

# UNITED CORPORATIONS LIMITED

**FIRST QUARTER REPORT**  
**June 30, 2006**

**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Section 4.3(3)(a) of National Instrument 51-102, *Continuous Disclosure Obligations*, provides that if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

signed "Duncan N.R. Jackman"

Duncan N.R. Jackman  
Chairman and President

signed "Travis R. Epp"

Travis R. Epp  
Treasurer

August 3, 2006



**THE PERIOD AT A GLANCE**  
(Unaudited)

	<b>As at June 30 2006 <sup>(1)</sup></b>	<b>As at March 31 2006 <sup>(1)</sup></b>
Net equity value per common share.....	\$ 74.47	\$ 76.46
Net assets.....	\$ 915,814	\$ 940,068
Number of common shares outstanding at period end.....	12,194,193	12,194,193

	<b>Three months ended June 30</b>	
	<b>2006 <sup>(1)</sup></b>	<b>2005 <sup>(1)</sup></b>
Net investment income per common share.....	\$ 0.43	\$ 0.40
Regular dividends per common share.....	\$ 0.20	\$ 0.20
Investment income .....	\$ 8,440	\$ 7,602
Net investment income .....	\$ 5,344	\$ 5,030

<sup>(1)</sup> In thousands of dollars, except number of common shares outstanding and per share amounts.

# 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 first quarter of fiscal 2007 should be read in conjunction with the MD&A for the fiscal year ended March 31, 2006, the Company's annual audited consolidated financial statements, the notes relating thereto, supplementary financial information included in the Company's Annual Report, the quarterly unaudited financial statements and notes contained in this report, as well as the Corporation's MD&A and unaudited interim financial statements for the quarters of fiscal 2006. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussions are in Canadian dollars.

MD&A contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that 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.

### Market Review

For the quarter ended June 30, 2006, the Company's net equity value per share decreased to \$74.47 from \$76.46 at March 31, 2006, a decrease of 2.3% (based on the reinvestment of dividends at month-end net equity values). As a taxable Canadian corporation, a provision for future income taxes is recorded on the unrealized appreciation of investments. Future income taxes are recorded as a liability on the consolidated balance sheet. The net equity value of the Company's common shares is determined by deducting the outstanding preferred shares at their cost of redemption from the net assets of the Company. The net equity value per common share is the net equity value divided by the number of common shares outstanding.

Global stock markets posted negative results in the quarter ended June 30, 2006 (the first quarter of fiscal 2007). The performance of the Company was also affected by the strengthening of the Canadian dollar compared to the U.S. dollar in the first quarter of fiscal 2007. In Canadian dollar terms, in the first quarter of fiscal 2007, the S&P/TSX Composite Index decreased 3.5%, the MSCI World Index decreased 5.0% and the S&P 500 Index decreased 5.8%.

### Operating Results

#### *Net investment income*

The Company's net investment income in the first quarter of fiscal 2007 was \$5,344,000 compared to \$5,030,000 in the first quarter of fiscal 2006. On a per common share basis, net investment income for the quarter increased to \$0.43 in fiscal 2007 from \$0.40 in fiscal 2006.

Foreign dividend income in the quarter increased to \$6,608,000 from \$5,283,000 in fiscal 2006. The increase in foreign dividends is due to an increase in investment in foreign equities compared to the prior year and a special dividend from Whitbread PLC of approximately \$314,000. Canadian dividend income amounted to \$1,598,000 in the current quarter compared to \$2,054,000 in the prior year. The decrease in Canadian dividends income was mainly due to a special dividend paid by Rothmans Inc. in the first quarter of fiscal 2006. Interest income amounted to \$234,000 as compared to \$265,000 in fiscal 2006.

Operating expenses in the quarter amounted to \$978,000 (2006 - \$889,000). The rise in expenses from the prior year was mainly due to an increase in management costs.

#### *Net gain on investments*

The Company realized a net gain on investments sold before income taxes of \$14,483,000 in the first quarter of fiscal 2007 (2006 - \$4,094,000). The majority of the realized gains were from dispositions of Bank of Nova Scotia, ConocoPhillips, Imperial Oil Limited, Arcelor, Sumitomo Mitsui Financial Group, Inc. and the maturity of the U.S. dollar forward currency contracts. The only significant realized loss during the quarter resulted from a partial disposition of Fannie Mae.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Company's unrealized appreciation of investments before future income taxes decreased by \$49,787,000 in the quarter compared to an increase of \$13,639,000 in the same period last year. The decrease in the first quarter of fiscal 2007 reflects the poor performance of the equity markets.

