HALF YEARLY REPORT AND CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD 1 JANUARY 2014 TO 30 JUNE 2014

MIDDLEFIELD

CANADIAN INCOME PCC

INCLUDING MIDDLEFIELD CANADIAN INCOME – GBP PC, A CELL OF THE COMPANY

MCI

MIDDLEFIELD *Canadian Income PCC*

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MANAGEMENT AND ADMINISTRATION

Directors
Nicholas Villiers (Chairman)
Raymond Apsey
Philip Bisson
Thomas Grose
Dean Orrico

Administrator and Secretary
Kleinwort Benson (Channel Islands)
Corporate Services Limited
Wests Centre
St. Helier
Jersey
JE4 8PQ

Registered Office
Wests Centre
St. Helier
Jersey
JE4 8PQ

Investment Advisor
Middlefield International Limited
288 Bishopsgate
London
EC2M 4QP

Investment Manager
Middlefield Limited
812 Memorial Drive NW
Calgary, Alberta
Canada
T2N 3C8

Legal Advisers:

In England
Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ

In England
Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

In Jersey
Carey Olsen
47 Esplanade
St. Helier
Jersey
JE1 0BD

In Canada
Fasken Martineau DuMoulin LLP
Bay Adelaide Centre
Box 20, Suite 2400
333 Bay Street
Toronto, Ontario
Canada
M5H 2T6

Broker and Adviser
Canaccord Genuity Limited
9th Floor
88 Wood Street
London
EC2V 7QR

Custodian
RBC Investor Services Trust
335 – 8th Avenue SW
23rd Floor
Calgary, Alberta
Canada
T2P 1C9

Registrar
Capita Registrars (Jersey) Limited
3 Castle Street
St. Helier
Jersey
JE2 3RT

Auditors
Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey
JE4 8WA

CREST Agent, UK Paying Agent and Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the interim report and financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Fund.

- the Interim Management Report includes a fair review of the development, performance and position of the Company and the Fund and a description of the principal risks and uncertainties as disclosed in note 16 to the financial statements, that it faces for the next six months as required by DTR 4.2.7.R of the Disclosure and Transparency Rules.

- the Interim Management Report includes a fair review of related party transactions and changes therein, as required by DTR 4.2.8.R of the Disclosure and Transparency Rules.

By order of the Board

Nicholas Villiers
Director

Raymond Apsey
Director

Date: 14 August 2014

INTERIM MANAGEMENT REPORT

Six months to 30 June 2014 (unaudited)

On the invitation of the Directors of the Company, this interim management report is provided by Middlefield Limited, which acts as the investment manager of the Fund.

This statement has been prepared to provide additional information to Shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any party for any purpose other than as stated above.

Middlefield Canadian Income PCC is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has initially established one closed-ended Cell known as Middlefield Canadian Income – GBP PC (referred to as the "Fund" which term includes, where the context permits, the Company acting in respect of Middlefield Canadian Income – GBP PC). Admission to the Official List of the UK Listing Authority and dealings in redeemable participating preference shares commenced on 6 July 2006. The Fund was admitted to FTSE UK All-Share Index effective 20 June 2011.

Investment Objective

The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year.

The Fund will seek to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange, which the investment manager believes will provide an attractive level of distributions, together with the prospect for capital growth.

Performance Summary

North American equity markets rallied over the first half of 2014 with Canadian capital market returns driven by the strong performance of the energy sector, which benefited from rising oil and gas prices during the second quarter. In addition, REITs and utilities posted solid returns resulting from a rebound in the pace of economic activity as well as a decline in long-term interest rates over the last several months. With almost half of the Fund's assets allocated to these three sectors, MCI generated net asset value total returns of 12.6% and 8.8% for the one year and six month periods ended 30 June 2014 respectively. As a result, the Fund outperformed its benchmark S&P/TSX Composite High Dividend Index on a GBP currency-adjusted basis by 3.1% and 0.6%, over the same periods respectively.

We believe the Canadian economy is underpinned by strong positive fundamentals. With corporate profits increasing at the fastest pace since 2011 and capacity utilisation rates near a seven-year high, we expect a rise in business investment spending over the coming months. In addition, we believe Canadian export activity will improve over the remainder of the year, assisted by a strengthening U.S. economy and a more competitive Canadian dollar. Notwithstanding a modest increase in inflation, which was largely attributable to higher energy prices, the Bank of Canada has recently announced its intention to maintain its benchmark rate at 1%. We expect Canadian interest rates to remain relatively low for the foreseeable future, thereby creating a suitable environment for sustained economic prosperity.

INTERIM MANAGEMENT REPORT (continued)
Six months to 30 June 2014 (unaudited)

Performance Summary (continued)

We expect that global growth will continue to accelerate led by the ongoing recovery in developed economies. Despite adverse weather conditions in the first quarter and rising geo-political tensions in the Middle East and the Ukraine, U.S. and European economies grew during the first six months of the year. The commitment on the part of the ECB to do "whatever it takes" to preserve the Euro has successfully driven down interest rates and will serve to support financing and industrial activity in the region. In the U.S., consumers and corporations remain very well positioned to increase spending after enduring several years of debt reduction. As a result, as we move into the latter half of the year, Canada is expected to benefit from these improving global economic trends.

