CLAIRVEST GROUP INC. NEWS RELEASE

CLAIRVEST REPORTS FISCAL 2011
FIRST QUARTER RESULTS

Highlights

- June 30, 2010 book value of $291.6 million or $18.28 per share versus $18.32 at March 31, 2010. Cash or near cash represents 51% of the June 30, 2010 book value, or $9.25 per share
- Net income for the quarter was $0.9 million or $0.06 per share
- Clairvest, Clairvest Equity Partners IV and CEP IV co-investors closed on a combined US$72 million investment to build a casino in Des Plaines, Illinois
- Casino Marina del Sol reopened in late June 2010 ahead of schedule
- Clairvest closed on a new 10-year, $75.0 million, committed credit facility
- Subsequent to quarter end, the CEP IV fund pool reached $347 million in committed capital
- Subsequent to quarter end, Clairvest paid an annual dividend of $1.6 million, or $0.10 per share

Toronto, Ontario (August 10, 2010) – Clairvest Group Inc. (TSX:CVG) today reported results for the quarter ended June 30, 2010. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value was at $291.6 million or $18.28 per share, at June 30, 2010, compared with $18.32 per share at March 31, 2010. The decrease in book value per share was attributable to the annual dividend of $1.6 million, or $0.10 per share, net of net income for the quarter of $0.9 million, or $0.06 per share.

As previously announced, Clairvest, Clairvest Equity Partners IV Limited Partnership ("CEP IV") and CEP IV co-investors, through various acquisition entities, invested a combined US$72.0 million for an ultimate 40.0% ownership in Midwest Gaming Holdings, LLC ("Midwest Gaming") to build a casino and amenities in Des Plaines, Illinois. In addition to this investment, Clairvest, CEP IV and CEP IV co-investors advanced an additional US$15.8 million loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The loan will be repaid as minority investors are approved by the Illinois Gaming Board with final repayments expected prior to August 2011. The project is expected to open by late summer 2011, and will be funded by US$295.0 million of total debt and US$180.0 million of equity. The initial phase of the project will include 1,150 slot machines, 30 gaming tables and food and beverage amenities in a 147,000 square foot facility and a 1,500 space parking garage. The project is located approximately 1 mile from O'Hare International Airport and 16 miles southwest of downtown Chicago, the third largest city by population in the United States. Clairvest's portion of the combined investments was US$11.7 million (C$11.7 million) for an ultimate 6.0% ownership in Midwest Gaming.

Also during the quarter, Clairvest advanced a further US$2.0 million (C$2.1 million) to Latin Gaming Chile S.A. to support Casino Sol Calama in Calama, Chile. The loan was provided as bridging capital and is repayable on the earlier of the closing of an equity investment in this casino or September 22, 2010.

Casino Marina del Sol ("Casino del Sol"), a joint investment by Clairvest and Clairvest Equity Partners III Limited Partnership, which was impacted by the Chilean earthquake in February 2010, reopened for business in late June 2010 ahead of schedule. Casino del Sol is performing at above pre-earthquake levels and is completing its insurance claims.

Also as previously announced, Clairvest closed on a new 10-year, $75 million, committed credit facility. The credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts. The credit facility is not expected to be drawn during the current fiscal year and enhances Clairvest's available liquidity.

Subsequent to quarter end, CEP IV closed an additional $37 million in capital commitments, bringing total committed capital to 87% of the $400 million CEP IV fund pool target.

“With the additional capital commitments for CEP IV and the closing of a new credit facility, Clairvest and the CEP funds now have close to $400 million in combined dry powder, ready to be invested in companies that match our rigorous investment criteria”, said Ken Rotman, Co-Chief Executive Officer and Managing Director of Clairvest Group Inc. “More than ever, we are confident that our team, backed by an experienced board of directors, has the expertise and discipline to achieve a superior outcome for our portfolio companies, our shareholders and our limited partners.”

Subsequent to quarter end, Clairvest paid an annual dividend of $0.10 per share. The dividend was paid on July 26, 2010 to common shareholders of record as of July 9, 2010. This is an eligible dividend for Canadian income tax purposes.

About Clairvest

Clairvest Group Inc. is a private equity management firm which invests its own capital, and that of third parties through the Clairvest Equity Partners limited partnerships, in businesses that have the potential to generate superior returns. In addition to providing financing, Clairvest contributes strategic expertise and execution ability to support the growth and development of its investee partners. Clairvest realizes value through investment returns and the eventual disposition of its investments.

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Forward-looking Statements

This news release contains forward-looking statements with respect to Clairvest Group Inc., its subsidiaries and their investments. These 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 Clairvest, its subsidiaries and their investments to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions, regulatory risks and the possibility that the opening of the casino being built by Midwest Gaming is delayed. Clairvest is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

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The Management's Discussion and Analysis ("MD&A") analyzes significant changes in the unaudited consolidated financial statements of Clairvest Group Inc. ("Clairvest"). It should be read in conjunction with the accompanying unaudited consolidated financial statements and notes of Clairvest for the quarter ended June 30, 2010 and the attached news release.

The financial positions and operating results of Clairvest Equity Partners Limited Partnership ("CEP"), Clairvest Equity Partners III Limited Partnership ("CEP III") and Clairvest Equity Partners IV Limited Partnership ("CEP IV") (together, the "CEP Funds") are not included in Clairvest's financial position and operating results.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

Clairvest prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). In accordance with Accounting Guideline 18, "Investment Companies" ("AcG-18"), the Company designates its temporary investments and corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers 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, liquidity and collateral of the security and the size of Clairvest's ownership block as well as any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, for which the underlying security is traded on a recognized securities exchange, and if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security less the exercise price of the warrant, or nil. For private company warrants, the underlying security for which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

A change to an estimate with respect to Clairvest's corporate investments would impact the carrying value of corporate investments and net unrealized gains (losses) on corporate investments.

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 carryforwards. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized. A change to an accounting estimate with respect to future income taxes would impact future tax asset or liability and future income tax expense.

OPERATING RESULTS

Net income for the first quarter of fiscal 2011 was $0.9 million compared with net income of $0.7 million for the first quarter of fiscal 2010. The net income for the first quarter of fiscal 2011 is comprised of $1.1 million of net corporate investment gains, $0.3 million of net operating income, net of $0.5 million of income tax expense. This compares with $0.9 million of net corporate investment losses, $1.4 million of net operating income and $0.2 million of income tax recoveries for the first quarter of fiscal 2010.

The net corporate investment gains of $1.1 million for the first quarter of fiscal 2011 comprised entirely of net unrealized gains on corporate investments. The net corporate investment losses of $0.9 million for the first quarter of fiscal 2010 comprised of $0.2 million of net realized gains on corporate investments and $1.1 million of net unrealized losses on corporate investments.

