

UNITED CORPORATIONS LIMITED



THIRD QUARTER REPORT

DECEMBER 31, 2013

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Dec. 31 2013 ⁽¹⁾	As at March 31 2013 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 95.81	\$ 82.03
Net assets.....	\$ 1,176,129	\$ 1,008,012
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Nine months ended Dec. 31	
	2013 ⁽¹⁾	2012 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 1.20	\$ 1.16
Dividends per Common Share		
Quarterly	\$ 0.60	\$ 0.60
Additional ⁽³⁾	\$ 0.63	\$ 0.63
Increase in net assets from operations per Common Share	\$ 15.02	\$ 3.73
Investment income	\$ 23,691	\$ 20,739
Net investment income	\$ 14,876	\$ 14,421

⁽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 payment of Common 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 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 quarters 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 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.

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 fiscal year, the Board of Directors announced that it was reducing United's exposure to Canadian equities and increasing its exposure to foreign equities. Prior to 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% prior to the announcement.

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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):

	Dec. 31 2013	March 31 2013
Net assets	\$ 1,176,129	\$ 1,008,012
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares.....	6,180	6,180
	7,747	7,747
Net equity value	\$ 1,168,382	\$ 1,000,265
Common Shares outstanding	12,194,193	12,194,193
Net equity value per Common Share.....	\$ 95.81	\$ 82.03

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

	Three months ended December 31		Nine months ended December 31	
	2013	2012	2013	2012
Increase in net assets from operations.....	\$ 106,327	\$ 31,748	\$ 183,399	\$ 45,713
Deduct: Net gain on investments.....	(102,902)	(29,056)	(168,523)	(31,292)
Net investment income	3,425	2,692	14,876	14,421
Deduct: Dividends paid on Preferred Shares	95	95	284	284
Net investment income, net of dividends paid on Preferred Shares	\$ 3,330	\$ 2,597	\$ 14,592	\$ 14,137
Common Shares outstanding	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share.....	\$ 0.28	\$ 0.21	\$ 1.20	\$ 1.16

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Net Equity Value per Common Share

For the quarter ended December 31, 2013, the Company's net equity value per Common Share increased to \$95.81 from \$87.30 at September 30, 2013. With dividends reinvested at month-end net equity values, the Company's net equity value return was 10.0% in the third quarter of fiscal 2014 compared to a return of 3.6% 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 \$95.81 from \$82.03 at March 31, 2013. The net equity value return for the fiscal year to date was 18.2% compared to a return of 5.3% 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 Dec. 31	Nine months ended Dec. 31
	(%)	
MSCI World Index	11.8	23.7
S&P 500 Index	14.3	25.4
S&P/TSX Composite Index	7.3	9.3

Operating Results

Net investment income

The Company's net investment income in the third quarter of fiscal 2014 was \$3,425,000, an increase of 27.2%, compared to net investment income of \$2,692,000 in the same quarter of the prior year. On a year-to-date basis, net investment income increased 3.2% to \$14,876,000 in fiscal 2014 from \$14,421,000 in fiscal 2013. On a per Common Share basis, net investment income for the quarter increased to \$0.28 from \$0.21 for the same period in the prior year and on a year-to-date basis increased to \$1.20 from \$1.16 in the prior fiscal period.

During the quarter, foreign dividend income increased by 53.4% to \$5,527,000 from \$3,304,000 in fiscal 2013, and Canadian dividend income decreased by 66.2% to \$260,000 from \$770,000 for the same period in the prior fiscal year. On a year-to-date basis, foreign dividend income increased by 52.4% to \$22,555,000 from \$14,802,000 in fiscal 2013, and Canadian dividend income decreased by 86.1% to \$780,000 from \$5,600,000 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 \$41,000 for the third quarter of the year compared to \$71,000 for the same quarter in the prior year, and on a year-to-date basis increased to \$356,000 compared to \$337,000 in the prior year. During the current fiscal quarter, the Company earned approximately \$33,000 of securities lending income compared to \$60,000 in the prior year, and on a year-to-date basis, the Company earned approximately \$321,000 of securities lending income compared to \$299,000 in the prior year.

