



THD

Third Canadian General
Investment Trust Limited



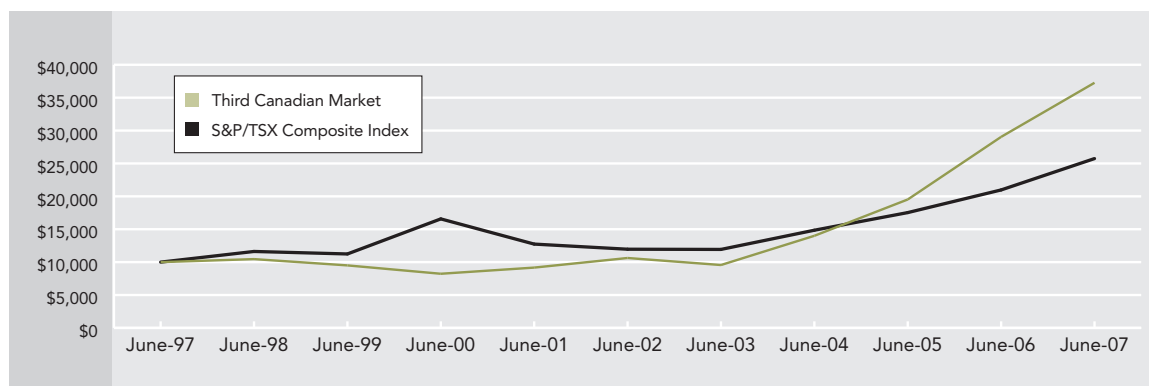
INTERIM REPORT 2007

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, 2007



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 \$37,000 over the 10-year period ended June 30, 2007. This equates to a compound annual average growth rate of 14.1%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly \$26,000 or a compound average annual growth rate of 9.9%.

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

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

LETTER TO SHAREHOLDERS

Third Canadian continued to build on the first quarter gains with year-to-date net asset value (NAV) and market returns with dividends reinvested of 5.9% and 11.6%, respectively, versus 9.1% for the benchmark S&P/TSX Composite Index (S&P/TSX), expressed on a total return basis. The framing of returns relative to the benchmark is a reverse image to that of Third Canadian's major holding, Canadian General Investments, Limited (CGI) where CGI's NAV and market returns with dividends reinvested were 9.4% and 3.9%, respectively. As can happen with closed-end funds, the NAV and market returns can disconnect at points in time but generally follow similar trends.

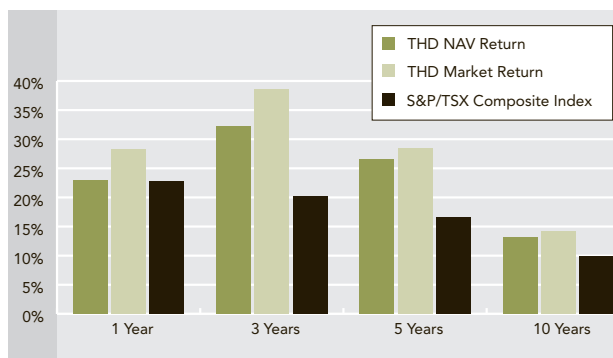
The S&P/TSX had a stronger showing in the second quarter exhibiting steady advancement through the months of April and May before hitting some road bumps in the final month of the quarter. It had a 6.3% total return for the three months ended June 30, 2007, more than doubling the first quarter numbers. Then it had a volatile ride in June, experiencing one recovery sandwiched between two major dips with the last downturn occurring at the quarter end and resulting in a monthly return of -0.8%.

This late fade slightly diminished the good performance record for 2007 year to date. On a more positive note, the S&P/TSX now appears ready to reclaim and surpass the all-time record highs recorded in mid-June.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Compound Annual Returns for the Periods Ending June 30, 2007



INVESTMENT COMMENTARY

The S&P/TSX returned a solid 6.3% in the second quarter and, although still dominated by big weightings in the Energy, Materials and Financial sectors, its performance was driven by a small group of exceptional individual performers. In fact, a mere five stocks accounted for about 47% of the gains in the quarter.

