

UNITED CORPORATIONS LIMITED

ANNUAL REPORT 2002

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



DIRECTORS

E. KENDALL CORK
Toronto

THE HON. HENRY N.R. JACKMAN
Toronto

DUNCAN N.R. JACKMAN
Toronto

A. STEPHEN PROBYN
Toronto

HELEN J. ROTENBERG
Toronto

IAN S. STEERS
London, England

MARK M. TAYLOR
Mississauga

CHRISTOPHER WANSBROUGH
Toronto

MICHAEL J. WHITE
Toronto

OFFICERS

DUNCAN N.R. JACKMAN
Chairman and President

MARK M. TAYLOR
Secretary

TRAVIS R. EPP
Treasurer

Auditors PricewaterhouseCoopers LLP
Toronto, Ontario

Transfer Agent and Registrar Computershare Trust Company of Canada
Shares transferable at Toronto.

Shares Listed Toronto Stock Exchange

Stock Symbols

Common	UNC
First Preferred	UNC.PR.A
Second Preferred, 1959 Series	UNC.PR.B
Second Preferred, 1963 Series	UNC.PR.C

Head Office 10th Floor
165 University Avenue
Toronto, Ontario
M5H 3B8
Telephone: 416-947-2578

Annual Meeting Thursday, June 27, 2002, 11:45 a.m.,
4th Floor,
Dominion of Canada Insurance Building,
165 University Avenue,
Toronto, Ontario

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Strategy

During fiscal 2002, United Corporations Limited announced its decision to increase its exposure to investment opportunities outside of Canada. As a result of this change in the investment portfolio, commencing with the fiscal 2003 year, the Company will no longer be an "Investment Corporation" under the Income Tax Act (Canada). As at March 31, 2002, 41.6% of the investments were foreign.

Operating Results

Net investment income

The Company's net investment income in 2002 was \$11,984,000 compared to 2001 net investment income of \$11,018,000. On a per common share basis, net investment income increased to \$0.95 in 2002 from \$0.87 in 2001.

Canadian dividend income increased by 22.3% from \$9,461,000 in 2001 to \$11,567,000 in 2002. The 22.3% increase from 2001 is mainly due to an increase in dividend yields by certain companies in which the company holds investments. Foreign dividend income increased by 3.4% from \$1,946,000 in 2001 to \$2,012,000 in 2002 as a result of increased investment. Interest income decreased significantly to \$897,000 in 2002 from \$2,561,000 in 2001. The decrease in interest income is attributable to a decrease in average cash balances as well as a reduction in interest rates.

Operating expenses amounted to \$2,370,000 (2001 - \$2,476,000) or .30% (2001 - .32%) of average net assets for each respective year.

Net gain (loss) on investments

The Company's realized gain and change in unrealized appreciation of investments for the year ended March 31, 2002 was \$41,575,000 compared with a net loss of \$50,828,000 in 2001. In 2002, the net gain was a result of the Company's Canadian securities performance in the financial services, merchandising and oil and gas sectors. The net loss in 2001 was primarily a result of the Company's performance in its holdings in Canadian industrial products and the foreign equity markets, which were partially offset by favourable performances in the Company's holdings in the financial services and oil and gas sectors.

The investment portfolio of the Company is comprised of a mix of high yielding and low yielding foreign and Canadian investments. Net investment income, net realized gains on investments, net change in unrealized appreciation of investments and net asset value per share will vary significantly from period to period depending on the investment mix which moves with the constantly changing economic environment.

Dividends

Until the end of fiscal 2002, it was a policy of the Company to distribute to its shareholders sufficient taxable Canadian dividends to enable the Company to maintain its status as an "Investment Corporation" as defined by the Income Tax Act (Canada). In general terms, the distribution requirement is eighty-five percent of taxable Canadian dividends received and two-thirds of taxable income excluding taxable capital gains.

Regular quarterly dividends were paid on the first and second preferred shares during the year. Regular dividends paid on the common shares totalled \$0.94 per share in 2002 and \$0.79 per share in 2001 (restated to give retroactive effect to the March, 2002 capital gains stock dividend).

Historically, if significant capital gains were earned by the Company, a capital gains dividend would be paid out during the fiscal year or within sixty days of the Company's year end in a combination of cash and common shares of the Company. There was one such capital gains dividend paid in 2002. As a result of the Company's change in tax status, it will not pay any capital gains dividends subsequent to fiscal 2002.

