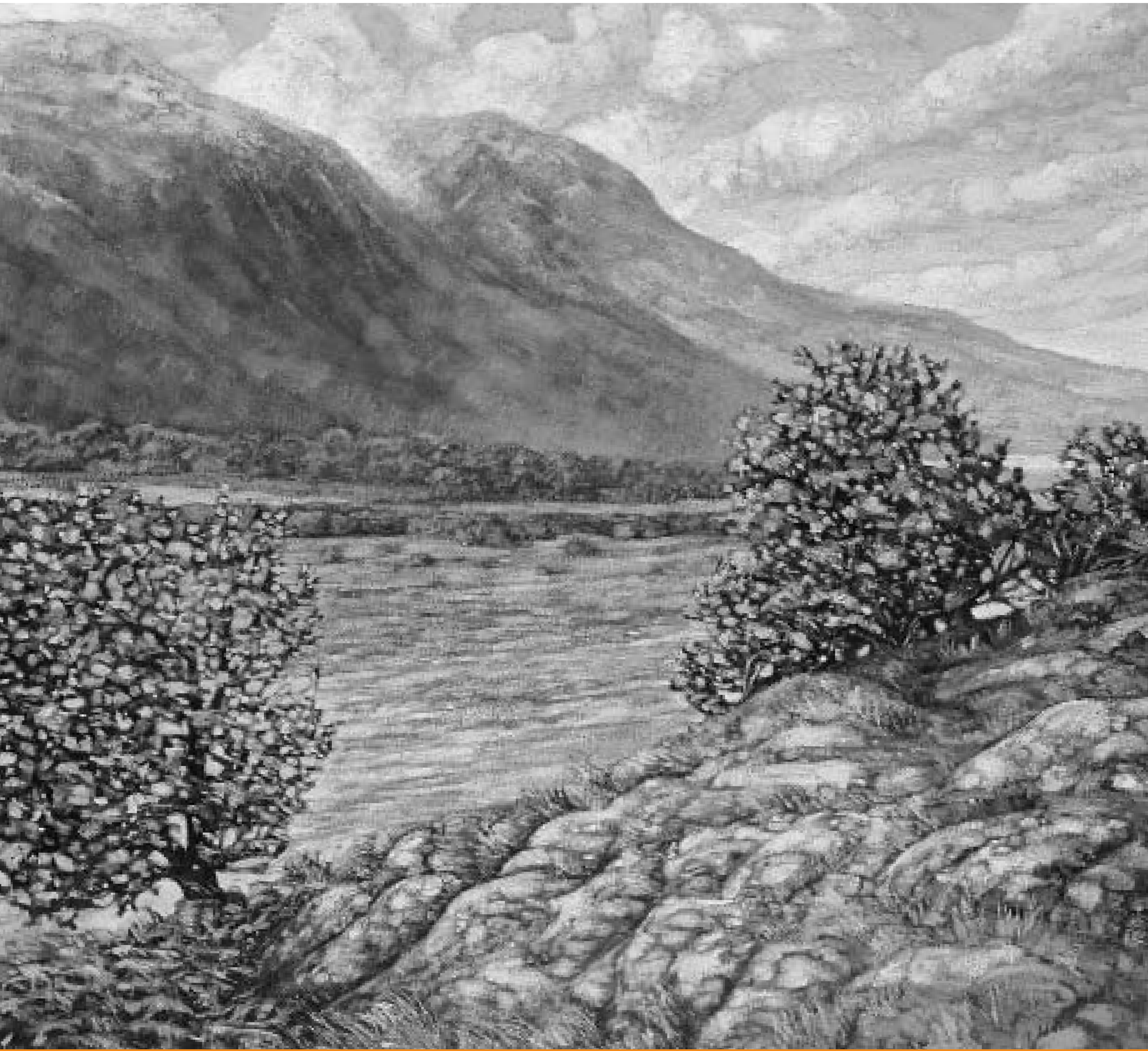
CWF

Canadian World Fund

Limited

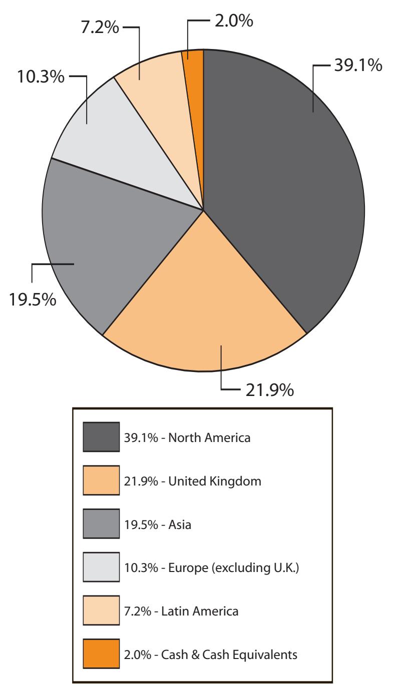


INTERIM REPORT 2006

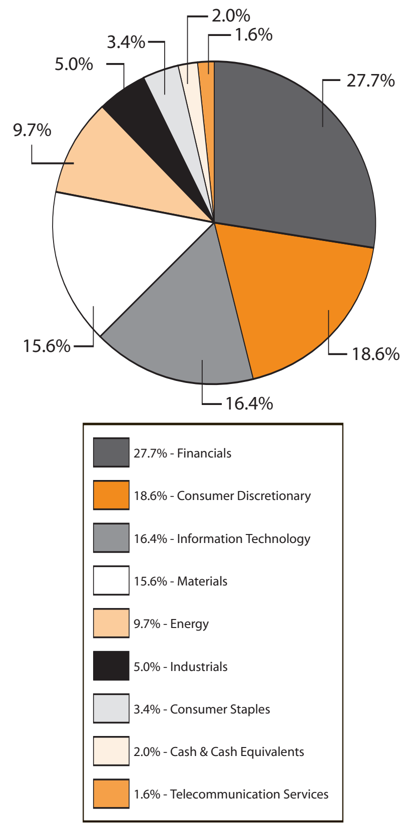
CORPORATE PROFILE

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

Geographic Allocation of Portfolio - June 30, 2006



Sector Allocation of Portfolio* - June 30, 2006



* Using the Global Industry Classification Standard developed by Morgan Stanley Capital International and Standard & Poor's.

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

Canadian World Fund's net assets were up 8.2% for the half year ended June 30, 2006. In a world of generally retreating markets and flat average performance by global funds run in Canada, this result was pleasing for our shareholders and lifted the common shares of the Corporation by 20.5% over the period under review.

A barely positive 0.4% was recorded by our benchmark, the Morgan Stanley All-Country World Free Index in Canadian dollars, while its sister index for the emerging country group recorded only a 1.2% gain. For Canadian mutual funds, average net asset improvement was 2.0% for global and 4.2% in emerging markets, as published by the Globe & Mail Report on Business on July 1. We also outpaced U.S. based global mutual funds which were up 5.7%, according to the Wall Street Journal, July 3.

At the half year, the CWF portfolio was invested approximately 70% in major markets and the balance in markets still classed as "emerging". Our biggest allocations were in the U.K., Canada and the U.S. A relatively low weighting in the U.S. served us well. It should be noted that our main global benchmark is always about 50% dedicated to the U.S.

We hope that the seasonal mid-year correction in markets is mostly behind us and the pace of gains that resulted in a 17.4% uplift in NAV in the first quarter will be resumed.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

INVESTMENT COMMENTARY

One of our best moves in this global portfolio in the past year was to expand the Canadian market segment after it became apparent that Canada's "petro" dollar was still on an uptrend and reducing good gains elsewhere. Recognising Canada's star role in resources and our buoyant economy, we were comfortable with Canadian stocks forming 24.7% of the portfolio at the half year ended June 30, up from 18.8% at December 31, 2005.

The portfolio is still primarily international and most Canadian companies in which we invest operate outside Canada. On a global basis, Morgan Meighen, our international investment team, stays heavily focused on special situations where we look for high growth and, over many years, have developed the interest and knowledge for the task. Seven out of the top 10 portfolio holdings at June 30 were foreign companies.

