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## SEMI-ANNUAL REPORT 2000

For the period ending June 30, 2000

*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 six months ended June 30, 2000, the details of which are attached.

During the second quarter, MINT generated net investment income of \$0.17 per unit or \$0.33 for the first six months. On June 21, the Trust announced a second quarter distribution of \$0.17 per unit, payable July 31, to unitholders of record on June 30, 2000. The distribution rate remained unchanged from last quarter and is expected to remain at this rate for the balance of 2000. On an annualized basis, this represents a yield of approximately 12.5% on the current market price of \$5.50 per unit.

MINT posted a total return of 11.3% for the second quarter of 2000, during which we saw renewed interest in the yields offered by the income trust sector. REITs and oil and gas investments accounted for the improved returns in the sector over the quarter. As a group, REITs recorded an average total return of 13.2%, outpacing the broader TSE 300 Index total return of 8.1%. Meanwhile, oil and gas investment trusts continued the rally they began in the first quarter, driven by high crude prices which have been around US\$30/barrel. We remain bullish on the oil and gas sector and have continued to accumulate positions in oil and gas trusts.

We expect the Federal Reserve to leave interest rates unchanged and this will have a positive effect on the trust sector over the coming months. While the possibility exists for additional rate tightening later this year, the lack of a material increase in the rate of core inflation should limit any hike to 25 basis points. Since a quarter point increase in interest rates is already largely built into market prices, we believe MINT will continue to benefit from the renewed investor interest in income trusts.

MINT is a closed-end investment trust that invests primarily in high yield equities supplemented by high yield debt. 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.

MINT trades on The Toronto Stock Exchange under the symbol "MID.UN".

For further information visit our website at [www.middlefield.com](http://www.middlefield.com) or contact the undersigned:

Mr. J. Dennis Dunlop  
Senior Vice President

August 22, 2000

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

Unaudited	2000	1999
<b>OPERATIONS:</b>		
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ (91,801)	\$ 4,958,610
<b>DISTRIBUTIONS TO UNITHOLDERS</b>		
	(2,224,098)	(2,879,674)
<b>UNITHOLDER TRANSACTIONS:</b>		
Issue Cost Recoveries	-	161,052
Repurchase of Units	(2,951,229)	(1,492,002)
	(2,951,229)	(1,330,950)
Net Increase (Decrease) in Net Assets	(5,267,128)	747,986
<b>NET ASSETS:</b>		
Beginning of Period	43,497,793	51,314,892
End of Period	\$ 38,230,665	\$ 52,062,878
<b>INVESTMENT TRANSACTIONS:</b>		
Proceeds from Sale of Investments	\$ 6,022,344	\$ 10,197,109
Less: Cost of Investments Sold:		
Owned at Beginning of Period	79,765,624	90,140,191
Purchased During Period	2,975,109	7,269,480
Owned at End of Period	(65,396,211)	(85,509,628)
	17,344,522	11,900,043
Net Realized Loss from Investment Transactions	\$ (11,322,178)	\$ (1,702,934)
Distribution per Unit	\$ 0.34	\$ 0.40

**STATEMENTS OF NET ASSETS**  
**As at June 30**

Unaudited	2000	1999
<b>ASSETS:</b>		
Investments at Market Value	\$ 50,712,257	\$ 67,652,768
Cash	203,503	1,072,472
Income Receivable	1,375,730	1,357,541
	<b>52,291,490</b>	<b>70,082,781</b>
<b>LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	701,846	151,947
Unitholder Distributions	1,083,914	1,436,236
Loan Payable	12,275,065	16,431,720
	<b>14,060,825</b>	<b>18,019,903</b>
Net Assets	<b>\$ 38,230,665</b>	<b>\$ 52,062,878</b>
Units Issued and Outstanding	<b>6,366,464</b>	<b>7,177,284</b>
Net Asset Value per Unit	<b>\$ 6.01</b>	<b>\$ 7.25</b>

