THD

Third Canadian General
Investment Trust Limited

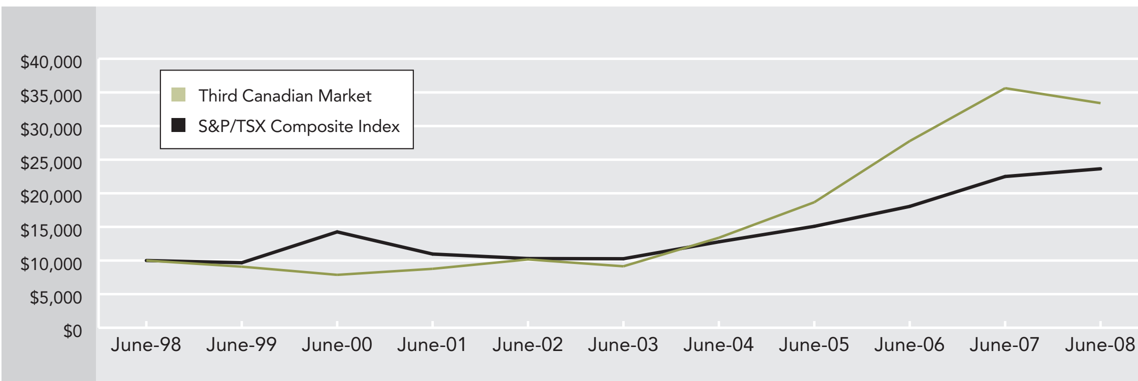
INTERIM REPORT 2008

CORPORATE PROFILE

Third Canadian General Investment Trust Limited (Third Canadian), founded in 1928, is one of the oldest publicly listed closed-end funds in North America and certainly one of the most unusual. Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets and otherwise directly in Canadian and international financial instruments including equities, funds, income trusts and related products.

Third Canadian has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

Growth of a $10,000 Investment – *10 years to June 30, 2008*



The graph above is presented to illustrate the benefit of a long-term investment in THD's common shares. A $10,000 investment in THD common shares would have grown to over $33,000 over the 10-year period ended June 30, 2008. This equates to a compound annual average growth rate of 12.8%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly $24,000 or a compound average annual growth rate of 9.0%.

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

Third Canadian's net asset value (NAV) rose 8.8% in the second quarter of 2008 on a total return basis. This slightly lagged the 9.1% total return posted by the benchmark S&P/TSX Composite Index. Third Canadian's market return, however, surpassed both its NAV and its benchmark, posting 14.3% for the quarter, as the discount of the market price to NAV narrowed.

These positive returns were very welcome after the sharp declines of the first quarter, but also serve to highlight the extreme volatility of the market currently. For the six months ended June 30, Third Canadian's NAV return remained negative at -10.4%, while its market return was flat at 0.1% and the Index was up 6.0%.

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, Third Canadian has an IRC responsible for potential matters pertaining to it, exclusively, comprised of Third Canadian's Independent Directors.

OUTLOOK

We view any market rebounds cautiously and expect only minimal growth in the Canadian economy for the balance of the year, 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

A general global equity market decline began in the first quarter and accelerated downward as the half year evolved, with a particularly damaging month of June adding to the retreat. The Morgan Stanley Capital International All Country World Index (MSCI ACWI), a composite of global stocks, had its worst monthly decline since September 2002 and was down 6.1%; the U.S. market, as gauged by the Dow Jones Industrial Average, had its worst June since 1930. The Canadian market, however, has shown a remarkable divergence from its counterparts, reflecting a sizable concentration in energy and commodities. It has posted the best year-to-date performance among the world's 20 biggest stock markets. The S&P/TSX climbed 6.0% on a total return basis year to date, in stark contrast to the deep double-digit declines experienced by other major equity markets.

Concerns regarding liquidity issues and the U.S. housing market downturn were accentuated in the markets as the half year unfolded. When mortgage-related derivative losses kept climbing, investors began to question the viability of major financial institutions around the world. This exerted extreme pressure on their stocks while credit availability, a necessity of global commerce, remained extremely tight. This process created a domino effect, curtailing and potentially jeopardizing many corporate activities at a time when the economic health of the U.S. economy remained suspect. To make matters worse, the effects of rising raw material inputs have provoked inflation concerns, almost ensuring that the economic boost usually afforded by lowering interest rates would be absent.

