

UNITED CORPORATIONS LIMITED

ANNUAL REPORT

2016



THE FISCAL YEAR AT A GLANCE

Year ended March 31	2016 ⁽¹⁾	2015 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 120.66	\$ 117.86
Net investment income per Common Share ⁽²⁾	\$ 2.13	\$ 1.80
Net income per Common Share	\$ 4.60	\$ 19.89
Dividends per Common Share		
Quarterly	\$ 0.80	\$ 0.80
Additional ⁽³⁾	\$ 1.00	\$ 0.73
Net assets	\$ 1,479,121	\$ 1,444,951
Net investment income	\$ 26,345	\$ 22,349
Common Shares outstanding at year end	12,194,193	12,194,193

⁽¹⁾ In thousands of Canadian dollars, except number of Common Shares outstanding and per share amounts.

⁽²⁾ See Management's Discussion and Analysis for Use of Non-GAAP measures.

⁽³⁾ This additional dividend represents the annual distribution of the prior year's annual net investment income after payment of Preferred Share dividends and after payment of quarterly dividends.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at the Toronto Board of Trade, First Canadian Place, 77 Adelaide Street West, 4th Floor, Toronto, Ontario on Wednesday, June 22, 2016 at 11:30 a.m. All shareholders are invited to attend.

UNITED CORPORATIONS LIMITED

BOARD OF DIRECTORS

JACK S. DARVILLE
Corporate Director

DAVID J. DAWSON
Managing Director
Protiviti

DUNCAN N. R. JACKMAN
Chairman and President
United Corporations Limited

KIM SHANNON
President and Chief Investment Officer
Sionna Investment Managers Inc.

JONATHAN SIMMONS
Chief Financial Officer
OMERS Administration Corporation

MARK M. TAYLOR
Corporate Director

MICHAEL J. WHITE
Chairman of the Board
Addenda Capital Inc.

DAVID R. WINGFIELD
Partner
Cassels Brock & Blackwell LLP

HONORARY DIRECTORS

J. CHRISTOPHER BARRON
Corporate Director

THE HONOURABLE HENRY N. R. JACKMAN
Honorary Chairman
The Empire Life Insurance Company

OFFICERS

DUNCAN N. R. JACKMAN
Chairman and President

RICHARD B. CARTY
Corporate Secretary

SCOTT F. EWERT
Vice-President

FRANK J. GLOSNEK
Treasurer

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for the years ended March 31, 2016 and 2015. This MD&A should be read in conjunction with the March 31, 2016 year-end financial statements of United Corporations Limited ("United" or the "Company") which form part of this Annual Report. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), which are generally accepted accounting principles ("GAAP") as set out in the Handbook of the Chartered Professional Accountants of Canada. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

The Company

United is a closed-end investment corporation that trades on the Toronto Stock Exchange. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The Company has been a closed-end investment corporation since 1929 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, generally ranging from a 45% discount to a 20% discount. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

Closed-end investment corporations have the following benefits: they often allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for open-ended funds; and the management of a closed-end investment corporation's portfolio is not impacted by shareholder subscription or redemption activities.

United has no plans to become an open-ended investment fund.

The majority of the Company's investment portfolio is actively managed by Jarislowsky Fraser Limited ("Jarislowsky") and ValueInvest Asset Management S.A. ("ValueInvest"). Each of the managers has a global equity mandate. As of March 31, 2016, \$678,642,000 and \$796,173,000 of equity investments were managed by Jarislowsky and ValueInvest, respectively.

Jarislowsky is a global investment manager whose head office is in Montreal, Quebec, with offices in Toronto, Calgary, Vancouver, and New York. Jarislowsky selects investments using a long-term bottom-up investment philosophy, which is to purchase good companies with strong economics and management, whose shares are selling below Jarislowsky's estimate of intrinsic value. The portfolio normally consists of 45-75 investments and includes publicly traded equity securities of companies outside of Canada, with between 80%-100% allocated to non-cyclical blue chip industry leaders with large capitalizations, and the balance allocated to cyclical smaller market capitalization companies. The target geographic mix expressed as a percentage of the portfolio is generally U.S. equities 30-70%; international equities 30-70%; and emerging markets 0-10%.

ValueInvest is a global investment manager whose head office is in the Grand Duchy of Luxembourg. ValueInvest provides portfolio advisory services to Canadian clients through Pier 21 Asset Management Inc., a registered portfolio manager based in Montreal, Quebec. ValueInvest's investment objective is to provide long-term growth primarily through capital appreciation, by investing in a portfolio of common stocks and equivalent securities of major companies around the world. The investment philosophy rests on its core conviction that long-term preservation and accumulation of wealth can best be achieved through a combination of attractive valuations and thorough assessment of the quality of the businesses. There is no target geographic mix for the portfolio. The portfolio normally consists of 30-80 companies.

The Company also has a long-term investment in Algoma Central Corporation ("Algoma"), a public shipping company. Algoma is a related party and is a reporting issuer which trades on the Toronto Stock Exchange with a profile on SEDAR. The investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company.

Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

The investment portfolio of the Company comprises a mix of predominantly foreign equities. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures

This MD&A contains references to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meanings in GAAP and therefore may not be comparable to similar measures presented by other companies. Current Canadian GAAP is IFRS for these financial statements. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Net equity value per Common Share is used by investors and management as a comparison to the market price of its Common Shares to determine the discount or premium at which the Company's Common Shares are trading, relative to the net equity value per Common Share. In order to determine its net equity value per Common Share, the Company deducts the cost of redemption of its Preferred Shares from its net assets.

Net investment income per Common Share is used by both investors and management to assess the approximate amount of dividends to be distributed on Common Shares. In order to determine its net investment income per Common Share, the Company deducts the dividends paid on its Preferred Shares.

Net equity value per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	March 31 2016	March 31 2015
Net assets	\$ 1,479,121	\$ 1,444,951
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	7,747	7,747
Net equity value.....	\$ 1,471,374	\$ 1,437,204
Common Shares outstanding.....	12,194,193	12,194,193
Net equity value per Common Share	\$ 120.66	\$ 117.86

Net investment income per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	Three months ended March 31		Year ended March 31	
	2016	2015	2016	2015
Net income (loss).....	\$ (60,699)	\$ 152,813	\$ 56,498	\$ 242,952
Add (deduct):				
Fair value change in investments	75,546	(170,832)	(34,758)	(254,292)
Tax on fair value change in investments	(10,010)	22,635	4,605	33,693
Net decrease in refundable dividend taxes on hand.....	—	—	—	(4)
Net investment income ¹	4,837	4,616	26,345	22,349
Deduct: Dividends paid on Preferred Shares	94	94	378	378
Net investment income, net of dividends paid on Preferred Shares ¹	\$ 4,743	\$ 4,522	\$ 25,967	\$ 21,971
Common Shares outstanding	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share ¹	\$ 0.39	\$ 0.37	\$ 2.13	\$ 1.80

¹ On an after-tax basis.

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Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$120.66 at March 31, 2016 from \$117.86 at the prior year end. With dividends reinvested at month-end net equity values, the Company's net equity value return was 4.0% in fiscal 2016, compared to a return of 20.2% in fiscal 2015.