Expenses of the Company for the quarter increased to \$1,262,000 compared to \$1,003,000 for the same period in the prior year, and on a year-to-date basis increased to \$3,732,000 compared to \$3,022,000 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 52.1% to \$1,141,000 during the quarter from \$750,000 for the same quarter in the prior year, and on a year-to-date basis increased by 54.2% to \$5,083,000 from \$3,296,000 in the prior year. Although investment income before income taxes, relative to the same periods in the prior year, has increased by 32.7% during the quarter and by 12.7% year to date, the amount of taxable income, however, has increased by 61.2% during the quarter and 58.3% 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 Part I tax. Given that the Company

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increased its exposure to foreign securities commencing in November 2012, the effective income tax rate for the quarter has increased in fiscal 2014 to 25.0% from 21.8% for the prior year. On a year-to-date basis, the effective income tax rate has increased to 25.5% from 18.6% for the same period in the prior year.

Net gain on investments

The net realized and unrealized gain on investments for the Company increased to \$102,902,000 in the third quarter of fiscal 2014 compared to a net gain of \$29,056,000 for the same period in the prior year. On a year-to-date basis, the net realized and unrealized gain on investments was \$168,523,000 in fiscal 2014 compared to a net gain of \$31,292,000 in fiscal 2013.

The Company realized a net gain on investments of \$8,938,000 in the current fiscal quarter compared to a net gain of \$88,921,000 for the same period in the prior year. On a year-to-date basis, the Company realized a gain of \$40,620,000 for the current year compared to a gain of \$93,366,000 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. In the prior year, the primary reason for the significant 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 Company's net change in unrealized appreciation of investments was an increase of \$94,009,000 compared to a decrease of \$59,072,000 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 \$128,137,000 compared to a decrease \$61,224,000 during the prior year. During the quarter, equities outside of North America increased by approximately \$33,897,000 and North American equities increased by approximately \$60,112,000. Year to date, equities outside of North America increased by approximately \$51,037,000 and North American equities increased by approximately \$77,100,000. During the prior year's third 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 previously.

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 2013	Sept. 30 2013	June 30 2013	March 31 2013	Dec. 31 2012	Sept. 30 2012	June 30 2012	March 31 2012
Investments, at fair value	\$ 1,205,726	\$ 1,092,086	\$ 1,043,192	\$ 1,032,275	\$ 934,245	\$ 903,346	\$ 869,310	\$ 901,554
Investment income	\$ 5,828	\$ 5,532	\$ 12,331	\$ 5,707	\$ 4,445	\$ 5,747	\$ 10,547	\$ 5,408
Net investment income	\$ 3,425	\$ 3,250	\$ 8,201	\$ 3,371	\$ 2,692	\$ 4,106	\$ 7,623	\$ 4,307
Increase (decrease) in net assets from operations	\$ 106,327	\$ 44,280	\$ 32,792	\$ 90,229	\$ 31,748	\$ 32,526	\$ (18,561)	\$ 49,038
Per Common Share:								
Net investment income	\$ 0.27	\$ 0.26	\$ 0.66	\$ 0.27	\$ 0.21	\$ 0.33	\$ 0.62	\$ 0.35
Increase (decrease) in net assets from operations	\$ 8.72	\$ 3.62	\$ 2.68	\$ 7.39	\$ 2.60	\$ 2.66	\$ (1.53)	\$ 4.01
Net equity value	\$ 95.81	\$ 87.30	\$ 83.88	\$ 82.03	\$ 74.84	\$ 72.42	\$ 69.96	\$ 72.32

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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 value of the Canadian dollar relative to other currencies, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels. During the prior fiscal year, the Company reduced its exposure to Canadian equities and increased its exposure to foreign equities. Going forward, dividends received from foreign equities may be more or less than dividends earned from the previous Canadian equity portfolio.

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

Share Data

As at December 31, 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 December 31, 2013, net investment income was \$0.28 (fiscal 2013 - \$0.21) 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 \$1.20 (fiscal 2013 - \$1.16) as compared to Common Share quarterly dividend payments of \$1.23 (fiscal 2013 - \$1.23). The year-to-date Common Share dividends include \$0.63 (fiscal 2013 - \$0.63) per Common Share, which 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 fiscal 2013 Annual Report.

