

**CLAIRVEST REPORTS FISCAL 2008
THIRD QUARTER RESULTS****Highlights**

- December 31, 2007 book value increased 2.6% to \$16.66 per share, versus \$16.24 at September 30, 2007, of which \$13.53 is represented by cash and near cash
- Clairvest sold its interests in Gateway Casinos Income Fund for cash proceeds of \$66.7 million
- Gateway Casinos Inc. sold substantially all its assets; Clairvest expects to receive net proceeds of \$50.6 million
- Subsequent to quarter end, Clairvest and a limited partnership managed by Clairvest invested \$41.6 million in Casino Marina del Sol, based in Chile
- Subsequent to quarter end, Clairvest and a limited partnership managed by Clairvest invested US\$23.4 million in Light Tower Rentals, based in Odessa, Texas
- Subsequent to quarter end, Clairvest and a limited partnership managed by Clairvest invested a further \$2.5 million in Tsuu T'ina Gaming Limited Partnership
- Board of Directors approves new normal course issuer bid

Toronto, Ontario (February 7, 2008) – Clairvest Group Inc. (TSX:CVG) today reported results for the third quarter ended December 31, 2007. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value increased 2.6% during the quarter to \$265.6 million, or \$16.66 per share, compared with \$16.24 per share at September 30, 2007. The increase in book value was attributable to net income for the quarter of \$6.7 million, or \$0.42 per share. Book value per share has increased \$1.97 year to date, representing a 13.4% increase.

As previously announced, Clairvest sold its interests in Gateway Casinos Income Fund during the quarter and received cash proceeds of \$66.7 million. Also during the quarter, Clairvest received a \$50.6 million loan from Gateway Casinos Inc. ("Gateway Casinos"), after Gateway Casinos sold substantially all of its assets as per terms previously announced. Terms of the agreement call for Clairvest to receive an additional amount up to \$5.5 million over the next 12 months. Clairvest anticipates that this loan, together with other loans from Gateway Casinos, will be repaid and also anticipates that a Gateway Casinos entity will pay a dividend shortly thereafter, Clairvest's share of which will be \$96.1 million. The anticipated repayment of loan and anticipated dividends are expected to have no impact on Clairvest's book value.

Subsequent to quarter end, Clairvest and Clairvest Equity Partners III Limited Partnership ("CEP III") invested \$41.6 million in Casino Marina del Sol ("Casino del Sol"), a new gaming entertainment complex located adjacent to the city of Concepción, the second largest city in Chile. Plans for the complex include a casino, hotel, entertainment theatre, restaurants and family entertainment facility. The \$41.6 million investment resulted in a combined interest of 50% in Casino del Sol and was made based on pro rata capital commitments to the investment pool, of 25% from Clairvest and 75% from CEP III respectively.

"We have realized excellent value from our investment in Gateway Casinos," said Jeff Parr, Co-CEO of Clairvest. "We maintain a strong interest in the gaming industry and look forward to achieving superior returns from our new investments in Casinos del Sol and in Tsuu T'ina Gaming Limited Partnership."

Also subsequent to quarter end, Clairvest and CEP III invested US\$23.4 million in Light Tower Rentals, Inc. ("Light Tower") of Odessa, Texas. Light Tower is a fast growing oilfield equipment rental company,

operating in Texas, New Mexico and Colorado. It is the regional leader in the support equipment segment. The US\$23.4 million investment resulted in a combined interest of 46% in Light Tower and was made based on pro rata capital commitments to the investment pool, of 25% from Clairvest and 75% from CEP III respectively.

Also subsequent to quarter end, Clairvest and Clairvest Equity Partners Limited Partnership (“CEP”) invested a further \$2.5 million in Tsuu T’ina Gaming Limited Partnership, bringing the total funded amount to \$22.5 million. The investment was made based on pro rata capital commitments to the investment pool, of 25% from Clairvest and 75% from CEP respectively.

Subject to the approval of the Toronto Stock Exchange, Clairvest’s Board of Directors has approved a new normal course issuer bid to purchase up to 797,178 common shares on the Toronto Stock Exchange during the 12-month period commencing March 6, 2008.

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.

Contact Information

Lana Reiken
Chief Financial Officer and Corporate Secretary
Clairvest Group Inc.
Tel: (416) 925-9270
Fax: (416) 925-5753

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. 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 DECEMBER 31, 2007**

February 7, 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 December 31, 2007 and the attached news release.

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

The process of determining the fair value of Clairvest's privately held investments requires management to exercise judgment in making assumptions about the financial condition of the investment based on operational results, forecasts, financing and any other factors that may be relevant to the ongoing and realizable value of the investment, as well as an assessment of the market conditions based on comparable trading multiples of public companies and transaction multiples within the industry. Estimated costs of disposition are not included in the fair value determination.