On March 28, 2002, a capital gains dividend of \$6.00 per common share was paid to shareholders of record on March 18, 2002. Payment of this dividend was made in the form of \$1.80 per share in cash and \$4.20 per share (one additional common share for approximately every 15.3238 shares owned) by way of a common stock dividend based on the issue price of \$64.36 per share. The number of common shares outstanding increased from 11,447,327 to 12,194,193.

Assets

Total assets were \$770.6 million at March 31, 2002 which is an increase of 6.2% from 2001's total assets of \$725.7 million. The cost of investments in Canadian securities decreased from \$428.4 million in 2001 to \$291.6 million in 2002. The cost of foreign securities at March 31, 2002 was \$289.4 million, an increase from \$151.5 million in 2001.

Overall, the Company's net equity value per share increased from \$58.94 in 2001 (restated for the fiscal 2002 stock dividend) to \$61.53 in 2002, an increase of 8.8% based on reinvestment of distributions at month-end net asset values. During the comparable period, the TSE 300 Total Return Index increased 4.9%.

Management Agreements

During fiscal 2002, the Company terminated its investment management agreement with Scotia Cassels Investment Counsel Limited ("Scotia Cassels"). The assets that were managed by Scotia Cassels were divided between two investment managers. Jarislowsky Fraser Limited ("Jarislowsky") was allocated an additional amount of assets while Sanford C. Bernstein & Co. LLC, a subsidiary of Alliance Capital Management L.P. ("Bernstein"), was selected as a new investment manager.

Jarislowsky Fraser Limited, 401 Bay Street, Suite 1600, Toronto, Ontario, receives a fee of 0.15% per annum of the market value of their managed portion of the Company's portfolio calculated at the close of each calendar quarter.

Pembroke Management Limited ("Pembroke"), 1010 Sherbrooke Street West, Suite 818, Montreal, Quebec, receives a fee of 0.50% per annum of the market value of their managed portion of the Company's portfolio calculated at the close of each calendar quarter.

During fiscal 2002, the Company entered into an agreement with Bernstein, 1345 Avenue of the Americas, New York, New York. Bernstein receives a fee of 0.34% per annum of the market value of their managed portion of the Company's portfolio calculated at the close of each month.

E-L Financial Corporation Limited ("E-L Financial"), 165 University Avenue, 10th Floor, Toronto, Ontario, provides clerical, statistical and accounting services. E-L Financial receives in consideration for these services, a management fee equal to 0.05% per annum of the market value of the net assets of the Company calculated at the close of each calendar month.

The management agreements are subject to termination at any time upon 30 days prior written notice by either party to the other. For the year ended March 31, 2002, management fees were as follows: Scotia Cassels - \$395,000; Jarislowsky - \$635,000; Pembroke - \$186,000; E-L Financial - \$398,000 and Bernstein - \$80,000.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. It is the objective of the Company to provide its shareholders an above average rate of return and long-term capital appreciation primarily through investment in equity securities. 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's income from investments after payment of dividends is used to fund operating costs as well as provide resources for additional investments.

May 15, 2002

Duncan N.R. Jackman
Chairman of the Board and President

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS

	March 31	
	2002	2001
	(000's)	
ASSETS		
Investments, at market value (cost - \$580,922; 2001 - \$579,895)	\$ 710,952	\$ 713,976
Cash and short-term investments	54,392	8,924
Receivable in respect of investments sold	1,677	1,431
Income taxes receivable	2,329	—
Accrued income on investments	1,185	1,219
Other assets	104	114
	770,639	725,664
LIABILITIES		
Accounts payable and accrued liabilities	659	538
Payable in respect of investments purchased	11,148	455
Income taxes payable	—	721
Future income taxes on unrealized net capital gains (Note 1(f))	777	—
	12,584	1,714
NET ASSETS	\$ 758,055	\$ 723,950
SHAREHOLDERS' EQUITY		
Stated capital (Note 2)		
52,237 First Preferred Shares	\$ 119	\$ 119
200,000 Second Preferred Shares	6,000	6,000
12,194,193 (2001 - 11,447,327) Common Shares	534,881	486,813
	541,000	492,932
Retained earnings	87,802	96,937
Unrealized appreciation in value of investments	129,253	134,081
TOTAL SHAREHOLDERS' EQUITY	\$ 758,055	\$ 723,950

