

**CLAIRVEST REPORTS FISCAL 2009  
FOURTH QUARTER AND YEAR-END RESULTS****Highlights**

- March 31, 2009 book value per share of \$17.89 versus \$17.65 at December 31, 2008 and \$16.98 at March 31, 2008. Including dividends paid during the year, book value per share grew by 10% after tax year over year. Cash or near cash represents 64.6% of the March 31, 2009 book value per share
- Net income of \$3.8 million for the quarter and \$26.1 million for the year
- Clairvest received \$104.9 million in tax-free dividends and return of capital from Gateway Casinos and repaid in full loans of \$101.7 million from Gateway Casinos
- Clairvest received \$9.7 million of early loan repayment from the acquirer of Shepell•fgi
- Wellington Financial increased Fund III to \$150 million
- Clairvest declared an annual dividend of \$1.6 million, or \$0.10 per share

**Toronto, Ontario (June 23, 2009)** – Clairvest Group Inc. (TSX:CVG) today reported results for the quarter and year ended March 31, 2009. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value increased during the year to \$285.4 million from \$270.8 million at March 31, 2008, after the payment of dividends totaling \$11.6 million during fiscal 2009. Book value per share increased to \$17.89 per share, compared with \$16.98 per share at March 31 2008, after the payment of dividends totaling \$0.73 per share during fiscal 2009. Net income for the quarter was \$3.8 million or \$0.24 per share and net income for the year was \$26.1 million or \$1.64 per share.

As previously announced, as a result of Gateway Casinos Inc. ("Gateway Casinos") distributing all of its assets to its shareholders, Clairvest recorded a \$100.5 million realized loss on Gateway Casinos during the quarter, \$77.8 million of which pertains to the reversal of previously recognized unrealized gains in prior periods. The distribution of assets resulted in Clairvest receiving tax-free dividends totaling \$103.6 million from Gateway Casinos and a return of capital of \$1.3 million. Clairvest also repaid in full loans outstanding from Gateway Casinos totaling \$101.7 million. The net impact of these transactions increased Clairvest's book value by \$0.20 per share.

As previously announced, during the fourth quarter of fiscal 2009, Clairvest received, at a slight discount, an early repayment of \$9.7 million of a promissory note which Clairvest had received from the acquirer of Shepell•fgi. The remaining \$4.4 million of the promissory note is due June 30, 2009, and Clairvest continues to hold another promissory note for \$1.1 million due July 2010.

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

"Clairvest is well positioned to support the growth of its investee companies as appropriate and to take advantage of the current economic environment," said Jeff Parr, Co-Chief Executive Officer. "Even in this difficult market, we remain sharply focused on our market niche and will continue our active pursuit of new investment opportunities to enhance shareholder value in fiscal 2010."

Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 797,678 of its common shares in the 12-month period commencing March 6, 2009. As at June 23, 2009, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last six years.

Subsequent to year end, Clairvest declared an annual dividend of \$0.10 per share, which will be payable July 27, 2009 to common shareholders of record as of July 10, 2009. This is an eligible dividend for Canadian income tax purposes.

### **About Clairvest**

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

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### **Forward-looking Statements**

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

[www.clairvest.com](http://www.clairvest.com)

The Management's Discussion and Analysis ("MD&A") analyzes significant changes in the unaudited consolidated financial statements of Clairvest Group Inc. ("Clairvest"). It should be read in conjunction with the accompanying unaudited consolidated financial statements and notes of Clairvest for the quarter ended March 31, 2009 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"). In accordance with Accounting Guideline 18, "Investment Companies" ("AcG-18"), the Company designates its temporary investments and corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity and collateral of the security and the size of Clairvest's ownership block as well as any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; public market comparables; private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

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

A change to an estimate with respect to Clairvest's corporate investments would impact corporate investments and unrealized gains/losses on corporate investments.

The process of determining future income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning

strategies, changes in tax laws and rates, and loss carry-forwards. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized. A change to an accounting estimate with respect to future income taxes would impact future tax asset or liability and income tax expense.

## **OPERATING RESULTS**

Net income for the fourth quarter of fiscal 2009 was \$3.8 million compared with net income of \$5.2 million for the fourth quarter of fiscal 2008. The net income for the fourth quarter of fiscal 2009 is comprised primarily of \$98.5 million of net corporate investment losses, \$103.4 million of net operating income and \$1.1 million of income tax expense. This compares with net corporate investment gains of \$2.5 million, \$2.4 million of net operating income, and \$0.3 million of income tax recoveries for the fourth quarter of fiscal 2008.

The net corporate investment losses of \$98.5 million for the fourth quarter of fiscal 2009 comprised \$99.3 million of net realized losses on corporate investments and \$0.8 million of net unrealized gains on corporate investments.

Net realized losses on corporate investments for the fourth quarter of fiscal 2009 of \$99.3 million resulted primarily from a \$100.5 million realized loss on the realization of Gateway Casinos Inc. ("Gateway Casinos") as a result of the final distribution of assets out of Gateway Casinos (see discussion on \$103.6 million of dividends received from Gateway Casinos below) and a \$1.0 million gain on the partial early repayment of promissory notes received on the sale of Shepell•fgi.

Net unrealized losses on corporate investments for the fourth quarter of 2009 of \$0.8 million resulted primarily from a \$2.6 million unrealized gain arising on Kubra Data Transfer Limited ("Kubra") offset by, a \$1.2 million unrealized loss arising on Van-Rob Inc. ("Van-Rob").

Distributions and interest income for the quarter was \$3.0 million, compared with \$4.9 million for the same quarter last year. Distributions and interest income for the fourth quarter of fiscal 2009 includes interest on cash, cash equivalents and temporary investments of \$1.0 million, general partner income distributions of \$1.5 million from Clairvest Equity Partners Limited Partnership ("CEP"), net priority distributions of \$1.0 million from Clairvest Equity Partners III Limited Partnership ("CEP III"), net of \$0.6 million in clawback of general partner distributions from Wellington Financial Fund II and Wellington Financial Fund III ("Wellington Funds") and \$0.3 million of unrealized losses on temporary investments. Distributions and interest income for the fourth quarter of fiscal 2008 included interest on cash, cash equivalents and temporary investments of \$1.7 million, distributions totaling \$1.2 million from Wellington Funds, priority distributions of \$0.9 million from CEP III and distributions of \$0.5 million from Shepell•fgi.

Dividend income for the quarter was \$103.6 million, compared with \$0.1 million for the same quarter last year. Dividend income for the fourth quarter of fiscal 2009 comprised of dividends from Gateway Casinos totaling \$103.6 million as part of the final distribution of assets out of Gateway Casinos.

Clairvest earned \$0.3 million in net management fees during the quarter for its services in the administration of CEP's portfolio and \$0.2 million in advisory and other fees from its corporate investments. The CEP management fee is reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP corporate investments.

