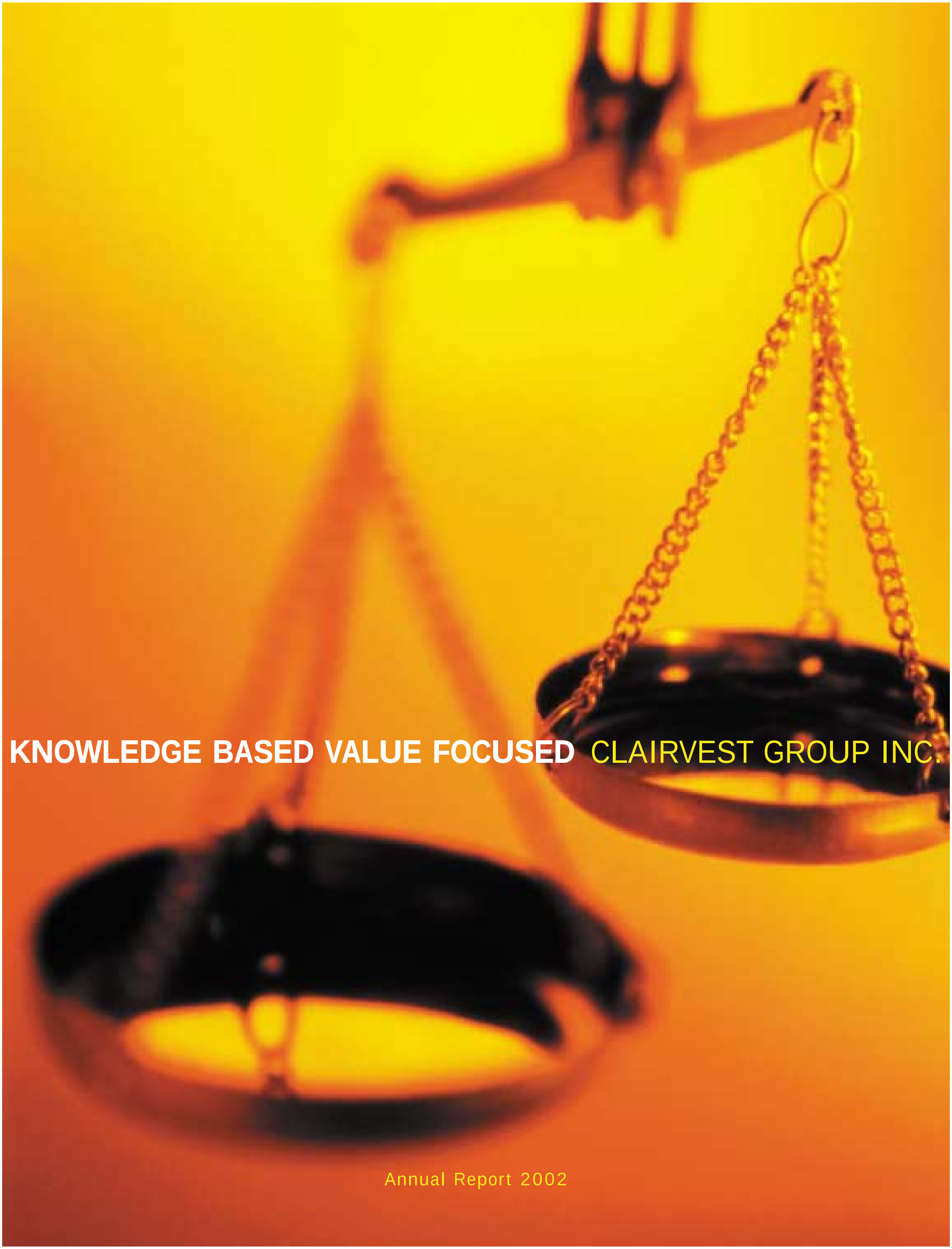

# KNOWLEDGE BASED VALUE FOCUSED CLAIRVEST GROUP INC.

Annual Report 2002

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## OVER THE LAST FIVE YEARS CLAIRVEST HAS DONATED OVER $450,000 TO THE INSTITUTIONS LISTED BELOW.

ACE Canada • Art Gallery of Ontario • Baycrest Centre Foundation • Baycrest Gala 2001 • Beatrice House (Founders Network) • Benjamin Foundation • Begin-Sadat Center for Strategic Studies • B'nai Brith Foundation (Paul Godfrey, Honouree) • B'nai Brith Award of Merit (Honouring A. Charles Baillie) • B'nai Brith Foundation • Calmeadow Foundation • Canada-Israel Children's Centres • Canada's Sports Hall of Fame • Canadian Council of Christians and Jews • Canadian Ditchley Foundation • Canadian Foundation of the Physically Disabled • Canadian Foundation for Control of Neurodegenerative Disease (Jacob's Ladder) • Canadian Friends of Israel Museum • Canadian Institute for Advanced Research • Canadian Institute of International Affairs • Canadian Medical Hall of Fame • Canadian Opera Company • Canadian Sha'are Zedek Hospital Foundation • Canadian Society for the Weizman Institute of Science • Canadian Technion Society • Centre for Addiction & Mental Health • C.D. Howe Institute • Children's Own Museum • Cinématheque Ontario • CM Hincks Institute • Concordia University Foundation • Council for Business and Arts in Canada • Crohn's & Colitis Foundation of Canada • Dr. Alexander Waugh Admissions Scholarship in the Humanities • Daily Bread Food Bank • Earth Council Institute – Canada • Fondation du Centre Hospitalier de Suroit • Fragile X Research Foundation of Canada • Gairdner Foundation • Governor General's Performing Arts Awards • Heart & Stroke Foundation • Hebrew University of Jerusalem • Hospital for Sick Children • Jewish Family & Child Services • Jewish National Fund • Jewish Vocational Services • Jewish War Veterans of Canada • Junior Achievement of Canada • Justin Eves Foundation • Juvenile Diabetes Foundation • Kidney Foundation of Canada • Koffler Centre for the Arts • Learning Partnership • Leukemia Research Fund • Maimonides Hospital • McMichael Canadian Art Collection • Medical Discovery Management • Mount Royal College Foundation • Mount Sinai Hospital Foundation of Toronto • Music Toronto • Noah's Flood • Na'amat Canada • Ontario Association of Art Galleries • Ontario College of Art & Design Foundation • The Ontario Crafts Council • Ontario Heritage Foundation • Partners in Research • Paul Steinhauer Scholarship • Peter F. Drucker Foundation • Princess Margaret Hospital Foundation • Pontifical Institute for Medieval Studies • Provincial Police News • Public Education Dinner • Quebec Cystic Fibrosis Association • Royal Ontario Museum Foundation • Sha'are Zedek • Sharelife Corporate • Shaw Festival • St. Boniface University • Stratford Festival of Canada • Starlight Children's Foundation of Canada • Sunnybrook Hospital Foundation • The Power Plant • Toronto Fire Fighters • Toronto Hadassah • U of T Alzheimer's Research • United Nations Association of Canada • United Way of Greater Toronto • University of Toronto • University of Western Ontario • Yee Hong Community Wellness Foundation • Yorktown Family Services

**Clairvest's Investment Principles**

Knowledge Based – Value Focused

# Discovering value requires intelligence, discipline, experience and hard work. There are no short cuts.

### 1. INVEST IN WHAT YOU KNOW.

We invest in industries we understand. This understanding comes from proprietary domain research. We look for industries that have:

- Significant potential for consolidation.
- Cost-based economies of scale.
- A pattern of recurring revenue.
- The potential to deliver high returns on net assets and invested capital.

