

UNITED CORPORATIONS LIMITED



SECOND QUARTER REPORT

SEPTEMBER 30, 2011

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2011 ⁽¹⁾	As at March 31 2011 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 65.63	\$ 71.82
Net assets.....	\$ 808,099	\$ 883,576
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Six months ended Sept. 30	
	2011 ⁽¹⁾	2010 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.81	\$ 0.67
Dividends per Common Share	\$ 0.40	\$ 0.40
Increase (decrease) in net assets from operations per Common Share	\$ (5.79)	\$ 0.66
Investment income	\$ 14,801	\$ 12,205
Net investment income	\$ 10,120	\$ 8,304

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

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited financial performance and financial condition of United Corporations Limited ("United" or the "Company") for the second quarter of fiscal 2012 should be read in conjunction with: the March 31, 2011 Annual Report, including the MD&A, the Company's annual audited financial statements and the notes and supplementary financial information; the June 30, 2011 interim report, including the MD&A, unaudited interim financial statements and notes; and the unaudited interim financial statements and notes contained in this report. These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

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

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.

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. In order to determine its net investment income per Common Share, the Company deducts the dividends paid on its Preferred Shares.

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

	Sept. 30 2011	March 31 2011
Net assets	\$ 808,099	\$ 883,576
Deduct:		
Cost of redemption:		
First Preferred Shares	1,567	1,567
Second Preferred Shares, Series 1959 and 1963.....	6,180	6,180
	7,747	7,747
Net equity value	\$ 800,352	\$ 875,829
Common Shares outstanding	12,194,193	12,194,193
Net equity value per Common Share.....	\$ 65.63	\$ 71.82

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Three months ended September 30		Six months ended September 30	
	2011	2010	2011	2010
Increase (decrease) in net assets from operations	\$ (71,074)	\$ 56,233	\$ (70,355)	\$ 8,261
Add (deduct): Net loss (gain) on investments	74,551	(53,333)	80,475	43
Net investment income.....	3,477	2,900	10,120	8,304
Deduct: Dividends paid on Preferred Shares.....	95	95	189	189
Net investment income, net of dividends paid on Preferred Shares.....	\$ 3,382	\$ 2,805	\$ 9,931	\$ 8,115
Common Shares outstanding.....	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share	\$ 0.27	\$ 0.23	\$ 0.81	\$ 0.67

Net Equity Value per Common Share

For the quarter ended September 30, 2011, the Company's net equity value per Common Share decreased to \$65.63 from \$71.67 at June 30, 2011. With dividends reinvested at month-end net equity values, the Company's net equity value return was negative 8.2% for the quarter compared to a return of 7.3% for the same period in the prior fiscal year. On a fiscal year-to-date basis, the net equity value per Common Share decreased to \$65.63 from \$71.82 at March 31, 2011. The net equity value return for the fiscal year to date was negative 8.1% compared to a return of 1.0% in the prior fiscal period.

As the Company is a taxable Canadian corporation, these returns are net of a provision for income taxes on investment income and realized gains (losses) on investments, and net of a future income tax provision on the unrealized appreciation of investments.

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

	Three months ended Sept. 30	Six months ended Sept. 30
	(%)	
S&P/TSX Composite Index	(12.0)	(16.6)
MSCI World Index	(10.1)	(10.2)
S&P 500 Index	(7.2)	(7.8)

Operating Results

Net investment income

The Company's net investment income in the second quarter of fiscal 2012 was \$3,477,000 compared to net investment income of \$2,900,000 in the same quarter of the prior year. On a year-to-date basis, net investment income increased 21.9% to \$10,120,000 in fiscal 2012 from \$8,304,000 in fiscal 2011. On a per Common Share basis, net investment income for the quarter increased to \$0.27 from \$0.23 for the same period in the prior year and on a year-to-date basis increased to \$0.81 from \$0.67 in the prior fiscal period.

