



2016 INTERIM REPORT

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/losses and appropriate income-generating instruments, to provide better than average returns to investors.

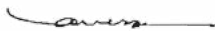
CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules (DTRs) of the United Kingdom Financial Services Authority, the Board of Directors confirms that to the best of its knowledge:

- i. the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- ii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- iii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

The financial statements and Management Report of Fund Performance were approved by the Board of Directors on July 20, 2016.



Vanessa L. Morgan
Chairman

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.

Management Report of Fund Performance

This interim management report of fund performance contains financial highlights and should be read in conjunction with the interim financial report of the Company that follows this report. You can get a copy of Company's annual financial statements at your request, and at no cost, by calling 416-366-2931 (Toll-free 1-866-443-6097), by writing to the Company at 10 Toronto Street, Toronto, Ontario M5C 2B7 or by visiting the Company's website at www.canadiangeneralinvestments.ca or SEDAR at www.sedar.com.

Securityholders may also contact the Company using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

Performance

Canadian equity markets have had a decent start to the year and have already recouped a good portion of their disappointing losses experienced during last year's second half decline. It is encouraging to see the S&P/TSX Composite Index (S&P/TSX) in the leadership position amongst its major developed global market peers, by posting high, single-digit, positive total returns compared to the flat to deeply negative returns elsewhere in the world, particularly after a period of underachievement, during which it trailed the group in three of the last four years.

However, a modicum of caution should be exercised as to forecasting the sustainability and potential follow-through on these results, as the leadership in overall performance attribution for the S&P/TSX has been narrow and primarily driven from the resource sectors. History has shown that this area can be extremely volatile and stocks are capable of exhibiting violent movements, both up and down.

This year, as an example, the Materials sector as a whole has already moved up 52.3%, driven mainly by a strong performance in the Gold subsector (94.3%) along with very good support by the Metals & Mining subgroup (88.6%). While the size and timing of these returns have been somewhat surprising, it is not unreasonable that after years of declines, mining-related stocks may have finally incorporated the most distressed of possibilities and, therefore, may represent a compelling value offering. Notoriously cyclical, it seems relatively early to have a great deal of confidence in the recovery cycle on a macro level, in spite of some signs of fundamental improvement.

Similarly, most of the stocks in the Energy sector (19.3%) had also been deeply discounted and have experienced a nice bounce from what now appears to have been oversold levels. An extension of these advances is likely dependent on further improvements in the macro level of the overriding global oil scene.

Canadian General Investments, Limited (CGI or the Company) will lag that of its benchmark S&P/TSX during periods when overall market returns have been mainly driven by a few limited areas, as has been the case this year. CGI is constructed and managed to provide its shareholders with a fully diversified, broad-based exposure to Canadian equity markets and its relative performance will be affected accordingly. This dynamic has been reflected in this year's returns so far with CGI's net asset value (NAV) return of 2.4% underperforming the S&P/TSX total return of 9.8%.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at June 30, 2016, compared with year end 2015, and with the S&P/TSX. The weightings for CGI represent the market value of each sector as a percentage of the total investment portfolio. At June 30, 2016 the portfolio was overweight Consumer Discretionary, Industrials and Materials, and underweight Financials and Energy, as compared to the sector weightings in the S&P/TSX.

SECTOR	CGI		S&P/TSX	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Financials	19.8%	22.5%	35.8%	38.3%
Materials	19.5%	13.4%	13.8%	9.5%
Consumer Discretionary	19.4%	19.6%	6.0%	6.9%
Energy	16.9%	12.4%	20.1%	18.9%
Industrials	11.8%	14.2%	8.4%	8.3%

The market return of the Materials sector was more than three times greater than the next closest sector, Energy. Although CGI's positioning has been generally overweight the Materials sector for the last five years which has provided positive returns to the Company, the investment mix hasn't been fully aligned to take advantage of the spectacular gains experienced year to date in the group. Gold stocks have dominated the group's results and, while CGI's lone holding at the beginning of the year, Franco-Nevada Corporation, participated in the rally and was up about 55%, the total gold positioning was somewhat underweight. The situation was remedied during the first quarter with the addition of Tahoe Resources Inc. which increased over 30%. Base metals stocks have also been strong performers and the Company's addition of First Quantum Minerals Ltd. in the early part of the year produced a gain of greater than 50%. Unfortunately, some of these positives were partially offset with CGI's exposure to the disappointing results produced by the

Forest Products sector (-19.9%). Perhaps weighed down by the uncertainties created with the expiry of the Canadian-U.S. Softwood Lumber Agreement, West Fraser Timber Co. Ltd. has been particularly hard hit and was one of CGI's worst performers (-26.6%). The position was pared down earlier in the year and will likely be further downsized. A more direct play on the steadily improving U.S. homebuilding industry, Norbord Inc. (-5.5%), also lost money, but not to the same extent, and is the likely candidate of the two in this group to remain in the portfolio.

The Energy sector was the second best performing sector in the Canadian markets and, although its price return was substantially smaller than Materials, its weighting in the Index made this group almost as influential on the S&P/TSX's overall results. CGI is underweight this group, a position that had been held for good effect for a number of years, but has worked against the Company so far this year. In the

not too distant past, a revolutionary technology that allowed access to the oil and gas in shale, particularly in the United States, disrupted the supply/demand dynamic to the extent that traditional trade flows were affected, inventory levels grew, production disciplines were cast aside and pricing dropped dramatically. As time has advanced, some of the excesses have started to correct themselves and oil markets have begun to reflect a more balanced future along with firmer pricing. A few additions have been made in the portfolio as the gap begins to close between it and the benchmark weightings, including Parex Resources Inc. (7.6%), Secure Energy Services Inc. (8.3%) and Vermilion Energy Inc. (-3.8%). These are quality names that should do very well in a continuation of the sector recovery.

Although returns were generally mixed and uninspiring in the non-resource areas of the market, a couple of holdings in the top ten made positive contributions to overall returns. Dollarama Inc. remains the Company's largest holding and its stock price continues to get pulled higher (12.8%), reflective of the company's consistently impressive quarterly results. Brookfield Canada Office Properties has made a return to the top ten holdings posting strong returns in the period (17.9%). The impact of western oil exposure has begun to wane and investors' needs for income flows has produced an insatiable search for high quality yield products in this prolonged low rate environment. Open Text Corporation (16.0%) also continues to increase, now the fourth largest holding, with steady financial improvements and an apparent renewed focus on the acquisition front, historically a precursor to, and prime catalyst for, meaningfully important growth periods.

