

UNITED CORPORATIONS LIMITED



THIRD QUARTER REPORT

DECEMBER 31, 2010

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at Dec. 31 2010 ⁽¹⁾	As at March 31 2010 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 70.28	\$ 67.33
Net assets.....	\$ 864,694	\$ 828,840
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Nine months ended Dec. 31	
	2010 ⁽¹⁾	2009 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.91	\$ 0.90
Dividends per Common Share	\$ 0.60	\$ 0.60
Increase in net assets from operations per Common Share	\$ 3.56	\$ 12.80
Investment income	\$ 16,674	\$ 16,588
Net investment income	\$ 11,355	\$ 11,272

⁽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 consolidated operating results and financial condition of United Corporations Limited ("United" or the "Company") for the third quarter of fiscal 2011 should be read in conjunction with the MD&A for the fiscal year ended March 31, 2010, 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 2011. These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

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

Use of Non-GAAP Measures

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

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

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 discount or premium that the Company's Common Shares are trading at relative to the net equity value per Common Share.

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

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

	<u>Dec. 31</u> <u>2010</u>	<u>March 31</u> <u>2010</u>
Net assets	<u>\$ 864,694</u>	<u>\$ 828,840</u>
Deduct:		
Cost of redemption:		
First Preferred Shares	1,567	1,567
Second Preferred Shares, Series 1959 and 1963	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value	<u>\$ 856,947</u>	<u>\$ 821,093</u>
Common Shares outstanding	<u>12,194,193</u>	<u>12,194,193</u>
Net equity value per Common Share	<u>\$ 70.28</u>	<u>\$ 67.33</u>

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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 December 31		Nine months ended December 31	
	2010	2009	2010	2009
Increase in net assets from operations.....	\$ 35,420	\$ 24,708	\$ 43,681	\$ 156,365
Deduct: Net gain on investments.....	(32,369)	(21,920)	(32,326)	(145,093)
Net investment income.....	3,051	2,788	11,355	11,272
Deduct: Dividends paid on Preferred Shares.....	95	95	284	284
Net investment income, net of dividends paid on Preferred Shares.....	\$ 2,956	\$ 2,693	\$ 11,071	\$ 10,988
Common Shares outstanding.....	12,194,193	12,194,193	12,194,193	12,194,193
Net investment income per Common Share.....	\$ 0.24	\$ 0.22	\$ 0.91	\$ 0.90

Market Review

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

	Three months ended Dec. 31	Nine months ended Dec. 31
	(%)	
S&P/TSX Composite Index.....	9.5	14.0
MSCI World Index.....	5.3	6.4
S&P 500 Index.....	7.0	6.9

For the quarter ended December 31, 2010, the Company's net equity value per Common Share increased to \$70.28 from \$67.60 at September 30, 2010. With dividends reinvested at month-end net equity values, the Company's net equity value return was 4.3% for the quarter compared to a return of 3.1% 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 \$70.28 from \$67.33 at March 31, 2010. The net equity value return for the fiscal year to date was 5.3% compared to a return of 23.4% in the prior fiscal period.

As the Company is a taxable Canadian corporation, the Company's 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.

Operating Results

Net investment income

The Company's net investment income in the third quarter of fiscal 2011 was \$3,051,000 compared to net investment income of \$2,788,000 in the same quarter of the prior year. On a year-to-date basis, net investment income increased 0.7% to \$11,355,000 in fiscal 2011 from \$11,272,000 in fiscal 2010. On a per Common Share basis, net investment income for the quarter increased to \$0.24 from \$0.22 for the same period in the prior year and on a year-to-date basis increased to \$0.91 from \$0.90 in the prior fiscal period.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign dividend income in the third fiscal quarter of 2011 increased to \$2,367,000 from \$2,082,000 in fiscal 2010 and on a year-to-date basis decreased to \$10,644,000 in fiscal 2011 from \$10,892,000 in fiscal 2010. The increase for the quarter resulted from higher-yielding foreign securities held this year compared to the same quarter in the prior year. The decline year over year resulted primarily from a stronger Canadian dollar. Canadian dividend income for the current fiscal quarter and year to date increased 4.1% and 2.5% respectively. The increases resulted from dividend increases for certain securities and in part from higher-yielding Canadian securities held over the corresponding periods of the prior fiscal year.

