

UNITED CORPORATIONS LIMITED

FIRST QUARTER REPORT
June 30, 2004

**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 "Travis R. Epp"

Travis R. Epp
Treasurer

August 5, 2004

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2004 ⁽¹⁾	As at March 31 2004 ⁽¹⁾
Net assets (Market value)	\$ 770,708	\$ 755,491
Net asset value per common share	\$ 62.57	\$ 61.32
Number of common shares outstanding at period end	12,194,193	12,194,193

	Three months ended June 30	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Investment income	\$ 6,567	\$ 5,627
Net investment income	\$ 4,239	\$ 3,755
Net investment income per common share	\$ 0.34	\$ 0.30
Regular dividends per common share	\$ 0.20	\$ 0.20

⁽¹⁾ In thousands of dollars, except number of common shares outstanding and per share amounts.

Company Website

The Company is pleased to announce the recent launch of our website. Our website address is www.ucorp.ca.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the first quarter of fiscal 2005 was \$4,239,000 compared to \$3,755,000 in the first quarter of fiscal 2004. On a per common share basis, net investment income for the quarter increased to \$0.34 in fiscal 2005 from \$0.30 in fiscal 2004.

Foreign dividend income in the quarter amounted to \$4,734,000 compared to \$3,685,000 in fiscal 2004. Canadian dividend income amounted to \$1,597,000 in the current quarter compared to \$1,617,000 in the prior year. Interest income amounted to \$236,000 compared to \$325,000 in fiscal 2004.

Operating expenses in the quarter amounted to \$834,000 compared to \$601,000 in the prior year. The rise in expenses from the prior year was mainly due to an increase in administration fees, management fees and custody fees.

Net gain on investments

The Company's net realized gain and change in unrealized appreciation of investments for the quarter ended June 30, 2004 was a net gain of \$13,510,000 compared with a net gain of \$48,810,000 in the quarter ended June 30, 2003. In the quarter ended June 30, 2004, the investment portfolio generated positive returns in the United States, Europe and Canada which more than offset the negative returns in Asia. The performance of the portfolio was increased by the weakening of the Canadian dollar relative to the U.S. dollar, British Pound and Euro. In the quarter ended June 30, 2003, most equity markets posted double digit returns (in local currency). However, the return of the Company's investment portfolio was adversely effected by the strength of the Canadian dollar against most currencies.

In the quarter ended June 30, 2004, the Company has hedged a portion of its exposure to the U.S. dollar by entering into forward currency contracts. While the performance of the Canadian dollar has been somewhat volatile, the Canadian dollar depreciated in the current quarter relative to the U.S. dollar. Consequently, the use of forward currency contracts has resulted in a loss of approximately \$1,200,000.

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 and political environment.

Dividends

Regular quarterly dividends were paid on our preferred and common shares. Dividends paid out of net investment income were \$0.37 per share on the preferred shares and \$0.20 per share on the common shares. These dividend payments are consistent with the prior year.

Assets

Total assets at June 30, 2004 are \$800,502,000, which is an increase of 2.1% from the total assets of \$783,752,000 at March 31, 2004. The cost of foreign securities at June 30, 2004 was \$450,784,000, an increase from \$435,204,000 at March 31, 2004. The market value of foreign equities at June 30, 2004 was \$462,728,000 compared to \$437,728,000 at March 31, 2004. The cost of Canadian equities decreased in the first quarter of fiscal 2005 to \$177,475,000 from \$180,671,000 at March 31, 2004. The market value of Canadian equities at June 30, 2004 was \$305,520,000 compared to \$308,174,000 at March 31, 2004.

Overall, the Company's net equity value per share increased to \$62.57 at June 30, 2004 from \$61.32 at March 31, 2004. Based on the reinvestment of distributions at month-end net equity values, the Company's value per share increased by 2.4% in the three months ended June 30, 2004. During the comparable period, the TSX 300 Total Return Index was relatively unchanged, the MSCI World Index (C\$) increased by 3.2% and the S&P500 Index (C\$) increased 4.0%.

