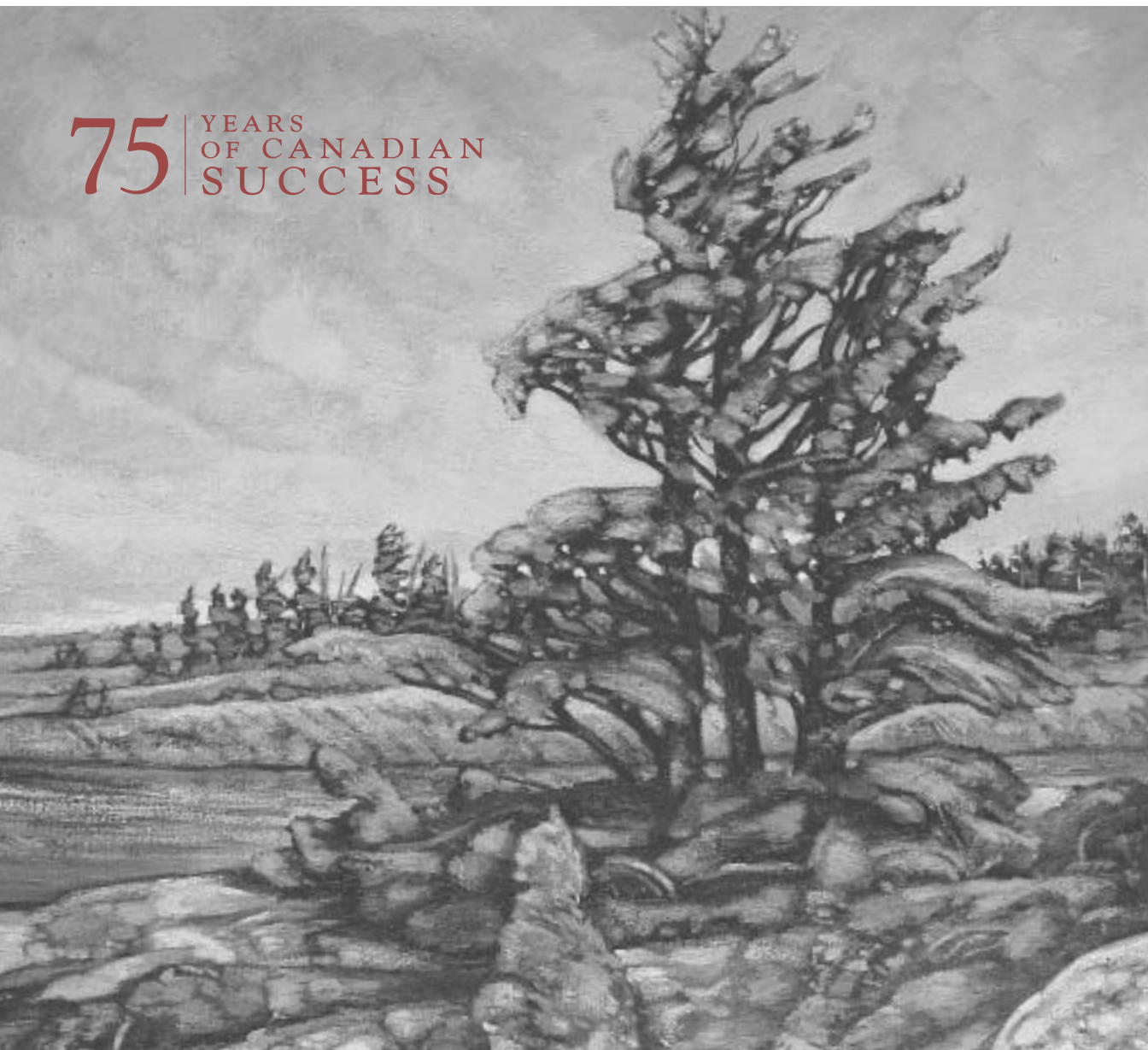




CGI

Canadian General Investments,
Limited

75 | YEARS
OF CANADIAN
SUCCESS

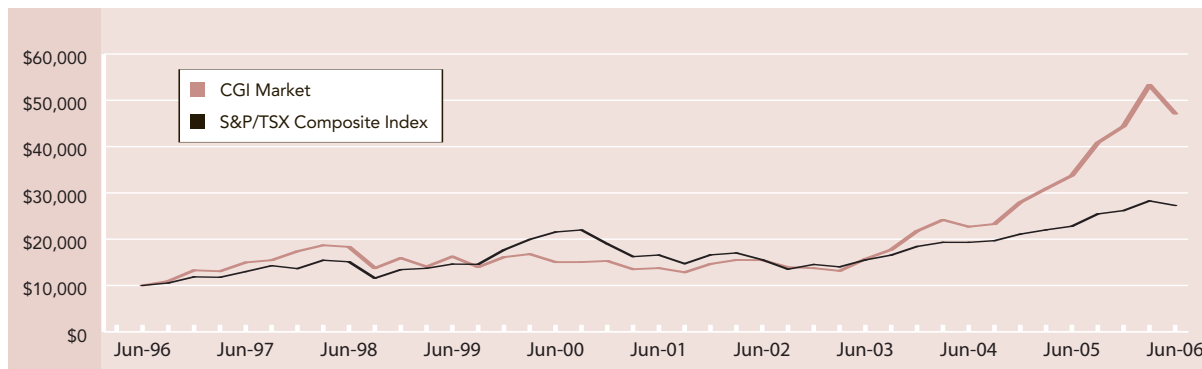


INTERIM REPORT 2006

CORPORATE PROFILE

Canadian General Investments, Limited (CGI) is a closed-end equity fund focussed on medium to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains and appropriate income generating instruments, to provide better than average returns to investors. CGI was established in 1930 and has been managed since 1956 by investment manager Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

GROWTH OF A \$10,000 INVESTMENT 10 YEARS TO JUNE 30, 2006



The graph above is presented to illustrate the benefit of a long-term investment in CGI's common shares. A \$10,000 investment in CGI common shares would have grown to approximately \$47,000 over the 10-year period ended June 30, 2006. This equates to a compound average growth rate of 16.8%, compared to \$27,000 or 10.6% for the benchmark S&P/TSX Composite Index, expressed on a total return basis.

Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information are historical values and past performance is no assurance or indicator of future returns. Historical returns assume the reinvestment of all distributions. Share prices, net asset values and investment returns will fluctuate. 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.

LETTER TO SHAREHOLDERS

After a brilliant and lengthy market run, dominated by resource stocks, the latest inevitable widespread correction materialized in the second quarter, possibly led by smaller markets around the world but well paced by the leading energy and mining market – Toronto.

Canadian General Investments, Limited dipped from its net asset value high in April, edged into negative territory, but moved in a short time frame to a healthy 5.9% return, with dividends reinvested, as at June 30. This compares well with the S&P/TSX Composite Index and its half year total return of 4.2%. Over 12 months we were also well ahead of the Index with a 26.4% gain vs. 19.6% for the Index. CGI's outperformance is powered by the bottom-up stock selection success of the investment team at Morgan Meighen & Associates and the power of leverage on its portfolio. This is reflected by a market return of 39.7% to investors in the common shares of CGI over 12 months, or 6.1% year to date after the latest broad correction.

Distinct from portfolio matters, a significant corporate action was taken by CGI during the period under review. Your Board, advised by a special committee of independent directors, and subsequent to an external valuation of the fair value of the warrants of the Company, launched an offer to purchase for cancellation all issued and outstanding warrants. On the expiry date of the offer, June 30, the Company bought in 2,979,109 warrants that were tendered at the offer price of \$22.35, expending \$66.6 million in total. The primary purpose was to preserve the Company's special investment corporation status. This enables payment of capital gains dividends and the refund of taxes associated with capital gains, thus eliminating a layer of taxation. As the purchase of additional shares by the controlling shareholder group would likely cause the Corporation to lose this beneficial tax status, the control group tendered all of its warrants, thereby giving up its right to exercise into new shares.

As a result of the offer, further dilution of net asset value due to the eventual exercise of the warrants is now expected to be greatly reduced. In addition, the use of portfolio funds in repurchasing the warrants has increased the leverage exerted by CGI's preferred shares. This would strengthen the upturn in portfolio assets if the main correction is behind us.

Holder of 17,219 warrants took advantage of the penultimate opportunity to exercise their warrants into common shares on June 30 this year.

The buy-in process and warrant exercise left 292,156 warrants outstanding which will continue to be traded and will be exercisable until expiration on June 30, 2007. The final exercise price on June 30, 2007 would be further reduced should the Board elect to pay capital gains dividends to shareholders. The payment of dividends is subject to the Board's decision, customarily made near the end of the year.

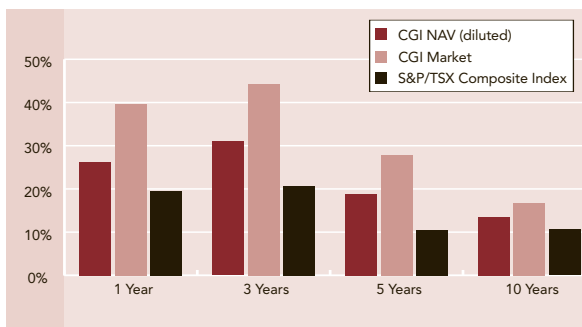
CGI is the only major listed fund in Canada retaining this special tax status. It has resulted in total payment of income and capital gains dividends averaging 5.1% in annual yield over the last three years.

In the Investment Commentary section our investment management team deals with year-to-date portfolio and market factors.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Compound Annual Returns for the Periods to June 30, 2006



LETTER TO SHAREHOLDERS (CONTINUED)

INVESTMENT COMMENTARY

FOCUSED ON OUTPERFORMANCE

Employing bottom-up investment methods, CGI's Manager focuses on outperformance and diversification against risk. Through the latest correction we sold stocks, but the purpose was to fund the issuer bid for the warrants. We do not try to time markets.

The main catalysts for the first half global correction - fear of the rising interest rate trend and inflation - will stay with us but so will counter effects such as a strong Canadian economy, high employment, low inventories and chronic under-investment in resources. This would likely be accompanied by hedge fund trading activity fuelled by large global cash reserves. Also, we should not ignore screen based securities trading by millions of people worldwide, many enjoying a living from this practice.

In raising cash in CGI, we undertook few outright sales of positions and so preserved the general composition and the main weightings in metals, energy and financials. Metals and energy still rank as vital in our opinion, with further stimulation of interest in mid-tier companies now likely on the expected removal of Inco Limited and Falconbridge Limited by takeovers, leaving nothing at the top except Teck Cominco Limited and Alcan Inc., which is an industrial processor. The two nickel companies were big holdings in the CGI portfolio as we completed the first half year. Now almost a solitary name in mid-tier domestic base metals is Hudbay Minerals, Inc., a much polished up revival of the old Hudson Bay Mining and Smelting. Hudbay, which was refurbished by the Anglo American group a few years ago, is now proving to be a great winner, recently advancing into our Top Ten. The financials have gone largely nowhere but are the core of a market portfolio. Canadian Western Bank, at present larger than our individual holdings in the major Canadian banks, recently became a Top Ten holding.

Although we trimmed many positions to meet cash needs for the warrants, we took a new position in Suncor Energy Inc., the major pure oilsands company. In mining we recently bought shares in Aurelian Resources Inc. based on its exceptionally high grade gold discoveries in Ecuador.

INTERESTING ACQUISITIONS

While the portfolio is predominantly large to medium cap in weighting, we look to smaller cap and often under-researched opportunities for market outperformance. Two interesting acquisitions last quarter were Kaboose Inc. and Discovery Air Inc. Kaboose came through the tech boom and bust cycles and is a solid participant in the rapidly growing internet marketing business. The company predominantly markets to children and mothers. It ranks in North America's top ten, as high as third in some categories, behind Disney and Yahoo. Discovery Air, a market newcomer in April, looks to dominate in special aviation services that are in growing demand across the Canadian northlands. Initially in forest fire spotting services for the federal government, Discovery Air has since bought two major operators, Great Slave Helicopters Ltd which has 70 light and medium helicopters with services locations throughout Canada and with particular emphasis in the Arctic, and Tindi Ltd. ("Air Tindi") which has 22 fixed wing aircraft offering scheduled and chartered passenger and cargo services as well as air ambulance services. Its typical customers are in the mining industries and the governments of Canada and the Northwest Territories.

