



SECOND QUARTER REPORT 2004

For the period ended June 30, 2004

Press Release

MINT announces Second Quarter Results

MINT *Income Fund* (“MINT”) is pleased to present its unaudited financial results for the period ended June 30, 2004, the details of which are attached.

In the second quarter of 2004, MINT paid a distribution of \$0.20 per unit to unitholders of record on June 30, 2004 which represents an increase of \$0.02 per unit or 11% over the \$0.18 per unit distribution paid to unitholders for the same period in 2003. Commencing in July 2004, the Fund will pay its distributions on a monthly basis instead of quarterly. MINT generated total returns of 30% for the one year ended June 30, 2004.

As at June 30, 2004, the asset class weightings for the MINT portfolio were:

Asset Class	Portfolio Weighting
Business Trusts	44.9%
Real Estate Investment Trusts	24.9%
Oil and Gas Royalty Trusts	17.7%
Power and Pipeline Trusts	11.9%
Cash	0.6%

The primary objective of MINT is to provide unitholders with high levels of sustainable monthly income. MINT invests selectively in the income trust sector with a bias toward economically sensitive trusts with lower capital expenditure requirements, stable cash flows and dominant market positions. Business trusts, represented by 79 issuers across a broad range of industries, comprise the largest weighting within MINT’s portfolio, supplemented by REITs and oil and gas royalty trusts. This strategy provides unitholders with a balance of high, stable, tax-efficient income and the potential for capital appreciation.

MINT trades on the Toronto Stock Exchange under the symbol “MID.UN”.

For further information, please contact Nancy Tham, Vice President, at (416) 362-0714 ext. 277 or visit our website at www.middlefield.com.

July 29, 2004

This press release contains forward-looking information. Actual future results may differ materially. The risks, uncertainties and other factors that could influence actual results are described in the MINT annual report and other documents filed with regulatory authorities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2004 AND 2003 (UNAUDITED)

The following discussion and analysis should be read in conjunction with the attached unaudited interim financial statements. Readers should also refer to Management's Discussion and Analysis in the Fund's 2003 Annual Report. Management is responsible for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

SECTOR ANALYSIS

The business trust sector continued to expand during the second quarter. The sector currently comprises 79 issuers with a market capitalization over \$33 billion. During the quarter, MINT added Osprey Media Income Fund to its portfolio. Osprey is a leading Canadian publisher of daily and weekly newspapers, magazines and specialty publications. Osprey's publications are located in towns and small cities across Ontario and include local content which is generally not available in the national and major metropolitan newspapers, television and radio. Due to the operational stability inherent in the community newspaper industry and the significant support for Osprey's publications, the company has established a track record of strong and stable revenue generation.

During the second quarter, REIT unit prices decreased in anticipation of future interest rate increases. This correction was experienced across REITs of all property types and geographic areas.

Strong commodity prices continued to support the oil and gas royalty trust sector. During the quarter, Acclaim Energy Trust was added to the MINT portfolio. Acclaim recently announced the acquisition of \$435 million in producing assets from ChevronTexaco, which significantly increased its proved reserves and broadened its geographic exposure.

In light of the expectation of a growing economy and increasing interest rates over the next 12 months, the Fund has an underweight position in power and pipelines trusts.

DISTRIBUTIONS TO UNITHOLDERS

On June 16, 2004, MINT announced a second quarter distribution of \$0.20 per unit to unitholders of record on June 30, 2004. This represents an increase of \$0.02 per unit or 11% over the \$0.18 per unit distribution paid to unitholders of record on June 30, 2003.

FINANCIAL PERFORMANCE

The net asset value per unit decreased by approximately 8% during the quarter and increased by 19% year-over-year to \$9.66 at June 30, 2004. The decrease in the Fund's net asset value during the quarter is attributable to the correction in trading prices of income trusts held within MINT's portfolio. Net investment income was \$0.24 per unit in the second quarter of 2004 compared to \$0.22 per unit during the second quarter of 2003. The ratio of management fees and other operating expenses (excluding interest expense and bank charges) to average net asset value ("MER") was 1.43% for the period, compared to 1.33% in the second quarter of 2003.