Distributions and interest income for the quarter was $2.8 million, compared with $6.4 million for the same quarter last year. Distributions and interest income for the first quarter of fiscal 2011 included yield on cash, cash equivalents and temporary investments of $0.8 million, net priority distributions of $1.2 million from the CEP funds, general partner distributions of $0.3 million from CEP and $0.2 million in income distributions from Wellington Financial Fund II and Wellington Financial Fund III (the "Wellington Funds"). Distributions and interest income for the first quarter of fiscal 2010 included yield on cash, cash equivalents and temporary investments of $1.5 million, net priority distributions of $1.1 million from the CEP funds and general partner distributions of $3.4 million from CEP.

Clairvest earned $0.3 million in net management fees during the quarter for its services in the administration of CEP's portfolio and $0.2 million in advisory and other fees from its corporate investments, compared with $0.3 million and $0.2 million, respectively, for the same quarter last year.

The CEP management fees and CEP III and CEP IV priority distributions are reduced to the extent of the pro-rata portion of fees earned by Clairvest from joint corporate investments of Clairvest and the CEP Funds.

Administration and other expenses for the quarter were $2.9 million, compared with $5.9 million for the same quarter last year. Included in administration and other expenses for the first quarter of fiscal 2011 were $0.8 million of share-based compensation expense compared with $2.6 million for the same quarter last year.

Finance and foreign exchange expense of $0.2 million for the first quarter of fiscal 2011 included interest expense of $0.2 million. Finance and foreign exchange expense recovery of $0.3 million for the first quarter of fiscal 2010 included foreign exchange gain of $0.4 million net of $0.1 million in interest expense and bank charges.

SUMMARY OF QUARTERLY RESULTS

Quarterly results ($000's except per share information)	Gross revenue $	Net income (loss) $	Net income (loss) per common share $	Net income (loss) per common share fully diluted* $
June 30, 2010	4,501	891	0.06	0.05
March 31, 2010	4,476	1,875	0.12	0.11
December 31, 2009	8,747	2,268	0.14	0.14
September 30, 2009	5,520	3,692	0.23	0.23
June 30, 2009	6,003	662	0.04	0.04
March 31, 2009	8,643	3,822	0.24	0.23
December 31, 2008	1,658	(606)	(0.04)	(0.04)
September 30, 2008	5,406	2,558	0.16	0.16

* The sum of quarterly net income (loss) per common share may not equal to the full year net income (loss) per common share due to rounding and the anti-dilutive effect on any quarters where the Company reported a net loss.

Significant variations arise in the quarterly results due to realized gains (losses) on corporate investments, unrealized gains (losses) on corporate investments, which are re-valued on a quarterly basis when conditions warrant an adjustment to the fair value of the corporate investment, and stock-based compensation due to the movement in the trading price of Clairvest's common shares.

FINANCIAL POSITION AND LIQUIDITY

With $147.6 million in cash, cash equivalents and temporary investments ("treasury funds") and $95.0 million of available credit, Clairvest has sufficient capital to support its current and anticipated investments.

At June 30, 2010, the Company's treasury funds were held in cash and term deposits, or in corporate bonds, guaranteed investment certificates and investment savings accounts rated not below A-, preferred shares rated not below P-2, and other fixed income investments rated not below R1-high (see Notes 4 and 13 to the financial statements for a detailed discussion of the Company's treasury funds).

Clairvest has a $20.0 million credit facility with a Canadian chartered bank. The credit facility is unsecured and bears interest at the bank prime rate plus 0.5% per annum. The amount available under the credit facility at June 30, 2010 is $20.0 million and is based on debt covenants within the banking arrangement.

During the first quarter of fiscal 2011, Clairvest closed on a new 10-year, $75.0 million, committed credit facility with a financial institution, bringing total available credit to $95.0 million. The new credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts. No amounts were drawn during the quarter.

During the fourth quarter of fiscal 2010, Clairvest filed a normal course issuer bid enabling it to purchase up to 797,678 common shares during the 12-month period ending March 5, 2011. No shares were purchased under the bid during the quarter and to August 10, 2010. As at August 10, 2010, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last seven years.

At June 30, 2010, Clairvest had 15,953,566 common shares issued and outstanding. At June 30, 2010, Clairvest had 1,047,000 stock options outstanding, 913,000 of which were exercisable at June 30, 2010. Each option is exercisable for one common share.

At June 30, 2010, Clairvest had corporate investments with a carrying value of $139.2 million. Changes in the carrying value of Clairvest's corporate investments during the first quarter of fiscal 2011 are primarily a result of new and follow-on investments made, unrealized valuation changes on corporate investments and foreign exchange revaluation on foreign-denominated investments. Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign-denominated investments. Clairvest's corporate investments increased $20.3 million during the first quarter of fiscal 2011. Significant events relating to Clairvest's corporate investments, other than with respect to net unrealized gains and foreign exchange revaluations, are described below.

Casino Marina del Sol ("Casino del Sol")

Casino del Sol, which was impacted by the Chilean earthquake in February 2010, reopened for business in late June 2010 ahead of schedule. Casino del Sol is performing at above pre-earthquake levels and is completing its insurance claims.

Latin Gaming Chile S.A. ("Latin Gaming Chile")

During the first quarter of fiscal 2011, a wholly-owned acquisition entity of Clairvest advanced a further US$2.0 million (C$2.1 million) to Latin Gaming Chile to support Casino Sol Calama in Calama, Chile. The loan is non-interest bearing and is repayable on the earlier of the closing of an equity investment in this casino or September 22, 2010.

Light Tower Rentals Inc. ("Light Tower Rentals")

During the first quarter of fiscal 2011, Clairvest invested a further US$0.2 million (C$0.2 million) to acquire 217,914 common shares of LTR Equipment Inc., a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals.

Midwest Gaming Holdings LLC ("Midwest Gaming")

During the first quarter of fiscal 2011, Clairvest invested US$9.3 million (C$9.3 million) to acquire 9,269,882 units of Midwest Gaming Holdings LLC ("Midwest Gaming") to build a casino and amenities in Des Plaines, Illinois. In addition to this investment, Clairvest advanced an additional US$2.4 million (C$2.4 million) loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The loan will be repaid as minority investors are approved by the Illinois Gaming Board with final repayments expected prior to August 2011. The project is expected to open by late summer 2011. The initial phase of the project will include 1,150 slot machines, 30 gaming tables and food and beverage amenities in a 147,000 square foot facility and a 1,500 space parking garage. The project is located 1 mile from O'Hare International Airport and 16 miles southwest of downtown Chicago, the third largest city by population in the United States.