During the current fiscal year the investments managed by ValueInvest had a pre-tax total return of 13.3%, whereas the investments managed by Jarislowsky had a pre-tax total return of negative 1.1%.

As the Company is a taxable Canadian corporation, the Company's net equity value is net of a provision for income taxes on net investment income and net realized gains on investments, and net of a deferred income tax provision on its change in unrealized appreciation of investments.

In Canadian dollar terms, in fiscal 2016, total returns (capital gains plus dividends) for stock market indices, were as follows:

	Year ended March 31, 2016	Year ended March 31, 2015
	(%)	
MSCI World Index	(0.7)	22.3
S&P 500 Index.....	4.1	29.3
S&P/TSX Composite Index.....	(6.6)	6.9

Growth in Net Equity Value ("NAV")

For the 10 years ended March 31, 2016 the Company's compound annual growth rate in NAV, including dividends, was 6.1%.

Set out below is a table that shows annual growth in NAV in each of the past 10 years:

Annual growth in NAV*

	NAV per Common Share	Annual Growth
		(%)
2007.....	\$ 86.03	13.7
2008.....	77.18	(9.4)
2009.....	54.81	(28.1)
2010.....	67.33	24.4
2011.....	71.82	7.9
2012.....	72.32	1.9
2013.....	82.03	15.7
2014.....	99.50	23.2
2015.....	117.86	20.2
2016.....	120.66	4.0

Compound annual growth*

2007 - 2016 - 10 years	6.1
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*This chart was drawn from the individual annual reports and any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies.

Operating Results - Fiscal 2016

Net Income

The Company's net income for fiscal 2016 was \$56,498,000 compared to net income of \$242,952,000 in the prior year. On a per Common Share basis, net income decreased to \$4.60 from \$19.89 in the prior year.

Fair value gains for the portfolio decreased to \$34,758,000 for the current fiscal year compared to a fair value gain of \$254,292,000 for the prior year. Fair value gains in North America of \$50,056,000 and \$4,567,000 in Europe were offset by investment losses of \$8,728,000 in the United Kingdom, \$5,633,000 in Asia, \$3,640,000 in South America and \$1,864,000 in Australia.

The significant contributors to the investment performance for the current fiscal year included Hormel Foods Corporation, Microsoft Corporation, and Kimberly Clark Corporation with fair value investment gains of \$16,584,000, \$15,179,000 and \$10,903,000 respectively. The largest detractors were Algoma and Casino Guichard-Perrachon S.A. ("Casino") with fair value investment losses of \$15,699,000 and \$11,507,000 respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results - Fiscal 2016 (continued)

Algoma, a public shipping company, experienced declining revenues and earnings in 2015, impacted by softer market conditions from lower demand and customer volumes. Casino, a French-based food retailer, was sold out of the portfolio during the year. Its high-debt levels, coupled with its difficulties in its operations in Latin America and risking further deterioration, brought the investment case to an elevated risk level.

The net realized gain was \$85,656,000 for the current fiscal year compared to \$80,109,000 for the prior year. The largest contributors to the net realized gain during fiscal 2016 were from sales of Time Warner Cable Inc., Automatic Data Processing Inc., Hormel Foods Corporation, Johnson & Johnson, ConAgra Foods, Inc., and Adidas AG.

Net investment income

The Company's net investment income for fiscal 2016 increased to \$26,345,000 compared to \$22,349,000 for the prior year. On a per Common Share basis, net investment income increased to \$2.13 in 2016 compared to \$1.80 in 2015.

During the year, foreign dividend income increased to \$42,597,000 from \$35,158,000 in fiscal 2015. \$4,530,000 of the increase related to special dividends received during the year from the merger of H.J. Heinz Company and Kraft Foods Group, and from Computer Sciences Corporation and CSRA Inc. The balance of the increase occurred primarily as a result of growth in the average global investment portfolio.

Interest and securities lending income decreased to \$543,000 compared to \$705,000 in the prior year.

Expenses of the Company for the year increased to \$7,913,000 compared to \$6,836,000 in the prior year. The majority of the increase relates primarily to an increase in investment management and administrative costs resulting from a higher investment portfolio compared to the prior year. The Company's management expense ratio ("MER") increased in fiscal 2016 to 0.54% of average net assets versus 0.53% in the prior year.

The effective tax rate for United is impacted by the amount of investment gains, which are subject to a lower tax rate. The Company's effective income tax rate increased during the year by 5.8% due primarily to the lower proportion of investment gains in the current year compared to the prior year.

Operating Results - Fourth Quarter, Fiscal 2016

The Company's net equity value per Common Share decreased to \$120.66 at March 31, 2016 from \$125.85 at December 31, 2015. With dividends reinvested at month-end net equity values, the Company's net equity value return was negative 4.0% in the fourth quarter of fiscal 2016. On a pre-tax basis, ValueInvest's return for the quarter was negative 2.3% and Jarislowsky's return was negative 6.4%. The negative net equity return in the fourth quarter of fiscal 2016 was primarily attributable to changing currency exchange rates. A strengthening Canadian dollar reduced the Canadian dollar return of foreign investments. Positive contributors to the investment performance for the fourth quarter included Adidas AG, Staples Inc., General Mills Inc., and Hormel Foods Corporation. During the fourth quarter, the largest detractors to the portfolio included Roche Holdings AG, Algoma, and Pfizer.

In Canadian dollar terms, in the fourth quarter of fiscal 2016, the MSCI World Index decreased 6.50%, the S&P 500 Index decreased 5.0% and the S&P/TSX Composite Index increased 4.5%.

Three-Year Results

A summary of various financial data for each of the last three fiscal years is as follows (in thousands of dollars, except per share amounts):

	2016	2015	2014
Fair value change in investments ¹	\$ 30,153	\$ 220,599	\$ 211,415
Fair value change in investments per Common Share ¹	2.47	18.09	17.34
Total assets	1,541,262	1,522,959	1,267,113
Net investment income ¹	26,345	22,349	19,064
Net investment income per Common Share ¹	2.13	1.80	1.53
Dividends per Common Share:			
Quarterly	0.80	0.80	0.80
Additional	1.00	0.73	0.63
Dividends per Preferred Share	1.50	1.50	1.50

¹ On an after-tax basis.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three-Year Results (continued)

United's investment portfolio is affected by equity markets, stock selection and currency movements. In fiscal 2016, the performance of United was affected by reduced fair value gains in its investments relative to the two prior fiscal years. In fiscal years 2014 and 2015, the performance of United was favourably affected by strong investment returns in global equity markets.

The fluctuations in net investment income are due primarily to changes in dividend income that is earned by the Company, net of management fees, and due to the receipt of special dividends that occur from time to time. Dividend income is determined by the dividend policies of the corporations that are held as investments in the total investment portfolio.

