



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2004

Mulvihill Premium *Canadian Fund*

First Premium Income Trust

Message to Unitholders

As of June 30, 2004, the net assets of the Fund were \$110.5 million, or \$19.95 per unit, down from net assets of \$122.8 million, or \$20.31 per unit, at the end of 2003. The Fund's units, listed on the Toronto Stock Exchange as FPI.UN, closed on June 30 trading at \$19.60.

A total of \$1.00 per unit was distributed to unitholders during the first two quarters. Based on the initial unit price of \$25.00, these distributions represent a distribution yield of 8 percent. The Fund has sufficient capital loss carryforward amounts to shelter realized gains in the current period. As a result, distributions in the current period were non-taxable and will reduce each unitholders cost base.

Mixed performances in various sectors limited the broad S&P/TSX Composite Index to a gain of 4.8 percent for the first half of the year. In Canada, information technology was by far the best performing sector, with a gain of 35.8 percent, followed by energy, up 9.3 percent, and financial services, up 7.5 percent. Partially offsetting these advances were weaknesses in other sectors, especially telecommunications, utilities and materials.

China is now leading a global recovery that is having a major impact on demand for commodities, improving the outlook for many export-oriented Canadian resource companies. Business capital spending is also increasing, adding impetus to a recovery otherwise reliant on continuing strong consumer spending. These conditions are building investor confidence in a lasting recovery on both sides of the border.

The Fund's portfolio continues to be diversified across a wide variety of sectors, and a prudent level of cash is being maintained for defensive purposes.

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

August 2004

Mulvihill Premium Canadian Fund

Management's Responsibility for Financial Reporting

This report has been prepared in accordance with the Accounting Standards Board guidelines.

The accompanying financial statements of First Premium Income Trust (operating as Mulvihill Premium Canadian Fund) (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc., (the "Manager"), and have been approved by the Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board meets periodically with management and external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors' report. Deloitte & Touche LLP has full and unrestricted access to the Board.



John P. Mulvihill
President
Mulvihill Capital Management Inc.



David N. Middleton
CFO
Mulvihill Capital Management Inc.

August 2004

Mulvihill Premium *Canadian Fund*

Financial Statements

Interim Statements of Net Assets

June 30, 2004 (Unaudited) and December 31, 2003 (Audited)

	2004	2003
ASSETS		
Investments at market value (average cost - \$70,213,686; 2003 - \$84,463,713)	\$ 71,047,057	\$ 92,135,069
Short-term investments	42,766,954	31,759,065
Cash	11,158	3,093
Interest receivable	95,873	106,222
Dividends receivable	125,950	185,593
Due from brokers	5,849,900	–
TOTAL ASSETS	119,896,892	124,189,042
LIABILITIES		
Due to brokers	9,093,644	–
Accrued liabilities	218,729	154,133
Redemptions payable	83,797	–
Special resolution expense payable	–	1,189,440
TOTAL LIABILITIES	9,396,170	1,343,573
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 110,500,722	\$ 122,845,469
Number of Units Outstanding	5,538,445	6,047,391
Net Asset Value per Unit	\$ 19.9516	\$ 20.3138

Mulvihill Premium Canadian Fund

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2004	2003
REVENUE		
Dividends	\$ 591,069	\$ 974,541
Interest	425,846	363,011
TOTAL REVENUE	1,016,915	1,337,552
EXPENSES		
Management fees	708,816	758,519
Service fees	213,980	–
Custodian and other expenses	86,980	99,806
Goods and services tax	55,706	59,922
TOTAL EXPENSES	1,065,482	918,247
Net Investment Income (Loss)	(48,567)	419,305
Gain on sale of investments and options	10,423,148	2,762,114
Change in unrealized appreciation/ depreciation of investments and options	(6,837,985)	8,683,196
Net Gain on Investments	3,585,163	11,445,310
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ 3,536,596	\$ 11,864,615
Net Investment Income (Loss) per Unit	\$ (0.0087)	\$ 0.0661
Net Gain on Investment per Unit	0.6448	1.8032
TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 5,560,084; 2003 - 6,347,150)	\$ 0.6361	\$ 1.8693

Mulvihill Premium *Canadian Fund*

Financial Statements

Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2004	2003
NET ASSETS, BEGINNING OF PERIOD	\$ 122,845,469	\$ 121,507,764
Total Results of Financial Operations	3,536,596	11,864,615
Unit Transactions		
Proceeds from reinvestment of distributions	62,456	–
Amount paid for units redeemed	(10,402,689)	(4,816,223)
	(10,340,233)	(4,816,223)
Distributions to Unitholders		
Non-taxable distribution	(5,541,110)	(6,328,134)
Changes in Net Assets during the Period	(12,344,747)	720,258
NET ASSETS, END OF PERIOD	\$ 110,500,722	\$ 122,228,022
Net Asset Value per Unit	19.9516	19.8561
Distribution per Unit		
Non-taxable distribution	\$ 1.0000	\$ 1.0000

