



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2003

Mulvihill Premium Canadian Fund

First Premium Income Trust



Message to Unitholders

As of June 30, 2003, the net assets of the Fund were up to \$122.2 million, or \$19.86 per unit, a 4.7 percent increase from \$18.97 per unit at the end of 2002. In addition, a total of \$1.00 per unit was distributed during the period, in the form of two regular quarterly payments of \$0.50 each. The Fund's units, listed on the Toronto Stock Exchange as FPI.UN, closed on June 30 trading at \$18.85.

The Fund has sufficient capital loss carryforward amounts to shelter realized gains in the current period and provide capital loss carryforwards for future periods. As a result, distributions in the current period were non-taxable and will reduce each unitholders cost base.

After revisiting multi-year lows in the first quarter of 2003, equity markets in both Canada and the U.S. rallied in the second quarter. While this rising trend and the relative stability of the economy through the period served to enhance the NAV of the fund, reduction in market volatility impacted the use of option writing. Given stronger equity markets, the Fund has limited its option-writing activity and has increased its invested position to take advantage of rising share values. The portfolio has approximately 20 percent of its investments in the strengthening health care and information technology sectors, and another 30 percent in financial services.

The balance of the Fund continues to be invested in a diverse portfolio of Canadian equities, many of which are now showing significant growth potential.

We would like to take this opportunity to thank each of the Fund's unitholders for their continuing support.

August 2003

Mulvihill Premium Canadian Fund

Financial Statements

Interim Statements of Net Assets

June 30, 2003 (Unaudited) and December 31, 2002 (Audited)

	2003	2002
ASSETS		
Investments at market value average cost - \$105,770,681; 2002 - \$103,437,426	\$ 101,795,133	\$ 90,778,681
Short-term investments	24,305,949	30,149,710
Cash	398	16,455
Interest receivable	68,558	95,267
Dividends receivable	240,249	259,960
Due from brokers	8,961,020	1,549,823
TOTAL ASSETS	135,371,307	122,849,896
LIABILITIES		
Due to brokers	9,550,258	382,788
Redemptions payable	3,424,045	760,318
Accrued liabilities	168,982	199,026
TOTAL LIABILITIES	13,143,285	1,342,132
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 122,228,022	\$ 121,507,764
Number of Units Outstanding	6,155,691	6,406,184
Net Asset Value per Unit	\$ 19.8561	\$ 18.9673

Mulvihill Premium Canadian Fund

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2003	2002
REVENUE		
Dividends	\$ 974,541	\$ 983,549
Interest	363,011	500,699
TOTAL REVENUE	1,337,552	1,484,248
EXPENSES		
Management fees	758,519	932,520
Custodian and other fees	99,806	89,490
Goods and services tax	59,922	71,541
TOTAL EXPENSES	918,247	1,093,551
Net Investment Income	419,305	390,697
Gain on sale of investments and options	2,762,114	6,992,005
Change in unrealized depreciation of investments and foreign currency	8,683,196	(13,777,384)
Net Gain (Loss) on Investments	11,445,310	(6,785,379)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ 11,864,615	\$ (6,394,682)
Net Investment Income per Unit	\$ 0.0661	\$ 0.0585
Net Gain (Loss) on Investments per Unit	1.8032	(1.0161)
TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 6,347,150; 2002 - 6,678,145)	\$ 1.8693	\$ (0.9576)

Mulvihill Premium Canadian Fund

Financial Statements

Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2003	2002
NET ASSETS, BEGINNING OF PERIOD	\$ 121,507,764	\$ 154,611,723
Total Results of Financial Operations	11,864,615	(6,394,682)
Net Transactions		
Amount paid for units redeemed	(4,816,223)	(2,170,938)
Proceeds from reinvestment of distributions	–	128,421
	(4,816,223)	(2,042,517)
Distributions to Unitholders		
From net investment income	–	(1,021,538)
From net realized gain on sale of investments and options	–	(5,673,717)
Non-taxable distribution	(6,328,134)	–
	(6,328,134)	(6,695,255)
Changes in Net Assets during the Period	720,258	(15,132,454)
NET ASSETS, END OF PERIOD	\$ 122,228,022	\$ 139,479,269
Net Asset Value per Unit	\$ 19.8561	\$ 21.1479
Distribution per Unit		
From net investment income	\$ –	\$ 0.1525
From net realized gain on sale of investments and options	–	0.8475
Non-taxable distribution	1.0000	–
	\$ 1.0000	\$ 1.0000

