

CLAIRVEST GROUP INC.
NOTICE TO READER
June 30, 2017
[unaudited]

NOTICE TO READER PURSUANT TO NATIONAL INSTRUMENT 51-102 – CONTINUOUS DISCLOSURE OBLIGATIONS

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
[unaudited]

\$000's	June 30	March 31
	2017	2017
ASSETS		
Cash and cash equivalents [Notes 4, 12, and 15]	\$ 73,101	\$ 106,205
Temporary investments [Notes 4 and 15]	16,222	15,964
Accounts receivable and other assets [Notes 10[m] and 15]	26,303	21,551
Loans receivable [Note 10[l]]	27,354	15,654
Income taxes recoverable	—	2,029
Derivative instruments [Note 13]	33	24
Carried interest receivable [Note 10]	84,232	98,322
Corporate investments [Notes 7, 15 and 16]	421,123	410,102
Fixed assets [Notes 8 and 10[o]]	2,692	2,100
	\$ 651,060	\$ 671,951
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	\$ 2,115	\$ 3,914
Dividend payable	5,502	—
Income taxes payable	4,078	96
Accrued compensation expense [Notes 11 and 14[h]]	8,958	8,312
Share-based compensation [Note 11]	26,738	21,705
Management participation [Note 10]	58,298	67,050
Deferred income tax liability	12,229	20,670
	117,918	121,747
Contingencies, commitments and guarantees [Note 14]		
Shareholders' Equity		
Share capital [Note 9]	81,554	81,554
Retained earnings	451,588	468,650
	533,142	550,204
	\$ 651,060	\$ 671,951

[see accompanying notes to interim condensed consolidated financial statements]

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME [LOSS]
[unaudited]

\$000's [except per share information]	Quarter ended June 30	
	2017	2016
REVENUE		
Net investment gains [losses] [Note 5]	\$ [23,534]	\$ 14,508
Distributions and interest income [Notes 4 and 10]	16,836	5,377
Net carried interest income [Notes 6 and 10]	2,290	4,716
Management fees [Notes 10[e] and 10[h]]	322	326
Advisory and other fees [Note 10[n]]	255	378
	<u>[3,831]</u>	<u>25,305</u>
EXPENSES		
Employee compensation and benefits [Notes 11 and 14[h]]	2,341	2,878
Share-based compensation expenses [Note 11]	4,745	4,701
Administration and other expenses	1,070	1,408
Finance and foreign exchange expense	210	102
Management Participation [Note 10]	1,658	3,317
	<u>10,024</u>	<u>12,406</u>
Income [loss] before income taxes	[13,855]	12,899
Income tax expense [recovery]	[2,295]	1,325
NET INCOME [LOSS] AND COMPREHENSIVE INCOME [LOSS]	<u>[11,560]</u>	<u>11,574</u>
Basic and fully diluted net income [loss] and comprehensive income [loss] per share	<u>\$ [0.76]</u>	<u>\$ 0.76</u>

[see accompanying notes to interim condensed consolidated financial statements]

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
[unaudited]

\$000's	Share capital	Retained earnings	Total shareholders' equity
As at April 1, 2017	\$ 81,554	\$ 468,650	\$ 550,204
Changes in shareholders' equity			
Net loss and comprehensive loss for the period		[11,560]	[11,560]
		457,090	538,644
Dividends declared [\$0.3621 per share]		[5,502]	[5,502]
As at June 30, 2017	\$ 81,554	\$ 451,588	\$ 533,142
As at April 1, 2016	\$ 81,662	\$ 403,859	\$ 485,521
Changes in shareholders' equity			
Net income and comprehensive income for the period		11,574	11,574
		415,433	497,095
Dividends declared [\$0.3191 per share]		[4,855]	[4,855]
As at June 30, 2016	\$ 81,662	\$ 410,578	\$ 492,240

[see accompanying notes to interim condensed consolidated financial statements]

CLAIRVEST GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
[unaudited]

\$000's	Quarter ended	
	2017	June 30
		2016
OPERATING ACTIVITIES		
Net income [loss] and comprehensive income [loss] for the period	\$ [11,560]	\$ 11,574
Add [deduct] items not involving a current cash outlay:		
Amortization of fixed assets	101	106
Share-based compensation expense	5,033	5,016
Deferred income tax expense [recovery]	[8,441]	624
Net investment losses [gains]	23,534	[14,508]
Unrealized carried interest income and management participation	5,338	[1,399]
Non-cash items relating to foreign exchange forward contracts	[46]	[54]
Non-cash items relating to corporate investments	[288]	[46]
	<u>13,671</u>	<u>1,313</u>
Adjustments for:		
Net cost on acquisition of temporary investments	[258]	[334]
Loans advanced [Note 10[I]]	[94,391]	[2,763]
Repayment of loans advanced [Note 10[I]]	82,691	3,444
Proceeds from settlement of realized foreign exchange forward contracts	37	1
Investments made in investee companies of acquisition entities	[34,267]	—
	<u>[46,188]</u>	<u>348</u>
Net change in non-cash working capital balances related to operations [Note 12]	106	[1,165]
Cash provided by [used in] operating activities	<u>[32,411]</u>	<u>496</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	[693]	[20]
Cash used in investing activities	<u>[693]</u>	<u>[20]</u>
Net increase [decrease] in cash and cash equivalents	<u>[33,104]</u>	<u>476</u>
Cash and cash equivalents, beginning of period	106,205	65,250
Cash and cash equivalents, end of period [Note 12]	<u>\$ 73,101</u>	<u>\$ 65,726</u>
Supplemental cash flow information		
Interest received	\$ 423	\$ 349
Distributions received	\$ 18,508	\$ 1,970
Income taxes paid	\$ 583	\$ 227
Interest paid	\$ 338	\$ 186

CLAIRVEST GROUP INC.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017 [Tabular Dollar Amounts in Thousands]
[unaudited]

1. NATURE OF OPERATIONS

Clairvest Group Inc. [“Clairvest” or the “Company”] is a private equity investor that specializes in partnering with management team and other stakeholders of both emerging and established companies. The company’s shares are traded on the Toronto Stock Exchange [“TSX”] under symbol CVG. The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners III Limited Partnership [“CEP III”], Clairvest Equity Partners IV Limited Partnership [“CEP IV”], Clairvest Equity Partners IV-A Limited Partnership [“CEP IV-A”], Clairvest Equity Partners V Limited Partnership [“CEP V”], CEP V HI India Investment Limited Partnership [“CEP V India”] and Clairvest Equity Partners V-A Limited Partnership [“CEP V-A”] [together, the “CEP Funds”] in a small number of carefully selected companies that have the potential to generate superior returns. Clairvest contributes financing and strategic expertise to support the growth and development of its investees in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

The Company’s head office is located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario, Canada, M4T 2S3.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited interim condensed consolidated financial statements [“financial statements”] of Clairvest are prepared in accordance with International Financial Reporting Standards [“IFRS”] applicable to the preparation of interim financial statements, including International Accounting Standard 34, “*Interim Financial Reporting*” [“IAS 34”]. The Company has consistently applied the same accounting policies throughout all periods presented in these unaudited interim condensed consolidated financial statements, as if these policies had always been in effect.

The accounting policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS as issued by the International Accounting Standards Board [“IASB”] and the IFRS Interpretations Committee, all issued and effective as at August 14, 2017, the date the Board of Directors authorized the issuance of these unaudited interim condensed consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending March 31, 2018 could result in restatement of these unaudited interim condensed consolidated financial statements.

The disclosures contained in these unaudited interim condensed consolidated financial statements do not include all requirements of International Financial Reporting Standards for annual financial statements. As a result, the unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended March 31, 2017.

The comparative figures indicated in the notes to the unaudited interim condensed consolidated financial statements are as of June 30, 2016 unless otherwise indicated.

The unaudited interim condensed consolidated financial statements have been presented on a historical cost basis, except for certain financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the functional currency of the Company, and all values are rounded to the nearest thousand dollars [\$000’s], except where otherwise indicated.

Basis of consolidation

These consolidated financial statements have been prepared in accordance with IFRS 10, *Consolidated Financial Statements* [“IFRS 10”], as issued by the IASB and include the accounts of the Company and its consolidated subsidiaries. As discussed under critical accounting estimates and judgments, the Company has determined it meets the definition of an investment entity.

