

**CLAIRVEST REPORTS FISCAL 2007
FOURTH QUARTER AND YEAR-END RESULTS****Highlights**

- March 31, 2007 book value \$14.69 per share, versus \$13.41 at December 31, 2006
- Clairvest completed the final closing of Clairvest Equity Partners III Limited Partnership at \$300 million
- Clairvest and a limited partnership managed by Clairvest sold their interests in Allied Global Holdings for total sale and fee proceeds of \$25.2 million which generated a pre-tax return of 2.2x invested capital.
- Subsequent to quarter end, Clairvest entered into an agreement to sell Gateway Casinos Inc. (“Gateway Casinos”) and Gateway Casinos Income Fund (“Gateway Income Fund”) for gross proceeds on sale of approximately \$130 million. Over the life of Clairvest’s investment in Gateway, Clairvest will have generated a pre-tax return of 8.75x the \$24 million of invested capital, should the transaction close on announced terms.
- Subsequent to quarter end, Clairvest sold its interest in VOXCOM Income Fund (“VOXCOM”) for \$21.8 million. Over the life of Clairvest’s investment in VOXCOM, Clairvest generated a pre-tax return of 2.94x the \$9.1 million of invested capital..
- Subsequent to quarter end, Clairvest sold its investment in Datamark Systems Group (“Datamark”) for a combination of \$6.4 million in cash and a 4.54% interest in a new combined public entity. Over the life of Clairvest’s investment in Datamark, Clairvest has so far generated an after tax return of 1.83x the \$14.8 million of invested capital.
- Should the Gateway transactions close on announced terms, the three subsequent to quarter end transactions will add \$1.64 to Clairvest’s March 31, 2007 book value per share in aggregate.

Toronto, Ontario (June 22, 2007) – Clairvest Group Inc. (TSX:CVG) today reported results for the fourth quarter ended March 31, 2007. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest’s book value increased \$20.3 million during the quarter, or 9.5%, to \$233.6 million, or \$14.69 per share, compared with \$13.41 per share at December 31, 2006.

During the quarter, Clairvest and Clairvest Equity Partners, a partnership managed by Clairvest, sold their interest in Allied Global Holdings for sale and fee proceeds of \$25.2 million. On an initial combined \$12.0 million investment, Clairvest and CEP realized a 17% internal rate of return on this investment, 2.2x the capital invested. Clairvest received gross proceeds of \$6.7 million and realized a final gain on sale of \$3.0 million.

“The fourth quarter was an excellent quarter for Clairvest in which several initiatives to realize value in our investments were completed and announced shortly after the quarter end,” said Jeff Parr, Co-CEO of Clairvest. “The agreed to exits have been partially reflected in our book value at March 31, 2007 and the balance will be fully reflected in our book value in future quarters. Additionally, the closing of CEP III has provided Clairvest a clear path forward for our future investing activities”

Also during the quarter, Clairvest entered into an agreement, subject to certain conditions, to sell its 37% interest in Datamark to Komunik Corporation of Montreal. On June 13, 2007, the transaction closed and

Clairvest realized a combination of \$6.4 million in cash and 1.5 million shares, equal to a 4.54% diluted interest in a new combined public entity involving Komunik and Datamark.

Subsequent to quarter end, Clairvest entered into agreements to sell its interest in Gateway Income Fund and Gateway Casinos Inc. Under the terms of the agreement, New World Gaming has offered to acquire all of the outstanding units of Gateway Income Fund by way of a take-over bid at a price of C\$25.26 per unit in cash, and substantially all of the assets of Gateway Casinos Inc. If the transaction closes on anticipated terms, total gross proceeds to Clairvest are expected to be approximately \$130.0 million.

Subsequent to quarter end, Clairvest entered into an agreement with UE Waterheater Income Fund providing for the acquisition of Clairvest's 20.1% interest in VOXCOM as part of a greater transaction for all the outstanding units in VOXCOM. On June 15, 2007, the transaction closed and Clairvest received cash proceeds of \$21.8 million on the sale.

Clairvest declared an annual combined eligible and ineligible dividend of \$0.10 per share. The dividend split is \$0.0942 per share eligible and \$0.0058 per share ineligible. The dividend will be payable to common shareholders of record as of July 12, 2007. The dividend will be paid July 27, 2007.

About Clairvest

Clairvest Group Inc. is a Canadian merchant bank that invests its own capital, and that of third parties through Clairvest Equity Partners Limited Partnership and Clairvest Equity Partners III Limited Partnership, in businesses that have the potential to generate superior returns. In addition to providing financing, Clairvest contributes strategic expertise and execution ability to support the growth and development of its investee partners. Clairvest realizes value through investment returns and the eventual disposition of its investments.

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Forward-looking Statements

This news release contains forward-looking statements with respect to Clairvest Group Inc., its subsidiaries and their investments. These statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Clairvest, its subsidiaries and their investments to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions. Clairvest is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

www.clairvest.com

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2007**

June 22, 2007

The Management's Discussion and Analysis ("MD&A") analyzes significant changes in the unaudited consolidated financial statements of Clairvest Group Inc. ("Clairvest"). It should be read in conjunction with the accompanying unaudited consolidated financial statements and notes of Clairvest for the quarter ended March 31, 2007 and the attached news release.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

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

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

Publicly traded investments that are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. 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 fiscal 2007 was \$20.3 million compared with net income of \$11.3 million for the fourth quarter of fiscal 2006. Net income for the fourth quarter of fiscal 2007 is comprised primarily of \$19.6 million of net investment gains, \$2.1 million of net operating income, offset by \$1.4 million of income tax expense. This compares with net investment gains on investments of \$10.4 million, \$1.4 million of net operating income, and \$0.5 million of income tax expense for the fourth quarter of fiscal 2006.

