

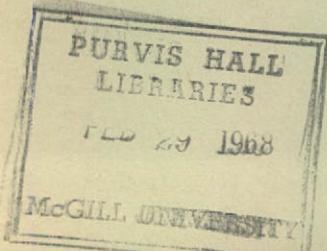
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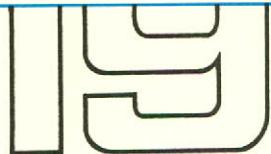


United Corporations Limited

Annual Report

for the year ended December 31, 1967





Directors

T. N. BEAUPRÉ
G. D. BIRKS
E. G. BURTON, C.B.E.
J. V. EMORY
J. E. FARMER
C. L. GUNDY
K. S. HOWARD, Q.C.
A. F. MAYNE
G. B. SEELY
A. E. TARR

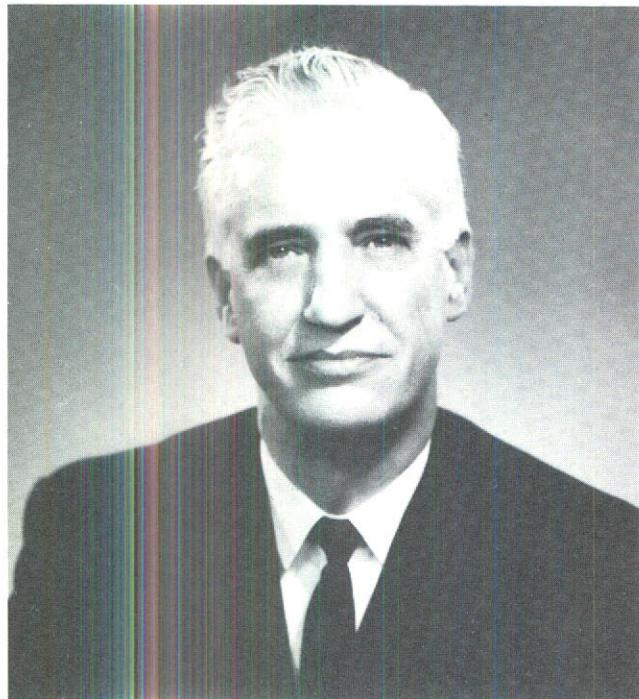
Officers

J. V. EMORY, President
C. L. GUNDY, Vice-President
G. B. SEELY, General Manager
R. B. WRIGHT, Assistant to the President
MISS I. WATERHOUSE, Secretary and Treasurer
MISS E. CLAYTON, Asst.-Secretary and Asst.-Treasurer

Head Office

5 Place Ville Marie, Montreal, Quebec, Canada

To the Shareholders



Your Directors take pleasure in presenting the 35th Annual Report of your Company for the year ended December 31, 1967.

Balance Sheet

(see page 6)

The aggregate market value of your Company's assets at December 31, 1967, was \$75,921,296 as compared with \$63,432,692 at the end of the previous year. Calculated in the conventional manner and allowing \$30 each in respect of the outstanding Class 'A' and 1959 Series Preferred Shares and \$31.50 each in respect of the outstanding 1963 Series Preferred Shares (their respective redemption prices), the net equity value behind each of the three classes of shares as at that date was as follows:

Class 'A' Shares—\$74,756,817 or \$1,431.11 per share
Preferred Shares—73,189,707 or 365.94 per share
Class 'B' Shares—67,010,142 or 19.11 per share

The figure of \$19.11 per Class 'B' Share was an increase of 19.9% over the corresponding figure of

\$15.94 at the end of 1966 and set a new year-end high, exceeding the previous high of \$16.80 at the end of 1965 by 13.7%.

Statement of Revenue

(see page 7)

Gross revenue, after withholding taxes, amounted to \$2,345,446, a new record, as compared with \$2,174,449 in 1966. Operating expenses, at \$182,561, increased somewhat from the corresponding figure of \$165,166 for 1966. The reason for this increase will be commented upon more fully later in this report. Net revenue for the year, after all charges including income taxes, was \$2,118,885, also a new record, as against \$1,961,783 for 1966.

Statement of Surplus

(see page 7)

Total additions to Surplus during the year amounted to \$8,170,060 consisting of \$2,118,885 in net revenue and \$6,051,175 in profits realized on sale of investments.

After full provision for dividends on the Class 'A' and Preferred Shares, net revenue available for the Class 'B' Shares stood at \$1,740,529, an increase of \$157,102 or 9.9% over the corresponding figure of \$1,583,427 for 1966 and a new high. It is worth mentioning in this connection that 1967 marked the twenty-fourth consecutive year in which net revenue available for the Class 'B' Shares has increased, an unusual record for a Canadian company. On the basis of the 3,504,873 Class 'B' Shares outstanding at the end of 1967, earnings per share amounted to 49.6¢. The corresponding figure for 1966 was 45.5¢ per share on the 3,475,423 shares outstanding at the end of that year.

After provision for dividends on the Class 'B' Shares of \$1,601,039, the net addition to Surplus for 1967 was \$6,190,665, bringing total surplus as at December 31, 1967, to \$42,432,078. This figure is, of course, based on the book cost of our investments and it should be noted that the market value of those investments exceeded the book cost by \$20,045,656 at the end of the year.

