CWF

Canadian World Fund Limited

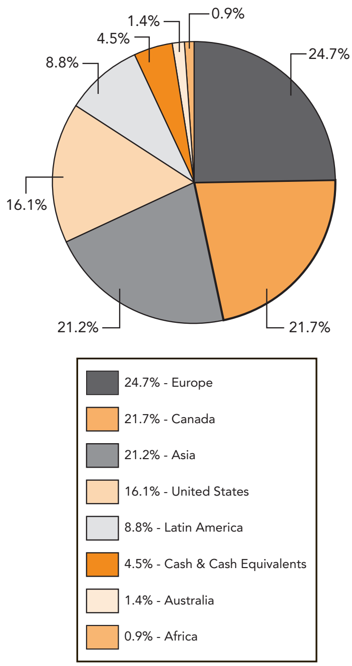
INTERIM REPORT 2008

CORPORATE PROFILE

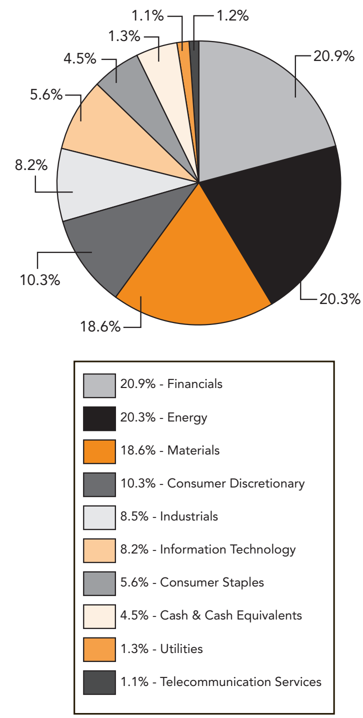
Canadian World Fund Limited (CWF) is a closed-end equity fund that endeavors to provide superior long-term returns by investing globally in securities of primarily publicly traded growth companies. The Company principally utilizes a bottom-up investment style in an effort to achieve this objective. The Company does not employ currency hedging as the portfolio is well diversified and influenced by many currencies, including the Canadian dollar, which is the currency of the Company.

CWF has been managed since its 1994 inception by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

Geographic Allocation of Portfolio - June 30, 2008



Sector Allocation of Portfolio - June 30, 2008



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.

GENERAL COMMENTARY

Canadian World Fund Limited's (CWF) net asset value (NAV) return and market return for the six months ended June 30, 2008 remained negative at -19.4% and -18.1%, respectively, underperforming its benchmark index, the Morgan Stanley Capital International All Country World Index, converted to Canadian dollars, which returned -9.1%.

CWF's second quarter NAV and market returns were -2.6% and 1.2%, respectively, somewhat better than the -3.2% for the Index.

INDEPENDENT REVIEW COMMITTEE

As mentioned in the 2007 Annual Report to shareholders, an Independent Review Committee ("IRC") was constituted in compliance with National Instrument 81-107 (NI 81-107), for the three closed-end funds (the "Funds") managed by Morgan Meighen & Associates Limited. The initial members of the IRC of each of the Funds were the same three individuals. In the second quarter of 2008, such initial members unanimously determined that it would be beneficial for the composition of each Fund's IRC to be comprised of the same individuals who serve as independent members of the Board of Directors of the corresponding Fund. As a result, effective June 30, 2008, a restructuring of each Fund's IRC occurred resulting in the members of CWF's IRC to be as follows: Thomas W.R. Lunan, Jack H. B. Nederpelt and Richard O'C. Whittall.

OUTLOOK

Although China and India are still expected to have robust growth for the remainder of 2008, the anemic growth in North America and Europe combined with inflation worries worldwide could continue to depress stock prices. We view any market rebounds cautiously, but are hopeful that the current financial crisis, now almost a year old, will be largely resolved before the year is finished.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

INVESTMENT COMMENTARY

MID-RANGE PERFORMANCE

It was a period of widespread poor performance. For the half year, net asset value was down 19.4%, in the mid-range for world markets, with China down over 40% at one extreme and Saudi Arabia up over 20% at the other.

CWF has undergone several changes in the portfolio. Small, underperforming energy holdings such as BrazAlta Resources Corp. and Bayou Bend Petroleum Ltd. were eliminated, as well as Skye Resources Inc., after the stock rallied sharply on the back of a takeover proposal by Hudbay Minerals Inc.

In the gloomy financial sector, we sold positions in Bolsas y Mercados Espanõles (Madrid Stock Exchange), KBC Ancora (financial conglomerate), Numis Corporation Plc, (U.K. financial services company), as well as Detica Group plc, a U.K. information technology company serving the U.K. banks and other financial service companies.

CWF added a new position in Desarrolladora Homex, S.A.B de C.V., a leading home development company focused on affordable entry-level and middle-income housing in Mexico. Homex is considered well positioned for robust revenue and earnings growth and housing demand in Mexico remains strong.

