

UNITED CORPORATIONS LIMITED

ANNUAL REPORT 2006

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE FISCAL YEAR AT A GLANCE

Year ended March 31	2006	2005
Net equity value per Common Share	\$ 76.46	\$ 67.13
Net investment income per Common Share	\$ 1.04	\$ 1.02
Regular dividends per Common Share	\$ 0.80	\$ 0.80
Net assets	\$ 940,068	\$ 826,344
Investment income	\$ 20,480	\$ 19,786
Net investment income	\$ 13,054	\$ 12,840
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 Monday, June 26, 2006, 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.

HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8

Tel: 416-947-2578

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SHARES LISTED

Toronto Stock Exchange

STOCK SYMBOLS

Common Shares

UNC

First Preferred Shares

UNC.PR.A

1959 Series Second Preferred Shares

UNC.PR.B

1963 Series Second Preferred Shares

UNC.PR.C

BANKERS

The Bank of Nova Scotia

AUDITORS

PricewaterhouseCoopers LLP

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

WEBSITE

www.ucorp.ca

UNITED CORPORATIONS LIMITED

BOARD OF DIRECTORS

J. CHRISTOPHER BARRON	Chairman Scotia Cassels Investment Counsel Limited
E. KENDALL CORK	Managing Director Sentinel Associates Limited
DUNCAN N. R. JACKMAN	Chairman, President and Chief Executive Officer E-L Financial Corporation Limited
THE HONOURABLE HENRY N. R. JACKMAN	Honorary Chairman The Empire Life Insurance Company
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
J. CHRISTOPHER WANSBROUGH	Director Rogers Communications Inc.
MICHAEL J. WHITE	President Co-operators Investment Counselling Limited

OFFICERS

DUNCAN N. R. JACKMAN	Chairman and President
MARK M. TAYLOR	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 financial position and results of operations for United Corporations Limited ("United" or the "Company") for the years ended March 31, 2006 and 2005. This MD&A should be read in conjunction with the Company's March 31, 2006 year end consolidated financial statements, which form part of the Company's 2006 Annual Report dated May 11, 2006. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, unless otherwise noted, both the 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

Global stock markets performed reasonably well in fiscal 2006. The performance of global equities was somewhat mitigated by foreign currency movements in fiscal 2006 as the Canadian dollar strengthened against most other currencies.

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. Net equity value per Common Share is the net equity value divided by the number of Common Shares outstanding. Overall, the Company's net equity value per share increased to \$76.46 at March 31, 2006 from \$67.13 at March 31, 2005. Including the reinvestment of dividends at month-end net equity values, the Company's net equity value per share increased 15.2% in fiscal 2006.

The Company's global investment portfolio performed well in fiscal 2006. Jarislowsky Fraser Limited ("Jarislowsky"), which manages approximately 66% of the investment portfolio, achieved a return of 15.5% in fiscal 2006. Sanford C. Bernstein & Co. Inc., LLC, a wholly owned subsidiary of Alliance Capital Management L.P. ("Bernstein"), which manages approximately 30% of the investment portfolio, achieved a return of 23.3%. A portion of Bernstein's performance was due to a successful currency hedging strategy which preserved capital.

In Canadian dollar terms, in fiscal 2006, 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 fiscal 2006 market performance was in excess of the returns of fiscal 2005 in which the TSX Total Return Index increased 13.9%, the MSCI World Index increased 2.1% and the S&P 500 Index decreased 1.5%.

Operating Results - Fiscal 2006

Net Investment Income

Net investment income increased to \$13,054,000 from \$12,840,000 in fiscal 2005, an increase of 1.7%. The increase was due to an increase in foreign dividends which more than offset the increase in management costs. The increase in foreign dividends is a result of the continued shift to non-Canadian assets. There were no special foreign dividends received in fiscal 2006, unlike fiscal 2005, in which special dividends were received from InterContinental Hotels Group PLC and Microsoft Corporation. Canadian dividend income in fiscal 2006, which included a special dividend from Rothmans Inc., was relatively unchanged from fiscal 2005.

Management costs increased to \$2,839,000 in fiscal 2006 from \$2,517,000 in fiscal 2005. Management costs, which include management and administrative services, 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 6). The Company continued to maintain its low management expense ratio ("MER") at 0.41%, which is unchanged from fiscal 2005.