PRINCIPAL ASSETS

The combined total weighting for the principal assets, Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF), has dropped slightly from year end, reflecting the effects of these tumultuous markets. CGI remains dominant at a 55.0% weighting; CWF is 3.3% of the portfolio total at June 30, 2008.

As indicated earlier, the S&P/TSX stands on top of the world's major index rankings with 9.1% total return in the second quarter, pushing the Index to a positive 6.0% return year to date. However, the returns have been dominated almost entirely by the Materials and Energy sectors, which carry a very high combined 53.2% weighting in the Index. And further to that, the contribution of just three stocks (Potash Corporation, EnCana Corp. and Canadian Natural Resources) make up more than 95% of the total S&P/TSX Index point change year to date. This has disguised the underlying market difficulties reflected by most of the other global benchmark indices and makes it extremely difficult for broadly diversified funds to match its returns.

As CGI and CWF portfolios reflect the broader trends of their respective mandates, the current returns, unfortunately, are more aligned to what is being reflected in the general markets outside of the S&P/TSX. Although CGI has shown an improvement from the first quarter, its year-to-date NAV return remains -6.5% and its market return is -15.0%. For CWF, the NAV return is -19.4% and market return is -18.1% against its benchmark MSCI ACWI (in Cdn $) of -9.1%.

NON-PRINCIPAL ASSETS

The non-principal assets posted a very good return in the quarter and would have shown positive returns year to date but for the impact of a market swoon in June. They now total approximately $138 million, remaining below their $142 million valuation at December 31, 2007, but still lessened the negative effect of the principal assets on Third Canadian's overall results.

The overwhelming leadership by the Materials and Energy sectors in the S&P/TSX is astounding. Both groups have greater than 20% returns in 2008 compared to two other sectors with marginal gains and the rest negative. And, on an individual basis, less than 40% of the stocks in the Index bettered the benchmark return.

The non-principal assets have benefited from a number of holdings related to the resource play. Not surprisingly, nine of the top ten performers in the year-to-date period fall into this group and all nine names also rank in the top 15 performers for Third Canadian for the most recent twelve months. Also interesting is that more than half of these names are non-Canadian, supporting initiatives taken to expand the foreign content in search of additional performance potential. Generally, holdings of companies outside of Canada provide exposure to positions that can augment the geographic footprint or provide a unique investment play.

Foreign companies included in the leading performance group are The Mosaic Company, Cleveland-Cliffs Inc., MMX Mineração e Metálicos S.A., Freeport-McMoRan Copper & Gold Inc. and Monsanto Company, each a global leader in their respective fields. On the Canadian side, a couple of coal stocks, Grande Cache Coal Corporation and Western Canadian Coal Corp. have been excellent plays on the uplift in the price of the commodity. Rounding out the field are two oil and gas names, Canadian Natural Resources Limited and TriStar Oil & Gas Ltd., and, finally, Timminco Limited, an early stage play related to the solar industry.

OUTLOOK

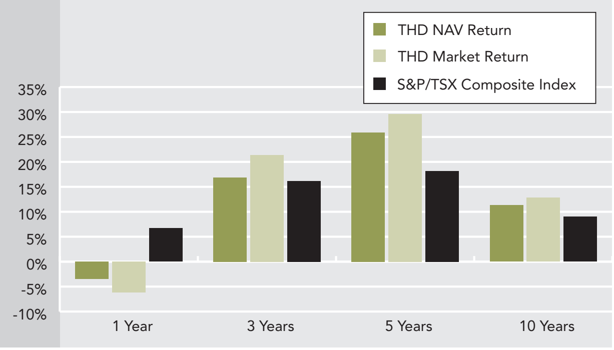
Many equity markets around the world have plunged in excess of 20% from their recent highs, thereby officially designating themselves as bear markets. Although the S&P/TSX appears to stand aside from these global difficulties, its results have been dependent on an extremely narrow field. These factors, combined with the longer-term nature of the difficulties affecting the markets in general, result in a cautious outlook going forward.

