

# UNITED CORPORATIONS LIMITED

**SECOND QUARTER REPORT**  
**September 30, 2009**

**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

October 30, 2009

# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2009 <sup>(1)</sup>	As at March 31 2009 <sup>(1)</sup>
Net equity value per Common Share <sup>(2)</sup> .....	\$ 65.19	\$ 54.81
Net assets.....	\$ 802,737	\$ 676,149
Number of Common Shares outstanding at period end .....	12,194,193	12,194,193

	Six months ended Sept. 30	
	2009 <sup>(1)</sup>	2008 <sup>(1)</sup>
Net investment income per Common Share <sup>(2)</sup> .....	\$ 0.68	\$ 0.83
Dividends per Common Share .....	\$ 0.40	\$ 0.40
Increase (decrease) in net assets from operations per Common Share .....	\$ 10.78	\$ (9.56)
Investment income .....	\$ 12,498	\$ 15,541
Net investment income .....	\$ 8,484	\$ 10,304

<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 second quarter of fiscal 2010 should be read in conjunction with the MD&A for the fiscal year ended March 31, 2009, 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 note contained in this report, as well as the Company's MD&A and unaudited interim consolidated financial statements for the previous quarter of fiscal 2010. These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

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

#### Use of Non-GAAP Measures

This MD&A contains reference to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning in GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Investors and management use net equity value per Common Share to determine the Company's value on a per Common Share basis. In order to determine its net equity value per Common Share, the Company deducts the cost of redemption of its Preferred Shares from its net assets at fair value.

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

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

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

	Sept. 30 2009	March 31 2009
Net assets, at fair value .....	\$ 802,737	\$ 676,149
Deduct:		
Cost of redemption:		
First Preferred Shares .....	1,567	1,567
Second Preferred Shares, Series 1959 and 1963.....	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value .....	<u>\$ 794,990</u>	<u>\$ 668,402</u>
Common Shares outstanding .....	<u>12,194,193</u>	<u>12,194,193</u>
Net equity value per Common Share.....	<u>\$ 65.19</u>	<u>\$ 54.81</u>

## UNITED CORPORATIONS LIMITED

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

Net investment income per Common Share is calculated as follows:

	Three months ended September 30		Six months ended September 30	
	2009	2008	2009	2008
Increase (decrease) in net assets from operations.....	\$ 52,828	\$ (120,426)	\$ 131,657	\$ (116,384)
Add (deduct): Net loss (gain) on investments .....	(49,682)	123,611	(123,173)	126,688
Net investment income .....	3,146	3,185	8,484	10,304
Deduct: Dividends paid on Preferred Shares.....	95	96	189	189
Net investment income, net of dividends paid on Preferred Shares.....	\$ 3,051	\$ 3,089	\$ 8,295	\$ 10,115
Common Shares outstanding .....	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share .....	\$ 0.25	\$ 0.25	\$ 0.68	\$ 0.83

### Market Review

Global stock markets continued to post generally strong returns for the second quarter in a row. In Canadian dollar terms, in the second quarter of fiscal 2010 the S&P/TSX Composite Index increased 10.6%, the MSCI World Index 8.5% and the S&P 500 Index 6.8%. On a fiscal year-to-date basis, the S&P/TSX Composite Index increased 32.7%, the MSCI World Index 21.0% and the S&P 500 Index 14.3%. All benchmark returns are on a total return (capital gains plus dividends) basis.

For the quarter ended September 30, 2009, the Company's net equity value per Common Share increased to \$65.19 from \$61.07 at June 30, 2009. With dividends reinvested at month-end net equity values, the Company's net equity value return was 7.1% in the current quarter compared to a negative return of 12.8% 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 \$65.19 from \$54.81 at March 31, 2009. The net equity value return for the fiscal year to date was 19.7% compared to a negative return of 12.4% in the prior year. 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 second quarter of fiscal 2010 was \$3,146,000 compared to net investment income of \$3,185,000 in the prior year. On a year-to-date basis, net investment income declined 17.7% to \$8,484,000 in fiscal 2010 from \$10,304,000 in fiscal 2009. On a per Common Share basis, net investment income for the quarter was \$0.25 in both fiscal years and on a year-to-date basis declined to \$0.68 from \$0.83 in the prior fiscal year.