UNITED CORPORATIONS LIMITED

Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. The market risk refers to the risk of loss from the investment and trading activities of the Company due to changes in equity prices, foreign currency rates, interest rates and market volatility.

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited (“Jarislowsky”) and Sanford C. Bernstein & Co. Inc., LLC (“Bernstein”), a wholly owned subsidiary of Alliance Capital Management L.P. Jarislowsky commenced operations in 1955 while Bernstein was founded in 1967. Each of the managers has a global equity mandate and is allowed to hedge the foreign currency exposure of any non-Canadian investments.

The Company also manages a portion of the investments in the portfolio. The securities managed by the Company are investments in Algoma Central Corporation and the Emerging Markets Investors Fund.

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. The objective of the Company is 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.

August 5, 2004

Duncan N.R. Jackman
Chairman of the Board

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	<u>June 30</u> <u>2004</u>	<u>March 31</u> <u>2004</u>
	(thousands of dollars)	
ASSETS		
Investments, at indicated market value (cost - \$628,259; March 31, 2004 - \$615,875)	\$ 768,665	\$ 746,771
Cash	6,016	8,144
Short-term investments	23,806	25,796
Receivable in respect of investments sold	146	865
Accrued income on investments	1,532	1,833
Other assets	337	343
	<u>800,502</u>	<u>783,752</u>
LIABILITIES		
Accounts payable and accrued liabilities	653	572
Payable in respect of investments purchased	1,671	1,384
Income taxes payable	1,620	2,441
Future income taxes on unrealized net capital gains	25,850	23,864
	<u>29,794</u>	<u>28,261</u>
Net assets, at indicated market value	<u>\$ 770,708</u>	<u>\$ 755,491</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	115,152	107,459
Unrealized appreciation of investments	114,556	107,032
Total shareholders' equity	<u>\$ 770,708</u>	<u>\$ 755,491</u>

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

J. CHRISTOPHER WANSBROUGH Director

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Three months ended June 30	
	2004	2003
	(thousands of dollars)	
INVESTMENT INCOME		
Dividends:		
Foreign	\$ 4,734	\$ 3,685
Canadian	<u>1,597</u>	<u>1,617</u>
	6,331	5,302
Interest	<u>236</u>	<u>325</u>
	6,567	5,627
Expenses:		
Operating	834	601
Income taxes	<u>1,494</u>	<u>1,271</u>
	2,328	1,872
NET INVESTMENT INCOME	<u>4,239</u>	<u>3,755</u>
REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments	5,986	3,009
Net change in unrealized appreciation of investments	<u>7,524</u>	<u>45,801</u>
NET GAIN ON INVESTMENTS	<u>13,510</u>	<u>48,810</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 17,749</u>	<u>\$ 52,565</u>

CONSOLIDATED STATEMENT OF REALIZED GAIN (Unaudited)

	Three months ended June 30	
	2004	2003
	(thousands of dollars)	
Proceeds on sales of investments	\$ 29,547	\$ 28,518
Cost of investments, beginning of period	615,875	592,698
Cost of investments purchased during the period	<u>34,914</u>	<u>31,506</u>
	650,789	624,204
Cost of investments, end of period	<u>628,259</u>	<u>599,424</u>
Cost of investments sold during the period	<u>22,530</u>	<u>24,780</u>
Realized gain on investments sold before taxes	7,017	3,738
Provision for taxes on realized net taxable capital gains	<u>1,031</u>	<u>729</u>
Net realized gain on investments	<u>\$ 5,986</u>	<u>\$ 3,009</u>

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended June 30	
	2004	2003
	(thousands of dollars)	
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 17,749	\$ 52,565
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders	(2,439)	(2,439)
Preferred shareholders	(93)	(93)
	(2,532)	(2,532)
INCREASE IN NET ASSETS	15,217	50,033
NET ASSETS, BEGINNING OF PERIOD	755,491	609,269
NET ASSETS, END OF PERIOD	\$ 770,708	\$ 659,302

