

MCM SPLIT SHARE CORP.

Interim Statement of Operations

For the period from February 24 to July 31, 1998 (Unaudited)

Income	
Dividends	\$ 1,629,067
Interest	1,416,969
	<u>3,046,036</u>
Expenses	
Management fees	742,102
Custodian and other fees	31,811
Withholding tax	11,893
Goods and services tax	54,174
	<u>839,980</u>
Net investment income	<u>2,206,056</u>
Gain on sale of investments	4,044,970
Unrealized depreciation of investments	(4,364,749)
Net loss on investments	<u>(319,779)</u>
Total results from financial operations	<u>\$ 1,886,277</u>
Total results from financial operations per Unit	<u>\$0.40</u>

Interim Statement of Changes in Net Assets

For the period from February 24 to July 31, 1998 (Unaudited)

Net assets, beginning of period	\$ -
Unit transactions	
Proceeds from units issued, net of issue costs	136,300,000
Net amount paid for units redeemed	(14,900)
	<u>136,285,100</u>
Total results from financial operations	<u>1,886,277</u>
Distributions to Unitholders	
From net investment income	(2,206,056)
From net realized gain on sale of investments	(1,995,590)
	<u>(4,201,646)</u>
Increase in net assets for the period	<u>133,969,731</u>
Net assets, end of period	<u>\$133,969,731</u>
Net asset value per Unit	<u>\$ 28.21</u>
Distribution per Unit	
From net investment income	\$ 0.46
From net realized gain on sale of investments	0.42
Total Distribution per Unit	<u>\$ 0.88</u>

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SEMI-ANNUAL REPORT 1998

For the period from
February 24 to July 31, 1998

MCM SPLIT SHARE CORP.

Managed by:



MULVIHILL
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MCM SPLIT SHARE CORP.

To Shareholders of MCM Split Share Corp.:

MCM Split Share began operations on February 24, 1998. The Corp.'s investment objectives are to provide both classes of shareholders with quarterly income distributions and to return the original issue price to unitholders at the termination date of February 1, 2008.

The target distribution rate for Class A shareholders is \$1.20 per annum equivalent to an 8% yield on the original issue price of \$15.00. The target distribution for preferred shareholders is \$0.825 per annum equivalent to a 5.5% yield on the original share price of \$15.00.

To accomplish these objectives, the Corp. will invest in a diversified basket of blue chip equities and will augment the portfolio's underlying dividend income by writing covered call options.

During this fund's initial period of operations, there has been growing concern among equity market participants about overall equity valuation levels and the deteriorating performance of several of the Pacific Rim economies. Given these concerns, the portfolio was positioned in a conservative and defensive manner. This strategy has allowed for the earning of the target distribution while reducing the exposure of the portfolio to a broad based equity market decline.

Statement of Investments

As at July 31, 1998 (Unaudited)

	Par Value / No. of shares	Cost	Market Value
Canadian Equities			
Alcan Aluminium Ltd.	30,000	\$ 1,412,570	\$ 1,165,500
Bank of Nova Scotia	35,000	1,379,000	1,188,250
BC Telecom Inc.	70,000	3,366,303	2,982,000
BCE Inc.	122,200	6,970,528	7,441,980
Bombardier Inc. Cl. B	210,000	3,897,191	4,368,000
Canadian Imperial Bank of Commerce	50,000	2,824,213	2,262,500
Canadian National Railway Company	60,000	5,428,920	4,785,000
Canadian Pacific Limited	145,000	5,881,150	5,234,500
Imasco Limited	88,000	2,478,460	2,525,600
Magna International Inc. Cl. A	13,000	1,402,312	1,333,150
Manitoba Telecom Services Inc.	90,000	2,112,000	1,651,500
National Bank of Canada	45,000	1,389,372	1,219,500
Northern Telecom Limited	87,500	8,198,702	7,761,250
Petro-Canada	115,000	2,915,125	2,489,750
Placer Dome Inc.	130,000	2,804,250	2,047,500
Power Corporation of Canada	150,000	4,795,982	4,987,500
Royal Bank of Canada	8,000	677,838	656,000
Seagram Company Ltd.	25,000	1,489,028	1,376,250
TELUS Corporation	40,000	1,548,750	1,380,000
Thomson Corporation	35,000	1,434,576	1,410,500
Toronto-Dominion Bank	65,000	4,307,202	3,877,250
TransCanada Pipelines Limited	80,000	2,187,600	1,916,000
		68,901,072	64,059,480
U.S. Equities			
Ford Motor Company	32,500	2,737,398	2,789,203
General Electric Company	25,000	3,117,384	3,365,508
McDonald's Corporation	50,000	5,259,522	5,035,308
Monsanto Company	35,000	2,900,864	2,987,271
Wal-Mart Stores Inc.	30,000	2,841,413	2,854,440
		16,856,581	17,031,730
Short-term Notes - Domestic			
Canada Treasury	686,000	679,142	680,290
Royal Bank of Canada	52,000,000	51,352,600	51,595,960
		52,031,742	52,276,250
Short-term Notes - U.S. Dollar Denominated			
Canada Treasury	665,000	967,505	997,166
Canadian Wheat Board	500,000	748,485	748,485
		1,715,990	1,745,651
Covered Calls - Domestic	(200)	(30,600)	(32,500)
Covered Calls - U.S.	(1,225)	(572,993)	(543,568)
Total Investments		\$ 138,901,792	\$ 134,537,043

Note: The number of covered calls outstanding as of quarter end is not representative of the level of call writing during the period.

Year 2000

In conducting its business, the Corporation utilizes the computer information systems of third party service providers, including Mulvihill Capital Management Inc. (MCM), the Custodian and Transfer Agent. The Corporation 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 has advised the Corporation that it has put in place a Year 2000 plan in an effort to ensure that its information systems are Year 2000 compliant. It has 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 Corporation'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 Corporation's Universe will be Year 2000 compliant. If any such corporations are not Year 2000 compliant, the NAV could be adversely affected.

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for MCM Split Share Corp. for the period ended July 31, 1998 may be obtained without charge by writing to:

MCM Split Share Corp.
Investor Relations
121 King Street West
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