

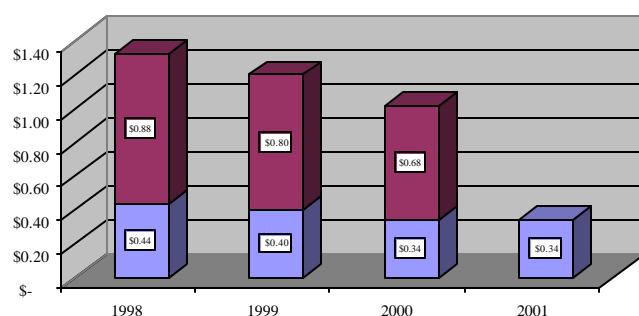
SECOND QUARTER REPORT 2001

For the quarter ending June 30, 2001

Press Release

MINT ANNOUNCES SECOND QUARTER RESULTS

Cash Distributions



■ Distribution Per Unit -Q1-Q2 ■ Annual Distribution Per Unit

- Total return for the twelve months ending June 30, 2001 exceeds 27%.
- Q2 cash distributions remain at \$0.17 per quarter.
- 25% market price appreciation over the twelve months ending June 30, 2001.

Financial Highlights

	<i>Three Months Ended June 30</i>		<i>Six Months Ended June 30</i>	
	2001	2000	2001	2000
Investment and Interest Income	\$ 1,336,266	\$ 1,469,811	\$ 2,712,297	\$ 2,997,069
Trust Expenses	324,921	375,019	670,191	804,591
Net Investment Income	1,011,345	1,094,792	2,042,106	2,192,478
Net Asset Value per Unit	6.86	6.01	6.86	6.01
Distribution per Unit	0.17	0.17	0.34	0.34

Middlefield High Income Trust (“MINT” or the “Trust”) is pleased to announce its unaudited financial results for the three and six months ended June 30, 2001, the details of which are attached.

MINT posted a total return of 5.8% for the second quarter of 2001. Total return for the twelve months ending June 30, 2001 exceeded 27%. MINT’s strong performance is largely due to its exposure to the oil & gas royalty trust and real estate sectors, both of which have outperformed the TSE 300 by a significant margin to date in 2001. Distributions for the second quarter remain stable at \$0.17 per unit, providing an annualized yield of 10.1% based on a current market price of \$6.75. Distributions are expected to continue at \$0.17 per unit for the balance of 2001.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2001 and 2000 (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 2000 annual report.

Assets

Total assets remained unchanged at \$50.7 million at the end of the second quarter of 2001 versus \$50.6 million at the end of 2000. Net assets were \$37.0 million at June 30, 2001 compared to \$37.6 million at December 31, 2000. Borrowings have increased from \$12 million at year end to \$12.4 million at the end of the second quarter of 2001. To obtain the maximum benefit from leverage, MINT borrows to the extent permitted by its investment guidelines. Net asset value per unit increased to \$6.86 at June 30, 2001 from \$6.32 at the end of 2000.

Income and Expenses

Total investment income for the second quarter of 2001 was \$1.3 million compared to \$1.5 million for the same period in 2000. This decline was due primarily to a reduction in the distributions received from the oil & gas royalty trusts in the second quarter of 2001. Net investment income amounted to \$1.0 million, or \$0.18 per unit, in the second quarter of 2001, compared to \$1.1 million, or \$0.17 per unit, in the second quarter of 2000. The decrease in net investment income was offset by lower expenses.

Average borrowings in the second quarter of 2001 were down from the same period last year, resulting in slightly lower interest and bank charges of \$0.2 million for the quarter ended June 30, 2001. The management fee of \$0.1 million for the second quarter of 2001 remained unchanged from the second quarter of 2000, given that the average assets under administration were similar in both periods. Other operating expenses for the second quarter of 2001 amounted to \$40,000 which reflects a decrease of approximately 28% from the same period in 2000. The reduced costs in 2001 resulted in a ratio of management fees and other operating expenses to average net asset value (MER) of 1.49% compared to 1.84% in 2000.

