

As at, and for the year ended, March 31, 2004

The following is a review and analysis of Clairvest Group Inc.'s financial results, financial position, risks and opportunities. It should be read in conjunction with the Co-Chief Executive Officers' Message, the Review of Investments and the Consolidated Financial Statements.

INTRODUCTION

Clairvest Group Inc. ("Clairvest" or the "Company") is a Canadian merchant bank that specializes in partnering with management teams and other stakeholders of both emerging and established companies. Clairvest focuses on a small number of carefully selected companies and actively participates in the building of these organizations. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners Limited Partnership ("CEP"), in companies that have the potential to generate superior returns.

At March 31, 2004, Clairvest had ten core investments in eight different industries. Four of these investments were joint investments with CEP. Clairvest also held investments in Wellington Financial Fund I ("Wellington Fund I") and Wellington Financial Fund II ("Wellington Fund II").

OVERVIEW OF FISCAL 2004

An overview of the significant events during fiscal 2004 follows:

- Clairvest sold 1,136,094 units of Gateway Casinos Income Fund ("Gateway Income Fund") for gross proceeds of \$17.8 million, bringing Clairvest's net cash realization on this investment to \$17.8 million. Clairvest continues to hold 3,365,876 units in Gateway Income Fund, representing 12.7% of the outstanding units.
- During fiscal 2003 Clairvest sold its investment in Sparkling Spring Water Holdings Limited ("Sparkling Spring") for proceeds of Cdn\$48.6 million, with the potential, subject to a number of conditions, to receive over time an additional US\$4.5 million that was held in escrow. US\$2.5 million (Cdn\$3.3 million) of these funds were released from escrow during fiscal 2004, with the remaining amounts still being held in escrow.
- During fiscal 2004 Clairvest entered into an agreement to purchase at least 406,504 common shares of Landauer Metropolitan Inc. ("Landauer") for US\$0.5 million, bringing Clairvest's ownership on a fully diluted basis to 13.6%. CEP entered into an agreement to purchase at least 1,219,513 common shares of Landauer, such that Clairvest and CEP's combined ownership on a fully diluted basis is 54.3%.
- During fiscal 2004 Clairvest committed to fund \$10.0 million to Wellington Fund II. Wellington Fund II had commitments from Clairvest and other investors totalling \$20.6 million at March 31, 2004. \$1.6 million of Clairvest's commitment had been funded at March 31, 2004.
- During fiscal 2004 Wellington Fund I returned all of the capital Clairvest had previously funded. At March 31, 2004 all loans previously provided by Wellington Fund I had been repaid. As well as having received back all of the capital previously funded, Clairvest has to date received \$1.3 million in distributions from Wellington Fund I. As a result of the raising of Wellington Fund II, all future loans will be provided by Wellington Fund II, with no further loans being provided by Wellington Fund I.
- A \$14.5 million write-down was taken to the carrying value of Clairvest's investment in NRI Industries Inc. ("NRI"). Clairvest's carrying value of \$10.1 million at March 31, 2004 compares to a cost of \$17.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The carrying value of Clairvest's investment in Consolidated Vendors Corporation ("Consolidated Vendors") was reduced by \$4.6 million, representing a \$1.6 million write-down of the investment and a \$3.0 million guarantee payable to CEP, which would be payable if Consolidated Vendors were disposed of at the current carrying value. Clairvest's carrying value of \$1.7 million at March 31, 2004 compares to a cost of \$6.0 million.
- Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 911,572 of its common shares in the 12-month period commencing March 4, 2004. As at June 30, 2004, Clairvest had purchased a total of 1,290,552 common shares under this, and a previous, normal course issuer bid at a total cost of \$9.9 million. Clairvest can purchase a further 522,772 common shares under its current normal course issuer bid.

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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SUMMARY OF CLAIRVEST'S INVESTMENTS AT MARCH 31, 2004

Investment	Trading symbol and Exchange	Ownership percentage ⁽¹³⁾	Cost of investment (millions)	Net cash investment (millions) ⁽¹⁴⁾	Carrying value of investment (millions) ⁽¹⁵⁾	Description of business
PUBLICLY-TRADED INVESTMENTS						
Datamark Systems Group Inc. ⁽¹⁾	DMK – TSX	36.5%	\$ 14.4	\$ 1.5	\$ 10.1	A business document management company with operations in Canada and the United States.
Gateway Casinos Income Fund ⁽²⁾	GCI.UN-TSX	12.7%	\$ 33.7	\$ (17.8)	\$ 51.3	A trust established to acquire six of the casinos managed by Gateway Casinos Inc.
Voxcom Incorporated ⁽³⁾	VOX – CDNX	26.7%	\$ 12.8	\$ 9.2	\$ 11.6	A security company that sells, installs, services and monitors security alarm systems for residential and commercial subscribers in Canada.
PRIVATELY-HELD INVESTMENTS						
Allied Global Holdings Inc. ⁽⁴⁾	Private	8.4%	\$ 3.0	\$ 3.0	\$ 3.9	An international accounts receivable management company with operations across Canada, the United States and the United Kingdom.
Consolidated Vendors Corporation ⁽⁵⁾	Private	17.7%	\$ 6.0	\$ 6.0	\$ 1.7	An independent vending operator in Michigan and Illinois, providing a full range of vended products.
Gateway Casinos Inc. ⁽⁶⁾	Private	28.4%	\$ 24.0	\$ –	\$ 70.4	A gaming management company that operates casinos in Western Canada.
Landauer Metropolitan Inc. ⁽⁷⁾	Private	13.6%	\$ 3.3	\$ 3.3	\$ 3.6	The dominant supplier of home medical equipment in the New York City area.
NRI Industries Inc. ⁽⁸⁾	Private	84.7%	\$ 17.6	\$ 17.6	\$ 10.1	A North American company that converts scrap rubber into value-added manufactured products.
Signature Security Group Holdings Pty. Limited ⁽⁹⁾	Private	41.7%	\$ 28.4	\$ 28.4	\$ 28.4	An electronic security company serving Australia and New Zealand.
Van-Rob Inc. ⁽¹⁰⁾	Private	5.0%	\$ 5.0	\$ 5.0	\$ 5.0	A supplier of metal stampings and welded assemblies to the North American auto sector.
Wellington Financial Fund I ⁽¹¹⁾	Private	71.4%	\$ –	\$ (1.3)	\$ 1.3	Provided bridge financing to growth companies in the technology and health sciences industries.
Wellington Financial Fund II ⁽¹²⁾	Private	48.7%	\$ 1.6	\$ 1.6	\$ 1.6	Provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies.
OTHER INVESTMENTS			\$ 0.4	\$ 0.4	\$ 0.4	
TOTAL INVESTMENTS			\$ 150.2	\$ 56.9	\$ 199.4	

