

**CLAIRVEST REPORTS FISCAL 2010
FOURTH QUARTER AND YEAR-END RESULTS****Highlights**

- March 31, 2010 book value of \$292.3 million or \$18.32 per share versus \$18.20 at December 31, 2009 and \$17.89 at March 31, 2009. Cash or near cash represents 52% of the March 31, 2010 book value, or \$9.54 per share
- Net income for the quarter and for the year was \$1.9 million (\$0.12 per share) and \$8.5 million (\$0.53 per share) respectively
- Clairvest Equity Partners IV received additional commitments bringing it to \$312 million, or 78%, of the \$400 million target
- Clairvest and Clairvest Equity Partners III invested a combined US\$35.3 million in Hudson Valley Waste Holding, Inc.
- Casino Marina del Sol was impacted by the Chilean earthquake. Insurance claims and repairs are underway with a reopening expected by September 2010
- Subsequent to quarter end, Clairvest closed on a new 10-year, \$75.0 million, committed credit facility
- Subsequent to quarter end, Clairvest, Clairvest Equity Partners IV and CEP IV co-investors closed on a combined US\$72 million investment to build a casino in Des Plaines, Illinois
- Subsequent to quarter end, Clairvest declared an annual dividend of \$1.6 million, or \$0.10 per share

Toronto, Ontario (June 22, 2010) – Clairvest Group Inc. (TSX:CVG) today reported results for the quarter and for the year ended March 31, 2010. *(All figures are in Canadian dollars unless otherwise stated).*

Clairvest's book value increased to \$292.3 million or \$18.32 per share, compared with \$18.20 per share at December 31, 2009 and \$17.95 at March 31, 2009. The increase in book value per share was attributable to net income for the quarter of \$1.9 million, or \$0.12 per share. Net income for the year was \$8.5 million, or \$0.53 per share.

During the quarter, Clairvest continued marketing for its new private equity vehicle, Clairvest Equity Partners IV Limited Partnership ("CEP IV"). The amount of capital committed to date is \$312 million, \$100 million of which was provided by Clairvest. Commitments to the new private equity investment pool are limited by a cap of \$500 million, and Clairvest has the right to increase its commitment to \$125 million prior to the end of the fundraising period.

As previously announced, Clairvest and Clairvest Equity Partners III Limited Partnership ("CEP III") invested a combined US\$35.3 million (C\$36.9 million) for a 33.3% ownership in Hudson Valley Waste Holding, Inc. ("Hudson Valley"). Hudson Valley is a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. Clairvest's portion of the investment was US\$8.2 million (C\$9.2 million) for an 8.3% ownership in Hudson Valley unless certain return thresholds are met, at which point Clairvest's ownership interest would be reduced to 6.2%.

Also as previously announced, Casino Marina del Sol ("Casino del Sol"), a joint investment by Clairvest and CEP III, was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to twelve months. Casino del Sol is preparing its insurance claims and is making the necessary repairs to the property and expects the casino to reopen by September 2010.

Also as previously announced, subsequent to quarter end, Clairvest, Clairvest Equity Partners IV Limited Partnership ("CEP IV") and CEP IV co-investors, through various acquisition entities, invested a combined US\$72.0 million for an ultimate 40.0% ownership in Midwest Gaming Holdings, LLC ("Midwest Gaming") to build a casino and

amenities in Des Plaines, Illinois. In addition to this investment, Clairvest, CEP IV and CEP IV co-investors advanced an additional US\$15.8 million loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The loan will be repaid as minority investors are approved by the Illinois Gaming Board with final repayments expected prior to August 2011. The project is expected to open by late summer 2011, and will be funded by US\$295.0 million of total debt and US\$180.0 million of equity. The initial phase of the project will include 1,150 slot machines, 30 gaming tables and food and beverage amenities in a 147,000 square foot facility and a 1,500 space parking garage. The project is located approximately 1 mile from O'Hare International Airport and 16 miles southwest of downtown Chicago, the third largest city by population in the United States. Clairvest's portion of the combined investments was US\$11.7 million (C\$11.7 million) for an ultimate 6.0% ownership in Midwest Gaming.

"In a challenging environment, the closing of promising investments in Hudson Valley and Midwest Gaming reaffirms our belief in Clairvest's domain-based origination strategy", said Jeff Parr, Co-Chief Executive Officer and Managing Director of Clairvest Group Inc. "We are observing positive effects from the recovery across all investments, and our team, in partnership with the management of investee companies, is fully prepared to take advantage of new opportunities that arise, for the benefit of our investors and limited partners."

Also subsequent to quarter end, Clairvest closed on a new 10-year, \$75 million, committed credit facility. The credit facility is not expected to be drawn in the next fiscal year and enhances Clairvest's available liquidity.

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, 2010. No purchases have been made under this bid to June 22, 2010. As at June 22, 2010, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last seven years.

Subsequent to quarter end, Clairvest declared an annual dividend of \$0.10 per share, which will be payable July 26, 2010 to common shareholders of record as of July 9, 2010. This is an eligible dividend for Canadian income tax purposes.

About Clairvest

Clairvest Group Inc. is a private equity management firm which invests its own capital, and that of third parties through the Clairvest Equity Partners limited partnerships, 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, regulatory risks, the possibility that Casino del Sol's insurance is insufficient or that the casino does not re-open as anticipated and the possibility that the opening of the casino being built by Midwest Gaming is delayed. 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.

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**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2010**

June 22, 2010

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, 2010 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 ("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. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. 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, for which the underlying security 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 the carrying value of corporate investments and net 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 carryforwards. 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 future income tax expense.

OPERATING RESULTS

Net income for the fourth quarter of fiscal 2010 was \$1.9 million compared with net income of \$3.8 million for the fourth quarter of fiscal 2009. The net income for the fourth quarter of fiscal 2010 is comprised of \$1.2 million of net corporate investment gains, net of \$0.3 million of net operating losses and \$1.0 million of income tax expense recoveries. This compares with \$98.5 million of net corporate investment losses, \$103.4 million of net operating income and \$1.1 million of income tax expense for the fourth quarter of fiscal 2009.

The net corporate investment gains of \$1.2 million for the fourth quarter of fiscal 2010 comprised entirely of net unrealized gains on corporate investments. The net corporate investment losses of \$98.5 million for the fourth quarter of fiscal 2009 resulted primarily from the \$100.5 million loss realized on Gateway Casinos Inc. (“Gateway Casinos”) (offset by the dividends received from Gateway Casinos discussed below).

Distributions and interest income for the quarter was \$2.6 million, compared with \$3.0 million for the same quarter last year. Distributions and interest income for the fourth quarter of fiscal 2010 included yield on cash, cash equivalents and temporary investments of \$0.3 million, net priority distributions of \$0.9 million from Clairvest Equity Partners III Limited Partnership (“CEP III”) and \$0.8 million in income distributions from Wellington Financial Fund II and Wellington Financial Fund III (the “Wellington Funds”). Distributions and interest income for the fourth quarter of fiscal 2009 included yield on cash, cash equivalents and temporary investments of \$0.7 million, General Partner income distributions of \$1.5 million from Clairvest Equity Partners Limited Partnership (“CEP”), net priority distributions of \$1.0 million from CEP III, net of \$0.6 million in clawback of general partner distributions from the Wellington Funds.

