CGI
CANADIAN GENERAL INVESTMENTS, LIMITED

INTERIM REPORT 2014

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/losses 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).

RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules (DTRs) of the United Kingdom Financial Services Authority, the Board of Directors confirms that to the best of its knowledge:

i. the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of assets and liabilities, financial position and gain and loss of the Company;

ii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

iii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

The financial statements and Management Report of Fund Performance were approved by the Board of Directors on July 22, 2014.

Vanessa L. Morgan
Chairman

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.

Management Report Of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or complete annual financial statements of the Company. The interim financial report is contained elsewhere in this interim report. You can get a copy of the annual financial statements at your request, and at no cost, by calling 416-366-2931 (Toll-free:1-866-443-6097), by writing to the Company at 10 Toronto Street, Toronto, Ontario M5C 2B7 or by visiting the Company's website at www.canadiangeneralinvestments.ca or SEDAR at www.sedar.com.

Securityholders may also contact the Company using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

The Canadian equity market, as represented by the benchmark S&P/TSX Composite Index (S&P/TSX), carried momentum over from the second half of last year and rose steadily throughout the first half of this year. Over this one-year time period, the S&P/TSX's trajectory has been consistent, showing gains in 11 of the 12 months. This rally has carried the index to new all-time record highs, finally surpassing the previous level set back in June 2008. For the six months ended June 30, 2014, the S&P/TSX posted a 12.9% total return and Canadian General Investments, Limited (CGI) had a net asset value per share (NAV) return, with dividends reinvested, of 10.1%. CGI's net asset value at June 30, 3014 was $584,134,000, representing a 9.2% increase from the $535,056,000 at the end of 2013. CGI's NAV at June 30, 2014 was $28.00, up from $25.65 at year end 2013.

Although these strong first half results are encouraging, Morgan Meighen & Associates Limited (the Manager) remains cautious and unwilling to extrapolate these numbers too far into the future particularly since volatility and trading volumes have remained low. These two factors have been known to change rapidly and can impact markets greatly.

It is, however, reassuring to observe that after three consecutive years of lagging its global peer group of major developed market indices, the S&P/TSX is once again leading in terms of percentage gains and is beginning to recoup some of its relative performance that had been lost over that period.

The ten major sectors in the S&P/TSX have had varying degrees of success so far this year but all have posted positive returns and provided investors with a diverse opportunity set. However, the overall results were skewed by the two resource groups, Energy and Materials, which accounted for approximately half of the entire index gains. With a weighting of nearly 40% of the total index, a strong showing by both of these sectors, 19.2% and 15.5%, respectively, was the main reason for the outperformance of the S&P/TSX relative to its global peers mentioned earlier.

The following table illustrates the weightings of the five largest sectors in CGI's portfolio as at June 30, 2014, compared with year end 2013, and with the S&P/TSX. The weightings provided for CGI represent the market value of each sector as a percentage of the total investment portfolio. At June 30, 2014 the portfolio was overweight Consumer Discretionary and Industrials, and underweight Energy, Financials, and Materials, as compared to the sector weightings in the S&P/TSX.

Sector Weightings

Sector	CGI June 30, 2014	CGI December 31, 2013	S&P/TSX June 30, 2014	S&P/TSX December 31, 2013
Energy	23.4%	19.1%	27.1%	24.8%
Financials	21.7%	21.9%	33.7%	35.3%
Consumer Discretionary	16.3%	15.1%	5.3%	5.5%
Industrials	15.0%	13.8%	7.9%	7.9%
Materials	11.5%	12.2%	12.3%	11.9%

The Energy sector had the biggest influence on the index. Pairing its second largest sector weighting with a top-ranking 19.2% return, was a formidable combination and contributed about 40% of the total to the S&P/TSX returns. CGI's portfolio remains slightly underweight in this area relative to the benchmark which was a factor in the Company's relative return differential. Additions have been made to the group during the year and it is likely that further purchases will be made as timely opportunities arise. Energy's strong influence on CGI's overall results placed five names in the top 10 return contributors. On an individual basis, Raging River Exploration Inc. (+61.0%), a junior oil and gas company focussed primarily on oil in Saskatchewan and purchased in the second half of last year has been a standout. Building on last year's gains, it has been the portfolio leader this year and, as a result, is now a Top 10 holding. RMP Energy Inc. (+68.0%), Whitecap Resources Inc. (+33.8%) and Calfrac Well Services Ltd. (+30.4%) were also strong performers.

The Materials sector finally started to show signs of recovery from a persistent decline that began more than three years ago. Led primarily by the Gold and Precious Metals sub-sectors, it posted the second-best sector return of 15.5% in the S&P/TSX. Investors bid up these stocks in the belief that they had reached oversold levels and represented a reasonable trade proposition. The Franco-Nevada Corporation and Tahoe Resources Inc. positions participated in the run-up with 41.5% and 58.1% price returns, respectively. Unfortunately at the other end of the spectrum, the Steel and Forest Products sub-groups led on the downside. Fortunately, our long-term, highly successful holding of Labrador Iron Ore Royalty Corp. had been scaled back over the last couple of years but a portion still remains and was down over 10.7%. All of CGI's holdings in the Forest Products sub-sector seemed to pause this year after posting substantial increases last year. A tepid recovery in the U.S. housing market, concern over the levels of future Chinese import demand, some inventory build-up and seasonal weakness in pricing meant CGI's position in Norbord Inc. was down 22.7% and Canfor Corp. was down 12.4%, while West Fraser Timber Co. was flat. We expect improvement for these names in the second half of the year.

Two of the Industrials names that were highlighted in the most recent annual report continue to build on their gains and deserve repeat mention. Canadian Pacific Railway Limited, which had grown to the fourth largest portfolio holding at year end, is now in third spot after appreciating 20.3% in the first six months of the year. After experiencing some turbulence in a shaky start to the year, Air Canada's stock stabilized and then flew higher by 28.6% to land in CGI's Top 10.

Dividend income was $6,802,000 for the six-month period, down 6.0% from 2013 primarily as a result of a decreased focus on dividend-paying portfolio holdings. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees increased by 15.5% to $4,030,000 as a result of higher average monthly portfolio values compared to 2013. The dividends on its preference shares decreased by 8.8% to $2,853,000 due to the lower coupon rate on the new preference shares issued in May 2013.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily realized gains on the sale of investments – at an effective rate of approximately 20%. As a result of its investment corporation status under Canadian tax law, 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 and capital gains 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 six months ended June 30, 2014, there was a net payable related to tax of $2,435,000, compared to a net payable of $83,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. As at June 30, 2014, the Company had refundable capital gains tax on hand of approximately $5,452,000, which is refundable on payment of capital gains dividends of approximately $32.0 million. The Company also has refundable dividend tax on hand of approximately $1,002,000 as at June 30, 2014 (June 30, 2013 – $963,000).