### 2. INVEST IN SOLID COMPANIES WITH COMMITTED AND SUCCESSFUL MANAGEMENT.

We invest in companies within select industry sectors that have:

- Management with a successful track record and significant capital at risk.
- A proven economic model and a sustainable advantage or market position.
- A business model that clearly demonstrates how money is generated within the business.

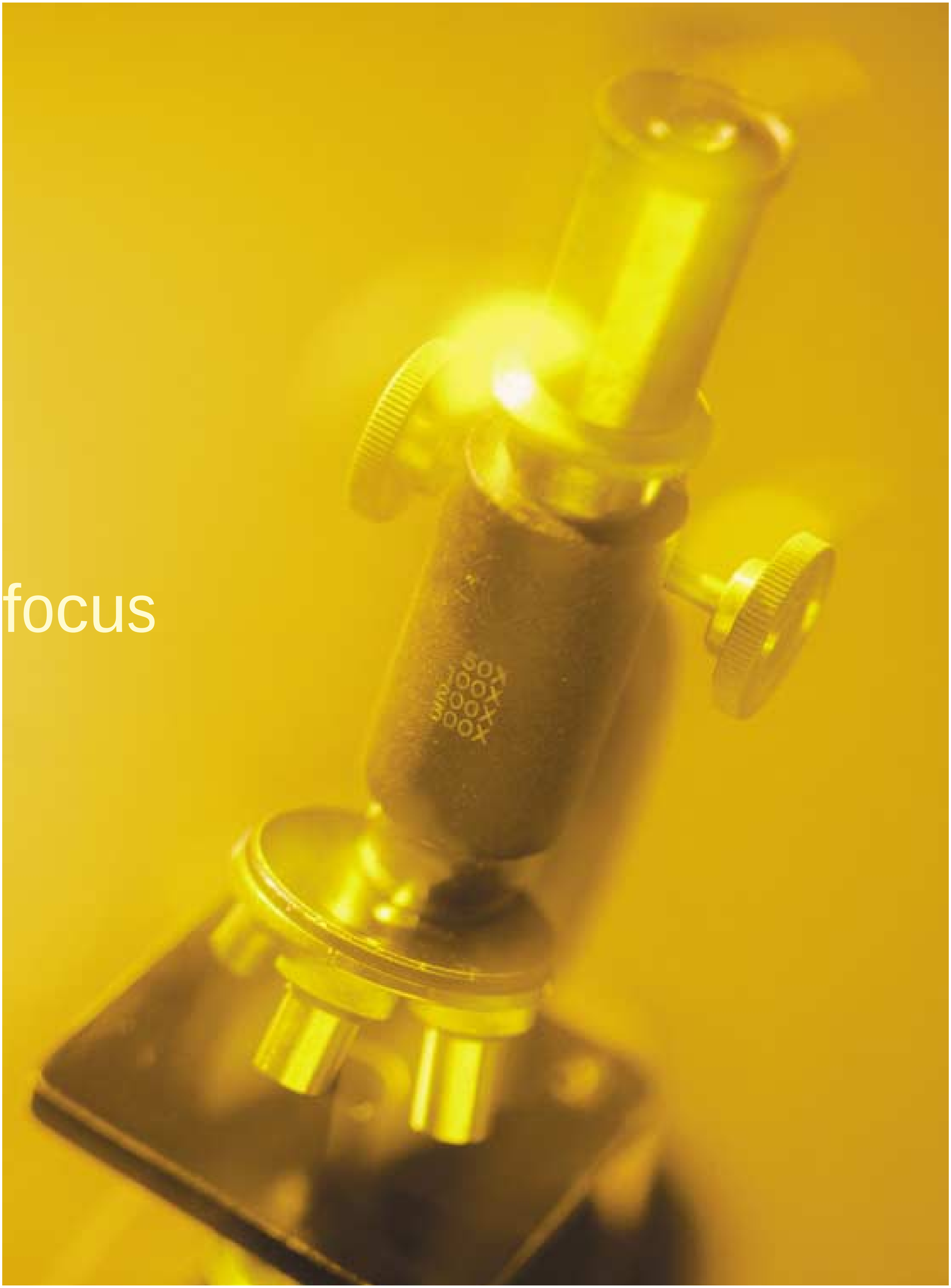
### 3. USE KNOWLEDGE TO ADD VALUE AT EVERY OPPORTUNITY.

Good judgement comes from experience. Clairvest utilizes the extensive experience of its Board of Directors, the entire management team and its investment partners to guide development and growth. We look for economies of scale and economies of skill.

### 4. VALUE CREATION IS FUNDAMENTAL.

Value must be created within the company. We do not look to the capital markets to produce success. When we're happy to own an investment through the entire business cycle, we've found the right industry, the right company and the right management team.

# focus



## Co-Chief Executive Officers' Message

A focused approach to value and growth and a disciplined investment strategy deliver consistent returns.

# Uncertain times produce uncommon opportunities for those with a defined investment philosophy and the ability to stay the course.

Last year will be remembered for many things, not the least of which was the tragedy of September 11th. The ripple effect of that event, and subsequent market shocks, has proven once again that consistent investment returns are possible when aggressive entrepreneurial instincts are guided by a prudent and consistently applied investment philosophy.

For Clairvest it was a year when return on equity was 15.5%. Four of our companies produced record-breaking results, two demonstrated a strong recovery and two of our companies struggled with the economic downturn. While we are pleased with these results, we are not satisfied.

For Allied Global Holdings, Datamark, Gateway Casinos and Sparkling Spring Water it was a year of record results. The credit for this goes to the quality of senior management and their dedication to executing their respective focused strategies.

Signature Security and Voxcom – both electronic security companies – have recovered strongly from last year's difficult operating environment. Voxcom also completed – subsequent to year-end – a recapitalization that positions it for consistent growth in the future. We expect these companies to produce solid returns and to benefit from the weakening positions of many of their competitors.

Both Consolidated Vendors (CVC) and NRI Industries were negatively affected by a weak economy but are now well positioned for growth as the economy rebounds. Clairvest was able to purchase CVC's debt at a significant discount, an action that turned a problem into an opportunity. We are also pleased to report that NRI's results have continued to improve steadily since year-end.

Clairvest Equity Partners added $57 million in new capital and completed three investments. One of our new investment partners is the Canada Pension Plan Investment Board. Clairvest is honoured to be selected as one of the CPP Investment Board's first private equity managers. The CPP Investment Board also purchased shares of Clairvest Group Inc. and now owns 15% of the company, which consists of 5% common and 10% non-voting shares.

