

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

- December 31, 2008 book value per share of \$17.65, versus \$17.69 at September 30, 2008, of which 60.2% is represented by cash or near cash
- During the quarter, Clairvest closed an \$8.0 million commitment to Sonco Gaming New Brunswick Limited Partnership to build Casino New Brunswick
- During the quarter, Clairvest funded a further \$2.9 million to Casino Marina del Sol in Chile
- Subsequent to quarter end, Wellington Financial increased Fund III to \$150 million
- Board of Directors approves new normal course issuer bid

**Toronto, Ontario (February 12, 2009)** – Clairvest Group Inc. (TSX:CVG) today reported results for the quarter ended December 31, 2008. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value decreased 0.2% during the quarter to \$281.6 million, or \$17.65 per share, compared with \$17.69 per share at September 30, 2008. The decrease in book value was attributable to a net loss for the quarter of \$0.6 million, or \$0.04 per share. This decrease was primarily the result of management's decision to reduce the carrying value of certain corporate investments. Net income for the nine months ended December 31, 2008 was \$22.3 million or \$1.36 per share on a fully-diluted basis.

As previously announced, Clairvest committed to an \$8.0 million investment in Sonco Gaming New Brunswick Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. The commitment was subject to the finalization of legal agreements, which were completed during the quarter. To date, Clairvest has funded \$1.5 million of this commitment.

During the third quarter of fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, funded a further \$2.9 million to Casino Marina del Sol ("Casino del Sol"), a gaming entertainment complex in Chile, adjacent to the city of Concepción. The construction of the casino has now been completed and the casino opened in November.

Subsequent to quarter end, Wellington Financial Fund III ("Wellington Fund III") increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

"Clairvest is well positioned to weather the unstable market conditions and has substantial liquidity to take advantage of opportunities which the current economic environment will produce," said Ken Rotman, Co-Chief Executive Officer. "Even in this difficult market, we remain sharply focused on our market niche and are confident in our ability to uncover additional investment opportunities during the fourth quarter and beyond."

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 797,678 common shares on the Toronto Stock Exchange during the 12-month period commencing March 6, 2009.

## **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, and regulatory risks. 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](http://www.clairvest.com)

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, 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 AcG-18, the Company is required to carry its temporary investments and its corporate investments at fair value. In addition, Clairvest have designated its receivables and payables as held-for-trading in accordance with CICA Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each balance sheet date.

When a financial asset or liability 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. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity and collateral of the security and the size of Clairvest's ownership block as well as any other factors that may be relevant to the ongoing and realizable value of the investments. In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; public market comparables; private market transactions multiples and, where applicable, other pertinent considerations.

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

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 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 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 asset or liability and income tax expense.

## **OPERATING RESULTS**

Net loss for the third quarter of fiscal 2009 was \$0.6 million compared with net income of \$6.7 million for the third quarter of fiscal 2008. The net loss for the third quarter of fiscal 2009 is comprised primarily of \$2.6 million of net corporate investment losses, \$1.8 million of net operating income and \$0.2 million of income tax recoveries. This compares with net corporate investment gains of \$14.4 million, \$8.7 million of net operating losses, and \$0.9 million of income tax recoveries for the third quarter of fiscal 2008.

The net corporate investment losses of \$2.6 million for the third quarter of fiscal 2009 comprised of net unrealized losses on corporate investments, and resulted from:

- A \$2.3 million downward adjustment to the fair market value of Clairvest's investment in Lyophilization Services of New England Inc. ("LSNE") as a result of a decline in LSNE's results;
- A \$1.0 million downward adjustment to the fair market value of Clairvest's investment in N-Brook Mortgage LP ("N-Brook") as a result of a downward revision of the expected net realizable value of the investment; offset by
- Other movements in quoted market prices, dividends accruing on preferred shares and distributions accruing on partnership units.

Distributions and interest income for the quarter was \$3.1 million, compared with \$4.5 million for the same quarter last year. Distributions and interest income for the third quarter of fiscal 2009 includes interest on cash, cash equivalents and temporary investments of \$1.1 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. ("Casino Osorno") and Latin Gaming Chile S.A. ("Latin Gaming") totaling \$0.3 million, priority distributions of \$1.0 million from Clairvest Equity Partners III Limited Partnership ("CEP III") and distributions totaling \$0.2 million from Wellington Financial Fund II and Wellington Financial Fund III ("Wellington Funds"). Distributions and interest income for the third quarter of fiscal 2008 included interest on cash, cash equivalents and temporary investments of \$1.9 million, priority distributions of \$1.1 million from CEP III, distributions of \$0.5 million from Gateway Casinos Income Fund and \$0.6 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.