Interest income, including securities lending income, in the third quarter amounted to \$51,000 in fiscal 2011 compared to \$37,000 in fiscal 2010 and increased to \$227,000 from \$35,000 on a year-to-date basis. The Company resumed securities lending activities in the first fiscal quarter of the current year. For the quarter and year to date the Company earned \$33,000 and \$202,000, respectively, of securities lending income compared to no corresponding income in the prior fiscal periods.

Expenses in the quarter amounted to \$966,000 (fiscal 2010 - \$902,000) and \$2,798,000 (fiscal 2010 - \$2,552,000) on a year-to-date basis. Effective July 1, 2010, Ontario provincial sales tax ("PST") was harmonized with the federal goods and services tax ("GST"), resulting in a federally administered harmonized sales tax ("HST") of 13%. Investment management and administrative costs and certain other service costs of the Company, which were previously subject to only the 5% GST, are now subject to the new HST. The impact to the quarter and year-to-date expenses is estimated to be approximately \$62,000 and \$125,000 respectively. On a quarterly and year-to-date basis, the balance of the expense increases 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.

The provision for income taxes in the current quarter and year to date includes \$15,000 (fiscal 2010 - \$1,000) and \$88,000 (fiscal 2010 - \$29,000) respectively 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 \$3,383,000 in the third quarter of fiscal 2011 versus a net gain of \$6,624,000 in fiscal 2010. On a fiscal year-to-date basis, the net loss on investments was \$4,959,000 in fiscal 2011 compared to a net gain of \$11,379,000 for the same period in the prior year. The largest contributors to the net realized gain during the quarter were the sale of Potash Corporation of Saskatchewan, Adidas AG and SNC-Lavalin Group Inc. On a year-to-date basis, the largest contributors to the net realized loss were Daiwa Securities Group Inc., Nortel Networks Limited and Celesio AG.

During the current fiscal quarter, the net change in unrealized appreciation of investments increased by \$29,029,000 compared to an increase of \$15,366,000 in the same period last year. On a fiscal year-to-date basis, the net change in unrealized appreciation of investments increased by \$37,401,000 compared to an increase of \$133,885,000 in fiscal 2010. Both the current year's quarterly and year-to-date increases occurred over a broad range of countries and sectors.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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):

	Dec. 31 2010	Sept. 30 2010	June 30 2010	March 31 2010	Dec. 31 2009	Sept. 30 2009	June 30 2009	March 31 2009
Investments, at fair value	\$ 873,567	\$ 833,844	\$ 773,350	\$ 825,406	\$ 812,712	\$ 777,435	\$ 712,086	\$ 610,834
Investment income	\$ 4,469	\$ 4,405	\$ 7,800	\$ 4,798	\$ 4,090	\$ 4,468	\$ 8,030	\$ 4,622
Increase (decrease) in net assets from operations	\$ 35,420	\$ 56,233	\$ (47,972)	\$ 6,496	\$ 24,708	\$ 52,828	\$ 78,829	\$ (45,209)
Increase (decrease) in net assets from operations per Common Share ¹	\$ 2.90	\$ 4.60	\$ (3.94)	\$ 0.52	\$ 2.02	\$ 4.32	\$ 6.46	\$ (3.72)
Net equity value per Common Share	\$ 70.28	\$ 67.60	\$ 63.19	\$ 67.33	\$ 67.01	\$ 65.19	\$ 61.07	\$ 54.81

¹ Net of dividends paid 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. 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 six of the previous eight quarters, the Company experienced a year-over-year decline in foreign dividend income compared to the same quarter in the prior fiscal year.

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 December 31, 2010, 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 December 31, 2010, net investment income was \$0.24 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 \$0.91 as compared to dividend payments of \$0.60 per Common Share.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Deferral of International Financial Reporting Standards ("IFRS") for Investment Companies

For fiscal years beginning on or after January 1, 2011, IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises.

As previously reported, in September 2010, the Canadian Accounting Standards Board ("AcSB") had initially approved a one-year deferral, to January 1, 2012, of mandatory adoption of IFRS for investment companies applying Accounting Guideline 18, Investment Companies. However, in January 2011, the AcSB decided to extend the deferral by an additional year, to January 1, 2013. The recent decision is in response to the International Accounting Standard Board's announcement in late 2010 that its Investment Company project is delayed and will not likely be issued before January 1, 2012.