Dividend and interest income was \$6,785,000 for the six months, up 10.0% from 2015 primarily as a result of a one-time distribution from Brookfield Canada Office Properties (\$987,000) in April 2016. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees decreased by 11.6% to \$3,653,000, as a result of lower average monthly portfolio values compared to 2015. The dividends paid out on CGI's preference shares decreased 5.4%, as a result of the redemption at

par of the \$75 million 3.90% cumulative, redeemable Class A preference shares, Series 3 by CGI on June 10, 2016. The leverage offered by the Series 3 shares was replaced with a \$75 million non-revolving, three-year fixed-rate credit facility that bears interest at 2.28% and is fully drawn.

Although CGI's total leverage continues to be \$150 million, annual leverage-related interest expenses (preference share dividends and credit facility interest) will be \$1,215,000 lower as a result of the lower interest rate on the credit facility.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily realized gains on the sale of investments – at an effective rate of approximately 20%. As a result of its investment corporation status under Canadian tax law, 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 and capital gains 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 ended June 30, 2016, there was a net recoverable related to tax of \$2,794,000, compared to a net recoverable of \$1,513,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. As at June 30, 2016, the Company had refundable capital gains tax on hand of approximately \$453,000 (June 30, 2015 - \$246,000), which is refundable on payment of capital gains dividends of approximately \$7.9 million (June 30, 2015 - \$4.3 million). The Company also has refundable dividend tax on hand of approximately \$289,000 as at June 30, 2015 (June 30, 2015 - \$904,000). As at June 30, 2016, the Company has approximately \$4,359,000 (June 30, 2015 - \$5,424,000) in unused non-capital losses for tax purposes from previous years, which can be used to offset income taxes otherwise payable in future years. These losses expire in 2036.

Recent Developments

Outlook

In spite of the continuance of global monetary easing, economic growth has remained sluggish and elusive. One of the main influences on the market during the first half of 2016 had been expectations of interest rate movements by the Federal Reserve in the United States. The U.S. has been a bright spot for growth in the last couple of years and concerns of the effects of unwinding its loose monetary policy have created great uncertainties for investors during the period.

The biggest one-day event for all financial markets occurred on June 24 when the U.K. voted to leave the European Union in a referendum also referred to as “Brexit”. This surprised markets and immediately ignited fears across global markets of all types. Fortunately, this being a political event and not a systemic risk, time has allowed for the dissemination of additional information which has somewhat settled the situation. Though the global economic consequences of the U.K. leaving the European Union are completely unknown at this time, the direct impact on the Canadian and North American economy in general would appear to have limited significance.

However, with the additional concern of the “Brexit” overhanging it, the Federal Reserve will likely retain an accommodative bias and will not be an impediment to further U.S. growth. This is good for the Canadian economy and will provide market support.

CGI should benefit from a continuance of the resource sector recovery, but a broadening of the potential return spectrum would certainly augment, advance and build on the Company’s positive returns earned so far this year.

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. For more details concerning the services that are provided by MMA and the management fee that is charged to the Company, see “Management Fees”.

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2015 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, Third Canadian received dividends from net investment income of \$2,442,000 (2015 - \$2,136,000).

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, 2016 and the prior five financial years.

The Company’s Net Assets per Share ⁽¹⁾

	Six months ended June 30, 2016	2015	2014	2013	2012	2011
Net assets - beginning of period	\$24.38	\$27.05	\$25.65	\$21.87	\$20.37	\$23.97
Increase (decrease) from operations						
Total revenue	0.34	0.61	0.65	0.71	0.68	0.59
Total expenses (excluding common share dividends)	(0.34)	(0.71)	(0.74)	(0.71)	(0.67)	(0.68)
Realized gains (losses) for the period	(0.45)	1.49	1.20	1.48	0.77	0.74
Unrealized gains (losses) for the period	0.89	(3.26)	1.05	3.13	1.38	(3.55)
Refundable income tax (expense) recovery	0.13	(0.04)	-	(0.07)	-	-
Total increase (decrease) from operations⁽²⁾	0.57	(1.91)	2.16	4.54	2.16	(2.90)
Dividends paid to common shareholders						
Taxable dividends	(0.32)	(0.28)	(0.24)	(0.26)	(0.24)	(0.24)
Capital gains dividends	-	(0.48)	(0.52)	(0.50)	(0.52)	(0.56)
Total dividends⁽³⁾	(0.32)	(0.76)	(0.76)	(0.76)	(0.76)	(0.80)
Income taxes recoverable on dividends from net realized gain on investments	-	-	-	-	0.10	0.11
Net increase in refundable dividend tax on hand	-	-	-	-	(0.03)	-
Increase in refundable income taxes on net realized gain on investments	-	-	-	-	(0.04)	(0.01)
	-	-	-	-	0.03	0.10
Net assets - end of period⁽⁴⁾	\$24.63	\$24.38	\$27.05	\$25.65	\$21.80	\$20.37

(1) This information is derived from the Company’s audited annual financial statements and unaudited interim financial statements. For financial years beginning before January 1, 2013, the financial statements of the Company were prepared in accordance with Canadian generally accepted accounting principles applicable to public enterprises (Previous Canadian GAAP), whereas for financial periods beginning January 1, 2013, the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). As related to the Company, the primary difference between IFRS and Previous Canadian GAAP relates to valuation differences between the two sets of accounting principles for investments that trade in an active market. Previous Canadian GAAP generally required the use of bid price to establish fair value, while IFRS requires fair value to be a price within the bid-ask spread.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Dividends were paid in cash.

(4) This is not a reconciliation of the beginning and ending net assets per share.

Ratios and Supplemental Data

	Six months ended June 30, 2016	2015	2014	2013	2012	2011
Total net asset value (000's) ⁽¹⁾	\$513,742	\$508,528	\$564,382	\$535,055	\$456,149	\$426,413
Number of shares outstanding ⁽¹⁾	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141
Management expense ratio ^{(2) (3)}	2.88%	2.63%	2.63%	2.95%	3.08%	3.02%
Trading expense ratio ⁽⁴⁾	0.14%	0.08%	0.07%	0.12%	0.08%	0.12%
Portfolio turnover rate ⁽⁵⁾	10.39%	16.37%	13.11%	23.80%	13.06%	22.32%
Net asset value per share ⁽¹⁾	\$24.63	\$24.38	\$27.05	\$25.65	\$21.87	\$20.44
Closing market price ⁽¹⁾	\$18.01	\$18.75	\$20.05	\$18.40	\$15.75	\$16.00

- (1) This information is provided as at the end of the financial period shown.
- (2) Management expense ratio (MER) is based on total expenses (including leverage costs but excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) Excluding leverage costs (dividends on preference shares and interest and financing charges), the Company's MERs were as follows: 2016 (to June 30, annualized) - 1.71%, 2015 - 1.57%, 2014 - 1.58%, 2013 - 1.66%, 2012 - 1.66%, 2011 - 1.63%.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs as an annualized percentage of daily average net asset value during the period.
- (5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover 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 the turnover rate and the performance of a fund.
- (6) Ratios for the six months ended June 30, 2016 have been annualized.

