

UNITED CORPORATIONS LIMITED



SECOND QUARTER REPORT

SEPTEMBER 30, 2013

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2013 ⁽¹⁾	As at March 31 2013 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 87.30	\$ 82.03
Net assets.....	\$ 1,072,335	\$ 1,008,012
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Six months ended Sept. 30	
	2013 ⁽¹⁾	2012 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.92	\$ 0.95
Dividends per Common Share		
Quarterly	\$ 0.40	\$ 0.40
Additional ⁽³⁾	\$ 0.63	\$ 0.63
Increase in net assets from operations per Common Share	\$ 6.30	\$ 1.13
Investment income	\$ 17,863	\$ 16,294
Net investment income	\$ 11,451	\$ 11,729

⁽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 once-per-year distribution of the prior year's annual net investment income, after payment of Preferred Share dividends and after payment of quarterly dividends.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these interim financial statements of United Corporations Limited.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited financial performance and financial condition of United Corporations Limited ("United" or the "Company") for the second quarter of fiscal 2014 should be read in conjunction with: the 2013 Annual Report, including the MD&A, the Company's annual audited financial statements and the notes and supplementary financial information; the unaudited interim financial statements and notes contained in this report; and the Company's MD&A and unaudited interim financial statements for the previous quarter of fiscal 2014. These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, 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 in the 2013 Annual Report and in the statement of investments in this interim report beginning on page 11.

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 prior year, the Board of Directors announced that, after careful consideration, it was reducing United's exposure to Canadian equities and increasing its exposure to foreign equities. Prior to the 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 compared to approximately 64% one year earlier.

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):

	Sept. 30 2013	March 31 2013
Net assets	<u>\$ 1,072,335</u>	<u>\$ 1,008,012</u>
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares.....	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value	<u>\$ 1,064,588</u>	<u>\$ 1,000,265</u>
Common Shares outstanding	<u>12,194,193</u>	<u>12,194,193</u>
Net equity value per Common Share.....	<u>\$ 87.30</u>	<u>\$ 82.03</u>

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 September 30		Six months ended September 30	
	2013	2012	2013	2012
Increase in net assets from operations	\$ 44,280	\$ 32,526	\$ 77,072	\$ 13,965
Deduct: Net gain on investments	(41,030)	(28,420)	(65,621)	(2,236)
Net investment income.....	3,250	4,106	11,451	11,729
Deduct: Dividends paid on Preferred Shares.....	95	95	189	189
Net investment income, net of dividends paid on Preferred Shares.....	<u>\$ 3,155</u>	<u>\$ 4,011</u>	<u>\$ 11,262</u>	<u>\$ 11,540</u>
Common Shares outstanding.....	<u>12,194,193</u>	<u>12,194,193</u>	<u>12,194,193</u>	<u>12,194,193</u>
Net investment income per Common Share	<u>\$ 0.26</u>	<u>\$ 0.33</u>	<u>\$ 0.92</u>	<u>\$ 0.95</u>

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

For the quarter ended September 30, 2013, the Company's net equity value per Common Share increased to \$87.30 from \$83.88 at June 30, 2013. With dividends reinvested at month-end net equity values, the Company's net equity value return was 4.3% in the second quarter of fiscal 2014 compared to a return of 3.8% for the same period in the prior fiscal year. On a fiscal year-to-date basis, the net equity value per Common Share increased to \$87.30 from \$82.03 at March 31, 2013. The net equity value return for the fiscal year to date was 7.7% compared to a return of 1.6% in the prior fiscal period.

