration & Mining Co. Ltd.	603,400	609,000	
6,000 Western Deep Levels, Ltd.	152,056	171,000	
Bullion — 19,056.849 ounces	2,421,037	3,381,158	
	<u>8,837,650</u>	<u>11,507,200</u>	16.06
Total portfolio investments	\$64,009,346	\$64,272,513	89.68%
Cash and other assets — net	<u>5,570,367</u>	<u>5,570,367</u>	7.76
Total portfolio investments and cash	\$69,579,713	\$69,842,880	97.44%
Other investments (Note 1)	<u>1,831,305</u>	<u>1,831,305</u>	2.56
Net assets	<u>\$71,411,018</u>	<u>\$71,674,185</u>	100.00%

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 1975

1. Other investments consist of the following:	1975	1974
Shares in and advances to subsidiary, United Bond & Share Limited, at cost		
plus equity in accumulated earnings	\$ 1,464,905	\$ 1,431,071
Shares in International Capital Corporation Ltd., at cost less \$160,000 to reduce investment to realizable value	366,400	640,000
	<u>\$ 1,831,305</u>	<u>\$ 2,071,071</u>

The investment in the subsidiary is not consolidated because it is not significant.

2. The following summarizes the net gain from securities sold:	1975	1974
Proceeds from sales of investments	\$ 22,617,195	\$ 47,977,447
Investments at average cost, beginning of year	58,076,953	64,958,503
Cost of investments purchased	27,701,506	38,592,469
	<u>85,778,459</u>	<u>103,550,972</u>
Investments at average cost, end of year	64,009,346	58,076,953
Cost of investments sold	<u>21,769,113</u>	<u>45,474,019</u>
Net gain on investments sold	<u>\$ 848,082</u>	<u>\$ 2,503,428</u>

3. Net capital loss for tax purposes for the year ended March 31, 1975 amounted to \$748,375. This amount will be carried back against the taxable capital gain of 1974. The resulting tax recovery of \$145,384 has been credited to surplus in the current year.

4. Class "A" shares, without nominal or par value, are preferred as to cumulative dividends of \$1.50 per share per annum, and as to assets on winding up to the extent of \$30 per share plus accrued and unpaid dividends.

The 5% cumulative redeemable first preferred shares of the par value of \$30 per share are preferred over the 3% non-cumulative redeemable second preferred shares and the Class "B" shares as to cumulative dividends and as to repayment of capital, accrued dividends and specified premiums on winding up, but are subject and subordinate to the Class "A" shares of the corporation. The first series of these preferred shares consists of 80,290 5% cumulative redeemable first preferred shares, 1959 series, redeemable (on not less than 30 days' notice) and repayable on winding up at par plus accrued dividends. The second series consists of 119,710 5% cumulative redeemable first preferred shares, 1963 series, redeemable (on not less than 30 days' notice) and repayable on winding up at \$31.50 plus accrued dividends.

The 3% non-cumulative redeemable second preferred shares of the par value of 5 cents per share are subject and subordinate to the Class "A" and the first preferred shares as to payment of dividends and repayment of capital. There are, at present, no second preferred shares issued or outstanding.

The Class "B" shares are without nominal or par value.

5. In accordance with the provisions of the employees' stock option plan as amended, options to purchase 45,000 Class "B" shares are outstanding and 66,920 Class "B" shares are reserved for further options. The options outstanding are exercisable at an average price of \$13.59.

During the year ended March 31, 1975 options were exercised for 5,000 Class "B" shares which were issued for an aggregate cash consideration of \$46,825. Options for 10,000 shares expired during the year and were transferred to the shares reserved for future options.

6. Total remuneration paid or payable to directors and officers was as follows:

	1975	1974
Directors	\$ 25,600	\$ 21,900
Officers	246,475	211,500
Number of directors	11	10
Number of officers	7	8
Number of officers who are also directors	2	3

Officers are remunerated by United Bond & Share Limited, and the management fee charged to the Company reflects a proportionate amount of such remuneration.