RECENT DEVELOPMENTS

Outlook

One might be cautious about the prospects for the Canadian stock market right now, having already seen gains in the first half of the year that are well in excess of long-term annualized averages. However, global equity markets have all made a big recovery since the recession based on improving fundamentals and to a large extent on multiple expansions. General consensus is that these valuations have normalized so earnings and growth momentum must now catch up. Stocks might drift sideways for a while until additional data surfaces to help clarify issues.

It is always the unexpected event that is most disruptive to markets and ongoing geopolitical and civil disturbances around the world seem to be particularly active. While markets have been unaffected for the most part, they have created a nervousness and remain wildcard factors in future market behaviour.

The macro environment remains supportive, with central banks still accommodative in their policies and actions, apparently willing to stimulate in order to avoid a potential decline of the global economy. European data is generally stable with improvement in exports, industrial production and consumer confidence. And, after a soft spot, the U.S. economy appears to have regained its momentum, the primary driver for our Canadian prospects.

With positive trends of rising earnings, better economic growth, job creation and improving optimism, prospects should remain attractive for equity investors and opportunities will be pursued to further value creation for the benefit of CGI shareholders.

International Financial Reporting Standards

The Company adopted IFRS for the fiscal period beginning January 1, 2014, and the Company's first set of financial statements prepared under IFRS was for the semi-annual period ended June 30, 2014. Those statements provide corresponding comparative financial information for 2013, including an opening statement of financial position as at January 1, 2013.

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".

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2013 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, Third Canadian received dividends from net investment income of $1,831,000 (2013 - $916,000).

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, 2014 and the prior five financial years.

The Company's Net Assets per Share (1)

	Six months ended June 30, 2014	2013	2012	2011	2010	2009
Net assets, beginning of period	$ 25.65	$ 21.80	$ 20.37	$ 23.97	$ 19.17	$ 13.81
Increase (decrease) from operations:						
Total revenue	0.34	0.71	0.68	0.59	0.60	0.58
Total expenses (excluding dividends)	(0.36)	(0.68)	(0.67)	(0.68)	(0.66)	(0.61)
Realized gains for the period	1.10	1.48	0.77	0.74	0.56	0.08
Unrealized gains (losses) for the period	1.63	3.09	1.38	(3.55)	5.27	5.87
Total increase (decrease) from operations (2)	2.71	4.60	2.16	(2.90)	5.77	5.92
Dividends paid to common shareholders:						
Taxable dividends	(0.24)	(0.26)	(0.24)	(0.24)	(0.24)	(0.24)
Capital gains dividends	-	(0.50)	(0.52)	(0.56)	(0.76)	(0.50)
Total dividends (3)	(0.24)	(0.76)	(0.76)	(0.80)	(1.00)	(0.74)
Income taxes recoverable on dividends from net realized gain on investments	-	0.10	0.10	0.11	0.15	0.10
Net decrease (increase) in refundable dividend tax on hand	0.02	(0.04)	(0.03)	-	-	-
Decrease (increase) in refundable income taxes on net realized gain on investments	(0.14)	(0.13)	(0.04)	(0.01)	(0.12)	0.08
	(0.12)	(0.07)	0.03	0.10	0.03	0.18
Net assets, end of period (4)	$ 28.00	$ 25.57	$ 21.80	$ 20.37	$ 23.97	$ 19.17

1) This information is derived from the Company's audited annual financial statements and unaudited interim financial statements. For financial years beginning before January 1, 2014, the financial statements of the Company were prepared in accordance with Canadian generally accepted accounting principles applicable to public enterprises (Previous Canadian GAAP), whereas for financial periods beginning January 1, 2014, the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The difference is due to valuation differences between the two sets of accounting principles for investments that trade in an active market. Previous Canadian GAAP generally required the use of bid price to establish fair value, while IFRS requires fair value to be a price within the bid-ask spread. Further explanation can be found in the notes to the financial statements.

(2) Net assets 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.

(3) Dividends were paid in cash.

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

Ratios and Supplemental Data

	Six months ended June 30, 2014	2013	2012	2011	2010	2009
Total net asset value (000's) (1)	$ 584,134	$ 535,056	$ 456,146	$ 426,413	$ 501,548	$ 402,001
Number of shares outstanding (1)	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141
Management expense ratio (2) (3) (6)	2.68%	2.95%	3.08%	3.02%	3.23%	3.82%
Trading expense ratio (4) (6)	0.06%	0.12%	0.08%	0.12%	0.18%	0.31%
Portfolio turnover rate (5)	6.74%	23.80%	13.06%	22.32%	29.51%	41.54%
Net asset value per share (1)	$ 28.00	$ 25.65	$ 21.87	$ 20.44	$ 24.04	$ 19.27
Closing market price (1)	$ 19.21	$ 18.40	$ 15.75	$ 16.00	$ 19.18	$ 15.83

(1) This information is provided as at the end of the financial period shown.
(2) Management expense ratio (MER) is based on total expenses (excluding dividends to common shareholders, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
(3) Excluding leverage costs (dividends on preference shares and interest and financing charges), the Company's MERs were as follows: 2014 (to June 30, annualized) – 1.62%, 2013 – 1.66%, 2012 – 1.66%, 2011 – 1.63%, 2010 – 1.70%, 2009 – 1.78%.
(4) The trading expense ratio represents total commissions and other portfolio transaction costs as an annualized percentage of daily average net asset value during the period.
(5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover of 100% is e quivalent 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 the turnover rate and the performance of a fund.
(6) Ratios for the six months ended June 30, 2014 have been annualized.

MANAGEMENT FEES

The Company pays a management fee that is calculated and paid 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 daily 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 MMA and receive no compensation from CGI.

PAST PERFORMANCE

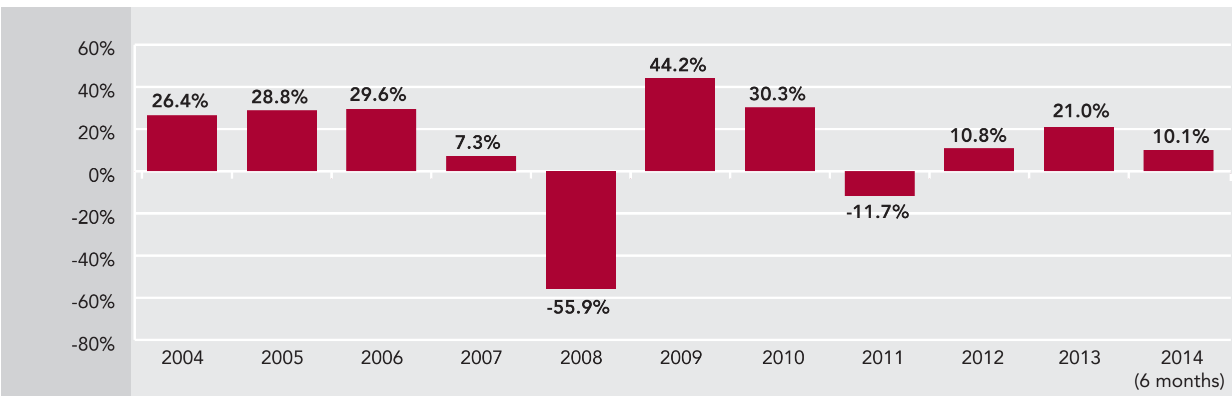
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that 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 the interim performance for the six months ended June 30, 2014, 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.

