

**CLAIRVEST REPORTS FISCAL 2006
FOURTH QUARTER AND YEAR-END RESULTS****Highlights:**

- March 31, 2006 book value increased 5% during the quarter to \$13.10 per share, versus \$12.50 at December 31, 2005
- Clairvest sold its interest in Signature Security for \$29.2 million in January 2006
- Clairvest declared a dividend of \$0.10 per share payable July 27, 2006
- Subsequent to quarter end, Clairvest purchased and cancelled 934,200 Clairvest common shares and 2,230,954 Clairvest non-voting shares, increasing book value by \$0.53 per share
- Subsequent to quarter end, Clairvest completed the first two closings of a new \$300 million private equity investment pool receiving total commitments of \$245 million
- Subsequent to quarter end, Gateway Casinos Income Fund acquired the Cascades Casino from Gateway Casinos Inc. for \$106 million
- Subsequent to quarter end, Datamark declared a special dividend, Clairvest's share of which is \$4.7 million
- Subsequent to quarter end, Clairvest and CEP acquired a minority interest in Winters Bros. Waste Systems, Inc. for \$17.3 million.

Toronto, Ontario (June 21, 2006) – Clairvest Group Inc. (TSX:CVG) today reported its results for the fourth quarter and year ended March 31, 2006. *(All figures are in Canadian dollars unless otherwise stated).*

For the quarter ended March 31, 2006, Clairvest's book value increased by \$11.3 million to \$249.9 million, or to \$13.10 per share, compared with \$12.50 per share at December 31, 2005. Book value per share at March 31, 2005 was \$12.99.

In January 2006, Clairvest sold its interests in Signature Security Group Holdings Pty Limited as part of a sale of 100% of Signature to Allco Equity Partners, a leading Australian private equity firm. Clairvest realized proceeds of \$29.2 million, and has the potential, subject to a number of conditions, to receive up to an additional AUS\$2.1 million (CDN\$1.8 million) now being held in escrow.

Clairvest's major new investments during fiscal 2006 were WarrenShepell, one of North America's leading providers of employee assistance programs, and Integral Orthopedics, which acquired the assets of Obus Forme Ltd. and Moller LLC, and which manufactures and markets back care products worldwide. The transactions are joint investments between Clairvest and Clairvest Equity Partners Limited Partnership ("CEP").

"Many of the initiatives we worked on during the year were finalized subsequent to year end," said Ken Rotman, Co-CEO of Clairvest. "Clairvest's book value increased as a result of the purchase and cancellation of a significant number of Clairvest common shares and the purchase and cancellation of all non-voting shares. We are also very pleased with the creation and capitalization of a new CEP Fund, as well as our new investment in the waste management industry which closed after year end."

In April and May 2006, Clairvest completed the first two closings of Clairvest Equity Partners III Limited Partnership ("CEP III"), a successor fund to Clairvest Equity Partners Limited Partnership ("CEP"). The Fund, to be capitalized at up to \$240 million, will be invested alongside \$60 million of Clairvest capital to form a \$300 million co-investment pool for the Company's next round of private equity investments. The first closings accounted for \$245 million of the \$300 million target pool.

In April 2006, Clairvest purchased and cancelled 934,200 Clairvest common shares and 2,230,954 Clairvest non-voting shares in a transaction outside of Clairvest's normal course issuer bid. The Ontario Securities Commission

granted an exemption requested by Clairvest from the issuer bid requirements of the Securities Act in connection with the purchase of these shares. The \$33.0 million purchase price was satisfied by an unsecured promissory note with a term of 10 years at a floating interest rate. Upon the disposition of certain investments, Clairvest will be required to make principal payments on the note. Upon cancellation of the shares, Clairvest had 15,907,766 common shares and nil non-voting shares outstanding. As a result of the transaction, Clairvest's book value per share increased by approximately 53 cents subsequent to year end.

In May 2006, Gateway Casinos Income Fund acquired the operating assets of the Cascades Langley Casino and Hotel from a subsidiary of Gateway Casinos Inc. As a result of the transaction, Clairvest received \$17.9 million in loans from Gateway Casinos Inc. entities, and acquired 1.1 million units in Gateway Casinos Income Fund. The increase in book value as a result of this transaction is included in the March 31, 2006 book value per share. Subject to certain conditions, Clairvest may be entitled to receive an additional 0.2 million units in Gateway Casinos Income Fund currently being held in escrow. Also, subject to certain conditions, Clairvest may be entitled to an additional \$3.0 million in units issued at a price equal to the 10-day weighted average price of the units on the date of issue. The contingent amounts are not included in the March 31, 2006 book value per share. Gateway Casinos Income Fund also announced an increase in monthly distributions to shareholders by \$0.0045 per unit, for a monthly distribution of \$0.1195 per unit or \$1.4340 per unit on an annualized basis. As a result, annualized distributions to Clairvest increased by 83% to \$3.7 million annually.