Reallocation of Assets

Subsequent to the quarter end, the Board of Directors announced that, effective January 13, 2014, it had allocated its assets evenly between the Company's two external investment managers, Jarislowsky and ValueInvest, in order to diversify manager risk. Both Jarislowsky and ValueInvest have global equities mandates. As a consequence of this decision, approximately \$300 million of assets managed by Jarislowsky is now managed by ValueInvest.

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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.

A handwritten signature in black ink that reads "Duncan N.R. Jackman". The signature is written in a cursive style with a long, sweeping tail on the letter 'n'.

Duncan N.R. Jackman
Chairman and President

February 4, 2014

UNITED CORPORATIONS LIMITED

STATEMENTS OF NET ASSETS (Unaudited)

	December 31 2013	March 31 2013
	(000's)	
ASSETS		
Investments, at fair value (Cost - \$857,762; March 31, 2013 - \$831,990) (Note 2))	\$ 1,205,726	\$ 1,032,275
Cash	4,087	4,075
Short-term investments	9,912	9,574
Accrued income on investments	1,402	2,365
Income taxes receivable	1,841	—
Other assets	754	418
	1,223,722	1,048,707
LIABILITIES		
Accounts payable and accrued liabilities	720	573
Income taxes payable	—	12,535
Future income taxes	46,873	27,587
	47,593	40,695
NET ASSETS	\$ 1,176,129	\$ 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	635,129	467,012
TOTAL SHAREHOLDERS' EQUITY	\$ 1,176,129	\$ 1,008,012

(See accompanying notes)

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STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2013	2012	2013	2012
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 5,527	\$ 3,304	\$ 22,555	\$ 14,802
Canadian	260	770	780	5,600
	5,787	4,374	23,335	20,402
Interest, including securities lending income	41	71	356	337
	5,828	4,445	23,691	20,739
Expenses:				
Investment management and administrative costs	1,068	849	3,071	2,480
Directors' and officers' remuneration	58	66	175	181
Office and miscellaneous	30	34	163	161
Transfer, registrar and custody fees	93	41	272	144
Professional fees	13	13	51	56
	1,262	1,003	3,732	3,022
Investment income before income taxes	4,566	3,442	19,959	17,717
Provision for income taxes	1,141	750	5,083	3,296
NET INVESTMENT INCOME	3,425	2,692	14,876	14,421
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain on investments	8,938	88,921	40,620	93,366
Net change in unrealized appreciation of investments	94,009	(59,072)	128,137	(61,224)
Transaction costs on purchase and sale of investments	(45)	(793)	(234)	(850)
NET GAIN ON INVESTMENTS	102,902	29,056	168,523	31,292
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 106,327	\$ 31,748	\$ 183,399	\$ 45,713
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 8.72	\$ 2.60	\$ 15.02	\$ 3.73

(See accompanying notes)

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STATEMENTS OF RETAINED EARNINGS (Unaudited)

	Nine months ended Dec. 31	
	2013	2012
	(000's)	
BEGINNING OF PERIOD	\$ 467,012	\$ 348,646
Add:		
Increase in net assets from operations	183,399	45,713
Refundable dividend taxes recovered	14	1,909
	183,413	47,622
Deduct:		
Dividends:		
First Preferred Shares	59	59
Second Preferred Shares	225	225
Common Shares	14,998	14,998
Provision for refundable dividend taxes	14	1,670
	15,296	16,952
END OF PERIOD	\$ 635,129	\$ 379,316

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2013	2012	2013	2012
	(000's)			
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 106,327	\$ 31,748	\$ 183,399	\$ 45,713
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(284)	(284)
Common Shares	(2,438)	(2,438)	(14,998)	(14,998)
	(2,533)	(2,533)	(15,282)	(15,282)
TAXATION CHANGE				
Net decrease in refundable dividend taxes on hand	—	257	—	239
INCREASE IN NET ASSETS	103,794	29,472	168,117	30,670
NET ASSETS, BEGINNING OF PERIOD	1,072,335	890,844	1,008,012	889,646
NET ASSETS, END OF PERIOD	\$ 1,176,129	\$ 920,316	\$ 1,176,129	\$ 920,316