Publicly traded investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Market value is defined as the last bid price as of the quarter date. The process for determining the discount for such investments requires management to exercise judgment while considering the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, 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. Estimated costs of disposition are not included in the fair value determination.

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

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

OPERATING RESULTS

Net income for the third quarter of fiscal 2008 was \$6.7 million compared with a net loss of \$0.9 million for the third quarter of fiscal 2007. Net income for the third quarter of fiscal 2008 is comprised primarily of \$14.4 million of net corporate investment gains, \$8.7 million of net operating losses, and \$1.0 million of income tax recoveries. This compares with net corporate investment loss on investments of \$3.0 million, \$1.9 million of net operating income, and \$0.2 million in income tax recoveries for the third quarter of fiscal 2007.

The net corporate investment gains of \$14.4 million for the third quarter of fiscal 2008 comprised \$8.2 million of net realized gains on corporate investments and \$6.2 million of net unrealized gains on corporate investments.

Net realized gains on corporate investments for the third quarter of fiscal 2008 of \$8.2 million resulted primarily from:

- A \$7.2 million gain on Gateway Casinos Income Fund (“Gateway Income Fund”) comprised of a \$33.8 million realized gain this quarter net of previously recognized unrealized gains of \$26.6 million in prior quarters; and
- A \$1.0 million gain on Winters Bros. Waste Management Inc. (“Winters Bros.”) from the release of certain escrow proceeds.

Clairvest had net unrealized gains on corporate investments of \$6.2 million for the third quarter of 2008, compared with net unrealized losses on corporate investments of \$3.0 million for the third quarter of 2007. The net unrealized gains for the third quarter of 2008 resulted from:

- A \$4.8 million upward adjustment to the fair value of Clairvest’s investment in Gateway Casinos Inc. (“Gateway Casinos”) as proceeds received by Gateway Casinos on the sale of its assets were in excess of the carrying value of Clairvest’s investment in Gateway Casinos; 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 \$4.5 million, compared with \$3.8 million for the same quarter last year. Distributions and interest income for the third quarter of fiscal 2008 includes interest on cash, cash equivalents and temporary investments of \$1.9 million, priority distributions of \$1.1 million from Clairvest Equity Partners III Limited Partnership (“CEP III”), distributions of \$0.5 million from Gateway Income Fund and distributions totalling \$0.6 million from Wellington Financial Fund II and Wellington Financial Fund III (“Wellington Funds”). Distributions and interest income for the third quarter of fiscal 2007 included interest on cash, cash equivalents and temporary investments of \$0.8 million, priority distributions of \$1.2 million from CEP III, distributions of \$1.0 million from Gateway Income Fund, \$0.5 million from Voxcom Income Fund and \$0.2 million from Wellington Funds. The 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 \$0.4 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 \$13.4 million, compared with \$1.9 million for the same quarter last year. Included in administrative and other expenses for the third quarter of fiscal 2008 was a \$10.2 million accrual under Clairvest’s Management Incentive Bonus Program, which pays out a bonus of 10% of after-tax cash income and realizations on Clairvest’s corporate investments on an annual basis.

Finance and foreign exchange expense of \$0.5 million for the quarter represents \$0.3 million in interest on the loan payable to a subsidiary of Gateway Casinos, \$0.1 million in interest on the loan payable to a financial institution, and foreign exchange costs of \$0.1 million. Finance and foreign exchange expense of \$1.0 million for the third quarter of fiscal 2007 represented \$0.5 million in interest on the loan payable to a subsidiary of Gateway Casinos, \$0.4 million in interest on the loan payable to a financial institution, and foreign exchange costs of \$0.1 million

SUMMARY OF QUARTERLY RESULTS

Quarterly results (\$000's except per share information)	Gross income (loss) \$ (Note)	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted \$
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)
September 30, 2006	22,508	15,202	0.95	0.93
June 30, 2006	(6,368)	(16,400)	(0.99)	(0.99)
March 31, 2006	14,611	11,264	0.58	0.57

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 \$215.6 million at December 31, 2007, Clairvest has a \$20.0 million credit facility with a Canadian chartered bank, of which \$18.2 million was available at December 31, 2007. Temporary investments consist of corporate notes, debentures and preferred shares with maturities greater than 90 days from date of purchase. The maturity dates of these temporary investments range from February 2008 through to November 2010.

At December 31, 2007, Clairvest had loans payable totalling \$96.9 million comprised of:

- (a) \$12.6 million 30-year loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.
- (b) \$15.0 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan bore interest at 8.05% per annum, and was collateralized by 1.5 million units held by Clairvest in Gateway Income Fund.
- (c) \$8.1 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan was non-interest bearing, was repayable on demand, and was collateralized by 513,278 units held by Clairvest in Gateway Income Fund.
- (d) \$9.8 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan bore interest at 8.00% per annum, and was collateralized by 627,294 units held by Clairvest in Gateway Income Fund.
- (e) Loans totalling \$0.8 million from the limited partnership that owns Gateway Casinos. The loans outstanding are non-interest bearing and payable on demand at any time after December 31, 2007.
- (f) \$50.6 million loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.

