

UNITED CORPORATIONS LIMITED

2007 ANNUAL REPORT



THE FISCAL YEAR AT A GLANCE

Year ended March 31	2007	2006
Net equity value per Common Share	\$ 86.03	\$ 76.46
Increase in net assets from operations per Common Share	\$ 10.37	\$ 10.13
Net investment income per Common Share	\$ 1.24	\$ 1.04
Regular dividends per Common Share	\$ 0.80	\$ 0.80
Net assets	\$ 1,056,872	\$ 940,068
Increase in net assets from operations.....	\$ 126,894	\$ 123,917
Net investment income	\$ 15,499	\$ 13,054
Number of Common Shares outstanding at year end	12,194,193	12,194,193

In thousands of dollars, except number of Common Shares outstanding and per share amounts.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:45 a.m. on Wednesday, June 27, 2007, at the Head Office of the Company at The Dominion of Canada General Insurance Company Building, 4th Floor, 165 University Avenue, Toronto. All Shareholders are invited to attend.

UNITED CORPORATIONS LIMITED

BOARD OF DIRECTORS

E. KENDALL CORK	Managing Director Sentinel Associates Limited
JACK S. DARVILLE	Corporate Director
DUNCAN N. R. JACKMAN	Chairman, President and Chief Executive Officer E-L Financial Corporation Limited
A. STEPHEN PROBYN	Chairman and Chief Executive Officer The Probyn Group
HELEN J. ROTENBERG	Corporate Director
MARK M. TAYLOR	Executive Vice-President and Chief Financial Officer E-L Financial Corporation Limited
MICHAEL J. WHITE	President Co-operators Investment Counselling Limited

HONORARY DIRECTORS

J. CHRISTOPHER BARRON	Chairman Scotia Cassels Investment Counsel Limited
THE HONOURABLE HENRY N. R. JACKMAN	Honorary Chairman The Empire Life Insurance Company

OFFICERS

DUNCAN N. R. JACKMAN	Chairman and President
MARK M. TAYLOR	Vice-President
RICHARD B. CARTY	Corporate Secretary
TRAVIS R. EPP	Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the consolidated financial position and results of operations for United Corporations Limited ("United" or the "Company") for the years ended March 31, 2007 and 2006. This MD&A should be read in conjunction with the Company's March 31, 2007 year end consolidated financial statements, which form part of the Company's 2007 Annual Report dated May 10, 2007. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise noted, both the consolidated financial statements and this MD&A are expressed in Canadian dollars.

The MD&A contains 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 the results, performance or achievements expressed in, or implied by, the forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

Market Review

In Canadian dollar terms, in fiscal 2007, the S&P/TSX Composite Index increased 11.4%, the MSCI World Index increased 14.0% and the S&P 500 Index increased 10.5%. The positive market performance in fiscal 2007 was consistent with fiscal 2006 in which the TSX Total Return Index increased 28.4%, the MSCI World Index increased 13.9% and the S&P 500 Index increased 7.8%.

The Company's global investment portfolio performed well in fiscal 2007. Jarislowsky Fraser Limited ("Jarislowsky"), which manages approximately 65% of the investment portfolio, achieved a return of 14.0% in fiscal 2007. Sanford C. Bernstein & Co. Inc., LLC ("Bernstein"), a wholly owned subsidiary of AllianceBernstein L.P., which manages approximately 30% of the investment portfolio, achieved a return of 17.0%.

The Company's net equity value per share increased to \$86.03 at March 31, 2007 from \$76.46 at March 31, 2006. Based on the reinvestment of dividends at month-end net equity values, the Company's net equity value per share increased 13.7% in fiscal 2007, compared to an increase of 15.2% in fiscal 2006. As a taxable Canadian corporation, a provision for future income taxes is recorded on the unrealized appreciation of investments. Future income taxes are recorded as a liability on the consolidated balance sheet. The net equity value of the Company's Common Shares is determined by deducting the outstanding Preferred Shares at their cost of redemption from the net assets of the Company. The net equity value per Common Share is the net equity value divided by the number of Common Shares outstanding.

Operating Results - Fiscal 2007

Net Investment Income

Net investment income increased to \$15,499,000 from \$13,054,000 in fiscal 2006, an increase of 18.7%. The increase was due to an increase in foreign dividends which more than offset the increase in management and administrative costs. The increase in foreign dividends is a result of the continued shift to non-Canadian assets. The Company also received special foreign dividends from Vodafone Group PLC and Whitbread PLC totalling approximately \$946,000 in fiscal 2007. In fiscal 2006, the Company did not receive any special foreign dividends. Canadian dividend income in fiscal 2007, which included a special dividend from Canfor Corporation of approximately \$406,000, was relatively unchanged from fiscal 2006.

Management and administrative costs increased to \$3,193,000 in fiscal 2007 from \$2,839,000 in fiscal 2006. These costs are market based and will increase in a fiscal year where the assets under management increase. The administrative services are provided by E-L Financial Corporation Limited, which is a related party (Note 7). The Company continued to maintain its low management expense ratio ("MER") at 0.42% (2006 - 0.41%). The MER is based on expenses for the year and is expressed as an annualized percentage of monthly net assets during the year.

