



CGI

Canadian General Investments,
Limited



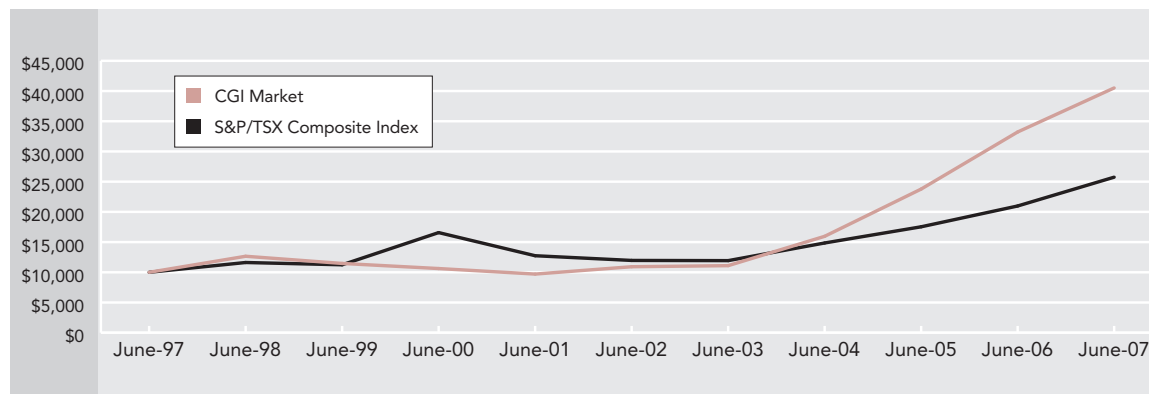
INTERIM REPORT 2007

CORPORATE PROFILE

Canadian General Investments, Limited (CGI) is a closed-end equity fund focussed on medium to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains and appropriate income generating instruments, to provide better than average returns to investors.

CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

Growth of a \$10,000 Investment – 10 years to June 30, 2007



The graph above is presented to illustrate the benefit of a long-term investment in CGI's common shares. A \$10,000 investment in CGI common shares would have grown to over \$40,000 over the 10-year period ended June 30, 2007. This equates to a compound annual average growth rate of 15.0%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly \$26,000 or a compound average annual growth rate of 9.9%.

Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information are historical values; past performance is no assurance or indicator of future returns. Share prices, net asset values and investment returns will fluctuate. Stated historical returns assume the reinvestment of all distributions. Such financial information does not reflect any broker commissions, transaction costs or such other fees and expenses which may have been applicable nor income taxes payable by any shareholder, which would have the effect of reducing such historical returns. Stated returns for periods greater than one year are compound average annual rates of return. Further information concerning risk can be found in the Management Report of Fund Performance in the Company's most recent Annual Report to Shareholders.

The Company is an investment fund, and as such, this Interim Report to Shareholders carries a variety of information concerning stocks and other investments, all for informational purposes only. The reader should assume that the Company and all individuals and entities (including the Manager and members of its staff) who have contributed to this publication may have a conflict of interest. Readers should therefore not rely solely on this Report in evaluating whether or not to buy or sell securities discussed herein.

LETTER TO SHAREHOLDERS

Canadian General Investments, Limited (CGI) continued to have positive results during the second quarter of 2007, posting a net asset value per share (NAV) return with dividends reinvested of 4.5%, resulting in a year-to-date NAV return of 9.3%. By comparison, the benchmark S&P/TSX Composite Index finished the latest half year up 9.1% on a total return basis. The price of CGI's common shares lagged however, resulting in a market return of 3.9% for the six months to June 30, 2007. The NAV, market and benchmark returns for the twelve month period to June 30, 2007 were 33.7%, 21.9% and 24.7%, respectively.

We should always caution that although this year's progress has been solid compared with the ups and downs of the first half of 2006, the short term ahead is unfathomable. The future differs from the past, as our portfolio investment team often reminds us.

It is most certainly clear that we have entered a time of major new influences. The single word "global" is entrenched in our day-to-day thinking as never before. Defeat of "global warming" has quickly become a dominant cause in many developed countries; this can be linked to varieties of emissions trading, created by the financial sector and receiving widespread political support, and are on the upswing.

In Canada, and other countries, complaints abound that core business is being "hollowed-out" by foreign raiders. While hollowing-out continues, investors who have traditionally looked askance at the controlling share classes of many Canadian companies (at least if they were not shareholders of that class), may even come to value the stability they offer!

Bearing with even greater influence on the financial sector and the world economy is another global event of unprecedented impact - a credit boom aided in part by emerging growth in many regions, but also nurtured by the stock market itself. Liquidity is flowing from financial engineering, perhaps more powerfully than cash flow from traditional business operations.

What follows this expansionary phase cannot be known, but, with no end in sight, we maintain high hopes for CGI's performance through the balance of the year. CGI's net asset value performance remains in the top ranks of general equities mutual funds. Its own stock price though not far below an all-time high just after quarter-end, has been advancing

cautiously, perhaps reflecting investor contemplation concerning events ahead.

Meanwhile, we are staying focussed on a portfolio breakthrough above \$1 billion, keeping up our strong dividend stream and relying on the Manager to get us there! How the challenge is being taken up by the Morgan Meighen portfolio management team is in the investment commentary that follows.

CGI was largely unaffected by the federal government's proposed change to the Canadian income trust tax rules in late 2006. Not an income trust itself, nor a significant holder of income trusts, CGI had approximately 6% of its portfolio invested in the sector at the time of the change. The Manager retains a positive view of those holdings, some of which have been in the portfolio for many years, and continues to make selections in the sector opportunistically.