Administration and other expenses for the quarter were \$2.3 million, compared with \$3.5 million for the same quarter last year. Included in administrative and other expenses for the fourth quarter of fiscal 2009 was a \$1.6 million recovery on stock based compensation expense as a result of a decrease in the trading price of Clairvest's common shares. Included in administrative and other expenses for the fourth quarter of fiscal 2008 was a \$0.5 million expense on stock based compensation.

Finance and foreign exchange expense of \$1.4 million for the fourth quarter of fiscal 2009 represented \$0.1 million in interest expense and bank charges and foreign exchange cost of \$1.3 million. The foreign exchange cost was driven by interest costs on Chilean Unidad de Fomento ("UF") contracts entered into as hedges against Clairvest's UF investments in Chile and a loss on speculative foreign exchange forward contracts. Finance and foreign exchange expense of \$0.1 million for the fourth quarter of fiscal 2008 represented \$0.2 million in interest expense and bank charges net of a foreign exchange cost recovery of \$0.1 million.

## **SUMMARY OF QUARTERLY RESULTS**

Quarterly results (\$000's except per share information)	Gross revenue \$	Net income (loss) \$	Net income (loss) per common share \$	Net income (loss) per common share fully diluted* \$
March 31, 2009	8,643	3,822	0.24	0.23
December 31, 2008	1,658	(606)	(0.04)	(0.04)
September 30, 2008	5,406	2,558	0.16	0.16
June 30, 2008	29,726	20,314	1.27	1.23
March 31, 2008	8,469	5,216	0.33	0.32
December 31, 2007	19,708	6,707	0.42	0.41
September 30, 2007	12,403	6,562	0.41	0.40
June 30, 2007	30,757	19,758	1.24	1.21

\* The sum of reported quarterly net income (loss) per common share may not equal to the full year reported net income (loss) per common share due to rounding and on the fully diluted, the anti-dilutive effect of any quarters where the Company reported a net loss.

Significant variations arise in the quarterly results due to unrealized gains/losses on corporate investments which result from Clairvest re-valuing its corporate investments on a quarterly basis. The values at which publicly-traded corporate investments are carried are subject to fluctuations in the public markets from quarter to quarter. The privately-held corporate investments are re-valued when conditions warrant an adjustment to the fair value of the corporate 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 \$184.4 million at March 31, 2009, Clairvest has a \$20.0 million credit facility with a Canadian chartered bank, \$20.0 million of which was available at March 31, 2009. Cash equivalents consist of treasury bills and fixed income mutual funds which have maturities less than 90 days from date of purchase. Temporary investments consist of corporate bonds, treasury bills and fixed income mutual funds rated not below A-, preferred shares rated not below P-4, and other fixed income investments rated not below R1-mid which have maturities greater than 90 days from the date of purchase. The maturity dates of these temporary investments range from April 2009 through to July 2011.

During the fourth quarter of fiscal 2009, Clairvest repaid in full loans payable totaling \$101.7 million to Gateway Casinos. The loans were non-interest bearing, repayable on demand, and collateralized by the shares held by Clairvest in an entity that owns Gateway Casinos.

During the fourth quarter of fiscal 2009, Clairvest filed a normal course issuer bid enabling it to purchase up to 797,678 common shares during the 12-month period ending March 5, 2010. No shares were purchased under this and the previous issuer bid during the quarter. As at June 23, 2009, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last six years.

15,953,566 common shares were outstanding at March 31, 2009.

Clairvest has corporate investments with a carrying value of \$102.9 million. Changes in the carrying value of Clairvest's corporate investments during the fourth quarter of fiscal 2009 are primarily a result of net realized losses, unrealized gains/losses on corporate investments and follow-on investments made. Clairvest's corporate investments decreased \$114.1 million during the fourth quarter of fiscal 2009. Significant events relating to Clairvest's corporate investments, other than with respect to unrealized gains/losses, are described below.

### **Casino Marina del Sol (“Casino del Sol”)**

During the fourth quarter of fiscal 2009, Clairvest allocated to CEP III \$2.1 million of the \$2.9 million loan advanced through Canadian and Chilean acquisition entities in the December quarter such that the \$2.9 million loan is made on a pro-rata basis. Also during the quarter, Clairvest sold a portion of its interest in the Canadian acquisition entity to unrelated parties. Clairvest received \$0.5 million from the sale, which represented its cost. Clairvest’s ownership in Casino del Sol reduced to 11.9% from 12.5% as a result of these transactions.

### **Casino New Brunswick**

During the fourth quarter of fiscal 2009, Clairvest funded an additional \$0.8 million of its \$8.0 million commitment to invest in Casino New Brunswick in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 8% per annum thereafter. At March 31, 2009, the total amount funded was \$2.3 million.

### **Gateway Casinos Inc.**

During the fourth quarter of fiscal 2009, Clairvest received tax-free dividends from Gateway Casinos totaling \$103.6 million and a return of capital of \$1.3 million as part of the final distribution of assets out of Gateway Casinos. \$101.7 million of the dividend proceeds were used to repay in full loans Clairvest had received from Gateway Casinos during fiscal 2009 and prior years.

As a result of Gateway Casinos distributing all of its assets to its shareholders, Clairvest recorded a realized loss on Gateway Casinos of \$100.5 million for the quarter, \$77.8 million of which pertains to the reversal of previously recognized unrealized gains in prior periods.

### **Shepell•fgi**

During the first quarter of fiscal 2009, Shepell•fgi sold substantially all of its assets to an unrelated third party. Clairvest received cash proceeds of \$26.1 million at closing, and non-interest bearing promissory notes secured by the acquirer for an additional \$15.3 million, payable through to July 2010. \$9.7 million of the promissory notes that were due June 2009 were repaid by the acquirer during the fourth quarter of fiscal 2009 at a slight discount. Further repayment of the remaining \$5.6 million promissory notes is subject to satisfaction of certain items in the purchase documentation, and may be received in the form of the acquirer’s equity at the option of the acquirer. The remaining promissory notes are carried at a fair value of \$5.1 million, which was determined by discounting the face value of the promissory notes at 20% per annum from their maturity dates.

### **TRANSACTIONS WITH RELATED PARTIES**

A wholly owned subsidiary of Clairvest (“GP I”) has entered into a Management Agreement with the General Partner of CEP, appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest (“Subsidiary”). The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), and thereafter at 2% of contributed capital less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest or GP I from corporate investments of CEP. During the fourth quarter of fiscal 2009, GP I earned net management fees of \$0.3 million as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of \$0.1 million from corporate investments of CEP were netted against the management fees.