We are witnessing renewed interest in the Canadian energy sector in 2014, which has been supported by stronger commodity prices, a lower Canadian dollar and increased merger and acquisition activity. As represented by the S&P/TSX Capped Energy Index, the Canadian energy sector generated a year-to-date return for the period ended 30 June 2014 of 24.1%. New oil supply is expensive to develop and global production remains constrained by approximately three million barrels per day as a result of international sanctions against Iran and ongoing production issues in Libya. Increased U.S. shale oil production has largely offset global supply disruptions, thereby stabilising oil prices between US$90 to US$110 per barrel. We expect the spread between WTI and Brent oil prices to narrow as the completion of several energy infrastructure projects alleviate the bottleneck at Cushing in Oklahoma. We believe that the prices realised by Canadian producers will increase as improved access to U.S. refineries cause heavy oil differentials to narrow. In addition, we expect unconventional shale oil production to peak in 2016, which should further support the Canadian energy sector.

The fundamentals in the natural gas sector have improved significantly over the past 24 months. Increased industrial demand, cold weather and a reduction in supply growth have reduced current storage inventories to near-decade lows. Restoring U.S. inventories to the five-year average would require record levels of injections, which are unlikely since the number of U.S. natural gas rigs in operation is at a 13 year low. Accordingly, we expect gas prices to remain strong as we head into 2015. Longer term, the development of LNG export facilities, commencing in 2016, should enable producers to access European and Asian markets where gas sells at a significant premium to North American prices.

With respect to real estate, given a portfolio allocation of approximately 11% relative to its benchmark weighting of 6.1% as at the end of June, the Fund continues to be well positioned to capitalise on attractive valuations in this sector. Government bond yields in many developed countries remain near historic lows, which have resulted in strong demand for income producing real estate and infrastructure assets. Real estate supply remains relatively low versus prior cycles, indicating that rental growth should accelerate as occupancy and employment continue to improve. Moreover, the replacement value of buildings should escalate as land, construction costs and inflation trend higher. While we expect volatility to persist as investors adjust their expectations to reflect a normalised cost of capital and higher interest rates, valuations are compelling and should be supported by strong balance sheets, low payout ratios and dividend growth. We remain focused on real estate and infrastructure investments that: 1) have good organic growth potential; 2) demonstrate above average cash flow growth and/or will benefit from economic expansion; 3) possess strong management teams

INTERIM MANAGEMENT REPORT (continued)
Six months to 30 June 2014 (unaudited)

Performance Summary (continued)

with a track record of prudent capital allocation; and 4) operate in regions where interest rates are expected to remain relatively low and/or gradually increase in response to growth in economic activity.

The asset class weightings for the Fund as at 30 June 2014 were:

Asset Class	Portfolio Weighting
Energy	28.4%
Financials	19.7%
Real Estate	10.8%
Utilities	9.5%
Bonds and Convertible Debentures	9.3%
Industrials	6.8%
Power and Pipeline	5.1%
Materials	3.7%
Consumer Discretionary	3.0%
Consumer Staples	1.8%
Metals and Mining	1.5%
Other	0.4%

Dividends
The Fund paid quarterly dividends of 1.25 pence per share in each of January, April and July 2014.

Related Party Transactions
Related party transactions are disclosed in note 13 to the condensed set of financial statements of the Fund.

There have been no material changes in the related party transactions from those described in the 2013 Annual Report.

Material Events
On 14 April, the Company announced that it had purchased for cash 50,000 shares of the Fund at a price per share of 98.75 pence, which represented a discount to the Fund's prevailing net asset value. The repurchased shares were held in treasury.

In addition, further to the announcements issued in May, the Company sold for cash a total of 750,000 shares of the Fund out of treasury. Each sale out of treasury was at a premium to the Fund's prevailing net asset value.

The Board of Middlefield Canadian Income PCC is not aware of any significant event or transaction which has occurred between 1 July 2014 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

INTERIM MANAGEMENT REPORT (continued)

Six months to 30 June 2014 (unaudited)

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Fund's performance over the remaining six months of the year and could cause actual results to differ materially from expected and historical results. Further information on the principal risks and uncertainties of the Fund are included in the 2013 Annual Report and in note 16 to the condensed set of financial statements.

Outlook

We remain constructive on the outlook for the Canadian economy, which we believe is underpinned by strong positive fundamentals. It is our view that global economic growth is accelerating, led by the expansion of developed economies such as the U.S., the U.K. and select areas of continental Europe. Our expectation with respect to Europe has been for a moderate but sustained expansion over the next several years. We expect Europe to exhibit moderate growth with consumption and investment increasing. In the U.S., the deleveraging drag is waning and evidence of continued economic growth is emerging, such as strong payroll gains, labour market improvements and a rise in auto sales and housing starts. We believe these positive global economic trends will support demand for Canadian exports and help sustain Canadian economic growth over the coming months.

The Fund remains focused on investing in income-oriented issuers with strong management teams, good balance sheets and sustainable dividends. We continue to believe that the high dividend-paying equity income sector will benefit from anticipated improvements in global growth and an ongoing demand for income.

Middlefield Limited
Date: 14 August 2014

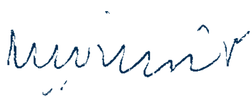
Past performance is not a guide to future performance.
This interim management report is available at: www.middlefield.co.uk.

