

Notice

The accompanying unaudited interim financial statements of Brompton VIP Income Fund for the six months ended June 30, 2006 have been prepared by management and have not been reviewed by the external auditors of the Fund.

(Signed)

Raymond R. Pether
Chief Executive Officer
August 10, 2006

(Signed)

Craig T. Kikuchi
Chief Financial Officer

Statements of Net Assets (Unaudited)

	June 30, 2006	Dec. 31, 2005
Assets		
Investments, at market value	\$ 186,148,463	\$ 206,741,703
Cash and short-term investments	1,316,723	3,904,893
Distributions and interest receivable	1,561,819	2,010,445
Amounts receivable for investments sold	4,450,000	—
Deferred financing costs (note 7)	33,872	46,287
Total assets	193,510,877	212,703,328
Liabilities		
Accounts payable and accrued liabilities	384,361	495,127
Distributions payable to unitholders (note 4)	869,788	868,236
Redemptions payable to unitholders	—	21,118,189
Loans payable (note 7)	40,540,708	32,461,192
Total liabilities	41,794,857	54,942,744
Unitholders' equity		
Unitholders' capital (note 3)	118,404,233	121,183,927
Retained earnings	33,311,787	36,576,657
Net assets representing unitholders' equity	\$ 151,716,020	\$ 157,760,584
Units outstanding (note 3)	10,437,873	10,682,916
Net asset value per unit	\$ 14.54	\$ 14.77

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

Statements of Operations and Retained Earnings (Unaudited)

For the six months ended June 30	2006	2005 ⁽¹⁾
Income		
Distributions from income funds	\$ 6,318,465	\$ 4,226,716
Interest income	1,327,408	851,093
	<u>7,645,873</u>	<u>5,077,809</u>
Expenses		
Management fees (note 5)	716,442	504,741
Service fees (note 5)	307,542	221,937
Audit fees	4,794	10,612
Trustee fees	12,014	11,472
Custodial fees	9,489	12,835
Legal fees	30,888	—
Unitholder reporting costs	13,031	16,816
Other administrative expenses	34,633	50,618
Interest and bank charges (note 7)	910,628	409,817
	<u>2,039,461</u>	<u>1,238,848</u>
Net investment income	5,606,412	3,838,961
Net realized gain on investments (note 6)	5,960,972	5,109,884
Net realized gain (loss) on loans payable (note 7)	167,066	(100,100)
Net change in unrealized gain on investments	(10,275,425)	(2,709,596)
Net change in unrealized gain on loans payable (note 7)	1,158,352	(386,827)
Increase in net assets from operations	\$ 2,617,377	\$ 5,752,322
Retained earnings, beginning of period	\$ 36,576,657	\$ 35,336,759
Excess of stated value paid on repurchase of units	(607,480)	(348,175)
Distributions to unitholders (note 4)	(5,274,767)	(4,048,395)
Retained earnings, end of period	\$ 33,311,787	\$ 36,692,511
Increase in net assets from operations per unit⁽²⁾	\$ 0.25	\$ 0.71

⁽¹⁾ On December 31, 2005, Brompton VIP Income Fund merged with Brompton MVP Income Fund. The figures for the six months ended June 30, 2005 only include Brompton VIP Income Fund.

⁽²⁾ Based on weighted average number of units outstanding for the period (note 3).

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

Statements of Cash Flows (Unaudited)

For the six months ended June 30	2006	2005 ⁽¹⁾
Cash flows from operating activities:		
Increase in net assets from operations	\$ 2,617,377	\$ 5,752,322
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized gain on investments	(5,960,972)	(5,109,884)
Net realized (gain) loss on loans payable	(167,066)	100,100
Net change in unrealized gain on investments	10,275,425	2,709,596
Net change in unrealized gain on loans payable	(1,158,352)	386,827
Amortization of deferred financing costs (note 7)	12,415	12,415
Decrease in distributions and interest receivable	448,626	152,872
Decrease in accounts payable and accrued liabilities	(110,766)	(65,248)
Purchase of investments (note 6)	(17,593,940)	(14,987,572)
Proceeds from sale of investments (note 6)	29,422,727	28,275,537
Cash provided by operating activities	17,785,474	17,226,965
Cash flows from financing activities:		
Increase (decrease) in loans payable	9,404,934	(2,115,848)
Distributions paid to unitholders (note 4)	(5,273,215)	(4,873,313)
Repurchase of units (note 3)	(3,387,174)	(1,237,654)
Amounts paid for redemption of units (note 3)	(21,118,189)	(10,881,785)
Cash used in financing activities	(20,373,644)	(19,108,600)
Net decrease in cash and short-term investments	(2,588,170)	(1,881,635)
Cash and short-term investments, beginning of period	3,904,893	2,194,453
Cash and short-term investments, end of period	\$ 1,316,723	\$ 312,818
Supplemental information:		
Interest paid	\$ 890,671	\$ 400,657