The General Partner of CEP 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 amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is another wholly owned subsidiary of Clairvest (“Clairvest Subsidiary”), and the other of which is another limited partnership (the “Participation Partnership”). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP

I (the "Participation Investors"). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During the quarter, CEP declared \$2.9 million of distributions to the General Partner, 50% of which, or \$1.5 million, belongs to Clairvest Subsidiary and is included in income and in accounts receivable and other assets. The amount was paid subsequent to year end. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to \$19.2 million of distributions, 50% of which, or \$9.6 million, would be payable to Clairvest Subsidiary.

Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2006, the month in which CEP III made its first investment. The priority distribution is reduced to the extent of 75% of any fees earned by GP I from corporate investments of CEP III. During the fourth quarter of fiscal 2009, CEP III declared to GP I net priority distributions of \$1.0 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of net gains of CEP III determined as described below. To date, CEP III has not made any distributions to GP I other than priority distributions.

GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. The distributions to GP II, and GP I as noted above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III's limited partners have received amounts equal to the sum of their contributed capital and a return equal to 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, GP I and GP II would not receive any distributions other than the priority distributions described above. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership [the "Participation III Partnership"] which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I [the "Participation III Investors"]. The Participation III Investors purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors.

GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("Clairvest LP") of 10% to June 23, 2008 and 8.25% thereafter. Clairvest LP was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from Clairvest LP will be allocated 100% to the Participation III Partnership.

At March 31, 2009 Clairvest had loans receivable from certain officers of Clairvest and GP I (the "Officers") totaling \$0.7 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of \$0.5 million. At March 31, 2009, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$0.6 million. The loans are interest bearing and have full recourse to the individual.

Included in accounts receivable and other assets are receivables of \$2.2 million from Clairvest's corporate investments, \$1.8 million from CEP and \$1.2 million from CEP III. Included in accounts payable and accrued liabilities is \$0.5 million owing to corporate investments.

Loans totaling \$8.3 million, bearing interest at the prime rate, were made by the Company to CEP III during the fourth quarter of fiscal 2009, and \$4.4 million of loans were repaid by CEP III during the quarter. The total amount of loans outstanding to CEP III at March 31, 2009 was \$8.5 million. An additional \$4.2 million was repaid subsequent to year end. Interest of \$11,000 was earned from loans to CEP III during the fourth quarter of fiscal 2009.

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

During the fourth quarter of fiscal 2009, Clairvest earned \$1.2 million in distributions and interest income, \$103.6 million in dividends and \$0.2 million in fee income from its corporate investments.

## **OFF-BALANCE SHEET ARRANGEMENTS**

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$4.0 million of which remains unfunded at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is \$75.0 million, \$39.8 million of which remains unfunded at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP III. Included in the commitment to co-invest with CEP III is an \$8.0 million commitment to Casino New Brunswick, \$2.3 million of which has been funded at March 31, 2009.

Clairvest has committed \$25.0 million to Wellington Fund III, \$12.5 million of which has been funded to March 31, 2009. During the quarter, Wellington Fund III increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future.

As a result of the closing of Wellington Fund III, any unfunded capital commitments to Wellington Fund II were extinguished. At March 31, 2009, net funds invested in Wellington Fund II were \$0.7 million.

At March 31, 2009, Clairvest has received profit distributions totaling \$1.3 million through its ownership interest in the general partner of Wellington Fund II and \$1.0 million through its ownership interest in the general partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective general partners, the clawback provisions entered into by the general partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.

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

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

Under Clairvest's Management Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2009, \$2.8 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$0.6 million would be owing to management under this Program. As no such realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the additional \$0.6 million has not been accrued at March 31, 2009. The Program does not apply to the income generated from investments made by Clairvest through Clairvest LP.

Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. At March 31, 2009, Clairvest had entered into forward contracts to sell US\$36.1 million at rates of Canadian \$0.9917 to \$1.2555 per U.S. dollar through March 2010. The fair value of these US dollar contracts at March 31, 2009 is a loss of \$3.2 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments. US\$7.1 million of these forward contracts are in anticipation of future growth in value of the Company's U.S. denominated investments. The fair value of these contracts at March 31, 2009 is a loss of \$0.5 million.

Clairvest has also entered into forward contracts to sell Chilean UF0.7 million at rates of Canadian \$41.7943 to \$43.9144 per UF through January 2010. The fair value of these Chilean UF contracts at March 31, 2009 is a loss of \$2.3 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments.

Clairvest has also entered into forward contracts, on behalf of CEP III, to sell US\$9.3 million and purchase US\$6.2 million at rate of Canadian \$1.1991 to \$1.2320 per U.S. dollar through April 2009. The fair value of these contracts at March 31, 2009 is a loss of \$0.3 million. Any amounts paid or received as a result of settlement of this forward contract will be reimbursed by or paid to CEP III and therefore the net loss has not been recognized. Subsequent to quarter end, these forward contracts expired and CEP III undertook these contracts under its own facility.

During fiscal 2006, Clairvest and a wholly-owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited (“Signature”) and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various potential claims which will reduce over time.

Clairvest, together with CEP, has guaranteed to fund any operating deficiencies of the Tsuu T’ina charitable casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid thereunder are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding. As at March 31, 2009, no amounts subject to this guarantee have been funded.

Clairvest, together with CEP III, has guaranteed to fund 50% of any cost overruns in the construction of Casino del Sol, as well as any operating deficiencies upon the opening of the casino for a specified period of time. Amounts paid under the guarantee will be allocated 71.5% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, 4.7% to the unrelated parties that purchased a portion of Clairvest’s interest in Casino del Sol, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted on the same basis as the participation between Clairvest, CEP III and the unrelated parties in the guarantee funding.

As part of the holding structure of Casino del Sol, Clairvest, together with CEP III, borrowed \$32.1 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest’s ownership of both acquisition vehicles was 23.8% at March 31, 2009, with CEP III owning 71.5% and the remaining owned by unrelated third party investors.

As part of the holding structure of Latin Gaming Orsono S.A. (“Casino Osorno”), Clairvest borrowed \$13.8 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$13.8 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest’s ownership of both acquisition vehicles was 100% at March 31, 2009.

As part of the holding structure of Latin Gaming Chile S.A. (“Latin Gaming Chile”), Clairvest borrowed \$4.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$4.9 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming Chile, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest’s ownership of both acquisition vehicles was 100% at March 31, 2009.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material losses in connection with such actions.

## **CURRENT ENVIRONMENT**

The fourth quarter of fiscal 2009 evidenced significant deterioration in economic conditions, equity markets and liquidity in the debt and equity markets. These conditions are expected to have a continuing negative impact on the economy throughout fiscal 2010. Clairvest, however, is in a strong capital position to benefit from this challenging and volatile market environment.

The merchant banking business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. Clairvest continually reviews and adjusts its investment strategy and its capital resource allocation policies considering, amongst other factors, market conditions. The current environment is being carefully considered with respect to its impact on Clairvest's business.

Clairvest's current liquidity position allows the Company to support its investee companies as appropriate and to take advantage of the current economic environment. The Company maintains a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its cash equivalents and temporary investments in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a credit facility with a Schedule 1 Canadian chartered bank.