- (g) During the quarter, Clairvest repaid in full a \$13.0 million, 10-year promissory note from a financial institution, which bore interest at a floating rate. Interest of \$0.1 million was paid during the quarter.

During the fourth quarter of fiscal 2007, Clairvest filed a normal course issuer bid enabling it to purchase up to 795,178 common shares during the 12-month period ending March 5, 2008. During the third quarter of fiscal 2008, Clairvest made no purchases under the issuer bid. Subsequent to quarter end, Clairvest filed a new normal course issuer bid enabling it to purchase up to 797,178 common shares during the 12-month period commencing March 6, 2008. 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 December 31, 2007. An additional 3,165,154 common and 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 December 31, 2007.

Clairvest has corporate investments with a carrying value of \$157.5 million. Changes in the carrying value of Clairvest's corporate investments during the third quarter of fiscal 2008 are primarily a result of realizations on investments, unrealized gains/losses on investments, follow-on investments made and capital returned to Clairvest. Clairvest's corporate investments decreased \$49.2 million during the third quarter of fiscal 2008. Significant events relating to Clairvest's corporate investments, other than with respect to unrealized gains/losses, are described below.

Gateway Casinos Income Fund

During the third quarter of fiscal 2008, Clairvest sold its interests in Gateway Income Fund for cash proceeds of \$66.7 million. Clairvest's total realized gain on this investment was \$33.8 million, of which \$26.6 million had been recognized in unrealized gains in previous quarters.

Gateway Casinos Inc.

During the third quarter of 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. Clairvest received a loan of \$50.6 million from Gateway Casinos on the completion of the transaction. Clairvest anticipates that this loan, together with other loans from Gateway Casinos, will be repaid and also anticipates that a Gateway Casinos entity will pay a dividend shortly thereafter, Clairvest's share of which will be \$96.9 million. The anticipated repayment of loan and anticipated dividends are expected to have no impact on Clairvest's book value.

Integral Orthopedics Inc.

During the third quarter of fiscal 2008, Clairvest funded an additional \$1.5 million to Integral Orthopedics Inc., bringing total investment to \$7.4 million.

Wellington Financial Fund II

During the third quarter of fiscal 2008, Clairvest received capital distributions totalling \$2.5 million from Wellington Financial Fund II, reducing the net investment to \$1.9 million.

Wellington Financial Fund III

During the third quarter of fiscal 2008, Clairvest funded an additional \$4.0 million to Wellington Financial Fund III, bringing the total funded amount to \$14.3 million.

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 third quarter of fiscal 2008, CEP paid net management fees of \$0.3 million. As per the Management Agreement, corporate advisory fees of \$0.2 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.

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 third quarter of fiscal 2008, 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, 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 a wholly-owned subsidiary of Clairvest (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership during the second quarter of fiscal 2007. 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 December 31, 2007 Clairvest had loans receivables from certain officers of Clairvest (the "Officers") totalling \$0.6 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 \$0.9 million. At December 31, 2007 Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totalling \$0.7 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 \$1.3 million, from CEP of \$16,000 and from CEP III of \$4.7 million. Included in accounts payable are amounts owing to Clairvest's corporate investments totalling \$2.7 million.

Net loans totalling \$1.8 million made by the Company to CEP during the second quarter of fiscal 2008, bearing interest at the prime rate, were repaid in full during the third quarter of fiscal 2008. Interest of \$12,000 was earned from loans to CEP during the third quarter of fiscal 2008.

Loans totalling \$1.1 million, bearing interest at the prime rate, were made by the Company to CEP III during the third quarter of fiscal 2008. These loans, together with loans totalling \$4.6 million made by the Company to CEP III in previous quarters, remained outstanding at December 31, 2007. Interest of \$78,000 was earned from loans to CEP III during the third quarter of fiscal 2008. \$4.7 million of these loans were repaid subsequent to quarter end.

During the third quarter of fiscal 2008, Clairvest received \$1.3 million in interest and distributions and \$0.4 million in fee income from its corporate investments. Also during the third quarter of fiscal 2008, Clairvest paid \$0.3 million in interest to a Gateway Casinos Inc. entity.

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, \$4.8 million of which remains unfunded at December 31, 2007. 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, \$69.4 million of which remains unfunded at December 31, 2007. Subsequent to quarter end, Clairvest funded a further \$16.3 million of its co-investment commitment to CEP III, reducing unfunded commitment to \$53.1 million. 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, \$14.3 million of which has been funded to December 31, 2007. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II may no longer be called. At December 31, 2007, net funds invested in Wellington Fund II was \$1.9 million.

