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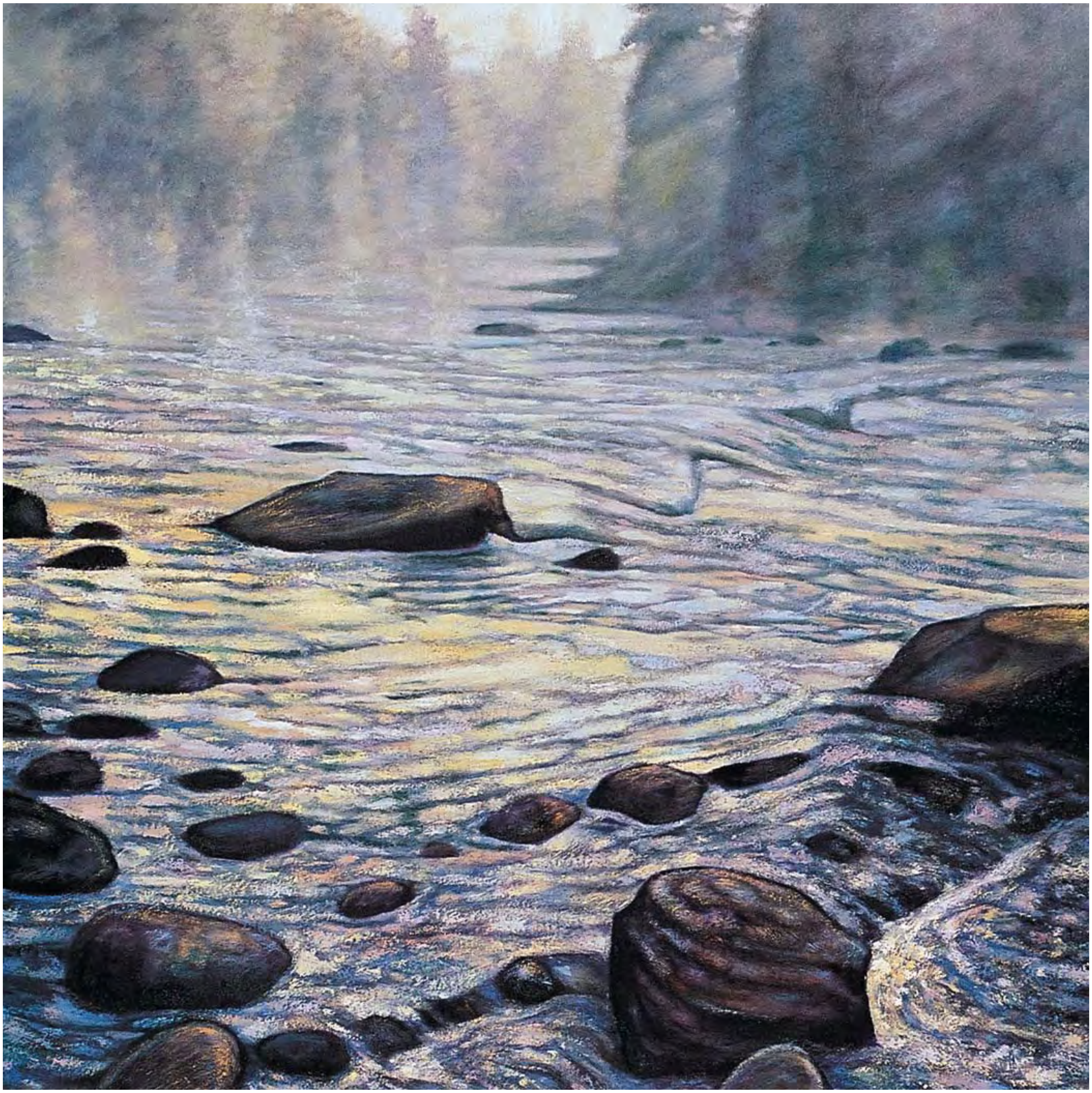
Third Canadian General Investment Trust Limited



GROWTH AND INCOME

ANNUAL REPORT | 2007

Cover: **Ostibinang, Quebec. Oil on canvas.**

Paul Mantrop is a working artist and founding member of the art collective "drawnonward". Over ten years ago the artists of drawnonward began to travel throughout Canada in order to document its unique and varied regions. Today after over 100,000 kilometres have been travelled by bus, boat, canoe, train, skis and feet, drawnonward has painted from coast to coast. From the Queen Charlotte Islands to the Yukon, from the Gaspe to Newfoundland and throughout the Canadian Arctic. Today Paul keeps a working studio in downtown Collingwood, Ontario to be close to his favourite subject, Georgian Bay. You can learn more about Paul at www.paulmantrop.com.

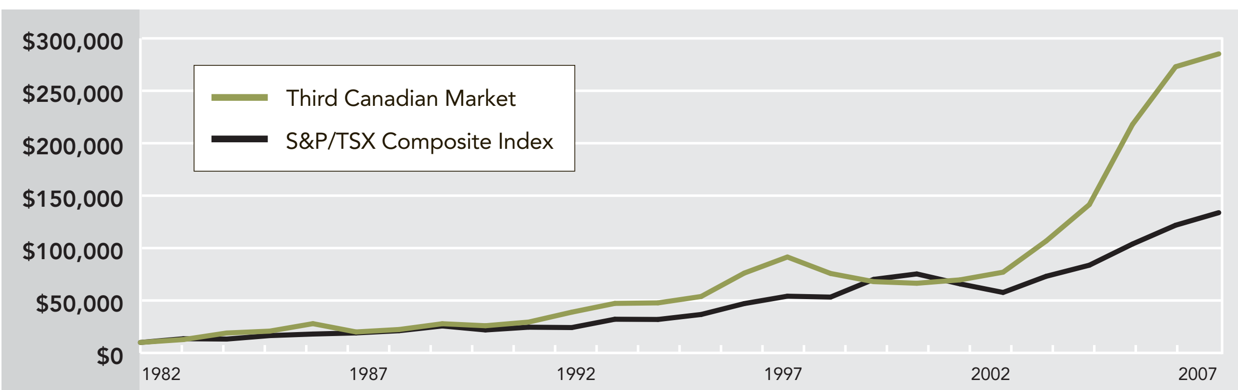
Corporate Profile

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: mmainvestments.com).

The graph below is presented to illustrate the benefit of a long-term investment in Third Canadian's common shares. A $10,000 investment in Third Canadian common shares would have grown to nearly $285,000 over the 25-year period ended December 31, 2007. This equates to a compound annual average growth rate of 14.3%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to $134,000 or a compound average annual growth rate of 10.9%.

Growth of a $10,000 Investment - ***25 Years to December 31, 2007***



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 of this Annual Report to Shareholders.

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

Letter to Shareholders

- NAV return **14.1%**
- Market return **4.5%**
- Benchmark **9.8%**

D. Greg Eckel, Michael A. Smedley, Vanessa L. Morgan, and Jonathan A. Morgan

Third Canadian enjoyed another good year in 2007. Its net asset value per share (NAV), including the reinvestment of dividends, grew by 14.1% versus the benchmark S&P/TSX Composite Index (S&P/TSX) total return of 9.8%. Third Canadian's shares, however, fluctuated in the choppy conditions and lagged its NAV with a total market return of 4.5%.