As of March 31, 2009, Clairvest's corporate investment portfolio is diversified across 11 companies in 6 industries and 3 countries. Concentration risk by industry and by country is disclosed in note 14 to the interim financial statements. Certain industries, particularly the automotive related industry and the financial services industry, may experience a significant negative impact to their profitability and liquidity positions given the current economic turmoil. The Company has considered these economic events and indicators in the valuation of its corporate investments.

A number of investee companies may also be subject to foreign exchange risk. A significant change in foreign exchange rates can have an impact to the profitability of these entities and in turn the Company's carrying value of these corporate investments. Certain of the Company's corporate investments are also held in the form of subordinated debentures. Significant fluctuations in market interest rates can have a significant impact in the carrying value of these investments.

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

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

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital invested in CEP and CEP III. At March 31, 2009, Clairvest had cash, cash equivalents and temporary investments of \$184.4 million, in addition to \$102.9 million of corporate investments. Clairvest also had access to \$131.2 million of uncalled committed third-party capital for acquisitions through CEP and CEP III at March 31, 2009. Clairvest's objectives in managing capital are disclosed in note 15 to the interim financial statements.

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

In accordance with National Instrument 52-109, “Certification of Disclosure in Issuers’ Annual and Interim Filings”, issued by the Canadian Securities Administrators (“CSA”), management has evaluated the effectiveness of Clairvest’s disclosure controls and procedures as of March 31, 2009. Management has concluded that the disclosure controls and procedures are effective as of March 31, 2009 based on this evaluation.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. Management has evaluated Clairvest’s design effectiveness of internal controls over financial reporting for the quarter ended March 31, 2009. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as of March 31, 2009 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

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

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

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

**CLAIRVEST GROUP INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

<b>\$000's</b>	<b>March 31 2009</b>	<b>March 31 2008</b>
<b>Assets</b>		
Cash and cash equivalents (Notes 4, 11 and 14)	\$ 112,272	\$ 57,320
Temporary investments (Notes 4 and 14)	72,140	127,888
Accounts receivable and other assets (Note 9f)	8,463	6,799
Income taxes receivable	189	109
Loans receivable (Notes 9g and 9h)	8,549	19,475
Future tax asset	3,526	1,678
Corporate investments (Notes 6 and 14)	102,865	185,390
	<b>\$ 308,004</b>	<b>\$ 398,659</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Notes 9f, 10 and 13f)	\$ 7,932	\$ 15,524
Income taxes payable	2,025	3,484
Loans payable (Note 7)	—	99,340
Derivative instruments (Note 12)	5,523	1,405
Future tax liability	4,049	2,604
Stock-based compensation (Note 10)	3,092	5,523
	<b>22,621</b>	<b>127,880</b>
Contingencies, commitments and guarantees (Notes 3, 12, and 13)		
<b>Shareholders' Equity</b>		
Share capital (Note 8)	82,823	82,713
Retained earnings	202,560	188,066
	<b>285,383</b>	<b>270,779</b>
	<b>\$ 308,004</b>	<b>\$ 398,659</b>

(see accompanying notes to interim consolidated financial statements)

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

<b>\$000's (except per share information)</b>	<b>Quarter ended</b>		<b>Year ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Net corporate investment gains (losses)</b>				
Net realized gains (losses) on corporate investments (Note 5)	\$ (99,325)	\$ 1,154	\$ (70,876)	\$ 25,132
Net unrealized gains (losses) on corporate investments (Note 6)	812	1,377	(2,518)	25,250
	<b>(98,513)</b>	<b>2,531</b>	<b>(73,394)</b>	<b>50,382</b>
<b>Other income</b>				
Distributions and interest income (Note 9)	3,030	4,940	11,586	17,908
Dividend income (Note 6)	103,646	134	105,193	216
Management fees (Note 9a)	259	369	1,152	1,356
Advisory and other fees (Note 9i)	221	495	896	1,475
	<b>107,156</b>	<b>5,938</b>	<b>118,827</b>	<b>20,955</b>
<b>Expenses</b>				
Administration and other expenses (Note 10)	(2,326)	(3,480)	(12,528)	(26,710)
Finance and foreign exchange expenses	(1,379)	(66)	(1,787)	(2,530)
	<b>(3,705)</b>	<b>(3,546)</b>	<b>(14,315)</b>	<b>(29,240)</b>
Income before income taxes	4,938	4,923	31,118	42,097
Income tax (expense) recovery	(1,116)	293	(5,030)	(3,854)
Net income for the period	\$ 3,822	\$ 5,216	\$ 26,088	\$ 38,243
Basic net income per share	\$ 0.24	\$ 0.33	\$ 1.64	\$ 2.40
Fully-diluted net income per share	\$ 0.23	\$ 0.32	\$ 1.59	\$ 2.34

(see accompanying notes to interim consolidated financial statements)

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

<b>\$000's</b>	<b>Quarter ended</b>		<b>Year ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Retained earnings, beginning of period	\$ 198,738	\$ 182,850	\$ 188,066	\$ 151,417
Net income for the period	3,822	5,216	26,088	38,243
	<b>202,560</b>	<b>188,066</b>	<b>214,154</b>	<b>189,660</b>
Dividends declared	—	—	(11,594)	(1,594)
Retained earnings, end of period	\$ 202,560	\$ 188,066	\$ 202,560	\$ 188,066