Net Gain on Investments

The Company realized a Net gain on investments sold before taxes of \$52,674,000 in the current year compared to a net gain of \$30,090,000 in fiscal 2005. The majority of the Company's realized gains were as a result of the sale of Canadian equities. The largest gains realized were from Nexen Inc., Royal Bank of Canada, Talisman Energy Inc., Shinhan Financial Group Co., Ltd., ConocoPhillips and Arcelor. The most significant losses realized during the year were from sales of Heineken NV, Svenska Cellulosa AB-B (SCA) and Vestas Wind Systems A/S. 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 the U.S. dollar resulted in a realized gain of \$3,066,000 (2005 - \$6,704,000).

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 \$67,073,000 in fiscal 2006 (2005 - \$43,867,000). While many investments performed well during the year, it was the Company's exposure to Canadian equities that were most rewarding. The largest gains, in addition to the equities previously mentioned in Net gain on investments, were from the investments in Algoma Central Corporation ("Algoma") (Note 6), Manulife Financial Corporation, Toronto-Dominion Bank and Shell Canada Ltd. The poorest performers in fiscal 2006 were Loblaw Cos. Limited and HCA Inc.

Operating Results - Fourth Quarter, Fiscal 2006

Global stock markets generally posted very positive results in the quarter ended March 31, 2006. Canada, in particular, performed extremely well in the quarter. The Canadian dollar was relatively flat compared to the U.S. dollar in the quarter. In Canadian dollar terms, in the fourth quarter of fiscal 2006, the S&P/TSX Composite Index increased 8.0%, the MSCI World Index increased 6.7% and the S&P 500 Index increased 4.3%.

The Company's global investment portfolio performed strongly in the fourth quarter of fiscal 2006. Jarislowsky achieved a return of 4.7% and Bernstein achieved a return of 9.8%.

The Company's net equity value per share increased to \$76.46 at March 31, 2006 from \$72.74 at December 31, 2005. Including the reinvestment of dividends at month-end net equity values, the Company's net equity value per share increased 5.4% in the fourth quarter of fiscal 2006.

Three Year Results

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net investment income per Common Share	\$ 1.04	\$ 1.02	\$ 0.91
Net gain on investments per Common Share	9.09	5.60	11.88
Cash dividends per Common Share	0.80	0.80	0.80
Cash dividends per Preferred Share	1.50	1.50	1.50
Total assets	995,988	863,442	783,752
Investment income	20,480	19,786	17,277
Net investment income	13,054	12,840	11,419
Net gain on investments	110,863	68,272	144,937

The performance of United, as demonstrated above, suggests that the performance of equity markets (C\$) has been positive in recent years. In fact, the TSX Total Return 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 fluctuation of the investment income is mainly due to special dividends that were received in fiscal 2005. The special dividends are discussed further in the Quarterly Review.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Review - Fiscal 2006 and 2005

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

	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

	2005 Fiscal Year			
	Quarter ended			
	Jun. 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investment income	\$ 6,567	\$ 4,039	\$ 4,549	\$ 4,631
Net investment income	4,239	2,651	2,971	2,979
Per Common Share: ¹				
Net investment income	\$ 0.34	\$ 0.21	\$ 0.24	\$ 0.23
Net gain (loss) on investments	1.11	(0.90)	3.31	2.08
Increase (decrease) in net assets from operations	\$ 1.45	\$ (0.69)	\$ 3.55	\$ 2.31

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. While North American investments generally 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 Rothmans Inc. in the first quarter of fiscal 2006 and both Intercontinental Hotels Groups PLC and Microsoft Corporation in the third quarter of fiscal 2005.

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. In fiscal 2003, the investment strategy of the Company changed to allow for increased investment in non-Canadian capital markets. The equity investments in the portfolio currently reflect global investment opportunities.

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 6 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, regulatory risk, sovereign risk and securities lending risk. These risks are described in the Risks section of the Company's Annual Information Form.

Disclosure Controls and Procedures

As at March 31, 2006, the effectiveness of the design and operation of the Company's disclosure controls and procedures was evaluated by management, under the supervision and with the participation of the President and Treasurer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon that evaluation and as at March 31, 2006, the President and Treasurer concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports the Company files and submits under applicable Canadian securities laws is recorded, processed, summarized and reported as and when required.

