ANNUAL REPORT 2011

MCM Split Share Corp.

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Letter to Shareholders

We are pleased to present the 2011 annual report containing the management report of fund performance and the financial statements for MCM Split Share Corp. (the "Fund").

The Fund is a split share corporation designed to provide Priority Equity shareholders with quarterly cash dividends to yield 5.50 percent per annum based on the original issue price and to provide Class A shareholders with quarterly dividends in an amount initially targeted to be 10 percent per annum of the net asset value of the Class A Shares from time to time; and to return, at a minimum, the original issue prices of the shares to shareholders upon windup on February 1, 2013. The shares are listed on the Toronto Stock Exchange under the ticker symbols MUH.PR.A for the Priority Equity shares and MUH.A for the Class A shares. A Unit of the Fund consists of one Priority Equity share and one Class A share. As part of the reorganization approved by shareholders in December 2007, the Fund adopted the Priority Equity Portfolio Protection Plan to protect holders of the Priority Equity shares to ensure the payment of the original issue price of $15.00 per share on termination date. With the steep market sell-off in November 2008 the level of cash was increased to ensure compliance with the above feature. The Fund is now entirely in cash and cash equivalents with no equity exposure.

During the 2011 fiscal year, the Fund paid distributions of $0.83 per Priority Equity share and no distributions were paid on the Class A shares in accordance with the terms of the Priority Equity Portfolio Protection Plan as the net asset value per Unit was less than $15.00. As a result of low interest rates earned on the cash balance, the Fund experienced an annual total return of negative 1.3 percent. Consequently, the net asset value decreased from $14.24 per Unit as at January 31, 2010 to $13.23 per Unit as at January 31, 2011. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager's Report sections.

We thank all shareholders for their continued support and encourage shareholders to review the more detailed information contained within the annual report.

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

MCM Split Share Corp. [MUH.A/MUH.PR.A]

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Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended January 31, 2011 of MCM Split Share Corp. (the "Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com.

Investment Objectives and Strategies

The Fund's investment objectives are to:

(i) provide Priority Equity shareholders with quarterly cash dividends to yield 5.50 percent per annum based on the original issue price;

(ii) provide Class A shareholders with quarterly dividends in an amount initially targeted to be 10 percent per annum of the net asset value of the Class A Shares from time to time; and

(iii) return, at a minimum, the original issue prices of the shares to shareholders upon windup on February 1, 2013.

During 2009, the Fund, in accordance with the Priority Equity Portfolio Protection Plan, moved its investments into cash and cash equivalents. As at January 31, 2011 and 2010, the Fund's holdings were in cash and cash equivalents.

Risk

Risks associated with an investment in the shares of the Fund are discussed in the Fund's 2011 annual information form, which is available on the Fund's website at www.mulvihill.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the shares of the Fund.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly is available on our website at www.mulvihill.com.

Asset Mix and Portfolio Holdings

January 31, 2011

	% OF NET ASSET VALUE*
Cash and Short-Term Investments	104 %
Other Assets (Liabilities)	(4)%
	100 %

* The net asset value excludes the Redeemable Priority Equity share liability.

Results of Operations

Distributions

For the year ended January 31, 2011, cash distributions of $0.83 per Priority Equity share were paid to Priority Equity shareholders, which was unchanged from the prior year. Distributions to Class A shareholders remained suspended due to the adoption of the Priority Equity Portfolio Protection Plan. Since the inception of the Fund in February 1998, the Fund has paid total cash distributions of $10.94 per Priority Equity share and $14.76 per Class A share which included special distributions of $2.45 per Class A share.

Revenues and Expenses

The Fund's total revenue decreased $0.09 per Unit to $0.09 per Unit for the year ended January 31, 2011, largely reflecting a decline in interest income on a per average-unit basis. Total expenses per Unit decreased $0.03 per Unit to $0.28 per Unit in 2011, mainly attributable to lower management fees resulting from a decrease in net asset values and a reduction in management fees from 1.25 percent to 0.50 percent per annum of the net asset value effective November 1, 2010, partially offset by the unfavourable impact of the new harmonized sales tax in Ontario. The Fund had a net realized and unrealized loss of $0.09 per Unit in 2010.