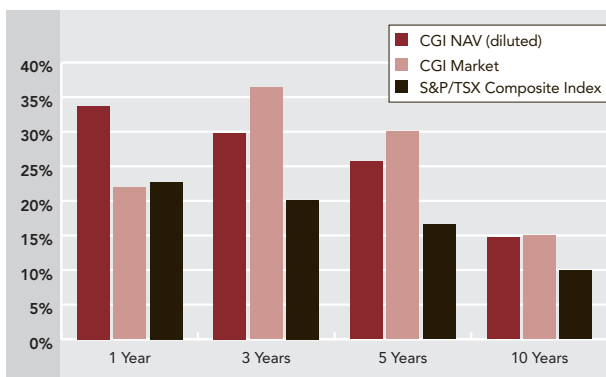
WARRANTS EXPIRED

The final exercise date for the Company's warrants was July 3, 2007 and of the 292,156 outstanding at June 30, having been reduced over the years by issuer bids, as well as previous exercises of warrants, 269,982 were subscribed for new common shares. The remaining warrants expired without value. The warrants had initially been issued in 1995 to shareholders at no cost.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Compound Annual Returns for the Periods Ending June 30, 2007



INVESTMENT COMMENTARY

KEEPING AHEAD

As bottom-up investors in a well extended bull market, it has become increasingly clear that we need to venture into promising new situations that might keep CGI's growth well fuelled. Also, takeover prospects married with appealing fundamentals in these economic boom times have generally paid off in our stock picking. In this vein, we sold IPSCO Inc. during the quarter and Algoma Steel Inc. went out for a big profit. Cash applied last year to Alcan Inc. has proved rewarding, as takeover posturing plays out. Just prior to quarter end, we invested in BCE Inc. to benefit from the play for future ownership.

BUSY IN THE SKIES

A recent return to large cap Bombardier Inc. appears timely, as a run of improvements materializes - orders, a good quarter and a big aviation deal with China. If this is the long awaited recovery for this major Canadian industrial, it is perhaps good for CGI's portfolio that this company is protected, for now, by its dual share structure.

BUSY ON THE FARM

Also among the large caps, we moved into Agrium Inc., strengthening a position in agriculture support services, started with a recent purchase in Potash Corp. We marvel at the onset of ethanol as a universal fuel for transport and its land use effects. We know that the fertilizer crowd is reaching for major profit from this new demand source.

In another link with the grain industry, we have returned to Saskatchewan Wheat Pool. Weather will always be a gamble, but the new management structure and the leadership position of the decapitalize pool in the western grain provinces of Canada after its purchase of Agricore United, could serve investors well in this new grain era. The eventual outcome is hard to define, as ethanol still costs more than oil and is processed using energy, but it could add pricing support to the next uplift in the sector.

UNDISCOVERED STOCKS

As the quarter reached toward its close, we sought out more potential outperformers to freshen up the portfolio. We have always favoured some small cap inclusion, often in relatively undiscovered stocks. A share issue gave us the opportunity to invest in a significant, but little known, property firm, Homburg Invest Inc., a Halifax, Nova Scotia based operation with a varied real estate portfolio in Canada, Holland, Germany and emerging growth in East Europe. Homburg is better known to Europeans in its business and as a stock dual-listed on Euronext. It has a progressive history and has a dividend yield well above 8%.

We have invested in the increasing activity in Canada's north through Horizon North Logistics Inc., which is positioned to capture increasing revenues in infrastructure, transportation, manufacturing, supply and other services, primarily in the resources sector.

Another little known energy sector find in the latest quarter was Heritage Oil Corp., a small multi-national moving strongly on big discoveries in northern Uganda, other successes in Oman and Russia and the signing of an agreement in the Congo.

For one of our final moves before quarter end, we spotted two-dollar Bayou Bend Petroleum Ltd., a junior gas company controlled by Lucas Lundin, head of Lundin Mining and Frank Guistra, a significant investor. Bayou Bend is a potential high impact shallow water gas developer positioned at the fringe of the Gulf of Mexico. Gas fields of up to four trillion cubic feet in size are nearby.

In mine development, if commodity prices hold up after years of neglect, there could be surprise discoveries as high commodity prices encourage more investment. We intend to participate in new mine development before the cycle goes into retreat.

On behalf of the Manager,

Michael A. Smedley
CEO and Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

MANAGEMENT REPORT OF FUND PERFORMANCE

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

Canadian General Investments, Limited (CGI or the Company)'s diluted net asset value per share (NAV) at June 30, 2007 was \$34.12, up from \$31.33 at year end 2006. The net asset value per share calculated according to generally accepted accounting principles (GAAP NAV) at June 30, 2007 was \$33.99 [see Adoption of New Accounting Standards below]. The NAV return, with dividends reinvested, for the six-month period to June 30, 2007 was 9.3%, compared with a 9.1% total return for the benchmark S&P/TSX Composite Index (S&P/TSX). CGI's net assets at June 30, 2007 were \$709,100,000, representing an 8.6% increase from the \$653,128,000 at the end of 2006.

For the most part, the Manager maintained similar sector weightings to those in CGI's portfolio at the end of 2006. Good performance was achieved across a broad range of stocks in CGI's investment portfolio. In particular, the Manager's bottom-up investment strategy resulted in overweightings in the Materials and Industrials sectors and an underweighting in Financials vis-à-vis the benchmark. The Materials, Industrials and Financials sub-indexes of the S&P/TSX posted six-month returns of 12.0%, 19.4% and 3.4%, respectively.

Sector Weightings

Sector	CGI		S&P/TSX	
	June 30, 2007	Year end 2006	June 30, 2007	Year end 2006
Financials	25.4%	27.6%	30.5%	31.9%
Energy	22.4%	22.2%	27.9%	27.9%
Materials	20.6%	21.9%	16.7%	16.1%
Industrials	10.1%	9.3%	5.6%	5.3%
Consumer Discretionary	7.1%	5.4%	5.3%	5.2%

The table below illustrates the weightings of the five largest sectors in CGI's portfolio as at June 30, 2007, compared with year end 2006, and with the S&P/TSX. The weightings provided for CGI represent the market value of each industrial sector as a percentage of the total investment portfolio.

Investment income, which is comprised mainly of dividends and interest and other income, was \$6,613,000 for the first six months of 2007, down 6.8% from the same period in 2006. Dividends on preference shares and management fees are the largest expenses of the Company. The dividends on preference shares increased by 11.7% over 2006 to \$4,800,000 as a result of the Series 3 preference share issue which closed in March 2006, while the 6.5% increase in management fees to \$4,764,000 was primarily due to the increase in portfolio values.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily on realized gains on the sale of investments – at an effective rate of approximately 21%. As a result of its investment corporation status, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For the six months

to June 30, 2007, there was a net cost related to tax of \$8,773,000. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. At June 30, 2007, the Company had refundable capital gains tax of approximately \$36 million, which is refundable upon payment of capital gains dividends of approximately \$170 million.