During the quarter, foreign dividend income increased to \$3,198,000 from \$2,559,000 in fiscal 2011, and Canadian dividend income increased to \$2,068,000 from \$1,809,000 for the same period in the prior fiscal year. On a year-to-date basis, foreign dividend income increased to \$10,231,000 from \$8,277,000 in fiscal 2011, and Canadian dividend income increased to \$4,299,000 from \$3,752,000 in fiscal 2011. The increases in both foreign and Canadian dividends resulted primarily from increased dividend payouts on securities held compared to the same periods in the prior year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

During the current quarter, interest, including securities lending income, increased to \$123,000 from \$37,000 in fiscal 2011 and on a year-to-date basis, increased to \$271,000 in fiscal 2012 compared to \$176,000 for the same period in the prior fiscal year. For the second fiscal quarter and fiscal year to date the Company earned \$81,000 and \$239,000, respectively, of securities lending income. The prior year comparative amounts were \$57,000 and \$169,000.

Expenses in the quarter amounted to \$945,000 (fiscal 2011 - \$929,000) and \$1,973,000 (fiscal 2011 - \$1,832,000) on a year-to-date basis. The implementation of the harmonized sales tax ("HST") of 13% increased fiscal year-to-date expenses by approximately \$68,000. The balance of the expense increases relates primarily to a year-over-year increase in investment management and administrative costs resulting from a higher average investment portfolio value compared to the same period in the prior year.

The provision for income taxes in the current quarter includes \$307,000 (fiscal 2011 – \$73,000) and year-to-date \$341,000 (fiscal 2011 – \$73,000) of additional income tax related to certain foreign withholding taxes that could not be credited against Canadian income taxes payable.

Net gain (loss) on investments

The Company realized a net gain on investments of \$5,000 in the second quarter of fiscal 2012 versus a net loss of \$6,234,000 for the same period in the prior year. On a fiscal year-to-date basis, the net gain on investments was \$1,602,000 in fiscal 2012 compared to net loss of \$8,342,000 in fiscal 2011. The largest contributors to the net realized gain year to date were Dairy Farm International Holdings Limited, Synthes Inc., and Talisman Energy Inc.

During the current fiscal quarter, the net change in unrealized appreciation of investments was a decrease of \$74,500,000 compared to an increase of \$59,592,000 during the same period last year. On a fiscal year-to-date basis, the net change in unrealized appreciation of investments was a decline of \$81,957,000 versus an increase of \$8,372,000 in fiscal 2011. During the quarter, North American securities decreased approximately \$49,181,000 and securities outside of North America declined \$25,319,000, with the majority of the decrease occurring in Europe. On a fiscal year-to-date basis, the declines were approximately \$68,047,000 for North American securities and \$13,910,000 for securities outside of North America.

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 2011	June 30 2011	March 31 2011	Dec. 31 2010	Sept. 30 2010	June 30 2010	March 31 2010	Dec. 31 2009
Investments, at fair value	\$ 793,685	\$ 879,225	\$ 897,570	\$ 873,567	\$ 833,844	\$ 773,350	\$ 825,406	\$ 812,712
Investment income	\$ 5,389	\$ 9,412	\$ 5,839	\$ 4,469	\$ 4,405	\$ 7,800	\$ 4,798	\$ 4,090
Increase (decrease) in net assets from operations	\$ (71,074)	\$ 719	\$ 21,222	\$ 35,420	\$ 56,233	\$ (47,972)	\$ 6,496	\$ 24,708
Increase (decrease) in net assets from operations per Common Share ¹	\$ (5.84)	\$ 0.05	\$ 1.73	\$ 2.90	\$ 4.60	\$ (3.94)	\$ 0.52	\$ 2.02
Net equity value per Common Share	\$ 65.63	\$ 71.67	\$ 71.82	\$ 70.28	\$ 67.60	\$ 63.19	\$ 67.33	\$ 67.01

¹ Net of dividends paid on Preferred Shares.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. Given the volatility in global stock markets and the value of the Canadian dollar relative to other currencies, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels. During the past four quarters, however, the Company experienced a year-over-year increase in foreign dividend income compared to the same quarter in the prior fiscal year, reversing a negative trend that had occurred in the four immediately preceding quarters.

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

Share Data

At September 30, 2011, 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, 2011, net investment income was \$0.27 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 per Common Share was \$0.81 as compared to dividend payments of \$0.40 per Common Share.