On behalf of the Manager,

Michael A. Smedley
CEO and Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

Compound Annual Returns for the Periods Ending June 30, 2008



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

Third Canadian General Investment Trust Limited's (Third Canadian) net asset value per share (NAV) at June 30, 2008 was $55.79, down from the NAV of $62.42 at year end 2007. The NAV return, with dividends reinvested, for the six-month period to June 30, 2008 was -10.4%, compared with a total return of 6.0% for the benchmark S&P/TSX Composite Index (S&P/TSX). Third Canadian's net asset value at June 30, 2008 was $268,103,000, representing a 10.6% decrease from the $299,981,000 at the end of 2007. This decrease can be largely attributable to the year-to-date return of -15.1% in its principal asset segment.

Leverage

Third Canadian has a revolving credit facility for investment leverage purposes of $40.0 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. At June 30, 2008 the bank indebtedness had a combined weighted-average interest rate of 4.46% per annum and is repayable over various maturity dates in 2008 and 2009. During the first six months of 2008, Third Canadian utilized $40 million of its credit facility. As at June 30, 2008, the outstanding borrowings represented 14.9% of total net asset value.

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 Third Canadian's IRC to be as follows: Shawn S. Cooper, Robert S. Hart and Paul M. Pugh.

RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with Third Canadian and its principal assets, Canadian General Investments, Limited (CGI) and Canadian World Fund

Limited (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".

At the end of the period, Third Canadian's principal assets consist of common shares of CGI and CWF. Third Canadian has ownership interests in CGI and CWF of approximately 37% and 31%, respectively. Third Canadian, CGI and CWF are all TSX listed closed-end investment funds. CGI is also listed on the London Stock Exchange.

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	$ 62.37	$ 55.69	$ 45.71	$ 31.78	$ 25.30	$ 17.85
Increase (decrease) from operations:						
Total revenue	0.42	0.93	1.07	0.91	0.81	0.84
Total expenses	(0.43)	(0.82)	(0.60)	(0.43)	(0.31)	(0.28)
Income tax recovery	0.09	0.15	0.02	-	0.02	0.02
Realized gains for the period (2)	0.29	3.12	7.42	1.46	0.35	0.35
Unrealized gains (losses) for the period	(7.36)	4.55	3.33	12.69	6.02	7.16
Transaction costs (3)	(0.03)	(0.06)	-	-	-	-
Total increase (decrease) from operations	**(7.01)**	7.87	11.24	14.63	6.88	8.09
Dividends paid to shareholders:						
Taxable dividends (4)	(0.15)	(1.20)	(1.10)	(0.75)	(0.55)	(0.55)
Net decrease (increase) in refundable dividend tax on hand	(0.04)	-	-	0.05	0.14	(0.09)
Net assets, end of period (5)	$ 55.16	$ 62.37	$ 55.85	$ 45.71	$ 31.78	$ 25.30

1) 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.
(2) Includes capital gains dividend received – net of income taxes.
(3) Transaction costs were included in the purchase cost / sale proceeds prior to 2007.
(4) Dividends were paid in cash.
(5) This is not a reconciliation of the beginning and ending net assets.

Ratios and Supplemental Data

	Six months ended June 30, 2008	2007	2006	2005	2004	2003
Net asset value (000's) (1)	$ 268,103	$ 299,981	$ 268,433	$ 219,701	$ 152,726	$ 121,611
Number of shares outstanding (1)	4,805,910	4,805,910	4,805,910	4,805,910	4,805,910	4,805,910
Management expense ratio (2) (7)	4.39%	4.02%	4.32%	4.39%	5.16%	4.87%
Management expense ratio excluding leverage costs and proportionate share of expenses of holdings in other investment funds (2) (3) (7)	0.80%	0.63%	0.75%	0.68%	0.68%	0.73%
Portfolio turnover rate - total portfolio (4)	9.94%	18.76%	22.63%	10.23%	10.64%	7.21%
Portfolio turnover rate - non-principal asset segment (4) (5)	24.71%	52.43%	40.47%	41.28%	41.12%	26.70%
Trading expense ratio (6) (7)	0.11%	0.11%	0.09%	0.06%	0.07%	0.06%
Net asset value per share	$ 55.79	$ 62.42	$ 55.85	$ 45.71	$ 31.78	$ 25.30
Closing market price (1)	$ 48.50	$ 48.60	$ 47.66	$ 38.96	$ 25.85	$ 19.96