Subsequent to year end, Datamark declared a special dividend in the amount of \$1.00 per common share, payable in cash on June 2, 2006. Clairvest received \$4.7 million, bringing total dividends received to date from Datamark to \$17.6 million. This compares to Clairvest's investment in Datamark of \$14.4 million.

Subsequent to year end, Clairvest and CEP invested in Winters Bros. Waste Systems, Inc. ("Winter Bros."), a leading Long Island, New York-based waste management company. Clairvest and CEP acquired a minority ownership interest in Winters Bros. for \$17.3 million.

Clairvest declared an annual dividend of \$0.10 per share. The dividend will be payable to common shareholders of record as of July 12, 2006. The dividend will be paid on July 27, 2006.

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.

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2006**

June 21, 2006

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 Group Inc. for the quarter ended March 31, 2006 and the attached press release.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

Clairvest prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of Clairvest's consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. On an 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. Estimated costs of disposition are not included in the fair value determination.

Publicly-traded investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. The process for determining the discount for such investments requires management to exercise judgment while considering the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. Estimated costs of disposition are not included in the fair value determination.

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

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

OPERATING RESULTS

Net income for the fourth quarter of 2006 was \$11.3 million compared with \$14.3 million for the fourth quarter of 2005.

Clairvest had realized gains on investments of \$2.8 million for the quarter, compared with \$2.6 million for the same quarter last year. The realized gains for the fourth quarter of fiscal 2006 were comprised of a \$1.5 million gain from the sale of Signature and a \$1.3 million gain from the sale of the remaining MKS Inc. shares that Clairvest had previously received on the windup of Wellington Financial Fund I. 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.

Clairvest reversed previously recognized unrealized gains of \$1.7 million for the quarter, compared with \$27.9 million for the same quarter last year. \$0.7 million of the previously recognized unrealized gains relate to unrealized gains that were recognized on the MKS Inc. shares in prior quarters, and that were reversed upon the sale of MKS shares during the quarter. \$1.0 million of the previously recognized unrealized gains relate to unrealized gains that were recognized on Wellington Financial Fund II in prior quarters, and were reversed upon the receipt of distributions from Wellington Financial Fund II during the quarter. The distributions from Wellington Financial Fund II were included in interest income for the fourth quarter of fiscal 2006.

The 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.

Clairvest had net unrealized gains on investments of \$9.3 million for the fourth quarter of 2006, compared with \$13.6 million for the fourth quarter of 2005. The net unrealized gains for the fourth quarter of 2006 resulted from:

- An \$11.9 million upward adjustment to the fair value of Clairvest's investment in Gateway Casinos Inc., as a result of an increase in the value of the Cascades Langley Casino operated by Gateway Casinos Inc. and the upward movement in the trading price of Gateway Casinos Income Fund, to which Clairvest's valuation of the casinos in Gateway Casinos Inc. is linked;
- A \$5.0 million downward adjustment to the fair value of Clairvest's investment in NRI Industries Inc. Management determined this write-down to be appropriate in light of the continued slowdown in auto sales and in the US economy, and the negative impact of a stronger Canadian dollar;
- A \$1.3 million upward adjustment to the fair value of Clairvest's investment in Voxcom Income Fund as a result of an upward movement in the trading price;
- A \$1.1 million upward adjustment to the fair value of Clairvest's investment in Gateway Casinos Income Fund as a result of the upward movement in the trading price;
- A \$0.6 million downward adjustment to the fair value of Clairvest's investment in Consolidated Vendors Corporation as a result of movements in foreign exchange and guarantee payable to CEP; and
- Movements in quoted market prices, movements in foreign exchange, dividends that are accruing on cumulative shares and distributions that are accruing on partnership units.

Interest income for the quarter was \$2.7 million, compared with \$1.6 million for the same quarter last year. Interest income for the fourth quarter of fiscal 2006 includes distributions of \$0.5 million from Gateway Casinos Income Fund, \$0.5 million from Voxcom Income Fund and \$0.7 million from Wellington Financial Fund II. Interest income for the fourth quarter of fiscal 2005 included distributions of \$0.5 million from Gateway Casinos Income Fund and \$0.1 million from Wellington Financial Fund II.