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended		Year ended	
	March 31		March 31	
	2009	2008	2009	2008
<b>Operating activities</b>				
Net income	\$ 3,822	\$ 5,216	\$ 26,088	\$ 38,243
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	90	48	313	77
Stock-based compensation expense (recovery)	(1,471)	38	(2,385)	1,097
Future income tax expense (recovery)	(1,313)	(1,050)	(403)	(3,136)
Net realized losses (gains) on corporate investments	99,325	(1,154)	70,876	(25,132)
Net unrealized losses (gains) on corporate investments	(812)	(1,377)	2,518	(25,250)
Non-cash items relating to foreign exchange forward contracts	5,294	1,404	9,505	450
Non-cash items relating to corporate investments	(103,316)	(1,996)	(109,016)	(1,489)
	1,619	1,129	(2,504)	(15,140)
Net change in non-cash working capital balances related to operations (Note 11)	3,131	2,990	(11,108)	23,121
<b>Cash provided by (used in) operating activities</b>	<b>4,750</b>	<b>4,119</b>	<b>(13,612)</b>	<b>7,981</b>
<b>Investing activities</b>				
Acquisition of corporate investments	(806)	(25,956)	(30,520)	(42,361)
Proceeds on corporate investments	12,407	2,587	40,532	113,380
Return of capital from corporate investments	5,486	—	5,546	3,392
Proceeds on realization (cost) of foreign exchange forward contracts	(3,203)	106	(5,387)	654
Net proceeds on sale of temporary investments	60,796	(47,020)	55,748	(51,583)
Loans advanced (Notes 9g and 9h)	(8,334)	(65,183)	(19,192)	(90,555)
Receipt of loans advanced (Notes 9g and 9h)	4,668	51,440	30,118	72,904
<b>Cash provided by (used in) investing activities</b>	<b>71,014</b>	<b>(84,026)</b>	<b>76,845</b>	<b>5,831</b>
<b>Financing activities</b>				
Issuance of share capital	—	—	64	547
Cash dividends paid	—	—	(11,594)	(1,594)
Receipt of loans	—	2,458	3,249	53,530
Repayment of loans	—	—	—	(22,956)
<b>Cash provided by (used in) financing activities</b>	<b>—</b>	<b>2,458</b>	<b>(8,281)</b>	<b>29,527</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>75,764</b>	<b>(77,449)</b>	<b>54,952</b>	<b>43,339</b>
Cash and cash equivalents, beginning of period	36,508	134,769	57,320	13,981
<b>Cash and cash equivalents, end of period (Note 11)</b>	<b>\$ 112,272</b>	<b>\$ 57,320</b>	<b>\$ 112,272</b>	<b>\$ 57,320</b>
<b>Supplemental cash flow information</b>				
Income taxes paid	\$ 747	\$ 102	\$ 7,866	\$ 810
Interest paid	\$ 3	\$ —	\$ 256	\$ 2,063

(see accompanying notes to interim consolidated financial statements)

**CLAIRVEST GROUP INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
*March 31, 2009 (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, 2009.

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, 2009.

In accordance with Accounting Guideline 18 ("AcG-18"), the Company designated its temporary investments and its corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price on the principal exchange the investment is traded on. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity and collateral of the security and the size of Clairvest's ownership block as well as any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; contractual rights relating to the investment; public market comparables; private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

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

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

## 2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective fiscal 2009, the Company adopted CICA Handbook Section 3862, “Financial Instruments – Disclosures”; and Section 3863, “Financial Instruments – Presentation” which requires the disclosure of the significance of financial instruments for the Company's financial position, performance and cash flows and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks. Note 14 describes in detail Clairvest’s risk management policies.

Effective fiscal 2009, the Company also adopted Canadian Institute of Chartered Accountants Handbook (“CICA Handbook”) Section 1535, “Capital Disclosures”, which requires disclosure of information that enables users of its financial statements to evaluate the Company’s objectives, policies and processes for managing capital. Note 15 describes in detail Clairvest’s capital management policy.

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. As a result, Clairvest must adopt IFRS commencing April 1, 2011. Clairvest is currently evaluating the impact of adopting IFRS.

## 3. BANKING FACILITY

Clairvest has a \$20.0 million line of credit available, bearing interest at prime plus 0.5%. The line of credit available at March 31, 2009 is \$20.0 million (2008 - \$18.2 million) and is based on debt covenants within the banking arrangement. No amounts were drawn during the quarter.

## 4. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

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

Temporary investments have maturities greater than 90 days from the date of acquisition and through to July 2011. Temporary investments consist of term deposits, corporate bonds and preferred shares. The yield on these investments ranges between 2.7% and 5.6% (2008 - between 3.2% and 12.0%) with a weighted average rate of pre-tax return of 3.7% (2008 - 4.0%). The composition of Clairvest's temporary investments at March 31 was as follows:

	2009			2008
	Due in 1 year or less	Due after 1 year	Fair value	Fair value
Bankers' Acceptance	\$ —	\$ —	\$ —	\$ 20,924
Corporate Bonds	5,714	45,871	51,585	47,956
Preferred Shares	2,383	3,124	5,507	5,814
Fixed Income Mutual Funds	—	—	—	51,874
Corporate Debentures	—	—	—	1,320
Term Deposits	—	15,048	15,048	—
	<b>\$ 8,097</b>	<b>\$ 64,043</b>	<b>\$ 72,140</b>	<b>\$ 127,888</b>

## 5. NET CORPORATE INVESTMENT GAINS (LOSSES)

Net realized gains (losses) on corporate investments for the periods are comprised of the following:

\$000's	Quarter ended March 31		Year ended December 31	
	2009	2008	2009	2008
Net realized gains (losses) on corporate investments [note 6]	\$ (20,871)	\$ 1,101	\$ 6,460	\$ 53,627
Previously recognized net unrealized losses (gains) [note 6]	(78,454)	53	(77,336)	(28,495)
	\$ (99,325)	\$ 1,154	\$ (70,876)	\$ 25,132

## 6. CORPORATE INVESTMENTS

	2009			2008		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Casino Marina del Sol	\$ 11,571	\$ 10,624	\$ 947	\$ 11,585	\$ 10,408	\$ 1,177
Casino New Brunswick	2,342	2,342	—	—	—	—
Gateway Casinos Inc.	—	—	—	99,340	24,000	75,340
Integral Orthopedics Inc.	—	—	—	—	6,322	(6,322)
Kubra Data Transfer Limited	5,962	2,150	3,812	3,250	2,150	1,100
Landauer Metropolitan Inc.	5,015	3,636	1,379	3,758	3,636	122
Latin Gaming Chile S.A.	11,461	9,132	2,329	—	—	—
Latin Gaming Osorno S.A.	18,830	16,409	2,421	5,186	5,044	142
Light Tower Rentals Inc.	7,368	5,884	1,484	5,996	5,884	112
Lyophilization Services of New England Inc.	6,068	6,454	(386)	5,140	5,060	80
N-Brook Mortgage LP	3,115	5,037	(1,922)	5,286	5,037	249
Shepell-fgi	—	—	—	14,691	6,550	8,141
Tsuu T'ina Gaming Limited Partnership	7,603	5,625	1,978	6,462	5,625	837
Van-Rob Inc.	3,750	5,000	(1,250)	5,000	5,000	—
Wellington Financial Fund II	986	726	260	2,603	1,928	675
Wellington Financial Fund III	13,110	12,476	634	14,966	14,527	439
	97,181	85,495	11,686	183,263	101,171	82,092
Other investments	5,684	4,772	912	2,127	5,257	(3,130)
	\$ 102,865	\$ 90,267	\$ 12,598	\$ 185,390	\$ 106,428	\$ 78,962

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against these investments. Details of significant events are described below.

During the fourth quarter of fiscal 2009, Clairvest allocated to CEP III \$2.1 million of the \$2.9 million loan advanced through Canadian and Chilean acquisition entities in the December quarter such that the \$2.9 million loan is made on a pro-rata basis. Also during the quarter, Clairvest sold a portion of its interest in the Canadian acquisition entity to unrelated parties. Clairvest received \$0.5 million from the sale, which represented its cost. Clairvest's ownership in Casino del Sol reduced to 11.9% from 12.5% as a result of these transactions.