In the first quarter of fiscal 2007, the Federal government substantively enacted reductions in income tax rates commencing in 2008. As a result of the tax change, there was a reduction in the Future income tax liability and an increase in Unrealized appreciation of investments. The benefit of the tax rate change is approximately \$1,700,000.

### Quarterly results

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

	June 30 2006	March 31 2006	Dec. 31 2005	Sept. 30 2005	June 30 2005	March 31 2005	Dec. 31 2004	Sept. 30 2004
Investment income	\$ 8,440	\$ 5,024	\$ 3,552	\$ 4,302	\$ 7,602	\$ 4,631	\$ 4,549	\$ 4,039
Increase (decrease) in net assets from operations	\$ (21,906)	\$ 48,068	\$ 15,174	\$ 41,115	\$ 19,560	\$ 28,303	\$ 43,332	\$ (8,272)
Increase (decrease) in net assets from operations per share <sup>1</sup>	\$ (1.80)	\$ 3.93	\$ 1.24	\$ 3.36	\$ 1.60	\$ 2.31	\$ 3.55	\$ (0.69)

<sup>1</sup> Net of dividends on preferred shares

Investment income is primarily derived from dividend income that is earned by the Company. While North American investments generally pay regular quarterly dividends, investments outside of North America often pay less frequently. Generally, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. Further, there are occasions when investments pay special dividends. As previously indicated, a special dividend from Whitbread PLC was earned during the quarter of approximately \$314,000.

### Liquidity and Capital Resources

The payment of the Company's regular dividends on its Common shares and each class of Preferred Share is funded by Net investment income. For the quarter ended June 30, 2006, Net investment income was \$5,344,000 as compared to dividend payments of \$2,532,000.

### Additional Information

Additional information relating to United, including the Company's Annual Information Form, may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

August 3, 2006

Duncan N.R. Jackman  
Chairman and President

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	June 30 2006	(000's)	March 31 2006
<b>ASSETS</b>			
Investments, at indicated market value (cost - \$718,698; March 31, 2006 - \$704,452).....	\$ 935,334		\$ 970,875
Cash .....	5,922		12,270
Short-term investments .....	4,098		8,682
Receivable in respect of investments sold .....	5,400		1,437
Accrued income on investments.....	2,106		2,209
Income taxes receivable.....	1,672		—
Other assets .....	559		515
	<u>955,091</u>		<u>995,988</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities.....	673		660
Payable in respect of investments purchased .....	52		3,538
Income taxes payable.....	—		2,321
Future income taxes .....	38,552		49,401
	<u>39,277</u>		<u>55,920</u>
Net assets.....	<u>\$ 915,814</u>		<u>\$ 940,068</u>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital			
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 .....	195,990		181,096
Unrealized appreciation of investments.....	178,824		217,972
Total shareholders' equity.....	<u>\$ 915,814</u>		<u>\$ 940,068</u>

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended June 30	
	2006	2005
	(000's)	
<b>INVESTMENT INCOME</b>		
Dividends:		
Foreign.....	\$ 6,608	\$ 5,283
Canadian.....	1,598	2,054
	<u>8,206</u>	<u>7,337</u>
Interest, including securities lending income .....	234	265
	<u>8,440</u>	<u>7,602</u>
Expenses:		
Management costs.....	764	673
Directors' and officers' remuneration.....	45	49
Office and miscellaneous.....	30	66
Transfer, registrar and custodial agents' fees .....	103	67
Professional fees .....	15	13
Capital tax.....	21	21
	<u>978</u>	<u>889</u>
Investment income before income taxes .....	7,462	6,713
Income taxes.....	2,118	1,683
<b>NET INVESTMENT INCOME</b> .....	<u>5,344</u>	<u>5,030</u>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net realized gain on investments.....	11,898	3,412
Net change in unrealized appreciation of investments .....	<u>(39,148)</u>	<u>11,118</u>
<b>NET GAIN (LOSS) ON INVESTMENTS</b> .....	<u>(27,250)</u>	<u>14,530</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ (21,906)</u>	<u>\$ 19,560</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE</b> .....	<u>\$ (1.80)</u>	<u>\$ 1.60</u>