Net Asset Value

The net asset value per Unit of the Fund decreased by $1.01 per Unit, or 7.1 percent, from $14.24 per Unit at January 31, 2010 to $13.23 per Unit at January 31, 2011. The total net asset value of the Fund decreased $5.7 million from $20.3 million at January 31, 2010 to $14.6 million at January 31, 2011, primarily as a result of redemptions during the year and quarterly distributions to Priority Equity shareholders.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

Since 2008 the net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended January 31

	2011	2010	2009	2008	2007
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year, (based on bid prices)(1)	**$ 14.24**	$ 15.28	$ 20.46	$ 22.80(4)	$ 24.12
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.09**	0.18	0.59	0.42	0.52
Total expenses	**(0.28)**	(0.31)	(0.42)	(0.64)	(0.36)
Realized gain (loss) for the period	**–**	(0.13)	(4.60)	0.58	1.87
Unrealized gain (loss) for the period	**–**	0.04	0.55	(0.34)	(1.27)
Total Increase (Decrease) from Operations(2)	**(0.19)**	**(0.22)**	**(3.88)**	**0.02**	**0.76**
DISTRIBUTIONS					
Priority Equity Share					
From net investment income	**(0.83)**	(0.83)	(0.83)	(0.61)	(0.29)
From capital gains	**–**	–	–	(0.24)	(0.57)
Total Priority Equity Share Distributions	**(0.83)**	**(0.83)**	**(0.83)**	**(0.85)**	**(0.86)**
Class A Share					
From net investment income	**–**	(0.01)	(0.01)	(0.30)	–
From capital gains	**–**	–	(0.37)	(0.90)	(1.20)
Total Class A Share Distributions	**–**	**(0.01)**	**(0.38)**	**(1.20)**	**(1.20)**
Total Annual Distributions(3)	**(0.83)**	**(0.84)**	**(1.21)**	**(2.05)**	**(2.06)**
Net Assets, as at January 31, (based on bid prices)(1)	**$ 13.23**	**$ 14.24**	**$ 15.28**	**$ 20.46**	**$ 22.81**

(1) Net assets per Unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Redeemable Priority Equity shares of the Fund on that date and including the valuation of securities at bid prices divided by the number of Units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to accounting standards set out by the Canadian Institute of Chartered Accountants adopted February 1, 2007 relating to Financial Instruments.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), realized and unrealized gains (losses), less expenses, excluding Priority Equity share distributions, and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year.
(3) Distributions are based on the number of shares outstanding on the record date for each distribution and were paid in cash.
(4) Net assets per Unit has been adjusted for the change in accounting policy relating to the calculation of net asset value based on bid prices versus closing prices prior to 2008.

RATIOS/SUPPLEMENTAL DATA	2011	2010	2009	2008	2007
Net Asset Value, excluding the Redeemable Priority Equity share liability and unamortized premium on issue of Priority Equity shares ($ millions)(1)	**$ 14.60**	$ 20.33	$ 28.11	$ 43.19	$ 102.32
Net Asset Value ($ millions)(1)	**$ –**	$ –	$ 0.53	$ 11.55	$ 35.02
Number of Units outstanding(1)	**1,103,877**	1,427,588	1,839,191	2,109,366	4,484,619
Management expense ratio(2)	**2.03%**	2.09%	1.92%	2.74%	1.54%
Portfolio turnover rate(3)	**0.00%**	0.00%	150.49%	99.57%	189.41%
Trading expense ratio(4)	**0.00%**	0.01%	0.30%	0.14%	0.23%
Net Asset Value per Unit(5)	**$ 13.23**	$ 14.24	$ 15.29	$ 20.48	$ 22.81
Closing market price - Priority Equity	**$ 12.88**	$ 13.60	$ 13.66	$ 13.36	$ 15.35
Closing market price - Class A	**$ 0.14**	$ 0.30	$ 0.85	$ 5.45	$ 7.28

(1) This information is provided as at January 31. One Unit consists of one Class A share and one Priority Equity share.
(2) The management expense ratio ("MER") is the sum of all fees and expenses, including federal and provincial sales taxes and capital tax but excluding transaction fees, income taxes and Priority Equity share distributions, charged to the Fund divided by the average net asset value, excluding the Redeemable Priority Equity share liability. The MER for 2008 includes special resolution expense. The MER for 2008 excluding the special resolution expense is 1.62%. The MER, including Priority Equity share distributions, is 7.90%, 7.52%, 6.22%, 6.51% and 4.99% for 2011, 2010, 2009, 2008 and 2007 respectively.
(3) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities.
(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.
(5) Net asset value per Unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of Units then outstanding.