Merger and acquisition activity continues to reduce the number of large, bellwether public companies like Bell Canada and Alcan in the Canadian landscape prompting concerns of a “hollowing-out” of corporate Canada. For example, almost the entire Canadian primary steel industry has been bought out as a repercussion of the industry's global consolidation. Only Stelco remains and even with questionable asset quality, it too appears likely to be sold. Quick returns realized by investors due to takeover premiums must be tempered with the potential long-term consequences of changes in the Canadian public markets arising from the disappearance of major Canadian-resident corporations.

The Manager, Morgan Meighen & Associates Limited, has long had a history of managing closed-end funds using a bottom-up style which assists in discovering opportunities, in Canada and abroad, below the larger capitalization levels. This has had a positive influence on the performance of Third Canadian, CGI and CWF, and if the “hollowing-out” accelerates, we would expect that this strategy will assist in producing further strong relative returns for the Funds.

PRINCIPAL ASSETS

The principal assets of Third Canadian are a dominant presence in the portfolio, with Canadian General Investments, Limited (CGI) at 60.7% and Canadian World Fund Limited (CWF) at 3.9%, for a combined total weighting of 64.6% of the portfolio at June 30, 2007.

The CWF holding increased during the quarter as a result of Third Canadian's participation in a rights offering from CWF to all of its shareholders dated April 27, 2007. Third Canadian exercised its entire basic subscription rights from the offer and purchased 1,120,211 additional shares for \$7.0 million, bringing its ownership of CWF to 31% of total shares outstanding. This has been the only addition in the holding

since CWF's inception as a spin-out of foreign assets from CGI to its shareholders by way of a dividend-in-kind in 1994. CWF provides Third Canadian with broad global exposure and enables entry to many different countries which are otherwise unattainable for many investors.

CGI's 9.3% NAV year-to-date return was slightly ahead of the 9.1% total return of the S&P/TSX, quite a feat considering the disproportionate influence by that small group of stocks mentioned earlier, but CGI's market return of 3.9% is still lagging and inhibiting a stronger advance for Third Canadian's NAV. The market price to NAV differential varies over time, but over the longer term the market return tends to track the NAV return.

NON-PRINCIPAL ASSETS

The enlarged non-principal asset group of Third Canadian continues to perform well, helping to offset the slow start to the year for the principal asset segment. Non-principal assets total approximately \$126 million at quarter end, up from about \$115 million at the beginning of the year and currently represent 35.4% of the total portfolio.

One of the stocks in Third Canadian's portfolio, Equinox Minerals, was the largest percentage gainer in the S&P/TSX for the quarter with a 51% return. The up-and-coming copper producer in Zambia has been increasingly rumoured as a takeover target, but fundamentals also support holding the position, as copper prices remain high and interest remains for its uranium deposit.

At the other end of the spectrum, also contributing to gains in the portfolio in the quarter was a relatively large position in Alcan, one of the big contributors to the S&P/TSX returns mentioned earlier. We expect further developments after the initial Alcoa overture was rebuffed; alternatives are likely to produce additional gains.

An interesting new holding in the portfolio is Major Drilling Group International, the second largest global provider of drilling services to the mining industry. Major Drilling should do well in this robust environment for metal commodities as it is well-financed and has growing operating margins, profitability and record levels of revenue backlog.

The Canadian income trust sector's performance is reminiscent of the time before the change to its tax status. The sector is once again providing a combination of attractive cash yields and capital appreciation to investors, even with the overhang of uncertainties. It is noteworthy that the S&P/TSX Income Trust Index registered a 10.1% total return for the year to date, better than the S&P/TSX Composite. Third Canadian maintains its exposure to the sector and has had some exceptional gains this year. Unfortunately, some of these gains have resulted from takeover activity, reducing both the number and quality of potential replacement candidates in the sector. In the second quarter alone, two of the Manager's favourite holdings in the group, CCS Income Trust and Gateway Casinos Income Fund have been the subjects of lucrative takeover offers and appear likely to disappear from the portfolio and the public markets forever.

OUTLOOK

Strong and growing global economies are driving consumption of basic commodities, an encouraging backdrop for Canada's resource-based economy. As long as there are no major disruptions to this demand driven dynamic, one must remain optimistic for the prospects of Canadian markets going forward.