[I] Consolidated subsidiaries

In accordance with IFRS 10, subsidiaries are those entities that provide investment-related services and that the Company controls by having the power to govern the financial and operating policies of these entities. Such entities would include those which earn priority distributions or management fees and carried interest from the CEP Funds. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation. The existence and effect of potential voting rights that are currently exercisable and shareholder agreements are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

The following entities, which are significant in nature, provide investment-related services on behalf of the Company.

Clairvest GP Manageco Inc.
Clairvest GP [GPLP] Inc.
CEP MIP GP Corporation
Clairvest USA Limited
Clairvest General Partner Limited Partnership
Clairvest General Partner III Limited Partnership
Clairvest General Partner IV Limited Partnership
Clairvest General Partner V Limited Partnership
PGO Aviation LP

[II] Interests in unconsolidated subsidiaries [“acquisition entities”]

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment-related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgments, management exercised judgement when determining whether subsidiaries are investment entities.

The following entities, which are significant in nature, are controlled by Clairvest either directly or indirectly and are used as acquisition entities of the Company. These entities' principal place of business is in Canada.

2141788 Ontario Corporation [“2141788 Ontario”]
2486303 Ontario Inc. [“2486303 Ontario”]
CEP III Co-Investment Limited Partnership [“CEP III Co-Invest”]
MIP III Limited Partnership [“MIP III”]
CEP IV Co-Investment Limited Partnership [“CEP IV Co-Invest”]
MIP IV Limited Partnership [“MIP IV”]
CEP V Co-Investment Limited Partnership [“CEP V Co-Invest”]
MIP V Limited Partnership [“MIP V”]

The Company may also use intermediate subsidiaries whose sole purpose is to hold investments for the Company and therefore not included in the listing above.

[III] Interests in the CEP Funds

Clairvest manages and invests alongside the CEP Funds, which meet the definition of structured entities under IFRS. Clairvest provides loans to and earns priority distributions or management fees and carried interest from the CEP Funds, which are further described in *note 10*. The Company concluded that its ownership interest in the CEP Funds do not meet the definition of control under IFRS. Accordingly, the financial positions and operating results of the CEP Funds and other funds it manages for certain co-investors are not included in Clairvest's consolidated financial statements.

Significant accounting policies, new standards, interpretations and amendments

The following condensed discussion of significant accounting policies, new standards, interpretations and amendments should be read in conjunction with the disclosures presented in the audited consolidated financial statements for the year ended March 31, 2017. The Company has consistently applied the following accounting policies throughout all periods

presented in these unaudited interim condensed consolidated financial statements, as if these policies had always been in effect.

(a) Classification and recognition of financial instruments

In accordance with IAS 39, *Financial Instruments: recognition and measurement*, financial assets and financial liabilities are classified at initial recognition into the following categories:

Financial assets and liabilities at fair value through profit or loss [“FVTPL”]

This category is further divided into the following:

Financial instruments classified as held for trading: Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term, and are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Derivative instruments are classified as held for trading. The Company does not apply hedge accounting to its derivative instruments.

Financial instruments designated as FVTPL through inception: Cash equivalents, temporary investments, and corporate investments are designated as FVTPL upon initial recognition. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company includes in this category receivable balances relating to its acquisition entities, indirect investee companies [“investee companies”] and the CEP Funds as well as other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified as FVTPL. The Company includes in this category amounts relating to accounts payable, accrued liabilities and loans payable.

(b) Temporary investments and corporate investments

The Company carries its temporary investment and its corporate investments at fair value. When a financial instrument 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 closing bid price on the principal exchange on which the investment is traded. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes 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 and 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 company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants the underlying security of which is traded on a recognized securities exchange, if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants; interest rate; 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 of 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.

(c) Income recognition

Realized gains or losses on disposition of corporate investments and change in unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are included in net investment gains in the consolidated statements of comprehensive income. Management fees and advisory and other fees are recorded as income on an accrual basis when earned. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date. Carried interest from the CEP Funds are recognized on an accrual basis when estimated fair values of the underlying investments can be measured reliably.

(d) Stock-based compensation plans

The Company's stock option plans allow for cash settlement of stock options. As the economics to choose cash or shares as settlement is the same for all holders, compensation expense is recognized over the applicable vesting period and a corresponding liability is recorded based on the fair value of the outstanding stock options at the consolidated statements of financial position dates. Fair value is measured by use of an appropriate option-pricing model. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reduced and any difference between the liability accrued and the amount paid is charged to share-based compensation expense.

(e) Entitlements of partners of a limited partnership

The Company consolidates acquisition entities which includes various limited partnerships as described in *note 2[I]* and the entitlements of partners of these limited partnerships that are external to the consolidated group of the Company are recorded as a liability and an expense of the Company. Accordingly, that portion of the carried interest from the CEP Funds which are ultimately paid to the limited partners of MIP III, MIP IV and MIP V which are external to the consolidated group are recorded as a management participation liability and a management participation expense on the unaudited interim condensed consolidated financial statements.

(f) Critical accounting estimates, assumptions and judgments

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IFRS required management to make estimates, assumptions and judgments that affect the reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates could materially differ from the related actual results. The following estimates, assumptions and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal quarter:

Determination of investment entity

Judgement is required when making the determination that the Company or its various subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties. The Company has historically invested alongside third-party capital in the CEP Funds that it manages. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

Fair value of financial instruments

Certain financial instruments are recorded in the Company's consolidated statements of financial position at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. The fair values of certain other financial instruments are determined using valuation techniques. By their nature, these valuation techniques require the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect net investment gains reported in a particular period.

The Company assesses, at each reporting date, whether there is any objective evidence to revise the fair values of its financial instruments. The assessment of the fair value of a financial instrument requires significant judgment, where management evaluates, among other factors, the financial health and business outlook of their investees. Fair value information is presented in *note 16*.

Recognition of carried interest and corresponding expenses

The determination of the Company's unrealized carried interest receivable recorded on the consolidated statements of financial position is based on the fair values of the financial instruments held by the CEP Funds. As discussed previously, fair values of certain financial instruments are determined using valuation techniques which by their nature involve the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of unrealized carried interest receivable and the resulting accrued liabilities for future payouts relating to these unrealized carried interest receivable at the statement of financial position dates.

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the deferred income tax asset will be realized. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that differ significantly from estimates recorded in deferred income tax balances.

3. CREDIT FACILITIES

Clairvest has a \$100.0 million committed revolving credit facility with several Schedule 1 Canadian chartered banks. The credit facility, which has an initial expiry of December 2021 and is eligible for a one-year extension on each anniversary of the closing date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. The amount available under the credit facility as at June 30, 2017 was \$100.0 million, which is based on debt covenants and certain restrictions within the banking arrangement. No amounts had been drawn on the facility during the quarter and as at June 30, 2017.

4. CASH, CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of deposits in investment and money market savings accounts which have maturities of less than 90 days from the date of acquisition. At June 30, 2017, the yield for cash and cash equivalents ranged between 0.7% and 1.0% per annum [March 2017 – between 0.8% and 0.9%] with a weighted average rate of pre-tax return of 0.9% per annum [March 2017 – 0.9%].

Temporary investments consist of guaranteed investment certificates which have maturities greater than 90 days from the date of acquisition and through to June 2019. At June 30, 2017, the yield on these investments ranged between 1.4% and 1.9% per annum [March 2017 – between 1.4% and 1.7%] with a weighted average rate of pre-tax return of 1.5% per annum [March 2017 – 1.5%]. As at June 30, 2017, the Company had guaranteed investment certificates totaling \$16.0 million [March 2017 – \$16.0 million] maturing within one year and \$0.2 million maturing after one year [March 2017 – nil].

Additionally, Clairvest's acquisition entities held \$30.7 million [March 2017 – \$41.4 million] in cash and cash equivalents and \$6.0 million [March 2017 – \$7.5 million] in temporary investments as described in *note 7*.

5. NET INVESTMENT GAINS [LOSSES]

Net investment gains or losses for the quarters ended June 30, 2017 and 2016 comprised entirely of net changes in unrealized gains or losses on corporate investments as described in *note 7*.

6. NET CARRIED INTEREST INCOME

Net carried interest income for the quarters ended June 30, 2017 and 2016 comprised the following:

\$000's	Quarters ended June 30	
	2017	2016
Realized carried interest income [Note 10]	16,380	–
Net changes in unrealized carried interest [Note 10]	[14,090]	4,598
	2,290	4,598

Carried interest receivable is further described in *note 10[j]*.