Dividends

Class 'A' dividends totalling \$78,356, which were covered 27 times by revenue available for their payment,

were declared and paid in 1967. Dividends declared and paid on the two Series of Preferred Shares amounted to \$300,000 and were covered 6.8 times by available revenue.

Regular dividends declared and paid on the Class 'B' Shares during 1967 consisted of two quarterly dividends of 10¢ per share and two quarterly dividends of 11¢ per share. In addition, an extra dividend of 4¢ per share was declared in January and paid in February so that Class 'B' dividends declared and paid in 1967 aggregated 46¢ per share.

The major change in dividend policy instituted with the declaration in January, 1968, of an extra dividend of 28¢ per Class 'B' Share has already been covered in some detail in a special report to the Class 'B' shareholders dated January 22, 1968. Shareholders are urged to consider the implications of this new dividend policy carefully, particularly in relation to our overall investment record during recent years. In the opinion of your Directors the attractiveness of our Class 'B' Shares as an investment medium has been considerably enhanced by the adoption of this policy and it is hoped that, as a consequence, the market price of the shares will reflect their true net equity value more closely than has been the case in the past.

Portfolio and Investment Policy

(see pages 9, 14, 15 and 16)

The detailed portfolio of investments held by your company at the end of 1967 is set out on pages 14, 15 and 16 of this report. The distribution of investments, together with pro-forma balance sheets for the last five years showing changes in the weighting of your company's portfolio, will be found on page 9.

The change in dividend policy referred to above makes it pertinent to discuss at this point what changes, if any, are likely to take place in our investment policy now that our annual dividend is, for practical purposes, tied to our average net equity value rather than being dependent, as in the past, strictly on the income received from our portfolio.

It should be stressed that the basic character of your company will not change in any major way in that the

new dividend policy is entirely consistent with our primary objective of providing shareholders, within the limits of reasonable prudence, with the maximum return on their investment in the form of a combination of current income and long-term growth of capital. In fact, from the operational point of view, it should assist in the attainment of this objective by permitting us to select investment situations which, in our judgment, offer the maximum potential return on capital without being constantly concerned about maintaining or increasing our current income.

It is not our intention to indulge in short-term trading activities nor to emphasize unduly the achievement of capital gains, as such. However, in a closed-end investment company such as ours, where there is no continuous flow of new money coming in for investment, each purchase of a new security involves the sale of a security already held. Such portfolio shifts are a proper function of investment management in adjusting to continuously changing conditions and, if the over-all investment policy is to produce satisfactory results, it is probable that profits will be realized from time to time on the sale of securities which have been held for a considerable period.

Record of Asset Valuations and Revenue

(see pages 12 and 13)

As usual, there appears on pages 12 and 13 of this report a record of your company's progress during the thirty-five years of its existence. In addition, we are presenting for the first time a graphical record of our performance over the last twenty years.

In this connection, it should be remembered that it was only in 1962 that the investment policy of your company was changed from that of a "balanced" portfolio to a generally more aggressive attitude towards investment in common stocks. For this reason the results achieved during the last six years should be of particular interest to shareholders, especially in the light of the foregoing discussion of investment policy.

Between December 31, 1961, and December 31, 1967, the Toronto Stock Exchange Industrial Index and the Montreal Stock Exchange Composite Index showed net gains of 18% and 26% respectively. During

the same period, the Dow Jones Industrial Average and the Standard & Poor's Composite Index increased by 24% and 35%. By comparison with these popular measures of the Canadian and American stock markets, our net equity value per Class 'B' Share during the same period increased from \$11.77 to \$19.11 per Class 'B' Share or by 62%. It is perhaps unnecessary to point out that past performance is no guarantee of the future but the results of the last six years have been a factor in the decision of your Directors with regard to the new dividend policy.

Record of Revenue and Expenditures (see pages 10 and 11)

Your attention is directed to the eight year record of revenue and expenditures which appears on pages 10 and 11 of this report. The fact that your company acquired the assets of London Canadian Investment Corporation in 1959 makes comparisons prior to 1960 difficult. The figures for individual expense items in this informal record have been adjusted for comparative purposes and hence do not necessarily conform with the audited statements of revenue for the years concerned.

From the comparative figures it can be seen that operating expenses for 1967, while showing some increase from 1966, remained relatively constant as a percentage of net revenue available to the Class 'B' Shares and declined as a percentage of their net equity value.

A number of factors contributed to the increase in operating expenses amongst which were a full year's rent in new and larger quarters and an enlarged staff to look after the continuously expanding operations of United Bond & Share Limited referred to below. In addition, however, a decision to wind up was taken in 1967 by an associated investment company which had been operated in conjunction with your company for many years and which had contributed its share towards the payment of joint operating expenses. This contribution ceased as of the end of October, 1967. Fortunately, this development was not unexpected and the impact has been cushioned to a considerable extent by increased income received through United Bond & Share Limited. This cushioning effect should continue in 1968.