RECENT DEVELOPMENTS

Warrants

The Company had 292,156 warrants outstanding that were exercisable for common shares of the Company on June 30, 2007, the final exercise date, at an exercise price of \$2.62 per share. However, pursuant to the Warrant Indenture, as June 30, 2007 was not a “Permitted Exercise Date” due to it not being a “Business Day”, the Permitted Exercise Date as well as the “Time of Expiry” were delayed to the next Business Day, being July 3, 2007. On July 3, 2007, 269,982 warrants were exercised for total proceeds of \$707,000. The remaining warrants expired without value.

Adoption of New Accounting Standards

On April 1, 2005, The Canadian Institute of Chartered Accountants, which establishes Canadian generally accepted accounting principles (GAAP) for financial reporting purposes, issued Section 3855, “Financial Instruments - Recognition and Measurement.” This section, which came into effect on October 1, 2006, applies to the Company’s fiscal year ending December 31, 2007.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for the securities. Previously, fair value for Canadian GAAP was based on the last traded price for the day, when available. In 2007, this change impacts the reported value of the Company’s investments as reported in the interim and annual financial statements. However, Canadian securities regulatory authorities have granted relief on an interim basis, for investment funds complying with Section 3855, for purposes of the Company’s regular net asset value calculation. The relief is for a period of up to one year ending

September 30, 2007. Canadian securities regulators have since proposed a permanent solution which is currently in the comment period.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, be recorded as an expense in the statement of operations. Prior to 2007, the practice was to add these expenses to the cost of securities purchased or to deduct them from the proceeds of sale. There are no tax implications and no impact on the net asset value of the Company in using either of these methods.

In accordance with the relief granted by the Canadian securities regulatory authorities, a reconciliation between the regular net asset value calculation (NAV) and the net asset value calculated in accordance with Section 3855 of an investment fund (GAAP NAV) is required to be disclosed in the financial statements for financial reporting periods in the one year period ending September 30, 2007.

RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with CGI.

MMA provides continuing advice and investment management services, as well as administration, financial reporting and other ancillary services required by a publicly listed company. For more details concerning the services that are provided by MMA and the management fee that is charged to the Company, see “Management Fees”.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Company and are intended to help you understand the Company's financial performance for the six months ended June 30, 2007 and the prior five financial years. This information is derived from the Company's audited annual financial statements and interim unaudited financial statements.

The Company's Net Asset Value (NAV) per Share ⁽¹⁾

	Six months ended					
	June 30, 2007	2006	2005	2004	2003	2002
Net asset value – basic, beginning of period ⁽⁶⁾	\$ 31.58	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41	\$ 14.58
Increase (decrease) from operations:						
Total revenue	0.32	0.75	0.75	0.79	0.48	0.37
Total expenses	(0.51)	(0.98)	(0.75)	(0.67)	(0.42)	(0.39)
Realized gains for the period	2.45	4.60	3.65	2.20	1.01	0.25
Unrealized gains (losses) for the year	1.19	4.07	3.53	3.06	5.23	(1.14)
Transaction costs ⁽²⁾	(0.05)	-	-	-	-	-
Total increase (decrease) from operations	3.40	8.44	7.18	5.38	6.30	(0.91)
Dividends paid to common shareholders:						
Taxable dividends	(0.12)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Capital gains dividends	-	(1.26)	(1.00)	(0.60)	(0.36)	-
Total dividends ⁽³⁾	(0.12)	(1.50)	(1.24)	(0.84)	(0.60)	(0.24)
Income taxes recoverable on dividends from net realized gain on investments	-	0.26	0.21	0.12	0.07	-
Net decrease (increase) in refundable dividend tax on hand	-	0.04	(0.01)	(0.03)	-	-
Decrease (increase) in refundable income taxes on net realized gain on investments	(0.42)	(0.83)	(0.64)	(0.36)	(0.14)	0.02
Warrants repurchased	-	(3.26)	(0.06)	(0.05)	(0.04)	(0.04)
Net asset value – basic, end of period ^{(4) (6)}	\$ 34.44	\$ 31.72	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41
Net asset value – diluted, end of period ^{(5) (6)}	\$ 33.99	\$ 31.33	\$ 25.37	\$ 20.71	\$ 17.10	\$ 12.33

(1) Net asset value and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(2) Transaction costs were included in the purchase cost/sale proceeds prior to 2007.

(3) Dividends were paid in cash.

(4) This is not a reconciliation of the beginning and ending net asset value per share.

(5) Reflects the potential exercise of the Company's outstanding warrants, which expired on July 3, 2007.

(6) The net asset value at the beginning and at the end of the period for 2007 are shown as the GAAP NAV. The NAV is shown for all prior periods as it was originally reported.

MANAGEMENT REPORT OF FUND PERFORMANCE – CONTINUED

The impact of the adoption of Section 3855 on the net asset value per share of the Company as at June 30, 2007 is as follows:

	NAV	Section 3855 Adjustment	GAAP NAV
Basic	\$34.57	\$ (0.13)	\$34.44
Diluted	\$34.12	\$ (0.13)	\$33.99

Ratios and Supplemental Data

	Six months ended					
	June 30, 2007	2006	2005	2004	2003	2002
Net assets (000's) ⁽¹⁾⁽²⁾	\$ 709,100	\$ 653,128	\$ 588,146	\$ 475,976	\$ 389,324	\$ 274,519
Number of shares outstanding ⁽¹⁾	20,591,159	20,591,159	20,573,940	20,499,638	20,488,160	20,477,598
Management expense ratio ⁽³⁾⁽⁷⁾	3.04%	3.24%	2.88%	3.31%	2.75%	2.75%
Management expense ratio excluding leverage costs ⁽⁴⁾⁽⁷⁾	1.53%	1.65%	1.53%	1.59%	1.44%	1.51%
Portfolio turnover rate ⁽⁵⁾	21.01%	40.08%	47.07%	41.68%	56.33%	51.85%
Trading expense ratio ⁽⁶⁾⁽⁷⁾	0.30%	0.24%	0.26%	0.26%	0.39%	0.27%
Closing market price ⁽¹⁾	\$ 28.35	\$ 27.40	\$ 23.20	\$ 15.44	\$ 12.70	\$ 8.45

(1) This information is provided as at the end of the financial period shown.