Transition to International Financial Reporting Standards ("IFRS") for Investment Companies

The Company will apply IFRS to its disclosures commencing April 1, 2013. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending June 30, 2013, which will provide corresponding comparative financial information for fiscal 2013, including an opening statement of financial position as at April 1, 2012.

On transition to IFRS, management does not expect that the conversion will affect the calculation of the Company's net assets or net equity value per Common Share. The primary impact of IFRS on the Company's financial statements will be in financial statement presentation and note disclosure. In addition, management believes that the conversion to IFRS will not materially affect the Company's business arrangements, systems, internal controls over financial reporting, or disclosure controls and procedures.

Additional information relating to the transition to IFRS is available in the Company's fiscal 2011 Annual Report.

Additional Information

Additional information relating to United, including the Company's Annual Information Form, is available at www.sedar.com.

United's website, www.ucorp.ca, also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.

Duncan N.R. Jackman
Chairman and President

October 28, 2011

UNITED CORPORATIONS LIMITED

STATEMENT OF NET ASSETS (Unaudited)

	September 30 2011	March 31 2011
	(000's)	
ASSETS		
Investments, at fair value (cost - \$700,225; March 31, 2011 - \$709,728) (Note 2)	\$ 793,685	\$ 897,570
Cash	8,156	1,979
Short-term investments	13,216	4,870
Receivable in respect of investments sold	1,755	—
Accrued income on investments	2,255	2,422
Income taxes receivable	567	962
Other assets	450	266
	820,084	908,069
LIABILITIES		
Accounts payable and accrued liabilities	500	547
Future income taxes	11,485	23,946
	11,985	24,493
NET ASSETS	\$ 808,099	\$ 883,576
SHAREHOLDERS' EQUITY		
Share capital		
Issued:		
52,237 First Preferred Shares	\$ 119	\$ 119
200,000 Second Preferred Shares	6,000	6,000
12,194,193 Common Shares	534,881	534,881
	541,000	541,000
Retained earnings (Note 3)	267,099	342,576
TOTAL SHAREHOLDERS' EQUITY	\$ 808,099	\$ 883,576

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2011	2010	2011	2010
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 3,198	\$ 2,559	\$ 10,231	\$ 8,277
Canadian	2,068	1,809	4,299	3,752
	5,266	4,368	14,530	12,029
Interest, including securities lending income	123	37	271	176
	5,389	4,405	14,801	12,205
Expenses:				
Investment management and administrative costs	787	784	1,635	1,500
Directors' and officers' remuneration	51	51	107	107
Office and miscellaneous	32	32	86	100
Transfer, registrar and custody fees	63	48	111	98
Professional fees	12	14	34	27
	945	929	1,973	1,832
Investment income before income taxes	4,444	3,476	12,828	10,373
Provision for income taxes	967	576	2,708	2,069
NET INVESTMENT INCOME	3,477	2,900	10,120	8,304
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	5	(6,234)	1,602	(8,342)
Net change in unrealized appreciation of investments	(74,500)	59,592	(81,957)	8,372
Transaction costs on purchase and sale of investments	(56)	(25)	(120)	(73)
NET GAIN (LOSS) ON INVESTMENTS	(74,551)	53,333	(80,475)	(43)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (71,074)	\$ 56,233	\$ (70,355)	\$ 8,261
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ (5.84)	\$ 4.60	\$ (5.79)	\$ 0.66

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended Sept. 30	
	2011	2010
	(000's)	
BEGINNING OF PERIOD (Note 3)	\$ 342,576	\$ 287,840
Add (deduct):		
Increase (decrease) in net assets from operations	(70,355)	8,261
Refundable dividend taxes recovered	1,274	1,158
	(69,081)	9,419
Deduct:		
Dividends:		
First Preferred Shares	39	39
Second Preferred Shares	150	150
Common Shares	4,878	4,878
Provision for refundable dividend taxes	1,329	1,146
	6,396	6,213
END OF PERIOD	\$ 267,099	\$ 291,046