CONDENSED STATEMENT OF FINANCIAL POSITION OF THE FUND (unaudited)

As at 30 June 2014
with unaudited comparatives as at 30 June 2013
and audited comparatives as at 31 December 2013

	Notes	30.06.2014 £	30.06.2013 £	31.12.2013 £
Current assets				
Securities				
(at fair value through profit or loss)	3 & 17	143,651,418	129,597,718	129,529,929
Accrued bond interest		140,318	213,091	171,091
Accrued bank interest		4,216	2,979	3,003
Accrued dividend income		406,845	375,287	382,768
Other receivables		2	2	2
Prepayments		15,985	15,235	31,503
Cash and cash equivalents	4	16,022,119	3,906,640	6,656,549
		160,240,903	134,110,952	136,774,845
Current liabilities				
Other payables and accruals	5	(391,279)	(430,818)	(390,422)
Interest payable		(130,090)	(86,894)	(1,989)
Loan payable		(35,412,290)	(18,661,637)	(19,795,302)
		(35,933,659)	(19,179,349)	(20,187,713)
Net assets		124,307,244	114,931,603	116,587,132
Equity attributable to equity holders				
Stated capital account	6	51,562,492	50,796,973	50,796,973
Retained earnings		72,744,752	64,134,630	65,790,159
Total Shareholders' equity		124,307,244	114,931,603	116,587,132
Net asset value per redeemable participating preference share	7	**114.32p**	**106.39p**	**107.92p**

The financial statements on pages 8 to 28 were approved by the Directors on 14 August 2014 and signed on behalf of the Board by:



Nicholas Villiers
Director

Raymond Apsey
Director

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME OF THE FUND (unaudited)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

	Notes	Six months ended 30 June 2014 Revenue £	Capital £	Total £	Six months ended 30 June 2013 Total £	Year ended 31 December 2013 Total £
Revenue						
Dividend and interest income	8	3,150,441	–	3,150,441	3,011,058	6,403,116
Net movement in the fair value of securities (at fair value through profit or loss)	9	–	7,894,523	7,894,523	7,688,708	8,552,600
Net movement on foreign exchange		–	6,634	6,634	(204,507)	1,307,905
Total revenue		3,150,441	7,901,157	11,051,598	10,495,259	16,263,621
Expenditure						
Investment management fees		161,551	242,327	403,878	495,616	900,342
Custodian fees		5,770	–	5,770	5,716	11,513
Sponsor's fees		115,394	–	115,394	114,348	230,285
Other expenses		185,545	–	185,545	193,260	446,992
Operating expenses		468,260	242,327	710,587	808,940	1,589,132
Net operating profit before finance costs		2,682,181	7,658,830	10,341,011	9,686,319	14,674,489
Finance cost		(100,333)	(150,499)	(250,832)	(175,865)	(382,946)
Profit before tax		2,581,848	7,508,331	10,090,179	9,510,454	14,291,543
Withholding tax expense		(434,780)	–	(434,780)	(359,983)	(784,736)
Net profit		2,147,068	7,508,331	9,655,399	9,150,471	13,506,807
Profit per redeemable participating preference share – basic and diluted	10	1.98p	6.94p	8.92p	8.59p	12.59p

The Company including the Fund has no other items of income or expense for the current and prior period and accordingly the net profit for the current and prior periods represent total comprehensive income.

There are zero earnings attributable to the management shares. All activities derive from continuing operations.

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN REDEEMABLE PARTICIPATING PREFERENCE SHAREHOLDERS' EQUITY OF THE FUND (unaudited)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

	Notes	Stated capital account £	Retained income £	Total £
At 1 January 2013		47,110,708	57,630,590	104,741,298
Profit for the period		–	9,150,471	9,150,471
Issue of shares		3,686,265	–	3,686,265
Dividends paid	11	–	(2,646,431)	(2,646,431)
At 30 June 2013		**50,796,973**	**64,134,630**	**114,931,603**
Profit for the period		–	4,356,336	4,356,336
Issue of shares		–	–	–
Dividends paid		–	(2,700,807)	(2,700,807)
At 31 December 2013		**50,796,973**	**65,790,159**	**116,587,132**
Profit for the period		–	9,655,399	9,655,399
Issue of shares	6	765,519	–	765,519
Dividends paid	11	–	(2,700,806)	(2,700,806)
At 30 June 2014		**51,562,492**	**72,744,752**	**124,307,244**

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

CONDENSED CASH FLOW STATEMENT OF THE FUND (unaudited)

For the period 1 January 2014 to 30 June 2014
with unaudited comparatives for the period 1 January 2013 to 30 June 2013
and audited comparatives for the year ended 31 December 2013

	Six months ended 30 June		Year ended 31 December
	2014	2013	2013
	£	£	£
Cash flows from operating activities			
Net profit	9,655,399	9,150,471	13,506,807
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	(7,894,523)	(7,688,708)	(8,552,600)
Realised (gain) loss on foreign exchange	(627,175)	664,518	(2,306,576)
Unrealised loss (gain) on foreign exchange	620,541	(460,011)	998,671
Operating cash flows before movements in working capital	1,754,242	1,666,270	3,646,302
Decrease in other receivables	21,001	16,872	35,101
Increase (decrease) in other payables and accruals	128,958	77,495	(47,808)
Net cash generated from operating activities	**1,904,201**	**1,760,637**	**3,633,595**
Cash flows used in investing activities			
Payment for purchases of securities	(37,300,431)	(72,522,878)	(117,092,886)
Proceeds from sale of securities	31,073,465	62,115,803	107,617,492
Net cash used in investing activities	**(6,226,966)**	**(10,407,075)**	**(9,475,394)**
Cash flows from financing activities			
Dividends paid	(2,700,806)	(2,646,431)	(6,042,477)
New bank loans raised	15,616,988	3,387,351	10,465,294
Proceeds from issue of shares	765,519	3,686,265	3,686,265
Repayments of borrowings	–	(98,199)	(5,347,238)
Net cash generated from financing activities	**13,681,701**	**4,328,986**	**2,761,844**
Net increase (decrease) in cash and cash equivalents	9,358,936	(4,317,452)	(3,079,955)
Effect of foreign exchange rate changes	6,634	(204,507)	1,307,905
Cash and cash equivalents at beginning of period	6,656,549	8,428,599	8,428,599
Cash and cash equivalents at end of period	**16,022,119**	**3,906,640**	**6,656,549**
Cash and cash equivalents made up of:			
Cash at bank	16,022,119	3,906,640	6,656,549

The accompanying notes on pages 12 to 28 form an integral part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited)

For the period 1 January 2014 to 30 June 2014
with unaudited comparatives for the period 1 January 2013 to 30 June 2013
and audited comparatives for the year ended 31 December 2013

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has one closed-ended Cell: Middlefield Canadian Income – GBP PC, also referred to as the "Fund". The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth.