(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 asset value during the period. As Third Canadian invests in CGI and CWF, which are investment funds, total expenses also include Third Canadian's proportionate share of the expenses of CGI and CWF.
(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) This turnover rate excludes the Company's principal asset holdings.
(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
(7) 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% per annum of the consolidated net asset value (adjusted to include future income taxes, any tax liabilities and any borrowings as part of consolidated net asset value) of the Company (calculated without regard to the value of any securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager). The Manager is also entitled to receive an administration fee of 0.2% per annum of the market value of the securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager. 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 Third Canadian.

PAST PERFORMANCE

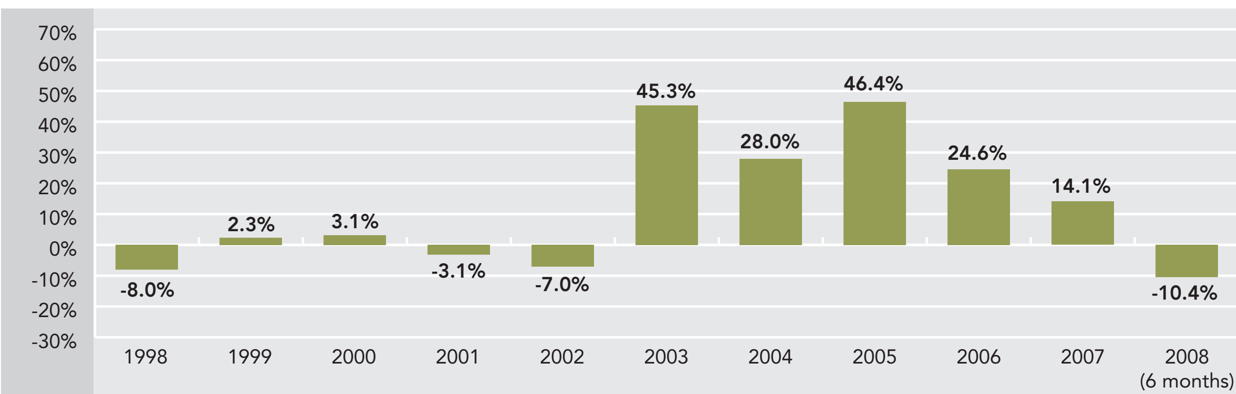
The performance information shown assumes that all dividends paid by Third Canadian were reinvested in additional shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that could have reduced 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.

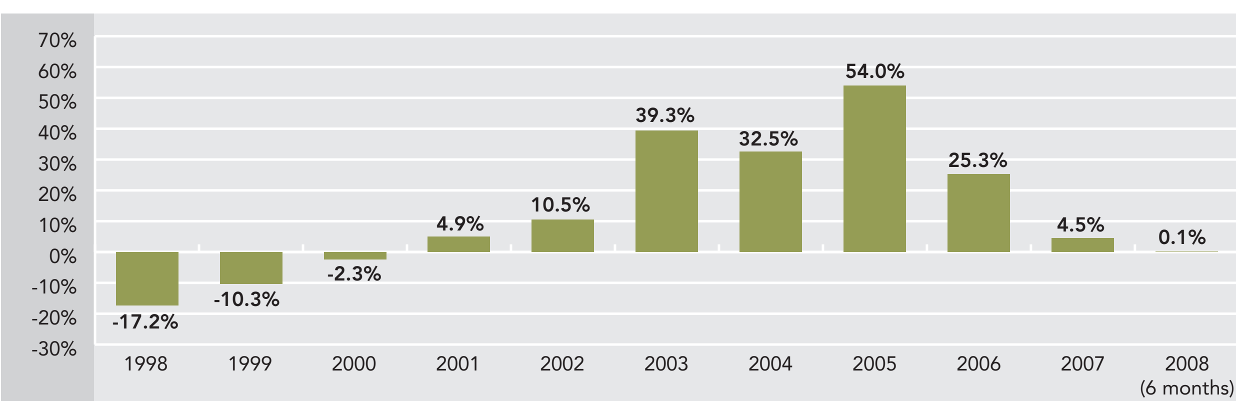
The bar chart below illustrates Third Canadian's net asset value per share return, with dividends reinvested at net asset value per share.