OUTLOOK

In concluding, we presently offer reasonable optimism about performance in the second half of 2006. The attraction of resource stocks should continue. The Canadian dollar should stay firm. We are comfortable with our longer term holdings in consumer stocks and other sectors and always look for special situations that can give us the chance for superior returns without excessive risk.

On behalf of the Manager,

Michael A. Smedley
Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

CGI's diluted net asset value per share (NAV) at June 30, 2006 was \$26.75, up from \$25.37 at year-end 2005. The NAV return, with dividends reinvested, for the six-month period to June 30, 2006 was 5.9%, compared with a 4.2% total return for the benchmark S&P/TSX Composite Index (S&P/TSX). CGI's net assets at June 30, 2006 were \$557,394,000, representing a 5.2% decrease from the \$588,146,000 at the end of 2005. Aggregate net assets were impacted by a substantial issuer bid for warrants of the Company, details of which are described under Recent Developments.

The Company's leverage strategy, using the leverage provided by its preference shares, was a significant contributor to CGI's overall return and outperformance of the S&P/TSX. CGI increased its leverage with the completion of a public offering of 3,000,000, 3.90% cumulative, redeemable Class A preference shares, Series 3 on March 3, 2006. As a result, the

Company had \$210 million in preference shares outstanding at June 30, 2006, compared with \$135 million at the end of 2005. The corresponding asset coverage ratios were 3.6 times and 5.3 times the total preference shares outstanding. Employment of leverage magnifies the results of gains or losses on investments.

In what proved to be a volatile half year, good performance was achieved across a broad range of stocks in CGI's investment portfolio. Materials and Energy have been the top performing sectors of the S&P/TSX in 2006, posting returns of 16.0% and 8.9% for the six-month period.

The table below illustrates the five largest sectors in CGI's portfolio as at June 30, 2006, compared with their weightings at year-end 2005, and with the corresponding weightings in the S&P/TSX. The weightings provided for CGI represent the market value of each industrial sector as a percentage of the total investment portfolio.

Of particular note, the high cash balance of \$63.5 million at June 30, 2006 resulted from the disposition of investments in anticipation of the funding required for the substantial issuer bid for warrants.

Sector	CGI		S&P/TSX	
	June 30, 2006 %	Dec. 31, 2005 %	June 30, 2006 %	Dec. 31, 2005 %
Financials	27.4	26.5	29.1	31.6
Energy	18.8	25.9	30.9	27.4
Materials	18.2	14.1	16.8	15.1
Industrials	9.5	8.8	5.4	5.5
Cash & Cash Equivalents	7.6	0.2	n/a	n/a

MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily on realized gains on the sale of investments – at an effective rate of approximately 21%. As a result of its investment corporation status, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For the six months to June 30, there was a net cost related to tax of \$9,263,000, representing 1.7% of net assets. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. At June 30, 2006, the Company had refundable capital gains tax of approximately \$25 million, which is refundable upon payment of capital gains dividends of approximately \$119 million.

RECENT DEVELOPMENTS

On May 23, 2006, the Company announced a substantial issuer bid to purchase all of its outstanding warrants. The primary reason for the issuer bid was to enable the Company to maintain its beneficial investment corporation status by permitting holders of warrants who were “specified shareholders” to dispose of their warrants by a means other than having to exercise. As a result of changes to tax legislation implemented subsequent to the issuance of the warrants, exercise of warrants by such shareholders could have caused CGI to lose this status.

Under the terms and conditions of the offer to purchase contained in the issuer bid circular, which was filed with applicable Canadian securities regulators and mailed to warrant holders on May 25, 2006, warrant holders could tender their warrants for a cash price of \$22.35 per warrant. On June 30, 2006, the expiry date of the offer, the Company confirmed that it would purchase for cancellation 2,979,109 warrants, representing 90.6% of the 3,288,484 warrants outstanding prior to the offer. The warrants being repurchased represented all validly deposited warrants under the terms of the offer. Payment of \$66.6 million for the warrants deposited and accepted for purchase was made in the first week of July.

Subsequent to this payout, weightings in all industrial sectors of the portfolio experienced corresponding increases.

Aside from normal market fluctuations that the Company’s portfolio is subject to, CGI has had no material recent developments since June 30, 2006.

RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with CGI.

MMA provides continuing advice and investment management services, as well as administration, financial reporting and other ancillary services required by a publicly listed company. As a result of providing these services, MMA receives management fees that are computed at 1% per annum of the month-end market value of CGI’s investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable.

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, 2006 and the prior five financial years. This information is derived from the Company's audited annual financial statements and interim unaudited financial statements.

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

	Six months ended June 30 2006	2005	2004	2003	2002	2001
Net asset value - basic, beginning of period	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41	\$ 14.58	\$ 15.31
Increase (decrease) from operations:						
Total revenue	0.35	0.75	0.79	0.48	0.37	0.34
Total expenses	(0.48)	(0.75)	(0.67)	(0.42)	(0.39)	(0.39)
Realized gains for the period	2.50	3.65	2.20	1.01	0.25	0.69
Unrealized gains (losses) for the period	(0.05)	3.53	3.06	5.23	(1.14)	(0.86)
Total increase (decrease) from operations	2.32	7.18	5.38	6.30	(0.91)	(0.22)
Dividends paid to common shareholders:						
Taxable dividends	(0.06)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Capital gains dividends	-	(1.00)	(0.60)	(0.36)	-	(0.25)
Total dividends ⁽²⁾	(0.06)	(1.24)	(0.84)	(0.60)	(0.24)	(0.49)
Income taxes recoverable on dividends from net realized gain on investments	-	0.21	0.12	0.07	-	0.05
Net decrease (increase) in refundable dividend tax on hand	0.01	(0.01)	(0.03)	-	-	-
Decrease (increase) in refundable income taxes on net realized gain on investments	(0.45)	(0.64)	(0.36)	(0.14)	0.02	(0.05)
Warrants repurchased	(3.26)	(0.06)	(0.05)	(0.04)	(0.04)	(0.02)
Net asset value - basic, end of period ⁽³⁾	\$ 27.07	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41	\$ 14.58
Net asset value - diluted, end of period ⁽⁴⁾	\$ 26.75	\$ 25.37	\$ 20.71	\$ 17.10	\$ 12.33	\$ 13.34

(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 financial period.