Management Fees

On November 8, 2010, the Fund announced that the management fee would decrease from 1.25 percent to 0.50 percent per annum of net asset value effective November 1, 2010 for an indefinite period.

Mulvihill Fund Services Inc. (the "Manager" or "Mulvihill") amalgamated with Mulvihill Capital Management Inc. (the "Investment Manager" or "MCM") on September 1, 2010. As successor, MCM became the Manager of the Fund. MCM is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.15 percent of the net asset value of the Fund at each month end for the period up to October 31, 2010 and 1/12 of 0.40 percent of the net asset value of the Fund commencing November 1, 2010. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

MCM, as the Manager, is entitled to fees under the Trust Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

On November 8, 2010, the Fund announced that the management fee would decrease from 1.25 percent to 0.50 percent per annum of net asset value effective November 1, 2010 for an indefinite period.

Mulvihill amalgamated with MCM on September 1, 2010. As successor, MCM became the Manager of the Fund. Management fees previously paid to Mulvihill will be paid to MCM from and after the effective date of the amalgamation.

The Government of Ontario harmonized its provincial sales tax with the federal goods and services tax effective July 1, 2010. Implementation of the proposed changes increased the amount of taxes paid by the Fund on its expenses incurred after July 1, 2010, including but not limited to management fees.

Future Accounting Policy Changes

The Canadian Accounting Standards Board approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). As a result, investment companies will adopt IFRS for its fiscal period beginning January 1, 2013 and will issue their initial financial statements in accordance with IFRS, with comparative information, for the interim period ending June 30, 2013. The Fund is scheduled to terminate before the initial adoption of IFRS.

Past Performance

The chart below sets out the Fund's year-by-year past performance. It is important to note that:

(1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,

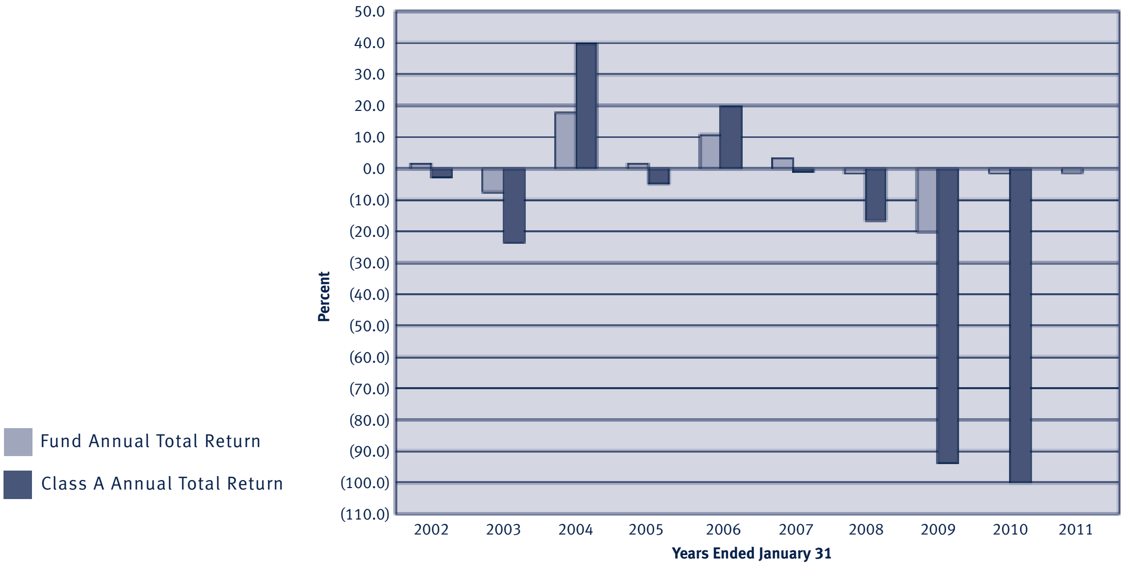
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(3) the past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates how the Fund's annual total return varied from year to year in each of the past ten years. The chart also shows, in percentage terms, how much an investment made on February 1 in each year would have increased or decreased by the end of that fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended January 31, 2011 as compared to the performance of the S&P/TSX Composite Index and 3-month Canada Treasury Bills.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
MCM Split Share Corp.	**(1.32)%**	(8.10)%	(4.62)%	(0.21)%
MCM Split Share Corp. – Class A	**n/a**	(81.60)%	(65.16)%	(39.97)%
MCM Split Share Corp. – Priority Equity	**(1.32)%**	1.53 %	3.22 %	4.49 %
S&P/TSX Composite Index*	**n/a**	3.81 %	5.29 %	6.13 %
3-month Canada Treasury Bills**	**0.50 %**	n/a	n/a	n/a

* The S&P/TSX Composite Index is a capitalization-weighted index designed to measure the market activity of stocks listed on the TSX.

