

UNITED CORPORATIONS LIMITED



SECOND QUARTER REPORT

SEPTEMBER 30, 2010

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2010 ⁽¹⁾	As at March 31 2010 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 67.60	\$ 67.33
Net assets.....	\$ 832,046	\$ 828,840
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Six months ended Sept. 30	
	2010 ⁽¹⁾	2009 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.67	\$ 0.68
Dividends per Common Share	\$ 0.40	\$ 0.40
Increase in net assets from operations per Common Share	\$ 0.66	\$ 10.78
Investment income	\$ 12,205	\$ 12,498
Net investment income	\$ 8,304	\$ 8,484

⁽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.

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 consolidated operating results and financial condition of United Corporations Limited ("United" or the "Company") for the second quarter of fiscal 2011 should be read in conjunction with the MD&A for the fiscal year ended March 31, 2010, the Company's annual audited consolidated financial statements, the notes relating thereto, the supplementary financial information included in the Company's Annual Report, the quarterly unaudited consolidated financial statements and notes contained in this report, as well as the Company's MD&A and unaudited interim consolidated financial statements for the previous quarter of fiscal 2011. These unaudited consolidated 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.

Use of Non-GAAP Measures

This MD&A contains reference to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning in 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.

Investors and management use net equity value per Common Share to determine the Company's value on a per Common Share basis. 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 equity value per Common Share is also used by investors and management as a comparison to the market price of its Common Shares to determine the discount or premium that the Company's Common Shares are trading at relative to the net equity value per Common Share.

Net investment income per Common Share is used by both investors and management to assess the sustainability and funding of dividends on Common Shares and Preferred Shares.

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

	Sept. 30 2010	March 31 2010
Net assets	\$ 832,046	\$ 828,840
Deduct:		
Cost of redemption:		
First Preferred Shares	1,567	1,567
Second Preferred Shares, Series 1959 and 1963.....	6,180	6,180
	7,747	7,747
Net equity value	\$ 824,299	\$ 821,093
Common Shares outstanding	12,194,193	12,194,193
Net equity value per Common Share.....	\$ 67.60	\$ 67.33

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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	
	2010	2009	2010	2009
Increase in net assets from operations	\$ 56,233	\$ 52,828	\$ 8,261	\$ 131,657
Add (deduct): Net loss (gain) on investments	(53,333)	(49,682)	43	(123,173)
Net investment income	2,900	3,146	8,304	8,484
Deduct: Dividends paid on Preferred Shares.....	95	95	189	189
Net investment income, net of dividends paid on Preferred Shares.....	\$ 2,805	\$ 3,051	\$ 8,115	\$ 8,295
Common Shares outstanding	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share	\$ 0.23	\$ 0.25	\$ 0.67	\$ 0.68

Market Review

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

	Three months ended Sept. 30	Six months ended Sept. 30
	(%)	
S&P/TSX Composite Index	10.3	4.2
MSCI World Index	10.6	1.1
S&P 500 Index	8.1	0.1

For the quarter ended September 30, 2010, the Company's net equity value per Common Share increased to \$67.60 from \$63.19 at June 30, 2010. With dividends reinvested at month-end net equity values, the Company's net equity value return was 7.3% for the quarter compared to a return of 7.1% 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 \$67.60 from \$67.33 at March 31, 2010. The net equity value return for the fiscal year to date was 1.0% compared to a return of 19.7% in the prior fiscal period.

As the Company is a taxable Canadian corporation, the Company's 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 unrealized appreciation of investments.

Operating Results

Net investment income

The Company's net investment income in the second quarter of fiscal 2011 was \$2,900,000 compared to net investment income of \$3,146,000 in the same quarter of the prior year. On a year-to-date basis, net investment income declined 2.1% to \$8,304,000 in fiscal 2011 from \$8,484,000 in fiscal 2010. On a per Common Share basis, net investment income for the quarter decreased to \$0.23 from \$0.25 for the same period in the prior year and on a year-to-date basis declined to \$0.67 from \$0.68 in the prior fiscal period.