We are also pleased that our share price is closing the gap on book value, an indication that the market is recognizing Clairvest for its consistent performance and value creation. While our share price is up more than 40% (Apr 01 – Apr 02), we are well aware that consistency of results is the surest way to maintain this trend.

## THE FUTURE

Clairvest will continue to deliver strong returns to our investment partners regardless of the phase of the business cycle. We continue to add seasoned investment professionals to our group as we expand our search for industries and companies that meet our strict investment criteria. New acquisitions will only be made when we're satisfied that they can deliver the returns our partners expect.

Our post year-end investment in Van-Rob Stampings Inc. is an acquisition that meets this criteria. As a "best-in-class" supplier to the North American auto industry, the company is profitable, has a seasoned and proven management team and has significant potential to grow organically as well as through strategic acquisitions. We are delighted to add Van-Rob and its management team, led by founder and CEO Peter van Schaik, to our list of partners.

Clairvest is growing. It is our plan to grow and add additional funds to the Clairvest roster. We will only invest the money of our partners along with our own; we will maintain the strictest disciplines based on value, growth and management strengths, and we will maintain the highest standards of due diligence and integrity in all our actions.

In conclusion, we would like to thank Joe Rotman, our former Chairman, for his many years of guidance and wisdom. Clairvest was Joe's idea and Joe's vision. His boundless energy and leadership have established Clairvest as a "best-in-class" merchant bank. While Joe has stepped down as Chairman, his example as an astute, fair-minded investor and colleague will continue as an important moral compass within Clairvest.

We would also like to acknowledge the contributions of Clairvest Director Joe Heffernan, who has now taken on the added responsibility of Chairman. We look forward to working closely with him as we continue to benefit from his many years of business experience.

To our entire Board of Directors, partners and colleagues within Clairvest, we would like to extend our gratitude and appreciation for their dedicated efforts and knowledgeable contributions. Our success and that of our investment partners are due to the constant efforts of a highly motivated team of investment professionals. Together we will continue to build value.

Jeff Parr
Co-Chief Executive Officer and Managing Director
August 1, 2002

Ken Rotman
Co-Chief Executive Officer and Managing Director
August 1, 2002


# direction


growth

## At Clairvest we invest our own money in everything we do. It's the best way to align the interests of all parties to a transaction.

### CLAIRVEST EQUITY PARTNERS (CEP)

In its first full year of operation CEP added $57 million in new investment capital and made significant investments in Allied Global Holdings and Consolidated Vendors. Subsequent to year-end, CEP also made a significant investment in Van-Rob Stampings.

Clairvest raised $164 million from outside investors and committed to invest $55 million of its own capital. These investors benefit from our proprietary research, deal flow and attractive long-term investment results. One of our major new investors this year is the Canada Pension Plan Investment Board. The CPP Investment Board placed funds not only in CEP but also bought shares of Clairvest to own a 15% interest consisting of 5% common and 10% non-voting shares. Clairvest has committed to invest in every CEP investment. Clairvest's pro rata share will be 25% of the combined investment.

#### THE FUTURE

We continue to search for investment opportunities that meet our rigourous standards and will produce a consistent gross IRR in excess of 25% on all invested capital. Each investment made on behalf of CEP will be between $10 and $30 million where Clairvest will co-invest with the Limited Partnership according to its pro rata commitment.

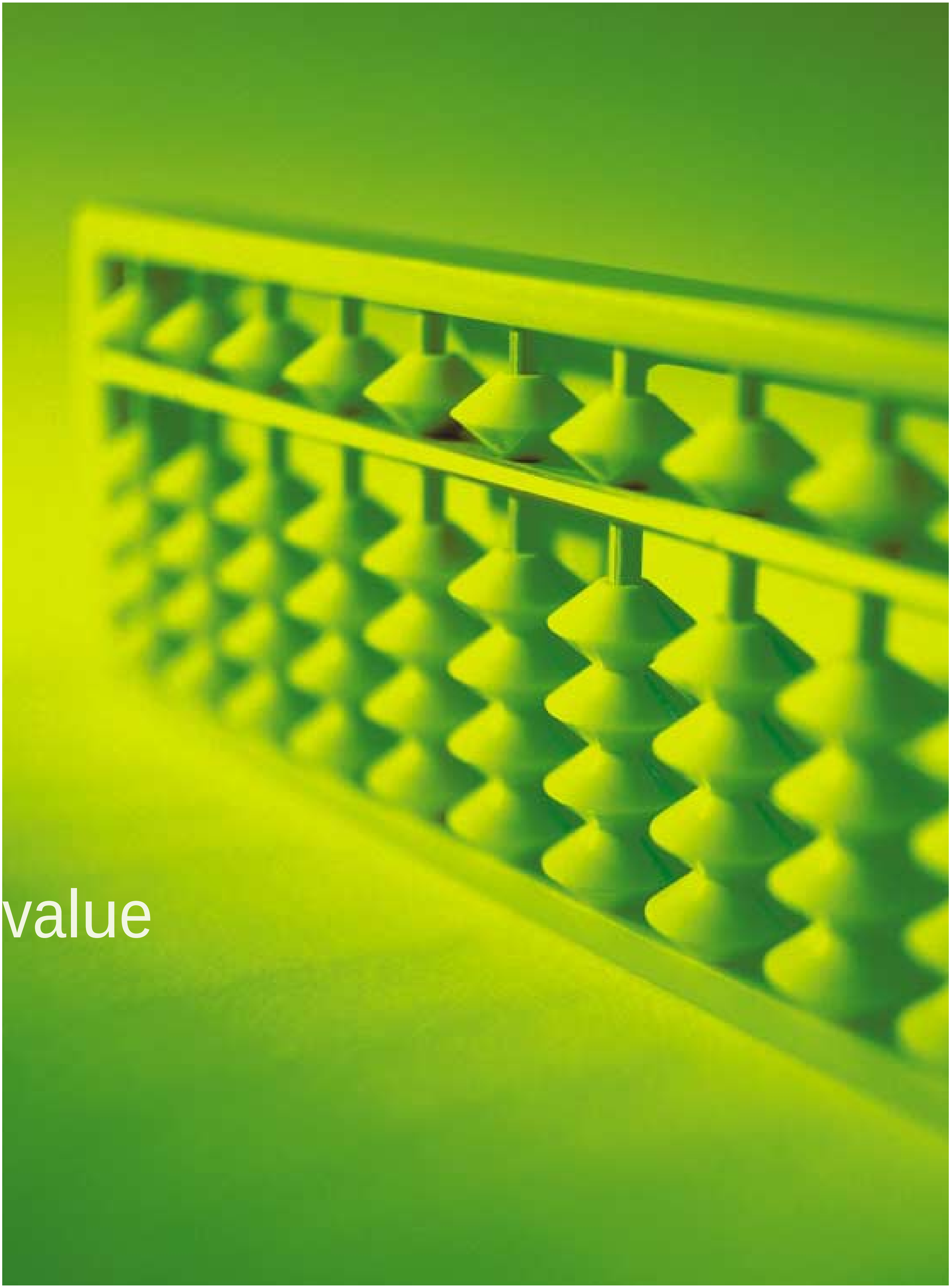
### WELLINGTON FINANCIAL L.P. (THE BRIDGE FUND)*

This $7 million Bridge Fund is our initial foray into technology investing. Our strategy is to start small and with a partner that has expertise in financing technology companies in the capital markets. To date, the Bridge Fund has advanced four loans for a total of $5.5 million, $1.0 million of which is currently outstanding and the remainder of which have been repaid. Profits on these transactions, including realized and unrealized gains on the warrants held, is $2.5 million.