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended June 30	
	2004	2003
	(thousands of dollars)	
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 107,459	\$ 92,262
Add:		
Net investment income	4,239	3,755
Net realized gain on investments	5,986	3,009
Refundable taxes recovered	563	531
	118,247	99,557
Deduct:		
Dividends from net investment income:		
First Preferred Shares	19	19
Second Preferred Shares	74	74
Common Shares	2,439	2,439
Provision for refundable taxes	563	531
	3,095	3,063
RETAINED EARNINGS, END OF PERIOD	\$ 115,152	\$ 96,494

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT JUNE 30, 2004 (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(thousands of dollars)		
North America				
Canada				
Preferred				
140,000	Nortel Networks Limited \$1.275 Series F	\$ 3,512	\$ 2,927	0.4
Common				
33,400	Alcan Inc.	1,846	1,844	
362,568	Algoma Central Corporation	6,201	23,739	
679,204	Bank of Nova Scotia	11,710	24,329	
43,600	Cameco Corporation	911	3,403	
206,800	Canadian Tire Corp. Ltd. Class A	5,897	10,112	
90,000	Canadian Utilities Class A	4,405	4,761	
452,702	Canfor Corporation	3,379	6,881	
186,913	Enbridge Inc.	5,097	9,105	
117,200	Encana Corporation	4,075	6,753	
215,000	Great-West Lifeco Inc.	6,144	10,363	
118,480	Imperial Oil Limited	3,560	7,393	
299,476	Jean Coutu Group Inc.	2,771	5,429	
120,000	Loblaw Cos. Limited	5,967	7,332	
21,553	Magna International Inc. Class A	1,315	2,449	
344,200	Manulife Financial Corporation	11,392	18,604	
510,000	Metro Inc.	4,755	9,588	
60,400	Molson Inc. Class A	1,835	2,052	
271,655	Nexen Inc.	8,626	14,126	
97,000	Nova Chemicals Corporation	2,759	3,740	
42,000	Potash Corp. of Saskatchewan	3,663	5,393	
117,000	Power Financial Corporation	1,346	6,417	
200,000	Quebecor Inc.	7,279	5,400	
124,900	Rogers Communications Inc. Class B	2,562	3,016	
130,100	Rothmans Inc.	2,801	4,357	
308,428	Royal Bank of Canada	8,966	18,237	
190,300	Shaw Communications Inc. Class B	6,391	4,257	
140,420	Shell Canada Ltd. Class A	4,619	9,056	
138,550	SNC-Lavalin Group Inc. Class A	1,752	6,789	
116,305	Sun Life Financial Services of Canada	2,651	4,467	
480,910	Talisman Energy Inc.	7,192	13,995	
200,725	Thomson Corporation (The)	9,142	8,938	
343,208	Toronto-Dominion Bank	6,497	14,717	
359,700	TransCanada Corporation	5,464	9,496	
240,000	TVA Group Inc. Class B	3,202	5,580	
125,600	West Fraser Timber Co. Ltd.	2,866	5,570	
53,000	Weston (George) Limited	4,925	4,905	
		173,963	302,593	39.4
United States				
71,000	Abbott Laboratories	4,592	3,880	
121,000	Albertsons Inc.	4,875	4,306	
157,000	Altria Group, Inc.	12,524	10,536	
55,000	American Int'l Group Inc.	4,428	5,256	
116,760	Aramark Corporation Class B	4,198	4,502	
43,000	Bank of America Corporation	4,466	4,913	
41,000	Cardinal Health Inc.	3,365	3,851	
40,000	Chevrontexaco Corporation	4,888	5,047	
30,500	The Chubb Corporation	2,784	2,788	
88,200	Citigroup Inc.	5,670	5,499	