The net investment gains of \$19.6 million for the fourth quarter of fiscal 2007 comprised \$3.8 million of net realized gains on investments, \$19.1 million of net unrealized gains on investments, partially offset by the reversal of \$3.3 million of previously recognized net unrealized gains.

Realized gains on investments for the fourth quarter of fiscal 2007 of \$3.8 million resulted from a \$3.0 million realized gain on Allied Global Holdings Inc. (“Allied”), a \$1.1 million realized gain from the release of amounts held in escrow on the sale of Signature Securities in fiscal 2006, and a \$0.3 million loss on final adjustments to investments disposed of in previous quarters through fiscal 2007.

The \$3.0 million net realized gains on Allied were previously recognized as unrealized gains in prior quarters. Also included in previously recognized unrealized gains was \$0.3 million relating 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 2007.

Clairvest had net unrealized gains on investments of \$19.6 million for the fourth quarter of 2007, compared with \$9.3 million for the fourth quarter of 2006. The net unrealized gains for the fourth quarter of 2007 resulted from:

- A \$6.7 million upward adjustment to the fair value of Clairvest’s investment in Gateway Casinos Inc. (“Gateway Casinos”) primarily as a result of the upward movement in the trading price of Gateway Casinos Income Fund (“Gateway Income Fund”), to which Clairvest’s valuation of the casinos in Gateway Casinos is linked;
- A \$6.5 million upward adjustment to the fair value of Clairvest’s investment in Gateway Income Fund as a result of the upward movement in the trading price;
- A \$2.0 million upward adjustment to the fair value of Clairvest’s investment in Datamark Systems Inc. (“Datamark”) as a result of the upward movement in the trading price;
- A \$1.4 million upward adjustment to the fair value of Clairvest’s investment in Shepell-fgi as a result of the continuing improvement of Shepell-fgi’s profitability;
- A \$1.3 million upward adjustment to the fair value of Clairvest’s investment in Voxcom Income Fund (“Voxcom”) as a result of the upward movement in the trading price; and
- Other movements in quoted market prices, movements in foreign exchange, dividends accruing on cumulative shares and distributions accruing on partnership units.

Distributions and interest income for the quarter was \$4.7 million, compared with \$2.7 million for the same quarter last year. Distributions and interest income for the fourth quarter of fiscal 2007 includes priority distributions of \$1.2 million from Clairvest Equity Partners III Limited Partnership (“CEP III”), distributions of \$1.4 million from Gateway Income Fund, \$0.5 million from Voxcom and \$0.4 million from Wellington Fund II. Distributions and interest income for the fourth quarter of fiscal 2006 included distributions of \$0.5 million from Gateway Income Fund, \$0.5 million from Voxcom and \$0.7 million from Wellington Fund II.

Dividend income for the quarter was \$0.8 million, compared with \$0.6 million for the same quarter last year. Dividend income for the fourth quarter of fiscal 2007 and 2006 included \$0.8 million and \$0.5 million, respectively, of tax-free dividends from Gateway Casinos Inc.

Clairvest earned \$0.2 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. The CEP management fee is reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP corporate investments.

Administration and other expenses for the quarter were \$3.1 million, compared with \$1.7 million for the same quarter last year. The increase in administrative and other expenses for the fourth quarter of fiscal 2007 was primarily due to an increase in salaries and payroll-related expenses of \$0.6 million, stock-based compensation expense of \$0.3 million, professional and consulting fees of \$0.2 million, and non-income taxes of \$0.2 million.

Finance and foreign exchange expenses of \$0.7 million for the quarter represents \$0.5 million in interest on the loan payable to a subsidiary of Gateway Casinos, \$0.4 million in interest on the loan payable to a financial institution partially offset by a foreign exchange gain of \$0.2 million. Finance and foreign exchange expenses of \$1.2 million for the fourth quarter of fiscal 2006 represented \$0.3 million in interest on the loan payable to a subsidiary of Gateway Casinos, a \$0.8 million loss on foreign exchange and \$0.1 million in interest and bank charges.

SUMMARY OF QUARTERLY RESULTS

Quarterly results (\$000's except per share information)	Gross income (loss) \$ (Note)	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted \$
March 31, 2007	25,655	20,342	1.28	1.25
December 31, 2006	1,819	(879)	(0.05)	(0.05)
September 30, 2006	22,508	15,202	0.91	0.89
June 30, 2006	(6,368)	(16,400)	(0.99)	(0.99)
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)

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

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

FINANCIAL POSITION AND LIQUIDITY

Clairvest has sufficient capital to support its current and anticipated new investments. In addition to cash, cash equivalents and temporary investments of \$90.3 million at March 31, 2007, Clairvest has a \$20.0 million credit facility with a Canadian chartered bank, of which \$20.0 million was available at March 31, 2007. Temporary investments consist of corporate notes, debentures and preferred shares with maturities greater than 90 days and through to September 2010.

