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UNITED CORPORATIONS LIMITED

Annual Report 1974



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

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. B. WRIGHT
Assistant to the President

ISABEL WATERHOUSE
Secretary

R. A. M. SMITH, C.A.
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 42nd Annual Report of your Company for the year ended March 31, 1974.

Balance Sheet (see page 4)

Stock markets during the period under review were highly volatile and unpredictable as investors reacted to a succession of political and economic disturbances. As our fiscal year drew to a close, the overriding concern centered on world-wide rates of inflation and the potential for major disturbances in international trade balances as the oil consuming countries endeavour to meet the greatly increased cost of oil imports. The magnitude of these problems introduced an air of great uncertainty into financial markets and resulted in a very high level of interest rates, both short and long term, accompanied by an historically low valuation of per share earnings.

As might be expected, our month-end net asset values during the year reflected the volatility of the market, actually setting an all-time high at the end of October before declining as our fiscal year progressed. As of March 31, 1974, after full provision for taxes, including capital gains taxes, and payment of dividends on all classes of shares totalling \$2,207,441, total net assets stood at \$82,457,336 as compared to \$83,758,227 at the end of the previous fiscal year. 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 — \$82,457,336 or \$1,578.52 per share

First Preferred

Shares — \$80,890,226 or \$ 404.45

Class "B"

Shares — \$74,710,661 or \$ 21.23

The figure of \$21.23 per Class "B" Share was down 1.8% from the corresponding figure of \$21.61 at the

end of the previous fiscal year, a reasonably satisfactory performance in the light of the underlying market conditions.

Statement of Net Income and Surplus (see page 5)

Because of the change in year-end last year from December 31st to March 31st, our previous fiscal period consisted of only three months and, as a consequence, no comparative audited figures are available for the twelve months ended March 31, 1973.

For the latest fiscal year income from interest and dividends totalled \$2,646,318, the second highest figure for any twelve-month fiscal period in the history of your Company. Operating expenses of \$270,578, equal to 0.33% of net assets, were maintained under close control and it is worth noting that management fees of \$183,500 or 0.22% of net assets were at the lowest level for any twelve month fiscal period since 1968. Net after-tax income, at \$2,374,441, was the highest in the history of your Company.

After provision of \$378,355 for dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares was \$1,996,086, a new high and equal to 56.7¢ per share on the 3,517,473 Class "B" Shares outstanding at the end of the year.

Class "B" dividends declared and paid out of income during the year totalled \$1,829,086. Net income therefore exceeded dividends declared by \$167,000 which, when added to accumulated net income of \$459,259 at the beginning of the year, brought the year-end figure for accumulated net income to \$626,259.

Sales of investments during the year resulted in realized investment gains of \$2,503,428. After provision for capital gains taxes of \$192,479, net realized investment gains amounted to \$2,310,949 which, when added to accumulated net realized investment gains at the beginning of the year of \$54,778,873, resulted in accumulated net realized investment gains at the end of the year of \$57,089,822.

MANAGEMENT
LIBRARY

JUN 21 1974

Combining the year-end figures for accumulated net income and accumulated net realized investment gains produced an overall surplus of \$57,716,081 as of March 31, 1974, up from \$55,243,188 at the end of the previous year. However, this increase of \$2,472,893 was more than offset by a drop of \$3,778,840 in unrealized appreciation in market value of investments from \$16,103,897 to \$12,325,057.

Dividends

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.

Quarterly dividends declared and paid on the Class "B" Shares consisted of four regular dividends of 12¢ per share. In addition, an extra dividend of 4¢ per share was declared and paid in March, 1974, bringing total dividends declared and paid out of income during the year to 52¢ per share. No capital gains dividend was declared with respect to the year's operations.

Portfolio and Investment Policy

The detailed portfolio of investments held by your Company as of March 31, 1974, is set out on pages 7 to 9 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.

As was mentioned in the preliminary year-end report dated April 19, 1974, unsettled conditions in world financial markets led us to adopt a defensive investment posture during the second half of our fiscal year with the result that we ended the year with substantial cash reserves together with a sizeable position in the shares of gold mining companies and, to a lesser extent, in gold bullion.

Record of Asset Valuations, Income and Dividends

The customary record of your Company's progress since its inception in 1933 will be found on page 12.

For reasons which have been pointed out in previous Annual Reports, net equity value per share, when taken alone, has become increasingly less meaningful as a measure of investment results.