Clairvest has guaranteed up to \$7.0 million of CEP's obligations to the Toronto-Dominion Bank under CEP's foreign exchange forward contracts with the bank.

Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this plan to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At December 31, 2007, \$10.2 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$0.6 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 \$0.6 million has not been accrued at December 31, 2007.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At December 31, 2007, Clairvest had entered into forward contracts to sell US\$12.5 million at rates of Canadian \$0.9951 to \$1.0101 per U.S. dollar through to April 2008. The fair value of these contracts at December 31, 2007 is a gain of \$0.1 million and have been recognized on the consolidated balance sheet as derivative instruments market valuation.

During fiscal 2006, Clairvest, together with CEP and Shepell-fgi (formerly WarrenShepell) 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. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. The guarantee expires on December 31, 2009. At December 31, 2007, the guarantee was \$1.8 million.

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. Subject to a number of conditions, Clairvest and B.V. may be entitled to receive over

time up to an additional AUD\$2.1 million (CDN\$1.8 million) being held in escrow. As at December 31, 2007, AUD\$1.3 million (CDN\$1.1 million) has been released and taken into income. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.

During fiscal 2007, Clairvest recorded a \$10.0 million impairment charge on loans Clairvest made to an unrelated party as the loans may not be recoverable. The loans were advanced in two tranches of \$5 million in each of December 2005 and May 2006 and were collateralized by treasury bills deposited with a Canadian bank-owned brokerage firm. The loans are currently in default. Any amounts recovered will be taken into income in the period of recovery.

During fiscal 2007, Clairvest, together with CEP invested in the development of the Tsuu T'ina charitable casino. As part of third party financing of the casino with a Canadian chartered bank, Clairvest has guaranteed certain cost overruns on the project, and any debt servicing shortfalls by Tsuu T'ina which reduce over a period of time. As at December 31, 2007, no amounts subject to this guarantee have been funded by the bank.

During the second quarter of fiscal 2008, Clairvest sold its interest in Winters Bros. Waste Systems, Inc. Subject to the performance of certain covenants, Clairvest may be entitled to receive additional consideration on the sale. As at December 31, 2007, US\$1.0 million (C\$1.0 million) has been released and taken into income. Clairvest may be entitled to receive additional consideration of up to US\$1.2 million.

OUTLOOK

Clairvest continues to assist its investee companies in developing and executing their strategies and enhancing their value propositions. Clairvest also continues to actively pursue investment opportunities, using domain-based proprietary research to explore a number of industries and identify new potential investments. Subsequent to quarter end, Clairvest closed on two new investments, alongside CEP III.

Subsequent to quarter end, Clairvest and CEP III invested US\$23.4 million (CDN\$23.5 million) in Light Tower Rentals, Inc. ("Light Tower"), of Odessa, Texas. Clairvest's portion of the investment was US\$5.8 million (CDN\$5.9 million), for 11.4% ownership of Light Tower.

Subsequent to quarter end, Clairvest and CEP III invested \$41.6 million in Casino Marina del Sol ("Casino del Sol"), a new gaming entertainment complex located in Chile. Clairvest's portion of the investment was \$10.4 million, for 12.5% ownership of Casino del Sol.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of December 31, 2007. Management has concluded that the disclosure controls and procedures are effective as of December 31, 2007 based on this evaluation.

Management has evaluated the Company's internal controls over financial reporting to ensure that they had been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. Management has concluded that the design of internal controls over financial reporting are effective as of December 31, 2007 based on this evaluation. There were no changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its 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	December 31 2007	March 31 2007
ASSETS		
Cash and cash equivalents	\$ 134,769	\$ 13,981
Temporary investments (Note 4)	80,868	76,305
Accounts receivable and other assets (Note 9e)	8,719	3,768
Income taxes recoverable	—	10,803
Loans receivable (Note 9f and 9g)	5,732	1,824
Derivative instruments market valuation (Note 12)	105	—
Corporate investments (Note 6)	157,494	207,929
	<u>\$ 387,687</u>	<u>\$ 314,610</u>
LIABILITIES		
Accounts payable (Note 9e, 10 and 13e)	\$ 17,781	\$ 3,473
Loans payable (Note 6 and 7)	96,882	68,766
Derivative instruments market valuation (Note 12)	—	300
Future tax liability	1,976	4,062
Stock-based compensation (Note 10)	5,485	4,426
	<u>122,124</u>	<u>81,027</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	82,713	82,166
Retained earnings	182,850	151,417
	<u>265,563</u>	<u>233,583</u>
	<u>\$ 387,687</u>	<u>\$ 314,610</u>

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the Quarter Ended December 31
(unaudited)

