

**CLAIRVEST REPORTS FISCAL 2009
SECOND QUARTER RESULTS****Highlights**

- September 30, 2008 book value per share of \$17.69, versus \$17.53 at June 30, 2008, of which 62% is represented by cash or near cash
- Clairvest closed on a US\$16 million investment to acquire a 50% ownership in the Plaza Sol de Los Lagos casino being built in Osorno, Chile
- Clairvest advanced bridge loans totalling US\$8.8 million to Latin Gaming Chile S.A. during the quarter to support the construction of a casino in Calama, Chile
- Clairvest continues to work towards closing Casino New Brunswick

Toronto, Ontario (November 13, 2008) – Clairvest Group Inc. (TSX:CVG) today reported results for the quarter ended September 30, 2008. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value increased 0.9% during the quarter to \$282.1 million, or \$17.69 per share, compared with \$17.53 per share at June 30, 2008. The increase in book value was attributable to net income for the quarter of \$2.6 million, or \$0.16 per share. Fully-diluted net income per share was \$1.39 for the first half of the fiscal year.

As previously announced, Clairvest invested US\$16 million in Latin Gaming Osorno S.A. ("Osorno Casino") for a 50% ownership interest in the Plaza Sol de Los Lagos casino which is being built in Osorno, Chile. The government of Chile has granted Plaza Sol de Los Lagos a monopoly license for a minimum of 15 years for the city of Osorno and surrounding area. A development adjacent to the project will contain a hotel, event halls, recreational facilities as well as retail stores. In undertaking the Osorno Casino, Clairvest is partnering with Latin Gaming Chile S.A. ("Latin Gaming"), an existing casino operator with considerable gaming expertise across Latin America and over a decade of business experience in Chile.

During the quarter, Clairvest also advanced loans totalling US\$8.8 million to Latin Gaming to support the construction of a casino in Calama, Chile. The loans were provided as bridging capital pending regulatory approval to invest in the casino. .

As previously announced, Clairvest committed to an \$8.0 million investment in New Brunswick Gaming Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. During the quarter, Clairvest funded \$0.7 million of this commitment in the form of a bridge loan. Closing of the investment is subject to finalization of legal agreements.

"During the second quarter, we continued to pursue our successful theme of investing in high potential gaming developments on a global basis. As a result, Clairvest made a substantial investment in another casino in Chile and we look forward to uncovering additional investment opportunities during the second half of fiscal 2009," said Jeff Parr, Co-Chief Executive Officer. "Our investee companies are conservatively leveraged and well positioned to weather the current market conditions. Clairvest's current liquidity allows the Company to support its investee companies as appropriate and to take advantage of the current economic environment."

About Clairvest

Clairvest Group Inc. is a Canadian merchant bank that invests its own capital, and that of third parties through Clairvest Equity Partners Limited Partnership and Clairvest Equity Partners III Limited Partnership, 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 possibility of the Latin Gaming project not concluding. 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.

www.clairvest.com

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

November 13, 2008

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 September 30, 2008 and the attached news release.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

Clairvest prepares its financial statement in accordance with Canadian generally accepted accounting principles ("GAAP"). In accordance with CICA Accounting Guideline 18, "Investment Companies" ["AcG-18"], Clairvest is required to carry its temporary investments and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price ["market price"]. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts which take into account the escrow terms or other restrictions. In determining the fair value for such investments, Clairvest 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 of the security and the size of Clairvest's ownership block and 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 when significant ownership positions are sold as this sale price 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, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or internal valuation methods, on the basis if the investments were disposed of in an arm's length transaction and in an orderly fashion over a reasonable period of time. 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.

A change to an estimate with respect to Clairvest's privately-held corporate investments or publicly-traded corporate investments would impact corporate investments and 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 carry-forwards. 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 liability and provision for income taxes.

OPERATING RESULTS

Net income for the second quarter of fiscal 2009 was \$2.6 million compared with \$6.6 million for the second quarter of fiscal 2008. Net income for the second quarter of fiscal 2009 is comprised primarily of \$1.9 million of net corporate investment gains, \$1.0 million of net operating income offset by \$0.3 million of income tax expense. This compares with net corporate investment gains of \$7.4 million and \$0.7 million of net operating income offset by \$1.5 million of income tax expense for the second quarter of fiscal 2008.

The net corporate investment gains of \$1.9 million for the second quarter of fiscal 2009 comprised \$0.6 million of net realized gains on corporate investments and \$1.3 million of net unrealized gains on corporate investments.

Net realized gains on corporate investments for the second quarter of fiscal 2009 of \$0.6 million resulted from additional proceeds received from Shepell•fgi, on the sale of its assets which took place in the first quarter of fiscal 2009.

Net unrealized gains on corporate investments for the second quarter of 2009 of \$1.3 million resulted from:

- A \$1.1 million upward adjustment to the fair value of Clairvest's investment in Gateway Casinos Inc. ("Gateway Casinos") as a result of additional proceeds received by Gateway Casinos on the release of certain escrow proceeds; and
- Other movements in quoted market prices, movements in foreign exchange, dividends accruing on preferred shares and distributions accruing on partnership units.