OUTLOOK

During the second quarter, income trust trading prices experienced a healthy correction. Recent economic data has exceeded expectations causing interest rates to rise from historic lows and placing downward pressure on the power and pipeline segment of the income trust universe. By focusing the Fund's investment portfolio on economically sensitive trusts, MINT is well-positioned to benefit from an improving North American economy. These types of trusts have the potential to increase revenues and deliver growth in distributable income during the expansionary phase of the business cycle.

Several positive developments occurred during the quarter that should attract greater institutional interest to the income trust sector. The Federal government suspended the limitations on the amounts that pension funds could invest in income trusts proposed in the Federal Budget until a full consultation process can be completed. In addition, the Alberta government passed a bill providing statutory limited liability to income trusts domiciled in Alberta that became effective on July 1, 2004. Prior to breaking for the summer, the Ontario government introduced similar legislation that would grant investors in income trusts the same limited liability protection afforded to common shareholders.

STATEMENTS OF FINANCIAL HIGHLIGHTS

FOR THE PERIODS ENDED JUNE 30

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
DATA PER UNIT				
Net Asset Value at Beginning of Period	\$ 10.52	\$ 7.33	\$ 9.79	\$ 7.34
INCOME (LOSS) FROM INVESTMENT OPERATIONS:				
Net Investment Income	0.24	0.22	0.43	0.43
Net Realized and Unrealized Gain (Loss) on Investments	(0.90)	0.72	(0.16)	0.68
	(0.66)	0.94	0.27	1.11
DISTRIBUTIONS TO UNITHOLDERS				
	0.20	0.18	0.40	0.36
Net Asset Value at End of Period	\$ 9.66	\$ 8.09	\$ 9.66	\$ 8.09
RATIOS/SUPPLEMENTAL DATA				
Total Assets at End of Period	\$ 57,921,946	\$ 48,707,248	\$ 57,921,946	\$ 48,707,248
Total Net Assets at End of Period	\$ 43,663,662	\$ 37,605,998	\$ 43,663,662	\$ 37,605,998
Weighted Average Net Assets	\$ 43,543,072	\$ 36,168,659	\$ 45,525,020	\$ 35,787,513
Management Expense Ratio*	1.43%	1.33%	1.87%	1.39%
Portfolio Turnover Rate	7.86%	14.22%	18.88%	18.86%
Total Rate of Return for the Period	(6.31)%	12.92%	2.79%	15.61%

* Excludes interest expense and bank charges

STATEMENTS OF NET ASSETS

AS AT JUNE 30, 2004 AND DECEMBER 31, 2003

	June 30 2004 Unaudited	December 31 2003 Audited
ASSETS:		
Investments at Fair Value	\$ 57,119,300	\$ 59,460,320
Income and Interest Receivable	437,748	449,979
Cash	357,752	1,272,881
Accounts Receivable	7,146	-
	57,921,946	61,183,180
LIABILITIES:		
Loan Payable	13,274,975	14,645,611
Unitholder Distributions Payable	904,092	929,365
Accounts Payable and Accrued Liabilities	79,217	103,285
	14,258,284	15,678,261
Net Assets	\$ 43,663,662	\$ 45,504,919
Units Issued and Outstanding	4,520,458	4,646,824

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENTS OF OPERATIONS FOR THE PERIODS ENDED JUNE 30	Three Months Ended		Six Months Ended	
	June 30		June 30	
Unaudited	2004	2003	2004	2003
INVESTMENT INCOME:				
Income from Investments	\$ 1,317,867	\$ 1,237,295	\$ 2,650,463	\$ 2,361,817
Interest	5,003	6,255	10,430	104,185
	1,322,870	1,243,550	2,660,893	2,466,002
EXPENSES :				
Management Fee	114,874	97,515	243,395	190,723
Interest and Bank Charges	91,149	106,365	204,515	209,585
General and Administrative	40,111	22,683	255,183	55,754
	246,134	226,563	703,093	456,062
Net Investment Income	1,076,736	1,016,987	1,957,800	2,009,940
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS :				
Net Realized Gain (Loss) from				
Investment Transactions	1,241,139	(525,837)	1,788,908	(1,782,047)
Change in Net Unrealized				
Gain (Loss) on Investments	(5,457,556)	3,873,548	(2,567,454)	4,947,277
Net Gain (Loss) on Investments	(4,216,417)	3,347,711	(778,546)	3,165,230
Net Increase (Decrease) in Net Assets				
Resulting from Operations	\$ (3,139,681)	\$ 4,364,698	\$ 1,179,254	\$ 5,175,170