Net Gain on Investments

The Company realized a net gain on investments sold of \$53,288,000 in the current year compared to a net gain of \$43,790,000 in fiscal 2006. The majority of the Company's realized gains were as a result of the sale of Canadian equities. The largest gains realized were from Shell Canada Ltd., Continental AG, Imperial Oil Limited, Assurances Générales de France and Arcelor. The most significant losses realized during the year were from sales of Fifth Third Bancorp and Fannie Mae. During the year, Bernstein continued to mitigate its exposure to U.S. dollar denominated investments by utilizing forward currency contracts. The use of forward currency contracts on a portion of the Company's exposure to foreign currencies resulted in a realized loss of \$4,575,000 in fiscal 2007 compared to a realized gain of \$3,066,000 in fiscal 2006.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

In addition to the net realized gains achieved in the year, the Company's unrealized appreciation of investments increased by \$58,107,000 in fiscal 2007 (2006 - \$67,073,000). As would be expected, based on the performance of equity markets in general, positive returns were generated in each region of the Company's global portfolio. The largest gains, in addition to the equities previously mentioned in realized gain on investments, were from the investments in Algoma Central Corporation ("Algoma") (Note 7), Potash Corporation of Saskatchewan, Chevron Corporation and Xstrata PLC. The poorest performers in fiscal 2007 were Credit Saison Co., Ltd., European Aeronautic Defence and Space Company and Sprint Nextel Corporation.

Operating Results - Fourth Quarter, Fiscal 2007

Global stock markets generally posted positive results in the quarter ended March 31, 2007. The Canadian dollar increased slightly compared to the U.S. dollar in the quarter. In Canadian dollar terms, in the fourth quarter of fiscal 2007, the S&P/TSX Composite Index increased 2.6%, the MSCI World Index increased 1.4% and the S&P 500 Index decreased 0.4%.

The Company's net equity value per share at March 31, 2007 of \$86.03 was relatively unchanged from \$86.04 at December 31, 2006. Including the reinvestment of dividends at month-end net equity values, the Company's net equity value per share increased 0.2% in the fourth quarter of fiscal 2007. Jarislowsky's assets under management increased 1.0% while Bernstein's portion of the investment portfolio declined by 1.1%.

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):

	2007	2006	2005
Net investment income per Common Share	\$ 1.24	\$ 1.04	\$ 1.02
Net gain on investments per Common Share	9.13	9.09	5.60
Cash dividends per Common Share	0.80	0.80	0.80
Cash dividends per Preferred Share	1.50	1.50	1.50
Total assets	1,119,782	995,988	863,442
Investment income	24,840	20,480	19,786
Net investment income	15,499	13,054	12,840
Net gain on investments	111,395	110,863	68,272

The performance of United, as demonstrated above, suggests that the performance of equity markets (C\$) has been positive in recent years. In fact, the S&P/TSX Composite Index, the MSCI World Index and the S&P 500 Index have generally posted positive returns in each of the last three fiscal years. The only exception was the S&P 500 Index which posted a minor decline in fiscal 2005.

The fluctuations in Investment income and net investment income are due to changes in dividend income that is earned by the Company. The dividend income is determined by the dividend policies of the corporations that are held as investments in our global investment portfolio. In recent years, a number of investments in our portfolio have paid special dividends or increased their dividends. For example, in fiscal 2007, Vodafone Group PLC, Whitbread PLC and Canfor Corporation each paid special dividends. The source of the dividend will also affect the taxation of the dividend which will have an impact on net investment income.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Review - Fiscal 2007 and 2006

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

	2007 Fiscal Year			
	Quarter ended			
	Jun. 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investment income	\$ 8,440	\$ 5,738	\$ 4,818	\$ 5,844
Net investment income	5,344	3,613	3,082	3,460
Per Common Share: ¹				
Net investment income	\$ 0.43	\$ 0.29	\$ 0.24	\$ 0.28
Net gain (loss) on investments	(2.23)	2.77	8.67	(0.08)
Increase (decrease) in net assets from operations	\$ (1.80)	\$ 3.06	\$ 8.91	\$ 0.20

	2006 Fiscal Year			
	Quarter ended			
	Jun. 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investment income	\$ 7,602	\$ 4,302	\$ 3,552	\$ 5,024
Net investment income	5,030	2,756	2,203	3,065
Per Common Share: ¹				
Net investment income	\$ 0.40	\$ 0.22	\$ 0.18	\$ 0.24
Net gain on investments	1.20	3.14	1.06	3.69
Increase in net assets from operations	\$ 1.60	\$ 3.36	\$ 1.24	\$ 3.93

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

Investment income is primarily derived from dividend income that is earned by the Company. The Company continued its recent history of reinvesting the proceeds of Canadian investments into non-Canadian investments. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. Generally, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. Further, there are occasions when investments pay special dividends. Recent examples of special dividends paid include Whitbread PLC in the first quarter of fiscal 2007, Vodafone Group PLC in the second quarter of fiscal 2007 and Canfor Corporation in the third quarter of fiscal 2007.

Net gain (loss) on investments is determined by the performance of the investment managers of the portfolio. The returns of the portfolio will fluctuate as illustrated by the negative returns in the first quarter of fiscal 2007 and the very positive returns in the third quarter of fiscal 2007. The returns generated by the investment managers will not necessarily correlate with the various benchmark returns.