### THE WAY WE INVEST AT CLAIRVEST

At Clairvest we invest our own money in everything we do. In our experience, it's the best way to promote the common interest of all parties to a transaction. As the Directors and senior management of Clairvest are the largest shareholders of Clairvest, the best interests of all investors are fully aligned. As long-term investors in illiquid situations, we are guided by a prudent and proven conservatism. Our approach to investing is bottom-up and value-based, stressing thorough independent research.

*Note: Subsequent to year-end, name changed from Clairvest-Yorkton Transition Capital Fund L.P.


value

**The Clairvest Team**

Knowledge is the result of thoughtful reflection based upon experience.

# One of our strongest assets is the collective knowledge and experience of our Board of Directors and senior management team.

**TOM BECK – Advisor and Director**

Founded and built Noma Industries into a $600 million a year company. Sits on the Board of Datamark.

**MICHAEL BREGMAN – Advisor and Director**

Principal of XDL Intervest Capital Corporation. Former CEO of Second Cup Ltd. Sits on Clairvest's Audit Committee and the Board of Allied.

**SYD COOPER – Advisor and Director**

Built Pitts Engineering Construction into one of Canada's leading infrastructure construction companies. Sits on Clairvest's Audit Committee and the Board of Datamark.

**EPH DIAMOND – Advisor and Director**

The driving force in building Cadillac Fairview into one of North America's leading real estate companies. Sits on Clairvest's Compensation and Human Resources Committee.

**JERRY HEFFERNAN – Advisor and Director**

Chairman of Texas Industries Inc. Founded the steel company Co-Steel Inc. Chairs Clairvest's Compensation and Human Resources Committee, and sits as Chairman of NRI.

**JOE HEFFERNAN – Chairman, Advisor and Director**

Chairman of Rothmans Inc. and former Deputy CEO of Rothmans International. Sits on the Board of Sparkling Spring.

**PHILIP ORSINO – Advisor and Director**

President and CEO of Masonite International Corp. Chairs Clairvest's Audit Committee.

**JOE ROTMAN – Advisor and Director**

Founded and built Tarragon Oil and Gas. One of the original investors in Barrick Gold. Founded Clairvest in 1987.

**LIONEL SCHIPPER – Advisor and Director**

Past Chairman of Toronto Sun Publishing and former partner at Goodmans LLP. Sits on the Board of NRI.

**ISSY SHARP – Advisor and Director**

Founded and built Four Seasons Hotels. Sits on Clairvest's Compensation and Human Resources Committee.

**JEFF PARR – Director, Co-CEO and Managing Director**

Former partner at Canadian Mezzanine Investments Inc. and manager of Merchant Banking at National Bank of Canada. Sits on the Boards of Datamark, Consolidated Vendors, Gateway Casinos and Signature.

**KEN ROTMAN – Director, Co-CEO and Managing Director**

Former venture banker at Warburg Pincus. Has an MBA from New York University and an MSc from London School of Economics. Sits on the Boards of NRI, Sparkling Spring, Allied, Voxcom and Van-Rob.

**MIKE CASTELLARIN – Associate**

Former consultant for the Monitor Company. Has his MBA from the J.L. Kellogg School of Management, Northwestern University.

**HEATHER CRAWFORD – In-House Counsel**

Former Corporate Lawyer with Torys. Manages Clairvest's outside counsel and public company compliance.

**DENNIS DUSSIN – Associate**

Former investment banker with BMO Nesbitt Burns. Has his CFA and an MBA from Richard Ivey School of Business. Sits on the Board of NRI and acts as observer to the Board of Van-Rob.

**JOHN FISHER – Managing Director**

Former corporate finance associate at Coopers & Lybrand and Scotia McLeod. Sits on the Boards of Datamark, Consolidated Vendors and Allied.

**MITCH GREEN – Associate**

Former leveraged finance associate at BNP Capital Markets and corporate finance analyst at Bank of America. Has his MBA from the University of Michigan Business School.

**LANA REIKEN – Vice-President Finance and Corporate Secretary**

Former Audit Manager at Ernst and Young LLP. Manages Clairvest's financial and public company reporting, tax planning, structuring and treasury operations.

**DAVE STURDEE – Associate**

Former consultant with the Boston Consulting Group (Toronto, Bangkok). Experience in financial services, automotive, telecommunications, utilities and pharmaceuticals. Holds PhD in philosophy from the University of Toronto.

**MICHAEL WAGMAN – Principal**

Former merchant banker at BMO Nesbitt Burns Equity Partners and investment banking analyst at Nesbitt Burns. Sits on the Boards of Signature, Gateway Casinos and Voxcom.

# Allied Global Holdings Inc.

## Management team outperforms as financial results improve.

### OUR BUSINESS.

Allied is a leading international accounts receivable management company with operations in Canada, the United Kingdom and the United States. Allied is a fast growing company that is well positioned to achieve sustainable growth through internal sales efforts and strategic acquisitions.

### OUR PERFORMANCE.

In August 2001, Allied completed the acquisition of Recovery Bureau of America, Inc. (RBA), a California-based accounts receivable management company. This acquisition significantly enhanced Allied's US operations and will serve as a platform for organic growth in this market. Clairvest and CEP invested an additional $5 million in preferred shares to fund the acquisition, bringing the total combined investment to $12 million.

Overall, Allied grew revenue and EBITDA 56% in 2001 versus the prior year as a result of the addition of new customers, growth in existing customer volume and the acquisition of RBA.

### FINANCIAL PERFORMANCE ($ millions)

| YEAR ENDED DECEMBER 31 | 1999 | 2000 | **2001** |
|---|---|---|---|
| Revenue | 18.3 | 24.8 | **38.8** |
| EBITDA | 2.0 | 4.1 | **6.4** |
| Net debt | | 0.1 | **3.5** |

### INVESTMENT IN PREFERRED SHARES ($ millions)

| | **MAR. 31, 2002** |
|---|---|
| Cost | **3.0** |
| Carrying value | **3.2** |

### OWNERSHIP (FULLY DILUTED)

| | |
|---|---|
| Clairvest | **8.4** |
| CEP | **25.0** |
| Management | **66.6** |
| | **100%** |

### WHERE WE'RE GOING.

Allied will continue to grow its business in Canada, the UK and the US through a dedicated focus on improving and expanding internal sales efforts. The company expects to complete several strategic acquisitions in the next few years to strengthen its geographic footprint while increasing the breadth of Allied's service offerings.