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

In Canadian dollar terms, benchmark returns on a total return (capital gains plus dividends) basis, before deducting any applicable taxes, were as follows:

	Three months ended Sept. 30	Six months ended Sept. 30
	(%)	
MSCI World Index	6.0	10.6
S&P 500 Index	3.0	9.7
S&P/TSX Composite Index	6.3	1.9

Operating Results

Net investment income

The Company's net investment income in the second quarter of fiscal 2014 was \$3,250,000, a decline of 20.8%, compared to net investment income of \$4,106,000 in the same quarter of the prior year. On a year-to-date basis, net investment income decreased 2.4% to \$11,451,000 in fiscal 2014 from \$11,729,000 in fiscal 2013. On a per Common Share basis, net investment income for the quarter decreased to \$0.26 from \$0.33 for the same period in the prior year and on a year-to-date basis decreased to \$0.92 from \$0.95 in the prior fiscal period. The decline was primarily attributable to the increase in the provision for income taxes explained below.

During the quarter, foreign dividend income increased by 55.9% to \$5,178,000 from \$3,321,000 in fiscal 2013, and Canadian dividend income decreased by 88.8% to \$260,000 from \$2,318,000 for the same period in the prior fiscal year. On a year-to-date basis, foreign dividend income increased by 52.1% to \$17,028,000 from \$11,198,000 in fiscal 2013, and Canadian dividend income decreased by 89.2% to \$520,000 from \$4,830,000 in fiscal 2013. The changes for both the quarter and year to date occurred as a result of the increase in the Company's exposure to foreign equities.

Interest income, including securities lending income, decreased to \$94,000 for the second quarter of the year compared to \$108,000 for the same quarter in the prior year, and on a year-to-date basis increased to \$315,000 compared to \$266,000 in the prior year. During the current fiscal quarter, the Company earned approximately \$87,000 of securities lending income compared to \$98,000 in the prior year, and on a year-to-date basis, the Company earned approximately \$288,000 of securities lending income compared to \$239,000 in the prior year.

Expenses of the Company for the quarter increased to \$1,204,000 compared to \$991,000 for the same period in the prior year, and on a year-to-date basis increased to \$2,470,000 compared to \$2,019,000 in the prior year. The increase in both periods relates primarily to an increase in investment management and administrative costs resulting from a higher average investment portfolio value compared to the prior year as well as from an increase in custody fees arising from an increase in investments held outside of Canada, compared to the prior year.

The provision for income taxes has increased by 65.8% to \$1,078,000 during the quarter from \$650,000 for the same quarter in the prior year, and on a year-to-date basis increased by 54.8% to \$3,942,000 from \$2,546,000 in the prior year. Although investment income before income taxes, relative to the same periods in the prior year, has

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

declined by 9.0% during the quarter and increased by 7.8% year to date, the amount of taxable income, however, has increased by 66.9% during the quarter and 57.5% year to date. Taxable income has increased because foreign dividend income is subject to Part I tax whereas Canadian dividend income is not subject to such tax. Given that the Company increased its exposure to foreign securities commencing in November 2012, the effective income tax rate for the quarter has increased in fiscal 2014 to 24.9% from 13.7% for the prior year. On a year-to-date basis, the effective income tax rate has increased to 25.6% from 17.8% for the same period in the prior year.

Net realized and unrealized gain on investments

The net realized and unrealized gain on investments for the Company increased to \$41,030,000 in the second quarter of fiscal 2014 compared to a net gain of \$28,420,000 for the same period in the prior year. On a year-to-date basis, the net realized and unrealized gain on investments was \$65,621,000 in fiscal 2014 compared to a net gain of \$2,236,000 in fiscal 2013.

The Company realized a net gain on investments of \$15,117,000 in the current fiscal quarter compared to a net gain of \$2,740,000 for the same period in the prior year. On a year-to-date basis, the Company realized a gain of \$31,682,000 for the current year compared to \$4,445,000 in the prior year. The largest contributors to the year-to-date net realized gain during fiscal 2014 were the sale of Essilor International S.A., Spectra Energy Corporation, and KDDI Corporation.

During the current fiscal quarter, the Company's net change in unrealized appreciation of investments was an increase of \$26,012,000 compared to an increase of \$25,691,000 during the same period in the prior year. On a year-to-date basis, the Company's net change in unrealized appreciation of investments was an increase of \$34,128,000 compared to a decrease \$2,152,000 during the prior year. During the quarter, equities outside of North America increased approximately \$23,474,000 and North American equities increased approximately \$2,538,000. Year to date, equities outside of North America increased by approximately \$17,140,000 and North American equities increased by approximately \$16,988,000.