Share Data

As at March 31, 2006, 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.

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)

Retirement of Directors

The Board would like to express its tremendous gratitude to The Honourable Henry N.R. Jackman, Mr. J. Christopher Barron and Mr. J. Christopher Wansbrough, on the occasion of their retirement. Mr. Jackman was first appointed as a Director of the Company in 1972, and he also served as Chairman of the Board for many years. Mr. Barron was appointed to the Board in 2002, and his extensive knowledge of the investment industry has been very valuable to the Company. Mr. Wansbrough was appointed to the Board in 1989 and has participated actively in the Company, including serving as Chairman and President of the Company from 1992 through 1996 as well as the Chairman of the Audit Committee in recent years.

The significant contributions of these three gentlemen have been very beneficial to the shareholders of the Company.

May 11, 2006

Duncan N.R. Jackman
Chairman of the Board

UNITED CORPORATIONS LIMITED

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended March 31, 2006

DATA PER COMMON SHARE	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
NET EQUITY VALUE, beginning of year	\$ 67.13	\$ 61.32	\$ 49.33	\$ 61.53	\$ 58.94
INCOME FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	1.04	1.02	0.91	0.97	0.95
Net realized and unrealized gain (loss) on investments	9.09	5.60	11.88	(12.37)	3.41
	10.13	6.62	12.79	(11.40)	4.36
DISTRIBUTIONS TO COMMON SHAREHOLDERS					
From net investment income	(0.80)	(0.80)	(0.80)	(0.80)	(0.94)
From net realized gain on investments	—	—	—	—	(5.63)
	(0.80)	(0.80)	(0.80)	(0.80)	(6.57)
Less: Shares issued as stock dividends	—	—	—	—	3.94
Cash distributions to common shareholders	(0.80)	(0.80)	(0.80)	(0.80)	(2.63)
TAXATION CHANGES					
Income taxes recoverable on distributions from net realized gain on investments	—	—	—	—	1.07
Change in refundable capital gains tax on hand	—	—	—	—	(0.21)
Increase in refundable dividend tax on hand	—	(0.01)	—	—	—
	—	(0.01)	—	—	0.86
NET EQUITY VALUE, end of year	\$ 76.46	\$ 67.13	\$ 61.32	\$ 49.33	\$ 61.53

All per share figures have been restated based on the number of Common Shares outstanding at March 31, 2006.

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 1 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, 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 11, 2006

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, 2006 and 2005, and the consolidated statement of investments as at March 31, 2006 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, 2006 and 2005 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 11, 2006
Toronto, Canada

PricewaterhouseCoopers LLP
Chartered Accountants

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF NET ASSETS

	March 31	
	2006	2005
ASSETS		(000's)
Investments, at market value (cost - \$704,452; 2005 - \$644,571)	\$ 970,875	\$ 828,382
Cash	12,270	4,449
Short-term investments	8,682	26,291
Receivable in respect of investments sold	1,437	2,047
Accrued income on investments	2,209	1,852
Other assets	515	421
	995,988	863,442
LIABILITIES		
Accounts payable and accrued liabilities	660	743
Payable in respect of investments purchased	3,538	597
Income taxes payable	2,321	2,235
Future income taxes (Note 2)	49,401	33,523
	55,920	37,098
NET ASSETS	\$ 940,068	\$ 826,344
SHAREHOLDERS' EQUITY		
Stated capital (Note 5)		
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	181,096	134,445
Unrealized appreciation of investments (Note 3)	217,972	150,899
TOTAL SHAREHOLDERS' EQUITY	\$ 940,068	\$ 826,344

APPROVED BY THE BOARD

DUNCAN N.R. JACKMAN, Director

J. CHRISTOPHER WANSBROUGH, Director

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended March 31	
	2006	2005
	(000's)	
INVESTMENT INCOME		
Dividends		
Foreign	\$ 13,223	\$ 12,453
Canadian	6,531	6,533
	19,754	18,986
Interest, including securities lending income (Note 7)	726	800
	20,480	19,786
EXPENSES		
Management costs (Note 6)	2,839	2,517
Directors' and officers' remuneration	173	166
Office and miscellaneous	196	185
Transfer, registrar and custodial agents' fees	312	276
Professional fees	59	58
Capital tax	94	99
	3,673	3,301
Investment income before income taxes	16,807	16,485
Income taxes (Note 2)	3,753	3,645
NET INVESTMENT INCOME	13,054	12,840
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments (Note 4)	43,790	24,405
Net change in unrealized appreciation of investments (Note 3)	67,073	43,867
NET GAIN ON INVESTMENTS	110,863	68,272
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 123,917	\$ 81,112
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 10.13	\$ 6.62