Foreign dividend income in the second fiscal quarter of 2011 decreased to \$2,559,000 from \$2,744,000 in fiscal 2010 and on a year-to-date basis declined to \$8,277,000 in fiscal 2011 from \$8,810,000 in fiscal 2010. The decline for both periods resulted primarily from a stronger Canadian dollar and in part from a modest change in foreign securities held over the same periods. Canadian dividend income for the current fiscal quarter and year to date was relatively unchanged from the corresponding periods of the prior fiscal year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Other income (loss) includes interest income, securities lending income and foreign exchange gains (losses) on short-term investments. In the second fiscal quarter, the Company earned income of \$37,000 compared to a loss of \$35,000 in the same quarter of the prior fiscal year. On a year-to-date basis, income amounted to \$176,000 compared to a loss of \$2,000 in the prior fiscal period. The Company resumed securities lending activities in the first fiscal quarter of the current year. For the quarter and year to date the Company earned \$57,000 and \$169,000, respectively, of securities lending income compared to no corresponding income in the prior fiscal periods. Interest income, net of foreign exchange losses, amounted to a loss of \$20,000 during the quarter versus a loss of \$35,000 in the prior year's fiscal quarter and on a year-to-date basis amounted to income of \$7,000 versus a loss of \$2,000 in the prior fiscal period.

Expenses in the quarter amounted to \$929,000 (fiscal 2010 - \$857,000) and \$1,832,000 (fiscal 2010 - \$1,650,000) on a year-to-date basis. Effective July 1, 2010, Ontario provincial sales tax ("PST") was harmonized with the federal goods and services tax ("GST"), resulting in a federally administered harmonized sales tax ("HST") of 13%. Investment management and administrative costs and certain other service costs of the Company, which were previously subject to the 5% GST, but not the 8% PST, are now subject to the new HST. The impact to the quarter and year-to-date expense is estimated to be approximately \$63,000. On a year-to-date basis, the balance of the expense increase relates to an increase in investment management and administrative costs resulting from a higher average investment portfolio value compared to the same period in the prior year.

The provision for income taxes in the current quarter and year to date includes \$73,000 (fiscal 2010 - \$28,000) of additional income tax related to certain foreign withholding taxes that could not be credited against Canadian income taxes payable.

Net gain (loss) on investments

The Company realized a net loss on investments of \$6,234,000 in the second quarter of fiscal 2011 versus a net gain of \$3,629,000 in fiscal 2010. On a fiscal year-to-date basis, the net loss on investments was \$8,342,000 in fiscal 2011 compared to a net gain of \$4,755,000 for the same period in the prior year. The largest contributors to the net realized loss during the quarter were the sale of Daiwa Securities Group Inc., Celesio AG and Time Warner Inc. On a year-to-date basis, the largest contributors to the net realized loss were Daiwa Securities Group Inc., Nortel Networks Limited and Celesio AG.

During the current fiscal quarter, the net change in unrealized appreciation of investments increased by \$59,592,000 compared to an increase of \$46,101,000 in the same period last year. On a fiscal year-to-date basis, the net change in unrealized appreciation of investments increased by \$8,372,000 compared to an increase of \$118,519,000 in fiscal 2010. The quarterly increase occurred over a broad range of countries and sectors.

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 2010	June 30 2010	March 31 2010	Dec. 31 2009	Sept. 30 2009	June 30 2009	March 31 2009	Dec. 31 2008
Investments, at fair value	\$ 833,844	\$ 773,350	\$ 825,406	\$ 812,712	\$ 777,435	\$ 712,086	\$ 610,834	\$ 665,821
Investment income	\$ 4,405	\$ 7,800	\$ 4,798	\$ 4,090	\$ 4,468	\$ 8,030	\$ 4,622	\$ 5,414
Increase (decrease) in net assets from operations	\$ 56,233	\$ (47,972)	\$ 6,496	\$ 24,708	\$ 52,828	\$ 78,829	\$ (45,209)	\$ (101,122)
Increase (decrease) in net assets from operations per Common Share ¹	\$ 4.60	\$ (3.94)	\$ 0.52	\$ 2.02	\$ 4.32	\$ 6.46	\$ (3.72)	\$ (8.30)
Net equity value per Common Share	\$ 67.60	\$ 63.19	\$ 67.33	\$ 67.01	\$ 65.19	\$ 61.07	\$ 54.81	\$ 58.73

¹ Net of dividends paid on Preferred Shares.

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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 appreciation 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 six of the previous seven quarters, the Company experienced a year-over-year decline in foreign dividend income compared to the same quarter in the prior fiscal year.

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 also not correlate with benchmark returns.

Share Data

At September 30, 2010, 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, 2010, net investment income was \$0.23 per Common Share as compared to Common Share dividend payments of \$0.20 per share. On a fiscal year-to-date basis, net investment income per Common Share was \$0.67 as compared to dividend payments of \$0.40 per Common Share.