United is an investment company and as a result, its first set of financial statements prepared in accordance with IFRS will therefore 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. As a result of these current disclosure rules, the Company has received approval from the Ontario Securities Commission to apply IFRS to its disclosures commencing April 1, 2013.

As of this report's date, management has identified the IFRS accounting standards that are expected to have a significant impact on the Company's financial statements. Preliminary accounting policy choices have been made based on the expected accounting requirements in fiscal 2014. During the current fiscal year, draft model financial statements, excluding note disclosures, have been prepared and presented to the Company's Audit Committee. As a result of the recent deferral announced by the AcSB, the implementation phase will now be executed throughout fiscal 2013 instead of the current fiscal year. Management does not expect that the conversion to IFRS 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

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

February 8, 2011

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	December 31 2010	March 31 2010
	(000's)	
ASSETS		
Investments, at fair value (cost - \$701,162; March 31, 2010 - \$694,735) (Note 2).....	\$ 873,567	\$ 825,406
Cash	3,059	4,866
Short-term investments	6,649	16,903
Receivable in respect of investments sold	—	118
Accrued income on investments.....	1,560	1,956
Income taxes receivable.....	1,649	—
Other assets	425	598
	<u>886,909</u>	<u>849,847</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	516	560
Payable in respect of investments purchased	—	2,090
Income taxes payable.....	—	894
Future income taxes	21,699	17,463
	<u>22,215</u>	<u>21,007</u>
NET ASSETS	<u>\$ 864,694</u>	<u>\$ 828,840</u>
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
	<u>541,000</u>	<u>541,000</u>
Retained earnings	172,556	174,103
Unrealized appreciation of investments.....	151,138	113,737
TOTAL SHAREHOLDERS' EQUITY	<u>\$ 864,694</u>	<u>\$ 828,840</u>

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2010	2009	2010	2009
			(000's)	
INVESTMENT INCOME				
Dividends:				
Foreign.....	\$ 2,367	\$ 2,082	\$ 10,644	\$ 10,892
Canadian.....	2,051	1,971	5,803	5,661
	<u>4,418</u>	<u>4,053</u>	<u>16,447</u>	<u>16,553</u>
Interest, including securities lending income	51	37	227	35
	<u>4,469</u>	<u>4,090</u>	<u>16,674</u>	<u>16,588</u>
Expenses:				
Investment management and administrative costs	817	745	2,317	2,016
Directors' and officers' remuneration.....	51	50	158	159
Office and miscellaneous.....	37	55	137	209
Transfer, registrar and custody fees.....	42	20	140	107
Professional fees	19	32	46	61
	<u>966</u>	<u>902</u>	<u>2,798</u>	<u>2,552</u>
Investment income before income taxes ...	3,503	3,188	13,876	14,036
Provision for income taxes	452	400	2,521	2,764
NET INVESTMENT INCOME	<u>3,051</u>	<u>2,788</u>	<u>11,355</u>	<u>11,272</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments..	3,383	6,624	(4,959)	11,379
Net change in unrealized appreciation of investments.....	29,029	15,366	37,401	133,885
Transaction costs on purchase and sale of investments.....	(43)	(70)	(116)	(171)
NET GAIN ON INVESTMENTS.....	<u>32,369</u>	<u>21,920</u>	<u>32,326</u>	<u>145,093</u>
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 35,420	\$ 24,708	\$ 43,681	\$ 156,365
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	\$ 2.90	\$ 2.02	\$ 3.56	\$ 12.80

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Dec. 31	
	2010	2009
	(000's)	
BEGINNING OF PERIOD.....	\$ 174,103	\$ 154,961
Add (deduct):		
Net investment income	11,355	11,272
Net realized gain (loss) on investments.....	(4,959)	11,379
Refundable dividend taxes recovered	1,550	1,679
	<u>7,946</u>	<u>24,330</u>
Deduct:		
Dividends:		
First Preferred Shares.....	59	59
Second Preferred Shares	225	225
Common Shares	7,316	7,316
Provision for refundable dividend taxes.....	1,777	1,730
Transaction costs on purchase and sale of investments.....	116	171
	<u>9,493</u>	<u>9,501</u>
END OF PERIOD	<u>\$ 172,556</u>	<u>\$ 169,790</u>

