

UNITED CORPORATIONS LIMITED



THIRD QUARTER REPORT

DECEMBER 31, 2012

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

| | As at Dec. 31 2012 ⁽¹⁾ | As at March 31 2012 ⁽¹⁾ |
|---------------------------------------------------------|--------------------------------------|---------------------------------------|
| Net equity value per Common Share ⁽²⁾ | \$ 74.84 | \$ 72.32 |
| Net assets..... | \$ 920,316 | \$ 889,646 |
| Number of Common Shares outstanding at period end | 12,194,193 | 12,194,193 |

| | Nine months ended Dec. 31 | |
|-----------------------------------------------------------------------------|------------------------------|---------------------|
| | 2012 ⁽¹⁾ | 2011 ⁽¹⁾ |
| Net investment income per Common Share ⁽²⁾ | \$ 1.16 | \$ 1.08 |
| Dividends per Common Share | | |
| Quarterly | \$ 0.60 | \$ 0.60 |
| Additional ⁽³⁾ | \$ 0.63 | — |
| Increase (decrease) in net assets from operations per Common Share | \$ 3.73 | \$ (2.71) |
| Investment income | \$ 20,739 | \$ 20,014 |
| Net investment income | \$ 14,421 | \$ 13,483 |

⁽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 third quarter of fiscal 2013 should be read in conjunction with: the 2012 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 quarters of fiscal 2013. 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. It 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 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. Shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company trade at a discount to their net asset value.

United has no plans to become an open-ended investment fund or to buy back its Common Shares. Due to the relative illiquidity of the Common Shares, a repurchase program would effectively result in the share price being set by the Company rather than by the market.

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.

The objective of the Company is to earn an above-average rate of return through long-term capital appreciation and dividend income from the Company's portfolio of equity investments.

The investment portfolio of the Company comprises a mix of predominantly foreign equities. During the quarter, 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.

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited and ValueInvest Asset Management S.A. The change in asset allocation during the quarter did not result in any change in the portion of the Company's total assets managed by each of Jarislowsky Fraser Limited and ValueInvest Asset Management S.A.

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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 2012 Annual Report and in the statement of investments in this interim report beginning on page 11.

Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net equity value per Common Share may vary significantly from period to period depending on the selection of global equities which move with the constantly changing economic environment and market conditions.

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.

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 at which 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 approximate amount of dividends on Common Shares and Preferred 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):

| | Dec. 31 2012 | March 31 2012 |
|----------------------------------------------------|-------------------------|------------------|
| Net assets | \$ 920,316 | \$ 889,646 |
| Deduct: | | |
| Cost of redemption | | |
| First Preferred Shares | 1,567 | 1,567 |
| 1959 and 1963 Series Second Preferred Shares | 6,180 | 6,180 |
| | 7,747 | 7,747 |
| Net equity value | \$ 912,569 | \$ 881,899 |
| Common Shares outstanding..... | 12,194,193 | 12,194,193 |
| Net equity value per Common Share | \$ 74.84 | \$ 72.32 |

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 December 31 | | Nine months ended December 31 | |
|---------------------------------------------------------------------------|-----------------------------------|------------|----------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Increase (decrease) in net assets from operations | \$ 31,748 | \$ 37,598 | \$ 45,713 | \$ (32,757) |
| Add: Net loss (gain) on investments | (29,056) | (34,235) | (31,292) | 46,240 |
| Net investment income | 2,692 | 3,363 | 14,421 | 13,483 |
| Deduct: Dividends paid on Preferred Shares | 95 | 95 | 284 | 284 |
| Net investment income, net of dividends paid on Preferred Shares | \$ 2,597 | \$ 3,268 | \$ 14,137 | \$ 13,199 |
| Common Shares outstanding | 12,194,193 | 12,194,193 | 12,194,193 | 12,194,193 |
| Net investment income per Common Share | \$ 0.21 | \$ 0.27 | \$ 1.16 | \$ 1.08 |

Net Equity Value per Common Share

For the quarter ended December 31, 2012, the Company's net equity value per Common Share increased to \$74.84 from \$72.42 at September 30, 2012. With dividends reinvested at month-end net equity values, the Company's net equity value return was 3.6% for the quarter compared to a return of 4.7% 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 \$74.84 from \$72.32 at March 31, 2012. The net equity value return for the fiscal year to date was 5.3% compared to a negative return of 3.8% in the prior fiscal period.