- (1) Clairvest owns 4,675,670 common shares in Datamark. Clairvest received a total of \$12.9 million in tax-free dividends from Datamark to March 31, 2004, resulting in a net cash investment at March 31, 2004 of \$1.5 million. Carrying value is based on the quoted market price.
- (2) Clairvest owns 3,365,876 units in Gateway Income Fund. The investment was funded with a loan from a subsidiary of Gateway Casinos. The net cash investment is in a negative position as a result of \$16.9 million of net proceeds on the sale of units, \$43.7 million in loans and \$7.0 million of distributions received, net of \$4.8 million of interest paid on the loan. Carrying value is based on the quoted market price less a discount due to Clairvest's estimated cost of disposition.
- (3) Clairvest owns 230,000 common shares and 11,485,900 convertible retractable preferred shares in Voxcom. Clairvest rolled \$3.6 million of fees and interest into preferred shares, resulting in a net cash investment of \$9.2 million. Carrying value is based on the quoted market price for the common shares, and cost for the preferred shares. The common shares were sold to Voxcom in a going private transaction subsequent to year-end.
- (4) Clairvest owns 35,784 10% convertible Class B preferred shares in Allied. Carrying value is based on cost plus accrued dividends.
- (5) Clairvest owns 2,500 Class A preferred shares and 10,229 common shares in Consolidated Vendors. Carrying value is based on cost, adjusted for foreign exchange and net of a \$1.6 million write-down and a \$3.0 million guarantee payable to CEP, which would be payable if Consolidated Vendors were disposed of at the current carrying value. Clairvest also holds US\$3.3 million of senior debt and a \$0.5 million short-term loan. Carrying value of the senior debt is based on cost plus accrued interest to March 31, 2003, and for the short-term loan is accrued value, all adjusted for foreign exchange.
- (6) Clairvest owns 28.4% of a limited partnership that owns Gateway Casinos. The net cash investment is nil as a result of \$17.5 million of loans received from Gateway Casinos, and \$6.5 million in distributions received. The investment is carried at cost plus a \$46.4 million cumulative upward adjustment to the carrying value.
- (7) Clairvest owns 1,906,250 10% cumulative convertible preferred shares in Landauer and has agreed to purchase at least 406,504 common shares for US\$0.5 million, US\$250,000 of which was paid during fiscal 2004. Carrying value is based on cost plus accrued dividends, adjusted for foreign exchange.
- (8) Clairvest owns 86,000 common shares, 6.0 million Class A preferred shares, 2.0 million Class D preferred shares and 4.5 million Class E preferred shares in NRI. The common shares are carried at cost and the preferred shares are carried at redemption value plus accrued dividends to March 31, 2002, net of a \$14.5 million write-down.
- (9) Clairvest owns 227,404,097 ordinary shares in Signature through its wholly-owned subsidiary, Clairvest Group International (Netherlands) B.V., and has loans totalling \$8.2 million to Signature and to a special purpose corporate entity. Carrying value of the ordinary shares and loans is based on cost, adjusted for foreign exchange.
- (10) Clairvest owns 5,000,000 Class A special convertible shares in Van-Rob. Carrying value is based on cost.
- (11) Clairvest has received back all of its capital it had previously funded to Wellington Fund I as well as \$1.3 million in distributions, resulting in a net cash realization on this investment of \$1.3 million. Carrying value is based on the underlying value of the warrants Wellington Fund I continues to hold.
- (12) Clairvest has committed to fund \$10.0 million to Wellington Fund II, \$1.6 million of which was funded at March 31, 2004. Carrying value is based on the underlying value of the loans and warrants held by Wellington Fund II.
- (13) Ownership percentage calculated on a fully diluted basis at March 31, 2004.
- (14) Net cash investment is cost net of dividends, interest and other distributions received but excludes advisory and other fees received.
- (15) Carrying value is calculated using the fair value method, under which the determination of fair value incorporates the quoted market value of Clairvest's publicly-traded investments, and cost for privately-held investments unless an adjustment is considered appropriate and supported by persuasive and objective evidence.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS OF FINANCIAL RESULTS

Clairvest's consolidated financial statements are prepared using the fair value method of accounting. Under fair value accounting, each of Clairvest's investments is re-valued quarterly. Realized and unrealized changes in Clairvest's investments, as well as the tax effects of these changes, are reflected in the income statement. In the year of disposal of an investment, previously recognized unrealized gains/losses are reversed, so as to recognize the full realized gain/loss over original cost in the year of disposition. Under fair value accounting, Clairvest's financial statements do not reflect the earnings of its investment partners.

Privately-held investments are carried at cost, unless an adjustment is considered appropriate and supported by objective evidence, such as a significant third-party equity financing. The carrying value for Clairvest's publicly-traded investments is based on the quoted market price.

While the value of certain privately-held investments may have increased, Clairvest will not adjust upward the carrying value of these investments unless there is sufficient persuasive and objective evidence to support such an adjustment. Downward adjustments are made to the carrying value of private investments when there is evidence of an other than temporary decline in the value of the investment. The carrying value of the investment, therefore, may not be adjusted downward until there is sufficient persuasive and objective evidence to indicate that the decline in value is other than temporary. The fair value method may result in volatility in Clairvest's financial results, as the values at which the publicly-traded investments are carried are subject to fluctuations in the public markets.

CRITICAL ACCOUNTING ESTIMATES

The preparation of Clairvest's consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. On an on-going basis, management reviews its estimates and assumptions. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. The critical accounting estimates that have a material impact on Clairvest's consolidated financial statements are with respect to corporate investments and future tax liability.