Management Fees

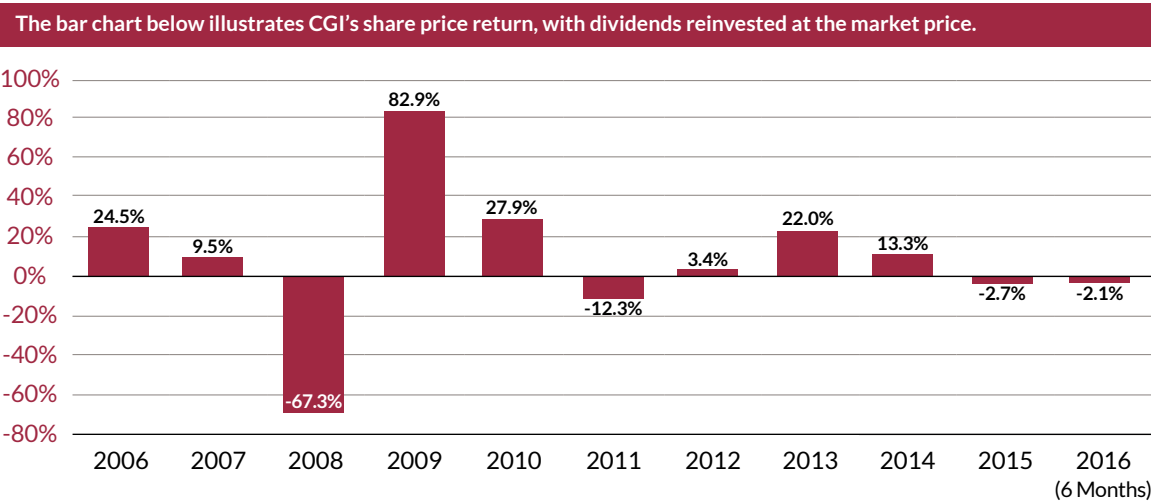
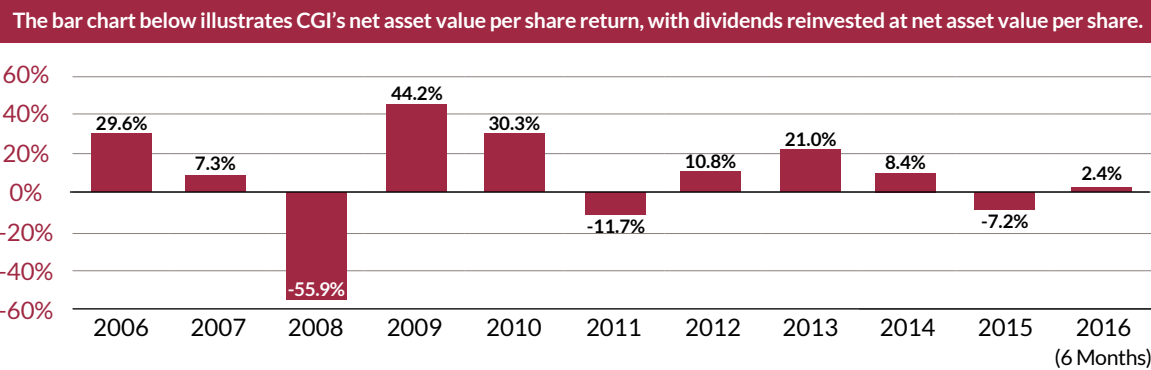
The Company pays a management fee that is calculated and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making investment decisions, as well as the provision of administrative services including making brokerage arrangements for the purchase and sale of securities, calculating the daily net asset value of the Company, maintaining financial and corporate records, preparing financial statements and all required regulatory filings and assisting in promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of MMA and receive no compensation from CGI.

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 potentially payable by holders of the Company's shares 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 the interim performance for the six months ended June 30, 2016, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each financial period.



SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2016

Top 25 Holdings			
Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Dollarama Inc.	Consumer Discretionary	7.2	5.6
Franco-Nevada Corporation	Materials	6.0	4.7
Bank of Montreal	Financials	4.4	3.4
Open Text Corporation	Information Technology	4.2	3.2
CCL Industries Inc.	Materials	4.2	3.2
Canadian Pacific Railway Limited	Industrials	3.7	2.9
Royal Bank of Canada	Financials	3.6	2.8
Enbridge Inc.	Energy	3.6	2.8
Brookfield Canada Office Properties	Financials	3.4	2.7
AutoZone, Inc.	Consumer Discretionary	3.4	2.7
Gildan Activewear Inc.	Consumer Discretionary	3.4	2.6
Raging River Exploration Inc.	Energy	3.4	2.6
Amazon.com, Inc.	Consumer Discretionary	3.2	2.5
Tahoe Resources Inc.	Materials	2.9	2.3
First Quantum Minerals Ltd.	Materials	2.8	2.2
Toronto-Dominion Bank	Financials	2.8	2.2
Alimentation Couche-Tard Inc.	Consumer Staples	2.6	2.0
TransCanada Corporation	Energy	2.6	2.0
Rogers Communications Inc.	Telecommunication Services	2.6	2.0
Whitecap Resources Inc.	Energy	2.4	1.9
Air Canada	Industrials	2.4	1.9
HudBay Minerals Inc.	Materials	2.4	1.9
Magna International Inc.	Consumer Discretionary	2.4	1.9
Mastercard Incorporated	Financials	2.3	1.8
Parex Resources Inc.	Energy	2.3	1.8
		84.2*	65.6
Total Net Asset Value* (\$000's)			\$513,742
Total Investment Portfolio* (\$000's)			\$659,238

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares and bank loan (\$148 million), other assets and other liabilities.

