

# UNITED CORPORATIONS LIMITED

**FIRST QUARTER REPORT**  
**June 30, 2008**

**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 "Frank J. Glosnek"

Frank J. Glosnek  
Treasurer

August 7, 2008

# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE PERIOD AT A GLANCE (Unaudited)

|   | As at June 30<br>2008 <sup>(1)</sup> | As at March 31<br>2008 <sup>(1)</sup> |
|---|--------------------------------------|---------------------------------------|
| Net equity value per Common Share <sup>(2)</sup> .....  | \$ 77.31                             | \$ 77.18                              |
| Net assets.....   | \$ 950,446                           | \$ 948,929                            |
| Number of Common Shares outstanding at period end ..... | 12,194,193                           | 12,194,193                            |

|   | Three months ended<br>June 30 |                     |
|---|-------------------------------|---------------------|
|   | 2008 <sup>(1)</sup>           | 2007 <sup>(1)</sup> |
| Net investment income per Common Share <sup>(2)</sup> .....   | \$ 0.58                       | \$ 0.47             |
| Dividends per Common Share .....                              | \$ 0.20                       | \$ 0.20             |
| Increase in net assets from operations per Common Share ..... | \$ 0.32                       | \$ 1.35             |
| Investment income .....                                       | \$ 10,714                     | \$ 9,106            |
| Net investment income .....                                   | \$ 7,119                      | \$ 5,768            |

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

<sup>(2)</sup> See Management's Discussion and Analysis for Use of Non-GAAP Measures.

## 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 2009 should be read in conjunction with the MD&A for the fiscal year ended March 31, 2008, the Company's annual audited consolidated financial statements, the notes relating thereto, the supplementary financial information included in the Company's Annual Report, the quarterly unaudited consolidated financial statements and notes contained in this report, as well as the Company's MD&A and unaudited interim consolidated financial statements for the quarters of fiscal 2008. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The consolidated financial statements do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

#### Use of Non-GAAP Measures

This MD&A contains reference to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning according to 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 calculated as follows (in thousands of Canadian dollars, except number of Common Shares and per Common Share amounts):

|   | June 30<br>2008   | March 31<br>2008  |
|---|-------------------|-------------------|
| Net assets, at fair value .....                   | \$ 950,446        | \$ 948,929        |
| Deduct:   |                   |                   |
| Cost of redemption:                               |                   |                   |
| First Preferred Shares .....                      | 1,567             | 1,567             |
| 1959 and 1963 Series Second Preferred Shares..... | 6,180             | 6,180             |
|   | <u>7,747</u>      | <u>7,747</u>      |
| Net equity value .....                            | <u>\$ 942,699</u> | <u>\$ 941,182</u> |
| Common Shares outstanding .....                   | <u>12,194,193</u> | <u>12,194,193</u> |
| Net equity value per Common Share.....            | <u>\$ 77.31</u>   | <u>\$ 77.18</u>   |

Net investment income per Common Share is calculated as follows:

|   | Three months ended<br>June 30 |                |
|---|-------------------------------|----------------|
|   | 2008                          | 2007           |
| Increase in net assets from operations per Common Share ..... | \$ 0.32                       | \$ 1.35        |
| Less: Net gain on investments per Common Share.....           | —                             | 0.88           |
|   | 0.32                          | 0.47           |
| Add: Net loss on investments per Common Share .....           | <u>0.26</u>                   | <u>—</u>       |
| Net investment income per Common Share .....                  | <u>\$ 0.58</u>                | <u>\$ 0.47</u> |

## UNITED CORPORATIONS LIMITED

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

#### Market Review

Global stock market returns varied greatly in the quarter ended June 30, 2008, the first quarter of fiscal 2009. A few commodity-based markets posted strong returns whereas most markets were driven down by deteriorating economic prospects. In Canadian dollar terms, in the first quarter of fiscal 2009, the S&P/TSX Composite Index increased 9.1%, the MSCI World Index decreased 2.6% and the S&P 500 Index declined 3.6%.

For the quarter ended June 30, 2008, the Company's net equity value per Common Share increased to \$77.31 from \$77.18 at March 31, 2008, an increase of 0.4% (based on the reinvestment of dividends at month-end net equity values). As the Company is 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.

#### Operating Results

##### *Net investment income*

The Company's net investment income in the first quarter of fiscal 2009 was \$7,119,000 compared to \$5,768,000 in the first quarter of fiscal 2008. On a per Common Share basis, net investment income for the quarter increased to \$0.58 in fiscal 2009 from \$0.47 in fiscal 2008.

Foreign dividend income in the quarter increased to \$8,534,000 from \$7,097,000 in fiscal 2008. Canadian dividend income amounted to \$1,930,000 in the current quarter compared to \$1,765,000 in the prior year. The increases were due in part to stock selection year over year as well as some foreign and Canadian investees increasing their dividend payout compared to the prior year. Interest income, including securities lending income, amounted to \$250,000 as compared to \$244,000 in fiscal 2008.