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2011	2010	2011	2010
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (71,074)	\$ 56,233	\$ (70,355)	\$ 8,261
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(189)	(189)
Common Shares	(2,439)	(2,439)	(4,878)	(4,878)
	(2,534)	(2,534)	(5,067)	(5,067)
TAXATION CHANGE				
Net (increase) decrease in refundable dividend taxes on hand	(23)	10	(55)	12
INCREASE (DECREASE) IN NET ASSETS	(73,631)	53,709	(75,477)	3,206
NET ASSETS, BEGINNING OF PERIOD	881,730	778,337	883,576	828,840
NET ASSETS, END OF PERIOD	\$ 808,099	\$ 832,046	\$ 808,099	\$ 832,046

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF NET REALIZED GAIN (LOSS) ON INVESTMENTS

(Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2011	2010	2011	2010
	(000's)			
Proceeds on sales of investments	\$ 21,343	\$ 14,388	\$ 58,506	\$ 39,223
Cost of investments, beginning of period	700,509	702,723	709,728	694,735
Cost of investments purchased during the period	21,097	13,876	47,214	48,720
	721,606	716,599	756,943	743,455
Cost of investments, end of period	700,225	695,084	700,225	695,084
Cost of investments sold during the period	21,381	21,515	56,717	48,371
Realized gain (loss) on investments sold before income taxes	(38)	(7,127)	1,789	(9,148)
Provision for (recovery of) income taxes	(43)	(893)	187	(806)
Net realized gain (loss) on investments	\$ 5	\$ (6,234)	\$ 1,602	\$ (8,342)

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
362,568	Algoma Central Corporation ¹	\$ 6,201	\$ 30,456	
60,720	Bank of Montreal	3,707	3,550	
306,805	Bank of Nova Scotia	5,322	16,107	
134,400	BCE Inc.	5,032	5,267	
90,000	Bonavista Energy Corp.	2,382	2,108	
322,670	CAE, Inc.	3,267	3,172	
96,750	Cameco Corporation	676	1,859	
136,330	Canadian National Railway Company	5,471	9,547	
260,570	Canadian Natural Resources Ltd.	8,132	8,018	
86,260	Canadian Tire Corp. Ltd. Class A	3,069	4,903	
44,505	Canadian Utilities Limited Class A	1,089	2,762	
202,702	Canfor Corporation	1,307	2,108	
264,565	Cenovus Energy Inc.	5,221	8,524	
80,000	Cogeco Cable Inc.	2,649	3,782	
292,932	Enbridge Inc.	1,997	9,778	
341,965	Encana Corporation	7,548	6,873	
300,000	Great-West Lifeco Inc.	4,287	6,183	
69,290	Industrial Alliance Insurance & Financial Services	2,596	2,127	
130,580	Imperial Oil Limited	1,308	4,905	
210,676	Jean Coutu Group Inc.	1,949	2,541	
114,199	Loblaw Cos. Limited	5,607	4,490	
621,361	Manulife Financial Corporation	10,385	7,382	
206,705	Metro Inc.	2,139	9,440	
345,260	Nexen Inc.	2,886	5,600	
151,890	Potash Corporation of Saskatchewan	1,496	6,873	
161,000	Power Financial Corporation	926	4,131	
66,685	Quebecor Inc. Class B	2,427	2,211	
224,165	Rogers Communications Inc. Class B	4,224	8,039	
369,796	Royal Bank of Canada	6,407	17,676	
338,400	Shaw Communications Inc. Class B	5,393	7,194	
169,620	Shoppers Drug Mart	6,996	6,927	
263,350	SNC-Lavalin Group Inc. Class A	1,110	11,532	
246,430	Suncor Energy Inc.	9,856	6,594	
619,310	Talisman Energy Inc.	3,823	7,976	
283,810	Thomson Reuters Corporation	11,534	8,043	
74,320	Tim Hortons Inc.	2,675	3,620	
236,928	Toronto-Dominion Bank	6,577	17,672	
236,764	TransCanada Corporation	4,803	10,020	
220,000	Transcontinental Inc Class A	4,023	2,380	
240,000	TVA Group Inc. Class B	3,202	2,390	
73,600	West Fraser Timber Co. Ltd.	1,679	2,882	
55,000	Weston (George) Limited	5,072	3,797	
		176,450	291,439	
United States				
80,000	3M Co.	7,246	5,960	
130,000	Automatic Data Processing Inc.	5,911	6,364	
191,000	BB&T Corporation	5,395	4,229	
58,000	Becton Dickinson & Co.	4,169	4,416	
2,244,000	Chaoda Modern Agriculture	1,960	329	
80,000	Chevron Corporation	5,728	7,691	
95,000	Colgate-Palmolive Company	6,877	8,747	
291,400	ConAgra Foods, Inc.	5,862	7,335	
166,400	Computer Sciences Corp.	8,280	4,638	
203,000	CVS Caremark Corporation	5,011	7,084	
133,000	Emerson Electric Company	5,630	5,709	
90,000	Exxon Mobil Corporation	5,839	6,800	
90,000	Fiserv, Inc.	4,618	4,747	
				36.7

