

UNITED CORPORATIONS LIMITED

SECOND QUARTER REPORT
September 30, 2003

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the second quarter of fiscal 2004 was \$2,530,000 compared to 2003 net investment income of \$1,961,000. On a year to date basis, net investment income increased to \$6,285,000 in fiscal 2004 from \$5,950,000 in fiscal 2003. On a per common share basis, net investment income for the quarter increased to \$0.20 in fiscal 2004 from \$0.15 in 2003 and on a year to date basis to \$0.50 in fiscal 2004 from \$0.47 in fiscal 2003.

Foreign dividend income in the second quarter increased by 31.4% to \$2,056,000 in fiscal 2004 from \$1,565,000 in fiscal 2003 and by 20.1% to \$5,741,000 in fiscal 2004 from \$4,781,000 in fiscal 2003 on a year to date basis. Canadian dividend income in the second quarter decreased by 14.4% to \$1,325,000 in fiscal 2004 from \$1,547,000 in fiscal 2003 and by 14.0% to \$2,942,000 in fiscal 2004 from \$3,422,000 in fiscal 2003 on a year to date basis. Interest income for the second quarter amounted to \$428,000 compared to \$263,000 in fiscal 2003 and on a year to date basis amounted to \$753,000 in fiscal 2004 compared to \$435,000 in fiscal 2003.

Operating expenses in the quarter amounted to \$610,000 (2003 - \$568,000) and on a year to date basis to \$1,211,000 (2003 - \$1,275,000).

Net gain (loss) on investments

The Company's net realized gain (loss) and change in unrealized appreciation of investments for the quarter ended September 30, 2003 was a net gain of \$18,914,000 compared with a net loss of \$80,536,000 in the quarter ended September 30, 2002. On a year to date basis, the Company earned a net gain of \$67,724,000 in fiscal 2004 compared to a net loss of \$139,638,000 in fiscal 2003. The performance of the investment portfolio reflects that most equity markets posted positive returns (in local currency) in the current quarter. In the quarter ended September 30, 2002, the performance reflected the poor results of equity markets on a global basis.

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 \$0.40 on a year to date basis in both fiscal 2004 and fiscal 2003.

Assets

Total assets at September 30, 2003 were \$690,302,000 which is an increase of 12.8% from the total assets of \$612,198,000 at March 31, 2003. The cost of investments in foreign equities at September 30, 2003 was \$402,380,000, an increase of 3.6% from March 31, 2003. The market value of foreign equities increased 18.2% in the six month period ended September 30, 2003. The cost of investments in Canadian equities decreased by 4.5% in the first six months of fiscal 2004 while the market value for Canadian equities increased by 8.1%.

Overall, the Company's net equity value per share increased to \$54.98 at September 30, 2003 from \$49.33 at March 31, 2003. Based on reinvestment of distributions at month-end net equity values, the Company's value per share increased by 12.8% in the six months ended September 30, 2003. During the comparable period, the S&P/TSX Composite Total Return Index increased 18.0% and the MSCI World Index (C\$) increased by 13.1%.

UNITED CORPORATIONS LIMITED

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.

November 6, 2003

Duncan N.R. Jackman
Chairman of the Board

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	September 30 2003	March 31 2003
	(in thousands)	
ASSETS		
Investments, at indicated market value (cost - \$597,582; March 31, 2003 - \$592,698)	\$ 645,976	\$ 568,705
Cash	4,057	4,675
Short-term investments	38,037	34,043
Receivable in respect of investments sold	531	1,287
Income taxes receivable	—	1,581
Accrued income on investments	1,390	1,654
Other assets	311	253
	<u>690,302</u>	<u>612,198</u>
LIABILITIES		
Accounts payable and accrued liabilities	575	451
Payable in respect of investments purchased	1,895	2,478
Income taxes payable	1,201	—
Future income taxes on unrealized net capital gains	8,420	—
	<u>12,091</u>	<u>2,929</u>
Net assets, at indicated market value	<u>\$ 678,211</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	<u>534,881</u>	<u>534,881</u>
	541,000	541,000
Retained earnings	97,237	92,262
Unrealized appreciation (depreciation) of investments	<u>39,974</u>	<u>(23,993)</u>
Total shareholders' equity	<u>\$ 678,211</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 Sept. 30		Six months ended Sept. 30	
	2003	2002	2003	2002
	(thousands of dollars)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 2,056	\$ 1,565	\$ 5,741	\$ 4,781
Canadian	1,325	1,547	2,942	3,422
	3,381	3,112	8,683	8,203
Interest	428	263	753	435
	3,809	3,375	9,436	8,638
Expenses:				
Operating	610	568	1,211	1,275
Income taxes	669	846	1,940	1,413
	1,279	1,414	3,151	2,688
NET INVESTMENT INCOME	2,530	1,961	6,285	5,950
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	748	(9,286)	3,757	(7,181)
Net change in unrealized appreciation of investments	18,166	(71,250)	63,967	(132,457)
NET GAIN (LOSS) ON INVESTMENTS	18,914	(80,536)	67,724	(139,638)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 21,444	\$ (78,575)	\$ 74,009	\$ (133,688)