Investment Strategy

United is a closed-end investment corporation that trades on the Toronto Stock Exchange. United has always been 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 objective of the Company is to earn an above average rate of return through long-term capital appreciation and dividend income from the Company's portfolio of equity investments. The equity investments in the portfolio currently reflect investment opportunities all over the world.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

The external investment portfolio of the Company is managed by Jarislowsky and Bernstein. Each of the managers has a global equity mandate and is allowed to hedge the foreign currency exposure of any non-Canadian investment.

The Company also manages a portion of the investments in the portfolio. The two investments managed by the Company are Algoma and the Emerging Markets Investors Fund. Algoma and United are related parties, as both companies can be significantly influenced by the same party. In management's view, the investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company. Further related party information is provided in Note 7 to the consolidated financial statements and in the consolidated statement of investments.

Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. Risks of investing in United include, among others, market risk, business risk, foreign currency risk, liquidity risk, sovereign risk and securities lending risk. These risks are described in the Risk Factors section of the Company's Annual Information Form.

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 is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, 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. As of March 31, 2007, an evaluation was carried out, under the supervision of and with the participation of management, of the effectiveness of the Company's disclosure controls and procedures as defined under Multilateral Instrument 52-109. Based on that evaluation, management concluded that the design and operation of the Company's disclosure controls and procedures were effective as at March 31, 2007.

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 GAAP. Management assessed the design effectiveness of the Company's internal control over financial reporting as at March 31, 2007, and based on that assessment determined that the Company's design of internal control over financial reporting was effective. No changes were made in the Company's internal control over financial reporting during the quarter ended March 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Share Data

As at March 31, 2007, 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

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. The Company's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments. The investment portfolio held by the Company is very liquid.

The Company pays quarterly dividends on its Common and Preferred Shares in February, May, August and November of each year. For Common Shares, the quarterly dividend is \$0.20 per Common Share. The amount of the dividend on the Preferred Shares alternates on a quarterly basis. The dividends are \$0.38 per Preferred Share in February and August and \$0.37 per Preferred Share in May and November. The payment of the Company's regular quarterly dividends is funded by net investment income. For the year ended March 31, 2007, net investment income was \$15,499,000 as compared to dividend payments of \$10,134,000.

Additional Information

Additional information relating to United, including the Company's Annual Information Form, may be found on SEDAR at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fiscal 2008 - Fair Value Accounting

Effective April 1, 2007, the Company adopted Section 3855, "Financial Instruments - Recognition and Measurement" as issued by the Canadian Institute of Chartered Accountants. As a result, certain changes were made to the accounting policy regarding the carrying value of investments. Financial assets are measured at fair value and transaction costs are recognized immediately in net income. The fair value of securities traded in an active market is the closing bid price. Previously, the closing market quotation was used in determining the market value of investments. The fair values of investments not listed on stock exchanges have been determined by management based on the underlying market values of the net assets represented by such securities. These fair values, determined on the basis of closing bid prices of such securities, do not necessarily represent the realizable value of the total holdings. The actual realizable value could be more or less than the value indicated by those market quotations. There have not been any changes to the timing and recognition of financial assets. The change in accounting policy is treated prospectively and comparative balances will not be restated.

Effective April 1, 2007, the accounting policy change to closing bid price from closing market quotation resulted in a decrease in the fair value of investments of \$5,957,000, a decrease in future income taxes of \$1,018,000 and a decrease in unrealized appreciation of investments and net assets of \$4,939,000.

Retirement of Directors

The Board would like to express its tremendous gratitude to Mrs. Helen J. Rotenberg and Mr. E. Kendall Cork on the occasion of their retirement. Mrs. Rotenberg was first appointed as a Director of the Company in 1989 and she also served as the Investment Manager of the Company from 1987 until 2000. Mrs. Rotenberg's contribution to the Company has been significant and very beneficial to the shareholders. Mr. Cork was first appointed as a Director of the Company in 1988, and his extensive knowledge has been very valuable to the Company and its shareholders.

Duncan N.R. Jackman
Chairman of the Board
May 10, 2007

UNITED CORPORATIONS LIMITED

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended March 31, 2007

DATA PER COMMON SHARE	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
NET EQUITY VALUE, beginning of year	\$ 76.46	\$ 67.13	\$ 61.32	\$ 49.33	\$ 61.53
INCOME FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	1.24	1.04	1.02	0.91	0.97
Net realized and unrealized gain (loss) on investments	9.13	9.09	5.60	11.88	(12.37)
	10.37	10.13	6.62	12.79	(11.40)
CASH DIVIDENDS TO COMMON SHAREHOLDERS					
From net investment income	(0.80)	(0.80)	(0.80)	(0.80)	(0.80)
TAXATION CHANGES					
Net increase in refundable dividend tax on hand	—	—	(0.01)	—	—
NET EQUITY VALUE, end of year	\$ 86.03	\$ 76.46	\$ 67.13	\$ 61.32	\$ 49.33

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 Canadian generally accepted accounting principles 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 presented elsewhere in the Annual Report is consistent with that in 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, adequacy of internal controls, the audit process and financial reporting with management and the external auditors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors and licensed public accountants, who are appointed by the shareholders, 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. Their report is set out on this page.