Distributions and interest income for the quarter was \$2.9 million, compared with \$4.3 million for the same quarter last year. Distributions and interest income for the second quarter of fiscal 2009 includes interest on cash, cash equivalents and temporary investments of \$0.7 million, interest from deposits at a foreign financial institution as part of the holding structures for Casino Marina del Sol ("Casino del Sol"), Latin Gaming Osorno S.A. ("Osorno Casino") and Latin Gaming Chile S.A. ("Latin Gaming") of \$0.2 million, distributions totalling \$0.4 million from Wellington Financial Fund II and Wellington Financial Fund III ("Wellington Funds") and priority distributions of \$1.0 million from Clairvest Equity Partners III Limited Partnership ("CEP III"). Distributions and interest income for the second quarter of fiscal 2008 included interest on cash, cash equivalents and temporary investments of \$0.8 million, priority distributions of \$1.1 million from CEP III, distributions of \$1.0 million from Gateway Casinos Income Fund and \$1.0 million from Wellington Funds. The priority distributions from CEP III are reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP III corporate investments.

Clairvest earned \$0.3 million in management fees during the quarter for its services in the administration of Clairvest Equity Partners Limited Partnership's ("CEP") portfolio and \$0.2 million in advisory and other fees from its corporate investments. The CEP management fee is reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP corporate investments.

Administration and other expenses for the quarter were \$2.3 million, compared with \$3.4 million for the same quarter last year. Included in administrative and other expenses for the second quarter of fiscal 2009 was \$0.9 million in recovery of stock-based compensation expense as a result of a decrease in the trading price of Clairvest's common shares. Included in administrative and other expenses for the second quarter of fiscal 2008 was \$0.6 million in stock-based compensation expense.

Finance and foreign exchange expense of \$0.5 million for the second quarter of fiscal 2009 represented \$0.4 million in interest expense and \$0.1 million in bank charges. Included in interest expense for the quarter was \$0.2 million of interest expense arising from loans advanced from a foreign financial institution as part of the holding structures for Casino del Sol, Osorno Casino and Latin Gaming. Finance and foreign exchange expense of \$1.0 million for the second quarter of fiscal 2008 represented \$0.5 million in interest on the loan payable to a subsidiary of Gateway Casinos, \$0.2 million in interest on the loan payable to a financial institution, foreign exchange costs of \$0.2 million, and interest and bank charges of \$0.1 million.

SUMMARY OF QUARTERLY RESULTS

Quarterly results (\$000's except per share information)	Gross revenue \$ (Note)	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted \$
September 30, 2008	5,627	2,558	0.16	0.16
June 30, 2008	29,873	20,314	1.27	1.23
March 31, 2008	8,469	5,216	0.33	0.32
December 31, 2007	19,708	6,707	0.42	0.41
September 30, 2007	12,403	6,562	0.41	0.40
June 30, 2007	30,757	19,758	1.24	1.22
March 31, 2007	25,655	20,342	1.28	1.25
December 31, 2006	1,819	(879)	(0.05)	(0.05)

Note – comprised of net investment gains (losses) and other income.

Significant variations arise in the quarterly results due to unrealized gains/losses on investments which result from Clairvest re-valuing its investments on a quarterly basis. The values at which publicly traded investments are carried are subject to fluctuations in the public markets from quarter to quarter. The privately held investments are re-valued when management adjusts its estimate of the fair value of the investment.

FINANCIAL POSITION AND LIQUIDITY

Clairvest has sufficient capital to support its current and anticipated new investments. In addition to cash, cash equivalents and temporary investments of \$176.1 million at September 30, 2008, Clairvest has a \$20.0 million credit facility with a Canadian chartered bank, \$18.2 million of which was available at September 30, 2008. Temporary investments consist of treasury bills, term deposits, corporate notes, corporate debentures, fixed income mutual funds, and preferred shares, which have maturities greater than 90 days from date of purchase. The maturity dates of these temporary investments range from October 2008 through to February 2011.

At September 30, 2008, Clairvest had loans payable totalling \$101.5 million to Gateway Casinos. The loans are non-interest bearing, repayable on demand, and collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos. Clairvest anticipates that a Gateway Casinos entity will pay dividends, Clairvest's share of which will be \$101.5 million and anticipates that the proceeds of Clairvest's share of the dividends will be used to repay the total loans of \$101.5 million. The anticipated repayment of loans and anticipated dividends are expected to have no impact on Clairvest's book value.

During the fourth quarter of fiscal 2008, Clairvest filed a normal course issuer bid enabling it to purchase up to 797,178 common shares during the 12-month period commencing March 6, 2008. No shares were purchased under this issuer bid during the quarter. In total 2,544,424 common shares at a cost of \$21.9 million have been purchased under this, and previous, normal course issuer bids as of September 30, 2008. An additional 934,000 common and 2,230,954 non-voting shares have been purchased and cancelled outside of the normal course issuer bid.

15,943,566 common shares were outstanding at September 30, 2008.

Clairvest has corporate investments with a carrying value of \$211.0 million. Changes in the carrying value of Clairvest's corporate investments during the second quarter of fiscal 2009 are primarily a result of realizations on investments, unrealized gains/losses on investments, and investments made. Clairvest's corporate investments increased \$21.7 million during the second quarter of fiscal 2009. Significant events relating to Clairvest's corporate investments, other than with respect to unrealized gains/losses, are described below.

Latin Gaming Osorno S.A.

During the second quarter for fiscal 2009, Clairvest received the required regulatory approval to invest in Osorno Casino, a gaming entertainment complex that is being constructed in Chile, in the city of Osorno. A wholly-owned acquisition entity of Clairvest invested US\$16.0 million (C\$16.6 million) for a 50% ownership interest in Osorno Casino. The US\$8.0 million (C\$8.2 million) in bridge loans previously advanced to Latin Gaming, Clairvest's

partner in Osorno Casino who holds the other 50% ownership interest in Osorno Casino, were repaid in full upon the closing of the investment.

Latin Gaming Chile S.A.