Alliance Grain Traders Income Fund in Canada is a further addition to the portfolio. The company buys, processes and sells specialty crops targeting markets in the developing world, where demand for protein-rich crops continues to increase. Alliance, through its subsidiaries in Canada, U.S. and Australia, handles the full range of specialty and pulse crops including lentils, peas, chickpeas, beans and canary seed.

SOLAR

First Solar, Inc. (FSLR) was bought, as the company represents the latest advancement in thin-film solar module technology. FSLR relies on its proprietary semiconductor technology to design, manufacture and sell solar electric power modules. Its modules are used in grid-connected and commercial power plants and are sold to leading systems integrators, independent power project developers, and utility companies worldwide. First Solar's modules are manufactured on high output, automated lines that integrate each production step. Its advanced thin-film design produces high energy yields across a wide range of climatic conditions with excellent low light response and temperature response improving efficiency. FSLR appears to be well positioned to benefit from the proliferation and commercialization of the global photovoltaic market place.

VIDEO SEARCH

Blinkx plc, purchased recently, is the world's largest and most advanced video search engine. Spun off by Autonomy Corporation plc, a top performer for CWF, Blinkx has indexed more than 26 million hours of audio, video, viral and TV content, and made it fully searchable and available on demand. Blinkx technology uses advanced speech-recognition and visual analysis to automatically analyze and process video content on the web, delivering results that are more accurate and reliable than standard meta-database keyword search technology.

Many media companies sit on a gold mine of video assets but struggle to generate large-scale audiences for that content. Blinkx's technology brings conceptual understanding of the meaning of a piece of TV or video content. The process is entirely automatic and so can be deployed across massive websites with thousands of articles and millions of page-views, immediately scaling video audiences on those sites and driving growth in video views, increasing advertising revenues. Blinkx's unmatched technology sets the base for a promising future and could eventually become a subject of potential M&A activity.

OPPOSING FORCES

After a wild and mostly ugly ride in the first half of the year, we anticipate a recovery for global markets in the second half of the year. However, the road ahead remains full of uncertainty.

Along with oil, the surging prices of gasoline and of food further pressure consumers' wallets, already pinched by constrained wages and a weaker jobs market, falling house values, and harder access to credit. The double threat from the surge in commodity prices, that, on the one hand, it would hurt consumption and tip the U.S. economy into recession and, on the other hand, raise inflation risks and force the Fed to raise rates as other central banks have already done, has created a real headache for global markets.

Meanwhile, fortified by heavy exposure to the energy sector, the Canadian market recently advanced to a new high despite the global correction. Canada's resilient performance lifted it almost to the top of international stock market rankings. Canadian listed stocks had a 21.7% weighting in the CWF portfolio at June 30, 2008.

The global economy faces pressure from two contrasting sources. The first is the deflationary threat posed by the continuing credit crisis. The second is the inflationary threat from this year's surge in commodity prices even as global growth has slowed. This paradoxical situation cannot continue forever, even if it is also true that the credit crisis is U.S.-centred and that the commodity boom has its epicenter in China. For, if the ongoing credit crisis has implications for real economic growth, as it surely does, then it must eventually have bearish implications for the commodity complex.

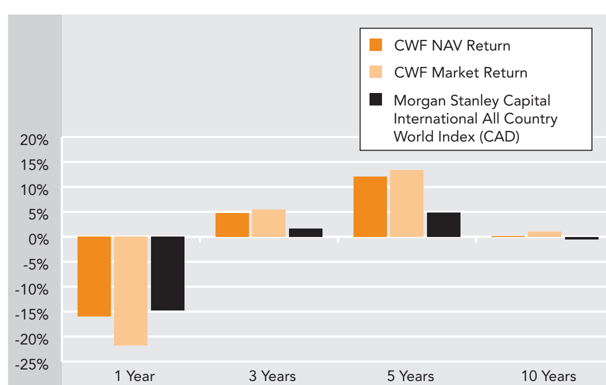
We await clearer signs of moderation between opposing forces.

On behalf of the Manager,

Michael A. Smedley
CEO and Chief Portfolio Officer

Alex Sulzer
Vice-President

Compound Annual Returns for the Periods Ending June 30, 2008



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

Canadian World Fund's net asset value per share (NAV) at June 30, 2008 was $6.28, down from $7.79 at year end 2007. The NAV return for the six-month period ending June 30, 2008 was -19.4%. This compared with a total return of -11.9% for the benchmark Morgan Stanley Capital International All Country World Index (MSCI ACWI) or -9.1% when expressed in Canadian dollars. For further comparative purposes, the MSCI Emerging Markets Index returned -10.0%, also expressed in Canadian dollar terms. Investments in emerging markets comprised 38.0% of CWF's portfolio as of June 30, 2008.

