

UNITED CORPORATIONS LIMITED



SECOND QUARTER REPORT

SEPTEMBER 30, 2012

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2012 ⁽¹⁾	As at March 31 2012 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 72.42	\$ 72.32
Net assets.....	\$ 890,844	\$ 889,646
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Six months ended Sept. 30	
	2012 ⁽¹⁾	2011 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.95	\$ 0.81
Dividends per Common Share		
Quarterly	\$ 0.40	\$ 0.40
Additional ⁽³⁾	\$ 0.63	\$ —
Increase (decrease) in net assets from operations per Common Share	\$ 1.13	\$ (5.79)
Investment income	\$ 16,294	\$ 14,801
Net investment income	\$ 11,729	\$ 10,120

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

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

⁽³⁾ This additional dividend represents the once-per-year distribution of the prior year's annual net investment income, after payment of Preferred Share dividends and after payment of quarterly dividends.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited financial performance and financial condition of United Corporations Limited ("United" or the "Company") for the second quarter of fiscal 2013 should be read in conjunction with: the 2012 Annual Report, including the MD&A, the Company's annual audited financial statements and the notes and supplementary financial information; the unaudited interim financial statements and notes contained in this report; and the Company's MD&A and unaudited interim financial statements for the previous quarter of fiscal 2013. These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

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

The Company

United is a closed-end investment corporation that trades on the Toronto Stock Exchange. United has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The Company has been a closed-end investment corporation since 1929 and has never redeemed or bought back Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high as a 45% discount to as low as a 20% discount. Shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company trade at a discount to their net asset value.

United has always been a closed-end investment corporation and has no plans to become an open-ended investment fund or to buy back its Common Shares. Due to the relative illiquidity of the Common Shares, a repurchase program would effectively result in the share price being set by the Company rather than the market.

Closed-end funds have the following benefits: they allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for open-ended funds; and the management of a closed-end fund's portfolio is not impacted by shareholder subscription or redemption activities.

The objective of the Company is to earn an above-average rate of return through long-term capital appreciation and dividend income from the Company's portfolio of equity investments. The equity investments in the portfolio currently reflect investment opportunities all over the world.

The investment portfolio of the Company comprises a mix of foreign and Canadian equities. Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net equity value per Common Share may vary significantly from period to period depending on the selection of global equities which move with the constantly changing economic environment and market conditions.

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited and ValueInvest Asset Management S.A. Each of the managers has a global equity mandate.

The Company has a long-term investment in Algoma Central Corporation ("Algoma"). Algoma and United are related parties, as both companies can be significantly influenced by the same party. In management's view, the investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company. Further related party information is provided in Note 8 to the financial statements in the 2012 Annual Report and in the statement of investments in this interim report beginning on page 11.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures

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

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 at which 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 approximate amount 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 2012	March 31 2012
Net assets	\$ 890,844	\$ 889,646
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	7,747	7,747
Net equity value	\$ 883,097	\$ 881,899
Common Shares outstanding.....	12,194,193	12,194,193
Net equity value per Common Share	\$ 72.42	\$ 72.32

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	
	2012	2011	2012	2011
Increase (decrease) in net assets from operations	\$ 32,526	\$ (71,074)	\$ 13,965	\$ (70,355)
Add: Net loss (gain) on investments	(28,420)	74,551	(2,236)	80,475
Net investment income.....	4,106	3,477	11,729	10,120
Deduct: Dividends paid on Preferred Shares.....	95	95	189	189
Net investment income, net of dividends paid on Preferred Shares.....	\$ 4,011	\$ 3,382	\$ 11,540	\$ 9,931
Common Shares outstanding.....	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share	\$ 0.33	\$ 0.27	\$ 0.95	\$ 0.81