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

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

| | Three months ended Dec. 31 | Nine months ended Dec. 31 |
|-------------------------------|----------------------------------|---------------------------------|
| | (%) | |
| MSCI World Index | 3.8% | 3.9% |
| S&P 500 Index | 0.8% | 2.6% |
| S&P/TSX Composite Index | 1.7% | 2.7% |

Operating Results

Net investment income

The Company's net investment income in the third quarter of fiscal 2013 was \$2,692,000 compared to net investment income of \$3,363,000 in the same quarter of the prior year. On a year-to-date basis, net investment income increased 7.0% to \$14,421,000 in fiscal 2013 from \$13,483,000 in fiscal 2012. On a per Common Share basis, net investment income for the quarter decreased to \$0.21 from \$0.27 for the same period in the prior year and on a year-to-date basis increased to \$1.16 from \$1.08 in the prior fiscal period.

During the quarter, foreign dividend income increased to \$3,304,000 from \$3,039,000 in fiscal 2012, and Canadian dividend income decreased to \$770,000 from \$2,121,000 for the same period in the prior fiscal year. On a year-to-date basis, foreign dividend income increased to \$14,802,000 from \$13,270,000 in fiscal 2012, and Canadian dividend income decreased to \$5,600,000 from \$6,420,000 in fiscal 2012. Canadian dividend income has declined during

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MANAGEMENT'S DISCUSSION AND ANALYSIS

the quarter and year to date, compared to the same periods in the prior year, as a result of the reduction in the Company's exposure to Canadian equities. Foreign dividend income increased during the quarter and year to date, relative to the prior year, as a result of the corresponding increase in the Company's exposure to foreign equities.

Expenses in the quarter amounted to \$1,003,000 (fiscal 2012 - \$916,000) and \$3,022,000 (fiscal 2012 - \$2,889,000) on a year-to-date basis. The increase for the quarter and year to date relates primarily 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 includes \$41,000 (fiscal 2012 – \$327,000) and year-to-date \$78,000 (fiscal 2012 – \$668,000) 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 gain on investments of \$88,921,000 in the third quarter of fiscal 2013 versus a net loss of \$5,924,000 for the same period in the prior year. On a fiscal year-to-date basis, the net gain on investments was \$93,366,000 in fiscal 2013 compared to net loss of \$4,322,000 in fiscal 2012. The primary reason for the fiscal 2013 quarterly and year-to-date net realized gain was the sale of the Canadian portfolio during the quarter as the Company reduced its exposure to Canadian equities.

During the current fiscal quarter, the net change in unrealized appreciation of investments was a decrease of \$59,072,000 compared to an increase of \$40,177,000 during the same period last year. On a fiscal year-to-date basis, the net change in unrealized appreciation of investments was a decrease of \$61,224,000 versus a decline of \$41,780,000 in fiscal 2012. During the quarter and year to date, the majority of the decline resulted from the realization of net gains from the sale of the Canadian equity portfolio noted above, partially offset by unrealized gains in Algoma and securities held in the United States, Europe and the United Kingdom.

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):

| | Dec. 31 2012 | Sept. 30 2012 | June 30 2012 | March 31 2012 | Dec. 31 2011 | Sept. 30 2011 | June 30 2011 | March 31 2011 |
|---------------------------------------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| Investments, at fair value | \$ 934,245 | \$ 903,346 | \$ 869,310 | \$ 901,554 | \$ 837,970 | \$ 793,685 | \$ 879,225 | \$ 897,570 |
| Investment income | \$ 4,445 | \$ 5,747 | \$ 10,547 | \$ 5,408 | \$ 5,213 | \$ 5,389 | \$ 9,412 | \$ 5,839 |
| Net investment income | \$ 2,692 | \$ 4,106 | \$ 7,623 | \$ 4,307 | \$ 3,363 | \$ 3,477 | \$ 6,643 | \$ 4,010 |
| Increase (decrease) in net assets from operations | \$ 31,748 | \$ 32,526 | \$ (18,561) | \$ 49,038 | \$ 37,598 | \$ (71,074) | \$ 719 | \$ 21,222 |
| Per Common Share: | | | | | | | | |
| Net investment income | \$ 0.21 | \$ 0.33 | \$ 0.62 | \$ 0.35 | \$ 0.27 | \$ 0.27 | \$ 0.54 | \$ 0.32 |
| Increase (decrease) in net assets from operations | \$ 2.60 | \$ 2.66 | \$ (1.53) | \$ 4.01 | \$ 3.08 | \$ (5.84) | \$ 0.05 | \$ 1.73 |
| Net equity value | \$ 74.84 | \$ 72.42 | \$ 69.96 | \$ 72.32 | \$ 68.51 | \$ 65.63 | \$ 71.67 | \$ 71.82 |

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay 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 quarter, 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.