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the eight most recent quarters (in thousands of dollars, except per Common Share amounts):

	Sept. 30 2013	June 30 2013	March 31 2013	Dec. 31 2012	Sept. 30 2012	June 30 2012	March 31 2012	Dec. 31 2011
Investments, at fair value	\$ 1,092,086	\$ 1,043,192	\$ 1,032,275	\$ 934,245	\$ 903,346	\$ 869,310	\$ 901,554	\$ 837,970
Investment income	\$ 5,532	\$ 12,331	\$ 5,707	\$ 4,445	\$ 5,747	\$ 10,547	\$ 5,408	\$ 5,213
Net investment income	\$ 3,250	\$ 8,201	\$ 3,371	\$ 2,692	\$ 4,106	\$ 7,623	\$ 4,307	\$ 3,363
Increase (decrease) in net assets from operations	\$ 44,280	\$ 32,792	\$ 90,229	\$ 31,748	\$ 32,526	\$ (18,561)	\$ 49,038	\$ 37,598
Per Common Share:								
Net investment income	\$ 0.26	\$ 0.66	\$ 0.27	\$ 0.21	\$ 0.33	\$ 0.62	\$ 0.35	\$ 0.27
Increase (decrease) in net assets from operations	\$ 3.62	\$ 2.68	\$ 7.39	\$ 2.60	\$ 2.66	\$ (1.53)	\$ 4.01	\$ 3.08
Net equity value	\$ 87.30	\$ 83.88	\$ 82.03	\$ 74.84	\$ 72.42	\$ 69.96	\$ 72.32	\$ 68.51

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.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Share Data

As at September 30, 2013, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 Second Preferred Shares, 1959 Series, 119,710 Second Preferred Shares, 1963 Series and 12,194,193 Common Shares.

Liquidity and Capital Resources

Quarterly dividends were paid on the Common Shares and Preferred Shares. The quarterly per share dividend was \$0.20 on the Common Shares and \$0.375 for each Preferred Share series. Payment of the Company's dividends is funded by net investment income. For the quarter ended September 30, 2013, net investment income was \$0.26 (fiscal 2013 - \$0.33) per Common Share as compared to Common Share dividend payments of \$0.20 (fiscal 2013 - \$0.20) per share. On a fiscal year-to-date basis, net investment income per Common Share was \$0.92 (fiscal 2013 - \$0.95) as compared to Common Share quarterly dividend payments of \$1.03 (fiscal 2013 - \$1.03) per share which includes a cash dividend of \$0.63 (fiscal 2013 - \$0.63) per Common Share, paid to shareholders. This additional dividend represents a distribution of the balance of net investment income (after payment of Preferred Share dividends) for the prior 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. This additional dividend is paid in the first quarter following the fiscal year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

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

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, 2013.

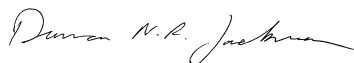
Management expects that the transition to IFRS will have an insignificant impact on the calculation of the Company's net assets and net equity value per Common Share. The primary impact of IFRS on the Company's financial statements will be in financial statement presentation and note disclosure. In addition, 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 relating to the transition to IFRS is available in the Company's 2013 Annual Report.

