

UNITED CORPORATIONS LIMITED

THIRD QUARTER REPORT
December 31, 2003

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the third quarter of fiscal 2004 was \$2,418,000 compared to 2003 net investment income of \$3,685,000. On a year to date basis, net investment income decreased to \$8,703,000 in fiscal 2004 from \$9,635,000 in fiscal 2003. On a per common share basis, net investment income for the quarter decreased to \$0.19 in fiscal 2004 from \$0.29 in 2003 and on a year to date basis to \$0.69 in fiscal 2004 from \$0.77 in fiscal 2003.

Foreign dividend income in the third quarter increased by 1.6% to \$1,661,000 in fiscal 2004 from \$1,635,000 in fiscal 2003 and by 15.4% to \$7,402,000 in fiscal 2004 from \$6,416,000 in fiscal 2003 on a year to date basis. Canadian dividend income in the third quarter decreased by 39.8% to \$1,623,000 in fiscal 2004 from \$2,695,000 in fiscal 2003 and by 25.4% to \$4,565,000 in fiscal 2004 from \$6,117,000 in fiscal 2003 on a year to date basis. The decrease in Canadian dividend income is mainly due to the special dividend of \$1,275,000 that was paid by Rothmans Inc. in the third quarter of fiscal 2003. Interest income for the third quarter of fiscal 2004 amounted to \$297,000 compared to \$315,000 in fiscal 2003 and on a year to date basis amounted to \$1,050,000 in fiscal 2004 compared to \$750,000 in fiscal 2003.

Operating expenses in the quarter amounted to \$632,000 (2003 - \$559,000) and on a year to date basis to \$1,843,000 (2003 - \$1,834,000).

Net gain (loss) on investments

The Company's net realized gain (loss) and change in unrealized appreciation of investments for the quarter ended December 31, 2003 was a net gain of \$56,234,000 compared with a net gain of \$27,980,000 in the quarter ended December 31, 2002. On a year to date basis, the Company earned a net gain of \$123,958,000 in fiscal 2004 compared to a net loss of \$111,658,000 in fiscal 2003. The performance of the investment portfolio reflects that most equity markets posted positive returns (in local currency) in the current quarter.

The investment portfolio of the Company is comprised of a mix of high and low yielding foreign and Canadian investments. Net investment income, net realized gain (loss) on investments, net change in unrealized appreciation of investments and net asset value per share will vary significantly from period to period depending on the investment mix which moves with the constantly changing economic environment.

Dividends

Regular quarterly dividends were paid on our preferred shares. The year to date dividends paid out of net investment income on the common shares totalled \$0.60 on a year to date basis in both fiscal 2004 and fiscal 2003.

Assets

Total assets at December 31, 2003 were \$758,656,000, which is an increase of 23.9% from the total assets of \$612,198,000 at March 31, 2003. The cost of investments in foreign equities at December 31, 2003 was \$414,143,000, an increase of 6.7% from \$388,212,000 at March 31, 2003. The market value of foreign equities at December 31, 2003 was \$404,304,000 compared to \$303,493,000 at March 31, 2003, an increase of 33.2%. The cost of investments in Canadian equities decreased by 5.7% in the first three quarters of fiscal 2004 to \$192,896,000 from \$204,486,000 at March 31, 2003. The market value of Canadian equities at December 31, 2003 was \$317,559,000, an increase of 19.9% compared to \$264,971,000 at March 31, 2003. The increase in net assets was partially offset by the cash dividends of \$7,599,000 (2003 - \$7,599,000) that were paid during the nine month period ended December 31, 2003.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Assets (cont'd)

Overall, the Company's net equity value per share increased to \$59.58 at December 31, 2003 from \$49.33 at March 31, 2003. Based on reinvestment of distributions at month-end net equity values, the Company's net asset value per share increased by 22.1% in the nine months ended December 31, 2003. During the comparable period, the S&P/TSX Composite Total Return Index increased 31.3% and the MSCI World Index (C\$) increased by 23.8%.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. It is the objective of the Company to earn an above average rate of return primarily through long-term capital appreciation and dividend income. The investment portfolio will be invested principally in equities. 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's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments.