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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

At December 31, 2012, 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 December 31, 2012, net investment income was \$0.21 (fiscal 2012 - \$0.27) per Common Share as compared to Common Share dividend payments of \$0.20 (fiscal 2012 - \$0.20) per share. On a fiscal year-to-date basis, net investment income per Common Share was \$1.16 (fiscal 2012 - \$1.08) as compared to Common Share quarterly dividend payments of \$0.60 (fiscal 2012 - \$0.60) per share.

On May 9, 2012, the Board of Directors declared a cash dividend of \$0.63 per Common Share that was paid June 29, 2012 to shareholders of record on June 15, 2012. This dividend represented a distribution of the balance of net investment income (after payment of Preferred Share dividends) for the fiscal year ended March 31, 2012.

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.

On transition to IFRS, management does not expect that the conversion 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.

Additional information relating to the transition to IFRS is available in the Company's fiscal 2012 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

February 5, 2013

UNITED CORPORATIONS LIMITED

STATEMENTS OF NET ASSETS (Unaudited)

| | December 31 2012 | March 31 2012 |
|---------------------------------------------------------------------------------------|---------------------|-------------------|
| | (000's) | |
| ASSETS | | |
| Investments, at fair value (Cost - \$822,261; March 31, 2012 - \$722,337) (Note 2) | \$ 934,245 | \$ 901,554 |
| Cash | 2,902 | 7,767 |
| Short-term investments | 8,080 | 4,488 |
| Accrued income on investments | 1,479 | 2,279 |
| Other assets | 332 | 290 |
| | 947,038 | 916,378 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 522 | 528 |
| Payable in respect of investments purchased | — | 2,953 |
| Income taxes payable | 10,423 | 1,210 |
| Future income taxes | 15,777 | 22,041 |
| | 26,722 | 26,732 |
| NET ASSETS | \$ 920,316 | \$ 889,646 |
| 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 | 379,316 | 348,646 |
| TOTAL SHAREHOLDERS' EQUITY | \$ 920,316 | \$ 889,646 |

(See accompanying notes)

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STATEMENTS OF OPERATIONS (Unaudited)

| | Three months ended Dec. 31 | | Nine months ended Dec. 31 | |
|---------------------------------------------------------------------------|----------------------------|-----------|---------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (000's) | | | |
| INVESTMENT INCOME | | | | |
| Dividends: | | | | |
| Foreign | \$ 3,304 | \$ 3,039 | \$ 14,802 | \$ 13,270 |
| Canadian | 770 | 2,121 | 5,600 | 6,420 |
| | 4,374 | 5,160 | 20,402 | 19,690 |
| Interest, including securities lending income | 71 | 53 | 337 | 324 |
| | 4,445 | 5,213 | 20,739 | 20,014 |
| Expenses: | | | | |
| Investment management and administrative costs | 849 | 792 | 2,480 | 2,427 |
| Directors' and officers' remuneration | 66 | 51 | 181 | 158 |
| Office and miscellaneous | 34 | 27 | 161 | 113 |
| Transfer, registrar and custody fees | 41 | 33 | 144 | 144 |
| Professional fees | 13 | 13 | 56 | 47 |
| | 1,003 | 916 | 3,022 | 2,889 |
| Investment income before income taxes | 3,442 | 4,297 | 17,717 | 17,125 |
| Provision for income taxes | 750 | 934 | 3,296 | 3,642 |
| NET INVESTMENT INCOME | 2,692 | 3,363 | 14,421 | 13,483 |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS | | | | |
| Net realized gain (loss) on investments | 88,921 | (5,924) | 93,366 | (4,322) |
| Net change in unrealized appreciation of investments | (59,072) | 40,177 | (61,224) | (41,780) |
| Transaction costs on purchase and sale of investments | (793) | (18) | (850) | (138) |
| NET GAIN (LOSS) ON INVESTMENTS | 29,056 | 34,235 | 31,292 | (46,240) |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS | \$ 31,748 | \$ 37,598 | \$ 45,713 | \$ (32,757) |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE | \$ 2.60 | \$ 3.08 | \$ 3.73 | \$ (2.71) |

(See accompanying notes)