On behalf of the Manager,

Michael A. Smedley
CEO and Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

MANAGEMENT REPORT OF FUND PERFORMANCE

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

Third Canadian General Investment Trust Limited's (Third Canadian) net asset value (NAV) at June 30, 2007 was \$58.99, up from \$55.85 at year-end 2006. The net asset value per share calculated according to generally accepted accounting principals (GAAP NAV) at June 30, 2007 was \$58.57 [See Adoption of New Accounting Standards below]. The NAV return, with dividends reinvested, for the six-month period to June 30, 2007 was 5.9%, compared with a total return of 9.1% for the benchmark S&P/TSX Composite Index. The Company's net assets at June 30, 2007 were \$283,484,000, representing a 5.6% increase from the \$268,433,000 at the end of 2006. This increase can be largely attributable to the year-to-date return of 11.1% in its non-principal asset segment.

At the beginning of June, Third Canadian subscribed in full to a one-for-one rights issue for common shares by one of its principal holdings, Canadian World Fund Limited (CWF), the top performing actively managed, closed-end equities fund in Canada for 2006 [See Related Party Transactions]. This transaction had a nominal impact on the overall composition of the portfolio, as principal assets represented 64.6% of the investment portfolio at June 30, 2007, down from 65.4% at the end of 2006.

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, 2007 the bank indebtedness had a combined weighted-average interest rate of 5.01% per annum and is repayable over various maturity dates in 2007 and 2008. During the first six months of 2007, Third Canadian utilized between \$25 and \$40 million of its credit facility. As at June 30, 2007, the outstanding borrowings represented 14.1% of net assets.

RECENT DEVELOPMENTS

Adoption of New Accounting Standards

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

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

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

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

RELATED PARTY TRANSACTIONS

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

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 listed closed-end investment funds.

MMA provides continuing advice and investment management services as well as administration, financial reporting and other ancillary services required by a publicly listed corporation. Further information concerning this matter is described in the Management Fees section of this report.

FINANCIAL HIGHLIGHTS

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

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

	Six months ended					
	June 30, 2007	2006	2005	2004	2003	2002
Net asset value, beginning of period ⁽⁴⁾	\$ 55.69	\$ 45.71	\$ 31.78	\$ 25.30	\$ 17.85	\$ 19.50
Increase (decrease) from operations:						
Total revenue	0.49	1.07	0.91	0.81	0.84	0.83
Total expenses	(0.38)	(0.60)	(0.43)	(0.31)	(0.28)	(0.31)
Income tax recovery	0.06	0.02	-	0.02	0.02	0.01
Realized gains (losses) for the period ⁽²⁾	0.92	7.42	1.46	0.35	0.35	(0.23)
Unrealized gains (losses) for the period	2.03	3.33	12.69	6.02	7.16	(1.53)
Transaction costs ⁽²⁾	(0.03)	-	-	-	-	-
Total increase (decrease) from operations	3.09	11.24	14.63	6.88	8.09	(1.23)
Dividends paid to shareholders:						
Taxable dividends ⁽³⁾	(0.15)	(1.10)	(0.75)	(0.55)	(0.55)	(0.30)
Net (increase) decrease in refundable dividend tax on hand	(0.06)	-	0.05	0.14	(0.09)	(0.12)
Net asset value, end of period ⁽⁴⁾	\$ 58.57	\$ 55.85	\$ 45.71	\$ 31.78	\$ 25.30	\$ 17.85

(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 period.

(2) Includes capital gains dividends received – net of income taxes.

(3) Dividends were paid in cash.