During the fourth quarter of fiscal 2009, Clairvest funded an additional \$0.8 million of its \$8.0 million commitment to invest in Casino New Brunswick in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 8% per annum thereafter. At March 31, 2009, the total amount funded to date was \$2.3 million.

During the fourth quarter of fiscal 2009, Clairvest received tax-free dividends from Gateway Casinos totaling \$103.6 million and a return of capital of \$1.3 million as part of the final distribution of assets out of Gateway Casinos. \$101.7 million of the dividend proceeds were used to repay in full loans Clairvest had received from Gateway Casinos during fiscal 2009 and prior years. As a result of Gateway Casinos distributing all of its assets through dividends to its shareholders, Clairvest recorded a realized loss on

Gateway Casinos of \$100.5 million for the quarter, \$77.8 million of which pertains to the reversal of previously recognized unrealized gains in prior periods.

During the first quarter of fiscal 2009, Shepell•fgi sold substantially all of its assets to an unrelated third party. Clairvest received cash proceeds of \$26.1 million at closing, and non-interest bearing promissory notes secured by the acquirer for an additional \$15.3 million, payable through to July 2010. \$9.7 million of the promissory notes that were due June 2009 were repaid by the acquirer during the fourth quarter of fiscal 2009 at a slight discount. Further repayment of the remaining \$5.6 million promissory notes is subject to satisfaction of certain items in the purchase documentation, all of which may be received in the form of the acquirer's equity at the option of the acquirer. The remaining promissory notes are carried at a fair value of \$5.1 million, which was determined by discounting the face value of the promissory notes at 20% per annum from their maturity dates.

During the fourth quarter of fiscal 2009, Clairvest determined that the carrying value of Van-Rob Inc. ("Van Rob") should be written down a further \$1.2 million as a result of the significant risk surrounding the automotive related industry.

## **7. LOANS PAYABLE**

Loans payable at March 31, 2008 consisted of loans totaling \$99.3 million from Gateway Casinos. During fiscal 2009, a further \$2.4 million of net loans were received from Gateway Casinos bringing the total loan balance to \$101.7 million. The loans were non-interest bearing and repayable on demand. The loans were collateralized by Clairvest's ownership in Gateway Casinos.

During fiscal 2009, Clairvest repaid these loans in full (see note 6).

## **8. SHARE CAPITAL**

During the fourth quarter of fiscal 2009, the Company filed a normal course issuer bid enabling it to make purchases of up to 797,678 common shares in the 12-month period ending March 5, 2010. The Company made no purchases under this and previous issuer bid. 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, 2009. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation from a financial institution outside of the normal course issuer bid.

15,953,566 common shares were outstanding at March 31, 2009.

## **9. RELATED PARTY TRANSACTIONS**

- (a) A wholly-owned subsidiary of Clairvest ("GP I") has entered into a Management Agreement with the General Partner of Clairvest Equity Partners Limited Partnership ("CEP"), appointing GP I as the Manager of CEP. The General Partner is another wholly owned subsidiary of Clairvest. The Management Agreement provides that a management fee be paid to GP I as compensation for its services in the administration of the portfolio of CEP. During fiscal 2007, The fee was calculated annually as 2% of committed capital until the fifth anniversary of the last closing of CEP (August 21, 2006), and thereafter at 2% of contributed capital less distributions on account of capital and any write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest or GP I from corporate investments of CEP. During the fourth quarter of fiscal 2009, GP I earned net management fees of \$0.3 million (2008 – \$0.4 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of \$0.1 million (2008 – \$0.1 million) from corporate investments of CEP were netted against the management fees.
- (b) The General Partner of CEP 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 amounts equal to the sum of their contributed capital and a return equal to 6% per annum compounded annually. The distributions received by the General Partner of CEP will be allocated 50% to each of its limited partners one of which is

another wholly owned subsidiary of Clairvest (“Clairvest Subsidiary”), and the other of which is another limited partnership (the “Participation Partnership”). The limited partners of the Participation Partnership are principals and employees of Clairvest and GP I (the “Participation Investors”). The Participation Investors have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in the Participation Partnership may be purchased by the Participation Investors. During the quarter, CEP declared \$2.9 million (2008 – nil) of distributions to the General Partner, 50% of which, or \$1.5 million, belongs to Clairvest Subsidiary and is included in accounts receivable and other assets. The amount was paid subsequent to year end. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to \$19.2 million of distributions, 50% of which, or \$9.6 million, would be payable to Clairvest Subsidiary.

- (c) Clairvest is also the parent company of the two General Partners of CEP III (GP I and "GP II"). GP I is entitled to a 2% priority distribution from CEP III. The 2% priority distribution began in August 2006, the month in which CEP III made its first investment. The priority distribution is reduced to the extent of 75% of fees earned by GP I from corporate investments of CEP III. During the fourth quarter of fiscal 2009, CEP III declared to GP I net priority distributions of \$1.0 million (2008 – \$0.9 million). As per the Limited Partnership Agreement, fees of \$0.1 million (2008 – \$0.2 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of gains of CEP III determined as described in note 9(d) below. To date, CEP III has not made any distributions to GP I other than priority distributions.
- (d) GP II, a limited partnership, the general partner of which is a wholly-owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These distributions to GP II, and GP I as noted in note 9(c) above, will be determined based on the overall performance of CEP III. No such distributions are permitted until CEP III’s limited partners have received all amounts equal to the sum of their contributed capital and a return equal 8% per annum compounded annually. To date, CEP III has not made any distributions to GP II. If CEP III were to sell its corporate investments at their current fair values, no distributions would be paid to GP I and GP II. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is a wholly-owned subsidiary of Clairvest which will receive 44.4% of such distributions, and the other of which is another limited partnership (the “Participation III Partnership”) which will receive 55.6% of such distributions. The limited partners of the Participation III Partnership are principals and employees of Clairvest and GP I (the “Participation III Investors”). The Participation III Investors have purchased, at fair market value, units of the Participation III Partnership. From time to time, additional units in the Participation III Partnership may be purchased by Participation III Investors.
- (e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership (“Clairvest LP”) of 10% to June 23, 2008 and 8.25% thereafter. Clairvest LP was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from Clairvest LP will be allocated 100% to the Participation III Partnership.
- (f) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling \$0.7 million (2008 – \$0.7 million). The share purchase loans bear interest fixed at the prime rate on the date of drawdown less 1%, interest is paid annually, and the loans have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of \$0.5 million (2008 – \$1.1 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling \$0.6 million (2008 – \$0.7 million). The loans to officers of a company affiliated with Clairvest bear interest at rates commensurate with prime, and interest is paid quarterly. Loans are repayable upon departure of the officer. Interest of \$14,000 (2008 - \$17,000) was earned during the quarter. Also included in accounts receivable and other assets are receivables of \$2.2 million (2008 - \$2.7 million) from Clairvest’s corporate investments, from CEP totaling \$1.8 million (2008 – 0.5 million), and from CEP III totaling \$1.2 million (2008 – \$0.3 million). Included in accounts payable and accrued liabilities is \$0.5 million owing to corporate investments (2008 - \$0.4 million).
- (g) Loans totaling \$8.3 million, bearing interest at the prime rate, were made by the Company to CEP III during the fourth quarter of fiscal 2009, and a \$4.4 million of loans were repaid by CEP III during the quarter. The total amount of loans outstanding to CEP III at March 31, 2009 was \$8.5 million. An additional \$4.2 million