Sector Allocation			Asset Allocation		
	% of Net Asset Value*	% of Investment Portfolio		% of Net Asset Value*	% of Investment Portfolio
Financials	25.4	19.8	Canadian Equities	113.9	88.7
Materials	25.1	19.5	Foreign Equities	14.2	11.1
Consumer Discretionary	24.9	19.4	Cash & Cash Equivalents	0.2	0.2
Energy	21.7	16.9			
Industrials	15.1	11.8			
Information Technology	7.5	5.8			
Telecommunication Services	4.3	3.4			
Consumer Staples	2.6	2.0			
Utilities	1.5	1.2			
Cash & Cash Equivalents	0.2	0.2			

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares and bank loan (\$148 million), other assets and other liabilities.

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 Company's web site at www.canadiangeneralinvestments.ca, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

Interim Financial Report

June 30, 2016

The auditor of the Company has not reviewed this interim financial report.

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 report, this must be disclosed in an accompanying notice.

Statements of Financial Position

As at June 30, 2016 (Unaudited) and December 31, 2015
(in thousands of Canadian dollars, except per share amounts)

	Note	June 30, 2016	December 31, 2015
Assets			
Current assets			
Investments	5	657,972	640,619
Cash		1,266	17,238
Interest and dividends receivable		903	922
HST receivable		156	156
Income taxes recoverable		2,809	-
Total assets		663,106	658,935
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		776	688
Accrued dividends on preference shares		116	252
Income taxes payable		-	936
Preference shares – current portion		-	75,000
Total current liabilities		892	76,876
Bank loan	6	74,853	-
Preference shares	8	73,619	73,531
		148,472	73,531
Total liabilities		149,364	150,407
Net assets		513,742	508,528
Equity			
Share capital	7	128,568	128,568
Retained earnings		385,174	379,960
Total equity		513,742	508,528
Net assets per common share		24.63	24.38

The notes on pages 17-30 are an integral part of the financial statements.

Statements of Comprehensive Income

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars, except per share amounts)

	Note	2016	2015
Income			
Net gains on investments			
Dividend income		5,895	6,025
Interest for distribution purposes		890	142
Net realized loss on sale of investments		(9,138)	(4,006)
Net change in unrealized gain on investments		18,594	23,735
Net gains on investments		16,241	25,896
Securities lending revenue	13	351	77
Total net income		16,592	25,973
Expenses			
Management fees	12	3,653	4,134
Dividends on preference shares		2,699	2,853
Transaction costs on purchases and sales		354	187
Interest and financing charges	8	188	77
Listing and regulatory costs		155	171
Directors' fees and expenses	12	120	109
Investor relations		116	42
Custodial fees		47	42
Withholding taxes	10	44	54
Audit fees		28	37
Independent review committee fees and expenses	12	21	22
Legal fees		16	27
Security holder reporting costs		6	11
Other		50	32
Total operating expenses		7,497	7,798
Investment income before income taxes		9,095	18,175
Refundable income tax recovery	9	(2,794)	(1,513)
Increase in net assets from operations		11,889	19,688
Increase in net assets from operations, per common share		0.57	0.94

The notes on pages 17-30 are an integral part of the financial statements.

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At December 31, 2014			
Increase in net assets from operations	-	19,688	19,688
Dividends paid to common shareholders from net investment income	-	(5,841)	(5,841)
At June 30, 2015	128,568	449,661	578,229
At December 31, 2015			
Increase in net assets from operations	-	11,889	11,889
Dividends paid to common shareholders from net investment income	-	(6,675)	(6,675)
At June 30, 2016	128,568	385,174	513,742

The notes on pages 17-30 are an integral part of the financial statements.

Statements of Cash Flows

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Note	2016	2015
Cash flows from operating activities			
Increase in net assets from operations		11,889	19,688
Adjustments for:			
Amortization of financing charge	6, 8	91	77
Net realized loss on sale of investments		9,138	4,006
Net change in unrealized gain on investments		(18,594)	(23,735)
Purchases of investments		(75,303)	(50,458)
Proceeds of disposition of investments		67,406	50,119
Dividends paid to preference shareholders		2,698	2,853
Interest and dividends receivable		19	(5)
Income taxes recoverable	9	(3,745)	(1,674)
Accounts payable and accrued liabilities		88	(13)
Net cash flows from (used in) operating activities		(6,313)	858
Cash flows from financing activities			
Preference shares redeemed		(75,000)	-
Proceeds from bank loan		74,850	-
Dividends paid to common shareholders		(6,675)	(5,841)
Dividends paid to preference shareholders		(2,834)	(2,869)
Net cash flows (used in) financing activities		(9,659)	(8,710)
Net decrease in cash		(15,972)	(7,852)
Cash at the beginning of the period		17,238	11,133
Cash at the end of the period		1,266	3,281
Items classified as operating activities			
Interest received		795	174
Dividends received, net of withholding taxes		5,858	5,949
Preference share dividends and interest paid	8	2,832	2,869
Income taxes paid - net	9	950	161

The notes on pages 17-30 are an integral part of the financial statements.

Schedule of Investment Portfolio

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Consumer Discretionary (19.4%)			
Auto Components			
270,000	Magna International Inc.	9,765	12,245
Media			
300,000	IMAX Corporation	3,397	11,505
253,344	Postmedia Network Canada Corp., C	1,766	3
Multiline Retail			
410,000	Dollarama Inc.	4,224	36,982
Retailing			
17,500	Amazon.com, Inc.	14,614	16,292
60,000	Home Depot, Inc.	10,085	9,967
Specialty Retail			
17,000	AutoZone, Inc.	10,335	17,556
50,000	Tractor Supply Company	6,176	5,931
Textiles, Apparel & Luxury Goods			
460,000	Gildan Activewear Inc.	9,417	17,406
Total Consumer Discretionary		69,779	127,887
Consumer Staples (2.0%)			
Food & Staples Retailing			
240,000	Alimentation Couche-Tard Inc., BSV	5,051	13,315
Total Consumer Staples		5,051	13,315
Energy (16.9%)			
Oil, Gas & Consumable Fuels			
335,000	Enbridge Inc.	3,447	18,335
950,000	Parex Resources Inc.	11,085	11,885
310,500	Peyto Exploration & Development Corp.	9,259	10,768
1,675,000	Raging River Exploration Inc.	7,902	17,219
1,260,000	Secure Energy Services Inc.	10,396	11,126
1,410,000	Storm Resources Ltd.	7,768	5,711
140,000	Suncor Energy Inc.	5,382	5,018
226,000	TransCanada Corporation	6,260	13,212
140,000	Vermilion Energy Inc.	6,057	5,760
1,263,661	Whitecap Resources Inc.	11,827	12,485
Total Energy		79,383	111,519