During the second quarter of fiscal 2009, a wholly-owned acquisition entity of Clairvest loaned US\$8.8 million (C\$9.2 million) to Latin Gaming. The loans bear interest at 5% per annum. The loans were provided as bridging capital as Clairvest is awaiting regulatory approval to invest in another casino project with Latin Gaming. The loan is repayable upon the closing of the investment or upon determination that Clairvest did not receive the necessary regulatory approval to invest in another casino opportunity with Latin Gaming.

Casino New Brunswick

During the second quarter of fiscal 2009, Clairvest committed to an \$8.0 million investment in New Brunswick Gaming Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. Clairvest funded \$0.7 million of this commitment in the form of a bridge loan. Closing of the investment is subject to finalization of legal agreements.

TRANSACTIONS WITH RELATED PARTIES

Clairvest, as parent company of the manager of CEP and the General Partner of CEP, has entered into various transactions with CEP. The manager of CEP is entitled to a management fee as compensation for its services in the administration of the portfolio of CEP. The management fee is reduced to the extent of 75% of any fees earned by the manager from corporate investments of CEP. During the second quarter of fiscal 2009, CEP paid net management fees of \$0.3 million. As per the Management Agreement, corporate advisory fees of \$0.1 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distribution 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 all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is a 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 a wholly-owned subsidiary of Clairvest (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. To date, CEP has not made any distributions to the General Partner. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to \$10.3 million of distributions.

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 2% priority distribution from CEP III. The 2% priority distribution began in August 2006, the month in which CEP III made its first investment. 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 second quarter of fiscal 2009, CEP III paid GP I net priority distributions of \$1.1 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. The distribution to GP II will be determined based on the overall performance of CEP III and no such distribution is permitted until CEP III's limited partners have received all amounts contributed to CEP III and an 8% compound annual return on that amount. The distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions to June 23, 2008 and 45.8% thereafter, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions to June 23, 2008 and 54.2% thereafter. The limited partners of the Participation III Partnership are principals and employees of Clairvest and a wholly-owned subsidiary of Clairvest (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. To date, CEP III has not made any distributions to GP II.

At September 30, 2008 Clairvest had loans receivables from certain officers of Clairvest and GP I (the “Officers”) totalling \$0.5 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 \$0.5 million. At September 30, 2008, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totalling \$0.8 million. The loans are interest bearing and have full recourse to the individual.

Included in accounts receivable and other assets are receivables from Clairvest’s corporate investments totalling \$2.2 million, \$0.2 million from CEP and \$1.2 million from CEP III. Included in accounts payable and accrued liabilities are amounts owing to Clairvest’s corporate investments totalling \$0.4 million.

Loans totalling \$2.2 million, bearing interest at the prime rate, were made by the Company to CEP III during the second quarter of fiscal 2009. Interest of \$41,000 was earned from loans to CEP III during the second quarter of fiscal 2009.

Loans totalling \$0.2 million, bearing interest at the prime rate, were made by the Company to Wellington Financial Fund II (“Wellington Fund II”) during the second quarter of fiscal 2009. The \$0.4 million loan balance outstanding from the prior quarter was repaid in full during the quarter. Interest of \$2,000 was earned from loans to Wellington Fund II during the second quarter of fiscal 2009. The \$0.2 million loan advanced during the quarter was repaid in full subsequent to quarter end.

During the second quarter of fiscal 2009, Clairvest earned \$0.9 million in interest and distributions and \$0.2 million in fee income from its corporate investments.

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, \$3.9 million of which remains unfunded at September 30, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has 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, \$44.4 million of which remains unfunded at September 30, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it, as manager of CEP III, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest has committed \$25.0 million to Wellington Fund III, \$18.0 million of which has been funded to September 30, 2008. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II can no longer be called. At September 30, 2008, net funds invested in Wellington Fund II was \$1.9 million. At September 30, 2008, Clairvest has received profit distributions totalling \$0.4 million through its ownership interest in the general partner of Wellington Fund II and \$0.5 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 entered into by the general partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.

Clairvest has guaranteed up to \$3.0 million of CEP’s obligations to a Schedule 1 Chartered Bank under CEP’s foreign exchange forward contracts with the bank.

Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 Chartered Bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.

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 as a bonus 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 September 30, 2008, \$1.5 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$1.5 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the additional \$1.5 million has not been accrued at September 30, 2008.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At September 30, 2008, Clairvest had entered into forward contracts to sell US\$25.3 million at rates of Canadian \$0.9917 to \$1.0387 per U.S. dollar through April 2009 and forward contracts to sell Chilean Unidad de Fomento ("UF") 0.7 million at rates of Canadian \$41.0762 to \$42.6750 per UF through January 2009. The fair value of these US dollar contracts at September 30, 2008 is a loss of \$1.1 million and the fair value of the Chilean UF contracts at September 30, 2008 is a gain of \$0.8 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments.

During fiscal 2006, Clairvest, together with CEP and Shepell·fgi management, purchased Shepell·fgi. As part of the purchase, Clairvest also guaranteed a \$4.6 million note payable by Shepell·fgi to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest and CEP may have with respect to representations and warranties. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. The guarantee expires on January 9, 2009. At September 30, 2008, the guarantee was \$1.8 million. Sufficient funds to satisfy this obligation were retained in escrow on the sale of Shepell·fgi, which have not been reflected as proceeds on the sale, and will be utilized to retire the note when it is due. Subsequent to quarter end, the guarantee was assumed by a Shepell·fgi holding entity which holds the funds to satisfy this obligation.

During fiscal 2006, Clairvest and Clairvest Group International (Netherlands) B.V. ("B.V.") sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and Equity SPV Pty Limited ("SPV") as part of a sale of 100% of Signature and SPV. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.