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN, Director

MARK M. TAYLOR, Director

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS

	Year ended March 31	
	2002	2001
	(000's)	
INVESTMENT INCOME		
Dividends		
Canadian	\$ 11,567	\$ 9,461
Foreign	2,012	1,946
	13,579	11,407
Interest	897	2,561
	14,476	13,968
EXPENSES		
Management costs	1,694	1,822
Directors' and officers' remuneration	174	155
Office and miscellaneous	223	202
Transfer, registrar and custodial agents' fees	118	136
Professional fees	48	89
Capital tax	113	72
	2,370	2,476
Investment income before income taxes	12,106	11,492
Income taxes (Note 4)	122	474
NET INVESTMENT INCOME	11,984	11,018
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain on investments (Note 3)	46,403	103,876
Net change in unrealized appreciation of investments	(4,828)	(154,704)
NET GAIN (LOSS) ON INVESTMENTS	41,575	(50,828)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 53,559	\$ (39,810)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended March 31	
	2002	2001
	(000's)	
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 96,937	\$ 128,363
Add:		
Net investment income	11,984	11,018
Net realized gain on investments	46,403	103,876
	155,324	243,257
Deduct:		
Dividends from investment income:		
First Preferred Shares	78	78
Second Preferred Shares	300	300
Common Shares (per share - \$1.00; 2001 - \$0.95)	11,447	9,567
Capital gains dividends, net of income tax recovery of \$12,987 (2001 - \$57,320)	55,697	136,375
	67,522	146,320
RETAINED EARNINGS, END OF YEAR	\$ 87,802	\$ 96,937

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Year ended March 31	
	2002	2001
	(000's)	
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 53,559	\$ (39,810)
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders		
From net investment income	(11,447)	(9,567)
From net realized gain on investments	(68,684)	(193,695)
	(80,131)	(203,262)
Less: Shares issued as stock dividends	48,068	135,561
Cash distributions to common shareholders	(32,063)	(67,701)
Cash distributions to preferred shareholders	(378)	(378)
	(32,441)	(68,079)
TAXATION CHANGES		
Income taxes recoverable on distributions from net realized gain on investments	12,987	57,320
INCREASE (DECREASE) IN NET ASSETS	34,105	(50,569)
NET ASSETS, BEGINNING OF YEAR	723,950	774,519
NET ASSETS, END OF YEAR	\$ 758,055	\$ 723,950

AUDITORS' REPORT

To the Shareholders of United Corporations Limited

We have audited the accompanying consolidated statement of net assets of United Corporations Limited as at March 31, 2002 and 2001, and the consolidated statement of investments as at March 31, 2002, the consolidated statements of operations, retained earnings and changes in net assets for the years then ended, and the statement of financial highlights for each of the years in the five year period ended March 31, 2002. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002 and 2001, its results of operations and changes in net assets for the years then ended, and its financial highlights for each of the years in the five year period ended March 31, 2002, in accordance with Canadian generally accepted accounting principles.

May 1, 2002
Toronto, Canada

PricewaterhouseCoopers LLP
Chartered Accountants

UNITED CORPORATIONS LIMITED

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the five years ended March 31, 2002

DATA PER COMMON SHARE	2002	2001	2000	1999	1998
NET EQUITY VALUE, beginning of year	\$ 58.94	\$ 64.37	\$ 50.85	\$ 54.71	\$ 38.99
INCOME FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	0.98	0.90	0.72	0.82	0.78
Net realized and unrealized gains (losses) on investments	3.41	(4.16)	13.14	(3.28)	14.56
	4.39	(3.26)	13.86	(2.46)	15.34
DISTRIBUTIONS TO SHAREHOLDERS					
Common shareholders					
From net investment income	(0.94)	(0.79)	(0.67)	(0.69)	(2.82)
From net realized gains on investments	(5.63)	(15.88)	(3.61)	(5.87)	—
	(6.57)	(16.67)	(4.28)	(6.56)	(2.82)
Less: Shares issued as stock dividends	3.94	11.11	2.53	4.10	1.59
Cash distributions to common shareholders	(2.63)	(5.56)	(1.75)	(2.46)	(1.23)
Cash distributions to preferred shareholders	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
	(2.66)	(5.59)	(1.78)	(2.49)	(1.26)
TAXATION CHANGES					
Income taxes recoverable on distributions from net realized gain on investments	1.07	4.70	1.17	1.92	—
Change in refundable capital gains tax on hand	(0.21)	(1.28)	0.27	(0.83)	1.64
	0.86	3.42	1.44	1.09	1.64
NET ASSET VALUE, end of year	\$ 61.53	\$ 58.94	\$ 64.37	\$ 50.85	\$ 54.71

