

**CLAIRVEST REPORTS FISCAL 2005
FOURTH QUARTER AND YEAR-END RESULTS****Highlights:**

- March 31, 2005 book value increased to \$12.99 per share, versus \$11.46 at March 31, 2004
- Clairvest declared dividend of \$0.10 per share
- Clairvest and CEP closed \$15.5 million investment in Integral Orthopedics Inc.
- Subsequent to quarter-end, Gateway Casinos opened Cascades casino in Langley, B.C.
- Subsequent to quarter-end, Voxcom Income Fund completed initial public offering
- Clairvest purchased 33,500 common shares during the quarter for \$315,000 and 690,989 common shares subsequent to quarter end for \$6.8 million under normal course issuer bids

Toronto, Ontario (June 23, 2005) – Clairvest Group Inc. (TSX:CVG) today reported its results for the fourth quarter and year ended March 31, 2005. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value increased by \$22.6 million during the year to \$257.0 million, or to \$12.99 per share, compared with \$11.46 per share at March 31, 2004. The increase resulted from net income of \$29.9 million, less the cost of shares purchased under Clairvest's normal course issuer bids and dividends paid. The net income was primarily generated by net realized gains on investments, net unrealized gains on investments and dividends received. Realized gains on investments resulted primarily from the sale of 1,865,226 Gateway Casinos Income Fund units for gross proceeds of \$32.3 million and the release of the remaining \$2.6 million that was being held in escrow following the sale of Sparkling Spring Water in Fiscal 2003.

"The increase in book value per share during fiscal 2005 demonstrates the commitment of Clairvest management to enhance shareholder value," said Jeff Parr, co-CEO of Clairvest.

As previously announced, Clairvest and Clairvest Equity Partners Limited Partnership ("CEP") closed a \$15.5 million investment in Integral Orthopedics Inc., which acquired the businesses of Obus Forme Ltd., a prominent provider of orthopedic back care products and Moller LLC, a leading developer of clinical treatment solutions for back and neck pain. Clairvest and CEP acquired a controlling interest in Integral Orthopedics Inc., with their investment being made based on pro rata capital commitments to their investment pool, of 25% and 75% respectively.

In May 2005, Gateway Casinos Inc. ("Gateway") opened the new Cascades casino in Langley, B.C. The new casino has been well received by the community and Gateway management are pleased with attendance. Should Cascades performance continue in line with early results, Clairvest will make appropriate adjustments to Gateway's fair value.

Subsequent to quarter-end, Voxcom Income Fund completed its initial public offering ("IPO"). Voxcom Income Fund used the proceeds of the offering to acquire all of the common shares of Voxcom Incorporated and to repay a portion of Voxcom Incorporated's existing credit facilities. Clairvest reinvested its entire proceeds from the IPO into 1,645,015 units of Voxcom Income Fund, and as a result holds a 20.1% fully-diluted interest in Voxcom Income Fund. As of June 22, 2005, the pre-tax fair value of Clairvest's interest in the Fund was \$16.9 million versus a pre-tax fair value of Clairvest's investment in Voxcom Incorporated of \$11.8 million at March 31, 2005.

"Voxcom currently has more than 100,000 individual customers paying monthly service and maintenance fees," said Ken Rotman, co-CEO of Clairvest. "We believe this recurring revenue stream makes it a very predictable business and one that is ideally suited to being an income trust. We chose to retain our investment in Voxcom because we are optimistic about the prospects for further value creation."

Clairvest declared an annual dividend of \$0.10 per share. The dividend will be payable to common shareholders and non-voting shareholders of record as of July 13, 2005. The dividend will be paid on July 27, 2005.

Clairvest is a Canadian merchant bank that invests its own capital, and that of third parties through Clairvest Equity Partners Limited Partnership ("CEP"), in companies that have the potential to generate superior returns. 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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This press 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.

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and notes of Clairvest Group Inc. for the quarter ended March 31, 2005 and the attached press release.

CRITICAL ACCOUNTING ESTIMATES

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

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.

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

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

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

CHANGES IN ACCOUNTING POLICIES

In the first quarter of fiscal 2005, Clairvest adopted the recommendations of The Canadian Institute of Chartered Accountants' Section 1100 Generally Accepted Accounting Principles, Accounting Guideline 18 Investment Companies and Accounting Guideline 13 Hedging Relationships. The impact on the consolidated financial statements resulting from the adoption of these recommendations is not material.