(2) Net assets at June 30, 2007 are shown as GAAP net assets. Net assets are shown for all prior periods as it was originally reported.

(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(4) Leverage costs include dividends on preference shares and amortization of deferred financing charge.

(5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. For example, a portfolio turnover of 100% would be equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(6) The trading expense ratio represents total commissions and other transaction costs as an annualized percentage of daily average net assets during the period.

(7) Ratios for the six months ended June 30, 2007 have been annualized.

MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making investment decisions, as well as the provision of administrative services including making brokerage arrangements for the purchase and sale of securities, calculating the net asset value of the Company, maintaining financial and corporate records, preparing financial statements and all required regulatory filings and assisting in promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of that company and receive no compensation from CGI.

PAST PERFORMANCE

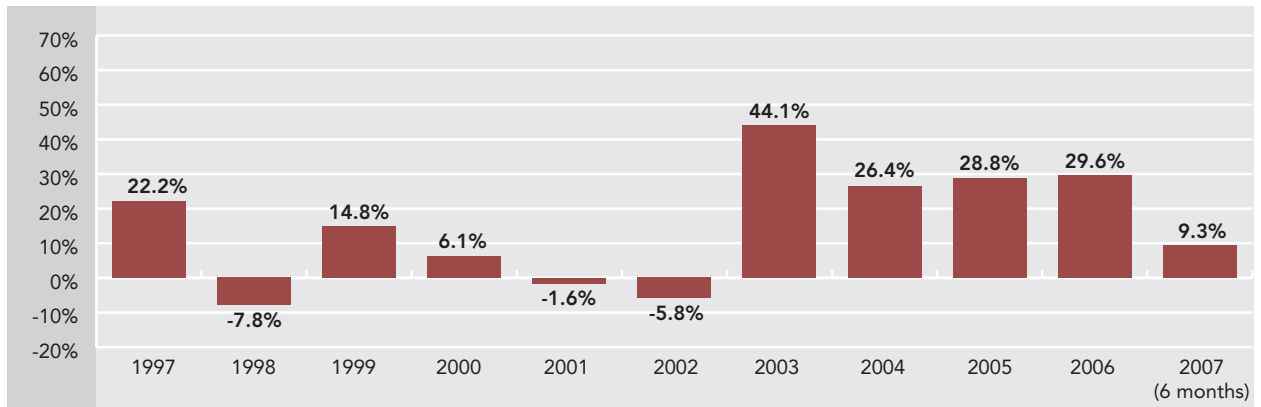
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees that would have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, as well as interim performance for the six months ended June 30, 2007, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each financial period.

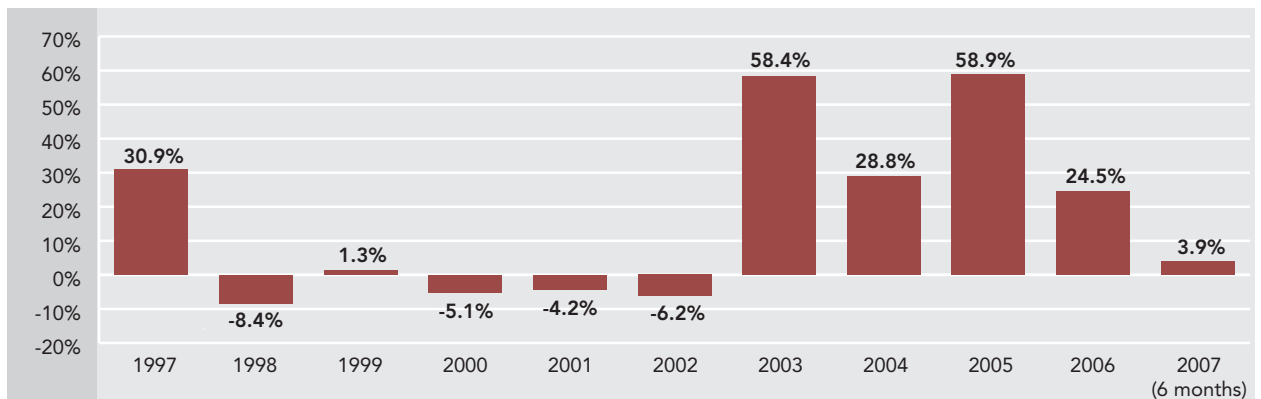
The bar chart below illustrates the diluted net asset value per share return, with dividends reinvested at net asset value per share. All net asset value returns are calculated based on the NAVs (as opposed to the GAAP NAVs).

Net Asset Value Return



The bar chart below illustrates the market return, with dividends reinvested at the market price.

Market Value Return



SUMMARY OF INVESTMENT PORTFOLIO

as at June 30, 2007

The following Net Asset Value data has all been presented using the NAV (as opposed to the GAAP NAV).

Top 25 Holdings

Issuer (all Canada-based)	Sector	% of Net Assets*	% of Investment Portfolio
Cameco Corporation	Energy	3.6	2.8
Rogers Communications Inc.	Telecommunication Services	3.5	2.7
Research In Motion Limited	Information Technology	3.0	2.3
BPO Properties Ltd.	Financials	2.8	2.1
BMTC Group Inc.	Consumer Discretionary	2.4	1.8
TSX Group Inc.	Financials	2.2	1.7
Russel Metals Inc.	Industrials	2.2	1.7
Canadian Western Bank	Financials	2.1	1.6
Algoma Central Corporation	Industrials	2.1	1.6
HudBay Minerals Inc.	Materials	1.9	1.5
Bourse de Montreal Inc.	Financials	1.9	1.4
Skye Resources Inc.	Materials	1.9	1.4
Husky Energy Inc.	Energy	1.8	1.4
FNX Mining Company Inc.	Materials	1.8	1.4
Denison Mines Corporation	Energy	1.8	1.4
Corby Distilleries Limited	Consumer Staples	1.8	1.4
Enbridge Inc.	Energy	1.8	1.4
Caldwell New York Limited Partnership**	Financials	1.7	1.4
Brookfield Asset Management Inc.	Financials	1.7	1.3
National Bank of Canada	Financials	1.7	1.3
Labrador Iron Ore Royalty Income Fund	Materials	1.6	1.3
Thompson Creek Metals Company Inc.	Materials	1.6	1.2
TransCanada Corporation	Energy	1.5	1.2
Bank of Montreal	Financials	1.5	1.2
Ritchie Bros. Auctioneers Incorporated	Industrials	1.5	1.2
		51.4*	39.7
Total Net Assets* (\$000's)			\$ 711,815
Total Investment Portfolio* (\$000's)			\$ 917,960

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$210 million), other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased of \$7.3 million.

