MIDDLEFIELD CANADIAN INCOME TRUSTS – GBP PC a cell of MIDDLEFIELD CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC

Preliminary Announcement of Results

For the year ended 31 December 2010

At a meeting of the Board of Directors held on 17 March 2011, the annual accounts for the Fund for the year ended 31 December 2010 were approved, details of which are attached.

The financial information set out in this announcement does not constitute the Fund's statutory accounts for the year ended 31 December 2010, but is derived from those accounts. Statutory accounts for the year ended 31 December 2010 will be delivered to Shareholders in April 2011.

The statutory financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Fund will publish complete financial statements that comply with IFRS in April 2011. This announcement has been prepared using accounting policies consistent with those set out in the Fund's last annual report and financial statements and that are being used for the year ended 31 December 2010.

The full unedited report and financial statements will be available in April 2011 at www.middlefield.co.uk.

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18 March 2011
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Middlefield Canadian Income Trusts – GBP PC a cell of Middlefield Canadian Income Trusts Investment Company PCC

Chairman's Report

It is my pleasure to present the 2010 Preliminary Announcement. Middlefield Canadian Income Trusts Investment Company PCC (the "Company") has established one closed-ended Cell known as Middlefield Canadian Income Trusts – GBP PC (the "Fund"). The Fund provides efficient, currency-hedged economic exposure to the Canadian equity income sector through a swap arrangement (the "Swap").

With the end of preferential tax treatment for income trusts in December 2010, most trusts have now converted to corporations and a unique high yielding equity income sector has emerged in Canada. As expected, a significant number of former trusts have announced their intention to continue to pay high dividends and, as a result, it is the intention of the Fund to maintain its current dividend rate of five pence per share in 2011. In addition, in recognition of the growth of the Canadian equity income sector, Standard and Poor's launched the S&P/TSX Equity Income Index in December 2010, which is intended to eventually replace the S&P/TSX Income Trust Index. The S&P/TSX Equity Income Index is well-diversified by both issuer and sector and is designed to track the highest yielding equity securities which are constituents of the broader S&P/TSX Composite Index. It is the view of Middlefield Capital Corporation ("MCC"), the investment adviser of CIT Trust and an affiliate of Middlefield International Limited ("MIL"), the investment adviser to the Fund, that most Canadian investment funds with income and balanced fund mandates will adopt this new index. Accordingly, it is the intention of MCC to adopt the Equity Income Index as its new performance benchmark for CIT Trust going forward.

For the year 2010, the impact of gradual recovery in developed economies together with continued growth of emerging economies resulted in an increase in natural resource prices and a corresponding appreciation in industrial activity and equity prices. Over the year, the Fund generated a total return of 45.7%, which was driven primarily by the return of its reference asset, CIT Trust, and secondarily by an increase in the mark-to-market value of the Cross Currency Margin Differential (the "CCMD Value"), both of which will be explained in the Investment Adviser's report. CIT Trust's return was largely attributable to the continued strong performance of the energy and resource sectors as well as the equity markets generally in 2010. The Canadian Income Trust universe outperformed the broader Canadian market on a total return basis by more than 9% in 2010 reflecting, in large part, the positive impact of dividend income on returns and on-going investor demand for yield in our current low interest rate environment. MCC's focus in respect of the CIT Trust portfolio remains on those issuers in the Canadian equity income sector which are well positioned to grow their businesses, either organically or by way of acquisition, and thereby increase cash flows available to pay dividends. Based on the attraction of high dividends, continuing low interest rates and the aging population, demand for higher yielding equity alternatives will continue to grow. Therefore, we believe that companies offering high levels of sustainable income should continue to receive premium valuations.

The other factor affecting the Fund's net asset value ("NAV") this year has been the CCMD Value, which increased significantly from year-end 2009. The CCMD Value is the direct result of the Company's decision to eliminate the impact of fluctuations in the spread between Canadian and Sterling interest rates on the Company's revenues by locking in the spread from the outset. The CCMD Value is dependent upon changes in both interest rates and C$/£ exchange rates and may positively or negatively affect the value of the Swap at any given time. All else being equal, the CCMD Value will reduce to zero as the termination date of 28 June 2013 for the Swap is approached.

We thank you for your continued support.

Raymond Apsey

Chairman
Date: 17 March 2011

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Investment Adviser's Report

On the invitation of the Directors of the Company, this commentary is provided by Middlefield International Limited ("MIL"), which acts as the Investment Adviser to the Fund.

The assets of the Fund primarily comprise: (1) a high quality bond portfolio which is currently invested in 12 bonds issued by international financial institutions; (2) a swap agreement (the "Swap") which provides efficient currency-hedged economic exposure to Canadian equity income securities through its reference asset, CIT Trust; and (3) a direct investment in units of CIT Trust. The Fund's investment in CIT Trust is a nominal amount valued at £63,423 as at 31 December 2010.

