

**MIDDLEFIELD CANADIAN INCOME TRUSTS – GBP PC, A CELL OF MIDDLEFIELD
CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC**

**Preliminary Announcement of Results
For the period from 1 January 2010 to 30 June 2010**

At a meeting of the Board of Directors held on 19 August 2010, the half yearly report and condensed financial statements (unaudited) for the Fund for the period from 1 January 2010 to 30 June 2010 were approved, details of which, are attached.

The financial information set out in the announcement does not constitute the Fund's statutory accounts for the period from 1 January 2010 to 30 June 2010, but is derived from those accounts.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. This announcement has been prepared using accounting policies consistent with those set out in the Fund's last annual report and financial statements for the year ended 31 December 2009.

The full unaudited report and financial statements will be available at the end of August 2010 at www.middlefield.co.uk.

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20 August 2010
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Interim Management Report - Six months to 30 June 2010 (unaudited)

On the invitation of the Directors of the Company, this interim management statement is provided by Middlefield International Limited, which acts as the investment adviser to the Fund.

This statement has been prepared to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any party for any purpose other than as stated above.

Middlefield Canadian Income Trusts Investment Company PCC is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has initially established one closed-ended Cell known as Middlefield Canadian Income Trusts – GBP PC (referred to as the "Fund" which term includes, where the context permits, the Company acting in respect of Middlefield Canadian Income Trusts - GBP PC). Admission to the official list of the UK Listing Authority and dealing in redeemable participating preference shares commenced on 6 July 2006.

Investment Objective

The Fund's investment objective is to produce a high income return whilst also seeking to preserve shareholder capital.

To achieve its objectives, the Fund (i) entered into a Swap with a Canadian chartered bank in order to achieve efficient currency hedged economic exposure to the Canadian income trust market through its reference asset, CIT Trust, an actively managed portfolio of Canadian income trusts and (ii) invests its assets in a Money Market and Bond Portfolio.

Performance Summary

The net asset value as at 30 June 2010 was £61.4 million or 76.43 pence per share. Based on the change in net asset value since 31 December 2009, the Fund generated a positive total return of 3.3% for the year to date period ended 30 June 2010. The key driver of Fund performance is the mark-to-market value of the Swap, which in turn is affected by a combination of the performance of its reference asset, CIT Trust, and the mark-to-market value of the CCMD.

CIT Trust posted a total return of 1.4% for the six-month period ended 30 June 2010, outperforming the S&P/TSX Composite's total return of -2.5% over the same period. The positive effects of global fiscal stimulus and quantitative easing appear to have subsided leaving a strong sense of uncertainty overshadowing global capital markets. Energy prices have not been immune to this ongoing volatility as West Texas Intermediate crude oil rose to over US\$90 per barrel in May, only to collapse to approximately US\$70 per barrel by the end of the month. The following five weeks saw a partial retracement of this pullback as the price of oil closed at US\$75.63 per barrel on June 30, 2010, representing an 8.4% decline from US\$82.53 per barrel on December 31, 2009.

As a result of the uncertainty surrounding global economic growth, it has become increasingly important to select sectors with underlying fundamental support as they are better positioned to generate strong returns over the long term. We remain very positive on the oil and gas sector and continue to hold the view that global oil production is peaking. Groppe, Long & Littell, an oil and gas consulting firm based in Houston, who acts as a Special Advisor to Middlefield Capital Corporation ("MCC"), the Adviser to CIT Trust, believes that annual average crude oil prices will increase from the US\$70 per barrel range today to approximately US\$100 per barrel over the next ten years. With respect to natural gas, the Special Advisor also believes that the significant decline rates experienced by both conventional and unconventional gas wells together with the substantial decrease in drilling activity in North America will cause natural gas prices to rise to approximately US\$7.00 per Mcf over the next several months as constrained supply fails to meet anticipated demand. As a result, MCC has increased its position in natural gas weighted equities while trimming its exposure to oil-focused issuers.

Interim Management Report - Six months to 30 June 2010 (unaudited)

Performance Summary (continued)

Business trusts, which comprise a broad range of businesses including coal export terminals, agricultural products and manufacturing, represented 18% of CIT Trust's portfolio at June 30, 2010. As per the Scotia Capital Business Trust Index, business trusts gained 2.2% on a total return basis in the first half of the year. MCC continues to focus on those issuers with proven management teams, low debt and stable cash flows as these firms will be best positioned to excel within their respective industries.

The portfolio weight of power and pipeline trusts remained largely unchanged as at June 30, 2010 compared to the end of 2009. In the first half of 2010, the Canaccord Genuity Power Trust and Pipeline Trust Indices generated total returns of 1.3% and 9.8%, respectively.