United Bond & Share Limited

With the winding up of the associated company referred to above, United Bond & Share Limited, which provides investment management services to individuals and corporations on a fee basis, has now become a wholly-owned subsidiary so that henceforth your company will receive the full benefit from its operations. As in the past this benefit will take two forms. First, United Bond & Share Limited will continue to pay its full share of our overall expenses on a formula basis. This, of course, reduces the operating expenses of your company and will continue to be a large contributing factor in the holding down of those expenses. Second, it will continue to pay a dividend each year equal to substantially all its net income after taxes. This dividend will now be paid entirely to your company and hence, while it will be included in dividend income received and therefore will not show up as a reduction in expenses, will result in a corresponding increase in revenue.

Assets under administration by United Bond & Share Limited showed a further sizeable increase during 1967. Perhaps the most important single development was the launching in April, as announced at the Annual Meeting, of a new mutual fund, RoyFund Ltd., in co-operation with The Royal Bank of Canada. While it is a little early as yet to be able to assess fully the potential of this new venture, results to date have been encouraging.

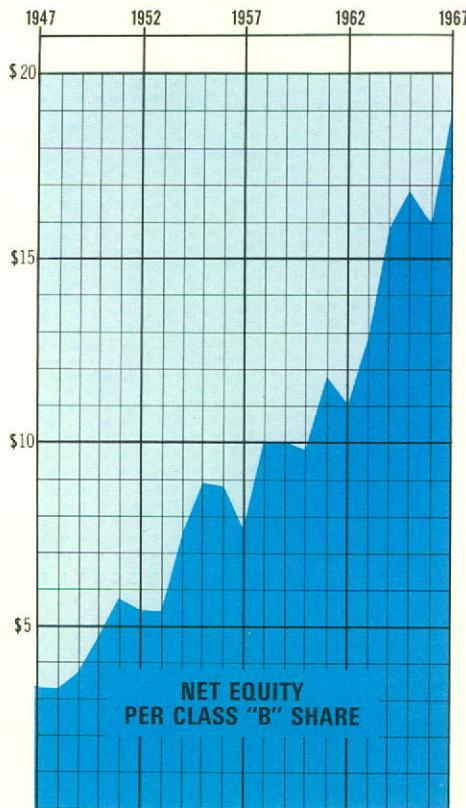
Employee Stock Option Plan

Mention was made in last year's Annual Report of the granting in January, 1967, of options to purchase an additional 5,000 Class "B" Shares at a price per share equal to 90% of the market value at the time of granting. The major change in the tax treatment of option benefits which became effective on January 1, 1968, resulted in a sizeable number of options being exercised prior to the end of 1967 and, in fact, options covering a total of 29,450 shares were exercised during the year as a whole. As of the end of 1967, therefore, of the 122,520 shares reserved for issue under the plan in 1958, options covering 109,000 shares had been granted and 93,000 of these shares had been purchased by optionees or their heirs.

Directors

Your Directors record with sorrow the death, on April 5, 1967, of O. B. Thornton, O.B.E. who had been a Director of your company since 1953. His death deprived your company of a valued Director and the business community at large of a distinguished Canadian citizen.

Less sad but equally regretted was the decision of A. F. Graham-Watson, one of our United Kingdom Directors, not to stand for re-election at the Annual Meeting because of his retirement from active business. Mr. Graham-Watson had been a Director of London Canadian Investment Corporation for many years and joined our Board at the time of the acquisition of the assets of that company in 1959. During his years of service as a Director his keen interest and wide connections in United Kingdom financial circles were of considerable assistance to us.

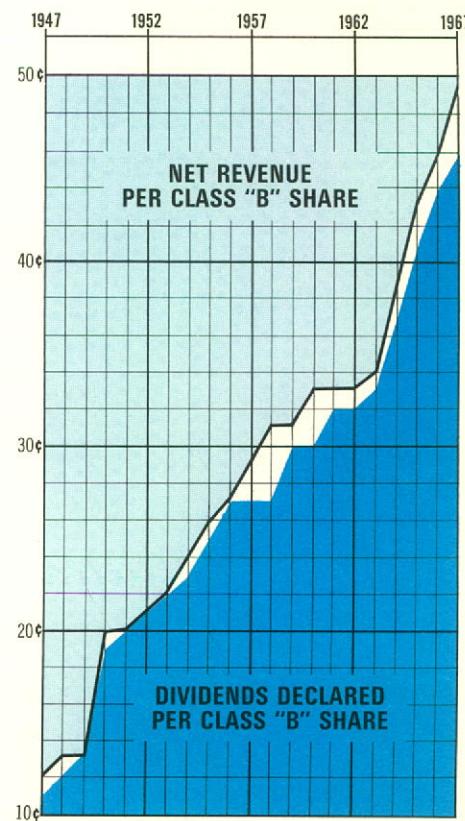


At the Annual Meeting, G. B. Seely was elected a Director. Mr. Seely has been General Manager of your company since 1962 and continues to act in that capacity.

Re-listing of Shares

At their January, 1968 meeting, your Directors decided to apply for listing of all classes of your company's shares on the Montreal Stock Exchange rather than on the Canadian Stock Exchange as in the past. Initial steps have been taken to implement this decision and it is anticipated that the new listing privileges will be granted in due course.