To the Shareholders of United Corporations Limited:

We have examined the financial statements of United Corporations Limited for the year ended March 31, 1975 which appear on pages 4 to 10 inclusive. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position and investments of the Corporation as at March 31, 1975 and the results of its operations, the changes in its net assets and the unrealized appreciation in value of its investments for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

AUDITORS' REPORT

Montreal, May 2, 1975

PRICE WATERHOUSE & CO.
Chartered Accountants

SUMMARY BALANCE SHEETS (all investments at market)

Portfolio —	1975 March 31st	1974 March 31st	1973 March 31st	1972 Dec. 31st	1971 Dec. 31st	1970 Dec. 31st
Cash, etc., Bullion, Short Term Notes & Bonds	\$ 9,249,465	\$13,947,145	\$ 5,471,031	\$ 4,408,387	\$ 5,079,205	\$ 5,351,220
Less: Liabilities	297,940	267,236	1,975,491	191,990	377,661	54,920
Quick Reserves	8,951,525	13,679,909	3,495,540	4,216,397	4,701,544	5,296,300
Preferred Stocks	—	—	—	—	593,312	854,775
Total Reserves	8,951,525	13,679,909	3,495,540	4,216,397	5,294,856	6,151,075
Common Stocks & Convertibles*	60,891,355	66,706,356	78,145,025	80,435,645	66,067,712	64,941,175
Total Portfolio Investments and Cash	69,842,880	80,386,265	81,640,565	84,652,042	71,362,568	71,092,250
Investment in and advances to Subsidiary	1,831,305	2,071,071	2,117,662	2,105,139	2,038,864	127,464
Total Net Assets	<u>\$71,674,185</u>	<u>\$82,457,336</u>	<u>\$83,758,227</u>	<u>\$86,757,181</u>	<u>\$73,401,432</u>	<u>\$71,219,714</u>

Capitalization —

Senior Capital at Redemption Prices: —

Class "A" Shares	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110
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
Class "B" Equity*	63,927,510	74,710,661	76,011,552	79,010,506	65,654,757	63,473,039
	<u>\$71,674,185</u>	<u>\$82,457,336</u>	<u>\$83,758,227</u>	<u>\$86,757,181</u>	<u>\$73,401,432</u>	<u>\$71,219,714</u>

*Percentage of Common Stocks & Convertibles to Class "B" Equity —

95.3% 89.3% 102.8% 101.8% 100.6% 102.3%

Distribution of Portfolio Investments

March 31	1975		1974	
	Market Value	Percentage	Market Value	Percentage
Cash, Short Term Notes, etc. — net	\$ 5,570,367	7.98%	\$ 9,984,255	12.42%
Bullion	3,381,158	4.84	3,695,654	4.60
Convertibles	764,200	1.09	504,250	.63
Common Stocks	60,127,155	86.09	66,202,106	82.35
Total Portfolio Investments and Cash	<u>\$69,842,880</u>	<u>100.00%</u>	<u>\$80,386,265</u>	<u>100.00%</u>

Geographical distribution at March 31, 1975 was: Canada 92.31% — Foreign 7.69%

UNITED CORPORATIONS LIMITED

RECORD OF ASSET VALUATIONS AND INCOME

(Class "B" Share figures have been adjusted to reflect subdivisions of 4 for 1 in April, 1953, and 3 for 1 in June, 1964)

Fiscal Period	Net Asset Value	Principal Amount of Bonds Outstanding	Net Equity for Class "A" & Pfd.	Class "A" & Pfd. Shares at redemption price (a)	Net Equity for Class "B"	Net Equity for Class "B" per share
1933	\$ 6,120,481	\$4,498,900	\$ 1,621,581	\$2,000,404	\$ 378,823(b)	\$ 0.13(b)
1935	9,378,287	4,498,900	4,879,387	2,161,079	2,718,308	0.94
1937	9,541,981	4,498,900	5,043,081	1,928,100	3,114,981	1.08
1939	9,843,775	3,705,400	6,138,375	1,588,050	4,550,325	1.58
1941	8,174,586	3,598,900	4,575,686	1,588,050	2,987,636	1.03
1943	9,746,273	3,000,000	6,746,273	1,579,800	5,166,473	1.79
1945	14,443,864	2,800,000	11,643,864	1,579,800	10,064,064	3.49
1947	13,668,485	2,600,000	11,068,485	1,579,800	9,488,685	3.29
1949	14,771,960	2,400,000	12,371,960	1,567,110	10,804,850	3.75
1951	20,391,615	2,200,000	18,191,615	1,567,110	16,624,505	5.77
1953	19,130,077	1,900,000	17,230,077	1,567,110	15,662,967	5.44
1955	29,014,916	1,700,000	27,314,916	1,567,110	25,747,806	8.94
1956	28,054,394	1,316,300	26,738,094	1,567,110	25,170,984	8.74
1957	24,446,536	878,900	23,567,636	1,567,110	22,000,526	7.64
1958	30,381,268	—	30,381,268	1,567,110	28,814,158	10.01
1959	38,196,704	—	38,196,704	3,975,810	34,220,894	10.02
1960	37,599,824	—	37,599,824	3,975,810	33,624,014	9.85
1961	44,351,503	—	44,351,503	3,975,810	40,375,693	11.77
1962	41,868,337	—	41,868,337	3,975,810	37,892,527	11.01
1963	52,320,937	—	52,320,937	7,746,675	44,574,262	12.84
1964	62,860,580	—	62,860,580	7,746,675	55,113,905	15.87
1965	66,117,062	—	66,117,062	7,746,675	58,370,387	16.80
1966	63,155,547	—	63,155,547	7,746,675	55,408,872	15.94
1967	74,756,817	—	74,756,817	7,746,675	67,010,142	19.11
1968	84,930,355	—	84,930,355	7,746,675	77,183,680	21.98
1969	78,768,892	—	78,768,892	7,746,675	71,022,217	20.20
1970	71,202,250	—	71,202,250	7,746,675	63,455,575	18.05
1971	73,401,432	—	73,401,432	7,746,675	65,654,757	18.67
1972	86,757,181	—	86,757,181	7,746,675	79,010,506	22.47
1973	83,758,227	—	83,758,227	7,746,675	76,011,552	21.61
1974	82,457,336	—	82,457,336	7,746,675	74,710,661	21.23
1975	71,674,185	—	71,674,185	7,746,675	63,927,510	18.14