** The primary underlying assets of Caldwell New York Limited Partnership and Caldwell New York LP IV are shares in NYSE Euronext. In aggregate, CGI's holding in these two limited partnerships represents 3.1% of Net Assets, or 2.4% of the Investment Portfolio.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Manager's web site at www.mmainvestments.com, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada, M5C 1T4.

SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)

as at June 30, 2007

The following Net Asset Value data has all been presented using the NAV (as opposed to the GAAP NAV).

Sector Allocation	Asset Allocation				
	% of Net Assets*	% of Investment Portfolio		% of Net Assets*	% of Investment Portfolio
Financials	32.8	25.4	Canadian Equities	116.3	90.2
Energy	28.9	22.4	Canadian Income Trusts	5.7	4.4
Materials	26.5	20.6	Limited Partnerships	3.1	2.4
Industrials	13.0	10.1	Foreign Equities	2.6	2.0
Consumer Discretionary	9.1	7.1	Preferred Shares	1.3	1.0
Telecommunication Services	6.6	5.2	Cash & Cash Equivalents	1.0	0.8
Information Technology	5.7	4.4			
Consumer Staples	3.3	2.5			
Utilities	1.9	1.4			
Health Care	1.2	0.9			
Cash & Cash Equivalents	1.0	0.8			

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$210 million), other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased of \$7.3 million.

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INTERIM FINANCIAL STATEMENTS

June 30, 2007

The auditors of the Company have not reviewed these interim financial statements.

Shareholders of the Company appoint an independent auditor to audit the Company's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Company's interim financial statements, this must be disclosed in an accompanying notice.

STATEMENTS OF NET ASSETS

As at June 30, 2007 and December 31, 2006
(in thousands of dollars, except per share amounts)

	June 30, 2007 Unaudited \$	December 31, 2006 Audited \$
Assets		
Investments at market value (cost - \$548,556; 2006 - \$513,123) (note 1)	915,215	856,976
Cash	7,286	3,809
Interest and dividends receivable	1,202	2,438
Income taxes recoverable	2,232	2,691
Deferred financing charge	1,833	2,232
	927,768	868,146
Liabilities		
Payable for securities purchased	7,256	3,419
Accounts payable and accrued liabilities	1,015	1,176
Accrued dividends on preference shares	397	423
Preference shares	210,000	210,000
	218,668	215,018
Net Assets	709,100	653,128
Shareholders' Equity		
Common shares	127,861	127,861
Unrealized gain on investments	366,659	343,853
Retained earnings (note 3)	214,580	181,414
	709,100	653,128
Number of common shares outstanding	20,591,159	20,591,159
Number of warrants outstanding (note 2)	292,156	292,156
Net asset value per common share – basic (notes 1 and 8)	34.44	31.72
Net asset value per common share – diluted (notes 1 and 8)	33.99	31.33

STATEMENTS OF OPERATIONS

For the six months ended June 30 (Unaudited)
(in thousands of dollars, except per share amounts)

	2007	2006
	\$	\$
Investment income		
Dividends	5,446	5,145
Interest and other	766	1,581
Securities lending revenue	401	371
	6,613	7,097
Expenses		
Dividends on preference shares	4,800	4,299
Management fees	4,764	4,472
Amortization of deferred financing charge	399	343
Listing and regulatory	132	267
Capital taxes	94	118
Directors' fees and expenses	62	103
Investor relations	59	127
Custodial fees	50	50
Audit fees	23	21
Securityholder reporting costs	21	51
Legal fees	8	27
Other	44	33
	10,456	9,911
Net investment loss	(3,843)	(2,814)
Realized and unrealized gains on investments		
Net realized gain on investments	50,491	51,427
Change in unrealized gain on investments	24,492	(962)
Transaction costs on purchase and sale of investments (note 1)	(1,025)	-
Net gain on investments	73,958	50,465
Increase in net assets resulting from operations for the period	70,115	47,651
Increase in net assets resulting from operations per common share (based on weighted-average number of common shares outstanding during the period (note 2))		
Basic	3.41	2.32
Diluted	3.36	2.29

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30 (Unaudited)
(in thousands of dollars)

	2007	2006
	\$	\$
Increase in net assets resulting from operations for the period	70,115	47,651
Dividends to common shareholders	(2,471)	(2,469)
Increase in refundable income taxes on net realized gain on investments (note 4)	(8,773)	(9,263)
Decrease in refundable dividend tax on hand	-	270
Warrants repurchased, including transaction costs	-	(67,012)
Common shares issued on exercise of warrants	-	71
	(11,244)	(78,403)
Increase (decrease) in net assets during the period	58,871	(30,752)
Net assets, beginning of period (note 1)	650,229	588,146
Net assets, end of period	709,100	557,394

STATEMENTS OF CASH FLOWS

For the six months ended June 30 (Unaudited)
(in thousands of dollars)

	2007	2006
	\$	\$
Cash provided by (used in):		
Operating activities		
Net investment loss	(3,843)	(2,814)
Amortization of deferred financing charge	399	343
Proceeds of disposition of investments	200,956	211,501
Purchases of investments	(187,111)	(200,737)
Transaction costs on purchase and sale of investments (note 1)	(1,025)	-
Net change in non-cash balances related to operations	5,345	58,647
	14,721	66,940
Financing activities		
Dividends paid to common shareholders, net of income taxes recoverable	(2,471)	(2,469)
Increase in refundable income taxes on net realized gain on investments (note 4)	(8,773)	(9,263)
Decrease in refundable dividend tax on hand	-	270
Warrants repurchased, including transactions costs	-	(67,012)
Common shares issued on exercise of warrants	-	71
Series 3 preference shares issued, net of expenses	-	73,349
	(11,244)	(5,054)
Net increase in cash during the period (note 5)	3,477	61,886
Cash, beginning of period	3,809	1,629
Cash, end of period	7,286	63,515

