

# UNITED CORPORATIONS LIMITED

**THIRD QUARTER REPORT**  
**December 31, 2008**

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

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

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

signed "Duncan N.R. Jackman"

Duncan N.R. Jackman  
Chairman and President

signed "Frank J. Glosnek"

Frank J. Glosnek  
Treasurer

February 2, 2009

# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE PERIOD AT A GLANCE (Unaudited)

	As at Dec. 31 2008 <sup>(1)</sup>	As at March 31 2008 <sup>(1)</sup>
Net equity value per Common Share <sup>(2)</sup> .....	\$ 58.73	\$ 77.18
Net assets.....	\$ 723,891	\$ 948,929
Number of Common Shares outstanding at period end .....	12,194,193	12,194,193

	Nine months ended Dec. 31	
	2008 <sup>(1)</sup>	2007 <sup>(1)</sup>
Net investment income per Common Share <sup>(2)</sup> .....	\$ 1.02	\$ 0.97
Dividends per Common Share .....	\$ 0.60	\$ 0.60
Decrease in net assets from operations per Common Share.....	\$ (17.86)	\$ (3.55)
Investment income .....	\$ 20,955	\$ 19,088
Net investment income .....	\$ 12,780	\$ 12,087

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

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

#### Use of Non-GAAP Measures

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

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

	<u>Dec. 31 2008</u>	<u>March 31 2008</u>
Net assets, at fair value .....	\$ 723,891	\$ 948,929
Deduct:		
Cost of redemption:		
First Preferred Shares .....	1,567	1,567
1959 and 1963 Series Second Preferred Shares.....	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value .....	<u>\$ 716,144</u>	<u>\$ 941,182</u>
Common Shares outstanding .....	<u>12,194,193</u>	<u>12,194,193</u>
Net equity value per Common Share.....	<u>\$ 58.73</u>	<u>\$ 77.18</u>

Net investment income per Common Share is calculated as follows:

	<u>Three months ended December 31</u>		<u>Nine months ended December 31</u>	
	<u>2008</u>	2007	<u>2008</u>	2007
Decrease in net assets from operations per Common Share.....	\$ (8.30)	\$ (2.09)	\$ (17.86)	\$ (3.55)
Add: Net loss on investments per Common Share.....	<u>8.49</u>	<u>2.34</u>	<u>18.88</u>	<u>4.52</u>
Net investment income per Common Share .	<u>\$ 0.19</u>	<u>\$ 0.25</u>	<u>\$ 1.02</u>	<u>\$ 0.97</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Market Review

During the last quarter of calendar 2008 global stock markets continued to be very volatile and suffered significant losses, ending one of the worst stock market years in recent history. Most sectors experienced considerable declines reflecting the deepening financial crisis and rapidly deteriorating economic prospects. In Canadian dollar terms, in the third quarter of fiscal 2009, the S&P/TSX Composite Index decreased 22.7%, the MSCI World Index declined 9.6% and the S&P 500 Index decreased 9.8%. On a fiscal year-to-date basis, the S&P/TSX Composite Index declined 31.0%, the MSCI World Index decreased 22.3% and the S&P 500 Index declined 17.1%.

The Company's investments are not immune to the global stock market decline.

For the quarter ended December 31, 2008, the Company's net equity value per Common Share decreased to \$58.73 from \$67.23 at September 30, 2008, resulting in a negative net equity value return, with dividends reinvested at month-end net equity values, of 12.3%. On a fiscal year-to-date basis, the net equity value per Common Share decreased to \$58.73 from \$77.18 at March 31, 2008, resulting in a negative net equity value return of 23.3%. 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.

### Change in Investment Manager

On December 17, 2008, the Company appointed ValueInvest Asset Management S.A. ("ValueInvest"), a global equity manager based in Luxembourg, to provide portfolio management services to approximately 25% of the managed assets of the Company. ValueInvest provides services to Canadian clients through Pier 21 Asset Management Inc., a registered portfolio manager based in Montreal, Quebec.

ValueInvest has replaced Sanford C. Bernstein & Co., LLC ("Bernstein") whose services were terminated in December 2008. As part of the transition from Bernstein to ValueInvest, the significant majority of the assets managed by Bernstein were liquidated and replaced with ValueInvest equity purchases.

Jarislowsky Fraser Limited will continue to manage the balance of the global equities of the Company.