Statement of Investments

June 30, 2004 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Government of Canada - August 26, 2004	32,850,000	\$32,665,411	\$32,665,411
Government of Canada - October 7, 2004	8,165,000	8,111,823	8,111,823
Total Treasury Bills		40,777,234	40,777,234
Promissory Note			
Province of Prince Edward Island - September 16, 2004	2,000,000	1,989,720	1,989,720
		42,766,954	42,766,954
Accrued Interest			95,873
TOTAL SHORT-TERM INVESTMENTS		\$42,766,954	\$ 42,862,827

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS			
Canadian Common Shares			
Consumer Discretionary			
Alliance Atlantis Communications, Class B	80,000	\$ 2,051,919	\$ 1,995,200
Canadian Tire Corporation Ltd.	25,000	1,099,500	1,222,500
Rogers Communications, Class B	90,000	2,252,355	2,173,500
The Thomson Corporation	60,000	2,711,574	2,671,800
Total Consumer Discretionary		8,115,348	8,063,000
Consumer Staples			
Cott Corporation	35,000	1,458,582	1,515,500
Loblaw Companies Ltd.	50,000	3,233,350	3,055,000
Shoppers Drug Mart Corporation	80,000	2,178,588	2,672,000
Total Consumer Discretionary		6,870,520	7,242,500
Energy			
EnCana Corporation	60,000	3,408,726	3,457,200
Imperial Oil Ltd.	55,000	3,391,702	3,432,000
Nexen Inc.	40,000	2,102,348	2,080,000
Petro-Canada	55,000	3,606,163	3,170,750
Suncor Energy Inc.	90,000	3,277,812	3,060,900
Total Energy		15,786,751	15,200,850
Financials			
AGF Management Limited, Class B	80,000	1,380,200	1,428,800
Bank of Montreal	45,000	2,358,147	2,401,650
Canadian Imperial Bank of Commerce	45,000	2,932,847	2,934,000
Manulife Financial Corporation	20,000	986,992	1,081,000
National Bank of Canada	45,000	2,028,150	1,935,000
Royal Bank of Canada	40,000	2,552,424	2,365,200
Sun Life Financial Services of Canada Inc.	90,000	3,216,368	3,456,900
The Bank of Nova Scotia	90,000	2,955,384	3,223,800
The Toronto-Dominion Bank	105,000	3,730,584	4,502,400
Total Financials		22,141,096	23,328,750
Health Care			
MDS Inc.	90,000	1,955,262	1,854,000
QLT Inc.	40,000	1,263,996	1,064,000
Total Health Care		3,219,258	2,918,000
Industrials			
CP Railway Limited	50,000	1,623,450	1,637,500
Information Technology			
ATI Technologies Inc.	80,000	1,781,600	2,012,800
Cognos Inc.	35,000	1,702,417	1,686,650
Open Text Corp.	30,000	1,273,764	1,281,000
Research in Motion	30,000	2,437,770	2,744,400
Total Information Technology		7,195,551	7,724,850

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
Canadian Common Shares (continued)			
Materials			
Abitibi-Consolidated Inc.	175,000	1,696,100	1,601,250
Agrium Inc.	60,000	1,106,664	1,173,000
Alcan Inc.	20,000	1,049,108	1,104,000
Barrick Gold Corp.	35,000	951,510	930,300
Inco Limited	30,000	1,323,600	1,380,300
Total Materials		6,126,982	6,188,850
Total Canadian Common Shares		\$ 71,078,956	\$72,304,300

	Number of Contracts	Proceeds	Market Value
OPTIONS			
Written Cash Covered Put Options (100 shares per contract)			
Agrium Inc. - July 2004 @ \$18	(400)	\$ (11,200)	\$ (62)
Barrick Gold Corp. - July 2004 @ \$27	(350)	(22,575)	(31,493)
Inco Limited - July 2004 @ \$43	(300)	(32,700)	(5,098)
Total Written Cash Covered Put Options		(66,475)	(36,653)
Written Covered Call Options (100 shares per contract) (continued)			
Abitibi-Consolidated Inc. - July 2004 @ \$10 (1,400)		(19,600)	(46)
Agrium Inc. - July 2004 @ \$19	(600)	(16,200)	(47,474)
Alliance Atlantis Communications, Class B - July 2004 @ \$27	(400)	(18,800)	(1,196)
ATI Technologies Inc. - July 2004 @ \$23	(800)	(72,000)	(205,464)
Bank of Montreal - July 2004 @ \$54	(450)	(18,450)	(28,085)
Barrick Gold Corp. - July 2004 @ \$28	(350)	(24,325)	(14,401)
Canadian Imperial Bank of Commerce - July 2004 @ \$67	(450)	(18,900)	(20,632)
Cognos Inc. - July 2004 @ \$50	(350)	(29,225)	(33,712)
Cott Corporation - July 2004 @ \$45	(350)	(14,000)	(18,781)
CP Railway Limited - July 2004 @ \$33	(375)	(11,250)	(5,186)
EnCana Corporation - July 2004 @ \$58	(600)	(55,200)	(96,935)
Inco Limited - July 2004 @ \$45	(300)	(34,200)	(49,931)
Loblaw Companies Ltd. - July 2004 @ \$64	(500)	(23,500)	(401)
Manulife Financial Corporation - July 2004 @ \$53	(100)	(5,700)	(12,217)
MDS Inc. - July 2004 @ \$21	(900)	(13,950)	(39,570)
National Bank of Canada - July 2004 @ \$44	(300)	(10,800)	(4,561)
Nexen Inc. - July 2004 @ \$54	(200)	(16,200)	(12,139)
Open Text Corp. - July 2004 @ \$43	(300)	(39,300)	(60,387)
Petro-Canada - July 2004 @ \$58	(550)	(39,600)	(82,622)
QLT Inc. - July 2004 @ \$32	(400)	(56,400)	(396)
Research in Motion - July 2004 @ \$84	(300)	(95,400)	(244,309)
Royal Bank of Canada - July 2004 @ \$60	(300)	(12,900)	(7,500)