7. CORPORATE INVESTMENTS

In accordance with IFRS 10, the fair value of the Company's corporate investments includes the fair value of the net assets of its acquisition entities which are controlled by the Company. Accordingly, Clairvest's direct corporate investments comprise these acquisition entities, which invest directly or indirectly in various investee companies and other investee companies where Clairvest invested directly.

The following table details the fair value of Clairvest's direct investments and acquisition entities which are controlled by Clairvest but which are not part of the consolidated group:

\$000's	June 30, 2017			March 31, 2017		
	Investee companies	Acquisition entity net assets [liabilities]	Total	Investee companies	Acquisition entity net assets [liabilities]	Total
Held directly by Clairvest Group Inc.	27,379	–	27,379	26,549	–	26,549
Held through the following acquisition entities:						
2141788 Ontario	41,072	30,362	71,434	56,448	38,091	94,539
2486303 Ontario	8,540	[9,676]	[1,136]	9,204	[9,866]	[662]
CEP III Co-Invest	18,728	924	19,652	28,235	895	29,130
MIP III	750	[12]	738	1,131	[5]	1,126
CEP IV Co-Invest	229,824	2,005	231,829	225,147	1,970	227,117
MIP IV	3,484	[53]	3,431	3,413	[48]	3,365
CEP V Co-Invest	65,468	[271]	65,197	27,701	[1,274]	26,427
MIP V	2,669	[70]	2,599	2,576	[65]	2,511
Total	397,914	23,209	421,123	380,404	29,698	410,102

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly-owned acquisition entity of Clairvest. 2486303 Ontario is a wholly-owned acquisition entity of Clairvest which is the sole limited partner of Clairvest Equity Partners Limited Partnership ["CEP"] and a 50% partner of Clairvest General Partner Limited Partnership. CEP was an investment fund held by third party investors prior to being purchased by 2486303 Ontario. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, and CEP V Co-Invest and MIP V are described in *notes 10[c], 10[f] and 10[i]*. During the first quarter of fiscal 2018, Clairvest made an additional investment of \$33.1 million in CEP V Co-Invest.

During the first quarter of fiscal 2018, CEP III Co-Invest received total cash proceeds of \$27.4 million as a result of the realization events involving Lyophilization Services of New England Inc. [“LSNE”] as described below. Subsequently, CEP III Co-Invest made distributions of \$9.2 million to Clairvest, \$15.3 million to 2141788 Ontario, and \$0.4 million to MIP III, respectively. CEP III Co-Invest also declared and paid \$2.2 million to the general partner, all of which was then declared and paid to the limited partners of MIP III as described in *note 10[c]*.

The following table details the assets and liabilities included in the determination of the fair value of the net assets of acquisition entities excluding the investee companies held by these acquisition entities.

\$000's	June 30, 2017	March 31, 2017
Assets		
Cash and cash equivalents	30,722	41,430
Temporary investments	6,028	7,464
Accounts receivable and other assets	915	1,890
Loans receivable	4,278	423
Income taxes recoverable	59	1,030
Derivative instruments	7,341	83
	49,343	52,320
Liabilities		
Accounts payable and accrued liabilities	2,324	2,135
Loans payable	16,985	10,283
Income taxes payable	1,143	753
Derivative instruments	–	2,371
Deferred income tax liability	5,682	7,080
	26,134	22,622
Net assets	23,209	29,698

Excluding the net assets from acquisition entities summarized in the table above, the difference between the fair value and the cost of the Company's investment in its investee companies are summarized below.

\$000's	June 30, 2017			March 31, 2017		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Investments made by CEP III Co-Invest alongside CEP III						
Chilean Gaming Holdings ^[1]	50,030	28,754	21,276	48,835	28,754	20,081
Lyophilization Services of New England Inc.	435	–	435	27,248	6,619	20,629
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	110,865	34,657	76,208	111,170	34,657	76,513
County Waste of Virginia, LLC	17,735	7,533	10,202	17,999	7,533	10,466
CRS Contractors Rental Supply Limited Partnership	31,678	10,573	21,105	28,758	10,573	18,185
Davenport Land Investments ^[2]	2,958	2,196	762	3,009	2,196	813
Discovery Air Inc.	23,728	41,344	[17,616]	21,037	36,860	[15,823]
Momentum Aerospace Group	11,224	5,068	6,156	11,557	5,068	6,489
New Meadowlands Racetrack, LLC	9,559	6,444	3,115	9,563	6,444	3,119
Rivers Casino	14,672	9,058	5,614	14,307	9,058	5,249
Winters Bros. Waste Systems of CT, LLC	10,889	8,053	2,836	11,160	8,053	3,107
Investments made by CEP V Co-Invest alongside CEP V						
Accel Entertainment Inc.	20,840	15,978	4,862	20,639	15,978	4,661
Digital Media Solutions, LLC	7,981	8,254	[273]	8,179	8,254	[75]
Head InfoTech India Pvt. Ltd.	38,482	55,968	[17,486]	–	–	–
Winters Bros. Waste Systems of Long Island Holdings, LLC	10,919	10,636	283	11,190	10,636	554
Grey Eagle Casino	11,703	11,017	686	12,613	11,017	1,596
Wellington Financial ^[3]	23,264	16,850	6,414	22,101	15,640	6,461
	396,962	272,383	124,579	379,365	217,340	162,025
Other investments	952	1,040	[88]	1,039	1,127	[88]
	397,914	273,423	124,491	380,404	218,467	161,937

^[1] Comprised Clairvest's indirect investment in Casino Marina del Sol, Casino Osorno and Casino Sol Calama

^[2] Comprised two entities which hold real estate surrounding a casino in Davenport, Iowa ["Davenport North" and "Davenport South"]

^[3] Comprised interests in WF Fund III Limited Partnership ["Wellington Fund III"], WF Fund IV Limited Partnership ["Wellington Fund IV"] and WF Fund V Limited Partnership ["Wellington Fund V"] and their respective general partners

During the first quarter of fiscal 2018, the aggregate fair value of Clairvest's investee companies increased by \$17.5 million, primarily comprised \$61.6 million in new and follow-on investments, net of \$27.2 million in divestures, \$9.8 million in net changes in unrealized losses and \$8.7 million in foreign exchange revaluations. The cost and fair value of investee companies do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered as economic hedges against these investments [refer to *note 13*]. For those investments which were hedged by acquisition entities, the fair value of these foreign exchange forward contracts was included in the net assets [liabilities] of these acquisition entities. Details of significant events of the investee companies, other than with respect to valuation changes and foreign exchange adjustments, are described below.

During the first quarter of fiscal 2018, CEP III Co-Invest realized on its investment in LSNE and received cash proceeds totaling US\$20.1 million [C\$27.4 million] against a carrying value of \$27.2 million as at March 31, 2017. CEP III Co-Invest is entitled to additional proceeds of US\$0.3 million subject to the conditions of the purchase and sale agreement. Over the life of the investment, CEP III Co-Invest received total proceeds of US\$21.6 million [C\$29.0 million] against its original investment of US\$7.5 million [C\$7.5 million] in LSNE. Clairvest and CEP III Co-Invest had also incurred total costs of \$2.8 million on the foreign exchange hedging strategy for the investment in LSNE.

During the first quarter of fiscal 2018, CEP IV Co-Invest and other investors of Discovery Air [the "Discovery Air Investor Group"] purchased all outstanding common shares of Discovery Air. CEP IV Co-Invest purchased an additional 1,948,883 common shares in Discovery Air for \$0.4 million. As at June 30, 2017, Clairvest and CEP IV Co-Invest held 24,332,907 common shares of Discovery Air [March 2017 – 22,384,024], increasing its ownership in Discovery Air to 29.7% [March 2017 – 27.3%]. Also during the first quarter of fiscal 2018, Discovery Air Defence Services Inc. ["DA Defence"] a subsidiary of Discovery Air, drew the remaining \$5.0 million of the \$25.0 million secured revolving credit facility ["Revolver"] provided by the Discovery Air Investor Group. CEP IV Co-Invest's portion of the drawn amount was \$1.8 million bringing the total amounts funded by CEP IV Co-Invest under this facility to \$8.5 million [March 2017 – \$6.7

million]. Subsequently, the Discovery Air Investor Group provided an additional \$13.0 million secured revolving credit facility [“2nd Revolver”] to DA Defence which is in addition to the \$25.0 million Revolver described above but on the same economic terms. During the first quarter of fiscal 2018, \$6.0 million of the 2nd Revolver was drawn and was outstanding as at June 30, 2017, \$2.2 million of which was funded by CEP IV Co-Invest. CEP IV Co-Invest is committed to fund any shortfall of the other investors of the Discovery Air Investor Group. Concurrent with the 2nd Revolver, Discovery Air and DA Defence granted the Discovery Air Investor Group an option to exchange \$18.4 million of the Discovery Air Debentures into \$14.7 million of common shares in DA Defence, with the valuation of DA Defence being the same as that used for the conversion of the Revolver and the 2nd Revolver. All drawn amounts under the Revolver and 2nd Revolver are secured, bear interest at a rate of 12% per annum and mature on December 15, 2017 subject to acceleration in the event of certain refinancing transactions. In aggregate, CEP IV Co-Invest made net additional investments in Discovery Air and its subsidiaries totaling \$5.2 million during the first quarter of fiscal 2018. Subsequent to quarter end, DA Defence drew an additional \$1.2 million under the 2nd Revolver.