STATEMENTS OF CHANGES IN NET ASSETS FOR THE PERIODS ENDED JUNE 30	Three Months Ended		Six Months Ended	
	June 30		June 30	
Unaudited	2004	2003	2004	2003
Net Assets at Beginning of Period	\$ 48,844,141	\$ 34,505,403	\$ 45,504,919	\$ 34,924,039
OPERATIONS:				
Net Increase (Decrease) in Net Assets				
Resulting from Operations	(3,139,681)	4,364,698	1,179,254	5,175,170
DISTRIBUTIONS TO UNITHOLDERS				
	(904,092)	(837,851)	(1,832,396)	(1,686,142)
UNITHOLDER TRANSACTIONS:				
Purchase of Trust Units	(1,136,706)	(426,252)	(1,188,115)	(807,069)
Net Increase (Decrease) in Net Assets	(5,180,479)	3,100,595	(1,841,257)	2,681,959
Net Assets at End of Period	\$ 43,663,662	\$ 37,605,998	\$ 43,663,662	\$ 37,605,998

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENT OF INVESTMENT PORTFOLIO
AS AT JUNE 30, 2004

Unaudited

Description	No. of Units	Cost	Fair Value
Advanced Fiber Technologies Income Fund	75,000	\$ 772,193	\$ 907,500
Bell Nordiq Income Fund	85,000	908,350	1,083,750
BFI Canada Income Fund	50,000	547,942	927,500
CCS Income Trust	50,000	869,000	1,495,000
Chemtrade Logistics Income Fund	80,000	1,205,798	1,478,400
Clearwater Seafoods Income Fund	100,000	1,037,537	1,165,000
Connors Bros. Income Fund	65,000	1,121,250	1,072,500
Davis + Henderson Income Fund	80,000	882,293	1,440,000
Great Lakes Carbon Income Fund	70,000	738,238	770,000
Heating Oil Partners Income Fund	100,000	1,165,000	1,100,000
KCP Income Fund	100,000	1,005,567	885,000
Livingston International Income Fund	75,000	868,775	1,334,250
Menu Foods Income Fund	60,000	876,000	906,000
Newalta Income Fund	60,000	772,500	1,128,000
Noranda Income Fund	100,000	987,750	1,130,000
Osprey Media Income Fund	65,000	644,760	648,050
PBB Global Logistics Income Fund	100,000	1,219,782	1,700,000
Superior Plus Income Fund	50,000	773,301	1,297,500
The Consumers' Waterheater Income Fund	100,000	1,001,847	1,364,000
UE Waterheater Income Fund	85,000	869,216	912,900
Versacold Income Fund	90,000	751,740	847,800
Westshore Terminals Income Fund	150,000	757,500	1,117,500
Yellow Pages Income Fund	80,000	877,144	907,200
Yellow Pages Income Fund – Instalment Receipts	25,000	172,450	173,500
BUSINESS TRUSTS: 44.9%		20,825,933	25,791,350
Alexis Nihon Real Estate Investment Trust	50,000	500,500	605,000
Borealis Retail Real Estate Investment Trust	120,000	1,204,250	1,308,000
Canadian Real Estate Investment Trust	80,000	960,000	1,239,200
Calloway Real Estate Investment Trust	100,000	1,203,157	1,488,000
Chartwell Seniors Housing Real Estate Investment Trust	100,000	1,127,786	1,215,000
Cominar Real Estate Investment Trust	60,000	740,002	897,000
H&R Real Estate Investment Trust	100,000	1,147,455	1,632,000
IPC US Income Commercial Real Estate Investment Trust	95,000	956,240	981,350
O & Y Real Estate Investment Trust	65,000	874,250	802,750
Retirement Residences Real Estate Investment Trust	75,000	939,808	782,250
RioCan Real Estate Investment Trust	100,000	1,060,273	1,610,000
Summit Real Estate Investment Trust	75,000	894,534	1,315,500
TGS North American Real Estate Investment Trust	49,800	467,530	445,710
REAL ESTATE INVESTMENT TRUSTS: 24.9%		12,075,785	14,321,760
Acclaim Energy Trust	45,000	553,740	582,750
Advantage Energy Income Fund	50,000	598,572	932,500
ARC Energy Trust	75,000	926,921	1,151,250
Bonavista Energy Trust	50,000	823,788	1,152,000
Bonterra Energy Income Trust	25,000	487,500	527,500
Canadian Oil Sands Trust	15,000	545,094	662,250
Enerplus Resources Fund	30,000	852,770	1,135,800
Focus Energy Trust	75,000	765,675	1,162,500
NAL Oil & Gas Trust	75,000	686,250	879,750
Peyto Energy Trust	30,000	525,614	900,300
Vermilion Energy Trust	60,000	735,123	1,077,000
OIL AND GAS ROYALTY TRUSTS: 17.7%		7,501,047	10,163,600
Algonquin Power Income Fund	100,000	997,188	948,000
Boralex Power Income Fund	75,000	781,702	741,750
Calpine Power Income Fund	70,000	692,734	721,000
Enbridge Income Fund	95,000	1,103,900	1,000,350
Keyspan Facilities Income Fund	40,000	438,072	476,000
Macquarie Power Income Fund	44,000	440,000	438,240
Northland Power Income Fund	100,000	1,000,000	1,150,000
Pembina Pipeline Income Fund	50,000	525,167	585,000
TransCanada Power L.P.	25,000	824,092	782,250
POWER AND PIPELINE TRUSTS: 11.9%		6,802,855	6,842,590
CASH: 0.6%		357,752	357,752
Total Investment Portfolio, including Cash		\$ 47,563,372	\$ 57,477,052

