

UNITED CORPORATIONS LIMITED

ANNUAL REPORT

2014



THE FISCAL YEAR AT A GLANCE

Year ended March 31	2014 ⁽¹⁾	2013 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 99.46	\$ 82.03
Net investment income per Common Share ⁽²⁾	\$ 1.53	\$ 1.43
Increase in net assets from operations per Common Share	\$ 18.86	\$ 11.12
Dividends per Common Share		
Quarterly	\$ 0.80	\$ 0.80
Additional ⁽³⁾	\$ 0.63	\$ 0.63
Net assets	\$ 1,220,612	\$ 1,008,012
Increase in net assets from operations	\$ 230,418	\$ 135,942
Investment income	\$ 30,775	\$ 26,446
Net investment income	\$ 19,064	\$ 17,792
Common Shares outstanding at year end	12,194,193	12,194,193

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

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

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

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:30 a.m. on Wednesday, June 25, 2014, at the Toronto Board of Trade, First Canadian Place, 77 Adelaide Street West, 4th Floor, Toronto, Ontario. All shareholders are invited to attend.

UNITED CORPORATIONS LIMITED

BOARD OF DIRECTORS

MICHAEL J. COOPER
Vice-Chairman and
Chief Executive Officer
Dundee Real Estate Investment Trust

JACK S. DARVILLE
Corporate Director

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

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

MARK M. TAYLOR
Executive Vice-President and
Chief Financial Officer
E-L Financial Corporation Limited

MICHAEL J. WHITE
Chairman and Chief Executive Officer
Addenda Capital Inc.

DAVID R. WINGFIELD
Partner
WeirFoulds LLP

HONORARY DIRECTORS

J. CHRISTOPHER BARRON
Corporate Director

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

OFFICERS

DUNCAN N. R. JACKMAN
Chairman and President

RICHARD B. CARTY
Corporate Secretary

FRANK J. GLOSNEK
Treasurer

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for United Corporations Limited ("United" or the "Company") for the years ended March 31, 2014 and 2013. This MD&A should be read in conjunction with the Company's March 31, 2014 year-end financial statements, which form part of this Annual Report. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and both the financial statements and this MD&A are expressed in Canadian dollars.

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

The Company

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

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

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

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

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited ("Jarislowsky") and ValueInvest Asset Management S.A. ("ValueInvest"). Each of the managers has a global equity mandate.

The Company has a long-term investment in Algoma Central Corporation ("Algoma"). 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 8 to the financial statements and in the statement of investments beginning on page 21.

Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

The investment portfolio of the Company comprises a mix of predominantly foreign equities. During the fourth quarter of the current fiscal year, the Board of Directors announced that, effective January 13, 2014, it had allocated its assets evenly between the Company's two external investment managers, Jarislowsky and ValueInvest, in order to diversify manager risk. As a consequence of this decision, approximately \$300 million of assets managed by Jarislowsky is now managed by ValueInvest. In the prior fiscal year, the Board of Directors announced that it was reducing United's exposure to Canadian equities and increasing its exposure to foreign equities. Prior to this announcement, Canadian equities had constituted approximately 30-35% of United's externally managed assets for many years. While this strategy had served United well as a result of the outperformance of the Canadian equity market and the appreciation of the Canadian dollar, the Board believes that the objective of United, to earn an above-average rate of return through long-term capital appreciation and dividend income, will be better served in the future by investing the significant majority of its externally managed assets in foreign equities and reducing its concentration in Canadian equities. United's exposure to non-Canadian equities is now approximately 95% of United's investments at both year ends.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures

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

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

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

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

	March 31 2014	March 31 2013
Net assets	\$ 1,220,612	\$ 1,008,012
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	7,747	7,747
Net equity value.....	\$ 1,212,865	\$ 1,000,265
Common Shares outstanding.....	12,194,193	12,194,193
Net equity value per Common Share	\$ 99.46	\$ 82.03

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

	Three months ended March 31		Year ended March 31	
	2014	2013	2014	2013
Increase in net assets from operations	\$ 47,019	\$ 90,229	\$ 230,418	\$ 135,942
Deduct: Net gain on investments.....	(42,831)	(86,858)	(211,354)	(118,150)
Net investment income	4,188	3,371	19,064	17,792
Deduct: Dividends paid on Preferred Shares	94	94	378	378
Net investment income, net of dividends paid on Preferred Shares.....	\$ 4,094	\$ 3,277	\$ 18,686	\$ 17,414
Common Shares outstanding	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share.....	\$ 0.33	\$ 0.27	\$ 1.53	\$ 1.43

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$99.46 at March 31, 2014 from \$82.03 at the prior year end. With dividends reinvested at month-end net equity values, the Company's net equity value return was 23.2% in fiscal 2014, compared to a return of 15.7% in fiscal 2013.