Duncan N.R. Jackman
Chairman and President
May 10, 2007

Travis R. Epp
Treasurer

AUDITORS' REPORT

To the Shareholders of United Corporations Limited

We have audited the accompanying consolidated statements of net assets of United Corporations Limited as at March 31, 2007 and 2006, and the consolidated statement of investments as at March 31, 2007 and the consolidated statements of operations, retained earnings and changes in net assets for the years then ended. 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, 2007 and 2006 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

May 10, 2007
Toronto, Canada

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF NET ASSETS

	March 31	
	2007	2006
ASSETS		(000's)
Investments, at market value (cost - \$760,231; 2006 - \$704,452)	\$ 1,093,562	\$ 970,875
Cash	5,851	12,270
Short-term investments	3,005	8,682
Receivable in respect of investments sold	14,277	1,437
Accrued income on investments	2,524	2,209
Other assets	563	515
	1,119,782	995,988
LIABILITIES		
Accounts payable and accrued liabilities	926	660
Payable in respect of investments purchased	-	3,538
Income taxes payable	3,604	2,321
Future income taxes (Note 3)	58,380	49,401
	62,910	55,920
NET ASSETS	\$ 1,056,872	\$ 940,068
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		
52,237 First Preferred Shares	\$ 119	\$ 119
200,000 Second Preferred Shares	6,000	6,000
12,194,193 Common Shares	534,881	534,881
	541,000	541,000
Retained earnings	239,793	181,096
Unrealized appreciation of investments (Note 4)	276,079	217,972
TOTAL SHAREHOLDERS' EQUITY	\$ 1,056,872	\$ 940,068

APPROVED BY THE BOARD

DUNCAN N.R. JACKMAN, Director

MICHAEL J. WHITE, Director

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended March 31	
	2007	2006
	(000's)	
INVESTMENT INCOME		
Dividends		
Foreign	\$ 17,462	\$ 13,223
Canadian	6,664	6,531
	24,126	19,754
Interest, including securities lending income (Note 8)	714	726
	24,840	20,480
EXPENSES		
Management and administrative costs (Note 7)	3,193	2,839
Directors' and officers' remuneration	179	173
Office and miscellaneous	224	196
Transfer, registrar and custodial agents' fees	434	312
Professional fees	59	59
Capital tax	82	94
	4,171	3,673
Investment income before income taxes	20,669	16,807
Provision for income taxes (Note 3)	5,170	3,753
NET INVESTMENT INCOME	15,499	13,054
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments (Note 5)	53,288	43,790
Net change in unrealized appreciation of investments (Note 4)	58,107	67,073
NET GAIN ON INVESTMENTS	111,395	110,863
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 126,894	\$ 123,917
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 10.37	\$ 10.13

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Years ended March 31	
	2007	2006
	(000's)	
BEGINNING OF YEAR	\$ 181,096	\$ 134,445
Add:		
Net investment income	15,499	13,054
Net realized gain on investments	53,288	43,790
Refundable dividend taxes recovered	2,106	2,088
	251,989	193,377
Deduct:		
Dividends:		
First Preferred Shares (per share - \$1.50)	78	78
Second Preferred Shares (per share - \$1.50)	300	300
Common Shares (per share - \$0.80)	9,756	9,756
Provision for refundable dividend taxes	2,062	2,147
	12,196	12,281
END OF YEAR	\$ 239,793	\$ 181,096

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Years ended March 31	
	2007	2006
	(000's)	
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 126,894	\$ 123,917
DIVIDENDS TO SHAREHOLDERS		
Cash dividends to Common Shareholders	(9,756)	(9,756)
Cash dividends to Preferred Shareholders	(378)	(378)
	(10,134)	(10,134)
TAXATION CHANGE		
Decrease (increase) in refundable dividend taxes on hand	44	(59)
INCREASE IN NET ASSETS	116,804	113,724
NET ASSETS, BEGINNING OF YEAR	940,068	826,344
NET ASSETS, END OF YEAR	\$ 1,056,872	\$ 940,068

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2007

1. Description of Business

United Corporations Limited ("United" or the "Company") is a closed-end investment corporation, incorporated under The Companies Act (Canada) by letters patent dated May 6, 1933 and continued under the Canada Business Corporations Act on September 20, 1977 by articles of continuance.

United trades on the Toronto Stock Exchange. United has always been 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.

2. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, UNC Holdings No. 3 Limited.

(b) Carrying value of investments

Investments are carried at market value which is determined based on closing market quotations on stock exchanges at March 31, 2007. The average of the closing bid and offering price is used when the security is not traded on the year-end date. 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) Short-term investments

Short-term investments consist of treasury bills, commercial paper, guaranteed investment certificates and bankers' acceptances held for investment purposes. These investments are carried at cost, which, together with accrued interest, approximates fair value.

(e) Dividend and interest income

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

(f) Translation of foreign currency

- Assets including the market value of investments and liabilities denominated in foreign currencies are converted into Canadian dollars at the rates of exchange established on each valuation date;
- Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions;
- Realized exchange gains (losses) on investments are included in net realized gain (loss) on investments in the Consolidated statements of operations; and
- Unrealized exchange gains (losses) on investments are included in change in unrealized appreciation of investments in the Consolidated statements of operations.

(g) Forward currency contracts

The Company periodically utilizes forward currency contracts to reduce foreign currency exposure on foreign equity investments. Contracts are carried at market and, upon maturity, the realized gain or loss is included in net realized gain on investments.