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

For the quarter ended September 30, 2012, the Company's net equity value per Common Share increased to \$72.42 from \$69.96 at June 30, 2012. With dividends reinvested at month-end net equity values, the Company's net equity value return was 3.8% for the quarter compared to a negative return of 8.2% 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 \$72.42 from \$72.32 at March 31, 2012. The net equity value return for the fiscal year to date was 1.6% compared to a negative return of 8.1% 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 net change in 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	7.0	1.0
MSCI World Index	3.1	0.1
S&P 500 Index	2.7	1.8

Operating Results

Net investment income

The Company's net investment income in the second quarter of fiscal 2013 was \$4,106,000 compared to net investment income of \$3,477,000 in the same quarter of the prior year. On a year-to-date basis, net investment income increased 15.9% to \$11,729,000 in fiscal 2013 from \$10,120,000 in fiscal 2012. On a per Common Share basis, net investment income for the quarter increased to \$0.33 from \$0.27 for the same period in the prior year and on a year-to-date basis increased to \$0.95 from \$0.81 in the prior fiscal period.

During the quarter, foreign dividend income increased to \$3,321,000 from \$3,198,000 in fiscal 2012, and Canadian dividend income increased to \$2,318,000 from \$2,068,000 for the same period in the prior fiscal year. On a year-to-date basis, foreign dividend income increased to \$11,198,000 from \$10,231,000 in fiscal 2012, and Canadian dividend income increased to \$4,830,000 from \$4,299,000 in fiscal 2012. Increases in both foreign and Canadian dividend income occurred primarily as a result of owning higher-yielding securities in both periods compared to the same periods in the prior year.

Expenses in the quarter amounted to \$991,000 (fiscal 2012 - \$945,000) and \$2,019,000 (fiscal 2012 - \$1,973,000) on a year-to-date basis. The increase for the quarter relates primarily to an increase in investment management and administrative costs resulting from a higher average investment portfolio value compared to the same period in the prior year. Year-to-date expenses were relatively unchanged compared to the prior year.

The provision for income taxes in the current quarter includes \$4,000 (fiscal 2012 - \$307,000) and year-to-date \$37,000 (fiscal 2012 - \$341,000) 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 \$2,740,000 in the second quarter of fiscal 2013 versus a net gain of \$5,000 for the same period in the prior year. On a fiscal year-to-date basis, the net gain on investments was \$4,445,000 in fiscal 2013 compared to net gain of \$1,602,000 in fiscal 2012. The largest contributors to the fiscal 2013 year-to-date net realized gain were the sale of Enbridge Inc., Royal Bank of Canada, and Next plc. These gains were offset in part from a loss realized on the sale of The Sumitomo Trust and Banking Co., Ltd.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

During the current fiscal quarter, the net change in unrealized appreciation of investments was an increase of \$25,691,000 compared to a decrease of \$74,500,000 during the same period last year. On a fiscal year-to-date basis, the net change in unrealized appreciation of investments was a decrease of \$2,152,000 versus a decline of \$81,957,000 in fiscal 2012. During the quarter, North American securities increased approximately \$16,994,000 and securities outside of North America increased \$8,697,000. On a fiscal year-to-date basis, the declines were approximately \$2,057,000 for North American securities and \$95,000 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 2012	June 30 2012	March 31 2012	Dec. 31 2011	Sept. 30 2011	June 30 2011	March 31 2011	Dec. 31 2010
Investments, at fair value	\$ 903,346	\$ 869,310	\$ 901,554	\$ 837,970	\$ 793,685	\$ 879,225	\$ 897,570	\$ 873,567
Investment income	\$ 5,747	\$ 10,547	\$ 5,408	\$ 5,213	\$ 5,389	\$ 9,412	\$ 5,839	\$ 4,469
Net investment income	\$ 4,106	\$ 7,623	\$ 4,307	\$ 3,363	\$ 3,477	\$ 6,643	\$ 4,010	\$ 3,051
Increase (decrease) in net assets from operations	\$ 32,526	\$ (18,561)	\$ 49,038	\$ 37,598	\$ (71,074)	\$ 719	\$ 21,222	\$ 35,420
Per Common Share:								
Net investment income	\$ 0.33	\$ 0.62	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.54	\$ 0.32	\$ 0.24
Increase (decrease) in net assets from operations	\$ 2.66	\$ (1.53)	\$ 4.01	\$ 3.08	\$ (5.84)	\$ 0.05	\$ 1.73	\$ 2.90
Net equity value	\$ 72.42	\$ 69.96	\$ 72.32	\$ 68.51	\$ 65.63	\$ 71.67	\$ 71.82	\$ 70.28