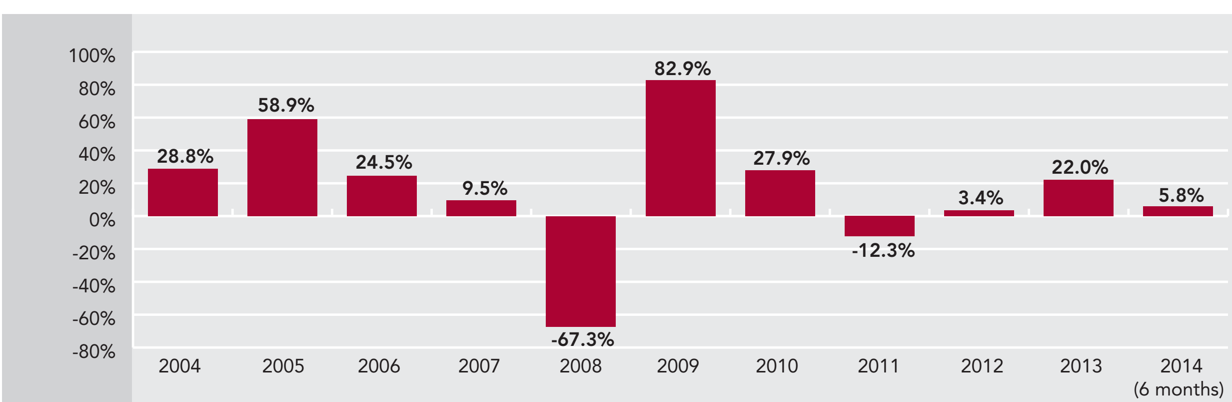
The bar chart below illustrates CGI's net asset value per share return, with dividends reinvested at net asset value per share.

Net Asset Value Return



The bar chart below illustrates CGI's share price return, with dividends reinvested at the market price.

Share Price Return



SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2014

Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Dollarama Inc.	Consumer Discretionary	5.5	4.4
Enbridge Inc.	Energy	4.3	3.4
Canadian Pacific Railway Limited	Industrials	4.3	3.4
Bank of Montreal	Financials	3.7	2.9
Element Financial Corporation	Financials	3.3	2.6
Air Canada	Industrials	3.3	2.6
Royal Bank of Canada	Financials	3.2	2.5
Raging River Exploration Inc.	Energy	3.1	2.5
Methanex Corporation	Materials	3.1	2.5
Brookfield Canada Office Properties	Financials	2.9	2.3
Home Capital Group Inc.	Financials	2.9	2.3
Stantec Inc.	Industrials	2.8	2.2
Magna International Inc.	Consumer Discretionary	2.7	2.1
Gildan Activewear Inc.	Consumer Discretionary	2.5	2.0
Open Text Corporation	Information Technology	2.5	2.0
The Toronto-Dominion Bank	Financials	2.5	1.9
RMP Energy Inc.	Energy	2.4	1.9
Rogers Communications Inc.	Telecommunication Services	2.3	1.8
Whitecap Resources Inc.	Energy	2.2	1.8
West Fraser Timber Co. Ltd.	Materials	2.2	1.8
Russel Metals Inc.	Industrials	2.2	1.8
Calfrac Well Services Ltd.	Energy	2.2	1.7
Continental Resources, Inc.	Energy	2.2	1.7
TransCanada Corporation	Energy	2.0	1.6
IMAX Corporation	Consumer Discretionary	1.9	1.5
		72.2*	57.2

Total Net Asset Value* ($000's)	$ 584,134
Total Investment Portfolio* ($000's)	$ 734,773

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares ($148 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold of $0.3 million.

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 Company's web site at www.canadiangeneralinvestments.ca, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

SUMMARY OF INVESTMENT PORTFOLIO - (CONTINUED)

As at June 30, 2014

Sector Allocation

	% of Net Asset Value*	% of Investment Portfolio
Energy	29.5	23.4
Financials	27.3	21.7
Consumer Discretionary	20.5	16.3
Industrials	18.9	15.1
Materials	14.4	11.5
Information Technology	7.3	5.8
Telecommunication Services	3.8	3.0
Consumer Staples	1.4	1.1
Utilities	1.3	1.0
Health Care	1.0	0.8
Cash & Cash Equivalents	0.4	0.3

Asset Allocation

	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	111.0	88.2
Foreign Equities	14.4	11.5
Cash & Cash Equivalents	0.4	0.3

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares ($148 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold of $0.3 million.

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Interim Financial Report

June 30, 2014

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 Financial Position

As at June 30, 2014, December 31, 2013 and January 1, 2013 (Unaudited) (in thousands of Canadian dollars, except per share amounts)	**Notes**	**June 30, 2014 $**	**December 31, 2013 $**	**January 1, 2013 $**
Assets				
Current assets				
Cash		2,507	8,858	5,613
Investments	5	731,930	675,528	598,916
Receivable for securities sold		337	-	-
Interest and dividends receivable		1,000	1,218	1,307
HST receivable		145	145	345
Income taxes recoverable		-	-	944
Total assets		735,919	685,749	607,125
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		753	744	693
Income taxes payable		2,513	1,488	-
Accrued dividends on preference shares		236	252	281
Total current liabilities		3,502	2,484	974
Preference shares	7	148,283	148,210	150,000
Total liabilities		151,785	150,694	150,974
Net assets attributable to common shareholders		584,134	535,055	456,151
Equity				
Share capital	6	128,568	128,568	128,568
Retained earnings		455,566	406,487	327,583
Total equity		584,134	535,055	456,151
Net assets attributable to common shareholders, per common share		28.00	25.65	21.87

The notes on page 15 to 27 are an integral part of the financial statements.

Statements Of Comprehensive Income

For the six months ended June 30 (Unaudited) *(in thousands of Canadian dollars, except per share amounts)*	**Notes**	**2014** **$**	**2013** **$**
Income			
Dividend income		6,801	7,238
Interest income		419	118
Securities lending revenue	12	46	39
Other changes in fair value of investments			
Net realized gain (loss)		22,894	(6,496)
Net change in unrealized gain		34,024	(3,000)
Total net income (loss)		64,184	(2,101)
Expenses			
Management fees	11	4,030	3,489
Dividends on preference shares	7	2,853	3,129
Listing and regulatory costs		166	169
Transaction costs on purchases and sales		160	245
Directors' fees and expenses		113	110
Interest and financing charges	7	73	99
Investor relations		67	72
Withholding taxes	9	66	55
Custodial fees		41	37
Audit fees		25	25
Legal fees		14	30
Security holder reporting costs		13	17
Independent review committee fees and expenses		10	16
Other		33	31
Total operating expenses		7,664	7,524
Increase (decrease) in net assets attributable to common shareholders from operations, excluding distributions to common shareholders		56,520	(9,625)
Increase (decrease) in net assets attributable to common shareholders from operations, excluding distributions to common shareholders, per common share		2.71	(0.46)

The notes on page 15 to 27 are an integral part of the financial statements.

