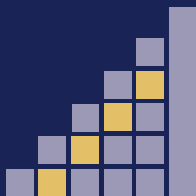


# Semi-Annual Report 1999

*For the six months ended June 30, 1999*



## First Premium Income Trust

*Mulvihill Capital Management Inc.*

TO UNITHOLDERS OF  
FIRST PREMIUM INCOME TRUST:

The investment objectives of the Trust are to pay unitholders quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning, at a minimum, the original issue price of \$25.00 to unitholders upon termination of the Trust.

To accomplish this, the Trust's investment strategy is to invest in a diversified portfolio consisting of Canadian blue chip equities which have a dividend yield of at least 125% of the TSE 300 yield. To generate incremental income, the Trust writes covered call options in respect of all or part of the securities in the portfolio.

Net assets of the Trust on June 30, 1999 were \$163.73 million or \$24.59 per unit. This represents an increase of 1% from the December 31, 1998 net asset value of \$24.22. In addition, distributions to unitholders in the six-month period ended June 30, 1999 were \$1.00 per unit in regular distributions.

INTERIM STATEMENTS  
OF FINANCIAL OPERATIONS

*For the six months ended June 30 (Unaudited)*

	1999	1998
Revenue		
Dividends	\$ 2,206,129	\$ 1,415,691
Interest	1,259,616	1,137,823
	<u>3,465,745</u>	<u>2,553,514</u>
Expenses		
Management fees	1,015,255	1,111,900
Custodian and other expenses	86,944	56,307
Goods and services tax	77,154	81,774
	<u>1,179,353</u>	<u>1,249,981</u>
Net Investment Income	<u>2,286,392</u>	<u>1,303,533</u>
Gains on Sale of Investments and Options	6,987,925	15,233,403
Change in Unrealized Appreciation of Investments	(117,311)	(11,761,262)
Net Gain on Investments	<u>6,870,614</u>	<u>3,472,141</u>
Total Results of Financial Operations	<u>\$ 9,157,006</u>	<u>\$ 4,775,674</u>
Net Investment Income Per Unit	\$ 0.3436	\$ 0.1962
Net Gain on Investments Per Unit	1.0325	0.5225
Total Results of Financial Operations Per Unit	<u>\$ 1.3761</u>	<u>\$ 0.7187</u>
(based on the weighted average number of units outstanding during the period of 6,654,559; 1998 - 6,645,209)		

INTERIM STATEMENTS OF  
CHANGES IN NET ASSETS

*For the six months ended June 30 (Unaudited)*

	1999	1998
Unit Transactions		
Proceeds from reinvestment of distributions	\$ 91,773	\$ 566,179
Total Results from Financial Operations	<u>9,157,006</u>	<u>4,775,674</u>
Distributions to Unitholders		
From net investment income	(2,286,392)	(1,303,533)
From net realized gain on sale of investments	(4,368,167)	(7,003,606)
	<u>(6,654,559)</u>	<u>(8,307,139)</u>
Changes in Net Assets During the Period	2,594,220	(2,965,286)
Net Assets, Beginning of Period	161,130,796	178,989,875
Net Assets, End of Period	<u>\$163,725,016</u>	<u>\$176,024,589</u>
Net Asset Value Per Unit	<u>\$ 24.5934</u>	<u>\$ 26.4789</u>
Distribution Per Unit		
From net investment income	\$ 0.3436	\$ 0.1961
From net realized gain on sale of investments	0.6564	1.0539
	<u>\$ 1.0000</u>	<u>\$ 1.2500</u>

# STATEMENT OF INVESTMENTS

June 30, 1999 (Unaudited)

	<i>Number of Shares/ Par Value</i>	<i>Average Cost</i>	<i>Market Value</i>
<b>Short-term Investments</b>			
Alberta Treasury Branches			
August 12, 1999	15,000,000	\$ 14,836,200	\$ 14,836,200
Government of Canada			
July 8, 1999	2,783,000	2,771,256	2,771,256
Government of Canada			
August 19, 1999	834,000	825,169	825,169
Government of Canada			
September 16, 1999	1,715,000	1,696,950	1,696,950
Province of B.C.			
July 12, 1999	14,000,000	13,828,360	13,828,360
Province of Ontario			
August 23, 1999	9,800,000	9,691,514	9,691,514
		<hr/>	<hr/>
		43,649,449	43,649,449
Accrued Interest		-	299,964
		<hr/>	<hr/>
<b>Total</b>		43,649,449	43,949,413
<hr/>			
<b>Canadian Common Stocks</b>			
<b>Metals and Minerals</b>			
Alcan Aluminum Ltd.	115,000	4,807,167	5,376,250
Falconbridge Limited	165,000	3,189,396	3,440,250
Noranda Inc.	350,000	6,600,522	6,790,000
		<hr/>	<hr/>
		14,597,085	15,606,500
<hr/>			
<b>Gold and Precious Metals</b>			
Placer Dome Inc.	100,000	2,017,500	1,710,000
<hr/>			
<b>Oil and Gas</b>			
Ensign Resource			
Service Group Inc.	98,000	2,348,125	2,905,700
Imperial Oil Ltd.	205,000	5,698,097	5,740,000
PanCanadian Petroleum Ltd.	170,000	3,415,968	3,740,000
Shell Canada Ltd. Class A	164,600	4,102,845	4,929,770
		<hr/>	<hr/>
		15,565,035	17,315,470
<hr/>			