Dividend income for the quarter was \$0.9 million, compared with \$30,000 for the same quarter last year. Dividend income for the third quarter of fiscal 2009 included a \$0.9 million dividend from Gateway Casinos Inc. ("Gateway Casinos").

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 \$0.3 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 \$13.4 million for the same quarter last year. Included in administrative and other expenses for the third quarter of fiscal 2009 was \$0.8 million of stock-based compensation recovery as a result of a decrease in the trading price of Clairvest's common shares and \$0.3 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. Included in administrative and other expenses for the third quarter of fiscal 2008 was \$0.3 million of stock-based compensation expense and a \$10.2 million accrual under Clairvest's Management Incentive Bonus Program.

Finance and foreign exchange expense of \$0.5 million for the third 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 \$0.3 million of interest expense arising from loans advanced from a foreign financial institution as part of the holding structures for Casino del Sol, Casino Osorno and Latin Gaming. Finance and foreign exchange expense of \$0.5 million for the third quarter of fiscal 2008 represented \$0.3 million in interest on loans 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.

## 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 \$
December 31, 2008	1,972	(606)	(0.04)	(0.04)
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

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

Significant variations may arise in the quarterly results due to investment realizations and valuations.

## 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 \$169.4 million at December 31, 2008, Clairvest has a \$20.0 million credit facility with a Canadian chartered bank, \$20.0 million of which was available at December 31, 2008. Cash equivalents consist of treasury bills and fixed income mutual funds which have maturities less than 90 days from date of purchase. Temporary investments consist of treasury bills, term deposits, corporate bonds, 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 January 2009 through to July 2011.

At December 31, 2008, Clairvest had loans payable totaling \$101.7 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 \$101.7 million and anticipates that the proceeds of Clairvest's share of the dividends will be used to repay the total loans of \$101.7 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 ending March 5, 2009. No shares were purchased under this issuer bid during the quarter. Subsequent to quarter end, Clairvest filed a new normal course issuer bid enabling it to purchase up to 797,678 common shares during the 12-month period commencing March 6, 2009. 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, 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.

15,953,566 common shares were outstanding at December 31, 2008.

Clairvest has corporate investments with a carrying value of \$217.0 million. Changes in the carrying value of Clairvest's corporate investments during the third quarter of fiscal 2009 are primarily a result of unrealized gains/losses on investments and investments made. Clairvest's corporate investments increased \$6.0 million during the third quarter of fiscal 2009. Significant events relating to Clairvest's corporate investments, other than with respect to unrealized gains/losses, are described below.

### **Casino Marina del Sol**

During the third quarter of fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, invested a further \$2.9 million in Casino del Sol, a gaming entertainment complex in Chile, adjacent to the city of Concepción.

## Casino New Brunswick

During the second quarter of fiscal 2009, Clairvest, subject to finalization of legal agreements, committed \$8.0 million to Sonco Gaming New Brunswick Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. During the third quarter of fiscal 2009, the legal agreements were completed, and Clairvest funded an additional \$0.9 million of this commitment. The total amount funded to date is \$1.5 million.

### TRANSACTIONS WITH RELATED PARTIES

Clairvest has entered into a Management Agreement with the General Partner of Clairvest Equity Partners Limited Partnership, 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 third quarter of fiscal 2009, net management fees were \$0.3 million. As per the Management Agreement, fees of \$0.1 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP, 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. 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 \$10.2 million of distributions. 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.

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 2009, CEP III paid GP I net priority distributions of \$1.0 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described below. To date, CEP III has not made any distributions to GP I other than priority distributions.

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. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, no distributions would be paid to GP I and GP II. 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 GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors.

At December 31, 2008 Clairvest had loans receivable from certain officers of Clairvest and GP I (the “Officers”) totaling \$0.7 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 \$0.6 million. At December 31, 2008, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$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 totaling \$2.0 million, \$0.5 million from CEP and \$2.2 million from CEP III.

Loans totaling \$2.6 million, bearing interest at the prime rate, were made by the Company to CEP III during the third quarter of fiscal 2009. During the quarter, \$1.6 million of the \$3.6 million loan outstanding from the prior quarter was repaid by CEP III. Interest of \$31,000 was earned from loans to CEP III during the third quarter of fiscal 2009.

Loans totaling \$0.2 million, bearing interest at the prime rate made by the Company to Wellington Financial Fund II (“Wellington Fund II”) in the prior quarter were repaid in full during the third quarter of fiscal 2009. Interest of \$1,000 was earned from loans to Wellington Fund II during the third quarter of fiscal 2009.