\$000's (except per share information)	Quarter ended December 31		Nine months ended December 31	
	2007	2006	2007	2006
Net investment gains (losses)				
Net realized gains on investments (Note 5)	\$ 8,251	\$ —	\$ 23,819	\$ —
Net unrealized gains (losses) on investments	6,192	(3,000)	24,032	(533)
	14,443	(3,000)	47,851	(533)
Other income				
Distributions and interest income (Note 9c and 9h)	4,538	3,809	12,968	10,477
Dividend income	30	116	82	5,017
Management fees (Note 9a)	343	948	987	1,011
Advisory and other fees (Note 9h)	354	(54)	980	1,987
	5,265	4,819	15,017	18,492
Administration and other expenses (Note 10 and 13e)	(13,442)	(1,889)	(23,230)	(8,139)
Loss on temporary investments (Note 13h)	—	—	—	(10,000)
Finance and foreign exchange expense (Note 9h and 12)	(505)	(1,039)	(2,464)	(3,247)
	(13,947)	(2,928)	(25,694)	(21,386)
Income (loss) before income taxes	5,761	(1,109)	37,174	(3,427)
Income tax recovered (expense)	946	230	(4,147)	1,350
Net income (loss)	\$ 6,707	\$ (879)	\$ 33,027	\$ (2,077)
Basic net income (loss) per share	\$ 0.42	\$ (0.05)	\$ 2.07	\$ (0.13)
Fully diluted net income (loss) per share	\$ 0.41	\$ (0.05)	\$ 2.02	\$ (0.13)

(see accompanying notes to interim consolidated financial statements)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the Quarter Ended December 31
(unaudited)

\$000's	Quarter ended December 31		Nine months ended December 31	
	2007	2006	2007	2006
Retained earnings, beginning of period	\$ 176,143	\$ 131,954	\$ 151,417	\$ 146,441
Net income (loss)	6,707	(879)	33,027	(2,077)
	182,850	131,075	184,444	144,364
Dividends declared	—	—	(1,594)	(1,590)
Purchase and cancellation of shares	—	—	—	(11,699)
Retained earnings, end of period	\$ 182,850	\$ 131,075	\$ 182,850	\$ 131,075

(see accompanying notes to interim consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Quarter Ended December 31
(unaudited)

\$000's	Quarter ended December 31		Nine months ended December 31	
	2007	2006	2007	2006
Cash flows from operating activities				
Net income (loss)	\$ 6,707	\$ (879)	\$ 33,027	\$ (2,077)
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	10	10	29	29
Stock-based compensation expense accrued (paid)	(504)	(151)	1,059	(18)
Future income tax expense (recovered)	(4,385)	4,233	(2,087)	4,287
Net realized gains on investments	(8,251)	—	(23,819)	—
Net unrealized (gains) losses on investments	(6,192)	3,000	(24,032)	533
Loss on temporary investments	—	—	—	10,000
Non-cash items relating to corporate investments	(218)	409	(446)	(3,626)
	<u>(12,833)</u>	<u>6,622</u>	<u>(16,269)</u>	<u>9,128</u>
Net change in non-cash working capital balances related to operations	<u>20,277</u>	<u>(6,259)</u>	<u>20,131</u>	<u>(10,020)</u>
	<u>7,444</u>	<u>363</u>	<u>3,862</u>	<u>(892)</u>
Cash flows from financing activities				
Shares purchased for cancellation	—	—	—	(569)
Issuance of share capital	—	—	547	540
Dividend paid	—	—	(1,594)	(1,590)
Receipt of loans	50,556	343	51,072	18,664
Repayment of loans	(12,985)	(131)	(22,956)	(2,477)
	<u>37,571</u>	<u>212</u>	<u>27,069</u>	<u>14,568</u>
Cash flows from investing activities				
Net proceeds on temporary investments	(11,993)	13,127	(4,563)	27,473
Acquisition of corporate investments	(6,445)	(2,206)	(16,405)	(34,121)
Proceeds on corporate investments	67,814	—	110,793	—
Loans advanced	(1,098)	(9,158)	(13,784)	(37,631)
Receipt of loans advanced	1,896	16,325	9,876	38,431
Proceeds (cost) on realization of foreign exchange forward contracts	157	(28)	548	65
Return of capital from corporate investments	2,470	4,268	3,392	7,906
	<u>52,801</u>	<u>22,328</u>	<u>89,857</u>	<u>2,123</u>
Net increase in cash and cash equivalents	97,816	22,903	120,788	15,799
Cash and cash equivalents, beginning of period	36,953	5,291	13,981	12,395
Cash and cash equivalents, end of period	\$ 134,769	\$ 28,194	\$ 134,769	\$ 28,194
Supplemental cash flow information				
Income taxes paid	\$ 106	\$ 1,396	\$ 520	\$ 7,342
Interest paid	\$ 251	\$ 508	\$ 1,811	\$ 1,348

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS`
December 31, 2007 (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, 2007.

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 December 31, 2007.