## CONSOLIDATED STATEMENT OF REALIZED GAIN (Unaudited)

	Three months ended June 30	
	2006	2005
	(000's)	
Proceeds on sales of investments.....	\$ 43,232	\$ 36,179
Cost of investments, beginning of period .....	704,452	644,571
Cost of investments purchased during the period .....	42,995	38,850
	<u>747,447</u>	<u>683,421</u>
Cost of investments, end of period.....	718,698	651,336
Cost of investments sold during the period .....	<u>28,749</u>	<u>32,085</u>
Realized gain on investments sold before taxes .....	14,483	4,094
Provision for taxes on realized net realized capital gains.....	<u>2,585</u>	<u>682</u>
Net realized gain on investments .....	<u>\$ 11,898</u>	<u>\$ 3,412</u>

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended June 30	
	2006	2005
	(000's)	
BEGINNING OF PERIOD.....	\$ 181,096	\$ 134,445
Add:		
Net investment income.....	5,344	5,030
Net realized gain on investments .....	11,898	3,412
Refundable taxes recovered .....	674	810
	<u>199,012</u>	<u>143,697</u>
Deduct:		
Dividends from net investment income:		
First Preferred Shares.....	19	19
Second Preferred Shares.....	74	74
Common Shares .....	2,439	2,439
Provision for refundable taxes.....	490	685
	<u>3,022</u>	<u>3,217</u>
END OF PERIOD .....	<u>\$ 195,990</u>	<u>\$ 140,480</u>

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended June 30	
	2006	2005
	(000's)	
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS .....	\$ (21,906)	\$ 19,560
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders.....	(2,439)	(2,439)
Preferred shareholders .....	(93)	(93)
	<u>(2,532)</u>	<u>(2,532)</u>
TAXATION CHANGES		
Net decrease in refundable dividend tax on hand .....	184	125
INCREASE (DECREASE) IN NET ASSETS .....	(24,254)	17,153
NET ASSETS, BEGINNING OF PERIOD .....	940,068	826,344
NET ASSETS, END OF PERIOD .....	<u>\$ 915,814</u>	<u>\$ 843,497</u>

(See accompanying note)



# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2006 (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>North America</b>				
<b>Canada</b>				
<b>Preferred</b>				
140,000	Nortel Networks Limited \$1.275 Series F .....	\$ 3,512	\$ 2,428	0.3
<b>Common</b>				
362,568	Algoma Central Corporation.....	6,201	36,257	
79,100	Bank of Montreal.....	4,736	4,751	
442,970	Bank of Nova Scotia.....	7,637	19,588	
90,000	Cameco Corporation.....	314	4,002	
116,800	Canadian National Railway Company.....	3,974	5,695	
170,710	Canadian Natural Resources Ltd.....	9,980	10,536	
141,800	Canadian Tire Corp. Ltd. Class A.....	4,043	9,384	
160,000	Canadian Utilities Limited Class A.....	3,915	5,904	
267,702	Canfor Corporation.....	1,998	3,480	
276,826	Enbridge Inc.....	3,775	9,404	
178,400	Encana Corporation.....	3,102	10,486	
330,000	Great-West Lifeco Inc.....	4,715	9,392	
270,440	Imperial Oil Limited.....	2,708	11,029	
210,676	Jean Coutu Group Inc.....	1,949	2,465	
100,000	Loblaw Cos. Limited.....	4,972	5,150	
500,400	Manulife Financial Corporation.....	8,281	17,699	
284,000	Metro Inc.....	2,648	8,449	
273,630	Nexen Inc.....	4,344	17,211	
52,400	Nova Chemicals Corporation.....	1,491	1,680	
64,000	Potash Corp. of Saskatchewan.....	2,791	6,118	
179,000	Power Financial Corporation.....	1,029	5,608	
141,900	Quebecor Inc.....	5,165	3,428	
100,000	Rogers Communications Inc. Class B.....	2,051	4,491	
158,290	Rothmans Inc.....	1,704	3,087	
372,026	Royal Bank of Canada.....	5,407	16,860	
189,200	Shaw Communications Inc. Class B.....	6,031	5,969	
334,260	Shell Canada Ltd. Class A.....	3,665	13,872	
346,140	SNC-Lavalin Group Inc. Class A.....	1,459	10,170	
90,305	Sun Life Financial Services of Canada.....	2,058	4,005	
8,820	Suncor Energy Inc.....	690	797	
698,810	Talisman Energy Inc.....	3,484	13,613	
204,110	Thomson Corporation (The).....	9,242	8,779	
264,608	Toronto-Dominion Bank.....	5,419	14,998	
289,700	TransCanada Corporation.....	4,401	9,227	
170,000	Transcontinental Inc - CL A.....	3,402	3,230	
240,000	TVA Group Inc. Class B.....	3,202	3,778	
120,600	West Fraser Timber Co. Ltd.....	2,751	4,523	
55,000	Weston (George) Limited.....	5,073	4,388	
		<u>149,807</u>	<u>329,503</u>	35.2
<b>United States</b>				
49,600	3M Co.....	4,788	4,467	
64,000	Abbott Laboratories.....	3,891	3,112	
125,200	Altria Group, Inc.....	10,062	10,251	
71,100	American Int'l Group Inc.....	5,841	4,681	
70,000	Anheuser-Busch Companies, Inc.....	3,370	3,558	
126,760	Aramark Corporation Class B.....	4,515	4,680	
63,800	Bank of America Corporation.....	3,290	3,422	
53,000	Beckman Coulter, Inc.....	3,402	3,283	
50,000	Cardinal Health Inc.....	3,949	3,586	
196,400	Chevron Corporation.....	13,143	13,590	
52,500	Chubb Corporation (The).....	2,396	2,921	
101,700	Citigroup Inc.....	6,236	5,470	
42,960	Clorox Company (The).....	2,912	2,920	
80,000	Colgate-Palmolive Company.....	5,652	5,343	
108,300	Comcast Corporation Special Class A.....	4,286	3,958	
58,300	ConocoPhillips.....	2,189	4,260	
220,000	CVS Corporation.....	5,271	7,531	
126,000	Disney (Walt) Company.....	4,644	4,215	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2006 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>United States (continued)</b>				
50,000	Emerson Electric Company.....	4,279	4,672	
60,700	E.W. Scripps Company (The) Class A.....	3,520	2,920	
79,000	Electronic Data Systems Corporation.....	2,318	2,119	
10,240	Embarq Corporation.....	531	468	
79,800	Exxon Mobil Corporation.....	5,043	5,459	
93,500	Fannie Mae.....	8,249	5,015	
102,000	Fifth Third Bancorp.....	6,849	4,202	
65,000	Fiserv, Inc.....	3,364	3,287	
84,900	Freddie Mac.....	6,464	5,397	
278,600	General Electric Company.....	11,898	10,239	
