

# PREMIUM INCOME CORPORATION

*SEMI-ANNUAL  
REPORT 1997*

*For the six months ended  
April 30, 1997*



**FIRST  
PREMIUM**

## ***To Shareholders of the Premium Income Corporation:***

*Favourable price movement and increased price volatility in bank shares enabled the Corporation to achieve results of \$10.3 million for the six months ended April 30, 1997. Net assets increased 6.9% to \$102.2 million. In addition, distributions to Unitholders amounted \$3.7 million. A Unit consists of the combination of one Preferred share and one Class A share. Preferred shareholders receive dividends at a rate of 5.75% of their par value of \$15.00. The Corporation's dividend policy on the Class A shares has been initially set at a rate of \$0.80 per share equivalent to 8% based on the Class A shares initial offering price of \$10.00. In addition, the board of directors declared a special dividend to Class A shareholders of \$0.10 per share which was paid on April 30, 1997.*



# PREMIUM INCOME CORPORATION

## Interim Statement of Operation

*for the six months ended April 30, 1997 (Unaudited)*

### Income

Interest	\$ 586,925
Dividends	1,709,130
	<u>2,296,055</u>

### Expenses

Custodian fees	26,145
Management fees	452,300
GST	33,400
	<u>511,845</u>

**Net investment income** **1,784,210**

Gain on sale of investments 6,128,412

Unrealized appreciation of investments 2,406,545

**Net gain on investments** **8,534,957**

**Total results from financial operation** **\$10,319,167**

**Total results from financial operations per Unit** **\$ 2.58**

## Interim Statement of Changes in Net Assets

*for the six months ended April 30, 1997 (Unaudited)*

**Net assets, beginning of period** **\$ 95,588,598**

**Total results from financial operations** **10,319,167**

### Distributions to Unitholders

From net investment income (1,784,210)

From net realized gain on sale of investment (1,959,890)

(3,744,100)

Increase in net assets for the period 6,575,067

**Net assets, end of period** **\$ 102,163,665**

**Net Asset Value per Unit** **\$ 25.54**

### Distribution per Unit

From net investment income \$ 0.45

From net realized gain on sale of investment \$ 0.49

**Total Distribution per Unit** **\$ 0.94**

## Semi-Annual Report 1997

### Statement of Investments

*As at April 30, 1997 (Unaudited)*

	No. of Shares	Cost	Market Value
Bank of Nova Scotia	147,400	7,634,411	7,819,570
Canadian Imperial Bank of Commerce	600,000	19,305,996	19,290,000
Royal Bank of Canada	425,000	22,994,502	23,736,250
Toronto Dominion	425,000	16,114,066	16,787,500
<b>Contracts</b>			
Covered Call Options	9,500	(907,250)	(1,072,500)
<b>Short Term Notes</b>			
	<b>Par Value</b>		
3.2%, May 1, 1997	13,748,767	13,748,767	13,748,767
<b>Total Investments</b>		<b>\$101,451,037</b>	<b>\$103,857,587</b>

### Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Premium Income Corporation for the period ended April 30, 1997 may be obtained without charge by writing to:

Premium Income Corporation  
Investor Relations  
121 King Street West, Suite 2600  
Toronto, Ontario  
M5H 3T9

# PREMIUM INCOME CORPORATION

*Managed by:*



MULVIHILL  
CAPITAL MANAGEMENT INC.

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