During fiscal 2008, Gateway Casinos sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Subject to certain conditions, Clairvest is entitled to receive up to an additional \$1.0 million through to November 2008.

Clairvest, together with CEP, has guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding.

Clairvest, together with CEP III, has guaranteed to fund 50% of any cost overruns during the construction of Casino del Sol, 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 the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, and the remainder is 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 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 and the deposit simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 25% at September 30, 2008, with CEP III owning the remaining 75%.

As part of the holding structure of Latin Gaming Osorno, Clairvest borrowed \$12.5 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$12.5 million with the financial institution as security for the loan. Clairvest intends to settle the loan and the deposit simultaneously upon the divestiture of the investment in Latin Gaming Osorno, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at September 30, 2008.

As part of the holding structure of Latin Gaming Chile, Clairvest borrowed \$6.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$6.9 million with the financial institution as security for the loan. Clairvest intends to settle the loan and the deposit simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at September 30, 2008.

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 loss in connection with such actions.

CURRENT ENVIRONMENT

Subsequent to quarter end, economic conditions have continued to deteriorate, equity markets have declined significantly and liquidity in the debt and equity markets has virtually disappeared. The Company has evaluated its market value risk subsequent to quarter end and concluded there have been no significant changes to the carrying value of Clairvest's publicly-traded corporate investments and its preferred share holdings in its temporary investments portfolio.

Clairvest continually reviews and adjusts its investment strategy and its capital resource allocation policies considering, amongst other factors, market conditions. The current environment is being carefully considered with respect to its impact on Clairvest's business. Clairvest's current liquidity position allows the Company to support its investee companies as appropriate and to take advantage of the current economic environment. Clairvest also actively reviews its hedging strategy to ensure the value of all foreign denominated investments is protected against currency fluctuations.

Certain investee companies, which are more vulnerable to the current economic and market conditions, may experience significant negative impact to their profitability and liquidity positions. 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 carrying 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 also have a significant impact in the carrying value of these investments. Clairvest's investee companies, however, are conservatively leveraged and well positioned to weather the current market conditions.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with Multilateral 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 September 30, 2008. Management has concluded that the disclosure controls and procedures are effective as of September 30, 2008 based on this evaluation.

Multilateral 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. Management has evaluated Clairvest's design effectiveness of internal controls over financial reporting for the quarter ended September 30, 2008. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as of September 30, 2008 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

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	September 30 2008	March 31 2008
Assets		
Cash and cash equivalents (Note 11)	\$ 60,468	\$ 57,320
Temporary investments (Note 4)	115,673	127,888
Accounts receivable and other assets (Note 9e)	6,997	6,799
Loans receivable (Notes 9f and 9g)	3,834	19,475
Derivative instruments (Note 12)	792	—
Future tax asset	1,947	1,678
Corporate investments (Note 6)	211,022	185,390
	\$ 400,733	\$ 398,550
Liabilities		
Accounts payable and accrued liabilities (Notes 9e, 10 and 13f)	\$ 5,985	\$ 15,524
Income taxes payable	1,152	3,375
Loans payable (Note 7)	101,506	99,340
Derivative instruments (Note 12)	1,112	1,405
Future tax liability	3,468	2,604
Stock-based compensation (Note 10)	5,453	5,523
	118,676	127,771
Contingencies, commitments and guarantees (Notes 12, and 13)		
Shareholders' Equity		
Share capital (Note 8)	82,713	82,713
Retained earnings	199,344	188,066
	282,057	270,779
	\$ 400,733	\$ 398,550

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

\$000's (except per share information)	Quarter ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Net corporate investment gains				
Net realized gains on corporate investments (Note 5)	\$ 567	\$ 9,663	\$ 25,335	\$ 15,568
Net unrealized gains (losses) on corporate investments	1,352	(2,256)	2,383	17,840
	1,919	7,407	27,718	33,408
Other income				
Distributions and interest income (Notes 9c and 9h)	2,900	4,342	6,114	8,430
Dividend income	281	31	633	52
Management fees (Note 9a)	285	365	619	644
Advisory and other fees (Note 9h)	242	258	416	626
	3,708	4,996	7,782	9,752
Expenses				
Administration and other expenses (Note 10)	(2,281)	(3,365)	(7,903)	(9,788)
Finance and foreign exchange expense (Note 9h)	(453)	(986)	(619)	(1,959)
	(2,734)	(4,351)	(8,522)	(11,747)
Income before income taxes	2,893	8,052	26,978	31,413
Income tax expense	(335)	(1,490)	(4,106)	(5,093)
Net income	\$ 2,558	\$ 6,562	\$ 22,872	\$ 26,320
Basic net income per share	\$ 0.16	\$ 0.41	\$ 1.43	\$ 1.65
Fully diluted net income per share	\$ 0.16	\$ 0.40	\$ 1.39	\$ 1.62

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

\$000's	Quarter ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Retained earnings, beginning of period	\$ 196,786	\$ 169,581	\$ 188,066	\$ 151,417
Net income	2,558	6,562	22,872	26,320
	199,344	176,143	210,938	177,737
Dividends declared	—	—	(11,594)	(1,594)
Retained earnings, end of period	\$ 199,344	\$ 176,143	\$ 199,344	\$ 176,143

