



BND.UN \$75,000,000

Financial Statements of

CROWN HILL DIVIDEND FUND

(formerly PROFIT BOOKING BLUE CHIP TRUST)

Audited

For the year ending December 31, 2005

PBK.UN \$26,934,730 BND.UN

26,934,730 BND.UN \$75,000,000

TABLE OF CONTENTS

1	Auditors' Report
2	Statement of Net Assets
3	Statement of Operations
4	Statement of Changes in Net Assets
5	Statement of Cash Flow
6	Statement of Investment Portfolio
7	Notes to the Financial Statements

February 10, 2006

Auditors' Report

To the Unitholders of Crown Hill Dividend Fund

We have audited the statement of investments of **Crown Hill Dividend Fund** (the Fund) as at December 31, 2005, the statements of net assets as at December 31, 2005 and 2004 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2005 and for the period from May 31, 2004 (the date of commencement of operations) to December 31, 2004. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2005 and 2004 and the results of its operations, the changes in its net assets and its cash flows for the year ended December 31, 2005 and for the period from May 31, 2004 (the date of commencement of operations) to December 31, 2004 in accordance with Canadian generally accepted accounting principles.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants

Financial Statements

STATEMENT OF NET ASSETS

As at December 31,	2005	2004
ASSETS		
Investments at market value (Note 4) (Cost 2005: \$20,745,803; 2004: \$25,297,996)	\$ 23,447,998	\$ 26,694,715
Cash and short-term investments	955,731	505,907
Dividend and interest receivable	61,679	66,617
	<u>24,465,408</u>	<u>27,267,239</u>
LIABILITIES		
Accrued liabilities	97,072	74,545
Distributions payable (Note 8)	147,840	161,608
Loan facility (Note 9)	-	1,581,984
	<u>244,912</u>	<u>1,818,137</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY (Note 6)	\$ 24,220,496	\$ 25,449,102
NUMBER OF UNITS OUTSTANDING (Note 5)	2,463,993	2,693,473
NET ASSET VALUE PER UNIT	\$ 9.83	\$ 9.45

SIGNED ON BEHALF OF THE TRUSTEE,

(signed) Wayne L. Pushka
Director

(signed) Thomas I. A. Allen
Director

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

Financial Statements

continued

STATEMENT OF OPERATIONS

For the period ended December 31,	2005	2004 (Note 1)
INCOME		
Dividends (net of withholding taxes – 2005: \$13,128; 2004: \$16,176)	\$ 654,779	\$ 413,226
Interest	24,399	21,883
	679,178	435,109
EXPENSES		
Management fees (Note 8)	156,161	93,295
Legal fees	34,772	65,752
Service fees (Note 8)	103,269	61,879
Board and insurance expenses	66,780	52,115
Administrative expenses (Note 8)	153,721	15,931
Interest expense	54,522	28,888
Loan facility fees (Note 9)	4,000	38,677
Custody, valuation and transfer fees	72,523	27,973
Accounting and audit fees	55,275	33,505
Regulatory and listing expenses	17,204	17,430
Unitholder servicing expenses (Note 8)	63,845	1,152
	782,072	436,597
NET INVESTMENT LOSS	(102,894)	(1,488)
CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS	1,305,476	1,396,720
NET REALIZED GAIN ON SALE OF INVESTMENTS	1,548,190	232,406
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 2,750,772	\$ 1,627,638
INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT ⁽¹⁾	\$ 1.07	\$ 0.60

⁽¹⁾Based on the weighted average number of units outstanding during the period.

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

Financial Statements

continued

STATEMENT OF CHANGES IN NET ASSETS

For the period ended December 31,	2005	2004 (Note 1)
NET ASSETS, BEGINNING OF PERIOD	\$ 25,449,102	\$ -
INCREASE IN NET ASSETS FROM OPERATIONS	2,750,772	1,627,638
CAPITAL UNIT TRANSACTIONS (Note 5)		
Proceeds from units issued	-	26,934,730
Paid for units redeemed	(2,136,459)	-
Unit issuance costs	-	(2,143,616)
	(2,136,459)	24,791,114
DISTRIBUTIONS TO UNITHOLDERS (Note 8)		
From net investment income	-	-
From capital gains	-	-
Return of capital	(1,842,919)	(969,650)
	(1,842,919)	(969,650)
NET ASSETS, END OF PERIOD	\$ 24,220,496	\$ 25,449,102