## STATEMENT OF INVESTMENTS

*(Continued)*

	<i>Number of Shares</i>	<i>Average Cost</i>	<i>Market Value</i>
<b>Paper and Forest Products</b>			
Donohue Inc. Class A	288,000	6,387,856	6,264,000
Nexfor Inc.	205,060	1,751,200	1,866,046
		<hr/> 8,139,056	<hr/> 8,130,046
<b>Industrial Products</b>			
Dofasco Inc.	85,000	1,712,822	2,027,250
Jannock Ltd.	147,100	2,943,565	2,574,250
		<hr/> 4,656,387	<hr/> 4,601,500
<b>Pipelines</b>			
Enbridge Inc.	100,000	2,907,340	3,375,000
TransCanada Pipelines Ltd.	155,000	3,309,250	3,216,250
		<hr/> 6,216,590	<hr/> 6,591,250
<b>Utilities</b>			
BCE Inc.	205,000	12,713,733	14,708,750
BCT.Telus Communications Inc. Non-voting	15,273	702,282	532,262
BCT.Telus Communications Inc.	140,000	5,770,644	4,956,000
Manitoba Telecom Services Inc.	116,394	2,043,551	2,077,633
Transalta Corporation	150,000	3,378,000	3,255,000
		<hr/> 24,608,210	<hr/> 25,529,645
<b>Communications and Media</b>			
Thomson Corp.	140,000	5,776,675	6,230,000
<b>Financial Services</b>			
Bank of Montreal	50,000	3,269,750	2,675,000
The Bank of Nova Scotia Canadian Imperial Bank of Commerce	180,000	5,889,852	5,760,000
Investors Group Inc.	160,000	6,151,636	5,616,000
National Bank of Canada	125,000	2,531,250	2,562,500
Royal Bank of Canada	100,000	2,846,058	1,930,000
The Toronto-Dominion Bank	100,000	7,170,813	6,500,000
	85,000	5,845,155	5,673,750
		<hr/> 33,704,514	<hr/> 30,717,250
<b>Total</b>		<hr/> 115,281,052	<hr/> 116,431,661

## STATEMENT OF INVESTMENTS

*(Continued)*

	<i>Number of Contracts</i>	<i>Average Cost</i>	<i>Market Value</i>
<b>Written Call Options</b> <i>(100 shares per contract)</i>			
Alcan Aluminum Ltd. July 99 @ \$45	(600)	(99,810)	(142,500)
Bank of Montreal July 99 @ \$68	(250)	(47,000)	(3,750)
The Bank of Nova Scotia August 99 @ \$34	(450)	(47,250)	(31,910)
The Bank of Nova Scotia September 99 @ \$35	(450)	(43,785)	(31,500)
BCE Inc. August 1999 @ \$72	(325)	(191,000)	(94,250)
BCE Inc. August 1999 @ \$75	(250)	(70,500)	(48,750)
Canadian Imperial Bank of Commerce July 1999 @ \$40	(800)	(142,400)	(5,600)
Donohue Inc. Class A September 1999 @ \$23	(675)	(79,650)	(64,726)
Imperial Oil Ltd. August 1999 @ \$30	(500)	(41,500)	(25,000)
Imperial Oil Ltd. September 1999 @ \$30	(500)	(48,500)	(43,000)
Investors Group Inc. August 1999 @ \$20	(1,000)	(130,300)	(106,870)
Manitoba Telecom Services Inc. August 1999 @ \$19	(400)	(27,440)	(9,200)
Nexfor Inc. September 1999 @ \$9	(2,050)	(57,400)	(18,450)
Noranda Inc. August 1999 @ \$19	(950)	(83,350)	(123,500)
PanCanadian Petroleum Ltd. September 1999 @ \$21	(700)	(56,350)	(154,700)
Royal Bank of Canada July 1999 @ \$75	(500)	(94,000)	(7,500)
Thomson Corp. August 1999 @ \$45	(300)	(60,000)	(61,176)
The Toronto-Dominion Bank July 1999 @ \$40	(100)	(97,000)	(58,000)
TransCanada Pipelines Ltd. October 1999 @ \$22	(1,550)	(71,300)	(62,000)
Total		<u>(1,488,535)</u>	<u>(1,092,382)</u>
Total Investments		<u>\$ 157,441,966</u>	<u>\$159,288,692</u>

In conducting its business, the Trust utilizes the computer information systems of third party service providers, including Mulvihill Capital Management Inc. ("MCM"), Mulvihill Fund Services Inc. ("Mulvihill"), the Custodian and the Transfer Agent. The Trust is currently reviewing the potential Year 2000 readiness issues of its third party service providers and will determine what action, if any, is required. MCM and Mulvihill have advised the Trust that they have put in place a Year 2000 plan in an effort to ensure that their information systems are Year 2000 compliant by the end of September, 1999. None of the expenditures for the Year 2000 readiness plan will be borne by the Trust.

They have also made enquiries of the Custodian and Transfer Agent in order to assess the status of their information systems with respect to Year 2000 readiness issues. There can be no assurance, however, that the Trust's third party service providers have, or will have, information systems that are Year 2000 compliant. In addition, there is no assurance that the corporations that are included in the Trust's portfolio of investments will be Year 2000 compliant. If any such corporations are not Year 2000 compliant, the net asset value of the Trust could be adversely affected.

#### S T A T E M E N T O F P O R T F O L I O T R A N S A C T I O N S

A copy of the Statement of Portfolio Transactions (unaudited) for First Premium Income Trust for the period ended June 30, 1999 may be obtained without charge by writing to:

First Premium Income Trust  
Investor Relations  
121 King Street West  
Suite 2600  
Toronto, Ontario  
M5H 3T9

OTHER FUNDS MANAGED BY  
MULVIHILL CAPITAL MANAGEMENT INC.

First Premium U.S. Income Trust

First Premium Oil & Gas Income Trust

Global Telecom Split Share Corp.

MCM Split Share Corp.

Premium Income Corporation

Sixty Plus Income Trust



## **First Premium Income Trust**

**Managed by:**

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