Quarterly Review - Fiscal 2016 and 2015

The following tables summarize various financial results on a quarterly basis for the current and prior fiscal years:

	2016 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investments	\$ 1,451,038	\$ 1,454,582	\$ 1,590,388	\$ 1,519,665
Net investment income ^{1,2}	10,999	6,076	4,433	4,837
Fair value change in investments ²	(27,678)	7,322	116,045	(65,536)
Per Common Share:				
Net investment income ^{1,2}	\$ 0.89	\$ 0.49	\$ 0.36	\$ 0.39
Fair value change in investments ²	(2.27)	0.61	9.51	(5.38)
Net income	\$ (1.38)	\$ 1.10	\$ 9.87	\$ (4.99)

	2015 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investments	\$ 1,234,830	\$ 1,252,795	\$ 1,321,516	\$ 1,481,971
Net investment income ^{1,2}	10,092	3,675	3,966	4,616
Fair value change in investments ²	(41)	12,165	60,278	148,197
Per Common Share:				
Net investment income ^{1,2}	\$ 0.82	\$ 0.29	\$ 0.32	\$ 0.37
Fair value change in investments ²	—	1.00	4.94	12.15
Net income	\$ 0.82	\$ 1.29	\$ 5.26	\$ 12.52

¹ The net investment income per Common Share is net of dividends paid on Preferred Shares during the period.

² On an after-tax basis.

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

Overall returns are determined by the performance of the investment managers of the portfolio and may fluctuate significantly as illustrated by the past eight quarters. The returns generated by the investment managers may not correlate with benchmark returns.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as of March 31, 2016. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at March 31, 2016.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at March 31, 2016. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2016. No changes were made in the Company's internal control over financial reporting during the year ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

As the Company is a closed-end investment corporation, United faces various risks arising from its investments. Under the supervision of the Board of Directors, management has developed policies to identify and monitor these risks. Note 4 to the March 31, 2016 financial statements provide disclosures surrounding risks arising from its financial instruments. These risks include market, liquidity, and credit risks.

Market risk

The most significant risk that is faced by United is market risk which represents exposures to changes in the fair value of its investment portfolio. As the Company's investment portfolio is represented by primarily global equities, the value of its investments will vary from day to day depending on a number of market factors including economic conditions, global events, market news, and the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities. As of March 31, 2016, 51% (2015 – 48%) of the investment portfolio including cash and cash equivalents was denominated in U.S. dollars, 21% (2015 – 22%) in Euros, 11% (2015 – 13%) in Japanese yen, 6% (2015 – 5%) in Swiss francs, and 5% (2015 – 4%) in British pounds.

Credit risk

United participates in securities lending which could expose the Company to the risk of counterparty failure. RBC Investor Services Trust ("RBC IS"), the Company's custodian, acts as lending agent. RBC IS is responsible to return the borrowed securities to the Company when required, and RBC IS indemnifies the Company in the event of borrower default. The Company has recourse to the Royal Bank of Canada in the event of a failure by RBC IS to discharge its obligations to the Company.

The Company's exposure to risks is also addressed in the Company's Annual Information Form.

Share Data

As at March 31, 2016, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 1959 Series Second Preferred Shares, 119,710 1963 Series Second Preferred Shares and 12,194,193 Common Shares.

Liquidity and Capital Resources

The Company's dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends, in the form of Common Share dividends.

The Company pays quarterly dividends on its Common and Preferred Shares in February, May, August and November of each year with an additional Common Share dividend representing the balance of net investment income for the previous fiscal year. The quarterly dividend is \$0.20 per Common Share and \$0.375 per Preferred Share.

During the fiscal year, the Company paid an additional cash dividend of \$1.00 (2015 - \$0.73) per Common Share. An additional dividend of \$1.33 per Common Share will be paid in the first quarter of fiscal 2017 along with the regular \$0.20 quarterly dividend.

The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Related Party Information

Included in the Company's Schedule of Investment Portfolio is Algoma, a related party, with a fair value at March 31, 2016 of \$44,850,000 (2015 - \$65,549,000). Dividend income from Algoma for the fiscal year ended March 31, 2016 amounted to \$1,015,000 (2015 - \$1,015,000).

E-L Financial holds a 51.5% interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment managers and are paid monthly. The total fees for the year ended March 31, 2016 amounted to \$1,675,000 (2015 - \$1,436,000).

The ultimate controlling party of the Company and these related parties is The Honourable Henry N. R. Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

Critical Accounting Estimates

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and earnings. Note 2 to the financial statements describes the significant accounting policies and note 3 contains critical accounting estimates and judgments.

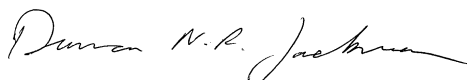
Future Accounting Changes

In July 2014, the final version of IFRS 9 – "Financial Instruments" was published and will replace IAS-39 "Financial Instruments". The new standard includes requirements on the classification and measurement of financial assets and liabilities. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is evaluating the impact of this standard, if any, on its financial statements.

Additional Information

Additional information relating to United, including the Company's Annual Information Form, is available at www.sedar.com.

United's website, www.ucorp.ca, also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.



Duncan N.R. Jackman
Chairman and President
May 6, 2016

UNITED CORPORATIONS LIMITED

FINANCIAL HIGHLIGHTS

For each of the years in the five-year period ended March 31, 2016:

DATA PER COMMON SHARE	2016	IFRS		Previous Canadian GAAP	
		2015	2014	2013	2012
NET EQUITY VALUE, beginning of year ¹	\$ 117.86	\$ 99.50	\$ 82.06	\$ 72.32	\$ 71.82
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS ²					
Net investment income ³	2.13	1.80	1.53	1.43	1.43
Fair value change in investments ³	2.47	18.09	17.34	9.69	(0.13)
	4.60	19.89	18.87	11.12	1.30
CASH DIVIDENDS TO COMMON SHAREHOLDERS					
Quarterly	(0.80)	(0.80)	(0.80)	(0.80)	(0.80)
Additional	(1.00)	(0.73)	(0.63)	(0.63)	—
	(1.80)	(1.53)	(1.43)	(1.43)	(0.80)
TAXATION CHANGES					
Net decrease in refundable dividend taxes on hand	—	—	—	0.02	—
NET EQUITY VALUE, end of year	\$ 120.66	\$ 117.86	\$ 99.50	\$ 82.03	\$ 72.32

¹ The net equity value at the beginning of fiscal 2014 reflects changes arising from the first-time adoption of IFRS.

² For Previous Canadian GAAP, the comparative description is “increase (decrease) in net assets from operations”.

³ On an after-tax basis.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

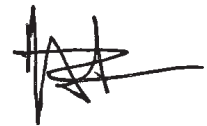
The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 to the financial statements. Financial information disclosed elsewhere in the Annual Report is consistent with the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibilities principally through its Audit Committee. The Audit Committee reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors prior to recommending the audited financial statements and related disclosure for approval by the Board of Directors.

The shareholders of the Company appointed the external auditor, PricewaterhouseCoopers LLP. The external auditor audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Its report is set out on the following page.