Statements of Changes in Net Assets Attributable to Common Shareholders

For the six months ended June 30 (Unaudited) *(in thousands of Canadian dollars)*	**Notes**	**Share Capital**	**Retained Earnings**	**Total**
At January 1, 2013		128,568	327,583	456,151
Decrease in net assets attributable to common shareholders from operations, excluding distributions to common shareholders		-	(9,625)	(9,625)
Dividends paid to common shareholders from net investment income		-	(2,503)	(2,503)
Increase in refundable dividend tax on hand	8	-	(388)	(388)
Decrease in refundable income taxes on net realized gain on investments	8	-	305	305
At June 30, 2013		128,568	315,372	443,940
At December 31, 2013		128,568	406,487	535,055
Increase in net assets attributable to common shareholders from operations, excluding distributions to common shareholders		-	56,520	56,520
Dividends paid to common shareholders from net investment income		-	(5,006)	(5,006)
Decrease in refundable dividend tax on hand	8	-	385	385
Increase in refundable income taxes on net realized gain on investments	8	-	(2,820)	(2,820)
At June 30, 2014		128,568	455,566	584,134

The notes on page 15 to 27 are an integral part of the financial statements.

Statements Of Cash Flows

For the six months ended June 30 (Unaudited) *(in thousands of Canadian dollars)*	Notes	2014 $	2013 $
Cash flows from operating activities			
Increase (decrease) in net assets attributable to common shareholders from operations, excluding distributions to common shareholders		56,520	(9,625)
Adjustments for:			
Amortization of financing charge	7	73	12
Net realized gain (loss) on sale of investments		(22,894)	6,496
Net change in unrealized gain of investments		(34,024)	3,000
Purchases of investments		(47,962)	(44,935)
Proceeds of disposition of investments		48,141	63,212
Interest and dividends receivable		218	(201)
HST receivable		-	50
Income taxes recoverable/payable	8	1,025	83
Accrued liabilities		9	38
Net cash flows from operating activities		1,106	18,130
Cash flows from financing activities			
Preference shares issued, net of expenses		-	73,133
Preference shares redeemed		-	(75,000)
Bank indebtedness, borrowed		-	75,000
Bank indebtedness, repayment		-	(75,000)
Dividends paid to common shareholders, net of income taxes recoverable		(5,006)	(2,503)
Decrease (increase) in refundable income taxes on net realized gain on investments		(2,820)	305
Decrease (increase) in refundable dividend tax on hand	8	385	(388)
Net change in preference share dividends payable	7	(16)	78
Net cash flows (used in) financing activities		(7,457)	(4,375)
Net increase (decrease) in cash		(6,351)	13,755
Cash at the beginning of the period		8,858	5,613
Cash at the end of the period		2,507	19,368
Items classified as operating activities			
Interest received		183	118
Dividends received, net of withholding taxes		7,298	7,410
Preference share dividends and interest paid	7	2,869	3,138
Income taxes paid - net	8	1,476	55

The notes on page 15 to 27 are an integral part of the financial statements.

Schedule Of Investment Portfolio

As at June 30, 2014

Number of Shares	Investment	Cost $	Fair Value $
		(in thousands of dollars)	
	CONSUMER DISCRETIONARY (16.3%) (2013 - 15.1%, 14.1%)		
	Auto Components		
13,500	AutoZone, Inc.	8,009	7,729
135,000	Magna International Inc.	9,765	15,506
	Hotels, Restaurants & Leisure		
50,000	Wynn Resorts, Limited	8,842	11,080
	Household Durables		
350,000	KB Home	6,698	6,980
	Leisure Equipment & Products		
250,000	BRP Inc.	6,263	6,575
	Media		
365,000	IMAX Corporation	4,133	11,098
253,344	Postmedia Network Canada Corp., C	2,396	253
350,000	Yellow Media Limited	8,470	6,363
	Multiline Retail		
365,000	Dollarama Inc.	7,520	32,065
	Specialty Retail		
423,900	Performance Sports Group Ltd.	3,196	7,783
	Textiles, Apparel & Luxury Goods		
230,000	Gildan Activewear Inc.	9,417	14,460
	TOTAL CONSUMER DISCRETIONARY	**74,709**	**119,892**
	CONSUMER STAPLES (1.1%) (2013 - 1.5%, 0.7%)		
	Beverages		
29,200	Corby Spirit and Wine Ltd., A	370	620
	Food & Staples Retailing		
240,000	Alimentation Couche-Tard Inc., B SV	5,050	7,015
	TOTAL CONSUMER STAPLES	**5,420**	**7,635**
	ENERGY (23.4%) (2013 - 19.1%, 20.8%)		
	Energy Equipment & Services		
644,000	Calfrac Well Services Ltd.	6,533	12,848
	Oil, Gas & Consumable Fuels		
1,006,100	Bellatrix Exploration Ltd.	4,599	9,316
145,000	Canadian Natural Resources Limited	2,328	7,109
75,000	Continental Resources, Inc.	10,012	12,654
200,000	Crescent Point Energy Corp.	5,429	9,458
500,000	Enbridge Inc.	5,145	25,315

Number of Shares	Investment	Cost $	Fair Value $
		(in thousands of dollars)	
70,000	Marathon Petroleum Corporation	6,217	5,834
225,500	Peyto Exploration & Development Corp.	6,273	9,090
1,675,000	Raging River Exploration Inc.	7,902	18,174
1,500,000	RMP Energy Inc.	8,122	14,160
1,410,000	Storm Resources Ltd.	7,767	7,445
140,000	Suncor Energy Inc.	5,382	6,370
175,000	Tourmaline Oil Corp.	5,280	9,845
226,000	TransCanada Corporation	6,260	11,510
788,661	Whitecap Resources Inc.	7,546	12,989
	TOTAL ENERGY	**94,795**	**172,117**
	FINANCIALS (21.7%) (2013 - 21.9%, 22.9%)		
	Commercial Banks		
275,000	Bank of Montreal	10,640	21,610
245,000	Royal Bank of Canada	10,190	18,689
260,000	The Toronto-Dominion Bank	5,599	14,282
	Consumer Finance		
105,000	MasterCard Incoporated, A	7,360	8,236
	Diversified Financial Services		
280,000	Callidus Capital Corporation	4,463	5,012
1,422,000	Element Financial Corporation	6,598	19,168
120,000	TMX Group Limited	4,117	7,062
	Insurance		
7,200	E-L Financial Corporation Limited	2,640	5,076
475,000	Manulife Financial Corporation	8,246	10,075
	Real Estate Management & Development		
616,900	Brookfield Canada Office Properties	3,876	16,996
	Thrifts & Mortgage Finance		
254,500	Genworth MI Canada Inc.	5,141	9,674
350,000	Home Capital Group Inc.	8,687	16,741
	Capital Markets		
76,900	Economic Investment Trust Limited	3,851	6,963
	TOTAL FINANCIALS	**81,408**	**159,584**
	HEALTH CARE (0.8%) (2013 - 3.2%, 4.7%)		
	Health Care Technology		
120,000	Catamaran Corporation	803	5,654
	TOTAL HEALTH CARE	**803**	**5,654**