Expenses in the quarter amounted to \$996,000 (fiscal 2008 - \$1,114,000). The decline in expenses from the prior year was due mainly to a decrease in investment management and administrative costs related to lower average net assets managed compared to the prior year.

##### *Net gain (loss) on investments*

The Company realized a net loss on investments and forward currency contracts of \$3,670,000 in the first quarter of fiscal 2009 versus a net gain of \$17,638,000 in the prior year. The majority of the net realized loss during the quarter resulted from the sale of Citigroup Inc. and XL Capital Ltd. and from the maturity of forward currency contracts in the quarter. These losses were partially offset by a favourable close out of the Company's position in Posco.

The Company's unrealized appreciation of investments increased by \$693,000 in the quarter compared to a decline of \$6,715,000 in the same period last year. The modest increase in the first quarter of fiscal 2009 is due primarily to increases in unrealized gains on commodity-based stocks offset by declines in unrealized gains on financial services stocks. In the prior year, the decrease was due to the realization of previously unrealized gains and the appreciation of the Canadian dollar which adversely impacted foreign equity returns.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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<br>2008 | March 31<br>2008 | Dec. 31<br>2007 | Sept. 30<br>2007 | June 30<br>2007 | March 31<br>2007 | Dec. 31<br>2006 | Sept. 30<br>2006 |
|---|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| Investments   | \$ 956,571      | \$ 952,648       | \$ 1,021,684    | \$ 1,053,387     | \$ 1,100,232    | \$ 1,093,562     | \$ 1,106,835    | \$ 973,555       |
| Investment income   | \$ 10,714       | \$ 6,443         | \$ 4,828        | \$ 5,154         | \$ 9,106        | \$ 5,844         | \$ 4,818        | \$ 5,738         |
| Increase (decrease)<br>in net assets from<br>operations                           | \$ 4,042        | \$ (49,865)      | \$ (25,389)     | \$ (34,149)      | \$ 16,556       | \$ 2,588         | \$ 108,754      | \$ 37,458        |
| Increase (decrease)<br>in net assets from<br>operations per<br>share <sup>1</sup> | \$ 0.32         | \$ (4.10)        | \$ (2.09)       | \$ (2.81)        | \$ 1.35         | \$ 0.20          | \$ 8.91         | \$ 3.06          |

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

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. There are also occasions when investments pay special dividends.

Net gain (loss) on investments is determined by the performance of the investment managers of the portfolio. The returns of the portfolio may fluctuate significantly as illustrated by the quarterly returns provided above. The returns generated by the investment managers will also not necessarily correlate with the various benchmark returns.

### Share Data

At June 30, 2008, 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

The payment of the Company's quarterly dividends on its Common Shares and Preferred Shares is funded by net investment income. For the quarter ended June 30, 2008, net investment income was \$7,119,000 as compared to dividend payments of \$2,532,000.

### International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2012 for which current and comparative information will be prepared on an IFRS basis. In light of these requirements, the Company has developed an IFRS transition project plan.

The Company's project plan includes four phases: analysis, design and planning, solution development and implementation. The project timeline anticipates completing the analysis phase early in calendar 2009.

## UNITED CORPORATIONS LIMITED

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

At this point in the project, the Company is not able to reasonably estimate the financial reporting impact of the transition to IFRS.

#### **Additional Information**

Additional information relating to United, including the Company's Annual Information Form, is available at [www.sedar.com](http://www.sedar.com).

United's website, [www.ucorp.ca](http://www.ucorp.ca), also provides further information on the Company, including historical information on the net equity value per Common Share.

Duncan N.R. Jackman  
Chairman and President

August 7, 2008

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

|   | June 30<br>2008   | March 31<br>2008  |
|---|-------------------|-------------------|
|   | (000's)           |                   |
| <b>ASSETS</b>   |                   |                   |
| Investments, at fair value<br>(cost - \$813,633; March 31, 2008 - \$810,423)..... | \$ 956,571        | \$ 952,648        |
| Cash .....  | 8,821             | 7,889             |
| Short-term investments .....  | 2,448             | 9,782             |
| Receivable in respect of investments sold .....                                   | 3,228             | 180               |
| Accrued income on investments.....  | 1,336             | 2,810             |
| Income taxes receivable.....  | 6,376             | —                 |
| Other assets .....  | 445               | 438               |
|   | <u>979,225</u>    | <u>973,747</u>    |
| <b>LIABILITIES</b>  |                   |                   |
| Accounts payable and accrued liabilities.....                                     | 835               | 765               |
| Payable in respect of investments purchased .....                                 | 5,635             | 653               |
| Income taxes payable.....   | —                 | 772               |
| Future income taxes .....   | 22,309            | 22,628            |
|   | <u>28,779</u>     | <u>24,818</u>     |
| Net assets, at fair value .....   | <u>\$ 950,446</u> | <u>\$ 948,929</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>    |
| Unrealized appreciation of investments.....                                       | 121,158           | 120,465           |
| Retained earnings .....   | 288,288           | 287,464           |
| Total shareholders' equity .....  | <u>\$ 950,446</u> | <u>\$ 948,929</u> |