Duncan N.R. Jackman
Chairman and President
May 6, 2016



Frank J. Glosnek
Treasurer

UNITED CORPORATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Corporations Limited:

We have audited the accompanying financial statements of United Corporations Limited, which comprise the statements of net assets as at March 31, 2016 and 2015 and the statements of income, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Corporations Limited as at March 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

May 6, 2016
Toronto, Canada

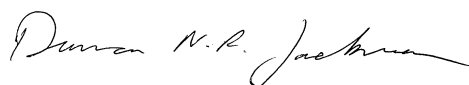
Chartered Professional Accountants, Licensed Public Accountants

UNITED CORPORATIONS LIMITED

STATEMENTS OF NET ASSETS

	March 31 2016	March 31 2015
	(000's)	
ASSETS		
Cash and cash equivalents (Note 6)	\$ 17,187	\$ 26,086
Investments (Notes 4 and 11)	1,519,665	1,481,971
Receivable in respect of investments sold	—	11,001
Dividends and interest receivable	2,453	2,686
Other assets	1,957	1,215
	1,541,262	1,522,959
LIABILITIES		
Accrued expenses	916	840
Payable in respect of investments purchased	—	11,674
Income taxes payable	3,701	492
Deferred tax liabilities (Note 7)	57,524	65,002
	62,141	78,008
NET ASSETS	\$ 1,479,121	\$ 1,444,951
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	\$ 541,000	\$ 541,000
Retained earnings	938,121	903,951
TOTAL SHAREHOLDERS' EQUITY	\$ 1,479,121	\$ 1,444,951

APPROVED BY THE BOARD



DUNCAN N.R. JACKMAN
Director



MICHAEL J. WHITE
Director

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF INCOME

	Year ended March 31	
	2016	2015
INCOME	(000's)	
Dividends		
Foreign	\$ 42,597	\$ 35,158
Canadian (Note 11)	1,015	1,015
	43,612	36,173
Interest and securities lending income	543	705
Fair value change in investments (Note 8)	34,758	254,292
	78,913	291,170
EXPENSES		
Investment management and administrative costs (Note 11)	6,729	5,735
Transfer, registrar and custody fees	508	433
Directors' and officer's remuneration	361	354
Office and miscellaneous	250	231
Professional fees	65	83
	7,913	6,836
INCOME BEFORE INCOME TAXES	71,000	284,334
Provision for income taxes (Note 7)	14,502	41,382
NET INCOME	\$ 56,498	\$ 242,952
EARNINGS PER COMMON SHARE		
Basic and Diluted (Note 12)	\$ 4.60	\$ 19.89

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Retained Earnings	Total
	(000's)		
At April 1, 2015	\$ 541,000	\$ 903,951	\$1,444,951
Net income for the year	—	56,498	56,498
Dividends (Note 10)			
First Preferred Shares	—	(78)	(78)
Second Preferred Shares	—	(300)	(300)
Common Shares	—	(21,950)	(21,950)
At March 31, 2016	\$ 541,000	\$ 938,121	\$1,479,121
At April 1, 2014	\$ 541,000	\$ 680,034	\$1,221,034
Net income for the year	—	242,952	242,952
Dividends (Note 10)			
First Preferred Shares	—	(78)	(78)
Second Preferred Shares	—	(300)	(300)
Common Shares	—	(18,657)	(18,657)
At March 31, 2015	\$ 541,000	\$ 903,951	\$1,444,951

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CASH FLOWS

	Year ended March 31	
	2016	2015
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	\$ 56,498	\$ 242,952
Adjustments for:		
Fair value change in investments	(34,758)	(254,292)
Purchases of investments	(313,189)	(254,229)
Proceeds from sale of investments	310,254	274,666
Dividends and interest receivable	233	106
Deferred taxes	(7,478)	23,573
Net change in other assets and liabilities	1,869	(1,017)
	13,429	31,759
Financing		
Dividends paid to shareholders	(22,328)	(19,035)
Net increase (decrease) in cash and cash equivalents	(8,899)	12,724
Cash and cash equivalents at beginning of the year	26,086	13,362
Cash and cash equivalents at end of the year (Note 6)	\$ 17,187	\$ 26,086
Additional information for operating activities:		
Interest received	\$ 35	\$ 52
Dividends received, net of withholding taxes	37,823	30,903

(See accompanying notes)

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1. Description of business

United Corporations Limited (“United” or the “Company”) is a closed-end investment corporation. The head office, principal address and registered office of the Company is located at 165 University Avenue, Toronto, Ontario, M5H 3B8.

United trades on the Toronto Stock Exchange under the symbols UNC, UNC.PR.A, UNC. PR.B and UNC.PR.C. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The financial statements are presented in Canadian dollars which is the functional and presentation currency. These financial statements were approved by the Company’s Board of Directors on May 6, 2016.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”). The Company has consistently applied the accounting policies throughout all periods presented.

Financial instruments

The Company recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The Company’s investments are measured at fair value through profit or loss (“FVTPL”). All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate.

Interest income from short-term investments is recognized at the effective interest rate. Dividends are recognized as income on the ex-dividend date. The cost of investments is determined using the average cost method.

Purchases and sales of financial assets are recognized at their trade date. Receivables in respect to investments sold and payables in respect to investments purchased represent unsettled investment transactions.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses the last traded market price where this price falls within that day’s bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to financial assets and liabilities are included within “Net realized gain” and “Change in unrealized appreciation”, as presented as a component of the “Fair value change in investments” in the statement of income.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and short term, highly liquid instruments with maturities of three months or less from the date of acquisition.

Securities lending income

Securities lending income is recognized as earned.

Comprehensive income

The Company does not have any other comprehensive income and therefore comprehensive income equals net income which it reports in its statement of income.

Earnings per Common share (“EPS”)

Basic and diluted EPS is calculated by dividing the net income, less preferred dividends, by the weighted average number of Common Shares outstanding for the period. Refer to Note 12 for the calculation.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2. Summary of significant accounting policies (continued)

Income taxes

Income tax comprises both current and deferred tax. Income tax is recognized in the statement of income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been reflected in the statements or income tax returns.

Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases for assets and liabilities and for certain carry-forward items.

Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date of the enactment or substantive enactment.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded on a gross basis and the related withholding taxes are reflected within the "Provision for income taxes" in the statement of income.

Future Accounting Changes

In July 2014 the IASB published the complete version of IFRS 9 - "Financial Instruments" which is effective for annual periods beginning on or after January 1, 2018, with retrospective application. The new standard includes requirements on the classification and measurement of financial assets and liabilities. The Company is currently evaluating the impact, if any, of IFRS 9 on its financial statements.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Company has made in preparing the financial statements:

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, the Company is required to make significant judgments about whether or not the business of the Company is to invest on a total return basis for the purpose of applying the fair value option for financial assets. The most significant judgment made includes the determination that the Company can apply the fair value option to its investments.

Deferred taxes

Estimates and assumptions are used primarily in the determination of the Company's deferred tax liabilities, as the income tax rates used in determining the liability is dependent on an assumption as to when a deferred tax liability is expected to be realized.