Dividend income for the quarter was \$0.6 million, compared with \$28.1 million for the fourth quarter of 2005. Dividend income for the fourth quarter of fiscal 2006 includes \$0.5 million of tax-free dividends from Gateway Casinos Inc. and \$0.1 million of dividends from Clairvest's temporary investments. Dividend income for the fourth quarter of 2005 represented tax-free dividends from Gateway Casinos Inc.

Clairvest earned \$0.6 million in management fees during the quarter for its services in the administration of CEP's portfolio and \$0.3 million in advisory and other fees from its corporate investments.

Administration and other expenses for the quarter were \$1.7 million, compared with \$1.6 million for the same quarter last year.

Finance and foreign exchange expense of \$1.2 million for the quarter represents \$0.3 million in interest on the loan payable to a subsidiary of Gateway Casinos Inc., a \$0.8 million loss on foreign exchange and \$0.1 million in interest on foreign exchange forward contracts. Finance and foreign exchange expense of \$1.7 million for the fourth quarter of fiscal 2005 represents \$0.3 million in interest on the loan payable to a subsidiary of Gateway Casinos Inc., a \$1.4 million loss on foreign exchange and \$0.1 million in other interest and bank charges net of a \$0.1 million gain 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, 2006	14,611	11,264	0.58	0.57
December 31, 2005	1,771	135	0.01	0.01
September 30, 2005	(5,628)	(7,155)	(0.37)	(0.37)
June 30, 2005	4,989	(1,996)	(0.10)	(0.10)
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

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 \$114.3 million at March 31, 2006, Clairvest has a \$20 million credit facility with a Canadian Chartered Bank, of which \$15.7 million is available at March 31, 2006. Temporary investments consist of corporate notes, debentures and loans with maturities greater than 90 days and through to September 2010.

Loans totalling \$0.8 million were made to CEP 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, 2006, Clairvest had loans totalling \$27.7 million from Gateway Casinos Inc. entities comprised of:

- (a) \$12.6 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.
- (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) \$0.1 million of non-interest bearing loans that are repayable on demand at any time after December 31, 2006. \$0.5 million of loans were outstanding at December 31, 2005 that were non-interest bearing and repayable on demand at any time after December 31, 2005. These loans were paid in full in the fourth quarter of fiscal 2006. A further \$0.1 million was loaned to Clairvest in the fourth quarter of fiscal 2006.

In the first quarter of fiscal 2006, Clairvest amended its stock option plan to allow for a cash settlement of stock options. As a result, effective fiscal 2006, compensation expense is recognized and recorded as a liability 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. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees are credited to share capital. At March 31, 2006, Clairvest had recognized stock-based compensation of \$3.6 million with respect to the stock options currently outstanding.

Clairvest had a normal course issuer bid in place which enabled it to purchase up to 877,472 common shares during the 12-month period ending March 3, 2006. During the fourth quarter of fiscal 2006, Clairvest filed a new normal course issuer bid enabling it to purchase up to 840,959 common shares during the 12-month period ending March 6, 2007. During the quarter, Clairvest cancelled 22,783 of its common shares that were purchased in the third quarter of fiscal 2006 at a total purchase cost of \$0.2 million under its normal course issuer bid. In total 2,490,224 common

shares at a cost of \$21.3 million had been purchased under this, and previous, normal course issuer bids as of March 31, 2006.

Subsequent to quarter end, Clairvest purchased and cancelled 934,200 Clairvest common shares and 2,230,954 Clairvest non-voting shares in a transaction outside of Clairvest's normal course issuer bid. The Ontario Securities Commission granted an exemption requested by Clairvest from the issuer bid requirements of the Securities Act in connection with the purchase of these shares. The \$33.0 million purchase price was satisfied by an unsecured promissory note with a term of 10 years at a floating interest rate. Upon disposition of certain investments, Clairvest will be required to make principal payments on the note. Upon cancellation of the shares, 15,907,766 common shares and nil non-voting shares were outstanding. As a result of the transaction, Clairvest's book value per share increased by approximately 53 cents subsequent to year end.

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 2006 are as a result of unrealized gains/losses on the investments, except as noted below.

Integral Orthopedics Inc.

During the quarter, Clairvest acquired an additional 245,250 Class A voting common shares of Integral Orthopedics Inc. for \$0.2 million. Clairvest's fully-diluted ownership interest in Integral Orthopedics was 23.0% at March 31, 2006.

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 \$2.7 million.

Signature Security Group Holdings Pty. Limited

During the quarter, 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, Signature and SPV repaid all loans outstanding to Clairvest. Clairvest and B.V. received combined proceeds of \$29.2 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 2006 CEP paid Clairvest net management fees of \$0.6 million.