Strong growth in emerging economies and a gradual recovery in developed economies provided continued support for natural resource prices and corresponding equity prices in 2010. Over the year, Middlefield Capital Corporation ("MCC"), the investment adviser of CIT Trust and an affiliate of MIL, increased positions in those issuers which it believed would benefit from favourable fundamentals and were well positioned to grow their businesses, either organically or by way of acquisition, in order to increase cash flows. Overall, CIT Trust posted a total return of 31.7% for 2010 relative to 26.7% for the benchmark S&P/TSX Income Trust Index and 17.6% for the broader S&P/TSX Composite Index.

The commencement of 2011 marks the expiration of the preferential tax treatment for income trusts and, as a result, virtually all income trusts have now converted to corporations. However, as expected, a significant number of former trusts have announced their intention to continue to pay high dividends and, as a result, a unique high yielding equity income asset class, comprised of former trusts and other high-dividend paying corporations, has developed in Canada. With the uncertainty regarding the impact of corporate taxation having been addressed, investor demand for Canadian equity income securities has increased substantially. Given the increasing investor preference for yield, we believe companies offering high levels of dividends will continue to attract significant investor interest and achieve premium valuations.

MCC remains very positive on the Canadian energy income sector. Most of the issuers in which CIT Trust invests have accumulated tax pools and will not be taxable for another three to five years. In addition, many of these companies have adopted a model of paying relatively high levels of dividends while reinvesting sufficient levels of cash flow to maintain or grow production. Over the year, MCC has increased positions in natural gas weighted holdings in order to capitalize on the forecast of Groppe, Long & Littell ("GLL"), MCC's Special Adviser on the energy sector, for substantially higher natural gas prices over the next several months. These factors, together with GLL's forecast of stable long-term crude oil prices, is expected to drive strong total return performance from high yielding oil and gas equities. For the year ended 31 December 2010, the S&P/TSX Capped Energy Trust Index generated a total return of 29.6%.

Strong fundamentals in the Canadian real estate market, namely stable vacancy rates, relatively limited new supply and low interest rates, continued to underpin the sector in 2010 and have enabled REITs to generate strong performance as the S&P/TSX Capped REIT Index produced a total return of 22.6%. MCC remains constructive on the Canadian real estate market and is poised to accumulate a more sizeable position in this sector in response to any pullback in trading prices.

As a result of the significant number of Canadian equities paying high levels of distributions, Standard and Poor's recently launched the S&P/TSX Equity Income Index, which is intended to eventually replace the S&P/TSX Income Trust Index. The new Canadian Equity Income Index is designed to track a well-diversified basket of high yielding securities, which are also constituents of Canada's broader blue-chip S&P/TSX Composite Index. It offers a yield of approximately 6% per annum, which is well in excess of the average yield on the S&P/TSX Composite of approximately 3%. As we have stated previously, we view this development as very positive since this index is expected to become the new benchmark for the vast majority of Canadian investment funds with income and balanced fund mandates. Given its relatively attractive yield, the new index will likely act as a buying catalyst for incremental domestic and foreign institutional investment in the Canadian equity income sector. Accordingly, it is the intention of MCC to adopt the Equity Income Index as its new performance benchmark for CIT Trust going forward.

Investment Adviser's Report (continued)

The mark-to-market value of the cross currency margin differential (the "CCMD Value") is one of the drivers affecting the value of the Swap. The CCMD Value is dependent upon changes in both Sterling/Canadian dollar exchange rates as well as cross-currency interest rates over time. At inception of the Fund, the CCMD was fixed at –0.05% for the duration of the Swap with a CCMD Value of zero. In October 2006, the CCMD was fixed at -0.572% in respect of new funds raised pursuant to the tap issue of 5.49 million shares, resulting in an adjusted CCMD of –0.098% for the duration of the Swap. Finally, in April 2007, the CCMD was fixed at –0.938% in respect of new funds raised pursuant to the issue of 19.8 million shares, resulting in an adjusted CCMD of –0.286% for the duration of the Swap. As at 31 December 2010, the CCMD Value was 2.66 pence per share.

With respect to the managed money market portfolio, for the period from 01 January 2010 to 31 December 2010, the Fund generated interest income of approximately £0.4 million from investments in short-term near cash instruments. Additionally, the Fund received Swap payments of approximately £4.1 million in the year ended 2010. Swap payments reflect the distributions received on a notional investment in CIT Trust and are net of Swap costs. Swap costs incurred by the Fund include a LIBOR payment, which is adjusted to account for the CCMD, and fees payable to the Canadian Imperial Bank of Commerce, the counterparty to the Swap.