4. Risks associated with financial instruments

The Company faces various risks arising from its financial instruments. Under the supervision of the Board of Directors, management has developed policies to identify, measure and monitor these risks. These risks and their management are described below:

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

4. Risks associated with financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company has a securities lending agreement with its custodian, RBC Investor Services Trust ("RBC IS"), whereby RBC IS lends securities to borrowers for a fee, which is shared with the Company. RBC IS receives fixed income and equities as collateral from borrowers, of at least 105% of the value of the securities loaned. In the event that the loaned securities are not returned to the Company by the borrower, RBC IS is responsible to restore the securities or pay to the Company the market value of the loaned securities. If the collateral is not adequate to pay the market value to the Company, RBC IS indemnifies the Company for the difference. The Company has recourse to the Royal Bank of Canada should RBC IS fail to discharge its obligations to the Company. At March 31, 2016 the Company had loaned securities with a fair value of approximately \$446,015,000 (2015 - \$150,061,000) and received approximately \$468,378,000 (2015 - \$157,564,000) in collateral. There was no significant exposure to credit risk to other receivable balances because of their short-term nature.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Sufficient liquidity is maintained by regular monitoring of cash flow requirements. All liabilities, other than deferred tax liabilities, settle within three months of the year end.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes interest rate risk, foreign currency risk and other price risk.

The Company is not subject to significant interest rate risk, as its only fixed-interest investments are short term in nature.

Currency risk arises from financial instruments denominated in foreign currencies. IFRS 7 - "Financial Instrument Disclosures" considers the foreign exchange exposures relating to non-monetary financial instruments to be a component of other price risk. The Company's geographical distribution of underlying currency risk exposure of investments is as follows:

	2016	2015
	(000's)	
United States	\$ 744,828	\$ 660,232
Europe	432,167	443,682
Asia	176,128	197,770
United Kingdom	86,828	75,336
Canada	44,850	60,549
Australia	26,528	29,776
Mexico	8,336	9,300
Brazil	—	5,326
	\$ 1,519,665	\$ 1,481,971

The Company is exposed to other price risk through its investment in equity securities. These risks are mitigated by investing in a diversified portfolio of securities.

A 10% fluctuation in global equity market prices, assuming all other factors are constant, would have an after-tax impact of approximately \$131,831,000 (2015 - \$128,561,000) on net income.

5. Financial instruments

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted unadjusted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At March 31, 2016 and March 31, 2015, all of the Company's equity investments were Level 1 investments. There were no transfers between Level 1, 2 or 3 equity investments during the current or prior year.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS March 31, 2016

5. Financial instruments (continued)

The fair value change in financial instruments at FVTPL by category for the year ended March 31, 2016 included \$34,758,000 (2015 - \$254,292,000) of net gains on financial assets at FVTPL.

All cash equivalents at the year end and the prior year end are Level 2 investments. The carrying values of cash, receivable in respect of investments sold, dividends and interest receivable, other assets, accrued expenses, payable in respect of investments purchased, and income taxes payable approximate their fair values due to their short-term nature.

6. Cash and cash equivalents

Components of cash and cash equivalents for purposes of the statements of cash flows are as follows:

	2016	2015
	(000's)	
Cash	\$ 13,071	\$ 7,653
Cash equivalents	4,116	18,433
	\$ 17,187	\$ 26,086

The following table presents cash and cash equivalents classified by the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	(000's)			
March 31, 2016	\$ 13,071	\$ 4,116	\$ —	\$ 17,187
March 31, 2015	7,653	18,433	—	26,086

7. Income taxes

The Company is a public corporation under the Income Tax Act and is subject to tax at normal corporate rates on its net realized gains (Note 9) and on investment income other than taxable dividends received from corporations resident in Canada. Income taxes are assessed on net income before income taxes. The current enacted corporate tax rates as they impact the Company in 2016 stand at 26.5% (2015 – 26.5%). The effective tax rate varies from the combined statutory rate as follows:

	2016	2015
	(000's)	
Income taxes at statutory rate	\$ 18,815	\$ 75,349
Variance as a result of:		
Non-taxable portion of gains	(4,605)	(33,694)
Tax-paid dividends	(269)	(269)
Net refundable dividend taxes	—	(4)
Other	561	—
Provision for income taxes	\$ 14,502	\$ 41,382

The Company's provision for income taxes includes provisions for current and deferred income taxes as follows:

	2016	2015
	(000's)	
Current	\$ 21,980	\$ 17,809
Deferred	(7,478)	23,573
Provision for income taxes	\$ 14,502	\$ 41,382

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS March 31, 2016

7. Income taxes (continued)

Deferred tax liabilities arise primarily from differences between the carrying value and the tax cost of the investments as well as from the timing of the inclusion of accrued dividends for income tax purposes. Details of the deferred tax liabilities as at March 31 are as follows:

	2016	2015
	(000's)	
Unrealized appreciation of investments	\$ 56,874	\$ 64,291
Accrued dividends	650	711
Deferred tax liabilities	\$ 57,524	\$ 65,002

Of the above total, \$56,874,000 (2015 - \$63,691,000) is expected to be paid more than one year after the reporting date. Deferred tax expense included in net income represents movements related to the following items:

	2016	2015
	(000's)	
Investments	\$ (7,417)	\$ 23,603
Accrued dividends	(61)	(30)
Deferred tax liabilities	\$ (7,478)	\$ 23,573

During the year ended March 31, 2016, the Company paid tax instalments and assessments totaling \$13,550,000 (2015 - \$16,050,000) and received income tax refunds totaling \$58,000 (2015 - \$42,000). These items are classified as cash flows from operating activities in the cash flow statement.

The Company is also subject to a special tax of up to 38 1/3% (2015 - 33 1/3%) on taxable dividends received from corporations resident in Canada. This tax is refundable on payment of taxable dividends to shareholders at the rate of 38 1/3% (2015 - 33 1/3%) of such dividends paid. The accumulated amount of refundable dividend tax at March 31, 2016 amounts to approximately \$nil (2015 - \$nil).

8. Fair value change in investments

The fair value change in investments is comprised as follows:

	2016	2015
	(000's)	
Net realized gain	\$ 85,656	\$ 80,109
Change in unrealized appreciation	(50,898)	174,183
	\$ 34,758	\$ 254,292

9. Net realized gain

The following are the details of the net realized gain for the years ended March 31:

	2016	2015
	(000's)	
Proceeds on sales of investments	\$ 310,254	\$ 274,666
Cost of investments, beginning of the year	1,002,855	943,183
Cost of investments purchased during the year	313,189	254,229
	1,316,044	1,197,412
Cost of investments, end of the year	1,091,446	1,002,855
Cost of investments sold during the year	224,598	194,557
Net realized gain	\$ 85,656	\$ 80,109

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS March 31, 2016

10. Share capital

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

- (a) 52,237 First Preferred Shares without nominal or par value redeemable at the option of the Company at \$30.00 each;
- (b) 200,000 Second Preferred Shares without nominal or par value, issuable in series, of which: 80,290 shares are designated 1959 Series Second Preferred Shares, redeemable at the option of the Company at \$30.00 each and 119,710 shares are designated 1963 Series Second Preferred Shares, redeemable at the option of the Company at \$31.50 each;
- (c) Third Preferred Shares without nominal or par value, issuable in series. The maximum number of Third Preferred Shares that may be outstanding at any time shall be that number for which the aggregate stated value does not exceed \$15,000,000; and
- (d) an unlimited number of Common Shares.