Foreign dividend income in the second fiscal quarter of 2010 decreased to \$2,744,000 from \$2,888,000 in fiscal 2009 and on a year-to-date basis declined to \$8,810,000 in fiscal 2010 from \$11,422,000 in fiscal 2009. Canadian dividend income in the second fiscal quarter of 2010 increased to \$1,759,000 from \$1,643,000 in fiscal 2009 and increased on a year-to-date basis to \$3,690,000 from \$3,573,000 in the prior year.

Total dividend income for the current quarter approximates dividend income recognized in the same quarter in the prior year, compared to year-over-year declines experienced in recent quarters. On a year-to-date basis, foreign dividend income has declined primarily from decreased dividend payouts from companies that have been impacted by the recent global financial crisis and general economic slowdown. On a comparative basis for the current quarter and year-over-year periods, Canadian dividend income has increased primarily as a result of dividend rate increases.

## UNITED CORPORATIONS LIMITED

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

Other income (loss) includes interest, securities lending income and foreign exchange gains (losses) on short-term investments. In the second quarter the Company experienced a loss of \$35,000 compared to \$296,000 of income in 2009. On a year-to-date basis, the loss was \$2,000 in fiscal 2010 compared to \$546,000 of income in the prior year. The current fiscal year has no securities lending income compared to \$299,000 of income in the prior year. The Company has not participated in securities lending activities since September 2008. Interest income on both a quarterly and year-over-year basis has been impacted by steep year-over-year declines in short-term interest rates. In addition, in the current year the Company has experienced small foreign currency losses on the maturity of U.S. dollar denominated short-term investments as a result of the recent significant increase in the Canadian dollar relative to the U.S. dollar.

Expenses in the quarter amounted to \$857,000 (fiscal 2009 - \$869,000) and \$1,650,000 (fiscal 2009 - \$1,865,000) on a year-to-date basis. The year-over-year decline in expenses was due primarily to a decrease in investment management and administrative costs related to lower average net assets managed. Expenses in the current quarter approximate the prior year as average net assets are comparable to the prior year.

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

The Company realized a net gain on investments of \$3,629,000 in the second quarter of fiscal 2010 versus a net loss of \$14,560,000 in fiscal 2009. On a fiscal year-to-date basis, the net gain on investments was \$4,755,000 in fiscal 2010 compared to a net loss of \$18,230,000 for the prior year. The largest contributors to the net realized gain during the quarter were the sale of Enbridge Inc., MAN AG and Potash Corporation of Saskatchewan. On a year-to-date basis, the largest contributors to the net realized gain were the sale of Enbridge Inc., MAN AG, and Electrolux AB.

During the current fiscal quarter, the net change in unrealized appreciation of investments increased by \$46,101,000 compared to a decrease of \$108,975,000 in the same period last year. On a fiscal year-to-date basis, unrealized appreciation of investments increased by \$118,519,000 compared to a decline of \$108,282,000 in the prior year. In particular Canadian securities in total contributed approximately \$15,369,000 and \$51,726,000 of the increase in the fiscal quarter and year-to-date increases respectively. The balance of the quarterly and year-to-date increases occurred in the non-Canadian portfolio spread over a broad range of sectors and countries.