On behalf of the Directors,
J. V. EMORY,
February 23, 1968.
President



Assets

	<u>1967</u>	<u>1966</u>
Investments, at cost (quoted market value—\$74,563,575; 1966—\$62,721,207; including U. S. quotations translated into Canadian funds at rates of exchange current at December 31)	<u>\$54,517,919</u>	<u>\$47,846,510</u>
Current assets:		
Cash on deposit	1,275,521	611,490
Accrued interest on investments	77,492	99,120
Prepaid expenses	4,708	875
	<u>1,357,721</u>	<u>711,485</u>
	<u>\$55,875,640</u>	<u>\$48,557,995</u>

Liabilities and Shareholders' Equity

Current liabilities:

Due to brokers on delivery of securities	\$ 1,149,010	\$ 253,347
Income taxes payable	6,790	15,884
Other accounts payable	8,679	7,914
	<u>1,164,479</u>	<u>277,145</u>

Shareholders' equity:

Capital stock (Notes 1 and 2)—	Class "A"	Preferred	Class "B"		
Authorized	<u>52,237</u>	<u>200,000</u>	<u>6,000,000</u>		
Issued	52,237		2,877,480 for a consideration of	119,384	119,384
		200,000	" " " "	6,000,000	6,000,000
			627,393 " " " "	6,159,699	5,920,053
	<u>52,237</u>	<u>200,000</u>	<u>3,504,873</u>	<u>12,279,083</u>	<u>12,039,437</u>
Surplus (statement attached)				42,432,078	36,241,413
				54,711,161	48,280,850
				<u>\$55,875,640</u>	<u>\$48,557,995</u>

SIGNED ON BEHALF OF THE BOARD:

J. V. EMORY, Director

K. S. HOWARD, Director

Revenue

	<u>1967</u>	<u>1966</u>
Dividends received and interest received and accrued.....	\$ 2,274,289	\$ 2,189,342
Stock dividends received and sold.....	103,099	18,876
	<u>2,377,388</u>	<u>2,208,218</u>
<i>Less:</i> United States withholding taxes.....	31,942	33,769
	<u>2,345,446</u>	<u>2,174,449</u>
Management expenses.....	93,600	88,863
Fees and expenses of trustee, registrar and transfer agents.....	18,353	17,840
Directors' remuneration (Note 4).....	52,576	42,417
Taxes, other than income taxes.....	4,838	2,817
Audit fees.....	3,200	2,061
Miscellaneous expenses.....	2,914	1,331
Staff pension plan (current premium).....	7,080	9,837
	<u>182,561</u>	<u>165,166</u>
Net revenue for the year before taxes on income.....	2,162,885	2,009,283
Provision for taxes on income.....	44,000	47,500
Net revenue for the year.....	<u>\$ 2,118,885</u>	<u>\$ 1,961,783</u>

Surplus

Balance of revenue at beginning of year.....	\$ 1,087,423	\$ 813,127
Net revenue for the year (statement attached).....	2,118,885	1,961,783
	<u>3,206,308</u>	<u>2,774,910</u>
<i>Less:</i> Dividends (Note 3)–		
Class "A" shares.....	78,356	58,505
Preferred shares.....	300,000	224,000
Class "B" shares.....	1,601,039	1,389,999
	<u>1,979,395</u>	<u>1,672,504</u>
<i>Deduct:</i> Expenses applicable to occupancy of new office.....	1,226,913	1,102,406
	<u>—</u>	<u>14,983</u>
	<u>1,226,913</u>	<u>1,087,423</u>
Balance at beginning of year, of profits realized from the sale of investments and cancellation of the corporation's bonds (less appropriated for the redemption of 12,033 Class "A" shares of the corporation).....	35,153,990	31,143,210
<i>Add:</i> Net profit on sale of investments during the year.....	6,051,175	4,010,780
	<u>41,205,165</u>	<u>35,153,990</u>
Surplus at end of year.....	<u>\$42,432,078</u>	<u>\$36,241,413</u>

United Corporations Limited

Auditors' Report

TO THE SHAREHOLDERS OF UNITED CORPORATIONS LIMITED:

We have examined the balance sheet of United Corporations Limited as at December 31, 1967 and the statements of surplus and revenue for the year then ended. 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. We verified the corporation's investments and cash on deposit at December 31, 1967 either by direct confirmations received from the custodians or by physical count.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.

Chartered Accountants

Montreal, January 30, 1968.

Notes to Financial Statements, December 31, 1967

Note 1:

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. They are redeemable on sixty days' notice at \$30 per share plus accrued and unpaid dividends.

Preferred shares, of the par value of \$30 each, are preferred over the Class "B" shares as to cumulative dividends and as to repayment of capital, accrued dividends and specified premium 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 Preferred shares, 1959 Series, redeemable (on not less than thirty days' notice) and repayable on winding-up at par plus accrued dividends. The second series consists of 119,710 5% Cumulative Redeemable Preferred shares, 1963 Series, redeemable (on not less than thirty days' notice) and repayable on winding-up at \$31.50 plus accrued dividends.

Note 2:

122,520 Class "B" shares have been reserved for issue under an Employee Stock Option Plan approved by the Class "B" shareholders on April 21, 1958. At December 31, 1967 options to purchase 109,000 shares (of which 106,000 were optioned to directors or officers) had been granted as follows:

- (i) 66,750 shares at a price per share equal to 80% of the market value at the time of granting and
- (ii) 42,250 shares—including 5,000 granted January 16, 1967 at a price per share equal to 90% of the market value at the time of granting.