The second quarter correction in markets was not a high volume sell off, but rather we believe it was in large part a seasonal lull accompanied by fears about rising interest rates, inflation and a decline in the U.S. economy. We would also attribute weakness to fatigue in many forms – the lengthy uptrend in many markets, political and security issues. Even the onset of a vacation season, world soccer and other sports were distractions. And, as always, markets showed sensitivity to national elections, local taxation matters and expropriations. This had particular bearing on resource companies operating in several countries and helped to put the correction under way.

Our trading activity was light in the second half of the period as we awaited the next upturn and experienced the benefit of appreciation in several special situations. Only five additions were made to the portfolio. We invested in AmRest Holdings N.V., in the Netherlands, a recent initial public offering of a business that has introduced Pizza Hut and KFC restaurants to Poland and the Czech Republic.

On the Toronto market we bought Petrominerales Ltd. This was a partial spin-out by Petrobank Energy and Resources Ltd., primarily a Canadian oilsands stock. Petrominerales gives investors a strongly led discovery and production prospect in a rich oil bearing region of Colombia.

LETTER TO SHAREHOLDERS
(CONTINUED)

Moving to the metals, we purchased shares in Skye Resources Inc., an important nickel mine project in Guatemala. It was started up and then suspended by Inco Limited in the 1970's. With today's favourable nickel prices and inventory scarcity, some infrastructure in place and BHP Billiton scooping up surrounding land, the shares look very attractive. This could become a large mining operation, as well as being a rare development for Guatemala. In Brazil, we are shareholders in International Nickel Ventures Corporation (listed in Toronto) which is participating in three nickel ore body projects with Teck Cominco Ltd.

The London Stock Exchange was bought into our extensive list of financial services stocks.

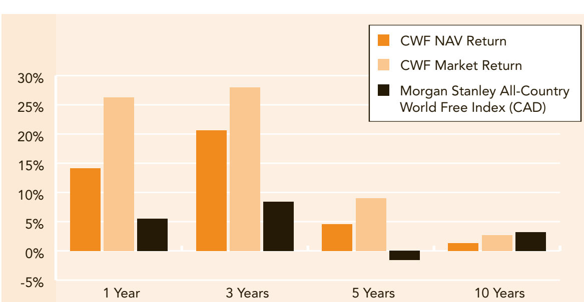
We look forward to dealing with the challenges of the second half as we continue to provide investors with the rare opportunity to buy into a North American listed global equities fund.

On behalf of the Manager,

Michael A. Smedley
Chief Portfolio Officer

Alex Sulzer
Vice-President

Compound Annual Returns for the Periods to June 30, 2006



A CWF Special Situation

CWF has held shares in Hornby plc for two years. The following extract from an investment magazine article outlines this special situation.

HORNBY plc – Toy Trains and Slot Car Racing

[Investors Chronicle – June 9, 2006]

"Hornby reported a 2 per cent drop in sales for the 2005-6 financial year, from £45 m to £44 m, but this decline masks the fact that the model railways maker still has plenty of puff left in it. Pre-tax profits rose 8 per cent to £8.2m, as the group reaped the benefits of simple cost-cutting measures. Selling model railways and Scalextric slot-car racing systems to little boys masquerading as grown men means the group is unlikely ever to go bust. What's more, Hornby is stealing a march on its competitors. The key to its success is that Hornby is the first and only European model maker to have set up production facilities exclusively in China. The impact has been impressive. Management says the quality of the products has improved, even though their manufacturing costs have fallen.

Expansion into Europe is currently at an early stage. The region accounted for only 5 per cent of 2005-06's £8.3 m operating profits, but it is now central to Hornby's future. That's because the UK, where Hornby generated 93 per cent of its 2005-06's profits, only accounts for around 10 per cent of the total European market for models. Small wonder, then, that Hornby has acquired a clutch of European brands – and only those whose manufacturing can be easily shifted over to China. And the products the group offers these customers are improving, too – by going digital. Hornby says that the launch of its Scalextric Sport Digital System has been "extremely successful". It means that boy racers can now have up to six racing cars, each operated by a different player, competing on the same circuit, and cars can now move from one track to another in order to overtake.

Hornby is now applying its digital research and development in Scalextric to railway models.

Hornby's shares trade on an undemanding forecast earnings multiple of 14, which does not appear to reflect these decent growth prospects and the loyal customer base. So, with the uncertainty that surrounded the shares in the second half of last year now lifting, they look well worth buying."