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Financials (19.8%)			
Banks			
275,000	Bank of Montreal	10,640	22,536
245,000	Royal Bank of Canada	10,191	18,703
260,000	Toronto-Dominion Bank	5,599	14,425
Capital Markets			
76,900	Economic Investment Trust Limited	3,851	7,479
Consumer Finance			
105,000	Mastercard Incorporated, A	7,360	12,029
Diversified Financial Services			
847,000	Element Financial Corporation	3,930	11,604
200,000	Tricon Capital Group Inc.	2,343	1,740
Insurance			
7,200	E-L Financial Corporation Limited	2,640	4,939
Real Estate Investment Trusts			
616,900	Brookfield Canada Office Properties	3,364	17,705
Thriffs & Mortgage Finance			
254,500	Genworth MI Canada Inc.	5,141	8,434
350,000	Home Capital Group Inc.	8,687	11,207
Total Financials		63,746	130,801
Health Care (0.0%)			
Health Care Providers & Services			
225,000	Nobilis Health Corp., wts 05/13/2017	572	11
Total Health Care		572	11

The notes on pages 17-30 are an integral part of the financial statements.

Schedule of Investment Portfolio

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Industrials (11.8%)			
Airlines			
1,400,000	Air Canada	7,211	12,446
70,000	Spirit Airlines, Inc.	6,294	4,086
Construction & Engineering			
235,000	WSP Global Inc.	10,389	9,287
Marine			
372,000	Algoma Central Corporation	2,863	4,185
Professional Services			
360,000	Stantec Inc.	7,984	11,279
Road & Rail			
115,000	Canadian Pacific Railway Limited	6,353	19,128
350,000	TransForce Inc.	5,029	8,396
Trading Companies & Distributors			
375,000	Russel Metals Inc.	3,243	8,580
	Total Industrials	49,366	77,387
Information Technology (5.8%)			
Software			
280,000	Open Text Corporation	8,343	21,389
Software & Services			
400,000	The Descartes Systems Group Inc.	10,317	9,884
Technology Hardware, Storage & Peripherals			
58,000	Apple Inc.	2,198	7,212
	Total Information Technology	20,858	38,485
Materials (19.5%)			
Chemicals			
275,000	Methanex Corporation	7,109	10,336
Containers and Packaging			
95,000	CCL Industries Inc., B NV	13,119	21,360

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Materials (19.5%) continued			
Metals & Mining			
110,000	East Asia Minerals Corporation, wts 12/15/2016, unlisted	15	1
1,600,000	First Quantum Minerals Ltd.	9,349	14,512
315,000	Franco-Nevada Corporation	14,401	30,946
2,000,000	HudBay Minerals Inc.	11,199	12,340
700,000	Kinross Gold Corporation	4,581	4,438
775,000	Tahoe Resources Inc.	11,554	14,995
Paper & Forest Products			
390,000	Norbord Inc.	9,618	9,850
265,000	West Fraser Timber Co. Ltd.	13,245	10,009
	Total Materials	94,190	128,787
Telecommunication Services (3.4%)			
Diversified Telecommunication Services			
220,000	TELUS Corporation	6,057	9,152
Wireless Telecommunication Services			
250,000	Rogers Communications Inc., B NV	3,505	13,075
	Total Telecommunication Services	9,562	22,227
Utilities (1.2%)			
Electric Utilities			
17,000	Hydro One Limited	349	441
Multi-Utilities			
190,000	Canadian Utilities Limited, A NV	2,140	7,112
	Total Utilities	2,489	7,553
	Transaction costs	(1,078)	-
	Total investments (99.8%)	393,918	657,972
	Cash (0.2%)		1,266
	Investment portfolio (100.0%)		659,238

NV: non-voting
SV: subordinate voting

Notes to the Financial Statements

1 GENERAL INFORMATION

Canadian General Investments, Limited (CGI or the Company) is domiciled in Canada and incorporated under the laws of Ontario, Canada. The address of its registered office is 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

CGI is a closed-end equity fund focussed on medium-to long-term investments in Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income-generating instruments.

The Company's investment and administration activities are managed by Morgan Meighen & Associates Limited (the Manager).

The Company's common and preference shares are publicly listed and trade on the Toronto Stock Exchange (symbols CGI, CGI.PR.D). The common shares also trade on the London Stock Exchange (symbol CGI).

These financial statements were authorized for issue by the Board of Directors on July 20, 2016.

2 BASIS OF PRESENTATION

The Company's interim financial statements for the six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS), including the application of International Accounting Standard 34 *Interim Financial Reporting*, and follow the same accounting policies and methods of computation as the most recent annual financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE PRINCIPAL ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THESE FINANCIAL STATEMENTS ARE SET OUT BELOW. THESE POLICIES HAVE BEEN CONSISTENTLY APPLIED TO ALL THE PERIODS PRESENTED.

3.1 Financial assets and financial liabilities

Classification

The Company recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investment transactions are recorded on the trade date. The Company's investments are designated as fair value through profit or loss (FVTPL). All other financial assets and liabilities are classified as loans and receivables or financial liabilities, as applicable, and are measured at amortized cost and reflect the amount to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Publicly listed securities are valued at the last traded market price on the reporting date, where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The

Company's policy is to recognize transfers into and out of the fair value hierarchy as of the date of the event or change in circumstances giving rise to the transfer.

Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques, using primarily observable inputs. The Company considers observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

3.2 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at period-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions. The Canadian dollar is the Company's functional and presentation currency.

3.3 Investment income

Dividend income is recorded on the ex-dividend date. Interest for distribution purposes is recognized on an accrual basis and represents interest income earned from a real estate income trust (REIT) held by the Company. Securities lending revenue is recognized as earned.

3.4 Securities lending

Securities lent are not derecognized in the Company's statement of financial position as the Company retains substantially all the risks and rewards of ownership.

3.5 Cash

Cash is comprised of demand deposits with reputable financial institutions.

3.6 Preference shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company has one series of its Class A preference shares in issue: Series 4. The preference shares have priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of liquidation. The preference shares provide investors with the right to require redemption for cash at values and dates set out in the table in note 8 and also in the event of the Company's liquidation.

The preference shares are classified as financial liabilities and are stated at amortized cost using the effective interest method.

3.7 Increase (decrease) in net assets, per common share

The increase (decrease) in net assets from operations, per common share is calculated by dividing increase

(decrease) in net assets from operations by the weighted average number of common shares outstanding during the period.

3.8 Taxation

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

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation and pays out sufficient dividends related to these realized gains. Refundable income taxes paid or recovered are recorded as an expense or recovery in the period in which such tax becomes payable or receivable.