During the first quarter of fiscal 2018, CEP V Co-Invest invested \$56.0 million in Head InfoTech India Pvt. Ltd. [“Ace2Three”]. Ace2Three operates an online, skilled based gaming platform in India providing an online rummy experience. The investment comprised of \$22.9 million in the form of compulsory convertible debentures which are denominated in Indian Rupees [“INR”] and bear interest at a rate of 16.0% per annum, and \$33.1 million in 202,230 common shares representing a 33.6% equity interest in Ace2Three. In June 2017, Ace2Three experienced a material adverse development which resulted in a company-wide shut down of operations for Ace2Three for nine days. Since June 28, 2017, Ace2Three has reopened its gaming platform outside the state of Telangana, and the Indian courts have provided Ace2Three with interim relief to continue to do this for a period of time which should allow Ace2Three to move its registered business address outside of Telangana. Revenue from customers outside of Telangana represented approximately 60% of Ace2Three’s overall revenue prior to the above-referenced development. Ace2Three, along with other online skilled based rummy companies in India, are challenging the validity of the regulatory developments and the matter is before the courts. While Ace2Three remains profitable, at June 30, 2017, Clairvest has determined that there have been a negative impact on the fair value of this investment. Accordingly, the carrying value of the equity investment made in Ace2Three was reduced by 50% or \$15.8 million.

During the first quarter of fiscal 2018, Clairvest funded an additional \$1.2 million to Wellington Fund V, bringing the total amount funded to \$16.9 million against its \$30.3 million commitment.

8. FIXED ASSETS

The composition of Clairvest’s fixed assets was as follows:

\$000's	Aircraft	IT equipment ⁽¹⁾	Furniture, fixtures and equipment	Leasehold improvements	Total
As at June 30, 2017					
Cost	3,603	783	460	3,964	8,810
Accumulated amortization	[2,448]	[774]	[402]	[2,494]	[6,118]
Net book amount	1,155	9	58	1,470	2,692
As at March 31, 2017					
Cost	3,603	783	460	3,271	8,117
Accumulated amortization	[2,359]	[773]	[398]	[2,487]	[6,017]
Net book amount	1,244	10	62	784	2,100

⁽¹⁾ Comprised computer equipment and computer software.

9. SHARE CAPITAL

The Company has a normal course issuer bid [“NCIB”] outstanding enabling it to make purchases of up to 760,627 common shares in the 12-month period ending March 6, 2018. No shares were purchased for cancellation during the first quarter of fiscal 2018. In total, 3,449,895 common shares at a cost of \$35.9 million had been purchased under all previous NCIBs as at June 30, 2017. An additional 934,200 common and 2,230,954 non-voting shares had been purchased for cancellation outside of the NCIB for an aggregate cost of \$33.0 million.

At June 30, 2017, 15,194,095 [March 2017 – 15,194,095] common shares were outstanding. Subsequent to quarter end, 2,500 common shares were purchased and cancelled under the NCIB for \$0.1 million.

The Board of Directors of the Company had authorized the creation of Non-Voting Series 2 Shares [“Non-Voting Shares”] which have a two times preference over the common shares. The Non-Voting Shares were authorized as part of the new stock option program as described in note 11. No Non-Voting Shares had been issued as at June 30, 2017.

10. RELATED PARTY TRANSACTIONS

- (a) The general partner of CEP, an entity which is controlled by Clairvest, is entitled to participate in distributions made by CEP equal to 20% of all net gains [a “20% carried interest”] of CEP as governed by its limited partnership agreement. Effective December 21, 2015, 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to 2486303 Ontario. During the first quarter of fiscal 2018, the general partner of CEP earned \$80 thousand in carried interest from CEP, 50% of which or \$40 thousand was ultimately paid to Clairvest, and the other 50% or \$40 thousand was ultimately paid to 2486303 Ontario.
- (b) As general partner of CEP III, Clairvest is entitled to a priority distribution from CEP III. Effective January 13, 2011, the priority distribution is calculated monthly as 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 75% of fees earned by Clairvest from corporate investments of CEP III. During the first quarter of fiscal 2018, CEP III declared to Clairvest priority distributions of \$0.2 million [2017 – \$0.2 million].

The general partners of CEP III [“CEP III GPs”] are entitled to a 20% carried interest in respect of CEP III as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP III, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP III have purchased, at fair market value, units of the MIP III. From time to time, additional units in MIP III may be purchased by the limited partners of MIP III. During the first quarter of fiscal 2018, CEP III GPs received \$16.4 million [2017 – nil] in carried interest from CEP III, 50% of which, or \$8.2 million [2017 – nil], was ultimately paid to Clairvest, and the other 50% or \$8.2 million [2017 – nil] was ultimately paid to the limited partners of MIP III. As at June 30, 2017, CEP III had declared and paid distributions to CEP III GPs totaling \$55.9 million [March 2017 – \$39.5 million], 50% of which, or \$27.9 million [March 2017 – \$19.7 million], was ultimately paid to Clairvest and the other 50% or \$27.9 million [March 2017 – \$19.7 million], was ultimately paid to the limited partners of MIP III. During the first quarter of fiscal 2018, \$3.4 million [2017 – nil] of the carried interest paid by CEP III was ultimately paid to key management.

- (c) As described in note 14[a], Clairvest is required to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest was established in fiscal 2007 as the investment vehicle for this purpose. CEP III Co-Invest has three limited partners, Clairvest, 2141788 Ontario and MIP III. MIP III had invested \$1.1 million in CEP III Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP III Co-Invest via the general partner of CEP III Co-Invest, an entity controlled by Clairvest. Clairvest is entitled to the first \$0.2 million in carried interest received by MIP III, and the remaining carried interest is the entitlement of the limited partners of MIP III. During the first quarter of fiscal 2018, CEP III Co-Invest paid \$2.2 million [2017 – nil] to MIP III with respect to this carried interest entitlement. As at June 30, 2017, CEP III Co-Invest had paid distributions to MIP III totaling \$7.3 million [March 2017 – \$5.1 million] with respect to this carried interest entitlement, \$0.2 million of which was received by Clairvest and \$7.1 million was received by the limited partners of MIP III. During the first quarter of fiscal 2018, \$0.9 million [2017 – nil] of the carried interest paid by CEP III was ultimately paid to key management.

Clairvest, as the general partner of MIP III, is also entitled to participate in distributions equal to the realizable value on the \$1.1 million invested by MIP III in CEP III Co-Invest. During the first quarter of fiscal 2018, \$0.4 million was distributed to Clairvest by MIP III. As at June 30, 2017, \$2.3 million [March 2017 – \$1.9 million] had been received by Clairvest.

- (d) As general partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. Effective January 14, 2016, the priority distribution is calculated monthly as 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 63.2% of any fees earned by Clairvest from corporate investments of CEP IV. During the first quarter of fiscal 2018, CEP IV declared to Clairvest priority distributions of \$0.7 million [2017 – \$0.7 million]. As per the Limited Partnership Agreement, fees of \$0.1 million [2017 – \$0.2 million] from corporate investments of CEP IV were netted against the priority distributions.

The general partners of CEP IV [“CEP IV GPs”] are entitled to a 20% carried interest in respect of CEP IV as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP IV, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP IV have purchased, at fair market value, units of the MIP IV. From time to time, additional units in MIP IV may be purchased by the limited partners of MIP IV. No carried interest had been declared and paid by CEP IV to the CEP IV GPs as at June 30, 2017.