(h) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using enacted income 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.

(i) Financial instruments

Investments are carried at estimated market value. The fair value of all other assets and liabilities approximate their carrying values due to their short term to maturity.

(j) Accounting estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date of the financial statements and the amounts of income and expense during the reported period. Actual results could differ from these estimates.

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) MARCH 31, 2007

3. Income taxes

The Company is a public corporation under the Income Tax Act (Canada) and is subject to tax at normal corporate rates on its realized net taxable capital gains and on investment income other than taxable dividends received from corporations resident in Canada. The Company is also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1.00 of each \$3.00 of such dividends paid. The amount eligible for refund at March 31, 2007, all of which is included in the Consolidated statements of retained earnings, amounted to approximately \$140,000 (2006 - \$184,000).

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

	<u>2007</u>	<u>2006</u>
Basic combined federal and provincial rate	36.12%	36.12%
Effect of tax on subsidiaries' income at basic tax rate and other adjustments	0.80	0.40
Effective income tax rate	36.92%	36.52%

	(000's)	
Applied to:		
Investment income before income taxes	\$ 20,669	\$ 16,807
Less: Dividends from taxable Canadian corporations	6,664	6,531
	\$ 14,005	\$ 10,276
Provision for income taxes	\$ 5,170	\$ 3,753

The Company's income tax expense includes provisions for current and future income taxes as follows:

	<u>2007</u>	<u>2006</u>
	(000's)	
Current	\$ 5,012	\$ 3,673
Future	158	80
Provision for income taxes	\$ 5,170	\$ 3,753

Future income tax liabilities arise primarily from differences between the market value and the tax cost of the investments as well as the timing of the inclusion of accrued dividends for income tax purposes:

	<u>2007</u>	<u>2006</u>
	(000's)	
Unrealized appreciation of investments	\$ 57,252	\$ 48,451
Accrued dividends	886	773
Other	242	177
Future income taxes	\$ 58,380	\$ 49,401

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) MARCH 31, 2007

4. Unrealized appreciation of investments

The details of unrealized appreciation of investments as at March 31 and the change for the year are as follows:

	2007	2006	Change in 2007	Change in 2006
	(000's)			
Investments at market value	\$ 1,093,562	\$ 970,875	\$ 122,687	\$ 142,493
Investments at cost	760,231	704,452	55,779	59,881
Unrealized appreciation of investments before provision for income taxes	333,331	266,423	66,908	82,612
Provision for income taxes	57,252	48,451	8,801	15,539
Unrealized appreciation of investments	\$ 276,079	\$ 217,972	\$ 58,107	\$ 67,073

5. Net realized gain on investments

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

	2007	2006
	(000's)	
Proceeds on sales of investments	\$ 202,516	\$ 150,828
Cost of investments, beginning of year	704,452	644,571
Cost of investments purchased during the year	193,496	158,035
	897,948	802,606
Cost of investments, end of year	760,231	704,452
Cost of investments sold during the year	137,717	98,154
Realized gain on investments sold before income taxes	64,799	52,674
Income taxes on realized net taxable capital gains	11,511	8,884
Net realized gain on investments	\$ 53,288	\$ 43,790

6. 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 of which the stated value does not exceed \$15,000,000; and
- (d) an unlimited number of Common Shares.

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) MARCH 31, 2007

7. Related party information

Included in the Company's investments is Algoma Central Corporation ("Algoma") with a market value of \$46,934,000 (2006 - \$34,444,000). Dividend income from Algoma for the fiscal year ended March 31, 2007 was \$508,000 (2006 - \$363,000). Included in management and administrative costs are fees for administrative services paid to E-L Financial Corporation Limited ("E-L Financial"). The total fees for the year ended March 31, 2007 amounted to \$1,053,000 (2006 - \$936,000). E-L Financial, directly or indirectly, has a significant ownership in both the Company and Algoma. E-L Financial and Algoma can be significantly influenced by a party that can significantly influence the Company.

8. Securities lending

The Company has entered into a securities lending agreement with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"). The Company currently receives collateral of at least 105% of the value of the securities on loan. Collateral will generally be comprised of obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to RBC Dexia, RBC Dexia at its option, may either restore to the Company securities identical to the loaned securities or it will pay to the Company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned ("Valuation date") to RBC Dexia. If the collateral is not sufficient to allow RBC Dexia to pay such market value to the Company, RBC Dexia shall indemnify the Company only for the difference between the market value of the securities and the value of such collateral on the Valuation date.

As at March 31, 2007, the Company has on loan approximately \$190,316,000 (2006 - \$299,604,000) in securities, received approximately \$202,648,000 (2006 - \$323,433,000) in collateral, and recognized \$274,000 (2006 - \$249,000) in securities lending income. Securities lent in the program earn income at current securities lending rates. The Company has the right to direct RBC Dexia to call or terminate any particular loan in accordance with the applicable loan agreement.

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

The net equity value of the Company's Common Shares is determined by deducting the outstanding Preferred Shares at their cost of redemption from the net assets of the Company. The net equity value per Common Share is the net equity value divided by the number of Common Shares outstanding.