The non-principal assets were the most significant contributors to Third Canadian's outperformance of the S&P/TSX in 2007. At year end this portfolio segment totalled approximately $142 million, a sizable increase from $37 million a mere four years ago, even after considering the $25 million increase in bank borrowings over the period.

The aggregate market value of the principal assets increased approximately 6% during the year. These assets remain the dominant force in Third Canadian's portfolio, but because of strong performance of a larger pool of non-principal assets, now represent a slightly lower percentage of the total portfolio. Shares in Canadian General Investments (CGI), the major holding, posted a 9.5% market return for 2007, including reinvestment of dividends, similar to the S&P/TSX. Canadian World Fund Limited's (CWF) weighting grew during the year as a result of Third Canadian's full subscription to a rights offering by CWF. The strength of the Canadian dollar weighed on CWF's performance in 2007 with a resultant -1.9% NAV return. This easily beat its benchmark Morgan Stanley Capital International All Country World Index (Cdn $) return of -7.0%. CWF's share price declined 7.6%.

Independent Review Committee

Third Canadian is a corporation with an active Board of Directors elected annually by its shareholders. In support of good governance, the Board appoints a committee (the Independent Directors Committee) made up of those directors who are independent of Management and free of any conflicting interest. To some extent, a duplication of responsibilities, with associated additional costs, was introduced into Third Canadian's governance structure in 2007 with the coming into force of National Instrument 81-107 (NI 81-107) as mandated by the Canadian Securities Administrators. Created primarily to improve open-end mutual fund governance, NI 81-107 applies to all investment funds, including closed-end fund corporations. The instrument calls for the establishment of an independent review committee with the principal role of dealing with matters which could be perceived to be a conflict of interest between a manager and a fund. Pursuant to NI 81-107, the Manager has appointed the founding members of the Independent Review Committee of the Closed-End Funds Managed by Morgan Meighen & Associates Limited (IRC) and set the initial IRC compensation. However, going forward, NI 81-107 calls for the IRC to fill any vacancies and provides the IRC with sole authority to determine members' compensation, with no requirement that it seek shareholder approval or follow recommendations of the Manager. Further details concerning IRC matters are disclosed in the Company's Annual Information Form.

The Board of Directors extends thanks to the investment team at Morgan Meighen & Associates for another year of strong performance.

Vanessa L. Morgan	Jonathan A. Morgan
Chairman	*President & CEO*

Investment Commentary

SUCCESS IN CANADA

Canadian Equities and Income Trusts is the largest component in the non-principal assets at the 67% level. A wide assortment of industry groups and market capitalizations can be found in these holdings, a result of the Manager's bottom-up stock picking style. This approach is well suited to the type of market which started to materialize in 2007. Key gainers for the portfolio during the year were: Timminco Limited, an emerging supplier of silicon to the burgeoning solar industry; Equinox Minerals Limited, one of the most advanced copper miners with an extremely attractive project in Zambia coupled with a uranium asset and a project for buy-out; and, Alcan, another major Canadian company that has been taken over at a premium by foreigners. Some of the holdings expected to provide continuing leadership in 2008 would be: Gildan Activewear Inc., the largest manufacturer of activewear sold through the North American wholesale distribution channel; Ritchie Bros. Auctioneers Incorporated, the world's largest auctioneer of industrial equipment; and, Major Drilling Group International, a leading provider of drilling services to the global mining industry.

The weighting of income trusts continues to diminish in size representing only 5.0% of the total portfolio at year end. The appeal of these investments was diminished by taxation proposals announced October 31, 2006 by the Federal Government and this has been reflected in the S&P/TSX Capped Income Trust Index relative performance, lagging the S&P/TSX Index for the second consecutive year after seven years of outperformance. Third Canadian continues to have success in the space, however, with takeover premiums having been paid for its holdings of Gateway Casinos Income Fund, Lakeport Brewing Income Fund, and CCS Income Trust during the year, while a number of other holdings produced above-average returns. Current holdings expected to continue their exceptional performances recorded in 2007 are Ag Growth Income Fund, Labrador Iron Ore Royalty Income Fund, and GENIVAR Income Fund.

FOREIGN ATTRACTIONS

Foreign Equities, the second largest portfolio component of non-principal assets, continues to grow and provides currency and geographic diversification for the overall portfolio. Despite the current dominance of U.S. dollar denominated holdings in this group and a 15% devaluation of the U.S. dollar relative to the Canadian dollar year-over-year, the Manager was able to select opportunities with attractive growth attributes and the group performed very well. Individual standouts from 2007 that remain in the portfolio include Apple Inc., Monsanto Company, and Deere & Company. It is expected that the Foreign Equities subgroup will continue to grow relative to the other subgroups as the non-Canadian universe offers exposure and choice not obtainable in the Canadian market.

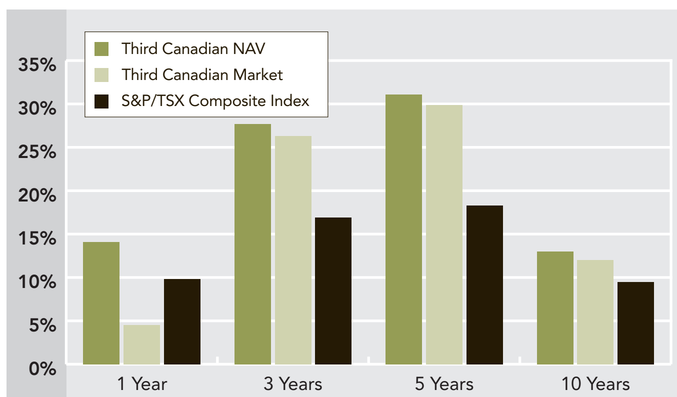
OUTLOOK

The markets were range bound in the latter half of 2007 due to concerns of a deteriorating U.S. housing market and related issues, including sub-prime mortgages and their derivatives. These worries reverberated around the world, with value destruction escalating on a global scale. The extent of damage that may come about is not readily determinable and markets are likely to remain choppy and pessimistic in the near term. However, following the successful results posted this past year, the Manager remains confident that investments can still be found with the potential to outperform. This would allow Third Canadian to maintain its long-term record of providing shareholders with above-average returns.

Michael A. Smedley, *CEO and Chief Portfolio Officer of the Manager*

D. Greg Eckel, *Senior Vice-President of the Manager*

Compound Annual Returns for the Periods to December 31, 2007



MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

Third Canadian General Investment Trust Limited (Third Canadian or the Company) is a closed-end investment company. 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 directly in Canadian and international financial instruments including equities, funds, income trusts and related products.

The Manager, Morgan Meighen & Associates Limited, principally employs a bottom-up investment strategy with Third Canadian's non-principal assets. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger economic, industry and global trends affecting those companies. This investment style allows for weightings, including foreign holdings, that differ from those of the benchmark S&P/TSX Composite Index (S&P/TSX).