Options have been exercised to purchase 93,000 shares, including 29,450 shares in 1967.

Note 3:

In accordance with the change in declaration dates announced in 1966, dividends charged to revenue surplus for that year comprised the last three quarterly payments on the Class "A" and the Preferred shares and four regular quarterly payments of ten cents each on the Class "B" shares.

During 1967 four regular quarterly dividends were declared and paid out of revenue surplus together with an extra dividend of four cents per share (declared January 16, 1967) on the Class "B" shares.

Dividends declared on January 22, 1968 included an extra payment of twenty-eight cents per share on the Class "B" shares in accordance with a change in policy as referred to in the Report of the Directors.

Note 4:

The accounts of United Bond & Share Limited (which became a wholly-owned subsidiary in 1967) have not been consolidated with those of United Corporations Limited because the amounts involved are not significant. The amount of directors' remuneration shown on the accompanying statement of revenue does not include \$21,530 allocated to United Bond & Share Limited by United Corporations Limited.

Note 5:

A statement of source and application of funds for the year ended December 31, 1967 has not been presented because it is not considered to be significant in the case of an investment company.

Portfolio

	DECEMBER 31				
	1967	1966	1965	1964	1963
Cash etc., Short Term Notes					
& Bonds.....	\$ 8,893,939	\$ 9,723,898	\$ 6,624,452	\$ 5,539,676	\$ 5,228,876
Less: Liabilities.....	1,164,479	277,145	212,291	290,318	264,494
Quick Reserves.....	7,729,460	9,446,753	6,412,161	5,249,358	4,964,382
Preferred Stocks.....	2,469,406	2,678,201	1,622,526	1,888,759	2,030,582
Total Reserves.....	10,198,866	12,124,954	8,034,687	7,138,117	6,994,964
*Common Stocks &					
Convertibles.....	64,557,951	51,030,593	58,082,375	55,722,463	45,325,973
Total Net Assets.....	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>	<u>\$62,860,580</u>	<u>\$52,320,937</u>

Capitalization

	DECEMBER 31				
	1967	1966	1965	1964	1963
Senior Capital at Redemption					
Prices:—					
Class "A" Shares.....	\$ 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
Total Senior Capital.....	7,746,675	7,746,675	7,746,675	7,746,675	7,746,675
*Class "B" Equity.....	67,010,142	55,408,872	58,370,387	55,113,905	44,574,262
	<u>\$74,756,817</u>	<u>\$63,155,547</u>	<u>\$66,117,062</u>	<u>\$62,860,580</u>	<u>\$52,320,937</u>

*Percentage of Common Stocks & Convertibles to Class "B" Equity—
1967: 96.3%, 1966: 92.1%, 1965: 99.5%, 1964: 101.1%, 1963: 101.7%.

Distribution of Investments

December 31, 1967 (with comparative market values and percentages for December 31, 1966)

	1967		1966	
	Market Value	Percentage	Market Value	Percentage
Cash etc., & Short Term Notes.....	\$ 2,802,917	3.69%	\$ 911,485	1.44%
Canadian Government & Guaranteed Bonds....	5,896,137	7.77%	8,228,575	12.97%
Canadian Provincial & Provincial Guaranteed				
Bonds.....	116,775	0.15%	291,362	0.46%
Corporate Bonds.....	78,110	0.10%	288,950	0.46%
Corporate Bonds—Convertible.....	29,785	0.04%	—	—
Miscellaneous Bonds.....	—	—	3,526	0.01%
Preferred Stocks.....	2,469,406	3.25%	2,678,201	4.22%
Preferred Stocks—Convertible.....	1,333,362	1.76%	268,400	0.42%
Common Stocks.....	63,194,804	83.24%	50,762,193	80.02%
Total Assets.....	<u>\$75,921,296</u>	<u>100.00%</u>	<u>\$63,432,692</u>	<u>100.00%</u>

Geographical distribution at December 31, 1967 was:

Canada 82.21% United States 17.79%

United Corporations Limited

Eight Year Record of Revenue and Expenditures

	1967	1966
Total Income (after withholding taxes).....	\$ 2,345,446	\$ 2,174,449
Less:		
Management Expenses (including all Salaries and Company contributions to the Pension Plan).....	140,345	126,698
Fees & Expenses of Trustee, Registrar and Transfer Agents.....	18,353	17,840
Directors' Fees (excluding Directors' Salaries)	15,825	15,750
Taxes other than Income Taxes.....	4,838	2,817
Legal and Audit Fees.....	3,200	2,061
Total Operating Expenses.....	182,561	165,166
Net Revenue Before Income Taxes.....	2,162,885	2,009,283
Provision for Income Taxes.....	44,000	47,500
Net Revenue After Taxes.....	2,118,885	1,961,783
Class "A" and Preferred Dividends.....	378,356	378,356
Net Revenue Available to Class "B" Shares.....	\$ 1,740,529	\$ 1,583,427
Net Equity Available to Class "B" Shares.....	\$67,010,142	\$55,408,872
Operating Expenses as a percentage of:—		
Net Revenue Available to Class "B" Shares	10.5%	10.4%
Net Equity Available to Class "B" Shares.....	0.27%	0.30%