### INDUSTRY OUTLOOK.

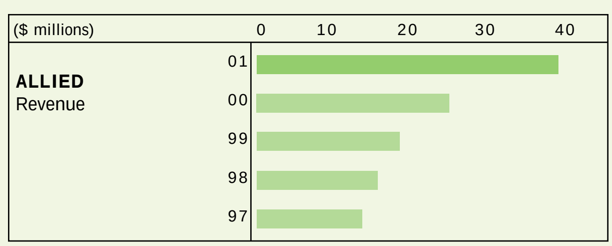
The accounts receivable management industry is growing rapidly and has estimated annual agency fee revenues of US$8 billion, C$300 million and £300 million in these markets. The industry is growing at a rate of over 10% per annum driven by the strong growth in consumer debt levels and by a trend among credit grantors to turn over receivables to agencies earlier in the collection cycle.

For Clairvest and CEP this is an opportunity to invest with an entrepreneur that has gained a solid foothold in a growing and rapidly consolidating industry.

### THE MANAGEMENT TEAM.

Allied is led by its President and 20% owner, David Rae, who has over twenty years of experience in the accounts receivable management industry. Under Mr. Rae's leadership, Allied has demonstrated a strong commitment to operational excellence through its ISO 9002 certification. In 1999, Allied was named one of Canada's 50 Best Managed Private Companies.

Ken Rotman, John Fisher and Michael Bregman of Clairvest sit on Allied's Board of Directors.



## Consolidated Vendors Corporation

# Debt purchase strengthens company for gains as economy in the US Midwest recovers.

### OUR BUSINESS.

Consolidated Vendors owns and services approximately 4,500 vending machines throughout Michigan and Illinois. Located in prime industrial, retail and office locations in the Midwest, customers are provided with a broad range of quality food and beverage products.

### OUR PERFORMANCE.

2001 was a challenging year for Consolidated Vendors due to the difficult economic environment in the US Midwest. In particular, the decline in the manufacturing sector resulted in reduced employee counts at many of the company's customer sites and consequently lower vending revenues for the company. The decline in revenue combined with the company's fixed costs caused a significant reduction in operating profit.

### FINANCIAL PERFORMANCE (US$ millions)

| YEAR ENDED DECEMBER 31 | 1999 | 2000 | **2001** |
|---|---|---|---|
| Revenue | 16.8 | 31.9 | **27.6** |
| EBITDA | 1.7 | 3.6 | **1.8** |
| Ending net debt | 13.8 | 14.2 | **15.4** |

### INVESTMENT IN COMMON AND PREFERRED SHARES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost | 6.6 | **2.9** |
| Carrying value | 8.2 | **3.6** |

### OWNERSHIP (FULLY DILUTED)

| | |
|---|---|
| Clairvest | **17.2** |
| CEP | **51.7** |
| Management | **31.1** |
| | **100%** |

### WHERE WE'RE GOING.

As a result of Clairvest and CEP purchasing Consolidated Vendors' senior bank debt at a discount in May 2002, Consolidated Vendors has increased operating flexibility going forward. We expect the company's results to increase over time as a result of the recently completed cost reduction program and as manufacturing industry activity rebounds in the Midwest. The company will evaluate strategic add-on acquisitions in its existing market in order to gain regional economies of scale.

### INDUSTRY OUTLOOK.

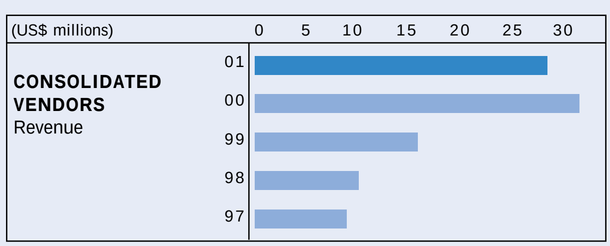
In the United States the ownership and servicing of vending machines is a US$20 billion a year business. The vending industry in the United States is highly fragmented with more than 9,000 operators, of whom approximately 97% generate annual revenue of less than US$10 million.

For Clairvest, this investment represents an opportunity to participate in the consolidation of the industry by investing with an entrepreneur who provides superior service and a disciplined approach to management.

### THE MANAGEMENT TEAM.

Consolidated Vendors is led by Michael Kelner, a successful entrepreneur with over 16 years of experience in the vending industry. Mr. Kelner's prior management experience at GE provided him with the necessary leadership and business experience to grow Consolidated Vendors from US$2 million to over US$27 million today. The management team has been further strengthened by the addition of CFO Gary Rose.

Jeff Parr and John Fisher of Clairvest sit on the Board of Directors of Consolidated Vendors.



**Datamark Systems Group Inc.**

## A record year as previous acquisitions produce significant results.

### OUR BUSINESS.

Datamark specializes in providing customers with end-to-end document management services. These services include customized print design, production, cost control and reporting, and warehousing and distribution. Datamark is growing its North American customer base through a network of direct sales professionals. 88% of Datamarks' sales are in Canada.

### OUR PERFORMANCE.

In 2001 Datamark grew and successfully integrated the acquisitions in commercial print and airline products, which helped Datamark post record results. Revenue and EBITDA grew 9.3% and 17.3%, respectively, generating significant free cash flow, which was used to reduce debt by $7.1 million and pay $3.8 million in dividends.

### FINANCIAL PERFORMANCE ($ millions)

| YEAR ENDED DECEMBER 31 | 1999 | 2000 | **2001** |
|---|---|---|---|
| Revenue | 101.4 | 117.9 | **128.9** |
| EBITDA | 10.4 | 11.0 | **12.9** |
| Margin | 10.3% | 9.3% | **10.0%** |
| Dividend paid | – | 6.5 | **3.8** |
| Net debt | 9.9 | 23.1 | **16.0** |

### INVESTMENT IN COMMON SHARES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost[1] | 14.4 | **14.4** |
| Carrying value[1] | 8.9 | **16.6** |

(1) Excludes $12.4 million in dividends received from inception to June 2002.

### OWNERSHIP (FULLY DILUTED)

| | |
|---|---|
| Clairvest | **36.5** |
| Management & others | **63.5** |
| | **100%** |

### WHERE WE'RE GOING.

Given the downturn in the economy, we expect Datamark and its competitors to experience some contraction in the market in 2002. While results will soften, Datamark will continue to produce substantial free cash flow which will be used to reduce debt, fund acquisitions and ultimately reward shareholders.

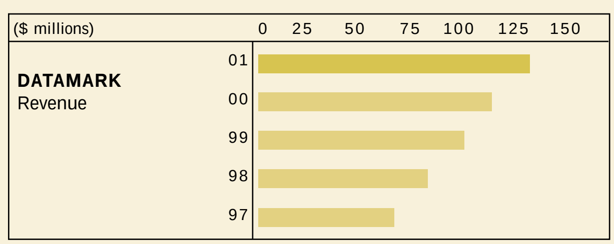
### INDUSTRY OUTLOOK.

The industry continues to reward those companies that develop complementary products and services beyond the core business of printing. Datamark is and will continue to be a leader in this area with a broad array of products and services. The recent economic slowdown will put increased pressure on one dimensional competitors, providing further impetus for consolidation. Datamark has and will continue to actively participate in this trend.

### THE MANAGEMENT TEAM.

The company is led by Jeffrey Zunenshine and Claude Perrotte, who, with over 20 years of experience and partnership, have built Datamark from a $2 million revenue company in 1982 to the industry leader it is today. Clairvest has actively assisted the management over the last six years while the company completed three acquisitions and doubled the size of its business.