Performance and Outlook

The oil and gas royalty trust sector has suffered recently reflecting weaker energy prices. As well, the absence of an energy crisis in the United States that had been predicted earlier this year, coupled with the Bush administration's inability to move forward quickly with their energy policy are negative factors weighing on the sector. The real estate investment trust sector was a strong performer for the Trust in the second quarter. The continued decline in interest rates should prove to be a positive development, as MINT becomes attractive to income seeking investors. The trailing 12 month default rate in the high yield bond market is also expected to peak in the next six months which should favorably impact this asset class.

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

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

August 22, 2001

STATEMENTS OF NET ASSETS

As at June 30, 2001 and December 31, 2000

	June 30	December 31
	2001	2000
	Unaudited	Audited
ASSETS:		
Investments at Market Value	\$ 48,582,525	\$ 48,030,041
Cash and Short-Term Investments	1,054,915	1,727,604
Income Receivable	1,015,755	891,095
	50,653,195	50,648,740
LIABILITIES:		
Loan Payable	12,447,775	11,966,405
Unitholder Distributions	920,917	1,011,596
Accounts Payable and Accrued Liabilities	280,213	89,391
	13,648,905	13,067,392
Net Assets	\$ 37,004,290	\$ 37,581,348
Units Issued and Outstanding	5,395,859	5,950,562
Net Asset Value per Unit	\$ 6.86	\$ 6.32

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended June 30

Unaudited	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2001	2000	2001	2000
OPERATIONS:				
Net Increase (Decrease) in Net Assets				
Resulting from Operations	\$ 2,017,558	\$ 3,779,470	\$ 4,804,258	\$ (91,801)
DISTRIBUTIONS TO UNITHOLDERS	(920,917)	(1,083,914)	(1,879,557)	(2,224,098)
UNITHOLDER TRANSACTIONS:				
Repurchase of Units	(1,272,389)	(1,346,388)	(3,501,759)	(2,951,229)
Net Increase (Decrease) in Net Assets	(175,748)	1,349,168	(577,058)	(5,267,128)
NET ASSETS:				
Beginning of Period	37,180,038	36,881,497	37,581,348	43,497,793
End of Period	\$ 37,004,290	\$ 38,230,665	\$ 37,004,290	\$ 38,230,665
Distribution per Unit (Note 2)	\$ 0.17	\$ 0.17	\$ 0.34	\$ 0.34

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

STATEMENTS OF OPERATIONS
For the periods ended June 30

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
INVESTMENT INCOME:				
Income from Investment Trust Units	\$ 977,750	\$ 1,097,537	\$ 1,982,474	\$ 2,251,873
Interest	358,516	372,274	729,823	745,196
	1,336,266	1,469,811	2,712,297	2,997,069
EXPENSES:				
Interest and Bank Charges	184,187	218,232	387,442	451,921
Management Fee	101,049	101,762	200,822	202,049
Audit and Legal	11,896	1,028	22,378	67,587
Custodian and Trustee Fee	10,760	10,743	21,440	22,143
Marketing	4,424	32,713	15,966	36,770
Transfer Agent Fee	3,210	3,210	6,420	6,420
Network Fee	3,287	3,617	6,215	6,801
Other	6,108	3,714	9,508	10,900
	324,921	375,019	670,191	804,591
Net Investment Income	1,011,345	1,094,792	2,042,106	2,192,478
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:				
Net Realized Gain (Loss) from				
Investment Transactions	90,148	(3,857,450)	(775,903)	(11,322,178)
Change in Net Unrealized Appreciation of Investments	916,065	6,542,128	3,538,055	9,037,899
Net Gain (Loss) on Investments	1,006,213	2,684,678	2,762,152	(2,284,279)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 2,017,558	\$ 3,779,470	\$ 4,804,258	\$ (91,801)
Net Investment Income per Unit	\$ 0.18	\$ 0.17	\$ 0.36	\$ 0.33