43,980	GlobalSantaFe Corporation.....	2,058	2,832	
90,700	Hartford Financial Services Group, Inc.....	7,669	8,556	
108,900	HCA Inc.....	6,200	5,239	
121,100	Hewlett-Packard Company.....	3,419	4,278	
74,700	Johnson & Johnson.....	5,298	4,991	
155,800	JPMorgan Chase & Co.....	8,050	7,296	
67,000	Kimberly Clark Corporation.....	5,719	4,609	
192,500	Kroger Co.....	4,432	4,692	
49,907	Lincoln National Corporation.....	3,289	3,141	
55,000	Medtronic Inc.....	3,299	2,877	
39,100	Metlife, Inc.....	1,383	2,233	
239,900	Microsoft Corporation.....	8,529	6,232	
2,030	Neenah Paper Inc.....	93	69	
40,300	PartnerRe Ltd.....	3,103	2,878	
80,000	Pepsico, Inc.....	5,243	5,356	
147,000	Pfizer Inc.....	7,120	3,847	
91,875	Proctor & Gamble Company.....	5,185	5,696	
74,600	Safeway Inc.....	1,894	2,163	
204,800	Sprint Nextel Corporation.....	5,720	4,565	
15,700	Textron Inc.....	1,185	1,614	
412,050	Time Warner Inc.....	10,269	7,948	
119,400	Tyco International Ltd.....	3,692	3,661	
76,000	Wal-Mart Stores Inc.....	5,573	4,082	
62,000	Wells Fargo & Company.....	4,112	4,635	
27,500	XL Capital Ltd Class A.....	3,051	1,880	
		<u>257,937</u>	<u>240,396</u>	25.7
<b>Mexico</b>				
42,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	3,436	3,921	0.4
	<b>Total North America</b> .....	<u>414,692</u>	<u>576,248</u>	61.6
<b>Latin America</b>				
52,300	Petroleo Brasileiro S.A. ADR.....	1,635	4,656	0.5
<b>Europe, excluding United Kingdom</b>				
207,251	Anglo Irish Bank Corporation plc.....	3,726	3,587	
60,560	Arcelor.....	1,208	3,256	
770	Arkema.....	37	33	
2,550	Arkema ADR.....	96	110	
52,400	Assurances Générales de France.....	3,962	6,886	
120,000	AXA.....	3,875	4,387	
300,000	Banco Santander Central Hispano SA.....	3,978	4,881	
25,000	BNP Paribas SA.....	2,440	2,666	
38,000	Celesio AG.....	3,830	3,850	
58,800	Continental AG.....	2,428	6,703	
104,800	Credit Suisse Group.....	5,002	6,526	
70,000	Deutsche Lufthansa AG.....	1,378	1,436	
35,000	E.ON AG.....	4,151	4,486	
98,560	European Aeronautic Defense and Space Company.....	3,690	3,154	
167,100	Endesa, S.A.....	4,606	6,473	
96,300	ENI S.p.A.....	2,211	3,157	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2006 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>Europe, excluding United Kingdom (continued)</b>				
1,116,500	Ericsson LM - B.....	3,940	4,105	
61,620	Essilor International SA.....	3,834	6,909	
73,300	Fortis Group.....	2,943	2,780	
160,000	Fresenius Medical Care & Co. KGaA ADR.....	5,172	6,818	
42,000	Groupe Danone.....	4,522	5,944	
140,600	ING Groep N.V.....	5,039	6,155	
110,000	ING Groep N.V. (ADR).....	4,093	4,823	
33,183	L'Air Liquide SA.....	5,636	7,200	
52,000	L'Oreal SA.....	4,990	5,471	
32,000	Lafarge SA.....	3,193	4,474	
155,000	Luxottica Group S.p.A. ADR.....	3,839	4,689	
41,300	MAN AG.....	1,926	3,335	
19,700	MOL Magyar Olaj - es Gazipari Rt.....	922	2,253	
42,100	Muenchener Rueckversicherungs-Gesellschaft AG.....	5,836	6,410	
62,000	Nestlé S.A. ADR.....	5,126	5,385	
45,000	Novartis AG ADR.....	2,367	2,705	
56,800	Renault SA.....	6,176	6,797	
169,300	Repsol YPF, S.A.....	4,717	5,400	
32,000	Roche Holding AG.....	4,261	5,888	
19,285	Sanofi-Aventis.....	1,137	2,096	
170,000	STMicroelectronics NV - NY SHS.....	3,390	3,046	
25,000	Synthes, Inc.....	2,848	3,357	
30,800	Total SA.....	2,359	2,258	
102,000	Total SA ADR.....	6,153	7,452	
129,000	Xstrata PLC.....	2,262	5,450	
		143,299	182,791	19.5
<b>United Kingdom</b>				
262,941	Aviva PLC.....	2,821	4,149	
319,200	BP plc.....	3,749	4,149	
115,000	BP plc ADR.....	9,342	8,926	
75,000	Diageo plc ADR.....	5,729	5,649	
687,630	Friends Provident plc.....	2,735	2,534	
55,000	GlaxoSmithKline plc ADR.....	3,836	3,422	
100,890	HBOS plc.....	1,898	1,955	