Deferral of International Financial Reporting Standards ("IFRS") for Investment Companies

As disclosed in previous quarters, for fiscal years beginning on or after January 1, 2011, IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises.

Although it was originally anticipated that the Company would be adopting IFRS in its fiscal year beginning April 1, 2011, in September 2010, the Canadian Accounting Standards Board ("AcSB") approved a one-year deferral of IFRS for investment companies applying Accounting Guideline 18, Investment Companies. The deferral of the mandatory IFRS changeover date is to prevent Canadian investment companies from having to change their current accounting treatment for controlled investees while the International Accounting Standards Board ("IASB") completes its investment company proposal. The IASB has proposed that investment companies should account for investments in controlled investees at fair value, but the IFRS standards will not be revised before the mandatory January 1, 2011 conversion date.

United is an investment company and as a result, its first set of financial statements prepared in accordance with IFRS will be for the quarterly period ending June 30, 2012, which will provide corresponding comparative financial information for fiscal 2012, including an opening consolidated statement of financial position as at April 1, 2011. As a result of the current disclosure rules, the Company has applied to the Ontario Securities Commission to permit it to apply IFRS to its disclosures commencing April 1, 2012.

As of this report's date, management has identified the IFRS accounting standards that are expected to have a significant impact on the Company's financial statements. Preliminary accounting policy choices have been made based on the expected accounting requirements in fiscal 2013. Draft model financial statements, excluding note disclosures, have been prepared and presented to the Company's Audit Committee. As a result of the deferral approved by the AcSB, the implementation phase will now be executed throughout fiscal 2012 instead of the current fiscal year. Management does not expect that the conversion to IFRS will affect the calculation of the Company's net assets or 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.

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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

October 29, 2010

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	September 30 2010	March 31 2010
	(000's)	
ASSETS		
Investments, at fair value (cost - \$695,084; March 31, 2010 - \$694,735) (Note 2).....	\$ 833,844	\$ 825,406
Cash	4,918	4,866
Short-term investments	4,761	16,903
Receivable in respect of investments sold	1,513	118
Accrued income on investments.....	1,715	1,956
Income taxes receivable.....	2,571	—
Other assets	407	598
	<u>849,729</u>	<u>849,847</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	577	560
Payable in respect of investments purchased	—	2,090
Income taxes payable.....	—	894
Future income taxes	17,106	17,463
	<u>17,683</u>	<u>21,007</u>
NET ASSETS	<u>\$ 832,046</u>	<u>\$ 828,840</u>
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
	<u>541,000</u>	<u>541,000</u>
Retained earnings	168,937	174,103
Unrealized appreciation of investments.....	122,109	113,737
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 832,046</u>	<u>\$ 828,840</u>

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2010	2009	2010	2009
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign.....	\$ 2,559	\$ 2,744	\$ 8,277	\$ 8,810
Canadian.....	1,809	1,759	3,752	3,690
	<u>4,368</u>	<u>4,503</u>	<u>12,029</u>	<u>12,500</u>
Other income (loss).....	37	(35)	176	(2)
	<u>4,405</u>	<u>4,468</u>	<u>12,205</u>	<u>12,498</u>
Expenses:				
Investment management and administrative costs	784	672	1,500	1,271
Directors' and officers' remuneration.....	51	51	107	109
Office and miscellaneous.....	32	81	100	154
Transfer, registrar and custody fees	48	35	98	87
Professional fees	14	18	27	29
	<u>929</u>	<u>857</u>	<u>1,832</u>	<u>1,650</u>
Investment income before income taxes ...	<u>3,476</u>	<u>3,611</u>	<u>10,373</u>	<u>10,848</u>
Provision for income taxes	<u>576</u>	<u>465</u>	<u>2,069</u>	<u>2,364</u>
NET INVESTMENT INCOME	<u>2,900</u>	<u>3,146</u>	<u>8,304</u>	<u>8,484</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments ..	(6,234)	3,629	(8,342)	4,755
Net change in unrealized appreciation of investments	59,592	46,101	8,372	118,519
Transaction costs on purchase and sale of investments	(25)	(48)	(73)	(101)
NET GAIN (LOSS) ON INVESTMENTS	<u>53,333</u>	<u>49,682</u>	<u>(43)</u>	<u>123,173</u>
INCREASE IN NET ASSETS FROM OPERATIONS				
	<u>\$ 56,233</u>	<u>\$ 52,828</u>	<u>\$ 8,261</u>	<u>\$ 131,657</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE				
	<u>\$ 4.60</u>	<u>\$ 4.32</u>	<u>\$ 0.66</u>	<u>\$ 10.78</u>