STATEMENT OF INVESTMENT PORTFOLIO

June 30, 2007

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
CONSUMER DISCRETIONARY (7.1%)			
Hotels, Restaurants, & Leisure			
244,200	Tim Hortons Inc.	7,707	7,985
Media			
100,000	Astral Media Inc., A NV	1,786	4,225
50,000	Cogeco Cable Inc., SV	2,053	2,300
60,400	COGECO Inc., SV	2,254	2,380
83,800	Corus Entertainment Inc., B	3,371	4,160
200,000	Shaw Communications Inc., B NV	5,266	8,942
Multiline Retail			
100,000	Canadian Tire Corporation, Limited, A NV	5,933	8,352
Specialty Retail			
740,200	BMTC Group Inc., A SV	4,451	16,803
59,700	Le Chateau Inc., A SV	3,516	3,830
Textiles, Apparel & Luxury Goods			
160,000	Gildan Activewear Inc.	4,301	5,819
TOTAL CONSUMER DISCRETIONARY		40,638	64,796
CONSUMER STAPLES (2.5%)			
Beverages			
260,000	Corby Distilleries Limited, A	3,252	6,370
267,600	Corby Distilleries Limited, B NV	4,220	6,182
Food & Staples Retailing			
100,000	Shoppers Drug Mart Corporation	2,328	4,928
Food Products			
500,000	Saskatchewan Wheat Pool Inc.	5,216	5,490
TOTAL CONSUMER STAPLES		15,016	22,970
ENERGY (22.4%)			
Energy Equipment & Services			
230,800	ShawCor Ltd., A	6,864	7,503
Oil, Gas & Consumable Fuels			
255,500	Addax Petroleum Corporation	7,565	10,223
265,000	AltaGas Income Trust, units	3,295	6,712
753,100	Arawak Energy Corporation	1,570	1,860
459,200	Aurora Energy Resources Inc.	2,975	7,765
2,001,200	Bayou Bend Petroleum Ltd.	4,668	4,643
475,000	Cameco Corporation	3,669	25,560
125,000	Canadian Natural Resources Limited	2,724	8,822
1,007,672	Denison Mines Corporation	4,725	12,818

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
Oil, Gas & Consumable Fuels (continued)			
350,000	Enbridge Inc.	7,203	12,561
89,800	Heritage Oil Corporation	3,934	5,758
150,000	Husky Energy Inc.	2,804	13,125
149,100	InterOil Corporation	4,449	3,013
150,000	Nexen Inc.	3,618	4,945
75,000	Niko Resources Ltd.	2,546	7,275
250,000	Oilexco Incorporated	2,856	3,217
200,000	OPTI Canada Inc.	3,951	4,542
340,000	Orca Exploration Group Inc., B	4,692	4,896
300,000	Paladin Resources Limited	1,301	2,220
224,000	Petrobank Energy and Resources Ltd.	2,043	5,976
174,500	Petrolifera Petroleum Limited	3,469	2,972
613,900	Serica Energy PLC	1,387	1,363
1,579,700	Strateco Resources Inc.	4,310	3,539
50,000	Suncor Energy Inc.	4,060	4,784
300,000	TransCanada Corporation	7,665	10,989
347,500	Uranium One Inc.	4,206	4,716
1,630,600	UTS Energy Corporation	5,776	9,816
531,700	Verenex Energy Inc.	5,413	7,375
182,000	Western Oil Sands Inc., A	2,256	6,463
TOTAL ENERGY		115,994	205,451
FINANCIALS (25.4%)			
Commercial Banks			
160,000	Bank of Montreal	5,613	10,944
60,000	Canadian Imperial Bank of Commerce	4,622	5,745
530,400	Canadian Western Bank	5,730	14,915
195,000	National Bank of Canada	8,026	11,950
130,000	Royal Bank of Canada	5,909	7,345
60,000	The Toronto-Dominion Bank	2,026	4,375
Diversified Financial Services			
338,800	Bourse de Montreal Inc.	14,712	13,183
500,000	Caldwell New York Limited Partnership, units*^	5,000	12,396
600,000	Caldwell New York Limited Partnership IV, units*^	6,000	9,328
375,000	TSX Group Inc.	6,316	15,637
Insurance			
10,200	E-L Financial Corporation Limited	3,739	6,742
185,400	ING Canada Inc. LV	11,139	8,792
Real Estate Management & Development			
283,300	BPO Properties Ltd.	7,928	19,695

June 30, 2007

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
Real Estate Management & Development (continued)			
287,175	Brookfield Asset Management Inc., A LV	3,117	12,202
333,919	First Capital Realty Inc.	5,291	8,401
1,400,000	Homburg Invest Inc., subscription receipts 08/13/2007	7,350	7,364
328,000	Melcor Developments Ltd.	5,535	9,004
Thriffs & Mortgage Finance			
200,000	Home Capital Group Inc.	2,296	7,350
Capital Markets			
162,500	Canaccord Capital Inc.	3,853	3,390
103,500	Dundee Corporation, A	5,515	7,193
105,400	Economic Investment Trust Limited	4,617	10,146
401,800	GMP Capital Trust, units	7,515	9,502
408,000	Guardian Capital Group Limited, A NV	1,458	5,324
161,070	Loring Ward International Ltd.	1,846	2,182
Real Estate Investment Trusts			
200,000	Legacy Hotels Real Estate Investment Trust, units	2,444	2,392
300,000	RioCan Real Estate Investment Trust, units	5,254	7,062
TOTAL FINANCIALS		142,851	232,559

HEALTH CARE (0.9%)

Biotechnology			
95,400	Atrium Biotechnologies Inc.	1,632	2,013
991,900	Cipher Pharmaceuticals Inc.	2,907	2,480
Pharmaceuticals			
400,000	Cardiome Pharma Corp.	3,711	3,912
TOTAL HEALTH CARE		8,250	8,405

INDUSTRIALS (9.5%)