(See accompanying note)



# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

|   | Three months ended June 30 |                  |
|---|----------------------------|------------------|
|   | 2008                       | 2007             |
|   | (000's)                    |                  |
| INVESTMENT INCOME   |                            |                  |
| Dividends:  |                            |                  |
| Foreign.....  | \$ 8,534                   | \$ 7,097         |
| Canadian.....   | 1,930                      | 1,765            |
|   | <u>10,464</u>              | <u>8,862</u>     |
| Interest, including securities lending income .....             | 250                        | 244              |
|   | <u>10,714</u>              | <u>9,106</u>     |
| Expenses:   |                            |                  |
| Investment management and administrative costs.....             | 758                        | 865              |
| Directors' and officers' remuneration.....                      | 49                         | 53               |
| Office and miscellaneous.....                                   | 75                         | 95               |
| Transfer, registrar and custodial agents' fees .....            | 90                         | 84               |
| Professional fees .....   | 24                         | 17               |
|   | <u>996</u>                 | <u>1,114</u>     |
| Investment income before income taxes .....                     | 9,718                      | 7,992            |
| Income taxes.....   | 2,599                      | 2,224            |
| NET INVESTMENT INCOME .....                                     | <u>7,119</u>               | <u>5,768</u>     |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS          |                            |                  |
| Net realized gain (loss) on investments .....                   | (3,670)                    | 17,638           |
| Net change in unrealized appreciation of investments .....      | 693                        | (6,715)          |
| Transaction costs on purchase and sale of investments .....     | (100)                      | (135)            |
| NET GAIN (LOSS) ON INVESTMENTS.....                             | <u>(3,077)</u>             | <u>10,788</u>    |
| INCREASE IN NET ASSETS FROM OPERATIONS .....                    | <u>\$ 4,042</u>            | <u>\$ 16,556</u> |
| INCREASE IN NET ASSETS FROM<br>OPERATIONS PER COMMON SHARE..... | <u>\$ 0.32</u>             | <u>\$ 1.35</u>   |

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

|  | Three months ended June 30 |                   |
|--|----------------------------|-------------------|
|  | 2008                       | 2007              |
|  | (000's)                    |                   |
| BEGINNING OF PERIOD.....                                   | \$ 287,464                 | \$ 239,793        |
| Add (deduct):  |                            |                   |
| Net investment income.....                                 | 7,119                      | 5,768             |
| Net realized gain (loss) on investments .....              | (3,670)                    | 17,638            |
| Refundable dividend taxes recovered.....                   | 599                        | 688               |
|  | <u>291,512</u>             | <u>263,887</u>    |
| Deduct:  |                            |                   |
| Dividends:   |                            |                   |
| First Preferred Shares.....                                | 19                         | 19                |
| Second Preferred Shares.....                               | 74                         | 74                |
| Common Shares .....  | 2,439                      | 2,439             |
| Provision for refundable dividend taxes .....              | 592                        | 548               |
| Transaction costs on purchase and sale of investments..... | 100                        | 135               |
|  | <u>3,244</u>               | <u>3,215</u>      |
| END OF PERIOD .....  | <u>\$ 288,288</u>          | <u>\$ 260,672</u> |

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

|  | Three months ended June 30 |                     |
|--|----------------------------|---------------------|
|  | 2008                       | 2007                |
|  | (000's)                    |                     |
| INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ..... | \$ 4,042                   | \$ 16,556           |
| DIVIDENDS TO SHAREHOLDERS                              |                            |                     |
| Preferred shareholders.....                            | (93)                       | (93)                |
| Common shareholders .....                              | (2,439)                    | (2,439)             |
|  | <u>(2,532)</u>             | <u>(2,532)</u>      |
| TAXATION CHANGES                                       |                            |                     |
| Net decrease in refundable dividend tax on hand .....  | 7                          | 140                 |
| INCREASE IN NET ASSETS .....                           | <u>1,517</u>               | <u>14,164</u>       |
| NET ASSETS, BEGINNING OF PERIOD .....                  | <u>948,929</u>             | <u>1,051,933</u>    |
| NET ASSETS, END OF PERIOD .....                        | <u>\$ 950,446</u>          | <u>\$ 1,066,097</u> |