Note 1 to the consolidated financial statements describes Clairvest's accounting policy for corporate investments. The process of determining the fair value of Clairvest's privately-held investments requires management to exercise judgment in making assumptions about the financial condition of the investment based on operational results, forecasts, financing and any other factors that may be relevant to the ongoing and realizable value of the investment.

Publicly-traded investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. The process for determining the discount for such investments requires management to exercise judgment while considering the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investment.

A change to an accounting estimate with respect to Clairvest's privately-held investments or publicly-traded investments would impact corporate investments and unrealized gains/losses on investments.

Note 1 to the consolidated financial statements describes Clairvest's accounting policy for income taxes. The process of determining future income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carry-forwards. A change to an accounting estimate with respect to future income taxes would impact future tax liability and provision for income taxes.

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CHANGES IN ACCOUNTING POLICIES

Stock-Based Compensation

In fiscal 2003, Clairvest adopted the recommendations of The Canadian Institute of Chartered Accountants' Section 3870, Stock-Based Compensation and Other Stock-Based Payments which originally encouraged, but now requires, the fair value based method of measuring all stock options granted. For fiscal 2003 Clairvest elected not to follow the fair value based method of accounting for stock options. As a result, Clairvest is required to disclose the pro-forma effects of accounting for stock options granted to employees and directors prior to fiscal 2004 using the fair value based method. Had Clairvest recorded compensation expense for stock options granted in fiscal 2003 using the fair value method, net income would have decreased by approximately \$74,000 for fiscal 2004.

In fiscal 2004, Clairvest adopted the November 2003 amendments to The Canadian Institute of Chartered Accountants' Section 3870, Stock-Based Compensation and Other Stock-Based Payments which now requires the fair value based method of measuring all stock options granted. Clairvest has prospectively applied the amendments effective April 1, 2003. Clairvest recorded compensation expense of \$57,000 with an offsetting credit to stock-based compensation in shareholders' equity for the stock options awarded to employees during fiscal 2004.

Generally Accepted Accounting Principles

Effective April 1, 2004, Clairvest prospectively adopted the recommendations of The Canadian Institute of Chartered Accountants Section 1100, Generally Accepted Accounting Principles ("GAAP"). The section establishes standards for financial reporting in accordance with GAAP by providing information regarding primary sources of GAAP in order of authority. The impact on the financial statements resulting from the adoption of the recommendations is not expected to be material.

Investment Companies

Effective April 1, 2004, Clairvest early-adopted, on a prospective basis, The Canadian Institute of Chartered Accountants Accounting Guideline 18, Investment Companies. The Guideline defines an investment company as a separate legal entity whose primary business activity is investments, and provides that an investment company should measure all of its investments at fair value and present them on this basis in its financial statements. The impact on the financial statements resulting from the adoption of the guideline is not expected to be material.

Consolidation of Variable Interest Entities

Effective January 1, 2005, Clairvest will prospectively adopt The Canadian Institute of Chartered Accountants Accounting Guideline 15, Consolidation of Variable Interest Entities. There are, however, certain disclosure requirements that are effective for annual and interim periods beginning on or after January 1, 2004. The Guideline addresses the application of consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. The impact on the financial statements resulting from the adoption of the guideline has not yet been determined.

Hedging Relationships

Effective April 1, 2004, Clairvest prospectively adopted The Canadian Institute of Chartered Accountants Accounting Guideline 13, Hedging Relationships. The Guideline addresses the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. Clairvest expects its hedging program to comply with the new requirements. Accordingly, the impact on the financial statements resulting from the adoption of the guideline is not expected to be material.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATING RESULTS

Consolidated statements of income (\$000's except per share information)

Year ended March 31,	2004	2003	2002
Net investment gains			
Realized gains (losses) on investments (net)	\$ 8,786	\$ 43,942	\$ (3,970)
Previously recognized unrealized (gains) losses (net)	(4,700)	(44,384)	2,836
Unrealized gains on investments (net)	6,943	43,941	24,105
	11,029	43,499	22,971
Other income			
Interest income	8,758	4,053	1,263
Dividend income	1,828	1,303	1,496
Management fees	2,712	2,673	2,901
Advisory and other fees	1,002	2,331	2,756
	14,300	10,360	8,416
Administration and other expenses	6,919	7,282	3,900
Finance expense	4,400	1,231	—
	11,319	8,513	3,900
Income before income taxes	14,010	45,346	27,487
Provision for income taxes	1,183	1,007	4,508
Net income	\$ 12,827	\$ 44,339	\$ 22,979
Net income per common share	\$ 0.62	\$ 2.12	\$ 1.15
Fully diluted net income per common share	\$ 0.59	\$ 1.99	\$ 1.11

Clairvest's operating results reflect revenue realized from our corporate investments and from CEP, and unrealized appreciation and depreciation in the value of our corporate investments. These results are net of all costs incurred to manage these assets.

Net income for the year ended March 31, 2004 was \$12.8 million, versus \$44.3 million for the year ended March 31, 2003 and \$23.0 million for the year ended March 31, 2002.

Clairvest realized gains on investments of \$8.8 million in fiscal 2004 versus gains of \$43.9 million in fiscal 2003 and losses of \$4.0 million in fiscal 2002. The gain in 2004 resulted from the sale of 1,136,094 units of Gateway Income Fund and the release of US\$2.5 million of the US\$4.5 million that is being held in escrow following the sale of Sparkling Spring in fiscal 2003. The gain in fiscal 2003 resulted from the sale of Clairvest's investment in Sparkling Spring. The loss in fiscal 2002 was made up primarily of a \$9.1 million loss on the sale of HealthCentral.com, net of a \$4.9 million gain on the sale of Sparkling Spring shares.

Previously recognized unrealized gains in fiscal 2004 relate to unrealized gains on the 1,136,094 units of Gateway Income Fund that were recognized in fiscal 2004 and prior years. Previously recognized unrealized gains in fiscal 2003 relate to unrealized gains on Sparkling Spring that were recognized in fiscal 2003 and prior years. Previously recognized unrealized losses in fiscal 2002 relate to unrealized losses on HealthCentral.com that were recognized in fiscal 2002 and prior years, net of unrealized gains on the Sparkling Spring shares that were sold, that were recognized in fiscal 2002 and prior years. When the respective investments were sold, the previously recognized unrealized gains or losses were reversed, and the full realized gain over original cost was recognized in the year of disposition.