In the fourth quarter of fiscal 2005, Clairvest prospectively adopted The Canadian Institute of Chartered Accountants' Accounting Guideline 15, Consolidation of Variable Interest Entities ("VIE"). The Guideline provides a framework for identifying a VIE and requires a primary beneficiary to consolidate a VIE. A primary beneficiary is the enterprise that absorbs a majority of the VIE's expected losses or receives a majority of the VIE's expected residual returns or both. The Guideline requires Clairvest to identify VIE's in which it has an interest, determine whether it is the primary beneficiary of such entities and if so, consolidate them. At March 31, 2005, the VIE in which Clairvest held an interest was Clairvest Equity Partners Limited Partnership ("CEP"). As of March 31, 2005, Clairvest was not considered the primary beneficiary of CEP. Clairvest has no exposure to loss as a result of its involvement in CEP in its capacity of general partner. Accordingly, Clairvest did not consolidate CEP. There is therefore no impact on the consolidated financial statement resulting from the adoption of the Guideline.

OPERATING RESULTS

Net income for the fourth quarter of 2005 was \$14.3 million compared with \$9.2 million for the fourth quarter of 2004.

Clairvest had realized gains on investments of \$2.6 million for the quarter, compared with \$8.3 million for the same quarter last year. The realized gains for the fourth quarter of fiscal 2005 resulted from the release of the remaining \$2.6 million of funds that were held in escrow following the sale of Sparkling Spring Water in fiscal 2003. The realized gains for the fourth quarter of fiscal 2004 resulted from the sale of units of Gateway Casinos Income Fund, as well as the release of a portion of the funds that were held in escrow following the sale of Sparkling Spring Water.

Clairvest reversed previously recognized unrealized gains of \$27.9 million for the quarter, compared with \$4.7 million for the same quarter last year. These previously recognized unrealized gains that were reversed in the fourth quarter of fiscal 2005 relate to unrealized gains that were recognized in fiscal 2005 and prior years with respect to Gateway Casinos Inc. that were reversed upon the receipt of a \$28.1 million dividend from Gateway Casinos Inc. in the fourth quarter of fiscal 2005.

The previously recognized unrealized gains of \$4.7 million that were reversed in the fourth quarter of fiscal 2004 relate to unrealized gains that were recognized in fiscal 2004 and prior years on the units of Gateway Casinos Income Fund that were sold in the fourth quarter of fiscal 2004.

Clairvest had unrealized gains on investments of \$13.6 million for the fourth quarter of 2005, compared with \$7.6 million for the fourth quarter of 2004. The net unrealized gains for the fourth quarter of 2005 resulted from:

- a \$9.4 million upward adjustment to the fair value of Clairvest's investment in Gateway Casinos Inc. This upward adjustment was determined by management to be appropriate in light of recent advances in the development and relocation of several of Gateway Casinos' casinos;
- a \$0.1 million increase to the guarantee payable to CEP with respect to CEP's purchase of shares in Consolidated Vendors from Clairvest in fiscal 2002. The guarantee payable is included as an offset against the fair value of Clairvest's investment in Consolidated Vendors; and
- movements in quoted market prices, movements in foreign exchange and dividends that are accruing on cumulative shares.

Interest income for the quarter was \$1.6 million, compared with \$1.5 million for the same quarter last year. Interest income for the fourth quarter of 2005 includes \$0.5 million in distributions from Gateway Casinos Income Fund versus \$0.7 million for the fourth quarter of 2004. Clairvest owned 1.5 million units in Gateway Casinos Income Fund at March 31, 2005, compared to 3.4 million units at March 31, 2004.

Dividend income for the quarter was \$28.1 million, compared with nil for the fourth quarter of 2004. Dividend income for the fourth quarter of 2005 represented tax-free dividends from Gateway Casinos Inc. During the quarter Clairvest also repaid \$28.1 million of loans from Gateway Casinos that were repayable on demand at any time after December 31, 2004.

Clairvest earned \$0.6 million in management fees during the quarter for its services in the administration of CEP's portfolio and \$0.4 million in advisory and other fees from its corporate investments.

Administration and other expenses for the quarter were \$3.1 million, compared with \$2.8 million for the same quarter last year.

Finance expense of \$0.2 million for the quarter represents \$0.3 million in interest on the loan payable to a subsidiary of Gateway Casinos Inc. net of a \$0.1 million gain on foreign exchange forward contracts. Finance expense of \$1.0 million for the fourth quarter of fiscal 2004 represents \$0.8 million in interest on the loan payable to a subsidiary of Gateway Casinos Inc. and \$0.2 million in costs on foreign exchange forward contracts.

SUMMARY OF QUARTERLY RESULTS

Quarterly results (\$000's except per share information)	Gross income \$	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted \$
March 31, 2005	18,947	14,345	0.73	0.69
December 31, 2004	11,920	8,995	0.45	0.43
September 30, 2004	8,229	4,458	0.22	0.21
June 30, 2004	6,222	2,092	0.10	0.10
March 31, 2004	13,642	9,199	0.44	0.43
December 31, 2003	18,037	14,152	0.69	0.66
September 30, 2003	(16,021)	(16,526)	(0.80)	(0.80)
June 30, 2003	9,671	6,002	0.29	0.27

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 \$103.0 million at March 31, 2005, Clairvest has a \$20 million credit facility with a Canadian Chartered Bank.