Net Asset Value Return



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

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
Canadian General Investments, Limited**	Canada	Principal Assets	68.1	55.0
Canadian World Fund Limited**	Canada	Principal Assets	4.1	3.3
The Mosaic Company	U.S.A.	Foreign Equities	2.1	1.7
Timminco Limited	Canada	Canadian Equities & Income Trusts	2.0	1.5
Freeport-McMoRan Copper & Gold Inc.	U.S.A.	Foreign Equities	1.7	1.4
Grande Cache Coal Corporation	Canada	Canadian Equities & Income Trusts	1.6	1.3
MMX Mineração e Metálicos S.A.	Brazil	Foreign Equities	1.5	1.2
Suncor Energy, Inc.	Canada	Canadian Equities & Income Trusts	1.5	1.2
Monsanto Company	U.S.A.	Foreign Equities	1.4	1.1
Cleveland-Cliffs Inc.	U.S.A.	Foreign Equities	1.3	1.0
Ag Growth Income Fund	Canada	Canadian Equities & Income Trusts	1.2	1.0
Labrador Iron Ore Royalty Income Fund	Canada	Canadian Equities & Income Trusts	1.2	1.0
Thompson Creek Metals Company Inc.	Canada	Canadian Equities & Income Trusts	1.2	1.0
First Solar, Inc.	U.S.A.	Foreign Equities	1.1	0.9
Bunge Limited	U.S.A.	Foreign Equities	1.1	0.9
TriStar Oil & Gas Ltd.	Canada	Canadian Equities & Income Trusts	1.1	0.9
Trinidad Drilling Ltd.	Canada	Canadian Equities & Income Trusts	1.1	0.9
Novo Nordisk A/S	U.S.A.	Foreign Equities	1.0	0.8
Western Canadian Coal Corp.	Canada	Canadian Equities & Income Trusts	1.0	0.8
Vestas Wind Systems A/S	Denmark	Foreign Equities	1.0	0.8
Xantrex Technology Inc.	Canada	Canadian Equities & Income Trusts	1.0	0.8
Equinox Minerals Limited	Canada	Canadian Equities & Income Trusts	1.0	0.8
Canadian Natural Resources Limited	Canada	Canadian Equities & Income Trusts	1.0	0.8
Sceptre Investment Counsel Limited	Canada	Canadian Equities & Income Trusts	0.9	0.8
SNC-Lavalin Group Inc.	Canada	Canadian Equities & Income Trusts	0.9	0.7
			101.1*	81.6
Total Net Asset Value* ($000's)				$ 268,103
Total Investment Portfolio* ($000's)				$ 332,293

* Total Net Asset Value represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains ($25.3 million), leverage in the form of bank indebtedness ($40.3 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold of $1.4 million.

** Investments in TSX listed closed-end investment funds under common control with the Company. CGI is focussed on medium to long-term investments in Canadian corporations. CWF invests globally in securities of primarily publicly traded growth companies. Information on these funds is available on the Internet at www.sedar.com or by visiting the Manager's web site at www.mmainvestments.com.

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

Portfolio Breakdown

	% of Net Asset Value*	% of Investment Portfolio
Principal Assets**	72.2	58.3
Canadian Equities & Income Trusts	36.2	29.2
Foreign Equities	15.0	12.1

* Total Net Asset Value represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains ($25.3 million), leverage in the form of bank indebtedness ($40.3 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold of $1.4 million.

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

The auditors of the Company have not reviewed these interim consolidated 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.