### Operating Results

#### *Net investment income*

The Company's net investment income in the third quarter of fiscal 2009 was \$2,476,000 compared to net investment income of \$3,107,000 in the prior fiscal year. On a year-to-date basis, net investment income increased 5.7% to \$12,780,000 in fiscal 2009 from \$12,087,000 in fiscal 2008. On a per Common Share basis, net investment income for the quarter was \$0.19 in fiscal 2009 compared to \$0.25 in fiscal 2008. On a year-to-date basis, net investment income per Common Share increased to \$1.02 from \$0.97 in the prior fiscal year. As a result of large realized losses on investments during the quarter, the Company could not utilize its foreign withholding taxes as a credit against Canadian income taxes. Instead these foreign withholding taxes were taken as a deduction in the calculation of taxable income. The increased income tax impact for the quarter and year to date relating to these foreign withholding taxes was approximately \$1,254,000.

Foreign dividend income in the third quarter increased to \$3,511,000 in fiscal 2009 from \$2,890,000 in fiscal 2008 and on a year-to-date basis increased to \$14,933,000 in fiscal 2009 from \$13,295,000 in fiscal 2008. Canadian dividend income in the third quarter increased slightly to \$1,881,000 in fiscal 2009 from \$1,737,000 in fiscal 2008 and increased on a year-to-date basis to \$5,454,000 from \$5,161,000. The year-to-date increases were due in part to stock selection year over year as well as some foreign and Canadian investees increasing their dividend payout compared to prior periods. Interest income, including securities lending income, in the third quarter amounted to \$22,000 in fiscal 2009 compared to \$201,000 in fiscal 2008 and decreased to \$568,000 from \$632,000 on a year-to-date basis. During the second quarter, the Company suspended its securities lending activities due to concerns of potential counterparty risk in the current economic environment.

Expenses in the quarter amounted to \$758,000 (fiscal 2008 - \$1,001,000) and \$2,623,000 (fiscal 2008 - \$3,193,000) on a year-to-date basis. The decline in expenses from the prior periods was due primarily to a decrease in investment management and administrative costs related to lower average net assets managed compared to prior periods.

## UNITED CORPORATIONS LIMITED

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

#### Net gain (loss) on investments

The Company realized a net loss on the sale of investments, including the maturity of forward currency contracts, of \$106,162,000 in the third quarter of fiscal 2009 versus a net gain of \$11,058,000 in fiscal 2008. On a fiscal year-to-date basis, the net loss on investments sold was \$124,392,000 in fiscal 2009 compared to a net gain of \$32,810,000 for the prior year. The net realized loss in the third fiscal quarter resulted primarily from the liquidation of the assets previously managed by Bernstein.

The Company's unrealized appreciation of investments increased by \$2,983,000 during the quarter compared to a decline of \$39,209,000 in the same period last year. On a year-to-date basis, unrealized appreciation of investments decreased by \$105,299,000 (fiscal 2008 - decrease of \$87,314,000). The modest net positive change during the quarter in unrealized appreciation of investments is primarily due to the realization of losses resulting from the liquidation of former Bernstein assets. This positive amount was offset to a great extent by further unrealized declines in investments during the quarter.

#### Quarterly Results

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

	Dec. 31 2008	Sept. 30 2008	June 30 2008	March 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	March 31 2007
Investments	\$ 665,821	\$ 800,709	\$ 956,571	\$ 952,648	\$ 1,021,684	\$ 1,053,387	\$ 1,100,232	\$ 1,093,562
Investment income	\$ 5,414	\$ 4,827	\$ 10,714	\$ 6,443	\$ 4,828	\$ 5,154	\$ 9,106	\$ 5,844
Increase (decrease) in net assets from operations	\$ (101,122)	\$ (120,426)	\$ 4,042	\$ (49,865)	\$ (25,389)	\$ (34,149)	\$ 16,556	\$ 2,588
Increase (decrease) in net assets from operations per share <sup>1</sup>	\$ (8.30)	\$ (9.88)	\$ 0.32	\$ (4.10)	\$ (2.09)	\$ (2.81)	\$ 1.35	\$ 0.20

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

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year.

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

#### Share Data

At December 31, 2008, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 Second Preferred Shares, 1959 Series, 119,710 Second Preferred Shares, 1963 Series and 12,194,193 Common Shares.

#### Liquidity and Capital Resources

The payment of the Company's quarterly dividends on its Common Shares and Preferred Shares is funded by net investment income. For the quarter ended December 31, 2008, net investment income was \$2,476,000 as compared to dividend payments of \$2,532,000. On a fiscal year-to-date basis, net investment income of \$12,780,000 exceeded dividend payments of \$7,599,000.