In addition, temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Company's investment portfolio and its adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of the Company's portfolio exceeds its ACB, a deferred tax liability arises which is fully offset by the future refundable taxes available to the Company as an investment corporation. Conversely, when the ACB exceeds the fair values of the portfolio, a deferred tax asset is generated. A deferred tax asset is also generated to the extent that the Company has available and unutilized capital and non-capital tax losses. However, these net deferred tax assets have not been recorded in the statements of financial position since, with the exception of refundable income taxes described above, the Company does not record income taxes.

3.9 Future accounting changes

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which

will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined if it will adopt the new standard early.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

are recognized in the period in which the estimates are revised and in any future periods affected.

Designation of investments at FVTPL is the most significant judgement used by management in the preparation of these financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

In the normal course of operations, the Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). In general, the Manager seeks to minimize the potential adverse effects of these risks on the Company’s performance by employing professional, experienced portfolio managers, by ongoing monitoring of the Company’s

positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager’s bottom-up selection mandate, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company’s main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, amounts due from brokers as well as securities on loan as part of the Company’s securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of other assets represents the maximum credit risk exposure as at June 30, 2016 and December 31, 2015, as these have a short term to settlement. As at June 30, 2016 and December 31, 2015, the Company had no investments in debt instruments.

All transactions in securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Company’s custodian has received payment. Payment is made on a purchase once the securities have been received by the Company’s custodian. The trade will fail if either party fails to meet its obligation.

Credit risk with respect to the Company’s securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 13).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company is a publicly traded, closed-end investment fund with a fixed number of common shares outstanding, unlike an open-ended mutual fund, it is not exposed to the liquidity risk associated with daily cash redemptions of securities. However, as part of a leverage strategy, the Company currently has one series of Class A preference shares outstanding:

Series 4 for \$75 million with a redemption date of June 15, 2023 and a \$75 million, non-revolving, three-year fixed rate facility that bears interest at 2.28%. Included in the Series 4 preference share provisions is a restriction which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. At June 30, 2016 the ratio was 4.40 times (December 31, 2015 - 4.39 times). Included in the bank loan covenants is an asset coverage restriction requiring that the net asset value divided by the principal amount of the bank loan be greater than 3.0 times. The Company was in compliance during the period from origination of the loan on June 9, 2016 until June 30, 2016.

Liquidity risk is managed by investing the majority of the Company’s assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Restricted and unlisted securities, if any, are identified in the schedule of investment portfolio. There are no restricted securities as at June 30, 2016 or December 31, 2015. Leverage decisions, whether in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company’s Board of Directors.

All financial liabilities of the Company, except for the Class A preference shares, Series 4, and bank loan as at June 30, 2016 and the Class A preference shares, Series 4 as at December 31, 2015, fall due within twelve months.

Market risk

The Company’s investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets would have been affected by a possible change in the relevant risk at each reporting date. In practice, the actual results may differ and the differences could be material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Although the Company may invest in interest-bearing financial instruments, the substantial majority of the Company’s financial assets and financial liabilities, except for the Class A preference shares and bank loan, are non-interest-bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at June 30, 2016 and December 31, 2015, the Company had no investments in debt instruments.

The Company’s Class A preference shares outstanding have a fixed coupon rate and the bank loan has a fixed interest rate. While they themselves do not subject the Company to interest rate risk, any new issues, whether or not in connection with the redemption date of the preference shares or the maturity of the bank loan, will be subject to the prevailing interest rate environment at that time.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Securities trading in foreign markets are also exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company’s policy is not to enter into any hedging arrangements.

As at June 30, 2016, the Company’s investment portfolio had a 12.8% (December 31, 2015 - 16.1%) weighting in foreign currencies. As at June 30, 2016, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$4,229,000 or approximately 0.8% (December 31, 2015 - \$5,281,000 or approximately 1.0%).

Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer, or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company’s equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

As at June 30, 2016, a 5% increase or decrease in market prices in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the Company’s net assets increasing or decreasing, respectively, by approximately \$32,899,000 or approximately 6.4% (December 31, 2015 - \$32,031,000 or approximately 6.3%).

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Company’s concentration risk:

Industry sector	June 30, 2016	December 31, 2015
Financials	19.8%	22.5%
Materials	19.5%	13.4%
Consumer Discretionary	19.4%	19.6%
Energy	16.9%	12.4%
Industrials	11.8%	14.2%
Information Technology	5.8%	6.7%
Telecommunication Services	3.4%	3.1%
Consumer Staples	2.0%	2.2%
Utilities	1.2%	1.0%
Health Care	0.0%	2.3%
Cash	0.2%	2.6%
	100.0%	100.0%

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

5.2 Capital risk management

The Company considers capital to be composed of its equity, as well as its outstanding preference shares. The Company’s primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company, as described in note 1. In addition, the Company monitors its adherence to the provisions of its outstanding Class A preference shares and bank loan. In particular, included in the preference shares provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. All common share dividend payments made in 2016 and 2015 were in compliance with this provision. Included in the bank loan covenants is an asset coverage restriction requiring that the net asset value divided by the principal amount of the bank loan be greater than 3.0 times. The Company was in compliance during the period from origination of the loan on June 9, 2016 until June 30, 2016.

5.3 Fair value measurements

The Company classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized below:

Level 1: Unadjusted quoted prices at the measurement date in active markets for identical assets

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar assets in markets that are not active

Level 3: Inputs for the assets that are not based on observable market data

Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information and commonly used valuation techniques.

All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, interest and dividends receivable, accounts payable and accrued liabilities, accrued dividends on preference shares and preference shares are carried at amortized cost which approximates their fair value due to their short-term nature.

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
As at June 30, 2016				
Financial assets at FVTPL:				
Investments	657,971	1	-	657,972
As at December 31, 2015				
Financial assets at FVTPL:				
Investments	640,619	-	-	640,619

During the six months ended June 30, 2016, there were no investments transferred between the levels.

During the year ended December 31, 2015, an investment with a fair value of \$1,676,000 was transferred from Level 2 to Level 1 following the expiration of restrictions on trading for those securities.

The Manager is responsible for performing fair value measurements included in the financial statements of the Company, including Level 3 measurements, if any. The Manager obtains pricing from a third party pricing vendor.