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended Sept. 30	
	<u>2010</u>	<u>2009</u>
	(000's)	
BEGINNING OF PERIOD	\$ 174,103	\$ 154,961
Add (deduct):		
Net investment income	8,304	8,484
Net realized gain (loss) on investments.....	(8,342)	4,755
Refundable dividend taxes recovered	1,158	1,123
	<u>1,120</u>	<u>14,362</u>
Deduct:		
Dividends:		
First Preferred Shares.....	39	39
Second Preferred Shares	150	150
Common Shares	4,878	4,878
Provision for refundable dividend taxes.....	1,146	1,125
Transaction costs on purchase and sale of investments	73	101
	<u>6,286</u>	<u>6,293</u>
END OF PERIOD	<u>\$ 168,937</u>	<u>\$ 163,030</u>

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(000's)			
INCREASE IN NET ASSETS FROM OPERATIONS.....	\$ 56,233	\$ 52,828	\$ 8,261	\$ 131,657
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(189)	(189)
Common Shares.....	(2,439)	(2,439)	(4,878)	(4,878)
	<u>(2,534)</u>	<u>(2,534)</u>	<u>(5,067)</u>	<u>(5,067)</u>
TAXATION CHANGE				
Net (increase) decrease in refundable dividend taxes on hand.....	10	(3)	12	(2)
INCREASE IN NET ASSETS	53,709	50,291	3,206	126,588
NET ASSETS, BEGINNING OF PERIOD	778,337	752,446	828,840	676,149
NET ASSETS, END OF PERIOD	<u>\$ 832,046</u>	<u>\$ 802,737</u>	<u>\$ 832,046</u>	<u>\$ 802,737</u>

(See accompanying notes)

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CONSOLIDATED STATEMENT OF NET REALIZED GAIN (LOSS) ON INVESTMENTS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			(000's)	
Proceeds on sales of investments.....	\$ 14,388	\$ 27,067	\$ 39,223	\$ 47,118
Cost of investments, beginning of period	702,723	651,123	694,735	631,401
Cost of investments purchased during the period	13,876	33,875	48,720	72,356
	716,599	684,998	743,455	703,757
Cost of investments, end of period	695,084	662,319	695,084	662,319
Cost of investments sold during the period ...	21,515	22,679	48,371	41,438
Realized gain (loss) on investments sold before income taxes.....	(7,127)	4,388	(9,148)	5,680
Provision for (recovery of) income taxes	(893)	759	(806)	925
Net realized gain (loss) on investments.....	\$ (6,234)	\$ 3,629	\$ (8,342)	\$ 4,755