### Quarterly Results

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

	Sept. 30 2009	June 30 2009	March 31 2009	Dec. 31 2008	Sept. 30 2008	June 30 2008	March 31 2008	Dec. 31 2007
Investments, at fair value	\$ 777,435	\$ 712,086	\$ 610,834	\$ 665,821	\$ 800,709	\$ 956,571	\$ 952,648	\$ 1,021,684
Investment income	\$ 4,468	\$ 8,030	\$ 4,622	\$ 5,414	\$ 4,827	\$ 10,714	\$ 6,443	\$ 4,828
Increase (decrease) in net assets from operations	\$ 52,828	\$ 78,829	\$ (45,209)	\$ (101,122)	\$ (120,426)	\$ 4,042	\$ (49,865)	\$ (25,389)
Increase (decrease) in net assets from operations per Common Share <sup>1</sup>	\$ 4.32	\$ 6.46	\$ (3.72)	\$ (8.30)	\$ (9.88)	\$ 0.32	\$ (4.10)	\$ (2.09)
Net equity value per Common Share	\$ 65.19	\$ 61.07	\$ 54.81	\$ 58.73	\$ 67.23	\$ 77.31	\$ 77.18	\$ 81.48

<sup>1</sup> Net of dividends paid on Preferred Shares.

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

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 current general economic conditions, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels. On a fiscal year-to-date basis, the Company has experienced a year-over-year decline in foreign dividend income.

The returns of the portfolio may also not necessarily correlate with benchmark returns and may fluctuate significantly as illustrated by the recent quarterly returns that have been impacted by the recent global financial crisis and general economic slowdown.

### **Share Data**

At September 30, 2009, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 Second Preferred Shares, 1959 Series, 119,710 Second Preferred Shares, 1963 Series and 12,194,193 Common Shares.

### **Liquidity and Capital Resources**

Quarterly dividends were paid on the Common Shares and Preferred Shares. The quarterly per share dividend was \$0.20 on the Common Shares and \$0.375 for each Preferred Share series. Payment of the Company's dividends is funded by net investment income. For the quarter ended September 30, 2009, net investment income was \$0.25 per Common Share as compared to Common Share dividend payments of \$0.20 per share. On a fiscal year-to-date basis, net investment income was \$0.68 per Common Share as compared to dividend payments of \$0.40 per Common Share.

### **Transition to International Financial Reporting Standards ("IFRS")**

IFRS will replace Canadian GAAP for most publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. The Company will begin to report its financial results, including comparative information, in accordance with IFRS in the first quarter of fiscal 2012.

Senior management of the Company oversees the transition to IFRS and provides quarterly reports to the Company's Audit Committee. Senior management continues to develop financial reporting expertise in IFRS.

Additional changes to IFRS accounting standards are expected to be issued during the remainder of calendar 2009 and up to and including the Company's transition date of April 1, 2011 and, as a result, there is some uncertainty regarding the expected accounting standards that will be in place in fiscal 2012. The following disclosures reflect the Company's current expectations based on the information that is available as of this report's date. As a result of changing circumstances during our transition, the Company may change accounting policy choices or elections initially selected.

The Company's project plan includes four phases: analysis, design and planning, solution development and implementation. The current standards that are expected to be relevant to the Company's recognition, measurement, presentation and disclosure of its financial statements have been identified. Preliminary accounting policy choices have been made based on the expected accounting requirements in fiscal 2012. Model financial statement presentation and disclosures will be prepared in the latter part of fiscal 2010 and system changes will be identified. The Company is currently reviewing system changes which may result from the changeover to IFRS. Changes to internal controls over financial reporting, and to disclosure controls and procedures, will be identified later in the fiscal year.

At this point in the project, the Company anticipates that on transition to IFRS there will not be a material impact to its financial statements or in the calculation of its net equity value per Common Share.

## UNITED CORPORATIONS LIMITED

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

#### 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

October 30, 2009



# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	September 30 2009	March 31 2009
	(000's)	
<b>ASSETS</b>		
Investments, at fair value (cost - \$662,319; March 31, 2009 - \$631,401).....	\$ 777,435	\$ 610,834
Cash .....	7,462	5,333
Short-term investments .....	33,299	27,337
Receivable in respect of investments sold .....	2,026	1,397
Accrued income on investments.....	1,239	1,533
Income taxes receivable.....	718	31,616
Other assets .....	754	491
Future income taxes .....	—	1,094
	<u>822,933</u>	<u>679,635</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities.....	583	673
Payable in respect of investments purchased .....	2,719	2,813
Future income taxes .....	16,894	—
	<u>20,196</u>	<u>3,486</u>
Net assets, at fair value .....	<u>\$ 802,737</u>	<u>\$ 676,149</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share 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 .....	163,030	154,961
Unrealized appreciation (depreciation) of investments.....	98,707	(19,812)
Total shareholders' equity.....	<u>\$ 802,737</u>	<u>\$ 676,149</u>