All per share figures have been restated based on the number of common shares outstanding at March 31, 2002 as result of stock dividends during the period.

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2002

No. of Shares or Par Value		Cost	Market Value	% of Net Assets
		(000's)		
Preferred				
\$ 140,000	Nortel Networks Limited \$1.275 Series F	\$ 3,512	\$ 1,275	0.2
Gold				
13,020	Newmont Mining Corp. of Canada	485	575	0.1
Oil and Gas				
161,410	Alberta Energy Company Ltd.	9,768	11,220	
121,380	Imperial Oil Limited	2,427	5,759	
406,255	Nexen Inc.	12,900	15,641	
194,800	PanCanadian Energy Ltd.	5,267	9,241	
30,400	Paramount Resources Ltd.	473	461	
198,920	Shell Canada Ltd. Class A	6,543	11,390	
276,970	Talisman Energy Inc.	12,427	18,405	
		<u>49,805</u>	<u>72,117</u>	9.5
Consumer Products				
7,500	Angiotech Pharmaceuticals Inc.	514	545	
28,100	CGI Group Inc.	281	280	
70,000	Corby Distilleries Ltd. Class A	3,399	4,417	
342,180	MDS Inc. Class B	3,671	7,589	
285,000	Rothmans Inc.	6,136	8,835	
		<u>14,001</u>	<u>21,666</u>	2.9
Mines and Metals				
164,000	Cameco Corporation	3,428	7,585	1.0
Paper and Forest Products				
163,680	International Forest Products Limited Class A	1,445	738	
302,900	Slocan Forest Products	2,785	2,654	
154,000	West Fraser Timber	3,865	6,699	
		<u>8,095</u>	<u>10,091</u>	1.3
Real Estate				
193,440	Anthem Properties Corp.	1,633	1,760	
21,300	Brookfield Properties Corporation	404	648	
		<u>2,037</u>	<u>2,408</u>	0.3
Merchandising				
238,800	Canadian Tire Corp. Ltd. Class A	6,809	7,484	
174,000	Cara Operations Class A	1,041	1,072	
14,000	Finning International Ltd.	163	361	
7,250	Four Seasons Hotels Inc.	653	612	
240,000	The Jean Coutu Group Inc.	4,441	8,124	
125,000	Loblaw Cos. Limited	5,976	7,281	
510,000	Metro Inc.	4,755	11,016	
		<u>23,838</u>	<u>35,950</u>	4.7
Industrial Products				
130,780	ATS Automation Tooling Systems Inc.	2,656	2,434	
219,000	Bombardier Inc. Class B.	1,847	3,143	
4,300	Cognos Inc.	138	186	
309,340	Dupont Canada Inc.	4,775	8,343	
16,900	Hummingbird Ltd.	906	558	
36,160	Magna International Inc. Class A	2,696	4,226	
12,500	Masonite International Corporation	298	287	
747,801	Nortel Networks Corporation	13,947	5,242	
165,000	Nova Chemicals Corporation	4,693	6,567	
64,150	Potash Corp. of Saskatchewan	5,595	6,623	
207,000	SNC-Lavalin Group Inc. Class A	2,618	6,779	
19,500	Tesco Corporation	201	387	
		<u>40,370</u>	<u>44,775</u>	5.9

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At March 31, 2002 (Continued)