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2010 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
362,568	Algoma Central Corporation.....	\$ 6,201	\$ 32,269	
92,000	Bank of Montreal.....	5,617	5,472	
331,805	Bank of Nova Scotia.....	5,755	18,223	
357,670	CAE, Inc.....	3,621	3,795	
80,000	Cameco Corporation.....	279	2,284	
136,330	Canadian National Railway Company.....	5,471	8,971	
224,940	Canadian Natural Resources Ltd.....	6,611	7,999	
91,700	Canadian Tire Corp. Ltd. Class A.....	3,262	5,253	
44,505	Canadian Utilities Limited Class A.....	1,089	2,219	
222,702	Canfor Corporation.....	1,436	1,866	
273,565	Cenovus Energy Inc.....	5,399	8,095	
80,000	Cogeco Cable Inc.....	2,649	2,921	
151,466	Enbridge Inc.....	2,065	8,137	
197,085	Encana Corporation.....	3,001	6,127	
138,700	Goldcorp, Inc.....	4,501	6,200	
300,000	Great-West Lifeco Inc.....	4,287	7,620	
157,430	Imperial Oil Limited.....	1,577	6,138	
210,676	Jean Coutu Group Inc.....	1,949	1,835	
218,625	Kinross Gold Corporation.....	3,808	4,219	
112,359	Loblaw Cos. Limited.....	5,536	4,581	
534,796	Manulife Financial Corporation.....	8,985	6,942	
206,705	Metro Inc.....	2,139	9,227	
392,710	Nexen Inc.....	3,283	8,129	
93,750	Potash Corporation of Saskatchewan.....	2,770	13,827	
161,000	Power Financial Corporation.....	926	4,675	
107,775	Quebecor Inc. Class B.....	3,923	3,706	
116,870	Research In Motion Limited.....	9,509	5,852	
147,775	Rogers Communications Inc. Class B.....	1,516	5,682	
389,796	Royal Bank of Canada.....	6,753	20,889	
338,400	Shaw Communications Inc. Class B.....	5,393	7,668	
157,290	Shoppers Drug Mart.....	6,529	6,290	
304,350	SNC-Lavalin Group Inc. Class A.....	1,283	16,009	
310,430	Suncor Energy Inc.....	12,416	10,396	
704,310	Talisman Energy Inc.....	4,347	12,678	
293,810	Thomson Reuters Corporation.....	11,941	11,365	
50,000	Tim Hortons Inc.....	1,681	1,874	
233,728	Toronto-Dominion Bank.....	5,519	17,347	
238,960	TransCanada Corporation.....	4,714	9,121	
200,000	Transcontinental Inc Class A.....	3,808	2,788	
240,000	TVA Group Inc. Class B.....	3,202	2,940	
81,600	West Fraser Timber Co. Ltd.....	1,862	3,084	
55,000	Weston (George) Limited.....	5,071	4,343	
		181,684	329,056	39.5
United States				
80,000	3M Co.....	7,246	7,146	
110,000	Automatic Data Processing Inc.....	4,940	4,761	
180,000	Bank of New York Mellon Corporation.....	6,004	4,838	
135,000	BB&T Corporation.....	3,937	3,349	
58,000	Becton Dickinson & Co.....	4,169	4,426	
1,322,000	Chaoada Modern Agriculture.....	1,422	1,128	
80,000	Chevron Corporation.....	5,728	6,677	
300,000	Cisco Systems, Inc.....	8,625	6,766	
80,000	Colgate-Palmolive Company.....	5,695	6,332	
291,400	ConAgra Foods, Inc.....	5,862	6,578	
82,000	Computer Sciences Corp.....	4,228	3,888	
203,000	CVS Caremark Corporation.....	5,011	6,579	
624,600	Dairy Farm International Holdings Limited.....	2,804	4,882	
121,000	Emerson Electric Company.....	5,089	6,560	
90,000	Exxon Mobil Corporation.....	5,839	5,729	
82,000	Fiserv, Inc.....	4,202	4,543	