TRANSACTIONS WITH RELATED PARTIES

A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter at 2% of contributed capital less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest or GP I from corporate investments of CEP. During the first quarter of fiscal 2011, GP I earned net management fees of $0.3 million as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of $0.1 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. These distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP are allocated 50% to each of its limited partners, one of which is another wholly owned subsidiary of Clairvest, and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During the first quarter of fiscal 2011, CEP declared and paid $0.7 million of distributions to the General Partner, 50% of which,

$0.3 million, belongs to Clairvest. At June 30, 2010, CEP had declared and paid distributions to the General Partner totaling $10.4 million, 50% of which, or $5.2 million, was allocated to Clairvest. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further $15.5 million of distributions, 50% of which, or $7.7 million, would be payable to Clairvest.

Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of commitment capital until August 2011, being the earlier of the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. The priority distribution is reduced to the extent of 75% of any fees earned by GP I from corporate investments of CEP III. During the first quarter of fiscal 2011, CEP III declared to GP I net priority distributions of $1.0 million. As per the Limited Partnership Agreement, fees of $0.1 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described below.

GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described above. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ("Kubra"), plus the first $0.2 million received by the Participation III Partnership as described above.

GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in fiscal 2007 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.

Clairvest is also the parent company of the two General Partners of CEP IV (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from April 2010, being the month in which CEP IV makes its first investment, to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 67.9% of any fees earned by GP I from corporate investments of CEP IV. During the first quarter of fiscal 2010, CEP IV declared to GP I net priority distributions of $0.1 million. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described below.

GP III, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the

“Participation IV Partnership”) which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the “Participation IV Investors”). The Participation IV Investors purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming, plus the first $0.4 million received by the Participation IV Partnership as described above.

GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership (“CEP IV Co-Invest”) of 8.25%. CEP IV Co-Invest was established in fiscal 2010 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.

At June 30, 2010, Clairvest had loans receivable from certain officers of Clairvest and GP I (the “Officers”) totaling $0.9 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of $1.0 million. At June 30, 2010, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling $0.5 million. The loans are interest bearing and have full recourse to the individual. Interest of $12,000 was earned during the first quarter of fiscal 2011.

Included in accounts receivable and other assets are receivables of $3.1 million from Clairvest’s investee companies, $0.7 million from CEP, $0.1 million from CEP III and $3.4 million from CEP IV.

Loans totaling $0.6 million made by the Company to CEP during the fourth quarter of fiscal 2010 were repaid in full during the first quarter of fiscal 2011.

Loans totaling $1.1 million, bearing interest at the prime rate, made by the Company to CEP III during the first quarter of fiscal 2011 remain outstanding at June 30, 2011 and were repaid in full subsequent to quarter end.

Loans totaling $28.6 million, bearing interest at the prime rate, made by the Company to CEP IV during the first quarter of fiscal 2011, were repaid in full during the quarter. Interest of $8,000 was earned from loans to CEP IV during the first quarter of fiscal 2011.

During the first quarter of fiscal 2011, Clairvest earned $0.5 million in distributions and interest income, and $0.2 million in fee income from its investee companies.

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, $3.5 million of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest’s total co-investment commitment is $75.0 million, $15.2 million of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest’s total co-investment commitment is $100.0 million, $86.5 million of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

Clairvest has committed $25.0 million to Wellington Financial Fund III, $12.5 million of which remains unfunded to June 30, 2010.

At June 30, 2010, Clairvest has received profit distributions totaling $3.1 million through its ownership interest in the General Partners of the Wellington Funds. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of the Wellington Funds do not meet their return threshold as specified in the respective Limited Partnership Agreements. At June 30, 2010, there were no accruals made with respect to the Clawback.

Clairvest has guaranteed up to $3.0 million of CEP's obligations to a Schedule 1 Canadian chartered bank under CEP's foreign exchange forward contracts with the bank.

Clairvest and CEP III had entered into a US$13.0 million credit facility agreement with a Schedule 1 Canadian chartered Bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III were jointly and severally liable on this credit facility. The joint and several agreement was extinguished during the quarter and Clairvest entered into a standalone facility.

Under Clairvest's Management Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At June 30, 2010, no amounts have been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $1.6 million would be owing to management under this Program. As no such realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the $1.6 million has not been accrued at June 30, 2010. The Program does not apply to the income generated by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. At June 30, 2010, Clairvest had entered into foreign exchange forward contracts to sell US$97.9 million at an average rate of Canadian $1.0197 per U.S. dollar through to March 2011 and foreign exchange forward contracts to sell Chilean Unidad de Fomento ("CLF") 0.7 million at an average rate of Canadian $44.0993 per CLF through to January 2011. US$0.7 million and US$28.0 million of the U.S. dollar foreign exchange forward contracts were entered into on behalf of CEP III and CEP IV, respectively. Any amounts paid or received as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III and CEP IV respectively and therefore the fair value of these forward contracts have not been recognized on Clairvest's consolidated balance sheet. The fair value of the U.S. dollar forward contracts at June 30, 2010, excluding those entered into on behalf of CEP III and CEP IV, is a loss of $2.6 million and the fair value of the CLF forward contracts at June 30, 2010 is a gain of $2.0 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments.

During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various potential claims which will reduce over time and no claims have been made to June 30, 2010.

Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at June 30, 2010, no amounts subject to this guarantee have been funded.

Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at June 30, 2010, $2.7 million of the cost overruns guarantee has been funded, $2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

Clairvest, together with CEP IV and other investors of Midwest Gaming, have entered into a US$20 million joint and several guarantee to fund cost overruns during the construction of a casino in Des Plains, Illinois. Any amounts paid under the guarantee will result in additional units being granted to Clairvest, CEP IV and the other investors of Midwest Gaming, allocated on the same basis as the participation between Clairvest, CEP IV and the other investors of Midwest Gaming in the guarantee funding. As at June 30, 2010, no amounts subject to this guarantee have been funded.

As part of the holding structure of Casino del Sol, Clairvest, together with CEP III, borrowed $32.1 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $32.1million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 23.8% at June 30, 2010, with CEP III owning 71.5% and the remainder owned by unrelated third party investors.

As part of the holding structure of Latin Gaming Chile, Clairvest borrowed $8.4 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $8.4 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at June 30, 2010.

As part of the holding structure of Latin Gaming Osorno S.A. ("Casino Osorno"), Clairvest borrowed $15.2 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $15.2 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at June 30, 2010.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material losses in connection with such actions.

CURRENT ENVIRONMENT

Economic conditions continued to improve slowly during the first quarter of fiscal 2011. With cash and cash equivalents on hand and the enhanced liquidity created by the new 10 year credit facility, Clairvest is in a strong position to support the growth of its investee companies as appropriate, to take advantage of the current economic environment, and to continue its active pursuit of new investment opportunities to enhance shareholder value.

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. Clairvest continually reviews and adjusts its investment strategy and its capital resource allocation policies considering, amongst other factors, market conditions.