Loans totaling \$0.3 million, bearing interest at the prime rate, were made by the Company to the General Partner of Wellington Financial Fund III (“GP Wellington Fund III”) during the third quarter of fiscal 2009, and were repaid in full subsequent to quarter end. Interest of \$1,000 was earned from loans to GP Wellington Fund III during the third quarter of fiscal 2009.

Forward contracts totaling US\$9.3 million were entered into by the Company on behalf of CEP III, the fair value of which was a loss of \$0.2 million at December 31, 2008. Any amounts paid or reimbursed as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III.

During the third quarter of fiscal 2009, Clairvest earned \$0.6 million in interest and distributions and \$0.3 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, \$3.8 million of which remains unfunded at December 31, 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, \$43.1 million of which remains unfunded at December 31, 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. Included in the commitment to co-invest with CEP III is an \$8.0 million commitment to Casino New Brunswick, \$1.5 million of which has been funded at December 31, 2008.

Clairvest has committed \$25.0 million to Wellington Fund III, \$17.9 million of which has been funded to December 31, 2008. Subsequent to quarter end, Wellington Fund III increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest’s interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II can no longer be called. At December 31, 2008, net funds invested in Wellington Fund II were \$1.9 million.

At December 31, 2008, Clairvest has received profit distributions totaling \$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 Agreements.

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

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

Under Clairvest's Management Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management 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 December 31, 2008, \$1.8 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 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 December 31, 2008.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. At December 31, 2008, Clairvest had entered into forward contracts to sell US\$45.3 million at rates of Canadian \$0.9917 to \$1.2270 per U.S. dollar through April 2009, US\$9.3 million [2008 – nil] of which was entered into on behalf of CEP III, and forward contracts to sell Chilean Unidad de Fomento ("UF") 0.7 million at rates of Canadian \$39.2949 to \$42.6750 per UF through January 2009. The fair value of these US dollar contracts at December 31, 2008 is a loss of \$3.7 million and the fair value of the Chilean UF contracts at December 31, 2008 is a gain of \$0.2 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments. US\$7.2 million of these forward contracts are speculative in anticipation of future growth in value of the Company's U.S. denominated investments. The fair value of the speculative contracts at December 31, 2008 is a loss of \$0.1 million.

During fiscal 2006, Clairvest, together with CEP and Shepell·fgi management, purchased Shepell·fgi. As part of the purchase, Clairvest guaranteed a \$4.6 million note payable by Shepell·fgi to the vendors, as well as interest payable on the note. The note was subject to claims Clairvest and CEP may have with respect to representations and warranties. During the quarter, the guarantee was assumed by a Shepell·fgi holding entity which held the funds to satisfy this obligation. The guarantee expired subsequent to quarter end.

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 potential claims which will reduce over time.

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 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 December 31, 2008, with CEP III owning the remaining 75%.

As part of the holding structure of Casino Osorno, Clairvest borrowed \$13.8 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$13.8 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 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 December 31, 2008.

As part of the holding structure of Latin Gaming, Clairvest borrowed \$4.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$4.9 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 December 31, 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 losses in connection with such actions.

## **CURRENT ENVIRONMENT**

As evidenced in the third quarter of fiscal 2009, economic conditions have deteriorated significantly, equity markets have declined significantly and liquidity in the debt and equity markets have declined substantially. Clairvest, however, is in a strong capital position to benefit from this challenging and volatile market environment.

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

As of December 31, 2008, Clairvest's corporate investment portfolio is diversified across 16 companies in 8 industries and 3 countries. Concentration risk by industry and by country is disclosed in note 14 to the interim financial statements. Certain industries, particularly the automotive related industry and the financial services industry, may experience a significant negative impact to their profitability and liquidity positions given the current economic turmoil. The Company has considered these economic events and indicators in the valuation of its corporate investments.

A number of investee companies may also be subject to foreign exchange risk. A significant change in foreign exchange rates can have an impact to the profitability of these entities and in turn the Company's 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 have a significant impact in the carrying value of these investments.

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

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

Clairvest 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 December 31, 2008, Clairvest had cash, cash equivalents and temporary investments of \$169.4 million, in addition to \$217.0 million of corporate investments net of \$101.7 million of loans payable. Clairvest also had access to \$140.7 million of uncalled committed third-party capital for acquisitions through CEP and CEP III at December 31, 2008. Clairvest's objectives in managing capital are disclosed in note 15 to the interim financial statements.