60,000	Colgate Palmolive Company	4,580	4,702	
76,900	Comcast Corporation Special Class A	3,169	2,847	
73,900	ConocoPhillips	5,551	7,559	
100,000	CVS Corporation	4,706	5,634	
126,000	Disney (Walt) Company	4,644	4,306	
50,000	Emerson Electric Company	4,279	4,260	
64,000	Entergy Corporation	4,557	4,806	
59,800	Exxon Mobile Corporation	3,621	3,561	
68,700	Fannie Mae	7,448	6,573	
66,000	Fifth Third Bancorp	4,814	4,759	
34,800	Freddie Mac	2,774	2,953	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At JUNE 30, 2004 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	%
		(thousands of dollars)		of Net Assets
United States (continued)				
170,000	General Electric Company	7,487	7,385	
45,000	Gillette Company	2,120	2,558	
40,000	Hartford Financial Services Group, Inc.	3,606	3,687	
90,000	HCA Inc.	5,170	5,019	
207,200	Hewlett-Packard Company	6,128	5,862	
7,100	Hospira Inc.	275	263	
80,000	IMS Health Inc.	2,477	2,514	
57,000	Jefferson-Pilot Corporation	4,123	3,882	
74,700	Johnson & Johnson	5,298	5,579	
115,400	JP Morgan Chase & Co.	6,491	5,998	
67,000	Kimberly Clark Corporation	5,812	5,918	
100,000	Kroger Co.	2,605	2,440	
27,000	Lehman Brothers Holdings Inc.	2,773	2,724	
50,000	Merck & Co. Inc.	4,650	3,184	
39,100	Metlife, Inc.	1,383	1,879	
100,600	Microsoft Corporation	4,211	3,852	
68,900	Norfolk Southern Corporation	1,868	2,450	
40,300	PartnerRe Ltd.	3,103	3,065	
77,000	Pepsico	5,042	5,562	
217,600	Pfizer Inc.	12,157	10,001	
83,700	Safeway Inc.	2,308	2,844	
51,300	Sempra Energy	1,985	2,368	
33,632	St. Paul Travelers Companies Inc.	1,832	1,828	
15,700	Textron Inc.	1,185	1,249	
170,850	Time Warner Inc.	4,902	4,027	
20,600	Valero Energy Corporation	1,060	2,037	
68,600	Wal-Mart Stores Inc.	5,131	4,853	
69,000	Wells Fargo & Company	4,576	5,295	
25,100	Whirlpool Corporation	2,959	2,309	
14,300	XL Capital Ltd Class A	1,812	1,445	
		<u>216,462</u>	<u>214,615</u>	<u>27.9</u>
	Total North America	393,937	520,135	67.7
Latin America				
62,590	Cemex SA de C.V.	2,787	2,442	
91,200	Petroleo Brasileiro S.A. ADR	2,851	3,081	
36,000	Votorantim Celulose ADR	1,588	1,535	
		<u>7,226</u>	<u>7,058</u>	0.9
Europe, excluding United Kingdom				
30,167	L'Air Liquide SA	5,636	6,688	
214,300	Arcelor	4,368	4,824	
58,700	Assurances Générales de France	4,438	4,781	
24,500	Aventis S.A.	1,701	2,480	
68,600	Continental AG	2,832	4,437	
104,800	Credit Suisse Group	5,058	4,993	
16,600	Delhaize Group	1,048	1,139	
38,900	DSM NV	2,537	2,559	
197,400	ENI S.P.A.	4,533	5,255	
68,620	Essilor International SA	4,269	6,005	
160,000	Fresenius Medical Care AG ADR	5,172	5,372	
40,000	Groupe Danone	4,315	4,678	
39,687	Heidelbergcement AG	2,140	2,641	
127,500	Heineken NV	6,103	5,617	
110,000	ING Groep N.V. ADR	4,093	3,495	
10,000	ING Groep N.V.	408	317	
44,000	L'Oreal SA	4,302	4,712	
240,000	Luxottica Group SPA ADR	5,944	5,438	
41,300	Man AG	1,926	2,026	
70,900	MOL Magyar Olaj - Es Gazipari Rt	2,955	3,784	