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

November 4, 2013

UNITED CORPORATIONS LIMITED

STATEMENT OF NET ASSETS (Unaudited)

	September 30 2013	March 31 2013
	(000's)	
ASSETS		
Investments, at fair value (Cost - \$852,391; March 31, 2013 - \$831,990) (Note 2))	\$ 1,092,086	\$ 1,032,275
Cash	5,998	4,075
Short-term investments	8,863	9,574
Receivable in respect of investments sold	2,144	—
Accrued income on investments	2,160	2,365
Other assets	754	418
	1,112,005	1,048,707
LIABILITIES		
Accounts payable and accrued liabilities	653	573
Payable in respect to investments purchased	5,061	—
Income taxes payable	1,141	12,535
Future income taxes	32,815	27,587
	39,670	40,695
NET ASSETS	\$ 1,072,335	\$ 1,008,012
SHAREHOLDERS' EQUITY		
Share capital		
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	531,335	467,012
TOTAL SHAREHOLDERS' EQUITY	\$ 1,072,335	\$ 1,008,012

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2013	2012	2013	2012
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 5,178	\$ 3,321	\$ 17,028	\$ 11,198
Canadian	260	2,318	520	4,830
	5,438	5,639	17,548	16,028
Interest, including securities lending income	94	108	315	266
	5,532	5,747	17,863	16,294
Expenses:				
Investment management and administrative costs	1,015	826	2,003	1,631
Directors' and officer's remuneration	56	54	117	115
Office and miscellaneous	46	49	133	127
Transfer, registrar and custody fees	75	50	179	103
Professional fees	12	12	38	43
	1,204	991	2,470	2,019
Investment income before income taxes	4,328	4,756	15,393	14,275
Provision for income taxes	1,078	650	3,942	2,546
NET INVESTMENT INCOME	3,250	4,106	11,451	11,729
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain on investments	15,117	2,740	31,682	4,445
Net change in unrealized appreciation of investments	26,012	25,691	34,128	(2,152)
Transaction costs on purchase and sale of investments	(99)	(11)	(189)	(57)
NET GAIN ON INVESTMENTS	41,030	28,420	65,621	2,236
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 44,280	\$ 32,526	\$ 77,072	\$ 13,965
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 3.62	\$ 2.66	\$ 6.30	\$ 1.13

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended Sept. 30	
	2013	2012
	(000's)	
BEGINNING OF PERIOD	\$ 467,012	\$ 348,646
Add:		
Increase in net assets from operations	77,072	13,965
Refundable dividend taxes recovered	9	1,465
	77,081	15,430
Deduct:		
Dividends:		
First Preferred Shares	39	39
Second Preferred Shares	150	150
Common Shares	12,560	12,560
Provision for refundable dividend taxes	9	1,483
	12,758	14,232
END OF PERIOD	\$ 531,335	\$ 349,844

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2013	2012	2013	2012
	(000's)			
INCREASE IN NET ASSETS FROM FROM OPERATIONS	\$ 44,280	\$ 32,526	\$ 77,072	\$ 13,965
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(189)	(189)
Common Shares	(2,439)	(2,439)	(12,560)	(12,560)
	(2,534)	(2,534)	(12,749)	(12,749)
TAXATION CHANGE				
Net (increase) decrease in refundable dividend taxes on hand	—	2	—	(18)
INCREASE IN NET ASSETS	41,746	29,994	64,323	1,198
NET ASSETS, BEGINNING OF PERIOD	1,030,589	860,850	1,008,012	889,646
NET ASSETS, END OF PERIOD	\$ 1,072,335	\$ 890,844	\$ 1,072,335	\$ 890,844

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF NET REALIZED GAIN ON INVESTMENTS

(Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2013	2012	2013	2012
	(000's)			
Proceeds on sales of investments	\$ 66,250	\$ 6,895	\$ 128,124	\$ 31,996
Cost of investments, beginning of period	833,569	720,896	831,990	722,337
Cost of investments purchased during the period	67,748	8,159	112,102	29,951
	901,317	729,055	944,092	752,288
Cost of investments, end of period	852,391	725,294	852,391	725,294
Cost of investments sold during the period	48,926	3,761	91,701	26,994
Realized gain on investments sold before income taxes	17,324	3,134	36,423	5,002
Provision for income taxes	2,207	394	4,741	557
Net realized gain on investments	\$ 15,117	\$ 2,740	\$ 31,682	\$ 4,445