RISK

As an equity fund, the Company's primary risk is market risk – the exposure to market price changes for the securities held either directly or indirectly (e.g. through its principal assets) in its portfolio. Economic conditions, investor sentiment, global events and many other factors contribute to the day-to-day changes in security prices and the overall trend of the market. Some of the more significant changes or trends in economic conditions during 2007 and their effects are as follows:

- Credit market illiquidity. Although not as extreme and damaging as the credit turmoil in the United States, the Canadian asset-backed commercial paper market saw a freeze of a significant portion of the existing market in August, and has yet to resume trading. Beyond the potential write-down of a value of assets by investees, the impact is also that some companies have had difficulties in raising funds through previously acceptable credit means.
- The increase in the price of oil. As demonstrated by the 57.7% increase in WTI spot price, the dramatic and continuing increase in the price of oil, is a two-sided issue as it relates to Canadian companies. On one side, there is a tremendous benefit to currency value, oil sector profits and government revenues related to the higher prices for the product of Canadian energy companies. On the other side, higher energy costs can result in reduced economic growth, inflation and consequently, reduced corporate profits in the general economy.
- Economic slowdown in the U.S. The U.S. Federal Reserve reduced rates 1.0% during the year in an attempt to stimulate the economy and avoid a deep and lengthy recession. Any economic slowdown in the United States could be worrisome, as the U.S. is Canada's largest trading partner. In contrast, the Bank of Canada (BOC) prime bank rate, finished the year where it started, at 6.0%, with a quarter point move up and down during 2007.

Third Canadian's investment in principal assets, which represented approximately 62% of its investment portfolio at year end, could be considered to expose the Company to concentration risk. However, this risk is largely mitigated, as the principal assets, Canadian General Investments, Limited (CGI), a Canadian equity fund, and Canadian World Fund Limited (CWF), a global equity fund, themselves have well-diversified underlying portfolios. The principal assets represented approximately 65% of the investment portfolio at the end of 2006.

Apart from the Company's indirect exposure to currency risk via its investment in CWF, its direct exposure to this form of risk is relatively low as a result of its small foreign equity content, which represented approximately 11% of the portfolio at year end 2007. However, some of its other holdings, in particular those that are commodity-based, are affected by exchange rate fluctuations, primarily in the U.S. dollar as most commodities are priced in that currency. For 2007, the Canadian dollar appreciated by 15% against the U.S. dollar. Canada is a net exporter of goods and services. A strong dollar, while making items less costly to import, will generally have negative repercussions on export-based companies, as their products become more expensive to purchasers in other countries.

Third Canadian attempts to mitigate the foregoing risks by maintaining a diversified portfolio of non-principal assets.

Being a closed-end investment fund, Third Canadian's share price generally trades at a discount to its net asset value per share (NAV). As a result, the return experienced by a shareholder (market return) can often differ from the underlying performance of the Company (portfolio performance). The share price is established by competitive markets, which reflect the buying demand and the selling supply of shares. Factors which are thought to influence share price, and, therefore, discounts and their converse, premiums, include a company's relative performance, the liquidity of the fund's shares, dividend yield, the use of a managed distribution policy, confidence in the fund/portfolio manager and investors' perceptions and expectations regarding the outlook of the country/sector/market where the fund invests. Throughout 2007, Third Canadian's shares traded at a discount ranging from 22.1% to 6.4%, ending the year at 22.1%. It should be noted that Third Canadian effectively has a "double discount", when combining the discounts of Third Canadian and those of its principal assets.

Since 1996, Third Canadian has engaged in a leveraging strategy, in an effort to enhance returns to shareholders. The purchase of securities using leverage (in Third Canadian's case, bank borrowings) magnifies the gain or loss on the cash invested and exposes the Company to interest rate risk. At December 31, 2007, Third Canadian's outstanding borrowings totalled $40.0 million, representing 13.3% of net assets. As a result of this leverage, a 10% decline in the value of the portfolio will result in approximately a 10.5% decrease in net assets, versus a 9.2% decrease with no leverage. The reverse is true for a 10% increase in the value of the portfolio. Third Canadian's asset coverage at year end 2007 was more than 14 times, significantly higher than the required borrowing covenant ratio of 4 times.

As Third Canadian is almost exclusively invested in equities, it is most suitable for investors seeking long-term capital appreciation with income as a secondary objective. Investors of Third Canadian should be willing to tolerate moderate market volatility.

RESULTS OF OPERATIONS

Performance

Third Canadian's net asset value per share (NAV) at December 31, 2007 was $62.42, up from $55.85 at year end 2006. The net asset value per share calculated according to Canadian generally accepted accounting principles (GAAP NAV) at December 31, 2007 was $62.37 [see Adoption of New Accounting Standards below]. The NAV return, with dividends reinvested, for 2007, was 14.1%, compared with a total return of 9.8% for the benchmark S&P/TSX. The Company's net assets at December 31, 2007 were $299,981,000, representing an 11.8% increase from the $268,433,000 at the end of 2006. This increase can be largely attributed to the portfolio return of 22.2% in its non-principal asset segment.

Third Canadian continued to benefit from the receipt of special capital gains dividends from its large holding in CGI. At year end 2007, the Company received a special capital gains dividend from CGI of $10.4 million (before tax), an increase of roughly $0.8 million over 2006.

Management fees and interest, the Company's key expenses, increased by 48.0% over 2006 to $3,642,000, driven largely by higher portfolio values and higher borrowing amounts and interest rates. 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. The bank indebtedness for 2007 has a combined weighted-average interest rate of 5.16% per annum (2006 – 5.00% per annum) and is repayable over various maturity dates in 2008. During 2007, Third Canadian utilized between $20.8 million and $40.0 million of its credit facility. As at December 31, 2007, the outstanding borrowings of $40.0 million represented 13.3% of net assets (2006 – 9.3%).

Dividends

Third Canadian's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly dividends of $0.075 per share. On a periodic basis, the Board considers the payment of an extra dividend, taking into account the current year's performance, and the desire to provide some degree of yield consistency over time to its shareholders. On December 28, 2007, Third Canadian paid a year-end extra dividend of $0.90 per share, compared with $0.80 at the end of 2006. Based on respective year-end share prices, the dividend yield was 2.5% for 2007 and 2.3% for 2006. For tax purposes, Third Canadian designated all dividends paid to shareholders in 2007 as "eligible dividends".

Taxation

As a corporate entity, Third Canadian is subject to tax on its income and realized gains on the sale of investments, at the rates of approximately 36% and 18%. In addition, Third Canadian is subject to future income taxes on its unrealized gain on investments, at an effective rate of 16.8% (14.5% for the principal assets, which are considered to be long-term holdings). At December 31, 2007, Third Canadian's future income tax liability was $30,796,000, representing 10.3% of net assets. The future income tax liability is directly impacted by the change in unrealized gains, which represents the difference between the market value and cost of its investment portfolio.

RECENT DEVELOPMENTS

Adoption of New Accounting Standards

On April 1, 2005, the Canadian Institute of Chartered Accountants (CICA) issued Section 3855, "Financial Instruments – Recognition and Measurement". This section applies to the Company's fiscal year ended December 31, 2007. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for the securities. Previously, fair value for Canadian GAAP was based on the last traded price for the day, when available.