In the first half of the year, we added to positions in gold equities to hedge against ongoing market volatility. Gold and related equities posted a very strong performance in the six months ended June 30, 2010, with gold gaining 13% over the period, and gold equities, as measured by the S&P/TSX Global Gold Index, rising 15% on a total return basis.

REITs outperformed in 2010 as the S&P/TSX Capped REIT Index produced a total return of 5.4%. As a result, Canadian REITs are currently viewed as fully valued and the Fund's REIT allocation was reduced to a mere 2% as of June 30, 2010, from 4% at year-end 2009. MCC continues to follow the REIT sector closely and is actively seeking to increase exposure to this sector at a more attractive entry point.

The asset class weightings for CIT Trust as at June 30, 2010 were:

Asset Class	Portfolio Weighting
<i>Oil and Gas</i>	51%
<i>Business Trusts</i>	18%
<i>Power and Pipeline</i>	13%
<i>REITs</i>	2%
<i>Other</i>	16%

The mark-to-market value of the cross currency margin differential (the "CCMD Value") is the direct result of the Fund's decision to eliminate the impact of fluctuations in the spread between Sterling and Canadian interest rates on the Fund's revenues by locking in the spread from the outset. All else being equal, the CCMD Value will reduce to zero as the termination date of 28 June 2013 for the Swap is approached. As at 30 June 2010, the CCMD Value was 3.24 pence per share.

Dividends

The Fund paid quarterly dividends of 1.25 pence per share in each of January, April and July 2010.

Related Party Transactions

Related party transactions are disclosed in note 15 to the condensed set of financial statements.

There have been no material changes in the related party transactions from those described in the 2009 Annual Report.

Material Events

The Board of Middlefield Canadian Income Trusts Investment Company PCC is not aware of any significant event or transaction which has occurred between 1 January 2010 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

Interim Management Report - Six months to 30 June 2010 (unaudited)

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Fund's performance over the remaining six months of the year and could cause actual results to differ materially from expected and historical results. Further information on the principal risks and uncertainties of the Fund are included in the 2009 Annual Report.

Outlook

In a highly volatile, low interest rate environment, it is not surprising that investor preference has shifted towards yield. It is for this reason that we believe companies offering high levels of sustainable income will continue to attract significant investor interest and achieve premium valuations. We anticipate the vast majority of income trusts will convert to corporations by year-end, and expect a number of them to continue to pay out relatively high levels of dividends on a sustainable basis. With a well-capitalized banking system and an abundance of natural resources, we believe that Canada represents one of the most favourable areas for investment globally.

Middlefield International Limited
19 August 2010

Past performance is not a guide to future performance.

This interim management statement is available at: www.middlefield.co.uk.

CONDENSED BALANCE SHEET (unaudited)
As at 30 June 2010
with unaudited comparatives as at 30 June 2009
and audited comparatives as at 31 December 2009

	30.06.2010 £	30.06.2009 £	31.12.2009 £
Current assets			
Securities (at fair value through profit or loss)	76,971,563	6,657,640	76,668,168
Cash and cash equivalents	105,544	195,512	244,545
Accrued bond interest	91,506	181,544	72,815
Accrued dividend income	542	572	605
Interest receivable on Swap	1,016,152	925,325	1,189,599
Prepayments	-	-	11,566
	<u>78,185,307</u>	<u>77,960,593</u>	<u>78,187,298</u>
Current liabilities			
Derivative financial instruments (at fair value through profit or loss)	(16,666,784)	-	(17,077,273)
Other payables and accruals	(130,875)	(85,100)	(126,435)
	<u>(16,797,659)</u>	<u>(85,100)</u>	<u>(17,203,708)</u>
Net current assets	<u>61,387,648</u>	<u>77,875,493</u>	<u>60,983,590</u>
Non-current liabilities			
Derivative financial instruments (at fair value through profit or loss)	-	(34,726,185)	-
Net assets	<u>61,387,648</u>	<u>43,149,308</u>	<u>60,983,590</u>
Equity attributable to equity holders			
Share capital	-	-	-
Stated capital account	22,628,627	22,628,627	22,628,627
Other reserve	54,037,500	54,037,500	54,037,500
Retained deficit	(15,278,479)	(33,516,819)	(15,682,537)
Total Shareholders' equity	<u>61,387,648</u>	<u>43,149,308</u>	<u>60,983,590</u>
Net asset value per redeemable participating preference share	<u>76.43p</u>	<u>53.72p</u>	<u>75.93p</u>