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2009	2008	2009	2008
	(000's)			
<b>INVESTMENT INCOME</b>				
Dividends:				
Foreign.....	\$ 2,744	\$ 2,888	\$ 8,810	\$ 11,422
Canadian.....	1,759	1,643	3,690	3,573
	<u>4,503</u>	<u>4,531</u>	<u>12,500</u>	<u>14,995</u>
Other income (loss).....	(35)	296	(2)	546
	<u>4,468</u>	<u>4,827</u>	<u>12,498</u>	<u>15,541</u>
Expenses:				
Investment management and administrative costs .....	672	647	1,271	1,405
Directors' and officers' remuneration.....	51	46	109	95
Office and miscellaneous.....	81	61	154	136
Transfer, registrar and custody fees .....	35	105	87	195
Professional fees .....	18	10	29	34
	<u>857</u>	<u>869</u>	<u>1,650</u>	<u>1,865</u>
Investment income before income taxes ...	3,611	3,958	10,848	13,676
Provision for income taxes .....	465	773	2,364	3,372
<b>NET INVESTMENT INCOME</b> .....	<u>3,146</u>	<u>3,185</u>	<u>8,484</u>	<u>10,304</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>				
Net realized gain (loss) on investments ..	3,629	(14,560)	4,755	(18,230)
Net change in unrealized appreciation of investments .....	46,101	(108,975)	118,519	(108,282)
Transaction costs on purchase and sale of investments .....	(48)	(76)	(101)	(176)
<b>NET GAIN (LOSS) ON INVESTMENTS</b> .....	<u>49,682</u>	<u>(123,611)</u>	<u>123,173</u>	<u>(126,688)</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b> .....	<u>\$ 52,828</u>	<u>\$ (120,426)</u>	<u>\$ 131,657</u>	<u>\$ (116,384)</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE</b> .....	<u>\$ 4.32</u>	<u>\$ (9.88)</u>	<u>\$ 10.78</u>	<u>\$ (9.56)</u>

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended Sept. 30	
	2009	2008
	(000's)	
BEGINNING OF PERIOD	\$ 154,961	\$ 287,464
Add (deduct):		
Net investment income .....	8,484	10,304
Net realized gain (loss) on investments.....	4,755	(18,230)
Refundable dividend taxes recovered .....	1,123	1,149
	<u>169,323</u>	<u>280,687</u>
Deduct:		
Dividends:		
First Preferred Shares.....	39	39
Second Preferred Shares .....	150	150
Common Shares .....	4,878	4,878
Provision for refundable dividend taxes.....	1,125	1,087
Transaction costs on purchase and sale of investments.....	101	176
	<u>6,293</u>	<u>6,330</u>
END OF PERIOD .....	<u>\$ 163,030</u>	<u>\$ 274,357</u>

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

	Three months ended Sept. 30		Six months ended Sept. 30	
	2009	2008	2009	2008
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS.....	\$ 52,828	\$ (120,426)	\$ 131,657	\$ (116,384)
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares .....	(95)	(96)	(189)	(189)
Common Shares.....	(2,439)	(2,439)	(4,878)	(4,878)
	<u>(2,534)</u>	<u>(2,535)</u>	<u>(5,067)</u>	<u>(5,067)</u>
TAXATION CHANGE				
Net (increase) decrease in refundable dividend taxes on hand.....	(3)	55	(2)	62
INCREASE (DECREASE) IN NET ASSETS	50,291	(122,906)	126,588	(121,389)
NET ASSETS, BEGINNING OF PERIOD ....	752,446	950,446	676,149	948,929
NET ASSETS, END OF PERIOD .....	<u>\$ 802,737</u>	<u>\$ 827,540</u>	<u>\$ 802,737</u>	<u>\$ 827,540</u>