(See accompanying note)

## UNITED CORPORATIONS LIMITED

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

|  | Three months ended June 30 |           |
|--|----------------------------|-----------|
|  | 2008                       | 2007      |
|  | (000's)                    |           |
| Proceeds on sales of investments.....  | \$ 47,091                  | \$ 59,455 |
| Cost of investments, beginning of period .....   | 810,423                    | 760,231   |
| Cost of investments purchased during the period .....  | 54,696                     | 60,289    |
|  | 865,119                    | 820,520   |
| Cost of investments, end of period .....   | 813,633                    | 782,545   |
| Cost of investments sold during the period .....   | 51,486                     | 37,975    |
| Realized gain (loss) on investments sold before income taxes.....                                | (4,395)                    | 21,480    |
| Provision for (recovery of) income taxes on realized net taxable<br>capital gains (losses) ..... | (725)                      | 3,842     |
| Net realized gain (loss) on investments.....   | \$ (3,670)                 | \$ 17,638 |

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2008 (Unaudited)

| Number<br>of Shares  |  | Cost     | Fair<br>Value | % of<br>Fair Value |
|----------------------|--|----------|---------------|--------------------|
|                      |  | (000's)  |               |                    |
| <b>North America</b> |  |          |               |                    |
| <b>Canada</b>        |  |          |               |                    |
| <b>Preferred</b>     |  |          |               |                    |
| 140,000              | Nortel Networks Limited<br>\$1.275 Series F..... | \$ 3,512 | \$ 1,617      | 0.2                |
| <b>Common</b>        |  |          |               |                    |
| 362,568              | Algoma Central Corporation.....                  | 6,201    | 47,587        |                    |
| 123,150              | Bank of Montreal.....                            | 7,828    | 5,178         |                    |
| 343,425              | Bank of Nova Scotia.....                         | 5,921    | 16,024        |                    |
| 133,170              | CAE, Inc.....                                    | 1,630    | 1,533         |                    |
| 80,000               | Cameco Corporation.....                          | 279      | 3,497         |                    |
| 167,300              | Canadian National Railway Company.....           | 6,713    | 8,193         |                    |
| 120,370              | Canadian Natural Resources Ltd.....              | 7,076    | 12,138        |                    |
| 133,040              | Canadian Tire Corp. Ltd. Class A.....            | 4,733    | 7,035         |                    |
| 143,110              | Canadian Utilities Limited Class A.....          | 3,502    | 6,297         |                    |
| 222,702              | Canfor Corporation.....                          | 1,436    | 1,699         |                    |
| 246,826              | Enbridge Inc.....                                | 3,366    | 10,868        |                    |
| 201,155              | Encana Corporation.....                          | 6,120    | 18,780        |                    |
| 191,470              | Goldcorp, Inc.....                               | 6,213    | 8,999         |                    |
| 300,000              | Great-West Lifeco Inc.....                       | 4,287    | 8,742         |                    |
| 174,320              | Imperial Oil Limited.....                        | 1,746    | 9,729         |                    |
| 210,676              | Jean Coutu Group Inc.....                        | 1,949    | 1,732         |                    |
| 194,745              | Kinross Gold Corporation.....                    | 3,445    | 4,689         |                    |
| 108,940              | Loblaw Cos. Limited.....                         | 5,420    | 3,313         |                    |
| 470,400              | Manulife Financial Corporation.....              | 7,784    | 16,657        |                    |
| 260,005              | Metro Inc.....                                   | 2,691    | 6,303         |                    |
| 525,060              | Nexen Inc.....                                   | 4,208    | 21,349        |                    |