Loans totalling \$5.6 million were made to Wellington Financial Fund II during the quarter. The loans bear interest at the prime rate, and are payable on demand. The loans, together with interest, were repaid subsequent to quarter-end.

At March 31, 2005, Clairvest had loans totalling \$28.8 million from Gateway Casinos Inc. entities comprised of:

- (a) \$13.7 million 30-year, non-interest bearing loan that is repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos Inc. Clairvest repaid \$1.4 million of this loan during the quarter, bringing the balance from \$15.1 million at December 31, 2004 to \$13.7 million at March 31, 2005.
- (b) \$15.0 million 30-year loan bearing interest at 8.05% per annum, that is collateralized by the units held by Clairvest in Gateway Casinos Income Fund. The loan must be repaid as the units in Gateway Casinos Income Fund are disposed of.
- (c) \$89,000 of non-interest bearing loans that are repayable on demand at any time after December 31, 2005. \$28.1 million of loans were outstanding at December 31, 2004 that were non-interest bearing and repayable on demand at any time after December 31, 2004. These loans were paid in full in the fourth quarter of fiscal 2005. A further \$89,000 was loaned to Clairvest in the fourth quarter of fiscal 2005.

Clairvest had a normal course issuer bid in place which enabled it to purchase up to 911,572 common shares during the 12-month period ending March 3, 2005. During the fourth quarter of fiscal 2005, Clairvest filed a new normal course issuer bid enabling it to purchase up to 877,472 common shares during the 12-month period ending March 3, 2006. During the quarter, Clairvest purchased and cancelled 25,000 common shares at a cost of \$235,000. Also during the quarter, Clairvest purchased 8,500 common shares at a cost of \$80,000 which were cancelled subsequent to quarter-end. In total 1,621,252 common shares at a cost of \$12.7 million have been purchased under this and all previous normal course issuer bids as of March 31, 2005. Subsequent to quarter-end a further 690,989 common shares were purchased at a cost of \$6.8 million. 16,849,949 common shares and 2,230,954 non-voting shares were outstanding at June 23, 2005.

Clairvest's main asset is its corporate investments. All increases/decreases in the carrying value of Clairvest's investments during the fourth quarter of fiscal 2005 are as a result of unrealized gains/losses on the investments, except as noted below.

Consolidated Vendors Corporation

During the quarter, Clairvest loaned \$48,000 to Consolidated Vendors Corporation. During the quarter, Clairvest also increased its guarantee payable to CEP by \$0.1 million. A total of \$3.1 million would be owing to CEP under Clairvest's guarantee if CEP was disposed of at its current fair value. The \$3.1 million has been included as an offset against the fair value of Clairvest's investment.

Also during the quarter, Clairvest revalued the debt portion of its investment in Consolidated Vendors as a result of movements in the foreign exchange rate, resulting in a \$1.2 million downward adjustment to the fair value. In accordance with hedge accounting, the debt portion of Clairvest's investment in Consolidated Vendors is marked to market at the consolidated balance sheet dates. The foreign exchange forward contracts entered into as a hedge against this portion of Clairvest's investment are also marked to market at the balance sheet date, resulting in an offsetting reduction in deferred gain on foreign exchange forward contracts of \$0.9 million, and an increase in derivative instruments market valuation of \$22,000. The net result of these adjustments is a \$0.2 million foreign exchange loss on the consolidated statement of income.

Gateway Casinos Inc.

The fair value of Clairvest's investment in Gateway Casinos decreased \$18.4 million to \$59.9 million at March 31, 2005. The decrease is comprised of a \$27.8 million reversal of previously recognized unrealized gains, net of a \$9.4 million unrealized gain on the investment. The reversal of previously recognized unrealized gains represents unrealized gains that were recognized in fiscal 2005 and prior years. Upon the receipt of a \$28.1 million dividend from Gateway Casinos during fiscal 2005, these previously recognized unrealized gains were reversed. The \$9.4 million upward adjustment to the fair value of the investment was determined by management to be appropriate in light of recent advances in the development and relocation of several of Gateway Casinos' casinos.

N-Brook Mortgage LP

During the quarter, Clairvest funded \$0.3 million of its \$5.0 million commitment to N-Brook Mortgage L.P., bringing the total funded amount to \$1.2 million.

Signature Security Group Holdings Pty. Limited

During the quarter, Clairvest revalued the debt portion of its investments in Signature as a result of movements in the foreign exchange rate, resulting in a \$1.8 million upward adjustment to the fair value. In accordance with hedge accounting, the debt portion of Clairvest's investment in Signature is marked to market at the balance sheet date. The foreign exchange forward contracts entered into as a hedge against this portion of Clairvest's investment are also marked to market at the balance sheet date, resulting in an offsetting reduction in deferred loss on foreign exchange forward contracts of \$2.7 million, and an increase in derivative instruments market valuation of \$0.1 million. The net result of these adjustments is a \$0.9 million foreign exchange loss on the consolidated statement of income.