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RESULTS OF OPERATIONS

Performance

Canadian World Fund's (CWF) net asset value per share (NAV) at June 30, 2006 was $6.22, up from $5.75 at year-end 2005. The NAV return for the six-month period ending June 30, 2006, was 8.2%, as the Company's net assets increased to $25.5 million from $23.6 million at the end of 2005. This compared with a total return of 5.0% for the benchmark Morgan Stanley All-Country World Free Index (MSACWFI) or 0.4% when expressed in Canadian dollars. An increased allocation to Canadian holdings of 24.7% versus 18.8% at the end of 2005 contributed to the positive performance experienced by CWF.

Management fees and interest, the Company's key expenses, increased by 20.8% over 2005 to $302,000, driven largely by an increase in portfolio values and increased borrowing costs from its credit facility. Canadian World Fund has a credit facility for investment leverage purposes of $5.0 million comprising bankers' acceptances and term loans, with interest at a quoted one-year rate or based on the prime bankers' acceptance rate. It must comply with specified covenants during the terms of the loans. The bank indebtedness had a combined weighted average rate of 4.55% per annum and is repayable on various dates in 2006 and 2007. During the first six months of 2006, Canadian World Fund utilized $4.1 million of its credit facility. As at June 30, 2006, the outstanding borrowings represented 16.0% of net assets.

RECENT DEVELOPMENTS

CWF has had no material recent developments since year end.

RELATED PARTY TRANSACTIONS

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

MMA provides continuing advice and investment management services, as well as administration, financial reporting and other ancillary services required by a publicly listed company. 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, 2006 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 2006	2005	2004	2003	2002	2001
Net asset value, beginning of period	$ 5.75	$ 5.49	$ 4.79	$ 3.82	$ 4.63	$ 5.94
Increase (decrease) from operations:						
Total Revenue	0.07	0.10	0.10	0.10	0.12	0.11
Total Expenses	(0.11)	(0.19)	(0.17)	(0.13)	(0.14)	(0.17)
Income tax recovery (provision)	-	-	-	-	-	(0.03)
Realized gains (losses) for the period	0.28	0.64	0.81	(0.26)	(0.53)	(0.22)
Unrealized gains (losses) for the period	0.23	(0.29)	(0.04)	1.26	(0.26)	(1.00)
Total increase (decrease) from operations:	0.47	0.26	0.70	0.97	(0.81)	(1.31)
Net asset value, end of period	$ 6.22	$ 5.75	$ 5.49	$ 4.79	$ 3.82	$ 4.63

(1) Net asset value is 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.

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)	$ 25,496	$ 23,574	$ 22,526	$ 19,639	$ 15,673	$ 19,003
Number of shares outstanding	4,101,350	4,101,350	4,101,350	4,101,350	4,101,350	4,101,350
Management expense ratio (2) ~	3.34%	3.51%	3.33%	3.44%	3.33%	3.46%
Management expense ratio excluding leverage costs (3) ~	2.72%	2.89%	2.70%	2.70%	2.60%	2.50%
Portfolio turnover rate (4)	14.46%	67.45%	72.22%	79.48%	65.75%	80.80%
Trading expense ratio (5) ~	0.22%	0.58%	0.66%	0.70%	0.53%	0.53%
Closing market price	$ 5.24	$ 4.35	$ 4.00	$ 3.60	$ 2.63	$ 3.15

(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 period.

(3) Leverage costs reflect interest on bank borrowings.

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

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

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

MANAGEMENT FEES

The Company pays a management fee that is calculated and paid monthly at 1.5% per annum of the net asset value, excluding a deduction for income tax liabilities. Prior to 2006, the management fee was calculated quarterly in arrears at the same 1.5% rate. 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 fund promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of MMA and receive no compensation from CWF.