National Instrument 81-106 (NI 81-106), Investment Fund Continuous Disclosure, which was issued by the Canadian Securities Administrators (CSA) in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with GAAP. However, the CSA granted relief for investment funds complying with Section 3855, for purposes of the Company's regular net asset value calculation. The relief was granted to permit further review of the impact of Section 3855 and is effective until the earlier of September 30, 2008 or the date on which proposed amendments to NI 81-106 come into effect. Accordingly, the Company applies the requirements of Section 3855 for financial statement reporting purposes only.

In accordance with the relief granted by the CSA, a reconciliation between the regular net asset value calculation (NAV) and the net asset value calculated in accordance with Section 3855 (GAAP NAV) is required to be disclosed in the notes to the financial statements.

Independent Review Committee

The Manager established an independent review committee (IRC) for the closed-end funds it manages pursuant to the requirement set out in National Instrument 81-107 (NI 81-107). The IRC is comprised of three independent members. Effective November 1, 2007, the role of the IRC is to consider and provide recommendations to the Manager on conflicts of interest, to which the Manager is subject when managing Third Canadian. The IRC will report annually to security holders of Third Canadian as required by NI 81-107.

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, CGI and 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".

In June 2007, Third Canadian subscribed for its full entitlement of a one-for-one rights offering that was initiated by CWF in April 2007. This subscription resulted in the purchase of 1,120,211 shares at a total cost of $7.0 million.

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. Prior to the CWF rights offering, Third Canadian's ownership interest in CWF was 27%. 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 past five financial years. Per share data is derived from the Company's audited annual financial statements. The net asset value per share presented in the financial statements (GAAP NAV) differs from the Company's daily reported NAV 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 NAV.

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

	2007	2006	2005	2004	2003
Net asset value, beginning of year (6)	$ 55.69	$ 45.71	$ 31.78	$ 25.30	$ 17.85
Increase (decrease) from operations:					
Total revenue	0.93	1.07	0.91	0.81	0.84
Total expenses	(0.82)	(0.60)	(0.43)	(0.31)	(0.28)
Income tax recovery	0.15	0.02	-	0.02	0.02
Realized gains for the year (2)	3.12	7.42	1.46	0.35	0.35
Unrealized gains for the year	4.55	3.33	12.69	6.02	7.16
Transaction costs (3)	(0.06)	-	-	-	-
Total increase from operations	7.87	11.24	14.63	6.88	8.09
Dividends paid to shareholders:					
Taxable dividends (4)	(1.20)	(1.10)	(0.75)	(0.55)	(0.55)
Net decrease (increase) in refundable dividend tax on hand	-	-	0.05	0.14	(0.09)
Net asset value, end of year (5) (6)	$ 62.37	$ 55.85	$ 45.71	$ 31.78	$ 25.30

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

(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 asset value per share.

(6) Section 3855 has been applied retroactively without restatement of prior periods. Accordingly, the net asset value at the beginning of the current period has been adjusted.

The impact of the adoption of Section 3855 on the net asset value per share of the Company is as follows:

	NAV	Section 3855 Adjustment	GAAP NAV
As at December 31, 2006	$ 55.85	$ (0.16)	$ 55.69
As at December 31, 2007	$ 62.42	$ (0.05)	$ 62.37

Ratios and Supplemental Data

	2007	2006	2005	2004	2003
Net assets (000's) (1)	$ 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
Management expense ratio (2)	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)	0.63%	0.75%	0.68%	0.68%	0.73%
Portfolio turnover rate - total portfolio (4)	18.76%	22.63%	10.23%	10.64%	7.21%
Portfolio turnover rate - non-principal asset segment (4) (5)	52.43%	40.47%	41.28%	41.12%	26.70%
Trading expense ratio (6)	0.11%	0.09%	0.06%	0.07%	0.06%
Closing market price (1)	$ 48.60	$ 47.66	$ 38.96	$ 25.85	$ 19.96

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets 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 assets during the year.

MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1.0% 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

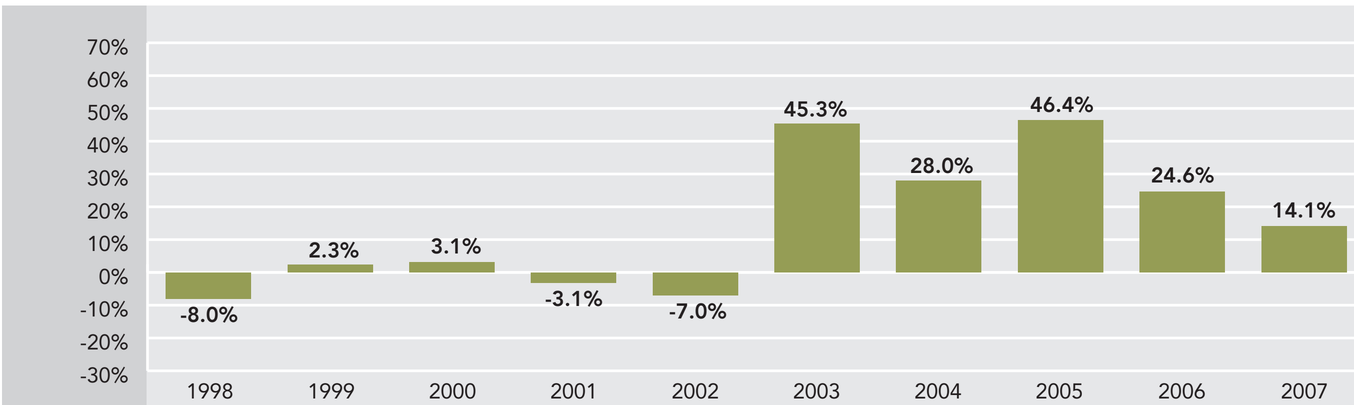
The performance information shown on the following page assumes that all dividends paid by Third Canadian were reinvested in additional shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares 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, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each year.

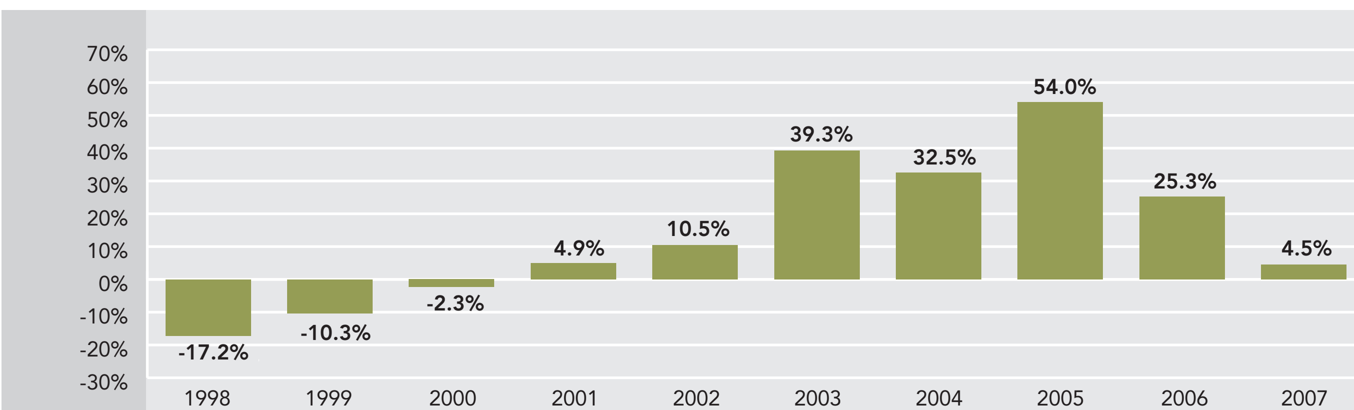
The bar chart below illustrates Third Canadian's net asset value per share return, with dividends reinvested at net asset value per share. All net asset value returns are calculated based on the Company's NAVs (as opposed to the GAAP NAVs).