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2010	2009	2010	2009
	(000's)			
INCREASE IN NET ASSETS FROM OPERATIONS.....	\$ 35,420	\$ 24,708	\$ 43,681	\$ 156,365
DIVIDENDS TO SHAREHOLDERS				
Preferred Shares	(95)	(95)	(284)	(284)
Common Shares.....	(2,438)	(2,438)	(7,316)	(7,316)
	<u>(2,533)</u>	<u>(2,533)</u>	<u>(7,600)</u>	<u>(7,600)</u>
TAXATION CHANGES				
Net increase in refundable dividend taxes on hand.....	(239)	(49)	(227)	(51)
INCREASE IN NET ASSETS	<u>32,648</u>	<u>22,126</u>	<u>35,854</u>	<u>148,714</u>
NET ASSETS, BEGINNING OF PERIOD	<u>832,046</u>	<u>802,737</u>	<u>828,840</u>	<u>676,149</u>
NET ASSETS, END OF PERIOD	<u>\$ 864,694</u>	<u>\$ 824,863</u>	<u>\$ 864,694</u>	<u>\$ 824,863</u>

(See accompanying notes)

UNITED CORPORATIONS LIMITED

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

	Three months ended Dec. 31		Nine months ended Dec. 31	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			(000's)	
Proceeds on sales of investments.....	<u>\$ 25,610</u>	<u>\$ 37,278</u>	<u>\$ 64,833</u>	<u>\$ 84,396</u>
Cost of investments, beginning of period	<u>695,084</u>	<u>662,319</u>	<u>694,735</u>	<u>631,401</u>
Cost of investments purchased during the period	<u>27,924</u>	<u>48,675</u>	<u>76,644</u>	<u>121,031</u>
	<u>723,008</u>	<u>710,994</u>	<u>771,379</u>	<u>752,432</u>
Cost of investments, end of period	<u>701,162</u>	<u>681,744</u>	<u>701,162</u>	<u>681,744</u>
Cost of investments sold during the period .	<u>21,846</u>	<u>29,250</u>	<u>70,217</u>	<u>70,688</u>
Realized gain (loss) on investments sold before income taxes.....	<u>3,764</u>	<u>8,028</u>	<u>(5,384)</u>	<u>13,708</u>
Provision for (recovery of) income taxes	<u>381</u>	<u>1,404</u>	<u>(425)</u>	<u>2,329</u>
Net realized gain (loss) on investments.....	<u>\$ 3,383</u>	<u>\$ 6,624</u>	<u>\$ (4,959)</u>	<u>\$ 11,379</u>