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

	Three months ended Sept. 30		Six months ended Sept. 30	
	2003	2002	2003	2002
	(thousands of dollars)			
Proceeds on sales of investments	\$ 35,549	\$ 45,586	\$ 64,067	\$ 141,666
Cost of investments, beginning of period	599,424	602,333	592,698	580,922
Cost of investments purchased during the period	32,703	20,737	64,209	135,484
	632,127	623,070	656,907	716,406
Cost of investments, end of period	597,582	567,705	597,582	567,705
Cost of investments sold during the period ...	34,545	55,365	59,325	148,701
Realized gain (loss) on investments sold before taxes	1,004	(9,779)	4,742	(7,035)
Provision for (recovery of) taxes on realized net taxable capital gains (losses)	256	(493)	985	146
Net realized gain (loss) on investments	\$ 748	\$ (9,286)	\$ 3,757	\$ (7,181)

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2003	2002	2003	2002
	(thousands of dollars)			
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 21,444	\$ (78,575)	\$ 74,009	\$ (133,688)
DISTRIBUTIONS TO SHAREHOLDERS				
Common shareholders	(2,439)	(2,439)	(4,878)	(4,878)
Preferred shareholders	(96)	(96)	(189)	(189)
	<u>(2,535)</u>	<u>(2,535)</u>	<u>(5,067)</u>	<u>(5,067)</u>
INCREASE (DECREASE) IN NET ASSETS	18,909	(81,110)	68,942	(138,755)
NET ASSETS, BEGINNING OF PERIOD	<u>659,302</u>	<u>700,410</u>	<u>609,269</u>	<u>758,055</u>
NET ASSETS, END OF PERIOD	<u>\$ 678,211</u>	<u>\$ 619,300</u>	<u>\$ 678,211</u>	<u>\$ 619,300</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Unaudited)

	Six months ended Sept. 30	
	2003	2002
	(thousands of dollars)	
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 92,262	\$ 87,802
Add:		
Net investment income	6,285	5,950
Net realized gain on investments	3,757	—
Refundable taxes recovered	1,040	—
	<u>103,344</u>	<u>93,752</u>
Deduct:		
Net realized loss on investments	—	7,181
Dividends from net investment income		
First preferred shares	39	39
Second preferred shares	150	150
Common shares	4,878	4,878
Provision for refundable taxes	1,040	—
	<u>6,107</u>	<u>12,248</u>
RETAINED EARNINGS, END OF PERIOD	<u>\$ 97,237</u>	<u>\$ 81,504</u>

(See accompanying note)