Aerospace & Defense			
750,000	Bombardier Inc., B SV	3,506	4,778
Airlines			
1,160,500	Discovery Air Inc., A	2,339	2,042
200,000	Transat A.T. Inc., A	5,460	6,530
Building Products			
280,000	WFI Industries Ltd.	3,768	7,283
Commercial Services & Supplies			
182,000	FirstService Corporation, SV	4,116	6,974

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
Construction & Engineering			
166,000	Stantec Inc.	2,488	5,787
Marine			
106,100	Algoma Central Corporation	8,166	14,642
1,658,200	Horizon North Logistics Inc.	6,343	5,389
Road & Rail			
319,800	Canada Cartage Diversified Income Fund, units	3,005	3,607
50,000	Canadian Pacific Railway Limited	2,842	3,663
Trading Companies & Distributors			
164,000	Ritchie Bros. Auctioneers Incorporated	5,257	10,921
505,000	Russel Metals Inc.	4,367	15,483
TOTAL INDUSTRIALS		51,657	87,099

INFORMATION TECHNOLOGY (4.4%)

Communications Equipment			
100,000	Research In Motion Limited	5,662	21,328
1,100,200	Sandvine Corporation	4,043	6,436
Internet Software & Services			
2,604,600	Kaboose Inc.	3,690	8,100
IT Services			
300,000	Q9 Networks Inc.	4,215	4,194
TOTAL INFORMATION TECHNOLOGY		17,610	40,058

MATERIALS (20.2%)

Chemicals			
70,000	Agrium Inc.	3,192	3,253
60,000	Potash Corporation of Sask.	4,104	4,981
Metals & Mining			
95,000	Agnico-Eagle Mines Limited	3,578	3,678
80,000	Alcan Inc.	3,975	6,924
455,000	Bear Creek Mining Corporation	3,157	3,799
13,759,500	Campbell Resources Inc.	1,936	1,858
4,170,000	Chariot Resources Limited	1,465	4,712
88,900	Cia Vale Do Rio Doce, ADR	2,767	4,212
1,820,500	Crowflight Minerals Inc.	1,569	1,693
2,400,000	Equinox Minerals Limited	3,379	8,256
60,000	First Quantum Minerals Ltd.	1,343	5,477
400,000	FNX Mining Company Inc.	5,568	12,876
300,000	Fronteer Development Group Inc.	3,466	3,762
512,000	Gerdau Ameristeel Corporation	2,685	7,962
750,000	Globestar Mining Corporation (r09/30/2007)	1,500	1,462

STATEMENT OF INVESTMENT PORTFOLIO – CONTINUED

June 30, 2007

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
Metals & Mining (continued)			
462,700	Guyana Goldfields Inc.	4,893	4,683
600,000	HudBay Minerals Inc.	4,585	13,350
50,000	Inmet Mining Corporation	1,998	4,117
250,000	Ivanhoe Mines Ltd.	2,500	3,772
700,000	JNR Resource Inc.	2,581	1,652
350,000	Labrador Iron Ore Royalty Income Fund, units	4,090	11,522
599,760	Lundin Mining Corporation	4,330	7,719
667,100	Moto Goldmines Limited	4,663	2,708
880,500	Nautilus Minerals Inc.	4,847	4,570
1,000,000	Nuinsco Resources Limited	567	430
4,500,000	Peak Gold Ltd.	4,141	2,970
2,250,000	Peak Gold Ltd., warrants 04/03/2012	854	709
1,472,800	Shore Gold Inc.	3,915	7,158
100,000	Silver Standard Resources Inc.	2,784	3,649
831,000	Skye Resources Inc.	5,943	12,880
50,000	Skye Resources Inc., warrants 03/13/2008	40	225
748,300	Taseko Mines Limited	2,327	2,956
63,400	Teck Cominco Limited, A MV	2,382	3,088
75,000	Teck Cominco Limited, B SV	3,060	3,378
510,000	Thompson Creek Metals Company Inc.	4,345	8,063
336,500	Thompson Creek Metals Company Inc., warrants 10/23/2011	934	3,096
290,500	U.S. Gold Corporation	1,728	1,699
1,662,000	Victory Nickel Inc.	1,845	1,313
325,300	Yamana Gold Inc.	3,048	3,855
TOTAL MATERIALS		116,084	184,467

TELECOMMUNICATION SERVICES (5.2%)

Diversified Telecommunication Services			
100,000	BCE Inc.	4,051	4,029
100,000	Manitoba Telecom Services Inc.	3,906	4,700
110,000	TELUS Corporation	1,707	7,001
20,000	TELUS Corporation NV	1,260	1,251
3,449,100	World Energy Solutions, Inc.	4,764	5,346
Wireless Telecommunication Services			
550,000	Rogers Communications Inc., B NV	7,277	24,860
TOTAL TELECOMMUNICATION SERVICES		22,965	47,187

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
UTILITIES (1.4%)			
Electric Utilities			
330,000	Fortis Inc.	8,727	8,613
Independent Power Producers & Energy Traders			
100,000	Canadian Utilities Limited, A NV	1,171	4,612
TOTAL UTILITIES		9,898	13,225
PREFERRED SHARES (1.0%)			
264,100	Bombardier Inc., Series 3	5,160	5,248
150,000	Falconbridge Limited, Series 3	3,743	3,750
TOTAL PREFERRED SHARES		8,903	8,998
TRANSACTION COSTS (note 1)		(1,310)	-
TOTAL INVESTMENTS (100.0%)		548,556	915,215
NET PAYABLE ON SECURITIES			
PURCHASED (-0.8%)		(7,256)	(7,256)
CASH & CASH EQUIVALENTS (0.8%)		7,286	7,286
INVESTMENT PORTFOLIO (100%)		548,586	915,245

* Unquoted security.

^ The primary underlying assets of the two Caldwell limited partnerships are shares in NYSE Euronext.

LV: limited voting
 NV: non-voting
 MV: multiple voting
 SV: subordinate voting

Percentage amounts in brackets represent market value as a percentage of the Investment Portfolio.

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

INVESTMENT PORTFOLIO (129.1%)	915,245
PREFERENCE SHARES (-29.6%)	(210,000)
OTHER ASSETS AND LIABILITIES, NET (0.5%)	3,855
NET ASSETS (100.0%)	709,100

Percentage amounts in brackets represent market value as a percentage of Net Assets.