United Corporations Limited has always been a vehicle for long term growth through investment in common equities. Management believes that over long periods of time, common equities as an asset class will outperform fixed income instruments or balanced funds.

As the fund's investment philosophy is of a long-term nature, short-term volatility is expected and tolerated. We remain confident that our investment strategy will reward our shareholders over the long term.

February 5, 2004

Duncan N.R. Jackman
Chairman of the Board

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	December 31 2003	March 31 2003
	(in thousands)	
ASSETS		
Investments, at indicated market value (cost - \$607,039; March 31, 2003 - \$592,698)	\$ 723,204	\$ 568,705
Cash	6,194	4,675
Short-term investments	26,702	34,043
Receivable in respect of investments sold	754	1,287
Income taxes receivable	182	1,581
Accrued income on investments	1,289	1,654
Other assets	331	253
	<u>758,656</u>	<u>612,198</u>
LIABILITIES		
Accounts payable and accrued liabilities	532	451
Payable in respect of investments purchased	1,906	2,478
Future income taxes on unrealized net capital gains	21,887	—
	<u>24,325</u>	<u>2,929</u>
Net assets, at indicated market value	<u>\$ 734,331</u>	<u>\$ 609,269</u>
SHAREHOLDERS' EQUITY		
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>
Retained earnings	99,053	92,262
Unrealized appreciation (depreciation) of investments	94,278	(23,993)
Total shareholders' equity	<u>\$ 734,331</u>	<u>\$ 609,269</u>

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

J.C. WANSBROUGH Director

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2003	2002	2003	2002
	(thousands of dollars)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 1,661	\$ 1,635	\$ 7,402	\$ 6,416
Canadian	1,623	2,695	4,565	6,117
	3,284	4,330	11,967	12,533
Interest	297	315	1,050	750
	3,581	4,645	13,017	13,283
Expenses:				
Operating	632	559	1,843	1,834
Income taxes	531	401	2,471	1,814
	1,163	960	4,314	3,648
NET INVESTMENT INCOME	2,418	3,685	8,703	9,635
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments				
	1,930	2,459	5,687	(4,722)
Net change in unrealized appreciation (depreciation) of investments				
	54,304	25,521	118,271	(106,936)
NET GAIN (LOSS) ON INVESTMENTS	56,234	27,980	123,958	(111,658)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 58,652	\$ 31,665	\$ 132,661	\$ (102,023)

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

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2003	2002	2003	2002
	(thousands of dollars)			
Proceeds on sales of investments	\$ 20,772	\$ 30,099	\$ 84,839	\$ 171,765
Cost of investments, beginning of period	597,582	567,705	592,698	580,922
Cost of investments purchased during the period	28,028	39,760	92,237	175,244
	625,610	607,465	684,935	756,166
Cost of investments, end of period	607,039	579,825	607,039	579,825
Cost of investments sold during the period ...	18,571	27,640	77,896	176,341
Realized gain (loss) on investments sold before taxes	2,201	2,459	6,943	(4,576)
Provision for (recovery of) taxes on realized net taxable capital gains (losses)	271	—	1,256	146
Net realized gain (loss) on investments	\$ 1,930	\$ 2,459	\$ 5,687	\$ (4,722)

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2003	2002	2003	2002
	(thousands of dollars)			
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 58,652	\$ 31,665	\$ 132,661	\$ (102,023)
DISTRIBUTIONS TO SHAREHOLDERS				
Common shareholders	(2,438)	(2,438)	(7,316)	(7,316)
Preferred shareholders	(94)	(94)	(283)	(283)
	(2,532)	(2,532)	(7,599)	(7,599)
INCREASE (DECREASE) IN NET ASSETS	56,120	29,133	125,062	(109,622)
NET ASSETS, BEGINNING OF PERIOD	678,211	619,300	609,269	758,055
NET ASSETS, END OF PERIOD	\$ 734,331	\$ 648,433	\$ 734,331	\$ 648,433

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Unaudited)

