

SECOND QUARTER REPORT 2002

For the quarter ending June 30, 2002

Press Release

MINT ANNOUNCES SECOND QUARTER RESULTS

Middlefield High Income Trust (“MINT” or the “Trust”) is pleased to announce its unaudited financial results for the three months ended June 30, 2002, the details of which are attached.

On June 14, 2002, MINT announced a second quarter distribution of \$0.18 per unit to unitholders of record on June 28, 2002. As a result, MINT’s total return for the three months ended June 30, 2002 was 4.0%. MINT continues to benefit from the strong performance of the broad income trust market generally, and the real estate investment trust market in particular. The Trust’s NAV per unit increased 9.9% over the second quarter of 2001 from \$6.86 to \$7.54. Per unit distributions for the remainder of the year are anticipated to continue at \$0.18 per quarter, yielding approximately 10% per annum based on a market price of \$7.25 per unit.

As of June 30, 2002, the asset class weightings for the MINT portfolio were:

Asset Class	Portfolio Weighting
REITs	37.2%
Business Funds	16.1%
Pipeline and Power Generation Funds	11.9%
Royalty Trusts	7.4%
High Yield Debt	27.4%

During the quarter equity markets weakened and high yield debt spreads widened due to growing negative market sentiment resulting from revelations of corporate fraud, accounting irregularities and a general lack of corporate governance. Conversely, income trusts have become a relatively safe haven with their stable cash distributions, tangible assets and transparent business models. The high yield debt market continued to be volatile as bonds of telecommunications, media and cable companies performed poorly. MINT has no exposure to these sectors. The Trust’s high yield debt strategy will continue to focus on issuers in stable sectors with strong management offering attractive risk-adjusted returns. Looking forward, stronger business fundamentals should cause spreads on high yield debt to narrow. Despite a modest increase in interest rates, pipeline and power generation funds continued to provide investors with stable distributions reflecting the inherent stability of their underlying businesses. Year to date, Canadian REITs continue to outperform the Canadian stock market with a total return of 8% vs. a loss of 5% on the S&P/TSX index. Our weighting of 37.2% in REITs should continue to prove beneficial as relatively low interest rates and the underlying stability of their longer-term, lease-based income streams support strong demand for their units.

While there are signs of recovery in the North American economy, the equity market has yet to respond. Since it will take time for investors to re-gain trust in the equity markets, the demand for income producing investments should remain relatively strong for the remainder of 2002.

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

For further information, visit our website at www.middlefield.com, or contact the undersigned:

Nancy Tham
Vice President
(416) 362-0714, Ext. 277
August 19, 2002

MINT is a closed-end investment trust that invests in high yield securities such as income funds and real estate investment trusts (“REITs”). 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 MINT’s annual report to unitholders and other documents filed with regulatory authorities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2002 and 2001 (Unaudited)

The following discussion and analysis should be read in conjunction with the attached unaudited financial statements. Readers should also refer to Management's Discussion and Analysis in MINT's 2001 annual report.

Net Assets

The net asset value per unit increased to \$7.54 at June 30, 2002 from \$7.25 at December 31, 2001 due to the strong performance of MINT's investment portfolio. Borrowings have decreased slightly from \$12.6 million at year-end to \$12.1 million at June 30, 2002. To obtain the maximum benefit from leverage, MINT borrowed to the extent permitted under its investment guidelines throughout the quarter.

Income and Expenses

Net investment income was unchanged at \$0.18 per unit in the second quarter of 2002 compared to the second quarter of 2001. Sequentially, net investment income increased from \$0.16 per unit during the first quarter of 2002, primarily due to an increased weighting in higher yielding business funds. We anticipate that quarterly net investment income will average \$0.18 per unit for the year 2002 and therefore quarterly distributions will continue at \$0.18 per unit.

The lower interest rates in the second quarter of 2002 compared to the second quarter of 2001 resulted in significantly lower interest expense and bank charges which amounted to \$0.1 million in the second quarter of 2002 compared to \$0.2 million for the same period last year. Lower expenses overall in 2002 resulted in a ratio of management fees and other operating expenses to average net asset value (MER) of 1.39% for the six months ending June 30, 2002 compared to 1.49% for the six months ending June 30, 2001.