** Canada Treasury Bills are short-term debt instruments issued and fully guaranteed by the Government of Canada. The annualized return on the 3-month Canada Treasury Bills presented in this table is supplied by the Royal Bank of Canada.

The performance benchmarks shown here provide an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out quarterly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to generate the distributions.

Portfolio Manager Report

The Canadian economy grew at a quick pace in the first half of 2010 but had slower gross domestic product growth in the third quarter of 1.00 percent. The Bank of Canada raised the benchmark overnight rate in June, July and September from the unusually low 0.25 percent to 1.00 percent in quarter point increments.

The Fund adopted the Priority Equity Portfolio Protection Plan to protect holders of the Priority Equity shares by assisting the Fund with the payment of the original issue price of $15.00 per Priority Equity share on termination date. With the steep market sell-off in November 2008 cash levels were raised to ensure compliance with the above feature. The Fund continues to be in cash and cash equivalents with no equity exposure. During the year ended January 31, 2011, the Fund's annual total return, including reinvestment of distributions, was negative 1.3 percent. Distributions amounting to $0.83 per Priority Equity share were paid during the year, contributing to an overall decline in the net asset value from $14.24 per Unit as at January 31, 2010 to $13.23 per Unit as at January 31, 2011. The Fund is highly sensitive to short-term rates as it is entirely invested in cash and cash equivalents.

On November 8, 2010, the Fund announced that the management fee would decrease from 1.25 percent to 0.50 percent per annum of the net asset value for an indefinite period. At that time, the Manager also decided to consider strategic alternatives for the Fund and its operations.

Related Party Transactions

Mulvihill amalgamated with MCM on September 1, 2010. As successor, MCM became the Manager of the Fund. Management fees previously paid to Mulvihill will be paid to MCM from and after the effective date of the amalgamation.

The manager and investment manager of the Fund is MCM ("Manager " or "Investment Manager"). MCM became the Manager of the Fund on September 1, 2010 as successor by amalgamation with Mulvihill Fund Services Inc.

MCM manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated February 12, 1998.

MCM is the Manager of the Fund pursuant to a Management Agreement made between the Fund and MCM dated February 12, 1998, and as such, is responsible for providing or arranging for required administrative services to the Fund.

MCM is paid the fees described under the Management Fees section of this report.

Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds to establish an independent review committee ("IRC") to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

We confirm the Fund did not rely on any approvals or recommendations of the IRC concerning related party transactions during the year.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund's views to change, the Fund does not undertake to update any forwardlooking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of MCM Split Share Corp. (the "Fund") and all the information in this annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the "Manager"), and have been approved by the Fund's Board of Directors (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 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 Audit Committee meets periodically with management and the independent auditor 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 independent auditor's report. Deloitte & Touche LLP has full and unrestricted access to the Audit Committee and the Board.

John P. Mulvihill
Director
Mulvihill Capital Management Inc.
March 2, 2011

John D. Germain
Director
Mulvihill Capital Management Inc.

To the Shareholders of MCM Split Share Corp.

We have audited the accompanying financial statements of MCM Split Share Corp., which comprise the statement of investments as at January 31, 2011, the statements of financial position as at January 31, 2011 and 2010, and the statements of operations and deficit, changes in net assets and of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MCM Split Share Corp. as at January 31, 2011 and 2010, and the results of its operations, its changes in net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
March 2, 2011
Toronto, Ontario