(2) Dividends were paid in cash.

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

(4) Reflects the exercise of the Company's outstanding warrants.

MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Ratios and Supplemental Data

	Six months ended June 30 2006	2005	2004	2003	2002	2001
Net assets (000's) ⁽¹⁾	\$ 557,394	\$ 588,146	\$ 475,976	\$ 389,324	\$ 274,519	\$ 298,546
Number of shares outstanding	20,591,159	20,573,940	20,499,638	20,488,160	20,477,598	20,475,692
Management expense ratio ^{(2) -}	3.08%	2.88%	3.31%	2.75%	2.75%	2.67%
Management expense ratio excluding leverage costs ^{(3) -}	1.64%	1.53%	1.59%	1.44%	1.51%	1.46%
Portfolio turnover rate ⁽⁴⁾	24.45%	47.07%	41.68%	56.33%	51.85%	78.77%
Trading expense ratio ^{(5) -}	0.27%	0.26%	0.26%	0.39%	0.27%	0.37%
Closing market price	\$ 24.50	\$ 23.20	\$ 15.44	\$ 12.70	\$ 8.45	\$ 9.25

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

(2) 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 year.

(3) Leverage costs include dividends on preference shares and amortization of deferred financing charge.

(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 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.

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

~ Ratios for the six months ended June 30, 2006 have been annualized.

MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Prior to 2006, the management fee was calculated quarterly in arrears at the same 1% rate. The Company's management fees were used by Morgan Meighen 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 Morgan Meighen in their capacity as directors and/or officers of MMA and receive no compensation from CGI.

PAST PERFORMANCE

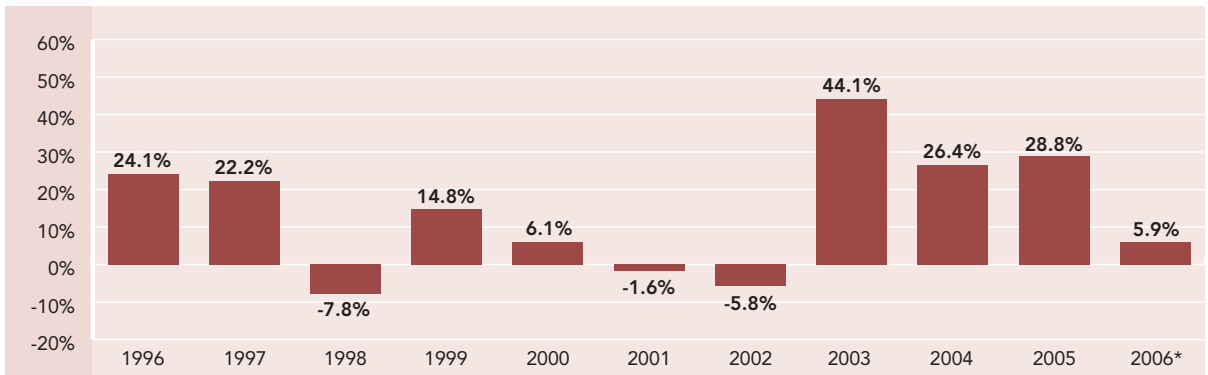
The performance information shown assumes that all dividends paid by CGI were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees that would have reduced returns or performance. How the Company has performed in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

YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown as well as interim performance for the six months ended June 30, 2006, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

The bar chart below illustrates the diluted net asset value per share return, with dividends reinvested at net asset value per share - this is the best representation of the performance of the Company.

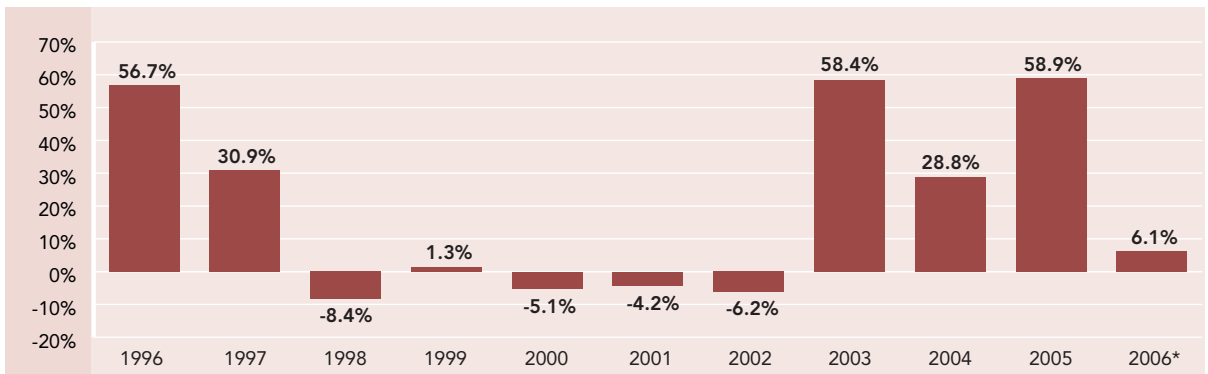
Net Asset Value Returns



* For the six-month period ended June 30, 2006.

The bar chart below illustrates the market return, with dividends reinvested at the market price - this is the best representation of the return to a shareholder of the Company.

Market Value Returns



* For the six-month period ended June 30, 2006.