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 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	\$ 2,625	0.4
Common				
362,568	Algoma Central Corporation	6,201	18,491	
456,502	Bank of Nova Scotia	15,740	28,805	
131,000	Cameco Corporation	2,738	6,160	
206,800	Canadian Tire Corp. Ltd. Class A	5,897	7,486	
111,000	Canadian Utilities Class A	5,433	6,105	
186,913	Enbridge Inc.	5,097	9,000	
170,196	Encana Corporation	5,918	8,322	
215,000	Great-West Lifeco Inc.	6,144	8,697	
123,480	Imperial Oil Limited	3,710	6,273	
406,000	Jean Coutu Group Inc.	3,756	6,658	
131,300	Loblaw Cos. Limited	6,529	7,911	
36,353	Magna International Inc. Class A	2,217	3,544	
344,400	Manulife Financial Corporation	11,027	13,442	
510,000	Metro Inc.	4,755	9,639	
16,576	MI Developments Inc.	454	514	
296,255	Nexen Inc.	9,407	10,887	
97,000	Nova Chemicals Corporation	2,759	2,677	
28,600	Petro-Canada	1,467	1,501	
47,000	Potash Corp. of Saskatchewan	4,100	4,496	
117,000	Power Financial Corporation	1,346	5,160	
223,400	Quebecor Inc.	8,131	4,917	
149,900	Rogers Communications Inc. Class B	3,075	3,103	
255,000	Rothmans Inc.	5,490	6,439	
379,928	Royal Bank of Canada	11,045	22,587	
210,300	Shaw Communications Inc. Class B	7,063	3,459	
145,420	Shell Canada Ltd. Class A	4,783	7,752	
302,900	Slocan Forest Products Ltd.	2,785	2,544	
138,550	SNC-Lavalin Group Inc. Class A	1,752	6,034	
126,268	Sun Life Financial Services of Canada	2,878	3,693	
162,970	Talisman Energy Inc.	7,312	10,446	
200,625	Thomson Corporation (The)	9,138	8,208	
363,208	Toronto-Dominion Bank	6,875	13,889	
469,700	TransCanada Corporation	7,135	11,775	
240,000	TVA Group Inc. Class B	3,202	5,004	
125,600	West Fraser Timber Co. Ltd.	2,866	4,485	
37,800	Weston (George) Limited	3,465	3,819	
		191,690	283,922	44.0
United States				
71,000	Abbott Laboratories	4,592	4,077	
121,000	Albertsons Inc.	4,875	3,359	
157,000	Altria Group, Inc.	12,524	9,280	
25,000	American International Group Inc.	2,038	1,946	
155,850	AOL Time Warner Inc.	4,595	3,178	
64,300	Bank of America Corporation	6,631	6,772	
34,000	Cardinal Health Inc.	2,761	2,679	
40,000	Chevrontexaco Corporation	4,888	3,857	
30,500	The Chubb Corporation	2,784	2,670	
50,000	Colgate Palmolive Company	3,899	3,771	
59,900	Comcast Corporation Sp. Class A	2,405	2,388	
73,900	ConocoPhillips	5,551	5,460	
100,000	CVS Corporation	4,706	4,191	
126,000	Disney (Walt) Company	4,644	3,429	
50,000	Emerson Electric Company	4,279	3,552	
64,000	Entergy Corporation	4,557	4,677	
59,800	Exxon Mobile Corporation	3,621	2,954	
49,800	Fannie Mae	5,615	4,718	
26,000	Fifth Third Bancorp	1,866	1,944	
4,900	Freddie Mac	352	346	
80,000	General Electric Company	3,667	3,218	
45,000	Gillette Company	2,120	1,942	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2003 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
	United States (continued)		(000's)	
40,000	Hartford Financial Services Group, Inc.	3,606	2,841	
90,000	HCA Inc.	5,170	4,477	
207,200	Hewlett-Packard Company	6,128	5,413	
80,000	IMS Health Inc.	2,477	2,278	
57,000	Jefferson-Pilot Corp.	4,123	3,414	
62,400	Johnson & Johnson	4,493	4,170	
61,600	JP Morgan Chase & Co.	3,680	2,854	
67,000	Kimberly Clark Corporation	5,812	4,640	
27,000	Lehman Brothers Holdings Inc.	2,773	2,517	
5,547	Medco Health Solutions Inc.	185	194	
50,000	Merck & Co. Inc.	4,650	3,415	
46,000	Metlife, Inc.	1,627	1,741	
90,600	Microsoft Corporation	3,872	3,399	
143,700	Norfolk Southern Corporation	3,896	3,587	
42,000	PartnerRe Ltd.	3,233	2,872	
77,000	Pepsico	5,042	4,762	
217,600	Pfizer Inc.	12,157	8,921	
585,000	Qwest Communications International Inc.	5,979	2,684	
15,300	Safeway Inc.	427	474	
51,300	Sempra Energy	1,985	2,032	
77,600	Travelers Property Casualty Corporation Class A	1,831	1,663	
20,600	Valero Energy Corporation	1,060	1,064	
142,800	Washington Mutual, Inc.	7,641	7,587	
69,000	Wells Fargo & Company	4,577	4,795	
46,000	Whirlpool Corporation	5,421	4,207	
14,300	XL Capital Ltd. Class A	1,816	1,493	
		<u>196,631</u>	<u>167,902</u>	<u>26.0</u>
	Total North America	391,833	454,449	70.4
	Latin America			
62,590	Cemex SA de C.V.	2,787	2,108	
119,900	Petroleo Brasileiro S.A. ADR	3,748	3,438	
		<u>6,535</u>	<u>5,546</u>	<u>0.8</u>
	Europe, excluding United Kingdom			
22,625	L'Air Liquide SA	4,701	4,313	
104,520	Alcatel SA ADR	2,129	1,668	
15,300	AMB Generali Holding AG	2,481	1,220	
213,400	Arcelor	4,368	3,516	
58,700	Assurances Générales de France	4,438	3,713	
42,200	Aventis S.A.	2,917	2,954	
24,700	Continental AG	931	970	
68,000	DSM NV	4,434	4,356	
197,400	ENI S.P.A.	4,533	4,070	
31,700	Essilor International	1,652	1,850	
64,000	Fresenius Medical Care AG ADR	2,512	1,662	
118,117	Grupo Dragados SA	2,792	3,263	
4,800	Hannover Rueckversicherungs-AG	185	172	
12,187	HeidelbergCement AG	513	603	
93,000	Heineken NV	5,653	4,558	
110,000	ING Groep N.V. ADR	4,093	2,746	
10,000	ING Groep N.V.	409	247	
25,500	L'Oreal	2,429	2,350	
240,000	Luxottica Group SPA ADR	5,944	4,628	
62,000	Nestlé S.A. ADR	5,126	4,811	
46,000	Novartis AG ADR	2,419	2,411	
405,800	Parmalat Finanziaria	1,764	1,719	
43,300	PSA Peugeot Citroen	3,086	2,483	
32,000	Roche Holding AG	4,261	3,581	
57,000	Royal Dutch Petroleum Company	4,112	3,400	
1,600	Synthes-Stratec Inc.	1,580	1,913	
103,000	Svenska Cellulosa AB-B (SCA)	5,397	5,031	