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Clairvest had unrealized gains on investments of \$6.9 million for the year ended March 31, 2004 versus \$43.9 million for the year ended March 31, 2003 and \$24.1 million for the year ended March 31, 2002. Unrealized gains/losses result from changes in the carrying value of the investments from one year to the next. The unrealized gains/losses on investments are summarized as follows:

Unrealized gains (losses) on investments (\$000's)

Year ended March 31,	2004	2003	2002
Investments in publicly-traded companies			
Datamark Systems Group Inc.	\$ (1,551)	\$ (4,930)	\$ 7,699
Gateway Casinos Income Fund	24,498	(2,181)	—
Voxcom Incorporated	35	(57)	(772)
	22,982	(7,168)	6,927
Investments in privately-held companies			
Allied Global Holdings Inc.	368	324	239
Consolidated Vendors Corporation	(3,930)	(610)	1,025
Gateway Casinos Inc.	2,006	38,362	6,000
Landauer Metropolitan Inc.	241	154	—
NRI Industries Inc.	(14,827)	(320)	1,175
Signature Security Group Holdings Pty. Limited	(113)	(2,544)	1,166
Sparkling Spring Water Holdings Limited	—	16,237	7,317
Wellington Financial Fund I	231	(494)	553
	(16,024)	51,109	17,475
Other investments	(15)	—	(297)
	\$ 6,943	\$ 43,941	\$ 24,105

Further details on unrealized gains/losses on investments can be found in the discussion of Clairvest's corporate investments below.

Interest income in fiscal 2004 was \$8.8 million versus \$4.1 million in fiscal 2003 and \$1.3 million in fiscal 2002. Interest income for the year ended March 31, 2004 includes \$5.6 million in distributions from Gateway Income Fund versus \$1.4 million in fiscal 2003, when such distributions were received for the period from November 28, 2002, the date of the IPO of Gateway Income Fund, to March 31, 2003. No such distributions were received in fiscal 2002.

Dividend income of \$1.8 million for the year ended March 31, 2004 represented tax-free dividends earned from Gateway Casinos and Datamark Systems Group Inc. ("Datamark"). Dividend income for the year ended March 31, 2004 includes \$1.6 million received from Gateway Casinos versus \$0.6 million received in fiscal 2003, representing the period November 28, 2002 to March 31, 2003. No such dividends were received from Gateway Casinos in fiscal 2002. Datamark ceased paying dividends during fiscal 2004.

Management fees of \$2.7 million were earned as compensation for Clairvest's services in the administration of the portfolio of CEP for fiscal 2004 and fiscal 2003 and \$2.9 million was earned for fiscal 2002. The management fee is reduced to the extent of 75% of any fees earned by Clairvest from combined Clairvest/CEP corporate investments.

Advisory and other fees were \$1.0 million in fiscal 2004 versus \$2.3 million in fiscal 2003 and \$2.8 million in fiscal 2002. In fiscal 2003, Clairvest received \$890,000 in structuring fees, extension fees and guarantee fees from Voxcom, which, together with interest accrued on the debentures, were rolled into preferred shares of Voxcom. In fiscal 2002, Clairvest received a distribution from Gateway Casinos of \$1.4 million, with no such distribution being received in fiscal 2004 or fiscal 2003.

Administration and other expenses was \$6.9 million in fiscal 2004 versus \$7.3 million in fiscal 2003 and \$3.9 million in fiscal 2002. Included in administration and other expenses was a \$1.9 million and \$2.3 million accrual under Clairvest's

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Incentive Bonus Program for fiscal 2004 and fiscal 2003 respectively. Also included for the year ended March 31, 2003 was a \$0.9 million foreign exchange loss on a forward contract.

Finance expense was \$4.4 million in fiscal 2004 versus \$1.2 million in fiscal 2003 and nil in fiscal 2002. Included in finance expense is \$3.5 million of interest on the loan payable to a subsidiary of Gateway Casinos for fiscal 2004 versus \$1.2 million for fiscal 2003, representing the period from November 28, 2002 to March 31, 2003. No such interest was payable in fiscal 2002. Finance expense for fiscal 2004 also includes \$0.9 million in costs on foreign exchange forward contracts.

SUMMARY OF QUARTERLY RESULTS

Quarterly results (\$000's except per share information)

	Net revenue \$	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted \$
March 31, 2004	13,642	9,199	0.44	0.43
December 31, 2003	18,037	14,152	0.69	0.66
September 30, 2003	(16,021)	(16,526)	(0.80)	(0.80)
June 30, 2003	9,671	6,002	0.29	0.27
March 31, 2003	1,849	(2,201)	(0.11)	(0.11)
December 31, 2002	53,188	49,594	2.37	2.29
September 30, 2002	(742)	(2,113)	(0.10)	(0.10)
June 30, 2002	(436)	(941)	(0.05)	(0.05)

Significant variations arise in the quarterly results due to unrealized gains/losses on investments which result from Clairvest re-valuing its investments on a quarterly basis. The values at which publicly-traded investments are carried are subject to fluctuations in the public markets from quarter to quarter. The privately-held investments are re-valued when an adjustment is considered appropriate, and is supported by sufficient persuasive and objective evidence. In the second quarter of fiscal 2004, Clairvest had a \$14.5 million downward adjustment to the carrying value of its investment in NRI and a \$4.6 million downward adjustment to the carrying value of its investment in Consolidated Vendors. In the fourth quarter of fiscal 2004, Clairvest had a \$2.0 million net upward adjustment to the carrying value of Gateway Casinos.

FOURTH QUARTER RESULTS

In the fourth quarter of 2004, Clairvest sold 1,136,094 units of Gateway Income Fund, recognizing a gain of \$5.5 million. Previously recognized gains of \$4.7 million on these units were reversed in the fourth quarter of 2004 upon the recognition of the realized gain. Also in the fourth quarter of 2004, \$2.8 million (US\$2.2 million) of the Sparkling Spring funds that were held in escrow following the sale of Sparkling Spring in fiscal 2003 were recognized in income.