	March 31	
	2007	2006
	(000's)	
Net assets	\$ 1,056,872	\$ 940,068
Deduct:		
Cost to redeem (Note 6)		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value	<u>\$ 1,049,125</u>	<u>\$ 932,321</u>
Net equity value per Common Share	<u>\$ 86.03</u>	<u>\$ 76.46</u>

10. Fiscal 2008 - Fair value accounting

Effective April 1, 2007, the Company adopted Section 3855, "Financial Instruments - Recognition and Measurement" as issued by the Canadian Institute of Chartered Accountants. As a result, certain changes were made to the accounting policy regarding the carrying value of investments. Financial assets are measured at fair value and transaction costs are recognized immediately in net income. The fair value of securities traded in an active market is the closing bid price. Previously, the closing market quotation was used in determining the market value of investments. The fair values of investments not listed on stock exchanges have been determined by management based on the underlying market values of the net assets represented by such securities. These fair values, determined on the basis of closing bid prices of such securities, do not necessarily represent the realizable value of the total holdings. The actual realizable value could be more or less than the value indicated by those market quotations. There have not been any changes to the timing and recognition of financial assets. The change in accounting policy is treated prospectively and comparative balances will not be restated.

Effective April 1, 2007, the accounting policy change to closing bid price from closing market quotation resulted in a decrease in the fair value of investments of \$5,957,000, a decrease in future income taxes of \$1,018,000 and a decrease in unrealized appreciation of investments and net assets of \$4,939,000.

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2007

Number of Shares		Cost	Market Value	% of Market
		(000's)		
North America				
Canada				
Preferred				
140,000	Nortel Networks Limited \$1.275 Series F.....	\$ 3,512	\$ 2,730	0.3
Common				
362,568	Algoma Central Corporation (Note 7).....	6,201	46,934	
92,500	Bank of Montreal.....	5,652	6,449	
405,970	Bank of Nova Scotia.....	6,999	21,594	
90,000	Cameco Corporation.....	314	4,257	
125,100	Canadian National Railway Company.....	4,356	6,370	
115,810	Canadian Natural Resources Ltd.....	6,771	7,383	
125,800	Canadian Tire Corp. Ltd. Class A.....	3,587	9,402	
155,000	Canadian Utilities Limited Class A.....	3,793	6,598	
247,702	Canfor Corporation.....	1,598	2,613	
13,677	Canfor Pulp Income Fund.....	146	194	
246,826	Enbridge Inc.....	3,366	9,295	
158,400	Encana Corporation.....	2,754	9,251	
300,000	Great-West Lifeco Inc.....	4,287	10,440	
174,320	Imperial Oil Limited.....	1,746	7,461	
210,676	Jean Coutu Group Inc.....	1,949	3,038	
100,000	Loblaw Cos. Limited.....	4,972	4,600	
470,400	Manulife Financial Corporation.....	7,784	18,675	
258,500	Metro Inc.....	2,653	9,435	
261,630	Nexen Inc.....	4,154	18,502	
52,400	Nova Chemicals Corporation.....	1,491	1,870	
40,400	Potash Corp. of Saskatchewan.....	1,762	7,438	
161,000	Power Financial Corporation.....	926	6,276	
141,900	Quebecor Inc. Class B.....	5,165	5,484	
180,000	Rogers Communications Inc. Class B.....	1,846	6,802	
129,290	Rothmans Inc.....	1,392	2,657	
355,026	Royal Bank of Canada.....	5,160	20,414	
169,200	Shaw Communications Inc. Class B.....	5,393	7,205	
313,140	SNC-Lavalin Group Inc. Class A.....	1,320	10,352	
90,305	Sun Life Financial Services of Canada.....	2,058	4,743	
24,310	Suncor Energy Inc.....	1,923	2,136	
643,810	Talisman Energy Inc.....	3,210	13,044	
176,110	Thomson Corporation (The).....	7,974	8,420	
244,608	Toronto-Dominion Bank.....	5,010	16,981	
271,830	TransCanada Corporation.....	4,406	10,425	