(a) Including Class "A" dividend arrears of \$ 72,304 in 1933
Including Class "A" dividend arrears of \$232,979 in 1935

(b) Denotes red figures.

(c) Class "A" dividends paid:

1933	\$ —
1935	.50
1937	4.125
1939 to date	1.50 per year

(d) Does not include 534,393 Class "B" Shares issued December 23, 1959.

(e) Excluding dividends declared on Class "A" Shares in 1959 and on Preferred Shares in 1960 and 1963, in excess of their respective regular annual rates.

(f) Includes full annual dividends on Class "A" and Preferred Shares though only three quarterly dividends were declared.

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



Net Income for the year	Dividends on Class "A" and Pfd. Shares (c)	Net Income Available to Class "B" Shares	Net Income per share Class "B"	Dividends Declared per Class "B" share		
				Income	Capital	Total
\$ 72,510	\$ 72,304	\$ 206	\$ —	\$ —	\$ —	\$ —
83,252	96,405	13,153(b)	.005(b)	—	—	—
205,196	96,405	108,791	.038	—	—	—
139,462	80,978	58,484	.020	—	—	—
160,968	79,403	81,565	.028	.02	—	.02
156,727	78,990	77,737	.027	.025	—	.025
252,049	78,990	173,059	.060	.06	—	.06
417,965	78,990	338,975	.118	.11	—	.11
463,389	78,356	385,033	.134	.13	—	.13
656,437	78,355	578,082	.201	.20	—	.20
717,206	78,356	638,850	.222	.22	—	.22
810,692	78,355	732,337	.255	.25	—	.25
857,145	78,355	778,790	.271	.27	—	.27
912,771	78,355	834,416	.290	.27	—	.27
976,297	78,356	897,941	.312	.27	—	.27
978,793	78,355(e)	900,438(e)	.313(d)	.30	—	.30
1,308,461	198,790(e)	1,109,671(e)	.325	.30	—	.30
1,315,655	198,790	1,116,865	.326	.32	—	.32
1,340,004	198,790	1,141,214	.332	.32	—	.32
1,509,951	330,800(e)	1,179,151(e)	.340	.33	—	.33
1,726,160	378,356	1,347,804	.388	.37	—	.37
1,881,460	378,356	1,503,104	.433	.41	—	.41
1,961,783	378,356(f)	1,583,427	.455	.44	—	.44
2,118,885	378,356	1,740,529	.496	.46	—	.46
2,093,460	378,356	1,715,104	.488	.44	.28	.72
2,244,030	378,356	1,865,674	.530	.48	.34	.82
2,359,533	378,355	1,981,177	.563	.52	.36	.88
2,029,899	378,355	1,651,544	.470	.48	.42	.90
2,102,317	378,355	1,723,962	.490	.48	.25	.73
470,250(g)	95,850(g)	374,400(g)	.106(g)	.12(g)	.25(g)	.37(g)
2,374,441	378,355	1,996,086	.567	.52	—	.52
3,169,046	378,355	2,790,691	.793	.68	—	.68