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay 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.

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, 2012, 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.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012, net investment income was \$0.33 (fiscal 2012 - \$0.27) per Common Share as compared to Common Share dividend payments of \$0.20 (fiscal 2012 - \$0.20) per share. On a fiscal year-to-date basis, net investment income per Common Share was \$0.95 (fiscal 2012 - \$0.81) as compared to Common Share quarterly dividend payments of \$0.40 (fiscal 2012 - \$0.40) per share.

On May 9, 2012, the Board of Directors declared a cash dividend of \$0.63 per Common Share that was paid June 29, 2012 to shareholders of record on June 15, 2012. This dividend represented a distribution of the balance of net investment income (after payment of Preferred Share dividends) for the fiscal year ended March 31, 2012.

The Company's current dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends, in the form of Common Share dividends. The distributions are composed of \$0.20 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. This additional dividend is paid in the first quarter following the fiscal year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

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

The Company will apply IFRS to its disclosures commencing April 1, 2014. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending June 30, 2014, which will provide corresponding comparative financial information for fiscal 2014, including an opening statement of financial position as at April 1, 2013.

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 2012 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

November 6, 2012

UNITED CORPORATIONS LIMITED

STATEMENT OF NET ASSETS (Unaudited)

	September 30 2012	March 31 2012
	(000's)	
ASSETS		
Investments, at fair value (Cost - \$725,294; March 31, 2012 - \$722,337) (Note 2))	\$ 903,346	\$ 901,554
Cash	3,160	7,767
Short-term investments	4,706	4,488
Accrued income on investments	2,181	2,279
Income taxes receivable	569	—
Other assets	421	290
	914,383	916,378
LIABILITIES		
Accounts payable and accrued liabilities	527	528
Payable in respect of investments purchased	—	2,953
Income taxes payable	—	1,210
Future income taxes	23,012	22,041
	23,539	26,732
NET ASSETS	\$ 890,844	\$ 889,646
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	349,844	348,646
TOTAL SHAREHOLDERS' EQUITY	\$ 890,844	\$ 889,646

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2012	2011	2012	2011
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 3,321	\$ 3,198	\$ 11,198	\$ 10,231
Canadian	2,318	2,068	4,830	4,299
	5,639	5,266	16,028	14,530
Interest, including securities lending income	108	123	266	271
	5,747	5,389	16,294	14,801
Expenses:				
Investment management and administrative costs	826	787	1,631	1,635
Directors' and officers' remuneration	54	51	115	107
Office and miscellaneous	49	32	127	86
Transfer, registrar and custody fees	50	63	103	111
Professional fees	12	12	43	34
	991	945	2,019	1,973
Investment income before income taxes	4,756	4,444	14,275	12,828
Provision for income taxes	650	967	2,546	2,708
NET INVESTMENT INCOME	4,106	3,477	11,729	10,120
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain on investments	2,740	5	4,445	1,602
Net change in unrealized appreciation of investments	25,691	(74,500)	(2,152)	(81,957)
Transaction costs on purchase and sale of investments	(11)	(56)	(57)	(120)
NET GAIN (LOSS) ON INVESTMENTS	28,420	(74,551)	2,236	(80,475)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 32,526	\$ (71,074)	\$ 13,965	\$ (70,355)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 2.66	\$ (5.84)	\$ 1.13	\$ (5.79)

