



SECOND QUARTER REPORT 2003

For the quarter ended June 30, 2003

Press Release

MINT *Income Fund* (“MINT”) is pleased to present its unaudited financial results for the three months ended June 30, 2003, the details of which are attached.

Quarterly distributions paid by MINT remained constant at \$0.18 per unit for the quarter. MINT recently announced that a distribution of \$0.20 per trust unit will be payable on October 23, 2003 to unitholders of record on September 30, 2003. This represents an increase of \$0.02 per unit or 11% over the previous distribution rate. On an annualized basis, the increased distribution rate of \$0.80 per unit represents a cash-on-cash yield of approximately 10% per annum based on a unit market price of \$8.00.

Uncertainty surrounding the timing of a sustainable recovery in the North American economy and lower yield in the fixed income market continue to support the demand for income trusts as investors seek equity-like returns through high income producing investments rather than capital appreciation. MINT’s total return for the three months ended June 30, 2003 was 12.9% and the total return for the past 12 months was 18.2%.

As at June 30, 2003, the asset class weightings for MINT’s portfolio were:

Asset Class	Portfolio Weighting
Business Trusts	46.0%
Real Estate Investment Trusts	21.0%
Oil and Gas Royalty Trusts	17.1%
Pipeline and Power Generation Trusts	14.4%
Cash	1.5%

Year to date, approximately \$4 billion of new income trust issues and follow-on offerings have been completed. While investing selectively, MINT continues to have a bias towards income trusts with low capital expenditure requirements, stable cash flows and dominant market positions. Business trusts, represented by over 60 issuers across a number of industries, will continue to comprise a significant weighting in MINT’s portfolio anchored by the stability of REITs. This strategy seeks to provide a positive balance of high current income, significant tax deferral and capital appreciation potential.

The objectives of MINT are to provide unitholders with a high level of sustainable income distributed quarterly over the life of the Fund. Forward distributions paid by MINT provide an attractive cash-on-cash yield of approximately 10% and are highly tax efficient.

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

For further information, please contact J. Dennis Dunlop, Senior Vice President, at (416) 362-0714 ext. 203 or visit our website at www.middlefield.com.

August 22, 2003

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, 2003 AND 2002 (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 2002 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

BUSINESS TRUSTS – 46.0%

During the second quarter of 2003, the Fund's overall exposure to the business trust sector remained relatively constant at 46%. The current market capitalization of the business trust sector has recently surpassed \$17 billion. The increasing number of corporations adopting the trust structure greatly enhances MINT's ability to diversify and provides an opportunity for higher returns. Consistent with our strategy, the Fund has been very selective when considering new issues and participated in one IPO during the second quarter, Custom Direct Income Fund. Custom Direct is a leading supplier of cheques with a significant U.S. market share in the direct-to-consumer cheque market. Cheques continue to be the dominant form of non-cash payments in the U.S. while the outlook for cheque usage is expected to remain stable. Superior Plus Income Fund continues to be a core holding while generating attractive returns for unitholders. Superior is Canada's largest propane marketer and recently diversified into the pulp chemicals business. MINT sold its holdings of Sun Gro Horticulture Income Fund after the company released quarterly earnings that did not meet expectations. Although Sun Gro has the largest market share in the growing peat moss industry, short-term factors including unseasonable weather, higher transportation and raw material costs and a stronger Canadian dollar affected margins during the quarter.

REAL ESTATE INVESTMENT TRUSTS – 21.0%

During the quarter REITs continued to perform well as a result of low interest rates and the underlying stability of their longer-term, lease-based income streams. Bond yields decreased significantly in the second quarter, thereby creating demand for REITs as income-seeking investors sought other high yielding, high quality investment alternatives. The REIT weighting in the Fund marginally increased from 20% to 21% in the second quarter. Alexis Nihon REIT was added to the Fund, increasing MINT's exposure to Quebec, a market that continues to exhibit strong fundamentals. Alexis Nihon has a long and positive history operating in the Greater Montreal Area. It is expected that the REIT will benefit from management's expertise and years of building commercial real estate relationships in the region. Management is well aligned with stakeholders through significant ownership in the REIT.