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STATEMENTS OF RETAINED EARNINGS (Unaudited)

| | Nine months ended Dec. 31 | |
|---------------------------------------------------|---------------------------|------------|
| | 2012 | 2011 |
| | (000's) | |
| BEGINNING OF PERIOD | \$ 348,646 | \$ 342,576 |
| Add (deduct): | | |
| Increase (decrease) in net assets from operations | 45,713 | (32,757) |
| Refundable dividend taxes recovered | 1,909 | 1,940 |
| | 47,622 | (30,817) |
| Deduct: | | |
| Dividends: | | |
| First Preferred Shares | 59 | 59 |
| Second Preferred Shares | 225 | 225 |
| Common Shares | 14,998 | 7,316 |
| Provision for refundable dividend taxes | 1,670 | 1,985 |
| | 16,952 | 9,585 |
| END OF PERIOD | \$ 379,316 | \$ 302,174 |

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

| | Three months ended Dec. 31 | | Nine months ended Dec. 31 | |
|--------------------------------------------------------------|----------------------------|------------|---------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (000's) | | | |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS | \$ 31,748 | \$ 37,598 | \$ 45,713 | \$ (32,757) |
| DIVIDENDS TO SHAREHOLDERS | | | | |
| Preferred Shares | (95) | (95) | (284) | (284) |
| Common Shares | (2,438) | (2,438) | (14,998) | (7,316) |
| | (2,533) | (2,533) | (15,282) | (7,600) |
| TAXATION CHANGE | | | | |
| Net (increase) decrease in refundable dividend taxes on hand | 257 | 10 | 239 | (45) |
| INCREASE (DECREASE) IN NET ASSETS | 29,472 | 35,075 | 30,670 | (40,402) |
| NET ASSETS, BEGINNING OF PERIOD | 890,844 | 808,099 | 889,646 | 883,576 |
| NET ASSETS, END OF PERIOD | \$ 920,316 | \$ 843,174 | \$ 920,316 | \$ 843,174 |

(See accompanying notes)

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STATEMENTS OF NET REALIZED GAIN (LOSS) ON INVESTMENTS

(Unaudited)

| | Three months ended Dec. 31 | | Nine months ended Dec. 31 | |
|-----------------------------------------------------------------|----------------------------|------------|---------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (000's) | | | |
| Proceeds on sales of investments | \$ 625,391 | \$ 15,129 | \$ 657,387 | \$ 73,635 |
| Cost of investments, beginning of period | 725,294 | 700,225 | 722,337 | 709,728 |
| Cost of investments purchased during the period | 622,003 | 20,406 | 651,954 | 67,620 |
| | 1,347,297 | 720,631 | 1,374,291 | 777,348 |
| Cost of investments, end of period | 822,261 | 698,739 | 822,261 | 698,739 |
| Cost of investments sold during the period | 525,036 | 21,892 | 552,030 | 78,609 |
| Realized gain (loss) on investments sold before income taxes | 100,355 | (6,763) | 105,357 | (4,974) |
| Provision for (recovery of) income taxes | 11,434 | (839) | 11,991 | (652) |
| Net realized gain (loss) on investments | \$ 88,921 | \$ (5,924) | \$ 93,366 | \$ (4,322) |