Dividend income for the quarter was \$47,000, compared with \$103.6 million for the same quarter last year. Dividend income for the fourth quarter of fiscal 2009 comprised primarily of \$103.6 million in dividends received from Gateway Casinos as part of the final distribution of assets from 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 \$0.4 million in advisory and other fees from its corporate investments, compared with \$0.3 million and \$0.2 million, respectively, for the same quarter last year. The CEP management fees are reduced to the extent of 75% of fees earned by Clairvest from joint Clairvest/CEP corporate investments.

Administration and other expenses for the quarter were \$3.6 million, compared with \$2.3 million for the same quarter last year. Included in administration and other expenses for the fourth quarter of fiscal 2010 were \$0.2 million of stock-based compensation expense as a result of an increase in the trading price of Clairvest’s common shares. Included in administration 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 over that reporting period.

Finance and foreign exchange expense recovery of \$29,000 for the fourth quarter of fiscal 2010 included foreign exchange gains of \$0.2 million as a result of gains on foreign exchange forward contracts entered into in anticipation of future investment gains. Finance and foreign exchange expense of \$1.4 million for the fourth quarter of fiscal 2009 included foreign exchange expense of \$1.3 million.

Income tax expense recoveries of \$1.0 million for the quarter were primarily the result of changes in the Company's consolidated future income tax positions.

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, 2010	4,476	1,875	0.12	0.11
December 31, 2009	8,747	2,268	0.14	0.14
September 30, 2009	5,520	3,692	0.23	0.23
June 30, 2009	6,003	662	0.04	0.04
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

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

Significant variations arise in the quarterly results due to realized gains (losses) on corporate investments, unrealized gains (losses) on corporate investments, which are re-valued on a quarterly basis when conditions warrant an adjustment to the fair value of the corporate investment, and stock-based compensation due to the movement in the trading price of Clairvest's common shares.

FINANCIAL POSITION AND LIQUIDITY

With \$152.2 million in cash, cash equivalents and temporary investments ("treasury funds") and \$95.0 million in credit facilities, Clairvest has sufficient capital to support its current and anticipated investments.

At March 31, 2010, the Company's treasury funds were held in cash and term deposits, or in corporate bonds, guaranteed investment certificates and investment savings accounts rated not below BBB, preferred shares rated not below P-2, and other fixed income investments rated not below R1-high [see Notes 4 and 13 to the financial statements for a detailed discussion of the Company's treasury funds].

Clairvest has a \$20.0 million credit facility with a Canadian chartered bank. The credit facility is unsecured and bears interest at the bank prime rate plus 0.5% per annum. The amount available under the credit facility at March 31, 2010 is \$20.0 million and is based on debt covenants within the banking arrangement.

Subsequent to quarter end, Clairvest closed on a new 10-year, \$75.0 million, committed credit facility with a financial institution, bringing total available credit to \$95.0 million. The new credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts.

During the fourth quarter of fiscal 2010, Clairvest filed a normal course issuer bid enabling it to purchase up to 797,678 common shares during the 12-month period commencing March 6, 2010. No shares were purchased under the bid during the quarter and up to June 22, 2010. As at June 22, 2010, Clairvest had repurchased a total of 5,709,578 common and non-voting shares over the last seven years.

At March 31, 2010, Clairvest had 15,953,566 common shares issued and outstanding. At March 31, 2010, Clairvest had 1,082,000 stock options outstanding, 837,000 of which were exercisable at March 31, 2010. Each option is exercisable for one common share.

At March 31, 2010, Clairvest had corporate investments with a carrying value of \$118.9 million. Changes in the carrying value of Clairvest's corporate investments during the fourth quarter of fiscal 2010 are primarily a result of follow-on investments made, unrealized valuation changes on corporate investments and foreign exchange revaluation on foreign-denominated investments. Clairvest enters into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. Clairvest's corporate investments increased \$6.8 million during the fourth quarter of fiscal 2010. Significant events relating to Clairvest's

corporate investments, other than with respect to net unrealized gains and foreign exchange revaluations, are described below.

Casino Marina del Sol (“Casino del Sol”)

During the fourth quarter of fiscal 2010, Casino del Sol was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to twelve months. Casino del Sol is preparing its insurance claims and is making the necessary repairs to the property and expects the casino to reopen by September 2010.

Casino New Brunswick

During the fourth quarter of fiscal 2010, Clairvest funded an additional \$0.5 million to Casino New Brunswick to cover additional costs associated with the project. The investment was made in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 6% per annum thereafter. At March 31, 2010, the total amount funded was \$8.7 million.

Subsequent to quarter end, the casino segment of the development commenced operations with the hotel and entertainment facility expected to open in July 2010.

Hudson Valley Waste Holding, Inc. (“Hudson Valley”)

During the fourth quarter of fiscal 2010, Clairvest invested \$9.2 million to acquire 8,750 Series A convertible preferred shares in Hudson Valley, a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States.

Landauer Metropolitan Inc. (“Landauer”)

During the fourth quarter of fiscal 2010, Clairvest advanced a \$0.2 million bridge loan to Landauer. The loan bears interest at a rate of 25% per annum, payable monthly, and is repayable on April 16, 2010. Any unpaid interest will accrue interest at the same rate. Clairvest has the option to convert the bridge loan to common shares of Landauer if the loan is not repaid by April 16, 2010. Subsequent to quarter end, the loan was due but has not been demanded or converted and a portion of the loan was sold to Landauer management.

Light Tower Rentals Inc. (“Light Tower Rentals”)

During the fourth quarter of fiscal 2010, Clairvest invested \$0.3 million for 340,822 common shares of LTR Equipment Inc., a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals.

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. 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 August 21, 2006, the fifth anniversary of the last closing of CEP, 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 2010, 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 are 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. At March 31, 2010, CEP had declared and paid distributions to the General Partner totaling \$9.7 million, 50% of which, or \$4.9 million, was allocated to Clairvest Subsidiary. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further \$15.3 million of distributions, 50% of which, or \$7.6 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 priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of commitment capital until August 2011, being the earlier of the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. 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 2010, CEP III declared to GP I net priority distributions of \$0.9 million. As per the Limited Partnership Agreement, fees of \$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 net gains of CEP III determined as described below.

GP II, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP III equal to 18% of net gains of CEP III. These 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 Clairvest Subsidiary 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. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. (“Kubra”), plus the first \$0.2 million received by the Participation III Partnership as described above.

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

Clairvest is also the parent company of the two General Partners of Clairvest Equity Partners IV Limited Partnership (“CEP IV”) (GP I and “GP III”). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from the month in which CEP IV makes its first investment to the last day on which CEP III calculates its priority distributions based on committed capital (“CEP III Termination Date”), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 63.8% of any fees earned by GP I from corporate investments of CEP IV. During the fourth quarter of fiscal 2010, CEP IV did not declare any priority distributions. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described below. To date, CEP IV has not made any distributions to GP I.

GP III, a limited partnership, the General Partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV'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 IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation IV Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the "Participation IV Investors"). The Participation IV Investors purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming Holdings, LLC ("Midwest Gaming") subsequent to quarter end, plus the first \$0.4 million received by the Participation IV Partnership as described above.

GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest") of 8.25%. CEP IV Co-Invest was established in 2009 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.