OIL AND GAS ROYALTY TRUSTS – 17.1%

MINT increased its exposure to the royalty trust sector to 17% from 14% at the end of the first quarter. Current low interest rates combined with robust commodity prices continue to support a strong royalty trust sector. During the quarter, Vermilion Energy Trust, which converted into an income trust earlier this year, was added to the portfolio. Vermilion has an international presence, with assets in Canada, France and a 71% ownership interest in Aventura, an exploration company located in Trinidad. Vermilion was added due to its attractive valuation, quality of its asset base, top quartile cost structure and netbacks, and management's track record of creating value for shareholders. Early in the second quarter, the Fund sold its position in Provident Energy Trust to focus on issuers with higher reserve lives within the royalty trust sector.

PIPELINE AND POWER GENERATION TRUSTS – 14.4%

Calpine Power Income Fund was added to the portfolio during the quarter. Calpine Corporation, a leading U.S. independent power producer, is the fund's sponsor and has subordinated to other unitholders its rights to monthly distributions under a 20-year contractual agreement. The fund is expected to grow through the purchase of additional cogeneration facilities, as Calpine Corporation continues to monetize assets to improve its balance sheet. Exposure to Great Lakes Hydro Income Fund was recently reduced due to the company's high financial leverage and below normal hydrology conditions currently being encountered. Pipeline and power generation trusts, however, remain an integral part of MINT's portfolio and provide stable cash distributions supported by good quality assets and long-term agreements with creditworthy customers.

DISTRIBUTIONS TO UNITHOLDERS

On June 17, 2003, MINT announced a second quarter distribution of \$0.18 per unit to unitholders of record on June 30, 2003. The actual per unit distributions for the past 12 months amounted to \$0.72. Recently MINT announced that a distribution of \$0.20 per trust unit will be payable on October 23, 2003 to unitholders of record on September 30, 2003. This represents an increase of \$0.02 per trust unit or 11% over the previous distribution rate. On an annualized basis, the increased annual distribution rate of \$0.80 per unit represents a cash-on-cash yield of approximately 10% per annum based upon a unit market price of \$8.00.

FINANCIAL PERFORMANCE

The net asset value per unit increased to \$8.09 at June 30, 2003 from \$7.33 at March 31, 2003. MINT's total return for the three months ended June 30, 2003 was 12.9%. The Fund's total return since June 30, 2002 was 18.2%.

Net investment income increased to \$0.22 per unit in the second quarter of 2003 compared to \$0.18 during the second quarter of 2002, an increase of approximately 22%, primarily due to a switch out of lower yielding debt issues into higher yielding royalty trusts and business trusts. Lower expenses in the second quarter of 2003 compared to the second quarter of 2002 resulted in a ratio of management fees and other operating expenses (excluding interest expense and bank charges) to average NAV (MER) of 1.33% for the three months ended June 30, 2003 compared to 1.35% in the second quarter of 2002.

OUTLOOK

The near-term outlook for income trusts remains very strong. Canadian interest rates are expected to be flat and possibly lower due to various factors including the impact of SARS, the ban on the export of Alberta beef and the recent strength in the Canadian dollar. In addition, it is anticipated that the limited liability issue concerning income trusts will be resolved in early 2004, which will likely result in the inclusion of income trusts in the S&P/TSX Composite Index as well as increased demand for income trusts by pension funds seeking attractive total returns.

The current market capitalization of the income trust sector is rapidly approaching \$60 billion, of which over \$17 billion is represented by business trusts. The increasing number of corporations adopting the trust structure greatly enhances MINT's ability to diversify and provides an opportunity for higher returns.

STATEMENTS OF FINANCIAL HIGHLIGHTS**FOR THE PERIODS ENDED JUNE 30**

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
DATA PER UNIT				
Net Asset Value at Beginning of Period	\$ 7.33	\$ 7.43	\$ 7.34	\$ 7.25
INCOME FROM INVESTMENT OPERATIONS:				
Net Investment Income	0.22	0.18	0.43	0.34
Net Realized and Unrealized Gain (Loss) on Investments	0.72	0.11	0.68	0.31
	0.94	0.29	1.11	0.65
DISTRIBUTIONS TO UNITHOLDERS				
	0.18	0.18	0.36	0.36
Net Asset Value at End of Period	\$ 8.09	\$ 7.54	\$ 8.09	\$ 7.54
RATIOS/SUPPLEMENTAL DATA				
Total Assets at End of Period	\$ 48,707,248	\$ 50,746,830	\$ 48,707,248	\$ 50,746,830
Total Net Assets at End of Period	\$ 37,605,998	\$ 37,292,417	\$ 37,605,998	\$ 37,292,417
Weighted Average Net Assets	\$ 36,168,659	\$ 37,341,205	\$ 35,787,513	\$ 37,592,620
Management Expense Ratio*	1.33%	1.35%	1.39%	1.39%
Portfolio Turnover Rate	14.22%	12.83%	18.86%	25.46%
Total Rate of Return for the Period	12.92%	4.02%	15.61%	9.20%