The notes on page 15 to 27 are an integral part of the financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO (CONTINUED)

As at June 30, 2014

Number of Shares	Investment	Cost $	Fair Value $
		(in thousands of dollars)	
	INDUSTRIALS (15.1%) (2013 - 13.8%, 10.0%)		
	Airlines		
2,000,000	Air Canada, B SV	10,301	19,060
	Construction & Engineering		
450,400	Aecon Group Inc.	5,152	7,634
250,000	Stantec Inc.	11,089	16,520
	Eletrical Equipment		
250,000	Lumenpulse Inc.	4,550	5,733
	Machinery		
55,000	Caterpillar Inc.	5,741	6,381
	Marine		
372,000	Algoma Central Corporation	2,863	6,153
	Road & Rail		
130,000	Canadian Pacific Railway Limited	7,180	25,130
450,000	TransForce Inc.	6,466	11,057
	Trading Companies & Distributors		
375,000	Russel Metals Inc.	3,243	12,866
	TOTAL INDUSTRIALS	**56,585**	**110,534**
	INFORMATION TECHNOLOGY (5.8%) (2013 - 6.4%, 2.8%)		
	Computers & Peripherals		
98,000	Apple Inc.	3,714	9,723
	Internet Software & Services		
265,000	Yahoo! Inc.	8,540	9,939
	IT Services		
100,000	MacDonald, Dettwiler and Associates Ltd.	7,925	8,713
	Software		
280,000	Open Text Corporation	8,343	14,336
	TOTAL INFORMATION TECHNOLOGY	**28,522**	**42,711**
	MATERIALS (11.5%) (2013 - 12.2%, 14.4%)		
	Chemicals		
275,000	Methanex Corporation	5,951	18,142
	Metals & Mining		
110,000	East Asia Minerals Corporation, wts 12/15/2016, unlisted	15	1
325,000	First Quantum Minerals Ltd.	8,292	7,417
165,000	Franco-Nevada Corporation	4,007	10,106
96,000	Imperial Metals Corporation	667	1,498
355,000	Labrador Iron Ore Royalty Corporation	2,566	10,891

Number of Shares	Investment	Cost $	Fair Value $
		(in thousands of dollars)	
120,000	Primero Mining Corp., wts 07/20/2015	222	178
300,000	Tahoe Resources Inc.	5,165	8,382
	Paper & Forest Products		
300,000	Canfor Corporation	7,010	7,008
290,000	Norbord Inc.	6,463	7,592
250,000	West Fraser Timber Co. Ltd.	11,885	12,928
	TOTAL MATERIALS	**52,243**	**84,143**
	TELECOMMUNICATION SERVICES (3.0%) (2013 - 3.7%, 3.7%)		
	Diversified Telecommunication Services		
220,000	TELUS Corporation	6,057	8,749
	Wireless Telecommunication Services		
310,000	Rogers Communications Inc., B NV	4,346	13,311
	TOTAL TELECOMMUNICATION SERVICES	**10,403**	**22,060**
	UTILITIES (1.0%) (2013 - 1.8%, 3.1%)		
	Independent Power Producers & Energy Traders		
190,000	Canadian Utilities Limited, A NV	2,140	7,600
	TOTAL UTILITIES	**2,140**	**7,600**
	TRANSACTION COSTS	(702)	-
	TOTAL INVESTMENTS	**406,326**	**731,930**

NV: non-voting
SV: subordinate voting

Percentage amounts in brackets represent fair value as a percentage of Total investments, Cash, Receivable for securities sold and Payable for securities purchased.

All comparative weightings are as at December 31, 2013 and January 1, 2013, respectively.

The notes on page 15 to 27 are an integral part of the financial statements.

Notes To Financial Statements

For the six months ended June 30, 2014 (Unaudited)

1 GENERAL INFORMATION

Canadian General Investments, Limited (CGI or the Company) is domiciled in Canada and incorporated under the laws of Ontario, Canada. The address of its registered office is 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

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

The Company's investment and administration activities are managed by Morgan Meighen & Associates Limited (the Manager).

The Company's shares are publicly listed and trade on the Toronto and London Stock Exchanges (symbol CGI).

These financial statements were authorized for issue by the Board of Directors on July 22, 2014.

2 BASIS OF PRESENTATION AND ADOPTION OF IFRS

Statement of compliance

These are the Company's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS 1 *First-time Adoption* and IAS 34 *Interim Financial Reporting* of IFRS have been applied. The Company adopted this basis of accounting as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Previous Canadian GAAP). The Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect.

The impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows in the Company's financial statements for the year ended December 31, 2013 and the six months ended June 30, 2013 prepared under Previous Canadian GAAP is disclosed in note 13.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of July 22, 2014, which is the date on which the interim financial statements were authorized for issue by the Board of Directors. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2014 could result in restatement of these interim financial statements, including the transition adjustments recognized on transition to IFRS.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Financial assets and financial liabilities

Classification

The Company recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investment transactions are recorded on the trade date. The Company's investments are designated as fair value through profit or loss (FVTPL). All other financial assets and liabilities are measured at amortized cost and reflect the amount to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Publicly listed securities are valued at the last traded market price on the reporting date, where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques, using primarily observable inputs. The Company considers observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

3.2 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at period-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions. The Canadian dollar is the Company's functional and presentation currency.

3.3 Investment income

Dividend income is recorded on the ex-dividend date. Interest income and securities lending revenue are recognized as earned using the effective interest rate.

3.4 Securities lending

Securities lent are not derecognised from the Company's statement of financial position as the Company retains substantially all the risks and rewards of ownership.

3.5 Cash

Cash is comprised of deposits with reputable financial institutions.

3.6 Preference shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company has two series of its Class A preference shares in issue: Series 3 and Series 4. Both have priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of liquidation. The preference shares provide investors with the right to require redemption for cash at values and dates set out in the table in note 7 and also in the event of the Company's liquidation.

The preference shares are classified as financial liabilities and are stated at amortized cost using the effective interest method.