No. of Shares or Par Value		Cost	Market Value	% of Net Assets
		(000's)		
Transportation				
362,568	Algoma Central Corporation	6,201	14,684	
75,090	Canadian National Railway Company	1,907	5,974	
		<u>8,108</u>	<u>20,658</u>	2.7
Pipelines				
15,198	Duke Energy Cda Exchangeco Inc.	856	920	
381,913	Enbridge Inc.	10,416	17,083	
460,000	TransCanada Pipelines Limited	6,743	9,936	
		<u>18,015</u>	<u>27,939</u>	3.7
Utilities				
192,360	BCE Inc.	5,098	5,382	
103,600	Canadian Utilities Limited Class A	5,092	5,949	
		<u>10,190</u>	<u>11,331</u>	1.5
Communications				
240,500	Quebecor Inc.	8,816	5,616	
57,915	Quebecor World Inc.	2,205	2,415	
180,900	Rogers Communications Inc. Class B	3,711	3,944	
210,300	Shaw Communications Inc. Class B	7,063	6,010	
234,625	Thomson Corporation (The)	10,687	12,353	
400,700	TVA Group Inc.	5,346	5,409	
		<u>37,828</u>	<u>35,747</u>	4.7
Financial Services				
596,985	Bank of Nova Scotia	20,567	31,407	
40,260	Canada Life Financial Corporation	1,697	1,611	
275,000	Great-West Lifeco Inc.	7,859	9,611	
348,000	Manulife Financial Corporation	10,082	15,215	
270,400	Power Financial Corporation	3,110	10,275	
446,428	Royal Bank of Canada	10,378	23,750	
368,242	Sun Life Financial Services of Canada	10,042	12,686	
428,208	Toronto-Dominion Bank	8,106	18,691	
		<u>71,841</u>	<u>123,246</u>	16.3
Foreign				
38,000	Abbott Laboratories	2,565	3,189	
9,400	Advance PCS	353	451	
10,000	Air Liquide, SA	2,323	2,292	
54,000	Albertsons Inc.	2,450	2,855	
89,520	Alcatel Spon ADR	2,471	2,024	
19,700	AMB Generali Holding AG	3,194	3,288	
48,000	American Electric Power Company, Inc.	3,355	3,530	
4,700	Amsurg Corporation	182	204	
12,850	AOL Time Warner Inc.	1,010	485	
14,900	Armor Holdings Inc.	345	644	
42,000	Assurance Generale de France	3,120	3,297	
81,000	Bank of America Corporation	8,354	8,790	
198,000	Bank of Ireland	3,170	3,420	
11,900	Black Box Corpoarition	1,263	919	
32,800	BNP Paribas SA	2,498	2,643	
33,000	Bristol Myers Squibb Company	2,617	2,132	
470,000	British American Tobacco PLC	7,207	7,208	
145,000	Canon Inc.	8,237	8,239	
60,000	Cemex S.A. de C.V.	2,693	2,828	
10,500	Checkfree Corporation	770	257	
20,000	Chevrontexaco Corporation	2,563	2,880	
29,000	Choice One Communications Inc.	369	75	
43,400	Chromavision Medical Systems, Inc.	1,041	339	
22,500	Citizens Communications Company	494	386	
14,000	Cognex Corporation	867	649	
3,800	Coinstar Inc.	150	204	
7,000	Colgate Palmolive Co.	637	638	
12,800	Compagnie de Saint-Gobain	3,173	3,333	
200,000	Compal Electronics Inc.	1,997	2,138	
9,700	Cousins Properties Inc.	416	403	
41,000	CVS Corporation	2,065	2,246	
3,700	Cymer, Inc.	227	293	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At March 31, 2002 (Continued)