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

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

2. CHANGES IN ACCOUNTING POLICY

Effective fiscal 2008, the Company adopted Canadian Institute of Chartered Accountants Handbook (“CICA Handbook”) Section 1506, “Accounting Changes”, which requires that voluntary changes in accounting policy be made only if the changes result in financial statements that provide more reliable and more relevant information. The adoption of this standard has provided no impact to Clairvest’s unaudited interim consolidated financial statements for the quarter ended December 31, 2007.

Effective fiscal 2008, the Company also adopted CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement”; Section 3865, “Hedges”; Section 1530, “Comprehensive Income”; and Section 3861, “Financial Instruments – Disclosure and Presentation”.

Section 3855 requires financial assets and financial liabilities to be initially recognized at fair value and subsequently accounted for based on their classification as either held-for-trading, available for sale, or held to maturity. In accordance with CICA Accounting Guideline 18, “Investment Companies”, which the Company has previously adopted, the Company is required to classify all of its financial assets and liabilities as held-for-trading. These instruments are accounted for at fair value with the change in fair value recognized in income. The impact of the adoption of Section 3855 to Clairvest’s unaudited interim consolidated financial statements for the quarter ended December 31, 2007 was not material.

For the quarter ended December 31, 2007, the Company has no items requiring disclosure under other comprehensive income.

The comparative unaudited interim consolidated financial statements have not been restated for the adoption of these standards.

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 December 31, 2007 is \$18.2 million and is based on debt covenants within the banking arrangement.

4. TEMPORARY INVESTMENTS

Temporary investments consist of corporate notes, debentures and preferred shares, which have maturities greater than 90 days from date of purchase. The maturity dates of these temporary investments range from February 2008 through to November 2010. The yield on these investments ranges between 4.0% and 12.0% with a weighted average rate of pre-tax return of 4.6%.

5. NET INVESTMENT GAINS

Net realized gains (losses) on investments during the period are comprised of the following:

\$000's	Quarter ended December 31		Nine months ended December 31	
	2007	2006	2007	2006
Net realized gains (losses) on investments	\$ 34,849	\$ (25,733)	\$ 52,526	\$ (25,733)
Previously recognized net unrealized gains (losses)	(26,598)	25,733	(28,707)	25,733
	\$ 8,251	\$ —	\$ 23,819	\$ —

6. CORPORATE INVESTMENTS

	December 31, 2007			March 31, 2007		
	Fair Value	Cost	Difference	Fair Value	Cost	Difference
Investments in publicly-traded companies						
Komunik Corporation (formerly Datamark Systems Group Inc.)	\$ 882	\$ 4,762	\$ (3,880)	\$ 9,762	\$ 14,454	\$ (4,692)
Gateway Casinos Income Fund	—	—	—	47,614	32,913	14,701
Voxcom Income Fund	—	—	—	15,644	11,187	4,457
	882	4,762	(3,880)	73,020	58,554	14,466
Investments in privately-held companies						
Gateway Casinos Inc.	96,882	24,000	72,882	84,724	24,000	60,724
Integral Orthopedics Inc.	7,372	7,372	—	5,347	5,347	—
Kubra Data Transfer Ltd.	3,250	2,150	1,100	3,250	2,150	1,100
Landauer Metropolitan Inc.	3,553	3,636	(83)	3,894	3,636	258
N-Brook Mortgage LP	5,266	5,037	229	3,865	3,699	166
Shepell-fgi	7,910	6,550	1,360	7,910	6,550	1,360
Tsuu T'ina Gaming Limited Partnership	5,591	5,002	589	2,226	2,091	135
Van-Rob Inc.	5,000	5,000	—	5,000	5,000	—
Wellington Financial Fund II	3,130	1,928	1,202	6,618	5,319	1,299
Wellington Financial Fund III	15,344	14,329	1,015	6,974	6,704	270
Winters Bros. Waste Systems, Inc.	—	—	—	5,065	4,292	773
	153,298	75,004	78,294	134,873	68,788	66,085
Other investments	3,314	2,196	1,118	36	47	(11)
	\$157,494	\$81,962	\$75,532	\$207,929	\$127,389	\$80,540

During the third quarter of fiscal 2008, Clairvest sold its interests in Gateway Casinos Income Fund ("Gateway Income Fund") for cash proceeds of \$66.7 million. Clairvest's total realized gain on this

investment was \$33.8 million, of which \$26.6 million had been recognized in unrealized gains in previous quarters.

During the third quarter of fiscal 2008, Gateway Casinos Inc. (“Gateway Casinos”) sold substantially all of its assets, as well as shares of a joint venture entity in which it held a 50% interest. Clairvest received a loan of \$50.6 million from Gateway Casinos on the completion of the transaction.

During the first quarter of fiscal 2008, Clairvest sold its interest in Datamark Systems Group Inc. (“Datamark”) for a combination of \$6.4 million in cash and 1,546,473 shares in a new combined public entity involving Datamark and Komunik Corporation, now operating as Komunik Corporation (“Komunik”). Clairvest’s diluted interest in Komunik is 4.54%. The cost assigned to the Komunik shares is the pro-rata portion of the cost on the Datamark shares.