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CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2010 (Continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
United States (continued)				
320,000	General Electric Company	\$ 8,878	\$ 5,355	
194,000	General Mills, Inc.	7,076	7,300	
93,000	Gilead Sciences, Inc.	3,220	3,410	
165,000	Halliburton Company	5,181	5,619	
110,000	Hartford Financial Services Group, Inc.	6,758	2,599	
101,900	H.J. Heinz Company	4,795	4,972	
108,000	Johnson & Johnson.....	7,578	6,888	
119,800	Kraft Foods Inc.	3,897	3,807	
115,700	Kimberly Clark Corporation	7,336	7,751	
164,200	Merck & Co. Inc.	5,710	6,223	
120,000	Metlife, Inc.	4,231	4,750	
148,000	Microsoft Corporation	3,611	3,729	
75,000	Monsanto Co.	5,905	3,699	
55,120	NIKE, Inc. Class B.....	3,235	4,550	
115,000	Pepsico, Inc.	7,448	7,874	
507,700	Pfizer Inc.	15,138	8,977	
140,000	Philip Morris International Inc.	6,598	8,077	
142,875	Proctor & Gamble Company	8,346	8,821	
87,000	Scripps Networks Interactive.....	4,333	4,259	
220,000	Spectra Energy Corporation.....	4,874	5,111	
80,940	Time Warner Inc.	3,645	2,553	
190,000	US Bancorp.	4,984	4,226	
90,700	Verisk Analytics Inc. Class A	2,574	2,615	
203,900	Waste Management Inc.	6,495	7,505	
200,161	Wells Fargo & Company	14,486	5,175	
		<u>237,133</u>	<u>220,027</u>	26.4
Mexico				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	2,727	5,226	0.6
	Total North America	<u>421,544</u>	<u>554,309</u>	66.5
Europe, excluding United Kingdom				
230,780	ABB Limited	4,126	5,017	
84,900	Adidas AG	3,801	5,399	
449,000	Alapis SA.....	2,264	987	
206,669	AXA	5,300	3,711	
414,175	Banco Santander Central Hispano SA.....	5,648	5,405	
51,000	Bayer AG	3,958	3,650	
84,449	Casino Guichard-Perrachon SA.....	7,226	7,948	
138,390	CSM	2,391	4,177	
606,000	Davide Campari-Milano S.p.A.	2,588	3,703	
102,900	Delhaize Group	8,043	7,667	
100,240	Essilor International SA.....	3,118	7,083	
93,000	Fresenius Medical Care & Co. KGaA ADR	3,006	5,910	
50,700	Heineken NV	1,900	2,701	
371,426	ING Groep N.V. ADR.....	7,802	3,944	
130,700	Kerry Group plc.....	3,449	4,692	
352,600	Koninklijke Ahold NV	5,073	4,883	
32,497	L'Air Liquide SA.....	2,299	4,073	
28,160	L'Oreal SA	2,643	3,253	
36,938	Lafarge SA	2,995	2,173	
181,400	Nestlé S.A.	8,262	9,968	
167,500	Nestlé S.A. ADR.....	5,652	9,216	
131,000	OMV AG	6,187	5,057	
139,200	Publicis Groupe.....	4,725	6,791	
62,125	Roche Holding AG.....	9,739	8,752	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2010 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
Europe, excluding United Kingdom (continued)				
100,000	SAP AG Spons ADR	\$ 5,564	\$ 5,079	
39,654	Schneider Electric SA.....	5,369	5,165	
161,908	SKF AB.....	1,803	3,820	
46,000	Synthes, Inc.	5,505	5,485	
350,000	Telenor ASA.....	6,107	5,631	
83,000	Total SA ADR.....	5,005	4,412	
		<u>141,548</u>	<u>155,752</u>	18.7
United Kingdom				
115,000	BP plc ADR	9,285	4,876	
325,400	Britvic plc.....	1,554	2,553	
353,015	Dairy Crest Group plc.....	1,271	2,118	
45,000	Diageo plc ADR.....	3,404	3,199	
491,812	GlaxoSmithKline plc.....	10,637	9,990	
506,000	HSBC Holdings Inc.	3,848	5,287	
35,000	National Grid plc ADR	1,561	1,540	
172,165	Next plc	3,744	6,180	
100,600	Reckitt Benckiser plc.....	3,735	5,703	
107,510	Standard Chartered plc.....	3,041	3,180	
1,590,000	Thomas Cook Group plc.....	6,420	4,420	
297,000	Vodafone Group Plc ADR.....	8,861	7,587	
		<u>57,361</u>	<u>56,633</u>	6.8
Asia				
151,600	Asahi Breweries, Ltd.	3,222	3,110	
92,100	Astellas Pharma Inc.	4,058	3,418	
3,392,000	China Pharmaceutical Group.....	1,898	1,800	
152,400	Circle K Sunkus Co., Ltd.	2,900	2,095	
123,100	Daiichi Sankyo Company, Limited.....	3,223	2,576	
130,100	Daiwa Securities Group Inc.....	1,227	541	
33,800	Eisai Co., Ltd.	1,655	1,215	
52,100	Fanuc Ltd.	5,783	6,822	
67,000	Itochu Techno-Solutions Corp.....	1,944	2,245	
725	KDDI Corp.	4,022	3,567	
14,080	Keyence Corporation	2,888	3,153	
144,000	Kirin Holdings Company, Limited	1,944	2,102	
340,000	Konica Minolta Holdings Inc.....	3,259	3,408	
78,400	Makita Corporation.....	2,014	2,559	
196,000	Mitsubishi Tanabe Pharma Corporation.....	3,335	3,287	
6,500	Nintendo Co. Ltd.	1,934	1,666	
70,800	Secom Co. Ltd.	3,320	3,291	
837,000	Sumitomo Trust and Banking Co., Ltd. (The).....	7,708	4,293	
250,000	Suzuki Motor Corporation	7,013	5,407	
52,600	Takeda Pharmaceutical Company Limited.....	3,237	2,484	
780,000	Television Broadcasts Limited.....	4,580	4,575	
		<u>71,164</u>	<u>63,614</u>	7.6
Australia				
45,000	BHP Billiton Limited Spons ADR.....	3,467	3,536	0.4
		<u>695,084</u>	<u>\$ 833,844</u>	<u>100.0</u>

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited consolidated 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 consolidated financial statements for the year ended March 31, 2010. The consolidated 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 September 30, 2010, all of the Company's investments were Level 1 investments. There were no transfers year to date between Level 1, 2 or 3 investments.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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

BANKER The Bank of Nova Scotia

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
M5J 2Y1
Toll Free: 1-800-564-6253
Web Contact form: www.computershare.com/service

TORONTO STOCK EXCHANGE LISTINGS

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

NET EQUITY VALUE

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

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

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

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

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

WEBSITE

www.ucorp.ca