PAST PERFORMANCE

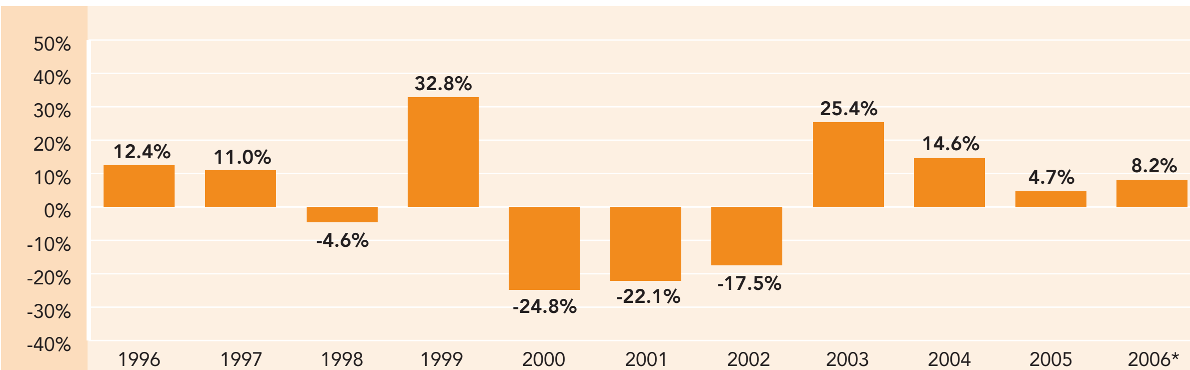
The performance information does not take into account broker commissions or other fees that would have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

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 CWF's net asset value per share return – this is the best representation of the performance of the Company.

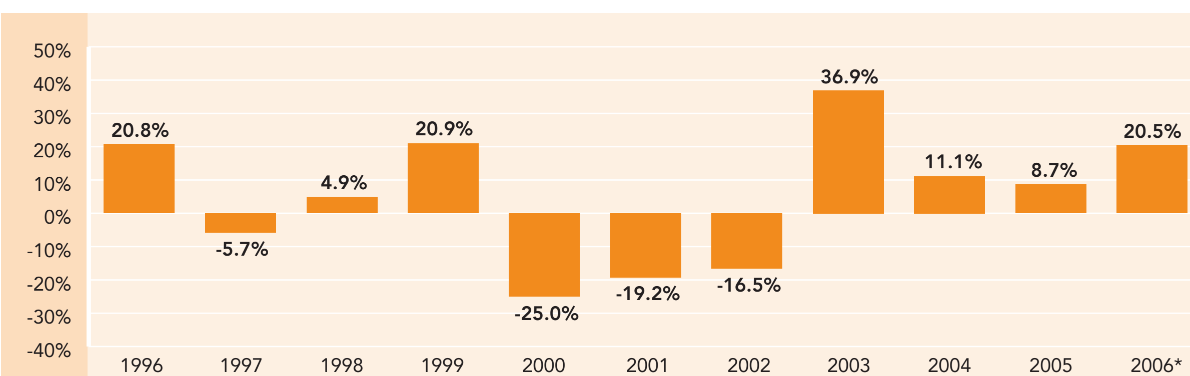
Net Asset Value Returns



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

The bar chart below illustrates CWF's market return – 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.

MANAGEMENT REPORT OF FUND PERFORMANCE
(CONTINUED)

SUMMARY OF INVESTMENT PORTFOLIO

as at June 30, 2006

Top 25 Holdings

Issuer	Country	Sector**	% of Net Assets*	% of Investment Portfolio
Google Inc.	U.S.A.	Information Technology	3.4	3.1
Pan-Ocean Energy Corporation Limited	Canada	Energy	3.2	2.9
March Networks Corporation	Canada	Information Technology	3.0	2.7
Stanley Gibbons Group Limited	U.K.	Consumer Discretionary	2.8	2.5
Mahindra & Mahindra Limited	India	Industrials	2.7	2.5
Oslo Bors Holding ASA	Norway	Financials	2.6	2.4
Grupo Financiero Banorte S.A. de C.V.	Mexico	Financials	2.6	2.4
U.S. Gold Corporation	U.S.A.	Materials	2.6	2.4
Indiabulls Financial Services Ltd.	India	Financials	2.6	2.3
Chariot Resources Limited	Canada	Materials	2.5	2.3
Apple Computer Inc.	U.S.A.	Information Technology	2.3	2.1
Autonomy Corporation plc	U.K.	Information Technology	2.3	2.1
Cash	Canada	Cash & Cash Equivalents	2.3	2.0
Daniel Stewart Securities plc	U.K.	Financials	2.2	2.0
HDFC Bank Ltd.	India	Financials	2.2	2.0
Engel East Europe N.V.	Netherlands	Consumer Discretionary	2.1	1.9
Lojas Renner S.A.	Brazil	Consumer Discretionary	2.1	1.9
IP Group PLC	U.K.	Financials	2.1	1.9
Arbuthnot Banking Group PLC	U.K.	Financials	2.0	1.8
EuroZinc Mining Corporation	Canada	Materials	1.9	1.8
Equinox Minerals Limited	Canada	Materials	1.9	1.7
Miranda Technologies Inc.	Canada	Information Technology	1.9	1.7
Stratic Energy Corporation	Canada	Energy	1.8	1.6
Serica Energy PLC	U.K.	Energy	1.7	1.5
SARE Holding, S.A. de C.V.	Mexico	Financials	1.7	1.5
			58.5	53.0
Total Net Assets* ($000's)				$ 25,496
Total Investment Portfolio ($000's)				$ 30,385

