



BND.UN \$ 75,000,000

Financial Statements of

CROWN HILL DIVIDEND FUND

(Unaudited)

For the six months ended June 30, 2007

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

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

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Financial Statements

STATEMENT OF NET ASSETS (Unaudited)

	As at June 30, 2007	As at December 31, 2006
ASSETS		
Investments at market value (Note 4) (Cost 2007: \$7,796,911; 2006: \$13,159,623)	\$ 9,409,930	\$ 15,543,567
Cash and short-term investments	50,957	503,642
Dividend and interest receivable	26,658	46,975
	<u>9,487,545</u>	<u>16,094,184</u>
LIABILITIES		
Accrued liabilities	71,081	89,703
Distributions payable (Note 6)	56,078	93,897
	<u>127,159</u>	<u>183,600</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY (Note 6)	\$ 9,360,386	\$ 15,910,584
NUMBER OF UNITS OUTSTANDING (Note 5)	934,633	1,564,951
NET ASSET VALUE PER UNIT (Note 10)	\$ 10.02	\$ 10.17

SIGNED ON BEHALF OF THE TRUSTEE,

(signed) Wayne L. Pushka
President

(signed) Terry A. Jackson
Director

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

Financial Statements

continued

STATEMENT OF OPERATIONS
(Unaudited)

For the six months ended June 30,	2007	2006
INCOME		
Dividends (net of withholding taxes – 2007: \$4,850; 2006: \$6,559)	\$ 171,803	\$ 233,121
Interest	10,593	48,405
	182,396	281,526
EXPENSES		
Management fees (Note 8)	46,640	75,262
Legal fees	1,334	5,400
Service fees (Note 8)	26,614	50,173
Board and insurance expenses	15,143	44,350
Administrative expenses (Note 8)	45,473	63,712
Interest expense	-	1,298
Custody, valuation and transfer fees	32,197	33,505
Accounting and audit fees	45,593	23,047
Regulatory and listing expenses	20,971	13,213
Unitholder servicing expenses (Note 8)	22,814	34,390
	256,779	344,350
NET INVESTMENT LOSS	(74,383)	(62,824)
CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS	(770,925)	(2,062,620)
TRANSACTION COSTS (Note 3)	(8,064)	-
NET REALIZED GAIN ON SALE OF INVESTMENTS	1,336,017	1,854,075
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 482,645	\$ (271,369)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT ⁽¹⁾	\$ 0.33	\$ (0.17)

⁽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
(Unaudited)**

For the six months ended June 30,		2007		2006
NET ASSETS, BEGINNING OF PERIOD	\$	15,910,584	\$	24,220,496
INITIAL ADOPTION OF NEW ACCOUNTING POLICY (Note 3)		(15,006)		
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		482,645		(271,369)
CAPITAL UNIT TRANSACTIONS (Note 5)				
Paid for units redeemed		(6,492,274)		(8,502,459)
DISTRIBUTIONS TO UNITHOLDERS (Note 6)				
Return of capital		(525,563)		(832,195)
NET ASSETS, END OF PERIOD	\$	9,360,386	\$	14,614,473

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

Financial Statements

continued

STATEMENT OF CASH FLOW
(Unaudited)

For the six months ended June 30,	2007	2006
CASH FLOW FROM (TO) OPERATIONS		
Results from operations	\$ 482,645	\$ (271,369)
Items not affecting cash:		
Net realized gain on sale of investments	(1,336,017)	(1,854,075)
Change in unrealized appreciation of investments	770,925	2,062,620
Change in non-cash working capital	1,695	(44,216)
	(80,752)	(107,040)
CASH FLOW FROM (TO) INVESTING ACTIVITIES		
Purchase of investments	(10,954)	(1,468,717)
Proceeds from sale of investments	6,687,842	10,481,498
Transaction costs removed from cost of opening investments (Note 3)	21,841	-
Initial adoption of new accounting policy (Note 3)	(15,006)	-
Distributions paid	(563,382)	(832,195)
	6,120,341	8,180,586
CASH FLOW FROM (TO) FINANCING ACTIVITIES		
Paid for units redeemed	(6,492,274)	(8,502,459)
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(452,685)	(428,913)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	503,642	955,731
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 50,957	\$ 526,818
INTEREST PAID	\$ -	\$ 1,298

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

Financial Statements

continued

STATEMENT OF INVESTMENTS
As at June 30, 2007 (Unaudited)