No. of Shares or Par Value		Cost	Market Value	%
		(000's)		of Net Assets
29,700	Delia's Corporation	196	302	
3,500	Devon Energy Corporation	263	270	
30,000	Diageo PLC Spon ADR	2,406	2,511	
96,000	Disney (Walt) Company	3,824	3,535	
17,200	Dollar Tree Stores Inc.	820	900	
73,200	DSM NV	4,792	4,788	
5,900	Electronic Arts Inc.	342	572	
107,786	Emerging Markets Investors Fund	3,620	3,263	
30,000	Emerson Electric Company	2,696	2,747	
101,100	ENI S.P.A.	2,217	2,360	
6,100	Equifax Inc.	229	291	
15,800	Exxon Mobile Corporation	754	1,105	
13,000	Famous Dave's of America	150	167	
16,800	Fannie Mae	2,092	2,141	
54,000	Fresenius Medical Care AG	2,277	1,736	
18,800	General Electric Co.	749	1,123	
45,000	Gillette Company	2,120	2,442	
30,000	Glaxosmithkline PLC ADR	2,328	2,250	
135,000	Grupo Dragados SA	2,745	2,753	
6,700	Guilford Pharmaceuticals Inc.	156	76	
25,000	Hartford Financial Services Group, Inc.	2,357	2,717	
69,000	Health Net Inc.	2,872	3,021	
61,200	Healthsouth Corp.	715	1,401	
37,400	Healthstream Inc.	96	78	
39,800	Heineken NV	2,482	2,559	
36,578	Hibbett Sporting Goods, Inc.	905	1,371	
11,100	HNC Software Inc.	274	298	
159,000	Honda Motor Company Limited	10,253	10,297	
25,880	HSBC Holdings PLC	2,309	2,406	
152,000	Hyundai Motor Company Ltd.	3,633	3,795	
50,000	IMS Health Inc.	1,507	1,791	
13,000	Information Holdings Inc.	533	597	
60,000	ING Groep NV	2,443	2,576	
5,100	Intercept Group Inc.	165	295	
4,900	Itron Inc.	226	233	
20,000	Jefferson-Pilot Corporation	1,549	1,598	
33,400	Johnson & Johnson	2,319	3,461	
40,600	JP Morgan Chase & Co.	2,552	2,309	
28,000	Kimberly Clark Corporation	2,588	2,888	
14,100	Kirby Corporation	459	673	
27,000	Lehman Brothers Holdings, Inc.	2,773	2,784	
10,800	Maxim Integrated Products, Inc.	1,059	960	
19,600	Medquist Inc.	790	938	
28,000	Merck & Co. Inc.	2,895	2,572	
14,700	Micrel Inc.	857	591	
11,800	Microsemi Corporation	539	307	
23,300	Microsoft Corporation	2,151	2,242	
36,500	Moldflow Corporation	771	786	
82,000	National Australia Bank Limited	2,379	2,386	
16,500	National Commerce Financial Corporation	716	720	
8,100	NCO Group Inc.	299	359	
28,000	Nestle SA Reg ADR	2,252	2,484	
4,200	Net.Bank Inc.	106	113	
28,600	O'Reilly Automotive Inc.	584	1,441	
23,000	Pain Therapeutics Inc.	452	351	
57,300	PepsiCo, Inc.	3,857	4,708	
49,500	Petroleo Brasileiro S.A. ADR	1,879	1,969	
112,000	Peugeot SA Ord	7,982	8,823	
14,600	Pfizer Inc.	753	926	
80,000	Philip Morris Companies, Inc.	6,736	6,726	
15,600	Pinnacle Systems Inc.	457	198	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At March 31, 2002 (Continued)

No. of Shares or Par Value		Cost	Market Value	%
		(000's)		of Net Assets
Foreign (Cont'd)				
11,200	Prepaid Legal Services, Inc.	331	510	
11,800	PRI Automation Inc.	790	439	
13,500	Priority Healthcare Co.	580	560	
8,200	Protein Design Labs Inc.	493	224	
6,700	Proxymed Inc.	180	192	
35,000	Pulte Homes Inc.	2,779	2,672	
250,000	Qwest Communications Inc.	3,394	3,279	
22,300	Renal Care Group Inc.	822	1,167	
10,400	Retek Inc.	833	435	
19,000	Roche Holding AG	2,711	2,351	
1,243,000	Royal & Sun Alliance Insurance Group PLC	8,022	8,331	
78,000	Royal Bank of Scotland Group PLC	3,309	3,204	
6,700	Ruby Tuesday Inc.	210	248	
10,400	S1 Corporation	223	256	
1,152,000	Safeway PLC	8,257	7,695	
15,700	Sanchez Computer Associates, Inc.	508	169	
30,200	Sanmina-SCI Corporation	1,282	566	
37,200	Siam Investment Fund	527	371	
402,000	Six Continents PLC	6,650	6,822	
19,600	Six Flags Inc.	569	558	
26,700	Societe Generale	2,522	2,694	
21,820	Sony Corp. ADR	1,826	1,800	
4,000	Sony Corporation	580	323	
7,600	Stone Energy Corporation	582	470	
103,000	Svenska Cellulosa AB	5,397	5,108	
33,400	Takefuji Corporation	3,174	3,140	
5,800	Talx Corporation	196	148	
42,500	Tech Data Corporation	3,104	3,112	
5,200	Telephone and Data Systems, Inc.	700	704	
9,950	Tidewater Inc.	553	672	
26,000	Total Fina ELF SA Spon	2,924	3,177	
30,000	Unilever NV	1,994	2,719	
20,400	Vail Resorts Inc.	518	691	
9,900	Value Vision International Inc.	290	328	
33,000	Vestas Wind Systems A/S	1,497	1,682	
203,000	Washington Mutual Inc.	10,863	10,730	
25,200	WEBMD Corporation	389	309	
48,700	Wells Fargo & Co.	3,126	3,838	
20,000	Wendy's International, Inc.	914	1,116	
46,000	Whirlpool Corporation	5,423	5,545	
240,000	Wolseley PLC	3,373	3,888	
748,000	Worldcom Inc.	8,628	8,043	
15,300	Xoma Limited	273	211	
22,900	XTO Energy Inc.	577	733	
		<u>289,369</u>	<u>295,589</u>	<u>39.0</u>
Total portfolio		580,922	710,952	93.8
Cash and short-term investments		54,392	54,392	7.2
Other liabilities, net		(7,289)	(7,289)	(1.0)
Net assets		<u>\$ 628,025</u>	<u>\$ 758,055</u>	<u>100.0</u>