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Years ended March 31	
	2006	2005
	(000's)	
BEGINNING OF YEAR	\$ 134,445	\$ 107,459
Add:		
Net investment income	13,054	12,840
Net realized gain on investments	43,790	24,405
Refundable dividend taxes recovered	2,088	2,063
	193,377	146,767
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	2,147	2,188
	12,281	12,322
END OF YEAR	\$ 181,096	\$ 134,445

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Years ended March 31	
	2006	2005
	(000's)	
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 123,917	\$ 81,112
DISTRIBUTIONS TO SHAREHOLDERS		
Cash distributions to Common Shareholders	(9,756)	(9,756)
Cash distributions to Preferred Shareholders	(378)	(378)
	(10,134)	(10,134)
TAXATION CHANGE		
Increase in refundable dividend taxes on hand	(59)	(125)
INCREASE IN NET ASSETS	113,724	70,853
NET ASSETS, BEGINNING OF YEAR	826,344	755,491
NET ASSETS, END OF YEAR	\$ 940,068	\$ 826,344

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2006

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.

1. 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, 2006. 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, 2006

2. 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, 2006, all of which is included in the Consolidated statements of retained earnings, amounted to approximately \$184,000 (2005 - \$125,000).

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

	<u>2006</u>	<u>2005</u>
Basic combined federal and provincial rate	36.12%	36.12%
Effect of tax on subsidiaries' income at basic tax rate and other adjustments	0.40	0.51
Effective income tax rate	36.52%	36.63%

	(000's)	
Applied to:		
Investment income before income taxes	\$ 16,807	\$ 16,485
Less: Dividends from taxable Canadian corporations	6,531	6,533
	\$ 10,276	\$ 9,952
Provision for income taxes	\$ 3,753	\$ 3,645

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

	<u>2006</u>	<u>2005</u>
	(000's)	
Current	\$ 3,673	\$ 3,595
Future	80	50
Provision for income taxes	\$ 3,753	\$ 3,645

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>2006</u>	<u>2005</u>
	(000's)	
Unrealized appreciation of investments	\$ 48,451	\$ 32,912
Accrued dividends	773	634
Other	177	(23)
Future income taxes	\$ 49,401	\$ 33,523

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) MARCH 31, 2006

3. Unrealized appreciation of investments

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

	<u>2006</u>	<u>2005</u>	<u>Change</u>
		(000's)	
Investments at market value	\$ 970,875	\$ 828,382	\$ 142,493
Investments at cost	704,452	644,571	59,881
Unrealized appreciation of investments before provision for future income taxes	266,423	183,811	82,612
Future income taxes	48,451	32,912	15,539
	\$ 217,972	\$ 150,899	\$ 67,073

4. Net realized gain on investments

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

	<u>2006</u>	<u>2005</u>
		(000's)
Proceeds on sales of investments	\$ 150,828	\$ 150,974
Cost of investments, beginning of year	644,571	615,875
Cost of investments purchased during the year	158,035	149,580
	802,606	765,455
Cost of investments, end of year	704,452	644,571
Cost of investments sold during the year	98,154	120,884
Realized gain on investments sold before income taxes	52,674	30,090
Income taxes on realized net taxable capital gains	8,884	5,685
Net realized gain on investments	\$ 43,790	\$ 24,405

5. Stated capital

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

- (a) 52,237 First Preferred 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, 2006

6. Related party information

Included in the Company's investments is Algoma with a market value of \$34,444,000 (2005 - \$29,187,000). Dividends from Algoma for the fiscal years ended March 31, 2006 and March 31, 2005 amounted to \$363,000 per year. Included in management 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, 2006 amounted to \$936,000 (2005 - \$837,000). 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.

7. Securities lending

The Company has entered into a securities lending agreement with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"). The Company will receive 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, 2006, the Company has on loan approximately \$299,604,000 (2005 - \$208,685,000) in securities, received approximately \$323,433,000 (2005 - \$222,400,000) in collateral, and recognized \$249,000 (2005 - \$205,000) 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.