At March 31, 2007, Clairvest had loans payable totalling \$68.8 million comprised of:

- (a) \$12.6 million 30-year loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.
- (b) \$15.0 million 30-year loan from a subsidiary of Gateway Casinos. The loan bears interest at 8.05% per annum, and is collateralized by 1.5 million units held by Clairvest in Gateway Income Fund. The loan must be repaid as these units in Gateway Income Fund are disposed of.
- (c) \$8.1 million 30-year loan from a subsidiary of Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by 513,278 units held by Clairvest in Gateway Income Fund. The loan must be repaid as these Gateway Income Fund units are disposed of.
- (d) \$9.8 million 30-year loan from a subsidiary of Gateway Casinos. The loan bears interest at 8.00% per annum, and is collateralized by 627,294 units held by Clairvest in Gateway Income Fund. The loan must be repaid as these Gateway Income Fund units are disposed of.
- (e) Loans totalling \$0.3 million from the limited partnership that owns Gateway Casinos. The loans outstanding are non-interest bearing and payable on demand at any time after December 31, 2007.
- (f) \$23.0 million 10-year promissory note from a financial institution, bearing interest at a floating rate. Upon the disposition of certain investments, Clairvest will be required to make principal payments on the note. During the quarter, Clairvest repaid \$7.5 million in accordance with the terms of the note, bringing the principal balance to \$23.0 million. Interest of \$1.7 million was paid during the year.

Clairvest had a normal course issuer bid in place which enabled it to purchase up to 840,959 common shares during the 12-month period ending March 6, 2007. During the fourth quarter of fiscal 2007, Clairvest filed a new normal course issuer bid enabling it to purchase up to 795,178 common shares during the 12-month period ending March 5, 2008. During the fourth quarter of fiscal 2007, Clairvest made no purchases or cancellations. In total 2,544,424 common shares at a cost of \$21.9 million have been purchased under this, and previous, normal course issuer bids as of March 31, 2007. An additional 3,165,154 common and non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

Clairvest's main asset is its corporate investments. All changes in the carrying value of Clairvest's investments during the fourth quarter of fiscal 2007 are as a result of realized losses on investments, unrealized gains/losses on investments, follow-on investments made and capital returned to Clairvest. Significant events relating to Clairvest's corporate investments, other than with respect to unrealized gains/losses which are described above, are described below.

Allied Global Holdings

In the fourth quarter of fiscal 2007, Clairvest sold its investment in Allied for total sale and fee proceeds of \$6.3 million. Additional income of \$0.4 million was also realized over the life of the investment. Clairvest recorded a realized gain of \$3.0 million which it took to income upon sale.

Integral Orthopedics Inc.

During the quarter, Clairvest acquired an additional 743,000 Class A voting common shares of Integral Orthopedics Inc. for \$0.7 million. Clairvest's fully-diluted ownership interest in Integral Orthopedics was 23.3% at March 31, 2007.

Tsuu T'ina Gaming LP

During the quarter, Clairvest funded \$0.6 million of its \$4.3 million commitment to Tsuu T'ina Gaming L.P., bringing the total funded amount to \$2.1 million at March 31, 2007.

Wellington Financial Fund II

In the fourth quarter of fiscal 2007, Clairvest received \$3.8 million in capital distributions from Wellington Fund II, reducing Clairvest's funded amount in Wellington Fund II to \$5.3 million.

Wellington Financial Fund III

During the fourth quarter of fiscal 2007, Clairvest funded an additional \$3.5 million to Wellington Fund III.

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. The management fee is reduced to the extent of 75% of any fees earned by Clairvest from corporate investments of CEP. During the second quarter of fiscal 2007, Clairvest assigned the Management Agreement to a wholly-owned subsidiary of Clairvest. During the fourth quarter of fiscal 2007, CEP paid net management fees of \$0.3 million. As per the Management Agreement, corporate advisory fees of \$0.2 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. The distribution to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is a wholly-owned subsidiary of Clairvest, and the other of which is another limited

partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. To date, CEP has not made any distributions to the General Partner.

Clairvest is also the parent company of the two General Partners of CEP III ("GP I" and "GP II"). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2007, the month in which CEP III made its first investment. The priority distribution is reduced to the extent of 75% of any fees earned by GP I from corporate investments of CEP III. During the fourth quarter of fiscal 2007, CEP III paid GP I net priority distributions of \$1.2 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described below.

GP II, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. The distribution to GP II will be determined based on the overall performance of CEP III and no such distribution is permitted until CEP III's limited partners have received all amounts contributed to CEP III and an 8% compound annual return on that amount. The distributions received by GP II will be allocated to each of the two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation III Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and a wholly owned subsidiary of Clairvest (the "Participation III Investors"). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership during the second quarter of fiscal 2007. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. To date, CEP III has not made any distributions to GP II.

At March 31, 2007 Clairvest had loans receivables from certain officers of Clairvest 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 \$0.7 million. At March 31, 2007 Clairvest also had loans receivable from certain officers of Wellington Financial totalling \$0.6 million. The loans are interest bearing and have full recourse to the individual.

Included in accounts receivable and other assets are receivables from Clairvest's corporate investments totalling \$2.2 million, and from CEP III of \$0.1 million. Included in accounts payable are amounts owing to Clairvest's corporate investments totalling \$0.5 million and to CEP of \$0.1 million.