## **DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of December 31, 2008. Management has concluded that the disclosure controls and procedures are effective as of December 31, 2008 based on this evaluation.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. Management has evaluated Clairvest's design effectiveness of internal controls over financial reporting for the quarter ended December 31, 2008. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as of December 31, 2008 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended December 31, 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)**

<b>\$000's</b>	<b>December 31</b>	<b>March 31</b>
	<b>2008</b>	<b>2008</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 4, 11 and 14)	\$ 36,508	\$ 57,320
Temporary investments (Notes 4 and 14)	132,936	127,888
Accounts receivable and other assets (Note 9e)	8,128	6,799
Income taxes receivable	957	109
Loans receivable (Notes 9f, 9g and 9h)	4,884	19,475
Derivative instruments (Note 12)	224	—
Future tax asset	1,865	1,678
Corporate investments (Notes 6 and 14)	216,972	185,390
	<b>\$ 402,474</b>	<b>\$ 398,659</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Notes 10 and 13f)	\$ 6,362	\$ 15,524
Income taxes payable	807	3,484
Loans payable (Note 7)	101,732	99,340
Derivative instruments (Notes 12 and 14)	3,656	1,405
Future tax liability	3,701	2,604
Stock-based compensation (Note 10)	4,655	5,523
	<b>120,913</b>	<b>127,880</b>
Contingencies, commitments and guarantees (Notes 3, 12, and 13)		
<b>Shareholders' Equity</b>		
Share capital (Notes 8 and 10)	82,823	82,713
Retained earnings	198,738	188,066
	<b>281,561</b>	<b>270,779</b>
	<b>\$ 402,474</b>	<b>\$ 398,659</b>

(see accompanying notes to interim consolidated financial statements)

**CLAIRVEST GROUP INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(unaudited)

<b>\$000's (except per share information)</b>	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Net investment gains (losses)</b>				
Net realized gains on investments (Note 5)	\$ —	\$ 8,251	\$ 25,335	\$ 23,819
Net unrealized gains (losses) on investments	(2,599)	6,192	(216)	24,032
	<b>(2,599)</b>	<b>14,443</b>	<b>25,119</b>	<b>47,851</b>
<b>Other income</b>				
Distributions and interest income (Note 9)	3,124	4,538	9,238	12,968
Dividend income	914	30	1,547	82
Management fees (Note 9a)	274	343	893	987
Advisory and other fees (Note 9j)	259	354	675	980
	<b>4,571</b>	<b>5,265</b>	<b>12,353</b>	<b>15,017</b>
<b>Expenses</b>				
Administration and other expenses (Note 10)	(2,299)	(13,442)	(10,202)	(23,230)
Finance and foreign exchange expense (Note 9j)	(471)	(505)	(1,090)	(2,464)
	<b>(2,770)</b>	<b>(13,947)</b>	<b>(11,292)</b>	<b>(25,694)</b>
Income (loss) before income taxes	(798)	5,761	26,180	37,174
Income tax (expense) recovered	192	946	(3,914)	(4,147)
Net income (loss)	\$ (606)	\$ 6,707	\$ 22,266	\$ 33,027
Basic net income (loss) per share	\$ (0.04)	\$ 0.42	\$ 1.40	\$ 2.07
Fully diluted net income (loss) per share	\$ (0.04)	\$ 0.41	\$ 1.36	\$ 2.02

(see accompanying notes to interim consolidated financial statements)

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

<b>\$000's</b>	<b>Quarter ended</b>		<b>Nine months ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Retained earnings, beginning of period	\$ 199,344	\$ 176,143	\$ 188,066	\$ 151,417
Net income (loss)	(606)	6,707	22,266	33,027
	<b>198,738</b>	<b>182,850</b>	<b>210,332</b>	<b>184,444</b>
Dividends declared	—	—	(11,594)	(1,594)
Retained earnings, end of period	\$ 198,738	\$ 182,850	\$ 198,738	\$ 182,850