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 \$3.5 million under this guarantee, of which \$3.3 million was reflected as a reduction in the fair value of Clairvest's investment in Consolidated Vendors, bringing the net carrying value to nil, and \$0.2 million was reflected in accounts payable.

Clairvest has also entered into various transactions with its corporate investments. During the fourth quarter of fiscal 2006 Clairvest received \$1.8 million in interest, \$0.5 million in dividends, and \$0.3 million in advisory and other fees from its corporate investments. Also during the fourth quarter of fiscal 2006 Clairvest paid \$0.3 million in interest to a Gateway Casinos Inc. entity.

At March 31, 2006, Clairvest had loans receivable from certain officers of the Company or officers of corporate investments (the "Officers") totalling \$0.5 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of \$0.6 million. At March 31, 2006 Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totalling \$0.2 million.

Included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling \$1.4 million, from CEP totalling \$1.6 million and from Clairvest Equity Partners III Limited Partnership totalling \$0.1 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, \$22.2 million of which remains outstanding at March 31, 2006. 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. Included in the commitment to co-invest with CEP is a \$5.0 million commitment to N-Brook, which is subject to N-Brook management achieving certain targets. Of this commitment, \$2.7 million has been funded at March 31, 2006.

Clairvest has committed \$20.0 million to Wellington Financial Fund II, \$13.6 million of which has been funded at March 31, 2006.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At March 31, 2006, Clairvest had entered into forward contracts to sell US\$14.0 million. The fair value of these contracts at March 31, 2006 is a loss of \$0.4 million. The contracts which, in accordance with hedge accounting, are required to be marked to market have a fair value of a loss of \$0.3 million, and have 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.

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 \$3.5 million would be owing to management under the Incentive Bonus Program. This amount has not been reflected in Clairvest's consolidated financial statements.

During the third quarter of fiscal 2006, Clairvest, together with CEP and WarrenShepell management, purchased WarrenShepell. As part of the purchase, Clairvest also guaranteed a \$4.6 million note payable by WarrenShepell to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest may have with respect to representations and warranties. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. At March 31, 2006, the guarantee has been reduced to \$4.3 million, and subsequent to year end was further reduced to \$3.8 million.

During the quarter, Clairvest and B.V. sold their interests in Signature and SPV as part of a sale of 100% of Signature and SPV. Subject to a number of conditions, Clairvest and B.V. may be entitled to receive over time up to an additional AUS\$2.1 million (CDN\$1.8 million) currently being held in escrow. This amount has not been reflected on the balance sheet. As part of the transaction, B.V. has indemnified the purchaser for various claims up to the entire AUS\$35.5 million (CDN\$29.7 million) combined proceeds and escrowed amounts. The amount indemnified will reduce over time.

OUTLOOK

Throughout the quarter, Clairvest continued to assist our investee companies in developing and executing their strategies and enhancing their value propositions. Clairvest also continued to actively pursue investment opportunities, using our domain-based proprietary research to explore a number of industries and uncover new potential investments. Clairvest also had several significant developments subsequent to quarter end, as noted below.

As previously announced, Clairvest completed the first two closing of Clairvest Equity Partners III Limited Partnership ("CEP III"), a successor fund to CEP. The Fund, to be capitalized at up to \$240 million, will be invested alongside \$60 million of Clairvest capital to form a \$300 million co-investment pool for the Company's next round of private equity investments. The first closings accounted for \$245 million of the \$300 million target pool.

Also as previously announced, Clairvest purchased and cancelled 934,200 Clairvest common shares and 2,230,954 Clairvest non-voting shares in a transaction outside of Clairvest's normal course issuer bid. The Ontario Securities Commission granted an exemption requested by Clairvest from the issuer bid requirements of the Securities Act in connection with the purchase of these shares. The \$33.0 million purchase price was satisfied by an unsecured promissory note with a term of 10 years at a floating interest rate. Upon the disposition of certain investments, Clairvest will be required to make principal payments on the note. Upon cancellation of the shares, Clairvest had 15,907,766 common shares and nil non-voting shares outstanding. As a result of the transaction, Clairvest's book value per share increased by approximately 53 cents subsequent to year end.

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Subsequent to year end, Datamark declared a special dividend in the amount of \$1.00 per common share, payable in cash on June 2, 2006. Clairvest will receive \$4.7 million, bringing total dividends received to date from Datamark to \$17.6 million. This compares to Clairvest's investment in Datamark of \$14.4 million.

Subsequent to year end, Clairvest invested in Winters Bros. Waste Systems, Inc., a leading Long Island, New York-based waste management company. Clairvest acquired a minority ownership interest in Winters Bros. for \$4.3 million.