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2012 (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 | \$ 50,760 | |
| 15,100 | Weston (George) Limited | 1,302 | 1,065 | |
| | | <u>7,503</u> | <u>51,825</u> | 5.5 |
| | United States | | | |
| 133,800 | 3M Co. | 12,091 | 12,360 | |
| 246,000 | Automatic Data Processing Inc. | 12,483 | 13,950 | |
| 166,800 | Becton, Dickinson and Company | 12,519 | 12,977 | |
| 271,900 | Coca-Cola Company (The) | 10,099 | 9,812 | |
| 202,300 | Colgate-Palmolive Company | 18,169 | 21,047 | |
| 231,500 | ConAgra Foods, Inc. | 4,687 | 6,794 | |
| 129,900 | Computer Sciences Corporation | 6,464 | 5,176 | |
| 288,900 | Emerson Electric Company | 13,439 | 15,228 | |
| 96,600 | EOG Resources, Inc. | 11,414 | 11,608 | |
| 176,900 | Exxon Mobil Corporation | 13,422 | 15,250 | |
| 196,100 | Fiserv, Inc. | 12,879 | 15,419 | |
| 235,700 | General Mills, Inc. | 8,631 | 9,476 | |
| 292,600 | Halliburton Company | 9,411 | 10,101 | |
| 98,800 | H.J. Heinz Company | 4,665 | 5,671 | |
| 79,870 | IBM Corporation | 13,591 | 15,249 | |
| 194,200 | Johnson & Johnson | 13,451 | 13,544 | |
| 346,800 | J.P. Morgan Chase & Co. | 14,229 | 15,181 | |
| 121,100 | Kimberly Clark Corporation | 7,729 | 10,169 | |
| 69,866 | Kraft Foods Inc. | 2,708 | 3,159 | |
| 179,300 | Merck & Co., Inc. | 6,299 | 7,305 | |
| 405,490 | Metlife, Inc. | 13,902 | 13,285 | |
| 187,500 | Microsoft Corporation | 4,798 | 4,984 | |
| 182,600 | Mondelez International Inc. | 4,253 | 4,629 | |
| 256,820 | Oracle Corporation | 7,631 | 8,514 | |
| 241,000 | PepsiCo, Inc. | 16,049 | 16,410 | |
| 624,200 | Pfizer Inc. | 17,485 | 15,581 | |
| 231,400 | Philip Morris International Inc. | 15,173 | 19,258 | |
| 190,375 | Procter & Gamble Company (The) | 11,581 | 12,862 | |
| 264,000 | QEP Resources, Inc. | 7,676 | 7,948 | |
| 307,800 | Spectra Energy Corporation | 7,375 | 8,382 | |
| 476,600 | Staples Inc. | 5,805 | 5,401 | |
| 185,800 | Time Warner Cable Inc. | 15,545 | 17,971 | |
| 500,400 | US Bancorp. | 14,222 | 15,901 | |
| 110,700 | Verisk Analytics Inc. Class A | 3,219 | 5,617 | |
| 443,900 | Walgreen Company | 15,058 | 16,354 | |
| 133,200 | Waste Management Inc. | 4,244 | 4,470 | |
| 512,461 | Wells Fargo & Company | 24,561 | 17,442 | |
| | | <u>396,957</u> | <u>424,485</u> | 45.5 |
| | Mexico | | | |
| 110,400 | Fomento Economico Mexicano, S.A. de C.V. ADR | 3,734 | 11,059 | 1.2 |
| | Total North America | <u>408,194</u> | <u>487,369</u> | 52.2 |

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2012 (Continued) (Unaudited)

| Number of Shares | | Cost | Fair value | % of Fair value |
|-----------------------------------------|---------------------------------------------|----------------|----------------|--------------------|
| | | (000's) | | |
| Europe, excluding United Kingdom | | | | |
| 250,780 | ABB Limited | \$ 4,357 | \$ 5,110 | |
| 19,503 | Adidas AG | 873 | 1,721 | |
| 167,248 | Anheuser-Busch InBev Spn ADR..... | 14,487 | 14,545 | |
| 564,569 | AXA | 11,246 | 9,880 | |
| 1,124,288 | Banco Santander Central Hispano S.A..... | 11,056 | 8,849 | |
| 164,200 | Bayer AG | 13,869 | 15,487 | |
| 54,380 | Casino Guichard-Perrachon S.A..... | 4,645 | 5,142 | |
| 298,802 | Davide Campari-Milano S.p.A..... | 1,276 | 2,273 | |
| 149,666 | Delhaize Group | 11,044 | 5,938 | |
| 88,740 | Essilor International S.A..... | 2,760 | 8,847 | |
| 372,816 | France Telecom S.A..... | 7,154 | 4,069 | |
| 95,200 | Fresenius Medical Care & Co. KGaA..... | 6,630 | 6,526 | |
| 186,000 | Fresenius Medical Care & Co. KGaA ADR | 3,006 | 6,349 | |
| 397,900 | ING Groep N.V..... | 3,680 | 3,681 | |
| 466,426 | ING Groep N.V. ADR..... | 8,511 | 4,404 | |
| 79,498 | Kerry Group plc..... | 2,098 | 4,146 | |
| 599,241 | Koninklijke Ahold NV | 8,219 | 7,967 | |
| 69,370 | L'Air Liquide S.A..... | 6,357 | 8,645 | |
| 158,438 | Lafarge S.A..... | 10,084 | 10,008 | |
| 47,200 | LVMH Moët Hennessy Louis Vuitton SA..... | 8,387 | 8,591 | |
| 229,622 | Nestlé SA | 11,646 | 14,872 | |
| 172,500 | Nestlé SA ADR..... | 5,944 | 11,184 | |
| 119,421 | OMV AG..... | 5,535 | 4,285 | |
| 54,303 | Publicis Groupe..... | 1,843 | 3,219 | |
| 46,627 | Roche Holding AG..... | 7,456 | 9,323 | |
| 178,500 | Sanofi..... | 14,572 | 16,679 | |
| 140,200 | SAP AG | 10,962 | 11,180 | |
| 125,000 | SAP AG Spons ADR | 6,859 | 9,996 | |
| 126,508 | Schneider Electric S.A..... | 8,651 | 9,091 | |
| 580,471 | Securitas AB Class B | 4,882 | 5,011 | |
| 91,900 | Siemens AG | 9,497 | 9,901 | |
| 503,500 | Telenor ASA..... | 8,709 | 10,083 | |
| 72,400 | Total S.A..... | 3,612 | 3,704 | |
| 113,000 | Total S.A. ADR | 6,494 | 5,852 | |
| | | <u>246,401</u> | <u>266,558</u> | 28.5 |
| United Kingdom | | | | |
| 550,390 | BG Group plc | 10,184 | 9,006 | |
| 325,400 | Britvic plc..... | 1,554 | 2,135 | |
| 353,015 | Dairy Crest Group plc..... | 1,271 | 2,193 | |
| 45,000 | Diageo plc ADR..... | 3,404 | 5,219 | |
| 495,072 | GlaxoSmithKline plc..... | 10,659 | 10,684 | |
| 1,632,800 | HSBC Holdings Inc..... | 14,718 | 17,086 | |
| 524,300 | National Grid plc..... | 5,921 | 5,959 | |
| 132,000 | National Grid plc ADR | 6,051 | 7,541 | |
| 61,540 | Next plc | 1,403 | 3,689 | |
| 671,948 | Standard Chartered plc..... | 16,650 | 17,089 | |
| 2,158,600 | Vodafone Group Plc..... | 5,565 | 5,392 | |
| 327,000 | Vodafone Group Plc ADR..... | 9,672 | 8,195 | |
| | | <u>87,052</u> | <u>94,188</u> | 10.1 |