- (h) Loans totaling \$0.3 million, bearing interest at the prime rate made by the Company to the General Partner of Wellington Financial Fund III (“GP Wellington Fund III”) were repaid in full during the quarter. Interest of \$1,000 was earned from loans to GP Wellington Fund III during the fourth quarter of fiscal 2009.
- (i) During the fourth quarter of fiscal 2009, Clairvest earned \$1.2 million (2008 - \$2.0 million) in distributions and interest income, \$103.6 million (2008 – nil) in dividends and \$0.2 million in fee income (2008 – \$0.5 million) from its corporate investments.

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

No options were issues or exercised during the fourth quarter of fiscal 2009. At March 31, 2009, a total of 1,082,000 options were outstanding under Clairvest’s stock option plan.

As a result of a cash settlement feature in Clairvest’s stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the balance sheet date, and the proportion of their vesting periods that have elapsed. For the quarter ended March 31, 2009, Clairvest recognized a stock-based compensation recovery of \$1.6 million (2008 – expense of \$0.5 million). As at March 31, 2009, \$3.1 million (2008 – 5.5 million) has been accrued under the Company’s stock option plan.

As at March 31, 2009, a total of 123,636 (2008 – 101,263) Deferred Share Units were held by directors of the Company, the accrual in respect of which was \$1.4 million (2008 - \$1.5 million) and has been included in accounts payable and accrued liabilities.

As at March 31, 2009, 105,000 (2008 – 90,000) Appreciation DSUs were held by directors of the Company, the accrual in respect of which is nil (2008 - \$0.1 million).

As at March 31, 2009, a total of 432,000 (2008 – 431,000) Book Value Appreciation Rights Units were held by employees of Clairvest and a company affiliated with Clairvest, the accrual in respect of which was \$1.5 million (2008 - \$0.8 million) and has been included in accounts payable and accrued liabilities.

## 11. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2009	2008
Accounts receivable and other assets	\$ (425)	\$ 1,872
Income taxes receivable	768	—
Accounts payable and accrued liabilities	1,570	(1,477)
Income taxes payable	1,218	2,595
	<u>\$ 3,131</u>	<u>\$ 2,990</u>

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

	2009	2008
Cash	\$ 61,134	\$ 2,150
Cash equivalents	51,138	55,170
	<u>\$ 112,272</u>	<u>\$ 57,320</u>

## 12. DERIVATIVE INSTRUMENTS

As at March 31, 2009, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Forward contracts to sell US\$36.1 million (2008 - US\$20.3 million) at rates of Canadian \$0.9917 to \$1.2555 per U.S. dollar through March 2010 (average rate of \$1.1722; 2008 - average rate of \$1.0036). The fair value of these contracts at March 31, 2009 is a loss of \$3.2 million (2008 - \$0.5 million) and has been recognized on the consolidated balance sheet as derivative instruments. US\$7.1 million of these forward contracts are in anticipation of future growth in the value of Clairvest's U.S. denominated investments, as described in Note 15.

Forward contract to sell US\$9.3 million (2008 – nil) and buy US\$6.2 million (2008 – nil), entered on behalf of CEP III, at rates of Canadian \$1.1991 to \$1.2320 per U.S. dollar through April 2009 (average rate of \$1.1779). The fair value of these contracts at March 31, 2009 is a loss of \$0.3 million. Any amounts paid or received as a result of settlement of these forward contracts will be reimbursed by or paid to CEP III and therefore the net loss has not been recognized. Subsequent to quarter end, these forward contracts expired and CEP III undertook these contracts under its own facility.

Forward contracts to sell Chilean Unidad de Fomento (“UF”) 0.7 million (2008 – UF0.2 million) at rates of Canadian \$41.7943 to \$43.9144 per UF through January 2010 (average rate of \$41.8148; 2008 – average rate of \$42.6750). The fair value of these contracts at March 31, 2009 is a loss of \$2.3 million (2008 – \$0.9 million) and has been recognized on the consolidated balance sheet as derivative instruments.

## 13. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- (a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$4.0 million (2008 - \$4.1 million) of which remains unfunded at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP.
- (b) Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is \$75.0 million, \$39.8 million (2008 - \$47.0 million) of which remains unfunded at March 31, 2009. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if the manager of CEP III, a wholly owned subsidiary of Clairvest, concurrently sells a proportionate number of securities of that corporate investment held by CEP III. Included in the commitment to co-invest with CEP III is an \$8.0 million commitment to Casino New Brunswick, \$2.3 million of which has been funded at March 31, 2009.
- (c) Clairvest has also committed \$25.0 million to Wellington Fund III, \$12.5 million (2008 - \$14.5 million) of which has been funded at March 31, 2009. During the quarter, Wellington Fund III increased its fund size from \$125.9 million to \$150.0 million as a result of the entry of new limited partners. Clairvest's interest in Wellington Fund III decreased from 19.9% to 16.7% and Clairvest received a return of capital totaling \$5.5 million as a result of the fund size increase. This capital may be recalled by Wellington Fund III in the future. As a result of the closing of Wellington Fund III, any unfunded capital commitments to Wellington Fund II were extinguished. At March 31, 2009, net funds invested in Wellington Fund II were \$0.7 million (2008 - \$1.9 million). At March 31, 2009, Clairvest has received profit distributions totaling \$1.4 million

(2008 - \$1.7 million) through its ownership interest in the general partner of Wellington Fund II and \$1.0 million (2008 - \$0.5 million) through its ownership interest in the general partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective general partners, the clawback provisions entered into by the general partners in the event the limited partners of Wellington Fund II and Wellington Fund III do not meet their preferred rate of return as specified in the respective Limited Partnership Agreement.