Loans totalling \$4.1 million, bearing interest at the prime rate, were made by Clairvest to CEP during the fourth quarter of fiscal 2007. \$2.3 million of loans advanced were repaid during the quarter. Interest of \$20,000 was earned from loans to CEP during the fourth quarter of fiscal 2007.

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, \$9.9 million of which remains unfunded at March 31, 2007. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP. 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, and a \$4.3 million commitment to Tsuu T'ina. Of these commitments, \$3.7 million has been funded to N-Brook and \$2.1 million has been funded to Tsuu T'ina at March 31, 2007.

Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is \$75.0 million, \$71.8 million of which remains unfunded at March 31, 2007. During the quarter, Clairvest's co-investment commitment increased from \$60.0 million to \$75.0 million to close at 25% of the targeted co-investment pool, consistent with CEP. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it, as manager of CEP III, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest has committed \$25.0 million to Wellington Fund III, \$6.7 million of which has been funded to March 31, 2007. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II may no longer be called. Clairvest has funded \$5.3 million to Wellington Fund II at March 31, 2007.

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

Under Clairvest's Incentive Bonus Program, 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 \$5.1 million would be owing to management under the Incentive Bonus Program. This amount has not been reflected in Clairvest's consolidated financial statements.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign investments. At March 31, 2007, Clairvest had entered into forward contracts to sell US\$7.2 million at rates of Canadian \$1.0864 to \$1.1446 per U.S. dollar through June 2007. The fair value of these contracts at March 31, 2007 is a loss of \$0.3 million and have been recognized on the consolidated balance sheet as derivative instruments market valuation.

Wholly owned subsidiaries of Clairvest together with certain other unit holders (the "unitholders") currently hold approximately 33% of the outstanding units of Gateway Income Fund. The unitholders have agreed that they will take all necessary steps to ensure that their collective ownership of Gateway Income Fund is maintained at 20% of the issued and outstanding units.

During fiscal 2006, Clairvest, together with CEP and Shepell-fgi (formerly WarrenShepell) management, purchased Shepell-fgi. As part of the purchase, Clairvest also guaranteed a \$4.6 million note payable by Shepell-fgi to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest and CEP may have with respect to representations and warranties. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. The guarantee expires on December 31, 2009. At March 31, 2007, the guarantee has been reduced to \$3.1 million.

During fiscal 2006, Clairvest and Clairvest Group International (Netherlands) B.V. ("B.V.") sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and Equity SPV Pty Limited ("SPV") as part of a sale of 100% of Signature and SPV. Subject to a number of conditions, Clairvest and B.V. may be entitled to receive over time up to an additional AUD\$2.1 million (CDN\$2.0 million) being held in escrow. As at March 31, 2007, AUD\$1.3 million (CDN\$1.1 million) has been released and taken into income. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.

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

During fiscal 2007, Clairvest, together with CEP committed to invest in the development of the Tsuu T'ina charitable casino. As part of third party financing of the casino with a Canadian chartered bank, Clairvest has guaranteed cost overruns on the project, and any debt servicing shortfalls by Tsuu T'ina which reduce over a period of time. As at March 31, 2007, no financing has taken place under the arrangement.

OUTLOOK

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

SUBSEQUENT EVENTS

Subsequent to quarter end, Gateway Income Fund entered into an agreement with New World Gaming Partners Ltd for the purchase of all of its outstanding units for \$25.26 per unit in cash. The transaction is subject to certain conditions, which are not yet settled, including unit holder and regulatory approvals. At the same time Clairvest has entered into agreements in support of the transaction.

Subsequent to quarter end, Gateway Casinos Inc. entered into agreements with New World Gaming Partners Ltd for the purchase of substantially all of its assets, as well as shares of a joint venture entity in which it holds a 50% interest. The transaction is subject to certain conditions which are not yet settled. At the same time Clairvest has entered into agreements to dispose of its interest in Gateway Casinos Inc.

Subsequent to quarter end, Clairvest sold its interest in Voxcom for cash proceeds of \$21.8 million.

Subsequent to quarter end, Clairvest sold its interest in Datamark for a combination of \$6.4 million in cash and 1,546,473 shares in a new combined public entity. Clairvest's diluted interest in the new entity is 4.54%.

Should the Gateway transactions described above close on anticipated terms, the aggregate impact of the above transactions would be an increase of \$1.64 to Clairvest's net book value per share as reported on March 31, 2007.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Management has evaluated the Company's internal controls over financial reporting to ensure that they had been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. Management has concluded that the design of internal controls over financial reporting are effective as of March 31, 2007 based on this evaluation. There were no changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting.