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 2006	March 31 2005
ASSETS		
Cash and cash equivalents (Note 9)	\$ 12,395	\$ 1,828
Temporary investments (Note 3)	101,897	101,203
Accounts receivable and other assets (Note 7b)	5,011	4,529
Loans receivable (Note 7c)	800	5,623
Future tax asset	3,539	134
Corporate investments (Note 4)	165,165	180,246
	\$ 288,807	\$ 293,563
LIABILITIES		
Accounts payable (Notes 4 and 7b)	\$ 4,945	\$ 4,759
Loans payable (Note 5)	27,699	28,788
Derivative instruments market valuation (Note 10)	330	112
Deferred gain on foreign exchange forward contracts (Note 10)	928	558
Future tax liability	1,385	2,316
Stock-based compensation (Note 8)	3,583	—
	38,870	36,533
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	103,496	106,704
Shares purchased for cancellation	—	(80)
Stock-based compensation	—	138
Retained earnings	146,441	150,268
	249,937	257,030
	\$ 288,807	\$ 293,563

(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	
	2006	2005	2006	2005
Net investment gains				
Net realized gains on investments	\$ 2,826	\$ 2,584	\$ 4,239	\$ 14,591
Previously recognized net unrealized gains	(1,714)	(27,903)	(3,516)	(40,211)
Net unrealized gains on investments	9,275	13,594	2,056	32,248
	10,387	(11,725)	2,779	6,628
Other income				
Interest income (Note 7c and 7d)	2,682	1,606	8,051	6,676
Dividend income (Note 7d)	603	28,080	860	28,080
Management fees (Note 7a)	595	647	2,307	2,629
Advisory and other fees (Note 7d)	344	339	1,746	1,305
	4,224	30,672	12,964	38,690
Administration and other expenses	1,691	1,543	8,694	7,793
Finance and foreign exchange expense (Note 7d)	1,167	1,710	3,162	4,257
	2,858	3,253	11,856	12,050
Income before income taxes	11,753	15,694	3,887	33,268
Income taxes	489	1,349	1,639	3,378
Net income	\$ 11,264	\$ 14,345	2,248	\$ 29,890
Basic net income per share	\$ 0.58	\$ 0.73	\$ 0.12	\$ 1.50
Fully diluted net income per share	\$ 0.57	\$ 0.69	\$ 0.11	\$ 1.43

(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	
	2006	2005	2006	2005
Retained earnings, beginning of period	\$ 135,268	\$ 136,030	\$ 150,268	\$ 124,640
Net income	11,264	14,345	2,248	29,890
	146,532	150,375	152,516	154,530
Dividends declared	—	—	(1,925)	(2,007)
Purchase and cancellation of shares (Note 6)	(91)	(107)	(4,150)	(2,255)
Retained earnings, end of period	\$ 146,441	\$ 150,268	\$ 146,441	\$ 150,268

(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	
	2006	2005	2006	2005
Cash flows from operating activities				
Net income	\$ 11,264	\$ 14,345	\$ 2,248	\$ 29,890
Add (deduct) items not involving a current cash outlay				
Amortization	8	19	71	84
Stock-based compensation	535	24	3,445	81
Future income taxes (recovered)	(2,834)	504	(4,336)	(183)
Net realized gains on investments	(2,826)	(2,584)	(4,239)	(14,591)
Previously recognized net unrealized gains	1,714	27,903	3,516	40,211
Net unrealized gains on investments	(9,275)	(13,594)	(2,056)	(32,248)
Non-cash income relating to corporate investments	554	784	898	1,516
	<u>(860)</u>	<u>27,401</u>	<u>(453)</u>	<u>24,760</u>
Net change in non-cash working capital balances related to operations	1,310	1,917	(367)	2,319
	<u>450</u>	<u>29,318</u>	<u>(820)</u>	<u>27,079</u>
Cash flows from financing activities				
Cancellation of common shares	(80)	(235)	(8,735)	(5,895)
Shares purchased for cancellation	—	(80)	—	(80)
Issuance of common shares	—	—	1,297	194
Loans payable	—	88	418	17,502
Repayment of loans payable	(371)	(29,422)	(1,507)	(49,938)
Dividends paid	—	—	(1,925)	(2,007)
	<u>(451)</u>	<u>(29,649)</u>	<u>(10,452)</u>	<u>(40,224)</u>
Cash flows from investing activities				
Net temporary investments	(50,550)	(16,619)	(694)	(12,290)
Acquisition of corporate investments	(1,006)	(1,766)	(17,450)	(11,523)
Proceeds on corporate investments	30,904	2,938	32,925	34,886
Loans receivable	(1,865)	(5,623)	(33,466)	(5,623)
Receipt of loans receivable	1,065	—	38,289	—
Proceeds on realization of foreign exchange forward contracts	528	432	1,936	920
Return of capital from corporate investments	—	12	299	3,908
	<u>(20,924)</u>	<u>(20,626)</u>	<u>21,839</u>	<u>10,278</u>
Net increase (decrease) in cash and cash equivalents	(20,925)	(20,957)	10,567	(2,867)
Cash and cash equivalents, beginning of period	33,320	22,785	1,828	4,695
Cash and cash equivalents, end of period	\$ 12,395	\$ 1,828	\$ 12,395	\$ 1,828
Supplemental cash flow information				
Income taxes paid	\$ 724	\$ 628	\$ 2,388	\$ 3,624
Interest paid	298	297	1,213	2,029