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital invested in the CEP Funds. At June 30, 2010, Clairvest had cash, cash equivalents and temporary investments of $147.6 million, in addition to $139.2 million of corporate investments. Clairvest also had access to $95.0 million through its credit facilities and $258.2 million of uncalled committed third-party capital for acquisitions through the CEP Funds at June 30, 2010. Clairvest's objectives in managing capital are disclosed in Note 14 to the consolidated financial statements.

Clairvest's current liquidity position allows the Company to support its investee companies and acquisitions as appropriate. The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a $20.0 million credit facility with a Schedule 1 Canadian chartered bank and a $75.0 million credit facility with a financial institution.

As of June 30, 2010, Clairvest's corporate investment portfolio is diversified across 14 companies in 9 industries and 3 countries. Concentration risk by industry and by country is disclosed in Note 13 to the consolidated financial statements. The Company has considered current economic events and indicators in the valuation of its corporate investments.

A number of investee companies may also be subject to foreign exchange risk. A significant change in foreign exchange rates can have an impact to the profitability of these entities and in turn the Company's fair value of these corporate investments. Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact in the fair value of these investments.

Clairvest also actively reviews its hedging strategy to ensure the values of all foreign denominated investments are protected against currency fluctuations. The Company manages counterparty credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

Clairvest is also subject to credit risk on its accounts receivables, a significant portion of which is with its investee companies. The Company manages this risk through its oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Clairvest is also subject to credit risk on its loans receivables, the majority of which is with the CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of June 30, 2010. Management has concluded that the disclosure controls and procedures are effective as of June 30, 2010 based on this evaluation.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Management has evaluated Clairvest's design effectiveness of internal controls over financial reporting for the quarter ended June 30, 2010. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as of June 30, 2010 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During fiscal 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the use of International Financial Reporting Standards ("IFRS") for all Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. During the quarter ended June 30, 2011, the AcSB released an exposure draft which would allow Canadian companies that currently follow AcG-18 to continue to use existing Canadian GAAP until fiscal years beginning on or after January 1, 2012. Under the exposure draft, Clairvest will be required to adopt IFRS beginning in the first quarter of fiscal 2013 which begins on April 1, 2012. The AcSB expects to finalize this amendment by September 2010.

Based on recent publications made by the International Accounting Standards Board ("IASB") and the recent exposure draft by the AcSB, the Company is optimistic that fair value accounting will continue to be the method for which the Company accounts for its investee companies. Given the IASB does not expect to release its standard on consolidation for investee companies until the second quarter of calendar year 2011, the Company will likely delay its IFRS adoption as permitted by the AcSB as outlined in the aforementioned exposure draft. Despite this, the Company continues to work towards issuing IFRS-based financial results for the first quarter ended June 30, 2011 with comparative data also on an IFRS basis. The Company continues to monitor ongoing changes to IFRS and will adjust its transition and implementation plans accordingly. Formal communications with the Audit Committee have been established to ensure timely decisions are made on key issues and risks.

The Company will continue to evaluate the impact to its financial reporting process and its financial statements if IFRS requires the Company to consolidate certain of its investee companies, which would be expected to have a significant impact to the Company's financial reporting process and financial statements. Other significant items which may have a significant impact to the Company's financial reporting and financial statements include the accounting for share-based compensation, for contingent liabilities and for income taxes. The Company is in the process of quantifying the impacts to the opening balance sheet for the period for which the Company is required to report under IFRS. The Company continues to monitor new developments to IFRS which may result in additional significant accounting differences.

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.

CLAIRVEST GROUP INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

$000's	June 30 2010	March 31 2010
Assets		
Cash and cash equivalents (Notes 4, 10 and 13)	**$ 30,748**	$ 43,684
Temporary investments (Notes 4 and 13)	**116,822**	108,544
Accounts receivable and other assets (Note 8i)	**12,553**	20,146
Income taxes recoverable	**6,791**	7,399
Loans receivable (Notes 8j, 8k and 8l)	**1,165**	698
Future tax asset	**717**	108
Derivative instruments (Note 11)	**1,955**	5,900
Corporate investments (Notes 6 and 13)	**139,163**	118,881
	$ 309,914	$ 305,360
Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 8,679**	$ 7,417
Dividends payable	**1,595**	—
Derivative instruments (Note 11)	**2,648**	—
Future tax liability	**1,411**	1,455
Stock-based compensation (Note 9)	**4,000**	4,203
	18,333	13,075
Contingencies, commitments and guarantees (Notes 11 and 12)		
Shareholders' Equity		
Share capital (Notes 7 and 9)	**82,823**	82,823
Retained earnings	**208,758**	209,462
	291,581	292,285
	$ 309,914	$ 305,360

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
For the quarters ended June 30
(unaudited)

$000's (except per share information)	**2010**	2009
Net corporate investment gains (losses)		
Net realized gains on corporate investments (Note 5)	**$ —**	$ 195
Net unrealized gains (losses) on corporate investments	**1,113**	(1,102)
	1,113	(907)
Other income		
Distributions and interest income (Note 8)	**2,848**	6,378
Dividend income	**47**	69
Management fees (Note 8a)	**258**	255
Advisory and other fees (Note 8m)	**235**	208
	3,388	6,910
Expenses		
Administration and other expenses (Note 9)	**(2,918)**	(5,893)
Finance and foreign exchange (expense) recovery (Note 13)	**(224)**	332
	(3,142)	(5,561)
Income before income taxes	**1,359**	442
Income tax (expense) recovery	**(468)**	220
Net income	**$ 891**	$ 662
Basic net income per share	**$ 0.06**	$ 0.04
Fully diluted net income per share	**$ 0.05**	$ 0.04

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the quarters ended June 30
(**unaudited**)

$000's	**2010**	2009
Retained earnings, beginning of period	**$ 209,462**	$ 202,560
Net income	**891**	662
	210,353	203,222
Dividends declared	**(1,595)**	(1,595)
Retained earnings, end of period	**$ 208,758**	$ 201,627

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarters ended June 30
(unaudited)

$000's	2010	2009
Operating activities		
Net income for the period	**$ 891**	$ 662
Add (deduct) items not involving a current cash outlay		
Amortization of fixed assets	**88**	75
Stock-based compensation expense (recovery)	**(203)**	1,416
Future income tax expense (recovery)	**(53)**	166
Net realized gains on investments	**—**	(195)
Net unrealized losses (gains) on investments	**(1,113)**	1,102
Non-cash items relating to foreign exchange forward contracts	**3,597**	(2,961)
Non-cash items relating to corporate investments	**(6,006)**	2,600
	(2,799)	2,865
Net change in non-cash working capital balances related to operations (Note 10)	**8,775**	(9,594)
Cash provided by (used in) operating activities	**5,976**	(6,729)
Investing activities		
Acquisition of corporate investments	**(13,185)**	(1,893)
Proceeds on sale of corporate investments	**22**	4,394
Proceeds on (cost of) realized foreign exchange forward contracts	**2,996**	(948)
Net acquisition of temporary investments	**(8,278)**	(217)
Loans advanced (Notes 8k and 8l)	**(29,659)**	(5,852)
Receipt of loans advanced (Note 8j and 8l)	**29,192**	5,761
Cash provided by (used in) investing activities	**(18,912)**	1,245
Net decrease in cash and cash equivalents	**(12,936)**	(5,484)
Cash and cash equivalents, beginning of period	**43,684**	112,272
Cash and cash equivalents, end of period (Note 10)	**$ 30,748**	$ 106,788
Supplemental cash flow information		
Income taxes paid	**$ 20**	$ 5,741
Interest paid, on gross basis (Note 12(m), 12(n) and 12(o))	**$ 308**	$ 880