170,000	Transcontinental Inc - Class A.....	3,402	3,633	
240,000	TVA Group Inc. Class B.....	3,202	3,528	
90,600	West Fraser Timber Co. Ltd.....	2,067	3,832	
55,000	Weston (George) Limited.....	5,068	3,902	
		<u>135,857</u>	<u>341,633</u>	31.2
United States				
49,600	3M Co.....	4,788	4,371	
64,000	Abbott Laboratories.....	3,891	4,117	
118,200	Altria Group, Inc.....	7,235	9,297	
121,100	American Int'l Group Inc.....	9,687	9,385	
70,000	Anheuser-Busch Companies, Inc.....	3,370	4,072	
63,800	Bank of America Corporation.....	3,290	3,753	
53,000	Beckman Coulter, Inc.....	3,402	3,904	
16,000	Black & Decker Corporation.....	1,513	1,506	
185,300	CBS Corporation.....	5,989	6,535	
186,400	Chevron Corporation.....	12,474	15,894	
101,700	Citigroup Inc.....	6,236	6,020	
42,960	Clorox Company (The).....	2,912	3,154	
80,000	Colgate-Palmolive Company.....	5,652	6,160	
104,700	Comcast Corporation Special Class A.....	2,762	3,074	
145,480	Community Health Systems Inc.....	5,610	5,912	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2007 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
United States (continued)				
122,300	ConocoPhillips	7,210	9,637	
35,700	Countrywide Financial Corporation	1,743	1,385	
220,000	CVS Corporation	5,271	8,659	
113,000	Disney (Walt) Company	4,165	4,485	
31,600	Dow Chemical Company (The)	1,706	1,671	
79,000	Electronic Data Systems Corporation	2,318	2,521	
100,000	Emerson Electric Company	4,279	4,968	
67,000	E.W. Scripps Company (The) Class A	3,841	3,451	
71,800	Exxon Mobil Corporation	4,537	6,246	
93,500	Fannie Mae	8,249	5,884	
31,200	Federated Department Stores, Inc.	1,673	1,620	
75,000	Fiserv, Inc.	3,848	4,588	
84,900	Freddie Mac	6,464	5,823	
278,600	General Electric Company	11,898	11,358	
109,400	Hartford Financial Services Group, Inc.	9,727	12,055	
29,200	International Business Machines Corporation	3,359	3,173	
81,700	Johnson & Johnson	5,847	5,676	
105,200	JPMorgan Chase & Co.	5,533	5,868	
67,000	Kimberly Clark Corporation	5,719	5,290	
81,797	Kraft Foods Inc.	2,264	2,986	
192,500	Kroger Co.	4,432	6,270	
19,600	MBIA Inc.	1,643	1,480	
90,000	Medtronic Inc.	5,334	5,091	
44,000	Merrill Lynch & Co.	3,766	4,143	
39,100	Metlife, Inc.	1,383	2,847	
239,900	Microsoft Corporation	8,529	7,708	
80,000	Pepsico, Inc.	5,243	5,862	
241,500	Pfizer Inc.	9,975	7,033	
91,875	Procter & Gamble Company	5,185	6,690	
74,600	Safeway Inc.	1,894	3,151	
204,800	Sprint Nextel Corporation	5,720	4,477	
430,050	Time Warner Inc.	10,622	9,777	
119,400	Tyco International Ltd.	3,692	4,343	
154,000	Wachovia Corporation	9,892	9,774	
76,000	Wal-Mart Stores Inc.	5,573	4,114	
124,000	Wells Fargo & Company	4,112	4,922	
27,500	XL Capital Ltd Class A	3,057	2,218	
		<u>268,514</u>	<u>284,398</u>	26.0
Mexico				
130,000	Cemex Sab De C.V. ADR	4,396	4,908	
42,000	Fomento Economico Mexicano, S.A. de C.V. ADR	3,436	5,345	
		<u>7,832</u>	<u>10,253</u>	0.9
	Total North America	<u>415,715</u>	<u>639,014</u>	58.4
Latin America				
52,300	Petroleo Brasileiro S.A. ADR	1,635	5,388	0.5
Europe, excluding United Kingdom				
37,800	Air France - KLM	1,426	1,990	
21,250	Allianz SE	5,158	5,047	
207,251	Anglo Irish Bank Corporation plc	3,726	5,113	
115,582	Arcelor Mittal	4,573	7,087	
120,000	AXA	3,961	5,872	
440,000	Banco Santander Central Hispano SA	6,638	9,063	
32,300	BASF AG	3,265	4,189	
25,000	BNP Paribas SA	2,440	3,014	
90,000	Celesio AG	4,637	6,529	
2,700	Continental AG	111	403	
104,800	Credit Suisse Group	5,002	8,689	
138,000	Deutsche Lufthansa AG	2,777	4,330	
35,000	E.ON AG	4,151	5,463	
96,300	ENI S.p.A.	2,211	3,617	
61,620	Essilor International SA	3,834	8,170	
98,560	European Aeronautic Defense and Space Company	3,690	3,529	
47,400	Fondiarria - SAI S.P.A.	2,325	2,512	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2007 (continued)