SECURITY PORTFOLIO	NUMBER OF SHARES	AVERAGE COST	MARKET VALUE	% OF NET ASSETS
CANADIAN EQUITIES				
Alcan Inc.	2,657	\$ 130,952	\$ 229,963	2.5
Bank of Montreal	3,474	182,001	237,622	2.5
Bank of Nova Scotia	4,500	153,472	233,460	2.5
BCE Inc.	6,347	169,793	255,721	2.7
Bell Aliant Regional Communications Income Fund	7,581	250,242	237,664	2.5
Canadian Imperial Bank of Commerce	2,315	153,760	221,684	2.4
Canadian Oil Sands Trust	7,600	79,764	250,344	2.7
Canadian Tire Corporation	3,100	144,584	258,912	2.8
Canadian Utilities Limited	5,100	137,798	235,620	2.5
Cascades Inc.	20,300	278,892	231,217	2.5
Emera Inc.	11,250	191,866	223,650	2.4
Enbridge Inc.	6,400	156,949	229,760	2.5
EnCana Corp.	3,586	100,489	234,955	2.5
Finning International Inc.	7,600	122,389	228,684	2.4
Great-West Lifeco Inc.	6,900	169,257	238,395	2.5
IGM Financial, Inc.	4,500	151,068	232,965	2.5
Imperial Oil Ltd.	4,760	96,911	236,048	2.5
Loblaw Companies Limited	4,800	299,542	249,360	2.7
Manitoba Telecom Services Inc.	4,906	229,705	230,042	2.5
Manulife Financial Corporation	6,110	161,026	242,995	2.6
MDS Inc.	11,300	244,048	245,210	2.6
Molson Coors Canada Inc - B	2,204	201,446	215,243	2.3
National Bank of Canada	3,800	166,571	233,206	2.5
Petro-Canada	4,200	122,997	237,174	2.5
RioCan Real Estate Investment Trust	8,950	125,114	210,683	2.3
Royal Bank of Canada	4,070	120,646	230,443	2.5
Saputo Inc.	5,700	187,594	250,686	2.7
Sun Life Financial Inc.	4,800	176,081	243,648	2.6
The Thomson Corporation	5,200	232,377	226,200	2.4
The Toronto-Dominion Bank	3,243	144,757	236,285	2.5
Westshore Terminals Income Fund	18,000	224,975	250,740	2.7
TOTAL CANADIAN EQUITIES		5,307,066	7,318,579	78.3
US EQUITIES				
3M Co.	2,600	306,569	239,956	2.5
General Electric Company	5,910	251,041	240,343	2.5
Hewlett-Packard Company	4,900	142,271	232,316	2.5
Intel Corporation	9,900	386,925	249,798	2.7
International Business Machines Corporation	2,100	253,269	234,937	2.5
Johnson & Johnson	3,400	257,940	222,683	2.4
Microsoft Corporation	7,100	254,938	222,425	2.4
Pfizer Inc.	7,900	378,659	214,545	2.3
The Home Depot, Inc.	5,600	271,099	234,348	2.5
TOTAL US EQUITIES		2,502,711	2,091,351	22.3
TRANSACTION COSTS (Note 3 and 7)		(12,866)	-	-
TOTAL INVESTMENTS		\$ 7,796,911	9,409,930	100.6
OTHER ASSETS, NET OF LIABILITIES			(49,544)	(0.6)
TOTAL NET ASSETS		\$	9,360,386	100.0

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

Notes to the Financial Statements

June 30, 2007 (Unaudited)

1. THE FUND

a) Establishment of the Fund

The Crown Hill Dividend 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 (the “Offering”) of 2,500,000 units (the “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 (the “Termination Date”) and the net assets will be distributed pro rata to holders of units (the “Unitholders”). The manager (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 June 30, 2007 and as at December 30, 2006 and for the six months ended June 30, 2007 and the six months ended June 30, 2006.

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.

June 30, 2007 (Unaudited)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****a) Investment Valuation****Change in accounting policy**

Effective January 1, 2007, the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments: Recognition and Measurement, requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for securities held short. Prior to this new section, the fair value was based on the last traded price for the day, when available.

Effective January 1, 2007, Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale. See Note 7. This change has no impact on the net assets of the Fund.

On January 1, 2007, the Fund adopted Section 3855 on a retroactive basis (that is, without retroactive restatement of prior periods) for financial reporting purposes. The effect of the initial adoption of this new accounting policy, using the closing bid price as at December 31, 2006, is a decrease of \$15,006 in the net assets of the Fund at the beginning of the period.

Portfolio Securities

Securities listed on a public stock exchange are valued at their bid price on the valuation date. Securities not listed on any exchange are valued based upon the available public quotations in common use or at a price estimated to be 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.