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

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

	NAV	Section 3855 Adjustment	GAAP NAV
	\$ 58.99	\$ (0.42)	\$ 58.57

Ratios and Supplemental Data

	Six months ended					
	June 30, 2007	2006	2005	2004	2003	2002
Net assets (000's) ⁽¹⁾⁽²⁾	\$ 281,480	\$ 268,433	\$ 219,701	\$ 152,726	\$ 121,611	\$ 85,768
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 ⁽³⁾⁽⁸⁾	4.21%	4.32%	4.39%	5.16%	4.87%	4.95%
Management expense ratio excluding leverage costs and proportionate share of expenses of holdings in other investment funds ⁽³⁾⁽⁴⁾⁽⁸⁾	0.75%	0.75%	0.68%	0.68%	0.73%	0.86%
Portfolio turnover rate – total portfolio ⁽⁵⁾	9.37%	22.63%	10.23%	10.64%	7.21%	5.88%
Portfolio turnover rate – non-principal asset segment ⁽⁶⁾	26.08%	40.47%	41.28%	41.12%	26.70%	22.52%
Trading expense ratio ⁽⁷⁾⁽⁸⁾	0.06%	0.09%	0.06%	0.07%	0.06%	0.03%
Closing market price	\$ 53.03	\$ 47.66	\$ 38.96	\$ 25.85	\$ 19.96	\$ 14.79

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

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

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

(4) Leverage costs reflect interest on bank borrowings.

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

(6) This turnover rate excludes the Company's principal asset holdings.

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

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

MANAGEMENT FEES

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

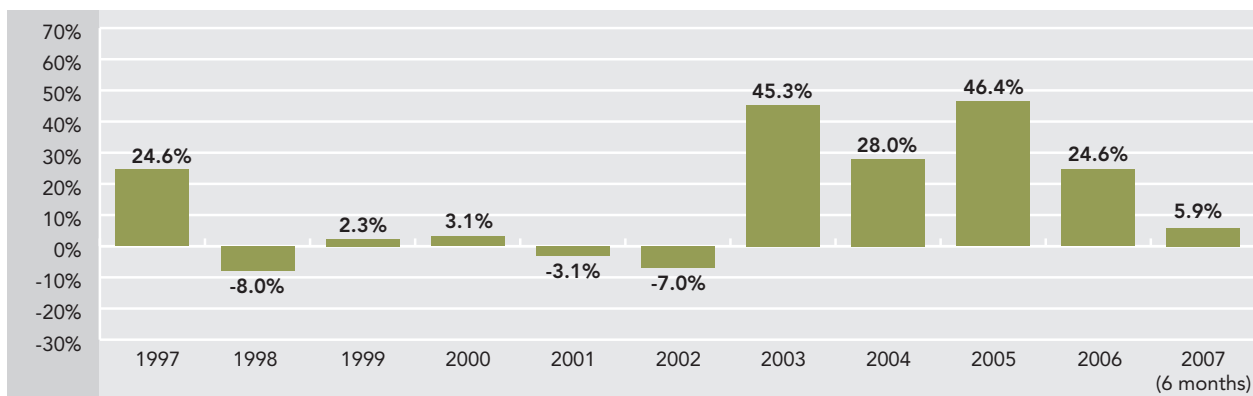
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees that would have reduced returns or performance. How the Company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

YEAR-BY-YEAR RETURNS

The performance information shown assumes that all dividends distributed by Third Canadian were reinvested in additional shares of the Company. The performance information does not take into account an investor's broker commissions or other fees that would have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

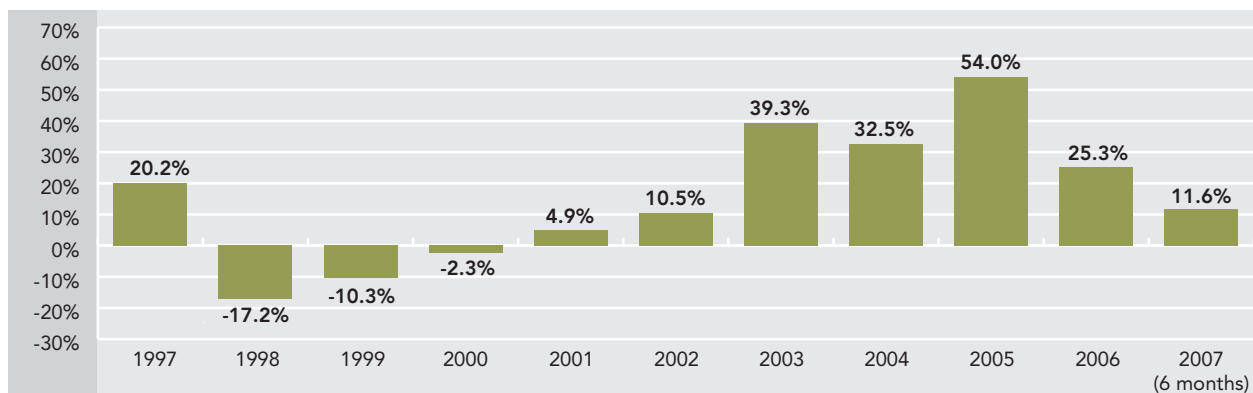
The bar chart below illustrates Third Canadian's net asset value per share return, with dividends reinvested at net asset value per share. All net asset value returns are calculated based on the NAVs (as opposed to the GAAP NAVs).