The capital stock of the Company is as follows:

	Authorized	Issued and outstanding	2016	2015
			(000's)	
First Preferred Shares	52,237	52,237	\$ 119	\$ 119
Second Preferred Shares	200,000	200,000	6,000	6,000
Common Shares	unlimited	12,194,193	534,881	534,881
			\$ 541,000	\$ 541,000

Dividends during the year were paid as follows:

	2016	2015
	(000's)	
On Preferred Shares:		
52,237 First Preferred Shares - \$1.50 per share	\$ 78	\$ 78
200,000 Second Preferred Shares - \$1.50 per share	300	300
	378	378
On Common Shares:		
Quarterly - \$0.20 quarterly per share	9,755	9,755
Additional - \$1.00 (2015 - \$0.73) per share	12,195	8,902
	21,950	18,657
	\$ 22,328	\$ 19,035

The Company's current dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends. The distributions are composed of \$0.20 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year, subject to the Board of Directors approval. This additional dividend is paid in the first quarter following the fiscal year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

Common Share dividends of \$1.33 per Common Share were declared by the Board of Directors at its meeting on May 6, 2016, with a record and payable date of June 15, 2016 and June 30, 2016, respectively.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

11. Related party information

Included in the Company's Schedule of Investment Portfolio is Algoma Central Corporation ("Algoma"), a related party, with a fair value at March 31, 2016 of \$44,850,000 (2015 - \$65,549,000). Dividend income from Algoma for the fiscal year ended March 31, 2016 amounted to \$1,015,000 (2015 - \$1,015,000).

E-L Financial holds a 51.5% interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment managers and are paid monthly. The total fees for the year ended March 31, 2016 amounted to \$1,675,000 (2015 - \$1,436,000).

The ultimate controlling party of the Company and these related parties is The Honourable Henry N. R Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

Compensation of key management personnel

Key management personnel comprise the Chairman, President and directors of the Company and their remuneration is as follows:

	2016	2015
	(000's)	
Chairman's, President's and director's compensation	\$ 361	\$ 354

12. Earnings per Common Share ("EPS")

Basic and diluted EPS

EPS is calculated by dividing the net income, less preferred dividends, by the weighted average number of Common Shares outstanding for the period.

EPS is calculated as follows (in thousands of dollars, except for weighted average number of Common Shares outstanding and per Common Share amounts):

	2016	2015
	(000's)	
Net income	\$ 56,498	\$ 242,952
Less: Preferred dividends	378	378
Net income attributed to common shareholders	\$ 56,120	\$ 242,574
Weighted average number of Common shares outstanding	12,194,193	12,194,193
Basic and diluted earnings per Common Share	\$ 4.60	\$ 19.89

13. Capital

The Company's capital comprises shareholders' equity, which is invested primarily in common equities on a global basis. The Company's strategy is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term. The Company monitors its capital via its assessment of shareholders' equity.

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2016

Number of Shares		Cost	Carrying value	% of Carrying value
		(000's)		
North America				
Canada				
Common				
3,625,680	Algoma Central Corporation.....	\$ 6,201	\$ 44,850	3.0
United States				
73,410	3M Co.....	7,204	15,867	
213,270	Abbott Laboratories	11,212	11,572	
8,424	Alphabet Inc. Class A.....	4,464	8,336	
13,579	Alphabet Inc. Class C.....	7,576	13,121	
83,520	Becton, Dickinson and Company.....	6,322	16,447	
155,620	BorgWarner Inc.....	10,874	7,751	
37,070	Berkshire Hathaway Inc. Class B.....	6,899	6,822	
433,180	CA Inc.....	14,649	17,300	
212,600	Clorox Company (The).....	21,875	34,763	
187,410	Colgate-Palmolive Company.....	10,097	17,174	
244,660	Comcast Corporation Class A.....	18,945	19,383	
244,500	Computer Sciences Corporation.....	8,727	10,907	
555,200	ConAgra Foods, Inc.....	19,671	32,133	
147,380	DaVita Healthcare Partners Inc.....	13,929	14,028	
135,310	Dollar Tree, Inc.....	5,133	14,473	
98,200	EOG Resources, Inc.....	5,877	9,245	
81,420	Exxon Mobil Corporation.....	6,233	8,828	
130,400	Fiserv, Inc.....	4,352	17,351	
557,100	General Mills, Inc.....	25,713	45,778	
581,900	Hormel Foods Corporation.....	14,316	32,637	
64,350	IBM Corporation.....	11,624	12,641	
435,450	IMS Health Holdings, Inc.....	15,597	14,996	
176,000	JPMorgan Chase & Co.....	7,278	13,519	
250,200	Kimberly Clark Corporation.....	23,735	43,653	
81,066	Kraft Heinz Company (The).....	4,730	8,261	
69,520	MasterCard, Inc. Class A.....	8,310	8,522	
274,400	Merck & Co., Inc.....	16,307	18,832	
234,110	MetLife, Inc.....	8,095	13,343	
649,880	Microsoft Corporation	29,251	46,557	
132,600	Mondelez International Inc. Class A.....	5,151	6,900	
248,320	Noble Energy, Inc.....	11,791	10,117	
365,940	Oracle Corporation.....	13,907	19,418	
111,290	PepsiCo, Inc.....	7,560	14,793	
786,537	Pfizer Inc.....	24,101	30,239	
1,447,500	Staples Inc.....	20,489	20,709	
100,320	TJX Companies, Inc.....	8,522	10,195	
78,990	UnitedHealth Group Incorporated	12,337	13,207	
250,420	US Bancorp.....	7,168	13,184	
150,160	Verisk Analytics Inc. Class A.....	7,416	15,566	
146,850	Walgreen Boots Alliance Inc.....	5,046	16,046	
328,300	Waste Management Inc.....	18,175	25,125	
240,551	Wells Fargo & Company	11,744	15,089	
		<u>502,402</u>	<u>744,828</u>	49.0
Mexico				
66,730	Fomento Economico Mexicano, S.A. de C.V. ADR.....	4,463	8,336	0.5
	Total North America	<u>513,066</u>	<u>798,014</u>	52.5