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

\$000's	Quarter ended		Six months ended	
	September 30 2008	2007	September 30 2008	2007
Operating activities				
Net income	\$ 2,558	\$ 6,562	\$ 22,872	\$ 26,320
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	75	9	148	19
Stock-based compensation expense (recovered)	(891)	584	(70)	1,563
Future income tax expense (recovered)	678	(24)	595	2,298
Net realized gains on corporate investments	(567)	(9,663)	(25,335)	(15,568)
Net unrealized losses (gains) on corporate investments	(1,352)	2,256	(2,383)	(17,840)
Non-cash items relating to corporate investments	(301)	(205)	(438)	(228)
	200	(481)	(4,611)	(3,436)
Net change in non-cash working capital balances related to operations (Note 11)	(13,728)	(2,042)	(12,108)	(146)
Cash used in operating activities	(13,528)	(2,523)	(16,719)	(3,582)
Investing activities				
Acquisition of corporate investments	(18,651)	(6,182)	(25,992)	(9,960)
Proceeds on corporate investments	567	14,798	28,125	42,979
Return of capital from corporate investments	—	771	60	922
Proceeds on realization (cost) of foreign exchange forward contracts	(602)	65	(753)	391
Net proceeds on sale of temporary investments	23,914	5,156	12,215	7,430
Loans advanced (Notes 9f and 9g)	(2,455)	(11,686)	(7,975)	(12,686)
Receipt of loans advanced (Note 9g)	443	6,156	23,615	7,980
Cash provided by investing activities	3,216	9,078	29,295	37,056
Financing activities				
Issuance of share capital	—	—	—	547
Cash dividends paid	(1,594)	(1,594)	(11,594)	(1,594)
Receipt of loans	1,083	260	2,166	516
Repayment of loans	—	(9,309)	—	(9,971)
Cash used in financing activities	(511)	(10,643)	(9,428)	(10,502)
Net increase (decrease) in cash and cash equivalents	(10,823)	(4,088)	3,148	22,972
Cash and cash equivalents, beginning of period	71,291	41,041	57,320	13,981
Cash and cash equivalents, end of period (Note 11)	\$ 60,468	\$ 36,953	\$ 60,468	\$ 36,953
Supplemental cash flow information				
Income taxes paid	\$ 2,799	\$ 323	\$ 5,958	\$ 414
Interest paid	\$ 253	\$ 728	\$ 253	\$ 1,560

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008 (Tabular Dollar Amounts in Thousands)
(unaudited)

1. NATURE OF ACTIVITIES AND BASIS OF PRESENTATION

The disclosures contained in these unaudited interim consolidated financial statements of Clairvest Group Inc. (“Clairvest” or the “Company”) do not include all requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended March 31, 2008.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the quarter ended September 30, 2008.

Clairvest’s consolidated financial statements are prepared using the fair value method of accounting. Under fair value accounting, each of Clairvest’s investments is re-valued on each balance sheet date. Realized and unrealized changes in Clairvest’s investments, as well as the tax effects of these changes, are reflected in the income statement.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual audited consolidated financial statements.

For the quarter ended September 30, 2008, the Company has no items requiring disclosure under other comprehensive income.

2. CHANGES IN ACCOUNTING POLICY

Effective fiscal 2009, the Company adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures”; and Section 3863, “Financial Instruments – Presentation” which requires the disclosure of the significance of financial instruments for the Company's financial position, performance and cash flows and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Note 14 describes in detail Clairvest’s risk management policies.

Effective fiscal 2009, the Company also adopted Canadian Institute of Chartered Accountants Handbook (“CICA Handbook”) Section 1535, “Capital Disclosures”, which requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. Note 15 describes in detail Clairvest’s capital management policy.

In February 2008, the Canadian Accounting Standards Board 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. As a result, Clairvest must adopt IFRS commencing April 1, 2011. Clairvest is currently evaluating the impact of adopting IFRS.

3. BANKING FACILITY

Clairvest has a \$20.0 million line of credit available, bearing interest at prime plus 0.5%. The line of credit available at September 30, 2008 is \$18.2 million [2008 - \$18.2 million] and is based on debt covenants within the banking arrangement.

4. TEMPORARY INVESTMENTS

Temporary investments consist of treasury bills, term deposits, corporate notes, corporate debentures, fixed income mutual funds, and preferred shares, which have maturities greater than 90 days from date of purchase. The maturity dates of these temporary investments range from October 2008 through to February 2011. The yield on these investments ranges between 1.8% and 12.0% with a weighted average rate of pre-tax return of 3.4%.

	September 30, 2008			March 31, 2008	
	No specific maturity	Due in 1 year or less	Due after 1 year	Carrying value	Carrying value
Treasury bills and term deposits	\$ —	\$ 5,154	\$ —	\$ 5,154	\$ —
Corporate notes	—	30,984	23,292	54,276	68,880
Corporate debentures	—	—	1,206	1,206	1,320
Fixed income mutual funds	50,121	—	—	50,121	51,875
Preferred shares	—	3,727	1,189	4,916	5,813
Total	\$ 50,121	\$ 39,865	\$ 25,687	\$ 115,673	\$ 127,888

5. NET INVESTMENT GAINS

Net realized gains on investments for the periods are comprised of the following:

\$000's	Quarter ended September 30		Six months ended September 30	
	2008	2007	2008	2007
Net realized gains on investments	\$ 567	\$ 10,381	\$ 27,332	\$ 17,678
Previously recognized net unrealized gains	—	(718)	(1,997)	(2,110)
	\$ 567	\$ 9,663	\$ 25,335	\$ 15,568