The accompanying notes to financial statements are an integral part of this financial statement.

**STATEMENTS OF NET REALIZED GAIN (LOSS) FROM INVESTMENT TRANSACTIONS
FOR THE PERIODS ENDED JUNE 30**

Unaudited	Three Months Ended		Six Months Ended	
	June 30 2004	2003	June 30 2004	2003
Proceeds from Sale of Investments	\$ 6,278,905	\$ 6,514,718	\$ 12,735,359	\$ 10,115,980
Less: Cost of Investments Sold:				
Owned at Beginning of Period	47,710,194	42,759,454	46,979,186	46,146,494
Purchased During Period	4,533,192	7,113,250	11,172,885	8,583,682
Owned at End of Period	(47,205,620)	(42,832,149)	(47,205,620)	(42,832,149)
	5,037,766	7,040,555	10,946,451	11,898,027
Net Realized Gain (Loss) from Investment Transactions	\$ 1,241,139	\$ (525,837)	\$ 1,788,908	\$ (1,782,047)

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003 (UNAUDITED)**

1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of MINT *Income Fund* (the "Fund") have been prepared in accordance with Canadian generally accepted accounting principles. They follow the same accounting policies and methods used in the Fund's financial statements for the year ended December 31, 2003. The Fund's interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2003 as set out on pages 41 through 48 of the Middlefield Income Funds 2003 Annual Report.

2. DISTRIBUTIONS

For the six months ended June 30, 2004, distributions amounted to \$0.40 per unit (2003 - \$0.36). Distributions of the Fund, at the discretion of the unitholder, are reinvested in additional units of the Fund, under the Distribution Reinvestment Plan without sales charge. For the six months ended June 30, 2004, 4,986 units (2003 - 5,527) were purchased under the Plan, of which 2,536 units (2003 - nil) were issued from treasury.

DISTRIBUTION REINVESTMENT PLAN

The Fund's Distribution Reinvestment Plan allows unitholders to automatically reinvest distributions in additional units of the Fund. This feature provides unitholders with an excellent opportunity to benefit from compounding by investing distributions at a high reinvestment rate. Please contact your investment advisor to enroll in the Plan or contact Angela Wannappa at (888) 890-1868.

FUND PROFILE

The primary objectives of MINT are to produce a high level of sustainable income and to minimize the risk of investing in high yield securities on a cost effective basis. MINT is comprised of the following asset classes: business trusts, real estate investment trusts, power and pipeline trusts, and oil and gas royalty trusts. MINT is fully RRSP eligible. MINT trades on the Toronto Stock Exchange under the symbol "MID.UN".

DIRECTORS AND OFFICERS OF THE MANAGER

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Dean C. Orrico, President and Director
Sylvia V. Stinson, Executive Vice President and Director
Nancy Tham, Vice President
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