(see accompanying notes to consolidated financial statements)

1. NATURE OF ACTIVITIES AND BASIS OF PRESENTATION

The unaudited consolidated financial statements of Clairvest Group Inc. ("Clairvest" or the "Company") are based upon accounting principles consistent with those used and described in the annual audited consolidated financial statements. The disclosures contained in these unaudited consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements. As a result, the unaudited consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended March 31, 2010.

The financial positions and operating results of Clairvest Equity Partners Limited Partnership ("CEP"), Clairvest Equity Partners III Limited Partnership ("CEP III") and Clairvest Equity Partners IV Limited Partnership ("CEP IV") (together, the "CEP Funds") are not included in Clairvest's consolidated financial statements.

The comparative figures indicated in the notes to the consolidated financial statements are as of June 30, 2009 unless otherwise indicated.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the quarter ended June 30, 2010.

In accordance with Accounting Guideline 18 ("AcG-18"), the Company designated its temporary investments and its corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers 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, liquidity and collateral of the security and the size of Clairvest's ownership block as well as any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, for which the underlying security is traded on a recognized securities exchange, and if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security for which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

2. FUTURE ACCOUNTING POLICIES

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. During the first quarter of fiscal 2011, the AcSB released an exposure draft which would allow Canadian companies currently follow AcG-18 to continue to use existing Canadian Generally Accepted Accounting Principles until fiscal years beginning on or after January 1, 2012. Under the exposure draft, Clairvest will be required to adopt IFRS beginning in the first quarter of fiscal 2013 which begins on April 1, 2012.

Clairvest is currently evaluating the impact of adopting IFRS and the potential delay in adoption as a result of the AcSB exposure draft.

3. CREDIT FACILITIES

Clairvest has a $20.0 million credit facility available with a Canadian chartered bank, bearing interest at prime plus 0.5%. The amount under the credit facility available at June 30, 2010 is $20.0 million (March 2010 – $20.0 million) and is based on debt covenants within the banking arrangement. No amounts were drawn during the quarter.

During the first quarter of fiscal 2011, the Company closed on a new 10-year, $75.0 million, committed credit facility with a financial institution. The credit facility may be increased to $100.0 million on or before September 30, 2010 upon mutual consent. The credit facility bears interest at 11% per annum on drawn amounts and at 1% per annum on undrawn amounts. No amounts were drawn during the first quarter of fiscal 2011.

4. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of deposits in savings accounts, term deposits and fixed income mutual funds which have maturities less than 90 days from the date of acquisition.

Temporary investments have maturities greater than 90 days from the date of acquisition and through to March 2013. Temporary investments consist of guaranteed investment certificates, corporate bonds and preferred shares. The yield on these investments ranges between 1.3% and 4.9% per annum (March 2010 – between 0.7% and 4.9%) with a weighted average rate of pre-tax return of 2.9% per annum (March 2010 – 2.7%).

	June 30, 2010			March 31, 2010
	Due in 1 year or less	**Due after 1 year**	**Total**	Total
Guaranteed investment certificates	**$ 26,935**	**$ 20,230**	**$ 47,165**	$ 42,049
Corporate bonds	**35,620**	**30,576**	**66,196**	63,020
Preferred shares	**—**	**3,461**	**3,461**	3,475
Total	**$ 62,555**	**$ 54,267**	**$ 116,822**	$ 108,544

5. NET REALIZED GAINS ON CORPORATE INVESTMENTS

Net realized gains on corporate investments for the quarters ended June 30 comprised of the following:

$000's	**2010**	2009
Net realized losses during the period	**$ —**	$ (3,901)
Previously recognized net unrealized losses	**—**	4,096
	$ —	$ 195

6. CORPORATE INVESTMENTS

	June 30, 2010			March 31, 2010		
	Fair value	**Cost**	**Difference**	**Fair value**	**Cost**	**Difference**
Casino Marina del Sol	**$ 9,793**	**$ 9,911**	**$ (118)**	$ 9,699	$ 9,911	$ (212)
Casino New Brunswick	**8,687**	**8,687**	**—**	8,687	8,687	—
Hudson Valley Waste Holding, Inc.	**9,382**	**9,221**	**161**	8,952	9,221	(269)
Kubra Data Transfer Limited	**6,437**	**2,150**	**4,287**	6,573	2,150	4,423
Landauer Metropolitan Inc.	**8,051**	**4,407**	**3,644**	7,693	4,429	3,264
Latin Gaming Chile S.A.	**15,162**	**14,518**	**644**	12,435	12,443	(8)
Latin Gaming Osorno S.A.	**17,107**	**16,618**	**489**	16,942	16,618	324
Light Tower Rentals Inc.	**6,813**	**6,461**	**352**	6,280	6,233	47
Lyophilization Services of New England Inc.	**5,121**	**6,454**	**(1,333)**	4,887	6,454	(1,567)
Midwest Gaming Holdings LLC	**14,028**	**11,708**	**2,320**	—	—	—
N-Brook Mortgage LP	**2,625**	**5,037**	**(2,412)**	2,625	5,037	(2,412)
PEER 1 Network Enterprises Inc.	**5,803**	**6,291**	**(488)**	5,494	6,291	(797)
Tsuu T'ina Gaming Limited Partnership	**9,099**	**5,625**	**3,474**	8,631	5,625	3,006
Van-Rob Inc.	**5,605**	**5,000**	**605**	4,853	5,000	(147)
Wellington Financial Fund II	**207**	**1**	**206**	211	1	210
Wellington Financial Fund III	**13,989**	**12,476**	**1,513**	13,733	12,476	1,257
	137,909	**124,565**	**13,344**	117,695	110,576	7,119
Other investments	**1,254**	**295**	**959**	1,186	295	891
	$ 139,163	**$ 124,860**	**$ 14,303**	$ 118,881	$ 110,871	$ 8,010

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against these investments. Details of significant events are described below.

During the first quarter of fiscal 2011, Casino Marina del Sol ("Casino del Sol"), which was impacted by the Chilean earthquake in February 2010, reopened for business ahead of schedule. Casino del Sol is performing at above pre-earthquake levels and is completing its insurance claims.