8. 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	
	2006	2005
	(000's)	
Net assets	\$ 940,068	\$ 826,344
Deduct:		
Cost to redeem (Note 5)		
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	\$ 932,321	\$ 818,597
Net equity value per Common Share	\$ 76.46	\$ 67.13

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006

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	\$ 2,540	0.3
Common				
362,568	Algoma Central Corporation (Note 6).....	6,201	34,444	
25,420	Bank of Montreal	1,437	1,687	
484,970	Bank of Nova Scotia	8,361	22,706	
94,600	Cameco Corporation.....	330	3,973	
91,800	Canadian National Railway Company	2,709	4,858	
183,710	Canadian Natural Resources Ltd.	10,740	11,923	
141,800	Canadian Tire Corporation Ltd. Class A.....	4,043	8,877	
160,000	Canadian Utilities Limited Class A.....	3,915	6,154	
267,702	Canfor Corporation.....	1,998	3,828	
276,826	Enbridge Inc.	3,775	9,301	
188,400	Encana Corporation	3,276	10,268	
350,000	Great-West Lifeco Inc.	5,001	10,360	
101,480	Imperial Oil Limited	3,049	12,760	
210,676	Jean Coutu Group Inc. Class A.....	1,949	2,444	
100,000	Loblaw Cos. Limited.....	4,972	5,565	
270,200	Manulife Financial Corporation	8,943	19,795	
324,000	Metro Inc. Class A.....	3,021	9,639	
288,630	Nexen Inc.	4,582	18,559	
52,400	Nova Chemicals Corporation	1,491	1,744	
64,000	Potash Corp. of Saskatchewan.....	2,791	6,579	
199,000	Power Financial Corporation.....	1,144	7,047	
141,900	Quebecor Inc. Class B	5,165	3,746	
100,000	Rogers Communications Inc. Class B.....	2,051	4,455	
158,290	Rothmans Inc.	1,704	3,205	
381,276	Royal Bank of Canada	5,542	18,770	
219,200	Shaw Communications Inc. Class B	6,987	6,105	
354,260	Shell Canada Limited.	3,884	14,542	
346,140	SNC-Lavalin Group Inc. Class A.....	1,459	11,038	
96,305	Sun Life Financial Inc.	2,195	4,782	
8,820	Suncor Energy Inc.	690	791	
241,270	Talisman Energy Inc.	3,608	14,964	
214,110	Thomson Corporation (The).....	9,694	9,324	
284,608	Toronto-Dominion Bank	5,829	18,519	
299,700	TransCanada Corporation	4,553	10,091	
170,000	Transcontinental Inc Class A.....	3,402	3,318	
240,000	TVA Group Inc. Class B	3,202	3,814	
120,600	West Fraser Timber Co. Ltd.	2,751	5,047	
55,000	Weston (George) Limited	5,073	4,626	
		<u>151,517</u>	<u>349,648</u>	36.0
United States				
49,600	3M Co.....	4,788	4,382	
64,000	Abbott Laboratories.....	3,891	3,172	
117,500	Altria Group, Inc.	9,447	9,717	
71,100	American Int'l Group Inc.....	5,841	5,484	
70,000	Anheuser-Busch Companies, Inc.	3,370	3,494	
126,760	Aramark Corporation Class B	4,515	4,370	
86,600	Bank of America Corporation	4,466	4,603	
48,000	Beckman Coulter, Inc.	3,113	3,057	
50,000	Cardinal Health Inc.....	3,949	4,349	
196,400	Chevron Corporation.....	13,143	13,288	
30,500	The Chubb Corporation.....	2,784	3,397	
111,000	Citigroup Inc.	6,969	6,119	
22,960	Clorox Company (The).....	1,528	1,604	
88,000	Colgate-Palmolive Company.....	6,217	5,864	
108,300	Comcast Corporation Special Class A	4,286	3,301	
88,200	ConocoPhillips	3,312	6,501	
220,000	CVS Corporation	5,271	7,669	
126,000	Disney (Walt) Company	4,644	4,101	
50,000	Emerson Electric Company.....	4,279	4,880	