Wellington Financial Fund II

During the quarter, Clairvest funded \$1.6 million of its \$20.0 million commitment to Wellington Financial Fund II, bringing the total funded amount to \$7.4 million.

TRANSACTIONS WITH RELATED PARTIES

Clairvest, as manager of CEP and parent company of the General Partner of CEP, has entered into various transactions with CEP. As manager of CEP, Clairvest is entitled to a management fee as compensation for its services in the administration of the portfolio of CEP. During the fourth quarter of fiscal 2005 CEP paid Clairvest net management fees of \$0.6 million.

At March 31, 2005, Clairvest had accounts payable to CEP totalling \$13,000.

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. The distribution to the General Partner will be determined based on the overall performance of CEP and no such distribution is permitted until CEP's limited partners have received all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner 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 (the "Investors"). The Investors purchased, at fair market value, units of the Participation Partnership during the first quarter of fiscal 2005. From time to time, additional units in the Participation Partnership may be purchased by the Investors. To date, CEP has not made any distributions to the General Partner.

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.

During fiscal 2002, Clairvest sold certain shares of Consolidated Vendors to CEP, and guaranteed to compensate CEP for up to \$5.7 million for certain deficiencies that CEP may incur on these shares. Based on Clairvest's current fair value of its investment in Consolidated Vendors, Clairvest would owe CEP \$3.1 million under this guarantee. The \$3.1 million has been included as an offset against the fair value of Clairvest's investment in Consolidated Vendors.

Clairvest has also entered into various transactions with its corporate investments. During the fourth quarter of fiscal 2005 Clairvest received \$0.9 million in interest, \$28.1 million in dividends, and \$0.3 million in advisory and other fees from its corporate investments. During the fourth quarter of fiscal 2005 Clairvest paid \$0.3 million in interest on a loan from a Gateway Casinos entity. At March 31, 2005, Clairvest had accounts receivable from corporate investments totalling \$0.7 million.

At March 31, 2005, Clairvest also had a \$2.7 million receivable from Sparkling Spring Water, representing the remaining funds that were held in escrow following the sale of the investment in fiscal 2003. The \$2.7 million was received subsequent to quarter-end. No further amounts remain in escrow.

At March 31, 2005, Clairvest had loans receivable from certain officers of the Company or officers of corporate investments (the "Officers") totalling \$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 \$1.1 million. At March 31, 2005 Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totalling \$0.2 million.

OFF-BALANCE SHEET ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, of which \$19.1 million has been funded to March 31, 2005. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has committed \$20.0 million to Wellington Financial Fund II, \$7.4 million of which has been funded to March 31, 2005.

Clairvest has committed \$5.0 million to N-Brook Mortgage LP, subject to N-Brook management achieving certain targets. \$1.2 million of Clairvest's commitment has been funded to March 31, 2005.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At March 31, 2005, Clairvest had entered into forward contracts to sell AUS\$31.3 million and US\$12.3 million. The fair value of these contracts at March 31, 2005 is a loss of \$300,000 on the Australian dollar contracts and a gain of \$70,000 on the U.S. dollar contracts. \$90,000 of the loss on the Australian dollar contracts relates to the debt portion of Clairvest's investment in Signature and has been recognized on the balance sheet as derivative instruments market valuation. The U.S. dollar contracts which have been entered into as a hedge against the debt portion of Clairvest's investment in Consolidated Vendors have a fair value of a loss of \$22,000, which has been recognized on the consolidated balance sheet as derivative instruments market valuation.

A wholly-owned subsidiary of Clairvest together with certain other unit holders (the "Unit Holders") hold 20% of the outstanding units of Gateway Casinos Income Fund. The Unit Holders have agreed that they will take all necessary steps to collectively maintain the 20% ownership interest amongst the Unit Holders and in connection with any additional issue of units of Gateway Casinos Income Fund to ensure that their collective ownership of Gateway Casinos Income Fund is maintained at 20% of the issued and outstanding units.

During fiscal 2005, a wholly-owned subsidiary of Clairvest together with other shareholders of Gateway Casinos Inc. (the "Gateway Shareholders"), entered into an agreement with Gateway Casinos Inc.'s bank whereby the Gateway Shareholders agreed to fund cost overruns on the development of Gateway Casinos Inc's casino facility in Langley, British Columbia. The casino development project is expected to be completed in June 2005. The amount of the cost overruns, if any, cannot be determined at this time and no amounts have been reflected in Clairvest's consolidated financial statements.

Under Clairvest's Incentive Bonus Program, a bonus of 10% of after-tax income, based on cash realizations on Clairvest's corporate investments, is paid to management as a bonus. Amounts are accrued under this plan with respect to cash realizations made during the year. If Clairvest were to sell its corporate investments at their current fair values, a bonus of \$3.1 million would be owing to management under the Incentive Bonus Program. This amount has not been reflected in Clairvest's consolidated financial statements.