CONSOLIDATED 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 - $133,851; 2007 - $127,849)	327,386	362,817
Cash	-	7,770
Receivable for securities sold	1,394	-
Interest and dividends receivable	263	207
Income taxes recoverable	1,387	8
	330,430	370,802
Liabilities		
Bank indebtedness (note 2)	40,326	40,023
Accounts payable and accrued liabilities	255	252
Future income taxes on unrealized gain on investments	24,750	30,796
	65,331	71,071
Net Assets	265,099	299,731
Shareholders' Equity		
Capital stock	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments, net of future income taxes	168,785	204,172
Retained earnings (note 3)	87,129	86,374
	265,099	299,731
Number of shares outstanding	4,805,910	4,805,910
Net assets per share (note 8)	55.16	62.37

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the six months ended June 30 (Unaudited) *(in thousands of dollars, except per share amounts)*	2008 $	2007 $
Investment income		
Dividends	1,455	1,417
Interest and other	549	835
Securities lending revenue	24	82
	2,028	2,334
Expenses		
Interest (note 2)	971	772
Management fees	904	891
Listings and regulatory	43	45
Directors' fees and expenses	36	39
Audit fees	20	19
Custodial fees	18	8
Capital taxes	15	6
Security holder reporting costs	11	14
Independent review committee fees and expenses	10	-
Legal fees	4	3
Investor relations	1	-
Other	13	16
	2,046	1,813
Net investment income (loss) before income taxes	(18)	521
Income tax recovery (note 4)	454	287
Net investment income	436	808
Realized and unrealized gains (losses) on investments		
Net realized gain on investments, net of income taxes of $235 (2007 - $933) (note 4)	1,403	4,432
Change in unrealized gain on investment, net of decrease (increase) in future income taxes of $6,046 (2007 - $(2,050))	(35,387)	9,738
Transaction costs on purchase and sale of investments	(149)	(159)
Net gain (loss) on investments	(34,133)	14,011
Increase (decrease) in net assets resulting from operations for the period	(33,697)	14,819
Increase (decrease) in net assets resulting from operations per share (based on 4,805,910 (2007 - 4,805,910) weighted-average shares outstanding during the period)	(7.01)	3.08

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

CONSOLIDATED 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	(33,697)	14,819
Dividends paid to shareholders from net investment income	(721)	(721)
Net increase in refundable dividend tax on hand	(214)	(267)
Increase (decrease) in net assets during the period	(34,632)	13,831
Net assets, beginning of period	299,731	267,649
Net assets, end of period	265,099	281,480

CONSOLIDATED 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 income	436	808
Purchase of investments	(37,448)	(44,368)
Proceeds of disposition of investments	33,084	32,050
Income tax provision included in net realized gain on investments	(235)	(933)
Transaction costs on purchase and sale of investments	(149)	(159)
Net change in non-cash balances related to operations	(2,826)	(6,633)
	(7,138)	(19,235)
Financing activities		
Increase in bank indebtedness	303	15,005
Dividends paid to shareholders from net investment income	(721)	(721)
Net increase in refundable dividend tax on hand	(214)	(267)
	(632)	14,017
Net decrease in cash during the period (note 6)	(7,770)	(5,218)
Cash, beginning of period	7,770	6,318
Cash, end of period	-	1,100