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2016

Number of Shares		Cost	Carrying value	% of Carrying value
			(000's)	
	Europe, excluding United Kingdom			
131,787	Adidas AG	\$ 11,474	\$ 19,949	
100,638	Anheuser-Busch Inbev SA ADR.....	10,834	16,273	
278,709	AXA	5,609	8,520	
1,093,280	Banco Santander Central Hispano S.A.....	10,096	6,258	
88,358	Bayer AG	8,241	13,491	
1,356,975	Davide Campari-Milano S.p.A.....	10,643	17,613	
188,562	Delhaize Group	13,326	25,562	
345,445	Group Danone S.A.....	26,877	31,905	
74,488	Kerry Group plc.....	3,935	9,011	
1,075,705	Koninklijke Ahold NV	18,119	31,422	
115,067	LafargeHolcim Limited	8,175	7,018	
220,684	L'Air Liquide S.A.....	30,107	32,244	
54,471	LVMH Moet Hennessy Louis Vuitton SA.....	10,122	12,112	
479,029	Nestlé SA	33,561	46,585	
69,810	Nestlé SA ADR.....	2,405	6,756	
1,287,181	Orange S.A.....	22,295	29,278	
379,646	Publicis Groupe.....	32,456	34,615	
125,004	Roche Holding AG.....	37,017	40,048	
151,356	Schneider Electric S.A.....	11,898	12,420	
816,421	Securitas AB Class B	8,497	17,591	
98,291	Siemens AG	10,865	13,496	
		<u>326,552</u>	<u>432,167</u>	28.4
	United Kingdom			
232,008	Diageo plc.....	7,683	8,142	
20,450	Diageo plc ADR.....	1,547	2,861	
4,145,419	G4S plc	17,284	14,737	
324,313	GlaxoSmithKline plc	8,223	8,541	
994,966	HSBC Holdings Inc.	9,321	8,053	
336,395	National Grid plc.....	4,184	6,194	
4,450	National Grid plc ADR	204	412	
444,780	RELX plc	10,729	10,735	
359,450	Royal Dutch Shell plc.....	13,818	11,334	
657,540	Standard Chartered plc.....	11,781	5,796	
2,429,380	Vodafone Group plc	10,488	10,023	
		<u>95,262</u>	<u>86,828</u>	5.7
	Asia			
913,400	AIA Group Limited	6,956	6,713	
553,500	Asahi Group Holdings Co.....	17,660	22,401	
168,700	FamilyMart Co., Ltd.....	8,224	11,389	
48,800	Fanuc Corporation	7,581	9,847	
110,500	Kao Corporation	4,247	7,655	
375,800	KDDI Corporation.....	6,970	13,036	
14,618	Keyence Corporation	3,477	10,356	
537,000	Kirin Holdings Company, Limited	7,708	9,779	
842,900	Konica Minolta Holdings Inc.....	8,320	9,299	
92,800	Lawson Inc.	7,069	10,088	
136,600	Makita Corporation.....	7,357	11,003	
382,900	Mitsubishi Tanabe Pharma Corporation	6,078	8,647	
2,740,000	Osaka Gas Co., Ltd.....	12,205	13,672	
96,200	Secom Co. Ltd.	5,650	9,288	
792,950	Television Broadcasts Limited.....	5,192	3,699	
116,100	Toyota Motor Corporation.....	5,241	7,974	
399,200	Unicharm Corporation	9,044	11,282	
		<u>128,979</u>	<u>176,128</u>	11.6

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2016

<u>Number of Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
		(000's)		
	Australia			
997,152	AGL Energy Limited	\$ 15,043	\$ 18,269	
204,809	Australia and New Zealand Banking Group Limited	5,393	4,784	
103,440	BHP Billiton Ltd-Spon ADR	7,151	3,475	
		<u>27,587</u>	<u>26,528</u>	<u>1.8</u>
	Total investments	<u>\$1,091,446</u>	<u>\$1,519,665</u>	<u>100.0</u>

¹ This company and United are related parties.

UNITED CORPORATIONS LIMITED

COMPANY BACKGROUND

Consolidated Investment Corporation of Canada was incorporated in February 1929 and its bonds and preferred shares were offered for sale to the public. The Company was capitalized with \$15,000,000 4½% First Collateral Trust Gold Bonds due 1959, and \$10,000,000 (\$100 par) of 5% Cumulative Preferred Shares. 1,375,000 Common Shares (no par value) were issued of which 375,000 were deposited in trust or reserved for sale to the Company's senior security holders. The Company's securities were sold for \$32,000,000 plus accrued interest and organizational expenses.

The trust deed securing the First Collateral Trust Gold Bonds covenanted that assets pledged with the trustee should at all times be equal to 125% of the principal amount of bonds outstanding. With the decline in security values beginning in late 1929, the Company attempted to satisfy this covenant by purchasing the Company's bonds for cancellation at discount prices. The continued deterioration of security markets into 1932 made the continuation of this policy impracticable. The Company therefore defaulted under its covenants and the Company was reorganized.

Under the February 13, 1933 arrangement, the Company's remaining \$6,427,000 4½% Gold Bonds (\$8,573,000 out of the original \$15,000,000 had been purchased for cancellation) received 70% of their face value in a new issue of 5% "Income" Bonds due 1953, and 30% of their face value in Class "A" 5% "Preferred" Shares. The bondholders were also given 53.61% of the common equity (Class "B" Shares) with the old preferred shareholders and common shareholders receiving 41.70% and 4.69% of the new equity respectively.

Under the February 13, 1933 reorganization, the Company's name was changed to United Corporations Limited.

On December 23, 1959, United Corporations Limited acquired all of the assets of London Canadian Investment Corporation for \$7,925,483. Consideration was satisfied by issuing \$2,408,700 par value of 5% Preferred Shares (1959 Series) and Common (Class B) Shares equal to 15.7% of the total Common Shares to be outstanding after the completion of this transaction.

UNITED CORPORATIONS LIMITED

FINANCIAL RECORD: 1929 - 2016 (Unaudited)

Year	Total Net Assets * (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Investment Income Available for Common Shares (000's)	Net Investment Income per Common Share**
Consolidated Investment Corporation of Canada							
Feb 1929	\$ 32,000	\$ 15,000	\$ 10,000	\$ 7,000	\$ N/A	\$ N/A	\$ N/A
Dec 1931	9,616	7,161	10,000	(7,545)	N/A	N/A	N/A
1932	4,726	6,427	10,000	(11,701)	N/A	N/A	N/A
United Corporations Limited							
1933	6,120	4,499	2,000	(379)	(0.04)	—	—
1934	8,147	4,499	2,097	1,551	0.16	(95)	(0.01)
1935	9,378	4,499	2,161	2,718	0.28	(13)	—
1936	12,892	4,499	2,097	6,296	0.64	49	0.01
1937	9,542	4,499	1,928	3,115	0.32	109	0.01
1938	9,485	3,779	1,620	4,087	0.41	44	0.01
1939	9,844	3,705	1,588	4,550	0.46	58	0.01
1940	8,676	3,705	1,588	3,383	0.34	48	0.01
1941	8,175	3,599	1,588	2,988	0.30	82	0.01
1942	8,712	3,499	1,580	3,633	0.37	108	0.01
1943	9,746	3,000	1,580	5,166	0.52	78	0.01
1944	11,298	2,900	1,580	6,818	0.69	155	0.02
1945	14,444	2,800	1,580	10,064	1.02	173	0.02
1946	14,059	2,700	1,580	9,779	0.99	243	0.03
1947	13,668	2,600	1,580	9,489	0.96	339	0.03
1948	13,443	2,500	1,567	9,376	0.95	370	0.04
1949	14,772	2,400	1,567	10,805	1.10	385	0.04
1950	17,410	2,300	1,567	13,543	1.37	564	0.06
1951	20,392	2,200	1,567	16,625	1.69	578	0.06
1952	19,360	2,000	1,567	15,793	1.60	614	0.06
1953	19,130	1,900	1,567	15,663	1.59	639	0.07
1954	25,101	1,800	1,567	21,734	2.21	699	0.07
1955	29,015	1,700	1,567	25,748	2.62	732	0.07
1956	28,054	1,316	1,567	25,171	2.56	779	0.08
1957	24,447	879	1,567	22,001	2.24	834	0.09
1958	30,381	—	1,567	28,814	2.93	898	0.09
1959	38,197	—	3,976	34,221	2.93	900	0.08
1960	37,600	—	3,976	33,624	2.88	1,110	0.10
1961	44,352	—	3,976	40,376	3.44	1,117	0.10
1962	41,868	—	3,976	37,893	3.22	1,141	0.10
1963	52,321	—	7,747	44,574	3.75	1,179	0.10
1964	62,861	—	7,747	55,114	4.64	1,348	0.11
1965	66,117	—	7,747	58,370	4.91	1,503	0.13
1966	63,156	—	7,747	55,409	4.66	1,583	0.13
1967	74,757	—	7,747	67,010	5.59	1,741	0.15
1968	84,930	—	7,747	77,174	6.43	1,714	0.14
1969	78,769	—	7,747	71,022	5.90	1,866	0.16
1970	71,202	—	7,747	63,456	5.28	1,981	0.17
1971	73,401	—	7,747	65,655	5.46	1,669	0.14
1972	86,757	—	7,747	79,010	6.57	1,724	0.14
1973(a)	83,758	—	7,747	76,012	6.32	374	0.03