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FINANCIAL POSITION AND LIQUIDITY

Consolidated balance sheets (\$000's)

As at March 31,	2004	2003	2002
Assets			
Cash and cash equivalents	\$ 4,695	\$ 15,181	\$ 4,064
Temporary investments	88,913	78,933	40,309
Accounts receivable and other assets	5,629	2,190	1,731
Deferred loss on foreign exchange forward contracts	2,801	—	—
Corporate investments	199,448	210,170	150,124
	\$ 301,486	\$ 306,474	\$ 196,228
Liabilities			
Accounts payable	\$ 3,456	\$ 3,355	\$ 829
Income taxes payable	—	7,376	273
Loans payable	61,224	66,382	—
Future tax liability	2,365	908	8,884
	67,045	78,021	9,986
Shareholders' equity			
Share capital	110,151	112,426	112,452
Shares purchased for cancellation	(407)	—	—
Stock-based compensation	57	—	—
Retained earnings	124,640	116,027	73,790
	234,441	228,453	186,242
	\$ 301,486	\$ 306,474	\$ 196,228

With \$93.6 million in cash and cash equivalents and temporary investments, Clairvest has sufficient capital to support its current and anticipated investments. In addition, Clairvest has a \$20 million credit facility with a Canadian chartered bank. The facility is unsecured and bears interest at the bank prime rate plus 0.5%. Clairvest had not drawn down on its line at March 31, 2004.

Accounts receivable and other assets increased \$3.4 million to \$5.6 million at March 31, 2004. Included in accounts receivable and other assets at March 31, 2004 was \$2.8 million representing the release of a portion of the funds held in escrow following the sale of Sparkling Spring in fiscal 2003. These funds were received subsequent to year-end.

Deferred loss on foreign exchange forward contracts at March 31, 2004 was \$2.8 million. Clairvest enters into foreign exchange forward contracts to hedge its exposure to exchange rate fluctuations on its investments. The \$2.8 million represents net cumulative exchange losses on the rolling of these forward contracts. The net cumulative exchange losses at March 31, 2003 were not significant.

Income taxes payable decreased \$7.4 million to nil at March 31, 2004. Income taxes payable at March 31, 2003 was comprised primarily of income taxes payable as a result of the sale of Sparkling Spring. Income taxes were in a recoverable position at March 31, 2004, and were included in accounts receivable and other assets. Future tax liability increased \$1.5 million to \$2.4 million at March 31, 2004. The increase is primarily due to unrealized gains on investments for the year.

Clairvest's financial liabilities are comprised of loans payable from Gateway Casinos entities which arose as part of the IPO of Gateway Income Fund in fiscal 2003. Loans payable were \$61.2 million, \$66.4 million and nil for fiscal 2004, fiscal 2003 and fiscal 2002 respectively. In fiscal 2003, Clairvest received two loans totalling \$66.4 million from Gateway Casinos entities. The first loan was a \$21.4 million 30-year, non-interest bearing loan, repayable on demand and secured by the units held by Clairvest in the limited partnership that owns Gateway Casinos. The second loan was a \$45.0 million 30-year loan bearing interest at 8.05% per annum and secured by the units held by Clairvest in Gateway Income Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During fiscal 2004 Clairvest repaid \$4.4 million of the 30-year non-interest bearing loan.

Upon the sale of units of Gateway Income Fund during fiscal 2004, Clairvest was required to repay \$11.3 million of the 30-year, interest-bearing loan. Thereafter, Clairvest received from a Gateway Casinos entity a loan in the amount of \$10.0 million. This loan is non-interest bearing and repayable on demand at any time after December 31, 2004. Clairvest anticipates that the loan will be repaid shortly after December 31, 2004 and Clairvest anticipates that a Gateway Casinos entity will pay a dividend shortly after December 31, 2004, Clairvest's share of which will be \$10.0 million.

On a monthly basis, Clairvest receives distributions from Gateway Income Fund. Clairvest uses a portion of these proceeds to pay monthly interest on the 30-year, interest-bearing loan from a Gateway Casinos entity. Gateway Casinos loans a portion of these interest proceeds back to Clairvest on a monthly basis. At March 31, 2004, Gateway Casinos had loaned a total of \$0.5 million to Clairvest. These loans are non-interest bearing and repayable on demand at any time after December 31, 2004. Clairvest anticipates that these loans will be repaid shortly after December 31, 2004 and Clairvest anticipates that a Gateway Casinos entity will pay a dividend shortly after December 31, 2004, Clairvest's share of which will be \$0.5 million.

Share capital decreased \$2.3 million during the year ended March 31, 2004. The decrease resulted from the purchase and cancellation of common shares under the normal course issuer bids, net of common shares issued on the exercise of stock options. During fiscal 2004 Clairvest purchased and cancelled 896,752 common shares under its normal course issuer bids at a total cost of \$6.7 million. During fiscal 2004 Clairvest also purchased 49,000 common shares under its normal course issuer bid at a cost of \$407,000, which were cancelled subsequent to year-end. As at June 30, 2004, Clairvest had purchased a total of 1,290,552 common shares under the normal course issuer bids at a total cost of \$9.9 million. During fiscal 2004 Clairvest issued 435,600 common shares on the exercise of stock options.

At March 31, 2004, Clairvest had 18,231,438 common shares and 2,230,954 non-voting shares issued and outstanding. At March 31, 2004, Clairvest had 1,526,000 stock options outstanding, 937,200 of which were exercisable at March 31, 2004.

At June 30, 2004, Clairvest had 17,843,938 common shares, 2,230,954 non-voting shares and 1,567,254 stock options outstanding. At June 30, 2004, 1,047,000 of the stock options were exercisable. Options are exercisable for one common share.

Clairvest's non-voting shares are convertible into common shares commencing August 21, 2011, and for a period of 90 days thereafter. Each non-voting share is convertible into that many common shares as determined by dividing i) the book value (on a fully-diluted basis) for each common share determined at the end of the fiscal quarter that was most recently completed prior to conversion, by ii) the weighted average trading price of the common shares for the 90 day period ending on the date of conversion. Each non-voting share will convert to not less than 1.0 common share, or greater than 1.976 common shares.