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

CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2008

Number or Par Value	Investment	Cost $	Market Value $
			(in thousands of dollars)
	PRINCIPAL ASSETS (58.0%)		
7,629,811	Canadian General Investments, Limited	20,969	179,682
2,240,422	Canadian World Fund Limited	12,602	10,933
	TOTAL PRINCIPAL ASSETS	33,571	190,615
	CANADIAN EQUITIES AND INCOME TRUSTS (29.4%)		
700,000	Aeroquest International Limited	2,100	1,442
107,500	Ag Growth Income Fund, units	1,832	3,268
127,500	Black Diamond Income Fund, units	1,800	1,893
25,000	Canadian Natural Resources Limited	1,451	2,521
28,000	Canadian Pacific Railway Limited	2,044	1,887
65,572	Canadian Western Bank	795	1,623
65,800	CCL Industries Inc., B NV	2,023	1,939
55,000	Crescent Point Energy Trust, units	1,895	2,217
580,000	Equinox Minerals Limited	849	2,575
400,000	First Capital Realty Inc., 5.50% 9/30/2017 convertible debenture	388	385
38,790	First Capital Realty Inc.	645	921
26,880	First Capital Realty Inc., warrants 8/31/2008	1	269
97,000	Franco-Nevada Corporation	2,220	2,385
97,000	GENIVAR Income Fund, units	1,653	2,377
80,000	Gildan Activewear Inc.	2,009	2,078
515,000	Grande Cache Coal Corporation	1,889	4,414
140,000	Hanfeng Evergreen Inc.	1,898	1,830
45,000	Home Capital Group Inc.	584	1,778
40,000	Husky Energy Inc.	1,586	1,939
70,000	IBI Income Fund, units	1,695	1,551
59,000	Labrador Iron Ore Royalty Income Fund, units	1,773	3,286
161,000	Lockerbie & Hole Inc.	1,650	2,214
36,000	Major Drilling Group International Inc.	1,568	1,800
225,000	Migao Corporation	2,150	1,895
148,600	MTY Food Group Inc.	1,443	1,323
400,000	Neo Material Technologies Inc.	2,121	1,752
32,500	North West Company Fund, units	252	537
100,000	Northern Property Real Estate Investment Trust, units	1,174	2,239
1,000,000	Orko Silver Corp.	1,460	1,550
85,000	Pembina Pipeline Income Fund, units	767	1,522
120,000	Questerre Energy Corporation	740	427
1,200,000	Resin Systems Inc.	1,200	1,224
90,000	Ritchie Bros. Auctioneers Incorporated	1,597	2,478
60,000	Russel Metals Inc.	1,600	1,812
313,700	Sceptre Investment Counsel Limited	4,093	2,510
50,000	Silver Standard Resources Inc.	1,392	1,454
45,000	SNC-Lavalin Group Inc.	1,003	2,511
66,000	Suncor Energy Inc.	3,296	3,907
160,000	Thompson Creek Metals Company Inc.	1,725	3,171

Number or Par Value	Investment	Cost $	Market Value $
			(in thousands of dollars)
	CANADIAN EQUITIES AND INCOME TRUSTS (CONTINUED)		
200,000	Timminco Limited	1,801	5,470
199,500	Trinidad Drilling Ltd.	2,894	2,851
140,000	TriStar Oil & Gas Ltd.	2,160	2,885
64,500	Waterfurnace Renewable Energy Inc.	1,100	1,678
300,000	Western Canadian Coal Corp.	1,505	2,685
258,200	Xantrex Technology Inc.	2,535	2,561
100,000	Yamana Gold Inc.	1,899	1,683
	TOTAL CANADIAN EQUITIES AND INCOME TRUSTS	74,255	96,717
	FOREIGN EQUITIES (12.2%)		
26,500	Bunge Limited	3,111	2,904
28,000	Cleveland-Cliffs Inc.	1,381	3,399
30,000	Deere & Company	1,301	2,205
10,500	First Solar, Inc.	2,505	2,917
38,760	Freeport-McMoRan Copper & Gold Inc.	2,684	4,626
3,000	Google Inc., A	1,592	1,609
70,000	JSC MMC Norilsk Nickel, ADR	2,106	1,802
130,000	MMX Mineração e Metálicos S.A.	2,320	4,071
30,000	Monsanto Company	1,693	3,854
40,000	Novo Nordisk A/S, ADR	1,742	2,689
38,000	The Mosaic Company	2,485	5,600
20,000	Vestas Wind Systems A/S	1,594	2,663
16,000	Wimm-Bill-Dann Foods OJSC, ADR	1,743	1,715
	TOTAL FOREIGN EQUITIES	26,257	40,054
	Transaction costs	(232)	-
	Total Investments (99.6%)	133,851	327,386
	Net Receivable on securities sold (0.4%)	1,394	1,394
	INVESTMENT PORTFOLIO (100%)	**135,245**	**328,780**