At March 31, 2010, Clairvest had loans receivable from certain officers of Clairvest and GP I (the "Officers") totaling \$1.0 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of \$1.0 million. At March 31, 2010, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$0.5 million. The loans are interest bearing and have full recourse to the individual. Interest of \$12,000 was earned during the fourth quarter of fiscal 2010.

Included in accounts receivable and other assets are receivables of \$3.0 million from Clairvest's investee companies, \$0.7 million from CEP, \$0.1 million from CEP III and \$4.6 million from CEP IV. Also included in accounts receivable and other assets is a refundable deposit of \$8.5 million paid to the State of Kansas with respect to a gaming license application in Wichita, Kansas, the amount of which was refunded in full subsequent to quarter end.

Loans totaling \$0.6 million, bearing interest at the prime rate, made by the Company to CEP during the fourth quarter of fiscal 2010, remain outstanding at March 31, 2010. Interest of \$1,000 was earned from loans to CEP during the fourth quarter of fiscal 2010.

Loans totaling \$34.3 million, bearing interest at the prime rate, made by the Company to CEP III during the fourth quarter of fiscal 2010 were repaid in full during the quarter. Interest of \$33,000 was earned from loans to CEP III during the fourth quarter of fiscal 2010.

During the fourth quarter of fiscal 2010, Clairvest earned \$1.3 million in distributions and interest income, and \$0.4 million in fee income from its investee companies.

OFF-BALANCE SHEET ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$3.5 million of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, 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, \$15.2 million of which remains unfunded at March 31, 2010. 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, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is \$100.0 million, all of which remains unfunded at March 31, 2010. Subsequent to quarter end, Clairvest funded \$13.2 million of this co-investment commitment reducing the unfunded portion to \$86.8 million. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.

Clairvest has committed \$25.0 million to Wellington Financial Fund III ("Wellington Fund III"), \$12.5 million of which remains unfunded to March 31, 2010.

At March 31, 2010, Clairvest has received profit distributions totaling \$3.1 million through its ownership interest in the General Partners of the Wellington Funds. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of the Wellington Funds do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2010, there were no accruals made with respect to the Clawback.

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. Subsequent to the quarter, the joint and several agreement was extinguished and Clairvest entered into a stand-alone credit facility agreement.

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 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, 2010, \$0.8 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of \$1.4 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 \$1.4 million has not been accrued at March 31, 2010. The Program does not apply to the income generated by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

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, 2010, Clairvest had entered into foreign exchange forward contracts to sell US\$62.8 million at an average rate of Canadian \$1.0745 per U.S. dollar through to March 2011 and foreign exchange forward contracts to sell Chilean Unidad de Fomento ("CLF") 0.7 million at an average rate of Canadian \$44.0993 per CLF through to January 2011. The fair value of these US dollar contracts at March 31, 2010 is a gain of \$3.7 million and the fair value of the CLF contracts at March 31, 2010 is a gain of \$2.2 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments. US\$2.3 million of these foreign exchange forward contracts were entered into in anticipation of future growth in value of the Company's U.S. denominated investments. The fair value of these contracts at March 31, 2010 is a loss of \$2,000 and the contracts were settled by entering into offsetting contracts subsequent to quarter end.

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, had guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The guarantee was extinguished during the fourth quarter of fiscal 2010 and no amount subject to this guarantee had been funded.

Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, no amounts subject to this guarantee have been funded.

Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, \$2.7 million of the cost overruns guarantee has been funded, \$2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.

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 entities was 23.8% at March 31, 2010, with CEP III owning 71.5% and the remainder owned by unrelated third party investors.

As part of the holding structure of Latin Gaming Chile S.A. ("Latin Gaming"), Clairvest borrowed \$8.3 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$8.3 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 entities was 100% at March 31, 2010.

As part of the holding structure of Latin Gaming Osorno S.A. ("Casino Osorno"), Clairvest borrowed \$15.0 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$15.0 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 entities was 100% at March 31, 2010.

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.

OUTLOOK AND SUBSEQUENT EVENTS

While economic conditions continued to improve during the fourth quarter of fiscal 2010 and beyond there continues to be volatility. Liquidity is a key component of wealth creation and is increasingly important during periods of economic decline and volatility. Subsequent to quarter end, Clairvest closed on a new 10-year, \$75.0 million, committed credit facility with a financial institution, increasing total available credit facilities to \$95.0 million. The credit facility is not expected to be drawn in the next fiscal year and enhances Clairvest's available liquidity. This additional liquidity, along with Clairvest's capital on hand, will provide Clairvest with increased flexibility to support the growth of its investee companies as appropriate, to take advantage of the current economic environment, and to continue its active pursuit of new investment opportunities to enhance shareholder value.

Also subsequent to quarter end, Clairvest, CEP IV and CEP IV co-investors, through various acquisition entities, invested a combined US\$72.0 million for an ultimate 40.0% ownership in Midwest Gaming to build a casino and amenities in Des Plaines, Illinois. In addition to this investment, Clairvest, CEP IV and CEP IV co-investors advanced an additional US\$15.8 million loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The loan will be repaid as minority investors are approved by the Illinois Gaming Board with final repayments expected prior to August 2011. The project is expected to open by late summer 2011, and will be funded by US\$295.0 million of total debt and US\$180.0 million of equity. The initial phase of the project will include 1,150 slot machines, 30 gaming tables and food and beverage amenities in a 147,000 square foot facility and a 1,500 space parking garage. The project is located approximately 1 mile from O'Hare International Airport and 16 miles southwest of downtown Chicago, the third largest city by population in the United States. Clairvest's portion of the combined investments was US\$11.7 million (C\$11.7 million) for an ultimate 6.0% ownership in Midwest Gaming.

RISK MANAGEMENT

The private equity investment 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.

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, CEP III and CEP IV (together, the "CEP Funds"). At March 31, 2010, Clairvest had cash, cash equivalents and temporary investments of \$152.2 million, in addition to \$118.9 million of corporate investments. Clairvest also had access to a \$20.0 million credit facility and \$267.9 million of uncalled committed third-party capital for acquisitions through CEP, CEP III and CEP IV at March 31, 2010. Clairvest's objectives in managing capital are disclosed in Note 14 to the consolidated financial statements.

Clairvest's current liquidity position allows the Company to support its investee companies and acquisitions as appropriate. 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 and closed on a new credit facility with a financial institution subsequent to quarter end.

As of March 31, 2010, Clairvest's corporate investment portfolio is diversified across 13 companies in 9 industries and 3 countries. Concentration risk by industry and by country is disclosed in Note 13 to the consolidated financial statements. Certain industries may experience a significant negative impact to their profitability and liquidity positions given the current economic environment. 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 fair 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 fair 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, a significant portion 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 is also subject to credit risk on its loans receivables, the majority of which is with the CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

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, 2010. Management has concluded that the disclosure controls and procedures are effective as of March 31, 2010 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 (“GAAP”). Management has evaluated Clairvest’s design effectiveness of internal controls over financial reporting for the quarter ended March 31, 2010. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as of March 31, 2010 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During fiscal 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the use of International Financial Reporting Standards (“IFRS”) for all Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Subsequent to year end, the AcSB proposed an amendment which would allow Canadian companies that currently follow AcG-18 to continue to use existing Canadian GAAP until fiscal years beginning on or after January 1, 2012.