(See accompanying notes)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2010 (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
Common				
362,568	Algoma Central Corporation.....	\$ 6,201	\$ 33,900	
92,000	Bank of Montreal.....	5,617	5,288	
331,805	Bank of Nova Scotia.....	5,755	18,923	
357,670	CAE, Inc.....	3,621	4,092	
80,000	Cameco Corporation.....	279	3,220	
136,330	Canadian National Railway Company.....	5,471	9,032	
224,940	Canadian Natural Resources Ltd.....	6,611	9,958	
90,260	Canadian Tire Corp. Ltd. Class A.....	3,211	6,154	
44,505	Canadian Utilities Limited Class A.....	1,089	2,414	
202,702	Canfor Corporation.....	1,307	2,246	
273,565	Cenovus Energy Inc.....	5,399	9,063	
80,000	Cogeco Cable Inc.....	2,649	3,281	
151,466	Enbridge Inc.....	2,065	8,517	
197,085	Encana Corporation.....	3,001	5,723	
80,740	Goldcorp, Inc.....	2,620	3,697	
300,000	Great-West Lifeco Inc.....	4,287	7,908	
157,430	Imperial Oil Limited.....	1,577	6,379	
210,676	Jean Coutu Group Inc.....	1,949	2,027	
218,625	Kinross Gold Corporation.....	3,809	4,123	
112,958	Loblaw Cos. Limited.....	5,560	4,550	
552,507	Manulife Financial Corporation.....	9,257	9,448	
206,705	Metro Inc.....	2,139	9,343	
392,710	Nexen Inc.....	3,283	8,950	
61,670	Potash Corporation of Saskatchewan.....	1,822	9,516	
161,000	Power Financial Corporation.....	926	4,936	
107,775	Quebecor Inc. Class B.....	3,923	4,052	
116,870	Research In Motion Limited.....	9,510	6,787	
147,775	Rogers Communications Inc. Class B.....	1,516	5,100	
389,796	Royal Bank of Canada.....	6,753	20,347	
338,400	Shaw Communications Inc. Class B.....	5,393	7,208	
157,290	Shoppers Drug Mart.....	6,529	6,213	
289,350	SNC-Lavalin Group Inc. Class A.....	1,220	17,294	
310,430	Suncor Energy Inc.....	12,416	11,852	
704,310	Talisman Energy Inc.....	4,347	15,572	
293,810	Thomson Reuters Corporation.....	11,941	10,912	
66,100	Tim Hortons Inc.....	2,320	2,717	
254,928	Toronto-Dominion Bank.....	7,076	18,890	
241,555	TransCanada Corporation.....	4,809	9,177	
200,000	Transcontinental Inc Class A.....	3,808	3,200	
240,000	TVA Group Inc. Class B.....	3,202	3,386	
73,600	West Fraser Timber Co. Ltd.....	1,679	3,442	
55,000	Weston (George) Limited.....	5,070	4,619	
		181,017	343,456	
				39.4
United States				
80,000	3M Co.....	7,246	6,870	
5,000	Apple Computer Inc.....	1,570	1,604	
110,000	Automatic Data Processing Inc.....	4,940	5,059	
180,000	Bank of New York Mellon Corporation.....	6,004	5,407	
160,000	BB&T Corporation.....	4,506	4,184	
58,000	Becton Dickinson & Co.....	4,169	4,877	
3,554,000	Chaoda Modern Agriculture.....	3,270	2,651	
80,000	Chevron Corporation.....	5,728	7,268	
300,000	Cisco Systems, Inc.....	8,625	6,033	
95,000	Colgate-Palmolive Company.....	6,877	7,594	
291,400	ConAgra Foods, Inc.....	5,862	6,547	
133,800	Computer Sciences Corp.....	6,681	6,598	
203,000	CVS Caremark Corporation.....	5,011	7,020	
624,600	Dairy Farm International Holdings Limited.....	2,804	5,746	
121,000	Emerson Electric Company.....	5,089	6,883	
90,000	Exxon Mobil Corporation.....	5,839	6,549	
82,000	Fiserv, Inc.....	4,202	4,775	
61,300	Fluor Corporation.....	3,072	4,040	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2010 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
United States (continued)				
320,000	General Electric Company	\$ 8,878	\$ 5,824	
194,000	General Mills, Inc.	7,076	6,867	
93,000	Gilead Sciences, Inc.	3,220	3,352	
165,000	Halliburton Company	5,181	6,702	
110,000	Hartford Financial Services Group, Inc.	6,758	2,896	
101,900	H.J. Heinz Company	4,795	5,014	
108,000	Johnson & Johnson.....	7,577	6,645	
119,800	Kraft Foods Inc.	3,896	3,755	
115,700	Kimberly Clark Corporation	7,336	7,257	
164,200	Merck & Co. Inc.	5,710	5,890	
120,000	Metlife, Inc.	4,231	5,304	
239,400	Microsoft Corporation	6,072	6,643	
75,000	Monsanto Co.	5,905	5,195	
55,120	NIKE, Inc. Class B.....	3,235	4,687	
115,000	Pepsico, Inc.	7,448	7,472	
536,200	Pfizer Inc.	15,630	9,338	
140,000	Philip Morris International Inc.	6,598	8,154	
142,875	Proctor & Gamble Company	8,346	9,143	
87,000	Scripps Networks Interactive.....	4,333	4,481	
220,000	Spectra Energy Corporation.....	4,874	5,468	
210,000	US Bancorp.	5,464	5,633	
90,700	Verisk Analytics Inc. Class A	2,574	3,074	
159,700	Waste Management Inc.	5,087	5,856	
200,161	Wells Fargo & Company	14,489	6,170	
		<u>246,208</u>	<u>240,525</u>	27.5
Mexico				
100,000	Fomento Economico Mexicano, S.A. de C.V. ADR.....	2,727	5,554	0.6
	Total North America	<u>429,952</u>	<u>589,535</u>	67.5
Europe, excluding United Kingdom				
230,780	ABB Limited	4,126	5,117	
42,579	Adidas AG	1,906	2,787	
206,669	AXA	5,300	3,427	
419,484	Banco Santander Central Hispano SA.....	5,718	4,429	
51,000	Bayer AG	3,958	3,735	
75,991	Casino Guichard-Perrachon SA.....	6,498	7,383	
138,390	CSM	2,391	4,814	
606,000	Davide Campari-Milano S.p.A.	2,588	3,931	
112,182	Delhaize Group	8,729	8,258	
100,240	Essilor International SA.....	3,118	6,432	
93,000	Fresenius Medical Care & Co. KGaA ADR	3,006	5,333	
50,700	Heineken NV	1,900	2,478	
371,426	ING Groep N.V. ADR.....	7,802	3,617	
130,700	Kerry Group plc.....	3,449	4,343	
352,600	Koninklijke Ahold NV	5,073	4,638	
32,497	L'Air Liquide SA.....	2,299	4,096	
28,160	L'Oreal SA	2,643	3,116	
48,938	Lafarge SA	3,745	3,054	
131,000	OMV AG	6,187	5,471	
122,738	Publicis Groupe.....	4,166	6,371	
167,500	Nestlé S.A. ADR.....	5,652	9,799	
167,122	Nestlé S.A.	7,611	9,740	
62,125	Roche Holding AG.....	9,739	9,060	
120,000	SAP AG Spons ADR	6,607	6,040	
39,654	Schneider Electric SA.....	5,369	5,915	
110,488	SKF AB.....	1,231	3,126	
46,000	Synthes, Inc.	5,505	6,185	
400,000	Telenor ASA.....	6,888	6,473	
83,000	Total SA ADR.....	5,007	4,418	
		<u>138,211</u>	<u>153,586</u>	17.6