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2006 (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, 2005.

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, 2006.

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 2006, Clairvest amended its stock option plan so as to allow for a cash settlement of stock options. As a result, effective fiscal 2006, compensation expense is recognized and recorded as a liability 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. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees are credited to share capital.

2. BANKING FACILITY

Clairvest has a \$20.0 million line of credit available, bearing interest at prime plus 0.5%. Clairvest’s line of credit is decreased by the guarantee provided by the Company to the vendors of WarrenShepell [see Note 11g]. The line of credit available at March 31, 2006 is \$15.7 million.

3. TEMPORARY INVESTMENTS

Temporary investments have maturities greater than 90 days and through to September 2010. Temporary investments consist of corporate notes, debentures and loans. The yield on these investments ranges between 3.9% and 12.0% with a weighted average rate of 4.5%.

4. CORPORATE INVESTMENTS

	March 31, 2006			March 31, 2005		
	Fair Value	Cost	Difference	Fair Value	Cost	Difference
Investments in publicly-traded companies						
Datamark Systems Group Inc.	\$12,871	\$14,421	\$(1,550)	\$ 14,514	\$ 14,421	\$ 93
Gateway Casinos Income Fund	22,874	15,007	7,867	28,090	15,007	13,083
Voxcom Incorporated	15,549	11,187	4,362	–	–	–
	51,294	40,615	10,679	42,604	29,428	13,176
Investments in privately-held companies						
Allied Global Holdings Inc.	4,755	3,000	1,755	4,323	3,000	1,323
Consolidated Vendors Corporation	–	7,423	(7,423)	239	7,172	(6,933)
Gateway Casinos Inc.	68,233	24,000	44,233	59,921	24,000	35,921
Integral Orthopedics Inc.	4,120	4,120	–	–	–	–
Landauer Metropolitan Inc.	4,982	4,088	894	4,234	3,636	598
N-Brook Mortgage LP	2,741	2,658	83	1,169	1,150	19
NRI Industries Inc.	5,080	17,613	(12,533)	10,080	17,613	(7,533)
Signature Security Group Holdings Pty. Limited	–	–	–	30,230	28,421	1,809
Van-Rob Inc.	5,000	5,000	–	5,000	5,000	–
Voxcom Incorporated	–	–	–	11,830	11,486	344
WarrenShepell	4,000	4,000	–	–	–	–
Wellington Financial Fund II	14,922	13,571	1,351	8,775	7,361	1,414
	113,833	85,473	28,360	135,801	108,839	26,962
Other investments	38	36	2	1,841	42	1,799
	\$165,165	\$126,124	\$39,041	\$180,246	\$138,309	\$ 41,937

In the fourth quarter of 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, Signature and SPV repaid all loans outstanding to Clairvest. Clairvest and B.V. received combined proceeds of \$29.2 million [see note 11(h)].

In the fourth quarter of fiscal 2006, Clairvest funded \$0.3 million of its \$5.0 million commitment to N-Brook Mortgage L.P., bringing the total funded amount to \$2.7 million

In the fourth quarter of fiscal 2006, Clairvest acquired an additional 245,250 Class A voting common shares of Integral Orthopedics Inc. for \$0.2 million. Clairvest’s fully-diluted ownership interest in Integral Orthopedics was 23.0% at March 31, 2006.

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, 2006, the guaranteed amount was \$3.5 million, of which \$3.3 million was reflected as a reduction in the fair value of Clairvest’s investment in Consolidated Vendors, bringing the net carrying value of the investment to nil, and \$0.2 million was reflected in accounts payable.