STATEMENTS OF NET REALIZED GAIN (LOSS) FROM INVESTMENT TRANSACTIONS

For the periods ended June 30

Unaudited	Three Months Ended		Six Months Ended	
	June 30	2001	June 30	2001
	2002	2001	2002	2001
Proceeds from Sale of Investments	\$ 9,129,932	\$ 5,174,540	\$ 18,106,618	\$ 14,142,613
Less: Cost of Investments Sold:				
Owned at Beginning of Period	46,400,910	53,335,199	51,462,994	55,084,932
Purchased During Period	6,156,441	3,848,555	12,290,239	11,932,946
Owned at End of Period	(44,010,419)	(52,099,362)	(44,010,419)	(52,099,362)
	8,546,932	5,084,392	19,742,814	14,918,516
Net Realized Gain (Loss) from Investment Transactions	\$ 583,000	\$ 90,148	\$ (1,636,196)	\$ (775,903)

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

STATEMENTS OF FINANCIAL HIGHLIGHTS**For the periods ended June 30**

Unaudited	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2002	2001	2002	2001
DATA PER UNIT				
Net Asset Value at Beginning of Period	\$ 7.43	\$ 6.65	\$ 7.25	\$ 6.32
INCOME FROM INVESTMENT OPERATIONS:				
Net Investment Income	0.18	0.18	0.34	0.36
Net Realized and Unrealized Gain on Investments	0.11	0.20	0.31	0.52
	0.29	0.38	0.65	0.88
DISTRIBUTIONS TO INVESTORS:				
From Net Investment Income	0.18	0.17	0.36	0.34
Net Asset Value at End of Period	\$ 7.54	\$ 6.86	\$ 7.54	\$ 6.86
RATIOS/SUPPLEMENTAL DATA				
Total Assets at End of Period	\$ 50,746,830	\$ 50,653,195	\$ 50,746,830	\$ 50,653,195
Total Net Assets at End of Period	\$ 37,292,417	\$ 37,004,290	\$ 37,292,417	\$ 37,004,290
Weighted Average Net Assets	\$ 37,341,205	\$ 37,999,816	\$ 37,592,620	\$ 38,007,571
Management Expense Ratio*	1.35%	1.49%	1.39%	1.49%
Portfolio Turnover Rate	12.83%	7.92%	25.46%	24.41%
Total Rate of Return for the Period	4.02%	5.83%	9.20%	14.20%

* Excludes interest expense and bank charges

STATEMENTS OF NET ASSETS**As at June 30, 2002 and December 31, 2001**

	June 30	December 31
	2002	2001
	Unaudited	Audited
ASSETS:		
Investments at Market Value	\$ 45,685,125	\$ 49,987,061
Income Receivable	3,003,424	605,150
Cash	2,058,281	829,415
	50,746,830	51,421,626
LIABILITIES:		
Loan Payable	12,123,227	12,602,465
Unitholder Distributions Payable	891,008	938,494
Accounts Payable and Accrued Liabilities	440,178	197,104
	13,454,413	13,738,063
Net Assets	\$ 37,292,417	\$ 37,683,563
Units Issued and Outstanding	4,948,447	5,200,754

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

STATEMENTS OF CHANGES IN NET ASSETS**For the periods ended June 30**

Unaudited	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2002	2001	2002	2001
OPERATIONS:				
Net Increase in Net Assets				
Resulting from Operations	\$ 1,414,201	\$ 2,017,558	\$ 3,247,265	\$ 4,804,258
DISTRIBUTIONS TO UNITHOLDERS	(891,008)	(920,917)	(1,808,837)	(1,879,557)
UNITHOLDER TRANSACTIONS:				
Repurchase of Units	(957,762)	(1,272,389)	(1,829,574)	(3,501,759)
Net Decrease in Net Assets	(434,569)	(175,748)	(391,146)	(577,058)
NET ASSETS:				
Beginning of Period	37,726,986	37,180,038	37,683,563	37,581,348
End of Period	\$ 37,292,417	\$ 37,004,290	\$ 37,292,417	\$ 37,004,290

STATEMENTS OF OPERATIONS**For the periods ended June 30**

Unaudited	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2002	2001	2002	2001
INVESTMENT INCOME:				
Income from Investments	\$ 755,786	\$ 977,750	\$ 1,470,674	\$ 1,982,474
Interest	363,856	358,516	731,981	729,823
	1,119,642	1,336,266	2,202,655	2,712,297
EXPENSES:				
Interest and Bank Charges	107,533	184,187	209,502	387,442
Management Fee	99,112	101,049	198,212	200,822
Custodian and Trustee Fee	8,060	10,760	17,198	21,440
Audit and Legal	3,210	11,896	15,166	22,378
Marketing	2,096	4,424	6,805	15,966
Transfer Agent Fee	3,210	3,210	6,420	6,420
Network Fee	3,329	3,287	5,453	6,215
Other	6,984	6,108	11,078	9,508
	233,534	324,921	469,834	670,191
Net Investment Income	886,108	1,011,345	1,732,821	2,042,106
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:				
Net Realized Gain (Loss) from				
Investment Transactions	583,000	90,148	(1,636,196)	(775,903)
Change in Net Unrealized				
Gain (Loss) on Investments	(54,907)	916,065	3,150,640	3,538,055
Net Gain on Investments	528,093	1,006,213	1,514,444	2,762,152
Net Increase in Net Assets				
Resulting from Operations	\$ 1,414,201	\$ 2,017,558	\$ 3,247,265	\$ 4,804,258