The primary factor which contributed to the decline in the NAV was the generally poor performance of global equity markets. Slowing economic and profits growth, combined with increasing interest rates and inflation, caused the negative equity market returns experienced by many countries around the world. In particular, high portfolio concentrations in Asia, representing 21.2% of the investment portfolio at June 30, 2008, and smaller capitalization companies resulted in CWF's poor performance relative to the benchmark. The MSCI All Country Asia Index, excluding Japan, was down 19.7%, expressed in Canadian dollar terms, over the six-month period. Investments in smaller cap companies, which are not included in the market capitalization-based benchmark, suffered as market volatility caused investors to focus on perceived "safer" larger cap companies. In addition, negative results were achieved from holdings in certain mining companies, where increased input costs and weak base metal prices were experienced.

Management fees and interest, the Company's key expenses, increased by 25.4% from the same period in 2007 to $529,000. The increase in management fees was driven largely by the increase in portfolio assets resulting from a rights offering that closed in June 2007 while interest costs were higher due to increased borrowing amounts. Canadian World Fund has a credit facility for investment leverage purposes of $8.0 million comprising bankers' acceptances and term loans with interest at a quoted one-year rate or based on the prime bankers' acceptance rate. The Company must comply with specified covenants during the terms of the loans. The bank indebtedness had a combined weighted average interest rate of 4.46% per annum (2007 – 5.24% per annum) and is repayable on various dates between 2008 and 2009. During 2008, CWF utilized between $5.4 million and $7.0 million of its credit facility. As at June 30, 2008, the outstanding borrowing of $7.0 million represented 15.4% (2007 – 9.7%) of net assets.

RECENT DEVELOPMENTS

Adoption of New Accounting Standards

On January 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards replaced Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing the Company's disclosure requirements, and carrying forward unchanged its presentation requirements. The new disclosure standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. Although the standards impact the Company's disclosures provided, they do not affect the Company's net assets.

Changeover to International Financial Reporting Standards

The Canadian Accounting Standards Board recently confirmed January 1, 2011 as the date International Financial Reporting Standards (IFRS) will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises, which includes investment funds. Management is in the process of developing a changeover plan, which will include identifying differences between the Company's current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the net assets or net asset value of the Company.

Independent Review Committee

National Instrument 81-107 (NI 81-107), implemented November 1, 2007, requires the existence of an Independent Review Committee (the "IRC") to provide oversight of potential conflicts of interest in the management of funds. Although primarily targeting open-end mutual funds, NI 81-107 also applies to the three closed-end funds (the "Funds") managed by Morgan Meighen & Associates Limited. The initial members of each of the Funds IRC was comprised of the same three individuals (Messrs. Lunan, Pugh and Raymond). In the second quarter of 2008, such initial members of the IRC of each of the Funds unanimously determined that it would be beneficial for the composition of each Fund's IRC to be comprised of the same individuals who serve as independent members of the Board of Directors of the corresponding Fund. As a result, effective June 30, 2008, a restructuring of each Fund's IRC occurred resulting in the members of CWF's IRC to be as follows: Thomas W.R. Lunan, Jack H. B. Nederpelt and Richard O'C. Whittall.

RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with CWF. 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, 2008 and the prior five financial years. Per share data is derived from the Company's audited annual financial statements and unaudited interim financial statements. The net assets per share presented in the financial statements differs from the Company's daily net asset value due to differences in valuation techniques as described in the notes to the financial statements. Ratios and supplemental data are derived from the Company's net asset value.

The Company's Net Assets per Share (1)

	Six months ended June 30, 2008	2007	2006	2005	2004	2003
Net assets, beginning of period	$ 7.76	$ 7.89	$ 5.75	$ 5.49	$ 4.79	$ 3.82
Increase (decrease) from operations:						
Total revenue	0.04	0.10	0.10	0.10	0.10	0.10
Total expenses	(0.10)	(0.23)	(0.22)	(0.19)	(0.17)	(0.13)
Income tax recovery	-	0.01	0.04	-	-	-
Realized gains (losses) for the period	(0.32)	0.03	0.44	0.64	0.81	(0.26)
Unrealized gains (losses) for the period	(1.12)	0.92	1.83	(0.29)	(0.04)	1.26
Transaction costs (2)	(0.01)	(0.03)	-	-	-	-
Total increase (decrease) from operations	(1.50)	0.81	2.19	0.26	0.70	0.97
Net assets, end of period (3)	$ 6.26	$ 7.76	$ 7.94	$ 5.75	$ 5.49	$ 4.79

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

Ratios and Supplemental Data

	Six months ended June 30, 2008	2007	2006	2005	2004	2003
Net asset value (000's) (1)	$ 45,716	$ 56,020	$ 32,553	$ 23,574	$ 22,526	$ 19,639
Number of shares outstanding (1)	7,190,091	7,190,091	4,101,350	4,101,350	4,101,350	4,101,350
Management expense ratio (2) (6)	2.94%	3.00%	3.31%	3.51%	3.33%	3.44%
Management expense ratio excluding leverage costs (2) (3) (6)	2.34%	2.49%	2.65%	2.89%	2.70%	2.70%
Portfolio turnover rate (4)	10.72%	25.88%	30.88%	67.45%	72.22%	79.48%
Trading expense ratio (5) (6)	0.15%	0.33%	0.24%	0.58%	0.66%	0.70%
Net asset value per share (1)	$ 6.28	$ 7.79	$ 7.94	$ 5.75	$ 5.49	$ 4.79
Closing market price (1)	$ 4.88	$ 5.96	$ 6.45	$ 4.35	$ 4.00	$ 3.60

(1) This information is provided as at the end of the financial period shown.
(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
(3) Leverage costs reflect interest on bank borrowings.
(4) The Company's portfolio turnover rate indicates how actively the Company's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of a 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.
(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
(6) Ratios for the six months ended June 30, 2008 have been annualized.