The address of the Company's registered office is Wests Centre, St. Helier, Jersey, JE4 8PQ, Channel Islands.

The Fund's shares are listed on the London Stock Exchange.

The Company and the Fund have no employees.

The functional and presentational currency of the Company and the Fund is Sterling ("£").

The half-yearly report has not been audited or reviewed by the auditors Deloitte LLP pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'.

The information presented for the year ended 31 December 2013 does not constitute the statutory financial statements of the Company and the Fund. Copies of the statutory financial statements for that year have been delivered to the Registrar of Companies in Jersey. The auditors' report on those financial statements was unqualified.

2. Accounting Policies

a. Basis of preparation

The condensed financial information for the period ended 30 June 2014 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed financial statements have been prepared under the historical cost basis, except for the revaluation of fair value through profit or loss investments, and in accordance with IFRS. The condensed statement of comprehensive income is presented in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009 by the Association of Investment Companies ("AIC"), to the extent that it does not conflict with IFRS.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

2. Accounting Policies (continued)

a. Basis of preparation (continued)

The condensed statement of financial position, condensed statement of comprehensive income, condensed statement of changes in redeemable participating preference shareholders' equity and condensed cash flow statement refer solely to the Fund. The non-cellular assets comprise two Management Shares. However, there has been no trading activity with regards to the non-cellular assets.

b. Going concern

In the opinion of the Directors, there is a reasonable expectation that the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared on the going concern basis.

The Directors have arrived at this opinion by considering, inter alia, the following factors:

- the Fund has sufficient liquidity to meet all on-going expenses and repayment of external borrowings; and

- the portfolio of investments held by the Fund materially consists of listed investments which are readily realisable and therefore the Fund will have sufficient resources to meet its liquidity requirements.

c. Standards and Interpretations

Except as described below the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those financial statements.

Standards and Interpretations in issue not yet adopted.

At the date of authorisation of these financial statements, the following Standard or Interpretation has been issued by the International Accounting Standards Board (IASB) but is not approved by the EU and therefore has not yet been adopted by the Fund:

- IFRS 9 (revised April 2009) Financial Instruments: Classification and Measurement effective for annual periods beginning on or after 1 January 2018;

- IFRS 13 (amended) "Measurement of short-term receivables and payables" effective date is 1 July 2014;

- IFRS 15 "Revenue from contracts with customers" effective 1 January 2017;

- IAS 24 (amended) "Definition of 'related party'" effective 1 July 2014.

The adoption of some of these Standards and Interpretations may require additional disclosure in future financial statements. None are expected to affect the financial position of the Fund.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

2. Accounting Policies (continued)

d. Business and geographical segments

The Directors are of the opinion that the Fund is engaged in a single segment of business of investing predominantly in securities and REITs domiciled in Canada to which the Fund is solely exposed and therefore no segment reporting is provided.

3. Securities (at fair value through profit or loss)

	30.06.2014 £	30.06.2013 £	31.12.2013 £
Equities	130,365,456	110,852,016	111,575,690
Debentures	13,285,962	18,745,702	17,954,239
	143,651,418	129,597,718	129,529,929

Please refer to Note 17 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2014 £	30.06.2013 £	31.12.2013 £
Cash at bank	16,022,119	3,906,640	6,656,549

Cash and cash equivalents comprise bank balances and cash held by the Fund. The carrying value of these assets approximates their fair value.

5. Other payables and accruals

	30.06.2014 £	30.06.2013 £	31.12.2013 £
Investment management fees	208,533	263,199	203,047
Sponsor's fees	56,123	60,715	58,013
Administration fees	29,790	30,357	29,007
Directors' fees	21,260	27,134	26,250
General expenses	26,498	22,761	36,693
Audit fees	38,893	12,912	26,000
Registrar's fees	6,413	8,024	7,334
Custodian fees	3,769	5,716	4,078
	391,279	430,818	390,422

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

6. Stated capital account

The authorised share capital of the Fund is split into two Management Shares of no par value and an unlimited number of redeemable participating preference shares of no par value, the latter of which are attributable solely to the Fund.

	No. of shares	£
Management shares issued		
At 31 December 2013	2	2
At 30 June 2014	**2**	**2**
At 31 December 2013	**108,032,250**	**50,796,971**
14 April 2014 50,000 shares of no par value repurchased at 98.75 pence each	(50,000)	(49,375)
16 May 2014 500,000 shares of no par value issued at 110.00 pence each	500,000	550,000
16 May 2014 issue costs	–	(5,500)
22 May 2014 250,000 shares of no par value issued at 109.25 pence each	250,000	273,125
22 May 2014 issue costs	–	(2,731)
At 30 June 2014	**108,732,250**	**51,562,490**
Total stated capital at 30 June 2014		**51,562,492**

The holders of redeemable participating preference shares are entitled to receive in proportion to their holdings, all of the revenue profits of the Fund (including accumulated revenue reserves).

Each redeemable participating preference shareholder is entitled to one vote for each share held, provided all amounts payable in respect of that share have been paid.

Management shares are non-redeemable, have no right in respect of the accrued entitlement, and have no right to participate in the assets of the Fund on a winding-up. In all other respects the management shares have the same rights and restrictions as redeemable participating preference shares. Each management share entitles the holder to one vote for each share held.