Statements of Changes in Net Assets (Unaudited)

For the six months ended June 30	2006	2005 ⁽¹⁾
Net assets, beginning of year	\$ 157,760,584	\$ 111,913,053
Operations:		
Increase in net assets from operations	2,617,377	5,752,322
Unitholder transactions:		
Distributions to unitholders (note 4)	(5,274,767)	(4,048,395)
Repurchase of units (note 3)	(3,387,174)	(1,237,654)
Total unitholder transactions	(8,661,941)	(5,286,049)
Net increase (decrease) in net assets	(6,044,564)	466,273
Net assets, end of period	\$ 151,716,020	\$ 112,379,326
Distributions per unit	\$ 0.50	\$ 0.50

⁽¹⁾ On December 31, 2005, Brompton VIP Income Fund merged with Brompton MVP Income Fund. The figures for the six months ended June 30, 2005 only include Brompton VIP Income Fund.

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

Statement of Investments (Unaudited)

As at June 30, 2006		Cost (CDN)	Market Value (CDN)	% of Portfolio
No. of Units	Business Funds			
387,000	Altus Group Income Fund	\$ 4,603,190	\$ 5,777,910	
66,712	Armtec Infrastructure Income Fund	695,420	1,201,483	
300,100	BFI Canada Income Fund	4,703,794	8,672,890	
323,400	Boston Pizza Royalties Income Fund	4,386,626	5,659,500	
98,500	Canada Cartage Diversified Income Fund	985,000	1,078,575	
182,000	Cargojet Income Fund	1,790,400	1,545,180	
303,560	Chemtrade Logistics Income Fund	3,908,511	3,120,597	
294,000	Cineplex Galaxy Income Fund	3,745,070	3,977,820	
31,950	Connors Bros. Income Fund	365,669	370,620	
466,266	Davis + Henderson Income Fund	6,979,879	8,252,908	
457,000	Energy Savings Income Fund	5,008,720	8,454,500	
20,900	Fording Canadian Coal Trust	508,077	736,725	
385,000	Gateway Casinos Income Fund	5,003,500	5,832,750	
50,900	K-Bro Linen Income Fund	719,650	724,816	
203,855	Livingston International Income Fund	3,061,359	5,298,191	
43,800	North West Company Fund	1,106,954	1,964,430	
55,000	Precision Drilling Trust	2,017,615	2,040,500	
115,100	Richards Packaging Income Fund	901,233	904,686	
44,160	Second Cup Royalty Income Fund	428,352	466,330	
382,600	SIR Royalty Income Fund	3,736,770	3,979,040	
24,700	Sleep Country Canada Income Fund	524,875	573,781	
71,350	Specialty Foods Group Income Fund	717,178	21,405	
94,200	Spinrite Income Fund	577,938	120,576	
157,000	Student Transportation of America IPS	1,845,404	1,829,050	
268,672	Sun Gro Horticulture Income Fund	2,317,526	1,912,945	
96,400	Superior Plus Income Fund	1,994,378	1,060,400	
226,200	The Data Group Income Fund	2,264,070	2,117,232	
253,100	The Keg Royalties Income Fund	2,783,766	3,290,300	
246,300	TimberWest Forest Corp.	3,410,772	3,531,942	
251,887	Westshore Terminals Income Fund	1,567,372	2,690,153	
197,542	Yellow Pages Income Fund	2,968,935	3,180,426	
		75,628,003	90,387,661	48.6%
No. of Units	Oil and Gas Funds			
369,798	ARC Energy Trust	6,595,288	10,354,344	
63,000	Bonavista Energy Trust	1,449,320	2,205,000	
173,085	Canadian Oil Sands Trust	2,436,645	6,231,060	
12,700	Crescent Point Energy Trust	279,908	277,241	
30,930	Enerplus Resources Fund	846,129	1,948,590	
173,340	Focus Energy Trust	3,066,972	4,099,491	
53,750	Harvest Energy Trust	1,988,633	1,785,037	
81,850	Shiningbank Energy Income Fund	1,785,820	1,735,220	
		18,448,715	28,635,983	15.4%
No. of Units	Real Estate Investment Trusts			
40,000	Canadian Apartment Properties REIT	646,000	656,400	
57,700	Canadian Hotel Income Properties REIT	527,701	752,408	
100,000	Chartwell Seniors Housing REIT	1,370,255	1,393,000	
97,225	H&R REIT	1,360,921	2,234,230	
1,092,000	Huntingdon REIT	3,003,000	2,293,200	
204,000	InnVest REIT	2,234,460	2,496,960	
284,000	Northern Property REIT	3,946,203	6,083,280	
125,000	Primaris Retail REIT	1,270,893	2,031,250	
254,400	RioCan REIT	3,820,893	5,505,216	
229,300	Summit REIT	4,244,617	5,870,080	
		22,424,943	29,316,024	15.7%
No. of Units	Power and Pipeline Funds			
299,300	Northland Power Income Fund	3,929,017	4,336,857	
115,000	Pembina Pipeline Income Fund	1,317,204	1,868,750	
		5,246,221	6,205,607	3.3%