During the third quarter of fiscal 2008, Clairvest funded an additional \$1.5 million to Integral Orthopedics Inc.

During the third quarter of fiscal 2008, Clairvest received capital distributions totalling \$2.5 million from Wellington Fund II and funded an additional \$4.0 million to Wellington Fund III.

7. LOANS PAYABLE

Loans payable consist of the following:

- (a) \$12.6 million 30-year loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.
- (b) \$15.0 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan bore interest at 8.05% per annum, and was collateralized by 1.5 million units held by Clairvest in Gateway Income Fund.
- (c) \$8.1 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan was non-interest bearing, was repayable on demand, and was collateralized by 513,278 units held by Clairvest in Gateway Income Fund.
- (d) \$9.8 million 30-year loan from a subsidiary of Gateway Casinos. During the quarter, the loan was amended such that the loan is non-interest bearing, payable on demand, and is collateralized the units held by Clairvest in the limited partnership that owns Gateway Casinos. Prior to the amendment, the loan bore interest at 8.00% per annum, and was collateralized by 627,294 units held by Clairvest in Gateway Income Fund.
- (e) Loans totalling \$0.8 million from the limited partnership that owns Gateway Casinos. The loans outstanding are non-interest bearing and payable on demand at any time after December 31, 2007.
- (f) \$50.6 million loan from Gateway Casinos. The loan is non-interest bearing, and repayable by demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.
- (g) During the quarter, Clairvest repaid in full a \$13.0 million, 10-year promissory note from a financial institution, which bore interest at a floating rate. Interest of \$0.1 million was paid during the quarter.

8. SHARE CAPITAL

During the fourth quarter of fiscal 2007, the Company filed a normal course issuer bid enabling it to make purchases of up to 795,178 common shares in the 12-month period ending March 5, 2008. During the third quarter of fiscal 2008, the Company made no purchases. Subsequent to quarter end, Clairvest filed a new normal course issuer bid enabling it to purchase up to 797,178 common shares during the 12-month period commencing March 6, 2008. 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 December 31, 2007. An additional 3,165,154 common and 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 December 31, 2007.

9. RELATED PARTY TRANSACTIONS

- (a) Clairvest has entered into a Management Agreement with the General Partner of 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. 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 third quarter of fiscal 2008, net management fees were \$0.3 million (2007 – \$0.9 million).
- (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 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.
- (c) During fiscal 2007, the Company completed closings totalling \$225.0 million of 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 third quarter of fiscal 2008, net priority distributions were \$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 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 the 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, 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 a wholly-owned subsidiary of Clairvest (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership during the second quarter of fiscal 2007. 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 totalling \$0.6 million (2007 – \$0.5 million). The share purchase loans bear interest fixed at either 4% or 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 \$0.9 million (2007 – \$0.7 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totalling \$0.7 million (2007 – \$0.6 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 \$1.3 million (2007 – \$2.2 million), from CEP totalling \$16,000 (2007 – nil), and from CEP III totalling \$4.7 million (2007 – \$0.1 million). Included in accounts payable is nil (2007 – \$0.1 million) owing to CEP and \$2.7 million (2007 – \$0.5 million) owing to corporate investments.
- (f) Net loans totalling \$1.8 million, bearing interest at the prime rate, made by the Company to CEP during the second quarter of fiscal 2008 were repaid in full during the third quarter of fiscal 2008. Interest of \$12,000 was earned from loans to CEP during the third quarter of fiscal 2008.
- (g) Loans totalling \$1.1 million, bearing interest at the prime rate, were made by the Company to CEP III during the third quarter of fiscal 2008. These loans, together with loans totalling \$4.6 million made by the Company to CEP III in previous quarters, remained outstanding at December 31, 2007. Interest of \$78,000 was earned from loans to CEP III during the third quarter of fiscal 2008. \$4.7 million of these loans were repaid subsequent to quarter end.
- (h) During the third quarter of fiscal 2008, Clairvest received \$1.3 million (2007 - \$2.9 million) in interest and distributions and \$0.4 million in fee income (2007 – a charge of \$0.1 million) from its corporate investments. Also during the third quarter of fiscal 2008, Clairvest paid \$0.3 million (2007 - \$0.5 million) in interest to a Gateway Casinos Inc. entity.

10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

During the third quarter of fiscal 2008, 105,000 options were exercised under the cash settlement plan for \$0.8 million, all of which had been previously accrued for. At December 31, 2007, a total of 1,157,000 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 December 31, 2007, Clairvest recognized a stock-based compensation expense of \$0.3 million (2007 – negative \$0.2 million).

As at December 31, 2007, a total of 99,299 (2007 – 74,736) Deferred Share Units were held by directors of the Company, the accrual in respect of which was \$1.4 million (2007 - \$0.8 million) and has been included in accounts payable.