Net Asset Value Return



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

Market Value Return



ANNUAL COMPOUND RETURNS

The following table shows the Company's historical annual compound total returns for the periods indicated, compared with the S&P/TSX. The Index return is also calculated on a total return basis, assuming that all distributions are reinvested.

	1 Year	3 Years	5 Years	10 Years
Third Canadian General Investment Trust Limited – NAV	14.1%	27.7%	31.1%	13.0%
Third Canadian General Investment Trust Limited – Market	4.5%	26.3%	29.9%	12.0%
S&P/TSX Composite Index	9.8%	16.9%	18.3%	9.5%

The S&P/TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.

SUMMARY OF INVESTMENT PORTFOLIO

as at December 31, 2007

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

Portfolio Breakdown

	% of Net Assets*	% of Investment Portfolio
Principal Assets**	76.4	61.8
Canadian Equities & Income Trusts	31.5	25.5
Foreign Equities	13.1	10.6
Cash & Cash Equivalents	2.6	2.1

Top 25 Holdings

Issuer	Country	Sector	% of Net Assets*	% of Investment Portfolio
Canadian General Investments, Limited**	Canada	Principal Assets	72.0	58.2
Canadian World Fund Limited**	Canada	Principal Assets	4.5	3.6
Canadian Cash	Canada	Canadian Equities & Income Trusts	2.6	2.1
Timminco Limited	Canada	Canadian Equities & Income Trusts	1.9	1.5
Equinox Minerals Limited	Canada	Canadian Equities & Income Trusts	1.8	1.4
Sceptre Investment Counsel Limited	Canada	Canadian Equities & Income Trusts	1.5	1.2
Freeport-McMoRan Copper & Gold Inc.	U.S.A.	Foreign Equities	1.3	1.1
Ag Growth Income Fund	Canada	Canadian Equities & Income Trusts	1.2	1.0
The Mosaic Company	U.S.A.	Foreign Equities	1.2	1.0
Apple Inc.	U.S.A.	Foreign Equities	1.2	0.9
MMX Mineração e Metálicos S.A.	Brazil	Foreign Equities	1.1	0.9
Monsanto Company	U.S.A.	Foreign Equities	1.1	0.9
Gildan Activewear Inc.	Canada	Canadian Equities & Income Trusts	1.1	0.9
Google Inc.	U.S.A.	Foreign Equities	1.0	0.8
MGM MIRAGE	U.S.A.	Foreign Equities	0.9	0.8
Labrador Iron Ore Royalty Income Fund	Canada	Canadian Equities & Income Trusts	0.9	0.8
Deere & Company	U.S.A.	Foreign Equities	0.9	0.7
Thompson Creek Metals Company Inc.	Canada	Canadian Equities & Income Trusts	0.9	0.7
Novo Nordisk A/S	U.S.A.	Foreign Equities	0.9	0.7
GENIVAR Income Fund	Canada	Canadian Equities & Income Trusts	0.9	0.7
CCL Industries Inc.	Canada	Canadian Equities & Income Trusts	0.8	0.7
North West Company Fund	Canada	Canadian Equities & Income Trusts	0.8	0.7
Ritchie Bros. Auctioneers Incorporated	Canada	Canadian Equities & Income Trusts	0.8	0.7
Bourse de Montréal Inc.	Canada	Canadian Equities & Income Trusts	0.8	0.6
Dollar Financial Corp.	U.S.A.	Foreign Equities	0.8	0.6
			102.9*	83.2

Total Net Assets* ($000's)	$ 299,981
Total Investment Portfolio* ($000's)	$ 370,887

* Total Net Assets represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains ($30.8 million), leverage in the form of bank indebtedness ($40.0 million), other assets and other liabilities.

** 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.

Financial Reports

MANAGEMENT'S REPORT

The accompanying consolidated financial statements have been prepared by Management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies which Management believes are appropriate for the Company are described in note 1 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing Management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-Management Directors is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy of internal controls, the audit process and financial reporting with Management and the external Auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external Auditors, who are appointed by the shareholders, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on this page.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

February 7, 2008

AUDITORS' REPORT

To the Shareholders of
Third Canadian General Investment Trust Limited

We have audited the accompanying consolidated statements of net assets of Third Canadian General Investment Trust Limited (the Company) as at December 31, 2007 and 2006, the consolidated statement of investment portfolio as at December 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

February 7, 2008

Consolidated Statements of Net Assets

As at December 31, 2007 and 2006 *(in thousands of dollars, except per share amounts)*	**2007** **$**	**2006** **$**
Assets		
Investments at market value (cost - $127,849; 2006 - $110,430)	362,817	324,252
Cash	7,770	6,318
Interest and dividends receivable	207	475
Income taxes recoverable	8	-
	370,802	331,045
Liabilities		
Bank indebtedness (note 2)	40,023	25,017
Accounts payable and accrued liabilities	252	283
Income taxes payable	-	6,325
Future income taxes on unrealized gain on investments (note 6)	30,796	30,987
	71,071	62,612
Net Assets	299,731	268,433
Shareholders' Equity		
Capital stock (note 3)	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments, net of future income taxes	204,172	182,835
Retained earnings (notes 1 and 4)	86,374	76,413
	299,731	268,433
Number of shares outstanding (note 3)	4,805,910	4,805,910
Net asset value per share (notes 1 and 10)	62.37	55.85

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

Approved by the Board of Directors

Director

Director

Consolidated Statements of Operations

For the years ended December 31, 2007 and 2006	**2007**	**2006**
(in thousands of dollars, except per share amounts)	**$**	**$**
Investment income		
Dividends	2,751	2,852
Interest and other	1,610	2,251
Securities lending revenue (note 8)	119	42
	4,480	5,145
Expenses		
Management fees (note 5)	1,831	1,406
Interest (note 2)	1,811	1,056
Directors' fees and expenses	75	90
Listings and regulatory	51	47
Audit fees	39	41
Security holder reporting costs	37	32
Custodial fees	21	12
Independent review committee fees and expenses	13	-
Investor relations	4	3
Capital taxes	3	127
Legal fees	3	4
Other	31	83
	3,919	2,901
Net investment income before income taxes	561	2,244
Income tax recovery (note 6)	742	119
Net investment income	1,303	2,363
Realized and unrealized gains on investments		
Net realized gain on investments, net of income taxes of $1,380 (2006 - $6,155) (note 6)	6,413	27,772
Change in unrealized gain on investments, net of decrease (increase) in future income taxes of $32 (2006 - ($455))	21,939	16,006
Capital gains dividends received, net of income taxes of $1,874 (2006 - $1,737) (note 5)	8,503	7,877
Transaction costs on purchase and sale of investments (note 1)	(309)	-
Net gain on investments	36,546	51,655
Increase in net assets resulting from operations for the year	37,849	54,018
Increase in net assets resulting from operations per share	7.88	11.24
(based on 4,805,910 (2006 - 4,805,910) weighted-average shares outstanding during the year)		