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

STATEMENT OF INVESTMENT PORTFOLIO**As at June 30, 2002**

Unaudited

Description	No. of Units or Face Value	Average Cost	Market Value
Canadian Apartment Properties Real Estate Investment Trust	70,000	\$ 918,655	\$ 1,000,300
Canadian Real Estate Investment Trust	100,000	1,200,000	1,312,000
Cominar Real Estate Investment Trust	13,000	160,189	159,770
Equity Office Properties Trust	20,000	1,010,373	909,742
H&R Real Estate Investment Trust	170,000	1,836,620	2,431,000
IPC US Income Real Estate Investment Trust	110,000	1,100,000	1,122,000
Morguard Real Estate Investment Trust	200,000	2,000,000	1,846,000
O & Y Real Estate Investment Trust	50,000	570,430	561,000
Residential Equities Real Estate Investment Trust	75,000	996,124	1,087,500
Retirement Residences Real Estate Investment Trust	110,000	1,433,415	1,413,500
RioCan Real Estate Investment Trust	200,000	1,940,000	2,620,000
Summit Real Estate Investment Trust	160,000	1,908,340	2,528,000
REAL ESTATE INVESTMENT TRUSTS: 37.2%		15,074,146	16,990,812
Advanced Fibre Technologies Income Fund	50,000	500,471	542,500
Atlas Cold Storage Income Trust	200,000	2,000,000	2,298,000
Bell Nordiq Income Fund	25,000	250,000	246,500
BFI Canada Income Fund	39,000	407,801	425,880
General Donlee Income Fund	50,000	500,000	553,500
Menu Foods Income Fund	45,000	482,293	605,250
PBB Global Logistics Income Fund	30,000	300,000	333,000
Superior Propane Income Fund	100,000	1,482,762	1,926,000
Versacold Income Fund	50,000	436,874	422,500
BUSINESS FUNDS: 16.1%		6,360,201	7,353,130
Algonquin Power Income Fund	100,000	997,188	987,000
Koch Pipelines Canada, L.P.	240,000	2,276,000	1,620,000
Northland Power Income Fund	100,000	1,000,000	1,119,000
Pembina Pipeline Income Fund	150,000	1,575,500	1,725,000
PIPELINE AND POWER GENERATION FUNDS: 11.9%		5,848,688	5,451,000
Advantage Energy Income Fund	41,900	497,550	500,705
ARC Energy Trust	50,000	622,799	638,500
Canadian Oil Sands Trust	40,000	1,496,170	1,677,600
Provident Energy Trust	50,000	524,225	552,500
ROYALTY TRUSTS: 7.4%		3,140,744	3,369,305
Air Canada Inc. 9% due June 1, 2006	1,000,000	968,000	860,000
Alberta Energy Company Ltd. 8.5% due December 20, 2040	2,000,000	2,000,000	2,145,000
Anchor Lamina Inc. 9.875% due February 1, 2008	1,500,000	2,157,202	884,052
Finlay Enterprises, Inc. 9% due May 1, 2008	1,500,000	2,164,680	2,215,797
Hurricane Hydrocarbons Ltd. 12% due August 4, 2006	380,000	599,456	579,999
Intrawest Corporation 10.5% due February 1, 2010	1,000,000	1,552,723	1,629,074
Millar Western Forest Products Ltd. 9.875% due May 15, 2008	1,750,000	2,541,350	2,589,063
Scott Paper Limited 10% due June 6, 2007	1,132,034	1,106,979	1,109,393
Tembec Inc. 8.3% due January 30, 2003	500,000	496,250	508,500
HIGH YIELD DEBT: 27.4%		13,586,640	12,520,878
Total Investment Portfolio		\$ 44,010,419	\$ 45,685,125

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001 (Unaudited)

1. Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They follow the same accounting policies and methods used in the most recent annual financial statements of the Trust. The specific accounting principles used are described on pages 39 through 42 of the Middlefield Managed Funds 2001 annual report, and should be read in conjunction with these interim financial statements.

2. Distributions

The Trust paid a distribution of \$0.18 per unit on July 25, 2002 to all unitholders of record on June 28, 2002. Distributions of the Trust, at the option of the unitholder, are reinvested in additional units of the Trust, under the Distribution Reinvestment Plan (the "Plan") without sales charge. For additional information about participating in the DRIP Plan please contact Nancy Tham, Vice President.

TRUST 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 five asset classes: real estate investment trusts, business funds, pipeline and power generation funds, royalty trusts and high yield debt. Unitholders can acquire additional units by participating in the Distribution Reinvestment Plan. The Plan enables unitholders to reinvest their quarterly distributions in additional units of MINT thereby achieving the benefit of compounding returns. MINT is fully RRSP eligible. MINT trades on the Toronto Stock Exchange under the symbol "MID.UN".

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