(See accompanying note)

## UNITED CORPORATIONS LIMITED

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

(Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2009	2008	2009	2008
			(000's)	
Proceeds on sales of investments.....	\$ 27,067	\$ 38,219	\$ 47,118	\$ 85,310
Cost of investments, beginning of period .....	651,123	813,633	631,401	810,423
Cost of investments purchased during the period .....	33,875	29,621	72,356	84,317
	684,998	843,254	703,757	894,740
Cost of investments, end of period .....	662,319	787,293	662,319	787,293
Cost of investments sold during the period ...	22,679	55,961	41,438	107,447
Realized gain (loss) on investments sold before income taxes.....	4,388	(17,742)	5,680	(22,137)
Provision for (recovery of) income taxes on realized net capital gain (loss) .....	759	(3,182)	925	(3,907)
Net realized gain (loss) on investments.....	\$ 3,629	\$ (14,560)	\$ 4,755	\$ (18,230)

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2009 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
<b>North America</b>				
<b>Canada</b>				
<b>Preferred</b>				
140,000	Nortel Networks Limited \$1.275 Series F.....	\$ 3,512	\$ —	—
<b>Common</b>				
362,568	Algoma Central Corporation.....	6,201	26,649	
92,000	Bank of Montreal.....	5,617	4,996	
331,805	Bank of Nova Scotia.....	5,755	16,215	
357,670	CAE, Inc.....	3,621	3,133	
80,000	Cameco Corporation.....	279	2,399	
136,330	Canadian National Railway Company.....	5,471	7,089	
112,470	Canadian Natural Resources Ltd.....	6,611	8,199	
133,040	Canadian Tire Corp. Ltd. Class A.....	4,733	7,603	
84,325	Canadian Utilities Limited Class A.....	2,064	3,203	
222,702	Canfor Corporation.....	1,436	1,314	
176,596	Enbridge Inc.....	2,408	7,399	
188,085	Encana Corporation.....	5,885	11,639	
173,470	Goldcorp, Inc.....	5,629	7,572	
300,000	Great-West Lifeco Inc.....	4,287	8,043	
157,430	Imperial Oil Limited.....	1,576	6,486	
210,676	Jean Coutu Group Inc.....	1,949	2,012	
218,625	Kinross Gold Corporation.....	3,809	5,138	
109,620	Loblaw Cos. Limited.....	5,443	3,453	
525,210	Manulife Financial Corporation.....	8,847	11,949	
236,315	Metro Inc.....	2,446	8,387	
468,700	Nexen Inc.....	3,756	11,272	
91,750	Potash Corporation of Saskatchewan.....	2,532	8,991	
161,000	Power Financial Corporation.....	926	4,989	
107,775	Quebecor Inc. Class B.....	3,923	2,592	
79,180	Research In Motion Limited.....	7,069	5,733	
147,775	Rogers Communications Inc. Class B.....	1,516	4,522	
368,396	Royal Bank of Canada.....	5,594	21,217	
338,400	Shaw Communications Inc. Class B.....	5,393	6,592	
38,050	Shoppers Drug Mart Corporation.....	1,694	1,674	
304,350	SNC-Lavalin Group Inc. Class A.....	1,283	14,840	
310,430	Suncor Energy Inc.....	12,416	11,719	
704,310	Talisman Energy Inc.....	4,347	13,241	
293,810	Thomson Reuters Corporation.....	11,941	10,695	
50,000	Tim Hortons Inc.....	1,681	1,503	
220,708	Toronto-Dominion Bank.....	4,593	15,218	
223,432	TransCanada Corporation.....	4,180	7,485	
170,000	Transcontinental Inc Class A.....	3,402	2,043	
240,000	TVA Group Inc. Class B.....	3,202	3,000	
90,600	West Fraser Timber Co. Ltd.....	2,067	2,313	
55,000	Weston (George) Limited.....	5,071	3,107	
		<u>170,653</u>	<u>305,624</u>	39.3
<b>United States</b>				
66,000	3M Co.....	6,082	5,215	