MANAGEMENT FEES

The Company pays a management fee that is calculated and paid monthly at 1.5% per annum of the net asset value, excluding a deduction for income tax liabilities. 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 MMA and receive no compensation from CWF.

PAST PERFORMANCE

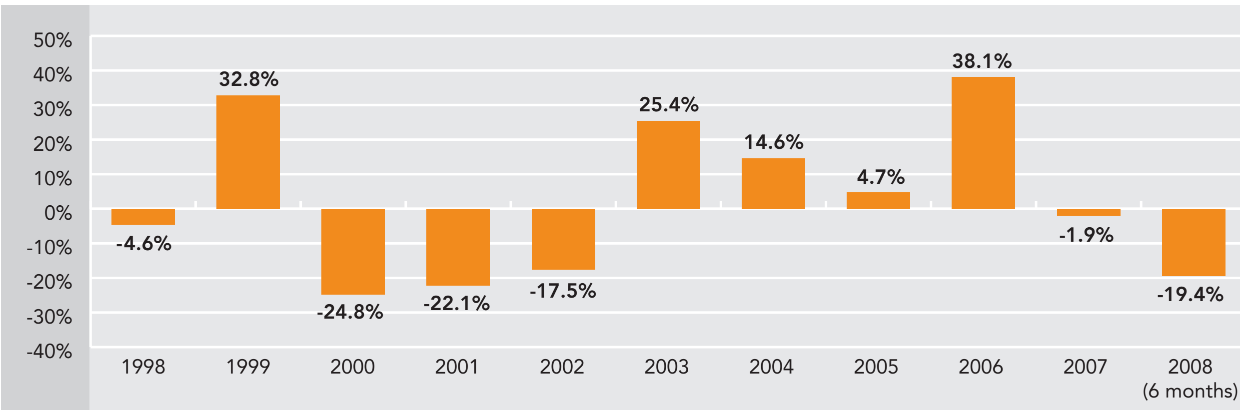
The performance information shown does not take into account broker commissions or other fees potentially payable by holders of the company's shares that could have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

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, 2008, 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 financial period would have grown or decreased by the last day of each financial period.

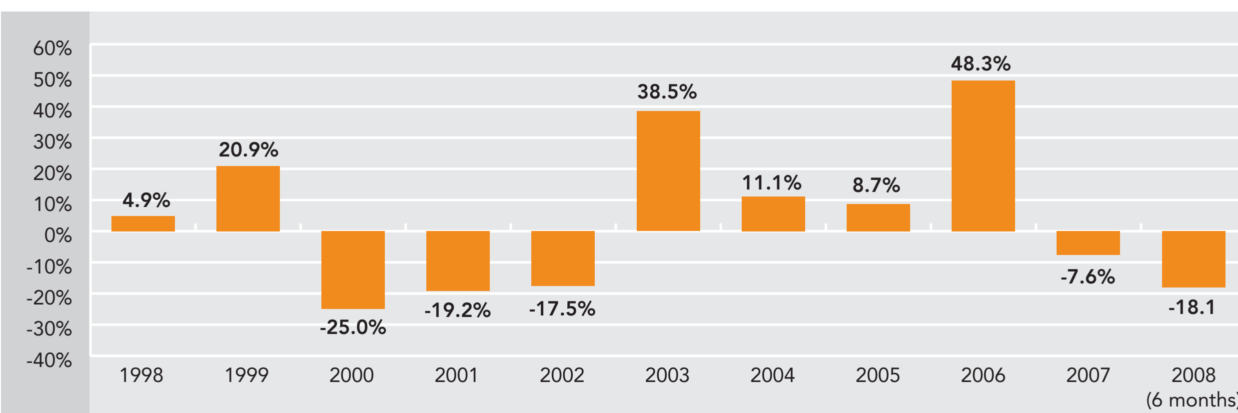
The bar chart below illustrates CWF's net asset value per share return.

Net Asset Value Return



The bar chart below illustrates CWF's market return.