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

Statement of Investments (Unaudited) (continued)

As at June 30, 2006		Cost (USD)	Cost (CDN)	Market Value (USD)	Market Value (CDN)	% of Portfolio
Par Value (\$)	Fixed Income Investments					
US 100,000	AES Corporation 8.75%, due June 15, 2008	\$ 108,005	\$ 137,836	\$ 103,750	\$ 115,380	
US 50,000	Ahern Rentals Inc. 9.25%, due August 12, 2013	50,000	60,030	50,750	56,439	
US 350,000	Ainsworth Lumber Co. Ltd. 7.25%, due October 1, 2012	317,342	370,244	288,750	321,119	
US 250,000	Alimentation Couche-Tard Inc. 7.5%, due December 15, 2013	252,808	280,364	250,000	278,025	
US 431,000	Alliance Imaging 7.25%, due December 15, 2012	397,563	474,641	385,745	428,987	
US 671,000	Allied Waste Industries, Inc. 8.5%, due December 1, 2008	704,127	826,880	697,840	776,068	
US 530,000	AMC Entertainment Inc. 11%, due February 1, 2016	530,027	609,096	569,750	633,619	
US 250,000	Angiotech Pharmaceuticals Inc. 7.75%, due April 1, 2014	250,000	289,900	240,000	266,904	
US 160,000	Anixter Inc. 5.95%, due March 1, 2015	146,202	168,249	148,000	164,591	
US 24,000	AT&T Corp. 7.3%, due November 15, 2011	27,029	32,246	25,505	28,364	
CDN 1,100,000	Avenor Inc. 10.85%, due November 30, 2014	—	1,255,273	—	1,205,479	
US 1,070,000	Brand Services Inc. 12%, due October 15, 2012	1,181,077	1,481,096	1,211,775	1,347,615	
US 350,000	Cascades Inc. 7.25%, due February 15, 2013	322,249	375,243	325,500	361,988	
US 200,000	Celestica Inc. 7.875%, due July 1, 2011	204,316	231,633	194,668	216,490	
US 25,000	Cendant Car Rental Group LLC 7.625% May 15, 2014	25,000	28,790	24,375	27,107	
US 25,000	Cendant Car Rental Group LLC 7.75% May 15, 2016	25,000	28,790	24,125	26,829	
US 200,000	Century Aluminum Co. 7.5%, due August 15, 2014	204,546	252,780	201,000	223,532	
US 1,295,000	Charter Communications Holdings, LLC 10.25%, due September 15, 2010	1,313,182	1,589,169	1,304,712	1,450,970	
US 213,000	Chemed Corporation 8.75%, due February 24, 2011	229,045	276,361	224,715	249,905	
US 25,000	Chesapeake Energy Corp. 6.5%, due August 15, 2017	24,635	28,392	22,938	25,509	
US 400,000	Clarke American Corp. 11.75%, due December 15, 2013	414,960	465,665	414,000	460,409	
US 250,000	Cogentrix Energy Inc. 8.75%, due October 15, 2008	263,728	325,312	266,705	296,603	
US 230,000	Columbia/HCA Healthcare Corporation 8.36%, due April 15, 2024	263,835	327,860	231,334	257,266	
US 376,000	Columbia/HCA Healthcare Corporation 9%, due December 15, 2014	441,721	552,834	410,479	456,494	
US 80,000	Columbus McKinnon Corp. 8.875%, due November 1, 2013	80,031	95,471	82,000	91,192	
US 80,000	Corrections Corp. of America 6.75%, due January 31, 2014	80,686	93,874	77,200	85,854	
US 335,000	Dollar Financial Group 9.75%, due November 15, 2011	352,859	434,153	361,800	402,358	
US 800,000	Dollarama Group LP 8.875%, due August 15, 2012	794,752	943,670	808,000	898,577	
US 500,000	Foot Locker Inc. 8.5%, due January 15, 2022	524,585	668,573	506,875	563,696	
US 271,000	FTD Inc. 7.75%, due February 15, 2014	273,317	334,153	268,290	298,365	
US 170,000	Gaylord Entertainment Co. 8%, due November 15, 2013	174,609	193,642	170,638	189,766	
US 200,000	General Motors Nova Scotia Finance Co. 6.85%, due October 15, 2008	151,000	176,392	187,500	208,519	
US 550,000	Georgia Pacific Corp. 8.125%, due May 15, 2011	532,406	701,804	550,000	611,655	
US 400,000	GSC Holdings Corp. 8.865%, due October 1, 2011	403,848	466,161	413,000	459,297	
US 150,000	GTECH Holdings Corp. 4.75%, due October 15, 2010	135,770	161,734	144,456	160,649	