As the Company is a taxable Canadian corporation, its returns are net of a provision for income taxes on investment income and realized gains on investments, and net of a future income tax provision on the net change in unrealized appreciation of investments.

During the current fiscal year the investments managed by Jarislowsky had a pre-tax total return of 27.4%, whereas the investments managed by ValueInvest had a pre-tax total return of 26.5%.

In Canadian dollar terms, in fiscal 2014, the MSCI World Index increased 30.3%, the S&P 500 Index increased 32.6% and the S&P/TSX Composite Index increased 16.0%. Comparatively, in fiscal 2013, the MSCI World Index increased 14.4%, the S&P 500 Index increased 15.9% and the S&P/TSX Composite Index increased 6.1%. All benchmark returns are on a total return (capital gains plus dividends) basis, before deducting any applicable taxes.

Operating Results - Fiscal 2014

Net Investment Income

The Company's net investment income for fiscal 2014 was \$19,064,000, an increase of 7.1%, compared to net investment income of \$17,792,000 in the prior year. On a per Common Share basis, net investment income increased to \$1.53 from \$1.43 in the prior year.

During the year, foreign dividend income increased by 45.1% to \$29,319,000 from \$20,207,000 in fiscal 2013, and Canadian dividend income decreased by 82.1% to \$1,047,000 from \$5,860,000 in the prior fiscal year. The changes for the year occurred as a result of the increase in the Company's exposure to foreign equities.

Expenses of the Company for the year increased to \$5,261,000 compared to \$4,180,000 for the prior year. The increase relates primarily to an increase in investment management and administrative costs resulting from a higher average investment portfolio value compared to the prior year. Custody fees increased as a result of an increase in the average amount of investments held outside of Canada compared to the prior year. The Company's management expense ratio ("MER") increased in fiscal 2014 to 0.47% of average net assets versus 0.46% for the prior year.

The provision for income taxes increased by 44.2% to \$6,450,000 during the year from \$4,474,000 for the prior year. Although investment income before income taxes, relative to the prior year, has increased by 14.6%, the amount of taxable income has increased by 49.1% during the year. Taxable income increased because foreign dividend income is subject to Part I tax whereas Canadian dividend income is not subject to Part I tax. Given that the Company increased its exposure to foreign securities commencing in November 2012, the effective income tax rate for the fiscal 2014 year increased to 25.28% from 20.09% for the prior year.

Net Gain on Investments

The net realized and unrealized gain on investments for the Company increased to \$211,354,000 during fiscal 2014 compared to a net gain of \$118,150,000 for the prior year.

The Company realized a net gain on investments of \$121,542,000 during the current fiscal year compared to a net gain of \$103,637,000 for the prior year. The primary reason for the fiscal 2014 net realized gain was the sale of securities resulting from the reallocation of securities from Jarislowsky to ValueInvest that occurred during January 2014. In the prior year, the primary reason for the net realized gain was the sale of the Canadian portfolio resulting from the Company's decision to reduce its exposure to Canadian equities.

During the current fiscal year, the Company's net change in unrealized appreciation of investments was an increase of \$90,498,000 compared to an increase of \$15,501,000 during the same period in the prior year. During both years, the net increase resulted from broadly based global unrealized gains partially offset by the realization of gains from the sales of equities noted previously.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results - Fourth Quarter, Fiscal 2014

The Company's net equity value per Common Share increased to \$99.46 at March 31, 2014 from \$95.81 at December 31, 2013. With dividends reinvested at month-end net equity values, the Company's net equity value return was 4.0% in the fourth quarter of fiscal 2014. On a pre-tax basis, ValueInvest's return for the quarter was 6.5% and Jarislowsky's return was 4.4%.

In Canadian dollar terms, in the fourth quarter of fiscal 2014, the MSCI World Index increased 5.4%, the S&P 500 Index 5.8% and the S&P/TSX Composite Index increased 6.1%.