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

Financial Statements

continued

STATEMENT OF CASH FLOW

For the period ended December 31,	2005	2004 (Note 1)
CASH FLOW FROM (TO) OPERATIONS		
Net investment loss	\$ (102,894)	\$ (1,488)
Change in non-cash working capital	27,465	7,928
	(75,429)	6,440
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Purchase of investments	(1,063,167)	(27,052,827)
Proceeds from sale of investments	7,163,550	1,987,238
	6,100,383	(25,065,589)
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Proceeds from units issued	-	26,934,730
Paid for units redeemed	(2,136,459)	-
Unit issuance cost	-	(2,143,616)
Proceeds from loan facility	-	2,453,737
Repayment of loan facility	(1,581,984)	(871,753)
Distributions paid	(1,856,687)	(808,042)
Total	(5,575,130)	25,565,056
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	449,824	505,907
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	505,907	-
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 955,731	\$ 505,907
INTEREST PAID	\$ 54,522	\$ 28,888

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

Financial Statements

continued

STATEMENT OF INVESTMENT PORTFOLIO
As at December 31, 2005

SECURITY PORTFOLIO	NUMBER OF SHARES	AVERAGE COST	MARKET VALUE	% OF NET ASSETS
CANADIAN EQUITIES				
Alcan Inc.	12,357	\$ 609,023	\$ 590,170	2.4
Aliant Inc.	20,203	547,995	624,273	2.6
Bank of Montreal	9,974	522,534	648,310	2.7
Bank of Nova Scotia	14,100	480,879	650,574	2.7
BCE Inc.	19,394	521,123	540,511	2.2
Canadian Imperial Bank of Commerce	7,715	512,423	589,503	2.4
Canadian Oil Sands Trust	4,900	206,229	617,400	2.6
Canadian Tire Corporation	9,400	438,417	653,676	2.7
Canadian Utilities Limited	14,300	386,375	627,055	2.6
Cascades Inc.	49,500	680,057	497,475	2.1
Dofasco Inc.	9,596	363,642	623,548	2.7
Emera Inc.	30,350	517,611	638,564	2.6
Enbridge Inc.	16,700	409,540	606,878	2.5
EnCana Corp.	9,486	265,823	498,584	2.1
Finning International Inc.	16,000	515,320	594,240	2.5
Great-West Lifeco Inc.	20,900	512,677	641,630	2.7
IGM Financial, Inc.	14,000	469,990	645,680	2.7
Imperial Oil Ltd.	4,620	282,181	533,194	2.2
Loblaw Companies Limited	8,500	530,439	479,145	2.0
Manitoba Telecom Services Inc.	13,306	623,003	537,562	2.2
Manulife Financial Corporation	9,355	493,091	638,666	2.6
MDS Inc.	31,200	673,830	627,432	2.5
Molson Coors Canada Inc - B	6,804	621,886	527,718	2.2
National Bank of Canada	10,500	460,262	633,360	2.6
Petro-Canada	12,200	357,277	569,130	2.4
RioCan Real Estate Investment Trust	28,650	415,017	652,934	2.6
Royal Bank of Canada	7,285	431,893	661,551	2.7
Saputo Inc.	16,300	536,454	554,037	2.2
Sun Life Financial Inc.	14,000	513,571	654,220	2.7
The Thomson Corporation	14,500	647,976	575,070	2.4
The Toronto-Dominion Bank	10,543	470,606	644,493	2.6
TOTAL CANADIAN EQUITIES		\$ 15,017,144	\$ 18,576,583	76.7
US EQUITIES				
3M Co.	5,800	\$ 683,885	\$ 525,083	2.2
General Electric Company	14,910	633,338	610,470	2.5
Hewlett-Packard Company	19,100	554,567	638,783	2.6
Intel Corporation	17,500	683,957	510,248	2.1
International Business Machines Corporation	5,700	687,445	547,325	2.3
Johnson & Johnson	8,200	622,091	575,688	2.4
Microsoft Corporation	17,300	621,187	528,466	2.2
Pfizer Inc.	14,200	680,627	386,826	1.6
The Home Depot, Inc.	11,600	561,562	548,526	2.2
TOTAL US EQUITIES		5,728,659	4,871,415	20.1
TOTAL INVESTMENTS		\$ 20,745,803	\$ 23,447,998	96.8
OTHER ASSETS, NET OF LIABILITIES			772,498	3.2
TOTAL NET ASSETS			\$ 24,220,496	100.0