Statement of Investments

June 30, 2003 (Unaudited)

	Par Value	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Government of Canada August 14, 2003	3,100,000	\$ 3,075,483	\$ 3,075,483
Government of Canada August 28, 2003	9,220,000	9,144,063	9,144,063
Government of Canada September 25, 2003	11,105,000	11,000,702	11,000,702
Government of Canada October 23, 2003	95,000	94,081	94,081
Total Treasury Bills		23,314,329	23,314,329

Financial Statements

Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS (continued)			
Promissory Note			
Province of Nova Scotia - September 9, 2003	1,000,000	991,620	991,620
		24,305,949	24,305,949
Accrued interest			68,558
TOTAL SHORT-TERM INVESTMENTS		\$24,305,949	\$24,374,507

INVESTMENTS

Canadian Common Shares

Consumer Discretionary

Fairmount Hotels & Resorts	30,000	\$ 965,473	\$ 927,300
Rogers Communications Inc., Class B	240,000	3,924,246	5,196,000
The Thomson Corporation	70,000	3,013,380	2,968,000
Total Consumer Discretionary		7,903,099	9,091,300

Energy

EnCana Corporation	76,200	3,768,961	3,939,540
Petro-Canada	37,500	1,969,256	2,023,500
Precision Drilling Corporation	68,500	3,650,345	3,481,170
Suncor Energy Inc.	140,000	3,501,645	3,547,600
Total Energy		12,890,207	12,991,810

Financials

Bank of Montreal	100,200	4,178,706	4,263,510
Canadian Imperial Bank of Commerce	25,000	1,204,336	1,347,500
CI Fund Management Inc.	181,200	1,881,998	2,078,364
Manulife Financial Corporation	100,000	4,004,657	3,819,000
National Bank of Canada	103,000	3,461,679	3,794,520
Royal Bank of Canada	63,000	3,655,316	3,614,940
Sun Life Financial Services of Canada Inc.	117,500	3,806,064	3,287,650
The Bank of Nova Scotia	38,000	1,937,678	2,283,800
The Toronto-Dominion Bank	157,000	5,578,111	5,865,520
Total Financials		29,708,545	30,354,804

Health Care

Biovail Corporation	25,000	1,407,359	1,573,500
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Industrials

Canadian National Railway Company	40,000	2,833,144	2,603,200
CP Ships Limited	130,000	2,603,432	2,918,500
Total Industrials		5,436,576	5,521,700

Information Technology

Celestica Inc.	216,500	7,722,251	4,572,480
Cognos Inc.	86,500	3,139,514	3,154,655
Nortel Networks Corporation	1,280,000	4,310,674	4,659,200

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
Canadian Common Shares (continued)			
Information Technology (continued)			
Search in Motion	172,000	3,592,371	5,018,960
Link Semiconductor Inc.	150,000	3,406,457	1,050,000
Total Information Technology		22,171,267	18,455,295
Materials			
Canadian Inc.	85,000	4,434,929	3,570,850
Trick Gold Corporation	100,000	2,477,906	2,399,000
Lasco Inc.	85,000	2,385,295	2,210,850
Montar Inc.	75,400	1,320,638	1,115,920
Steelco Limited	121,000	3,982,429	3,452,130
Steel Dome Inc.	133,582	2,324,322	2,204,103
Total Materials		16,925,519	14,952,853
Telecommunication Services			
E Inc.	110,000	4,118,170	3,416,600
LUS Corporation	166,773	3,772,657	3,727,377
Total Telecommunication Services		7,890,827	7,143,977
Utilities			
TransCanada Corp.	106,500	2,547,480	2,529,375
Total Canadian Common Shares		\$106,880,879	\$102,614,614
	Number of Contracts	Proceeds	Market Value
OPTIONS			
Written Cash Covered Put Options (100 shares per contract)			
Avial Corporation - July 2003 @ \$65	125	\$ (29,250)	\$ (26,454)
Montar Inc. - July 2003 @ \$15	496	(14,384)	(26,076)
Royal Bank of Canada - July 2003 @ \$59	200	(12,300)	(39,163)
Total Written Cash Covered Put Options		(55,934)	(91,693)
Written Covered Call Options (100 shares per contract)			
Canadian Inc. - July 2003 @ \$42	570	(50,160)	(71,054)
Bank of Montreal - July 2003 @ \$43	750	(31,500)	(29,312)
Trick Gold Corporation July 2003 @ \$24	750	(52,875)	(54,128)
E Inc. - July 2003 @ \$31	450	(23,100)	(41,346)
Canadian National Railway Company July 2003 @ \$71	200	(28,200)	(3)
Lasco Inc. - July 2003 @ \$26	850	(37,400)	(66,044)
Montar Inc. - July 2003 @ \$15	313	(8,138)	(12,791)
Montar Inc. - July 2003 @ \$15	129	(4,128)	(5,159)
Montar Inc. - July 2003 @ \$15	312	(9,360)	(4,973)
Canada Corporation - July 2003 @ \$52	381	(27,432)	(38,228)