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2013 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
3,625,680	Algoma Central Corporation ¹	\$ 6,201	\$ 54,748	
15,100	Weston (George) Limited	1,302	1,220	
		<u>7,503</u>	<u>55,968</u>	5.1
United States				
139,060	3M Co.	12,650	17,084	
165,900	Allergan, Inc.	16,506	15,438	
231,370	Automatic Data Processing Inc.	12,090	17,221	
157,610	Becton, Dickinson and Company	11,863	16,213	
359,480	Coca-Cola Company (The)	13,294	14,005	
314,040	Colgate-Palmolive Company	14,224	19,157	
58,300	Computer Sciences Corporation	2,901	3,102	
215,500	ConAgra Foods, Inc.	5,006	6,729	
255,760	Dollar Tree, Inc.	9,622	15,033	
246,440	Emerson Electric Company	11,513	16,399	
90,920	EOG Resources, Inc.	10,744	15,835	
151,120	Exxon Mobil Corporation	11,518	13,376	
122,090	Fiserv, Inc.	8,044	12,688	
257,400	General Mills, Inc.	9,703	12,686	
8,810	Google Inc.	7,980	7,937	
194,730	Halliburton Company	6,263	9,645	
159,900	Hormel Foods Corporation	6,673	6,929	
92,650	IBM Corporation	16,326	17,654	
183,300	Johnson & Johnson	12,723	16,341	
325,660	JP Morgan Chase & Co.	13,380	17,313	
119,200	Kimberly Clark Corporation	8,578	11,549	
115,166	Kraft Foods Inc.	4,869	6,213	
186,400	Merck & Co., Inc.	6,944	9,126	
464,010	MetLife, Inc.	16,045	22,392	
248,100	Microsoft Corporation	6,867	8,497	
182,600	Mondelez International Inc. Class A	4,253	5,899	
483,680	Oracle Corporation	15,502	16,491	
210,560	PepsiCo, Inc.	14,269	17,219	
930,227	Pfizer Inc.	25,785	27,478	
193,510	Philip Morris International Inc.	12,775	17,232	
312,340	QEP Resources, Inc.	9,071	8,892	
678,900	Staples Inc.	8,690	10,229	
116,300	Target Corporation	7,869	7,652	
104,600	Time Warner Cable Inc.	8,771	12,006	
471,640	US Bancorp.	13,425	17,749	
172,150	Verisk Analytics Inc. Class A	7,033	11,500	
347,310	Walgreen Company	11,848	19,225	
78,500	Waste Management Inc.	2,501	3,329	
453,451	Wells Fargo & Company	21,687	19,274	
		<u>419,805</u>	<u>522,737</u>	47.9
Mexico				
65,710	Fomento Economico Mexicano, S.A. de C.V. ADR	2,322	6,560	0.6
	Total North America	<u>429,630</u>	<u>585,265</u>	53.6