Statements of Financial Position

As at January 31

	2011	2010
ASSETS		
Short-term investments at fair value (cost - $15,073,953; 2010 - $21,584,500)	**$ 15,073,953**	$ 21,584,500
Cash	**127,844**	28,922
Interest receivable	**9,077**	13,125
TOTAL ASSETS	**$ 15,210,874**	**$ 21,626,547**
LIABILITIES		
Redemptions payable	**$ 573,003**	$ 1,245,762
Accrued liabilities	**26,591**	27,625
Accrued management fees	**6,449**	22,931
Redeemable Priority Equity shares (Note 6)	**14,604,831**	20,330,229
	15,210,874	**21,626,547**
EQUITY		
Class A and Class B shares (Note 6)	**11,901,363**	15,928,410
Deficit	**(11,901,363)**	(15,928,410)
	–	–
TOTAL LIABILITIES AND EQUITY	**$ 15,210,874**	**$ 21,626,547**
Number of Units Outstanding (Note 6)	**1,103,877**	**1,427,588**
Net Assets per Unit (Note 5)		
Class A share	**$ –**	$ –
Priority Equity share (Notes 3 and 4)	**13.2305**	14.2410
	$ 13.2305	**$ 14.2410**

On Behalf of the Board of Directors,

John P. Mulvihill, Director

Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended January 31

	2011	2010
REVENUE		
Interest, net of foreign exchange	$ 113,063	$ 308,925
Dividends, net of foreign exchange	–	1,345
	113,063	310,270
Net realized loss on investments	–	(178,815)
Net realized loss on derivatives	–	(39,254)
Net realized loss on short-term investments	–	(9,985)
Total Net Realized Loss	–	(228,054)
TOTAL REVENUE	113,063	82,216
EXPENSES (Note 7)		
Management fees	192,518	313,980
Service fees	–	92
Administrative and other expenses	49,758	56,802
Transaction fees (Note 10)	–	1,635
Custodian fees	19,366	22,786
Audit fees	29,434	29,435
Director fees	22,464	20,260
Independent review committee fees	6,602	6,514
Legal fees	4,298	8,335
Shareholder reporting costs	17,107	25,556
Capital tax and federal and provincial sales taxes	22,892	44,920
TOTAL EXPENSES	364,439	530,315
Net Realized Loss before Distributions	(251,376)	(448,099)
Priority equity share distributions	(1,050,277)	(1,374,355)
Net Realized Loss	(1,301,653)	(1,822,454)
Net change in unrealized appreciation/depreciation of investments	–	111,735
Net change in unrealized appreciation/depreciation of short-term investments	–	(40,646)
Total Net Change in Unrealized Appreciation/Depreciation of Investments	–	71,089
Net Loss before Reduction in Value of Priority Equity Shares	(1,301,653)	(1,751,365)
Reduction in Value of Priority Equity Shares (Note 4)	1,115,441	1,083,591
Net Allocations on Retractions of Priority Equity Shares (Note 6)	186,212	349,081
NET LOSS FOR THE YEAR	$ –	$ (318,693)
NET LOSS PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the year of 1,297,119; 2010 - 1,702,418)	$ –	$ (0.1872)
DEFICIT		
Balance, beginning of year	$ (15,928,410)	$ (20,525,876)
Net allocations on retractions of Class A share (Note 6)	4,027,047	4,929,521
Net loss for the year	–	(318,693)
Distributions on Class A shares	–	(13,362)
BALANCE, END OF YEAR	$ (11,901,363)	$ (15,928,410)

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

Years ended January 31

	2011	2010
NET ASSETS, BEGINNING OF YEAR	$ –	$ 522,980
Net Realized Loss before Distributions	(251,376)	(448,099)
Reduction in Value of Priority Equity Shares (Note 4)	1,115,441	1,083,591
Net Allocations on Retractions of Priority Equity Shares (Note 6)	186,212	349,081
Class A Share Capital Transactions		
Value for Class A shares redeemed	–	(190,925)
Distributions		
Priority Equity shares		
From net investment income	(1,050,277)	(1,374,355)
Class A shares		
From net investment income	–	(13,362)
	(1,050,277)	(1,387,717)
Net Change in Unrealized Appreciation/Depreciation of Investments	–	71,089
Changes in Net Assets during the Year	–	(522,980)
NET ASSETS, END OF YEAR	$ –	$ –

Statements of Cash Flows

Years ended January 31

	2011	2010
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	$ 21,613,422	$ 27,189,565
Cash Flows Provided by (Used In) Operating Activities		
Net Realized Loss before Distributions	(251,376)	(448,099)
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Proceeds from disposition of investment securities	–	1,107,192
Net realized (gain)/loss on sale of investments (including derivatives)	–	218,069
(Increase)/decrease in interest and dividends receivable	4,048	335,810
Increase/(decrease) in accrued liabilities and accrued management fees	(17,516)	(8,929)
Net change in unrealized appreciation/depreciation of cash and short-term investments	–	(40,646)
	(13,468)	1,611,496
Cash Flows Provided by (Used In) Financing Activities		
Distributions to Class A shares	–	(13,362)
Distributions to Priority Equity shares	(1,050,277)	(1,374,355)
Class A share redemptions	–	(200,856)
Priority Equity share redemptions	(5,096,504)	(5,150,967)
	(6,146,781)	(6,739,540)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Year	(6,411,625)	(5,576,143)
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 15,201,797	$ 21,613,422
Cash and Short-Term Investments comprised of:		
Cash	$ 127,844	$ 28,922
Short-Term Investments	15,073,953	21,584,500
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 15,201,797	$ 21,613,422