Market Value Return



SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2008

Top 25 Holdings

Issuer	Country	Sector	% of Net Asset Value*	% of Investment Portfolio
PT Bumi Resources Tbk	Indonesia	Energy	5.5	4.8
Cash	Canada	Cash & Cash Equivalents	5.2	4.5
PT Timah Tbk	Indonesia	Materials	3.5	2.9
Petrofac Limited	U.K.	Energy	3.1	2.7
Central European Distribution Corporation	Poland	Consumer Staples	3.1	2.6
Equinox Minerals Limited	Canada	Materials	3.0	2.6
Autonomy Corporation plc	U.K.	Information Technology	2.8	2.5
Lojas Renner S.A.	Brazil	Consumer Discretionary	2.8	2.5
Apple Inc.	U.S.A.	Information Technology	2.6	2.3
Freeport-McMoRan Copper & Gold Inc.	U.S.A.	Materials	2.6	2.3
Petrominerales Ltd.	Canada	Energy	2.5	2.2
Deere & Company	U.S.A.	Industrials	2.4	2.1
Oslo Bors VPS Holding ASA	Norway	Financials	2.2	1.9
Alliance Grain Traders Income Fund	Canada	Consumer Staples	2.1	1.8
Baidu.com, Inc.	China/Hong Kong	Information Technology	2.1	1.8
Grupo México, S.A.B. de C.V.	Mexico	Materials	2.1	1.8
Alcoa Inc.	U.S.A.	Materials	2.0	1.7
LUKOIL, ADR	Russia	Energy	2.0	1.7
Grupo Financiero Banorte, S.A.B de C.V.	Mexico	Financials	1.9	1.7
AmRest Holdings N.V.	Netherlands	Consumer Discretionary	1.8	1.6
Tethys Petroleum Limited	U.K.	Energy	1.8	1.6
CAE Inc.	Canada	Industrials	1.8	1.6
Sberbank	Russia	Financials	1.8	1.5
FCStone Group, Inc.	U.S.A.	Financials	1.7	1.5
Bannerman Resources Ltd.	Australia	Energy	1.6	1.4
			64.0*	55.6
Total Net Asset Value* ($000's)				$ 45,176
Total Investment Portfolio ($000's)				$ 52,381

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of bank indebtedness ($7.0 million), other assets and other liabilities. Total Investment Portfolio includes a receivable on securities sold of $353,000.

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, 2008

Sector Allocation

	% of Net Asset Value*	% of Investment Portfolio
Financials	24.2	20.9
Energy	23.6	20.3
Materials	21.6	18.6
Consumer Discretionary	11.9	10.3
Industrials	9.8	8.5
Information Technology	9.6	8.2
Consumer Staples	6.5	5.6
Cash & Cash Equivalents	5.2	4.5
Utilities	1.5	1.3
Telecommunication Services	1.3	1.1

Geographic Allocation

	% of Net Asset Value*	% of Investment Portfolio
Europe	28.7	24.7
Canada	25.1	21.7
Asia	24.5	21.2
United States	18.7	16.1
Latin America	10.3	8.8
Cash & Cash Equivalents	5.2	4.5
Australia	1.6	1.4
Africa	1.1	0.9

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of bank indebtedness ($7.0 million), other assets and other liabilities. Total Investment Portfolio includes a receivable on securities sold of $353,000.

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INTERIM FINANCIAL STATEMENTS

June 30, 2008

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, 2008 and December 31, 2007 *(in thousands of dollars, except per share amounts)*	**June 30, 2008** **Unaudited** **$**	**December 31, 2007** **Audited** **$**
Assets		
Investments at market value (cost - $41,873; 2007 - $46,573)	49,441	64,186
Cash	2,347	110
Receivable on securities sold	353	-
Dividends receivable	20	34
Income taxes recoverable	364	106
	52,525	64,436
Liabilities		
Bank indebtedness (note 2)	6,921	5,399
Payable for securities purchased	-	589
Accounts payable and accrued liabilities	110	134
Future income taxes on unrealized gain on investments	518	2,520
	7,549	8,642
Net Assets	44,976	55,794
Shareholders' Equity		
Capital stock (note 3)	39,220	39,220
Unrealized gain on investments, net of future income taxes	7,050	15,093
Retained earnings (deficit) (note 4)	(1,294)	1,481
	44,976	55,794
Number of shares outstanding (note 3)	7,190,091	7,190,091
Net assets per share (note 8)	6.26	7.76

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

STATEMENTS OF OPERATIONS

For the six months ended June 30 (Unaudited) *(in thousands of dollars, except per share amounts)*	**2008** **$**	**2007** **$**
Investment income		
Dividends	311	321
Interest	7	6
	318	327
Withholding taxes on foreign dividends	(20)	(24)
	298	303
Expenses		
Management fees	384	315
Interest	145	107
Custodial fees	68	41
Directors' fees and expenses	31	47
Listing and regulatory	30	33
Audit fees	13	12
Security holder reporting costs	12	16
Independent review committee fees and expenses	9	-
Investor relations	8	6
Legal fees	2	16
Capital taxes	1	2
Other	8	11
	711	606
Net investment loss before income taxes	(413)	(303)
Income tax recovery (note 5)	-	83
Net investment loss	(413)	(220)
Realized and unrealized gains (losses) on investments		
Net realized gain (loss) on investments, net of income taxes of ($258) (2007 - $153)	(2,325)	753
Change in unrealized gain on investment, net of decrease (increase) in future income taxes of ($2,002) (2007 - $439)	(8,043)	2,014
Transaction costs on purchase and sale of investments	(37)	(78)
Net gain (loss) on investments	(10,405)	2,689
Increase (decrease) in net assets resulting from operations for the period	(10,818)	2,469
Increase (decrease) in net assets resulting from operations per share (based on weighted-average number of shares outstanding during the period (note 3))	(1.50)	0.55