## UNITED CORPORATIONS LIMITED

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

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

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

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

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

#### Additional Information

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

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

Duncan N.R. Jackman  
Chairman and President

February 2, 2009

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	December 31 2008	March 31 2008
	(000's)	
<b>ASSETS</b>		
Investments, at fair value (cost - \$648,882; March 31, 2008 - \$810,423).....	\$ 665,821	\$ 952,648
Cash .....	3,778	7,889
Short-term investments .....	25,656	9,782
Receivable in respect of investments sold .....	47	180
Accrued income on investments.....	1,079	2,810
Income taxes receivable.....	30,031	—
Other assets .....	458	438
	<u>726,870</u>	<u>973,747</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities.....	721	765
Payable in respect of investments purchased .....	144	653
Income taxes payable.....	—	772
Future income taxes .....	2,114	22,628
	<u>2,979</u>	<u>24,818</u>
Net assets, at fair value .....	<u>\$ 723,891</u>	<u>\$ 948,929</u>
<b>SHAREHOLDERS' EQUITY</b>		
Stated capital		
52,237 First Preferred Shares .....	\$ 119	\$ 119
200,000 Second Preferred Shares.....	6,000	6,000
12,194,193 Common Shares .....	534,881	534,881
	<u>541,000</u>	<u>541,000</u>
Unrealized appreciation of investments.....	15,166	120,465
Retained earnings .....	167,725	287,464
Total shareholders' equity .....	<u>\$ 723,891</u>	<u>\$ 948,929</u>

(See accompanying note)



# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2008	2007	2008	2007
	(000's)			
<b>INVESTMENT INCOME</b>				
Dividends:				
Foreign.....	\$ 3,511	\$ 2,890	\$ 14,933	\$ 13,295
Canadian.....	1,881	1,737	5,454	5,161
	<u>5,392</u>	<u>4,627</u>	<u>20,387</u>	<u>18,456</u>
Interest, including securities lending income .....	22	201	568	632
	<u>5,414</u>	<u>4,828</u>	<u>20,955</u>	<u>19,088</u>
Expenses:				
Investment management and administrative costs .....	501	801	1,906	2,497
Directors' and officers' remuneration.....	68	44	163	140
Office and miscellaneous.....	41	46	177	196
Transfer, registrar and custodial agents' fees .....	136	97	331	315
Professional fees .....	12	13	46	45
	<u>758</u>	<u>1,001</u>	<u>2,623</u>	<u>3,193</u>
Investment income before income taxes ...	4,656	3,827	18,332	15,895
Income taxes.....	2,180	720	5,552	3,808
<b>NET INVESTMENT INCOME</b> .....	<u>2,476</u>	<u>3,107</u>	<u>12,780</u>	<u>12,087</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>				
Net realized gain (loss) on investments..	(106,162)	11,058	(124,392)	32,810
Net change in unrealized appreciation of investments.....	2,983	(39,209)	(105,299)	(87,314)
Transaction costs on purchase and sale of investments.....	(419)	(345)	(595)	(565)
<b>NET LOSS ON INVESTMENTS</b> .....	<u>(103,598)</u>	<u>(28,496)</u>	<u>(230,286)</u>	<u>(55,069)</u>
<b>DECREASE IN NET ASSETS FROM OPERATIONS</b> .....	<u>\$(101,122)</u>	<u>\$ (25,389)</u>	<u>\$ (217,506)</u>	<u>\$ (42,982)</u>
<b>DECREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE</b> ....	<u>\$ (8.30)</u>	<u>\$ (2.09)</u>	<u>\$ (17.86)</u>	<u>\$ (3.55)</u>

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Dec. 31	
	2008	2007
	(000's)	
BEGINNING OF PERIOD	\$ 287,464	\$ 239,793
Add (deduct):		
Net investment income .....	12,780	12,087
Net realized gain (loss) on investments.....	(124,392)	32,810
Refundable dividend taxes recovered .....	1,728	1,606
	<u>177,580</u>	<u>286,296</u>
Deduct:		
Dividends:		
First Preferred Shares.....	59	59
Second Preferred Shares .....	224	224
Common Shares .....	7,316	7,316
Provision for refundable dividend taxes.....	1,661	1,600
Transaction costs on purchase and sale of investments .....	595	565
	<u>9,855</u>	<u>9,764</u>
END OF PERIOD .....	<u>\$ 167,725</u>	<u>\$ 276,532</u>