3.7 Increase (decrease) in net assets attributable to common shareholders

The increase (decrease) in net assets attributable to common shareholders, excluding distributions to common shareholders, per common share is calculated by dividing increase (decrease) in net assets attributable to common shareholders, excluding distributions to common shareholders by the weighted average number of common shares outstanding during the period.

3.8 Taxation

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the company's investment portfolio and its adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of the Company's portfolio exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Company are refundable under the relevant provisions of the Income Tax Act (Canada) (the Act), the deferred tax liability is fully offset by these future refundable taxes. Conversely, when the ACB exceeds the fair values of the portfolio, a deferred tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized.

3.9 Future accounting changes

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 with the exception that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The standard setters have not yet determined the date at which the application of IFRS 9 will become mandatory, as the standard setters continue to work on other phases of IFRS 9.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Designation of financial instruments at fair value is the most significant judgement used by management in the preparation of these financial statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

In the normal course of operations, the Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). In general, the Manager seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio managers, by ongoing monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, amounts due from brokers as well as securities on loan as part of the Company's securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments, as presented on the schedule of investment portfolio represents the maximum credit risk exposure as at June 30, 2014. This also applies to other assets, as these have a short term to settlement. As at June 30, 2014, December 31, 2013 and January 1, 2013, the Company had no investments in debt instruments.

All transactions in securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Company's custodian has received payment. Payment is made on a purchase once the securities have been received by the Company's custodian. The trade will fail if either party fails to meet its obligation.

Credit risk with respect to the Company's securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 12).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company is a publicly traded, closed-end investment fund with a fixed number of common shares outstanding, unlike an open-ended mutual fund, it is not exposed to the liquidity risk associated with daily cash redemptions of securities. However, as part of a leverage strategy, the Company currently has two series of Class A preference shares outstanding: Series 3 for $75 million with a redemption date of June 15, 2016 and Series 4 for $75 million with a redemption date of June 15, 2023. Included in the Series 3 and Series 4 preference share provisions is a restriction, which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times.

Liquidity risk is managed by investing the majority of the Company's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Restricted and unlisted securities, if any, are identified in the schedule of investment portfolio. There are no restricted securities as at June 30, 2014, December 31, 2013 or January 1, 2013. Leverage decisions, whether in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

All financial liabilities of the Company, except for the Class A preference shares, as at June 30, 2014, December 31, 2013 and

January 1, 2013 fall due within twelve months.

Market risk

The Company's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets attributable to holders of common shares would have been affected by a possible change in the relevant risk at each reporting date. In practice, the actual results may differ and the differences could be material.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Although the Company may invest in interest-bearing financial instruments, the substantial majority of the Company's financial assets and financial liabilities, except for the Class A preference shares, are non-interest-bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at June 30, 2014, December 31, 2013 and January 1, 2013, the Company had no investments in debt instruments.

The Company's two series of Class A preference shares outstanding both have fixed coupon rates. While they themselves do not subject the Company to interest rate risk, any new issues, whether or not in connection with the redemption date of an existing series, will be subject to the prevailing interest rate environment at that time.

Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Securities trading in foreign markets are exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company's policy is not to enter into any hedging arrangements.

As at June 30, 2014, the Company investment portfolio had a 11.5% (December 31, 2013 - 9.6%; January 1, 2013 - 6.5%) weighting in foreign currencies. As at June 30, 2014, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio as at June 30, 2014, with all other variables held constant, net assets attributable to common shareholders would have decreased or increased, respectively, by approximately $4,210,000 or approximately 0.7% (December 31, 2013 - $3,284,000 or approximately 0.6%; January 1, 2013 - $1,958,000 or approximately 0.4%).

Price risk:

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer, or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

The schedule of investment portfolio groups the securities by industry sector.

As at June 30, 2014, a 5% increase or decrease in market prices in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the Company's net assets attributable to common shareholders increasing or decreasing, respectively, by approximately $36,739,000 or approximately 6.3% (December 31, 2013 - $34,219,000 or approximately 6.4%; January 1, 2013 - $30,226,000 or approximately 6.7%).

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

5.2 Capital risk management

The Company considers capital to be composed of its equity, as well as its outstanding preference shares. The Company's primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company, as described in note 1. In addition, the Company monitors its adherence to the provisions of the preference shares. In particular, included in the provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference shares' provisions) exceeds 2.5 times. All common share dividend payments made in 2014 and 2013 were in compliance with this provision.

5.3 Fair value measurements

The Company classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized below:

Level 1: Unadjusted quoted prices at the measurement date in active markets for identical assets

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar assets in markets that are not active

Level 3: Inputs for the assets that are not based on observable market data

Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information and commonly used valuation techniques.

All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, accounts payable and accrued liabilities, accrued dividends on preference shares and preference shares are carried at amortized cost which approximates their fair value.

As at June 30, 2014

(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total $**
Financial assets at FVTPL:				
Investments	731,929	1	-	731,930

As at December 31, 2013

(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Total $**
Financial assets at FVTPL:				
Investments	675,527	1	-	675,528

As at January 1, 2013
(in thousands of dollars)

	Level 1	Level 2	Level 3	Total $
Financial assets at FVTPL:				
Investments	597,993	923	-	598,916

During the six months ended June 30, 2014, there were no investments transferred between Level 1 and Level 2.

The Manager is responsible for performing fair value measurements included in the financial statements of the Company, including Level 3 measurements, if any. The Manager obtains pricing from a third party pricing vendor.

6 SHARE CAPITAL

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2014, there are 20,861,141 (December 31, 2013 - 20,861,141; January 1, 2013 - 20,861,141) common shares issued and outstanding with no par value.

7 PREFERENCE SHARES

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

	June 30, 2014	December 31, 2013	January 1, 2013				June 30, 2014	December 31, 2013	January 1, 2013
Class A preference shares	Number of shares	Number of shares	Number of shares	Stated amount per share $	Cumulative Annual dividend rate %	Date of issue	Amount ($'000s)	Amount ($'000s)	Amount ($'000s)
Series 2	-	-	3,000,000	25.00	4.65	November 3, 2003	-	-	75,000
Series 3	3,000,000	3,000,000	3,000,000	25.00	3.90	March 3, 2006	75,000	75,000	75,000
Series 4	3,000,000	3,000,000	-	25.00	3.75	May 30, 2013	75,000	75,000	-
							150,000	150,000	150,000
Deferred issuance costs (net of amortization of $161,000 (December 31, 2013 - $88,000, January 1, 2013 - nil))							1,717	1,790	-
							148,283	148,210	150,000

On May 30, 2013, the Company completed a public offering of 3,000,000, 3.75% cumulative, redeemable Class A preference shares, Series 4 for net proceeds of $73,122,000. Issuance costs associated with the offering are amortized using the effective interest rate method with amortization expense recorded in Interest and financing charges in the Statement of Comprehensive Income.