6 BANK LOAN

On June 9, 2016, the Company entered into a credit agreement giving it access to \$75.0 million and drew down the full amount. The credit facility is a non-revolving, three-year fixed rate facility that bears interest at 2.28% per annum to be paid quarterly. The purpose of the credit facility was to fund the redemption of the Class A preference shares, Series 3. The facility is secured with a first-ranking charge on the Company’s property and assets, including the investment portfolio and requires the Company to comply with certain covenants including maintenance of asset coverage ratios. The Company was in compliance with all of the covenants as at June 30, 2016.

Bank loan consists of the following:

	June 30, 2016	December 31, 2015
Secured, non-revolving, 2.28%, three-year fixed rate credit facility, maturing June 9, 2019	75,000	-
Less: Unamortized debt issue costs	147	-
	74,853	-

7 SHARE CAPITAL

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2016, there are 20,861,141 (December 31, 2015 - 20,861,141) common shares issued and outstanding with no par value.

Subsequent to June 30, 2016, the Company declared a quarterly dividend of \$0.16 per share payable on September 15, 2016 to common shareholders of record at the close of business on August 31, 2016.

8 PREFERENCE SHARES

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

Class A preference shares	June 30, 2016 Number of shares	December 31, 2015 Number of shares	Stated amount per share \$	Cumulative annual dividend rate %	Date of issue	June 30, 2016 Amount \$ (In thousands)	December 31, 2015 Amount \$ (In thousands)
Series 3	-	3,000,000	25.00	3.90	March 3, 2006	-	75,000
Series 4	3,000,000	3,000,000	25.00	3.75	May 30, 2013	75,000	75,000
						75,000	150,000
Deferred issuance costs (net of amortization of \$497,000 (December 31, 2015 - \$409,000))						1,381	1,469
						73,619	148,531

On June 10, 2016, the Company redeemed its \$75,000,000, 3.90% cumulative, redeemable Class A preference shares, Series 3.

The Company may redeem for cash, the Series 4 shares, in whole or in part, at the following prices during the defined periods:

	\$26.00	\$25.75	\$25.50	\$25.25	\$25.00
Series 4	June 15, 2018 to June 14, 2019	June 15, 2019 to June 14, 2020	June 15, 2020 to June 14, 2021	June 15, 2021 to June 14, 2022	June 15, 2022 and thereafter ⁽¹⁾

(1) The holders may require the Company to redeem the Series 4 shares on or after June 15, 2023 for a cash price of \$25.00 per share.

Subsequent to June 30, 2016, the Company declared a quarterly dividend of \$0.23438 per share payable on September 15, 2016 to Series 4 shareholders of record at the close of business on August 31, 2016.

9 INCOME TAXES

As at June 30, 2016, the Company had no federal refundable capital gains taxes on hand (December 31, 2015 - \$853,000, which are refundable on payment of capital gains dividends of approximately \$6.1 million) and Ontario refundable capital gains taxes on hand of approximately \$453,000 (December 31, 2015 - \$809,000), which are refundable on payment of capital gains dividends of approximately \$7.9 million (December 31, 2015 - \$14.1 million).

As at June 30, 2016, the Company has approximately \$4,359,000 (December 31, 2015 - \$nil) in unused non-capital losses for tax purposes from previous years, which can be used to offset income taxes otherwise payable in future years. These losses expire in 2036.

The Company is also subject to a special tax of 38-1/3% (2015 - 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 a rate of \$0.3833 for each \$1 of such dividends paid. The Company has refundable dividend tax on hand of approximately \$289,000 as at June 30, 2016 (December 31, 2015 - \$1,813,000).

The Company's refundable income tax recovery during the period is determined as follows:

(in thousands of dollars)	2016	2015
Provision for (recovery of) income taxes on investment income before income taxes		
Provision for income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	3,592	7,179
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(2,212)	(2,226)
Dividends on preference shares	1,120	1,133
Net change in unrealized gain	(7,344)	(9,375)
Non-taxable portion of net realized losses	2,339	1,101
Decrease in refundable dividend tax on hand	(1,524)	(1,032)
Non-recoverable taxes on taxable loss	1,134	1,677
Other	101	30
Refundable income tax recovery	(2,794)	(1,513)

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder rules of the Act generally allow the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

10 WITHHOLDING TAXES

The Company incurs withholding taxes imposed by certain countries on investment income. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are shown as a separate item in the statements of comprehensive income. During the six months ended June 30, 2016, the average withholding tax rate paid by the Company was 15.0% (December 31, 2015 - 15.0%).

11 FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Company's financial instruments by category. All the Company's financial liabilities were carried at amortized cost:

(in thousands of dollars)	Financial assets at FVTPL designated at inception	Financial assets at amortized cost	Total
June 30, 2016			
Cash	-	1,266	1,266
Investments	657,972	-	657,972
Interest and dividends receivable	-	903	903
	657,972	2,169	660,141
December 31, 2015			
Cash	-	17,238	17,238
Investments	640,619	-	640,619
Interest and dividends receivable	-	922	922
	640,619	18,160	658,779

All gains and/or losses recorded on the statement of comprehensive income relate to investments designated at fair value through profit or loss.

12 RELATED PARTY INFORMATION

Third Canadian General Investment Trust Limited (Third Canadian) owns 36.6% of the common shares of the Company, and is therefore considered a related party. Jonathan A. Morgan and Vanessa L. Morgan, both directors and executive officers of the Company, beneficially own directly or indirectly or exercise control or direction over an aggregate of 100% of the common shares of Third Canadian. Including the holding by Third Canadian, Mr. Morgan and Ms. Morgan together own directly or indirectly or exercise control or direction over an aggregate of 52.5% of the outstanding common shares of the Company, making them the ultimate controlling party.

Transactions with related entities

Management fees

The Company's activities are managed by the Manager pursuant to a management agreement dated January 1, 2006. Mr. Morgan and Ms. Morgan together own directly or indirectly 85%, and are both directors and executive officers, of the Manager. Management fees are paid monthly to the Manager for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. These fees are calculated monthly at 1% per annum of the fair 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.

During the six months ended June 30, 2016 \$3,651,000 (2015 - \$4,122,000) was paid to the Manager with \$622,000 accrued and included in accounts payables and accrued liabilities as at June 30, 2016 (December 31, 2015 - \$684,000).

Dividends

As a result of its ownership position in the Company, during the six months ended June 30, 2016, Third Canadian received dividends from net investment income of \$2,442,000 (2015 - \$2,136,000).

Key management personnel compensation

No compensation was paid or is payable by the Company to any executive of the Manager in his or her capacity as a Director or Officer of the Corporation.