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

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2008	2007	2008	2007
	(000's)			
DECREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ (101,122)	\$ (25,389)	\$ (217,506)	\$ (42,982)
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares .....	(94)	(94)	(283)	(283)
Common Shares.....	(2,438)	(2,438)	(7,316)	(7,316)
	<u>(2,532)</u>	<u>(2,532)</u>	<u>(7,599)</u>	<u>(7,599)</u>
TAXATION CHANGES				
Net (increase) decrease in refundable dividend tax on hand .....	5	(134)	67	6
DECREASE IN NET ASSETS .....	<u>(103,649)</u>	<u>(28,055)</u>	<u>(225,038)</u>	<u>(50,575)</u>
NET ASSETS, BEGINNING OF PERIOD ....	827,540	1,029,413	948,929	1,051,933
NET ASSETS, END OF PERIOD .....	<u>\$ 723,891</u>	<u>\$1,001,358</u>	<u>\$ 723,891</u>	<u>\$1,001,358</u>

(See accompanying note)

## UNITED CORPORATIONS LIMITED

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

	Three months ended Dec. 31		Nine months ended Dec. 31	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(000's)	
Proceeds on sales of investments.....	\$ 189,748	\$ 64,397	\$ 275,058	\$ 196,288
Cost of investments, beginning of period .....	787,293	785,939	810,423	760,231
Cost of investments purchased during the period .....	180,411	68,837	264,728	199,359
	967,704	854,776	1,075,151	959,590
Cost of investments, end of period .....	648,882	804,015	648,882	804,015
Cost of investments sold during the period ...	318,822	50,761	426,269	155,575
Realized gain (loss) on investments sold before income taxes.....	(129,074)	13,636	(151,211)	40,713
Provision for (recovery of) income taxes on net realized taxable capital gain (loss) .....	(22,912)	2,578	(26,819)	7,903
Net realized gain (loss) on investments.....	\$ (106,162)	\$ 11,058	\$ (124,392)	\$ 32,810

(See accompanying note)