Net Asset Value Return



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

Market Value Return



SUMMARY OF INVESTMENT PORTFOLIO*as at June 30, 2007**The following Net Asset Value data has all been presented using the NAV (as opposed to the GAAP NAV).***Top 25 Holdings**

Issuer	Country	Sector**	% of Net Assets *	% of Investment Portfolio
Canadian General Investments, Limited**	Canada	Principal Assets	76.3	60.7
Canadian World Fund Limited**	Canada	Principal Assets	4.9	3.9
Sceptre Investment Counsel Limited	Canada	Canadian Equities	1.6	1.3
Bourse de Montréal Inc.	Canada	Canadian Equities	1.4	1.1
Alcan Inc.	Canada	Canadian Equities	1.2	1.0
Freeport-McMoRan Copper & Gold, Inc.	U.S.A.	Foreign Equities	1.2	1.0
Equinox Minerals Limited	Canada	Canadian Equities	1.2	0.9
Northern Property Real Estate Investment Trust	Canada	Canadian Income Trusts	1.1	0.9
MGM MIRAGE	U.S.A.	Foreign Equities	1.1	0.8
Gildan Activewear Inc.	Canada	Canadian Equities	1.0	0.8
Uranium Participation Corporation	Canada	Canadian Equities	1.0	0.8
CCL Industries Inc.	Canada	Canadian Equities	1.0	0.8
Ag Growth Income Fund	Canada	Canadian Income Trusts	0.9	0.7
Thompson Creek Metals Company Inc.	Canada	Canadian Equities	0.9	0.7
Google Inc.	U.S.A.	Foreign Equities	0.9	0.7
Paladin Resources Limited	Australia	Foreign Equities	0.8	0.7
Apple Inc.	U.S.A.	Foreign Equities	0.8	0.7
First Capital Realty Inc.	Canada	Canadian Equities	0.8	0.7
Novo Nordisk A/S	U.S.A.	Foreign Equities	0.8	0.6
North West Company Fund	Canada	Canadian Income Trusts	0.8	0.6
Dollar Financial Corp.	U.S.A.	Foreign Equities	0.8	0.6
CAE Inc.	Canada	Canadian Equities	0.8	0.6
Monsanto Company	U.S.A.	Foreign Equities	0.8	0.6
Systems Xcellence Inc.	Canada	Canadian Equities	0.7	0.6
CCS Income Trust	Canada	Canadian Income Trusts	0.7	0.6
			103.5 *	82.4
Total Net Assets* (\$000's)				\$ 283,484
Total Investment Portfolio (\$000's)				\$ 356,391

* Total Net Assets represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains (\$33.3 million), leverage in the form of bank indebtedness (\$40.0 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased of \$0.1 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, 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**	81.2	64.6
Canadian Equities	25.2	20.1
Foreign Equities	9.8	7.8
Canadian Income Trusts	9.1	7.2
Cash & Cash Equivalents	0.4	0.3

* Total Net Assets represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains (\$33.3 million), leverage in the form of bank indebtedness (\$40.0 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased of \$0.1 million.