Notes to the Financial Statements

continued

June 30, 2007 (Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 six months ended June 30, 2007 and June 30, 2006:

Investment summary at cost

	2007		2006
Investments at cost – beginning of period	\$ 13,159,623	\$	\$20,745,803
Transaction costs (Note 3)	(21,841)		-
Investments made during the period	10,954		1,468,717
Dispositions during the period	(5,351,825)		(8,627,423)
Investments at cost – end of period	<u>\$ 7,796,911</u>	<u>\$</u>	<u>13,587,097</u>

Market value of investments

	2007		2006
Investments at cost – end of period	\$ 7,796,911	\$	13,587,097
Unrealized gain on investments	1,613,019		639,575
Investments at market value – end of period	<u>\$ 9,409,930</u>	<u>\$</u>	<u>14,226,672</u>

Realized gain on sale of investments

	2007		2006
Proceeds of investments sold	\$ 6,687,842	\$	10,481,498
Cost of investments sold	5,351,825		8,627,423
Net realized gain on investments	<u>\$ 1,336,017</u>	<u>\$</u>	<u>1,854,075</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. On the redemption date, Units will be redeemed at the net asset value per Unit as determined by industry standard (see Note 10).

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.

Notes to the Financial Statements

continued

June 30, 2007 (Unaudited)**5. UNITS ISSUED AND OUTSTANDING (continued)**

The following unit transactions took place during the six months ended June 30, 2007. The comparative figures are for the six months ended June 30, 2006:

	2007	2006
Balance of units outstanding – beginning of period	1,564,951	2,463,993
Units issued during the period	-	-
Units cancelled or redeemed during the period	(630,318)	(899,042)
Balance of units outstanding – end of period	<u>934,633</u>	<u>1,564,951</u>

6. UNIT HOLDERS EQUITY

Unitholders' equity is comprised of unitholders' capital and retained earnings. The changes in unitholders' capital and retained earnings during the six months ended June 30, 2007 and the six months ended June 30, 2006 are summarized as follows.

	2007	Dec 2006
Unitholder's capital – beginning of period	\$14,408,712	\$22,679,898
Redemption of units	(5,805,227)	(8,271,186)
Unitholders capital – end of period	<u>\$8,603,485</u>	<u>\$14,408,712</u>

	2007	2006
Retained earnings – beginning of period	\$1,501,872	\$1,540,598
Results from operations for the period	482,645	1,588,125
Distributions to unitholders	(525,563)	(1,395,578)
Difference in market value between bid and close price	(15,006)	-
Excess of cost of units redeemed over net proceeds of issuance	(687,047)	(231,273)
Retained earnings – end of period	<u>\$756,901</u>	<u>\$1,501,872</u>

	2007	2006
Unitholders capital – end of period	\$8,603,485	\$14,408,712
Retained earnings – end of period	756,901	1,501,872
Unitholders equity	<u>\$9,360,386</u>	<u>\$15,910,584</u>

Notes to the Financial Statements*continued***June 30, 2007 (Unaudited)****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.

For income tax purposes, transaction costs continue to be added to the average cost (for purchases) and reduced from the sale proceeds (for sales). The individual cost for each investment shown on the Statement of Investments is the cost used for tax purposes. The total of the transaction costs incurred on the purchase of the securities held as at June 30, 2007 is shown as a reduction of the total cost on the Statement of Investments.

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 \$46,640 for the six months ended June 30, 2007 (of which \$4,953 was payable at June 30, 2007). Administrative costs for the six months totaled \$45,473. 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 six months ended June 30, 2007 was \$21,051.

Unitholder Servicing costs for the six months totaled \$22,814 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 six months totaled \$26,614 (2006 - \$50,173) which are trailer fees paid by the Fund to the Unitholder’s investment advisor.

9. BROKERAGE COMMISSIONS AND PORTFOLIO TRANSACTIONS

The brokerage commissions fees paid for the six months were \$8,064 (2006 - \$10,431). The commissions were incurred solely for order execution services. The Fund does not pay any soft dollar commissions.

Notes to the Financial Statements

continued

June 30, 2007 (Unaudited)

10. NET ASSET VALUE RECONCILIATION

On January 1, 2007, the Fund adopted Section 3855 on a retroactive basis (that is, without retroactive restatement of prior periods) for financial reporting purposes. However, the Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of NAV (other than for financial reporting purposes) until September 30, 2007, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund.

A reconciliation of net assets and net asset value per unit at the current period's last traded price for the day ("Industry standard") and at the current period's bid price according to GAAP ("Financial statements"), as at June 30, 2007, is provided below:

	Net assets	Net asset value per unit
Industry standard	\$9,371,452	\$10.03
Difference as a result of adopting Section 3855 (Note 3)	(11,066)	(0.01)
Financial statements	<u>\$9,360,386</u>	<u>\$10.02</u>