US 542,000	Herbst Gaming Inc. 8.125%, June 1, 2012	565,864	640,750	548,775	610,292	
US 150,000	Hilton Hotels Corp. 7.5%, December 15, 2017	156,063	172,168	153,752	170,987	
US 815,000	Intelsat Ltd. 7.625%, due April 15, 2012	736,214	907,373	676,450	752,280	
US 100,000	Intelsat Ltd. 9.613%, due January 15, 2012	102,128	121,829	101,500	112,878	
CDN 400,000	Intrawest Corporation 6.875%, due October 15, 2009	—	401,350	—	396,016	
US 800,000	Iron Mountain Inc. 7.75%, due January 15, 2015	815,816	1,045,028	768,000	854,093	
US 675,000	Jean Coutu Group (PJC) Inc. 8.5%, due August 1, 2014	658,503	803,829	624,375	694,367	
US 225,000	Lyondell Chemical Company 11.125%, due July 15, 2012	252,844	295,361	245,250	272,742	
US 500,000	Mandalay Resort Group 6.375%, due December 15, 2011	490,895	563,253	478,125	531,723	
US 150,000	Metals USA Inc. 11.125%, due December 1, 2015	150,000	177,465	165,000	183,496	
US 335,000	Mobile Mini Inc. 9.5%, due July 1, 2013	363,991	458,848	360,125	400,495	
US 350,000	Mueller Industries 6%, due November 1, 2014	344,183	412,186	323,750	360,042	
US 200,000	Network Communications Inc. 10.75%, due December 1, 2013	197,382	231,726	198,000	220,196	
US 800,000	Nextel Communications Inc. 6.875%, due October 31, 2013	839,280	1,006,658	805,576	895,881	
US 50,000	Novelis Inc. 7.25%, due July 15, 2015	46,470	55,099	48,250	53,659	
US 100,000	Omega Healthcare Investors, Inc. 7%, due January 15, 2016	99,422	116,692	95,750	106,484	
US 250,000	Owens-Brockway Glass Container Inc. 8.75%, due November 15, 2012	270,000	315,402	261,563	290,884	
US 400,000	Park Place Entertainment Corporation 8.125%, due May 15, 2011	404,000	644,097	423,500	470,974	
US 340,000	R.H. Donnelley Corp. 8.875%, due January 15, 2016	344,039	403,797	344,675	383,313	
US 920,000	Rite Aid Corporation 8.125%, due May 1, 2010	963,654	1,152,802	929,200	1,033,363	
CDN 770,000	Rogers Wireless Communications Inc. 7.625%, due December 15, 2011	—	797,690	—	806,575	
US 21,000	Royal Caribbean Cruises 8.75%, due February 2, 2011	23,114	26,517	22,681	25,224	
CDN 500,000	Shaw Communications Inc. 6.15%, due May 9, 2016	—	490,260	—	474,893	
CDN 500,000	Shaw Communications Inc. 7.5%, due November 20, 2013	—	517,882	—	523,599	
CDN 250,000	Sherritt International Corporation 7.875%, due November 26, 2012	—	250,000	—	256,453	
US 500,000	Stater Bros. Holdings Inc. 8.125%, due June 15, 2012	507,655	610,711	496,250	551,879	
US 95,000	Syniverse Technologies Inc. 7.75%, due August 15, 2013	96,461	115,742	92,862	103,272	
US 400,000	Teekay Shipping Corporation 8.875%, due July 15, 2011	448,240	565,971	421,000	468,194	
US 395,000	Thornburg Mortgage 8%, due May 15, 2013	406,984	484,850	391,050	434,887	
US 180,000	Unisys Corporation 8%, due October 15, 2012	174,433	205,046	168,300	187,166	
US 1,205,000	United Rentals Inc. 6.5%, due February 15, 2012	1,156,511	1,425,306	1,144,750	1,273,076	
US 900,000	United Surgical Partners Holdings, Inc. 10%, due December 15, 2011	942,480	1,274,545	949,500	1,055,939	
US 1,217,000	Western Financial Bank 9.625%, due May 15, 2012	1,294,109	1,753,843	1,340,027	1,490,243	
US 550,000	Western Oil Sands Inc. 8.375%, due May 1, 2012	582,940	799,741	587,125	652,941	
US 125,000	Westlake Chemical Corp. 6.625%, due January 15, 2016	125,154	144,278	116,094	129,108	
US 500,000	William Scotsman Inc. 8.5%, October 1, 2015	510,945	564,223	496,250	551,879	
US 150,000	Wind Acquisition Fin SA 10.75%, due December 1, 2015	153,780	179,899	160,125	178,075	
		25,423,809	34,870,528	25,123,804	31,603,188	17.0%
	Total	\$ 25,423,809	\$ 156,618,410	\$ 25,123,804	\$ 186,148,463	100.0%