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended Sept. 30	
	2012	2011
	(000's)	
BEGINNING OF PERIOD	\$ 348,646	\$ 342,576
Add:		
Increase (decrease) in net assets from operations	13,965	(70,355)
Refundable dividend taxes recovered	1,465	1,274
	15,430	(69,081)
Deduct:		
Dividends:		
First Preferred Shares	39	39
Second Preferred Shares	150	150
Common Shares	12,560	4,878
Provision for refundable dividend taxes	1,483	1,329
	14,232	6,396
END OF PERIOD	\$ 349,844	\$ 267,099

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2012	2011	2012	2011
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 32,526	\$ (71,074)	\$ 13,965	\$ (70,355)
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(189)	(189)
Common Shares	(2,439)	(2,439)	(12,560)	(4,878)
	(2,534)	(2,534)	(12,749)	(5,067)
TAXATION CHANGE				
Net (increase) decrease in refundable dividend taxes on hand	2	(23)	(18)	(55)
INCREASE (DECREASE) IN NET ASSETS	29,994	(73,631)	1,198	(75,477)
NET ASSETS, BEGINNING OF PERIOD	860,850	881,730	889,646	883,576
NET ASSETS, END OF PERIOD	\$ 890,844	\$ 808,099	\$ 890,844	\$ 808,099

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF NET REALIZED GAIN ON INVESTMENTS

(Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(000's)			
Proceeds on sales of investments	\$ 6,895	\$ 21,343	\$ 31,996	\$ 58,506
Cost of investments, beginning of period	720,896	700,509	722,337	709,728
Cost of investments purchased during the period	8,159	21,097	29,951	47,214
	729,055	721,606	752,288	756,942
Cost of investments, end of period	725,294	700,225	725,294	700,225
Cost of investments sold during the period	3,761	21,381	26,994	56,717
Realized gain (loss) on investments sold before income taxes	3,134	(38)	5,002	1,789
Provision for (recovery of) income taxes	394	(43)	557	187
Net realized gain on investments	\$ 2,740	\$ 5	\$ 4,445	\$ 1,602