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2003 (Continued) (Unaudited)

Number of Shares		Cost	Market Value	% of Market
		(000's)		
	Europe, excluding United Kingdom (cont'd)			
36,000	Total Fina Elf SA ADR	4,015	3,682	
51,000	Unilever NV	3,822	4,073	
140,000	Vestas Wind Systems A/S	4,282	3,156	
80,600	Volkswagen AG	4,815	4,889	
		101,793	90,008	13.9
	United Kingdom			
192,000	Aviva PLC	1,871	2,010	
75,000	Diageo PLC ADR	5,729	4,468	
50,000	GlaxoSmithKline PLC ADR	3,548	2,860	
110,390	GlaxoSmithKline PLC	3,014	3,091	
53,880	HSBC Holdings PLC ADR	4,866	4,799	
340,677	Intercontinental Hotels Group PLC	2,883	3,666	
1,243,000	Royal & Sun Alliance Insurance Group PLC Righths	—	474	
1,243,000	Royal & Sun Alliance Insurance Group PLC	8,022	2,250	
738,700	Safeway PLC	5,295	4,596	
1,498,000	Vodafone Group PLC	4,130	4,031	
114,000	Whitbread PLC	1,642	1,781	
		41,000	34,026	5.3
	Asia			
76,000	Canon Inc.	4,318	5,012	
6,300,000	China Petroleum and Chemical Corporation	1,976	2,360	
527,942	Compal Electronics Inc.	3,421	5,023	
107,786	Emerging Markets Investors Fund	3,639	3,283	
80,000	Honda Motor Co., Ltd.	5,159	4,320	
40,800	Kookmin Bank	1,727	1,804	
170,000	Nippon Meat Packers, Inc.	2,119	2,550	
434,000	Nissan Motor Co., Ltd.	4,508	6,317	
28,700	Posco	3,689	4,445	
14,500	Promise Co., Ltd.	654	858	
390,000	PTT Public Company Limited	1,031	1,094	
203,000	Shinhan Financial Group Co., Ltd.	2,614	3,715	
37,200	Siam Investment Fund	527	489	
21,000	Singapore Airlines Ltd.	160	174	
92,820	Sony Corporation ADR	5,982	4,359	
4,000	Sony Corporation	580	188	
360	Sumitomo Mitsui Financial Group	1,651	1,957	
12,730	Takefuji Corporation	1,227	1,099	
530,000	Television Broadcasts Limited	3,267	3,215	
440	UFJ Holdings Inc.	1,570	2,334	
		49,819	54,596	8.5
	Australia			
176,000	National Australia Bank Limited	5,136	4,951	
117,000	Qantas Airways Limited	328	351	
		5,464	5,302	0.8
	South Africa			
65,700	Sappi Limited	1,138	1,197	0.2
	Total equities	597,582	645,124	99.9
	Forward Currency Contracts, net - Schedule 1	—	852	0.1
	Total investments	\$ 597,582	\$ 645,976	100.0

UNITED CORPORATIONS LIMITED

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 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>
35.1	USD	2	1.3773 - 1.4201	Dec. 18, 2003	\$ 852

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

Jarislowky 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").