- (e) As manager of CEP IV-A, Clairvest is entitled to a management fee from CEP IV-A. Effective January 14, 2016, the management fee is calculated monthly as 0.1667% of invested capital net of write-downs of capital then invested. The management fee is reduced to the extent of 10.1% of fees earned by Clairvest from corporate investments of CEP IV-A and other amounts as provided in the Limited Partnership Agreement. During the first quarter of fiscal 2018, Clairvest earned management fees of \$0.1 million [2017 – \$0.1 million] as compensation for its services in the administration of the portfolio of CEP IV-A. As per the Limited Partnership Agreement, \$36 thousand [2017 – \$39 thousand] was netted against the management fees.

The general partner of CEP IV-A [“CEP IV-A GP”], an entity which is controlled by Clairvest, is entitled to a 20% carried interest in respect of CEP IV-A as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP IV. No carried interest has been declared and paid by CEP IV-A to CEP IV-A GP as at June 30, 2017.

- (f) As described in *note 14[b]*, Clairvest is required to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest was established in fiscal 2010 as the investment vehicle for this purpose. CEP IV Co-Invest has two limited partners, Clairvest and MIP IV. MIP IV had invested \$1.6 million in CEP IV Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP IV Co-Invest via the general partner of CEP IV Co-Invest, an entity controlled by Clairvest. Clairvest is entitled to the first \$0.4 million in carried interest received by MIP IV, and the remaining carried interest is the entitlement of the limited partners of MIP IV. As at June 30, 2017, CEP IV Co-Invest had not made any carried interest payments to MIP IV.

Clairvest, as general partner of MIP IV, is also entitled to participate in distributions equal to the realizable value on the \$1.6 million invested by MIP IV in CEP IV Co-Invest. As at June 30, 2017, \$0.6 million [2017 – nil] had been received by Clairvest.

- (g) As general partner of CEP V, Clairvest is entitled to a priority distribution from CEP V. The priority distribution is calculated monthly as follows: from January 14, 2016 to January 13, 2021, 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 58.8% of any fees earned by Clairvest from corporate investments of CEP V. During the first quarter of fiscal 2018, CEP V declared to Clairvest priority distributions of \$1.6 million [2017 – \$1.7 million]. As per the Limited Partnership Agreement, fees of \$40 thousand [2017 – \$25 thousand] from corporate investments of CEP V were netted against the priority distributions.

In April 2017, CEP V India was formed to facilitate investment in Ace2Three by certain limited partners of CEP V as governed by the CEP V limited partnership agreement. As general partner of CEP V India, Clairvest is entitled to a priority distribution from CEP V India. The priority distribution is calculated monthly as follows: from May 1, 2017 to January 13, 2021, 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. During the first quarter of fiscal 2018, CEP V India declared to Clairvest priority distributions of \$0.2 million [2017 – nil].

The general partners of CEP V and CEP V India [“CEP V GPs”] are entitled to a 20% carried interest in respect of CEP V and CEP V India as governed by the limited partnership agreements. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP V, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP V have purchased, at fair market value, units of the MIP V. From time to time, additional units in MIP V may be purchased by the limited partners of MIP V. No carried interest had been declared and paid by CEP V and CEP V India to the CEP V GPs as at June 30, 2017.

- (h) As manager of CEP V-A, Clairvest is entitled to a management fee from CEP V-A. The management fee is calculated monthly as follows: from January 14, 2016 to January 13, 2021, 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The management fee is reduced

to the extent of 11.2% of fees earned by Clairvest from corporate investments of CEP V-A and other amounts as provided in the Limited Partnership Agreement. During the first quarter of fiscal 2018, Clairvest earned management fees of \$0.2 million [2017 – \$0.2 million] as compensation for its services in the administration of the portfolio of CEP V-A. As per the Limited Partnership Agreement, \$0.1 million [2017 – \$0.1 million] was netted against the management fees.

The general partner of CEP V-A [“CEP V-A GP”], an entity which is controlled by Clairvest, is entitled to a 20% carried interest in respect of CEP V-A as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP V. No carried interest had been declared and paid by CEP V-A to CEP V-A GP as at June 30, 2017.

- (i) As described in *note 14[c]*, Clairvest is required to co-invest alongside CEP V and CEP V-A in all investments undertaken by CEP V, CEP V India and CEP V-A. CEP V Co-Invest was established in fiscal 2015 as an investment vehicle for this purpose. CEP V Co-Invest has three limited partners, Clairvest, 2141788 Ontario and MIP V. MIP V has committed to invest \$2.4 million in CEP V Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP V Co-Invest via the general partner of CEP V Co-Invest, an entity controlled by Clairvest. Clairvest is entitled to the first \$1.4 million in carried interest received by MIP V, and the remaining carried interest is the entitlement of the limited partners of MIP V. As at June 30, 2017, CEP V Co-Invest had not made any carried interest payments to MIP V.

Clairvest, as the general partner of MIP V, is also entitled to participate in distributions equal to the realizable value on the \$2.4 million invested by MIP V in CEP V Co-Invest. No amounts have been received by Clairvest as at June 30, 2017.

- (j) As at June 30, 2017, if CEP and the CEP Funds were to sell all their corporate investments at their current fair values, the respective general partners would receive the following in carried interest from CEP and the CEP Funds. As described in *note 2[e]*, Clairvest had recorded these as carried interest receivable on the consolidated statements of financial position.

\$000's	June 30, 2017	March 31, 2017
CEP ^[1]	2,064	2,093
CEP III	9,176	25,249
CEP IV	61,421	59,527
CEP IV-A	11,571	11,453
CEP V	–	–
CEP V-A	–	–
	84,232	98,322

^[1] A corresponding \$1.0 million payable to 2486303 Ontario had been recorded to reflect the carried interest entitled by 2486303 Ontario as described in *note 10[a]*

- (k) If the CEP Funds were to sell all their corporate investments, CEP III Co-Invest, CEP IV Co-Invest and CEP V Co-Invest [the “CEP Co-Invest Partnerships”] would be required to sell all their corporate investments at their current fair values and as such, MIP III, MIP IV and MIP V would receive carried interest based on the terms previously described. The following details the carried interest entitlements from the CEP Funds and the CEP Co-Invest Partnerships that will be ultimately paid to non-Clairvest participants. As described in *note 2[e]*, Clairvest had recorded these as management participation liability on the consolidated statements of financial position.

\$000's	June 30, 2017	March 31, 2017
CEP III	4,588	12,625
CEP IV	30,710	29,763
CEP IV-A	5,786	5,727
CEP V	–	–
CEP V-A	–	–
	41,084	48,115
CEP III Co-Invest ^[1]	3,836	5,945
CEP IV Co-Invest ^[1]	13,378	12,990
CEP V Co-Invest ^[1]	–	–
	58,298	67,050

^[1] Represent the entitlements of the limited partners of MIP III, MIP IV and MIP V respectively as described in *notes 10[c]*, *10[f]* and *10[i]*

(l) Changes to loans receivable for the quarter ended June 30, 2017 were as follows:

\$000's	April 1, 2017	Loans advanced	Loans repaid	June 30, 2017
CEP III ⁽¹⁾	140	–	[140]	–
CEP IV ⁽²⁾	–	7,743	[2,406]	5,337
CEP IV-A ⁽³⁾	–	1,064	[214]	850
CEP V India ⁽⁴⁾	–	35,036	[35,036]	–
CEP V-A ⁽⁵⁾	–	8,601	[8,601]	–
CEP III Co-Invest ⁽⁶⁾	25	–	[25]	–
CEP IV Co-Invest ⁽⁶⁾	–	8,098	[1,594]	6,504
CEP V Co-Invest ⁽⁶⁾	326	33,849	[33,626]	549
2486303 Ontario ⁽⁷⁾	9,932	–	–	9,932
	10,423	94,391	[81,642]	23,172
Clairvest investee companies ⁽⁸⁾	5,206	–	[1,049]	4,157
Other	25	–	–	25
Loans receivable	15,654	94,391	[82,691]	27,354

⁽¹⁾ Loans advanced to CEP III bear interest at the Prime Rate in accordance with the limited partnership agreement. Interest of \$1 thousand [2017 – \$2 thousand] was earned from loans advanced to CEP III during the first quarter of fiscal 2018.

⁽²⁾ Loans advanced to CEP IV bear interest at the Reference Rate in accordance with the limited partnership agreement. Interest of \$0.1 million [2017 – \$0.1 million] was earned from loans advanced to CEP IV during the first quarter of fiscal 2018.

⁽³⁾ Loans advanced to CEP IV-A bear interest at the Reference Rate in accordance with the limited partnership agreement. Interest of \$7 thousand [2017 – nil] was earned from loans advanced to CEP IV-A during the first quarter of fiscal 2018.