	Nine months ended Dec. 31	
	2003	2002
	(thousands of dollars)	
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 92,262	\$ 87,802
Add:		
Net investment income	8,703	9,635
Net realized gain on investments	5,687	—
Refundable taxes recovered	1,590	—
	108,242	97,437
Deduct:		
Dividends from net investment income		
First preferred shares	59	59
Second preferred shares	224	224
Common shares	7,316	7,316
Net realized loss on investments	—	4,722
Provision for refundable taxes	1,590	—
	9,189	12,321
RETAINED EARNINGS, END OF PERIOD	\$ 99,053	\$ 85,116

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2003 (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
North America				
Canada				
Preferred				
140,000	Nortel Networks Limited \$1.275 Series F	\$ 3,512	\$ 2,807	0.4
Common				
362,568	Algoma Central Corporation	6,201	22,661	
415,202	Bank of Nova Scotia	14,316	27,320	
123,500	Cameco Corporation	2,581	9,232	
206,800	Canadian Tire Corp. Ltd. Class A	5,897	8,158	
100,000	Canadian Utilities Class A	4,894	5,786	
33,180	Canfor Corporation	361	374	
186,913	Enbridge Inc.	5,097	10,037	
170,196	Encana Corporation	5,918	8,680	
215,000	Great-West Lifeco Inc.	6,144	9,782	
123,480	Imperial Oil Limited	3,710	7,104	
406,000	Jean Coutu Group Inc.	3,756	6,455	
131,300	Loblaw Cos. Limited	6,529	8,771	
36,353	Magna International Inc. Class A	2,217	3,782	
380,200	Manulife Financial Corporation	12,583	15,911	
510,000	Metro Inc.	4,755	11,169	
296,255	Nexen Inc.	9,407	13,900	
97,000	Nova Chemicals Corporation	2,759	3,399	
28,600	Petro-Canada	1,467	1,828	
42,000	Potash Corp. of Saskatchewan	3,664	4,714	
117,000	Power Financial Corporation	1,346	5,795	
223,400	Quebecor Inc.	8,131	5,286	
149,900	Rogers Communications Inc. Class B	3,075	3,199	
255,000	Rothmans Inc.	5,490	7,433	
379,928	Royal Bank of Canada	11,045	23,479	
210,300	Shaw Communications Inc. Class B	7,063	4,242	
145,420	Shell Canada Ltd. Class A	4,783	8,907	
302,900	Slocan Forest Products Ltd.	2,785	4,459	
138,550	SNC-Lavalin Group Inc. Class A	1,752	7,066	
126,305	Sun Life Financial Services of Canada	2,879	4,080	
162,970	Talisman Energy Inc.	7,312	11,981	
200,625	Thomson Corporation (The)	9,138	9,445	
363,208	Toronto-Dominion Bank	6,875	15,723	
389,700	TransCanada Corporation	5,920	10,865	
240,000	TVA Group Inc. Class B	3,202	5,035	
125,600	West Fraser Timber Co. Ltd.	2,866	4,773	
37,800	Weston (George) Limited	3,466	3,921	
		189,384	314,752	43.5
United States				
71,000	Abbott Laboratories	4,592	4,276	
121,000	Albertsons Inc.	4,875	3,542	
157,000	Altria Group, Inc.	12,524	11,042	
50,000	American International Group Inc.	3,942	4,283	
64,300	Bank of America Corporation	6,631	6,684	
37,000	Cardinal Health Inc.	2,995	2,924	
40,000	ChevronTexaco Corporation	4,888	4,466	
30,500	The Chubb Corporation	2,784	2,684	
38,700	Citigroup Inc.	2,469	2,428	
60,000	Colgate Palmolive Company	4,580	3,881	
59,900	Comcast Corporation Sp. Class A	2,405	2,422	
73,900	ConocoPhillips	5,551	6,262	
100,000	CVS Corporation	4,706	4,668	
126,000	Disney (Walt) Company	4,644	3,799	
50,000	Emerson Electric Company	4,279	4,184	
64,000	Entergy Corporation	4,557	4,725	