5. LOANS PAYABLE

Loans payable consist of the following:

- (a) \$12.6 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.
- (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 \$0.1 million from the limited partnership that owns Gateway Casinos Inc. The loans outstanding at March 31, 2006 are non-interest bearing and payable on demand at any time after December 31, 2006.

6. SHARE CAPITAL

During the fourth quarter of fiscal 2006 the Company filed a new normal course issuer bid enabling it to make purchases of up to 840,959 common shares in the 12-month period commencing March 6, 2006. During the fourth quarter of fiscal 2006, the Company cancelled 22,783 of its common shares that were purchased in the third quarter of fiscal 2006 at a total purchase cost of \$0.2 million under its normal course issuer bid. In total 2,490,224 common shares at a cost of \$21.3 million had been purchased under this, and previous, normal course issuer bids as of March 31, 2006.

16,841,966 common shares and 2,230,954 non-voting shares were outstanding at March 31, 2006 [See note 12(b)].

7. RELATED PARTY TRANSACTIONS

- (a) During the fourth quarter of fiscal 2006, CEP paid Clairvest net management fees of \$0.6 million (2005 - \$0.6 million) as compensation for its services in the administration of the portfolio of CEP.
- (b) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company or officers of corporate investments totalling \$0.5 million (2005 - \$0.7 million) and other loans made to certain officers of a company affiliated with Clairvest totalling \$0.2 million (2005 - \$0.2 million). The share purchase loans bear interest fixed at either 4% or the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of \$0.6 million (2005 - \$1.1 million). 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 quarterly. Loans are repayable upon departure of the officer. Also included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling \$1.4 million (2005 - \$0.7 million), from CEP totalling \$1.6 million (2005 - nil), from a corporate investment previously disposed of totalling nil (2005 - \$2.7 million) and from Clairvest Equity Partners III Limited Partnership ("CEP III") totalling \$0.1 million (2005 - nil). Clairvest had accounts payable to CEP totalling nil (2005 - \$13,000) at March 31, 2006.
- (c) Loans, bearing interest at the prime rate, were made by the Company to CEP during fiscal 2006, of which \$0.8 million (2005 - nil) were outstanding at March 31, 2006. The loans were repaid subsequent to year end. Interest of \$3,000 (2005 - nil) was received from CEP during the fourth quarter of fiscal 2006.
- (d) Clairvest has committed to fund \$20.0 million to Wellington Financial Fund II ("Wellington Fund II"). Clairvest also owns 48.6% of the general partner of Wellington Fund II. At March 31, 2006, there were no loans (2005 - \$5.6 million) provided to Wellington Fund II. The loans bore interest at the prime rate, and were payable on demand. The loans were repaid during fiscal 2006. Interest of nil (2005 - \$8,000) was received from Wellington Fund II during the fourth quarter of fiscal 2006.

- (e) During the fourth quarter of fiscal 2006 Clairvest received \$1.8 million (2005 - \$0.9 million) in interest, \$0.5 million (2005 - \$28.1 million) in dividends, and \$0.3 million (2005 - \$0.3 million) in advisory and other fees from its corporate investments. Also during the fourth quarter of fiscal 2006 Clairvest paid \$0.3 million (2005 - \$0.3 million) in interest to a Gateway Casinos Inc. entity.
- (f) 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.

8. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

No options were granted, exercised or cancelled during the fourth quarter of 2006.

At March 31, 2006, a total of 1,522,000 options were outstanding under Clairvest's stock option plan. As a result of an amendment to add a cash settlement feature to Clairvest's stock option plan during the first quarter of fiscal 2006, 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 March 31, 2006, Clairvest recognized compensation expense of \$0.6 million with respect to the stock options currently outstanding.

As at March 31, 2006, a total of 62,933 (2005 – 48,609) DSU's were held by directors of the Company, the accrual in respect of which was \$0.6 million (2005 - \$0.5 million)

As at March 31, 2006, a total of 382,500 (2005 – 220,000) BVAR's were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$0.5 million (2005 - \$0.3 million).

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2006	2005
Accounts receivable and other assets	\$ (1,600)	\$ 1,317
Accounts payable	2,910	600
	\$ 1,310	\$ 1,917

Cash and cash equivalents at March 31, 2006 and 2005 are comprised of the following:

	2006	2005
Cash	\$ 582	\$ 459
Cash equivalents	11,813	1,369
	\$ 12,395	\$ 1,828

10. FINANCIAL INSTRUMENTS

As at March 31, 2006, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US\$14.0 million (2005 – US\$12.3 million) at rates of Canadian \$1.1262 to \$1.2016 per U.S. dollar through February 2007 (average rate of \$1.1378; 2005 - average rate of \$1.2227). The fair value of these contracts at March 31, 2006 is a loss of \$0.4 million (2005 – gain of \$0.1 million). The contracts which, in accordance with hedge accounting, are required to be marked to market have a fair value of a loss of \$0.3 million, and have been recognized on the consolidated balance sheet as derivative instruments market valuation.