| 4,863                | Nortel Networks Corporation.....                 | -        | 41            |                    |
| 52,400               | Nova Chemicals Corporation.....                  | 1,491    | 1,315         |                    |
| 59,000               | Petro-Canada.....                                | 2,953    | 3,348         |                    |
| 85,520               | Potash Corp. of Saskatchewan.....                | 1,243    | 19,965        |                    |
| 161,000              | Power Financial Corporation.....                 | 926      | 5,334         |                    |
| 107,775              | Quebecor Inc. Class B.....                       | 3,923    | 3,039         |                    |
| 147,775              | Rogers Communications Inc. Class B.....          | 1,516    | 5,846         |                    |
| 129,290              | Rothmans Inc.....                                | 1,392    | 3,492         |                    |
| 355,026              | Royal Bank of Canada.....                        | 5,160    | 16,147        |                    |
| 338,400              | Shaw Communications Inc. Class B.....            | 5,393    | 7,045         |                    |
| 304,350              | SNC-Lavalin Group Inc. Class A.....              | 1,283    | 16,983        |                    |
| 192,990              | Suncor Energy Inc.....                           | 8,681    | 11,425        |                    |
| 704,310              | Talisman Energy Inc.....                         | 4,347    | 15,847        |                    |
| 203,130              | Thomson Reuters Corporation.....                 | 8,872    | 6,655         |                    |
| 237,608              | Toronto-Dominion Bank.....                       | 4,866    | 15,109        |                    |
| 203,281              | TransCanada Corporation.....                     | 3,541    | 8,021         |                    |
| 170,000              | Transcontinental Inc Class A.....                | 3,402    | 2,661         |                    |
| 240,000              | TVA Group Inc. Class B.....                      | 3,202    | 3,492         |                    |
| 90,600               | West Fraser Timber Co. Ltd.....                  | 2,067    | 2,995         |                    |
| 55,000               | Weston (George) Limited.....                     | 5,071    | 2,581         |                    |
|                      |  | 161,877  | 371,683       | 38.8               |
| <b>United States</b> |  |          |               |                    |
| 66,000               | 3M Co.....                                       | 6,082    | 4,673         |                    |
| 48,000               | Abbott Laboratories.....                         | 2,918    | 2,584         |                    |
| 173,800              | Altria Group, Inc.....                           | 3,386    | 3,633         |                    |
| 373,982              | American International Group, Inc.....           | 21,204   | 10,068        |                    |
| 70,000               | Anheuser-Busch Companies, Inc.....               | 3,370    | 4,436         |                    |
| 16,000               | Black & Decker Corporation.....                  | 1,513    | 958           |                    |
| 185,300              | CBS Corporation.....                             | 5,989    | 3,671         |                    |
| 171,300              | Chevron Corporation.....                         | 11,743   | 17,285        |                    |
| 180,000              | Cisco Systems, Inc.....                          | 5,425    | 4,265         |                    |
| 72,000               | Colgate-Palmolive Company.....                   | 5,087    | 5,062         |                    |
| 145,480              | Community Health Systems Inc.....                | 5,464    | 4,877         |                    |
| 168,100              | ConocoPhillips.....                              | 10,947   | 16,143        |                    |
| 185,000              | CVS Caremark Corporation.....                    | 4,433    | 7,447         |                    |
| 177,300              | Dairy Farm International Holdings Limited.....   | 805      | 872           |                    |
| 112,100              | Dow Chemical Company (The).....                  | 5,165    | 3,982         |                    |