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

Consolidated Statements of Changes in Net Assets

For the years ended December 31, 2007 and 2006	2007	2006
(in thousands of dollars)	$	$
Increase in net assets resulting from operations for the year	37,849	54,018
Dividends paid to shareholders from net investment income	(5,767)	(5,286)
Increase in net assets during the year	32,082	48,732
Net assets, beginning of year (note 1)	267,649	219,701
Net assets, end of year	299,731	268,433

Consolidated Statements of Cash Flows

For the years ended December 31, 2007 and 2006	2007	2006
(in thousands of dollars)	$	$
Cash provided by (used in):		
Operating activities		
Net investment income	1,303	2,363
Capital gains dividends received, net of income taxes	8,503	7,877
Purchase of investments	(76,058)	(73,061)
Proceeds of disposition of investments	66,250	69,108
Income tax provision included in net realized gain on investments	(1,380)	(6,155)
Transaction costs on purchase and sale of investments (note 1)	(309)	-
Net change in non-cash balances related to operations	(6,096)	6,338
	(7,787)	6,470
Financing activities		
Increase in bank indebtedness	15,006	111
Dividends paid to shareholders from net investment income	(5,767)	(5,286)
	9,239	(5,175)
Net increase in cash during the year (note 7)	1,452	1,295
Cash, beginning of year	6,318	5,023
Cash, end of year	7,770	6,318

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

Consolidated Statement of Investment Portfolio

As at December 31, 2007

NUMBER OR PAR VALUE	INVESTMENT	COST $	MARKET VALUE $
		(in thousands of dollars)	
	PRINCIPAL ASSETS (61.9%)		
7,629,811	Canadian General Investments, Limited	20,969	215,924
2,240,422	Canadian World Fund Limited	12,602	13,398
	TOTAL PRINCIPAL ASSETS	33,571	229,322
	CANADIAN EQUITIES AND INCOME TRUSTS (25.4%)		
70,000	Aeroplan Income Fund, units	1,008	1,653
107,500	Ag Growth Income Fund, units	1,832	3,553
225,000	Allen-Vanguard Corporation	1,949	1,197
60,000	Bourse de Montréal Inc.	1,680	2,338
160,000	CAE Inc.	1,849	2,120
25,000	Canadian Natural Resources Limited	1,451	1,813
65,572	Canadian Western Bank	795	2,054
65,800	CCL Industries Inc., B non-voting	2,023	2,538
7,500	Corby Distilleries Limited, B non-voting	63	157
980,000	Equinox Minerals Limited	1,435	5,351
1,000,000	First Capital Realty Inc., 5.50% 9/30/2017 convertible debenture	970	972
37,510	First Capital Realty Inc.	617	901
26,880	First Capital Realty Inc., warrants 8/31/2008	1	316
97,000	GENIVAR Income Fund, units	1,652	2,547
80,000	Gildan Activewear Inc.	2,009	3,274
140,000	Hanfeng Evergreen Inc.	1,898	2,044
45,000	Home Capital Group Inc.	584	1,882
40,000	Husky Energy Inc.	1,586	1,781
70,000	IBI Income Fund, units	1,695	1,672
59,000	Labrador Iron Ore Royalty Income Fund, units	1,773	2,790
161,000	Lockerbie & Hole Inc.	1,650	2,090
150,000	MAG Silver Corporation	1,889	2,217
36,000	Major Drilling Group International Inc.	1,568	2,254
170,000	Migao Corporation	1,682	1,940
128,600	MTY Food Group Inc.	1,245	1,626
400,000	Neo Material Technologies Inc.	2,121	2,008
120,000	North West Company Fund, units	930	2,506
100,000	Northern Property Real Estate Investment Trust, units	1,186	2,230
1,000,000	Orko Silver Corp.	1,460	1,780
85,000	Pembina Pipeline Income Fund, units	764	1,487
95,000	Q9 Networks Inc.	1,308	1,245
1,200,000	Resin Systems Inc.	1,200	1,812
30,000	Ritchie Bros. Auctioneers Incorporated	1,597	2,451
60,000	Russel Metals Inc.	1,600	1,527
435,000	Sceptre Investment Counsel Limited	5,676	4,441
50,000	Silver Standard Resources Inc.	1,392	1,798
45,000	SNC-Lavalin Group Inc.	1,003	2,165
21,000	Suncor Energy Inc.	2,189	2,266
160,000	Thompson Creek Metals Company Inc.	1,725	2,715
260,000	Timminco Limited	1,579	5,699
	CANADIAN EQUITIES AND INCOME TRUSTS (CONTINUED)		
121,000	Uranium One Inc.	1,740	1,066
180,000	Uranium Participation Corporation	1,524	1,890
45,000	Uranium Participation Corporation, warrants 9/14/2008	60	84
135,000	UTS Energy Corporation	812	726
64,500	WFI Industries Ltd.	1,100	1,659
155,000	ZCL Composites Inc.	1,770	1,674
	TOTAL CANADIAN EQUITIES AND INCOME TRUSTS	67,640	94,309
	FOREIGN EQUITIES (10.6%)		
35,000	Alcoa Inc.	1,655	1,263
20,000	America Movil, S.A.B. de C.V., ADR Series L	1,218	1,213
18,000	Apple Inc.	1,846	3,523
30,000	Deere & Company	1,301	2,757
75,000	Dollar Financial Corp.	1,463	2,274
38,760	Freeport-McMoRan Copper & Gold Inc.	2,684	3,914
4,500	Google Inc., A	2,107	3,074
34,000	MGM MIRAGE	1,590	2,820
6,500	MMX Mineração e Metálicos S.A.	2,320	3,392
30,000	Monsanto Company	1,693	3,301
40,000	Novo Nordisk A/S, ADR	1,742	2,561
10,000	Precision Castparts Corp.	1,518	1,368
38,000	The Mosaic Company	2,485	3,532
20,000	Vestas Wind Systems A/S	1,594	2,132
16,000	Wimm-Bill-Dann Foods OJSC, ADR	1,743	2,062
	TOTAL FOREIGN EQUITIES	26,959	39,186
	TRANSACTION COSTS (NOTE 1)	(321)	-
	TOTAL INVESTMENTS (97.9%)	127,849	362,817
	CASH & CASH EQUIVALENTS (2.1%)	7,770	7,770
	INVESTMENT PORTFOLIO (100.0%)	135,619	370,587

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS

INVESTMENT PORTFOLIO (123.6%)	370,587
BANK INDEBTEDNESS (-13.3%)	(40,023)
FUTURE INCOME TAXES ON UNREALIZED GAIN ON INVESTMENTS (-10.3%)	(30,796)
OTHER ASSETS AND LIABILITIES, NET (0.0%)	(37)
NET ASSETS (100.0%)	299,731

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles (GAAP), include estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by Third Canadian General Investment Trust Limited (the Company).