Redeemable participating preference shares are redeemed at the absolute discretion of the Directors. Since redemption is at the discretion of the Directors, in accordance with the provisions of IAS 32, the redeemable participating preference shares are classified as equity. The Fund will not give effect to redemption requests in respect of more than 25 percent of the shares then in issue, or such lesser percentage as the Directors may decide.

At period end there were 15,950,000 treasury shares in issue.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

7. Net asset value per redeemable participating preference share

The net asset value per share of 114.32p (30 June 2013: 106.39p, 31 December 2013: 107.92p) is based on the net assets at the period end of £124,307,244 (30 June 2013: £114,931,603, 31 December 2013: £116,587,132) and on 108,732,250 redeemable participating preference shares, being the number of redeemable participating preference shares in issue (excluding shares held in treasury) at the period end (30 June 2013: 108,032,250 shares, 31 December 2013: 108,032,250 shares).

8. Dividend and interest income

	Period ended 30.06.2014				
	Revenue	Capital	Total	30.06.2013	31.12.2013
	£	£	£	£	£
Bond and debenture interest	466,173	–	466,173	556,995	1,154,516
Bank interest	31,347	–	31,347	80,855	112,360
Dividend income	2,652,921	–	2,652,921	2,373,208	5,136,240
	3,150,441	**–**	**3,150,441**	**3,011,058**	**6,403,116**

9. Net movement in the fair value of securities

	Period ended 30.06.2014				
	Revenue	Capital	Total	30.06.2013	31.12.2013
	£	£	£	£	£
Net movement in the fair value of securities (at fair value through profit or loss)	–	7,894,523	7,894,523	7,688,708	8,552,600

10. Profit per redeemable participating preference share

The revenue gain per share is based on £2,147,068 net revenue gain on ordinary activities and a weighted average of 108,197,720 shares in issue. The capital gain per share is based on £7,508,331 net capital gain for the period and a weighted average of 108,197,720 shares in issue.

11. Dividends

Dividends were paid on a quarterly basis during the period in the months of January and April totalling £2,700,806 (30 June 2013: £2,646,431).

12. Taxation

The Company adopted UK tax residency from 11 October 2011 onwards. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. Accordingly, no UK tax has been provided for. On 7 December 2012 the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

13. Related party transactions

The directors are regarded as related parties.

Total directors' fees paid during the period amounted to £41,364 of which £21,260 was due at the period end (30 June 2013: £52,966 of which £27,134 was due at the period end, 31 December 2013: £105,000 of which £26,250 was due at the year end). These fees are all arm's length transactions.

14. Loan payable

The Fund entered into a Credit Agreement with Royal Bank of Canada ("RBC") on 6 October 2011, whereby RBC provides a 364-day Revolving Term Credit Facility (the "Credit Facility"), with a maximum principal amount of the lesser of CAD50,000,000 and 25% of the Total Asset Value of the Fund. The Credit Facility was renewed on 5 October 2012 as an On Demand facility. On 17 June 2014 the Credit Facility was amended to increase the maximum principle amount to CAD65,000,000.

The Bankers' Acceptance drawn under the Credit Facility totals CAD65,000,000 (GBP equivalent of £35,412,290) (period ended 30 June 2013: CAD30,000,000 (GBP equivalent of £18,661,637), year ended 31 December 2013: CAD35,000,000 (GBP equivalent £19,795,302)).

Pre-paid interest and stamping fees of £7,440 (period ended 30 June 2013: £89,319, year ended 31 December 2013: £102,378) were paid on the Bankers' Acceptance and these costs are being amortised over 30 days. Interest paid on the Bankers' Acceptance totalled £191,273 (period ended 30 June 2013: £117,312, year ended 31 December 2013: £343,812).

Interest is calculated at an annual percentage equal to, in the case of Prime Loans, the Prime Rate minus 0.35%. In the case of a Bankers' Acceptance, a stamping fee of 0.60% per annum is payable.

15. Security agreement

In conjunction with entering into the Credit Facility, the Fund has entered into a General Security Agreement. Pursuant to the terms of the General Security Agreement the Fund has granted RBC interests in respect of collateral, being all present and after-acquired personal property including the securities portfolio, as security for the Fund's obligations under the Credit Facility.

16. Financial instruments

Fair values

The carrying amounts of investments, other receivables, cash and cash equivalents and other payables approximate their fair values.

Management of Capital

The Investment Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Management of Capital (continued)

The capital structure of the Fund consists of proceeds from the issue of preference shares and reserve accounts. The Investment Manager reviews the capital structure on a monthly basis. The Fund and the Company do not have any externally imposed capital requirements.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be invested in a Canadian equities portfolio.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market price risk, interest rate risk and currency risk.

Credit risk

Credit risk is the risk that an issuer or counterparty may be unable or unwilling to meet commitments it has entered into with the Fund.

The Fund's principal assets are bank balances and cash and investments as set out in the statement of financial position which represents the Fund's maximum exposure to credit risk in relation to the financial assets.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of AA- and A+ assigned by Standard and Poor's rating agency.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Fund's maximum exposure to credit risk is the carry value of the assets on the statement of financial position.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Fund's exposure to market price risk is comprised mainly of movements in the value of the Fund's investments.

Country risk

On 17 January 2012 the Financial Reporting Council ("FRC") released "Responding to the increased country and currency risk in financial reports".

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Country risk (continued)

The FRC 17 January 2012 update for directors of listed companies includes guidance on responding to the increased country and currency risk as a result of funding pressures on certain European countries, the curtailment of capital spending programmes (austerity measures) and regime changes in the Middle East.