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2008 (Continued) (Unaudited)

| Number<br>of Shares                     |   | Cost           | Fair<br>Value  | % of<br>Fair Value |
|---|---|----------------|----------------|--------------------|
|   |   | (000's)        |                |                    |
| <b>United States (continued)</b>        |   |                |                |                    |
| 100,000                                 | Emerson Electric Company.....                     | 4,279          | 5,033          |                    |
| 87,000                                  | E.W. Scripps Company (The) Class A.....           | 4,680          | 3,673          |                    |
| 64,800                                  | Exxon Mobil Corporation.....                      | 4,095          | 5,798          |                    |
| 54,100                                  | Fannie Mae.....                                   | 4,769          | 1,075          |                    |
| 75,000                                  | Fiserv, Inc.....                                  | 3,848          | 3,464          |                    |
| 65,900                                  | Freddie Mac.....                                  | 5,017          | 1,098          |                    |
| 120,000                                 | General Electric Company.....                     | 5,125          | 3,249          |                    |
| 110,000                                 | Halliburton Company.....                          | 4,030          | 5,943          |                    |
| 82,200                                  | Hartford Financial Services Group, Inc.....       | 7,309          | 5,395          |                    |
| 81,700                                  | Johnson & Johnson.....                            | 5,847          | 5,349          |                    |
| 181,100                                 | JPMorgan Chase & Co.....                          | 8,808          | 6,336          |                    |
| 76,400                                  | Kroger Co. (The).....                             | 1,759          | 2,244          |                    |
| 31,500                                  | Lehman Brothers Holdings Inc.....                 | 895            | 630            |                    |
| 122,700                                 | Macy's, Inc.....                                  | 5,832          | 2,422          |                    |
| 52,400                                  | McKesson Corporation.....                         | 3,304          | 2,980          |                    |
| 40,600                                  | Merrill Lynch & Co., Inc.....                     | 2,956          | 1,311          |                    |
| 39,100                                  | Metlife, Inc.....                                 | 1,383          | 2,097          |                    |
| 62,100                                  | Morgan Stanley.....                               | 2,821          | 2,278          |                    |
| 39,100                                  | Northrop Grumman Corporation.....                 | 3,183          | 2,666          |                    |
| 50,000                                  | NIKE, Inc. Class B.....                           | 2,938          | 3,036          |                    |
| 80,000                                  | Pepsico, Inc.....                                 | 5,243          | 5,173          |                    |
| 503,100                                 | Pfizer Inc.....                                   | 16,544         | 8,948          |                    |
| 152,200                                 | Philip Morris International Inc.....              | 6,879          | 7,651          |                    |
| 91,875                                  | Proctor & Gamble Company.....                     | 5,185          | 5,683          |                    |
| 90,000                                  | Quest Diagnostics Incorporated.....               | 4,715          | 4,437          |                    |
| 130,000                                 | Spectra Energy Corporation.....                   | 3,276          | 3,804          |                    |
| 204,800                                 | Sprint Nextel Corporation.....                    | 5,720          | 1,978          |                    |
| 50,000                                  | Tim Hortons Inc.....                              | 1,681          | 1,459          |                    |
| 462,350                                 | Time Warner Inc.....                              | 11,197         | 6,947          |                    |
| 154,000                                 | Wachovia Corporation.....                         | 9,575          | 2,431          |                    |
| 124,000                                 | Wells Fargo & Company.....                        | 4,110          | 2,989          |                    |
|   |   | <u>250,534</u> | <u>207,533</u> | 21.7               |
| <b>Mexico</b>                           |   |                |                |                    |
| 100,000                                 | Fomento Economico Mexicano, S.A. de C.V. ADR..... | 2,727          | 4,629          | 0.5                |
|   | <b>Total North America</b> .....                  | <u>418,650</u> | <u>585,462</u> | 61.2               |
| <b>Latin America</b>                    |   |                |                |                    |
| 112,300                                 | Companhia Vale do Rio Doce ADR.....               | 3,106          | 3,403          | 0.4                |
| <b>Europe, excluding United Kingdom</b> |   |                |                |                    |
| 37,800                                  | Air France-KLM.....                               | 1,426          | 924            |                    |
| 34,750                                  | Allianz SE.....                                   | 8,562          | 6,229          |                    |
| 207,251                                 | Anglo Irish Bank Corporation plc.....             | 3,726          | 2,010          |                    |
| 50,782                                  | ArcelorMittal.....                                | 2,009          | 5,115          |                    |
| 110,000                                 | AXA.....  | 3,631          | 3,328          |                    |
| 250,000                                 | Banco Santander Central Hispano SA.....           | 3,772          | 4,676          |                    |
| 102,400                                 | BASF SE.....                                      | 6,006          | 7,155          |                    |
| 51,000                                  | Bayer AG.....                                     | 3,958          | 4,356          |                    |
| 25,000                                  | BNP Paribas SA.....                               | 2,440          | 2,307          |                    |
| 120,000                                 | Celesio AG.....                                   | 5,856          | 4,418          |                    |
| 86,510                                  | Credit Agricole S.A.....                          | 2,076          | 1,801          |                    |
| 104,800                                 | Credit Suisse Group.....                          | 4,960          | 4,911          |                    |
| 38,300                                  | Deutsche Bank AG.....                             | 5,290          | 3,342          |                    |
| 138,000                                 | Deutsche Lufthansa AG.....                        | 2,777          | 3,028          |                    |
| 23,300                                  | E.ON AG.....                                      | 2,763          | 4,782          |                    |
| 96,300                                  | ENI S.p.A.....                                    | 2,211          | 3,653          |                    |
| 105,240                                 | Essilor International SA.....                     | 3,274          | 6,548          |                    |
| 36,500                                  | Fondiarria - Sai S.p.A.....                       | 1,791          | 1,233          |                    |
| 10,000                                  | Fondiarria - Sai S.p.A.-RNC.....                  | 364            | 223            |                    |
| 209,300                                 | Fortis Group.....                                 | 6,375          | 3,411          |                    |
| 103,000                                 | Fresenius Medical Care & Co. KGaA ADR.....        | 3,330          | 5,761          |                    |
| 50,000                                  | Groupe Danone.....                                | 2,692          | 3,575          |                    |

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2008 (Continued) (Unaudited)