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2012 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
362,568	Algoma Central Corporation ¹	\$ 6,201	\$ 43,182	
134,590	ARC Resources Ltd.	3,003	3,209	
292,805	Bank of Nova Scotia	5,079	15,770	
149,280	BCE Inc.	5,603	6,449	
172,193	Bonavista Energy Corp.	4,222	2,996	
295,170	CAE, Inc.	3,009	3,105	
129,380	Cameco Corporation	1,265	2,470	
118,330	Canadian National Railway Company	4,748	10,256	
343,310	Canadian Natural Resources Ltd.	10,969	10,389	
66,960	Canadian Tire Corp. Ltd. Class A	2,382	4,729	
44,505	Canadian Utilities Limited Class A	1,089	3,044	
182,702	Canfor Corporation	1,178	2,377	
294,855	Cenovus Energy Inc.	6,173	10,096	
80,000	Cogeco Cable Inc.	2,649	2,969	
120,000	Corus Entertainment Inc.	2,621	2,738	
236,992	Enbridge Inc.	1,616	9,093	
341,965	Encana Corporation	7,548	7,356	
255,000	Great-West Lifeco Inc.	3,644	5,676	
69,290	Industrial Alliance Insurance & Financial Services	2,596	1,939	
117,580	Imperial Oil Limited	1,178	5,316	
210,676	Jean Coutu Group Inc.	1,949	2,987	
105,270	Keyera Corp.	4,549	5,000	
114,199	Loblaw Cos. Limited	5,607	3,890	
650,203	Manulife Financial Corporation	10,714	7,685	
185,705	Metro Inc.	1,922	10,832	
324,060	Nexen Inc.	2,709	8,066	
85,000	Open Text Corporation	4,355	4,599	
144,890	Potash Corporation of Saskatchewan	1,427	6,178	
131,000	Power Financial Corporation	753	3,317	
204,165	Rogers Communications Inc. Class B	3,848	8,109	
312,976	Royal Bank of Canada	5,422	17,649	
296,400	Shaw Communications Inc. Class B	4,724	5,958	
135,420	Shoppers Drug Mart	5,585	5,526	
263,350	SNC-Lavalin Group Inc. Class A	1,110	9,978	
287,790	Suncor Energy Inc.	11,006	9,287	
599,310	Talisman Energy Inc.	3,699	7,845	
40,760	Telus Corp. Class A Non-voting	2,164	2,506	
283,810	Thomson Reuters Corporation	11,534	8,049	
74,320	Tim Hortons Inc.	2,675	3,801	
236,928	Toronto-Dominion Bank	6,577	19,400	
219,764	TransCanada Corporation	4,459	9,821	
350,000	Transcontinental Inc Class A	5,564	2,909	
240,000	TVA Group Inc. Class B	3,202	1,699	
67,600	West Fraser Timber Co. Ltd.	1,542	3,767	
70,100	Weston (George) Limited	6,046	4,419	
		<u>189,915</u>	<u>326,436</u>	36.1
United States				
80,000	3M Co.	7,247	7,271	
140,000	Automatic Data Processing Inc.	6,461	8,073	
191,000	BB&T Corporation	5,395	6,230	
114,000	Becton, Dickinson and Company	8,458	8,812	
80,000	Chevron Corporation	5,728	9,171	
104,000	Colgate-Palmolive Company	7,689	10,969	
299,300	ConAgra Foods, Inc.	6,059	8,123	
166,400	Computer Sciences Corporation	8,280	5,271	
143,000	Emerson Electric Company	6,099	6,789	
90,000	Exxon Mobil Corporation	5,839	8,094	
100,000	Fiserv, Inc.	5,306	7,279	

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2012 (Continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
United States (continued)				
385,000	General Electric Company	\$ 10,016	\$ 8,601	
235,700	General Mills, Inc.	8,631	9,233	
165,000	Halliburton Company.....	5,181	5,468	
140,000	Hartford Financial Services Group, Inc.	7,365	2,677	
105,700	H.J. Heinz Company	4,991	5,815	
43,970	IBM Corporation	6,875	8,971	
135,000	Johnson & Johnson.....	9,332	9,149	
171,000	J.P. Morgan Chase & Co.	7,018	6,808	
121,100	Kimberly Clark Corporation	7,729	10,215	
182,600	Kraft Foods Inc.	6,552	7,427	
179,300	Merck & Co., Inc.	6,299	7,956	
158,790	Metlife, Inc.	5,636	5,383	
172,400	Microsoft Corporation	4,397	5,045	
256,820	Oracle Corporation	7,631	7,948	
142,000	PepsiCo, Inc.	9,182	9,881	
624,200	Pfizer Inc.	17,485	15,252	
127,700	Philip Morris International Inc.	6,019	11,297	
156,875	Procter & Gamble Company (The).....	9,264	10,700	
95,000	Scripps Networks Interactive.....	4,642	5,721	
200,000	Spectra Energy Corporation.....	4,431	5,774	
334,000	Staples Inc.	4,182	3,784	
71,000	Time Warner Cable Inc.	4,779	6,639	
275,000	US Bancorp	7,086	9,273	
110,700	Verisk Analytics Inc. Class A	3,219	5,185	
320,000	Walgreen Company	10,711	11,461	
133,200	Waste Management Inc.	4,244	4,203	
260,161	Wells Fargo & Company	16,256	8,848	
		<u>271,714</u>	<u>294,796</u>	32.7
Mexico				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	2,727	9,045	1.0
	Total North America	<u>464,356</u>	<u>630,277</u>	69.8
Europe, excluding United Kingdom				
250,780	ABB Limited	4,357	4,629	
19,503	Adidas AG	873	1,576	
226,669	AXA	5,616	3,322	
447,035	Banco Santander Central Hispano S.A.	6,138	3,492	
70,000	Bayer AG	5,084	5,911	
54,380	Casino Guichard-Perrachon S.A.	4,645	4,737	
323,267	Davide Campari-Milano S.p.A.	1,380	2,502	
149,666	Delhaize Group	11,044	5,686	
100,240	Essilor International S.A.	3,118	9,236	
372,816	France Telecom S.A.	7,154	4,426	
93,000	Fresenius Medical Care & Co. KGaA ADR	3,006	6,708	
466,426	ING Groep N.V. ADR	8,511	3,616	
97,077	Kerry Group plc	2,562	4,806	
543,443	Koninklijke Ahold NV	7,514	6,698	
36,070	L'Air Liquide S.A.	2,299	4,399	
60,938	Lafarge S.A.	4,360	3,230	
167,122	Nestlé S.A.	7,611	10,371	
172,500	Nestlé S.A. ADR	5,944	10,726	
141,842	OMV AG	6,574	4,865	
54,303	Publicis Groupe	1,843	2,982	
45,076	Roche Holding AG	7,156	8,288	