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

Notes to the Financial Statements (Unaudited)

June 30, 2006

1. OPERATIONS

Brompton VIP Income Fund (the “Fund”) is a closed-end investment trust created under the laws of the Province of Ontario on October 25, 2001, pursuant to an amended and restated declaration of trust. In 2005, the name of the Fund was changed from Brompton VIP Income Trust to Brompton VIP Income Fund. Computershare Trust Company of Canada is the Trustee and Brompton Funds Management Limited (formerly Brompton VIP Management Limited) (the “Manager”) is responsible for managing the affairs of the Fund. MFC Global Investment Management, a subsidiary of Manulife Financial Corp., manages the Fund’s portfolio. RBC Dexia Investor Services Trust is the custodian of the Fund’s assets and prepares the weekly valuations of the Fund. The Fund is listed on the Toronto Stock Exchange and commenced operations on February 19, 2002.

On October 26, 2005, special meetings of unitholders of the Fund and Brompton MVP Income Fund (“MVP”) were held. At the meetings, unitholders of each fund approved the merger of these two funds with Brompton VIP Income Fund remaining as the continuing fund. Pursuant to the merger, the Fund adopted the investment strategy of MVP, whose investment focus was on business funds with smaller weightings in real estate investment trusts, oil and gas funds, power and pipeline funds, high-yield debt and special situations. On December 31, 2005, the Fund merged with MVP by issuing 3,903,000 units of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2005. The significant accounting policies used in preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

Certain comparative figures have been reclassified in accordance with National Instrument 81-106.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund at least 20 business days prior to the second last business day of December (“Redemption Valuation Date”). Redemption of tendered units will be settled based on the net asset value per unit on the Redemption Valuation Date less associated costs of the redemption, including brokerage costs. Units tendered for redemption will be redeemed effective on the Redemption Valuation Date of each year and will be settled on or before the twentieth business day in January.