Clairvest paid cash dividends of \$0.10 per share on the common shares and non-voting shares in fiscal 2004 and 2003, and \$0.10 per share on the common shares in fiscal 2002.

As is typical of a merchant bank, Clairvest's main asset is its corporate investments. Corporate investments decreased \$10.7 million to \$199.4 million at March 31, 2004. The decrease is comprised primarily of the sale of units of Gateway Income Fund with a carrying value of \$16.1 million and the return of \$3.1 million from Wellington Fund I, net of unrealized gains on investments of \$6.9 million and a \$1.6 million investment in Wellington Fund II. Corporate investments increased \$60.0 million from \$150.1 million at March 31, 2002 to \$210.2 million at March 31, 2003. The increase resulted primarily from the acquisition of Gateway Income Fund, Landauer and Van-Rob, together with unrealized gains, net of the sale of Sparkling Spring.

A discussion on the activity in each corporate investment for the year ended March 31, 2004 follows.

DATAMARK SYSTEMS GROUP INC.

At March 31, 2004 Clairvest owned 4,675,670 common shares in Datamark, and held 10,000 options to acquire Datamark shares at \$2.21 per share and 10,000 options to acquire Datamark shares at \$2.02 per share. The shares in Datamark were carried at the quoted market price at March 31, 2004 and the options were valued at the difference between the exercise price and the quoted market price.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The carrying value of Clairvest's investment in Datamark decreased \$1.6 million to \$10.1 million at March 31, 2004. The unrealized loss of \$1.6 million resulted from the decrease in share price from \$2.50 per share at March 31, 2003 to \$2.17 per share at March 31, 2004. Clairvest recorded an unrealized loss of \$4.9 million for the year ended March 31, 2003, as a result of movements in the quoted market price from \$3.55 per share to \$2.50 per share.

The carrying value of \$10.1 million at March 31, 2004 compares to a cost of \$14.4 million. The net cash investment at March 31, 2004 was \$1.5 million as a result of \$12.9 million of tax-free dividends received to date.

GATEWAY CASINOS INCOME FUND

At March 31, 2004, Clairvest owned 3,365,876 units in Gateway Income Fund. At March 31, 2004, the units were carried at the quoted market price less a discount due to Clairvest's estimated cost of disposition.

The carrying value of Clairvest's investment in Gateway Income Fund increased \$8.4 million to \$51.3 million at March 31, 2004. The increase is comprised of a \$24.5 million unrealized gain, net of the sale of units with a carrying value of \$16.1 million. The unrealized gain of \$24.5 million resulted from the increase in unit price from \$10.50 per unit at March 31, 2003 to \$16.81 per unit at March 31, 2004. Clairvest recorded an unrealized loss of \$2.2 million for the year ended March 31, 2003 as a result of the discount taken on the issuance price, net of movements in the quoted market price from \$10.00 per unit on issuance to \$10.50 per unit as at March 31, 2003.

The carrying value of \$51.3 million at March 31, 2004 compares to a cost of \$33.7 million. The net cash realization on the investment at March 31, 2004 was \$17.8 million as a result of \$16.9 million of net proceeds on the sale of units, \$43.7 million of loans and \$7.0 million of distributions received, net of \$4.8 million of interest paid on the 30-year, interest-bearing loan.

VOXCOM INCORPORATED

At March 31, 2004, Clairvest owned 230,000 common shares and 11,485,900 convertible retractable preferred shares in Voxcom. Clairvest also held 257,889 warrants to acquire Voxcom shares at \$3.95 per share, 59,053 warrants to acquire Voxcom shares at \$1.95 per share and 1,041,071 warrants to acquire Voxcom shares at \$1.80 per share. The common shares in Voxcom were carried at the quoted market price at March 31, 2004, the preferred shares were carried at cost and the warrants were carried at nil.

The carrying value of Clairvest's investment in Voxcom increased \$35,000 to \$11.6 million at March 31, 2004. The unrealized gain of \$35,000 is the result of the increase in the common share price from \$0.45 at March 31, 2003 to \$0.60 at March 31, 2004. Clairvest recorded an unrealized loss of \$57,000 for the year ended March 31, 2003, as a result of movements in the quoted market price of the common shares from \$0.70 per share to \$0.45 per share.

The carrying value of \$11.6 million at March 31, 2004 compares to a cost of \$12.8 million. The net cash investment at March 31, 2004 was \$9.2 million as a result of the rolling of a total of \$3.6 million of fees and interest into preferred shares.

Subsequent to year-end, Clairvest sold its common shares to Voxcom for gross proceeds of \$237,000 as part of a going private transaction by Voxcom. Also as part of the going private transaction, Clairvest provided a Letter of Credit in the amount of \$768,000 to Voxcom's banks.

ALLIED GLOBAL HOLDINGS INC.

At March 31, 2004, Clairvest owned 35,784 10% convertible Class B preferred shares in Allied Global Holdings Inc. ("Allied"). At March 31, 2004, the preferred shares were carried at cost plus accrued dividends.

The carrying value of Clairvest's investment in Allied increased \$368,000 to \$3.9 million at March 31, 2004. The unrealized gain of \$368,000 resulted from dividends accruing on the preferred shares. \$278,400 of accrued dividends were received during the year by way of a stock dividend of 2,784 preferred shares. Clairvest recorded an unrealized gain of \$324,000 for the year ended March 31, 2003, as a result of dividends accruing on the preferred shares.

The carrying value of \$3.9 million at March 31, 2004 compares to a cost of \$3.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED VENDORS CORPORATION

At March 31, 2004, Clairvest owned 2,500 Class A preferred shares, 10,229 common shares, US\$3.3 million of senior debt, a \$0.5 million short-term loan and 45,000 warrants in Consolidated Vendors. At March 31, 2004, the common shares and preferred shares were carried at cost, net of a \$1.6 million write-down on the carrying value of the investment and a \$3.0 million guarantee payable to CEP, which would be payable if Consolidated Vendors were disposed of at the current carrying value. The senior debt was carried at cost plus accrued interest to March 31, 2003, and the short-term loan at accrued value, all converted into Canadian dollars. The warrants were carried at nil.