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

Notes to the Financial Statements

December 31, 2005

1. THE FUND

a) Establishment of the Fund

The Fund is an investment trust established under the laws of the Province of Ontario on May 19, 2004 (date of inception). On May 31, 2004, the Fund completed an initial public offering of 2,500,000 Units at \$10 per Unit. Subsequently an option granted to the agents was exercised for 193,473 Units at \$10 per Unit. The Fund's Units are listed on The Toronto Stock Exchange under the symbol PBK.UN. The Fund began operations on May 31, 2004 when it completed its initial public offering. The Fund will terminate operations on December 31, 2011 and the net assets will be distributed pro rata to Unitholders. The Manager of the Fund is Crown Hill Capital Corporation, which is a wholly-owned subsidiary of First Paladin Inc.

Effective June 24, 2005 the name of the Fund changed from Profit Booking Blue Chip Trust to Crown Hill Dividend Fund.

b) Fiscal Periods

The financial statements of the Fund are prepared as at December 31, 2005 and December 31, 2004 and for the year ended December 31, 2005 and the period from May 31, 2004 (commencement of operations) to December 31, 2004.

2. INVESTMENT OBJECTIVES OF THE FUND

The stated investment objectives are:

- (i) to provide Unitholders with a stable stream of monthly distributions targeted at \$0.06 per Unit (\$0.72 per annum) or 7.2% of the Offering Price; and
- (ii) to preserve and potentially enhance the net asset value of the Fund in order to return at least the Offering Price to Unitholders upon the Termination date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Notes to the Financial Statements

continued

December 31, 2005

a) Investment Valuation*Portfolio Securities*

Securities listed on a public stock exchange are valued at their closing sale price on the valuation date. Securities not traded on that date are valued at the average of the closing recorded bid and ask prices. Securities not listed on any exchange are valued based upon the available public quotations in common use or at a price estimated to be the fair value thereof as determined by the Manager of the Fund.

Short-Term Investments

Short-term investments are recorded at cost and valued at cost plus accrued interest which approximates market value.

b) Investment Transactions and Income Recognition

- i. Investment transactions are accounted for on the trade date.
- ii. Interest income and expenses are recorded on the accrual basis.
- iii. Dividend income is recorded on the ex-dividend date.
- iv. Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost of the related investments.

c) Net asset value per unit

On each valuation date, the net asset value per unit is computed by dividing the net assets of the Fund by the total number of its units outstanding.

d) Foreign Exchange

The market value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rates prevailing on each valuation date. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the foreign exchange rates prevailing on the respective dates of such transactions.

4. INVESTMENT PORTFOLIO

The following tables summarize movements in investments during the year ended December 31, 2005:

Investment summary at cost

Investments at cost – beginning of year	\$25,297,996
Investments made during the year	1,063,167
Dispositions during the year	<u>(5,615,360)</u>
Investments at cost – end of year	<u>\$20,745,803</u>

Notes to the Financial Statements

continued

December 31, 2005

Market value of investments

Investments at cost – end of year	\$20,745,803
Unrealized gain on investments	2,702,195
Investments at market value – end of year	<u>\$23,447,998</u>

Realized gain on sale of investments

Proceeds of investments sold	\$7,163,550
Cost of investments sold	5,615,360
Net realized gain on investments	<u>\$1,548,190</u>

5. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Unitholders are entitled to redeem their Units outstanding in May of each year. Units will be redeemed at the net asset value per Unit on the redemption date.

In 2004, the Fund realized gross proceeds of \$26,934,730 based on the issuance of 2,693,473 units. Agent's fees of \$1,414,073 and issuance costs of \$729,543 were incurred in connection with the Offering.