6. CORPORATE INVESTMENTS

	30-Sep-08			31-Mar-08		
	Fair	Cost	Difference	Fair	Cost	Difference
	value			value		
\$	\$	\$	\$	\$	\$	
Investments in privately-held companies						
Casino Marina del Sol	10,122	10,408	(286)	11,585	10,408	1,177
Gateway Casinos Inc.	101,506	24,000	77,506	99,340	24,000	75,340
Integral Orthopedics Inc.	—	—	—	—	6,322	(6,322)
Kubra Data Transfer Ltd.	3,250	2,150	1,100	3,250	2,150	1,100
Landauer Metropolitan Inc.	4,059	3,636	423	3,758	3,636	122
Latin Gaming Chile S.A.	9,437	9,204	233	5,186	5,044	142
Latin Gaming Osorno S.A.	16,847	16,618	229	—	—	—
Light Tower Rentals Inc.	6,216	5,884	332	5,996	5,884	112
Lyophilization Services of New England Inc.	7,143	6,454	689	5,140	5,060	80
N-Brook Mortgage LP	4,416	5,037	(621)	5,286	5,037	249
New Brunswick Casino Limited Partnership	667	667	—	—	—	—
Shepell-fgi	—	—	—	14,691	6,550	8,141
Tsuu T'ina Gaming Limited Partnership	6,999	5,625	1,374	6,462	5,625	837
Van-Rob Inc.	5,077	5,000	77	5,000	5,000	—
Wellington Financial Fund II	2,128	1,868	260	2,603	1,928	675
Wellington Financial Fund III	19,114	17,962	1,152	14,966	14,527	439
	196,981	114,513	82,468	183,263	101,171	82,092
Other investments	14,041	4,771	9,270	2,127	5,257	(3,130)
	211,022	119,284	91,738	185,390	106,428	78,962

During the second quarter of fiscal 2009, Clairvest received the required regulatory approval to invest in Latin Gaming Osorno S.A. (“Osorno Casino”), a gaming entertainment complex that is being constructed in Chile, in the city of Osorno. A wholly-owned acquisition entity of Clairvest invested US\$16.0 million (C\$16.6 million) for a 50% ownership interest in Osorno Casino. The US\$8.0 million (C\$8.2 million) in bridge loans previously advanced to Latin Gaming Chile S.A. (“Latin Gaming”), Clairvest’s partner in Osorno Casino, were repaid in full upon the closing of the investment.

During the second quarter of fiscal 2009, a wholly-owned acquisition entity of Clairvest loaned US\$8.8 million (C\$9.2 million) to Latin Gaming to support the construction of a casino in Calama, Chile. The loans bear interest at 5% per annum. The loans were provided as bridging capital pending regulatory approval to invest in the casino. The loan is repayable upon the closing of the investment or upon determination that Clairvest did not receive the necessary regulatory approval to invest with Latin Gaming.

During the first quarter of fiscal 2009, Clairvest determined that the carrying value of N-Brook Mortgage LP (“N-Brook”) should be written down by \$0.6 million as a result of a downward revision of the expected net realizable value of the investment. No further write down was required during the second quarter of fiscal 2009.

During the second quarter of fiscal 2009, Clairvest committed \$8.0 million to New Brunswick Gaming Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. Clairvest funded \$0.7 million of this commitment in the form of a bridge loan. Closing of the investment is subject to finalization of legal agreements.

During the first quarter of fiscal 2009, Shepell•fgi sold substantially all of its assets to an unrelated third party. Clairvest received cash proceeds of \$26.1 million at closing, and non-interest bearing promissory notes secured by the acquirer for an additional \$15.3 million, payable through to July 2010. The carrying

value of these promissory notes has been included in other investments at September 30, 2008 as it is no longer a core investment.

7. LOANS PAYABLE

Loans payable consist of loans payable to Gateway Casinos Inc. (“Gateway Casinos”) totalling \$101.5 million. The loans are non-interest bearing, repayable on demand, and are collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.

8. SHARE CAPITAL

During the fourth quarter of fiscal 2008, the Company filed a normal course issuer bid enabling it to make purchases of up to 797,178 common shares in the 12-month period commencing March 6, 2008. During the second quarter of fiscal 2009, the Company 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 this, and previous, normal course issuer bids as of September 30, 2008. 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.

15,943,566 common shares were outstanding at September 30, 2008.

9. RELATED PARTY TRANSACTIONS

- (a) Clairvest has entered into a Management Agreement with the General Partner of Clairvest Equity Partners Limited Partnership (“CEP”), appointing Clairvest as the Manager of CEP. The General Partner is a wholly-owned subsidiary of Clairvest (“Subsidiary”). The Management Agreement provides that a management fee be paid to Clairvest as compensation for its services in the administration of the portfolio of CEP. During fiscal 2007, Clairvest assigned the Management Agreement to a wholly-owned subsidiary of Clairvest (“GP I”). The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), 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 from corporate investments of CEP. During the second quarter of fiscal 2009, net management fees were \$0.3 million (2008 – \$0.4 million). As per the Management Agreement, fees of \$0.1 million (2008 – \$0.2 million) from corporate investments of CEP were netted against the management fees.
- (b) The General Partner of CEP, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, 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 all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is a 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. To date, CEP has not made any distributions to the General Partner. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to \$10.3 million of distributions.
- (c) During fiscal 2007, the Company closed Clairvest Equity Partners III Limited Partnership (“CEP III”), a successor fund to CEP. Clairvest is the parent company of the two General Partners of CEP III (GP I and “GP II”). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2006, the month in which CEP III made its first investment. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the second quarter of fiscal 2009, net priority distributions were \$1.0 million (2008 – \$1.1 million). As per the Limited Partnership Agreement, fees of \$0.1 million (2008 – \$19,000) 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 9(d) below.