**STATEMENTS OF OPERATIONS**  
**For the six months ended June 30**

Unaudited	2000	1999
<b>INVESTMENT INCOME:</b>		
Income from Investment Trust Units	\$ 2,251,873	\$ 2,652,837
Interest	745,196	1,134,345
	<b>2,997,069</b>	<b>3,787,182</b>
<b>EXPENSES:</b>		
Interest and Bank Charges	451,921	524,436
Management Fee	202,049	270,506
Audit and Legal	67,587	19,530
Marketing	36,770	43,879
Custodian and Trustee Fee	22,143	24,761
Network Fee	7,497	17,137
Transfer Agent Fee	6,420	4,013
Other	10,204	8,296
	<b>804,591</b>	<b>912,558</b>
Net Investment Income	<b>2,192,478</b>	<b>2,874,624</b>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>		
Net Realized Loss from Investment Transactions	(11,322,178)	(1,702,934)
Change in Net Unrealized Appreciation of Investments	9,037,899	3,786,920
Net Gain (Loss) on Investments	<b>(2,284,279)</b>	<b>2,083,986</b>
Net Increase (Decrease) in Net Assets Resulting from Operations	<b>\$ (91,801)</b>	<b>\$ 4,958,610</b>
Net Investment Income per Unit	<b>\$ 0.33</b>	<b>\$ 0.40</b>

## STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2000

Unaudited

Description	Business	% Weight
<b>HIGH YIELD EQUITY:</b>		
H&R Real Estate Investment Trust	Office/Industrial Buildings	9.9%
AEC Pipelines, L.P.	Oil Pipeline	9.5%
RioCan Real Estate Investment Trust	Retail/Office/Industrial Buildings	9.2%
ARC Energy Trust	Oil and Gas Production	7.8%
Associated Freezers Income Trust	Public Refrigeration Warehousing	5.5%
Paperboard Industries International Inc.	Paperboard/Packaging	5.4%
Northland Power Income Fund	Cogeneration-Electricity/Steam	4.9%
Koch Pipelines Canada, L.P.	Oil Pipeline	3.9%
Morguard Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.1%
Summit Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.0%
Western Facilities Fund	Gas Plant/Oil Pipeline	2.9%
Halterm Income Fund	Container Handling Facility	2.7%
Canadian Oil Sands Trust	Oil & Gas	1.8%
Canadian Imperial Bank of Commerce	Financial Services	1.6%
KMS Power Income Fund	Electricity Generation	1.6%
Pembina Pipeline Income Fund	Oil Pipeline	1.5%
Legacy Hotels Real Estate Investment Trust	Hotel	0.9%
CPL Long Term Care Real Estate Investment Trust	Nursing Homes	0.7%
		<b>75.9%</b>
<b>HIGH YIELD DEBT:</b>		
Ainsworth Lumber Co. Ltd. 12.5% due July 15, 2007	Forest Products	5.9%
Finlay Enterprises, Inc. 9% due May 1, 2008	Jewelry Retail	5.2%
Millar Western Forest Products Ltd. 9.875% due May 15, 2008	Forest Products	4.9%
Anchor Lamina Inc. 9.875% due February 1, 2008	Tool and Die Manufacturing	2.9%
Derlan Industries Limited 10% due January 15, 2007	Aerospace Manufacturing	2.4%
Scott Paper Limited 10% due June 6, 2007	Paper Products	2.0%
Alberta Energy Company Ltd. 8.38% due June 27, 2040	Oil & Gas	0.5%
Greenstone Resources Ltd. 9% due February 28, 2002	Gold Mining	0.3%
		<b>24.1%</b>
Total Investment Portfolio		<b>100.0%</b>

## TRUST PROFILE

MINT raised \$98 million in March of 1997 through an initial public offering. The primary objectives of the Trust 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 four asset classes: income funds, high income debt, real estate investment trusts and royalty trusts. 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.

### Head Office

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### Directors and Officers of the Manager

Murray J. Brousseau, Director  
W. Garth Jestley, Director  
James S. Parsons, President and Director  
Sylvia V. Stinson, Vice President and Director  
Anthony P. Traub, Secretary-Treasurer and Director

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Davies, Ward & Beck

**Bank**  
The Bank of Nova Scotia