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):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net gain (loss) on investments	\$ 211,354	\$ 118,150	\$ (1,509)
Net gain (loss) on investments per Common Share.....	17.33	9.69	(0.13)
Total assets.....	1,266,626	1,048,707	916,378
Investment income	30,775	26,446	25,422
Net investment income	19,064	17,792	17,790
Net investment income per Common Share.....	1.53	1.43	1.43
Dividends per Common Share:			
Quarterly.....	0.80	0.80	0.80
Additional.....	0.63	0.63	—
Dividends per Preferred Share	1.50	1.50	1.50

United's investment portfolio is affected by equity markets, stock selection and currency movements. In both fiscal 2014 and fiscal 2013, the performance of United was favourably affected by strong recoveries in global markets. In fiscal 2012, the performance of United was favourably affected by positive returns in non-Canadian markets, offset by a decline in the value of Canadian equities.

The fluctuations in net investment income are due primarily to changes in dividend income that is earned by the Company, net of management fees.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Review - Fiscal 2014 and 2013

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

	2014 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investments, at fair value, at period end.....	\$ 1,043,192	\$ 1,092,086	\$ 1,205,726	\$ 1,247,629
Investment income	12,331	5,532	5,828	7,084
Net investment income	8,201	3,250	3,425	4,188
Net gain on investments.....	24,591	41,030	102,902	42,831
Per Common Share: ¹				
Net investment income	\$ 0.66	\$ 0.26	\$ 0.28	\$ 0.33
Net gain on investments.....	2.02	3.36	8.44	3.51
Increase in net assets from operations.....	\$ 2.68	\$ 3.62	\$ 8.72	\$ 3.84

	2013 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investments, at fair value, at period end.....	\$ 869,310	\$ 903,346	\$ 934,245	\$ 1,032,275
Investment income	10,547	5,747	4,445	5,707
Net investment income	7,623	4,106	2,692	3,371
Net gain (loss) on investments	(26,184)	28,420	29,056	86,858
Per Common Share: ¹				
Net investment income	\$ 0.62	\$ 0.33	\$ 0.21	\$ 0.27
Net gain (loss) on investments	(2.15)	2.33	2.39	7.12
Increase (decrease) in net assets from operations ..	\$ (1.53)	\$ 2.66	\$ 2.60	\$ 7.39

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

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. Given the volatility in global stock markets and the value of the Canadian dollar relative to other currencies, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels. During the prior fiscal year, the Company reduced its exposure to Canadian equities and increased its exposure to foreign equities. Going forward, dividends received from foreign equities may be more or less than dividends earned from the previous Canadian equity portfolio.

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

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as of March 31, 2014. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at March 31, 2014.

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. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at March 31, 2014. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2014. No changes were made in the Company's internal control over financial reporting during the year ended March 31, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

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

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company, from time to time, is exposed to credit risk associated with its securities lending program with its custodian, RBC Investor Services Trust, as its lending agent. Security lending may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed by the receipt of collateral and the use of a counterparty whose credit worthiness is considered sufficient based on the Company's evaluation. The Company had exposure to securities lending arrangements at March 31, 2014 of approximately \$165,589,000 (2013 - \$114,392,000) and received approximately \$173,868,000 (2013 - \$120,112,000) in collateral. There was no significant exposure to credit risk to receivables in respect of investments sold or to other receivable balances because of their short-term nature.

Liquidity risk

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

Market risk

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

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

Currency risk is not considered to arise from financial instruments that are non-monetary items, such as equity investments. The Company considers the foreign exchange exposures relating to non-monetary assets to be a component of other price risk.

The Company is exposed to other price risk through its investment in equity securities. These risks are mitigated by using two investment managers, each of whom manages a diversified portfolio of securities.

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

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Share Data

As at March 31, 2014, 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. All securities are marketable.

The Company pays quarterly dividends on its Common and Preferred Shares in February, May, August and November of each year. The quarterly dividend is \$0.20 per Common Share and \$0.375 per Preferred Share.

The payment of the Company's quarterly dividends is funded by net investment income. For the year ended March 31, 2014, net investment income was \$1.53 (fiscal 2013 - \$1.43) per Common Share as compared to total quarterly dividend payments of \$0.80 per Common Share.

During the fiscal year, the Board of Directors paid an additional cash dividend of \$0.63 (2013 - \$0.63) per Common Share. Each additional dividend represented a distribution of the balance of net investment income for the prior fiscal year. On May 6, 2014, the Board of Directors declared a cash dividend of \$0.73 per Common Share payable June 30, 2014, representing the balance of net investment income for March 31, 2014 fiscal year.