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

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30 (Unaudited) *(in thousands of dollars)*	**2008** **$**	**2007** **$**
Increase (decrease) in net assets resulting from operations for the period	(10,818)	2,469
Net proceeds from subscription of rights (note 3)	-	18,718
Increase (decrease) in net assets during the period	(10,818)	21,187
Net assets, beginning of period	55,794	32,363
Net assets, end of period	44,976	53,550

STATEMENTS OF CASH FLOWS

For the six months ended June 30 (Unaudited) *(in thousands of dollars)*	**2008** **$**	**2007** **$**
Cash provided by (used in):		
Operating activities		
Net investment loss	(413)	(220)
Purchase of investments	(6,204)	(21,238)
Proceeds of disposition of investments	8,321	5,677
Income tax provision included in net realized gain on investments	258	(153)
Transaction costs on purchase and sale of investments	(37)	(78)
Net change in non-cash balances related to operations	(1,210)	231
	715	(15,781)
Financing activities		
Increase (decrease) in bank indebtedness	1,522	(601)
Net proceeds from subscription of rights (note 3)	-	18,718
	1,522	18,117
Net increase in cash during the period (note 7)	2,237	2,336
Cash, beginning of period	110	658
Cash, end of period	2,347	2,994

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

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2008

Number or Par Value	Investment	Cost $	Market Value $
		(in thousands of dollars)	
	AFRICA (0.9%)		
58,814	Orca Exploration Group Inc., B	625	494
	TOTAL AFRICA	625	494
	ASIA (21.2%)		
3,000	Baidu.com, Inc., ADR (China/Hong Kong)	685	955
34,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	518	466
15,700	Financial Technologies (India) Limited (India)	1,063	626
10,000	HDFC Bank Ltd., ADR (India)	579	728
50,000	Indiabulls Financial Services Limited (India)	79	306
50,000	Indiabulls Real Estate Limited (India)	76	319
50,000	Indiabulls Securities Limited (India)	17	89
920,000	Italian-Thai Development Public Company Limited, Foreign Reg (Thailand)	308	164
2,125,000	Italian-Thai Development Public Company Limited, NVDR (Thailand)	640	379
50,000	Mahindra & Mahindra Limited (India)	407	566
120,000	Nagarjuna Construction Company Ltd. (India)	363	382
1,000	Nintendo Co., Ltd. (Japan)	573	574
40,200	Pantaloon Retail (India) Limited (India)	311	334
2,750,000	PT Bumi Resources Tbk (Indonesia)	630	2,481
371,500	PT Timah Tbk (Indonesia)	809	1,528
65,300	Siam Cement Public Company Limited, Foreign Reg. (Thailand)	554	394
209,500	SREI Infrastructure Finance Limited (India)	754	444
231,000	Top Glove Corporation BHD (Malaysia)	635	304
	TOTAL ASIA	9,001	11,039
	AUSTRALIA (1.4%)		
300,000	Bannerman Resources Ltd.	1,026	731
	TOTAL AUSTRALIA	1,026	731

Number or Par Value	Investment	Cost $	Market Value $
		(in thousands of dollars)	
	EUROPE (24.6%)		
	Europe Excluding United Kingdom		
21,999	AmRest Holdings N.V. (Netherlands)	399	811
18,000	Central European Distribution Corporation (Poland)	445	1,361
20,000	IMAREX NOS ASA (Norway)	352	516
8,800	LUKOIL, ADR (Russia)	791	884
39,000	Oslo Bors VPS Holding ASA (Norway)	207	991
250,000	Sberbank (Russia)	512	806
10,555,000	Uralsvyazinform (Russia)	596	554
18,332	X5 Retail Group N.V., GDR (Russia)	357	629
	Total Europe (Excluding United Kingdom) (12.6%)	3,659	6,552
	United Kingdom		
70,000	Autonomy Corporation plc	475	1,285
900,000	Blinkx plc	509	301
41,000	Hochschild Mining plc	337	325
21,804	London Stock Exchange Group plc	588	345
158,500	M&C Saatchi	516	312
250,000	Midas Capital plc	1,386	583
95,000	Petrofac Limited	999	1,421
735,000	PLUS Markets Group plc	480	160
230,000	Serica Energy PLC	317	396
112,500	The Stanley Gibbons Group Limited	116	354
300,000	Tethys Petroleum Limited	903	807
	Total United Kingdom (12.1%)	6,626	6,289
	TOTAL EUROPE	10,285	12,841
	LATIN AMERICA (8.9%)		
85,000	Brascan Residential Properties S.A. (Brazil)	739	468
8,000	Desarrolladora Homex, S.A.B. de C.V. (Mexico)	520	477
180,000	Grupo Financiero Banorte, S.A.B. de C.V. (Mexico)	300	862
405,000	Grupo México, S.A.B. de C.V., B (Mexico)	281	933
63,000	Lojas Renner S.A. (Brazil)	767	1,276
456,000	SARE Holding, S.A. de C.V., B (Mexico)	326	609
	TOTAL LATIN AMERICA	2,933	4,625

