



FIRST QUARTER REPORT 2003

For the quarter ended March 31, 2003

Press Release

MINT *Income Fund* (“MINT”) is pleased to present its unaudited financial results for the three months ended March 31, 2003, the details of which are attached.

Quarterly distributions paid by MINT remained constant at \$0.18 per unit and are expected to continue at this level for the balance of 2003. On an annualized basis, the current distribution rate represents a cash-on-cash yield of approximately 10% based on the current market price of \$7.25.

Persistent uncertainty in the equity markets, together with falling yields in the bond market, continue to support the demand for income trusts, which provide investors high stable current income with the potential for growth. MINT’s total return for the three months ended March 31, 2003 was 2.4%, while its total return for the past 12 months was approximately 9%.

As at March 31, 2003, the asset class weightings for MINT’s portfolio were:

Asset Class	Portfolio Weighting
Business Trusts	46%
REITs	20%
Oil and Gas Royalty Trusts	14%
Pipeline and Power Generation Trusts	14%
High Yield Debt	4%
Cash	2%

During the first quarter, demand for trust product continued due to the strong performance of income trusts over 2002. Year to date, over \$2 billion of new 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 50 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. 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 Dean Orrico, Senior Vice President, at (416) 362-0714 ext. 203 or visit our website at www.middlefield.com.

May 26, 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
MARCH 31, 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. The board of directors has an oversight role to ensure the integrity of the reported information.

SECTOR ANALYSIS

BUSINESS TRUSTS - 46%

The Fund marginally increased its exposure to the growing business trust sector to 46% from 43% at the end of 2002. After a robust new issue market during 2002, the pace of initial public offerings slowed during the first quarter of 2003. Consistent with our strategy, the Fund has been very selective when considering new issues and participated in only one IPO during the quarter, Specialty Foods Group Income Fund. Specialty Foods is a leading independent U.S. producer and marketer of premium branded and private-label processed meat products. Many of the company's national and regional brands hold dominant market share positions in their respective markets. Management has demonstrated an ability to increase cash flow and successfully identify, execute and complete accretive acquisitions. Going forward, cash flow should grow through increased sales from the addition of complementary premium brands and a further reduction in costs. Other core holdings within MINT include Livingston International Income Fund and BFI Canada Income Fund. Livingston International is Canada's largest customs broker providing both Canadian and U.S. customs brokerage as well as trade related services to more than 13,000 accounts. Livingston has many opportunities for growth through cross-selling services to its existing client base as well as through completing accretive acquisitions throughout North America. BFI Canada is the second largest full service waste management business in Canada. It operates in a relatively recession resistant industry and its customer base is diversified by geography. The expansion of an existing landfill together with continued cost rationalization and productivity improvements should drive growth in cash flow for BFI.

REAL ESTATE INVESTMENT TRUSTS - 20%

During the quarter REIT's continued to perform well as a result of low interest rates and the underlying stability of their longer-term, lease-based income streams. The REIT weighting in the Fund remained the same at 20% in the first quarter. The position in Cominar REIT was increased to gain further exposure to Quebec City, a market exhibiting strong fundamentals. Seasoned management continues to increase its ownership of the trust, further aligning their interest with unitholders. As a result of the oversupply of condominiums in the Toronto area and the expected negative impact on the apartment rental market, MINT eliminated its holding in Canadian Apartment Properties during the quarter.

OIL & GAS ROYALTY TRUSTS - 14%

Crude oil and natural gas prices increased during the quarter because of the war premium and above average winter demand. MINT benefited from these higher commodity prices as many royalty trusts increased their monthly distributions. Gas prices are expected to remain strong during the remainder of 2003, thus enhancing the stability of issuers that have a high proportion of gas production. Focus Energy, a gas weighted trust, continues to be a core holding of MINT. Focus has several highly desirable characteristics within the oil and gas royalty trust sector, including low operating costs, a strong balance sheet and significant leverage to gas prices resulting in potential for increased distributions.

PIPELINE AND POWER GENERATION TRUSTS - 14%

Pipeline trusts are relatively conservative due to the stability of their cash flow. Recent increases in interest rates together with a relatively tight spread over the 10-year government bond's long-term average, supports an underweight allocation for this asset class.

HIGH YIELD DEBT - 4%

The Fund continued to reduce its weighting in high yield debt from 9.0% at the end of 2002 to 4.5% as of March 31, 2003, benefiting from narrowing spreads over this time period. After the quarter end, MINT eliminated its remaining high yield debt holdings shifting the proceeds into income trusts.

DISTRIBUTIONS TO UNITHOLDERS

On March 17, 2003, MINT announced a first quarter distribution of \$0.18 per unit to unitholders of record on March 31, 2003. The actual distributions for the past 12 months are \$0.72 per unit. Quarterly distributions for the remainder of the year are anticipated to continue at \$0.18 per unit, which equates approximately to 10% per annum based on a market price of \$7.25 per unit.