Middlefield International Limited

Date: 17 March 2011

Middlefield Canadian Income Trusts – GBP PC a cell of Middlefield Canadian Income Trusts Investment Company PCC

Balance Sheet
As at 31 December 2010 with comparatives as at 31 December 2009

	2010 GBP	2009 GBP
Current assets		
Derivative financial instruments (at fair value through profit or loss)	5,022,260	-
Securities (at fair value through profit or loss)	76,985,979	76,668,168
Accrued bond interest	103,043	72,815
Accrued dividend income	558	605
Interest receivable on Swap	1,026,259	1,189,599
Prepayments	11,566	11,566
Cash and cash equivalents	105,897	244,545
	83,255,562	78,187,298
Current Liabilities		
Derivative financial instruments (at fair value through profit or loss)	-	(17,077,273)
Other payables and accruals	(159,162)	(126,435)
Dividends payable	(1,003,969)	-
	(1,163,131)	(17,203,708)
Net assets	**82,092,431**	**60,983,590**
Equity attributable to equity holders		
Share capital	-	-
Stated capital account	22,628,627	22,628,627
Other reserve	54,037,500	54,037,500
Retained profit/(deficit)	5,426,304	(15,682,537)
Total Shareholders' equity	**82,092,431**	**60,983,590**
Net asset value per redeemable participating preference share	**102.21p**	**75.93p**

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Income Statement
For the year ended 31 December 2010 with comparatives for the year ended 31 December 2009

	2010 GBP	2009 GBP
Revenue		
Dividend and interest income	397,816	742,066
Net movement in the fair value of derivative financial instruments	26,197,146	28,011,469
Net movement in the fair value of securities (at fair value through profit or loss)	17,811	(42,871)
Total revenue	**26,612,773**	**28,710,664**
Expenditure		
Management fees	67,708	44,864
Custodian fees	20,312	15,531
Sponsor’s fees	135,415	89,728
Directors’ fees and expenses	97,901	82,477
Investment advisory fees	67,708	44,864
Audit fees	25,000	25,000
Registrar’s fees	23,436	21,631
General expenses	46,608	25,008
Total expenditure	**484,088**	**349,103**
Net gain	**26,128,685**	**28,361,561**
Gain per redeemable participating preference share- basic and diluted	**32.53p**	**35.31p**

The company has no other items of income or expense for the current and prior year and accordingly the net gain for the current year and the loss of the prior year represent total comprehensive income/loss.

There are zero earnings attributable to the management shares.

All activities derive from continuing operations.

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Statement of Changes in Redeemable Participating Preference Shareholders' Equity

For the year ended 31 December 2010 with comparatives for the year ended 31 December 2009

	Share Capital GBP	Stated Capital Account GBP	Other Reserve GBP	Retained income GBP	Total GBP
At 1 January 2009	**-**	**22,628,627**	**54,037,500**	**(39,628,320)**	**37,037,807**
Gain for the year	-	-	-	28,361,561	28,361,561
Dividends paid	-	-	-	(4,415,778)	(4,415,778)
At 31 December 2009	**-**	**22,628,627**	**54,037,500**	**(15,682,537)**	**60,983,590**
Gain for the year	-	-	-	26,128,685	26,128,685
Dividends paid and declared	-	-	-	(5,019,844)	(5,019,844)
At 31 December 2010	**-**	**22,628,627**	**54,037,500**	**5,426,304**	**82,092,431**

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Cash Flow Statement
For the year ended 31 December 2010 with comparatives for the year ended 31 December 2009

	2010 GBP	2009 GBP
Cash flows from operating activities		
Net gain	26,128,685	28,361,561
Adjustments for:		
Net movement in the fair value of securities (at fair value through profit or loss)	(17,811)	42,871
Net movement in derivative financial instruments	(22,099,533)	(24,130,411)
Operating cash flows before movements in working capital	4,011,341	4,274,021
Decrease/(increase) in other receivables	133,159	(169,074)
Increase in other payables and accruals	32,727	21,549
Net cash from operating activities	4,177,227	4,126,496
Cash flows (used in)/ from investing activities		
Payment for purchases of securities	(310,603,378)	(311,126,096)
Proceeds from sale of securities	310,303,378	311,549,296
Net cash flow (used in)/from investing activities	(300,000)	423,200
Cash flows used in financing activities		
Dividends paid	(4,015,875)	(4,415,778)
Net cash flow used in financing activities	(4,015,875)	(4,415,778)
Net (decrease)/increase in cash and cash equivalents	(138,648)	133,918
Cash and cash equivalents at the beginning of the year	244,545	110,627
Cash and cash equivalents at the end of the year	**105,897**	**244,545**
Cash and cash equivalents made up of:		
Cash at bank	105,897	244,545