(See accompanying notes)

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STATEMENTS OF NET REALIZED GAIN ON INVESTMENTS

(Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2013	2012	2013	2012
	(000's)			
Proceeds on sales of investments	\$ 33,079	\$ 625,391	\$ 161,203	\$ 657,387
Cost of investments, beginning of period	852,391	725,294	831,990	722,337
Cost of investments purchased during the period	28,055	622,003	140,157	651,954
	880,446	1,347,297	972,147	1,374,291
Cost of investments, end of period	857,762	822,261	857,762	822,261
Cost of investments sold during the period	22,684	525,036	114,385	552,030
Realized gain on investments sold before income taxes	10,395	100,355	46,818	105,357
Provision for income taxes	1,457	11,434	6,198	11,991
Net realized gain on investments	\$ 8,938	\$ 88,921	\$ 40,620	\$ 93,366

(See accompanying notes)

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 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	\$ 60,186	
15,100	Weston (George) Limited	1,302	1,168	
		<u>7,503</u>	<u>61,354</u>	5.1
United States				
140,880	3M Co.	12,916	21,012	
167,810	Allergan, Inc.	16,720	19,826	
223,690	Automatic Data Processing Inc.	11,814	19,221	
159,290	Becton, Dickinson and Company	12,057	18,716	
39,400	Clorox Company (The)	3,725	3,888	
364,050	Coca-Cola Company (The)	13,489	15,988	
318,270	Colgate-Palmolive Company	14,515	22,071	
58,300	Computer Sciences Corporation	2,901	3,466	
282,400	ConAgra Foods, Inc.	7,266	10,119	
259,570	Dollar Tree, Inc.	9,847	15,574	
248,580	Emerson Electric Company	11,670	18,555	
91,910	EOG Resources, Inc.	10,920	16,402	
152,800	Exxon Mobil Corporation	11,697	16,447	
247,940	Fiserv, Inc.	8,275	15,572	
257,400	General Mills, Inc.	9,703	13,664	
8,920	Google Inc.	8,108	10,625	
197,280	Halliburton Company	6,398	10,649	
159,900	Hormel Foods Corporation	6,673	7,680	
93,620	IBM Corporation	16,513	18,666	
173,680	Johnson & Johnson	12,119	16,917	
330,050	JPMorgan Chase & Co.	13,648	20,525	
119,200	Kimberly Clark Corporation	8,578	13,244	
115,166	Kraft Foods Group Inc.	4,869	6,603	
166,000	Merck & Co., Inc.	6,184	8,838	
444,070	MetLife, Inc.	15,356	25,467	
261,200	Microsoft Corporation	7,404	10,396	
70,600	Mondelez International Inc. Class A	1,644	2,650	
488,180	Oracle Corporation	15,678	19,871	
212,370	PepsiCo, Inc.	14,427	18,734	
888,557	Pfizer Inc.	24,662	28,938	
195,730	Philip Morris International Inc.	12,978	18,137	
678,900	Staples Inc.	8,690	11,474	
116,300	Target Corporation	7,869	7,826	
106,540	Time Warner Cable Inc.	9,047	15,348	
476,880	US Bancorp.	13,650	20,486	
174,100	Verisk Analytics Inc. Class A	7,169	12,171	
337,850	Walgreen Company	11,608	20,640	
61,000	Waste Management Inc.	1,944	2,911	
457,901	Wells Fargo & Company	21,900	22,106	
		<u>414,631</u>	<u>581,423</u>	48.2
Mexico				
84,000	Fomento Economico Mexicano, S.A. de C.V. ADR	4,206	8,742	0.7
	Total North America	<u>426,340</u>	<u>651,519</u>	54.0

(continued)