2006 INTERIM REPORT | CANADIAN GENERAL INVESTMENTS, LIMITED
MANAGEMENT REPORT OF FUND PERFORMANCE
 (CONTINUED)

SUMMARY OF INVESTMENT PORTFOLIO

as at June 30, 2006

Top 25 Holdings

Issuer (all Canada-based)	Sector	% of Net Assets*	% of Investment Portfolio
Cash	Cash & Cash Equivalents	11.4	7.6
Cameco Corporation	Energy	4.2	2.8
Falconbridge Limited	Materials	4.1	2.8
TSX Group Inc.	Financials	3.5	2.4
Rogers Communications Inc.	Telecommunication Services	2.6	1.8
BMTC Group Inc.	Consumer Discretionary	2.4	1.6
HudBay Minerals Inc.	Materials	2.4	1.6
Russel Metals Inc.	Industrials	2.3	1.6
Home Capital Group Inc.	Financials	2.3	1.5
First Capital Realty Inc.	Financials	2.3	1.5
Canadian Western Bank	Financials	2.2	1.5
BPO Properties Ltd.	Financials	2.2	1.5
Caldwell New York Limited Partnership I**	Financials	2.1	1.4
Corby Distilleries Limited	Consumer Staples	2.0	1.4
Enbridge Inc.	Energy	2.0	1.4
National Bank of Canada	Financials	2.0	1.3
Shell Canada Limited	Energy	2.0	1.3
Brookfield Asset Management Inc.	Financials	2.0	1.3
Algoma Central Corporation	Industrials	1.9	1.3
Husky Energy Inc.	Energy	1.9	1.3
GMP Capital Trust	Financials	1.9	1.3
ING Canada Inc.	Financials	1.9	1.2
Inco Limited	Materials	1.8	1.2
Research In Motion Limited	Information Technology	1.8	1.2
Algoma Steel Inc.	Materials	1.8	1.2
		67.0*	45.0
Total Net Assets* (\$000's)			\$ 557,394
Total Investment Portfolio* (\$000's)			\$ 833,684

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$210 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased of \$10.3 million.

** CGI also holds a position in Caldwell New York Limited Partnership IV. The primary underlying assets of these two limited partnerships are shares in NYSE Group, Inc. In aggregate, CGI's holding in these two limited partnerships represents 3.7% of Net Assets, or 2.5% of the Investment Portfolio.

SUMMARY OF INVESTMENT PORTFOLIO*as at June 30, 2006*

Sector Allocation	Asset Allocation				Asset Allocation		
	(\$000's)	% of Net Assets*	% of Investment Portfolio		(\$000's)	% of Net Assets*	% of Investment Portfolio
Financials	228,610	41.0	27.4	Canadian Equities	677,437	121.5	81.3
Energy	156,873	28.1	18.8	Cash & Cash Equivalents	63,515	11.4	7.6
Materials	151,297	27.1	18.2	Canadian Income Trusts	48,674	8.7	5.8
Industrials	79,187	14.2	9.5	Limited Partnerships	20,719	3.7	2.5
Cash & Cash Equivalents	63,515	11.4	7.6	Preferred Shares	9,877	1.8	1.2
Consumer Discretionary	40,377	7.2	4.9	Foreign Equities	3,159	0.6	0.4
Information Technology	33,910	6.1	4.1				
Telecommunication Services	24,272	4.4	2.9				
Consumer Staples	23,741	4.3	2.8				
Health Care	11,672	2.1	1.4				
Utilities	9,927	1.8	1.2				

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$210 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased of \$10.3 million.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Manager's web site at www.mmmainvestments.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.

INTERIM FINANCIAL STATEMENTS*June 30, 2006***The auditors of the Company have not reviewed these interim financial statements.**

Shareholders of the Company appoint an independent auditor to audit the Company's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Company's interim financial statements, this must be disclosed in an accompanying notice.

STATEMENTS OF NET ASSETS

<i>As at June 30, 2006 and December 31, 2005</i> <i>(in thousands of dollars, except per share amounts)</i>	June 30, 2006 Unaudited \$	December 31, 2005 Audited \$
Assets		
Investments at market value (cost - \$500,606; 2005 - \$459,943)	759,866	720,165
Cash	63,515	1,629
Receivable for securities sold	11,090	4,598
Interest and dividends receivable	1,503	2,021
Deferred financing charge	2,631	1,323
	838,605	729,736
Liabilities		
Payable for securities purchased	787	4,387
Payable for warrants repurchased	66,705	-
Accounts payable and accrued liabilities	1,333	328
Accrued dividends on preference shares	397	295
Income taxes payable	1,989	1,580
Preference shares (note 2)	210,000	135,000
	281,211	141,590
Net Assets	557,394	588,146
Shareholders' Equity		
Common shares (note 2)	127,861	127,790
Unrealized gain on investments	259,260	260,222
Retained earnings (note 3)	170,273	200,134
	557,394	588,146
Number of common shares outstanding (note 2)	20,591,159	20,573,940
Number of warrants outstanding (note 2)	292,156	3,288,484
Net asset value per common share - basic	27.07	28.59
Net asset value per common share - diluted	26.75	25.37

STATEMENTS OF OPERATIONS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars, except per share amounts)</i>	2006 \$	2005 \$
Investment income		
Dividends	5,145	6,697
Interest and other	1,581	1,098
Securities lending revenue	371	78
	7,097	7,873
Expenses		
Management fees (note 4)	4,472	3,360
Dividends on preference shares	4,299	3,345
Amortization of deferred financing charge	343	233
Listing and regulatory	267	120
Investor relations	127	81
Capital taxes	118	-
Directors' fees and expenses	103	62
Securityholder reporting costs	51	30
Custodial fees	50	38
Legal fees	27	53
Audit fees	21	21
Other	33	36
	9,911	7,379
Net investment income (loss) for the period	(2,814)	494
Realized and unrealized gain on investments		
Net realized gain on investments	51,427	38,845
Change in unrealized gain on investments	(962)	8,271
Net gain on investments	50,465	47,116
Increase in net assets resulting from operations for the period	47,651	47,610
Increase in net assets resulting from operations per common share (based on weighted-average number of common shares outstanding during the period (note 2))		
Basic	2.32	2.32
Diluted	2.29	2.09

2006 INTERIM REPORT | CANADIAN GENERAL INVESTMENTS, LIMITED
STATEMENTS OF CHANGES IN NET ASSETS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars)</i>	2006 \$	2005 \$
Increase in net assets resulting from operations for the period	47,651	47,610
Dividends to common shareholders	(2,469)	(2,460)
Increase in refundable income taxes on net realized gain on investments (note 5)	(9,263)	(6,983)
Decrease (increase) in refundable dividend tax on hand	270	(313)
Warrants repurchased, including transaction costs	(67,012)	(1,003)
Common shares issued on exercise of warrants	71	388
	(78,403)	(10,371)
Increase (decrease) in net assets during the period	(30,752)	37,239
Net assets, Beginning of period	588,146	475,976
Net assets, End of period	557,394	513,215