UNITED CORPORATIONS LIMITED

FINANCIAL RECORD: 1929 - 2016 (Unaudited)

Year	Total Net Assets * (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Investment Income Available for Common Shares (000's)	Net Investment Income per Common Share**
1974	\$ 82,457	\$ —	\$ 7,747	\$ 74,711	\$ 6.21	\$ 1,996	\$ 0.17
1975	71,674	—	7,747	63,928	5.31	2,791	0.23
1976	80,075	8,000	7,747	64,544	5.36	2,522	0.21
1977	78,614	8,000	7,747	63,083	5.24	2,116	0.18
1978	82,829	8,000	7,747	67,298	5.59	2,335	0.19
1979	116,793	9,506	7,747	100,285	8.32	1,478	0.12
1980	141,700	9,657	7,747	129,232	10.60	3,703	0.30
1981	197,143	8,000	7,747	194,350	15.94	4,808	0.39
1982	127,643	8,000	7,747	121,412	9.95	4,437	0.36
1983	182,227	8,000	7,747	174,692	14.31	4,468	0.37
1984	201,172	8,000	7,747	191,984	15.73	3,934	0.32
1985	247,596	8,000	7,747	234,514	19.22	4,788	0.39
1986	327,327	8,000	7,747	319,783	26.21	4,816	0.40
1987	370,718	—	7,747	371,437	30.44	4,841	0.40
1988	316,009	—	7,747	322,434	26.43	6,785	0.56
1989	329,082	—	7,747	321,668	26.37	8,778	0.72
1990	340,980	—	7,747	343,482	28.16	16,989	1.39
1991	311,586	—	7,747	304,079	24.93	9,339	0.77
1992	308,237	—	7,747	300,992	24.68	7,880	0.65
1993	314,603	—	7,747	308,617	25.30	7,617	0.63
1994	359,673	—	7,747	363,496	29.80	7,192	0.59
1995	355,050	—	7,747	352,874	28.94	7,963	0.65
1996	396,725	—	7,747	399,853	32.79	7,969	0.65
1997	478,172	—	7,747	475,416	38.99	8,960	0.74
1998	649,802	—	7,747	667,137	54.71	9,174	0.75
1999	612,872	—	7,747	620,107	50.85	9,635	0.79
2000	774,519	—	7,747	784,932	64.37	8,403	0.69
2001	723,950	—	7,747	718,712	58.94	10,640	0.87
2002	758,055	—	7,747	750,308	61.53	11,606	0.95
2003	609,269	—	7,747	601,522	49.33	11,772	0.97
2004	755,491	—	7,747	747,744	61.32	11,041	0.91
2005	826,344	—	7,747	818,597	67.13	12,462	1.02
2006	940,068	—	7,747	932,321	76.46	12,676	1.04
2007	1,056,872	—	7,747	1,049,125	86.03	15,121	1.24
2008	948,929	—	7,747	941,182	77.18	15,909	1.30
2009	676,149	—	7,747	668,402	54.81	15,420	1.26
2010	828,840	—	7,747	821,093	67.33	14,155	1.16
2011	883,576	—	7,747	875,829	71.82	14,987	1.23
2012	889,646	—	7,747	881,899	72.32	17,412	1.43
2013	1,008,012	—	7,747	1,000,265	82.03	17,414	1.43
2014	1,220,612	—	7,747	1,212,865	99.46	18,686	1.53
2015	1,444,951	—	7,747	1,437,204	117.86	21,971	1.80
2016	1,479,121	—	7,747	1,471,374	120.66	25,967	2.13

This chart is drawn from the individual annual reports and has not been restated for any subsequent changes in accounting policies.

= Preferred Shares at the cost of redemption, including dividend arrears in 1933 - 1936.

* Total assets less liabilities exclusive of short-term debt.

** Includes the impact of historical stock dividends.

(a) For three months ended March 31, 1973. Figures in this table are for fiscal years ended December 31 prior to 1973 and March 31 thereafter.

UNITED CORPORATIONS LIMITED

FINANCIAL RECORD: 1929 - 2016 (Unaudited)

Historical Stock Dividends

<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>	<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>	<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>
1953	4 for 1	Split	1988	1 for 15	\$ 65.46	1998	1 for 33.1645	\$ 76.61
1964	3 for 1	Split	1989	1 for 8	54.53	1999	1 for 13.5404	78.67
1982	1 for 6.4725	\$ 38.81	1989	1 for 55	48.30	2000	1 for 20.9744	69.74
1984	1 for 10	40.41	1991	1 for 16	50.72	2001	1 for 20.94286	80.63
1985	1 for 10	40.93	1993	1 for 38	42.18	2001	1 for 7.9472	76.77
1986	1 for 30	46.53	1995	1 for 16.42525	49.44	2002	1 for 15.3238	64.36
1987	1 for 13	60.52	1997	1 for 14.47926	62.84			

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor Services Trust

TRANSFER AGENT AND REGISTRAR

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TORONTO STOCK EXCHANGE LISTINGS

	<u>Ticker Symbol</u>
Common	UNC
First Preferred	UNC.PR.A
Second Preferred, 1959 Series	UNC.PR.B
Second Preferred, 1963 Series	UNC.PR.C

NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

Mr. Michael J. White
Chairman of the Audit Committee
United Corporations Limited
165 University Avenue, 10th Floor
Toronto, Ontario
M5H 3B8
Email: michaeljwhite@sympatico.ca
Phone: 416-505-2677

You may submit your complaint or concern anonymously. Your submission will be kept confidential and will be treated in accordance with the Company's policy for reporting accounting or auditing matters.

WEBSITE

www.ucorp.ca