Adoption of new accounting standards

On April 1, 2005, The Canadian Institute of Chartered Accountants (CICA) issued Section 3855, "Financial Instruments - Recognition and Measurement." This section applies to the Company's fiscal year ended December 31, 2007. Section 3855 requires that the fair value of financial instruments, which are traded in active markets, be measured based on the bid price for the securities. Previously, fair value for Canadian GAAP was based on the last traded price for the day, when available.

National Instrument 81-106 (NI 81-106), "Investment Fund Continuous Disclosure," which was issued by the Canadian Securities Administrators (CSA) in 2005, requires the daily net asset value (NAV) of an investment fund to be calculated in accordance with GAAP. However, the CSA granted relief for investment funds complying with Section 3855, for purposes of their regular NAV calculation. The relief was granted to permit further review of the impact of Section 3855 and is effective until the earlier of September 30, 2008 or the date on which proposed amendments to NI 81-106 come into effect. Accordingly, the Company applies the requirements of Section 3855 for financial statement reporting purposes only.

In accordance with the relief granted by the CSA, a reconciliation between the regular NAV calculation and the NAV calculated in accordance with Section 3855 (GAAP NAV) is required to be disclosed in the notes to the consolidated financial statements. Refer to note 10 for this reconciliation as at December 31, 2007. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the opening net assets balance in the consolidated statement of changes in net assets balance for the year ended December 31, 2007 has been adjusted from $268,433,000 to $267,649,000 and the opening retained earnings balance in note 4 for the year ended December 31, 2007 has been adjusted from $76,413,000 to $76,231,000.

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

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its three wholly owned subsidiaries, 1013229 Ontario Limited, 1013230 Ontario Limited and 1013231 Ontario Limited.

Valuation of investments

Publicly listed securities are valued at the most recent bid price. Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques.

Investment transactions

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

Investment income

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

Income trust distributions

The Company received distributions from various income and royalty trusts during the year. Unless specifically reported by the trusts, the classification of the distributions received among income, capital gains and return of capital is estimated by Management using available sources of information. Any subsequent adjustments to classification estimates are made when the income and royalty trusts report their final classifications to the Company.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using rates expected to apply to the taxable income in the years in which the temporary differences are expected to be settled.

2 BANK INDEBTEDNESS

The Company has a revolving credit facility of $40.0 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 5.16% per annum as at December 31, 2007 (2006 - 5.00% per annum) and is repayable over various maturity dates in 2008. Accrued interest is included in bank indebtedness.

During 2007, the Company utilized between $20.8 and $40.0 million (2006 - between $17.2 and $25.0 million) of its revolving credit facility.

3 CAPITAL STOCK

The Company is authorized to issue 60,000 First Preferred Shares, Series A and an unlimited number of common shares. As at December 31, 2007, there are 4,805,910 (2006 - 4,805,910) common shares issued and outstanding.

4 RETAINED EARNINGS

The changes in retained earnings for the year were as follows:

(in thousands of dollars)	2007 $	2006 $
Retained earnings, beginning of year (note 1)	76,231	43,687
Net investment income	1,303	2,363
Net realized gain on investments, net of income taxes	6,413	27,772
Transaction costs on purchase and sale of investments (note 1)	(309)	-
Capital gains dividends received, net of income taxes (note 5)	8,503	7,877
	92,141	81,699
Dividends paid to shareholders from net investment income	(5,767)	(5,286)
Retained earnings, end of year	86,374	76,413

5 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited for services received in connection with the management of the Company's financial accounts and investment portfolio among other services. Management fees are calculated on a monthly basis at the annual rate of 1.0% of consolidated NAV, excluding income tax liabilities, bank indebtedness and the holdings of the principal assets and at the annual rate of 0.2% of the market value of the principal assets. Values for fee calculation purposes are determined on the basis of the consolidated financial statements of the Company as at the last day of the applicable month.

Included in dividend income is $1,831,000 (2006 - $1,831,000) and included in the net gain on investments is a capital gains dividend of $10,377,000 (2006 - $9,614,000) from Canadian General Investments, Limited (CGI). Also included in the net gain on investments for 2006 is a realized gain on investments of $34,119,000 resulting from the Company's tendering of CGI warrants pursuant to a substantial issuer bid. The Company has an approximate 37% ownership interest in CGI.

In June 2007, the Company subscribed for its full entitlement under a one-for-one rights offering that was initiated by Canadian World Fund Limited (CWF) in April 2007. This subscription resulted in the purchase of 1,120,211 shares at a total cost of $7,001,000. The Company has an approximate 31% ownership interest in CWF (2006 - 27%).

6 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 36% (2006 - 36%) and 18% (2006 - 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 and provision for income taxes on net realized gain on investments during the year were made up as follows:

(in thousands of dollars)	2007 $	2006 $
Recovery of income taxes on net investment income		
Provision for income taxes based on combined Canadian federal and provincial income tax rates	202	811
Decrease in income taxes resulting from dividends from taxable Canadian companies	(944)	(930)
Income tax recovery	(742)	(119)

(in thousands of dollars)	2007 $	2006 $
Provision for income taxes on net realized gain on investments		
Provision for income taxes based on combined Canadian federal and provincial income tax rates	2,820	12,254
Decrease in income taxes resulting from:		
Non-taxable portion of net realized gain on investments	(1,410)	(6,127)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(30)	28
Income tax provision	1,380	6,155

The Company is also subject to a special tax of up to 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $1 for each $3 of such dividends paid. The Company has no refundable dividend tax on hand as at December 31, 2007 and 2006.

The effective income tax rate for the Company's future income taxes on its unrealized gain on investments is approximately 14.5% (2006 - 16.5%) on the principal assets and 16.8% (2006 - 18.1%) on the non-principal securities.

7 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase in cash during the year are the following amounts:

(in thousands of dollars)	2007 $	2006 $
Interest paid	1,806	1,191
Income taxes paid	2,513	1,447

8 SECURITIES LENDING

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

The Company has loaned securities with a market value of $11,869,000 as at December 31, 2007 (2006 - $20,048,000) and the custodian held collateral of $12,564,000 (2006 - $21,674,000).

9 BROKERAGE COMMISSIONS PAID ON INVESTMENT TRANSACTIONS

Brokerage commissions paid on investment transactions for the year ended December 31, 2007 were $309,000 (2006 - $213,000).

10 RECONCILIATION OF NAV

In accordance with the relief granted by the CSA, a reconciliation between NAV and GAAP NAV is required. For investments that are traded in an active market, Section 3855 requires that bid prices be used in the fair value of investments, rather than the use of the last traded price as currently used for the purpose of determining NAV. This change, together with the resulting impact on the future income taxes on unrealized gain on investments, accounts for the difference between NAV and GAAP NAV.