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

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

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

CLAIRVEST GROUP INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

\$000's	March 31 2005	March 31 2004
ASSETS		
Cash and cash equivalents	\$ 1,828	\$ 4,695
Temporary investments	101,203	88,913
Accounts receivable and other assets (Note 5a)	4,529	5,629
Loans receivable (Note 5b)	5,623	—
Deferred loss on foreign exchange forward contracts	—	2,801
Corporate investments (Note 2)	180,246	199,448
	<u>\$ 293,429</u>	<u>\$ 301,486</u>
LIABILITIES		
Accounts payable	\$ 4,759	\$ 3,456
Loans payable (Note 3)	28,788	61,224
Derivative instruments market valuation	112	—
Deferred gain on foreign exchange forward contracts	558	—
Future tax liability	2,182	2,365
	<u>36,399</u>	<u>67,045</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	106,704	110,151
Shares purchased for cancellation	(80)	(407)
Stock-based compensation	138	57
Retained earnings	150,268	124,640
	<u>257,030</u>	<u>234,441</u>
	<u>\$ 293,429</u>	<u>\$ 301,486</u>

(see accompanying notes to interim consolidated financial statements)

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

\$000's (except per share information)	Quarter ended March 31		Year ended March 31	
	2005	2004	2005	2004
Net investment gains				
Net realized gains on investments	\$ 2,584	\$ 8,342	\$ 14,591	\$ 8,786
Previously recognized net unrealized gains	(27,903)	(4,700)	(40,211)	(4,700)
Net unrealized gains on investments	13,594	7,569	32,248	6,943
	(11,725)	11,211	6,628	11,029
Other income				
Interest income (Note 5d)	1,606	1,521	6,676	8,758
Dividend income (Note 5d)	28,080	—	28,080	1,828
Management fees (Note 5c)	647	686	2,629	2,712
Advisory and other fees (Note 5d)	339	224	1,305	1,002
	30,672	2,431	38,690	14,300
Administration and other expenses	3,055	2,752	9,402	6,919
Finance expense (Note 5d)	198	1,049	2,648	4,400
	3,253	3,801	12,050	11,319
Income before income taxes	15,694	9,841	33,268	14,010
Income taxes	1,349	642	3,378	1,183
Net income	\$ 14,345	\$ 9,199	\$ 29,890	\$ 12,827
Basic net income per share	\$ 0.73	\$ 0.4	\$ 1.50	\$ 0.62
Fully diluted net income per share	\$ 0.69	\$ 0.4	\$ 1.43	\$ 0.59

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended March 31		Year ended March 31	
	2005	2004	2005	2004
Retained earnings, beginning of period	\$ 136,030	\$ 115,773	\$ 124,640	\$ 116,027
Net income	14,345	9,199	29,890	12,827
	150,375	124,972	154,530	128,854
Dividends declared	—	—	(2,007)	(2,072)
Purchase and cancellation of shares (Note 4)	(107)	(332)	(2,255)	(2,142)
Retained earnings, end of period	\$ 150,268	\$ 124,640	\$ 150,268	\$ 124,640

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended March 31		Year ended March 31	
	2005	2004	2005	2004
Cash flows from operating activities				
Net income	\$ 14,345	\$ 9,199	\$ 29,890	\$ 12,827
Add (deduct) items not involving a current cash outlay				
Amortization	19	23	84	84
Stock-based compensation	24	20	81	57
Future income taxes (recovered)	504	547	(183)	1,457
Net realized gains on investments	(2,584)	(8,342)	(14,591)	(8,786)
Previously recognized net unrealized gains	27,903	4,700	40,211	4,700
Net unrealized gains on investments	(13,594)	(7,569)	(32,248)	(6,943)
Non-cash income relating to corporate investments	784	380	1,516	980
	27,401	(1,042)	24,760	4,376
Net change in non-cash working capital balances related to operations	1,917	592	2,319	(10,798)
	29,318	(450)	27,079	(6,422)
Cash flows from financing activities				
Cancellation of common shares	(235)	(941)	(5,895)	(6,734)
Shares purchased for cancellation	(80)	(407)	(80)	(407)
Issuance of common shares	—	—	194	2,317
Loans payable	88	10,588	17,502	10,588
Repayment of loans payable	(29,422)	(11,361)	(49,938)	(15,746)
Dividends paid	—	—	(2,007)	(2,072)
	(29,649)	(2,121)	(40,224)	(12,054)
Cash flows from investing activities				
Net temporary investments	(16,619)	(34,664)	(12,290)	(9,980)
Acquisition of corporate investments	(1,766)	(1,566)	(11,523)	(1,966)
Proceeds on corporate investments	2,938	20,147	34,886	20,147
Loans receivable	(5,623)	—	(5,623)	—
Proceeds (costs) on realization of foreign exchange forward contracts	432	(2,405)	920	(3,253)
Return of capital from corporate investments	12	(72)	3,908	3,042
	(20,626)	(18,560)	10,278	7,990
Net (decrease) in cash and cash equivalents	(20,957)	(21,131)	(2,867)	(10,486)
Cash and cash equivalents, beginning of period	22,785	25,826	4,695	15,181
Cash and cash equivalents, end of period	\$ 1,828	\$ 4,695	\$ 1,828	\$ 4,695
Supplemental cash flow information				
Income taxes paid	\$ 628	\$ 297	\$ 3,624	\$ 9,232
Interest paid	\$ 297	\$ 856	\$ 2,029	\$ 3,587

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005 (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, 2004.