Statement of Investments

As at January 31, 2011

	Par Value	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 0.93% - February 17, 2011	1,600,000	$ 1,597,938	$ **1,597,938**	
Province of Manitoba, 1.04% - March 23, 2011	6,000,000	5,988,240	**5,988,240**	
Province of Quebec, 1.03% - March 10, 2011	7,500,000	7,487,775	**7,487,775**	
Total Treasury Bills		**15,073,953**	**15,073,953**	**99.9%**
Accrued Interest			**9,077**	**0.1%**
TOTAL SHORT-TERM INVESTMENTS		**$ 15,073,953**	**$ 15,083,030**	**100.0%**

The notes are an integral part of the Financial Statements.

1. Corporate Information

MCM Split Share Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 1997. The Fund was inactive prior to the initial public offering of Preferred shares and Class A shares on February 12, 1998. All shares outstanding on February 1, 2013 will be redeemed by the Fund on that date, unless otherwise determined by a majority vote of each class of shareholders.

The Manager of the Fund is Mulvihill Capital Management Inc. ("MCM"). Prior to September 1, 2010, the Manager of the Fund was Mulvihill Fund Services Inc. ("Mulvihill") which amalgamated with MCM on September 1, 2010. As successor, MCM is the Manager and the Investment Manager of the Fund. RBC Dexia Investor Services Trust is the Custodian of the assets of the Fund.

2. Investment Objectives of the Fund

The Fund's investment objectives are to:

(i) provide Priority Equity shareholders with quarterly cash dividends to yield 5.50 percent per annum based on the original issue price;

(ii) provide Class A shareholders with quarterly dividends in an amount initially targeted to be 10 percent per annum of the net asset value of the Class A Shares from time to time; and

(iii) return, at a minimum, the original issue prices of the shares to shareholders upon windup on February 1, 2013.

During 2009, the Fund, in accordance with the Priority Equity Portfolio Protection Plan, moved its investments into cash and cash equivalents. As at January 31, 2011 and 2010, the Fund's holdings were in cash and cash equivalents.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with generally Canadian accepted accounting principles ("Canadian GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Primary estimates include valuation of investments. While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates.

Financial Instruments – Disclosures

The Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. See additional note disclosures in Note 12.

The significant accounting policies of the Fund are as follows:

Valuation of Investments

Short-term investments are included in the statement of investments at their cost. This value, together with accrued interest, approximates fair value at bid price.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Operations and Deficit. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

(i) Expiration of written options whereby realized gains are equivalent to the premium received;

(ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and

(iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in net realized gains (losses) on derivatives.

Realized gains and losses relating to purchased put options may arise from:

(i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid;

(ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid; and

(iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in change in unrealized appreciation (depreciation) of investments. Premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

Redeemable Priority Equity Shares

Each Redeemable Priority Equity share is valued for financial statement purposes at the lesser of: (i) $15.00; and (ii) the net asset value of the Fund divided by the number of Priority Equity shares outstanding.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date.

Foreign exchange gains (losses) on short-term investments and dividends are reflected as interest income (loss) and dividend income. Realized gains (losses) relating to forward exchange contracts are included in net realized gain (loss) on derivatives. Other foreign exchange gains (losses) are recorded as realized or unrealized gain (loss) on investments, as appropriate.

4. Reduction in Value of Priority Equity Shares

Each Priority Equity share is valued for financial statement purposes at the lesser of: (i) the original redemption value of $15.00; and (ii) the net assets of the Fund, divided by the number of Priority Equity shares outstanding. The net assets is equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Priority Equity shares of the Fund on a particular date and including the valuation of securities at bid price less $1,000. As a result, the value of the Redeemable Priority Equity shares was reduced by $1,115,441 (2010 - $1,083,591). This reduction is reflected in both the carrying value in the Statement of Financial Position and the Statement of Operations and Deficit.