Based on the Company's evaluation of the current IFRS and recent proposal by the AcSB, the Company is optimistic that fair value accounting will continue to be the method for which the Company accounts for its investee companies. The Company has established a timeline to transition to IFRS effective April 1, 2011 based on this understanding and is working towards issuing IFRS-based financial results for the first quarter ended June 30, 2011 with comparative data also on an IFRS basis. The Company continues to monitor ongoing changes to IFRS, which includes the aforementioned AcSB proposal, and will adjust its transition and implementation plans accordingly. Formal communications with the Audit Committee have been established to ensure timely decisions are made on key issues and risks.

The Company will continue to evaluate the impact to its financial reporting process and its financial statements if IFRS requires the Company to consolidate certain of its investee companies, which would be expected to have a significant impact to the Company's financial reporting process and financial statements. Other significant items which may have a significant impact to the Company’s financial reporting and financial statements include the accounting for share-based compensation, for contingent liabilities and for income taxes. The Company is in the process of quantifying the impacts to the opening balance sheet for the period for which the Company is required to report under IFRS. The Company continues to monitor new developments to IFRS which may result in additional significant accounting differences.

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

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The impact of any one risk factor on a particular forward-looking statement is not determinable

with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available.

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

CLAIRVEST GROUP INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

\$000's	March 31 2010	March 31 2009
Assets		
Cash and cash equivalents (Notes 4, 10 and 13)	\$ 43,684	\$ 112,272
Temporary investments (Notes 4 and 13)	108,544	72,140
Accounts receivable and other assets (Note 8i)	20,146	8,463
Income taxes recoverable	7,399	189
Loans receivable (Notes 8j and 8k)	698	8,549
Future tax asset	108	3,526
Derivative instruments (Note 11)	5,900	—
Corporate investments (Notes 6 and 13)	118,881	102,865
	<u>\$ 305,360</u>	<u>\$ 308,004</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 7,417	\$ 7,932
Income taxes payable	—	2,025
Derivative instruments (Note 11)	—	5,523
Future tax liability	1,455	4,049
Stock-based compensation (Note 9)	4,203	3,092
	<u>13,075</u>	<u>22,621</u>
Contingencies, commitments and guarantees (Notes 8, 11 and 12)		
Shareholders' Equity		
Share capital (Note 7)	82,823	82,823
Retained earnings	209,462	202,560
	<u>292,285</u>	<u>285,383</u>
	<u>\$ 305,360</u>	<u>\$ 308,004</u>

(see accompanying notes to interim consolidated financial statements)

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

\$000's (except per share information)	Quarter ended		Year ended	
	March 31		March 31	
	2010	2009	2010	2009
Net corporate investment gains (losses)				
Net realized gains (losses) on corporate investments (Note 5)	\$ —	\$ (99,325)	\$ 153	\$ (70,876)
Net unrealized gains (losses) on corporate investments	1,153	812	7,880	(2,518)
	1,153	(98,513)	8,033	(73,394)
Other income				
Distributions and interest income (Note 8)	2,606	3,030	14,459	11,586
Dividend income (Note 8l)	47	103,646	194	105,193
Management fees (Note 8a)	257	259	1,027	1,152
Advisory and other fees (Note 8l)	413	221	1,033	896
	3,323	107,156	16,713	118,827
Expenses				
Administration and other expenses (Note 9)	(3,615)	(2,326)	(18,077)	(12,528)
Finance and foreign exchange (expense) recovery	29	(1,379)	947	(1,787)
	(3,586)	(3,705)	(17,130)	(14,315)
Income before income taxes	890	4,938	7,616	31,118
Income tax (expense) recovery	985	(1,116)	881	(5,030)
Net income	\$ 1,875	\$ 3,822	\$ 8,497	\$ 26,088
Basic net income per share	\$ 0.12	\$ 0.24	\$ 0.53	\$ 1.64
Fully diluted net income per share	\$ 0.11	\$ 0.23	\$ 0.52	\$ 1.59

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended		Year ended	
	March 31		March 31	
	2010	2009	2010	2009
Retained earnings, beginning of period	\$ 207,587	\$ 198,738	\$ 202,560	\$ 188,066
Net income	1,875	3,822	8,497	26,088
	209,462	202,560	211,057	214,154
Dividends declared	—	—	(1,595)	(11,594)
Retained earnings, end of period	\$ 209,462	\$ 202,560	\$ 209,462	\$ 202,560

(see accompanying notes to interim consolidated financial statements)

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

\$000's	Quarter ended March 31		Year ended March 31	
	2010	2009	2010	2009
Operating activities				
Net income for the period	\$ 1,875	\$ 3,822	\$ 8,497	\$ 26,088
Add (deduct) items not involving a current cash outlay				
Amortization of fixed assets	87	90	323	313
Stock-based compensation expense (recovery)	166	(1,471)	1,111	(2,385)
Future income tax expense (recovery)	(1,229)	(1,313)	824	(403)
Net realized losses (gains) on investments	—	99,325	(153)	70,876
Net unrealized losses (gains) on investments	(1,153)	(812)	(7,880)	2,518
Non-cash items relating to foreign exchange forward contracts	(3,990)	5,294	(13,375)	9,505
Non-cash items relating to corporate investments	4,719	(103,316)	12,167	(109,016)
	475	1,619	1,514	(2,504)
Net change in non-cash working capital balances related to operations (Note 10)	(1,646)	3,131	(21,756)	(11,108)
Cash provided by (used in) operating activities	(1,171)	4,750	(20,242)	(13,612)
Investing activities				
Acquisition of corporate investments	(10,336)	(806)	(26,368)	(30,520)
Proceeds on sale of corporate investments	—	12,407	4,779	40,532
Return of capital from corporate investments	—	5,486	1,439	5,546
Proceeds on (cost of) realized foreign exchange forward contracts	1,151	(3,203)	1,952	(5,387)
Net proceeds on sale (acquisition) of temporary investments	(14,412)	60,796	(36,404)	55,748
Loans advanced (Notes 8j and 8k)	(34,917)	(8,334)	(74,436)	(19,192)
Receipt of loans advanced (Note 8k)	34,401	4,668	82,287	30,118
Cash provided by (used in) investing activities	(24,113)	71,014	(46,751)	76,845
Financing activities				
Issuance of share capital	—	—	—	64
Cash dividends paid	—	—	(1,595)	(11,594)
Receipt of loans	—	—	—	3,249
Cash used in financing activities	—	—	(1,595)	(8,281)
Net increase (decrease) in cash and cash equivalents	(25,284)	75,764	(68,588)	54,952
Cash and cash equivalents, beginning of period	68,968	36,508	112,272	57,320
Cash and cash equivalents, end of period (Note 10)	\$ 43,684	\$ 112,272	\$ 43,684	\$ 112,272
Supplemental cash flow information				
Income taxes paid	\$ 1,151	\$ 747	\$ 7,642	\$ 7,866
Interest paid, on gross basis (Note 12(m), 12(n) and 12(o))	\$ 153	\$ 3	\$ 1,579	\$ 256

(see accompanying notes to consolidated financial statements)

CLAIRVEST GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010 (Tabular Dollar Amounts in Thousands)
(unaudited)

1. NATURE OF ACTIVITIES AND BASIS OF PRESENTATION

The unaudited consolidated financial statements of Clairvest Group Inc. (“Clairvest” or the “Company”) are based upon accounting principles consistent with those used and described in the annual audited consolidated financial statements. The disclosures contained in these unaudited consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements. As a result, the unaudited consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended March 31, 2010.