- (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 9(c) above, will be determined based on the overall performance of CEP III and no such distributions are permitted until CEP III's limited partners have received all amounts contributed to CEP III and an 8% compound annual return on that amount. The distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions to June 23, 2008 and 54.2% thereafter, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions to June 23, 2008 and 45.8% thereafter. The limited partners of the Participation III Partnership are principals and employees of Clairvest and a wholly-owned subsidiary of Clairvest (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. To date, CEP III has not made any distributions to GP II.
- (e) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company, GP I and officers of corporate investments totalling \$0.5 million (2008 – \$0.7 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 \$0.5 million (2008 – \$1.1 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totalling \$0.8 million (2008 – \$0.7 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. Also included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling \$2.2 million (2008 – \$2.7 million), from CEP totalling \$0.2 million (2008 – 0.5 million), and from CEP III totalling \$1.2 million (2008 – \$0.3 million). Included in accounts payable and accrued liabilities is \$0.4 million (2008 – \$0.4 million) owing to corporate investments.
- (f) Loans totalling \$2.2 million, bearing interest at the prime rate, were made by the Company to CEP III during the second quarter of fiscal 2009. Interest of \$41,000 was earned from loans to CEP III during the second quarter of fiscal 2009. \$3.6 million was outstanding from CEP III at September 30, 2008.
- (g) Loans totalling \$0.2 million, bearing interest at the prime rate, were made by the Company to Wellington Financial Fund II ("Wellington Fund II") during the second quarter of fiscal 2009. The \$0.4 million loan balance outstanding from the prior quarter was repaid in full during the quarter. Interest of \$2,000 was earned from loans to Wellington Fund II during the second quarter of fiscal 2009. \$0.2 million was outstanding from Wellington Fund II at September 30, 2008, which was repaid in full subsequent to quarter end.
- (h) During the second quarter of fiscal 2009, Clairvest earned \$0.9 million (2008 - \$2.2 million) in interest and distributions, and \$0.2 million in fee income (2008 – \$0.3 million) from its corporate investments. Clairvest paid nil (2008 - \$0.5 million) in interest to a Gateway Casinos entity.

10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

During the second quarter of fiscal 2009, no options were exercised or granted. At September 30, 2008, a total of 1,092,000 options were outstanding under Clairvest's stock option plan.

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize 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 September 30, 2008, Clairvest recognized a stock-based compensation recovery of \$0.6 million (2008 – expense of \$0.6 million).

As at September 30, 2008, a total of 118,794 (2008 – 101,263) Deferred Share Units were held by directors of the Company, the accrual in respect of which was \$1.7 million (2008 - \$1.5 million) and has been included in accounts payable and accrued liabilities.

As at September 30, 2008, 90,000 (2008 – 90,000) Appreciation DSUs were held by directors of the Company, the accrual in respect of which was \$0.1 million (2008 – \$0.1 million) and has been included in accounts payable and accrued liabilities.

As at September 30, 2008, a total of 432,000 (2008 – 431,000) Book Value Appreciation Rights Units were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$1.3 million (2008 - \$0.8 million) and has been included in accounts payable and accrued liabilities.

11. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations at September 30 is detailed as follows:

	2008	2007
Accounts receivable and other assets	\$ 135	\$ (1,257)
Accounts payable and accrued liabilities	(10,945)	(785)
Income taxes payable	(2,918)	—
	\$ (13,728)	\$ (2,042)

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

	September 30	March 31
	2008	2008
Cash	\$ 1,518	\$ 2,150
Cash equivalents	58,950	55,170
	\$ 60,468	\$ 57,320

12. FINANCIAL INSTRUMENTS

As at September 30, 2008, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US\$25.3 million [2008 - US\$20.3 million] at rates of Canadian \$0.9917 to \$1.0387 per U.S. dollar through April 2009 [average rate of \$1.0203; 2008 - average rate of \$1.0036]. The fair value of these contracts at September 30, 2008 is a loss of \$1.1 million [2008 - \$0.5 million] and has been recognized on the consolidated balance sheet as derivative instruments.

Forward contracts to sell Chilean Unidad de Fomento (“UF”) 0.7 million [2008 - UF0.2 million] at rates of Canadian \$41.0762 to \$42.6750 per UF through January 2009 [average rate of \$41.6763; 2008 – average rate of \$42.6750]. The fair value of these contracts at September 30, 2008 is a gain of \$0.8 million [2008 – loss of \$0.9 million] and has been recognized on the consolidated balance sheet as derivative instruments.

13. 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, \$3.9 million of which remains unfunded at September 30, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

- (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, \$44.4 million of which remains unfunded at September 30, 2008. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it, as manager of CEP III, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.
- (c) Clairvest has also committed \$25.0 million to Wellington Fund III, \$18.0 million of which has been funded at September 30, 2008. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II can no longer be called. At September 30, 2008, net funds invested in Wellington Fund II was \$1.9 million. At September 30, 2008, Clairvest has received profit distributions totalling \$0.4 million through its ownership interest in the general partner of Wellington Fund II and \$0.5 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 entered into by the general partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.
- (d) Clairvest has guaranteed up to \$3.0 million of CEP's obligations to a Schedule 1 Chartered Bank under CEP's foreign exchange forward contracts with the bank.
- (e) Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 Chartered Bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.
- (f) 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 as a bonus 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 September 30, 2008, \$1.5 million (2008 – \$10.5 million) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$1.5 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the additional \$1.5 million has not been accrued at September 30, 2008.
- (g) During fiscal 2006, Clairvest, together with CEP and Shepell·fgi management, purchased Shepell·fgi. As part of the transaction, Clairvest guaranteed a \$4.6 million note payable by Shepell·fgi to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest and CEP may have with respect to representations and warranties. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. The guarantee expires on January 9, 2009. At September 30, 2008, the guarantee was \$1.8 million. Sufficient funds to satisfy this obligation were retained in escrow on the sale of Shepell·fgi, which have not been reflected as proceeds on the sale, and will be utilized to retire the note when it is due. Subsequent to quarter end, the guarantee was assumed by a Shepell·fgi holding entity which holds the funds to satisfy this obligation.
- (h) During fiscal 2006, Clairvest and Clairvest Group International (Netherlands) B.V. ("B.V.") sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and Equity SPV Pty Limited ("SPV") as part of a sale of 100% of Signature and SPV. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.
- (i) During fiscal 2008, Gateway Casinos sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Subject to certain conditions, Clairvest is entitled to receive up to an additional \$1.0 million through to November 2008.
- (j) Clairvest, together with CEP, has guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional

debentures being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding.