Tom Beck, Syd Cooper, John Fisher and Jeff Parr of Clairvest sit on the Board of Directors of Datamark.



## Gateway Casinos Inc.

## Another year of record growth.

### OUR BUSINESS.

Gateway Casinos operates nine casinos in Western Canada. Seven are located in British Columbia and two in Alberta. Combined, the company operates 245 gaming tables and 2,418 slot machines.

### OUR PERFORMANCE.

Gateway Casinos continues a strong tradition of growth through a combination of efficient operations and selective acquisitions. Revenue is up 15.3% while EBITDA has increased 25.7%. Subsequent to Gateway's year-end, the company purchased Lake City Gaming (four casinos in B.C.) as well as Baccarat Casino Inc. (one casino in Edmonton). Gateway Casinos is now the largest privately-held gaming operator in Canada.

### FINANCIAL PERFORMANCE ($ millions)

| YEAR ENDED APRIL 30 | 2000 | 2001 | **2002** |
|---|---|---|---|
| Net Revenue | 53.8 | 64.5 | **74.4** |
| EBITDA (pre-fees to shareholders) | 25.2 | 28.4 | **35.7** |
| Debt (cash) | (11.3) | (13.4) | **(25.2)** |

### INVESTMENT IN COMMON SHARES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost[1] | 24.0 | **24.0** |
| Carrying value[1] | 24.0 | **30.0** |

(1) Excludes $4.3 million in taxable distributions received to June 2002.

### OWNERSHIP (FULLY DILUTED)

| | |
|---|---|
| Clairvest | **28.4** |
| Management & others | **71.6** |
| | **100%** |

During 2002, Clairvest received $1.4 million from Gateway Casinos, its portion of a $5.0 million distribution.

### WHERE WE'RE GOING.

Over the next year Gateway Casinos will focus on the integration of its new casinos into the current operating structure. Activity is underway to relocate Gateway Casinos' existing casinos in New Westminster and Vancouver to permanent sites, and to construct a new and larger casino on the existing Baccarat site in Edmonton.

### INDUSTRY OUTLOOK.

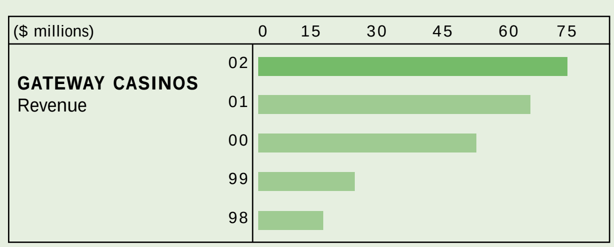
In Alberta, gaming revenue to the province has increased from $125 million to $807 million over the past seven years, representing a compound annual growth rate of 30.5%. In B.C., gaming revenue for the same period has grown from $239 million to $512 million. The importance of gaming revenue to the provinces is significant. In Alberta revenue from gaming operations is 5.0% of total government revenue and climbing, while in B.C. it is 2.1% compared to the Canadian average of 4.4% *(see Table below)*. We believe that gaming will continue to be an important revenue source for these provinces. Additionally, we expect that significant growth will come in the B.C. market, where revenue is significantly below the average for Canada.

| % OF TOTAL GOVERNMENT REVENUE | 1992 | 1999 |
|---|---|---|
| B.C. | 2.2% | 2.1% |
| Alberta | 1.6% | 5.0% |
| Canada | 1.8% | 4.4% |

### THE MANAGEMENT TEAM.

Gateway Casinos' Ray McLean leads a senior management team of seasoned industry professionals including President, Dave Gadhia; COO, Dan McLean; General Manager, Monique Wilberg; and COO of Alberta Operations, Howard Worell.

Jeff Parr and Michael Wagman of Clairvest sit on Gateway Casinos' Board of Directors.



# NRI Industries Inc.

## Slowdown in automotive sector affects NRI. Positive impact of re-tooling being felt.

### OUR BUSINESS.

NRI converts low value industrial and consumer scrap rubber into products that meet rigid quality standards at competitive prices. As a Tier 1 supplier to the major automotive manufacturers, NRI is able to exploit its technology-based competitive advantage to ultimately generate industry-leading margins.

### OUR PERFORMANCE.

In 2001, revenue was $51.5 million while EBITDA was $4.6 million, a reduction from the previous year of 18.3% and 46.5% respectively. Automotive sales, which represented 67% of 2000 sales, were down $10.5 million in 2001, accounting for 92% of the decline.

In 2000, NRI completed the installation of a $7.7 million continuous process technology that dramatically enhanced production efficiency. This project created significant start-up expenses as the process was brought into production over 12 months. Despite the slowdown and the issues in bringing the new process on line, NRI was able to successfully reduce its bank debt by almost $7 million in 2001.

### FINANCIAL PERFORMANCE ($ millions)

| YEAR ENDED DECEMBER 31 – PARTS DIVISION(1) | 1999 | 2000 | **2001** |
|---|---|---|---|
| Revenue | 68.3 | 63.0 | **51.5** |
| EBITDA | 13.1 | 8.6 | **4.6** |
| Margin | 19.2% | 13.6% | **8.9%** |
| Debt | 31.4 | 23.7 | **16.9** |

(1) Materials Division sold in 2000.

### INVESTMENT IN COMMON AND PREFERRED SHARES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost | 17.6 | **17.6** |
| Carrying value | 24.1 | **25.2** |

### OWNERSHIP (FULLY DILUTED)(2)

| | |
|---|---|
| Clairvest | **84.7** |
| Management & others | **15.3** |
| | **100%** |

(2) June 2002, after the expiry of an option held by Clairvest.

### WHERE WE'RE GOING.

With the completion of NRI's capital improvement program, the company's cost structure is dramatically improved. Margins at, and subsequent to, year-end have improved, though revenue has declined slightly. NRI has continued to be awarded significant automotive contracts and continues to gain market share. Based on awarded contracts, we expect that by 2004, automotive sales will increase by 50% over 2001 levels. In addition, NRI continues to see growth in its non-automotive sales. Despite the economic slowdown, industrial sales were up 5% in the first six months of 2002 over the same period in 2001.

NRI has also been enjoying some early success in working with foreign automakers such as Nissan. Sales to foreign automakers increased 10% in the first six months of 2002 over the same period in 2001.

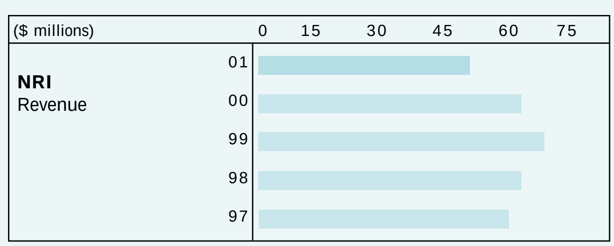
### INDUSTRY OUTLOOK.

We expect that the recovery in the automotive sector will occur slowly, and that the industry will continue to be extremely competitive. Success will be based on winning new business, controlling costs and being the low cost provider. NRI is well positioned to execute this strategy.