Perhaps the best indication of our record over the past ten years is the fact that net equity value per Class "B" Share grew from \$13.83 at March 31, 1964, to \$21.24 at March 31, 1974, or by \$7.41, after payment of a total of \$6.545 per share in dividends. The total return on investment over the period was therefore \$13.955 on an original net equity value of \$13.83. If it is assumed that all dividends were re-invested at the net equity value at the time of payment, the compound annual rate of return for the ten years was 8.04%.

Subsidiary and Associated Companies

Our wholly owned subsidiary, United Bond & Share Limited, carries out the dual function of acting as the management company for all of our operations, including the provision of investment management services on a fee basis, and as a holding company for certain non-portfolio investments of your Company.

This subsidiary had another successful year with net income amounting to \$63,408 and in March paid a dividend of \$150,000 to the parent company out of its accumulated surplus. In addition to this type of direct return on investment, continued growth in the income of United Bond & Share has enabled it to absorb an increasing proportion of our total management expenses with a consequent reduction in the share borne by United. As has already been noted, this has resulted in an actual reduction in the latter's management expenses over the last five years despite the strong inflationary trend during the period.

Mention has been made in past Annual Reports of RoyFund Ltd., the equity-oriented mutual fund managed by United Bond & Share and distributed through the branches of The Royal Bank of Canada. In October of last year a second fund was launched under

the RoyFund umbrella. The new fund, RoyFund Income Trust, is, as its name suggests, income-oriented with a portfolio consisting of mortgages and high-yielding fixed income securities. It has proved to be a most popular innovation and the continued growth of the overall RoyFund operation has been exceedingly gratifying. As of March 31, 1974, the combined net assets of the two funds stood at \$74.5 million, an increase of 63% over the March 31, 1973, figure of \$45.6 million, which consisted of the net assets of RoyFund Ltd. alone.

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. It is, however, operating an investment program of its own and, in addition, owns 50% of the voting shares of RoyMor Ltd. The business of RoyMor is to purchase mortgages from the bank which the latter has originated and processed and it has continued its outstanding record of growth with total assets in excess of \$340 million at the end of 1973.

The shares of International Capital Corporation Ltd. were resold by United Bond & Share to the parent company during the year and this holding now

appears in the United balance sheet under the heading of "Other investments". International Capital, which is jointly owned by The Royal Bank of Canada, IAC Limited and United, has been shifting its merchant banking operations increasingly towards business consulting with less emphasis on investment and we expect that our dollar commitment to the company will be reduced over a period of time as this trend continues.

Directors and Officers

Your Directors were greatly saddened by the death in March of this year of T. N. Beaupré who had been a highly valued Director of your Company since 1967. Mr. Beaupré was a leading figure in the industrial and commercial life of Canada and his passing was a great loss to the country as a whole as well as to a host of friends and associates.

On behalf of the Directors,

J. V. EMORY,
President.

June 14th, 1974.

UNITED CORPORATIONS LIMITED

BALANCE SHEET

March 31, 1974
(Note 6)

Net Assets

Assets:

Portfolio investments, at quoted market value (average cost — \$58,076,953)		\$70,402,010
Other investments, at cost (Note 1):		<u>2,071,071</u>
		72,473,081
Cash and other assets —		
Cash	\$10,020,919	
Accrued income on investments	211,467	
Accounts receivable	<u>19,105</u>	
		10,251,491
TOTAL ASSETS		<u>82,724,572</u>

Liabilities:

Income taxes	249,431	
Other accounts payable	<u>17,805</u>	
		267,236
NET ASSETS		<u>\$82,457,336</u>

Shareholders' Equity

Capital stock (Notes 3 and 4):

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
—	200,000	—	" " " "	6,000,000
—	—	639,993	" " " "	<u>6,296,814</u>
<u>52,237</u>	<u>200,000</u>	<u>3,517,473</u>		\$12,416,198

Surplus (statement attached)	57,716,081
Unrealized appreciation in market value of investments	<u>12,325,057</u>
	70,041,138
	<u>\$82,457,336</u>

SIGNED ON BEHALF OF THE BOARD:

J. V. EMORY, Director

G. DRUMMOND BIRKS, Director

STATEMENT OF NET INCOME AND SURPLUS

For the year ended
March 31, 1974

Net income:

INCOME —

Dividends and interest		\$ 2,646,318
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EXPENSES —

Management fee	\$ 183,500	
Directors' remuneration	23,999	
Fees and expenses of trustee, registrar and transfer agents	31,693	
Taxes other than income taxes	1,947	
Legal and audit fees	9,800	
Office and miscellaneous expenses	19,639	
		<u>270,578</u>
Income before income taxes		2,375,740