During the first quarter of fiscal 2008, the Deferred Share Unit Plan was amended to facilitate the issuance of Appreciation Deferred Share Units ("Appreciation DSUs") to the directors of the Company. As at December 31, 2007, 90,000 Appreciation DSUs were held by directors of the Company, the accrual in respect of which was \$0.1 million and has been included in accounts payable.

During the third quarter of fiscal 2008, 55,000 Book Value Appreciation Rights Units ("BVAR units") were exercised for \$0.6 million, of which \$0.5 million has been previously accrued for. As at December 31,

2007, a total of 431,000 (2007 – 443,250) Book Value Appreciation Rights Units were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$0.6 million (2007 - \$0.4 million) and has been included in accounts payable.

11. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations at December 31 is detailed as follows:

	<u>2007</u>	<u>2006</u>
Accounts receivable and other assets	\$ 6,373	\$ (5,462)
Accounts payable	13,904	(797)
	<u>\$ 20,277</u>	<u>\$ (6,259)</u>

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

	<u>December 31 2007</u>	<u>March 31 2007</u>
Cash	\$ 4,806	\$ 3,640
Cash equivalents	129,963	10,341
	<u>\$ 134,769</u>	<u>\$ 13,981</u>

12. FINANCIAL INSTRUMENTS

As at December 31, 2007, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US\$12.5 million (2007 – US\$7.2 million) at rates of Canadian \$0.9951 to \$1.0101 per U.S. dollar through April 2008 (average rate of \$1.0055; 2007 - average rate of \$1.0618). The fair value of these contracts at December 31, 2007 is a gain of \$0.1 million (2007 – loss of \$0.3 million) and have been recognized on the balance sheet as derivative instruments market valuation.

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, \$4.8 million of which remains unfunded at December 31, 2007. 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, \$69.4 million of which remains unfunded at December 31, 2007. Subsequent to quarter end, Clairvest funded a further \$16.3 million of its co-investment commitment to CEP III, reducing unfunded commitment to \$53.1 million. 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, \$14.3 million of which has been funded at December 31, 2007. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II may no longer be called. At December 31, 2007, net funds invested in Wellington Fund II was \$1.9 million.

- (d) Clairvest has guaranteed up to \$7.0 million of CEP's obligations to the Toronto-Dominion Bank under CEP's foreign exchange forward contracts with the bank.
- (e) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this plan to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At December 31, 2007, \$10.2 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$0.6 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 \$0.6 million has not been accrued at December 31, 2007.
- (f) 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. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. The guarantee expires on December 31, 2009. At December 31, 2007, the guarantee was \$1.8 million.
- (g) 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. Subject to a number of conditions, Clairvest and B.V. may be entitled to receive over time up to an additional AUS\$2.1 million being held in escrow. As at December 31, 2007, AUD\$1.3 million (CDN\$1.1 million) has been released from the escrow and taken into income. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.
- (h) During fiscal 2007, Clairvest recorded a \$10.0 million impairment charge on loans Clairvest made to an unrelated party as the loans may not be recoverable. The loans were advanced in two tranches of \$5 million in each of December 2005 and May 2006 and were collateralized by treasury bills deposited with a Canadian bank-owned brokerage firm. The loans are currently in default. Any amounts recovered will be taken into income in the period of recovery.
- (i) During fiscal 2007, Clairvest, together with CEP invested in the development of the Tsuu T'ina charitable casino. As part of third party financing of the casino with a Canadian chartered bank, Clairvest has guaranteed certain cost overruns on the project, and any debt servicing shortfalls by Tsuu T'ina which reduce over a period of time. As at December 31, 2007, no amounts subject to this guarantee have been funded by the bank.
- (j) During the second quarter of fiscal 2008, Clairvest sold its interest in Winters Bros. Waste Systems, Inc. Subject to the performance of certain covenants, Clairvest may be entitled to receive additional consideration on the sale. As at December 31, 2007, US\$1.0 million (C\$1.0 million) has been released and taken into income. Clairvest may be entitled to receive additional consideration of up to US\$1.2 million.

14. SUBSEQUENT EVENTS

- (a) Subsequent to quarter end, Clairvest and CEP III invested US\$23.4 million (CDN\$23.5 million) in Light Tower Rentals, Inc. (“Light Tower”), of Odessa, Texas. Clairvest’s portion of the investment was US\$5.8 million (CDN\$5.9 million), for a 11.4% ownership of Light Tower.
- (b) Subsequent to quarter end, Clairvest and CEP III invested \$41.6 million in Casino Marina del Sol (“Casino del Sol”), a new gaming entertainment complex located in Chile. Clairvest’s portion of the investment was \$10.4 million, for a 12.5% ownership of Casino del Sol.

15. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2007 consolidated financial statements.