The following unit transactions took place during year ended December 31, 2005. The comparative figures are for the year ended December 31, 2004:

	2005	2004
Balance of units outstanding – beginning of period	2,693,473	-
Units issued during the period	-	2,693,473
Units cancelled or redeemed during the period	(229,480)	-
Balance of units outstanding – end of period	<u>2,463,993</u>	<u>2,693,473</u>

Notes to the Financial Statements

continued

December 31, 2005

6. UNIT HOLDERS EQUITY

Unitholders' equity is comprised of unitholders' capital and retained earnings. The changes in unitholders' capital and retained earnings during the year ended December 31, 2005 and the period from May 31, 2004 and December 31, 2004 are summarized as follows.

	2005	2004
Unitholder's capital – beginning of period	\$24,791,114	-
Gross proceeds from offering (net of agent's fees)	-	25,520,657
Offering Costs	-	(729,543)
Redemption of units	(2,111,216)	-
Unitholders capital – end of period	<u>\$22,679,898</u>	<u>\$24,791,114</u>

	2005	2004
Retained earnings – beginning of period	\$657,988	-
Results from operations for the period	2,750,772	1,627,638
Distributions to unitholders	(1,842,919)	(969,650)
Excess of cost of units redeemed over net proceeds of issuance	(25,243)	-
Retained earnings – end of period	<u>\$1,540,598</u>	<u>\$657,988</u>

	2005	2004
Unitholders capital – end of period	\$22,679,898	\$24,791,114
Retained earnings – end of period	1,540,598	657,988
Unitholders equity	<u>\$24,220,496</u>	<u>\$25,449,102</u>

7. TAXATION

The Fund qualifies as a "mutual fund trust" within the meaning of the *Income Tax Act* (Canada). The Fund is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the year, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the year. No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized capital gains are distributed to the unitholders.

Notes to the Financial Statements*continued***December 31, 2005****8. FUND EXPENSES**

The Fund is responsible for all expenses incurred. These expenses are Operational Expenses and Service Fees. All expenses of the Fund are initially paid by the Manager, which is then reimbursed by the Fund in a reasonable amount of time.

Operational Expenses include the Manager's Fees, Administrative costs, Unitholder Servicing costs and any other cost directly related to the operation of the Fund. Of these expenses, the Manager is entitled to an annual fee of 0.60% of the NAV of the Fund, calculated and payable, monthly. This amount totaled \$156,161 for the year ended December 31, 2005 (of which \$13,318 was payable at December 31, 2005). Administrative costs for the year totaled \$153,721. This was made up of administrative salaries, employee benefits, general overhead and office supplies. As part of the Administration cost, the Fund is paying a monthly general overhead cost to First Paladin Inc, which varies depending on the actual costs incurred. The general overhead cost for the period ended December 31, 2005 was \$65,284.

Unitholder Servicing costs for the year totaled \$63,845 which was made up of investor relations salaries, web site fees and payments to service providers for the filing of press releases and SEDAR filings. In late 2004, the Fund experienced low liquidity and was trading at a significant discount to NAV. To address this problem, the Manager put in place an active communications program whereby investment advisors and the public are contacted to explain the Fund's strategies and the benefit of investing in it. In the Manager's view, this program was successful in increasing liquidity, closing the gap between the market price and the NAV and reducing redemptions.

Service Fees for period totaled \$103,269 (2004 - \$61,879) which are trailer fees paid by the Fund to the Unitholder's investment advisor.

9. LOAN FACILITY

As at June 3, 2005 the Fund renewed its 364-day revolving term credit facility, reducing the maximum to \$2,000,000. On that date there was an outstanding balance of \$1,500,000 on the credit facility. This balance remained outstanding until December 12, 2005, at which time it was paid in full. The credit facility remains active, no amounts were drawn from it between December 12, 2005 and December 31, 2005. As at December 31, 2005 there was no outstanding balance on the credit facility.

The maximum amount borrowed under the credit facility during 2005 was \$1,581,984 (2004 - \$2,453,737).

10. BROKERAGE COMMISSIONS AND PORTFOLIO TRANSACTIONS

The brokerage commissions fees paid during 2005 were \$5,253 (2004 - \$22,456). The commissions were incurred solely for order execution services. The Fund does not pay any soft dollar commissions.

Notes to the Financial Statements

continued

December 31, 2005

11. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.