INCOME TAXES —

U.S. withholding taxes	4,707	
Provision for Canadian taxes	60,000	
		<u>64,707</u>
		2,311,033
Equity in net income of subsidiary		63,408
Net income		<u>\$ 2,374,441</u>

Surplus:

ACCUMULATED NET INCOME —

Beginning of year	\$ 459,259	
Net income above	2,374,441	
		\$ 2,833,700

DIVIDENDS —

Class "A" shares	78,355	
First preferred shares	300,000	
Class "B" shares	1,829,086	
		<u>2,207,441</u>

ACCUMULATED NET INCOME —

End of year		<u>626,259</u>
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ACCUMULATED NET REALIZED INVESTMENT GAINS —

Beginning of year	54,778,873	
Net gain on sale of investments	2,503,428	
		<u>57,282,301</u>

INCOME TAX ON NET TAXABLE GAINS ON SALE OF INVESTMENTS (Note 2)

		<u>192,479</u>
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ACCUMULATED NET REALIZED INVESTMENT GAINS —

End of year		<u>57,089,822</u>
Surplus, end of year		<u>\$57,716,081</u>

UNITED CORPORATIONS LIMITED

STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS

For the year ended
March 31, 1974

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

STATEMENT OF CHANGES IN NET ASSETS

For the year ended
March 31, 1974

Net assets, beginning of year	\$83,758,227
Net income	2,374,441
Net gain on sale of investments *	2,503,428
Decrease in unrealized appreciation of investments	(3,778,840)
Dividends	(2,207,441)
Income tax on net taxable gains on sale of investments	(192,479)
Net assets end of year	82,457,336
Redemption value of Class "A" and first preferred shares	7,746,675
Net assets, applicable to Class "B" shares	<u>\$74,710,661</u>
Number of Class "B" shares outstanding at end of year	<u>3,517,473</u>
Net asset value per Class "B" share	<u>\$ 21.23</u>

*Aggregate proceeds from sale of investments	\$47,977,447
Deduct: Cost of investments sold —	
Aggregate cost of investments owned at beginning of year	64,958,503
Aggregate cost of purchases of investments	38,592,469
	<u>103,550,972</u>
Aggregate cost of investments owned at end of year	58,076,953
	<u>45,474,019</u>
Net gain on sale of investments	<u>\$ 2,503,428</u>

STATEMENT OF INVESTMENTS AS AT MARCH 31, 1974

No. of shares, units or par value		Cost	Quoted market value	% of net assets
Banks				
60,000	Bank of Montreal	\$ 1,012,200	\$ 1,200,000	
74,000	Canadian Imperial Bank of Commerce	1,102,600	2,173,750	
45,000	The Mercantile Bank of Canada	949,300	928,125	
90,000	The Royal Bank of Canada	1,442,700	3,296,250	
		<u>4,506,800</u>	<u>7,598,125</u>	9.21
Beverages				
25,000	Distillers Corporation-Seagrams Limited	962,100	1,075,000	
16,500	The Molson Companies Limited "A"	451,003	371,250	
26,900	Hiram Walker-Gooderham & Worts Limited	1,396,342	1,405,525	
		<u>2,809,445</u>	<u>2,851,775</u>	3.46
Communications				
5,700	Quebecor Inc.	93,021	69,825	
41,325	Toronto Star Limited "B"	523,725	692,194	
		<u>616,746</u>	<u>762,019</u>	.92
Construction & Material				
63,100	Canada Cement Lafarge Ltd.	239,149	875,513	1.06
Food Processing				
60,000	Burns Foods Limited	837,032	915,000	1.11
General Manufacturing				
100,000	Canadian Marconi Company	495,454	365,000	
10,000	I.T.L. Industries Limited 6.5% Conv. Pfd. "B"	250,000	135,000	
33,500	Sklar Manufacturing Limited	230,480	205,187	
		<u>975,934</u>	<u>705,187</u>	.86
Industrial Mines & Metals				
40,000	Asbestos Corporation Limited	863,215	745,000	
28,400	Cominco Ltd.	947,424	876,850	
32,500	Great Lakes Nickel Limited	239,687	86,450	
52,322	Great Lakes Nickel Limited Options	1,207	7,848	
65,000	The International Nickel Company of Canada, Limited	2,227,550	2,250,625	
46,000	Noranda Mines Limited	1,647,720	2,271,250	
62,900	Rio Algom Mines Limited	2,029,001	2,107,150	
		<u>7,955,804</u>	<u>8,345,173</u>	10.12
Merchandising				
5,200	Canadian Tire Corporation, Limited "A"	271,504	206,050	
100,000	Simpsons, Limited	153,000	862,500	
25,000	Steinberg's Limited "A"	479,750	500,000	
		<u>904,254</u>	<u>1,568,550</u>	1.90

STATEMENT OF INVESTMENTS (Cont'd.)