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

Transition to International Financial Reporting Standards ("IFRS") for Investment Companies

The Company will adopt IFRS commencing April 1, 2014. On transition, management has decided that it will elect to change its valuation of its investments from a bid basis to a close basis. The quantitative impact of the changeover from Canadian GAAP to IFRS is as follows:

At April 1, 2013, the carrying value of investments will increase by \$416,000, future / deferred income taxes will increase by \$55,000, and net assets will increase by \$361,000. At March 31, 2014, the carrying value of investments will increase by \$487,000, future / deferred income taxes will increase by \$65,000, and net assets will increase by \$422,000. For the year ended March 31, 2014, the change in unrealized appreciation will increase by \$71,000, partially offset by an increase in the provision for income taxes of \$10,000, resulting in an increase in net income of \$61,000.

The first set of IFRS financial statements prepared in accordance with IFRS will be for the quarter ending June 30, 2014, which will provide corresponding comparative financial information for fiscal 2014, including an opening statement of financial position as at April 1, 2013.

IFRS will change to a certain degree the Company's financial statement presentation and will include additional note disclosure at the quarter ends and year end.

Management believes that the conversion to IFRS will not materially affect the Company's business arrangements, systems, internal controls over financial reporting, or disclosure controls and procedures.

Additional Information

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

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



Duncan N.R. Jackman
Chairman and President
May 6, 2014

UNITED CORPORATIONS LIMITED

FINANCIAL HIGHLIGHTS

For each of the years in the five-year period ended March 31, 2014:

DATA PER COMMON SHARE	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
NET EQUITY VALUE, beginning of year	\$ 82.03	\$ 72.32	\$ 71.82	\$ 67.33	\$ 54.81
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	1.53	1.43	1.43	1.23	1.16
Net gain (loss) on investments	17.33	9.69	(0.13)	4.06	12.16
	18.86	11.12	1.30	5.29	13.32
CASH DIVIDENDS TO COMMON SHAREHOLDERS					
Quarterly	(0.80)	(0.80)	(0.80)	(0.80)	(0.80)
Additional	(0.63)	(0.63)	—	—	—
	(1.43)	(1.43)	(0.80)	(0.80)	(0.80)
TAXATION CHANGES					
Net decrease in refundable dividend taxes on hand	—	0.02	—	—	—
NET EQUITY VALUE, end of year	\$ 99.46	\$ 82.03	\$ 72.32	\$ 71.82	\$ 67.33

UNITED CORPORATIONS LIMITED

MANAGEMENT'S REPORT

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

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

The shareholders of the Company appointed the external auditors, PricewaterhouseCoopers LLP. The external auditors 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 the following page.



Duncan N.R. Jackman
Chairman and President
May 6, 2014



Frank J. Glosnek
Treasurer

UNITED CORPORATIONS LIMITED

INDEPENDENT AUDITORS' REPORT

To the Shareholders of United Corporations Limited:

We have audited the accompanying financial statements of United Corporations Limited, which comprise the statements of net assets as at March 31, 2014 and 2013, the statement of investments as at March 31, 2014 and the statements of operations, retained earnings and changes in net assets for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Corporations Limited as at March 31, 2014 and 2013 and the results of its operations and changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

May 6, 2014
Toronto, Canada

Chartered Accountants, Licensed Public Accountants

UNITED CORPORATIONS LIMITED

STATEMENTS OF NET ASSETS

	March 31	
	2014	2013
	(000's)	
ASSETS		
Investments, at fair value (Notes 4, 7 and 8)	\$ 1,247,629	\$ 1,032,275
Cash	6,635	4,075
Short-term investments	6,728	9,574
Receivable in respect of investments sold	2,185	—
Accrued income on investments	2,791	2,365
Other assets	658	418
	1,266,626	1,048,707
LIABILITIES		
Accounts payable and accrued liabilities	692	573
Income taxes payable	3,958	12,535
Future income taxes (Note 3)	41,364	27,587
	46,014	40,695
NET ASSETS	\$ 1,220,612	\$ 1,008,012
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		
Issued:		
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	679,612	467,012
TOTAL SHAREHOLDERS' EQUITY	\$ 1,220,612	\$ 1,008,012