(in thousands of dollars, except per share amounts)	Net assets $	Section 3855 adjustment $	GAAP net assets $	NAV - per share $	GAAP NAV - per share $
	299,981	(250)	299,731	62.42	62.37

11 FUTURE CHANGES IN ACCOUNTING STANDARDS

The new CICA Handbook Sections 3862 and 3863 replace Handbook Section 3861, “Financial Instruments - Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company. This standard will impact the Company’s disclosures provided but will not affect the Company’s net assets.

Frequently Asked Questions

WHAT IS THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED?

Third Canadian, founded in 1928, is one of the oldest publicly listed closed-end equity funds in North America and certainly one of the most unusual as it has a managed portfolio of securities in addition to its principal assets.

WHAT IS THIRD CANADIAN'S OBJECTIVE?

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 directly in Canadian and international financial instruments including equities, funds, income trusts and related products.

WHAT ARE THIRD CANADIAN'S PRINCIPAL ASSETS?

The majority of Third Canadian's portfolio is comprised of investments in Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF), which are TSX listed closed-end investment funds under common control with Third Canadian. CGI is focused on medium to long-term investments in Canadian corporations, while CWF invests globally in securities of primarily publicly traded growth companies. At December 31, 2007, these holdings represented 61.8% of the total investment portfolio.

DOES THIRD CANADIAN EMPLOY LEVERAGE?

Yes. Third Canadian 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. At December 31, 2007, Third Canadian had outstanding borrowings of $40 million.

WHAT IS THE DIVIDEND POLICY?

Third Canadian's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly income dividends of $0.075 per share on March 15, June 15, September 15 and December 15. On a periodic basis, the Board considers the payment of an extra dividend taking into account the current year's performance, and the desire to provide some degree of yield consistency over time to the Company's shareholders. Third Canadian paid an extra dividend of $0.90 per share on December 28, 2007, resulting in a yield of 2.5% based on the year-end price.

WHAT IS THIRD CANADIAN'S MANAGEMENT EXPENSE RATIO (MER)?

As a public company, Third Canadian is responsible for numerous corporate costs, including management fees, interest, investor relations, listing and regulatory costs. Third Canadian's MER is based on total expenses (excluding commissions and other portfolio transaction costs) as a percentage of daily average net assets during the year. As Third Canadian invests in Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF), which are investment funds, total expenses also include Third Canadian's proportionate share of the expenses of CGI and CWF. Third Canadian's MER for 2007 was 4.02%. Excluding leverage costs (ie. interest on bank borrowings) and the Company's proportionate share of expenses of CGI and CWF, Third Canadian's MER was 0.63%.

IS THIRD CANADIAN APPROPRIATE FOR ME?

The Board and Management envisage that the typical investor in Third Canadian is interested in long-term capital appreciation with income as a secondary objective. Investors of Third Canadian should be willing to tolerate moderate market volatility.

IS THIRD CANADIAN ELIGIBLE FOR REGISTERED PLANS?

Third Canadian is a fully qualified investment for Canadian registered plans.

HOW CAN I BUY THIRD CANADIAN?

Third Canadian's shares are traded through stock brokers and are listed on the Toronto Stock Exchange (symbol: THD).

"Strongest Dividend Growth"

Before year end we noted that Third Canadian's largest principal asset, Canadian General Investments (CGI) ranks high in a list of 35 Canadian public corporations as published weekly in Toronto in the Financial Post section of the National Post.

The TSX Weekly page each Saturday carries a table headed "Strongest Dividend Growth". At year end CGI was ninth in the list and on February 9 was reported as seventh on the basis of five year total dividend growth of 46.1%. The table, supplied to the Financial Post by FP DataGroup, also depicted CGI as the third best total return performer in the list on a five year total return basis (including market value growth) of 50.4%.

It is pleasing to know about this achievement, as assembled data normally covers only S&P/TSX major index components and omits small cap Canadian corporations like CGI and the associated funds, Third Canadian General Investment Trust and Canadian World Fund. CGI uses the major index as its benchmark and large cap companies in that index dominate the CGI portfolio.

This data helps to underscore the value of Third Canadian's largest holding.

The top 10 companies in the list published on February 9, 2008 were:

	5 Year % Growth	Yield %	5 Year Total Return
Shaw Communications Inc., Class A	99.9	3.0	28.0
Shaw Communications Inc., Class B	95.8	3.6	27.9
Olympia Financial Group Inc.	64.4	3.4	n.a.
Home Capital Group Inc.	49.0	1.2	39.6
Reitmans (Canada) Ltd., Class A	48.4	4.3	31.5
Reitmans (Canada) Ltd.	48.4	4.4	32.5
Canadian General Investments, Limited	**46.1**	**6.6**	**50.4**
Agnico-Eagle Mines Ltd.	43.1	0.3	24.5
TSX Group Inc.	38.3	3.4	38.6
Le Chateau Inc.	38.0	4.0	56.2
Canadian Western Bank	28.3	1.4	39.5
Samuel Manu-Tech Inc.	27.2	3.9	15.4

Most Canadian income trusts have higher five year dividend yields but are not corporations.

Closed-End Funds Simply Understood

- Fixed number of shares
- Usually listed and traded on a stock exchange
- Bought and sold through investment dealers and brokers
- Commission charges only when stock is purchased or sold
- Shares usually trade at a discount to a fund's net asset value
- May pay cash and/or stock dividends
- Often pay dividends and may have dividend reinvestments plans (company may absorb all administrative charges, including commissions)
- May employ leverage

Corporate Information

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS

Shawn S. Cooper
Managing Director and Country Manager for Canada, Russell Reynolds Associates

Robert S. Hart
Barrister and Solicitor

Jonathan A. Morgan
President & CEO, Canadian General Investments, Limited

Vanessa L. Morgan
Chairman, Canadian General Investments, Limited

Paul M. Pugh
Retired Senior Investment Executive

Michael A. Smedley
Executive Vice-President & CEO, Morgan Meighen & Associates Limited

AUDIT COMMITTEE

Shawn S. Cooper
Robert S. Hart
Paul M. Pugh (Chairman)

CORPORATE GOVERNANCE COMMITTEE

Shawn S. Cooper
Robert S. Hart (Chairman)
Jonathan A. Morgan

INDEPENDENT DIRECTORS COMMITTEE

Shawn S. Cooper (Chairman)
Robert S. Hart
Paul M. Pugh

OFFICERS

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Colin D. Smith
Secretary

Frank C. Fuernkranz, MBA, CA, CFA
Treasurer

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Toronto

BANKERS

Royal Bank of Canada
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

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e-mail: mmamail@computershare.com

To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address.

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: THD

PUBLICATION

Net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada and the United States. These include: The Wall Street Journal and Barron's.

The Company posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. Third Canadian also posts its top 25 holdings on its website on a quarterly basis. Similar information is available directly from the Company upon request.

ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Third Canadian General Investment Trust Limited will be held at 12:00 p.m. (Toronto time) Thursday, April 3, 2008 in St. Andrew's Hall, St. Andrew's Club & Conference Centre, Sun Life Financial Tower, 150 King Street West, 27th Floor, Toronto, Ontario, M5H 1J9. (Telephone (416) 366-4228)

The Company is a founding member of the Closed-End Fund Association (CEFA) in North America.

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MorganMeighen
& ASSOCIATES
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