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of bank indebtedness ($4.1 million), other assets and other liabilities.

** Using the Global Industry Classification Standard developed by Morgan Stanley Capital International and Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

as at June 30, 2006

Sector Allocation**

	($000's)	% of Net Assets*	% of Investment Portfolio
Financials	8,412	33.0	27.7
Consumer Discretionary	5,646	22.2	18.6
Information Technology	4,976	19.5	16.4
Materials	4,729	18.5	15.6
Energy	2,964	11.6	9.7
Industrials	1,536	6.0	5.0
Consumer Staples	1,026	4.0	3.4
Cash & Cash Equivalents	619	2.3	2.0
Telecommunication Services	477	1.9	1.6

Geographic Allocation

	($000's)	% of Net Assets*	% of Investment Portfolio
North America	11,876	46.6	39.1
United Kingdom	6,648	26.1	21.9
Asia	5,937	23.3	19.5
Europe (excluding U.K.)	3,118	12.2	10.3
Latin America	2,187	8.5	7.2
Cash & Cash Equivalents	619	2.3	2.0

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of bank indebtedness ($4.1 million), other assets and other liabilities.

** Using the Global Industry Classification Standard developed by Morgan Stanley Capital International and Standard & Poor's.

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.

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

As at June 30, 2006 and December 31, 2005 *(in thousands of dollars, except per share amounts)*	**June 30, 2006 Unaudited $**	**December 31, 2005 Audited $**
Assets		
Investments at market value (cost - $25,808; 2005 - $25,339)	29,766	27,957
Cash	619	1,014
Dividends receivable	20	10
Income taxes recoverable	6	6
	30,411	28,987
Liabilities		
Bank indebtedness (note 2)	4,092	4,075
Payable for securities purchased	-	925
Accounts payable and accrued liabilities	86	70
Future income taxes on unrealized gain on investments	737	343
	4,915	5,413
Net Assets	25,496	23,574
Shareholders' Equity		
Capital stock	20,507	20,507
Unrealized gain on investments, net of future income taxes	3,221	2,275
Retained earnings (note 3)	1,768	792
	25,496	23,574
Number of shares outstanding	4,101,350	4,101,350
Net asset value per share	6.22	5.75

STATEMENTS OF OPERATIONS

For the six months ended June 30 (Unaudited) *(in thousands of dollars, except per share amounts)*	**2006** **$**	**2005** **$**
Investment income		
Dividends	270	252
Interest	4	5
	274	257
Expenses		
Management fees (note 4)	220	182
Interest	82	68
Directors' fees and expenses	31	36
Custodial fees	28	26
Securityholder reporting costs	26	19
Listing and regulatory	24	24
Audit fees	12	11
Investor relations	8	8
Legal fees	3	20
Capital taxes	-	7
Other	5	16
	439	417
Net investment loss for the period	(165)	(160)
Realized and unrealized gain on investments		
Net realized gain on investments	1,141	2,138
Change in unrealized gain on investments, net of future income taxes of $394 (2005 - $nil)	946	(2,170)
Net gain (loss) on investments	2,087	(32)
Increase (decrease) in net assets resulting from operations for the period	1,922	(192)
Increase (decrease) in net assets resulting from operations per share		
(based on 4,101,350 (2005 - 4,101,350) weighted-average shares outstanding during the period)	0.47	(0.05)