5. Net Asset Value

The net asset value of the Fund is calculated using the fair value of investments at the close or last trade price. The net assets per Unit is calculated using the fair value of investments at the closing bid price. The net assets per Unit for financial reporting purposes and net asset value per Unit for pricing purposes will not be the same due to the use of different valuation techniques.

The difference between the net asset value per Unit for pricing purposes and the net assets per Unit reflected in the financial statements is as follows:

	2010	2009
Net Asset Value per Unit (for pricing purposes)	**$13.2305**	$14.2410
Difference	**(0.0000)**	(0.0000)
Net Assets per Unit (for financial statement purposes)	**$13.2305**	$14.2410

6. Share Capital

The Fund is authorized to issue an unlimited number of Priority Equity and Class A shares and 1,000 Class B shares.

All Priority Equity shares and Class A shares outstanding on February 1, 2013 will be redeemed by the Fund on that date, unless otherwise determined by a majority vote of each class of shareholders.

Priority Equity shares and Class A shares may be surrendered at any time for retraction at specified retraction amounts. Holders of Priority Equity shares and Class A shares may concurrently retract one Priority Equity share and one Class A share (together, a “Unit”) on a January 31 valuation date at their net asset values. Shares retracted at any other valuation date or not retracted concurrently at a January 31 valuation date will be retracted at a discount to net asset value. Under the terms of a Recirculation Agreement, the Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Priority Equity shares and Class A shares tendered for retraction. The Priority Equity shares rank in priority to the Class A shares and the Class A shares rank in priority to the Class B shares with respect to the payment of dividends and repayment of capital on the dissolution, liquidation or winding up of the Fund. Net allocations on retractions represent gains on retractions where the price paid upon retraction is less than the carrying value of the retracted shares.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of $1.00 per share.

Class B shares are entitled to one vote per share. Priority Equity shares and Class A shares are entitled to vote on certain shareholder matters.

The Fund’s Priority Equity shares have been classified as liabilities in accordance with Canadian GAAP. Accordingly, net income for the year is stated after Priority Equity share distributions.

During the year, 323,711 Units (2010 - 411,603 Units) were redeemed.

Issued and Outstanding

	2011	2010
1,103,877 Priority Equity shares (2010 – 1,427,588)	**$ 14,604,831**	**$ 20,330,229**
1,103,877 Class A shares (2010 – 1,427,588)	**$ 11,900,363**	$ 15,927,410
1,000 Class B shares (2010 – 1,000)	**1,000**	1,000
	$ 11,901,363	**$ 15,928,410**

7. Management Fees and Expenses

Mulvihill amalgamated with MCM on September 1, 2010. As successor, MCM became the Manager and the Investment Manager of the Fund. Fees are payable to the Manager under the terms of the trust agreement and to the Investment Manager under the terms of an investment management agreement. Prior to November 1, 2010, the fees were payable at annual rates of 0.10 percent and 1.15 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes. On November 8, 2010, the Fund announced that the management fee would decrease from 1.25 percent to 0.50 percent per annum of the net asset value effective November 1, 2010 for an indefinite period.

The Fund is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the trustee and manager in the ordinary course of business relating to the Fund's operations.

The Fund will pay a service fee which will be paid to each dealer whose clients hold Class A shares. The service fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40 percent annually of the net asset value of the Class A shares held by clients of the dealer.

8. Income Taxes

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. The Fund is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses.

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders.

No amount is payable on account of income taxes in 2011 or 2010.

Accumulated non-capital losses of approximately $2.3M (2010 - $1.8M) and capital losses of approximately $14.2M (2010 - $14.2M) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $M)
2015	$ 0.4
2029	0.6
2030	0.8
2031	0.5
Total	**$ 2.3**

Issue costs of approximately $0.2M (2010 – $0.4M) remain undeducted for tax purposes at year-end.

9. Distributions

The dividend rate set on Priority Equity shares is 5.50 percent per annum per share on the $15.00 original issue price payable on the last day of April, July, October and January in each year.

10. Transaction Fees

Total transaction fees paid for the year ended January 31, 2011 in connection with portfolio transactions were nil (2010 - $1,635). In 2010, $401 was directed for payment of client brokerage commissions.

11. Capital Disclosures

Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, "Capital Disclosures" requires the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Fund's objectives, policies and processes are described in Note 2, information on the Fund's shareholders' equity is described in Note 6 and Note 9 and the Fund does not have any externally imposed capital requirements.

12. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, receivables, investments, payables and Redeemable Priority Equity shares. As a result of the amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosures", the Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

(1) Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities,

(2) Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

(3) Level 3 - for inputs that are based on unobservable market data.

The following is a summary of the inputs used as of January 31, 2011 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 15,083,030	$ –	$15,083,030
Total Investments	**$ –**	**$ 15,083,030**	**$ –**	**$15,083,030**

The following is a summary of the inputs used as of January 31, 2010 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 21,597,625	$ –	$ 21,597,625
Total Investments	**$ –**	**$ 21,597,625**	**$ –**	**$ 21,597,625**

There were no transfers between Level 1 and Level 2 during 2011 and 2010.

As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include liquidity risk, interest rate risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below:

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. The portfolio holdings of the Fund currently consist of cash and short-term investments which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due. Liabilities are payable within one year except the Redeemable Priority Equity share liability which matures on February 1, 2013 (see Note 6).

Cash is required to fund redemptions. Shareholders must surrender shares at least 5 business days prior to the last day of the month and receive payment on or before 8 business days following the month end valuation date. Therefore the Fund has a maximum of 13 business days to generate sufficient cash to fund redemptions mitigating any liquidity issues.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short term fixed income securities. The Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund limits its exposure to credit loss by placing its cash and short-term investments with high credit quality government and financial institutions.

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of January 31, 2011:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	A-1+	100%
Total		**100%**

The following are the credit ratings for short-term investments held by the Fund based on Standard & Poor's credit ratings as of January 31, 2010:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1	46%
Discount Commercial Papers	A-1	33%
Government of Canada Treasury Bills	AAA	21%
Total		**100%**

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short-term.

13. Future Accounting Policy Changes

The Fund was required to adopt International Financial Reporting Standards ("IFRS") for the year beginning on February 1, 2011. However, the Canadian Accounting Standards Board approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). As a result, investment companies will adopt IFRS for the year beginning on January 1, 2013 and will issue their initial statements on a comparative basis for the interim period ending June 30, 2013. The Fund is scheduled to terminate before the initial adoption of IFRS.

14. Subsequent Event

On March 2, 2011, the Board of Directors of the Fund approved the dissolution of the Fund to distribute to shareholders the proceeds received from the liquidation of the assets, less all liabilities and all expenses to be incurred in connection with the dissolution and winding up of the Fund. This dissolution is in advance of the scheduled termination date of February 1, 2013. The Fund expects that proceeds from the liquidation will be payable to holders of the Priority Equity Shares on or about March 31, 2011.

Given that the Priority Equity Shares rank ahead of the Class A Shares, the Fund expects that holders of the Priority Equity Shares will receive the entire amount of the liquidation proceeds to be paid to shareholders because they are entitled to the first $15.00 of net asset value of the Fund per share in priority to other shareholders. As the amount of such liquidation proceeds will be less than $15.00 per Priority Equity Share, the Fund does not expect to be in a position to make any payment to holders of Class A Shares upon dissolution.

Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Mulvihill Capital Management Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has an Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor, and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the independent auditor to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure.

The Fund maintains an Investor Relations line (toll-free: 1-800-725-7172 or e-mail: info@mulvihill.com) and website (www.mulvihill.com) to respond to inquiries from shareholders.

Board of Directors

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

John D. Germain
Senior Vice-President & Chief Financial Officer
Mulvihill Capital Management Inc.

Michael M. Koerner[1,2]
Corporate Director

Robert W. Korthals[1,2]
Corporate Director

Robert G. Bertram[2]
Corporate Director

[1] Audit Committee Member
[2] Independent Review Committee Member

Information

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Brookfield Place
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Toronto, Ontario M5J 2V1

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Shares Listed:
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trading under
MUH.A/MUH.PR.A

Custodian:
RBC Dexia Investor Services Trust
RBC Centre
155 Wellington Street West, 2nd Floor
Toronto, Ontario M5V 3L3

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

Investment Funds Managed by Mulvihill Capital Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund
Core Canadian Dividend Trust
Gold Participation and Income Fund
Premier Canadian Income Fund
Top 10 Canadian Financial Trust

SPLIT SHARES

MCM Split Share Corp.
Premium Income Corporation
S Split Corp.
Top 10 Split Trust
World Financial Split Corp.

PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust

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Contact your broker directly for address changes.

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