During the six months ended June 30, 2016, the independent directors of the Company received directors' fees aggregating \$107,000 (2015 - \$99,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2016, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating \$21,000 (2015 - \$21,000).

13 SECURITIES LENDING

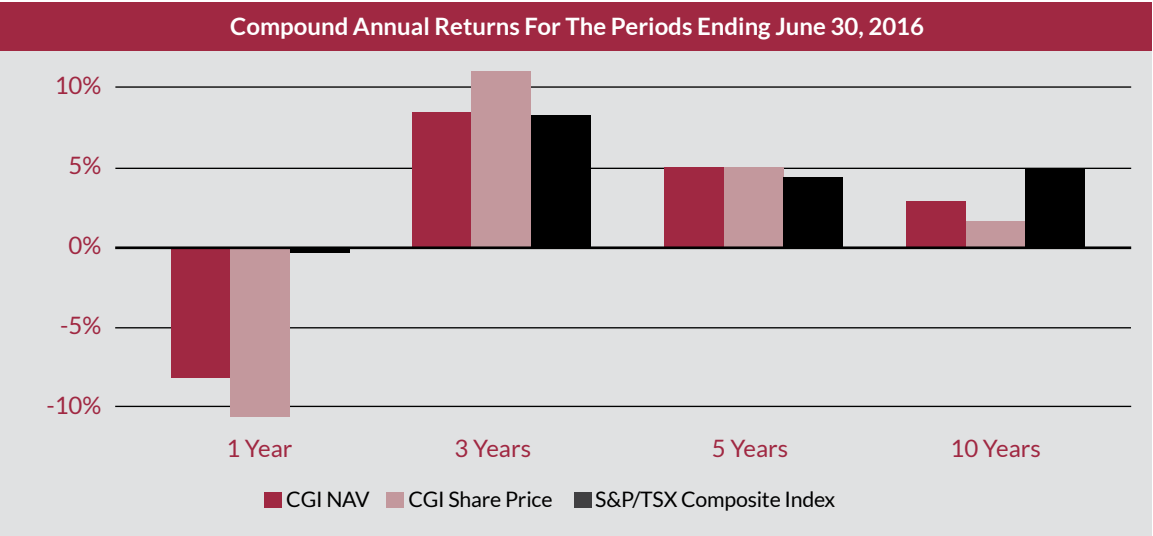
The Company participates in a securities lending program with its custodian, CIBC Mellon Trust Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit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

At June 30, 2016, the Company had loaned securities with a fair value of \$59,651,000 (December 31, 2015 - \$62,526,000) and the custodian held collateral of \$62,841,000 (December 31, 2015 - \$66,694,000). This collateral is not reflected in the statements of financial position and consisted of the following:

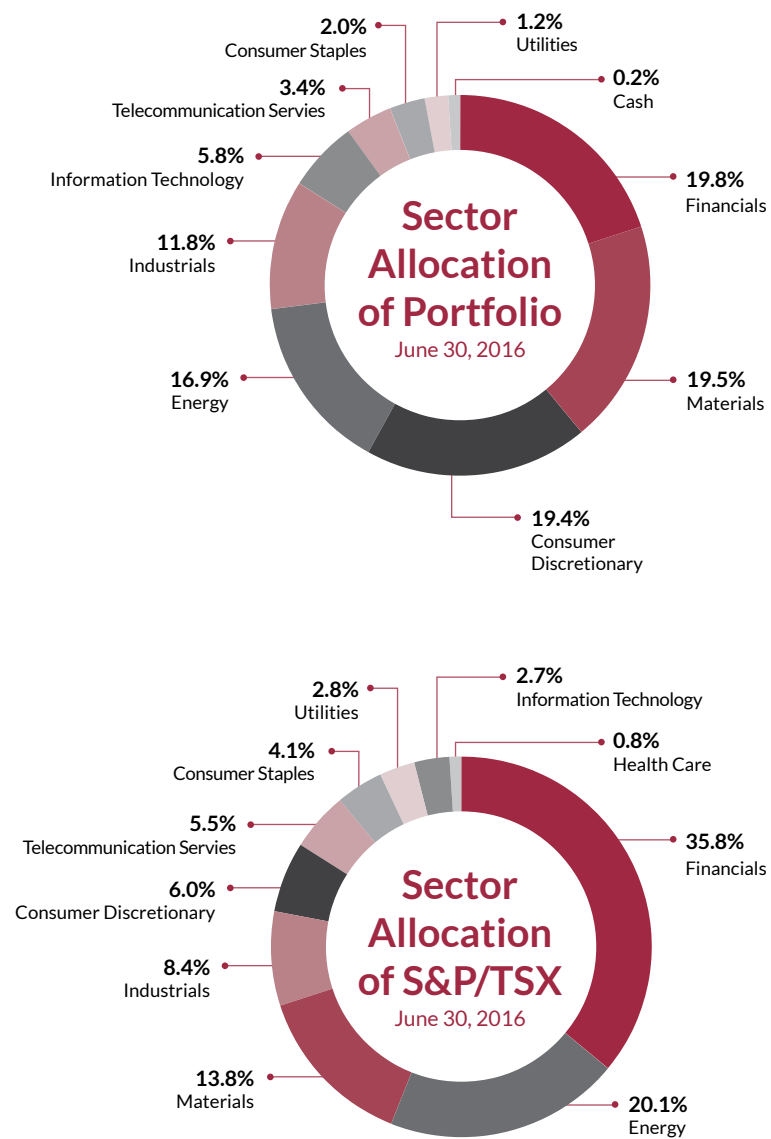
	June 30, 2016	December 31, 2015
Securities lending collateral		
Federal government debt securities	34.0%	49.9%
Provincial government debt securities	49.6%	38.6%
Equities	0.0%	9.2%
Bankers acceptances	15.4%	0.0%
U.S. government debt securities	1.0%	2.3%
	100.0%	100.0%

The gross earnings from securities lending during the six months ended June 30, 2016 was \$601,000 (2015 - \$137,000) and was offset by fees of \$250,000 (2015 - \$52,000).

Additional Charts



Additional Charts



U.K. SHAREHOLDER INFORMATION

Stockdale Securities Limited are the Company's official stockbrokers in the United Kingdom. They can be contacted for market-making and share trading on the London Stock Exchange. They can be reached at:

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DIVIDENDS AND WITHHOLDING TAX

CGI pays two types of dividends to common shareholders: regular (taxable) dividends and capital gains dividends. At present, for dividend payments to U.K. shareholders, regular dividends are generally subject to withholding tax of 15%, whereas capital gains dividends are not subject to any withholding tax.

Managed by:



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