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2007 (Unaudited)

These unaudited interim financial statements do not include all of the disclosures contained in the audited financial statements and accordingly, should be read in conjunction with the December 31, 2006 audited financial statements which are available on SEDAR or from the Company.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited interim financial statements conform to those presented in the Company's December 31, 2006 audited financial statements except for the adoption of new accounting standards as described below.

Adoption of new accounting standards

On April 1, 2005, The Canadian Institute of Chartered Accountants, which establishes Canadian generally accepted accounting principles (GAAP) for financial reporting purposes, issued Section 3855, "Financial Instruments - Recognition and Measurement." This section, which came into effect on October 1, 2006, applies to the Company's fiscal year ending December 31, 2007.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for the securities. Previously, fair value for Canadian GAAP was based on the last traded price for the day, when available. In 2007, this change impacts the reported value of the Company's investments as reported in the interim and annual financial statements. However, Canadian securities regulatory authorities have granted relief on an interim basis, for investment funds complying with Section 3855, for purposes of the Company's regular net asset value calculation. The relief is for a period of up to one year ending September 30, 2007. Canadian securities regulators have since proposed a permanent solution which is currently in the comment period.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, be recorded as an expense in the statement of operations. Prior to 2007, the practice was to add these expenses to the cost of securities purchased or to deduct them from the proceeds of sale. There are no tax implications and no impact on the net asset value of the Company in using either of these methods.

In accordance with the relief granted by the Canadian securities regulatory authorities, a reconciliation between the regular net asset value calculation ("NAV") and the net asset value calculated in accordance with Section 3855 of an investment fund ("GAAP NAV") is required to be disclosed in the financial statements for financial reporting periods in the one year period ending September 30, 2007. Refer to note 8 for such reconciliation for the period ended June 30, 2007. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the opening net asset value in the Statements of Changes in Net Assets has been adjusted from \$653,128,000 to \$650,229,000 and the opening retained earnings balance in note 3 for the fiscal period ended June 30, 2007 has been adjusted from \$181,414,000 to \$180,201,000.

2 CAPITAL STOCK

Warrants

The Company had 292,156 warrants outstanding that were exercisable for common shares of the Company on June 30, 2007, the final exercise date, at an exercise price of \$2.62 per share. However, pursuant to the Warrant Indenture, as June 30, 2007 is not a "Permitted Exercise Date" due to it not being a "Business Day", the Permitted Exercise Date as well as the "Time of Expiry" were delayed to the next Business Day, being July 3, 2007. On July 3, 2007, 269,982 warrants were exercised for total proceeds of \$707,000. The remaining warrants expired without value.

Weighted-average number of common shares outstanding

	2007	2006
Basic	20,591,159	20,574,803
Diluted		
Weighted-average number of common shares outstanding	20,591,159	20,574,803
Potential issuance of common shares from exercise of warrants	292,156	292,156
Assumed purchase of common shares	(27,912)	(45,690)
	20,855,403	20,821,269

3 RETAINED EARNINGS

The changes in retained earnings for the six months ended June 30 were as follows:

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Retained earnings, beginning of period (note 1)	180,201	200,134
Net realized gain on investments	50,491	51,427
Transaction costs on purchase and sale of investments (note 1)	(1,025)	-
Net investment loss	(3,843)	(2,814)
Dividends paid from net investment income	(2,471)	(2,469)
Warrants repurchased, including transaction costs	-	(67,012)
Decrease in refundable dividend tax on hand	-	270
Increase in refundable income taxes on net realized gain on investments (note 4)	(8,773)	(9,263)
Retained earnings, end of period	214,580	170,273

4 TAXATION

The Company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) (the Act) and is subject to a reduced rate of income tax on its investment income other than dividends received from taxable Canadian corporations and net taxable capital gains. The Company's provision for income taxes during the year is determined as follows:

<i>(in thousands of dollars)</i>	2007	2006
	\$	\$
Provision for income taxes on net investment income		
Recovery of income taxes based on combined Canadian federal and provincial income tax rates	(1,388)	(1,017)
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(1,941)	(1,858)
Dividends on preference shares	1,734	1,553
Income tax rate differential for investment corporations	(261)	(215)
Other	221	-
Recovery of income taxes	(1,635)	(1,537)
Applied to reduce capital gains taxes	1,635	1,537
Provision for income taxes	-	-
Refundable income taxes on net realized gain on investments		
Income taxes based on combined Canadian federal and provincial income tax rates	18,237	18,575
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of realized net taxable capital gains	(9,119)	(9,287)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(194)	-
Income tax rate differential for investment corporations	1,484	1,512
Recovery applied from investment income	(1,635)	(1,537)
Increase in refundable income taxes on net realized gain on investments	8,773	9,263

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 21%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. The Company has refundable capital gains taxes of approximately \$36,000,000 as at June 30, 2007, which are refundable upon payment of capital gains dividends of approximately \$170,000,000. This potential recovery has not been recorded by the Company.

The Company is also subject to a special tax of 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. The Company has no refundable dividend tax on hand as at June 30, 2007.

5 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase in cash during the period are the following:

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Preference share dividends and interest paid	4,833	4,198
Income taxes paid - net	8,538	8,584

6 SECURITIES LENDING

The Company has loaned securities with a market value of \$150,768,000 as at June 30, 2007 and the custodian held collateral of \$161,138,000.

7 BROKERAGE COMMISSIONS PAID ON INVESTMENT TRANSACTIONS

Total brokerage commissions paid on investment transactions for the six months ended June 30, 2007 were \$1,025,000. The portion of total brokerage commissions that was used to pay for goods and services through soft dollar (the amount ascertained to have been paid to dealers for goods and services other than order execution) arrangements for the six months ended June 30, 2007 was \$28,000.

8 RECONCILIATION OF NET ASSET VALUE

The impact of the adoption of Section 3855 on the net asset value of the Company as at June 30, 2007 is as follows:

(in thousands of dollars, except per share amounts)

Net Assets	Section 3855 Adjustment	GAAP Net Assets	NAV - Basic	GAAP NAV - Basic	NAV - Diluted	GAAP NAV - Diluted
711,815	(2,715)	709,100	34.57	34.44	34.12	33.99

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