62,000	Nestlé S.A. ADR	5,126	5,578	
50,000	Novartis AG ADR	2,630	2,983	
80,300	Repsol YPF, S.A.	2,283	2,358	
32,000	Roche Holdings AG	4,261	4,248	
88,000	Royal Dutch Petroleum Company	5,987	6,096	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At JUNE 30, 2004 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(thousands of dollars)		
Europe, excluding United Kingdom (continued)				
25,000	Synthes Inc.	2,848	3,821	
103,000	Svenska Cellulosa AB-B (SCA)	5,397	5,243	
34,400	Total Fina Elf SA ADR	3,836	4,431	
51,000	Unilever NV	3,822	4,685	
140,000	Vestas Wind Systems A/S	4,282	2,758	
40,300	Volkswagen AG	2,409	2,279	
		116,659	125,721	16.3
United Kingdom				
192,000	Aviva PLC	1,871	2,656	
197,600	BP PLC	2,275	2,340	
75,000	Diageo PLC ADR	5,729	5,505	
50,000	GlaxoSmithKline PLC ADR	3,548	2,779	
110,390	GlaxoSmithKline PLC	3,015	2,995	
64,880	HSBC Holdings PLC ADR	5,978	6,516	
340,677	Intercontinental Hotels Group PLC	2,883	4,825	
99,400	RMC Group PLC	1,515	1,467	
1,243,000	Royal & Sun Alliance Insurance Group PLC	8,022	2,493	
140,000	Vodafone Group PLC ADR	4,559	4,148	
1,343,600	Vodafone Group PLC	3,704	3,945	
114,000	Whitbread PLC	1,641	2,280	
90,000	Xstrata PLC	1,580	1,615	
		46,320	43,564	5.7
Asia				
76,000	Canon Inc.	4,318	5,370	
4,634,000	China Petroleum and Chemical Corporation (Sinopec)	1,677	2,270	
527,942	Compal Electronics Inc.	3,421	3,865	
107,786	Emerging Markets Investors Fund	3,663	3,750	
54,100	Flextronics International Ltd.	1,020	1,157	
80,000	Honda Motor Co., Ltd.	5,159	5,170	
35,000	Hyundai Motor Co. Ltd.	1,985	1,805	
65,800	JFE Holdings Inc.	2,257	2,163	
40,800	Kookmin Bank	1,727	1,700	
434,000	Nissan Motor Co., Ltd.	4,508	6,469	
28,700	Posco	3,689	4,962	
14,500	Promise Co., Ltd.	654	1,297	
160,000	Shinhan Financial Group Co., Ltd.	2,061	3,119	
37,200	Siam Investment Fund	527	374	
732,000	Singapore Telecommunications Limited	1,371	1,282	
92,820	Sony Corporation ADR	5,982	4,735	
4,000	Sony Corporation	580	202	
600	Sumitomo Mitsui Financial Group Inc.	3,603	5,515	
191,665	Taiwan Semiconductor Manufacturing Company Ltd. ADR	2,207	2,135	
530,000	Television Broadcasts Limited	3,266	3,043	
675	UFJ Holdings, Inc.	3,190	3,997	
		56,865	64,380	8.4
Australia				
176,000	National Australia Bank Limited	5,135	4,905	0.6
Israel				
697,000	Bank Hapoalim Ltd.	2,117	2,485	0.3
Total equities		628,259	768,248	99.9
Forward Currency Contracts, net - Schedule 1		—	417	0.1
Total investments		\$ 628,259	\$ 768,665	100.0

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS As At JUNE 30, 2004 (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</u>
48.8	USD	1	1.3508	Sept. 15, 2004	\$ 417

All counterparties 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, 2004.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

HEAD OFFICE

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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").

WEBSITE

www.ucorp.ca