| Number<br>of Shares                                 |   | Cost    | Fair<br>Value | % of<br>Fair Value |
|---|---|---------|---------------|--------------------|
|   |   | (000's) |               |                    |
| <b>Europe, excluding United Kingdom (continued)</b> |   |         |               |                    |
| 140,600   | ING Groep N.V. ....   | 5,039   | 4,567         |                    |
| 145,000   | ING Groep N.V. (ADR) .....                                  | 6,057   | 4,658         |                    |
| 277,000   | Irish Life & Permanent PLC.....                             | 7,750   | 2,981         |                    |
| 3,200   | Koninklijke DSM NV .....                                    | 192     | 192           |                    |
| 34,278  | L'Air Liquide SA.....                                       | 2,907   | 5,146         |                    |
| 37,000  | L'Oreal SA .....  | 3,550   | 4,095         |                    |
| 32,800  | Lafarge SA .....  | 3,484   | 5,124         |                    |
| 33,250  | Lukoil .....  | 3,051   | 3,340         |                    |
| 125,000   | Luxtistica Group S.p.A. ADR.....                            | 3,096   | 2,972         |                    |
| 8,300   | Michelin CIE Class B.....                                   | 878     | 608           |                    |
| 25,800  | Muenchener Rueckversicherungs-Gesellschaft AG.....          | 3,765   | 4,597         |                    |
| 67,000  | Nestlé S.A. ADR.....  | 5,652   | 7,592         |                    |
| 55,000  | Renault SA .....  | 5,983   | 4,596         |                    |
| 32,000  | Roche Holding AG.....                                       | 4,261   | 5,868         |                    |
| 49,685  | Sanofi-Aventis .....  | 3,777   | 3,381         |                    |
| 92,000  | SAP AG Spons ADR .....                                      | 5,183   | 4,879         |                    |
| 41,000  | Schneider Electric SA .....                                 | 5,778   | 4,512         |                    |
| 54,000  | Siemens AG .....  | 7,040   | 6,075         |                    |
| 10,200  | Solvay SA.....  | 1,527   | 1,371         |                    |
| 190,000   | STMicroelectronics NV - NY SHS .....                        | 3,744   | 1,999         |                    |
| 123,800   | StatoilHydro ASA .....                                      | 3,633   | 4,702         |                    |
| 173,300   | Stora Enso Oyj.....   | 3,395   | 1,657         |                    |
| 29,000  | Synthes, Inc. ....  | 3,326   | 4,070         |                    |
| 333,300   | Telefonaktiebolaget LM Ericsson Class B .....               | 5,854   | 3,511         |                    |
| 150,000   | Telenor ASA.....  | 3,085   | 2,874         |                    |
| 19,700  | Total SA .....  | 1,746   | 1,712         |                    |
| 92,000  | Total SA ADR.....   | 5,549   | 7,982         |                    |
| 41,470  | Xstrata PLC.....  | 728     | 3,381         |                    |
|   |   | 189,319 | 191,228       | 20.0               |
| <b>United Kingdom</b>                               |   |         |               |                    |
| 267,437   | Aviva PLC .....   | 2,884   | 2,717         |                    |
| 115,000   | BP plc ADR .....  | 9,285   | 8,141         |                    |
| 40,000  | Diageo plc ADR .....  | 3,056   | 3,005         |                    |
| 89,700  | GlaxoSmithKline plc .....                                   | 2,090   | 2,023         |                    |
| 279,900   | HBOS plc .....  | 5,150   | 1,566         |                    |
| 111,960   | HBOS plc - NPR .....  | —       | 24            |                    |
| 120,600   | Reckitt Benckiser plc.....                                  | 4,478   | 6,221         |                    |
| 1,840,054   | Royal Bank of Scotland Group PLC (The) .....                | 16,483  | 8,014         |                    |
| 210,900   | Royal Dutch Shell PLC .....                                 | 8,669   | 8,838         |                    |
| 290,000   | Smith & Nephew plc.....                                     | 3,427   | 3,255         |                    |
| 140,000   | Standard Chartered plc .....                                | 3,961   | 4,056         |                    |
| 1,431,662   | Vodafone Group Plc.....                                     | 4,354   | 4,328         |                    |
| 200,000   | Vodafone Group Plc ADR.....                                 | 6,731   | 6,007         |                    |
|   |   | 70,568  | 58,195        | 6.1                |
| <b>Asia</b>   |   |         |               |                    |
| 495,000   | Asustek Computer Inc. ....                                  | 1,247   | 1,372         |                    |
| 697,000   | Bank Hapoalim Ltd. ....                                     | 2,116   | 3,124         |                    |
| 92,000  | Canon Inc. ADR .....  | 4,065   | 4,799         |                    |
| 1,119,000   | China Netcom Group Corporation<br>(Hong Kong) Limited ..... | 2,242   | 3,106         |                    |
| 4,434,000   | China Petroleum and Chemical Corporation (Sinopec) .....    | 2,808   | 4,223         |                    |
| 604,942   | Compal Electronics Inc. ....                                | 3,422   | 3,093         |                    |
| 108,900   | Credit Saison Co., Ltd. ....                                | 5,144   | 2,330         |                    |
| 490,000   | Daiwa Securities Group Inc. ....                            | 6,202   | 4,574         |                    |
| 107,786   | Emerging Markets Investors Fund .....                       | 6,501   | 7,102         |                    |
| 47,100  | Fanuc Ltd. ....   | 5,260   | 4,685         |                    |
| 441,000   | Fujitsu Limited .....                                       | 3,013   | 3,321         |                    |
| 144,000   | HOYA .....  | 5,082   | 3,378         |                    |
| 112,700   | Hynix Semiconductor Inc. ....                               | 4,097   | 2,725         |                    |
| 34,710  | Hyundai Mobis .....   | 3,678   | 2,840         |                    |
| 101,800   | JFE Holdings, Inc. ....                                     | 3,863   | 5,195         |                    |
| 17,800  | Keyence Corporation .....                                   | 4,016   | 4,310         |                    |