FINANCIAL PERFORMANCE

The net asset value per unit remained unchanged during the quarter from \$7.34 at December 31, 2002 to \$7.33 at March 31, 2003. MINT's total return for the three months ended March 31, 2003 was 2.4%.

Net investment income increased to \$0.21 per unit in the first quarter of 2003 compared to \$0.16 during the first quarter of 2002, representing a 31% increase. The ratio of management fees and other operating expenses (excluding interest expense and bank charges) to average net asset value ("MER") was 1.45% for the period, compared to 1.42% in the first quarter of 2002.

OUTLOOK

For the balance of 2003, MINT expects the healthy market conditions in the income trust sector that prevailed over the last 18 months to continue. The Bank of Canada will likely return to a neutral bias on any further increases in interest rates, reflecting the recent strength in the Canadian dollar as well as the uncertainty with respect to the sustainability of the economic recovery in the U.S. The current market capitalization of the income trust sector is estimated at \$50 billion, of which approximately \$15 billion is represented by business trusts. The increasing number of companies adopting the trust structure greatly enhances MINT's ability to diversify and provides an opportunity for higher returns. The Fund will continue to overweight this sector in the portfolio.

Going forward, it is anticipated investors will continue to demand income producing investments as part of an overall portfolio strategy. Historically, income trusts have been purchased primarily by individual investors or by funds purchased by individual investors. More recently, we have seen participation by institutional investors, particularly pension funds, which will provide further liquidity to this asset class.

**STATEMENTS OF FINANCIAL HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31**

Unaudited	2003	2002
DATA PER UNIT		
Net Asset Value at Beginning of Period	\$ 7.34	\$ 7.25
INCOME FROM INVESTMENT OPERATIONS:		
Net Investment Income	0.21	0.16
Net Realized and Unrealized Gain (Loss) on Investments	(0.04)	0.20
	0.17	0.36
DISTRIBUTIONS TO UNITHOLDERS:		
From Net Investment Income	0.18	0.18
Net Asset Value at End of Period	\$ 7.33	\$ 7.43
RATIOS/SUPPLEMENTAL DATA		
Total Assets at End of Period	\$ 45,129,323	\$ 51,550,362
Total Net Assets at End of Period	\$ 34,505,403	\$ 37,726,986
Weighted Average Net Assets	\$ 35,402,132	\$ 37,846,829
Management Expense Ratio*	1.45%	1.42%
Portfolio Turnover Rate	3.29%	12.65%
Total Rate of Return for the Period	2.38%	4.98%

* Excludes interest expense and bank charges

STATEMENTS OF NET ASSETS AS AT MARCH 31, 2003 AND DECEMBER 31, 2002	March 31 2003 Unaudited	December 31 2002 Audited
ASSETS:		
Investments at Market Value	\$ 43,602,223	\$ 45,915,534
Cash	964,912	336,526
Income and Interest Receivable	562,188	600,671
	45,129,323	46,852,731
LIABILITIES:		
Loan Payable	9,631,265	10,893,362
Unitholder Distributions Payable	848,291	856,986
Accounts Payable and Accrued Liabilities	144,364	178,344
	10,623,920	11,928,692
Net Assets	\$ 34,505,403	\$ 34,924,039
Units Issued and Outstanding	4,707,830	4,761,033

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

**STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31**

Unaudited	2003	2002
INVESTMENT INCOME:		
Income from Investments	\$ 1,124,522	\$ 714,888
Interest	97,930	368,125
	1,222,452	1,083,013
EXPENSES :		
Interest and Bank Charges	103,220	101,969
Management Fee	93,208	99,100
General and Administrative	33,071	35,231
	229,499	236,300
Net Investment Income	992,953	846,713
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS :		
Net Realized Loss from Investment Transactions	(1,256,210)	(2,219,196)
Change in Net Unrealized Gain on Investments	1,073,729	3,205,547
Net Gain (Loss) on Investments	(182,481)	986,351
Net Increase in Net Assets Resulting from Operations	\$ 810,472	\$ 1,833,064

**STATEMENTS OF CHANGES IN NET ASSETS
FOR THE THREE MONTHS ENDED MARCH 31**

Unaudited	2003	2002
Net Assets at Beginning of Period	\$ 34,924,039	\$ 37,683,563
OPERATIONS:		
Net Increase in Net Assets Resulting from Operations	810,472	1,833,064
DISTRIBUTIONS TO UNITHOLDERS		
	(848,291)	(917,829)
UNITHOLDER TRANSACTIONS:		
Repurchase of Trust Units	(380,817)	(871,812)
Net Increase (Decrease) in Net Assets	(418,636)	43,423
Net Assets at End of Period	\$ 34,505,403	\$ 37,726,986