59,800	Exxon Mobile Corporation	3,621	3,169	
49,800	Fannie Mae	5,615	4,831	
26,000	Fifth Third Bancorp	1,866	1,986	
4,900	Freddie Mac	352	369	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2003 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
United States (continued)				
80,000	General Electric Company	3,667	3,203	
45,000	Gillette Company	2,120	2,136	
40,000	Hartford Financial Services Group, Inc.	3,606	3,052	
90,000	HCA Inc.	5,170	4,997	
207,200	Hewlett-Packard Company	6,128	6,151	
80,000	IMS Health Inc.	2,477	2,570	
57,000	Jefferson-Pilot Corp.	4,123	3,731	
69,400	Johnson & Johnson	4,941	4,634	
61,600	JP Morgan Chase & Co.	3,680	2,924	
67,000	Kimberly Clark Corporation	5,812	5,117	
27,000	Lehman Brothers Holdings Inc.	2,773	2,694	
50,000	Merck & Co. Inc.	4,650	2,985	
46,000	Metlife, Inc.	1,627	2,002	
90,600	Microsoft Corporation	3,872	3,225	
143,700	Norfolk Southern Corporation	3,896	4,392	
42,000	PartnerRe Ltd.	3,233	3,151	
77,000	Pepsico	5,042	4,639	
217,600	Pfizer Inc.	12,157	9,936	
585,000	Qwest Communications International Inc.	5,979	3,266	
28,100	Safeway Inc.	783	796	
51,300	Sempra Energy	1,985	1,993	
170,850	Time Warner Inc.	4,902	3,972	
77,600	Travelers Property Casualty Corporation Class A	1,831	1,683	
20,600	Valero Energy Corporation	1,060	1,234	
61,900	Washington Mutual, Inc.	3,312	3,209	
69,000	Wells Fargo & Company	4,578	5,252	
46,000	Whirlpool Corporation	5,422	4,319	
14,300	XL Capital Ltd. Class A	1,813	1,435	
		<u>198,515</u>	<u>181,323</u>	<u>25.1</u>
	Total North America	391,411	498,882	69.0
Latin America				
62,590	Cemex SA de C.V.	2,787	2,119	
119,900	Petroleo Brasileiro S.A. ADR	3,748	4,131	
		<u>6,535</u>	<u>6,250</u>	<u>0.8</u>
Europe, excluding United Kingdom				
57,321	ACS, Actividades de Construccion Y Servicios S.A.	2,793	3,611	
27,425	L'Air Liquide SA	5,636	6,251	
104,520	Alcatel SA ADR	2,129	1,736	
213,400	Arcelor	4,368	4,822	
58,700	Assurances Générales de France	4,438	4,115	
48,600	Aventis S.A.	3,375	4,146	
68,600	Continental AG	2,832	3,350	
40,000	Credit Suisse Group	1,906	1,890	
68,000	DSM NV	4,434	4,321	
197,400	ENI S.P.A.	4,533	4,808	
46,620	Essilor International	2,606	3,112	
64,000	Fresenius Medical Care AG ADR	2,512	1,931	
6,000	Groupe Danone	1,263	1,264	
4,800	Hannover Rueckversicherung-AG	185	217	
12,187	HeidelbergCement AG	513	665	
102,000	Heineken NV	6,103	5,013	
110,000	ING Groep N.V. ADR	4,093	3,328	
10,000	ING Groep N.V.	409	301	
34,000	L'Oreal	3,243	3,598	
240,000	Luxtistica Group SPA ADR	5,944	5,397	
15,600	MOL Magyar OLAJ - ES Gazipari	603	613	
62,000	Nestlé S.A. ADR	5,126	5,020	
50,000	Novartis AG ADR	2,630	2,965	
19,000	PSA Peugeot Citroen	1,354	1,250	
32,000	Roche Holding AG	4,261	4,168	
70,000	Royal Dutch Petroleum Company	4,871	4,740	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2003 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
	Europe, excluding United Kingdom (cont'd)			
2,000	Synthes-Stratec Inc.	2,046	2,556	
103,000	Svenska Cellulosa AB-B (SCA)	5,397	5,445	
36,000	Total Fina Elf SA ADR	4,015	4,304	
51,000	Unilever NV	3,822	4,278	
140,000	Vestas Wind Systems A/S	4,282	2,939	
80,600	Volkswagen AG	4,814	5,792	