STATEMENTS OF CASH FLOWS

<i>For the six months ended June 30 (Unaudited)</i> <i>(in thousands of dollars)</i>	2006 \$	2005 \$
Cash provided by (used in):		
Operating activities		
Net investment income (loss)	(2,814)	494
Amortization of deferred financing charge	343	233
Proceeds of disposition of investments	211,501	183,928
Purchases of investments	(200,737)	(168,290)
Net change in non-cash balances related to operations	58,647	(1,667)
	66,940	14,698
Financing activities		
Preference shares issued, net of expenses	73,349	-
Dividends paid to common shareholders	(2,469)	(2,460)
Increase in refundable income taxes on net realized gain on investment	(9,263)	(6,983)
Decrease (Increase) in refundable dividend tax on hand	270	(313)
Warrants repurchased, including transaction costs	(67,012)	(1,003)
Common shares issued on exercise of warrants	71	388
	(5,054)	(10,371)
Net increase in cash during the period	61,886	4,327
Cash, Beginning of period	1,629	2,180
Cash, End of period	63,515	6,507

STATEMENT OF INVESTMENT PORTFOLIO

June 30, 2006 (Unaudited)

Number or Par Value	Investment	Cost \$	Market Value \$	Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
CONSUMER DISCRETIONARY (4.9%)				Oil, Gas & Consumable Fuels (continued)			
Hotels, Restaurants, & Leisure				55,000	Nexen Inc.	2,286	3,473
45,000	Four Seasons Hotels Inc. SV	2,992	3,081	75,000	Niko Resources Ltd.	2,546	4,751
84,200	Tim Hortons Inc.	2,648	2,415	110,300	Pan-Ocean Energy Corporation Limited, B SV	2,695	4,851
Media				204,000	Petrobank Energy and Resources Ltd.	1,593	3,101
100,000	Astral Media Inc., A NV	1,786	3,497	613,900	Serica Energy PLC	1,387	1,246
200,000	Shaw Communications Inc., B NV	5,129	6,350	267,500	Shell Canada Ltd.	5,254	11,101
Multiline Retail				50,000	Suncor Energy Inc.	4,060	4,528
125,000	Canadian Tire Corporation, Limited, A NV	7,417	8,312	240,000	Talisman Energy Inc.	1,925	4,694
Specialty Retail				300,000	TransCanada Corporation	7,665	9,600
740,200	BMTC Group Inc., A SV	4,451	13,472	600,000	TriStar Oil & Gas Ltd.	4,796	4,080
200,000	easyhome Ltd.	3,748	3,250	1,430,600	UTS Energy Corporation	4,780	8,412
TOTAL CONSUMER DISCRETIONARY		28,171	40,377	220,000	Western Oil Sands Inc., A	2,727	6,796
				TOTAL ENERGY		85,275	156,873
CONSUMER STAPLES (2.8%)				FINANCIALS (27.4%)			
Beverages				Commercial Banks			
260,000	Corby Distilleries Limited, A	3,252	5,954	160,000	Bank of Montreal	5,613	9,627
267,600	Corby Distilleries Limited, B NV	4,220	5,379	81,000	Canadian Imperial Bank of Commerce	6,240	6,077
Food & Staples Retailing				290,200	Canadian Western Bank	6,271	12,476
350,000	Alimentation Couche-Tard Inc., B SV	7,430	8,354	195,000	National Bank of Canada	8,026	11,174
100,000	Shoppers Drug Mart Corporation	2,328	4,054	140,000	Royal Bank of Canada	6,363	6,371
TOTAL CONSUMER STAPLES		17,230	23,741	90,000	The Toronto-Dominion Bank	3,040	5,112
ENERGY (18.8%)				Diversified Financial Services			
Energy Equipment & Services				112,300	Addenda Capital Inc.	3,059	2,881
150,000	Trican Well Service Ltd.	2,725	3,359	241,450	Brookfield Asset Management Inc., A LV	3,931	11,078
Oil, Gas & Consumable Fuels				500,000	Caldwell New York Limited Partnership, units*	5,000	11,860
100,500	Addax Petroleum Corporation	3,045	3,000	600,000	Caldwell New York Limited Partnership IV, units*	6,000	8,859
265,000	AltaGas Income Trust, units	3,452	7,685	220,000	CI Financial Inc.	6,203	6,503
1,852,500	Arawak Energy Corporation	3,861	4,168	105,400	Economic Investment Trust Limited	4,617	8,248
706,600	Calvalley Petroleum Inc., A	2,750	4,861	451,800	GMP Capital Trust, units	8,586	10,545
520,000	Cameco Corporation	4,017	23,244	458,000	Guardian Capital Group Limited, A NV	1,637	4,699
100,000	Canadian Natural Resources Limited	1,259	6,185	120,870	Loring Ward International Ltd.*	1,305	544
254,400	Denison Mines Inc.	2,003	3,371	440,000	TSX Group Inc.	7,095	19,712
75,000	Duvernay Oil Corp.	845	2,940	Insurance			
330,000	Enbridge Inc.	6,428	11,270	10,200	E-L Financial Corporation Limited	3,739	6,375
500,000	Falcon Oil & Gas Ltd.	2,344	1,920	185,400	ING Canada Inc. LV	11,139	10,401
400,000	Find Energy Ltd.	2,657	3,828				
150,000	Husky Energy Inc.	2,804	10,575				
180,000	InterOil Corporation	5,371	3,834				

June 30, 2006 (Unaudited)