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007

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

<i>As at June 30, 2007 and December 31, 2006</i> <i>(in thousands of dollars, except per share amounts)</i>	June 30, 2007 Unaudited \$	December 31, 2006 Audited \$
Assets		
Investments at market value (cost - \$127,931; 2006 - \$110,430) (note 1)	352,779	324,252
Cash	1,100	6,318
Receivable for securities sold	3,402	-
Interest and dividends receivable	272	475
Income taxes recoverable	357	-
	357,910	331,045
Liabilities		
Bank indebtedness (note 2)	40,022	25,017
Payable on securities purchased	3,294	-
Accounts payable and accrued liabilities	237	283
Income taxes payable	-	6,325
Future income taxes on unrealized gain on investments	32,877	30,987
	76,430	62,612
	281,480	268,433
Net Assets		
Shareholders' Equity		
Capital stock	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments, net of future income taxes	191,971	182,835
Retained earnings (note 3)	80,324	76,413
	281,480	268,433
	4,805,910	4,805,910
Number of shares outstanding	4,805,910	4,805,910
Net asset value per share (notes 1 and 8)	58.57	55.85

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars, except per share amounts)</i>	2007 \$	2006 \$
Investment income		
Dividends	1,417	1,175
Interest and other	835	1,057
Securities lending revenue (note 6)	82	22
	2,334	2,254
Expenses		
Management fees	891	650
Interest (note 2)	772	502
Listings and regulatory	45	38
Directors' fees and expenses	39	55
Audit fees	19	18
Securityholder reporting costs	14	13
Custodial fees	8	5
Capital taxes	6	58
Legal fees	3	3
Other	16	63
	1,813	1,405
Net investment income before income taxes	521	849
Income tax recovery (note 4)	287	91
Net investment income	808	940
Realized and unrealized gains on investments		
Net realized gain on investments, net of income taxes of \$933 (2006 - \$6,397) (note 4)	4,432	29,025
Change in unrealized gain on investments, net of future income taxes of \$2,050 (2006 - \$(2,996))	9,738	(13,594)
Transaction costs on purchase and sale of investments (note 1)	(159)	-
Net gain on investments	14,011	15,431
Increase in net assets resulting from operations for the period	14,819	16,371
Increase in net assets resulting from operations per common share (based on 4,805,910 (2006 - 4,805,910) weighted-average shares outstanding during the period)	3.08	3.41

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars)</i>	2007 \$	2006 \$
Increase in net assets resulting from operations for the period	14,819	16,371
Dividends paid to shareholders from net investment income	(721)	(721)
Net increase in refundable dividend tax on hand	(267)	(141)
Increase in net assets during the period	13,831	15,509
Net assets, beginning of period (note 1)	267,649	219,701
Net assets, end of period	281,480	235,210

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars)</i>	2007 \$	2006 \$
Cash provided by (used in):		
Operating activities		
Net investment income	808	940
Income tax provision included in net gain on investments	(933)	(6,397)
Purchases of investments	(44,368)	(23,080)
Proceeds of disposition of investments	32,050	50,768
Transaction costs on purchase and sale of investments (note 1)	(159)	-
Net change in non-cash balances related to operations	(6,633)	(26,619)
	(19,235)	(4,388)
Financing activities		
Increase in bank indebtedness	15,005	227
Dividends paid to shareholders from net investment income	(721)	(721)
Net increase in refundable dividend tax on hand	(267)	(141)
	14,017	(635)
Net increase in cash during the period (note 5)	(5,218)	(5,023)
Cash, beginning of period	6,318	5,023
Cash, end of period	1,100	-

CONSOLIDATED STATEMENTS OF INVESTMENT PORTFOLIO

June 30, 2007

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
PRINCIPAL ASSETS (64.4%)			
7,629,811	Canadian General Investments, Limited	20,969	214,398
2,240,422	Canadian World Fund Limited	12,602	13,689
TOTAL PRINCIPAL ASSETS		33,571	228,087