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UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2013 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
Europe, excluding United Kingdom				
19,503	Adidas AG	\$ 873	\$ 2,176	
109,368	Anheuser-Busch Inbev Spon ADR	9,474	11,161	
530,379	AXA	10,565	12,632	
1,709,777	Banco Santander Central Hispano S.A.	15,328	14,315	
169,240	Bayer AG	14,681	20,491	
82,443	Casino Guichard-Perrachon S.A.	7,573	8,741	
455,914	Davide Campari-Milano S.p.A.	2,544	4,068	
138,522	Delhaize Group	10,222	8,983	
126,460	Fresenius Medical Care & Co. KGaA.	8,692	8,456	
177,120	Fresenius Medical Care & Co. KGaA ADR	2,863	5,900	
79,606	Group Danone S.A.	6,054	6,166	
67,473	Kerry Group plc	1,780	4,196	
636,323	Koninklijke Ahold NV	8,851	11,342	
109,058	Lafarge S.A.	6,946	7,815	
64,970	L'Air Liquide S.A.	5,953	9,306	
61,330	LVMH Moët Hennessy Louis Vuitton SA	10,893	12,430	
231,632	Nestlé SA	11,790	16,652	
138,890	Nestlé SA ADR	4,786	9,942	
99,476	OMV AG	4,611	5,049	
417,841	Orange S.A.	7,640	5,391	
41,818	Publicis Groupe	1,419	3,424	
32,643	Roche Holding AG	5,220	9,056	
194,380	Sanofi	16,344	20,280	
181,218	Schneider Electric S.A.	12,681	15,761	
728,732	Securitas AB Class B	6,338	8,580	
146,840	Siemens AG	15,113	18,179	
547,790	Telenor ASA	9,756	12,878	
120,800	Total S.A.	6,414	7,211	
107,000	Total S.A. ADR	6,151	6,381	
		231,555	286,962	26.3
United Kingdom				
604,230	BG Group plc	11,036	11,868	
155,319	Dairy Crest Group plc	559	1,174	
175,740	Diageo plc	5,463	5,746	
43,020	Diageo plc ADR	3,254	5,621	
247,608	GlaxoSmithKline plc	5,912	7,117	
1,542,480	HSBC Holdings Inc.	13,939	17,175	
535,600	National Grid plc	6,064	6,510	
54,860	National Grid plc ADR	2,515	3,331	
36,461	Next plc	831	3,124	
634,058	Standard Chartered plc	15,716	15,625	
		65,289	77,291	7.1
Asia				
222,500	Asahi Group Holdings Co.	4,844	6,002	
99,900	FamilyMart Co., Ltd.	4,683	4,430	
92,500	Fanuc Corporation	13,798	15,674	
412,400	Inpex Corporation	5,779	4,991	
48,800	Itochu Techno-Solutions Corporation	1,416	1,776	
47,000	KDDI Corporation	1,357	2,473	
28,588	Keyence Corporation	6,733	11,124	
250,000	Kirin Holdings Company, Limited	3,444	3,737	
1,020,500	Konica Minolta Holdings Inc.	8,419	8,796	
44,200	Lawson Inc.	3,000	3,551	
40,600	Makita Corporation	1,206	2,412	
476,000	Mitsubishi Tanabe Pharma Corporation	7,423	6,851	
1,605,200	Mitsubishi UJF Financial Group	10,590	10,511	
70,800	Secom Co. Ltd.	3,320	4,540	
1,096,000	Television Broadcasts Limited	7,059	7,057	
292,900	Toyota Motor Corporation	13,147	19,210	
		96,218	113,135	10.3

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UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2013 (continued) (Unaudited)

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value</u>
		(000's)		
	Australia			
379,640	Australia and New Zealand Banking Group Limited	\$ 9,980	\$ 11,219	
134,500	BHP Billiton Limited-Spon ADR.....	<u>9,892</u>	<u>9,197</u>	
		<u>19,872</u>	<u>20,416</u>	1.9
	South America			
632,520	Banco Bradesco S.A. ADR.....	<u>9,827</u>	<u>9,017</u>	<u>0.8</u>
	Total investments	<u>\$ 852,391</u>	<u>\$1,092,086</u>	<u>100.0</u>

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

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and follow the same accounting policies and methods as the most recent annual financial statements, and should be read in conjunction with the notes to the Company’s audited financial statements for the year ended March 31, 2013. The financial statements do not include all of the disclosures required under GAAP for annual financial statements.

2. 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 both September 30, 2013 and March 31, 2013, all of the Company’s investments were Level 1 investments. There were no year-to-date transfers between Level 1, 2 or 3 investments.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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Fax: 416-362-2592

EXTERNAL INVESTMENT MANAGERS

Jarislowsky Fraser Limited, Toronto
ValueInvest Asset Management S.A., Luxembourg

AUDITORS

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor Services Trust

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1
Toll Free: 1-800-564-6253
www.computershare.com

TORONTO STOCK EXCHANGE LISTINGS

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

NET EQUITY VALUE

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

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

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

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

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

WEBSITE

www.ucorp.ca