As a result of the rolling of foreign exchange forward contracts to March 31, 2006, Clairvest has realized and deferred to the consolidated balance sheet net exchange gains, net of the amortization of forward premiums or points, of \$0.9 million.

11. 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, \$22.2 million (2005 - \$32.5 million) of which remains outstanding at March 31, 2006. 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. Included in the commitment to co-invest with CEP is a \$5.0 million commitment to N-Brook, which is subject to N-Brook management achieving certain targets. Of this commitment, \$2.7 million (2005 - \$1.2 million) has been funded to March 31, 2006.
- (b) Clairvest has committed \$20.0 million to Wellington Financial Fund II, \$13.6 million (2005 - \$7.4 million) of which has been funded to March 31, 2006. Clairvest also owns 48.6% of the general partner of Wellington Financial Fund II.
- (c) 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 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, 2006, the guaranteed amount was \$3.5 million, of which \$3.3 million was reflected as a reduction in the fair value of Clairvest's investment in Consolidated Vendors, bringing the net carrying value to nil, and \$0.2 million was reflected in accounts payable.
- (d) 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.
- (e) 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 \$3.5 million (2005 - \$3.1 million) would be owing to management under the Incentive Bonus Program.
- (f) 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.
- (g) During the third quarter of 2006, Clairvest, together with CEP and WarrenShepell management, purchased WarrenShepell. As part of the transaction, Clairvest guaranteed a \$4.6 million note payable by WarrenShepell to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest may have with respect to representations and warranties. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. At March 31, 2006, the guarantee has been reduced to \$4.3 million, and subsequent to year end was reduced to \$3.8 million.
- (h) During the quarter, Clairvest and B.V. sold their interests in Signature and SPV as part of a sale of 100% of Signature and SPV. Subject to a number of conditions, Clairvest and B.V. may be entitled to receive over time up to an additional AUS\$2.1 million (CDN\$1.8 million) currently being held in escrow. This amount has not been reflected on the balance sheet. As part of the transaction, B.V. has indemnified the purchaser for various claims up to the entire AUS\$35.5 million (CDN\$29.7 million) combined proceeds and escrowed amounts. The amount indemnified will reduce over time.

12. SUBSEQUENT EVENTS

- (a) Subsequent to year end, the Company completed the first closing of CEP III Limited Partnership (“CEP III”), a successor fund to CEP. Clairvest has committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest’s total co-investment commitment is \$60.0 million at March 31, 2006.
- (b) Subsequent to year end, Clairvest purchased and cancelled 934,200 Clairvest common shares and 2,230,954 Clairvest non-voting shares in a transaction outside of Clairvest’s normal course issuer bid. The Ontario Securities Commission granted an exemption requested by Clairvest from the issuer bid requirements of the Securities Act in connection with the purchase of these shares. The \$33.0 million purchase price was satisfied by an unsecured promissory note with a term of 10 years at a floating interest rate. Upon the disposition of certain investments, Clairvest will be required to make principal payments on the note. Upon cancellation of the shares, Clairvest had 15,907,766 common shares and nil non-voting shares outstanding.
- (c) Subsequent to year end, Gateway Casinos Income Fund acquired all of the operating assets of the Cascades Langley Casino and Hotel from a subsidiary of Gateway Casinos Inc. As a result of the transaction, Clairvest received \$17.9 million in loans from Gateway Casinos, and acquired 1.1 million units in Gateway Casinos Income Fund. The increase in book value as a result of this transaction is included in the March 31, 2006 fair value of Gateway Casinos Inc. Subject to certain conditions, Clairvest may be entitled to receive an additional 0.2 million units in Gateway Casinos Income Fund currently being held in escrow. Also, subject to certain conditions, Clairvest may be entitled to an additional \$3.0 million in units issued at a price equal to the 10-day weighted average price of the units on the date of issue. The contingent amounts are not included in the March 31, 2006 fair value of Gateway Casinos Inc.
- (d) Subsequent to year end, Datamark declared a special dividend, Clairvest’s share of which is \$4.7 million.
- (e) Subsequent to year end, Clairvest invested in Winters Bros. Waste Systems, Inc. (“Winter Bros.”), a leading Long Island, New York-based waste management company. Clairvest acquired a minority ownership interest in Winters Bros. for \$4.3 million.

13. 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, 2006 consolidated financial statements.