1965	1964	1963	1962	1961	1960
\$ 2,083,888	\$ 1,908,840	\$ 1,688,445	\$ 1,537,160	\$ 1,513,221	\$ 1,523,009
122,283	115,106	106,585	119,654	116,260	115,889
20,003	16,904	16,902	15,155	16,096	23,856
16,725	18,000	17,475	15,675	15,300	14,400
2,817	2,770	2,797	2,422	2,410	2,403
2,100	2,900	4,735	2,250	2,500	2,000
163,928	155,680	148,494	155,156	152,566	158,548
1,919,960	1,753,160	1,539,951	1,382,004	1,360,655	1,364,461
38,500	27,000	30,000	42,000	45,000	56,000
1,881,460	1,726,160	1,509,951	1,340,004	1,315,655	1,308,461
378,356	378,356	330,800	198,790	198,790	198,790
\$ 1,503,104	\$ 1,347,804	\$ 1,179,151	\$ 1,141,214	\$ 1,116,865	\$ 1,109,671
\$58,370,387	\$55,113,905	\$44,574,262	\$37,892,527	\$40,375,693	\$33,624,014
10.9%	11.6%	12.6%	13.6%	13.7%	14.3%
0.28%	0.28%	0.33%	0.41%	0.38%	0.47%

United Corporations Limited

Record of Asset Valuations and Revenue

(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)
1933.....	\$ 6,120,481	\$ 4,498,900	\$ 1,621,581	\$ 2,000,404
1935.....	9,378,287	4,498,900	4,879,387	2,161,079
1937.....	9,541,981	4,498,900	5,043,081	1,928,100
1939.....	9,843,775	3,705,400	6,138,375	1,588,050
1941.....	8,174,586	3,598,900	4,575,686	1,588,050
1943.....	9,746,273	3,000,000	6,746,273	1,579,800
1945.....	14,443,864	2,800,000	11,643,864	1,579,800
1946.....	14,059,182	2,700,000	11,359,182	1,579,800
1947.....	13,668,485	2,600,000	11,068,485	1,579,800
1948.....	13,443,096	2,500,000	10,943,096	1,567,110
1949.....	14,771,960	2,400,000	12,371,960	1,567,110
1950.....	17,409,613	2,300,000	15,109,613	1,567,110
1951.....	20,391,615	2,200,000	18,191,615	1,567,110
1952.....	19,359,943	2,000,000	17,359,943	1,567,110
1953.....	19,130,077	1,900,000	17,230,077	1,567,110
1954.....	25,100,871	1,800,000	23,300,871	1,567,110
1955.....	29,014,916	1,700,000	27,314,916	1,567,110
1956.....	28,054,394	1,316,300	26,738,094	1,567,110
1957.....	24,446,536	878,900	23,567,636	1,567,110
1958.....	30,381,268	—	30,381,268	1,567,110
1959.....	38,196,704	—	38,196,704	3,975,810
1960.....	37,599,824	—	37,599,824	3,975,810
1961.....	44,351,503	—	44,351,503	3,975,810
1962.....	41,868,337	—	41,868,337	3,975,810
1963.....	52,320,937	—	52,320,937	7,746,675
1964.....	62,860,580	—	62,860,580	7,746,675
1965.....	66,117,062	—	66,117,062	7,746,675
1966.....	63,155,547	—	63,155,547	7,746,675
1967.....	74,756,817	—	74,756,817	7,746,675

(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

Net Equity for Class "B"	Net Equity for Class "B" per share	Net Revenue for the year	Dividends on Class "A" and Pfd. Shares (c)	Net Revenue Available to Class "B" Shares	Net Revenue per share Class "B"	Dividends Declared per share Class "B"
\$ 378,823 (b)	\$ 0.13 (b)	\$ 72,510	\$ 72,304	\$ 206	\$ —	\$ —
2,718,308	0.94	83,252	96,405	13,153 (b)	.005 (b)	—
3,114,981	1.08	205,196	96,405	108,791	.038	—
4,550,325	1.58	139,462	80,978	58,484	.020	—
2,987,636	1.03	160,968	79,403	81,565	.028	.02
5,166,473	1.79	156,727	78,990	77,737	.027	.025
10,064,064	3.49	252,049	78,990	173,059	.060	.06
9,779,382	3.39	321,626	78,990	242,636	.084	.06
9,488,685	3.29	417,965	78,990	338,975	.118	.11
9,375,986	3.25	448,846	78,867	369,979	.129	.125
10,804,850	3.75	463,389	78,356	385,033	.134	.13
13,542,503	4.70	642,086	78,356	563,730	.196	.19
16,624,505	5.77	656,437	78,355	578,082	.201	.20
15,792,833	5.48	692,112	78,356	613,756	.213	.21
15,662,967	5.44	717,206	78,356	638,850	.222	.22
21,733,761	7.55	777,697	78,356	699,341	.243	.23
25,747,806	8.94	810,692	78,355	732,337	.255	.25
25,170,984	8.74	857,145	78,355	778,790	.271	.27
22,000,526	7.64	912,771	78,355	834,416	.290	.27
28,814,158	10.01	976,297	78,356	897,941	.312	.27
34,220,894	10.02	978,793	78,355 (e)	900,438 (e)	.313 (d)	.30
33,624,014	9.85	1,308,461	198,790 (e)	1,109,671 (e)	.325	.30
40,375,693	11.77	1,315,655	198,790	1,116,865	.326	.32
37,892,527	11.01	1,340,004	198,790	1,141,214	.332	.32
44,574,262	12.84	1,509,951	330,800 (e)	1,179,151 (e)	.340	.33
55,113,905	15.87	1,726,160	378,356	1,347,804	.388	.37
58,370,387	16.80	1,881,460	378,356	1,503,104	.433	.41
55,408,872	15.94	1,961,783	378,356 (f)	1,583,427	.455	.44 (g)
67,010,142	19.11	2,118,885	378,356	1,740,529	.496	.46

(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) Includes extra dividend of 4¢ per share declared in January, 1967.