⁽⁴⁾ Loans advanced to CEP V India bear interest at the Reference Rate in accordance with the limited partnership agreement. Interest of \$0.2 million [2017 – nil] was earned from loans advanced to CEP V HI India Investment LP during the first quarter of fiscal 2018.

⁽⁵⁾ Loans advanced to CEP V-A bear interest at the Reference Rate in accordance with the limited partnership agreement. Interest of \$0.1 million [2017 – nil] was earned from loans advanced to CEP V-A during the first quarter of fiscal 2018.

⁽⁶⁾ Loans advanced to these acquisition entities are non-interest bearing.

⁽⁷⁾ Loans advanced to 2486303 Ontario bear interest at 10.0% per annum. Interest of \$0.2 million [2017 – \$0.3 million] was earned from these loans during the first quarter of fiscal 2018.

⁽⁸⁾ Comprised loans advanced to Discovery Air Inc. and a Canadian subsidiary of Momentum Aerospace Group [“MAG Canada”]. During the first quarter of fiscal 2018, MAG Canada repaid C\$1.0 million of loans previously advanced such that US\$1.4 million [C\$1.9 million] remained outstanding at June 30, 2017. Interest of \$0.1 million [2017 – \$0.1 million] was earned from loans advanced to Clairvest’s investee companies during the first quarter of fiscal 2018.

(m) Accounts receivable and other assets comprised the following:

	June 30 2017	March 31 2017
Clairvest’s investee companies	2,543	1,612
CEP III	546	166
CEP IV	1,215	305
CEP IV-A	66	44
CEP V	12,874	11,388
CEP V India	400	–
CEP V-A	2,504	2,155
	20,148	15,670
Other accounts receivables and prepaid expenses	2,457	2,168
Share purchase loans to employees of the Company and loans to employees of affiliated company	3,698	3,713
	26,303	21,551

The share purchase loans to employees of the Company bear interest which is paid annually, have full recourse and are collateralized by the common shares of the Company purchased by the employees with a market value of \$4.8 million [March 2017 – \$4.8 million]. None of these loans were made to key management. Also included in accounts receivable and other assets were other loans made to certain employees of a company affiliated with Clairvest totaling \$0.5 million [March 2017 – \$0.4 million]. The loans to officers of the affiliated company bear interest which is paid quarterly. Loans are repayable upon departure of the officer. Interest of \$17 thousand [2017 – \$16 thousand] was earned on the loans during the first quarter of fiscal 2018.

Additionally, acquisition entities which were not consolidated by the Company as described in *note 7* held receivables from CEP III totaling \$14 thousand [March 2017 – \$7 thousand], from CEP IV totaling \$0.1 million [March 2017 – \$12 thousand], from CEP IV-A totaling \$3 thousand [March 2017 – \$2 thousand], from CEP V totaling \$37 thousand [March 2017 – \$27 thousand] and from Clairvest’s investee companies totaling \$1.8 million [March 2017 – \$1.8 million].

- (n) During the first quarter of fiscal 2018, Clairvest earned \$1.3 million [2017 – \$1.5 million] in distributions and interest income and \$0.2 million [2017 – \$0.4 million] in advisory and other fees from its investee companies. Additionally, acquisition entities which were not consolidated by the Company as described in *note 7* earned \$2.4 million [2017 – \$2.5 million] in distributions and interest income, \$0.3 million [2017 – \$1.2 million] in dividend income and \$0.2 million [2017 – \$0.1 million] in advisory and other fees from its investee companies.
- (o) Clairvest has a 50% ownership in an aircraft where the other 50% ownership is held by a related party of Clairvest. Clairvest receives 100% of the incidental rental income of the aircraft and is responsible for 100% of the operating expenses. The related party has the right to sell its portion of the ownership of the aircraft to Clairvest at the fair market value determined at the time of sale. Accordingly, Clairvest has recognized 100% of the net book value of the aircraft and a liability for the 50% ownership the Company does not own.

11. SHARE-BASED COMPENSATION AND OTHER COMPENSATION PLANS

In June 2016, the Company adopted a new stock option plan [the “Non-Voting Option Plan”]. Options granted under the Non-Voting Option Plan are exercisable for Non-Voting Shares as described in *note 9*. Subsequent to the adoption of the Non-Voting Option Plan, Clairvest granted a total of 372,182 options under this plan since its inception. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a five-year period. As at June 30, 2017, 364,519 options were outstanding, 40,667 options of which had vested.

Clairvest recognizes stock-based compensation expense based upon the fair value of the outstanding stock options at June 30, 2017 using the Black-Scholes option pricing model with the following assumptions:

As at June 30, 2017

Grant date	June 30, 2017	June 30, 2016
# of options granted	168,829	203,353
# of options forfeited	–	7,663
# of options vested	–	40,667
Option price ^[1]	72.42	57.00
Black-Scholes assumptions used		
Expected volatility	10%	10%
Expected forfeiture rate	0%	0%
Expected dividend yield	1.00%	1.00%
Risk-free interest rate	1.76%	1.66%
Expected life [years]	5.0	4.0
Liability using Black-Scholes [\$'000s]^[2]	–	1,247

^[1] Based on two times the 5-day weighted average closing price of Clairvest common shares at date of grant and is adjusted for any special dividends paid by the Company.

^[2] Share price for a Clairvest common share at June 30, 2017 was \$34.50 [TSX: CVG].

As at June 30, 2017, \$1.2 million [March 2017 – \$0.9 million] had been accrued under the Company’s Non-Voting Option Plan. For the quarter ended June 30, 2017, Clairvest recognized a stock-based compensation expense of \$0.3 million.

Also in June 2016, the Board of Directors of the Company approved an Employee Deferred Share Units [“EDSU”] Plan. The EDSU Plan provides, among other things, that participants may elect to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan is 200,000 which represented approximately 1.3% of the outstanding number of common shares at June 30, 2017. As at June 30, 2017, 18,445 EDSUs had been issued based on the terms and conditions of the EDSU Plan. Accordingly, an accrual of \$0.6 million [March 2017 – \$0.6 million] had been included in share-based compensation liability. For the quarter ended June 30, 2017, Clairvest recognized an expense of \$17 thousand with respect to EDSUs. Subsequent to quarter end, an additional 32,112 EDSUs were issued.

As at June 30, 2017, a total of 1,187,046 [March 2017 – 1,091,081] Book Value Appreciation Rights Units [“BVARs”] were held by employees of Clairvest, the accrual in respect of which was \$14.1 million [March 2017 – \$10.0 million] and had been included in share-based compensation liability, and a further \$3.5 million [March 2017 – \$5.9 million] not accrued as those BVARs had not vested. For the quarter ended June 30, 2017, Clairvest recognized an expense of \$4.1 million with respect to BVARs.

Compensation paid and payable to key management

Key management at Clairvest are the Co-Chief Executive Officers [“Co-CEOs”] and its directors. The Co-CEOs are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest’s Incentive Bonus Program as described in *note 14[h]*, the Non-Voting Option Plan, the BVAR plan and the EDSU plan. Aggregate compensation paid to the Co-CEOs for the quarters ended June 30 was as follows:

[‘000s]	2017	2016
Paid:		
Salaries	163	163
Annual incentive plans ^[1]	143	143
	306	306

^[1] Includes quarterly payments from annual discretionary cash bonuses of up to 21.875% of their respective annual base salary.

Compensation payable to the Co-CEOs at the statement of financial position dates were as follows:

[‘000s]	June 30, 2017	March 31, 2017
Payable:		
Annual incentive plans	2,347	2,500
Stock options	154	99
Book value appreciation rights	4,978	3,668
	7,479	6,267

As at June 30, 2017, a total of 243,988 [March 2017 – 235,516] DSUs were held by directors of the Company, the accrual in respect of which was \$8.7 million [March 2017 – \$8.2 million] and had been included in share-based compensation liability. For the quarter ended June 30, 2017, Clairvest recognized an expense of \$0.5 million with respect to DSUs.

As at June 30, 2017, a total of 105,000 [March 2017 – 105,000] ADSUs were held by directors of the Company, the accrual in respect of which was \$2.1 million [March 2017 – \$2.0 million] and had been included in share-based compensation liability. For the quarter ended June 30, 2017, Clairvest recognized an expense of \$0.1 million with respect to ADSUs.

No compensation was paid to directors under the BVAR, DSU and ADSU plans during the first quarter of fiscal 2018 [2017 – nil]. In addition to the DSU and ADSU plans previously discussed, compensation payable to the directors of Clairvest included \$0.2 million [March 2017 – \$0.1 million] under the Non-Voting Option Plan.

12. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations for the quarters ended June 30 are detailed as follows:

[‘000s]	2017	2016
Accounts receivable and other assets	[4,752]	[3,317]
Income taxes receivable	2,029	469
Accounts payable and accrued liabilities	[1,799]	352
Income taxes payable	3,982	5
Accrued compensation expense	646	1,326
	106	[1,165]

Cash and cash equivalents at the statement of financial position dates comprised the following:

[‘000s]	June 30, 2017	March 31, 2017
Cash	61,611	88,026
Cash equivalents	11,490	18,179
	73,101	106,205

13. DERIVATIVE INSTRUMENTS

The Company and its acquisition entities enter into foreign exchange forward contracts as economic hedges against the fair value of its foreign-denominated investments and loans unless a specific exemption is approved by the Board of Directors. During the first quarter of fiscal 2018, the Company received proceeds totaling \$37 thousand [2017 – \$1 thousand] on the settlement of realized foreign exchange forward contracts. Additionally, acquisition entities of Clairvest paid \$4.4 million [2017 – received proceeds totaling \$1.9 million] on the settlement of realized foreign exchange forward contracts during the quarter.

As at June 30, 2017, the Company had entered a foreign exchange forward contract as hedges against its foreign-denominated loans as follows:

Foreign exchange forward contract to sell US\$1.5 million [March 2017 – US\$1.5 million] at a rate of Canadian \$1.3185 per U.S. dollar [March 2017 – \$1.3450] through to July 2017. The fair value of the forward contract at June 30, 2017 was a gain of \$33 thousand [March 2017 – \$24 thousand].

Additionally, acquisition entities of Clairvest had entered into foreign exchange forward contracts as hedged against its foreign-denominated investments as follows:

Foreign exchange forward contracts to sell US\$163.5 million [March 2017 – US\$165.2 million] at an average rate of Canadian \$1.3404 per U.S. dollar [March 2017 – \$1.3145] through to June 2018. The fair value of the forward contracts at June 30, 2017 was a gain of \$7.3 million [March 2017 – loss of \$2.3 million].

The fair value of these foreign exchange forward contracts held by acquisition entities has been included in the fair value of these acquisition entities on the consolidated statements of financial position.

14. CONTINGENCIES, COMMITMENTS AND GUARANTEES

- (a) CEP III Co-Invest has committed to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest's co-investment commitment is \$75.0 million, \$15.2 million [March 2017 – \$15.2 million] of which remained unfunded at June 30, 2017. In accordance with the co-investment agreement, the proportion of the commitment amongst Clairvest, 2141788 Ontario and MIP III is at their own discretion. CEP III Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it concurrently sells a proportionate number of securities of that corporate investment held by CEP III.
- (b) CEP IV Co-Invest has committed to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest's co-investment commitment is \$125.0 million, \$21.2 million [March 2017 – \$21.2 million] of which remained unfunded at June 30, 2017. In accordance with the co-investment agreement, the proportion of the commitment between Clairvest and MIP IV is at their own discretion. CEP IV Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV and CEP IV-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP IV and CEP IV-A.
- (c) CEP V Co-Invest has committed to co-invest alongside CEP V, CEP V India and CEP V-A in all investments undertaken by CEP V, CEP V India and CEP V-A. CEP V Co-Invest's co-investment commitment is \$180 million, \$109.7 million [March 2017 – \$142.2 million] of which remained unfunded at June 30, 2017. In accordance with the co-investment agreement, the proportion of the commitment amongst Clairvest, 2141788 Ontario and MIP V is at their own discretion. CEP V Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP V, CEP V India and CEP V-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP V, CEP V India and CEP V-A.
- (d) Clairvest has committed \$25.2 million to Wellington Fund IV [March 2017 – \$25.2 million], all of which was unfunded at June 30, 2017 and March 31, 2017. As specified in the Limited Partnership Agreement, upon the closing of Wellington Fund V, Wellington Fund IV may no longer invest in new investments.
- (e) Clairvest has also committed \$30.3 million to Wellington Fund V [March 2017 – \$30.3 million], \$13.4 million [March 2017 – \$14.6 million] of which remained unfunded at June 30, 2017.

- (f) As at June 30, 2017, Clairvest has received profit distributions totaling \$1.1 million [March 2017 – \$0.9 million] through its ownership interest in the General Partner of Wellington Fund V. Clairvest has agreed to return up to \$0.7 million [March 2017 – \$0.7 million] in the event the limited partners of Wellington Fund V do not meet their return threshold as specified in the respective Limited Partnership Agreements.
- (g) Clairvest had guaranteed up to US\$10.0 million of CEP III's obligations to a Schedule 1 Canadian chartered bank under CEP III's foreign exchange forward contracts with this bank. The guarantee was extinguished during the first quarter of fiscal 2018.
- (h) Under Clairvest's Incentive Bonus 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 [the "Realized Amount"]. As at June 30, 2016, the Realized Amount under the Bonus Program was \$1.0 million [March 2017 – \$0.2 million] and had been accrued under accrued compensation expense liability. In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable but which have yet to be realized. Accordingly, Clairvest also recorded a \$4.4 million [March 2017 – \$5.0 million] accrued compensation expense liability which would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest and CEP V Co-Invest.
- (i) In conjunction with the sale of Casino New Brunswick, Clairvest has agreed to a net guarantee of \$2.2 million to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. As at June 30, 2017 and March 31, 2017, no amounts with respect to this guarantee had been funded.
- (j) As part of the holding structure of Chilean Gaming Holdings, an acquisition entity of CEP III Co-Invest had loans totaling \$41.9 million at June 30, 2017 [March 2017 – \$41.9 million] from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totaling \$41.9 million at June 30, 2017 [March 2017 – \$41.9 million] with the same financial institution as security for these loans. CEP III Co-Invest's ownership of both acquisition entities was 36.8% at June 30, 2017 and March 31, 2017.
- (k) Clairvest has agreed to guarantee up to \$10.0 million to support Discovery Air's credit facility with its bank. The guarantee is callable by the lender under certain circumstances and should it be called, Clairvest will assume the lender's security position that supports the loans provided by the lender. Any additional guarantee is subject to Clairvest's consent at its sole discretion.
- (l) The Discovery Air Investor Group has committed to advance up to 13.0 million to DA Defence via the 2nd Revolver, \$7.0 million of the commitment remained outstanding as at June 30, 2017. Any funding pursuant to this commitment will be allocated in accordance with the funding agreement, with CEP IV Co-Invest committed to fund any shortfall of the other investors of the Discovery Air Investor Group.
- (m) As at June 30, 2017, the Company had future minimum annual lease payments under non-cancellable operating leases for the use of office space of \$0.5 million [March 2017 – \$0.5 million] due within one year, \$1.7 million due after one year but not more than five years [March 2017 – \$1.9 million] and \$1.2 million due after five years [March 2017 – \$2.2 million].
- (n) 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.

15. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of risk factors.

Fair Value Risk

Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments as described in *note 16*.

The Company's corporate investment portfolio was diversified across 15 companies in 7 industries and 4 countries as at June 30, 2017. Concentration risk by industry and by country, was as follows:

[\$'000s]	June 30, 2017					March 31, 2017			
	Canada	United States	Chile	India	Total	Canada	United States	Chile	Total
Contract manufacturing	—	—	—	—	—	—	27,248	—	27,248
Defense services	11,864	11,224	—	—	23,088	10,519	11,557	—	22,076
Equipment rental	31,678	—	—	—	31,678	28,758	—	—	28,758
Financial services	23,264	—	—	—	23,264	22,101	—	—	22,101
Gaming	11,703	155,936	50,030	38,482	256,151	12,613	155,679	48,835	217,127
Marketing services	—	7,981	—	—	7,981	—	8,179	—	8,179
Specialty aviation	11,864	—	—	—	11,864	10,518	—	—	10,518
Waste management	—	39,543	—	—	39,543	—	40,350	—	40,350
Other	952	3,393	—	—	4,345	1,038	3,009	—	4,047
Total	91,325	218,077	50,030	38,482	397,914	85,547	246,022	48,835	380,404

The Company has considered current economic events and indicators in the valuation of its investee companies.

Interest Rate Risk

Fluctuations in interest rates affect the Company's income derived from its cash, cash equivalents and temporary investments ["treasury funds"]. For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds 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 have been an increase or decrease of \$0.2 million to distributions and interest income on a pre-tax basis for the quarter ended June 30, 2017.