STATEMENTS OF NET REALIZED GAIN (LOSS) FROM INVESTMENT TRANSACTIONS
For the periods ended June 30

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Proceeds from Sale of Investments	\$ 5,174,540	\$ 2,712,083	\$ 14,142,613	\$ 6,022,344
Less: Cost of Investments Sold:				
Owned at Beginning of Period	53,335,199	70,256,915	55,084,932	79,765,624
Purchased During Period	3,848,555	1,708,829	11,932,946	2,975,109
Owned at End of Period	(52,099,362)	(65,396,211)	(52,099,362)	(65,396,211)
	5,084,392	6,569,533	14,918,516	17,344,522
Net Realized Gain (Loss) from Investment Transactions	\$ 90,148	\$ (3,857,450)	\$ (775,903)	\$ (11,322,178)

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

STATEMENT OF INVESTMENT PORTFOLIO**As at June 30, 2001**

Unaudited

Description	Business	% Weight
HIGH YIELD EQUITY:		
RioCan Real Estate Investment Trust	Retail/Office/Industrial Buildings	7.5%
Canadian Oil Sands Trust	Oil and Gas	7.2%
H&R Real Estate Investment Trust	Office/Industrial Buildings	7.1%
ACS Freezers Income Trust	Public Refrigeration Warehousing	5.5%
ARC Energy Trust	Oil and Gas	5.4%
Canadian Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.7%
Koch Pipelines Canada, L.P.	Oil Pipeline	3.6%
Morguard Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.6%
Superior Propane Income Fund	Propane Distribution	3.3%
Summit Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.2%
Legacy Hotels Real Estate Investment Trust	Hotel	3.1%
NAL Oil & Gas Trust	Oil and Gas	2.4%
Northland Power Income Fund	Electricity Generation	2.1%
Pembina Pipeline Income Fund	Oil Pipeline	2.0%
TransCanada Pipelines Limited	Oil Pipeline	1.9%
Fort Chicago Energy Partners L.P.	Oil Pipeline	1.9%
Canadian Apartment Properties Real Estate Investment Trust	Retail/Office/Industrial Buildings	1.6%
KMS Power Income Fund	Electricity Generation	1.5%
Residential Equities Real Estate Investment Trust	Retail/Office/Industrial Buildings	1.3%
		67.9%
HIGH YIELD DEBT:		
Millar Western Forest Products Ltd. 9.875% due May 15, 2008	Forest Products	5.2%
Finlay Enterprises, Inc. 9% due May 1, 2008	Jewelry Retail	4.3%
Alberta Energy Company Ltd. 8.5% due December 20, 2040	Oil and Gas	4.3%
Government of Canada 5.5% due June 1, 2010	Government	4.1%
Intrawest Corporation 10.5% due February 1, 2010	Real Estate/Hospitality	3.2%
Derlan Industries Limited 10% due January 15, 2007	Aerospace Manufacturing	2.5%
General Motors Acceptance Corp. 6.1% due June 8, 2005	Transportation	2.1%
Anchor Lamina Inc. 9.875% due February 1, 2008	Tool and Die Manufacturing	1.8%
Scott Paper Limited 10% due June 6, 2007	Paper Products	1.8%
Air Canada Inc. 9% due June 1, 2006	Transportation	1.2%
Tembec Inc. 8.3% due January 30, 2003	Forest Products	1.0%
Greenstone Resources Ltd. 9% due February 28, 2002	Gold Mining	0.6%
		32.1%
Total Investment Portfolio		100.0%

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2001 and 2000 (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 36 through 39 of the Middlefield Managed Funds 2000 annual report, and should be read in conjunction with these interim financial statements.

2. Distributions

The Trust paid a distribution of \$0.17 per unit on July 27, 2001 to all unitholders of record on June 29, 2001. Distributions of the Trust, at the discretion of the unitholder, are reinvested in additional units of the Trust, under the Distribution Reinvestment Plan (the "Plan") without sales charge. During the six months ended June 30, 2001, 6,023 units (2000 – 8,382) were purchased under the Plan.

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

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