- (d) Clairvest has guaranteed up to \$3.0 million of CEP's obligations to a Schedule 1 Canadian chartered bank under CEP's foreign exchange forward contracts with the bank.
- (e) Clairvest and CEP III entered into a US\$13.0 million credit facility agreement with a Schedule 1 Canadian chartered bank to allow Clairvest and CEP III to enter into foreign exchange contracts. Clairvest and CEP III are jointly and severally liable on this credit facility.
- (f) Under Clairvest's Incentive Bonus Program (the "Program"), a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management as a bonus annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2009, \$2.8 million (2008 - \$10.5 million) has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$0.6 million would be owing to management under this Program. As no such realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the additional \$0.6 million has not been accrued at March 31, 2009. The Program does not apply to the income generated from investments made by Clairvest through Clairvest LP.
- (g) During fiscal 2006, Clairvest and a wholly-owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ("Signature") and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the wholly-owned subsidiary has indemnified the purchaser for various potential claims which will reduce over time.
- (h) Clairvest, together with CEP, has guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP, to the extent that the amounts paid there under are within the limits of the CEP Limited Partnership Agreement, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP, allocated on the same basis as the participation between Clairvest and CEP in the guarantee funding. As at March 31, 2009, no amounts subject to this guarantee have been funded.
- (i) Clairvest, together with CEP III, has guaranteed to fund 50% of any cost overruns in the construction of Casino del Sol, as well as any operating deficiencies upon the opening of the casino for a specified period of time. Amounts paid under the guarantee will be allocated 71.5% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, 4.7% to the unrelated parties that purchased a portion of Clairvest's interest in Casino del Sol, and the remainder is allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted on the same basis as the participation between Clairvest, CEP III and the unrelated parties in the guarantee funding.
- (j) As part of the holding structure of Casino del Sol, Clairvest, together with CEP III, borrowed \$32.1 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$32.1 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino del Sol, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 23.8% at March 31, 2009, with CEP III owning 71.5% and the remaining owned by unrelated third party investors.
- (k) As part of the holding structure of Latin Gaming Osorno S.A. ("Casino Osorno"), Clairvest borrowed \$13.8 through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$13.8 million with the financial institution as security for the loan. Clairvest intends to settle the

loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Casino Osorno, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2009.

- (l) As part of the holding structure of Latin Gaming Chile S.A. ("Latin Gaming"), Clairvest borrowed \$4.9 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$4.9 million with the financial institution as security for the loan. Clairvest intends to settle the loan, the deposit and related interest accruals simultaneously upon the divestiture of the investment in Latin Gaming, and as a result, the deposit and the loan, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 100% at March 31, 2009.
- (m) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

#### 14. RISK MANAGEMENT

The merchant banking business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and how the Company manages these risk factors are described below.

##### *Credit risk*

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the quarter ended March 31, 2009, there were no income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2009 and 2008, net of any allowances for losses, are as follows:

	2009	2008
Cash and cash equivalents	\$ 112,272	\$ 57,320
Temporary investments	72,140	127,888
Accounts receivable and other assets	6,719	5,079
Loans receivable	8,549	19,475
Corporate Investments	102,865	185,390
	<b>\$ 302,545</b>	<b>\$ 395,152</b>

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

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

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also managed credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. As at March 31, 2009 and 2008, the credit rating on the Company's cash, cash equivalents and temporary investments were as follows:

	2009	2008
<b>Cash and term deposits</b>	\$ 61,216	\$ 3,016
<b>Guaranteed income contracts</b>		
AA	15,048	—
<b>Bonds, treasury bills and fixed income mutual funds</b>		
AAA	—	21,491
AA	8,194	14,036
AA-	19,291	21,920
A+	8,100	60,810
A	10,999	20,249
A-	5,001	3,394
<b>Preferred Shares</b>		
P-1 low	1,982	2,918
P-2	421	2,658
P-2 low	—	238
P-3 high	2,004	—
P-3	801	—
P-4	299	—
<b>Other fixed income investments</b>		
R1-High	841	33,009
R1-Mid	—	149
<b>Other non-rated securities*</b>	50,215	1,320
<b>Total cash, cash equivalents and temporary investments</b>	<b>\$ 184,412</b>	<b>\$ 185,208</b>

\*Included in other non-rated securities at March 31, 2009 are holdings in a fixed income mutual fund where the average rating of its underlying holdings is R1-High.

### **Market risk**

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

The Company's corporate investments have minimal exposure to market value risk. As at March 31, 2009, approximately 0.1% of the fair value of the Company's corporate investments was in publicly-traded companies. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings before interest, income tax, depreciation and amortization (EBITDA) used for each individual investment. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's EBITDA and current economic environment. Investments which are valued using the EBITDA multiple approach include Kubra Data Transfer Ltd., Landauer Metropolitan Inc., Light Tower Rentals Inc., LSNE, and Van-Rob Inc. If the Company had used an EBITDA multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase or decrease of \$5.4 million to the carrying value of corporate investments and net unrealized gains or losses on corporate investments, on a pre-tax basis for the quarter ended March 31, 2009. EBITDA multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 11 companies in 6 industries and 3 countries as of March 31, 2009. Concentration risk by industry and by country is as follows:

	2009			2008	
	Canada	United States	Chile	Fair value	Fair value
Automotive related	3,750	—	—	3,750	5,000
Business services	5,062	5,962	—	11,024	17,941
Financial Services	17,211	—	—	17,211	22,855
Gaming	9,945	—	41,862	51,807	23,773
Health and medical related	—	11,083	—	11,083	8,897
Oil field service	—	7,368	—	7,368	5,996
Other	90	532	—	622	1,588
Holding company	—	—	—	—	99,340
<b>Total</b>	<b>36,058</b>	<b>24,945</b>	<b>41,862</b>	<b>102,865</b>	<b>185,390</b>

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

The company held \$4.0 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2009. Fluctuations between par value and market price did not exceed 8% during the period the shares were held. The Company also held \$1.5 million in preferred shares of split corporations in its temporary investments portfolio at March 31, 2009. Based on the unit price of the split corporations at March 31, 2009, the price of these preferred shares are not expected to decrease unless the unit price of the portfolio held by these split corporations decreases by 25% or more. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2009, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts have notional values totaling US\$7.1 million and a fair value of a loss of \$0.5 million at March 31, 2009. The Company manages counter party credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's carrying value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

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

Fluctuations in market interest rates affect the Company's income derived from cash, cash equivalents, and temporary investments. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of \$0.5 million to distributions and interest income on a pre-tax basis for the quarter ended March 31, 2009.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. See Note 13 which describes the Company's contingencies, commitments and guarantees.

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

**15. CAPITAL DISCLOSURES**

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital invested in CEP and CEP III. At March 31, 2009, Clairvest had cash, cash equivalents and temporary investments of \$184.4 million (2008 - \$185.2 million), in addition to \$102.9 million (2008 - \$185.4 million) of corporate investments. Clairvest also had access to \$131.2 million (2008 - \$153.3 million) of uncalled committed third-party capital for acquisitions through CEP and CEP III at March 31, 2009.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity such that funds are available to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing corporate investments;
- Achieve an appropriate risk adjusted return on capital;
- Build the long-term value of its corporate investments; and
- Have appropriate levels of committed third-party capital available to invest along with Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by earning a carried interest.

**16. COMPARATIVE FINANCIAL STATEMENTS**

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