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

Investment Portfolio (124.0%)	328,780
Future income taxes on unrealized gain on investments (-9.3%)	(24,750)
Bank indebtedness (-15.2%)	(40,326)
Other assets and liabilities, net (0.5%)	1,395
NET ASSETS (100.0%)	**265,099**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2008 (Unaudited)

These unaudited interim consolidated financial statements do not include all of the disclosures contained in the audited consolidated financial statements and accordingly should be read in conjunction with the December 31, 2007 audited consolidated 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 consolidated financial statements conform to those presented in the Company's December 31, 2007 audited consolidated 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 5 for new disclosure relating to adoption of the new requirements.

2 BANK INDEBTEDNESS

The Company has a revolving credit facility of $40 million comprising bankers' acceptances and term loans, with interest either 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 has a combined weighted-average interest rate of 4.46% per annum as at June 30, 2008 (2007 – 5.01% per annum) and is repayable over various maturity dates in 2008 and 2009.

During the first six months of 2008, the Company utilized $40.0 million (2007 – between $25.0 million and $40.0 million) of its revolving credit facility.

3 RETAINED EARNINGS

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

(in thousands of dollars)	2008 $	2007 $
Retained earnings, beginning of period	86,374	76,231
Net investment income	436	808
Net realized gain on investments, net of income taxes	1,403	4,432
Transaction costs on purchase and sale of investments	(149)	(159)
Net increase in refundable dividend tax on hand	(214)	(267)
	87,850	81,045
Dividends paid to shareholders from net investment income	(721)	(721)
Retained earnings, end of period	87,129	80,324

4 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 Company's recovery of income taxes on net investment income (loss) and provision for income taxes on net realized gain on investments during the period were made up as follows:

(in thousands of dollars)	2008 $	2007 $
Recovery of income taxes on net investment income (loss)		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rate	(6)	188
Decrease in income taxes resulting from dividends from taxable Canadian companies	(448)	(475)
Income tax recovery	(454)	(287)

(in thousands of dollars)	2008 $	2007 $
Provision for income taxes on net realized gain on investments		
Provision for income taxes based on combined Canadian federal and provincial income tax rate	550	1,938
Decrease in income taxes resulting from:		
Non-taxable portion of realized net taxable capital gains	(275)	(969)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(40)	(36)
Income tax provision	235	933

5 FINANCIAL INSTRUMENT RISK

The Company is a closed-end investment fund. Its objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets, Canadian General Investments, Limited and Canadian World Fund Limited, and otherwise directly in Canadian and international financial instruments, including equities, funds, income trusts and related products.

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 with respect to the non-principal assets, 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. While the principal assets represent the major portion of the Company's portfolio, they are themselves diversified funds, and as such do not result in the Company being exposed to a high degree of concentration in the securities of any one issuer when looked through.

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 credit facility of $40 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. Although there were no restricted securities in the investment portfolio at June 30, 2008, it should be noted that the investments in principal assets, representing 58.0% of the investment portfolio, are considered long-term holdings. 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-term interest rates. 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 at a quoted one-year rate or 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 $266,000 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 direct 12.7% weighting in securities denominated in foreign currencies. The major exposure to foreign currency risk was securities denominated in U.S. dollars, which represented 10.6% of the investment portfolio. Securities denominated in other currencies represented 2.1% of the investment portfolio.

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 $1,700,000. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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 principal and non-principal assets. Non-principal assets are subdivided into Canadian and foreign equities.

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 $13,842,000.

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.

6 SUPPLEMENTAL CASH FLOW INFORMATION

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

(in thousands of dollars)	2008 $	2007 $
Interest paid	974	782
Income taxes paid	1,382	3,216

7 SECURITIES LENDING

The Company has loaned securities with a market value of $18,446,000 as at June 30, 2008 (2007 - $18,283,000) and the custodian held collateral of $18,821,000 (2007 - $19,431,000).

8 RECONCILIATION OF NAV

In accordance with the relief granted by the Canadian Securities Administrators to investment funds 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 $
55.79	(0.63)	55.16

GROWTH AND INCOME

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