The Company may redeem for cash, the following series, in whole or in part, at the following prices during the defined periods:

	$ 26.00	$ 25.75	$ 25.50	$ 25.25	$ 25.00
Series 3	-	-	-	June 15, 2014 to June 14, 2015	June 15, 2015 and thereafter(1)
Series 4	June 15, 2018 to June 14, 2019	June 15, 2019 to June 14, 2020	June 15, 2020 to June 14, 2021	June 15, 2021 to June 14, 2022	June 15, 2022 and thereafter(2)

(1) The holders may require the Company to redeem the Series 3 shares on or after June 15, 2016 for a cash price of $25.00 per share.
(2) The holders may require the Company to redeem the Series 4 shares on or after June 15, 2023 for a cash price of $25.00 per share.

8 INCOME TAXES

The Company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) (the Act) and, as such, is subject to a reduced rate of income tax on its net investment income other than dividends received from taxable Canadian corporations.

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. As at June 30, 2014, the Company has federal refundable capital gains taxes on hand of approximately $3,617,000 (December 31, 2013 - $686,000; January 1, 2013 - $302,000), which are refundable on payment of capital gains dividends of approximately $25.8 million (December 31, 2013 - $4.9 million; January 1, 2013 - $2.2 million) and Ontario refundable capital gains taxes on hand of approximately $1,834,000 (December 31, 2013 - $576,000; January 1, 2013 - $380,000), which are refundable on payment of capital gains dividends of approximately $31.9 million (December 31, 2013 - $10.0 million; January 1, 2013 - $6.6 million).

As at June 30, 2014, the Company has no unused capital losses or non-capital losses. As at June 30, 2013 the Company also had $3,971,000 of unused capital losses which are not subject to expiry and can be utilized against future capital gains, and $3,663,000 of unused non-capital losses which expire in 2033.

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 refundable dividend tax on hand of approximately $1,002,000 as at June 30, 2014 (December 31, 2013 - $1,401,000 and January 1, 2013 - $575,000).

The Company's provision for income taxes during the period is determined as follows:

(in thousands of dollars)	**2014** **$**
Recovery of income taxes on net investment income/(loss)	
Income tax recovery at combined Canadian federal and provincial statutory income tax rate of 26.5%	(63)
Increase (decrease) in income taxes resulting from:	
Dividends from taxable Canadian companies	(1,735)
Dividends on preference shares	760
Income tax rate differential for investment corporations	(509)
Other	(78)
Recovery of income taxes	(1,625)
Applied to reduce refundable income taxes on net realized gain on investments	1,625
Recovery of income taxes	-
Refundable income taxes on net realized gain on investments	
Provision for income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	6,067
Increase (decrease) in income taxes resulting from:	
Non-taxable portion net realized gain on investments	(3,034)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(68)
Income tax rate differential for investment corporations	1,480
Recovery applied from investment income	(1,625)
Increase in refundable income taxes on net realized gain on investments	2,820

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder rules of the Act generally allow the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

9 WITHHOLDING TAXES

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income. During the six months ended June 30, 2014, the average withholding tax rate paid by the Company was 15.0% (2013 - 15.0%).

10 FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Company's financial instruments by category as at June 30, 2014. All the Company's liabilities as at June 30, 2014 were carried at amortized cost:

June 30, 2014	Financial assets at FVTPL Designated at inception	Financial assets at amortized cost	Total
Cash	-	2,507	2,507
Investments	731,930	-	731,930
Receivables for securities sold	-	337	337
	731,930	2,844	734,774

The following tables present the carrying amounts of the Company's financial instruments by category as at December 31, 2013. All the Company's liabilities as at December 31, 2013 were carried at amortized cost:

December 31, 2013	Financial assets at FVTPL Designated at inception	Financial assets at amortized cost	Total
Cash	-	8,858	8,858
Investments	675,528	-	675,528
	675,528	8,858	684,386

The following tables present the carrying amounts of the Company's financial instruments by category as at January 1, 2013. All the Company's liabilities as at January 1, 2013 were carried at amortized cost:

January 1, 2013	Financial assets at FVTPL Designated at inception	Financial assets at amortized cost	Total
Cash	-	5,613	5,613
Investments	598,916	-	598,916
	598,916	5,613	604,529

11 RELATED PARTY INFORMATION

Third Canadian General Investment Trust Limited (Third Canadian) owns, directly and indirectly through three wholly-owned subsidiaries, 36.6% of the common shares of the Company, and is therefore considered a related party. Jonathan A. Morgan and Vanessa L. Morgan, both directors and executive officers of the Company, beneficially own directly or indirectly or exercise control or direction over an aggregate of 100% of the common shares of Third Canadian. Including the holding by Third Canadian, Mr. Morgan and Ms. Morgan together own directly or indirectly or exercise control or direction over an aggregate of 52.5% of the outstanding common shares of the Company, making them the ultimate controlling party.

Transactions with related entities

Management fees

The Company's activities are managed by the Manager pursuant to a management agreement dated January 1, 2006. Mr. Morgan and Ms. Morgan together own directly or indirectly 85%, and are both directors and executive officers, of the Manager. Management fees are paid monthly to the Manager for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. These fees are calculated monthly at 1% per annum of the fair value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month.

During the 6 months ended June 30, 2014 the $3,983,000 (2013 - $3,502,000) was paid to the Manager and $693,000 was accrued and included in accounts payables and accrued liabilities as at June 30, 2014 (December 31, 2013 -$646,000).

Dividends

As a result of its ownership position in the Company, Third Canadian received dividends from net investment income of $1,831,000 (2013 - $916,000).

Key management personnel compensation

No compensation was paid or is payable by the Company to any executive of the Manager in his or her capacity as a Director or Officer of the Corporation.

During the six months ended June 30, 2014, four independent directors of the Company received directors' fees aggregating $98,400 (2013 - $99,600) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2014, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $9,800 (2013 - $15,400).

12 SECURITIES LENDING

The Company participates in a securities lending program with its custodian, CIBC Mellon Trust Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, and other short-term securities, of at least 105% of the fair value of securities on loan. In the event that any of the loaned securities are not returned to the Company and the value of the collateral held is less than the fair value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

At June 30, 2014, the Company had loaned securities with a fair value of $57,919,000 (December 31, 2013 - $67,801,000) and the custodian held collateral of $60,280,000 (December 31, 2013 - $72,601,000). Collateral consisted of the following:

	June 30, 2014	December 31, 2013
Securities lending collateral:		
Federal government debt securities	65.1%	35.3%
Provincial government debt securities	19.4%	53.7%
Equities	12.6%	9.1%
Bank deposit notes	2.9%	1.9%
	100.0%	100.0%

13 TRANSITION TO IFRS

As stated in note 2, these are the Company's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the six months ended June 30, 2014, the comparative information presented in these financial statements for the six months ended June 30, 2013 and as at December 31, 2013 and in the preparation of an opening IFRS statement of financial position at January 1, 2013 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous Canadian GAAP. An explanation of how the transition from Previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out below.