Certain of the Company's corporate investments are also held in the form of debentures and loans. Significant fluctuations in market interest rates can have a significant impact on the carrying value of these investments as described in *note 16*.

Currency Risk

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States, Chile and India. The Company has also advanced loans to investee companies which are denominated in foreign currency. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, Clairvest and its acquisition entities enter hedging positions against these foreign denominated currencies as approved by the Board of Directors. The Company has elected to not hedge the Chilean Pesos ["CLP"] and the INR. As a result, at June 30, 2017, the Company had foreign currency exposure to the CLP totaling \$50.0 million and the INR totaling \$38.5 million. For the quarter ended June 30, 2017, the Company's acquisition entities had foreign exchange losses of \$1.1 million on the CLP and \$2.3 million on the INR, the amounts of which had been included in net investment loss for the quarter.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on 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.

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 June 30, 2017, 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 June 30 and March 31, 2017, net of any allowances for losses, were as follows:

[\$'000s]	June 30 2017	March 31 2017
Financial Assets		
Cash and cash equivalents	73,101	106,205
Temporary investments	16,222	15,964
Accounts receivable ^[1]	24,269	19,662
Loans receivable ^[2]	10,368	5,371
Derivative instruments	33	24
Corporate investments ^[3]	397,914	380,404
	521,907	527,630

[1] Excludes prepaid expenses and receivables from acquisition entities

[2] Excludes loans receivable from acquisition entities

[3] Excludes net assets [liabilities] from acquisition entities

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 and loan receivables, a significant portion of which are with its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies, by reviewing the financial condition of investee companies regularly, and 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 instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. As at June 30, 2017, the Company's derivative instruments had a fair value of \$33 thousand [March 2017 – \$24 thousand]. Additionally, the Company's acquisition entities held derivative instruments which had mark-to-market gains totaling \$7.3 million [March 2017 – losses totaling \$2.3 million]. The Company believes the counterparty risk with respect to its and its acquisition entities' derivative instruments is minimal.

The Company manages credit risk on treasury funds by conducting activities in accordance with the fixed income securities policy which 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 of the Company's treasury funds, based on the Dominion Bond Rating Services rating scale, with the exception of corporate bonds and loans which are based on the Standard and Poor's rating scale, were as follows:

[\$'000s]	June 30 2017	March 31 2017
Cash	61,611	88,026
Money market savings accounts		
R1-High	10,702	17,209
Guaranteed investment certificates and investment savings accounts		
AA	16,001	16,126
A-	200	–
BBB ^[1]	202	202
BBB- ^[1]	101	101
Not rated ^[1]	506	505
Total cash, cash equivalents and temporary investments	89,323	122,169

[1] Principal protected by the Canada Deposit Insurance Corporation.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements are described in *note 14*. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described in *note 14* were \$146.0 million as at June 30, 2017 [March 2017 – \$178.5 million]. The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the

Company. In addition to its commitments to co-invest alongside the CEP Funds, the Company has unfunded commitments of \$25.2 million and \$13.4 million to Wellington Fund IV and Wellington Fund V respectively as described in *notes 14[d] and 14[e]*.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a \$100.0 million credit facility which was undrawn at June 30, 2017.

As at June 30, 2017, Clairvest had treasury funds of \$89.3 million [March 2017 – \$122.2 million] and access to \$100.0 million [March 2016 – \$95.0 million] in credit to support its current and anticipated corporate investments. Clairvest also had access to \$36.7 million [March 2017 – \$48.9 million] in treasury funds held by its acquisition entities and \$388.8 million in uncalled committed third-party capital through the CEP Funds at June 30, 2017 to invest along with Clairvest’s capital.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, cash equivalents, temporary investments, corporate investments, and derivative instruments are carried at fair value in accordance with the Company's accounting policy as described in *note 2*. All other financial instruments, including receivables and payables, were short-term in nature.

[a] Fair value hierarchy

The Company classifies financial instruments measured at fair value through profit or loss according to the following hierarchy, based on the lowest level of significant input used in measuring fair value.

Level	Fair value input description	Financial instruments
Level 1	Quoted prices [unadjusted] from active markets	Quoted equity instruments Quoted corporate bonds Money market and investment savings accounts
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly [i.e. as prices] or indirectly [i.e. derived from prices]	Quoted equity instruments which are not actively traded [i.e. significant ownership positions] Guaranteed investment certificates Quoted corporate bonds or loans which are not actively traded
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments or partnership units Corporate bonds, debentures or loans not traded

The following table details the financial instruments measured at fair value classified by the fair value hierarchy:

[\$'000s]	June 30, 2017				March 31, 2017
	Fair value measurements using			Assets / liabilities at fair value	Assets / liabilities at fair value
	Level 1	Level 2	Level 3		
Financial assets					
Cash equivalents					
Money market savings accounts	10,702	—	—	10,702	17,209
Investment savings accounts	788	—	—	788	970
	11,490	—	—	11,490	18,179
Temporary investments					
Guaranteed investment certificates	—	16,222	—	16,222	15,964
	—	16,222	—	16,222	15,964
Derivative instruments	—	33	—	33	24
Corporate investments	—	—	421,123	421,123	410,102
	11,490	16,255	421,123	448,868	444,269

For financial instruments which are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event.

During the quarter ended June 30, 2017, there were no transfers between the various levels of the fair value hierarchy.

[b] Level 3: Reconciliation between opening and closing balances

The following table details the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in IFRS 13:

[\$'000s]	For the quarter ended June 30, 2017					Unrealized gains [losses] and foreign exchange revaluations included in earnings for assets and liabilities for the quarter ended June 30, 2017 for positions still held
	Fair value April 1, 2017	Total realized / unrealized gains [losses] and foreign exchange revaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value June 30, 2017	
Financial assets						
Corporate investments	410,102	[23,246]	34,267	—	421,123	[23,246]
	410,102	[23,246]	34,267	—	421,123	[23,246]

[c] Level 3: Fair value measurement based on reasonably possible alternative assumptions

While Clairvest considers its fair value measurements to be appropriate, the use of reasonable alternative assumptions could result in different fair values. On a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments. Included in corporate investments are investee companies [as described in note 7] for which the fair values have been estimated based on assumptions that are not supported by observable inputs. The following tables details quantitative information on the primary valuation techniques and unobservable inputs based on the form of investment:

June 30, 2017	Valuation techniques	Significant unobservable input	Range
Unquoted equity instruments [including warrants] or partnership units	Public company comparables	EBITDA multiples	3.5x to 7.7x
	Recent transactions	n/a	n/a
Corporate bonds, debentures or loans not traded or other finite set of cash flows	Discounted cash flows	Discount rates	8.0% to 19.0%

The most significant unobservable input for fair value measurement is the multiple of earnings before interest, tax, depreciation and amortization [“EBITDA”] used for each individual investee company. 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 directly or indirectly 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. At June 30, 2017, ten investee companies were valued using the earnings multiple approach. If the Company had used an earnings multiple for each investee company that was higher or lower by 0.5 times, the potential effect would have been an increase of \$29.2 million or a decrease of \$27.4 million to the carrying value of corporate investments and net investment gains, on a pre-tax basis, for the quarter ended June 30, 2017. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

Clairvest may also use information about recent transactions carried out in the market for valuations of private equity investments. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. The fair value of corporate bonds, debentures or loans is primarily determined using discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows. For those investments valued based on recent transactions or discounted cash flows, Clairvest has determined that there are no reasonable alternative assumptions that would change the fair value materially at June 30, 2017 and March 31, 2017.

17. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be shareholders’ equity. Clairvest also manages capital held in acquisition entities, the third-party capital committed or invested in the CEP Funds and co-investments made by other investors.

Clairvest’s objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing investee companies;
- Achieve an appropriate risk adjusted return on capital;
- Build long-term value in its investee companies to generate superior returns; and
- Have appropriate levels of committed third-party capital available to invest alongside 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 offsetting a portion of its operating costs and by earning a carried interest.

As at June 30, 2017, Clairvest had no external capital requirements, other than as disclosed in *note 14*.

18. SUBSEQUENT EVENTS

Subsequent to quarter end, Clairvest, CEP IV and CEP IV-A completed the sale of CRS. Clairvest held its investment through CEP IV Co-Invest, which received cash proceeds of \$31.7 million, compared to a cost of \$10.6 million.

19. COMPARATIVE FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the unaudited interim condensed consolidated financial statements.