During the first quarter of fiscal 2011, a wholly-owned acquisition entity of Clairvest advanced a further UC$2.0 million (C$2.1 million) to Latin Gaming Chile S.A. ("Latin Gaming Chile") to support Casino Sol

Calama in Calama, Chile. The loan is non-interest bearing and is repayable on the earlier of the closing of an equity investment in this casino or September 22, 2010.

During the first quarter of fiscal 2011, Clairvest invested a further $0.2 million to acquire 217,914 common shares of LTR Equipment Inc. ("LTR Equipment"), a company affiliated with Light Tower Rentals Inc. ("Light Tower Rentals") which supplies certain equipment to Light Tower Rentals. Clairvest's ownership interest in LTR Equipment is 11.0%.

During the first quarter of fiscal 2011, Clairvest invested US$9.3 million (C$9.3 million) to acquire 9,269,882 units of Midwest Gaming Holdings LLC ("Midwest Gaming") to build a casino and amenities in Des Plaines, Illinois. In addition to this investment, Clairvest advanced an additional US$2.4 million (C$2.4 million) loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. Clairvest's ownership interest in Midwest Gaming is 6.0%.

7. SHARE CAPITAL

During the fourth quarter of fiscal 2010, the Company filed a normal course issuer bid enabling it to make purchases of up to 797,678 common shares in the 12-month period ending March 5, 2011. The Company has made no purchases under this issuer bid. In total 2,544,424 common shares at a cost of $21.9 million have been purchased under previous normal course issuer bids as of June 30, 2010. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,953,566 common shares were outstanding at June 30, 2010.

8. RELATED PARTY TRANSACTIONS

(a) A wholly owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, and thereafter at 2% of contributed capital less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest or GP I from corporate investments of CEP. During the first quarter of fiscal 2011, GP I earned net management fees of $0.3 million (2010 – $0.3 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of $0.1 million (2010 – $0.1 million) from corporate investments of CEP were netted against the management fees.

(b) The General Partner of CEP is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. These distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners, one of which is Clairvest, and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During the first quarter of fiscal 2011, CEP declared and paid $0.7 million of distributions to the General Partner, 50% of which, or $0.3 million, belongs to Clairvest. At June 30, 2010, CEP had declared and paid distributions to the General Partner totaling $10.4 million, 50% of which, or $5.2 million, was allocated to Clairvest. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further $15.5 million (March 2010 - $15.3 million) of distributions, 50% of which, or $7.7 million (March 2010 - $7.6 million), would be payable to Clairvest.

(c) Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of committed capital until August 2011, being the earlier of the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the first quarter of fiscal 2011, CEP III declared to GP I net priority distributions of $1.0 million (2010 – $1.0 million). As per the Limited Partnership Agreement, fees of $0.1 million (2010 – $0.1 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of gains of CEP III determined as described in Note 8(d) below. To date, CEP III has not made any distributions to GP I other than priority distributions.

(d) GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in Note 8(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described in Note 8(c) above. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ("Kubra"), plus the first $0.2 million received by the Participation III Partnership as described above.

(e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in fiscal 2007 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.

(f) Clairvest is also the parent company of the two General Partners of CEP IV (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from April 2010, being the month in which CEP IV makes its first investment, to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 67.9% of fees earned by GP I from corporate investments of CEP IV. During the first quarter of fiscal 2010, CEP IV declared to GP I priority distributions of $0.1 million. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described in Note 8(g) below. To date, CEP IV has not made any distributions to GP I other than priority distributions.

(g) GP III, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted in Note 8(f) above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the “Participation IV Partnership”) which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the “Participation IV Investors”). The Participation IV Investors have purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first $1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming, plus the first $0.4 million received by the Participation IV Partnership as described above.

(h) GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership (“CEP IV Co-Invest”) of 8.25%. CEP IV Co-Invest was established in fiscal 2010 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.

(i) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling $0.9 million (March 2010 − $1.0 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of $1.0 million (March 2010 – $1.0 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling $0.5 million (March 2010 − $0.5 million). The loans to officers of a company affiliated with Clairvest bear interest at rates commensurate with prime, and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of $12,000 was earned on the loans during the quarter. Also included in accounts receivable and other assets are receivables of $3.1 million (March 2010 – $3.0 million) from Clairvest’s investee companies, from CEP totaling $0.7 million (March 2010 – 0.7 million), from CEP III totaling $0.1 million (March 2010 – $0.1 million) and from CEP IV totaling $3.4 million (March 2010 - $4.6 million).

(j) Loans totaling $0.6 million made by the Company to CEP during the fourth quarter of fiscal 2010 were repaid in full during the first quarter of fiscal 2011.

(k) Loans totaling $1.1 million, bearing interest at the prime rate, made by the Company to CEP III during the first quarter of fiscal 2011 remain outstanding at June 30, 2010 and were repaid in full subsequent to quarter end.

(l) Loans totaling $28.6 million, bearing interest at the prime rate, made by the Company to CEP IV during the first quarter of fiscal 2011, were repaid in full during the quarter. Interest of $8,000 was earned from loans to CEP IV during the first quarter of fiscal 2011.

(m) During the first quarter of fiscal 2011, Clairvest earned $0.5 million (2010 – $0.4 million) in distributions and interest income and $0.2 million (2010 – $0.2 million) in fee income from its investee companies.

9. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

During the first quarter of fiscal 2011, 35,000 options were exercised, all of which were exercised under the cash settlement plan and had no impact to share capital. No options were issued during the first quarter of fiscal 2011. At June 30, 2010, a total of 1,047,000 (March 2010 – 1,082,000) options were outstanding under Clairvest’s stock option plan.

As a result of a cash settlement feature in Clairvest’s stock option plan, Clairvest recognizes compensation expense based upon the intrinsic value of the outstanding stock options at the balance sheet date, and the proportion of their vesting periods that have elapsed. For the quarter ended June 30, 2010, Clairvest recognized a stock-based compensation expense of $0.1 million. As at June 30, 2010, $4.0 million (March 2010 – $4.2 million) has been accrued under the Company’s stock option plan.

As at June 30, 2010, a total of 171,201 (March 2010 − 155,135) Deferred Share Units were held by directors of the Company, the accrual in respect of which was $2.3 million (March 2010 – $2.0 million) and has been included in accounts payable and accrued liabilities. For the quarter ended June 30, 2010, Clairvest recognized an expense of $0.3 million with respect to Deferred Share Units.

As at June 30, 2010, 120,000 (March 2010 – 120,000) Appreciation Deferred Share Units were held by directors of the Company, the accrual in respect of which is $21,000 (March 2010 – $19,000) and has been included in accounts payable and accrued liabilities. For the quarter ended June 30, 2010, Clairvest recognized an expense of $2,000 with respect to Appreciation Deferred Share Units.