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS (continued)			
Written Covered Call Options (100 shares per contract) (continued)			
Inco Limited - July 2002 @ 428	800	(43,200)	(53,831)
National Bank of Canada - July 2003 @ \$37	770	(20,405)	(42,775)
Nortel Networks Corporation - August 2003 @ \$4	3,200	(102,400)	(8,995)
Nortel Networks Corporation - August 2003 @ \$4	3,200	(108,800)	(11,267)
Petro-Canada - July 2003 @ \$53	375	(34,500)	(57,708)
Placer Dome Inc. - July 2003 @ \$17	1,000	(52,000)	(18,713)
Precision Drilling Corporation - July 2003 @ \$52	455	(54,600)	(20,758)
Rogers Communications Inc., Class B - July 2003 @ \$22	1,600	(116,800)	(75,339)
Royal Bank of Canada - July 2003 @ \$62	315	(30,240)	(23)
Sun Life Financial Services of Canada Inc. - July 2003 @ \$29	445	(24,030)	(3,386)
Sun Life Financial Services of Canada Inc. - July 2003 @ \$29	440	(23,320)	(4,393)
Suncor Energy Inc. - July 2002 @ \$26	1,400	(72,800)	(18,402)
The Bank of Nova Scotia - July 2003 @ \$60	375	(41,250)	(25,038)
The Toronto-Dominion Bank - July 2003 @ \$37	1,175	(38,775)	(38,371)
TransCanada Corp. - July 2003 @ \$24	1,065	(18,851)	(25,751)
Total Written Covered Call Options		(1,054,264)	(727,788)
TOTAL OPTIONS		\$ (1,110,198)	\$ (819,481)
TOTAL INVESTMENTS		\$105,770,681	\$101,795,133

Mulvihill Premium *Canadian Fund*

Notes to Financial Statements

. Basis of Presentation

The interim financial statements for First Premium Income Trust (the Fund”) have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2002.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2002.

. Normal Course Issuer Bid

The Toronto Stock Exchange recently accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 631,383 units, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases could be made in the open market through facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of April 27, 2004 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2003, no units have been purchased by the Fund.

Unit holders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investor Services at the address below.

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Canadian Fund for the period ended June 30, 2003 may be obtained without charge by writing to the Fund at 21 King St. W., Suite 2600, Toronto ON M5H 3T9.

Mulvihill Hybrid Income Funds

Hybrid Income Funds Managed by Mulvihill Structured Products

Mulvihill Platinum

Mulvihill Pro-AMS U.S. Fund
Mulvihill Pro-AMS RSP Fund
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund
Mulvihill Pro-AMS RSP Split Share Fund

Mulvihill Premium

Mulvihill Premium Canadian Fund
Mulvihill Premium U.S. Fund
Mulvihill Premium Oil & Gas Fund
Mulvihill Premium 60 Plus Fund
Mulvihill Premium Canadian Bank Fund
Mulvihill Premium Global Plus Fund
Mulvihill Premium Split Share Fund
Mulvihill Premium Global Telecom Fund

Mulvihill Summit

Mulvihill Summit Digital World Fund

Additional Funds Managed by Mulvihill Capital Management

Mulvihill Canadian Money Market Fund
Mulvihill Canadian Bond Fund
Mulvihill Canadian Equity Fund
Mulvihill Global Equity Fund
Mulvihill U.S. Equity Fund
Mulvihill Premium Global Income Fund
Mulvihill Premium Canadian Income Fund

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Mulvihill

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