* Excludes interest expense and bank charges

STATEMENTS OF NET ASSETS
AS AT JUNE 30, 2003 AND DECEMBER 31, 2002

	June 30 2003 Unaudited	December 31 2002 Audited
ASSETS:		
Investments at Market Value	\$ 47,548,465	\$ 45,915,534
Cash	707,512	336,526
Income and Interest Receivable	451,271	600,671
	48,707,248	46,852,731
LIABILITIES:		
Loan Payable	10,163,995	10,893,362
Unitholder Distributions Payable	837,851	856,986
Accounts Payable and Accrued Liabilities	99,404	178,344
	11,101,250	11,928,692
Net Assets	\$ 37,605,998	\$ 34,924,039
Units Issued and Outstanding	4,648,627	4,761,033

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	
	2003	2002	2003	2002
INVESTMENT INCOME:				
Income from Investments	\$ 1,237,295	\$ 755,786	\$ 2,361,817	\$ 1,470,674
Interest	6,255	363,856	104,185	731,981
	1,243,550	1,119,642	2,466,002	2,202,655
EXPENSES :				
Interest and Bank Charges	106,365	107,533	209,585	209,502
Management Fee	97,515	99,112	190,723	198,212
General and Administrative	22,683	26,889	55,754	62,120
	226,563	233,534	456,062	469,834
Net Investment Income	1,016,987	886,108	2,009,940	1,732,821
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS :				
Net Realized Gain (Loss) from Investment Transactions	(525,837)	583,000	(1,782,047)	(1,636,196)
Change in Net Unrealized Gain (Loss) on Investments	3,873,548	(54,907)	4,947,277	3,150,640
Net Gain on Investments	3,347,711	528,093	3,165,230	1,514,444
Net Increase in Net Assets Resulting from Operations	\$ 4,364,698	\$ 1,414,201	\$ 5,175,170	\$ 3,247,265

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE PERIODS ENDED JUNE 30**

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Net Assets at Beginning of Period	\$ 34,505,403	\$ 37,726,986	\$ 34,924,039	\$ 37,683,563
OPERATIONS :				
Net Increase in Net Assets Resulting from Operations	4,364,698	1,414,201	5,175,170	3,247,265
DISTRIBUTIONS TO UNITHOLDERS				
	(837,851)	(891,008)	(1,686,142)	(1,808,837)
UNITHOLDER TRANSACTIONS :				
Repurchase of Trust Units	(426,252)	(957,762)	(807,069)	(1,829,574)
Net Increase (Decrease) in Net Assets	3,100,595	(434,569)	2,681,959	(391,146)
Net Assets at End of Period	\$ 37,605,998	\$ 37,292,417	\$ 37,605,998	\$ 37,292,417