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30 (Unaudited) *(in thousands of dollars)*	**2006** **$**	**2005** **$**
Increase (decrease) in net assets resulting from operations for the period	1,922	(192)
Net assets, Beginning of period	23,574	22,526
Net assets, End of period	25,496	22,334

STATEMENTS OF CASH FLOWS

For the six months ended June 30 (Unaudited) *(in thousands of dollars)*	**2006** **$**	**2005** **$**
Cash provided by (used in):		
Operating activities		
Net investment loss	(165)	(160)
Proceeds of disposition of investments	5,166	12,795
Purchases of investments	(4,494)	(12,825)
Net change in non-cash balances related to operations	(919)	911
	(412)	721
Financing activities		
Increase in bank indebtedness	17	16
	17	16
Net (decrease) increase in cash during the period	(395)	737
Cash, Beginning of period	1,014	1,987
Cash, End of period	619	2,724

STATEMENT OF INVESTMENT PORTFOLIO

June 30, 2006 (Unaudited)

Number or Par Value	Investment	Cost $	Market Value $
		(in thousands of dollars)	
	ASIA (19.5%)		
238,000	Alok Industries Limited (India)	490	326
14,000	Britannia Industries Ltd. (India)	324	411
34,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	518	411
10,000	HDFC Bank Ltd., ADR (India)	579	608
250,000	India Capital Growth Fund Limited (India)	505	437
50,000	India Capital Growth Fund Limited, warrants 12/22/2010 (India)	5	23
110,000	Indiabulls Financial Services Limited (India)	380	710
1,640,000	Italian-Thai Development Public Company Limited, Foreign Reg (Thailand)	610	242
50,000	Mahindra & Mahindra Limited (India)	407	755
21,300	Matsui Securities Co., Ltd. (Japan)	273	224
60,000	Nagarjuna Construction Company Ltd. (India)	363	373
8,040	Pantaloon Retail (India) Limited (India)	311	263
300	Rakuten, Inc. (Japan)	278	199
30,500	The Siam Cement Public Company Limited, Foreign Reg. (Thailand)	208	205
30,000	SIFY Limited, ADR (India)	416	334
391,200	Singamas Container Holdings Limited (China/Hong Kong)	373	303
192	Yahoo Japan Corporation (Japan)	73	113
	TOTAL ASIA	6,113	5,937

Number or Par Value	Investment	Cost $	Market Value $
		(in thousands of dollars)	
	EUROPE (32.2%)		
	Europe Excluding United Kingdom		
21,999	AmRest Holdings N.V. (Netherlands)	399	331
12,000	Central European Distribution Corporation (Poland)	227	337
240,000	Engel East Europe N.V. (Netherlands)	553	591
20,000	International Maritime Exchange ASA (Norway)	352	305
2,800	Orco Property Group S.A. (Luxembourg)	208	336
7,800	Oslo Bors Holding ASA (Norway)	208	733
15,000	Pyaterochka Holding NV, GDR (Russia)	285	279
5,555,000	Uralsvyazinform (Russia)	264	206
	Total Europe (Excluding United Kingdom) - 10.3%	2,496	3,118
	United Kingdom		
50,000	Arbuthnot Banking Group PLC	423	541
75,000	Autonomy Corporation plc	419	635
1,500,000	Daniel Stewart Securities plc	470	618
1,000,000	Deal Group Media plc	271	82
15,000	Detica Group plc	262	407
95,000	fountains plc	336	166
50,000	Hornby plc	300	256
200,000	IP Group PLC	399	569
11,803	London Stock Exchange Group plc	304	277
158,500	M&C Saatchi plc	516	381
75,000	Numis Corporation Plc	170	421
145,000	PartyGaming Plc	440	345
230,000	Serica Energy PLC	317	467
262,500	The Stanley Gibbons Group Limited	270	771
100,000	Topps Tiles Plc	406	458
600,000	UBC Media Group plc	467	254
	Total United Kingdom - 21.9%	5,770	6,648
	TOTAL EUROPE	**8,266**	**9,766**