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 March 31, 2005.

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, except as disclosed herein.

In the first quarter of fiscal 2005, Clairvest prospectively adopted the recommendations of The Canadian Institute of Chartered Accountants Section 1100, *Generally Accepted Accounting Principles* (“GAAP”). The section establishes standards for financial reporting in accordance with GAAP by providing information regarding primary sources of GAAP in order of authority. The impact on the financial statements resulting from the adoption of the recommendations is not material.

In the first quarter of fiscal 2005, Clairvest early-adopted, on a prospective basis, The Canadian Institute of Chartered Accountants Accounting Guideline 18, *Investment Companies*. The Guideline defines an investment company as a separate legal entity whose primary business activity is investments, and provides that an investment company should measure all of its investments at fair value and present them on this basis in its financial statements. The impact on the financial statements resulting from the adoption of the guideline is not material given that Clairvest measured its investments at fair value prior to the adoption of the guideline.

In the first quarter of fiscal 2005, Clairvest prospectively adopted The Canadian Institute of Chartered Accountants Accounting Guideline 13, *Hedging Relationships*. The Guideline addresses the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. Clairvest’s hedging program complies with the new requirements. Accordingly, the impact on the financial statements resulting from the adoption of the guideline is not material.

In the fourth quarter of fiscal 2005, Clairvest prospectively adopted The Canadian Institute of Chartered Accountants’ Accounting Guideline 15, *Consolidation of Variable Interest Entities* (“VIE”). The Guideline provides a framework for identifying a VIE and requires a primary beneficiary to consolidate a VIE. A primary beneficiary is the enterprise that absorbs a majority of the VIE’s expected losses or receives a majority of the VIE’s expected residual returns or both. The Guideline requires Clairvest to identify VIE’s in which it has an interest, determine whether it is the primary beneficiary of such entities and if so, consolidate them. At March 31, 2005, the VIE in which Clairvest held an interest was CEP. As of March 31, 2005, Clairvest was not considered the primary beneficiary of CEP. Clairvest has no exposure to loss as a result of its involvement in CEP in its capacity of general partner. Accordingly, Clairvest did not

consolidate CEP. There is therefore no impact on the consolidated financial statement resulting from the adoption of the Guideline.

2. CORPORATE INVESTMENTS

	March 31, 2005			March 31, 2004		
	Fair Value	Cost	Difference	Fair Value	Cost	Difference
Investments in publicly-traded companies						
Datamark Systems Group Inc.	\$ 14,514	\$ 14,421	\$ 93	\$ 10,148	\$ 14,421	\$ (4,273)
Gateway Casinos Income Fund	28,090	15,007	13,083	51,276	33,659	17,617
Voxcom Incorporated	–	–	–	11,624	12,775	(1,151)
	42,604	29,428	13,176	73,048	60,855	12,193
Investments in privately-held companies						
Allied Global Holdings Inc.	4,323	3,000	1,323	3,931	3,000	931
Consolidated Vendors Corporation	239	7,035	(6,796)	1,674	6,030	(4,356)
Gateway Casinos Inc.	59,921	24,000	35,921	70,368	24,000	46,368
Landauer Metropolitan Inc.	4,234	3,636	598	3,645	3,306	339
N-Brook Mortgage LP	1,169	1,150	19	–	–	–
NRI Industries Inc.	10,080	17,613	(7,533)	10,080	17,613	(7,533)
Signature Security Group Holdings Pty. Limited	30,230	28,421	1,809	28,421	28,421	–
Van-Rob Inc.	5,000	5,000	–	5,000	5,000	–
Voxcom Incorporated	11,830	11,486	344	–	–	–
Wellington Financial Fund I	–	–	–	1,290	–	1,290
Wellington Financial Fund II	8,775	7,361	1,414	1,635	1,635	–
	135,801	108,702	27,099	126,044	89,005	37,039
Other investments	1,841	42	1,799	356	371	(15)
	\$ 180,246	\$ 138,172	\$ 42,074	\$ 199,448	\$ 150,231	\$ 49,217

In the fourth quarter of fiscal 2005, Clairvest loaned \$48,000 to Consolidated Vendors Corporation.