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

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

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

CLAIRVEST GROUP INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

\$000's	March 31 2007	March 31 2006
ASSETS		
Cash and cash equivalents	\$ 13,981	\$ 12,395
Temporary investments (Note 3)	76,305	101,897
Accounts receivable and other assets (Note 8e)	3,768	5,011
Income taxes recoverable	10,803	—
Loans receivable (Note 8f and 8g)	1,824	800
Future tax asset	—	3,539
Corporate investments (Note 5)	207,929	164,330
	\$ 314,610	\$ 287,972
LIABILITIES		
Accounts payable (Note 8e and 9)	\$ 3,473	\$ 4,945
Loans payable (Note 6)	68,766	27,699
Derivative instruments market valuation (Note 11)	300	423
Future tax liability	4,062	1,385
Stock-based compensation (Note 9)	4,426	3,583
	81,027	38,035
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	82,166	103,496
Retained earnings	151,417	146,441
	233,583	249,937
	\$ 314,610	\$ 287,972

(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	
	2007	2006	2007	2006
Net investment gains (losses)				
Net realized gains (losses) on investments (Note 4)	\$ 493	\$ 1,112	\$ (4,849)	\$ 723
Net unrealized gains on investments (Note 5)	19,057	9,275	23,866	2,056
	<u>19,550</u>	<u>10,387</u>	<u>19,017</u>	<u>2,779</u>
Other income				
Distributions and interest income (Note 8)	4,672	2,682	15,149	8,051
Dividend income	825	603	5,842	860
Management fees (Note 8a)	209	595	1,220	2,307
Advisory and other fees (Note 8h)	399	344	2,386	1,746
	<u>6,105</u>	<u>4,224</u>	<u>24,597</u>	<u>12,964</u>
Administration and other expenses (Note 9)	(3,140)	(1,691)	(11,279)	(8,694)
Loss on temporary investments (Note 12j)	—	—	(10,000)	—
Finance and foreign exchange expense (Note 8h and 11)	(732)	(1,167)	(3,979)	(3,162)
	<u>(3,872)</u>	<u>(2,858)</u>	<u>(25,258)</u>	<u>(11,856)</u>
Income before income taxes	21,783	11,753	18,356	3,887
Income tax expense	(1,441)	(489)	(91)	(1,639)
Net income	<u>\$ 20,342</u>	<u>\$ 11,264</u>	<u>\$ 18,265</u>	<u>\$ 2,248</u>
Basic net income per share	<u>\$ 1.28</u>	<u>\$ 0.58</u>	<u>\$ 1.14</u>	<u>\$ 0.12</u>
Fully diluted net income per share	<u>\$ 1.25</u>	<u>\$ 0.57</u>	<u>\$ 1.11</u>	<u>\$ 0.11</u>

(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	
	2007	2006	2007	2006
Retained earnings, beginning of period	\$ 131,075	\$ 135,268	\$ 146,441	\$ 150,268
Net income	20,342	11,264	18,265	2,248
	<u>151,417</u>	<u>146,532</u>	<u>164,706</u>	<u>152,516</u>
Dividends declared	—	—	(1,590)	(1,925)
Purchase and cancellation of shares (Note 7)	—	(91)	(11,699)	(4,150)
Retained earnings, end of period	<u>\$ 151,417</u>	<u>\$ 146,441</u>	<u>\$ 151,417</u>	<u>\$ 146,441</u>

(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	
	2007	2006	2007	2006
Cash flows from operating activities				
Net income	\$ 20,342	\$ 11,264	\$ 18,265	\$ 2,248
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	11	8	40	71
Stock-based compensation	861	535	843	3,445
Future income tax expense (recovered)	1,930	(2,834)	6,216	(4,336)
Net realized losses (gains) on investments	(3,830)	(2,826)	21,903	(4,239)
Previously recognized net unrealized gains (losses)	3,337	1,714	(17,054)	3,516
Net unrealized gains on investments	(19,057)	(9,275)	(23,866)	(2,056)
Loss on temporary investments	—	—	10,000	—
Non-cash income (loss) relating to corporate investments	(596)	554	(194)	898
	<u>2,998</u>	<u>(860)</u>	<u>16,153</u>	<u>(453)</u>
Net change in non-cash working capital balances related to operations	(1,052)	1,310	(11,072)	(367)
	<u>1,946</u>	<u>450</u>	<u>5,081</u>	<u>(820)</u>
Cash flows from financing activities				
Cancellation of share capital	—	(80)	(569)	(8,735)
Issuance of share capital	—	—	540	1,297
Cash dividends paid	—	—	(1,590)	(1,925)
Issuance of loans	253	—	18,918	418
Repayment of loans	(8,375)	(371)	(10,852)	(1,507)
	<u>(8,122)</u>	<u>(451)</u>	<u>6,447</u>	<u>(10,452)</u>
Cash flows from investing activities				
Net proceeds on (acquisition of) temporary investments	(12,166)	(50,550)	15,307	(694)
Acquisition of corporate investments	(5,041)	(1,006)	(43,190)	(17,450)
Proceeds on corporate investments	7,115	30,904	7,115	32,925
Loans advanced	(4,124)	(1,865)	(41,755)	(33,466)
Receipt of loans advanced	2,300	1,065	40,731	38,289
Proceeds on realization of foreign exchange forward contracts	—	528	65	1,936
Return of capital from corporate investments	3,879	—	11,785	299
	<u>(8,037)</u>	<u>(20,924)</u>	<u>(9,942)</u>	<u>21,839</u>
Net increase (decrease) in cash and cash equivalents	(14,213)	(20,925)	1,586	10,567
Cash and cash equivalents, beginning of period	28,194	33,320	12,395	1,828
Cash and cash equivalents, end of period	\$ 13,981	\$ 12,395	\$ 13,981	\$ 12,395
Supplemental cash flow information				
Income taxes paid	\$ 633	\$ 724	\$ 7,976	\$ 2,388
Interest paid	\$ 894	\$ 298	\$ 3,525	\$ 1,213

(see accompanying notes to interim consolidated financial statements)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007 (Tabular Dollar Amounts in Thousands)

(unaudited)

1. NATURE OF ACTIVITIES AND BASIS OF PRESENTATION

The disclosures contained in these unaudited interim consolidated financial statements of Clairvest Group Inc. ("Clairvest" or the "Company") do not include all requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended March 31, 2007.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the quarter ended March 31, 2007.