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2013 (Continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
Europe, excluding United Kingdom				
19,503	Adidas AG	\$ 873	\$ 2,646	
110,718	Anheuser-Busch Inbev SA ADR.....	9,623	12,543	
538,349	AXA	10,793	15,945	
1,781,778	Banco Santander Central Hispano S.A.....	15,976	16,973	
164,480	Bayer AG	14,373	24,618	
91,455	Casino Guichard-Perrachon S.A.....	8,647	11,225	
455,914	Davide Campari-Milano S.p.A.....	2,544	4,059	
158,327	Delhaize Group	11,562	9,993	
129,910	Fresenius Medical Care & Co. KGaA.....	8,950	9,837	
177,120	Fresenius Medical Care & Co. KGaA ADR	2,863	6,691	
121,302	Group Danone S.A.....	9,259	9,301	
59,498	Kerry Group plc.....	1,570	4,386	
650,640	Koninklijke Ahold NV	9,117	12,443	
114,938	Lafarge S.A.	7,401	9,175	
66,000	L'Air Liquide S.A.	6,104	9,943	
62,100	LVMH Moët Hennessy Louis Vuitton SA.....	11,040	12,068	
234,972	Nestlé SA	12,046	18,314	
138,890	Nestlé SA ADR.....	4,786	10,871	
99,476	OMV AG	4,611	5,046	
438,326	Orange S.A.	7,906	5,781	
36,045	Publicis Groupe.....	1,223	3,513	
28,991	Roche Holding AG.....	4,636	8,626	
198,330	Sanofi	16,779	22,415	
183,808	Schneider Electric S.A.	12,914	17,078	
728,732	Securitas AB Class B	6,338	8,237	
149,080	Siemens AG	15,434	21,745	
554,020	Telenor ASA.....	9,913	14,044	
120,800	Total S.A.....	6,414	7,883	
107,000	Total S.A. ADR	6,150	6,978	
		<u>239,845</u>	<u>322,377</u>	26.8
United Kingdom				
608,740	BG Group plc	11,134	13,923	
180,760	Diageo plc	5,635	6,369	
43,020	Diageo plc ADR.....	3,254	6,055	
246,031	GlaxoSmithKline plc	5,297	6,989	
1,574,930	HSBC Holdings Inc.	14,310	18,386	
535,600	National Grid plc.....	6,064	7,440	
54,860	National Grid plc ADR	2,515	3,809	
640,548	Standard Chartered plc.....	15,866	15,356	
		<u>64,075</u>	<u>78,327</u>	6.5
Asia				
169,600	Asahi Group Holdings Co.....	3,692	5,072	
99,900	Familymart Co., Ltd.....	4,683	4,848	
93,900	Fanuc Corporation	14,066	18,246	
412,400	Inpex Corporation.....	5,779	5,612	
48,800	Itochu Techno-Solutions Corporation	1,416	2,102	
47,000	KDDI Corporation.....	1,357	3,070	
27,788	Keyence Corporation	6,609	12,614	
250,000	Kirin Holdings Company, Limited	3,444	3,822	
982,500	Konica Minolta Holdings Inc.....	8,106	10,400	
44,200	Lawson Inc.	3,000	3,512	
40,600	Makita Corporation.....	1,206	2,262	
476,000	Mitsubishi Tanabe Pharma Corporation	7,423	7,045	
1,629,400	Mitsubishi UFJ Financial Group	10,754	11,416	
627,000	Osaka Gas Co., Ltd.....	2,715	2,605	
70,800	Secom Co. Ltd.	3,320	4,524	
1,096,000	Television Broadcasts Limited.....	7,059	7,773	
285,200	Toyota Motor Corporation.....	12,873	18,481	
		<u>97,502</u>	<u>123,404</u>	10.2

(continued)

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2013 (continued) (Unaudited)

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value</u>
		(000's)		
	Australia			
384,520	Australia and New Zealand Banking Group Limited	\$ 10,126	\$ 11,758	
136,100	BHP Billiton Ltd-Spon ADR	10,003	9,867	
		<u>20,129</u>	<u>21,625</u>	1.8
	South America			
635,840	Banco Bradesco S.A. ADR.....	<u>9,871</u>	<u>8,474</u>	<u>0.7</u>
	Total investments	<u>\$ 857,762</u>	<u>\$ 1,205,726</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 December 31, 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 contact the Chairman of the Audit Committee at the following:

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

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

WEBSITE

www.ucorp.ca