The comparative figures indicated in the notes to the consolidated financial statements are as of March 31, 2009 unless otherwise indicated.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the quarter ended March 31, 2010.

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 (“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. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. 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, for which the underlying security 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.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective fiscal 2010, the Company adopted the Emerging Issues Committee Abstract 173 (“EIC-173”), “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. EIC-173 requires the Company’s own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC 173 did not have a significant impact on the consolidated financial statements.

Effective fiscal 2010, the Company adopted amendments to CICA Handbook Section 3862 to improve fair value and liquidity risk disclosures of its financial instruments. Section 3862 now requires that all financial instruments be categorized into one of three hierarchy levels as described below:

Level 1 – inputs are quoted prices in active markets for identical instruments.

Level 2 – inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

The Company’s disclosure on the fair value hierarchy of its financial instruments is included in Note 13 to the consolidated financial statements.

In February 2008, the Canadian Accounting Standards Board (“AcSB”) 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 is required to adopt IFRS commencing April 1, 2011. Subsequent to year end, the AcSB proposed an amendment which would allow Canadian companies currently follow AcG-18 to continue to use existing Canadian Generally Accepted Accounting Principles until fiscal years beginning on or after January 1, 2012.

Clairvest is currently evaluating the impact of adopting IFRS and the potential delay in adoption as a result of the AcSB proposal.

3. CREDIT FACILITIES

Clairvest has a \$20.0 million credit facility available, bearing interest at prime plus 0.5%. The amount under the credit facility available at March 31, 2010 is \$20.0 million (2009 – \$20.0 million) and is based on debt covenants within the banking arrangement. No amounts were drawn during the quarter.

Subsequent to quarter end, the Company closed on a new 10-year, \$75.0 million, committed credit facility with a financial institution. The credit facility may be increased to \$100.0 million on or before September 30, 2010 upon mutual consent. The credit facility bears interest at 11% per annum on drawn amounts and at 1% per annum on undrawn amounts. No amounts were drawn subsequent to year end.

4. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of deposits in savings accounts, term deposits and fixed income mutual funds which have maturities less than 90 days from the date of acquisition.

Temporary investments have maturities greater than 90 days from the date of acquisition and through to December 2012. Temporary investments consist of guaranteed investment certificates, corporate bonds and preferred shares. The yield on these investments ranges between 0.7% and 4.9% per annum (2009 – between 2.7% and 5.6%) with a weighted average rate of pre-tax return of 2.7% per annum (2009 – 3.7%).

	March 31, 2010			March 31, 2009
	Due in 1 year or less	Due after 1 year	Total	Total
Guaranteed investment certificates	\$ 20,073	\$ 21,976	\$ 42,049	\$ 15,048
Corporate bonds	44,680	18,340	63,020	51,585
Preferred shares	—	3,475	3,475	5,507
Total	\$ 64,753	\$ 43,791	\$ 108,544	\$ 72,140

5. NET REALIZED GAINS (LOSSES) ON CORPORATE INVESTMENTS

Net realized gains (losses) on corporate investments for the quarters and years ended March 31 comprised of the following:

\$000's	Quarter ended March 31		Year ended March 31	
	2010	2009	2010	2009
Net realized gains (losses) during the period	\$ —	\$ (20,871)	\$ (3,538)	\$ 6,460
Previously recognized net unrealized (gains) losses	—	(78,454)	3,691	(77,336)
	\$ —	\$ (99,325)	\$ 153	\$ (70,876)

6. CORPORATE INVESTMENTS

	March 31, 2010			March 31, 2009		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Casino Marina del Sol	\$ 9,699	\$ 9,911	\$ (212)	\$ 11,571	\$ 10,624	\$ 947
Casino New Brunswick	8,687	8,687	—	2,342	2,342	—
Hudson Valley Waste Holding, Inc.	8,952	9,221	(269)	—	—	—
Kubra Data Transfer Limited	6,573	2,150	4,423	5,962	2,150	3,812
Landauer Metropolitan Inc.	7,693	4,429	3,264	5,015	3,636	1,379
Latin Gaming Chile S.A.	12,435	12,443	(8)	11,461	9,132	2,329
Latin Gaming Osorno S.A.	16,942	16,618	324	18,830	16,618	2,212
Light Tower Rentals Inc.	6,280	6,233	47	7,368	5,884	1,484
Lyophilization Services of New England Inc.	4,887	6,454	(1,567)	6,068	6,454	(386)
N-Brook Mortgage LP	2,625	5,037	(2,412)	3,115	5,037	(1,922)
PEER 1 Network Enterprises Inc.	5,494	6,291	(797)	—	—	—
Tsuu T'ina Gaming Limited Partnership	8,631	5,625	3,006	7,603	5,625	1,978
Van-Rob Inc.	4,853	5,000	(147)	3,750	5,000	(1,250)
Wellington Financial Fund II	211	1	210	986	726	260
Wellington Financial Fund III	13,733	12,476	1,257	13,110	12,476	634
	117,695	110,576	7,119	97,181	85,704	11,477
Other investments	1,186	295	891	5,684	4,772	912
	\$ 118,881	\$ 110,871	\$ 8,010	\$ 102,865	\$ 90,476	\$ 12,389

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 2010, Casino Marina del Sol (“Casino del Sol”) was impacted by an earthquake which occurred in Chile on February 27, 2010. Casino del Sol had purchased insurance for property damage and for business interruption of up to twelve months. Casino del Sol is preparing its insurance claims and repairing the facilities

During the fourth quarter of fiscal 2010, Clairvest funded an additional \$0.5 million to Casino New Brunswick to cover additional costs associated with the project. The investment was made in the form of debentures, which are non-interest bearing until Casino New Brunswick opens and bear interest at a rate of 6% per annum thereafter. At March 31, 2010, the total amount funded was \$8.7 million. Subsequent to quarter end, the casino segment of the development commenced operations

During the fourth quarter of fiscal 2010, Clairvest invested \$9.2 million to acquire 8,750 Series A convertible preferred shares in Hudson Valley Waste Holding, Inc. (“Hudson Valley”), a regional solid waste company which collects, processes and recycles nonhazardous solid waste in the northeastern United States. Clairvest’s ownership interest in Hudson Valley is 8.3% unless certain return thresholds are met, at which point Clairvest’s ownership interest would be reduced to 6.2%.

During the fourth quarter of fiscal 2010, Clairvest advanced a \$0.2 million bridge loan to Landauer Metropolitan Inc. (“Landauer”). The loan bears interest at a rate of 25% per annum, payable monthly, and is repayable on April 16, 2010. Any unpaid interest will accrue interest at the same rate. Clairvest has the option to convert the bridge loan to common shares of Landauer if the loan is not repaid by April 16, 2010. Subsequent to quarter end, the loan was due but has not been demanded or converted and a portion of the loan was sold to Landauer management at accrued cost.