Number or Par Value	Investment	Cost \$	Market Value \$	Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
Insurance (continued)				Construction & Engineering			
130,000	Manulife Financial Corporation	4,810	4,627	249,070	Bird Construction Income Fund, units	3,586	3,626
Real Estate				Machinery			
283,300	BPO Properties Ltd.	7,928	12,324	375,000	Stantec Inc.	5,621	7,924
5,000,000	First Capital Realty Inc., 5.50% 9/30/2017 convertible debenture	4,850	5,000	Marine			
328,238	First Capital Realty Inc.	5,153	7,549	160,000	Toromont Industries Ltd.	4,142	3,936
1,012,300	Genesis Land Development Corp.	4,031	5,284	Road & Rail			
489,200	Legacy Hotels Real Estate Investment Trust, units	4,108	4,114	350,000	Canada Cartage Diversified Income Fund, units	3,479	3,833
328,000	Melcor Developments Ltd.	5,535	5,576	50,000	Canadian Pacific Railway Limited	2,842	2,850
300,000	RioCan Real Estate Investment Trust, units	5,478	6,501	Trading Companies & Distributors			
253,800	Trizec Canada Inc., SV	4,308	8,667	164,000	Ritchie Bros. Auctioneers Incorporated	5,257	9,725
Thrifts & Mortgage Finance				505,000	Russel Metals Inc.	4,367	13,054
391,000	Home Capital Group Inc.	4,488	12,883	TOTAL INDUSTRIALS			
550,000	Xceed Mortgage Corporation	5,569	3,388	49,246	73,075		
Capital Markets				INFORMATION TECHNOLOGY (4.1%)			
10,000	Gluskin Sheff & Associates Inc.	185	155	Communications Equipment			
TOTAL FINANCIALS				154,307	228,610		
HEALTH CARE (1.4%)				Internet Software & Services			
Biotechnology				2,396,300	Kaboose Inc.	3,370	3,523
991,900	Cipher Pharmaceuticals Inc.	2,908	4,067	255,300	March Networks Corporation	6,823	6,035
1,240,594	Millenium Biologix Corporation	927	124	Software			
300,000	Neurochem Inc.	5,096	3,525	449,100	Miranda Technologies Inc.	6,377	7,747
Pharmaceuticals				TOTAL INFORMATION TECHNOLOGY			
400,000	Cardiome Pharma Corp.	3,711	3,956	31,750	33,910		
TOTAL HEALTH CARE				12,642	11,672		
INDUSTRIALS (8.8%)				MATERIALS (17.7%)			
Airlines				Metals & Mining			
689,000	Discovery Air Inc.	1,466	1,543	50,000	Agnico-Eagle Mines Limited	1,403	1,848
Building Products				277,200	Algoma Steel Inc.	7,528	9,757
280,000	WFI Industries Ltd.	3,768	5,320	991,600	Atna Resources Ltd.	2,011	1,259
Commercial Services & Supplies				175,000	Aurelian Resources Inc.	3,119	3,202
37,500	Davis + Henderson Income Fund, units	372	656	647,600	Centerra Gold Inc.	3,489	7,545
182,000	FirstService Corporation, SV	4,116	5,413	5,170,000	Chariot Resources Limited	1,816	2,688
208,700	Garda World Security Corporation, A	2,064	4,585	2,210,000	Equinox Minerals Limited	2,382	2,873
				1,800,000	EuroZinc Mining Corporation	2,968	4,788
				390,590	Falconbridge Limited, LV	6,566	23,006

STATEMENT OF INVESTMENT PORTFOLIO (CONTINUED)

June 30, 2006 (Unaudited)

Number or Par Value	Investment	Cost \$	Market Value \$	Number or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
Metals & Mining (continued)				UTILITIES (1.2%)			
792,700	First Nickel Inc.	1,092	523	Electric Utilities			
100,000	First Quantum Minerals Ltd.	1,234	5,022	280,000	Fortis Inc.	4,061	6,241
293,500	FNX Mining Company Inc.	3,373	3,114	Independent Power Producers & Energy Traders			
96,600	Fording Canadian Coal Trust, units	4,117	3,419	100,000	Canadian Utilities Limited, A NV	1,171	3,686
187,900	Gammon Lake Resources Inc.	2,885	2,881	TOTAL UTILITIES			
512,000	Gerdau Ameristeel Corporation	2,685	5,714	PREFERRED SHARES (1.2%)			
200,000	Goldcorp Inc.	4,582	6,756	375,000	Bombardier Inc., Series 3	7,328	6,112
857,800	HudBay Minerals Inc.	6,068	12,138	150,000	Falconbridge Limited, Series 3	3,743	3,765
3,000,000	HudBay Minerals, Inc., warrants 12/21/09	983	1,155	TOTAL PREFERRED SHARES			
20,000	Inco Limited	1,391	1,470	TOTAL INVESTMENTS (91.2%)			
200,000	Inco Limited, warrants 8/21/06	1,584	8,676	500,606 759,866			
50,000	Inmet Mining Corporation	1,998	2,071	RECEIVABLE FOR SECURITIES SOLD, NET OF PAYABLE FOR SECURITIES PURCHASED (1.2%)			
350,000	Labrador Iron Ore Royalty Income Fund, units	4,090	8,295	10,303 10,303			
550,000	Moto Goldmines Limited	4,194	2,805	CASH & CASH EQUIVALENTS (7.6%)			
400,000	Paladin Resources Limited	1,735	1,364	63,515 63,515			
1,472,800	Shore Gold Inc.	3,915	7,335	INVESTMENT PORTFOLIO (100.0%)			
400,000	Silver Wheaton Corp.	4,365	4,192	574,424 833,684			
508,000	Skye Resources Inc.	2,460	4,597				
521,500	Taseko Mines Limited	1,623	1,481				
14,100	Teck Cominco Limited, A MV	1,002	1,025				
190,500	U.S. Gold Corporation	1,078	1,795				
2,209,500	Vaaldiam Resources Ltd.	2,452	1,878				
260,000	Yamana Gold Inc.	2,067	2,860				
TOTAL MATERIALS		92,255	147,532				
TELECOMMUNICATION SERVICES (2.9%)							
Diversified Telecommunication Services							
75,000	Manitoba Telecom Services Inc.	2,731	3,407				
135,000	TELUS Corporation	2,095	6,214				
Wireless Telecommunication Services							
325,000	Rogers Communications Inc., B NV	8,601	14,651				
TOTAL TELECOMMUNICATION SERVICES		13,427	24,272				
				* Unquoted security.			
				LV: limited voting			
				MV: multiple voting			
				NV: non-voting			
				SV: subordinate voting			
				Percentage amounts in brackets represent market value as a percentage of the Investment Portfolio.			
				RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS			
				INVESTMENT PORTFOLIO (149.6%) 833,684			
				PREFERENCE SHARES (-37.7%) (210,000)			
				OTHER ASSETS AND LIABILITIES, NET (-11.9%) (66,290)			
				NET ASSETS (100.0%) 557,394			
				Percentage amounts in brackets represent market value as a percentage of Net Assets.			

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2006 (Unaudited)

These unaudited interim financial statements do not include all of the disclosures contained in the audited financial statements and accordingly, should be read in conjunction with the December 31, 2005 audited financial statements which are available on SEDAR at www.sedar.com or from the Company.