CANADIAN EQUITIES (20.2%)			
40,000	Alcan Inc.	2,274	3,462
25,000	Bank of Montreal	1,572	1,710
105,000	Bourse de Montréal Inc.	2,940	4,085
160,000	CAE Inc.	1,849	2,273
220,000	Canadian Hydro Developers, Inc.	1,160	1,359
25,000	Canadian Natural Resources Limited	1,451	1,764
65,572	Canadian Western Bank	795	1,844
65,800	CCL Industries Inc., B non-voting	2,023	2,561
350,000	COM DEV International Ltd.	1,868	1,869
40,200	Corby Distilleries Limited, B non-voting	337	929
980,000	Equinox Minerals Limited	1,435	3,370
1,000,000	First Capital Realty Inc., 5.50% 9/30/2017 convertible debenture	970	1,050
36,408	First Capital Realty Inc.	590	916
26,880	First Capital Realty Inc., warrants 8/31/2008	-	394
80,000	Gildan Activewear Inc.	2,009	2,910
45,000	Home Capital Group Inc.	584	1,654
20,000	Husky Energy Inc.	1,586	1,750
100,000	MAG Silver Corporation	1,213	1,164
36,000	Major Drilling Group International Inc.	1,568	1,598
200,000	Pinetree Capital Ltd.	1,608	1,872
95,000	Q9 Networks Inc.	1,308	1,328
1,200,000	Resin Systems Inc. (r7/30/2007)	1,200	1,800
20,000	Ritchie Bros. Auctioneers Incorporated	946	1,332
30,000	Royal Bank of Canada	1,451	1,695
60,000	Russel Metals Inc.	1,600	1,840
435,000	Sceptre Investment Counsel Limited	5,676	4,659
950,000	Scorpio Mining Corporation	1,159	1,586
225,000	Scorpio Mining Corporation, warrants 4/24/2008	110	92
50,000	Silver Standard Resources Inc.	1,392	1,824
45,000	SNC-Lavalin Group Inc.	1,003	1,744
87,500	Sprott Molybdenum Participation, warrants 4/16/2009	123	101
64,600	Systems Xcellence Inc.	1,427	1,961
30,000	Teck Cominco Limited, B SV	1,035	1,351
160,000	Thompson Creek Metals Company Inc.	1,725	2,530

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
CANADIAN EQUITIES (CONTINUED)			
513,000	Trinidad Energy Services Income Trust, 7.75% non-voting convertible debenture deb 07/31/2012	513	513
121,000	Uranium One Inc.	1,740	1,642
180,000	Uranium Participation Corporation	1,524	2,605
45,000	Uranium Participation Corporation, warrants 9/14/2008	60	205
135,000	UTS Energy Corporation	812	813
64,500	WFI Industries Ltd.	1,100	1,678
155,000	ZCL Composites Inc.	1,770	1,578
TOTAL CANADIAN EQUITIES		55,506	71,411

CANADIAN INCOME TRUSTS (7.3%)			
70,000	Aeroplan Income Fund, units	1,025	1,487
92,500	Ag Growth Income Fund, units	1,442	2,535
70,000	ARC Energy Trust, units	575	1,516
43,000	CCS Income Trust, units	1,512	1,966
67,000	Gateway Casinos Income Fund, units	1,125	1,681
175,000	General Donlee Income Fund, units	2,019	1,899
72,900	GENIVAR Income Fund, units	1,159	1,258
40,000	Labrador Iron Ore Royalty Income Fund, units	955	1,317
39,600	Livingston International Income Fund, units	645	802
120,000	North West Company Fund, units	930	2,282
130,000	Northern Property Real Estate Investment Trust, units	1,588	2,991
85,000	Pembina Pipeline Income Fund, units	778	1,351
40,000	Penn West Energy Trust, units	1,299	1,421
100,000	Superior Plus Income Fund, units	1,438	1,553
45,000	Wajax Income Fund, units	1,094	1,657
TOTAL CANADIAN INCOME TRUSTS		17,584	25,716

FOREIGN EQUITIES (7.8%)			
30,000	Akamai Technologies, Inc.	1,728	1,552
20,000	America Movil, S.A.B. de C.V. ADR Series L	1,218	1,315
18,000	Apple Inc.	1,846	2,336
15,000	Deere & Company	1,301	1,923
75,000	Dollar Financial Corp.	1,463	2,273
38,760	Freeport-McMoRan Copper & Gold Inc.	2,684	3,414
4,500	Google Inc., A	2,107	2,504
34,000	MGM MIRAGE	1,590	2,977
30,000	Monsanto Company	1,693	2,155
20,000	Novo Nordisk A/S, ADR	1,742	2,308