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

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

2. BANKING FACILITY

Clairvest has a \$20.0 million line of credit available, bearing interest at prime plus 0.5%. The line of credit available at March 31, 2007 is \$20.0 million, which is based on debt covenants within the banking arrangement.

3. TEMPORARY INVESTMENTS

Temporary investments have maturities greater than 90 days and through to September 2010. Temporary investments consist of corporate notes, debentures and preferred shares. The yield on these investments ranges between 4.2% and 12.0% with a weighted average rate of return of 4.6%.

4. NET REALIZED GAINS (LOSSES) ON INVESTMENTS

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

\$000's	Quarter ended March 31		Year ended March 31	
	2007	2006	2007	2006
Net realized gains (losses) on investments during the period	\$ 3,830	\$ 2,826	\$ (21,903)	\$ 4,239
Previously recognized net unrealized losses (gains)	(3,337)	(1,714)	17,054	(3,516)
	\$ 493	\$ 1,112	\$ 4,849	\$ 723

5. CORPORATE INVESTMENTS

	March 31, 2007			March 31, 2006		
	Fair Value	Cost	Difference	Fair Value	Cost	Difference
Investments in publicly-traded companies						
Datamark Systems Group Inc.	\$ 9,762	\$ 14,454	\$ (4,692)	\$ 12,871	\$ 14,421	\$ (1,550)
Gateway Casinos Income Fund	47,614	32,913	14,701	22,874	15,007	7,867
Voxcom Income Fund	15,644	11,187	4,457	15,549	11,187	4,362
	73,020	58,554	14,466	51,294	40,615	10,679
Investments in privately-held companies						
Allied Global Holdings Inc.	–	–	–	4,755	3,000	1,755
Consolidated Vendors Corporation	–	–	–	–	7,423	(7,423)
Gateway Casinos Inc.	84,724	24,000	60,724	68,233	24,000	44,233
Integral Orthopedics Inc.	5,347	5,347	–	4,120	4,120	–
Kubra Data Transfer Ltd.	3,250	2,150	1,100	–	–	–
Landauer Metropolitan Inc.	3,894	3,636	258	4,147	4,088	59
N-Brook Mortgage LP	3,865	3,699	166	2,741	2,658	83
NRI Industries Inc.	–	–	–	5,080	17,613	(12,533)
Shepell·fgi (formerly WarrenShepell)	7,910	6,550	1,360	4,000	4,000	–
Tsui T'ina Gaming Limited Partnership	2,226	2,091	135	–	–	–
Van-Rob Inc.	5,000	5,000	–	5,000	5,000	–
Wellington Financial Fund II	6,618	5,319	1,299	14,922	13,571	1,351
Wellington Financial Fund III	6,974	6,704	270	–	–	–
Winters Bros. Waste Systems, Inc.	5,065	4,292	773	–	–	–
	134,874	68,788	66,086	112,998	85,473	27,525
Other investments	36	47	(11)	38	36	2
	\$207,929	\$127,389	\$80,540	\$164,330	\$126,124	\$38,206

In the fourth quarter of fiscal 2007, Clairvest sold its investment in Allied Global Holdings Inc. for total sale and fee proceeds of \$6.3 million. Clairvest recorded a realized gain of \$3.0 million which it took to income upon sale.

During the fourth quarter of fiscal 2007, Datamark entered into an acquisition agreement with a third party providing for a combination of Datamark and the third party (the “Combined Entity”). Under the terms of the agreement, for each Datamark share held, Clairvest will, at its option, be entitled to a consideration equal to \$2.22 in cash or one share of the Combined Entity, or a combination thereof, subject to pro-rata. Subsequent to quarter end, the agreement was revised and the transaction closed [see note 13(d)].

In the fourth quarter of fiscal 2007, Clairvest received capital distributions totalling \$3.8 million from Wellington Financial Fund II (“Wellington Fund II”), reducing Clairvest’s funded amount in Wellington Fund II to \$5.3 million.

During the fourth quarter of fiscal 2007, Clairvest funded an additional \$3.5 million to Wellington Fund III.

6. LOANS PAYABLE

Loans payable consist of the following:

- (a) \$12.6 million 30-year loan from Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by the units held by Clairvest in the limited partnership that owns Gateway Casinos.

- (b) \$15.0 million 30-year loan from a subsidiary of Gateway Casinos. The loan bears interest at 8.05% per annum, and is collateralized by 1.5 million units held by Clairvest in Gateway Income Fund. The loan must be repaid as these units in Gateway Income Fund are disposed of.
- (c) \$8.1 million 30-year loan from a subsidiary of Gateway Casinos. The loan is non-interest bearing, and repayable on demand. The loan is collateralized by 513,278 units held by Clairvest in Gateway Income Fund. The loan must be repaid as these Gateway Income Fund units are disposed of.
- (d) \$9.8 million 30-year loan from a subsidiary of Gateway Casinos. The loan bears interest at 8.00% per annum, and is collateralized by 627,294 units held by Clairvest in Gateway Income Fund. The loan must be repaid as these Gateway Income Fund units are disposed of.
- (e) Loans totalling \$0.3 million from the limited partnership that owns Gateway Casinos. The loans outstanding are non-interest bearing and payable on demand at any time after December 31, 2007.
- (f) \$23.0 million 10-year promissory note from a financial institution, bearing interest at a floating rate. Upon the disposition of certain investments, Clairvest will be required to make principal payments on the note. During the quarter, Clairvest repaid \$7.5 million in accordance with the terms of the note, bringing the principal balance to \$23.0 million. Interest of \$1.7 million was paid during the year.