STATEMENT OF INVESTMENT PORTFOLIO (CONTINUED)

June 30, 2006 (Unaudited)

Number or Par Value	Investment	Cost $	Market Value $
		(in thousands of dollars)	
	LATIN AMERICA (7.2%)		
280,000	Grupo Financiero Banorte S.A. de C.V. (Mexico)	468	726
135,000	Grupo Mexico S.A. de C.V., B (Mexico)	281	431
9,500	Lojas Renner S.A. (Brazil)	360	570
456,000	SARE Holding, S.A. de C.V., B (Mexico)	326	460
	TOTAL LATIN AMERICA	1,435	2,187
	NORTH AMERICA (39.1%)		
	Canada		
401,000	AXMIN Inc.	349	381
1,329,800	Chariot Resources Limited	438	691
400,000	Equinox Minerals Limited	352	520
200,000	EuroZinc Mining Corporation	267	532
30,000	GeoGlobal Resources Inc.	280	163
400,000	International Nickel Ventures Corporation	482	420
15,000	InterOil Corporation	487	320
24,400	Logibec Groupe Informatique Ltd.	265	379
35,000	March Networks Corporation	602	819
30,000	Miranda Technologies Inc.	459	518
50,000	Moto Goldmines Limited	384	255
5,000	Niko Resources Ltd.	139	317
20,000	Pan-Ocean Energy Corporation Limited, B Subordinate Voting	450	879
80,000	Petrominerales Ltd.	300	317
50,000	Skye Resources Inc.	451	452
400,000	Stratic Energy Corporation	481	500
30,000	WGI Heavy Minerals, Incorporated	310	27
	Total Canada - 24.7%	6,496	7,490
	United States		
10,000	Apple Computer Inc.	420	639
2,000	Google Inc., A	747	935
7,000	Harley-Davidson, Inc.	471	428
10,000	International Securities Exchange Inc., A	375	424
5,000	NYSE Group, Inc.	388	382
10,000	Sothebys Holdings, Inc., A	212	293
10,000	Sprint Nextel Corporation	275	223
76,000	U.S. Gold Corporation	304	716
10,000	Winnebago Industries, Inc.	306	346
	Total United States - 14.4%	3,498	4,386
	TOTAL NORTH AMERICA	9,994	11,876
	TOTAL INVESTMENTS (98%)	25,808	29,766
	CASH & CASH EQUIVALENTS (2.0%)	619	619
	INVESTMENT PORTFOLIO (100.0%)	26,427	30,385

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS

INVESTMENT PORTFOLIO (119.0%)	30,385
BANK INDEBTEDNESS (-16.0%)	(4,092)
FUTURE INCOME TAXES ON UNREALIZED GAIN ON INVESTMENTS (-2.9%)	(737)
OTHER ASSETS AND LIABILITIES, NET (-0.1%)	(60)
NET ASSETS (100.0%)	25,496

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 BANK INDEBTEDNESS

The Company has a revolving demand credit facility of $5.0 million comprising bankers' acceptances and term loans, subject to specified covenants, with interest based on the prime bankers' acceptance rate. The bank indebtedness has a combined weighted-average interest rate of 4.55% per annum as at June 30, 2006 (2005 - 3.45% per annum) and is repayable in 2006 and 2007.

During 2006 and 2005, the Company utilized $4.1 million of its revolving demand credit facility.

3 RETAINED EARNINGS (DEFICIT)

The changes in retained earnings (deficit) for the six-month periods ending June 30 were as follows:

(in thousands of dollars)	**2006**	**2005**
Retained earnings (deficit) - Beginning of period	792	(1,442)
Net investment loss	(165)	(160)
Net realized gain on investments	1,141	2,138
Retained earnings - End of period	1,768	536

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. Management fees are calculated on a monthly basis at the annual rate of 1.50% of net asset value without a deduction for income tax liabilities. 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 calculated 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 immediate preceding quarter.

5 BROKERAGE COMMISSIONS PAID ON INVESTMENTS TRANSACTIONS

Brokerage commissions paid on investment transactions for the period ended June 30, 2006 were $30,000 (2005 - $73,000).

Global Opportunities

Managed by:

MorganMeighen
& ASSOCIATES
Investment Managers

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