STATEMENT OF INVESTMENT PORTFOLIO – CONTINUED

June 30, 2007

Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
FOREIGN EQUITIES (CONTINUED)			
320,000	Paladin Resources Limited	1,252	2,368
25,000	Sothebys	1,402	1,223
10,000	Vulcan Materials Company	1,385	1,217
TOTAL FOREIGN EQUITIES		21,411	27,565
	TRANSACTION COSTS (note 1)	(141)	-
TOTAL INVESTMENTS (99.7%)		127,931	352,779
CASH & CASH EQUIVALENTS (0.3%)		1,100	1,100
RECEIVABLE ON SECURITIES SOLD, NET OF PAYABLE ON SECURITIES PURCHASED (0.0%)		108	108
INVESTMENT PORTFOLIO (100%)		129,139	353,987

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

INVESTMENT PORTFOLIO (125.8%)	353,987
FUTURE INCOME TAXES ON UNREALIZED GAIN ON INVESTMENTS (-11.7%)	(32,877)
BANK INDEBTEDNESS (-14.2%)	(40,022)
OTHER ASSETS AND LIABILITIES, NET (0.1%)	392
NET ASSETS (100.0%)	281,480

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

NOTES TO FINANCIAL STATEMENTS

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

These unaudited interim 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, 2006 audited consolidated financial statements which are available on SEDAR or from the Company.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Adoption of new accounting standards

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

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

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

In accordance with the relief granted by the Canadian securities regulatory authorities, a reconciliation between the regular net asset value calculation ("NAV") and the net asset value calculated in accordance with Section 3855 of an investment fund ("GAAP NAV") is required to be disclosed in the financial statements for financial reporting periods in the one year period ending September 30, 2007. Refer to note 8 for such reconciliation for the period ended June 30, 2007. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the opening net asset value in the consolidated Statements of Changes in Net Assets has been adjusted from \$268,433,000 to \$267,649,000 and the opening retained earnings balance in note 3 for the fiscal period ended June 30, 2007 has been adjusted from \$76,413,000 to \$76,231,000.

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 5.01% per annum as at June 30, 2007 (2006 - 4.63% per annum) and is repayable over various maturity dates in 2007 and 2008.

During the first six months of 2007, the Company utilized between \$25.0 and \$40.0 million (2006 - \$25.0 million) of its revolving credit facility.

3 RETAINED EARNINGS

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

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Retained earnings, beginning of period (note 1)	76,231	43,687
Net investment income	808	940
Net realized gain on investments, net of income taxes	4,432	29,025
Transaction costs on purchase and sale of investments (note 1)	(159)	-
Net increase in refundable dividend tax on hand	(267)	(141)
	81,045	73,511
Dividends paid to shareholders from net investment income	(721)	(721)
Retained earnings, end of period	80,324	72,790

4 TAXATION

The Company is subject to income taxes as a public corporation and, accordingly, 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) provision for income taxes during the year is made up as follows:

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Recovery of income taxes on net investment income		
Provision for income taxes based on combined Canadian federal and provincial income tax rate	188	307
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(475)	(398)
Income tax recovery	(287)	(91)

<i>(in thousands of dollars)</i>	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 rate	1,938	12,795
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of realized net taxable capital gains	(969)	(6,398)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(36)	-
Income tax provision	933	6,397

5 SUPPLEMENTAL CASH FLOW INFORMATION

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

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Interest paid	782	567
Income taxes paid	3,216	913

6 SECURITIES LENDING

The Company has loaned securities with a market value of \$18,253,000 as at June 30, 2007 (2006 - \$9,500,000) and the custodian held collateral of \$19,431,000 (2006 - \$10,201,000).

7 BROKERAGE COMMISSIONS PAID ON INVESTMENT TRANSACTIONS

Brokerage commissions paid on investment transactions for the six months ended June 30, 2007 were \$159,000 (2006 - \$81,000).

8 RECONCILIATION OF NET ASSET VALUE

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

(in thousands of dollars, except per share amounts)

Net Assets	Section 3855 Adjustment	GAAP Net Assets	NAV	GAAP NAV
283,484	(2,004)	281,480	58.99	58.57

GROWTH AND INCOME

Managed by:



MorganMeighen
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