Number of Shares		Cost	Market Value	% of Market
			(000's)	
Europe, excluding United Kingdom (continued)				
10,000	Fondiarria - SAI SPA-RNC	364	418	
73,300	Fortis Group	2,943	3,864	
140,000	Fresenius Medical Care & Co. KGaA ADR	4,526	7,856	
38,000	Groupe Danone.....	4,091	7,165	
140,600	ING Groep N.V.	5,039	6,861	
160,000	ING Groep N.V. (ADR)	6,684	7,808	
217,000	Irish Life & Permanent PLC.....	5,962	6,875	
32,243	L'Air Liquide SA.....	5,435	9,072	
52,000	L'Oreal SA	4,990	6,553	
28,800	Lafarge SA	2,874	5,226	
140,000	Luxottica Group S.p.A. ADR.....	3,468	5,141	
8,300	Michelin CIE CL B	878	1,058	
19,700	MOL Magyar Olaj - es Gazipari Rt	922	2,618	
40,700	Muenchener Rueckversicherungs-Gesellschaft AG.....	5,939	7,922	
67,000	Nestlé S.A. ADR	5,652	7,504	
45,000	Novartis AG ADR.....	2,367	2,834	
56,800	Renault SA	6,176	7,667	
86,800	Repsol YPF, S.A.....	2,418	3,378	
32,000	Roche Holding AG.....	4,261	6,542	
37,785	Sanofi-Aventis	2,969	3,793	
92,000	SAP AG Spons ADR	5,183	4,736	
190,000	STMicroelectronics NV - NY SHS	3,744	4,206	
29,000	Synthes, Inc.	3,326	4,136	
1,366,500	Telefonaktiebolaget LM Ericsson B.....	5,004	5,798	
30,800	Total SA.....	2,359	2,491	
102,000	Total SA ADR.....	6,153	8,206	
129,000	Xstrata PLC.....	2,266	7,647	
		<u>165,918</u>	<u>231,992</u>	21.2
United Kingdom				
41,600	Astrazeneca PLC	2,912	2,581	
262,941	Aviva PLC	2,821	4,467	
319,200	BP plc.....	3,749	3,999	
115,000	BP plc ADR	9,285	8,585	
55,000	Diageo plc ADR.....	4,202	5,133	
612,845	Friends Provident plc	2,437	2,678	
55,000	GlaxoSmithKline plc ADR.....	3,836	3,504	
100,890	HBOS plc	1,898	2,398	
66,880	HSBC Holdings plc ADR	6,182	6,771	
120,600	Reckitt Benckiser plc.....	4,478	7,243	
270,000	Royal Bank of Scotland Group plc	10,207	12,158	
370,000	Smith & Nephew plc.....	4,372	5,425	
185,000	Standard Chartered plc	5,234	6,147	
614,200	Standard Life PLC.....	3,005	4,405	
1,891,662	Vodafone Group Plc.....	5,752	5,818	
200,000	Vodafone Group Plc ADR.....	6,732	6,193	
		<u>77,102</u>	<u>87,505</u>	8.0
Asia				
200,500	AU Optronics Corp. ADR	3,024	3,306	
697,000	Bank Hapoalim Ltd.	2,116	3,858	
92,000	Canon Inc. ADR	4,065	5,694	
1,497,500	China Netcom Group Corporation (Hong Kong) Limited	3,001	4,507	
4,634,000	China Petroleum and Chemical Corporation (Sinopec)	1,677	4,519	
601,932	Compal Electronics Inc.	3,422	2,904	
183,900	Credit Saison Co., Ltd.	8,687	6,997	
107,786	Emerging Markets Investors Fund	5,316	7,298	
144,000	Hoya Corporation.....	5,082	5,521	
34,710	Hyundai Mobis	3,678	3,436	
902	Japan Tobacco Inc.	2,822	5,121	
101,800	JFE Holdings, Inc.	3,863	6,958	
40,800	Kookmin Bank.....	1,727	4,218	
28,300	Leopalace21 Corp.	1,040	1,082	
108,000	Mitsui Chemicals Inc.	906	1,091	
234,000	Mitsui O.S.K. Lines, Ltd.....	2,370	3,001	
16,800	Orix Corporation.....	3,120	5,058	
15,100	Posco	1,941	7,307	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2007 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
Asia (continued)				
4,250	Samsung Electronics Co. Ltd.....	2,635	2,931	
229,000	Sharp Corporation.....	4,448	5,097	
37,200	Siam Investment Fund.....	527	203	
181,700	Siliconware Precision Industries - ADR.....	1,415	2,055	
92,820	Sony Corporation ADR.....	5,982	5,403	
4,000	Sony Corporation.....	580	235	
233,000	Sumitomo Heavy Industries, Ltd.	2,612	2,682	
457	Sumitomo Mitsui Financial Group, Inc.	2,872	4,795	
150,000	Suzuki Motor Corporation.....	4,652	4,501	
278,952	Taiwan Semiconductor Manufacturing Company Ltd. ADR.....	2,716	3,457	
200,000	Tata Motors Limited ADR.....	4,214	3,738	
580,000	Television Broadcasts Limited.....	3,585	4,180	
93,600	Toyota Motor Corporation.....	5,766	6,930	
		<u>99,861</u>	<u>128,083</u>	<u>11.7</u>
	Total equities	760,231	1,091,982	99.8
	Forward Currency Contracts, net - Schedule 1	—	1,580	0.2
		<u>—</u>	<u>1,580</u>	
	Total investments	<u>\$ 760,231</u>	<u>\$ 1,093,562</u>	<u>100.0</u>

Schedule 1 - Forward Currency Contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

Par value (in millions)	Currency	Number of Contracts	Contract Rates	Settlement Date	Net Unrealized Gain (000's)
87.5	U.S. Dollar	1	1.1687	June 15, 2007	\$ 1,548
7.7	Swiss Franc	3	0.9446 - 0.9725	June 15, 2007	32
					<u>\$ 1,580</u>

All counterparties have an approved credit rating equivalent to A-1+.

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 - 2007

Year	Total Net Assets at Market Value* (000's)	Funded Debt (000's)	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: 1929 - 2007 (continued)

Year	Total Net Assets at Market Value* (000's)	Funded Debt (000's)	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
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

= 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 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

HEAD OFFICE Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8
Tel: 416-947-2578
Fax: 416-362-2592

EXTERNAL INVESTMENT MANAGERS Jarislowsky Fraser Limited, Toronto
Sanford C. Bernstein & Co., LLC, New York

BANKERS Bank of Nova Scotia

AUDITOR PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
M5J 2Y1
Telephone: 416-981-9633
Toll Free: 1-800-564-6253

TORONTO STOCK EXCHANGE LISTINGS

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