60,700	E.W. Scripps Company (The) Class A.....	3,520	3,167	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
United States (continued)				
79,800	Exxon Mobile Corporation.....	5,043	5,668	
120,100	Fannie Mae	11,309	7,205	
102,000	Fifth Third Bancorp.....	6,849	4,686	
65,000	Fiserv, Inc.	3,364	3,228	
84,900	Freddie Mac	6,464	6,044	
256,400	General Electric Company	11,048	10,408	
54,140	GlobalSantaFe Corporation	2,533	3,839	
95,400	Hartford Financial Services Group, Inc. (The).....	8,066	8,969	
143,800	HCA Inc.	8,187	7,685	
158,100	Hewlett-Packard Company	4,463	6,071	
50,000	Jefferson-Pilot Corporation	3,616	3,264	
74,700	Johnson & Johnson.....	5,298	5,163	
155,800	JPMorgan Chase & Co.	8,050	7,572	
67,000	Kimberly-Clark Corporation.....	5,719	4,520	
192,500	Kroger Co. (The)	4,432	4,574	
50,000	Medtronic Inc.....	3,026	2,962	
39,100	Metlife, Inc.	1,383	2,207	
200,400	Microsoft Corporation.....	7,527	6,364	
2,030	Neenah Paper Inc.	93	78	
7,000	Occidental Petroleum Corporation	456	757	
40,300	PartnerRe Ltd.	3,103	2,920	
80,000	PepsiCo, Inc.	5,243	5,396	
147,000	Pfizer Inc.	7,120	4,275	
91,875	Proctor & Gamble Company (The).....	5,185	6,178	
74,600	Safeway Inc.....	1,894	2,187	
204,800	Sprint Nextel Corporation.....	6,251	6,176	
15,700	Textron Inc.....	1,185	1,711	
412,050	Time Warner Inc.....	10,269	8,074	
76,000	Wal-Mart Stores, Inc.	5,573	4,190	
62,000	Wells Fargo & Company	4,112	4,622	
27,500	XL Capital Ltd Class A	3,054	2,058	
		<u>259,248</u>	<u>251,570</u>	25.9
Mexico				
42,000	Fomento Economico Mexicano, S.A. de C.V. ADR	3,436	4,492	0.4
	Total North America	<u>417,713</u>	<u>608,250</u>	62.6
Latin America				
52,300	Petroleo Brasileiro S.A. ADR.....	1,635	4,875	
90,000	Votorantim Celulose e Papel S.A. ADR.....	1,588	1,699	
		<u>3,223</u>	<u>6,574</u>	0.7
Europe, excluding United Kingdom				
172,251	Anglo Irish Bank Corporation plc	3,169	3,319	
100,860	Arcelor.....	2,012	4,649	
58,700	Assurances Générales de France.....	4,438	8,284	
120,000	AXA.....	3,961	4,924	
300,000	Banco Santander Central Hispano SA	3,978	5,122	
38,000	Celesio AG	3,830	4,193	
58,800	Continental AG	2,428	7,587	
104,800	Credit Suisse Group.....	5,002	6,869	
8,800	Delhaize Group	556	738	
25,000	E.ON AG	2,890	3,218	
98,560	European Aeronautic Defense and Space Company.....	3,690	4,856	
168,300	Endesa, S.A.	4,639	6,353	
96,300	ENI S.p.A.	2,211	3,204	
1,116,500	Telefonaktiebolaget LM Ericsson	3,940	4,964	
61,620	Essilor International SA.....	3,834	6,426	
160,000	Fresenius Medical Care & Co. KGaA ADR	5,172	7,441	
42,000	Groupe Danone	4,522	6,016	
110,000	ING Groep N.V. ADR.....	4,093	5,058	
140,600	ING Groep N.V.	5,039	6,494	
32,000	Lafarge SA	3,193	4,239	
30,167	L'Air Liquide SA.....	5,636	7,343	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006 (continued)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
Europe, excluding United Kingdom (continued)				
52,000	L'Oreal SA	4,990	5,356	
170,000	Luxottica Group S.p.A. ADR	4,211	5,454	
41,300	MAN AG	1,926	3,357	
19,700	MOL Magyar Olaj - es Gazipari Rt.	922	2,362	
42,100	Muenchener Rueckversicherungs-Gesellschaft AG.....	5,836	6,985	
62,000	Nestlé S.A. ADR	5,126	5,239	
45,000	Novartis AG ADR	2,367	2,912	
56,800	Renault SA	6,176	7,062	