1 ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited interim financial statements conform to those presented in the Company's December 31, 2005 audited financial statements.

2 CAPITAL STOCK AND PREFERENCE SHARES

Common shares

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

	2006		2005
<i>(in thousands of dollars)</i>	Number of shares	Amount \$	Number of shares
			Amount \$
Balance - Beginning of period	20,573,940	127,790	20,499,638
Exercise of warrants	17,219	71	74,302
Balance - End of period	20,591,159	127,861	20,573,940

Preference shares

The Company had 2,400,000, 5.40% cumulative, redeemable Class A preference shares, Series 1 and 3,000,000, 4.65% cumulative, redeemable Class A preference shares, Series 2 outstanding during the periods ended June 30, 2006 and 2005.

On March 3, 2006, the Company completed a public offering of 3,000,000, 3.90% cumulative, redeemable Class A preference shares, Series 3 (the Series 3 Shares) for net proceeds of \$73,349,000.

On and after June 15, 2011 to June 15, 2016, the Company may redeem for cash the Series 3 Shares in whole or in part at a price per share equal to: \$26.00 if redeemed on or after June 15, 2011, but before June 15, 2012; \$25.75 if redeemed on or after June 15, 2012, but before June 15, 2013; \$25.50 if redeemed on or after June 15, 2013, but before June 15, 2014; \$25.25 if redeemed on or after June 15, 2014, but before June 15, 2015; and \$25.00 thereafter, together in each case with all accrued and unpaid dividends up to but excluding the date fixed for redemption. A holder of Series 3 Shares may require the Company to redeem such shares on or after June 15, 2016 for a cash price of \$25.00, together with any accrued and unpaid dividends up to but excluding the date of redemption.

Warrants

On May 23, 2006, the Company announced a substantial issuer bid to purchase all of its outstanding warrants. The issuer bid enabled warrant holders to tender their warrants for a cash price of \$22.35 per warrant, upon the terms and conditions set forth in the offer to purchase contained in an issuer bid circular, which was filed with applicable Canadian securities regulators and mailed to warrant holders on May 25, 2006. On June 30, 2006, the expiry date of the offer, the Company confirmed that it would purchase for cancellation 2,979,109 warrants, representing 90.6% of the 3,288,484 warrants outstanding prior to the offer. The warrants being repurchased represented all validly deposited warrants under the terms of the offer. Payment for the warrants deposited and accepted for purchase was made in early July.

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NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)

Each warrant entitles the holder to subscribe for a common share at a price of \$4.12 (2005 - \$5.22) per share, subject to adjustment based on the warrant indenture. On June 30, 2006, the seventh exercise date of the warrants, 17,219 warrants were exercised for total proceeds of \$71,000 (2005 - 74,302 warrants, \$388,000). The final exercise date of the remaining warrants is June 30, 2007.

As a result of the substantial issuer bid and the exercise of warrants on June 30, 2006, there were 292,156 warrants outstanding at June 30, 2006 (2005 - 3,299,184). The warrants will expire without value after the final exercise date.

Weighted-average number of common shares outstanding

	2006	2005
Basic	20,574,803	20,500,049
Diluted		
Weighted-average number of common shares outstanding	20,574,803	20,500,049
Potential issuance of common shares from exercise of warrants	292,156	3,299,184
Assumed purchase of common shares	(45,690)	(1,036,585)
	20,821,269	22,762,648

3 RETAINED EARNINGS

The changes in retained earnings for the six-month periods ended June 30 were as follows:

<i>(in thousands of dollars)</i>	2006 \$	2005 \$
Retained earnings, Beginning of period	200,134	160,790
Net realized gain on investments	51,427	38,845
Net investment income (loss)	(2,814)	494
Dividends paid to common shareholders	(2,469)	(2,460)
Warrants repurchased, including transaction costs	(67,012)	(1,003)
Decrease (increase) in refundable dividend tax on hand	270	(313)
Increase in refundable income taxes on net realized gain on investments (note 5)	(9,263)	(6,983)
	(29,861)	28,580
Retained earnings, End of period	170,273	189,370

4 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited, a corporation under common control with the Company, for services received in connection with the management of the Company's financial accounts and investment portfolio among other services provided. Management fees are computed monthly at 1% per annum of the market value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month. Prior to 2006, management fees were computed quarterly, with values for fee calculation purposes determined on the basis of the published financial statements of the Company as at the last day of the immediately preceding quarter.

5 TAXATION

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

The Company's provision for income taxes during the six-month periods ended June 30 were determined as follows:

Provision for income taxes on net investment income <i>(in thousands of dollars)</i>	2006 \$	2005 \$
Provision for income taxes based on combined Canadian federal and provincial income tax rates	(1,017)	178
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(1,858)	(2,397)
Dividends on preference shares	1,553	1,208
Income tax rate differential for investment corporations	(215)	(164)
Recovery of income taxes	(1,537)	(1,175)
Applied to reduce capital gains taxes	1,537	1,175
Provision for income taxes	-	-
Refundable income taxes on net realized gain on investments		
Income taxes based on combined Canadian federal and provincial income tax rates	18,575	14,031
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of realized net taxable capital gains	(9,287)	(7,015)
Income tax rate differential for investment corporations	1,512	1,142
Recovery applied from investment income	(1,537)	(1,175)
Net increase in refundable income taxes on net realized gain on investments	9,263	6,983

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 21%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. The Company has refundable capital gains taxes of approximately \$25,000,000 as at June 30, 2006, which are refundable upon payment of capital gains dividends of approximately \$119,000,000. This potential recovery has not been recorded by the Company.

The Company is also subject to a special tax of 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. The Company has refundable dividend tax on hand of approximately \$522,000 as at June 30, 2006.

6 SECURITIES LENDING

The Company has loaned securities with a market value of \$94,204,000 as at June 30, 2006 and the custodian held collateral of \$101,156,000.

7 BROKERAGE COMMISSIONS PAID ON INVESTMENT TRANSACTIONS

Total brokerage commissions paid on investment transactions for the six months ended June 30, 2006 were \$879,000 (2005 - \$780,000). The portion of total brokerage commissions that was used to pay for goods and services through soft dollar (the amount ascertained to have been paid to dealers for goods and services other than order execution) arrangements for the six months ended June 30, 2006 was \$31,000 (2005 - \$31,000).

Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

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