The carrying value of Clairvest's investment in Consolidated Vendors decreased \$4.4 million to \$1.7 million at March 31, 2004. The decrease is comprised primarily of a \$1.6 million write-down to the carrying value of the investment and a \$3.0 million guarantee payable to CEP, which would be payable if Consolidated Vendors were disposed of at the current carrying value. Management determined that the \$1.6 million write-down was appropriate in light of the continued depressed economic conditions in Michigan. The guarantee payable has arisen as a result of Clairvest's sale of certain shares of Consolidated Vendors to CEP during fiscal 2002, and Clairvest's guarantee to compensate CEP for up to \$5.7 million for certain deficiencies that CEP may incur on these shares. If CEP's investment in Consolidated Vendors were disposed of at a value consistent with Clairvest's current carrying value of this investment, Clairvest would owe CEP \$3.0 million under this guarantee.

The carrying value of \$1.7 million at March 31, 2004 compares to a cost of \$6.0 million.

GATEWAY CASINOS INC.

At March 31, 2004, Clairvest owned 28.4% of a limited partnership that owned Gateway Casinos. At March 31, 2004, the investment in Gateway Casinos was carried at cost plus a \$46.4 million cumulative upward adjustment.

The carrying value of Clairvest's investment in Gateway Casinos increased \$2.0 million to \$70.4 million at March 31, 2004. The \$2.0 million upward adjustment was determined by management to be appropriate in light of recent advances in the development and relocation of several of Gateway Casinos' casinos. Clairvest recorded an upward adjustment of \$38.4 million for the year ended March 31, 2003, which management determined was appropriate in light of the value that was created on the transfer of six casinos from Gateway Casinos to Gateway Income Fund.

The carrying value of \$70.4 million at March 31, 2004 compares to a cost of \$24.0 million. The net cash investment at March 31, 2004 was nil as a result of \$17.5 million of loans, and \$6.5 million of distributions received.

LANDAUER METROPOLITAN INC.

At March 31, 2004, Clairvest owned 1,906,250 10% cumulative convertible preferred shares in Landauer. At March 31, 2004, Clairvest had entered into an agreement to purchase at least 406,504 common shares of Landauer for US\$0.5 million. During fiscal 2004, Clairvest paid \$331,000 (US\$250,000) of the purchase price. Subsequent to year-end, Clairvest paid the remaining \$330,000 (US\$250,000) of the purchase price. At March 31, 2004, the preferred shares were carried at cost plus accrued dividends, converted into Canadian dollars.

The carrying value of Clairvest's investment in Landauer increased \$0.5 million to \$3.6 million at March 31, 2004. The increase is comprised of an unrealized gain of \$241,000 as a result of dividends accruing on the preferred shares and \$331,000 related to the purchase of common shares.

The carrying value of \$3.6 million at March 31, 2004 compares to a cost of \$3.3 million.

NRI INDUSTRIES INC.

At March 31, 2004, Clairvest owned 6.0 million Class A preferred shares, 2.0 million Class D preferred shares, 4.5 million Class E preferred shares and 86,000 common shares of NRI. At March 31, 2004, the common shares were carried at cost and the preferred shares were carried at their redemption values plus accrued dividends to March 31, 2002, net of a \$14.5 million downward adjustment to the carrying value of the investment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The carrying value of Clairvest's investment in NRI decreased \$14.8 million to \$10.1 million at March 31, 2004. The unrealized loss of \$14.8 million resulted primarily from a \$14.5 million write-down to the carrying value of the investment. Management determined this write-down to be appropriate in light of the continued slowdown in auto sales and in the US economy, and the negative impact of a stronger Canadian dollar on NRI. Clairvest recorded an unrealized loss of \$320,000 for the year ended March 31, 2003 as a result of the effect of foreign exchange movements on the Class D preferred shares, which are redeemable in US dollars.

The carrying value of \$10.1 million at March 31, 2004 compares to a cost of \$17.6 million.

SIGNATURE SECURITY GROUP HOLDINGS PTY. LIMITED

At March 31, 2004, Clairvest owned 227,404,097 ordinary shares in Signature through its wholly-owned subsidiary, Clairvest Group International (Netherlands) B.V. Clairvest also held loans totalling \$8.2 million to Signature and to Equity SPV Pty. Limited ("SPV"). SPV is a special purpose corporate entity formed to facilitate the loaning of these funds to Signature. At March 31, 2004, the ordinary shares and loans were carried at cost, converted into Canadian dollars.

The carrying value of \$28.4 million at March 31, 2004 compares to a cost of \$28.4 million.

VAN-ROB INC.

At March 31, 2004, Clairvest owned 5,000,000 Class A special convertible shares in Van-Rob. At March 31, 2004 the special shares were carried at cost.

The carrying value of \$5.0 million at March 31, 2004 compares to a cost of \$5.0 million.

WELLINGTON FINANCIAL FUND I

At March 31, 2004, all of the capital that Clairvest had previously funded to Wellington Fund I had been returned to Clairvest. At March 31, 2004, all loans previously provided by Wellington Fund I had been repaid. As a result of the raising of Wellington Fund II, all future loans will be provided by Wellington Fund II, with no further loans being provided by Wellington Fund I. At March 31, 2004, the investment in Wellington Fund I was carried at the underlying value of the warrants Wellington Fund I continued to hold. The warrants were carried at the difference between the exercise price and the quoted market price.

The carrying value of Clairvest's investment in Wellington Fund I decreased \$2.9 million to \$1.3 million at March 31, 2004. The decrease is made up primarily of the return of \$3.1 million of capital and distributions, net of an unrealized gain of \$231,000. The unrealized gain of \$231,000 is as a result of movements in the price of the shares underlying the warrants held by Wellington Fund I. Clairvest recorded an unrealized loss of \$494,000 for the year ended March 31, 2003 as a result of movements in the price of the underlying shares of the warrants held by Wellington Fund I.