Transition Elections

The only voluntary exemption adopted by the Company upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss upon transition to IFRS. All financial assets designated at FVTPL upon transition (see note 3) were previously carried at fair value under Previous Canadian GAAP as required by Accounting Guideline 18, *Investments Companies.*

Statement of Cash Flows

The transition from Previous Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company. The statement of cash flows included in these statements is presented using the indirect method, where profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows, which was consistent with the Previous Canadian GAAP statements.

Reconciliation of equity and comprehensive income as reported under Previous Canadian GAAP to IFRS

Equity	December 31, 2013	June 30, 2013	January 1, 2013
Equity as reported under Previous Canadian GAAP	533,397	442,061	454,782
Revaluation of investments at FVTPL	1,658	1,879	1,369
Net assets attributable to common shareholders	535,055	443,940	456,151

Comprehensive income	Year ended December 31, 2013	Six months ended June 30, 2013
Comprehensive income as reported under Previous Canadian GAAP	95,966	(10,135)
Revaluation of investments at FVTPL	289	510
Increase (decrease) in net assets attributable to common shareholders	95,255	(9,625)

Revaluation of investments at FVTPL

Under Previous Canadian GAAP, the Company measured fair values of its investments in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, which required the use of bid prices, to the extent they were available. Under IFRS, the Company measures the fair values of its investments using the guidance in IFRS 13, *Fair Value Measurement*

(IFRS 13), which requires that if an asset has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. As a result, upon adoption of IFRS an adjustment was recognized to increase the carrying amount of the Company's investments by $1,369,000 at January 1, 2013, $1,879,000 at June 30, 2013 and $1,658,000 as at December 31, 2013. The impact of this adjustment was to increase the Company's increase (decrease) in net assets attributable to common shareholders by $289,000 for the year ended December 31, 2013 and by $510,000 for the six months ended June 30, 2013.

Reclassification adjustments

In addition to the measurements adjustments noted above, the Company reclassified certain amounts upon transition in order to confirm to its financial statement presentation under IFRS. Under Previous Canadian GAAP, the Company netted withholding taxes against dividend income. Under IFRS $133,000 was reclassified and presented separately as an expense for the year ended December 31, 2013 and $55,000 for the six months ended June 30, 2013.

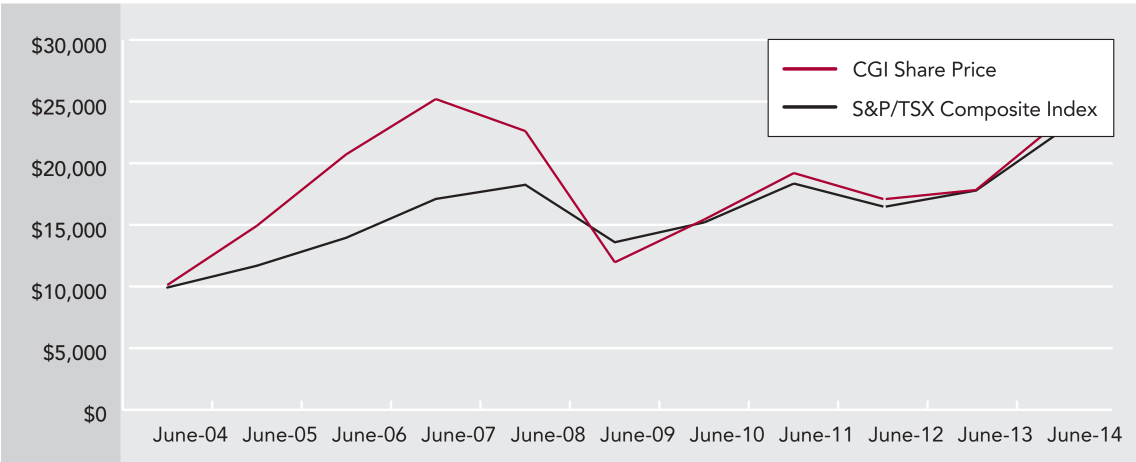
Exceptions to Retrospective Application

Estimates

Hindsight was not used to create or revise estimates and accordingly the estimates made by the Company under Previous Canadian GAAP are consistent with their application under IFRS.

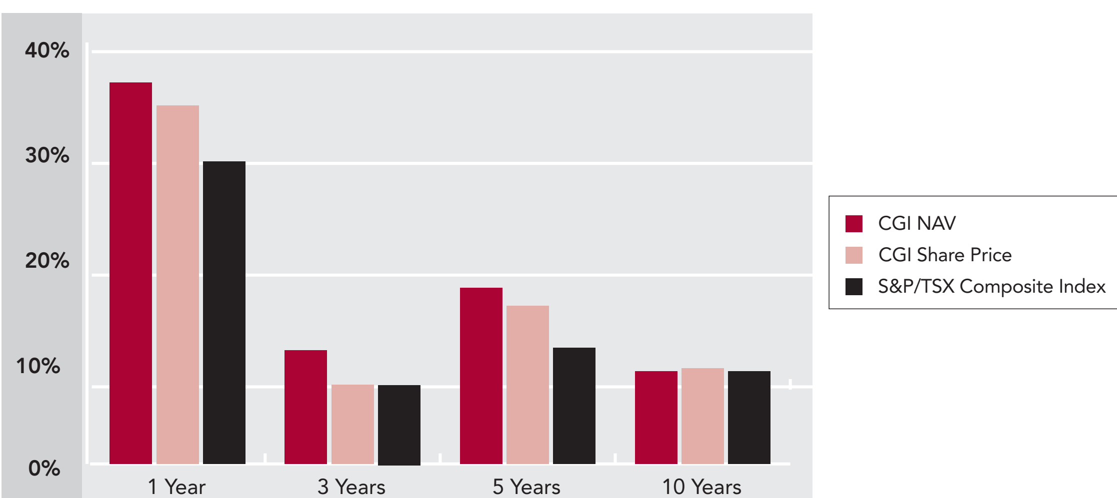
ADDITIONAL CHARTS

Growth of a $10,000 Investment — 10 years to June 30, 2014



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 nearly $24,000 over the 10-year period ended June 30, 2014. This equates to a compound annual average growth rate of 9.1%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to over $23,000 or a compound average annual growth rate of 8.8%.

Compound Annual Returns for the Periods Ending June 30, 2014



U.K. Shareholder Information

Panmure Gordon & Co. are the Company's official stockbrokers in the United Kingdom. They can be contacted for market-making and share trading on the London Stock Exchange. They can be reached at:

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Dividends and Withholding Tax

CGI pays two types of dividends to common shareholders: regular (taxable) dividends and capital gains dividends. At present, for dividend payments to U.K. shareholders, regular dividends are generally subject to withholding tax of 15%, whereas capital gains dividends are not subject to any withholding tax.

FOCUSSED ON CANADA

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