APPROVED BY THE BOARD



DUNCAN N.R. JACKMAN, Director



MICHAEL J. WHITE, Director

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF OPERATIONS

	Years ended March 31	
	2014	2013
INVESTMENT INCOME		
Dividends		(000's)
Foreign	\$ 29,319	\$ 20,207
Canadian (Note 8)	1,047	5,860
	30,366	26,067
Interest, including securities lending income (Note 9)	409	379
	30,775	26,446
EXPENSES		
Investment management and administrative costs (Note 8)	4,329	3,392
Transfer, registrar and custody fees	375	216
Office and miscellaneous	262	267
Directors' and officer's remuneration	229	234
Professional fees	66	71
	5,261	4,180
Investment income before income taxes	25,514	22,266
Provision for income taxes (Note 3)	6,450	4,474
NET INVESTMENT INCOME	19,064	17,792
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments (Note 5)	121,542	103,637
Net change in unrealized appreciation of investments (Note 4)	90,498	15,501
Transaction costs on purchase and sale of investments	(686)	(988)
NET GAIN ON INVESTMENTS	211,354	118,150
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 230,418	\$ 135,942
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 18.86	\$ 11.12

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF RETAINED EARNINGS

	Years ended March 31	
	2014	2013
BEGINNING OF YEAR	\$ 467,012	\$ 348,646
Add:		
Increase in net assets from operations	230,418	135,942
Refundable dividend taxes recovered	18	1,912
	230,436	137,854
Deduct:		
Dividends:		
First Preferred Shares (\$1.50 per share)	78	78
Second Preferred Shares (\$1.50 per share)	300	300
Common Shares (\$1.43 per share)	17,438	17,438
Provision for refundable dividend taxes	20	1,672
	17,836	19,488
END OF YEAR	\$ 679,612	\$ 467,012

STATEMENTS OF CHANGES IN NET ASSETS

	Years ended March 31	
	2014	2013
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 230,418	\$ 135,942
DIVIDENDS TO SHAREHOLDERS		
Preferred Shares	(378)	(378)
Common Shares	(17,438)	(17,438)
	(17,816)	(17,816)
TAXATION CHANGES		
Net (increase) decrease in refundable dividend taxes on hand (Note 3)	(2)	240
INCREASE IN NET ASSETS	212,600	118,366
NET ASSETS, BEGINNING OF YEAR	1,008,012	889,646
NET ASSETS, END OF YEAR	\$1,220,612	\$1,008,012

(See accompanying notes)

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2014

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 under the symbols UNC, UNC.PR.A, UNC.PR.B and UNC.PR.C. 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

Carrying value of investments

The Company is an investment company as defined by accounting guideline AcG-18 "Investment Companies". In accordance with AcG-18, the Company has categorized its investments as held for trading and has recorded its investments at fair value established by the bid price for a security on the recognized stock exchange on which it is principally traded, as defined in CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement".

The fair values of investments listed on stock exchanges are based on bid prices. These fair values 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 bid prices.

Financial instruments

The Company's financial instruments consist of investments, cash, short-term investments, receivables in respect of investments sold, accrued income on investments, other assets, accounts payable and accrued liabilities, and income taxes payable. Investments, cash and short-term investments are categorized as held for trading. Accrued income on investments, receivables in respect of investments sold, and other assets are designated as loans and receivables and are recorded at amortized cost. Similarly, accounts payable and accrued liabilities, and income taxes payable are designated as financial liabilities and are reported at amortized cost. Amortized cost approximates fair value for these assets and liabilities due to their short-term nature.

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, approximate fair value.

Accounting estimates

The preparation of 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 date of the financial statements and the amounts of income and expense during the reported period. Actual results could differ from these estimates. Estimates and assumptions are used primarily in the determination of the Company's future income tax liabilities, as the income tax rates used in determining the liability is dependent on an assumption as to when a future income tax liability is expected to be realized.

Investment transactions

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are calculated on an average cost basis. Transaction costs on the purchase and sale of investments are recognized immediately in net gain on investments.

Dividend and interest income

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

Securities lending income

Securities lending income is recognized as earned.

Translation of foreign currency

- Monetary assets and liabilities and the fair value of investments 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;

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (continued) MARCH 31, 2014

2. Summary of significant accounting policies (continued)

- Realized foreign currency exchange gains (losses) on investments are included in “net realized gain on investments” in the Statement of Operations; and
- Unrealized foreign currency exchange gains (losses) on investments are included in “net change in unrealized appreciation of investments” in the Statement of Operations.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which the capital gains are expected to be realized.