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

STATEMENT OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2003

Unaudited

Description	No. of Units	Cost	Market Value
Advanced Fiber Technologies Income Fund	100,000	\$ 1,029,590	\$ 1,180,000
Associated Brands Income Fund	100,000	1,052,304	1,112,000
Atlas Cold Storage Income Trust	120,000	1,200,000	1,525,200
Bell Nordiq Income Fund	75,000	766,500	966,750
BFI Canada Income Fund	85,000	931,502	1,099,050
CCS Income Trust	50,000	869,000	1,150,000
Chemtrade Logistics Income Fund	70,000	1,035,300	1,060,500
Clearwater Seafoods Income Fund	100,000	1,037,537	1,235,000
Customs Direct Income Fund	100,000	1,000,000	1,035,000
Davis + Henderson Income Fund	80,000	882,293	1,200,000
Heating Oil Partners Income Fund	100,000	1,165,000	1,290,000
KCP Income Fund	75,000	750,000	940,500
Livingston International Income Fund	90,000	1,013,046	1,260,000
Noranda Income Fund	100,000	987,750	980,000
PBB Global Logistics Income Fund	80,000	884,800	860,000
Rogers Sugar Income Fund	160,000	764,800	648,000
Specialty Foods Group Income Fund	75,000	748,943	771,000
Superior Plus Income Fund	50,000	741,381	1,075,000
The Consumers' Waterheater Income Fund	100,000	1,001,847	1,188,000
Versacold Income Fund	90,000	772,874	740,700
Westshore Terminals Income Fund	150,000	757,500	870,000
BUSINESS TRUSTS: 46.0%		19,391,967	22,186,700
Alexis Nihon Real Estate Investment Trust	50,000	500,500	557,500
Canadian Real Estate Investment Trust	80,000	960,000	1,120,800
Cominar Real Estate Investment Trust	60,000	740,002	827,400
H&R Real Estate Investment Trust	90,000	972,328	1,359,900
IPC US Income Commercial Real Estate Investment Trust	90,000	900,000	918,000
Morguard Real Estate Investment Trust	115,000	1,150,000	1,012,000
Retirement Residences Real Estate Investment Trust	55,000	716,708	572,000
RioCan Real Estate Investment Trust	108,000	1,145,095	1,522,800
Summit Real Estate Investment Trust	85,000	1,013,806	1,385,500
TGS North American Real Estate Investment Trust	100,000	1,000,000	865,000
REAL ESTATE INVESTMENT TRUSTS: 21.0%		9,098,439	10,140,900
Advantage Energy Income Fund	80,000	957,715	1,296,000
ARC Energy Trust	115,000	1,421,279	1,437,500
Canadian Oil Sands Trust	35,000	1,271,885	1,222,550
Enerplus Resources Fund	25,000	686,898	782,000
Focus Energy Trust	100,000	1,020,900	1,209,000
NAL Oil & Gas Trust	70,000	637,000	664,300
Pengrowth Energy Trust	50,000	700,030	862,500
Vermilion Energy Trust	60,000	735,123	804,000
OIL AND GAS ROYALTY TRUSTS: 17.1%		7,430,830	8,277,850
Algonquin Power Income Fund	100,000	997,188	929,000
Boralex Power Income Fund	75,000	781,702	761,250
Calpine Power Income Fund	70,000	692,734	721,000
Enbridge Income Fund	10,300	103,000	111,755
Great Lakes Hydro Income Fund	29,000	435,947	462,260
Inter Pipeline Fund	100,000	948,333	644,000
Northland Power Income Fund	100,000	1,000,000	1,145,000
Pembina Pipeline Income Fund	125,000	1,312,917	1,488,750
TransCanada Power L.P.	20,000	639,092	680,000
PIPELINE AND POWER GENERATION TRUSTS: 14.4%		6,910,913	6,943,015
CASH: 1.5%		707,512	707,512
Total Investment Portfolio, including Cash		\$ 43,539,661	\$ 48,255,977

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

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

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Proceeds from Sale of Investments	\$ 6,514,718	\$ 9,129,932	\$ 10,115,980	\$ 18,106,618
Less: Cost of Investments Sold:				
Owned at Beginning of Period	42,759,454	46,400,910	46,146,494	51,462,994
Purchased During Period	7,113,250	6,156,441	8,583,682	12,290,239
Owned at End of Period	(42,832,149)	(44,010,419)	(42,832,149)	(44,010,419)
	7,040,555	8,546,932	11,898,027	19,742,814
Net Realized Loss from Investment Transactions	\$ (525,837)	\$ 583,000	\$ (1,782,047)	\$ (1,636,196)

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002 (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, 2002. The Fund’s interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2002 as set out on pages 17 through 21 of the Middlefield Income Funds 2002 Annual Report.

2. DISTRIBUTIONS

The Fund paid a cash distribution of \$0.18 per unit on July 24, 2003 to all unitholders of record on June 30, 2003. 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.

DISTRIBUTION REINVESTMENT PLAN

The Fund’s Distribution Reinvestment Plan (the “Plan”) allows unitholders to automatically reinvest quarterly 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 five asset classes: business trusts, real estate investment trusts, pipeline and power generation trusts, oil and gas royalty trusts and high yield debt. MINT is fully RRSP eligible. MINT trades on the Toronto Stock Exchange under the symbol "MID.UN".

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James S. Parsons, Director
Sylvia V. Stinson, Executive Vice President and Director
Nancy Tham, Vice President
Anthony P. Traub, Secretary-Treasurer and Director
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