As at June 30, 2010, a total of 839,612 (March 2010 − 541,000) Book Value Appreciation Rights Units were held by employees of Clairvest, GP I and a company affiliated with Clairvest, the accrual in respect of which was $2.6 million (March 2010 – $2.3 million) and has been included in accounts payable and accrued liabilities. For the quarter ended June 30, 2010, Clairvest recognized an expense of $0.3 million with respect to Book Value Appreciation Rights Units.

10. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations for the quarters ended June 30 are detailed as follows:

		2010		2009
Accounts receivable and other assets	**$**	**7,505**	$	(5,349)
Income taxes receivable		**608**		(5,436)
Accounts payable and accrued liabilities		**662**		1,776
Income taxes payable		**—**		(585)
	$	**8,775**	$	(9,594)

Cash and cash equivalents at the balance sheet dates comprised of the following:

		June 30 2010		March 31 2010
Cash	**$**	**1,851**	$	3,843
Cash equivalents		**28,897**		39,841
	$	**30,748**	$	43,684

11. DERIVATIVE INSTRUMENTS

As at June 30, 2010, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Foreign exchange forward contracts to sell US$97.9 million (March 2010 – US$62.8 million) at an average rate of Canadian $1.0197 per U.S. dollar (March 2010 – $1.0745) through to March 2011. US$0.7 million and US$28.0 million (March 2010 – nil) of the U.S. dollar foreign exchange forward contracts were entered into on behalf of CEP III and CEP IV, respectively. Any amounts paid or received as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III and CEP IV respectively and therefore the fair value on these forward contracts have not been recognized on Clairvest’s consolidated balance sheet. The fair value of the forward contracts at June 30, 2010, excluding those entered into on behalf of CEP III and CEP IV, is a loss of $2.6 million (March 2010 – gain of $3.7 million) and has been recognized on the consolidated balance sheet as derivative instruments.

Foreign exchange forward contracts to sell Chilean Unidad de Fomento (“CLF”) 0.7 million (March 2010 – CLF0.7 million) at an average rate of Canadian $44.0993 per CLF (March 2010 – $44.0993) through to

January 2011. The fair value of these contracts at June 30, 2010 is a gain of $2.0 million (March 2010 – $2.2 million) and has been recognized on the consolidated balance sheet as derivative instruments.

12. CONTINGENCIES, COMMITMENTS AND GUARANTEES

(a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $3.5 million (March 2010 – $3.5 million) of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

(b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $15.2 million (March 2010 – $15.2 million) of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

(c) Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is $100.0 million, $86.5 million (March 2010 – $100.0 million) of which remains unfunded at June 30, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

(d) Clairvest has also committed $25.0 million to Wellington Financial Fund III ("Wellington Fund III"), $12.5 million (March 2010 – $12.5 million) of which remains unfunded at June 30, 2010.

(e) At June 30, 2010, Clairvest has received profit distributions totaling $1.6 million (March 2010 – $1.6 million) through its ownership interest in the General Partner of Wellington Financial Fund II ("Wellington Fund II") and $1.5 million (March 2010 - $1.5 million) through its ownership interest in the General Partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their return threshold as specified in the respective Limited Partnership Agreements. At June 30, 2010, there were no accruals (March 2010 – nil) made with respect to the Clawback.

(f) Clairvest has guaranteed up to $3.0 million of CEP's obligations to a Schedule 1 Canadian chartered bank under CEP's foreign exchange forward contracts with the bank.

(g) Clairvest and CEP III had entered into a US$13.0 million credit facility agreement with a Schedule 1 Canadian chartered bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III were jointly and severally liable on this credit facility. The joint and several agreement was extinguished during the quarter and Clairvest entered into a standalone facility.

(h) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At June 30, 2010, no amounts (2010 − $0.8 million) have been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $1.6 million (March 2010 - $1.4 million) would be owing to management under this Program. As no such realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the $1.6 million (March 2010 - $1.4 million) has not been accrued at June 30, 2010. The Program does not apply to the income generated by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

(i) During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the

(j) Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at June 30, 2010, no amounts subject to this guarantee have been funded.

(k) Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at June 30, 2010, $2.7 million of the cost overruns subject to the operating deficiencies guarantee have been funded, $2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

(l) Clairvest, together with CEP IV and other investors of Midwest Gaming, have entered into a US$20 million joint and several guarantee to fund any cost overruns during the construction of a casino in Des Plains, Illinois. Any amounts paid under the guarantee will result in additional units being granted to Clairvest, CEP IV and the other investors of Midwest Gaming, allocated on the same basis as the participation between Clairvest, CEP IV and the other investors of Midwest Gaming in the guarantee funding. As at June 30, 2010, no amounts subject to this guarantee have been funded.

(m) As part of the holding structure of Casino del Sol, Clairvest, together with CEP III, borrowed $32.1 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 23.8% at June 30, 2010, with CEP III owning 71.5% and the remainder owned by unrelated third party investors.

(n) As part of the holding structure of Latin Gaming Chile, Clairvest borrowed $8.4 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $8.4 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at June 30, 2010.

(o) As part of the holding structure of Latin Gaming Osorno S.A. ("Casino Osorno"), Clairvest borrowed $15.2 through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited $15.2 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition entities was 100% at June 30, 2010.

(p) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

13. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and how the Company manages these risk factors are described below.

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the quarter ended June 30, 2010, there were no material income effects on changes of credit risk on financial assets and financial liabilities. The carrying values of financial assets and financial liabilities subject to credit exposure at June 30, 2010 and March 31, 2010, net of any allowances for losses, were as follows:

		June 30 2010		**March 31 2010**
Financial Assets				
Cash and cash equivalents	**$**	**30,748**	$	43,684
Temporary investments		**116,822**		108,544
Accounts receivable		**9,501**		18,445
Loans receivable		**1,165**		698
Derivative instruments		**1,955**		5,900
Corporate investments		**139,163**		118,881
	$	**299,354**	$	296,152
Financial Liabilities				
Accounts payable	**$**	**11**	$	23
Derivative Instruments	**$**	**2,648**		—
	$	**2,659**	$	23

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

The Company is also subject to credit risk on its accounts receivables, a significant portion of which is with its investee companies and its CEP funds. The Company manages this risk through its oversight responsibilities with existing investee companies, by reviewing the financial condition of investee companies regularly, and through its fiduciary duty as Manager of the CEP funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as the come due.

The Company is also subject to credit risk on its loans receivables, the majority of which is typically with its CEP funds (see Note 14). The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as the come due.

The Company manages counterparty credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. At June 30, 2010, the Company's CLF derivative instruments have an accrued gain and a fair value of $2.0 million. The Company believes the counterparty risk with respect to its derivative instruments is nominal.