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

As at June 30, 2008

Number or Par Value	Investment	Cost $	Market Value $
			(in thousands of dollars)
	NORTH AMERICA (37.8%)		
	Canada		
60,500	Alliance Grain Traders Income Fund, units	752	943
50,000	Altius Minerals Corporation	987	436
98,600	Augusta Resource Corporation	390	576
70,000	CAE Inc.	978	805
700,000	Chariot Resources Limited	230	658
330,000	El Nino Ventures Inc., warrants 02/28/2009	119	1
300,000	Equinox Minerals Limited	264	1,332
400,000	International Nickel Ventures Corporation	482	324
30,000	Logibec Groupe Informatique Ltd.	411	600
32,120	Lundin Mining Corporation	150	199
7,000	Niko Resources Ltd.	303	688
70,000	Petrominerales Ltd.	263	1,140
90,000	Plutonic Power Corporation	616	657
200,000	Roca Mines Inc.	621	437
92,500	Silvercorp Metals Inc.	834	555
600,000	Stratic Energy Corporation	664	498
8,852	TMX Group Inc.	413	372
200,000	WesternZagros Resources Ltd.	524	588
186,600	Zongshen PEM Power Systems Inc.	714	467
	Total Canada (21.6%)	9,715	11,276
	United States		
25,000	Alcoa Inc.	1,125	907
7,000	Apple Inc.	548	1,194
15,000	Deere & Company	1,071	1,103
27,750	FCStone Group, Inc.	672	789
2,000	First Solar, Inc.	615	556
10,000	Freeport-McMoRan Copper & Gold Inc.	798	1,194
50,000	General Moly, Inc.	241	400
7,000	Harley-Davidson, Inc.	471	258
15,000	Investment Technology Group, Inc.	697	512
8,000	NYMEX Holdings Inc.	1,117	686
4,000	NYSE Euronext	310	206
10,000	Sothebys	212	268
30,000	Stillwater Mining Company	533	362
	Total United States (16.2%)	8,410	8,435
	TOTAL NORTH AMERICA	18,125	19,711

Number or Par Value	Investment	Cost $	Market Value $
			(in thousands of dollars)
	Transaction costs	(122)	-
	Total Investments (94.8%)	41,873	49,441
	Cash & Cash Equivalents (4.5%)	2,347	2,347
	Receivable on securities sold (0.7%)	353	353
	INVESTMENT PORTFOLIO (100.0%)	44,573	52,141

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

Investment Portfolio (115.9%)	52,141
Bank indebtedness (-15.4%)	(6,921)
Future income taxes on unrealized gain on investments (-1.1%)	(518)
Other assets and liabilities, net (0.6%)	274
NET ASSETS (100.0%)	44,976

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

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

NOTES TO FINANCIAL STATEMENTS

For the six months ended June 30, 2008 (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, 2007 audited financial statements which are available at www.sedar.com 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, 2007 audited financial statements except for the adoption of new accounting standards as described below.

Adoption of new accounting standards

On January 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards replaced Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing the Company's disclosure requirements, and carrying forward unchanged its presentation requirements. The new disclosure standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. Although the standards impact the Company's disclosures provided, they do not affect the Company's net assets.

Refer to note 6 for new disclosure relating to adoption of the new requirements.

2 BANK INDEBTEDNESS

The Company has a revolving demand credit facility of $8.0 million, comprising bankers' acceptances and term loans, subject to specified covenants, with interest based on the prime bankers' acceptance rate. The bank indebtedness has a combined weighted-average interest rate of 4.46% per annum as at June 30, 2008 (2007 – 5.24% per annum) and is repayable over various maturity dates in 2008 and 2009.

During 2008, the Company utilized between $5.4 and $7.0 million (2007 - $5.4 million) of its revolving demand credit facility.

3 CAPITAL STOCK

Changes in the number of common shares of the Company outstanding for the six months ended June 30 were as follows:

	2008		2007	
	Number of shares	Amount $ (in thousands of dollars)	Number of shares	Amount $ (in thousands of dollars)
Balance, beginning of period	7,190,091	39,220	4,101,350	20,507
Subscription of rights	-	-	3,088,741	18,718
Balance, end of period	7,190,091	39,220	7,190,091	39,225

A one-for-one rights offering that was originally announced by the Company on April 19, 2007 closed on June 7, 2007. Under the terms of the final short form prospectus that was filed on April 27, 2007, each shareholder of record of the Company on May 8, 2007 received one right for each common share held, with each right entitling the holder to purchase one common share at the price of $6.25 until 4:00 p.m. (Toronto time) on June 5, 2007. Holders of rights were also entitled to subscribe pro rata for additional common shares, if available, that were not subscribed for initially, on or before the expiry date.