No. of Shares or Par Value		Market Value	Percent Total Assets
\$1,450,000	SHORT TERM NOTES.....	\$1,445,196	1.90%
CANADIAN GOVERNMENT & GUARANTEED BONDS			
\$ 425,000	Government of Canada.....	5 1/2% 1969	\$ 421,387
3,300,000	Government of Canada.....	Conv. 6% 1971	3,271,125
200,000	Government of Canada.....	.6% 1971	196,000
950,000	Government of Canada.....	.5% 1973	871,625
800,000	Government of Canada.....	5 1/2% 1974	752,000
400,000	Canadian National Railway Company.....	5 1/2% 1971	384,000
			\$5,896,137 7.77%
CANADIAN PROVINCIAL & PROVINCIAL GUARANTEED BONDS			
\$ 100,000	Hydro-Electric Power Commission of Ontario.....	.6% 1972	\$ 98,000
20,000	Province of Quebec.....	.6% 1972	18,775
			\$ 116,775 0.15%
CORPORATE BONDS — EXCLUDING CONVERTIBLES			
\$ 107,000	Western Decalta Petroleum Limited.....	.6% 1985	\$ 78,110 0.10%
PREFERRED STOCKS — EXCLUDING CONVERTIBLES			
900	Anglo-Canadian Telephone Company.....	\$2.65	\$ 36,000
1,000	Anglo-Canadian Telephone Company.....	\$2.90	41,250
2,000	Anglo-Canadian Telephone Company.....	\$3.15	96,000
4,000	British Columbia Forest Products Limited.....	.6%	194,500
6,000	British Columbia Telephone Company.....	4.84%	126,000
1,500	British Columbia Telephone Company.....	5.15%	120,000
3,500	British Columbia Telephone Company.....	.5%	332,500
2,500	Canadian Food Products Limited.....	.6%	122,500
6,000	Consolidated-Bathurst Limited.....	.6%	120,750
1,500	Debhold (Canada) Limited.....	.6 1/4%	142,500
2,175	Husky Oil Canada Limited.....	.6%	100,050
4,000	Industrial Acceptance Corporation Limited.....	.5%	84,000
2,500	Quebec Natural Gas Corporation.....	5.40%	168,125
1,875	Quebec Natural Gas Corporation.....	.5%	128,906
2,235	Rio Algom Mines Limited.....	\$5.80	212,325
4,000	Third Canadian General Investment Trust Limited.....	\$2.50	156,000
5,000	Trans-Canada Pipe Lines Limited.....	\$2.80	225,000
2,000	Westfair Foods Limited.....	"A"	63,000
			\$2,469,406 3.25%
BANKS & FINANCE			
85,000	Canadian Imperial Bank of Commerce.....	\$1,190,000	
33,000	Industrial Acceptance Corporation Limited.....	660,000	
2,500	Interior Trust Company.....	275,000	
85,000	The Royal Bank of Canada.....	1,328,125	
60,000	United Bond & Share Limited.....	60,000	
			\$3,513,125 4.63%
BEVERAGES			
40,000	Distillers Corporation-Seagrams Limited.....	\$1,580,000	2.08%
BUILDING MATERIALS			
20,000	Canada Cement Company Limited.....	\$ 580,000	0.76%

Portfolio of Investments (Continued)