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended December 31		Nine months ended December 31	
	2008	2007	2008	2007
<b>Operating activities</b>				
Net income (loss)	\$ (606)	\$ 6,707	\$ 22,266	\$ 33,027
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	75	10	223	29
Stock-based compensation expense (recovery)	(844)	(504)	(914)	1,059
Future income tax expense (recovered)	315	(4,385)	910	(2,087)
Net realized gains on investments	—	(8,251)	(25,335)	(23,819)
Net unrealized losses (gains) on investments	2,599	(6,192)	216	(24,032)
Non-cash items relating to corporate investments	(1,050)	(218)	(1,488)	(446)
	489	(12,833)	(4,122)	(16,269)
Net change in non-cash working capital balances related to operations (Note 11)	(2,131)	20,277	(14,239)	20,131
<b>Cash provided by (used in) operating activities</b>	<b>(1,642)</b>	7,444	<b>(18,361)</b>	3,862
<b>Investing activities</b>				
Acquisition of corporate investments	(3,722)	(6,445)	(29,714)	(16,405)
Proceeds on corporate investments	—	67,814	28,125	110,793
Return of capital from corporate investments	—	2,470	60	3,392
Proceeds on realization (cost) of foreign exchange forward contracts	(1,431)	157	(2,184)	548
Net proceeds on sale of temporary investments	(17,263)	(11,993)	(5,048)	(4,563)
Loans advanced (Notes 9g and 9h)	(2,884)	(1,098)	(10,859)	(13,784)
Receipt of loans advanced (Notes 9f and 9g)	1,835	1,896	25,450	9,876
<b>Cash provided by (used in) investing activities</b>	<b>(23,465)</b>	52,801	<b>5,830</b>	89,857
<b>Financing activities</b>				
Issuance of share capital	64	—	64	547
Cash dividends paid	—	—	(11,594)	(1,594)
Receipt of loans	1,083	50,556	3,249	51,072
Repayment of loans	—	(12,985)	—	(22,956)
<b>Cash provided by (used in) financing activities</b>	<b>1,147</b>	37,571	<b>(8,281)</b>	27,069
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(23,960)</b>	97,816	<b>(20,812)</b>	120,788
Cash and cash equivalents, beginning of period	60,468	36,953	57,320	13,981
<b>Cash and cash equivalents, end of period (Note 11)</b>	<b>\$ 36,508</b>	\$ 134,769	<b>\$ 36,508</b>	\$ 134,769
<b>Supplemental cash flow information</b>				
Income taxes paid	\$ 1,161	\$ 106	\$ 7,119	\$ 520
Interest paid	\$ 6	\$ 251	\$ 258	\$ 1,811

(see accompanying notes to interim consolidated financial statements)

**CLAIRVEST GROUP INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
*December 31, 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 December 31, 2008.

In accordance with AcG-18, the Company is required to carry its temporary investments and its corporate investments at fair value. In addition, Clairvest have designated its receivables and payables as held-for-trading in accordance with CICA Handbook Section 3855. Accordingly, each of Clairvest’s financial assets and liabilities is fair valued on each balance sheet date.

When a financial asset or liability 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. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity 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. In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; public market comparables; private company transactions multiples and, where applicable, other pertinent considerations.

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

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 December 31, 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 December 31, 2008 is \$20.0 million [2008 - \$18.2 million] and is based on debt covenants within the banking arrangement.

### 4. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of treasury bills and fixed income mutual funds which have maturities less than 90 days from date of purchase.

Temporary investments consist of treasury bills, term deposits, corporate bonds, 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 January 2009 through to July 2011. The yield on these investments ranges between 1.4% and 5.6% with a weighted average rate of pre-tax return of 2.7%.

	March 31, 2008			
	Due in 1 year or less	Due after 1 year	Total	Total
Bankers' acceptance	\$ —	\$ —	\$ —	\$ 20,924
Treasury bills	73,552	—	73,552	—
Term Deposits	312	—	312	—
Corporate bonds	14,806	40,942	55,748	47,956
Fixed income mutual funds	—	—	—	51,874
Corporate debentures	—	1,188	1,188	1,320
Preferred shares	377	1,759	2,136	5,814
<b>Total</b>	<b>\$ 89,047</b>	<b>\$ 43,889</b>	<b>\$ 132,936</b>	<b>\$ 127,888</b>

### 5. NET INVESTMENT GAINS

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

	Quarter ended December 31		Nine months ended December 31	
	2008	2007	2008	2007
Net realized gains on investments	\$ —	\$ 34,849	\$ 27,332	\$ 52,526
Previously recognized net unrealized gains	—	(26,598)	(1,997)	(28,707)
	<b>\$ —</b>	<b>\$ 8,251</b>	<b>\$ 25,335</b>	<b>\$ 23,819</b>