66,880	HSBC Holdings plc ADR.....	6,182	6,588	
120,600	Reckitt Benckiser plc.....	4,478	5,022	
207,000	Royal Bank of Scotland Group plc.....	7,680	7,587	
370,000	Smith & Nephew plc.....	4,372	3,177	
155,000	Standard Chartered plc.....	4,346	4,218	
6,900	Tate & Lyle PLC.....	80	86	
2,161,900	Vodafone Group Plc.....	5,752	5,136	
200,000	Vodafone Group Plc ADR.....	5,994	4,750	
83,057	Whitbread PLC.....	1,643	1,995	
		70,637	69,343	7.4
<b>Asia</b>				
697,000	Bank Hapoalim Ltd.....	2,116	3,312	
50,000	Canon Inc. ADR.....	3,076	4,085	
72,450	Canon Inc.....	2,744	3,958	
21,500	China Netcom Group Corporation (Hong Kong) Limited.....	41	42	
4,634,000	China Petroleum and Chemical Corporation (Sinopec).....	1,677	2,960	
584,750	Compal Electronics Inc.....	3,422	3,195	
123,900	Credit Saison Co., Ltd.....	6,409	6,539	
107,786	Emerging Markets Investors Fund.....	4,566	5,823	
111,000	Fuji Photo Film Co., Ltd.....	4,909	4,150	
124,000	Hoya Corporation.....	4,247	4,914	
1,175	Japan Tobacco Inc.....	3,676	4,771	
65,800	JFE Holdings, Inc.....	2,257	3,107	
40,800	Kookmin Bank.....	1,727	3,739	
35,000	Kyocera Corporation ADR.....	3,302	3,034	
37,400	Leopalace21 Corporation.....	1,369	1,438	
108,000	Mitsui Chemicals Inc.....	906	786	
234,000	Mitsui O.S.K. Lines, Ltd.....	2,370	1,773	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2006 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
<b>Asia (continued)</b>				
16,800	Orix Corporation .....	3,120	4,572	
1,182,000	PetroChina Company Limited .....	1,489	1,408	
19,673	POSCO .....	2,529	5,883	
4,250	Samsung Electronics Co., Ltd. ....	2,635	3,011	
37,200	Siam Investment Fund .....	527	197	
189,800	Sino Land Company Limited .....	347	338	
92,820	Sony Corporation ADR .....	5,982	4,558	
4,000	Sony Corporation .....	580	197	
251,000	Sumitomo Heavy Industries, Ltd. ....	2,814	2,586	
457	Sumitomo Mitsui Financial Group, Inc. ....	2,872	5,384	
391,352	Taiwan Semiconductor Manufacturing Company Ltd. ADR .....	3,811	4,006	
530,000	Television Broadcasts Limited .....	3,268	3,652	
93,600	Toyota Motor Corporation .....	5,767	5,459	
		<u>84,555</u>	<u>98,877</u>	10.6
<b>Australia</b>				
133,000	National Australia Bank Limited .....	3,880	3,870	0.4
	<b>Total equities</b>	718,698	935,785	100.0
	<b>Forward Currency Contracts, net - Schedule 1</b> .....	—	(451)	0.0
	<b>Total investments</b> .....	<u>\$ 718,698</u>	<u>\$ 935,334</u>	<u>100.0</u>

### Schedule 1 - Forward Currency Contracts, net

#### Forward contracts to sell foreign currencies for Canadian dollars:

Par value	Currency	Number of Contracts	Contract Rates	Settlement Date	Unrealized loss
(in millions)					(000's)
74.3	U.S. Dollar	1	1.104	Sept. 15, 2006	\$ 386
7.3	Swiss Franc	2	1.095 - 1.106	Sept. 15, 2006	65
					<u>\$ 451</u>

All counterparties have an approved credit rating equivalent to A-1+.

## UNITED CORPORATIONS LIMITED

### NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### Summary of significant accounting policies

##### Basis of presentation

The accompanying unaudited interim consolidated 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, 2006.

# 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  
Sanford C. Bernstein & Co., LLC, New York

AUDITORS PricewaterhouseCoopers LLP, Toronto

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.  
100 University Avenue, 9th Floor  
Toronto, Ontario  
M5J 2Y1  
Telephone: 416-981-9633  
Toll Free: 1-800-564-6253

## 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 share is published every Saturday in the mutual fund section of the Globe and Mail (under "Fund Asset Values") and in the National Post (under "Closed End Funds").

WEBSITE [www.ucorp.ca](http://www.ucorp.ca)