The Fund received approval from the Toronto Stock Exchange for a normal course issuer bid for the period from November 8, 2005 to November 7, 2006. Pursuant to the issuer bid, the Fund is permitted to purchase up to 788,000 units for cancellation. The Fund may only repurchase units when the net asset value per unit exceeds its trading price. During the period ended June 30, 2006, 245,043 (2005 – 94,900) units were purchased for cancellation.

The weighted average number of units outstanding for the six months ended June 30, 2006 was 10,608,909 (2005 – 8,105,442).

4. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the six months ended June 30, 2006, the Fund declared total distributions of \$0.50 (2005 – \$0.50) per unit, which amounted to \$5,274,767 (2005 – \$4,048,395). Under the Fund’s distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund which may be issued from treasury or purchased in the open market. For the six months ended June 30, 2006, no (2005 – nil) units in respect of distributions were issued by the Fund.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.85% per annum of the net asset value of the Fund plus applicable taxes. The Manager is responsible for paying fees of MFC Global Investment Management for the portfolio management services it provides the Fund. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the six months ended June 30 were as follows:

	2006	2005
Proceeds from sale of investments	\$ 33,872,727	\$ 29,729,064
Less cost of investments sold:		
Investments at cost, beginning of period	166,936,225	104,509,384
Investments purchased during the period	17,593,940	15,126,022
Investments at cost, end of period	(156,618,410)	(95,016,226)
Cost of investments sold during the period	27,911,755	24,619,180
Net realized gain on sale of investments	\$ 5,960,972	\$ 5,109,884

Foreign exchange losses arising from the disposition of investments of \$472,174 (2005 – \$1,096,085) are included in the net realized gain of \$5,960,972 (2005 – \$5,109,884) above.

Brokerage commissions on investments purchased and sold during the period ended June 30, 2006 amounted to \$41,026 (2005 – \$45,468).

For the periods ended June 30, 2006 and 2005, there were no soft dollar amounts paid.

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility and two term credit facilities. The revolving credit facility provides for maximum borrowings of \$23.0 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage. At June 30, 2006, the Fund had borrowings of \$11.2 million at the bankers' acceptance rate and \$6.0 million (US\$5.4 million) of LIBOR based borrowings outstanding under this facility. On May 29, 2003, the Fund borrowed US\$13.0 million under a term credit facility at a fixed rate of interest of 3.89% for a five-year period ending May 28, 2008, which represented \$14.4 million at June 30, 2006. The Fund also assumed, on the acquisition of Brompton MVP Income Fund, a term loan of US\$8.0 million for a five-year period to July 14, 2010 at 4.86%, which represented \$8.9 million at June 30, 2006.

During the period ended June 30, 2006, the Fund realized a foreign exchange gain in the amount of \$167,066 (2005 – loss of \$100,100) on the repayment of borrowings in US dollars under the revolving credit facility. At June 30, 2006, borrowings in US dollars had an unrealized foreign exchange gain of \$3,812,728 (2005 – \$2,654,376). The credit facilities are secured by a first-ranking and exclusive charge on all of the Fund's assets. During the period ended June 30, 2006, the minimum and maximum amounts of borrowings were \$28.8 million (2005 – \$19.5 million) and \$44.7 million (2005 – \$22.4 million), respectively.

Costs incurred to establish the credit facilities and renewal fees are deferred and amortized over the term of the facilities. For the six months ended June 30, 2006, the Fund has recorded amortization of these costs in the amount of \$12,415 (2005 – \$12,415).

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

Corporate Information

Directors

Peter A. Braaten, BA, MBA

James W. Davie, BComm, MBA

P. Michael Nedham, BSc, MBA, CBV

Arthur R.A. Scace, QC, BA, MA,
LLB, LLD

Ken S. Woolner, BSc, PEng

Officers

Peter A. Braaten
Chairman

Raymond R. Pether
Chief Executive Officer

Mark A. Caranci
President

Craig T. Kikuchi
Chief Financial Officer

David E. Roode
Senior Vice President

Moyra E. MacKay
Vice President and Corporate Secretary

Lorne J. Zeiler
Vice President

Jessica Leung
Controller

Ann P. Wong
Controller

Debbie M. Chin
Assistant Vice President

Christopher Cullen
Assistant Vice President

Continuous Disclosure Manager

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Trustee

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Custodian

RBC Dexia Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Transfer Agent

Computershare Trust Company
of Canada

Website

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