### THE MANAGEMENT TEAM.

NRI is led by Ted Pattenden, a former senior executive at DuPont. Mr. Pattenden, along with a team of senior manufacturing and marketing executives, has taken NRI from a marginally competitive provider of rubber parts into a niche player with a meaningful cost advantage.

Jerry Heffernan, Lionel Schipper, Ken Rotman and Dennis Dussin of Clairvest sit on NRI's Board of Directors. Mr. Heffernan is also Chairman of NRI.



## Signature Security Group Holdings Pty. Limited

### Restructuring complete. Operations dramatically improved as cash flow break-even achieved.

**OUR BUSINESS.**

Signature is a full-service electronic security company serving Australia and New Zealand, where it sells, installs, services and monitors alarm systems for residential and commercial customers. Since 1997, the company has become the second largest electronic security provider in Australia, and the largest full-service provider in New Zealand.

**OUR PERFORMANCE.**

This is the fifth consecutive year of steadily improving results. This was achieved through a reduction in the cost to acquire new customers and through improved operating efficiencies that served to increase operating margins. A recapitalization was completed in August 2001, resulting in the elimination of AUS$25 million of debt and the provision of AUS$24 million of new capital to support the dramatically improved operating models.

**FINANCIAL PERFORMANCE (AUS$ millions)**

| YEAR ENDED MARCH 31 | 2000 | 2001 | **2002** |
|---|---|---|---|
| Revenue | 47.0 | 52.2 | **55.2** |
| EBITDA | 12.4 | 20.9 | **22.8** |
| Margin | 26.4% | 40.0% | **41.3%** |
| Monthly monitoring revenues | 3.3 | 3.8 | **3.8** |
| Third party debt | 102.0 | 126.2 | **91.3** |

**INVESTMENT IN ORDINARY SHARES AND LOANS ($ millions)**

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost | 20.4 | **28.4** |
| Carrying value | 20.4 | **28.7** |

**OWNERSHIP (FULLY DILUTED)**

| | |
|---|---|
| Clairvest | **43.8** |
| Management & others | **56.2** |
| | **100%** |

**WHERE WE'RE GOING.**

The final phase of Signatures' strategic plan has been successfully implemented. The company will grow slowly while it continues to improve the internal economics of its business. It is firmly establishing itself as one of the largest and strongest competitors in the Australian and New Zealand markets. The company faces a maturing senior debt facility in December 2002, which, given the recent operational performance and capital reorganization, is expected to be renewed.

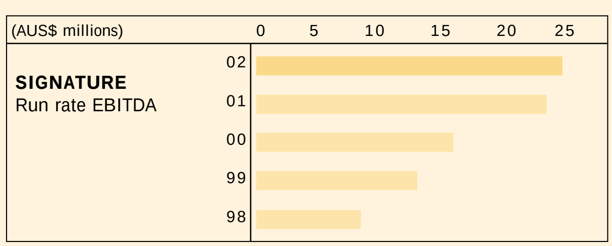
**INDUSTRY OUTLOOK.**

The electronic security industry in Australia generates approximately AUS$375 million in revenue per year. The market is underserved with residential penetration rates of 5% compared to approximately 20% in the US. The Australian industry is highly fragmented, with the top three firms having a market share of 60% (Signature's market share is estimated at 20%). The balance of the industry is held in the hands of over 3,000 independent operators. Significant industry consolidation is underway. Signature has been an industry leader in driving down the investment required for new customers. Should the industry follow, the economics for all participants will improve.

**THE MANAGEMENT TEAM.**

After a full year of operating control, Howard Watson has completely rebuilt the company's senior management team and has delivered outstanding performance. Howard has created both a strong management and operational platform to lead Signature forward.

Jeff Parr and Michael Wagman of Clairvest sit on Signature's Board of Directors.



## Sparkling Spring Water Holdings Limited

## Sparkling Spring produces record-breaking results.

### OUR BUSINESS.

Sparkling Spring is a bottling, distribution and cooler rental company for high-quality purified drinking water. The company provides regular service to 250,000 water coolers – where over 80% are rental units. Sparkling Spring services customers in Oregon, Washington, British Columbia, Alberta and Atlantic Canada, and in England, Holland and Scotland.

### OUR PERFORMANCE.

During the past year, revenue and EBITDA grew by 33% to generate record performance. Contributing to these results were several very attractive acquisitions in British Columbia and Washington State that helped to improve the company's financial performance and increase market share. EBITDA margins were flat at 25% as compared to last year, as productivity improvements were offset by increased sales of lower margin products to supermarkets. Capital expenditures for 2001 were approximately $10 million, $1 million less than the previous year.

### FINANCIAL PERFORMANCE

**(US$ millions, except serviced water coolers)**

| YEAR ENDED DECEMBER 31 | 1999 | 2000 | **2001** |
|---|---|---|---|
| Revenue | 63.9 | 69.3 | **92.5** |
| EBITDA[1] | 17.1 | 17.6 | **23.4** |
| EBITDA margin | 26.7% | 25.4% | **25.3%** |
| Serviced water coolers | 160,300 | 182,600 | **246,300** |
| Net debt | 107.1 | 105.3 | **106.8** |

(1) Before one-time costs relating to integration of acquisitions.

### INVESTMENT IN COMMON SHARES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost | 5.9 | **4.7** |
| Carrying value | 31.9 | **32.9** |

### OWNERSHIP (FULLY DILUTED)

| | |
|---|---|
| Clairvest | **14.7** |
| Management & others | **85.3** |
| | **100%** |

Clairvest sold approximately $6 million worth of Sparkling Spring shares, reducing our cost to $4.7 million. Dispositions to date have generated gains in excess of $4.7 million, bringing Clairvest's actual cash investment to less than zero. During 2001, Sparkling Spring raised US$15 million in equity at a higher share price, which increased the carrying value of Clairvest's investment in Sparkling Spring to C$33 million.

### WHERE WE'RE GOING.

Sparkling Spring recently closed on another acquisition in Washington and made a small but important acquisition in Holland. Sparkling Spring will pursue expansion of its home and office business by acquisition as well as continue to focus on internal growth. Clairvest expects that its percentage interest in Sparkling Spring will continue to be diluted as the company grows.

### INDUSTRY OUTLOOK.

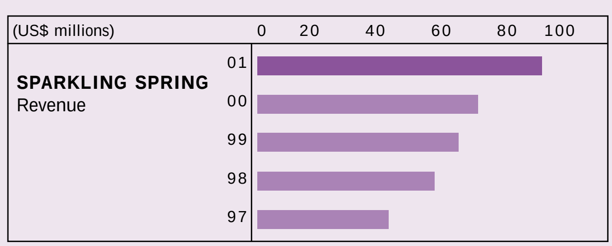
Bottled water is one of the fastest growing segments of the beverage industry and is currently the third most popular beverage in North America. This industry is fragmented, regional and relatively unsophisticated. Approximately 2,000 companies in the US account for almost US$5 billion in sales, with the top five companies accounting for 60% of the market. The trend toward consolidation is increasing.