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

STATEMENT OF INVESTMENT PORTFOLIO

AS AT MARCH 31, 2003

Unaudited

Description	No. of Units or Face Value	Cost	Market Value
Advanced Fiber Technologies Income Fund	100,000	\$ 1,029,590	\$ 1,075,000
Associated Brands Income Fund	100,000	1,052,304	1,185,000
Atlas Cold Storage Income Trust	120,000	1,200,000	1,404,000
Bell Nordiq Income Fund	75,000	766,500	849,000
BFI Canada Income Fund	85,000	931,502	994,500
CCS Income Trust	50,000	869,000	882,500
Chemtrade Logistics Income Fund	70,000	1,035,300	1,022,000
Clearwater Seafoods Income Fund	90,000	925,765	1,003,500
Davis + Henderson Income Fund	80,000	882,293	1,035,200
Halterm Income Fund	100,000	863,000	263,000
Heating Oil Partners Income Fund	100,000	1,165,000	1,158,000
KCP Income Fund	75,000	750,000	907,500
Livingston International Income Fund	90,000	1,013,047	1,166,400
Menu Foods Income Fund	50,000	546,687	732,500
Noranda Income Fund	100,000	987,750	975,000
Rogers Sugar Income Fund	160,000	764,800	640,000
Specialty Foods Group Income Fund	68,000	680,000	686,120
Sun Gro Horticulture Income Fund	75,000	785,868	697,500
Superior Plus Income Fund	50,000	741,381	978,500
The Consumers' Waterheater Income Fund	100,000	1,001,847	1,090,000
Versacold Income Fund	90,000	772,874	759,600
Westshore Terminals Income Fund	150,000	757,500	837,000
BUSINESS TRUSTS: 45.6%		19,522,008	20,341,820
Canadian Real Estate Investment Trust	80,000	960,000	982,400
Cominar Real Estate Investment Trust	60,000	740,002	738,000
H&R Real Estate Investment Trust	90,000	972,328	1,264,500
IPC US Income Commercial Real Estate Investment Trust	90,000	900,000	866,700
Morguard Real Estate Investment Trust	115,000	1,150,000	951,050
Retirement Residences Real Estate Investment Trust	55,000	716,707	576,400
RioCan Real Estate Investment Trust	105,000	1,018,500	1,383,900
Summit Real Estate Investment Trust	85,000	1,013,806	1,286,900
TGS North American Real Estate Investment Trust	100,000	1,000,000	895,000
REAL ESTATE INVESTMENT TRUSTS: 20.1%		8,471,343	8,944,850
Advantage Energy Income Fund	80,000	957,715	1,188,000
ARC Energy Trust	75,000	943,849	869,250
Canadian Oil Sands Trust	32,000	1,168,085	1,131,200
Focus Energy Trust	100,000	1,020,900	1,130,000
NAL Oil & Gas Trust	70,000	637,000	640,500
Pengrowth Energy Trust	50,000	700,030	712,500
Provident Energy Trust	50,000	524,225	514,500
OIL AND GAS ROYALTY TRUSTS: 13.9%		5,951,804	6,185,950
Algonquin Power Income Fund	100,000	997,188	880,000
Boralex Power Income Fund	75,000	781,702	731,250
Great Lakes Hydro Income Fund	55,000	826,796	822,250
Inter Pipeline Fund	100,000	948,333	620,000
Northland Power Income Fund	100,000	1,000,000	1,076,000
Pembina Pipeline Income Fund	125,000	1,312,917	1,343,750
TransCanada Power L.P.	20,000	639,092	639,000
PIPELINE AND POWER GENERATION TRUSTS: 13.7%		6,506,028	6,112,250
Air Canada Inc. 9% due June 1, 2006	150,000	143,591	52,500
Finlay Enterprises, Inc. 9% due May 1, 2008	1,500,000	2,164,680	1,964,853
HIGH YIELD DEBT: 4.5%		2,308,271	2,017,353
CASH: 2.2%		964,912	964,912
Total Investment Portfolio, including Cash		\$ 43,724,366	\$ 44,567,135

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

**STATEMENTS OF NET REALIZED LOSS FROM INVESTMENT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31**

Unaudited	2003	2002
Proceeds from Sale of Investments	\$ 3,601,262	\$ 8,976,686
Less: Cost of Investments Sold:		
Owned at Beginning of Period	46,146,494	51,462,994
Purchased During Period	1,470,432	6,133,798
Owned at End of Period	(42,759,454)	(46,400,910)
	4,857,472	11,195,882
Net Realized Loss from Investment Transactions	\$ (1,256,210)	\$ (2,219,196)

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 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 April 23, 2003 to all unitholders of record on March 31, 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 Nicole Brasseur 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".

DIRECTORS AND OFFICERS OF THE MANAGER

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

THE ADVISOR

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