63,000	Altria Group, Inc.....	1,254	1,202	
135,000	Bank of New York Mellon Corporation.....	4,660	4,196	
60,000	Chevron Corporation.....	4,113	4,524	
180,000	Cisco Systems, Inc.....	5,425	4,537	
80,000	Colgate-Palmolive Company.....	5,695	6,543	
145,480	Community Health Systems Inc.....	5,464	4,973	
82,000	Computer Sciences Corp.....	4,227	4,634	
261,000	ConAgra Foods, Inc.....	5,094	6,059	
113,000	ConocoPhillips.....	6,546	5,467	
185,000	CVS Caremark Corporation.....	4,433	7,089	
624,600	Dairy Farm International Holdings Limited.....	2,804	3,951	
110,000	Emerson Electric Company.....	4,630	4,722	
58,800	Exxon Mobil Corporation.....	3,716	4,320	
75,000	Fiserv, Inc.....	3,848	3,874	
148,000	General Electric Company.....	5,915	2,599	
83,100	General Mills, Inc.....	6,093	5,727	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2009 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
<b>United States (continued)</b>				
165,000	Halliburton Company.....	\$ 5,181	\$ 4,794	
110,000	Hartford Financial Services Group, Inc. ....	6,758	3,125	
101,900	H.J. Heinz Company .....	4,795	4,338	
81,700	Johnson & Johnson.....	5,847	5,327	
78,500	Kimberly Clark Corporation .....	4,955	4,965	
119,800	Kraft Foods Inc.....	3,896	3,371	
164,200	Merck & Co. Inc.....	5,710	5,560	
83,000	Metlife, Inc.....	2,811	3,388	
122,300	Microsoft Corporation.....	2,740	3,384	
30,000	Monsanto Company .....	2,631	2,487	
55,120	NIKE, Inc. Class B.....	3,235	3,818	
88,000	Pepsico, Inc.....	5,723	5,536	
449,900	Pfizer Inc. ....	14,010	7,974	
102,000	Philip Morris International Inc.....	4,645	5,319	
110,875	Proctor & Gamble Company .....	6,300	6,875	
87,000	Scripps Networks Interactive.....	4,333	3,442	
220,000	Spectra Energy Corporation.....	4,874	4,461	
122,950	Time Warner Inc.....	5,926	3,790	
160,000	Waste Management Inc. ....	5,111	5,107	
190,161	Wells Fargo & Company .....	14,176	5,731	
		193,656	172,424	22.2
<b>Mexico</b>				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	2,727	4,083	0.5
	<b>Total North America</b> .....	370,548	482,131	62.0
<b>Europe, excluding United Kingdom</b>				
126,780	ABB Limited .....	2,337	2,725	
140,000	Adidas AG .....	6,267	7,967	
172,310	AXA .....	4,667	4,999	
380,000	Banco Santander SA.....	5,166	6,557	
64,050	BASF SE .....	3,352	3,642	
51,000	Bayer AG.....	3,958	3,788	
95,200	Casino Guichard-Perrachon SA.....	8,141	8,091	
120,000	Celesio AG .....	5,856	3,554	
667,600	Clariant AG.....	5,031	6,498	
138,390	CSM .....	2,391	3,745	
61,764	Danone S.A. ....	3,162	3,982	
303,000	Davide Campari-Milano S.p.A. ....	2,588	2,885	
102,900	Delhaize Group .....	8,043	7,657	
100,240	Essilor International SA.....	3,118	6,117	
93,000	Fresenius Medical Care & Co. KGaA ADR .....	3,006	4,952	
107,700	Heineken NV .....	4,036	5,321	
130,000	Henkel AG & Co. KGaA.....	4,872	5,995	
200,000	ING Groep N.V. ADR.....	6,665	3,830	
130,700	Kerry Group plc.....	3,449	3,986	
209,600	Koninklijke Ahold NV .....	3,215	2,702	
314,100	Koninklijke Wessanen NV .....	2,375	1,784	
38,278	L'Air Liquide SA.....	2,907	4,668	
52,160	L'Oreal SA .....	4,895	5,559	
47,938	Lafarge SA .....	3,887	4,597	
181,400	Nestlé S.A. ....	8,261	8,273	
167,500	Nestlé S.A. ADR.....	5,652	7,667	
139,200	Publicis Groupe.....	4,725	5,984	