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (Continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
United States (continued)				
385,000	General Electric Company	\$ 10,016	\$ 6,088	
215,700	General Mills, Inc.	7,848	8,623	
93,000	Gilead Sciences, Inc.	3,220	3,749	
165,000	Halliburton Company	5,181	5,227	
110,000	Hartford Financial Services Group, Inc.	6,758	1,846	
101,900	H.J. Heinz Company	4,795	5,343	
39,970	IBM Corporation	6,068	7,260	
108,000	Johnson & Johnson.....	7,577	7,146	
111,000	J.P. Morgan Chase & Co.....	4,901	3,475	
115,700	Kimberly Clark Corporation	7,336	8,532	
74,500	Kraft Foods Inc.	2,423	2,598	
164,200	Merck & Co. Inc.....	5,710	5,578	
120,000	Metlife, Inc.	4,231	3,489	
277,100	Microsoft Corporation	7,060	7,165	
65,000	Monsanto Co.	5,118	4,052	
32,620	NIKE, Inc. Class B.....	1,915	2,898	
186,820	Oracle Corp.....	5,699	5,578	
120,000	Pepsico, Inc.....	7,751	7,713	
554,200	Pfizer Inc.	15,986	10,179	
140,000	Philip Morris International Inc.....	6,598	9,067	
142,875	Proctor & Gamble Company	8,346	9,390	
95,000	Scripps Networks Interactive.....	4,642	3,669	
220,000	Spectra Energy Corporation.....	4,874	5,607	
275,000	US Bancorp.....	7,086	6,725	
110,700	Verisk Analytics Inc. Class A.....	3,219	3,996	
127,400	Waste Management Inc.	4,058	4,307	
220,161	Wells Fargo & Company	15,034	5,520	
		245,976	228,869	28.8
Mexico				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	2,727	6,734	0.9
	Total North America	425,153	527,042	66.4
Europe, excluding United Kingdom				
230,780	ABB Limited	4,126	4,178	
42,579	Adidas AG	1,906	2,728	
206,669	AXA	5,300	2,858	
425,937	Banco Santander Central Hispano SA.....	5,782	3,701	
62,000	Bayer AG.....	4,566	3,579	
53,112	Casino Guichard-Perrachon SA.....	4,542	4,356	
120,828	CSM	2,088	2,510	
323,267	Davide Campari-Milano S.p.A.....	1,380	2,439	
125,695	Delhaize Group	9,727	7,711	
100,240	Essilor International SA.....	3,118	7,558	
227,299	France Telecom SA.....	4,769	3,903	
93,000	Fresenius Medical Care & Co. KGaA ADR	3,006	6,513	
371,426	ING Groep N.V. ADR.....	7,802	2,720	
130,700	Kerry Group plc.....	3,449	4,733	
412,562	Koninklijke Ahold NV	5,848	5,081	
32,497	L'Air Liquide SA.....	2,299	3,990	
28,160	L'Oreal SA.....	2,643	2,887	
50,938	Lafarge SA	3,866	1,850	
131,000	OMV AG	6,187	4,081	
108,538	Publicis Groupe.....	3,684	4,760	
167,500	Nestlé S.A. ADR.....	5,652	9,588	
167,122	Nestlé S.A.	7,611	9,612	
37,083	Roche Holding AG.....	5,843	6,258	