The carrying value of \$1.3 million at March 31, 2004 compares to a cost of nil. As a result of \$1.3 million in distributions received to March 31, 2004, the net cash realization was \$1.3 million.

WELLINGTON FINANCIAL FUND II

At March 31, 2004, Clairvest had funded \$1.6 million of its \$10.0 million commitment to Wellington Fund II. At March 31, 2004, the investment in Wellington Fund II was carried at the underlying value of the loans and warrants held by Wellington Fund II. The loans were carried at accrued value and the warrants were carried at the difference between the exercise price and the quoted market price.

The carrying value of \$1.6 million compares to a cost of \$1.6 million at March 31, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRANSACTIONS WITH RELATED PARTIES

Clairvest, as manager of CEP and parent company of the General Partner of CEP, has entered into various transactions with CEP. As manager of CEP, Clairvest is entitled to a management fee as compensation for its services in the administration of the portfolio of CEP. During fiscal 2004 CEP paid Clairvest net management fees of \$2.7 million. At March 31, 2004, Clairvest had accounts receivable from CEP totalling \$1,000.

The General Partner of CEP, a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP. The distribution to the General Partner will be determined based on the overall performance of CEP and no such distribution is permitted until CEP's limited partners have received all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner will be allocated 50% to Clairvest and 50% to a limited partnership (the "Participation Partnership") whose limited partners are principals and employees of Clairvest. Clairvest's principals and employees ("Investors") purchased, at fair market value, units of the Participation Partnership subsequent to year-end and Clairvest contemplates issuing additional units in the Participation Partnership to Investors from time to time. To date, CEP has not made any distributions to the General Partner.

Clairvest has guaranteed \$3.0 million of CEP's obligations to the Toronto-Dominion Bank under CEP's foreign exchange forward contracts with the bank.

During fiscal 2002, Clairvest sold certain shares of Consolidated Vendors to CEP, and guaranteed to compensate CEP for up to \$5.7 million for certain deficiencies that CEP may incur on these shares. Clairvest would owe CEP \$3.0 million under this guarantee if Consolidated Vendors were disposed of at the current carrying value. The \$3.0 million has been included as an offset against the carrying value of Clairvest's investment in Consolidated Vendors.

Clairvest has also entered into various transactions with its corporate investments. During fiscal 2004 Clairvest received \$5.7 million in interest, \$1.8 million in dividends and \$1.0 million in advisory and other fees from its corporate investments. During fiscal 2004 Clairvest paid \$3.5 million in interest on the loan from a Gateway Casinos entity. At March 31, 2004, Clairvest had accounts receivable from corporate investments totalling \$767,000.

At March 31, 2004, Clairvest also had a \$2.8 million receivable from Sparkling Spring, representing a portion of the funds that were held in escrow following the sale of the investment in fiscal 2003. The \$2.8 million was received subsequent to year-end. Clairvest has not reflected on the consolidated balance sheet or income statement the remaining US\$2.1 million that continues to be held in escrow.

At March 31, 2004, Clairvest had loans receivable from certain officers of the Company or officers of corporate investments (the "Officers") totalling \$1.1 million. The loans have full recourse and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of \$1.3 million.

OFF-BALANCE SHEET ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, of which \$17.3 million has been funded to March 31, 2004. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has committed to fund \$10.0 million to Wellington Fund II, of which \$1.6 million has been funded to March 31, 2004.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At March 31, 2004, Clairvest had entered into forward contracts to sell AUS\$31.3 million and US\$3.4 million. The fair value of these contracts at March 31, 2004 was (\$1.4 million) for the Australian dollar contracts and \$104,000 for the U.S. dollar contracts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK MANAGEMENT

The merchant banking business is about accepting risk for return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates.

Clairvest manages the risk associated with its corporate investment portfolio through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and active involvement with existing investments.

Clairvest has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in Australia and in the United States. In order to limit our exposure to changes in the value of the United States and Australian dollars relative to the Canadian dollar, Clairvest has hedged 100% of the carrying value of its foreign investments.

Clairvest has some exposure to the financial markets, as approximately 37% of the carrying value of Clairvest's investments at March 31, 2004, was in publicly-traded companies. Clairvest is a value investor and focuses on the intrinsic value related to the specific company's outlook and therefore acts independently of the overall valuation by the market. The entry multiples for its public holdings have generally been less than other public companies in the same industries and therefore the cost of these holdings have a value cushion in the event of any general market value fluctuations.

Fluctuations in interest rates affect Clairvest's income derived from cash, cash equivalents, and temporary investments. It is the Company's policy to invest these amounts in securities that are highly rated by recognized rating agencies.

OUTLOOK

During the first four months of fiscal 2005, we have continued to assist our investee companies in solidifying their strategies and enhancing their value propositions. We also continued to actively pursue investment opportunities, using our domain-based proprietary research to explore a number of industries and uncover new potential investments.

Subsequent to year-end, Clairvest, together with CEP, closed a new investment in N-Brook Mortgage LP ("N-Brook"). Clairvest committed to invest up to \$5.0 million in N-Brook, for a 13.2% fully diluted ownership interest. N-Brook originates, adjudicates and underwrites first-ranking mortgages on owner-occupied, residential real estate in Ontario.

Also subsequent to year-end, Clairvest completed the purchase of 406,504 common shares of Landauer. During fiscal 2004, Clairvest had entered into an agreement to purchase these shares for US\$0.5 million. \$331,000 (US\$250,000) of the purchase price was paid during fiscal 2004, and the remaining \$330,000 (US\$250,000) was paid in July 2004.

Also subsequent to year-end, Clairvest sold its common shares in Voxcom to Voxcom for gross proceeds of \$237,000 as part of a going private transaction by Voxcom. Also as part of the going private transaction, Clairvest provided a Letter of Credit in the amount of \$768,000 to Voxcom's banks.

At March 31, 2004, Clairvest had \$93.6 million in cash, cash equivalents and temporary investments and \$105.8 million of additional capital through CEP to fund new investments. With this capital on hand, we are well positioned to support the growth of our existing investments and pursue new investment opportunities. As always, we will stick to our disciplines to find solid investments that fit our investment criteria and provide the potential for superior, risk-adjusted returns.