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT December 31, 2010 (continued) (Unaudited)

Number of Shares		Cost	Fair value	% of Fair value
		(000's)		
United Kingdom				
115,000	BP plc ADR	\$ 9,285	\$ 5,053	
325,400	Britvic plc.....	1,554	2,389	
353,015	Dairy Crest Group plc.....	1,271	2,311	
45,000	Diageo plc ADR.....	3,404	3,324	
491,812	GlaxoSmithKline plc.....	10,637	9,460	
506,000	HSBC Holdings Inc.	3,848	5,111	
110,000	National Grid plc ADR.....	4,983	4,854	
172,165	Next plc	3,744	5,275	
100,600	Reckitt Benckiser plc.....	3,735	5,501	
120,948	Standard Chartered plc.....	3,321	3,237	
2,446,015	Thomas Cook Group plc.....	9,024	7,160	
312,000	Vodafone Group Plc ADR.....	9,262	8,202	
		<u>64,068</u>	<u>61,877</u>	7.1
Asia				
151,600	Asahi Breweries, Ltd.	3,222	2,924	
71,100	Astellas Pharma Inc.	3,133	2,694	
3,392,000	China Pharmaceutical Group.....	1,898	1,879	
152,400	Circle K Sunkus Co., Ltd.....	2,900	2,433	
67,400	Eisai Co., Ltd.	2,827	2,429	
42,100	Fanuc Ltd.	4,673	6,431	
67,000	Itochu Techno-Solutions Corp.....	1,944	2,501	
725	KDDI Corp.....	4,022	4,169	
14,080	Keyence Corporation	2,888	4,060	
144,000	Kirin Holdings Company, Limited	1,944	2,007	
340,000	Konica Minolta Holdings Inc.....	3,259	3,518	
78,400	Makita Corporation.....	2,014	3,191	
196,000	Mitsubishi Tanabe Pharma Corporation.....	3,335	3,294	
6,500	Nintendo Co. Ltd.	1,934	1,897	
70,800	Secom Co. Ltd.	3,320	3,333	
837,000	Sumitomo Trust and Banking Co., Ltd. (The).....	7,708	5,233	
250,000	Suzuki Motor Corporation	7,013	6,121	
52,600	Takeda Pharmaceutical Company Limited.....	3,237	2,576	
780,000	Television Broadcasts Limited.....	4,580	4,183	
		<u>65,851</u>	<u>64,873</u>	7.4
Australia				
40,000	BHP Billiton Limited Spons ADR.....	3,080	3,696	0.4
	Total investments	<u>\$ 701,162</u>	<u>\$ 873,567</u>	<u>100.0</u>

UNITED CORPORATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited consolidated interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as the most recent annual financial statements, and should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended March 31, 2010. The consolidated 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 December 31, 2010, all of the Company's investments were Level 1 investments. There were no transfers year to date 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

BANKER The Bank of Nova Scotia

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Dexia Investor Services Trust

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

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