7. SHARE CAPITAL AND RETAINED EARNINGS

During the fourth quarter of fiscal 2007 the Company filed a new normal course issuer bid enabling it to make purchases of up to 795,178 common shares in the 12-month period commencing March 6, 2007. During the fourth quarter of fiscal 2007, the Company made no purchases or cancellation. In total 2,544,424 common shares at a cost of \$21.9 million had been purchased under this, and previous, normal course issuer bids as of March 31, 2007. An additional 3,165,154 common and non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,903,566 common shares were outstanding at March 31, 2007.

8. RELATED PARTY TRANSACTIONS

- (a) Clairvest has entered into a Management Agreement with the General Partner of CEP, appointing Clairvest as the Manager of CEP. The General Partner is a wholly-owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to Clairvest as compensation for its services in the administration of the portfolio of CEP. During the second quarter of fiscal 2007, Clairvest assigned the Management Agreement to a wholly-owned subsidiary of Clairvest. The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), and thereafter at 2% of contributed capital of CEP less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest from corporate investments of CEP. During the fourth quarter of fiscal 2007, net management fees were 0.2 million (2006 - \$0.6 million).
- (b) The General Partner of CEP, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP equal to 20% of net gains of CEP. These distributions to the General Partner will be determined based on the overall performance of CEP and no such distributions are permitted until CEP's limited partners have received all amounts contributed to CEP and a 6% compound annual return on that amount. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is a wholly-owned subsidiary of Clairvest, and the other of which is another limited partnership (the "Participation Partnership"). The limited partners of the Participation Partnership are principals and employees of Clairvest (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. To date, CEP has not made any distributions to the General Partner.

- (c) During fiscal 2007, the Company completed closings totalling \$225.0 million of Clairvest Equity Partners III Limited Partnership (“CEP III”), a successor fund to CEP. Clairvest is the parent company of the two General Partners of CEP III (“GP I” and “GP II”). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2007, the month in which CEP III made its first investment. As a result of these subsequent closings, the priority distribution is reduced to the extent of 75.0% of fees earned by GP I from corporate investments of CEP III. During the fourth quarter of fiscal 2007, CEP III paid GP I net priority distributions of \$1.2 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of gains of CEP III determined as described in note 8(d) below.
- (d) GP II, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in note 8(c) above, will be determined based on the overall performance of CEP III and no such distributions are permitted until CEP III’s limited partners have received all amounts contributed to CEP III and an 8% compound annual return on that amount. The distributions received by the GP II will be allocated to each of the two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the “Participation III Partnership”) which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and a wholly owned subsidiary of Clairvest (the “Participation III Investors”). The Participation III Investors purchased, at fair market value, units of the Participation III Partnership during the second quarter of fiscal 2007. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors. To date, CEP III has not made any distributions to GP II.
- (e) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company or officers of corporate investments totalling \$0.5 million (2006 – \$0.5 million). The share purchase loans bear interest fixed at either 4% or the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of \$0.7 million (2006 – \$0.6 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totalling \$0.6 million (2006 – \$0.2 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. Interest of \$43,000 (2006 - \$22,000) was received during fiscal 2007. Also included in accounts receivable and other assets are receivables from Clairvest’s corporate investments totalling \$2.2 million (2006 – \$1.4 million), from CEP totalling \$nil (2006 – \$1.6 million) and from CEP III totalling \$0.1 million (2006 – \$0.1 million). Included in accounts payable is \$0.1 million (2006 – nil) owing to CEP and \$0.5 million owing to corporate investments (2006 – nil).
- (f) Loans totalling \$4.1 million, bearing interest at the prime rate, were made by the Company to CEP during the fourth quarter of fiscal 2007, of which \$2.3 million were repaid during the quarter. Interest of \$20,000 was earned from loans to CEP during the fourth quarter of fiscal 2007.
- (g) During the fourth quarter of fiscal 2007, Clairvest received \$2.5 million (2006 - \$1.8 million) in interest and distributions, \$0.8 million (2006 - \$0.5 million) in dividends, and \$0.4 million in fee income (2006 - \$0.3 million) from its corporate investments. Also during the fourth quarter of fiscal 2007 Clairvest paid \$0.5 million (2006 - \$0.3 million) in interest to a Gateway Casinos Inc. entity.

9. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

No options were issued or exercised during the fourth quarter of fiscal 2007. At March 31, 2007, a total of 1,481,300 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, 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, 2007, Clairvest recognized a stock-based compensation expense of \$0.9 million.

As at March 31, 2007, a total of 74,736 (2006 – 62,933) Deferred Share Units were held by directors of the Company, the accrual in respect of which was \$0.8 million (2006 - \$0.6 million) and has been included in Accounts Payable.