No. of Shares or Par Value	Market Value	Percent Total Assets
CHEMICALS & DRUGS		
10,000 Air Reduction Company Incorporated.....	\$ 374,200	
95,000 Chemcell Limited.....	736,250	
20,400 Jefferson Lake Petrochemicals of Canada Limited.....	1,224,000	
9,000 Richardson-Merrell Incorporated.....	841,230	
25,000 Union Carbide Canada Limited.....	431,250	
	<u>\$3,606,930</u>	4.75%
ELECTRONICS & AEROSPACE		
11,000 General Precision Equipment Company.....	\$ 942,040	
7,000 International Telephone & Telegraph Corporation.....	877,450	
\$ 25,000 Radio Corporation of America.....	Conv. 4 1/2% 1992	29,785
14,000 Radio Corporation of America.....		807,520
	<u>\$2,656,795</u>	3.50%
MACHINERY		
97,900 Massey-Ferguson Limited.....	\$1,639,825	
30,000 Robert Morse Corporation Limited.....	570,000	
	<u>\$2,209,825</u>	2.91%
METALS & MINING		
50,000 Alcan Aluminium Limited.....	\$1,418,750	
15,000 Asbestos Corporation Limited.....	288,750	
50,000 Canadian British Aluminium Company Limited.....	800,000	
20,000 Falconbridge Nickel Mines Limited.....	1,940,000	
11,000 International Nickel Company of Canada Limited.....	1,386,000	
74,000 Northgate Exploration Limited.....	804,750	
46,500 Preston Mines Limited.....	1,034,625	
25,000 Rio Algom Mines Limited.....	868,750	
	<u>\$8,541,625</u>	11.25%
OFFICE EQUIPMENT & SUPPLIES		
2,614 International Business Machines Corporation.....	\$1,771,116	
48,000 Moore Corporation Limited.....	1,404,000	
	<u>\$3,175,116</u>	4.18%
OIL & GAS		
70,000 Canadian Petrofina Limited.....	\$ 945,000	
25,000 Canadian Superior Oil Limited.....	1,187,500	
50,000 Central-Del Rio Oils Limited.....	1,112,500	
10,000 Gulf Oil Corporation.....	825,300	
35,718 Home Oil Company Limited.....	910,809	
45,000 Husky Oil Canada Limited.....	1,091,250	
30,000 Imperial Oil Limited.....	2,100,000	
15,000 Royal Dutch Petroleum Company.....	713,250	
25,000 Scurry-Rainbow Oils Limited.....	1,306,250	
30,000 Texaco Canada Limited.....	960,000	
25,000 Union Oil Company of Canada Limited.....	1,450,000	
80,000 Western Decalta Petroleum Limited.....	304,000	
5,350 Western Decalta Petroleum Limited.....	Wts. 9,416	
	<u>\$12,915,275</u>	17.01%

Portfolio of Investments *(Concluded)*

No. of Shares or Par Value		Market Value	Percent Total Assets
PAPER & FOREST PRODUCTS			
50,000	Abitibi Paper Company Limited.....	\$ 406,250	
50,000	British Columbia Forest Products Limited.....	875,000	
50,000	Domtar Limited.....	518,750	
50,000	MacMillan, Bloedel Limited.....	<u>1,175,000</u>	
		<u>\$2,975,000</u>	3.92%
PIPELINES & UTILITIES			
30,000	Alberta Gas Trunk Line Company Limited.....	"A"	
10,000	British Columbia Telephone Company.....	\$ 982,500	
16,500	Coastal States Gas Producing Company.....	540,000	
7,500	International Utilities Corporation.....	956,175	
10,900	International Utilities Corporation.....	\$1,32 Conv. Pfd.	
25,000	Trans-Canada Pipe Lines Limited.....	317,812	
35,000	Westcoast Transmission Company Limited.....	461,888	
		<u>693,750</u>	
		<u>761,250</u>	
		<u>\$4,713,375</u>	6.21%
RETAIL MERCHANDISING			
86,000	Simpsons, Limited.....	"A"	
22,000	Simpsons-Sears Limited.....	\$ 2,902,500	
90,000	Woodward Stores Limited.....	"A"	
		<u>583,000</u>	
		<u>1,597,500</u>	
		<u>\$5,083,000</u>	6.70%
STEEL & IRON			
40,000	Algoma Steel Corporation Limited.....	\$ 750,000	
40,000	Dominion Foundries and Steel Limited.....	770,000	
25,000	Labrador Mining and Exploration Company Limited.....	775,000	
16,000	Sharon Steel Corporation.....	622,400	
40,000	Steel Company of Canada Limited.....	810,000	
		<u>\$3,727,400</u>	4.91%
TRANSPORTATION & EQUIPMENT			
25,000	Canada Steamship Lines Limited.....	\$ 615,625	
10,000	Canadian Pacific Investments Limited.....	238,750	
15,000	Canadian Pacific Railway Company.....	877,500	
10,000	Chrysler Corporation.....	607,900	
		<u>\$2,339,775</u>	3.08%
MISCELLANEOUS			
3,750	Avco Corporation.....	\$ 3.20 Conv. Pfd.	
7,500	Avco Corporation.....	526,800	
40,000	Consumers Glass Company Limited.....	526,800	
32,000	Famous Players Canadian Corporation Limited.....	520,000	
10,000	Gillette Company.....	<u>1,328,000</u>	
2,500	Granite Investment & Development Limited.....	672,700	
18,000	International Systcoms Limited.....	250,000	
15,000	I.T.L. Industries Limited.....	423,000	
13,000	Jonathan Logan Incorporated.....	281,250	
10,000	Revlon Incorporated.....	837,590	
13,000	Storer Broadcasting Company.....	909,100	
		<u>665,470</u>	
		<u>\$6,940,710</u>	9.14%

UNITED CORPORATIONS LIMITED

—Incorporated under the Laws of Canada

General Information

Shares Listed

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

Transfer Agent

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

Registrar

The Royal Trust Company

Auditors

Price Waterhouse & Co.

Dividend Dates

Dividends on all classes of shares are being paid quarterly on February 15, May 15, August 15, November 15.

Dividends and Taxes

We are advised that Canadian resident individual shareholders are entitled to claim the 20% Canadian income tax credit on their dividends.

A 10% Canadian withholding tax is presently eligible on all dividends paid to non-residents.

Non-resident shareholders are advised to consult their tax authorities in respect of possible relief for which credit may be claimed on dividends received from this Corporation.