The Board has reviewed the disclosures and believes that no additional disclosures in light of this update are required since the Canadian economy is stable with a Moody's rating of AAA.

Fair value measurements

IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment of management, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 30 June 2014.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Fair value measurements (continued)

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities (at fair value through profit or loss)	143,651,418	–	–	143,651,418

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2013.

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities (at fair value through profit or loss)	129,529,929	–	–	129,529,929

The Fund holds securities that trade in active markets. Such financial instruments are classified as Level 1 of the IFRS 13 fair value hierarchy. There were no transfers between Level 1 and 2 during the period.

Price sensitivity

At 30 June 2014, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares would have been £43,095,425 (30 June 2013: £38,879,315, December 2013: £38,858,978) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by £43,095,425 (30 June 2013: £38,879,315, 31 December 2013: £38,858,978).

At 30 June 2014, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable participating preference shares would have been equal, but opposite, to the figures stated above.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate sensitive assets and liabilities mainly comprise cash and cash equivalents, debt securities and loan payable. The cash and cash equivalents are subject to floating rates and are considered to be part of the investment strategy of the Fund. No other hedging is undertaken in respect of this interest rate risk.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Interest rate risk (continued)

The following table details the Fund's exposure to interest rate risk at 30 June 2014, 30 June 2013 and 31 December 2013:

		Floating rate assets	
	30.06.2014	30.06.2013	31.12.2013
	£	£	£
Assets			
Debt securities	13,285,962	18,745,702	17,954,239
Cash and cash equivalents	16,022,119	3,906,640	6,656,549
	29,308,081	22,652,342	24,610,788
Liabilities			
Loan payable	35,412,290	18,661,637	19,795,302
	35,412,290	18,661,637	19,795,302

The above analysis excludes short term debtors and creditors as all material amounts are non interest-bearing.

Interest rate sensitivity analysis

At 30 June 2014, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to the redeemable participating preference shares for the year would have increased by £94,397 (30 June 2013: £265,874, 31 December 2013: £173,390) due to the increase in market value of listed debt securities and to a lesser extent due to an increase in interest payable on the loan.

Liquidity risk

Liquidity risk is the risk that the Fund cannot meet its liabilities as they fall due. The Fund's primary source of liquidity consists of cash and cash equivalents, securities at fair value through profit or loss and the Credit Facility.

The Fund's investments are considered to be readily realisable, predominantly issued by Canadian companies and REITs listed on a Canadian Stock Exchange and are actively traded.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Liquidity risk (continued)

As at 30 June 2014, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	143,651,418	–	–	–	143,651,418
Accrued bond interest	140,318	–	–	–	140,318
Accrued dividend income	406,845	–	–	–	406,845
Accrued bank interest	4,216	–	–	–	4,216
Other receivables	2	–	–	–	2
Prepayments	15,985	–	–	–	15,985
Cash and cash equivalents	16,022,119	–	–	–	16,022,119
	160,240,903	–	–	–	160,240,903
Liabilities					
Loan payable	(35,412,290)	–	–	–	(35,412,290)
Other payables and accruals	(391,279)	–	–	–	(391,279)
Interest payable	(130,090)	–	–	–	(130,090)
	(35,933,659)	–	–	–	(35,933,659)
	124,307,244	–	–	–	124,307,244

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Liquidity risk (continued)

As at 30 June 2013, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	129,597,718	–	–	–	129,597,718
Accrued bond interest	213,091	–	–	–	213,091
Accrued bank interest	375,287	–	–	–	375,287
Accrued dividend income	2,979	–	–	–	2,979
Prepayments	2	–	–	–	2
Other receivables	15,235	–	–	–	15,235
Cash and cash equivalents	3,906,640	–	–	–	3,906,640
	134,110,952	–	–	–	134,110,952

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Liabilities					
Loan payable	–	–	(18,661,637)	–	(18,661,637)
Other payables and accruals	(430,818)	–	–	–	(430,818)
Interest payable	(86,894)	–	–	–	(86,894)
	(517,712)	–	(18,661,637)	–	(19,179,349)
	133,593,240	–	(18,661,637)	–	114,931,603

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2013, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	129,529,929	–	–	–	129,529,929
Accrued bond interest	171,091	–	–	–	171,091
Accrued dividend income	382,768	–	–	–	382,768
Accrued bank interest	3,003	–	–	–	3,003
Other receivables	2	–	–	–	2
Prepayments	31,503	–	–	–	31,503
Cash and cash equivalents	6,656,549	–	–	–	6,656,549
	136,774,845	–	–	–	136,774,845
Liabilities					
Other payables and accruals	(390,422)	–	–	–	(390,422)
Interest payable	(1,989)	–	–	–	(1,989)
Loan payable	(19,795,302)	–	–	–	(19,795,302)
	(20,187,713)	–	–	–	(20,187,713)
	116,587,132	–	–	–	116,587,132

Currency risk

The Fund is denominated in GBP, whereas the Fund's principal investments are denominated in CAD. Consequently the Fund is exposed to currency risk. The Fund's policy is therefore to actively monitor exposure to currency risk. The Board reserves the right to employ currency hedging but, other than in exceptional circumstances, does not intend to hedge. The Board considers that exposure was significant at the period end.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Liquidity risk (continued)

The Fund's net exposure to CAD currency at the period end was as follows:

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Assets			
Cash and cash equivalents	11,090,537	3,893,435	6,574,575
Canadian equities	108,406,528	99,927,149	97,715,786
Canadian debt	13,285,962	17,399,029	16,645,559
Accrued income	551,379	582,062	532,435
	133,334,406	121,801,675	121,468,355
Liabilities			
Loan payable	(35,412,290)	(18,661,637)	(19,795,302)
Interest payable	(130,090)	(86,894)	(1,989)
	(35,542,380)	(18,748,531)	(19,797,291)