CONDENSED INCOME STATEMENT (unaudited)
For the period 1 January 2010 to 30 June 2010
with unaudited comparatives for the period 1 January 2009 to 30 June 2009
and audited comparatives for the year ended 31 December 2009

	Six months ended 30 June		Year ended 31 December
	2010	2009	2009
	£	£	£
Revenue			
Dividend and interest income	177,976	534,981	742,066
Net movement in the fair value of derivative financial instruments	2,464,109	8,188,213	28,011,469
Net movement in the fair value of securities (at fair value through profit or loss)	3,395	(53,399)	(42,871)
Total revenue	<u>2,645,480</u>	<u>8,669,795</u>	<u>28,710,664</u>
Expenditure			
Management fees	32,304	18,811	44,864
Custodian fees	9,691	7,438	15,531
Sponsor's fees	64,608	37,621	89,728
Directors' fees and expenses	42,718	42,404	82,477
Investment advisory fees	32,304	18,811	44,864
Audit fees	15,174	15,173	30,600
Registrar's fees	9,090	9,968	21,631
General expenses	27,595	227	19,408
Total expenditure	<u>233,484</u>	<u>150,453</u>	<u>349,103</u>
Net gain	<u>2,411,996</u>	<u>8,519,342</u>	<u>28,361,561</u>
Gain per redeemable participating preference share- basic and diluted	<u>3.00p</u>	<u>10.61p</u>	<u>35.31p</u>

**CONDENSED STATEMENT OF CHANGES IN REDEEMABLE PARTICIPATING
PREFERENCE SHAREHOLDERS' EQUITY (unaudited)**
For the period 1 January 2010 to 30 June 2010
with unaudited comparatives for the period 1 January 2009 to 30 June 2009
and audited comparatives for the year ended 31 December 2009

	Share capital £	Stated capital account £	Other reserve £	Retained deficit £	Total £
At 1 January 2009	-	22,628,627	54,037,500	(39,628,320)	37,037,807
Gain for the period	-	-	-	8,519,342	8,519,342
Dividends paid	-	-	-	(2,407,841)	(2,407,841)
At 30 June 2009	-	22,628,627	54,037,500	(33,516,819)	43,149,308
At 1 January 2009	-	22,628,627	54,037,500	(39,628,320)	37,037,807
Gain for the period	-	-	-	28,361,561	28,361,561
Dividends paid	-	-	-	(4,415,778)	(4,415,778)
At 31 December 2009	-	22,628,627	54,037,500	(15,682,537)	60,983,590
At 1 January 2010	-	22,628,627	54,037,500	(15,682,537)	60,983,590
Gain for the period	-	-	-	2,411,996	2,411,996
Dividends paid	-	-	-	(2,007,938)	(2,007,938)
At 30 June 2010	-	22,628,627	54,037,500	(15,278,479)	61,387,648

CONDENSED CASH FLOW STATEMENT (unaudited)
For the period 1 January 2010 to 30 June 2010
with unaudited comparatives for the period 1 January 2009 to 30 June 2009
and audited comparatives for the year ended 31 December 2009

	Six months ended 30 June	2009	Year Ended
	2010	2009	31 December
	£	£	2009
			£
Cash flows from operating activities			
Net gain	2,411,996	8,519,342	28,361,561
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	(3,395)	53,399	42,871
Net movement in derivative financial instruments	(410,489)	(6,481,499)	(24,130,411)
Operating cash flows before movements in working capital	1,998,112	2,091,242	4,274,021
Decrease/(increase) in trade and other receivables	166,386	(1,930)	(169,074)
Increase/(decrease) in trade and other payables	4,438	(19,786)	21,549
Net cash from operating activities	2,168,936	2,069,526	4,126,496
Cash flows (used in)/from investing activities			
Payment for purchases of securities	(155,753,673)	(155,872,423)	(311,126,096)
Proceeds from sale of securities	155,453,674	156,295,623	311,549,296
Net cash flow (used in)/from investing activities	(299,999)	423,200	423,200
Cash flows used in financing activities			
Dividends paid	(2,007,938)	(2,407,841)	(4,415,778)
Net cash flow used in financing activities	(2,007,938)	(2,407,841)	(4,415,778)
Net (decrease)/increase in cash and cash equivalents	(139,001)	84,885	133,918
Cash and cash equivalents at beginning of period	244,545	110,627	110,627
Cash and cash equivalents at end of period	105,544	195,512	244,545
Cash and cash equivalents made up of:			
Cash at bank	105,544	195,512	244,545