No. of shares, units or par value		Cost	Quoted market value	% of net assets
Oil & Gas				
85,000	Alberta Eastern Gas Limited	\$ 879,958	\$ 637,500	
23,500	Aquitaine Company of Canada Ltd.	649,815	710,875	
30,100	Gulf Oil Canada Limited	694,708	1,068,550	
23,000	Home Oil Company Limited "A"	1,263,140	1,201,750	
6,500	Hudson's Bay Oil & Gas Company Limited	307,115	284,375	
42,000	Husky Oil Ltd.	1,198,632	913,500	
34,000	Pan Ocean Oil Corporation	595,558	467,500	
57,000	Shell Canada Limited "A"	718,770	1,068,750	
9,500	Texaco Canada Limited	570,202	458,375	
		<u>6,877,898</u>	<u>6,811,175</u>	8.26
Paper & Forest Products				
31,000	Abitibi Paper Company Ltd.	371,778	395,250	
17,000	Consolidated-Bathurst Limited	249,730	463,250	
15,500	MacMillan Bloedel Limited	460,350	486,313	
68,800	The Price Company Limited	1,050,564	1,083,600	
		<u>2,132,422</u>	<u>2,428,413</u>	2.95
Pipelines				
37,200	TransCanada PipeLines Limited	1,304,976	1,171,800	
24,800	Westcoast Transmission Company Limited	598,629	558,000	
		<u>1,903,605</u>	<u>1,729,800</u>	2.10
Real Estate				
29,000	Alliance Building Corporation Limited	303,630	282,750	
46,000	Cadillac Development Corporation Limited	557,588	805,000	
28,000	S. B. McLaughlin Associates Limited	584,267	598,500	
49,900	Trizec Corporation Ltd.	805,386	1,135,225	
		<u>2,250,871</u>	<u>2,821,475</u>	3.42
Steel				
30,400	The Algoma Steel Corporation, Limited	533,824	760,000	
34,700	Dominion Foundries and Steel, Limited	797,059	1,075,700	
32,900	The Steel Company of Canada, Limited	811,643	1,044,575	
		<u>2,142,526</u>	<u>2,880,275</u>	3.49
Trust & Loan				
60,000	BM-RT Realty Investments Trust Units	848,016	795,000	
70,000	Financial Collection Agencies Ltd.	838,530	161,000	
36,500	IAC Limited	375,220	657,000	
22,000	The Royal Trust Company	548,506	577,500	
		<u>2,610,272</u>	<u>2,190,500</u>	2.66

STATEMENT OF INVESTMENTS (Cont'd.)

No. of shares, units or par value		Cost	Quoted market value	% of net assets
Utility				
74,000	Bell Canada	\$ 3,255,904	\$ 3,256,000	
5,000	British Columbia Telephone Company	287,100	285,000	
55,000	The Consumers' Gas Company	927,261	921,250	
		<u>4,470,265</u>	<u>4,462,250</u>	5.41
Miscellaneous Industrials				
48,000	Consumers Glass Company Limited	393,405	480,000	
8,000	Crown Life Insurance Company	358,185	532,000	
30,000	Genstar Limited	551,162	570,000	
16,000	Great-West Life Assurance Company	1,015,356	1,024,000	
14,700	Imasco Limited	444,573	457,538	
53,000	Moore Corporation Limited	1,332,885	2,557,250	
20,000	Okanagan Helicopters Limited	294,043	152,500	
14,100	Reed Shaw Osler Limited "A"	162,150	112,800	
25,000	Systems Dimensions Limited	273,417	296,875	
\$350,000	Systems Dimensions Limited 5% Conv. 1989	410,000	369,250	
		<u>5,235,176</u>	<u>6,552,213</u>	7.95
Gold				
64,000	Blyvooruitzicht Gold Mining Co.	762,494	992,000	
20,000	Buffelsfontein Gold Mining Co. Ltd.	730,665	695,000	
32,900	Camflo Mines Limited	506,532	658,000	
31,050	Dome Mines Limited	3,211,517	5,433,750	
51,000	Doornfontein Gold Mining Company	751,230	1,249,500	
5,500	Homestake Mining Company	446,803	480,001	
46,300	Pamour Porcupine Mines, Limited	399,515	781,312	
18,100	Sigma Mines (Quebec) Limited	430,515	742,100	
19,000	Vaal Reefs Exploration & Mining Co. Ltd.	818,900	1,097,250	
30,000	Western Deep Levels Ltd.	760,281	1,080,000	
	Bullion — 21,968.494 ounces	2,790,302	3,695,654	
		<u>11,608,754</u>	<u>16,904,567</u>	20.50
Total portfolio investments		58,076,953	70,402,010	85.38
Cash and other assets — net		9,984,255	9,984,255	12.11
Total portfolio investments and cash		\$68,061,208	\$80,386,265	97.49%
Other investments (Note 1)		2,071,071	2,071,071	2.51
Net assets		\$70,132,279	\$82,457,336	100.00%