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2002

1. Summary of significant accounting policies

- (a) Principles of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.
- (b) Investments
Investments are carried at market value which is determined by published last sales prices on securities exchanges at March 31, 2002. When no quoted market value is available, the market value of these investments is determined by the Company's investment managers.
- (c) Investment transactions
Investment transactions are accounted for on a trade date basis, and realized gains and losses from such transactions are calculated on an average cost basis.
- (d) Dividend and interest income
Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.
- (e) Foreign exchange
The average cost of foreign portfolio investments is the cost thereof translated into Canadian dollars at the rate of exchange prevailing at the time of purchase. The market value of portfolio investments and short-term investments have been translated into Canadian dollars at the closing rates of exchange.
- (f) Income taxes
The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be settled on the unrealized net capital gain on the investments held by the Company's wholly-owned subsidiaries, since such taxes would not be recoverable upon payment of capital gains dividends by the Company. Effective April 1, 2002 the Company will also make a provision for future income taxes on the unrealized net capital gain on investments held in its investment portfolio (Note 4).

2. Stated 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 Voting Shares without nominal or par value are redeemable at \$30.00 each;
- (b) 200,000 Second Preferred Shares without nominal or par value, issuable in series of which 80,290 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1959 Series and are redeemable at \$30.00 each and 119,710 shares are designated \$1.50 Cumulative Redeemable Second Preferred Shares, 1963 Series and are redeemable at \$31.50 each;
- (c) Third Preferred Shares without nominal or par value, issuable in series. The maximum number of Third Preferred Shares that may be outstanding at any time shall be that number of which the stated value does not exceed \$15,000,000; and
- (d) an unlimited number of Common Shares.

During the year the Company declared a capital gains dividend. The capital gains dividend was paid on March 28, 2002 in the amount of \$6.00 per common share payable to shareholders in the form of \$1.80 per share in cash and \$4.20 per share in stock (1 additional share for approximately every 15.3238 shares owned) based on an issue price of \$64.36 per share.

The changes in common stock during the year were as follows:

	2002		2001	
	Number of shares	Amount (000's)	Number of shares	Amount (000's)
Balance, beginning of year	11,447,327	\$ 486,813	9,704,810	\$ 351,252
Capital gains stock dividends	747,029	48,079	463,394	37,364
Redemption of fractional shares	(163)	(11)	(165)	(14)
Balance, after stock dividend	12,194,193	534,881	10,168,039	388,602
Capital gains stock dividend	—	—	1,279,448	98,223
Redemption of fractional shares	—	—	(160)	(12)
Balance, end of year	12,194,193	\$ 534,881	11,447,327	\$ 486,813

**NOTES TO CONSOLIDATED
 FINANCIAL STATEMENTS (Continued)
 MARCH 31, 2002**

3. Net realized gain on investments

The following are the details of the net realized gain on investments during the years indicated:

	2002	(000's)	2001
Proceeds on sales of investments	\$ 434,676		\$ 594,250
Cost of investments, beginning of year	579,895		467,951
Cost of investments purchased during the year	376,847		560,969
	956,742		1,028,920
Cost of investments, end of year	(580,922)		(579,895)
Cost of investments sold during the year	375,820		449,025
Realized gain on investments sold before taxes	58,856		145,225
Taxes on realized net taxable capital gains (Note 4)	12,453		41,349
Net realized gain on investments	\$ 46,403		\$ 103,876

4. Income taxes on an investment corporation

As an investment corporation under Section 130 of the Income Tax Act (Canada), the "Act", taxable dividends from Canadian corporations are not taxed while interest and other net income is taxed at a reduced rate of approximately 22%. Net interest income earned by the subsidiaries is taxed at full statutory rates of approximately 41%.

The Company's provision for income taxes is determined as follows:

	2002	2001
Basic combined federal and provincial rate	41.57%	42.79%
Investment corporation reduction	(20.00)	(20.00)
	21.57	22.79
Effect of tax on subsidiaries' income at basic tax rate and other adjustments	1.06	0.55
Effective tax rate	22.63%	23.34%

	(000's)	
Applied to:		
Net investment income for the year	\$ 11,984	\$ 11,018
Add: Income taxes	122	474
	12,106	11,492
Less: Dividends from taxable Canadian companies	11,567	9,461
	\$ 539	\$ 2,031
Provision for income taxes	\$ 122	\$ 474

Income taxes are also payable by the Company on realized capital gains. As an investment corporation, the taxes paid on realized gains are refundable to the corporation when it distributes a capital gains dividend to its shareholders. Based on the payment of the year end capital gains dividend and that the Company will not be an investment corporation for tax purposes in 2003, the Company does not have any refundable capital gains tax on hand at March 31, 2002 (2001 - \$2,509,000).

Beginning with the 2002 fiscal year, the Company will not meet the requirements to qualify as an investment corporation under the Act. Consequently, the Company will be required to record a provision for future income taxes on the unrealized net capital gains for tax purposes as it will no longer be eligible to receive a refund of income taxes paid on realized gains by distributing a subsequent capital gains dividend to its shareholders. Accordingly, on April 1, 2002, the parent company will record a provision for future income taxes of approximately \$20,200,000 based on the unrealized net capital gains for tax purposes of \$125,800,000 on its investments as at March 31, 2002.

NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

5. Related party information

Included in the Company's portfolio of investments is a security in a significantly influenced company with a market value of \$14,684,000 (2001 - \$8,303,000). Dividends from the significantly influenced company for the years ended March 31, 2002 and March 31, 2001 amounted to \$363,000 per year.

Included in management costs are fees for administrative service paid to a significantly influenced company. The total fees for the year ended March 31, 2002 amounted to \$398,000 (2001 - \$417,000).

6. Net equity value of the Company's Common Shares

The net equity value of the Company's Common Shares is determined by adding an amount, which has not been recorded as an asset in the financial statements, representing refundable capital gains tax on hand at the end of the year (Note 4) to the net assets and deducting from the resulting total the outstanding preferred shares at their cost of redemption. Net equity value per Common Share is the net equity value divided by the number of Common Shares outstanding.

	March 31	
	2002	2001
	(000's)	
Net assets	\$ 758,055	\$ 723,950
Add: Refundable capital gains tax on hand, end of year	—	2,509
	758,055	726,459
Deduct:		
Cost to redeem (Note 2)		
First Preferred Shares	1,567	1,567
Second Preferred Shares	6,180	6,180
	7,747	7,747
Net equity value	\$ 750,308	\$ 718,712
Net equity value per Common Share	\$ 61.53	\$ 58.94

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 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 - 2002

Year	Total Net Assets at Market Value* (000's)	Funded Debt	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Income available for Common Shares (000's)	Net 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: cont'd

Year	Total Net Assets at Market Value* (000's)	Funded Debt	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Income available for Common Shares (000's)	Net 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

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

* Total assets at market value less liabilities exclusive of short term debt.

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

Historical Stock Dividends **

Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price
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 13.5404	49.44	2002	1 for 15.3238	64.36
1987	1 for 13	60.52	1997	1 for 14.47926	62.84			