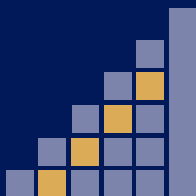


Semi-Annual Report 1998

For the period ended December 31, 1998



Global Telecom Split Share Corp.

Mulvihill Capital Management Inc.

TO SHAREHOLDERS OF
GLOBAL TELECOM SPLIT SHARE CORP.;

The corporation is pleased to present the results of its first six months of operations for the period June 30, 1998 to December 31, 1998.

Market conditions during this period were extremely volatile as investors became increasingly concerned over the threat of a global financial crisis. Despite this uncertainty, the fundamentals of the telecommunications sector remained intact and the key elements of deregulation, competition, and strong demand growth for services led to higher valuation levels in most telecommunications stocks.

Accordingly there was strong price appreciation in the shares held within the underlying portfolio as the net asset value of the Class A shares increased from \$13.71 on June 30, 1998 to \$16.99 on December 31, 1998.

Quarterly distributions to Preferred shareholders were made at the regular distribution rate of 5.5% p.a. totalling \$2.459 million or \$0.4415 per unit for the initial six month period. Class A shareholders will receive an annual distribution on the corporations year end of June 29th, 1999.

INTERIM STATEMENT OF OPERATIONS

For the period ended December 31, 1998 (Unaudited)

Revenue	
Interest	\$ 1,310,818
Dividends	918,645
	<u>2,229,463</u>
Net realized gains on investments and options	2,899,144
	<u>5,128,607</u>
Expenses	
Management fees	1,003,888
Administrative and other expenses	171,565
Government taxes	144,139
	<u>1,319,592</u>
Net Income Before Distributions	3,809,015
Preferred Share Distributions	<u>(2,458,715)</u>
Net Income	<u>\$ 1,350,300</u>
Net Income per Class A Share	<u>\$ 0.24</u>

INTERIM STATEMENT OF CHANGES IN NET ASSETS

For the period ended December 31, 1998 (Unaudited)

Proceeds from Class A shares issued, net of issue costs	\$ 77,703,600
Amount paid for Class A shares redeemed, net	<u>(2,542,194)</u>
	75,161,406
Net Income Before Distributions	3,809,015
Preferred Share Distributions	<u>(2,458,715)</u>
Net Unrealized Appreciation in Market Value of Investments During the Period	<u>16,380,085</u>
Changes in Equity During the Period	92,891,791
Equity, Beginning of Period	<u>1,000</u>
Equity, End of Period	<u>\$ 92,892,791</u>
Net Asset Value per Class A Share	<u>\$ 16.99</u>
Distribution per Preferred Share	<u>\$ 0.441527</u>

STATEMENT OF INVESTMENTS

As at December 31, 1998 (Unaudited)

	<i>Number of Shares/ Par Value</i>	<i>Average Cost</i>	<i>Market Value</i>
Domestic Equities			
BC Telecom Inc.	100,000	\$ 5,388,250	\$ 4,180,000
BCE Inc.	170,000	10,261,280	9,834,500
Bell Canada International Inc.	135,000	4,526,186	2,322,000
Mitel Corporation	150,000	2,931,749	1,725,000
Rogers Communications, Inc. Class B	225,000	2,763,500	3,071,250
Tele globe Inc.	200,000	7,937,000	11,000,000
Le Groupe Videotron Itee	130,000	2,843,983	2,977,000
		<u>36,651,948</u>	<u>35,109,750</u>
Foreign Equities			
Airtouch Communications, Inc.	30,000	2,535,452	3,323,529
ALLTEL Corporation	30,000	1,976,469	2,756,167
Ascend Communications, Inc.	40,000	2,932,775	4,039,690
AT & T Corp.	40,000	3,542,423	4,623,372
British Telecommunications plc. (ADR)	26,400	5,359,723	6,151,005
Cisco Systems Inc.	52,500	4,893,312	7,484,419
Deutsche Telekom AG (ADR)	105,000	4,350,424	5,281,934
France Telecom SA (ADR)	60,000	6,132,393	7,274,899
GTE Corporation	60,000	4,977,979	6,215,056
L. M. Ericsson Telephone Co. Ltd. (ADR)	85,000	3,696,526	3,125,288
Lucent Technologies Inc.	40,000	5,064,543	6,758,417
MCI Worldcom Inc.	70,000	5,111,582	7,714,580
Nokia Corp. (ADR)	15,000	2,144,036	2,774,887
Royal PTT Nederland NV (ADR)	70,000	4,891,642	5,402,894
Sprint Corporation	35,000	4,229,211	4,522,572
Tele Danmark A/S. (ADR)	60,000	4,584,049	6,255,376
Telecom Italia SpA (ADR)	35,000	4,221,052	4,677,132
Telefonica SA (ADR)	30,600	6,451,414	6,362,858
Vodafone Group plc. (ADR)	25,000	5,078,264	6,187,216
		<u>\$ 82,173,269</u>	<u>\$ 100,931,291</u>

STATEMENT OF INVESTMENTS
(Continued)

	<i>Number of Shares/ Par Value</i>	<i>Average Cost</i>	<i>Market Value</i>
Short-term Notes - Domestic			
CIBC BA	30,000,000	29,881,500	29,881,500
Royal Bank of Canada T/D	1,070,000	1,070,000	1,070,000
		<u>30,951,500</u>	<u>30,951,500</u>
Short-term Notes - U.S. Dollar Denominated			
Canada Treasury Bills	4,655,000	7,179,981	7,114,115
Export Development Corp. C/P	2,065,000	3,135,962	3,148,175
		<u>10,315,943</u>	<u>10,262,290</u>
USD Forward Contract			
	(20,000,000)		<u>200,859</u>
	<i>Number of Contracts</i>	<i>Proceeds</i>	<i>Market Value</i>
Written Call Options (100 shares per contract)			
Domestic	(1,500)	(125,750)	(112,500)
Foreign	(2,750)	(1,842,532)	(2,838,727)
		<u>(1,968,282)</u>	<u>(2,951,227)</u>
Total Investments		<u>\$ 158,124,378</u>	<u>\$ 174,504,463</u>

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In conducting its business, the Company 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 Company 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 Company 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 first quarter of 1999. None of the expenditures for the Year 2000 readiness plan will be borne by the Company. 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 Company'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 Company's portfolio of investments will be Year 2000 compliant. If any such corporations are not Year 2000 compliant, the net asset value of the Company 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 Global Telecom Split Share Corp. for the period ended December 31, 1998 may be obtained without charge by writing to:

Global Telecom Split Share Corp.
Investor Relations
121 King Street West
Suite 2600
Toronto, Ontario
M5H 3T9

OTHER FUNDS MANAGED BY
MULVIHILL CAPITAL MANAGEMENT INC.

Premium Income Corporation

First Premium Income Trust

First Premium U.S. Income Trust

First Premium Oil & Gas Income Trust

MCM Split Share Corp.

Sixty Plus Income Trust



Global Telecom Split Share Corp.

Managed by:

**Mulvihill Capital Management Inc.
121 King Street West, Suite 2600,
Toronto, Ontario M5H 3T9
Tel: 416-681-3966 800-725-7172
Fax: 416-681-3901
E-Mail: premium@mulvihill.com
www.mulvihill.com**