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 (Note 5) 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 net increase in refundable dividends taxes on hand for the year ended March 31, 2014 was approximately \$2,000 (2013 - a decrease of \$240,000).

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

	<u>2014</u>	<u>2013</u>
Basic combined federal and provincial rate	26.50%	26.50%
Tax effect related to dividends from taxable Canadian corporations	(1.09)	(6.97)
Effect of foreign withholding taxes	(0.14)	0.53
Effect of other adjustments	0.01	0.03
Effective income tax rate	25.28%	20.09%

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

	<u>2014</u>	<u>2013</u>
	(000's)	
Current	\$ 6,339	\$ 4,255
Future	111	219
Provision for income taxes	\$ 6,450	\$ 4,474

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

	<u>2014</u>	<u>2013</u>
	(000's)	
Unrealized appreciation of investments	\$ 40,623	\$ 26,960
Accrued dividends	741	627
Future income taxes	\$ 41,364	\$ 27,587

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (continued) MARCH 31, 2014

7. Risk management of financial instruments

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

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company, from time to time, is exposed to credit risk associated with its securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"), as its lending agent. Security lending may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed by the receipt of collateral and the use of a counterparty whose credit worthiness is considered sufficient based on the Company's evaluation. The Company had exposure to securities lending arrangements at March 31, 2014 of approximately \$165,589,000 (2013 - \$114,392,000) and received approximately \$173,868,000 (2013 - \$120,112,000) in collateral. The Company has recourse to the Royal Bank of Canada in the event RBC IS fails to discharge its securities lending obligation (Note 9). There was no significant exposure to credit risk to other receivable balances because of their short-term nature.

Liquidity risk

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

Market risk

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

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

Currency risk is not considered to arise from financial instruments that are non-monetary items, such as equity instruments. The Company considers the foreign exchange exposures relating to non-monetary assets to be a component of other price risk.

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

- A 10% fluctuation in global equity market prices, assuming all other factors are constant, would have an after-tax impact of approximately \$108,232,000 (2013 - \$89,550,000) on net assets from operations.

Classification of fair value measurements

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

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

At March 31, 2014 and March 31, 2013, all of the Company's investments were Level 1 investments. There were no transfers between Level 1, 2 or 3 investments during either year. All of the Company's short-term investments, in both years, are Level 2 investments.

8. Related party information

Included in the Company's investments is Algoma Central Corporation ("Algoma") with a fair value of \$57,286,000 (2013 - \$51,847,000). Dividend income from Algoma for the fiscal year ended March 31, 2014 was \$1,015,000 (2013 - \$870,000). Included in investment management and administrative costs are fees for administrative services paid to E-L Financial Corporation Limited ("E-L Financial"). The total fees, including HST, for the year ended March 31, 2014 amounted to \$1,233,000 (2013 - \$998,000). 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.

These transactions were conducted in the ordinary course of operations, and are recorded at their exchange amount, representing the amount of consideration paid (or received) as established and agreed by the related parties.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (continued) MARCH 31, 2014

9. Securities lending

The Company has entered into a securities lending agreement with its custodian, RBC IS. Under the agreement, the Company permits RBC IS to lend the Company's securities held in custody by RBC IS, in exchange for a securities lending fee paid by RBC IS. The Company will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally comprise 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 the Company, RBC IS must restore to the Company securities identical to the loaned securities or 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 IS. If the collateral is not sufficient to allow RBC IS to pay such market value to the Company, RBC IS shall indemnify the Company for the difference between the market value of the securities and the value of such collateral on the Valuation date. The Company has recourse to the Royal Bank of Canada in the event RBC IS fails to discharge its securities lending obligation.

During the year, the Company recognized approximately \$369,000 (2013 - \$335,000) in securities lending income. Securities loaned in the program earn income at market securities lending rates. The securities lending agreements can be terminated at any time by the borrower, the agent or the Company.

10. Capital

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

The Company monitors its capital via its assessment of shareholders' equity. The shareholders' equity of the Company as at March 31 is as follows:

	2014	2013
		(000's)
Shareholders' equity	\$ 1,220,612	\$ 1,008,012

11. Future accounting changes

International Financial Reporting Standards ("IFRS")

The Company will adopt IFRS commencing April 1, 2014. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending June 30, 2014, which will provide corresponding comparative financial information for fiscal 2014, including an opening statement of financial position as at April 1, 2014.