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 1974

1. Other investments consist of the following:

Shares in and advances to subsidiary, United Bond & Share Limited, at cost plus equity in accumulated earnings	\$1,431,071
Shares in International Capital Corporation Ltd., at cost (approximates realizable value)	640,000
	<u>\$2,071,071</u>

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

2. During the period April 1, 1973 to March 31, 1974 \$1,133,000 of net capital gains subject to tax were realized on the sale of portfolio investments. Tax of \$192,479 payable on this amount has been charged to surplus, but is refundable in the event of future distributions. If the unrealized appreciation in market value of investments had been realized as at March 31, 1974, taxes of approximately \$1,445,000 (refundable in the event of future distributions) would have been payable.

3. 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.

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

4. In accordance with the provisions of the employees' stock option plan as amended, options to purchase 60,000 Class "B" shares are outstanding and 56,920 Class "B" shares are reserved for further options. The options outstanding are exercisable at an average price of \$13.54 per share.

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

	No.	Amount
Directors	10	\$ 21,900
Officers (of whom 3 are also directors)	8	\$211,500

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

6. The Company changed its year end to March 31 in 1973; audited financial statements for the twelve months then ended were not prepared, hence figures for purposes of comparison are not available for inclusion in these financial statements.

AUDITORS' REPORT

To the Shareholders of United Corporations Limited:

We have examined the financial statements of United Corporations Limited for the year ended March 31, 1974 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 of the corporation and its investments as at March 31, 1974 and the results of its operations, the changes in its net assets and the unrealized appreciation of investments for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Montreal, May 31, 1974

PRICE WATERHOUSE & CO.
Chartered Accountants

SUMMARY BALANCE SHEETS (all investments at market)

Portfolio —	1974 March 31st	1973 March 31st	1972 Dec. 31st	1971 Dec. 31st	1970 Dec. 31st	1969 Dec. 31st
Cash, etc., Short Term Notes & Bonds	\$13,947,145	\$ 5,471,031	\$ 4,408,387	\$ 5,079,205	\$ 5,351,220	\$ 9,495,238
Less: Liabilities	267,236	1,975,491	191,990	377,661	54,920	17,801
Quick Reserves	13,679,909	3,495,540	4,216,397	4,701,544	5,296,300	9,477,437
Preferred Stocks	—	—	—	593,312	854,775	823,031
Total Reserves	13,679,909	3,495,540	4,216,397	5,294,856	6,151,075	10,300,468
Common Stocks & Convertibles*	66,706,356	78,145,025	80,435,645	66,067,712	64,941,175	68,408,424
Total Portfolio Investments and Cash	80,386,265	81,640,565	84,652,042	71,362,568	71,092,250	78,708,892
Investment in and advances to Subsidiary	2,071,071	2,117,662	2,105,139	2,038,864	127,464	60,000
Total Net Assets	<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>	<u>\$78,768,892</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*	74,710,661	76,011,552	79,010,506	65,654,757	63,473,039	71,022,217
	<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>	<u>\$78,768,892</u>

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

89.3%	102.81%	101.8%	100.6%	102.3%	96.3%
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Distribution of Portfolio Investments

March 31	1974		1973	
	Market Value	Percentage	Market Value	Percentage
Cash, Short Term Notes, etc. — net	\$13,679,909	17.02%	\$ 578,165	.71%
Canadian Government & Provincial Bonds	—		1,037,500	1.27
Corporate Bonds	—		1,879,875	2.30
Preferred Stocks	—		—	
Convertibles	504,250	.63	801,500	.98
Common Stocks	66,202,106	82.35	77,343,525	94.74
Total Portfolio Investments and Cash	<u>\$80,386,265</u>	<u>100.00%</u>	<u>\$81,640,565</u>	<u>100.00%</u>

Geographical distribution at March 31, 1974 was: Canada 91.37% — Foreign 8.63%

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)

Year Ended Dec. 31	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
1954	25,100,871	1,800,000	23,300,871	1,567,110	21,733,761	7.55
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

(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 \$ —

193550

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
777,697	78,356	699,341	.243	.23	—	.23
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