The weighted-average number of common shares outstanding for the six months ended June 30, 2008 was 7,190,091 (2007 – 4,510,907).

4 RETAINED EARNINGS (DEFICIT)

The changes in retained earnings (deficit) for the period were as follows:

(in thousands of dollars)	2008 $	2007 $
Retained earnings, beginning of period	1,481	2,172
Net investment loss	(413)	(220)
Net realized gain (loss) on investments, net of transaction costs	(2,362)	675
Retained earnings (deficit), end of period	(1,294)	2,627

5 TAXATION

The Company, as a public corporation, is subject to income taxes on its net investment income and net realized gain on investments at the rates of approximately 34% (2007 - 36%) and 17% (2007 - 18%), respectively. Taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The effective income tax rate for future income taxes is approximately 17% (2007 - 18%).

Included in future income taxes on unrealized gain on investments is a future income tax asset for non-capital losses carried forward of $391,000, which will begin to expire in 2027 and a future income tax asset for the provincial portion of capital losses carried forward of $185,000 which can be carried forward indefinitely.

The Company is also subject to a special tax of up to 33 1/3% of taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at a rate of $1 for each $3 of such dividends paid. The Company has refundable dividend tax on hand of approximately $28,000 as at June 30, 2008 (2007 - $28,000).

6 FINANCIAL INSTRUMENT RISK

The Company is a closed-end equity fund that endeavours to provide superior long-term returns by investing globally in securities of primarily publicly traded growth companies.

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 (defined as interest rate risk, currency risk and other price risk). In general, the portfolio manager, Morgan Meighen & Associates Limited (the Manager), seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio managers, by daily 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, country, industry 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 consists of investments in debt instruments, including bonds and preferred shares, as well as amounts due from brokers. The market value of debt instruments includes consideration of the credit worthiness of the debt issuer. The carrying amount of investments as presented on the Statement of Investment Portfolio represents the maximum credit risk exposure as at June 30, 2008. This also applies to other assets, as these have a short term to settlement. As at June 30, 2008, the Company had no significant investments in debt instruments.

All transactions in securities are settled/paid for upon 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.

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 a revolving demand credit facility of $8 million (see note 2).

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 securities, if any, are identified in the Statement of Investment Portfolio. There were no restricted securities in the investment portfolio at June 30, 2008. 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.

Market risk

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 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 liabilities 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, 2008, the Company had no significant investments in debt instruments.

The Company's revolving credit facility is subject to interest rates based on the prime bankers' acceptance rate which exposes the Company to interest rate risk as any new borrowings will be subject to the prevailing interest rate environment at that time. As at June 30, 2008, with a 1% increase or decrease in interest rates, net assets would have a corresponding decrease or increase of approximately $47,000 over a one year period.

Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency. 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 also 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, 2008, the Company's investment portfolio had a 73.8% weighting in foreign currencies. The five most significant foreign currencies were as follows:

	Currency exposure ($ 000's) - CDN	% of Investment Portfolio
U.S. Dollar	14,828	30.0
U.K. Pound Sterling	5,086	10.3
Indonesian Rupiah	4,009	8.1
Indian Rupee	3,065	6.2
Mexican Peso	2,405	4.9

As at June 30, 2008, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $1.5 million (approximately 3.4% of total net assets).

Other price risk:

Other 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 a 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 Statement of Investment Portfolio groups the securities by geographic area.

As at June 30, 2008, a 5% increase or decrease in market prices in the investment portfolio, with all other variables held constant, would have resulted in the net assets of the Company increasing or decreasing, respectively, by approximately $2.1 million (approximately 4.6% of total net assets).

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.

7 SUPPLEMENTAL CASH FLOW INFORMATION

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

(in thousands of dollars)	2008 $	2007 $
Interest paid	145	107
Income taxes paid	-	47

8 RECONCILIATION OF NAV

In accordance with the relief granted by the Canadian Securities Administrators to investment funds company complying with CICA Section 3855, a reconciliation of the Company's net asset value per share (NAV) and net assets per share, calculated in accordance with Canadian generally accepted accounting principles, is required. For investments that are traded in an active market, Section 3855 requires that bid prices be used in the fair value of instruments, rather than the use of the last traded price, as currently used for the purpose of determining net asset value. This change accounts for the difference between net asset value and net assets.

The impact of Section 3855 on the NAV as at June 30, 2008 is as follows:

NAV $	Section 3855 Adjustment $	Net Assets Per Share $
6.28	(0.02)	6.26

GLOBAL OPPORTUNITIES

Managed by:

MorganMeighen

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