## 6. CORPORATE INVESTMENTS

	December 31, 2008			March 31, 2008		
	Fair value	Cost	Difference	Fair value	Cost	Difference
	\$	\$	\$	\$	\$	\$
<b>Investments in privately-held companies</b>						
Casino Marina del Sol	13,167	13,260	(93)	11,585	10,408	1,177
Casino New Brunswick	1,536	1,536	—	—	—	—
Gateway Casinos Inc.	101,732	24,000	77,732	99,340	24,000	75,340
Integral Orthopedics Inc.	—	—	—	—	6,322	(6,322)
Kubra Data Transfer Ltd.	3,207	2,150	1,057	3,250	2,150	1,100
Landauer Metropolitan Inc.	4,741	3,636	1,105	3,758	3,636	122
Latin Gaming Chile S.A.	10,936	9,132	1,804	5,186	5,044	142
Latin Gaming Osorno S.A.	17,121	16,618	503	—	—	—
Light Tower Rentals Inc.	7,115	5,884	1,231	5,996	5,884	112
Lyophilization Services of New England Inc.	5,859	6,454	(595)	5,140	5,060	80
N-Brook Mortgage LP	3,425	5,037	(1,612)	5,286	5,037	249
Shepell-fgi	—	—	—	14,691	6,550	8,141
Tsuu T'ina Gaming Limited Partnership	7,285	5,625	1,660	6,462	5,625	837
Van-Rob Inc.	5,000	5,000	—	5,000	5,000	—
Wellington Financial Fund II	2,073	1,868	205	2,603	1,928	675
Wellington Financial Fund III	19,178	17,962	1,216	14,966	14,527	439
	<b>202,375</b>	<b>118,162</b>	<b>84,213</b>	<b>183,263</b>	<b>101,171</b>	<b>82,092</b>
Other investments	14,597	4,771	9,826	2,127	5,257	(3,130)
	<b>216,972</b>	<b>122,933</b>	<b>94,039</b>	<b>185,390</b>	<b>106,428</b>	<b>78,962</b>

During the third quarter of fiscal 2009, Clairvest, through Canadian and Chilean acquisition entities, funded a further \$2.9 million to Casino Marina del Sol (“Casino del Sol”), a gaming entertainment complex in Chile, adjacent to the city of Concepción.

During the second quarter of fiscal 2009, Clairvest, subject to finalization of legal agreements, committed \$8.0 million to Sonco Gaming New Brunswick Limited Partnership to build Casino New Brunswick, a destination casino, hotel and multi-use entertainment and convention centre. During the third quarter of fiscal 2009, the legal agreements were completed, and Clairvest funded an additional \$0.9 million of this commitment. The total amount funded to date is \$1.5 million.

During the third quarter of fiscal 2009, Clairvest determined that the carrying value of Lyophilization Services of New England Inc. (“LSNE”) should be written down by \$2.3 million as a result of a decline in LSNE’s results. The write-down was partially offset by a \$1.0 million foreign exchange gain on the investment.

During the third quarter of fiscal 2009, Clairvest determined that the carrying value of N-Brook Mortgage LP (“N-Brook”) should be written down by a further \$1.0 million as a result of a downward revision of the expected net realizable value of the investment.

## 7. LOANS PAYABLE

Loans payable consist of loans payable to Gateway Casinos Inc. (“Gateway Casinos”) totaling \$101.7 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 ending March 5, 2009. During the third quarter of fiscal 2009, the Company made no purchases under this issuer bid. Subsequent to quarter end, Clairvest filed a new normal course issuer bid enabling it to purchase up to 797,678 common shares during the 12-month period commencing March 6, 2009. 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, 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.

15,953,566 common shares were outstanding at December 31, 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 third quarter of fiscal 2009, net management fees were \$0.3 million (2008 – \$0.3 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. 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 \$10.2 million of distributions. 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.
- (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 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 2009, net priority distributions were \$1.0 million (2008 – \$1.1 million). As per the Limited Partnership Agreement, fees of \$0.1 million (2008 – \$0.1) 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. To date, CEP III has not made any distributions to GP I other than priority distributions.
- (d) GP II, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in note 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. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their

current fair values, no distributions would be paid to GP I and GP II. 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 GP I (the "Participation III Investors"). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors.