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
Europe, excluding United Kingdom (continued)				
68,800	Sanofi.....	\$ 4,775	\$ 4,744	
125,000	SAP AG Spons ADR	6,859	6,567	
67,308	Schneider Electric SA.....	4,557	3,809	
99,821	SKF AB.....	1,112	1,989	
440,000	Telenor ASA.....	7,522	7,131	
113,000	Total SA ADR.....	6,493	5,153	
		<u>136,512</u>	<u>136,987</u>	17.3
United Kingdom				
164,790	BG Group PLC.....	3,340	3,319	
125,000	BP plc ADR	9,706	4,685	
325,400	Britvic plc.....	1,554	1,655	
353,015	Dairy Crest Group plc.....	1,271	2,011	
45,000	Diageo plc ADR.....	3,404	3,550	
512,376	GlaxoSmithKline plc.....	11,032	11,082	
506,000	HSBC Holdings Inc.	3,848	4,081	
120,000	National Grid plc ADR	5,456	6,179	
185,277	Next plc.....	4,225	7,614	
100,600	Reckitt Benckiser plc.....	3,735	5,338	
132,948	Standard Chartered plc.....	3,583	2,776	
2,898,273	Thomas Cook Group Plc.....	10,238	1,872	
312,000	Vodafone Group Plc ADR.....	9,262	8,314	
		<u>70,654</u>	<u>62,476</u>	7.9
Asia				
151,600	Asahi Breweries, Ltd.	3,222	3,368	
3,392,000	China Pharmaceutical Group.....	1,898	851	
152,400	Circle K Sunkus Co., Ltd.....	2,900	2,677	
67,400	Eisai Co., Ltd.	2,827	2,837	
37,100	Fanuc Ltd.	4,118	5,415	
601	Inpex Corp.....	3,633	3,908	
67,000	Itochu Techno-Solutions Corp.....	1,944	3,164	
893	KDDI Corp.....	5,120	6,445	
18,080	Keyence Corporation	3,909	5,212	
144,000	Kirin Holdings Company, Limited.....	1,944	1,972	
388,500	Konica Minolta Holdings Inc.....	3,651	2,804	
60,600	Makita Corporation.....	1,557	2,280	
196,000	Mitsubishi Tanabe Pharma Corporation.....	3,335	3,802	
6,500	Nintendo Co. Ltd.	1,934	982	
70,800	Secom Co. Ltd.	3,320	3,582	
1,466,330	Sumitomo Trust and Banking Co., Ltd. (The).....	8,485	5,103	
240,000	Suzuki Motor Corporation	6,450	5,569	
780,000	Television Broadcasts Limited.....	4,578	4,449	
		<u>64,825</u>	<u>64,420</u>	8.1
Australia				
40,000	BHP Billiton Limited Spons ADR.....	3,081	2,760	0.3
Total investments		<u>\$ 700,225</u>	<u>\$ 793,685</u>	<u>100.0%</u>

¹ This company and United can be significantly influenced by the same party.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and follow the same accounting policies and methods as the most recent annual financial statements, and should be read in conjunction with the notes to the Company’s audited financial statements for the year ended March 31, 2011. The financial statements do not include all of the disclosures required under GAAP for annual financial statements.

2. Classification of fair value measurements

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted unadjusted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At both September 30, 2011 and March 31, 2011, all of the Company’s investments were Level 1 investments. There were no year-to-date transfers year to date between Level 1, 2 or 3 investments.

3. Comparative figures

As a result of the financial statement reporting format adopted at the prior year end, the prior fiscal year’s retained earnings numbers have been reclassified. In particular, the unrealized appreciation of investments at September 30, 2010, of \$122,109,000, reported as a separate component of shareholders’ equity in the September 30, 2010 financial statements, has been grouped with retained earnings under the current financial statement format.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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

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

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

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

TORONTO STOCK EXCHANGE LISTINGS

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

NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

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

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

WEBSITE www.ucorp.ca