On transition, management has decided that it will elect to change its valuation of its investments from a bid basis to a close basis. Commencing with the first set of IFRS financial statements for the quarter ending June 30, 2014, the prior fiscal year's opening statement of financial position will include an increase in the carrying value of investments, future / deferred income taxes and net equity value per Common Share. These same financial statement items are expected to increase for the fiscal 2014 comparative quarter-end financial statements, as well as reflect corresponding changes to the net change in unrealized appreciation of investments and the provision for income tax for the respective quarter ends. In addition, IFRS will change to a certain degree the Company's financial statement presentation and will include additional note disclosure. Management believes that the conversion to IFRS will not materially affect the Company's business arrangements, systems, internal controls over financial reporting, or disclosure controls and procedures.

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2014

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
3,625,680	Algoma Central Corporation ¹	\$ 6,201	\$ 57,286	
31,700	Weston (George) Limited	2,607	2,609	
		<u>8,808</u>	<u>59,895</u>	4.8
United States				
91,880	3M Co.	8,424	13,777	
109,510	Allergan, Inc.	10,911	15,014	
131,980	Automatic Data Processing Inc.	6,970	11,269	
103,890	Becton, Dickinson and Company	7,863	13,443	
120,100	Clorox Company (The)	11,643	11,682	
164,590	Colgate-Palmolive Company	7,552	11,871	
124,000	Computer Sciences Corporation	6,886	8,333	
642,300	ConAgra Foods, Inc.	20,554	22,022	
169,370	Dollar Tree, Inc.	6,425	9,770	
162,180	Emerson Electric Company	7,614	11,974	
59,910	EOG Resources, Inc.	7,118	12,990	
99,700	Exxon Mobil Corporation	7,632	10,764	
161,740	Fiserv, Inc.	5,398	10,133	
546,500	General Mills, Inc.	25,110	31,302	
9,490	Google Inc.	10,013	11,690	
105,740	Halliburton Company	3,429	6,883	
336,300	Hormel Foods Corporation	15,600	18,307	
68,910	IBM Corporation	12,351	14,678	
113,280	Johnson & Johnson	7,905	12,299	
215,350	JPMorgan Chase & Co.	8,905	14,451	
251,200	Kimberly Clark Corporation	23,749	30,611	
242,966	Kraft Foods Inc.	12,477	15,063	
338,700	Merck & Co., Inc.	16,124	21,212	
289,670	MetLife, Inc.	10,017	16,908	
561,000	Microsoft Corporation	19,041	25,423	
147,500	Mondelez International Inc. Class A	4,622	5,633	
347,000	Oracle Corporation	11,433	15,733	
138,570	PepsiCo, Inc.	9,414	12,789	
989,457	Pfizer Inc.	28,299	35,128	
96,110	Philip Morris International Inc.	6,373	8,680	
1,554,500	Staples Inc.	22,580	19,467	
116,660	Target Corporation	7,942	7,801	
69,540	Time Warner Cable Inc.	5,904	10,544	
311,080	US Bancorp.	8,904	14,737	
113,600	Verisk Analytics Inc. Class A	4,678	7,527	
220,350	Walgreen Company	7,571	16,082	
129,900	Waste Management Inc.	5,195	6,043	
298,701	Wells Fargo & Company	14,286	16,423	
		<u>416,912</u>	<u>558,456</u>	44.8
Mexico				
66,200	Fomento Economico Mexicano, S.A. de C.V. ADR	3,925	6,822	0.5
	Total North America	<u>429,645</u>	<u>625,173</u>	50.1