- (k) Clairvest, together with CEP III, has guaranteed to fund 50% of any cost overruns during the construction of Casino del Sol, 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 the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, and the remainder is 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.
- (l) As part of the holding structure of Casino Marina del Sol ("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 and the deposit simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 25% at September 30, 2008, with CEP III owning the remaining 75%.
- (m) As part of the holding structure of Osorno Casino, Clairvest borrowed \$12.5 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$12.5 million with the financial institution as security for the loan. Clairvest intends to settle the loan and the deposit simultaneously upon the divestiture of the investment in Osorno Casino, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at September 30, 2008.
- (n) As part of the holding structure of Latin Gaming, Clairvest borrowed \$6.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$6.9 million with the financial institution as security for the loan. Clairvest intends to settle the loan and the deposit simultaneously upon the divestiture of the investment in Latin Gaming, and as a result, the deposit and the loan have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at September 30, 2008.
- (o) 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.

14. RISK MANAGEMENT

The merchant banking 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 their management 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.

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and active involvement with existing investments 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 investees regularly.

The Company is also subject to credit risk on its accounts receivables, the majority of which is with its investee companies. The Company manages this risk through active involvement with existing investments and by reviewing the financial condition of investees regularly.

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 managed 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. As at September 30, 2008, the credit rating on the Company's cash equivalents and temporary investments were as follows:

Credit risk	Carrying value
	\$
Cash and term deposits	7,498
Treasury bills, corporate bonds and money market mutual funds	
AAA	7,597
AA	3,950
AA-	35,913
A+	30,852
A	19,858
Preferred shares	
P-1	2,921
P-2	980
P-2 low	1,015
Other fixed income investments	
R1-High	39,886
R1-Mid	5,183
R1-Low	19,282
Other non-rated securities	1,206
Total cash, cash equivalents and temporary investments	176,141

Market risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company's corporate investments have minimal exposure to market value risk. As at September 30, 2008, approximately 0.1% of the fair value of the Company's corporate investments was in publicly-traded companies. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk. The Company is a value investor and focuses on the intrinsic value related to the specific company's outlook and therefore acts independently of the overall valuation by the market. The entry multiples for its public holdings have generally been less than other public companies in the same industries and therefore the cost of these holdings have a value cushion in the event of any general market value fluctuations.

The Company held \$2.9 million in preferred shares of a Schedule 1 Canadian chartered bank at September 30, 2008. The Company also held \$2.0 million in preferred shares of split corporations in its temporary investments portfolio at September 30, 2008. Based on the unit price of the split corporations at September 30, 2008, the price of these preferred shares are not expected to decrease unless the unit price of the portfolio held by these split corporations decreases by 25% or more. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

As a result of the significant volatility experienced by the equity markets subsequent to quarter end, the Company has evaluated its market value risk and concluded there have been no significant changes to the

carrying value of Clairvest's publicly-traded corporate investments and its preferred share holdings in its temporary investments portfolio.

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 September 30, 2008, Clairvest hedged 100% of the carrying value of its foreign investments. The Company manages counter party credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

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 carrying value of these corporate investments. The Company manages this risk through active involvement with existing investments and by reviewing the financial condition of investees 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 in the carrying 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.

The following table illustrates the company's exposure to interest rate risk at September 30, 2008:

	Carrying value	Interest rate risk	
		-1%	1%
		Effect on income before income taxes	Effect on income before income taxes
Cash	\$ 1,518	\$ (15)	\$ 15
Cash equivalents	58,950	(502)	502
	60,468	(517)	517
Temporary investments:			
Treasury bills	\$ 4,939	\$ (14)	\$ 14
Term deposits	215	—	—
Discount notes and bonds	54,276	(362)	362
Money market mutual funds	50,121	(501)	501
Preferred shares	4,916	—	—
Other temporary investments	1,206	—	—
	115,673	(877)	877
Loans receivable	\$ 3,834	(38)	38
Total increase/(decrease)		\$ (1,432)	\$ 1,432

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. At September 30, 2008, Clairvest had loans payable totalling \$101.5 million to Gateway Casinos. The loans are non-interest bearing, repayable on demand, and collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos, which has a carrying value of \$101.5 million at September 30, 2008.

Clairvest's liquidity risk is minimal given its financial position. Also see Note 13 which described the Company's contingencies, commitments and guarantees.

Business risk

The Company faces a broad range of business risks including internal control risks and various forms of litigation. The Company, its Audit Committee and its Board of Directors monitor risks on an ongoing basis.

15. 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 invested in CEP and CEP III. At September 30, 2008, Clairvest had cash, cash equivalents and temporary investments of \$176.1 million, in addition to the \$211.0 million of corporate investments. Clairvest also had access to \$146.1 million of uncalled committed third-party capital for acquisitions through CEP and CEP III at September 30, 2008.

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 priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.