- (e) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling \$0.7 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 \$0.6 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 totaling \$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 totaling \$2.0 million (2008 – \$2.7 million), from CEP totaling \$0.5 million (2008 – 0.5 million), and from CEP III totaling \$2.2 million (2008 – \$0.4 million).
- (f) Loans totaling \$2.6 million, bearing interest at the prime rate, made by the Company to CEP III during the third quarter of fiscal 2009. During the quarter, \$1.6 million of the \$3.6 million loan outstanding from the prior quarter was repaid. Interest of \$31,000 was earned from loans to CEP III during the third quarter of fiscal 2009.
- (g) Loans totaling \$0.2 million, bearing interest at the prime rate, were made by the Company to Wellington Financial Fund II ("Wellington Fund II") in the prior quarter were repaid in full during the third quarter of fiscal 2009. Interest of \$1,000 was earned from loans to Wellington Fund II during the third quarter of fiscal 2009.
- (h) Loans totaling \$0.3 million, bearing interest at the prime rate, were made by the Company to the General Partner of Wellington Financial Fund III ("GP Wellington Fund III") during the third quarter of fiscal 2009 and were repaid in full subsequent to quarter end. Interest of \$1,000 was earned from loans to GP Wellington Fund III during the third quarter of fiscal 2009.
- (i) Forward contracts totaling US\$9.3 million were entered into by the Company on behalf of CEP III, the fair value of which was a loss of \$0.2 million at December 31, 2008. Any amounts paid or received as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III.
- (j) During the third quarter of fiscal 2009, Clairvest earned \$0.6 million (2008 - \$1.3 million) in interest and distributions, and \$0.3 million in fee income (2008 – \$0.4 million) from its corporate investments. Clairvest paid nil (2008 - \$0.3 million) in interest to a Gateway Casinos entity.

## **10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS**

During the second quarter of fiscal 2009, 10,000 common shares were issued on the exercise of stock options for shares, increasing share capital by \$0.1 million. At December 31, 2008, a total of 1,082,000 options were outstanding under Clairvest's stock option plan.

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest 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, 2008, Clairvest recognized a stock-based compensation recovery of \$0.8 million (2008 – expense of \$0.3 million).

As at December 31, 2008, a total of 121,141 (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 December 31, 2008, 90,000 (2008 – 90,000) Appreciation DSUs were held by directors of the Company, the accrual in respect of which was \$2,000 (2008 – \$0.1 million) and has been included in accounts payable and accrued liabilities.

As at December 31, 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 December 31 is detailed as follows:

	<b>December 31 2008</b>	December 31 2007
Accounts receivable and other assets	\$ (1,206)	\$ (1,940)
Income taxes receivable	(417)	8,256
Accounts payable and accrued liabilities	377	13,123
Income taxes payable	(885)	838
	<b>\$ (2,131)</b>	<b>\$ 20,277</b>

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

	<b>December 31 2008</b>	March 31 2008
Cash	\$ 25,938	\$ 2,150
Cash equivalents	10,570	55,170
	<b>\$ 36,508</b>	<b>\$ 57,320</b>

## 12. FINANCIAL INSTRUMENTS

As at December 31, 2008, the Company had entered into foreign exchange forward contracts as follows:

Forward contracts to sell US\$45.3 million [2008 - US\$20.3 million] at rates of Canadian \$0.9917 to \$1.2270 per U.S. dollar through April 2009 [average rate of \$1.1334; 2008 - average rate of \$1.0036], US\$9.3 million [2008 – nil] of which was entered on behalf of CEP III. The fair value of these contracts at December 31, 2008 is a loss of \$3.7 million [2008 - \$0.5 million] and has been recognized on the consolidated balance sheet as derivative instruments. US\$7.2 million of these forward contracts are speculative as described in Note 14.

Forward contracts to sell Chilean Unidad de Fomento (“UF”) 0.7 million [2008 - UF0.2 million] at rates of Canadian \$39.2949 to \$42.6750 per UF through January 2009 [average rate of \$41.4498; 2008 – average rate of \$42.6750]. The fair value of these contracts at December 31, 2008 is a gain of \$0.2 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, \$3.8 million of which remains unfunded at December 31, 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, \$43.1 million of which remains unfunded at December 31, 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. Included in the commitment to co-invest with CEP III is an \$8.0 million commitment to Casino New Brunswick, \$1.5 million of which has been funded at December 31, 2008.
- (c) Clairvest has also committed \$25.0 million to Wellington Fund III, \$17.9 million of which has been funded at December 31, 2008. Subsequent to quarter end, Wellington Fund III increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II can no longer be called. At December 31, 2008, net funds invested in Wellington Fund II were \$1.9 million.

At December 31, 2008, Clairvest has received profit distributions totaling \$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 Agreements.

- (d) Clairvest has guaranteed up to \$3.0 million of CEP's obligations to a Schedule 1 Canadian chartered bank under CEP's foreign exchange forward contracts with the bank.
- (e) Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 Canadian chartered bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III 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 December 31, 2008, \$1.8 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 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 December 31, 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 was subject to claims Clairvest and CEP may have with respect to representations and warranties. During the quarter the guarantee was assumed by a Shepell-fgi holding entity which held the funds to satisfy this obligation. The guarantee expired subsequent to quarter end.