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for

Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. The credit ratings, based on the Dominion Bond Rating Services ("DBRS") rating scale, for the Company's cash, cash equivalents and temporary investments were as follows:

	June 30 2010	March 31 2010
Cash and term deposits	**3,658**	30,572
Guaranteed investment certificates and savings accounts		
AAA	**3,005**	—
AA+	**5,041**	5,025
AA	**56,603**	37,942
AA-	**9,555**	6,980
Corporate bonds		
AA	**23,646**	21,543
AA-	**16,357**	25,466
A+	**12,221**	7,025
A	**2,004**	2,001
A-	**11,969**	6,976
BBB	**—**	5,166
Preferred shares		
P-1 low	**1,948**	1,954
P-2 low	**1,513**	1,521
Other fixed income investments		
R1-High	**50**	49
Other non-rated securities	**—**	8
Total cash, cash equivalents and temporary investments	**147,570**	152,228

Market risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates. The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in CICA Handbook Section 3862:

	June 30, 2010				March 31, 2010
	Fair value measurements using			Assets / liabilities at fair value	Assets / liabilities at fair value
	Level 1	Level 2	Level 3		
Financial assets					
Cash	$ 1,851	$ —	$ —	$ 1,851	$ 3,843
Cash equivalents					
Investment savings accounts	27,040	—	—	27,040	7,898
Term deposits	1,807	—	—	1,807	26,728
Corporate bonds	—	—	—	—	5,166
Fixed income mutual funds	50	—	—	50	49
	28,897	—	—	28,897	39,841
Temporary investments					
Guaranteed investment certificates	—	47,165	—	47,165	42,049
Corporate bonds	66,196	—	—	66,196	63,020
Preferred shares	3,461	—	—	3,461	3,475
	69,657	47,165	—	116,822	108,544
Accounts receivable	—	—	9,501	9,501	18,445
Loans receivable	—	—	1,165	1,165	698
Derivative instruments	—	1,955	—	1,955	5,900
Corporate investments	5,893	—	133,270	139,163	118,881
	$ 106,298	$ 49,120	$ 143,936	$ 299,354	$ 296,152
Financial liabilities					
Accounts payable	$ —	$ —	$ 11	$ 11	$ 23
Derivative instruments	—	2,648	—	2,648	—
	$ —	$ 2,648	$ 11	$ 2,659	$ 23

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in CICA Handbook Section 3862:

	Fair value April 1, 2010	Total realized / unrealized gains (losses) and foreign exchange revaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value June 30, 2010	Unrealized gains (losses) and foreign exchange revaluations included in earnings for assets and liabilities for the quarter ended June 30, 2010 for positions still held
Financial assets						
Accounts receivable	**$ 18,445**	**$ —**	**$ 5,373**	**$ (14,317)**	**$ 9,501**	**$ —**
Loans receivable	**698**	**—**	**29,659**	**(29,192)**	**1,165**	**—**
Corporate investments	**113,317**	**6,790**	**13,185**	**(22)**	**133,270**	**6,790**
	$ 132,460	**$ 6,790**	**$ 48,217**	**$ (43,531)**	**$ 143,936**	**$ 6,790**
Financial liabilities						
Accounts payable	**$ 23**	**$ —**	**$ 28**	**$ (40)**	**$ 11**	**$ —**
	$ 23	**$ —**	**$ 28**	**$ (40)**	**$ 11**	**$ —**

As at June 30, 2010, approximately 4.2% of the fair value of the Company's corporate investments was in publicly-traded companies. If market prices were higher or lower by 5% as at June 30, 2010, the potential effect would be an increase or decrease of $0.6 million to the carrying value of corporate investments and net unrealized gains (losses) on corporate investments on a pre-tax basis for the quarter ended June 30, 2010.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Hudson Valley Waste Holding, Inc., Kubra, Landauer Metropolitan Inc., Light Tower Rentals, Lyophilization Services of New England Inc. and Van-Rob Inc. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of $3.9 million or decrease of $6.2 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the quarter ended June 30, 2010. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 14 companies in 9 industries and 3 countries as of June 30, 2010. Concentration risk by industry and by country is as follows:

	June 30, 2010				March 31, 2010			
	Canada	**United States**	**Chile**	**Fair value**	Canada	United States	Chile	Fair value
Automotive related	**$ 5,605**	**$ —**	**$ —**	**$ 5,605**	$ 4,853	$ —	$ —	$ 4,853
Business services	**1,083**	**6,437**	**—**	**7,520**	1,035	6,573	—	7,608
Contract manufacturing	**—**	**5,121**	**—**	**5,121**	—	4,887	—	4,887
Financial services	**16,821**	**—**	**—**	**16,821**	16,569	—	—	16,569
Gaming	**17,786**	**14,028**	**42,062**	**73,876**	17,318	—	39,076	56,394
Health and medical related	**—**	**8,051**	**—**	**8,051**	—	7,693	—	7,693
Information technology	**—**	**5,803**	**—**	**5,803**	—	5,494	—	5,494
Oil field service	**—**	**6,813**	**—**	**6,813**	—	6,280	—	6,280
Waste management	**—**	**9,382**	**—**	**9,382**	—	8,952	—	8,952
Other	**171**	**—**	**—**	**171**	151	—	—	151
Total	**$ 41,466**	**$ 55,635**	**$ 42,062**	**$ 139,163**	$ 39,926	$ 39,879	$ 39,076	$ 118,881

The Company has considered current economic events and indicators in the valuation of its corporate investments.

The company held $3.5 million in preferred shares of corporations in its temporary investments portfolio at June 30, 2010. Fluctuations between par value and market price did not exceed 4% during the period the shares were held. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at June 30, 2010, Clairvest hedged 100% of the fair value of its foreign investments.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can also have a significant impact on the fair value of these investments.

Fluctuations in market interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1% per annum, the potential effect would be an increase or decrease of $0.3 million to distributions and interest income on a pre-tax basis for the quarter ended June 30, 2010.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. See Note 12 which describes the Company's contingencies, commitments and guarantees.

The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, The Company maintains a credit facility with a Schedule 1 Canadian chartered bank and closed on a new credit facility with a financial institution during the quarter.

14. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital committed or invested in the CEP Funds. At June 30, 2010, Clairvest had cash, cash equivalents and temporary investments of $147.6 million (March 2010 – $152.2 million), in addition to $139.2 million (March 2010 – $118.9 million) of corporate investments. Clairvest also had access to $95.0 million (March 2010 - $20.0 million) through its credit facilities and $258.2 million (March 2010 – $267.9 million) of uncalled committed third-party capital for acquisitions through the CEP Funds at June 30, 2010.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity such that funds are available to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing corporate investments;
- Achieve an appropriate risk adjusted return on capital;
- Build the long-term value of its corporate investments; and
- Have appropriate levels of committed third-party capital available to invest along with Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.