The Fund's net exposure to USD currency at the period end was as follows:

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Assets			
Cash and cash equivalents	4,023,285	–	67,109
United States equities	21,958,928	10,924,867	13,859,904
United States debt	–	1,346,673	1,308,680
Accrued income	–	9,295	22,390
	25,982,213	12,280,835	15,258,083

Currency sensitivity

At 30 June 2014, had GBP strengthened against the CAD by 5%, with all other variables held constant, the increase in net assets attributable to shareholders would amount to approximately £4,656,763 (30 June 2013: £4,911,430, 31 December 2013: £4,841,574). Had GBP weakened against the CAD by 5%, this would amount to a decrease in net assets attributable to shareholders of approximately £5,146,949 (30 June 2013: £5,428,423, 31 December 2013: £5,351,213).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

16. Financial instruments (continued)

Liquidity risk (continued)

At 30 June 2014, had GBP strengthened against the USD by 5%, with all other variables held constant, the increase in net assets attributable to shareholders would amount to approximately £1,237,248 (30 June 2013: £584,801, 31 December 2013: £nil). Had GBP weakened against the USD by 5%, this would amount to a decrease in net assets attributable to shareholders of approximately £1,367,485 (30 June 2013: £646,360, 31 December 2013: £nil).

17. Schedule of Investments – Securities (at fair value through profit or loss)

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Equities:					
Bermuda – Quoted Investments					
Real Estate					
Brookfield Property Partners LP	305,000	3,475,941	3,721,135	2.99%	2.59%
Utilities					
Brookfield Infrastructure Partners LP	80,000	1,743,330	1,953,388	1.57%	1.36%
Canada – Quoted Investments					
Consumer Discretionary					
Enercare Inc	400,000	1,901,549	2,677,289	2.15%	1.86%
Energy					
AltaGas Ltd	100,000	2,019,494	2,694,310	2.17%	1.88%
ARC Resources Ltd	110,000	1,465,991	1,953,279	1.57%	1.36%
Birchcliff Energy Ltd	85,000	1,300,141	1,213,455	0.98%	0.84%
Birchcliff Energy – Preferred Shares	43,000	684,538	631,573	0.51%	0.44%
Bonavista Energy Corp	250,000	1,801,701	2,241,598	1.80%	1.56%
Bonterra Energy Corporation	58,000	1,566,605	1,990,715	1.60%	1.39%
Canyon Services Group Inc	250,000	1,459,702	2,593,006	2.09%	1.81%
Crescent Point Energy Corp	175,000	4,254,899	4,534,397	3.65%	3.16%
Enerplus Corporation	200,000	2,023,262	2,941,943	2.37%	2.05%
Keyera Corporation	65,000	1,787,659	2,803,439	2.26%	1.95%
Long Run Exploration Ltd	800,000	2,339,320	2,477,425	1.99%	1.72%
Pembina Pipeline Corporation	75,000	1,522,272	1,882,777	1.51%	1.31%
Peyto Exploration & Development Corp	95,000	1,151,780	2,086,484	1.68%	1.45%
Torc Oil & Gas Ltd	400,000	1,978,561	3,217,578	2.59%	2.24%
Trilogy Energy Corp	200,000	3,253,955	3,178,045	2.56%	2.21%
Twin Butte Energy	3,150,000	4,008,988	3,095,958	2.49%	2.16%
Veresen Inc	230,000	2,056,132	2,359,045	1.90%	1.64%
Whitecap Resources	500,000	3,020,026	4,516,140	3.63%	3.14%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

17. Schedule of Investments – Securities (at fair value through profit or loss) (continued)

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Financials					
Canadian Western Bank	125,000	2,247,348	2,733,706	2.20%	1.90%
Gluskin Sheff & Associates Inc	180,000	2,551,541	3,125,114	2.51%	2.18%
IGM Financial Inc	100,000	2,817,187	2,803,027	2.25%	1.95%
Intact Financial Corporation	60,000	2,269,714	2,422,079	1.95%	1.69%
Manulife Financial Corp	200,000	1,679,629	2,323,684	1.87%	1.62%
Power Financial Corporation	150,000	2,655,322	2,727,803	2.19%	1.90%
Industrials					
Magna International Inc	65,000	1,957,300	4,097,196	3.30%	2.85%
Canadian National Railways Company	75,000	2,789,240	2,854,640	2.30%	1.99%
Mullen Group Limited	140,000	1,422,811	2,325,332	1.87%	1.62%
Materials					
Chemtrade Logistics Income Fund	238,500	2,227,708	2,743,493	2.21%	1.91%
Metals and Mining					
Labrador Iron Ore Royalty Corp	125,000	2,455,494	2,100,211	1.69%	1.46%
Real Estate					
Canadian Apartment Properties Real Estate Investment Trust	165,000	2,024,784	2,070,149	1.67%	1.44%
Chartwell Retirement Residences	600,000	3,553,598	3,571,182	2.87%	2.49%
H&R Real Estate Investment Trust	200,000	2,918,062	2,543,314	2.05%	1.77%
Northern Property Real Estate Investment Trust	85,000	1,773,457	1,335,268	1.07%	0.93%
Pure Industrial Real Estate Trust	950,000	2,492,913	2,383,808	1.92%	1.66%
Utilities					
Algonquin Power & Utilities Corporation	350,000	1,375,220	1,581,610	1.27%	1.10%
Capital Power Corp	170,000	2,439,737	2,440,912	1.96%	1.70%
Innergex Renewable Energy Inc	375,000	2,441,347	2,223,753	1.79%	1.55%
Northland Power Inc	255,000	2,554,483	2,544,056	2.05%	1.77%
Transalta Corp	375,000	2,760,750	2,693,212	2.17%	1.87%
Netherlands – Quoted Investments					
Lyondellbasell Industries	45,000	1,760,268	2,569,438	2.07%	1.79%
Switzerland – Quoted Investments					
Tyco International Ltd	110,000	2,757,008	2,932,949	2.36%	2.04%
United States – Quoted Investments					
Consumer Discretionary					
Whirlpool Corp	20,000	1,896,372	1,628,097	1.31%	1.13%
Consumer Staples					
Kraft Foods Group Inc	75,000	2,491,102	2,629,618	2.12%	1.83%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2014 to 30 June 2014 with unaudited comparatives for the period 1 January 2013 to 30 June 2013 and audited comparatives for the year ended 31 December 2013