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2008 (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	\$ 95	0.0
<b>Common</b>				
362,568	Algoma Central Corporation.....	6,201	18,400	
79,600	Bank of Montreal.....	5,060	2,485	
327,805	Bank of Nova Scotia.....	5,651	10,867	
291,040	CAE, Inc.....	3,166	2,346	
80,000	Cameco Corporation.....	279	1,676	
167,300	Canadian National Railway Company.....	6,713	7,485	
120,370	Canadian Natural Resources Ltd.....	7,076	5,858	
133,040	Canadian Tire Corp. Ltd. Class A.....	4,733	5,781	
110,455	Canadian Utilities Limited Class A.....	2,703	4,463	
222,702	Canfor Corporation.....	1,436	1,670	
246,826	Enbridge Inc.....	3,366	9,750	
201,155	Encana Corporation.....	6,120	11,416	
191,470	Goldcorp, Inc.....	6,213	7,345	
300,000	Great-West Lifeco Inc.....	4,287	6,207	
157,430	Imperial Oil Limited.....	1,576	6,450	
210,676	Jean Coutu Group Inc.....	1,949	1,725	
218,625	Kinross Gold Corporation.....	3,809	4,897	
108,940	Loblaw Cos. Limited.....	5,420	3,806	
470,400	Manulife Financial Corporation.....	7,784	9,766	
54,810	Manulife Financial Corporation - Restricted April 12, 2009.....	1,063	1,138	
260,005	Metro Inc.....	2,691	9,607	
495,210	Nexen Inc.....	3,968	10,558	
52,400	Nova Chemicals Corporation.....	1,491	306	
98,830	Potash Corporation of Saskatchewan.....	2,373	8,847	
161,000	Power Financial Corporation.....	926	3,814	
107,775	Quebecor Inc. Class B.....	3,923	2,116	
42,310	Research In Motion Limited.....	4,281	2,093	
147,775	Rogers Communications Inc. Class B.....	1,516	5,406	
362,396	Royal Bank of Canada.....	5,420	13,046	
338,400	Shaw Communications Inc. Class B.....	5,393	7,306	
304,350	SNC-Lavalin Group Inc. Class A.....	1,283	12,077	
224,080	Suncor Energy Inc.....	9,588	5,315	
704,310	Talisman Energy Inc.....	4,347	8,578	
203,130	Thomson Reuters Corporation.....	8,873	7,229	
215,708	Toronto-Dominion Bank.....	4,418	9,366	
207,386	TransCanada Corporation.....	3,688	6,860	
170,000	Transcontinental Inc Class A.....	3,402	1,671	
240,000	TVA Group Inc. Class B.....	3,202	1,236	
90,600	West Fraser Timber Co. Ltd.....	2,067	2,881	
55,000	Weston (George) Limited.....	5,071	3,281	
		<u>162,526</u>	<u>245,124</u>	36.8
<b>United States</b>				
66,000	3M Co.....	6,082	4,657	
63,000	Altria Group, Inc.....	1,254	1,162	
90,000	Bank of New York Mellon Corporation.....	3,207	3,128	
69,000	Chevron Corporation.....	4,730	6,234	
180,000	Cisco Systems, Inc.....	5,425	3,589	
80,000	Colgate-Palmolive Company.....	5,695	6,725	
145,480	Community Health Systems Inc.....	5,464	2,596	
261,000	ConAgra Foods, Inc.....	5,094	5,277	
64,000	ConocoPhillips.....	4,168	4,063	
185,000	CVS Caremark Corporation.....	4,433	6,507	
624,600	Dairy Farm International Holdings Limited.....	2,804	3,258	
90,000	Emerson Electric Company.....	3,851	4,042	
58,800	Exxon Mobil Corporation.....	3,716	5,734	
75,000	Fiserv, Inc.....	3,848	3,339	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2008 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
<b>United States (continued)</b>				
148,000	General Electric Company .....	5,915	2,931	
106,900	General Mills, Inc. ....	7,838	7,942	
120,000	Halliburton Company.....	4,259	2,669	
65,000	Hartford Financial Services Group, Inc. ....	5,779	1,305	
101,900	H.J. Heinz Company .....	4,795	4,687	
81,700	Johnson & Johnson.....	5,847	5,981	
119,800	Kraft Foods Inc.....	3,897	3,935	
164,200	Merck & Co. Inc.....	5,710	6,107	
55,120	NIKE, Inc. Class B.....	3,235	3,440	
80,000	Pepsico, Inc.....	5,243	5,366	
398,300	Pfizer Inc. ....	13,098	8,682	
75,000	Philip Morris International Inc.....	3,390	4,003	
91,875	Proctor & Gamble Company .....	5,185	6,954	
90,000	Quest Diagnostics Incorporated.....	4,715	5,716	
87,000	Scripps Networks Interactive.....	4,333	2,344	
155,000	Spectra Energy Corporation.....	3,828	2,990	
50,000	Tim Hortons Inc.....	1,681	1,743	
278,850	Time Warner Inc.....	6,753	3,432	
154,000	Wachovia Corporation.....	9,575	1,109	
79,500	Wells Fargo & Company .....	2,635	2,898	
		167,482	144,545	21.7
<b>Mexico</b>				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR .....	2,727	3,685	0.6
	<b>Total North America</b> .....	336,247	393,449	59.1
<b>Europe, excluding United Kingdom</b>				
102,500	Adidas AG .....	4,712	4,723	
110,000	AXA .....	3,631	2,969	
250,000	Banco Santander Central Hispano SA.....	3,772	2,872	
176,400	BASF SE .....	9,231	8,287	
51,000	Bayer AG .....	3,958	3,593	
95,200	Casino Guichard-Perrachon SA.....	8,141	8,747	
120,000	Celesio AG .....	5,856	3,940	
424,300	Clariant AG .....	3,312	3,475	
132,100	CSM .....	2,391	2,590	
205,000	Davide Campari-Milano S.p.A. ....	1,651	1,634	
102,900	Delhaize Group .....	8,043	7,753	
298,500	Electrolux AB .....	3,225	3,096	
100,240	Essilor International SA.....	3,118	5,733	
93,000	Fresenius Medical Care & Co. KGaA ADR .....	3,006	5,377	
50,000	Groupe Danone.....	2,692	3,680	
107,700	Heineken NV .....	4,036	4,021	
130,000	Henkel AG & Co. KGaA .....	4,872	4,166	
145,000	ING Groep N.V. ADR.....	6,057	1,852	
277,000	Irish Life & Permanent plc.....	7,750	741	
101,700	Kerry Group plc.....	2,497	2,271	
209,600	Koninklijke Ahold NV .....	3,215	3,141	
314,100	Koninklijke Wessanen NV .....	2,375	2,490	
38,278	L'Air Liquide SA.....	2,907	4,271	
37,000	L'Oreal SA .....	3,550	3,929	
32,800	Lafarge SA .....	3,484	2,424	
125,000	Luxottica Group S.p.A. ADR.....	3,096	2,775	
99,600	MAN AG .....	5,861	6,677	
99,200	Publicis Groupe.....	3,195	3,081	
161,100	Nestlé S.A. ....	7,327	7,725	
167,500	Nestlé S.A. ADR.....	5,652	8,020	
56,800	Roche Holding AG.....	8,828	10,595	