- (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 potential claims which will reduce over time.
- (i) 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.
- (j) 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 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.
- (k) 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 December 31, 2008, with CEP III owning the remaining 75%.
- (l) As part of the holding structure of Latin Gaming Osorno S.A. (“Casino Osorno”), Clairvest borrowed \$13.8 through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$13.8 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 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 December 31, 2008.
- (m) As part of the holding structure of Latin Gaming Chile S.A. (“Latin Gaming”), Clairvest borrowed \$4.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$4.9 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 December 31, 2008.
- (n) 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 how the Company manages these risk factors are described below.

##### ***Credit risk***

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. The carrying values of financial assets subject to credit exposure, net of any allowances for losses, are as follows:

	<b>December 31 2008</b>	March 31 2008
Cash and cash equivalents	\$ 36,508	\$ 57,320
Temporary investments	132,936	127,888
Accounts receivable and other assets	6,577	5,079
Loans receivable	4,884	19,475
Derivative instruments	224	—
Corporate Investments	216,972	185,390
	<b>\$ 398,101</b>	<b>\$ 395,152</b>

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

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

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 December 31, 2008, the credit rating on the Company's cash, cash equivalents and temporary investments were as follows:

	<u>Fair value</u>
<b>Cash and term deposits</b>	<b>26,250</b>
<b>Bonds, treasury bills and fixed income mutual funds</b>	
AAA	69,234
AA	3,918
AA-	23,119
A+	11,063
A	14,951
<b>Preferred Shares</b>	
P-1 low	652
P-2	563
P-2 low	921
<b>Other fixed income investments</b>	
R1-High	11,711
R1-Mid	5,873
R1-Low	—
<b>Other non-rated securities</b>	<b>1,189</b>
<b>Total cash, cash equivalents and temporary investments</b>	<b>169,444</b>

### **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 December 31, 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.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings before interest, income tax, depreciation and amortization (EBITDA) used for each individual investment. Investments which are valued using the EBITDA multiple approach include Kubra Data Transfer Ltd., Landauer Metropolitan Inc., Light Tower Rentals Inc., LSNE, and Van-Rob Inc. If the Company had used an EBITDA multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase or decrease of \$5.0 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the quarter ended December 31, 2008. EBITDA multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 16 companies in 8 industries and 3 countries as of December 31, 2008. Concentration risk by industry and by country is as follows:

	December 31, 2008			31-Mar-08	
	Canada	United States	Chile	Fair value	Fair value
Automotive related	\$ 5,000	\$ —	\$ —	\$ 5,000	\$ 5,000
Business services	13,773	3,207	—	16,980	17,941
Financial Services	24,676	—	—	24,676	22,855
Gaming	8,821	—	41,224	50,045	23,773
Health and medical related	—	10,600	—	10,600	8,897
Oil field service	—	7,115	—	7,115	5,996
Other	166	658	—	824	1,588
Holding company	101,732	—	—	101,732	99,340
<b>Total</b>	<b>\$ 154,168</b>	<b>\$ 21,580</b>	<b>\$ 41,224</b>	<b>\$ 216,972</b>	<b>\$ 185,390</b>

Certain industries, particularly the automotive related industry and the financial services industry, may experience significant negative impact to their profitability and liquidity positions given the current economic turmoil. The Company has considered these economic events and indicators in the valuation of its corporate investments.

The Company held \$2.1 million in preferred shares in its temporary investments portfolio at December 31, 2008. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk on 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 December 31, 2008, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into speculative foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These speculative contracts have notional values totaling US\$7.2 million and a fair value of a loss of \$0.1 million at December 31, 2008. 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 oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

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

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of \$0.9 million to distributions and interest income on a pre-tax basis for the quarter ended December 31, 2008.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. At December 31, 2008, Clairvest had loans payable totaling \$101.7 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 have a carrying value of \$101.7 million at December 31, 2008. Also see Note 13 which describes the Company's contingencies, commitments and guarantees.

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

#### ***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 December 31, 2008, Clairvest had cash, cash equivalents and temporary investments of \$169.4 million, in addition to \$217.0 million of corporate investments net of \$101.7 million of loans payable. Clairvest also had access to \$140.7 million of uncalled committed third-party capital for acquisitions through CEP and CEP III at December 31, 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/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.

## **16. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 financial statements.