17. Schedule of Investments – Securities (at fair value through profit or loss) (continued)

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Financials					
Capital One Financial Corp	55,000	1,968,380	2,656,960	2.14%	1.85%
Citigroup Inc	50,000	1,531,483	1,377,022	1.11%	0.96%
Discover Financial Services	65,000	1,656,186	2,355,793	1.90%	1.64%
JP Morgan Chase & Co	80,000	2,459,642	2,694,039	2.17%	1.88%
Prudential Financial Inc	60,000	2,580,418	3,115,012	2.51%	2.17%
Total equities:		113,324,350	130,365,456	104.91%	90.76%
Debt:					
Canada – Quoted Investments					
Chemtrade Logistics Income fund 5.75% due 31 December 2018	2,000,000	1,163,632	1,227,182	0.99%	0.85%
Superior Plus Corp 6% due 30 June 2018	2,650,000	1,788,822	1,582,365	1.27%	1.10%
Chartwell Seniors Housing Real Estate Investment Trust 5.7% due 31 March 2018	2,000,000	1,269,722	1,202,474	0.97%	0.84%
Great Canadian Gaming Corp 6.625% due 25 July 2022	2,000,000	1,272,795	1,168,157	0.94%	0.81%
InnVest Real Estate Investment Trust 6.75% due 31 March 2016	1,000,000	664,078	564,174	0.45%	0.39%
Tricon Capital Group 5.6% due 31 March 2020	1,500,000	961,477	864,793	0.70%	0.60%
Quebecor Inc 6.625% due 15 January 2023	3,500,000	2,355,635	1,993,828	1.60%	1.39%
Paramount Resources 8.25% due 13 December 2017	3,000,000	1,848,026	1,717,231	1.38%	1.20%
Perpetual Energy Inc. 8.75% due 15 March 2018	4,000,000	2,242,741	2,212,771	1.78%	1.54%
Savanna Energy Services Corp 7.00% due 25 May 2018	1,325,000	842,150	752,987	0.61%	0.52%
Total debt:		**14,409,078**	**13,285,962**	**10.69%**	**9.24%**
Total investments		**127,733,428**	**143,651,418**	**115.60%**	**100.00%**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (unaudited)

As at 30 June 2014
with unaudited comparatives as at 30 June 2013
and audited comparatives as at 31 December 2013

	Notes	30.06.2014 £	30.06.2013 £	31.12.2013 £
Current assets				
Other receivables		2	2	2
Net assets		**2**	**2**	**2**
Equity attributable to equity holders				
Stated capital	2	2	2	2
Total Shareholders’ equity		**2**	**2**	**2**

The financial statements and notes on pages 29 to 30 were approved by the directors on 14 August 2014 and signed on behalf of the Board by:

Nicholas Villiers
Director

Raymond Apsey
Director

NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY (unaudited)

For the period ended 30 June 2014 with comparatives for the year ended 31 December 2013

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union in accordance with the accounting policies set out in notes 1 and 2 to the financial statements of the Fund.

A separate Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement have not been prepared as there have been no results or cash flows for the Company for this year or the preceding year.

There are no standards and interpretations in issue but not effective that the directors feel will have a material impact on the financial statements of the Company.

Judgements and estimates used by the directors

The preparation of financial statements in compliance with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated liabilities are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent. For the purposes of these financial statements there were no specific areas in which judgement was exercised or any estimation was required by the directors.

2. The Company’s stated capital

The authorised share capital of the Company is split into two management shares of no par value.

	No. of shares	£
Management shares issued		
At 30 June 2014	2	2

3. Taxation

The Company adopted UK tax residency from 11 October 2011 onwards. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. Accordingly, no UK tax has been provided for. On 7 December 2012 the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

LONDON, ENGLAND
Middlefield International Limited
288 Bishopsgate
London, England
EC2M 4QP

Telephone +44 (0)20 7814 6644
Fax +44 (0)20 7814 6611

CALGARY, CANADA
Middlefield Limited
812 Memorial Drive NW
Calgary, Alberta
Canada T2N 3C8

Telephone 001 (403) 269-2100
Fax 001 (403) 269-2911

TORONTO, CANADA
Middlefield Group
First Canadian Place
58th Floor, P.O. Box 192
Toronto, Ontario
Canada M5X 1A6

Telephone 001 (416) 362-0714
Fax 001 (416) 362-7925

SAN FRANCISCO, USA
Middlefield Financial Services Inc.
One Embarcadero Center, Suite 500
San Francisco, California
USA 94111

Telephone 001 (415) 835-1308
Fax 001 (415) 835-1350

MIDDLEFIELD GROUP®

www.middlefield.co.uk | invest@middlefield.com