62,125	Roche Holding AG.....	9,739	10,745	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2009 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
<b>Europe, excluding United Kingdom (continued)</b>				
92,000	SAP AG Spons ADR .....	\$ 5,183	\$ 4,825	
43,767	Schneider Electric SA.....	5,964	4,754	
54,000	Siemens AG .....	7,040	5,392	
209,900	SKF AB.....	2,339	3,529	
24,000	Synthes, Inc. ....	2,752	3,095	
220,000	Telenor ASA.....	4,316	2,726	
83,000	Total SA ADR.....	5,007	5,276	
		<u>164,362</u>	<u>177,867</u>	22.9
<b>United Kingdom</b>				
115,000	BP plc ADR .....	9,285	6,563	
325,400	Britvic plc.....	1,554	1,964	
353,015	Dairy Crest Group plc.....	1,271	2,323	
45,000	Diageo plc ADR.....	3,404	2,969	
416,600	GlaxoSmithKline plc.....	9,146	8,788	
506,000	HSBC Holdings plc.....	3,848	6,213	
157,200	Next plc .....	3,244	4,833	
100,600	Reckitt Benckiser plc.....	3,735	5,278	
290,000	Smith & Nephew plc.....	3,427	2,789	
140,000	Standard Chartered plc.....	3,960	3,704	
261,000	Vodafone Group Plc ADR.....	8,025	6,306	
		<u>50,899</u>	<u>51,730</u>	6.6
<b>Asia</b>				
151,600	Asahi Breweries, Ltd. ....	3,222	2,971	
70,100	Astellas Pharma Inc. ....	3,340	3,082	
116,100	Circle K Sunkus Co., Ltd.....	2,401	1,876	
123,100	Daiichi Sankyo Company, Limited.....	3,223	2,719	
731,600	Daiwa Securities Group Inc.....	7,671	4,040	
33,800	Eisai Co., Ltd. ....	1,655	1,365	
107,786	Emerging Markets Investors Fund .....	6,715	6,411	
47,100	Fanuc Ltd. ....	5,260	4,514	
14,080	Keyence Corporation .....	2,888	3,222	
340,000	Konica Minolta Holdings Inc.....	3,259	3,446	
186,400	Makita Corporation.....	4,789	6,308	
196,000	Mitsubishi Tanabe Pharma Corporation .....	3,335	2,799	
70,800	Secom Co. Ltd. ....	3,320	3,800	
667,000	Sumitomo Trust and Banking Co., Ltd. (The).....	6,764	3,780	
160,000	Suzuki Motor Corporation .....	4,919	3,997	
52,600	Takeda Pharmaceutical Company Limited.....	3,237	2,344	
780,000	Television Broadcasts Limited.....	4,579	3,583	
		<u>70,577</u>	<u>60,257</u>	7.8
<b>Australia</b>				
77,000	BHP Billiton Limited ADR .....	5,933	5,450	0.7
		<u>\$ 662,319</u>	<u>\$ 777,435</u>	<u>100.0</u>

# 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, except as noted below, and should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended March 31, 2009. The consolidated financial statements do not include all of the disclosures required under GAAP for annual financial statements.

##### *Carrying value of investments*

In accordance with Accounting Guideline 18 "Investment Companies", investments are categorized as held for trading and are required to be recorded at a fair value established by the bid price for a security on the recognized exchange on which it is principally traded, as defined in CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement".



# UNITED CORPORATIONS LIMITED

## CORPORATE INFORMATION

HEAD OFFICE Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8  
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Fax: 416-362-2592

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

BANKER The Bank of Nova Scotia

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.  
100 University Avenue, 9th Floor  
Toronto, Ontario  
M5J 2Y1  
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)