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2008 (Continued) (Unaudited)

| Number<br>of Shares     |   | Cost              | Fair<br>Value     | % of<br>Fair Value |
|-------------------------|---|-------------------|-------------------|--------------------|
|                         |   | (000's)           |                   |                    |
| <b>Asia (continued)</b> |   |                   |                   |                    |
| 40,800                  | Kookmin Bank .....  | 1,727             | 2,453             |                    |
| 262,000                 | Mitsubishi Chemical Holdings Corporation .....            | 2,441             | 1,548             |                    |
| 108,000                 | Mitsui Chemicals Inc. ....                                | 906               | 541               |                    |
| 234,000                 | Mitsui O.S.K. Lines, Ltd. ....                            | 2,370             | 3,390             |                    |
| 849,400                 | Nissan Motor Co., Ltd. ....                               | 9,304             | 7,097             |                    |
| 25,840                  | Orix Corporation .....                                    | 4,973             | 3,758             |                    |
| 4,250                   | Samsung Electronics Co., Ltd. ....                        | 2,635             | 2,568             |                    |
| 178,000                 | Sharp Corporation.....                                    | 3,457             | 2,940             |                    |
| 37,200                  | Siam Investment Fund .....                                | 527               | 180               |                    |
| 39,820                  | Sony Corporation ADR.....                                 | 2,566             | 1,775             |                    |
| 417                     | Sumitomo Mitsui Financial Group, Inc. ....                | 2,756             | 3,184             |                    |
| 489,000                 | Sumitomo Trust and Banking Co., Ltd. (The).....           | 5,718             | 3,462             |                    |
| 180,000                 | Suzuki Motor Corporation .....                            | 5,534             | 4,317             |                    |
| 290,000                 | Tata Motors Limited Spon ADR.....                         | 5,864             | 2,963             |                    |
| 680,000                 | Television Broadcasts Limited.....                        | 4,137             | 3,993             |                    |
| 115,500                 | Tokyo Electric Power Co. Inc. ....                        | 2,968             | 3,019             |                    |
| 1,357,655               | United Microelectronics Corporation ADR.....              | 5,420             | 4,066             |                    |
|                         |   | <u>126,059</u>    | <u>111,431</u>    | 11.6               |
| <b>Australia</b>        |   |                   |                   |                    |
| 77,000                  | BHP Billiton Limited ADR .....                            | 5,931             | 6,686             | 0.7                |
|                         | <b>Total equities</b> .....                               | 813,633           | 956,405           | 100.0              |
|                         | <b>Forward currency contracts, net - Schedule 1</b> ..... | —                 | 166               | —                  |
|                         | <b>Total investments</b> .....                            | <u>\$ 813,633</u> | <u>\$ 956,571</u> | <u>100.0</u>       |

### Schedule 1 - Forward currency contracts, net

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

| Par value<br>(in millions) | Currency       | Number<br>of contracts | Contract<br>rates   | Settlement<br>date | Unrealized<br>gain/(loss)<br>(000's) |
|----------------------------|----------------|------------------------|---------------------|--------------------|--------------------------------------|
| 45.7                       | U.S. Dollar    | 2                      | 1.0142 - 1.0234     | Sept. 16, 2008     | \$ 410                               |
| 7.4                        | Pound Sterling | 3                      | 1.943 - 1.999       | Sept. 16, 2008     | (221)                                |
| 3,454                      | Japanese Yen   | 4                      | 0.009513 - 0.009627 | Sept. 16, 2008     | (23)                                 |
|                            |                |                        |                     |                    | <u>\$ 166</u>                        |

The counterparty currently has an approved credit rating equivalent to A-1+.

## UNITED CORPORATIONS LIMITED

### NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### Summary of significant accounting policies

##### 1. Basis of presentation

The accompanying unaudited consolidated interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as the most recent annual financial statements and should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended March 31, 2008. The consolidated financial statements do not include all of the disclosures required under GAAP for annual financial statements.



# UNITED CORPORATIONS LIMITED

## CORPORATE INFORMATION

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Fax: 416-362-2592

EXTERNAL INVESTMENT MANAGERS Jarislowsky Fraser Limited, Toronto  
Sanford C. Bernstein & Co., LLC, New York

BANKER Bank of Nova Scotia

AUDITOR PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

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

## TORONTO STOCK EXCHANGE LISTINGS

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

## NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Globe and Mail's website ([www.globefund.com](http://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](mailto: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](http://www.ucorp.ca)