# UNITED CORPORATIONS LIMITED

## CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2008 (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	4,089	
41,000	Schneider Electric SA.....	5,778	3,704	
54,000	Siemens AG .....	7,040	4,849	
360,200	SKF AB.....	4,013	4,296	
29,000	Synthes, Inc. ....	3,326	4,441	
220,000	Telenor ASA.....	4,316	1,788	
83,000	Total SA ADR.....	5,010	5,616	
		<u>176,107</u>	<u>165,431</u>	24.8
<b>United Kingdom</b>				
115,000	BP plc ADR .....	9,285	6,574	
325,400	Britvic plc.....	1,554	1,537	
353,015	Dairy Crest Group plc.....	1,271	1,333	
45,000	Diageo plc ADR.....	3,404	3,128	
313,600	GlaxoSmithKline plc.....	7,133	7,200	
157,200	Next plc.....	3,244	3,027	
100,600	Reckitt Benckiser plc.....	3,735	4,611	
980,925	Royal Bank of Scotland Group plc (The).....	7,021	864	
290,000	Smith & Nephew plc.....	3,427	2,276	
140,000	Standard Chartered plc.....	3,961	2,155	
200,000	Vodafone Group Plc ADR.....	6,731	4,994	
		<u>50,766</u>	<u>37,699</u>	5.7
<b>Asia</b>				
151,600	Asahi Breweries, Ltd. ....	3,222	3,129	
70,100	Astellas Pharma Inc. ....	3,340	3,423	
92,000	Canon Inc. ADR .....	4,065	3,538	
69,000	Circle K Sunkus Co., Ltd. ....	1,607	1,510	
123,000	Daiichi Sankyo Company, Limited.....	3,223	3,479	
490,000	Daiwa Securities Group Inc.....	6,202	3,470	
33,800	Eisai Co., Ltd. ....	1,655	1,682	
107,786	Emerging Markets Investors Fund .....	6,757	4,529	
47,100	Fanuc Ltd. ....	5,260	3,990	
144,000	HOYA .....	5,082	2,988	
17,800	Keyence Corporation .....	4,016	4,356	
340,000	Konica Minolta Holdings Inc.....	3,259	3,114	
186,400	Makita Corporation.....	4,789	4,916	
196,000	Mitsubishi Tanabe Pharma Corporation .....	3,335	3,559	
28,700	Shin-Etsu Chemical Co. Ltd. ....	1,612	1,572	
37,200	Siam Investment Fund .....	527	216	
489,000	Sumitomo Trust and Banking Co., Ltd. (The).....	5,718	3,404	
180,000	Suzuki Motor Corporation .....	5,534	2,960	
52,600	Takeda Pharmaceutical Company Limited.....	3,237	3,278	
680,000	Television Broadcasts Limited.....	4,137	2,708	
479,000	Tsubakimoto Chain Co. ....	1,647	1,783	
126,600	Yamaha Motor Co. Ltd. ....	1,608	1,592	
		<u>79,832</u>	<u>65,196</u>	9.8
<b>Australia</b>				
77,000	BHP Billiton Limited ADR .....	5,930	4,046	0.6
<b>Total investments</b> .....		<u>\$ 648,882</u>	<u>\$ 665,821</u>	<u>100.0</u>

# UNITED CORPORATIONS LIMITED

## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

### Summary of significant accounting policies

#### 1. Basis of presentation

The Company is an investment company as defined by accounting guideline AcG-18 "Investment Companies". Consequently, as required by AcG-18, the Company has measured all of its investments at fair value, and has presented them on this basis in these consolidated financial statements.

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

# UNITED CORPORATIONS LIMITED

## CORPORATE INFORMATION

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

BANKER The Bank of Nova Scotia

AUDITOR PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

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

## TORONTO STOCK EXCHANGE LISTINGS

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

## NET EQUITY VALUE

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

## REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

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

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

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

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