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UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2014 (continued)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
Europe, excluding United Kingdom				
41,603	Adidas AG	\$ 3,845	\$ 4,974	
72,218	Anheuser-Busch Inbev SA ADR.....	6,277	8,406	
353,949	AXA	7,123	10,167	
1,481,648	Banco Santander Central Hispano S.A.....	13,587	15,612	
94,648	Bayer AG.....	8,271	14,166	
200,427	Casino Guichard-Perrachon S.A.....	22,349	26,326	
945,414	Davide Campari-Milano S.p.A.....	7,125	8,566	
325,827	Delhaize Group.....	23,027	26,320	
84,746	Fresenius Medical Care & Co. KGaA.....	5,839	6,527	
115,520	Fresenius Medical Care & Co. KGaA ADR	1,867	4,449	
300,476	Group Danone S.A.....	23,031	23,485	
124,698	Kerry Group plc.....	6,588	10,483	
1,267,052	Koninklijke Ahold NV.....	21,162	28,130	
74,979	Lafarge S.A.....	4,828	6,473	
43,055	L'Air Liquide S.A.....	3,982	6,446	
40,511	LVMH Moët Hennessy Louis Vuitton SA.....	7,202	8,139	
394,984	Nestlé SA	24,918	32,836	
90,590	Nestlé SA ADR.....	3,122	7,532	
155,373	OMV AG.....	7,768	7,800	
890,726	Orange S.A.....	14,365	14,540	
75,945	Publicis Groupe.....	5,132	7,566	
60,391	Roche Holding AG.....	14,316	20,006	
129,379	Sanofi.....	10,945	14,909	
119,906	Schneider Electric S.A.....	8,424	11,749	
1,524,632	Securitas AB Class B	15,867	19,493	
97,251	Siemens AG	10,068	14,521	
485,632	Telenor ASA.....	9,463	11,890	
		<u>290,491</u>	<u>371,511</u>	29.8
United Kingdom				
397,108	BG Group plc	7,264	8,175	
117,918	Diageo plc	3,676	4,043	
28,020	Diageo plc ADR.....	2,119	3,859	
524,331	GlaxoSmithKline plc.....	13,295	15,374	
1,027,396	HSBC Holdings Inc.....	9,335	11,501	
349,395	National Grid plc.....	3,956	5,293	
35,760	National Grid plc ADR.....	1,639	2,716	
253,840	Royal Dutch Shell plc.....	10,115	10,249	
417,858	Standard Chartered plc.....	10,350	9,653	
		<u>61,749</u>	<u>70,863</u>	5.7
Asia				
361,600	Asahi Group Holdings Co.....	9,366	11,205	
208,900	FamilyMart Co., Ltd.....	10,269	10,143	
61,300	Fanuc Corporation	9,183	11,974	
1,082,700	Inpex Corporation.....	14,633	15,544	
98,700	KDDI Corporation.....	4,737	6,315	
18,088	Keyence Corporation	4,302	8,256	
537,000	Kirin Holdings Company, Limited.....	7,708	8,228	
49,200	KOA Corporation.....	1,885	1,930	
1,281,000	Konica Minolta Holdings Inc.....	12,644	13,209	
92,800	Lawson Inc.....	7,069	7,249	
83,700	Makita Corporation.....	3,699	5,083	
979,100	Mitsubishi Tanabe Pharma Corporation.....	15,542	15,149	
1,062,900	Mitsubishi UFJ Financial Group	7,015	6,455	
1,968,000	Osaka Gas Co., Ltd.....	8,697	8,257	
150,400	Secom Co. Ltd.....	8,287	9,584	
725,400	Television Broadcasts Limited.....	4,679	4,796	
186,000	Toyota Motor Corporation.....	8,395	11,627	
		<u>138,110</u>	<u>155,004</u>	12.4

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UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2014 (continued)

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value</u>
		(000's)		
	Australia			
235,650	AGL Energy Ltd.....	\$ 3,615	\$ 3,662	
250,839	Australia and New Zealand Banking Group Limited	6,606	8,497	
88,800	BHP Billiton Ltd-Spon ADR	6,528	6,652	
		<u>16,749</u>	<u>18,811</u>	1.5
	South America			
414,740	Banco Bradesco S.A. ADR.....	6,439	6,267	0.5
	Total investments	<u>\$ 943,183</u>	<u>\$1,247,629</u>	<u>100.0</u>

¹ This company and United can be significantly influenced by the same party.

UNITED CORPORATIONS LIMITED

COMPANY BACKGROUND

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

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

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

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

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

UNITED CORPORATIONS LIMITED

FINANCIAL RECORD: 1929 - 2014 (Unaudited)

Year	Total Net Assets * (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Investment Income Available for Common Shares (000's)	Net 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 - 2014 (continued) (Unaudited)

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

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

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

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

** Includes the impact of historical stock dividends.

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

UNITED CORPORATIONS LIMITED

FINANCIAL RECORD: 1929 - 2014 (continued) (Unaudited)

Historical Stock Dividends

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

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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TORONTO STOCK EXCHANGE LISTINGS

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

NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published weekly 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 contact the Chairman of the Audit Committee at the following:

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