During the fourth quarter of fiscal 2010, Clairvest invested \$0.3 million for 340,822 common shares of LTR Equipment Inc. (“LTR Equipment”), a company affiliated with Light Tower Rentals Inc. (“Light Tower Rentals”) which supplies certain equipment to Light Tower Rentals. Clairvest’s ownership interest in LTR Equipment is 11.0%.

7. SHARE CAPITAL

During the fourth quarter of fiscal 2010, 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 commencing March 6, 2010. The Company has made no purchases under this issuer bid. In total 2,544,424 common shares at a cost of \$21.9 million have been purchased under previous normal course issuer bids as of March 31, 2010. 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, 2010.

8. 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. The fee was calculated annually as 2% of committed capital until August 21, 2006, the fifth anniversary of the last closing of CEP, 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 2010, GP I earned net management fees of \$0.3 million (2009 – \$0.3 million) as compensation for its services in the administration of the portfolio of CEP. As per the Management Agreement, fees of \$0.2 million (2009 – \$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. At March 31, 2010, CEP had declared and paid distributions to the General Partner totaling \$9.7 million, 50% of which, or \$4.9 million, was allocated to Clairvest Subsidiary. If CEP were to sell its corporate investments at their current fair values, the General Partner would receive up to a further \$15.3 million (2009 - \$19.2 million) of distributions, 50% of which, or \$7.6 million (2009 - \$9.9 million), would be payable to Clairvest Subsidiary.

- (c) Clairvest is also the parent company of the two General Partners of Clairvest Equity Partners III Limited Partnership ("CEP III") (GP I and "GP II"). GP I is entitled to a priority distribution from CEP III. The priority distribution is calculated monthly as 0.1667% of committed capital until August 2011, being the earlier of the fifth anniversary of the month in which CEP III made its first investment, and the date on which CEP III is closed to new investments, and thereafter 0.1667% of contributed capital net of any distribution on account of capital and write-downs of capital invested. 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 2010, CEP III declared to GP I net priority distributions of \$0.9 million (2009 – \$1.0 million). As per the Limited Partnership Agreement, fees of \$0.2 million (2009 – \$0.1 million) from corporate investments of CEP III were netted against the priority distributions. GP I is also entitled to distributions made by CEP III equal to 2% of gains of CEP III determined as described in Note 8(d) below. 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 8(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 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 in Note 8(c) above. Any distributions received by GP II will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary 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. The General Partner of the Participation III Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.1 million contributed by the Participation III Investors into the Participation III Partnership, the amount of which was invested in Kubra Data Transfer Ltd. ("Kubra"), plus the first \$0.2 million received by the Participation III Partnership as described above.
- (e) GP II is also entitled to a carried interest in respect of CEP III Co-Investment Limited Partnership ("CEP III Co-Invest") of 10% to June 23, 2008 and 8.25% thereafter. CEP III Co-Invest was established in 2006 as the investment vehicle through which Clairvest would co-invest alongside CEP III. Distributions received by GP II from CEP III Co-Invest will be allocated 100% to the Participation III Partnership.
- (f) Clairvest is also the parent company of the two General Partners of Clairvest Equity Partners IV Limited Partnership ("CEP IV") (GP I and "GP III"). GP I is entitled to a priority distribution from CEP IV. The priority distribution is calculated monthly as follows: i) from the month in which CEP IV makes its first investment to the last day on which CEP III calculates its priority distributions based on committed capital ("CEP III Termination Date"), 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; ii) from the CEP III Termination Date to the fifth anniversary of the month of the earlier of the CEP III Termination Date and the date of final closing of CEP IV, 0.1667% of committed capital; and iii) thereafter 0.1667% of contributed capital net of distributions on account of capital and any write-downs of capital invested. The priority distribution is reduced to the extent of 63.8% of fees earned by GP I from corporate investments of CEP IV. During the fourth quarter of fiscal 2010, CEP IV did

not declare any priority distributions. GP I is also entitled to distributions made by CEP IV equal to 2% of gains of CEP IV determined as described in Note 8(g) below. To date, CEP IV has not made any distributions to GP I.

- (g) GP III, a limited partnership, the general partner of which is a wholly owned subsidiary of Clairvest, is entitled to participate in distributions made by CEP IV equal to 18% of net gains of CEP IV. These distributions to GP III, and GP I as noted in Note 8(f) above, will be determined based on the overall performance of CEP IV. No such distributions are permitted until CEP IV'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 IV has not made any distributions to GP III. Any distributions received by GP III will be allocated to each of its two limited partners, one of which is Clairvest Subsidiary which will receive 44.4% of such distributions, and the other of which is another limited partnership (the "Participation IV Partnership") which will receive 55.6% of such distributions. The limited partners of the Participation IV Partnership are principals and employees of Clairvest and GP I (the "Participation IV Investors"). The Participation IV Investors have purchased, at fair market value, units of the Participation IV Partnership. From time to time, additional units in the Participation IV Partnership may be purchased by Participation IV Investors. The General Partner of the Participation IV Partnership, a wholly owned subsidiary of Clairvest, is entitled to participate in additional distributions equal to the exit value on the first \$1.6 million contributed by the Participation IV Investors into the Participation IV Partnership, the amount of which was invested in Midwest Gaming Holdings, LLC ("Midwest Gaming") subsequent to quarter end, plus the first \$0.4 million received by the Participation IV Partnership as described above.
- (h) GP III is also entitled to a carried interest in respect of CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest") of 8.25%. CEP IV Co-Invest was established in 2009 as the investment vehicle through which Clairvest would co-invest alongside CEP IV. Distributions received by GP III from CEP IV Co-Invest will be allocated 100% to the Participation IV Partnership.
- (i) Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company and GP I totaling \$1.0 million (2009 – \$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 \$1.0 million (2009 – \$0.5 million). Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling \$0.5 million (2009 – \$0.6 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 \$12,000 was earned on the loans during the quarter. Also included in accounts receivable and other assets are receivables of \$3.0 million (2009 – \$2.2 million) from Clairvest's investee companies, from CEP totaling \$0.7 million (2009 – 1.8 million), from CEP III totaling \$0.1 million (2009 – \$1.2 million) and from CEP IV totaling \$4.6 million. Also, included in accounts receivable and other assets is a refundable deposit of \$8.5 million paid to the State of Kansas with respect to a gaming license application in Wichita, Kansas, the amount of which was refunded in full subsequent to quarter end.
- (j) Loans totaling \$0.6 million (2009 – nil), bearing interest at the prime rate, made by the Company to CEP during the fourth quarter of fiscal 2010, remain outstanding at March 31, 2010. Interest of \$1,000 (2009 – nil) was earned from loans to CEP during the fourth quarter of fiscal 2010.
- (k) Loans totaling \$34.3 million (2009 – \$8.3 million), bearing interest at the prime rate, made by the Company to CEP III during the fourth quarter of fiscal 2010 were repaid in full during the quarter. Interest of \$33,000 (2009 – \$11,000) was earned from loans to CEP III during the fourth quarter of fiscal 2010.
- (l) During the fourth quarter of fiscal 2010, Clairvest earned \$1.3 million (2009 – \$1.2 million) in distributions and interest income, \$0.4 million in fee income (2009 – \$0.2 million) and nil in dividends (2009 – \$103.6 million) from its investee companies.

9. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

No options were issued or exercised during the fourth quarter of fiscal 2010. At March 31, 2010, 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 recognizes 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, 2010, Clairvest recognized a stock-based compensation expense of \$0.2 million (2009 - \$1.6 million recovery). As at March 31, 2010, \$4.2 million (2009 - \$3.1 million) has been accrued under the Company's stock option plan.

As at March 31, 2010, a total of 155,135 (2009 - 123,636) Deferred Share Units were held by directors of the Company, the accrual in respect of which was \$2.0 million (2009 - \$1.4 million) and has been included in accounts payable and accrued liabilities. For the quarter ended March 31, 2010, Clairvest recognized an expense of \$0.1 million (2009 - \$0.2 million recovery) with respect to Deferred Share Units.

As at March 31, 2010, 120,000 (2009 - 105,000) Appreciation Deferred Share Units were held by directors of the Company, the accrual in respect of which is \$19,000 (2009 - nil) and has been included in accounts payable and accrued liabilities. For the quarter ended March 31, 2010, Clairvest recognized an expense of \$9,000 (2009 - \$2,000 recovery) with respect to Appreciation Deferred Share Units.

As at March 31, 2010, a total of 541,000 (2009 - 432,000) Book Value Appreciation Rights Units were held by employees of Clairvest, GP I and a company affiliated with Clairvest, the accrual in respect of which was \$3.2 million (2009 - \$1.5 million) and has been included in accounts payable and accrued liabilities. For the quarter ended March 31, 2010, Clairvest recognized an expense of \$0.3 million (2009 - \$0.2 million) with respect to Book Value Appreciation Rights Units.

10. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations for the quarters ended March 31 are detailed as follows:

	2010	2009
Accounts receivable and other assets	\$ (1,532)	\$ (425)
Income taxes receivable	317	768
Accounts payable and accrued liabilities	687	1,570
Income taxes payable	(1,118)	1,218
	\$ (1,646)	\$ 3,131

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

	March 31 2010	March 31 2009
Cash	\$ 3,843	\$ 61,134
Cash equivalents	39,841	51,138
	\$ 43,684	\$ 112,272

11. DERIVATIVE INSTRUMENTS

As at March 31, 2010, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Foreign exchange forward contracts to sell US\$62.8 million (2009 – US\$36.1 million) at an average rate of Canadian \$1.0745 per U.S. dollar (2009 – \$1.1722) through to March 2011. The fair value of these contracts at March 31, 2010 is a gain of \$3.7 million (2009 – \$3.2 million loss) and has been recognized on the consolidated balance sheet as derivative instruments. US\$2.3 million (2009 – US\$7.1 million) of these foreign exchange forward contracts were entered into in anticipation of future growth in the value of Clairvest's U.S. denominated investments, as described in Note 13. These contracts were settled by entering into offsetting contracts subsequent to quarter end.

Foreign exchange forward contracts to sell Chilean Unidad de Fomento ("CLF") 0.7 million (2009 – CLF0.7 million) at an average rate of Canadian \$44.0993 per CLF (2009 – \$41.8148) through to January 2011. The fair value of these contracts at March 31, 2010 is a gain of \$2.2 million (2009 – \$2.3 million) and has been recognized on the consolidated balance sheet as derivative instruments.

12. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- (a) Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$3.5 million (2009 – \$4.0 million) of which remains unfunded at March 31, 2010. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if the manager of CEP, GP I, 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, \$15.2 million (2009 – \$39.8 million) of which remains unfunded at March 31, 2010. 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, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP III.
- (c) Clairvest has also committed to co-invest alongside CEP IV in all investments undertaken by CEP IV. Clairvest's total co-investment commitment is \$100.0 million, all of which remains unfunded at March 31, 2010. Subsequent to quarter end, Clairvest funded \$13.2 million of this co-investment commitment reducing the unfunded portion to \$86.8 million. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV if the manager of CEP IV, GP I, concurrently sells a proportionate number of securities of that corporate investment held by CEP IV.
- (d) Clairvest has also committed \$25.0 million to Wellington Financial Fund III ("Wellington Fund III"), \$12.5 million (2009 – \$12.5 million) of which remains unfunded at March 31, 2010.
- (e) At March 31, 2010, Clairvest has received profit distributions totaling \$1.6 million (2009 – \$1.4 million) through its ownership interest in the General Partner of Wellington Fund II and \$1.5 million (2009 - \$1.0 million) through its ownership in the General Partner of Wellington Fund III. Clairvest has guaranteed, up to the amounts received from the respective General Partners, the clawback provisions (the "Clawback") entered into by the General Partners in the event the limited partners of the Wellington Fund II and Wellington Fund III do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2010, there were no accruals made with respect to the Clawback (2009 - \$0.4 million).
- (f) 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.
- (g) 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. Subsequent to the quarter, the joint and several agreement was extinguished and Clairvest entered into a stand-alone credit facility agreement.

- (h)** 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 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, 2010, \$0.8 million (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 \$1.4 million (2009 - \$1.4 million) would be owing to management under this Program. As no such realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the \$1.4 million (2009 - \$1.4 million) has not been accrued at March 31, 2010. The Program does not apply to the income generated by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.
- (i)** 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.
- (j)** Clairvest, together with CEP, had guaranteed to fund any operating deficiencies of the Tsuu T'ina charitable casino for a specified period of time. The guarantee was extinguished during the fourth quarter of fiscal 2010 and no amount subject to this guarantee had been funded.
- (k)** Clairvest, together with CEP III, has guaranteed to fund 50% of any operating deficiencies upon the opening of Casino del Sol for a specified period of time. Amounts paid under the guarantee will be allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional equity being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, no amounts subject to this guarantee have been funded.
- (l)** Clairvest, together with CEP III, has guaranteed to fund any cost overruns during the construction of Casino New Brunswick, as well as any operating deficiencies upon the opening of the casino for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2010, \$2.7 million of the cost overruns subject to the operating deficiencies guarantee have been funded, \$2.0 million of which was allocated to CEP III, and no amounts subject to the operating deficiencies guarantee have been funded.
- (m)** 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 entities was 23.8% at March 31, 2010, with CEP III owning 71.5% and the remainder owned by unrelated third party investors.
- (n)** As part of the holding structure of Latin Gaming Chile S.A. ("Latin Gaming"), Clairvest borrowed \$8.3 million through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$8.3 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 entities was 100% at March 31, 2010.

- (o) As part of the holding structure of Latin Gaming Osorno S.A. (“Casino Osorno”), Clairvest borrowed \$15.0 through an acquisition entity from an unrelated financial institution, while another acquisition entity deposited \$15.0 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 entities was 100% at March 31, 2010.
- (p) 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.

13. RISK MANAGEMENT

The private equity investment 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, 2010, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2010 and 2009, net of any allowances for losses, were as follows:

	March 31 2010	March 31 2009
Cash and cash equivalents	\$ 43,684	\$ 112,272
Temporary investments	108,544	72,140
Accounts receivable	18,445	6,719
Loans receivable	698	8,549
Derivative instruments	5,900	—
Corporate investments	118,881	102,865
	\$ 296,152	\$ 302,545

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, a significant portion 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 is also subject to credit risk on its loans receivables, the majority of which is with the CEP Funds (see Note 14). The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative financial instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. At March 31, 2010, the Company’s derivative instruments have an accrued gain and a fair value of \$5.9 million. The Company believes the counterparty risk with respect to its derivative instruments is nominal.