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2012 (continued) (Unaudited)

| <u>Number of Shares</u> | | <u>Cost</u> | <u>Fair value</u> | <u>% of Fair value</u> |
|-----------------------------|--------------------------------------------|-------------------|-----------------------|----------------------------|
| | | (000's) | | |
| | Asia | | | |
| 222,500 | Asahi Group Holdings Co..... | \$ 4,844 | \$ 4,692 | |
| 88,400 | Fanuc Corporation | 13,064 | 16,146 | |
| 750 | Inpex Corporation..... | 4,478 | 3,935 | |
| 48,800 | Itochu Techno-Solutions Corporation..... | 1,416 | 1,986 | |
| 82,600 | KDDI Corporation..... | 4,772 | 5,765 | |
| 25,788 | Keyence Corporation | 5,862 | 7,055 | |
| 258,000 | Kirin Holdings Company, Limited | 3,368 | 2,997 | |
| 484,500 | Konica Minolta Holdings Inc..... | 4,400 | 3,426 | |
| 44,200 | Lawson Inc..... | 3,000 | 2,979 | |
| 99,600 | Makita Corporation..... | 2,959 | 4,534 | |
| 244,500 | Mitsubishi Tanabe Pharma Corporation | 4,042 | 3,161 | |
| 6,500 | Nintendo Co. Ltd. | 1,934 | 677 | |
| 70,800 | Secom Co. Ltd. | 3,320 | 3,519 | |
| 945,000 | Television Broadcasts Limited..... | 6,010 | 6,969 | |
| 155,600 | Toyota Motor Corporation..... | 6,630 | 7,145 | |
| | | <u>70,099</u> | <u>74,986</u> | 8.0 |
| | Australia | | | |
| 142,800 | BHP Billiton Limited Spons ADR..... | <u>10,515</u> | <u>11,144</u> | 1.2 |
| | Total investments | <u>\$ 822,261</u> | <u>\$ 934,245</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, 2012. 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 December 31, 2012 and March 31, 2012, 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

HEAD OFFICE

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

EXTERNAL INVESTMENT MANAGERS

Jarislowsky Fraser Limited, Toronto
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, 9th Floor, Toronto, Ontario, M5J 2Y1
Toll Free: 1-800-564-6253
www.computershare.com

TORONTO STOCK EXCHANGE LISTINGS

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

NET EQUITY VALUE

The Company's net equity value per Common Share is published weekly on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should 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