UNITED CORPORATIONS LIMITED

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2012 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
	Europe, excluding United Kingdom (continued)			
75,000	Sanofi	\$ 5,209	\$ 6,293	
125,000	SAP AG Spons ADR	6,859	8,767	
77,308	Schneider Electric S.A.	5,220	4,502	
455,559	Securitas AB Class B	3,882	3,362	
460,000	Telenor ASA	7,846	8,822	
113,000	Total S.A. ADR	6,497	5,569	
		<u>142,302</u>	<u>149,521</u>	16.5
	United Kingdom			
199,790	BG Group plc	4,154	3,963	
125,000	BP plc ADR	9,706	5,212	
325,400	Britvic plc	1,554	1,878	
353,015	Dairy Crest Group plc	1,271	1,938	
45,000	Diageo plc ADR	3,404	4,988	
495,072	GlaxoSmithKline plc	10,659	11,215	
906,000	HSBC Holdings Inc.	7,223	8,243	
132,000	National Grid plc ADR	6,051	7,183	
61,540	Next plc	1,403	3,369	
192,948	Standard Chartered plc	5,123	4,287	
327,000	Vodafone Group Plc ADR	9,674	9,164	
		<u>60,222</u>	<u>61,440</u>	6.8
	Asia			
222,500	Asahi Group Holdings Co.	4,844	5,391	
33,100	Fanuc Ltd.	4,485	6,034	
750	Inpex Corporation	4,478	4,406	
63,300	Itochu Techno-Solutions Corporation	1,837	3,231	
95,300	KDDI Corporation	5,505	7,276	
16,888	Keyence Corporation	3,319	4,245	
211,000	Kirin Holdings Company, Limited	2,775	2,777	
484,500	Konica Minolta Holdings Inc.	4,400	3,663	
15,900	Lawson Inc.	978	1,200	
99,600	Makita Corporation	2,959	3,796	
196,000	Mitsubishi Tanabe Pharma Corporation	3,335	2,929	
6,500	Nintendo Co. Ltd.	1,934	815	
70,800	Secom Co. Ltd.	3,320	3,628	
240,000	Suzuki Motor Corporation	6,450	4,577	
619,000	Television Broadcasts Limited	3,635	4,429	
		<u>54,254</u>	<u>58,397</u>	6.5
	Australia			
55,000	BHP Billiton Limited Spons ADR	4,160	3,711	0.4
	Total investments	<u>\$ 725,294</u>	<u>\$ 903,346</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, 2012. 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, 2012 and March 31, 2012, all of the Company’s investments were Level 1 investments. There were no year-to-date transfers between Level 1, 2 or 3 investments.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Investor Services Trust

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.
100 University Avenue, 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 weekly 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