In the fourth quarter of fiscal 2005, Clairvest funded \$0.3 million of its \$5.0 million commitment to N-Brook Mortgage LP, bringing the total funded amount to \$1.2 million.

In the fourth quarter of fiscal 2005, Clairvest funded \$1.6 million of its \$20.0 million commitment to Wellington Financial Fund II, bringing the total funded amount to \$7.4 million at March 31, 2005.

In the fourth quarter of fiscal 2005, Wellington Fund I was wound up. Upon the wind up, Clairvest received its prorata share of the warrants and other assets held by Wellington Fund I at the time. These investments are included as part of other investments.

3. LOANS PAYABLE

Loans payable consist of the following:

- (a) \$13.7 million 30-year loan from Gateway Casinos Inc. 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 Inc. Clairvest repaid \$1.4 million of this loan during the quarter.
- (b) \$15.0 million 30-year loan from a subsidiary of Gateway Casinos Inc. The loan bears interest at 8.05% per annum, and is collateralized by the units held by Clairvest in Gateway Casinos Income Fund. The loan must be repaid as the units in Gateway Casinos Income Fund are disposed of.
- (c) Loans totalling \$89,000 from the limited partnership that owns Gateway Casinos Inc. These loans are non-interest bearing and repayable on demand at any time after December 31, 2005. \$28.1 million of loans were

outstanding at December 31, 2004 that were non-interest bearing and repayable on demand at any time after December 31, 2004. These loans were paid in full during the fourth quarter of fiscal 2005.

4. SHARE CAPITAL

During the fourth quarter of fiscal 2004 the Company filed a normal course issuer bid enabling it to make market purchases of up to 911,572 of its common shares in the 12-month period commencing March 4, 2004. During the fourth quarter of fiscal 2005 the Company filed a new normal course issuer bid enabling it to make purchases of up to 877,472 common shares in the 12-month period commencing March 4, 2005. During the fourth quarter of fiscal 2005, the Company purchased and cancelled under its normal course issuer bid 25,000 common shares at a cost of \$235,000. During the fourth quarter of fiscal 2005, the Company also purchased 8,500 common shares at a cost of \$80,000 which were cancelled subsequent to quarter-end. In total 1,621,252 common shares at a cost of \$12.7 million had been purchased under this, and previous, normal course issuer bids as of March 31, 2005.

17,549,438 common shares and 2,230,954 non-voting shares were outstanding at March 31, 2005.

5. RELATED PARTY TRANSACTIONS

- (a) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company or officers of corporate investments totalling \$658,000 (2004 - \$1,062,000) and other loans made to certain officers of a company affiliated with Clairvest totalling \$200,000 (2004 - \$82,000). 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 \$1,110,000 (2004 - \$1,321,000). The loans to officers of a company affiliated with Clairvest bear interest at the prime rate on the date of drawdown less 1%, and interest is paid annually. Loans are repayable upon departure of the officer. Also included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling \$670,000 (2004 - \$767,000), from Clairvest Equity Partners Limited Partnership ("CEP") totalling nil (2004 - \$1,000) and from a corporate investment previously disposed of totalling \$2,729,000 (2004 - \$2,837,000). The \$2,729,000 owing from a corporate investment previously disposed of was received subsequent to quarter-end. Clairvest had accounts payable to CEP totalling \$13,000 (2004 - nil) at March 31, 2005.
- (b) Loans receivable consist of loans to Wellington Financial Fund II made during the quarter. These loans bear interest at the prime rate, and are repayable on demand. The loans, together with interest, were repaid subsequent to quarter-end.
- (c) Management fees are paid to Clairvest as compensation for its services in the administration of CEP's portfolio.
- (d) During the fourth quarter of fiscal 2005 Clairvest received \$888,000 (2004 - \$784,000) in interest, \$28.1 million (2004 - nil) in dividends, and \$339,000 (2004 - \$224,000) in advisory and other fees from its corporate investments. Also during the fourth quarter of fiscal 2005 Clairvest paid \$298,000 (2004 - \$774,000) in interest to a Gateway Casinos Inc. entity.
- (e) During fiscal 2003, Clairvest entered into an agreement to guarantee up to \$7.0 million of CEP's obligations to the Toronto-Dominion Bank under CEP's foreign exchange forward contracts with the bank.

6. STOCK-BASED COMPENSATION

No options were granted, exercised or cancelled during the fourth quarter of 2005. At March 31, 2005, a total of 1,512,000 options were outstanding under Clairvest's stock option plan.

During the fourth quarter of fiscal 2005, the Company recorded compensation expense of \$24,000 with an offsetting credit to stock-based compensation in shareholders' equity for the stock options awarded to employees during fiscal 2004 and fiscal 2005.

Had Clairvest recorded compensation expense for stock options granted prior to April 1, 2003 using the fair value method, net income would have decreased by approximately \$4,100 (2004 - \$17,000) for the fourth quarter of fiscal 2005.

7. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2005	2004
Accounts receivable and other assets	\$ 1,317	\$ (906)
Accounts payable	600	1,498
	\$ 1,917	\$ 592

Cash and cash equivalents at March 31, 2005 and 2004 are comprised of the following:

	2005	2004
Cash	\$ 459	\$ 1,221
Cash equivalents	1,369	3,474
	\$ 1,828	\$ 4,695

8. FINANCIAL INSTRUMENTS

As at March 31, 2005, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

- (i) Forward contracts to sell AUS\$31.3 million (2004 – AUS\$31.3 million) at a rate of Canadian \$0.927 per Australian dollar through May 2005 (average rate of \$0.9270; 2004 average rate of \$0.9522). The fair value of these contracts at March 31, 2005 is a loss of \$300,000 (2004 – loss of \$1.4 million), \$90,000 of this loss relates to the debt portion of Clairvest's investment in Signature and has been recognized on the balance sheet as derivative instruments market valuation; and
- (ii) Forward contracts to sell US\$12.3 million (2004 – US\$3.4 million) at rates of Canadian \$1.1940 to \$1.2315 per U.S. dollar through February 2006 (average rate of \$1.2227; 2004 average rate of \$1.3404). The fair value of these contracts at March 31, 2005 is a gain of \$70,000 (2004 – gain of \$104,000). The contracts which have been entered into as a hedge against the debt portion of Clairvest's investment in Consolidated Vendors have a fair value of a loss of \$22,000, which has been recognized on the consolidated balance sheet as derivative instruments market valuation.

9. 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, of which \$19.1 million has been funded to March 31, 2005. 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 committed \$20.0 million to Wellington Financial Fund II, \$7.4 million of which has been funded to March 31, 2005. Clairvest also owns 48.5% of the general partner of Wellington Financial Fund II.
- (c) Clairvest has committed \$5.0 million to N-Brook Mortgage LP, subject to N-Brook management achieving certain targets. \$1.2 million of Clairvest's commitment has been funded to March 31, 2005.
- (d) During fiscal 2002, Clairvest sold certain shares of Consolidated Vendors to CEP for \$5.7 million. Clairvest has guaranteed to compensate CEP for any deficiency between (i) CEP's purchase price for these shares and (ii) the amount CEP receives from its investment in these shares, including proceeds of disposition and any other amounts and including proceeds of disposition or other amounts attributable to any other of CEP's

holdings in Consolidated Vendors over and above the cost of these holdings. At March 31, 2005, \$3.1 million of the guaranteed amount was reflected on the consolidated balance sheet, as a reduction in the fair value of Clairvest's investment in Consolidated Vendors.

- (e) During fiscal 2003, Clairvest entered into an agreement to guarantee up to \$7.0 million of CEP's obligations to the Toronto-Dominion Bank under CEP's foreign exchange forward contracts with the bank.
- (f) Under Clairvest's Incentive Bonus Program, a bonus of 10% of after-tax cash realizations on Clairvest's corporate investments would be paid to management as a bonus. Amounts are accrued under this plan with respect to cash realizations made during the year. If Clairvest were to sell its corporate investments at their current fair values, a bonus of \$3.1 million (2004 - \$2.8 million) would be owing to management under the Incentive Bonus Program.
- (g) A wholly-owned subsidiary of Clairvest together with certain other unit holders (the "Unit Holders") hold 20% of the outstanding units of Gateway Casinos Income Fund. The Unit Holders have agreed that they will take all necessary steps to collectively maintain the 20% ownership amongst the Unit Holders and in connection with any additional issue of units of Gateway Casinos Income Fund to ensure that their collective ownership of the Fund is maintained at 20% of the issued and outstanding units.
- (h) During the third quarter of fiscal 2005, a wholly-owned subsidiary of Clairvest together with other shareholders of Gateway Casinos Inc. (the "Gateway Shareholders") entered into an agreement with Gateway's bank whereby the Gateway Shareholders agreed to fund cost overruns on the development of Gateway's casino facility in Langley, British Columbia. The development project is expected to be completed in June 2005. The amount of the cost overruns, if any, cannot be determined at this time and no amounts have been reflected in Clairvest's consolidated financial statements.

10. SUBSEQUENT EVENTS

- (a) On May 20, 2005, Voxcom Income Fund completed an initial public offering. Clairvest reinvested its entire investment in Voxcom Incorporated into 1,645,015 units of Voxcom Income Fund, and as a result holds a 20.1% interest in Voxcom Income Fund. The units initially traded at \$10 per unit. Clairvest may not sell its units in Voxcom Income Fund for 180 days following closing.
- (b) Subsequent to quarter-end, Clairvest invested in Integral Orthopedics Inc., which acquired the businesses of Obus Forme Ltd. and Moller LLC. Clairvest made a \$3.9 million investment in Integral Orthopedics Inc.

11. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the March 31, 2005 consolidated financial statements.