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Contracts	Proceeds	Market Value
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INVESTMENTS (continued)			
OPTIONS (continued)			
Written Covered Call Options (100 shares per contract) (continued)			
Shoppers Drug Mart Corporation			
- July 2004 @ \$33	(800)	(13,600)	(72,785)
Sun Life Financial Services of Canada Inc.			
- July 2004 @ \$39	(450)	(16,200)	(26,086)
Sun Life Financial Services of Canada Inc.			
- August 2004 @ \$39	(450)	(25,020)	(37,904)
Suncor Energy Inc. - July 2004 @ \$36	(450)	(24,750)	(11,962)
The Bank of Nova Scotia - July 2004 @ \$35	(650)	(13,325)	(60,554)
The Thomson Corporation - July 2004 @ \$46	(600)	(18,000)	(25,330)
The Toronto-Dominion Bank			
- July 2004 @ \$46	(750)	(42,000)	(24)
Total Written Covered Call Options		(798,795)	(1,220,590)
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TOTAL OPTIONS		\$ (865,270)	\$ (1,257,243)
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TOTAL INVESTMENTS		\$70,213,686	\$71,047,057
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1. Basis of Presentation

The interim financial statements for 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, 2003.

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, 2003.

2. Establishment of the Fund

First Premium Income Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on June 21, 1996. The Fund began operations on June 25, 1996 and will terminate on January 1, 2014 and its net assets will be distributed to unitholders unless unitholders determine to continue the Fund by a two-thirds majority vote at a meeting called for such purpose.

The manager of the Fund is Mulvihill Fund Services Inc. (the "Manager") and the Fund's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). The Royal Trust Company (the "Trustee") is the trustee and acts as custodian of the assets of the Fund.

The Fund operates under the registered name Mulvihill Premium Canadian Fund.

3. 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 552,527 units, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases would 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, 2005 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2004, no units have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at the address below (on next page).

Mulvihill Premium Canadian Fund

Notes to Financial Statements

June 30, 2004

4. Management Expense Ratio

The management expense ratio is the ratio of all fees and expenses charged to the Fund to average net assets. The following are the management expense ratios for the years ended December 31 for the most recent five years:

	2003	2002	2001	2000	1999
Management expense ratio including special resolution expense	3.01%*	1.45%	1.45%	1.46%	1.42%

* Management expense ratio for 2003 includes the special resolution expense. The management expense ratio excluding the special resolution expense is 1.46%.

5. Generally Accepted Accounting Principles

The Canadian Institute of Chartered Accountants ("CICA") issued Section 1100, "Generally Accepted Accounting Principles ("GAAP")" of the CICA Handbook - Accounting, which establishes standards for financial reporting. Section 1100 applies to all entities, with the exception of rate-regulated operations, for fiscal years beginning on or after October 1, 2003. As a result, certain disclosures previously considered GAAP by virtue of general use in the investment funds industry, are no longer considered GAAP. This section primarily impacts the disclosure of an investment fund's financial statements, and accordingly, has no impact on the valuation of a fund or in the calculation of the net asset value per unit of a fund. The Funds, in conjunction with other investment industry funds, continue to assess the impact of Section 1100 on their financial statements.

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Canadian Fund for the period ended June 30, 2004 may be obtained without charge by writing to the Fund at 121 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 World Financial Split Corp.

Mulvihill Summit

Mulvihill Summit Digital World Fund

Mutual 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

Premium Global Income Fund

Premium Canadian Income Fund

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Visit our website at www.mulvihill.com for additional information on all Mulvihill Hybrid Income Funds.

Mulvihill Premium *Canadian Fund*

Notes



Mulvihill

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Mulvihill Structured Products

Investor Relations

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Mulvihill Capital Management Inc.

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