169,300	Repsol YPF, S.A.	4,717	5,623	
32,000	Roche Holding AG.....	4,261	5,565	
19,285	Sanofi-Aventis	1,137	2,145	
25,000	Synthes, Inc.	2,848	3,203	
51,000	Total SA ADR.....	6,248	7,844	
129,000	Xstrata PLC.....	2,264	4,878	
		<u>131,262</u>	<u>179,282</u>	18.5
United Kingdom				
262,941	Aviva PLC	2,821	4,267	
115,000	BP plc ADR	9,342	9,253	
319,200	BP plc	3,749	4,283	
75,000	Diageo plc ADR	5,729	5,552	
687,630	Friends Provident plc	2,735	2,910	
55,000	GlaxoSmithKline plc ADR	3,836	3,358	
100,890	HBOS plc	1,898	1,968	
66,880	HSBC Holdings plc ADR	6,182	6,540	
120,600	Reckitt Benckiser plc.....	4,478	4,960	
207,000	Royal Bank of Scotland Group plc	7,680	7,870	
370,000	Smith & Nephew plc.....	4,372	3,838	
83,300	Tate & Lyle PLC	964	966	
200,000	Vodafone Group Plc ADR.....	5,994	4,878	
2,161,900	Vodafone Group Plc.....	5,752	5,288	
97,714	Whitbread PLC	1,642	2,352	
		<u>67,174</u>	<u>68,283</u>	7.0
Asia				
697,000	Bank Hapoalim Ltd.	2,116	3,776	
50,000	Canon Inc. ADR	3,076	3,854	
48,300	Canon Inc.	2,744	3,737	
4,634,000	China Petroleum and Chemical Corporation (Sinopec).....	1,677	3,136	
584,750	Compal Electronics Inc.	3,422	3,535	
123,900	Credit Saison Co., Ltd.	6,409	8,012	
107,786	Emerging Markets Investors Fund	4,566	6,471	
54,100	Flextronics International Ltd.	1,020	654	
111,000	Fuji Photo Film Co., Ltd.	4,909	4,333	
104,000	Hoya Corporation	3,553	4,907	
3,630	Hyundai Motor Comapny	206	356	
1,175	Japan Tobacco Inc.	3,676	4,832	
65,800	JFE Holdings, Inc.	2,257	3,105	
40,800	Kookmin Bank	1,727	4,111	
35,000	Kyocera Corporation ADR	3,302	3,600	
39,000	Mitsui Chemicals Inc.	333	335	
234,000	Mitsui O.S.K. Lines, Ltd.	2,370	1,850	
16,800	Orix Corporation.....	3,120	6,116	
22,600	POSCO	2,905	6,799	
4,250	Samsung Electronics Co., Ltd.	2,635	3,216	
4,640	Shinhan Financial Group Co., Ltd.	60	242	
37,200	Siam Investment Fund	527	206	
92,820	Sony Corporation ADR	5,982	4,991	
4,000	Sony Corporation	580	217	
64,000	Sumitomo Heavy Industries, Ltd.	644	719	
606	Sumitomo Mitsui Financial Group, Inc.	3,809	7,825	
379,957	Taiwan Semiconductor Manufacturing Company Ltd. ADR	3,811	4,461	
530,000	Television Broadcasts Limited.....	3,268	3,507	
93,600	Toyota Motor Corporation	5,766	5,978	
		<u>80,470</u>	<u>104,881</u>	10.8

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006 (continued)

<u>Number of Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>% of Market</u>
		(000's)		
	Australia			
158,000	National Australia Bank Limited	4,610	4,981	0.5
	Total equities	704,452	972,251	100.1
	Forward Currency Contracts, net - Schedule 1	—	(1,376)	(0.1)
	Total investments	<u>\$ 704,452</u>	<u>\$ 970,875</u>	<u>100.0</u>

Schedule 1 - Forward Currency Contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

<u>Par value (in millions)</u>	<u>Currency</u>	<u>Number of Contracts</u>	<u>Contract Rate</u>	<u>Settlement Date</u>	<u>Unrealized loss (000's)</u>
70.9	USD	1	1.1446	June 15, 2006	\$ 1,376

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 - 2006

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 - 2006 (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

= 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			