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 manages 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. The credit ratings, based on the Dominion Bond Rating Services ("DBRS") rating scale, for the Company's cash, cash equivalents and temporary investments were as follows:

	March 31 2010	March 31 2009
Cash and term deposits	30,572	61,216
Guaranteed income certificates and savings accounts		
AA+	5,025	—
AA	37,942	15,048
AA-	6,980	—
Corporate bonds		
AA	21,543	8,194
AA-	25,466	19,291
A+	7,025	8,100
A	2,001	10,999
A-	6,976	5,001
BBB	5,166	—
Preferred shares		
P-1 low	1,954	1,982
P-2	—	421
P-2 low	1,521	—
P-3 high	—	2,004
P-3	—	801
P-4	—	299
Other fixed income investments		
R1-High	49	841
Other non-rated securities	8	50,215
Total cash, cash equivalents and temporary investments	152,228	184,412

Market risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates. The following table presents the financial instruments measured at fair value classified by the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

	2010				2009
	Fair value measurements using			Assets / liabilities at fair value	Assets / liabilities at fair value
	Level 1	Level 2	Level 3		
Financial assets					
Cash	\$ 3,843	\$ —	\$ —	\$ 3,843	\$ 61,134
Cash equivalents					
Investment savings accounts	7,898	—	—	7,898	—
Term deposits	26,728	—	—	26,728	145
Corporate bonds	5,166	—	—	5,166	
Fixed income mutual funds	49	—	—	49	50,993
	39,841	—	—	39,841	51,138
Temporary investments					
Guaranteed investment certificates	—	42,049	—	42,049	15,048
Corporate bonds	63,020	—	—	63,020	51,585
Preferred shares	3,475	—	—	3,475	5,507
	66,495	42,049	—	108,544	72,140
Accounts receivable	—	—	18,445	18,445	6,719
Loans receivable	—	—	698	698	8,549
Derivative instruments	—	5,900	—	5,900	—
Corporate investments	5,564	—	113,317	118,881	102,865
	\$ 115,743	\$ 47,949	\$ 132,460	\$ 296,152	\$ 302,545
Financial liabilities					
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 23	\$ 23	\$ 268
Derivative instruments	—	—	—	—	5,523
	\$ —	\$ —	\$ 23	\$ 23	\$ 5,791

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in CICA Handbook Section 3862 as described in Note 2:

	Fair value January 1, 2010	Total realized / unrealized gains (losses) and foreign exchange reevaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2010	Unrealized gains (losses) and foreign exchange reevaluations included in earnings for assets and liabilities for the quarter ended March 31, 2010 for positions still held
Financial assets						
Accounts receivable	\$ 16,907	\$ —	\$ 5,370	\$ (3,832)	\$ 18,445	\$ —
Loans receivable	182	—	34,917	(34,401)	698	—
Corporate investments	106,738	(3,757)	10,336	—	113,317	(3,757)
	<u>\$ 123,827</u>	<u>\$ (3,757)</u>	<u>\$ 50,623</u>	<u>\$ (38,233)</u>	<u>\$ 132,460</u>	<u>\$ (3,757)</u>
Financial liabilities						
Accounts payable	\$ —	\$ —	\$ 41	\$ (18)	\$ 23	\$ —
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41</u>	<u>\$ (18)</u>	<u>\$ 23</u>	<u>\$ —</u>

As at March 31, 2010, approximately 4.7% of the fair value of the Company's corporate investments was in publicly-traded companies. If market prices were higher or lower by 5% as at March 31, 2010, the potential effect would be an increase or decrease of \$0.3 million to the carrying value of corporate investments and net unrealized gains (losses) on corporate investments on a pre-tax basis for the quarter ended March 31, 2010.

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 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 earnings and current economic environment. Investments which are valued using the earnings multiple approach include Hudson Valley, Kubra, Landauer, Light Tower Rentals, Lyophilization Services of New England Inc. and Van-Rob Inc. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of \$3.9 million or decrease of \$4.2 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, 2010. Earnings 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 13 companies in 9 industries and 3 countries as of March 31, 2010. Concentration risk by industry and by country is as follows:

	March 31, 2010				March 31, 2009			
	Canada	United States	Chile	Fair value	Canada	United States	Chile	Fair value
Automotive related	\$ 4,853	\$ —	\$ —	\$ 4,853	\$ 3,750	\$ —	\$ —	\$ 3,750
Business services	1,035	6,573	—	7,608	5,062	5,962	—	11,024
Contract manufacturing	—	4,887	—	4,887	—	6,068	—	6,068
Financial services	16,569	—	—	16,569	17,211	—	—	17,211
Gaming	17,318	—	39,076	56,394	9,945	—	41,862	51,807
Health and medical related	—	7,693	—	7,693	—	5,015	—	5,015
Information technology	—	5,494	—	5,494	—	—	—	—
Oil field service	—	6,280	—	6,280	—	7,368	—	7,368
Waste management	—	8,952	—	8,952	—	—	—	—
Other	151	—	—	151	90	532	—	622
Total	\$ 39,926	\$ 39,879	\$ 39,076	\$ 118,881	\$ 36,058	\$ 24,945	\$ 41,862	\$ 102,865

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

The company held \$3.5 million in preferred shares of corporations in its temporary investments portfolio at March 31, 2010. Fluctuations between par value and market price did not exceed 2% during the period the shares were held. 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, 2010, Clairvest hedged 100% of the carrying value of its foreign investments. In addition, the Company has entered into foreign exchange forward contracts in anticipation of future growth in the value of its U.S. denominated investments. These contracts had notional values totaling US\$2.3 million and a fair value of a loss of \$2,000 at March 31, 2010. These contracts were settled by entering into offsetting contracts subsequent to quarter end. During the fourth quarter of fiscal 2010, the Company recognized \$0.2 million in foreign exchange expense recovery [2009 - \$1.4 million in foreign exchange expense] as a result of the Company's hedging strategy.

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 fair 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 on the fair 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% per annum, the potential effect would be an increase or decrease of \$0.2 million to distributions and interest income on a pre-tax basis for the quarter ended March 31, 2010.

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 12 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 and closed on a new credit facility subsequent to quarter end.

14. 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 committed or invested in CEP, CEP III and CEP IV (together, the "CEP Funds"). At March 31, 2010, Clairvest had cash, cash equivalents and temporary investments of \$152.2 million (March 2009 – \$184.4 million), in addition to \$118.9 million (March 2009 – \$102.9 million) of corporate investments. Clairvest also had access to a \$20.0 million (2009 - \$20.0 million) credit facility and \$267.9 million (March 2009 – \$131.2 million) of uncalled committed third-party capital for acquisitions through CEP, CEP III and CEP IV at March 31, 2010.

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.

15. SUBSEQUENT EVENTS

Subsequent to the quarter, the Company, through various acquisition entities, invested US\$9.3 million [C\$9.3 million] in Midwest Gaming to build a casino and related amenities in Des Plains, Illinois. In addition to this investment, Clairvest advanced an additional US\$2.4 million [C\$2.4 million] loan to Midwest Gaming to bridge the raising of equity from minority investors as required by the Illinois legislature. The Company's ownership interest in Midwest Gaming is 6.0%.