As at March 31, 2007, a total of 443,250 (2006 – 382,250) Book Value Appreciation Rights Units were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$0.4 million (2006 - \$0.5 million) and has been included in Accounts Payable.

10. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	<u>2007</u>	<u>2006</u>
Accounts receivable and other assets	\$ (1,220)	\$ (1,600)
Accounts payable	168	2,910
	<u>\$ (1,052)</u>	<u>\$ 1,310</u>

Cash and cash equivalents at March 31, 2007 and 2006 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Cash	\$ 3,640	\$ 582
Cash equivalents	10,341	11,813
	<u>\$ 13,981</u>	<u>\$ 12,395</u>

11. FINANCIAL INSTRUMENTS

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

Forward contracts to sell US\$7.2 million (2006 – US\$14.0 million) at rates of Canadian \$1.0864 to \$1.1446 per U.S. dollar through June 2007 (average rate of \$1.1129; 2006 - average rate of \$1.1378). The fair value of these contracts at March 31, 2007 is a loss of \$0.3 million (2006 – loss of \$0.4 million) and have been recognized on the balance sheet as derivative instruments market valuation.

12. 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, \$9.9 million of which remains unfunded at March 31, 2007. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it, as manager of CEP, concurrently sells a proportionate number of securities of that corporate investment held by CEP. 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, and a \$4.3 million commitment to Tsuu T'ina. Of these commitments, \$3.7 million has been funded to N-Brook and \$2.1 million has been funded to Tsuu T'ina at March 31, 2007.
- (b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is currently \$75.0 million, \$71.8 million of which remains unfunded at March 31, 2007. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it, as manager of CEP III, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.
- (c) Clairvest has also committed \$25.0 million to Wellington Fund III, \$6.7 million of which has been funded at March 31, 2007. As a result of the closing of Wellington Fund III, the unfunded capital commitments to Wellington Fund II may no longer be called. Clairvest has funded \$5.3 million to Wellington Fund II at March 31, 2007.

- (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 \$5.1 million (2006 - \$3.5 million) would be owing to management under the Incentive Bonus Program.
- (f) Wholly-owned subsidiaries of Clairvest together with certain other unit holders (the "Unit Holders") currently hold approximately 33% of the outstanding units of Gateway Income Fund (the "Fund"). The Unit Holders have agreed that they will take all necessary steps to collectively maintain a 20% ownership of the issued and outstanding units of the Fund.
- (g) During fiscal 2006, Clairvest, together with CEP and Shepell-fgi management, purchased Shepell-fgi. As part of the transaction, Clairvest guaranteed a \$4.6 million note payable by Shepell-fgi to the vendors, as well as interest payable on the note. The note is subject to claims Clairvest and CEP may have with respect to representations and warranties. Any amounts paid under the guarantee will result in additional equity ownership being granted to Clairvest and CEP, allocated 25% to Clairvest and 75% to CEP. CEP will reimburse Clairvest for 75% of any amounts paid under the guarantee. The guarantee expires on December 31, 2009. At March 31, 2007, the guarantee was \$3.1 million.
- (h) During fiscal 2006, Clairvest and Clairvest Group International (Netherlands) B.V. ("B.V.") sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and Equity SPV Pty Limited ("SPV") as part of a sale of 100% of Signature and SPV. 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\$2.0 million) being held in escrow. As at March 31, 2007, AUD\$1.3 million (CDN\$1.1 million) has been released from the escrow and taken into income. As part of the transaction, B.V. has indemnified the purchaser for various claims which will reduce over time.
- (i) During fiscal 2007, Clairvest recorded a \$10.0 million impairment charge on loans Clairvest made to an unrelated party as the loans may not be recoverable. The loans were advanced in two tranches of \$5 million in each of December 2005 and May 2006 and were collateralized by treasury bills deposited with a Canadian bank-owned brokerage firm. The loans are currently in default. Any amounts recovered will be taken into income in the period of recovery.
- (j) During fiscal 2007, Clairvest, together with CEP committed to invest in the development of the Tsuu T'ina charitable casino. As part of third party financing of the casino with a Canadian chartered bank, Clairvest has guaranteed cost overruns on the project, and any debt servicing shortfalls by Tsuu T'ina which reduce over a period of time. As at March 31, 2007, no financing had taken place under the arrangement.

13. SUBSEQUENT EVENTS

- (a) Subsequent to quarter end, Gateway Income Fund (the "Fund") entered into an agreement with an unrelated third party for the purchase of all outstanding units of the Fund for \$25.26 per unit in cash. The transaction is subject to certain conditions, which are not yet settled, including unitholder and regulatory approvals. At the same time Clairvest has entered into agreements in support of the transaction.
- (b) Subsequent to quarter end, Gateway Casinos Inc. entered into agreements with an unrelated third party for the purchase of substantially all of its assets, as well as shares of a joint venture entity in which it holds a 50% interest. The transaction is subject to certain conditions which are not yet settled. At the same time Clairvest has entered into agreements to dispose of its interest in Gateway Casinos Inc.
- (c) Subsequent to quarter end, Clairvest sold its interest in Voxcom for cash proceeds of \$21.8 million.

- (d) Subsequent to quarter end, Clairvest sold its interest in Datamark for a combination of \$6.4 million in cash and 1,546,473 shares in a new combined public entity. Clairvest's diluted interest in the new entity is 4.54%.

14. 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, 2007 consolidated financial statements.