The public demand for better tasting water and a rising concern for health related issues will be major drivers of demand for bottled water in the foreseeable future.

### MANAGEMENT TEAM.

Sparkling Spring is led by John Krediet, a proven entrepreneur with a history of many years in the beverage industry. The current senior management team consists of COO Dillon Schickli and Vice Chairman Stewart Allen, who previously worked together with Krediet at Pepsi.

Joe Heffernan and Ken Rotman of Clairvest sit on Sparkling Spring's Board of Directors.



**Van-Rob Stampings Inc.**

## Management delivers superb results in highly competitive auto parts sector.

### OUR BUSINESS.

Van-Rob is a "best-in-class" Tier 1 supplier of metal stampings and welded assemblies to the North American auto sector. Primarily serving the "Big 3" domestic automakers and their suppliers, Van-Rob operates four plants in Ontario and one through a joint-venture in Mexico. By emphasizing technical innovation, superior service and quality control, Van-Rob has consistently earned an impressive return on net assets.

### OUR PERFORMANCE.

Van-Rob has grown organically to almost $200 million in sales, mostly in the last 10 years. Over the past four years the company has achieved an average annual internal growth rate of 11%. The company has also steadily increased its market share, as demonstrated by a growth in revenue per vehicle from $3.79 in 1995, to $11.84 in 2001. Van-Rob has received GM's Supplier of the Year award in six of the 10 years the award has been given. While sales declined 3% in 2001 as a result of the automotive slowdown, operating profit improved substantially due to efficiency improvements.

### INVESTMENT IN PREFERRED SHARES ($ millions)

| | JULY 2002 |
|---|---|
| Clairvest | **5.0** |
| CEP | **15.0** |
| | **20.0** |

### OWNERSHIP

| | JULY 2002 |
|---|---|
| Clairvest | **5.0** |
| CEP | **15.0** |
| Management | **80.0** |
| | **100%** |

### WHERE WE'RE GOING.

Although the company is profitable, it is operating below capacity in three of its five facilities. Given the fixed costs, additional volume in those facilities will represent high margin growth as the company leverages its investment in infrastructure. The current "book" of business already awarded indicates that revenue should grow from $187 million in 2001 to at least $230 million over the next four years, and should surpass $300 million by year five, provided new business is won at volumes consistent with historical levels. Internal growth will be complemented by an acquisition program focused on targets with either new technologies or new customer relationships.

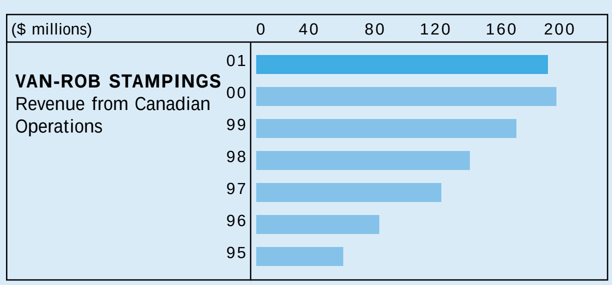
### INDUSTRY OUTLOOK.

While the recent economic downturn has hurt the weaker suppliers to the automotive industry, strong performers with a history of innovation and rigorous cost control are prospering and positioned to deliver exceptional performance while capitalizing on the weaknesses of competitors. This is a highly competitive industry where the "Big 3" continue to demand better service and quality from suppliers as well as annual price reductions. The "Big 3" are also aggressively culling their supply base. Those chosen by the customers to survive, such as Van-Rob, should see an increasing share of business.

### THE MANAGEMENT TEAM.

Van-Rob is led by founder and majority owner Peter van Schaik. Peter founded the company in 1980 and has surrounded himself with a team of experienced and knowledgeable senior managers including Bruce Johnson, who serves as President. The group has an exceptional technical knowledge of the industry that has allowed Van-Rob to achieve increased efficiencies while maintaining margins and extremely high customer satisfaction ratings.

Ken Rotman of Clairvest sits on Van-Rob's Board of Directors and Dennis Dussin acts as observer to the Board.



## Voxcom Incorporated

# Slower growth leads to improved performance.

### OUR BUSINESS.

Voxcom installs and monitors electronic security systems and Life Call medical alert systems throughout Canada. The company operates a 24-hour monitoring station in Edmonton providing nationwide service. Voxcom is the fourth largest competitor in Canada.

### OUR PERFORMANCE.

While revenue grew by 9.1% to $27.7million, EBITDA grew 51.8% to $12.9 million as EBITDA margins increased from 33.5% to 46.5%. This was accomplished as the company focused on slower growth on better economic terms. Performance improved due to a combination of internal streamlining and selective price increases.

### FINANCIAL PERFORMANCE ($ millions, except no. of customers)

| YEAR ENDED FEBRUARY 28 | 2000[1] | 2001 | **2002** |
|---|---|---|---|
| Revenue | 21.3 | 25.4 | **27.7** |
| EBITDA | 5.5 | 7.2 | **12.9** |
| Margin | 25.9% | 33.5% | **46.5%** |
| Number of customers | 69,297 | 76,904 | **77,508** |
| Monthly monitoring revenue | 1.7 | 1.8 | **1.9** |
| Net debt | 46.9 | 63.2 | **66.6** |

(1) Not adjusted for change in accounting policy.

### INVESTMENT IN COMMON SHARES AND DEBENTURES ($ millions)

| | MAR. 31, 2001 | **MAR. 31, 2002** |
|---|---|---|
| Cost | 6.3 | **6.7** |
| Carrying value | 7.7 | **7.3** |

### OWNERSHIP (FULLY DILUTED)[2]

| | |
|---|---|
| Clairvest | **26.3** |
| Management & others | **73.7** |
| | **100%** |

(2) After June 2002 recapitalization (Clairvest's ownership was 45.2% prior to the recapitalization).

Subsequent to year-end Voxcom closed a recapitalization transaction which involved the issuance of $38.9 million in Retractable Preferred Shares. Clairvest subscribed for $10.6 million of the Preferred Shares with the balance being subscribed for by a US based private equity investor. Voxcom also negotiated the repurchase of its mezzanine debt and arranged for a new $20 million term and a $50 million revolving banking facility. This recapitalization puts Voxcom on a strong footing for solid growth.

### WHERE WE'RE GOING.

The alarm security industry is going through a fundamental change. No longer is "growth at-any-cost" acceptable. Voxcom is leading the way and as a result will experience slower growth, however the internal economics of each new customer will be greatly improved.

### INDUSTRY OUTLOOK.

The size of the Canadian electronic security market is approximately $275 million, highly fragmented and growing at an annual rate of 10–15%. Penetration of the residential market is currently 15% and expected to continue growing over the next several years. Strategic acquisitions are available once again as multiples have returned to acceptable levels. With Voxcom's recapitalization complete, acquisitions will again be part of Voxcom's growth strategy.

### THE MANAGEMENT TEAM.

Voxcom is led by Brad Sparrow and an experienced senior management team. Mr. Sparrow has transformed Voxcom from a marginally profitable start-up in the medical alert business to a leader in the Canadian electronic security industry.

Ken Rotman and Michael Wagman of Clairvest sit on Voxcom's Board of Directors.