		<u>106,536</u>	<u>107,946</u>	14.9
	United Kingdom			
192,000	Aviva PLC	1,871	2,171	
75,000	Diageo PLC ADR	5,729	5,124	
50,000	GlaxoSmithKline PLC ADR	3,548	3,013	
110,390	GlaxoSmithKline PLC	3,014	3,259	
53,880	HSBC Holdings PLC ADR	4,866	5,488	
340,677	Intercontinental Hotels Group PLC	2,883	4,157	
1,243,000	Royal & Sun Alliance Insurance Group PLC	8,022	2,530	
738,700	Safeway PLC	5,295	4,839	
70,000	Vodafone Group PLC ADR	2,277	2,265	
1,498,000	Vodafone Group PLC	4,130	4,786	
114,000	Whitbread PLC	1,642	1,891	
		<u>43,277</u>	<u>39,523</u>	5.4
	Asia			
76,000	Canon Inc.	4,318	4,576	
4,800,000	China Petroleum and Chemical Corporation	1,505	2,777	
527,942	Compal Electronics Inc.	3,421	4,742	
107,786	Emerging Markets Investors Fund	3,639	3,611	
54,100	Flextronics International Ltd.	1,020	1,038	
80,000	Honda Motor Co., Ltd.	5,159	4,595	
40,800	Kookmin Bank	1,727	1,976	
170,000	Nippon Meat Packers, Inc.	2,119	2,150	
434,000	Nissan Motor Co., Ltd.	4,508	6,410	
28,700	Posco	3,689	5,076	
14,500	Promise Co., Ltd.	654	817	
903,000	PTT Public Company Limited	3,284	5,453	
203,000	Shinhan Financial Group Co., Ltd.	2,614	4,196	
37,200	Siam Investment Fund	527	631	
21,000	Singapore Airlines Ltd.	160	179	
92,820	Sony Corporation ADR	5,982	4,159	
4,000	Sony Corporation	580	179	
360	Sumitomo Mitsui Financial Group	1,651	2,480	
530,000	Television Broadcasts Limited	3,267	3,459	
440	UFJ Holdings Inc.	1,571	2,735	
		<u>51,395</u>	<u>61,239</u>	8.5
	Israel			
697,000	Bank Hapoalim Ltd.	2,116	2,217	0.3
	Australia			
176,000	National Australia Bank Limited	5,136	5,121	
117,000	Qantas Airways Limited	328	374	
		<u>5,464</u>	<u>5,495</u>	0.8
	South Africa			
17,600	Sappi Limited	305	311	0.1
	Total equities	607,039	721,863	99.8
	Forward Currency Contracts, net - Schedule 1	—	1,341	0.2
	Total investments	<u>\$ 607,039</u>	<u>\$ 723,204</u>	<u>100.0</u>

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2003 (Continued) (Unaudited)

Schedule 1 - Forward Currency Contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

<u>Par value (in millions)</u>	<u>Currency</u>	<u>Number of Contracts</u>	<u>Contract Rates</u>	<u>Settlement Date</u>	<u>Unrealized gain (loss)</u>
40.0	USD	3	1.3079 - 1.3333	March 18, 2004	\$ 1,341

All counterparties currently have an approved credit rating equivalent to A-1+.

UNITED CORPORATIONS LIMITED

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Summary of significant accounting policies

Basis of presentation

The accompanying unaudited interim consolidated 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, 2003.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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Investment Managers

Jarislowsky Fraser Limited, Toronto

Sanford C. Bernstein & Co., LLC, New York

Auditors

PricewaterhouseCoopers LLP, Toronto

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

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 Asset Value

The Company's Net Asset Value per share is published every Saturday in the Mutual fund section of the Globe and Mail (under "Fund Asset Values") and in the National Post (under "Closed End Funds").