ANNUAL REPORT 2013

CLAIRVEST

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KNOWLEDGE BASED - VALUE FOCUSED

CLAIRVEST

CLAIRVEST IS ONE OF CANADA'S LEADING PROVIDERS OF PRIVATE EQUITY FINANCING TO MID-MARKET COMPANIES AND CURRENTLY HAS APPROXIMATELY C$1.2 BILLION OF CAPITAL UNDER MANAGEMENT.

CLAIRVEST MANAGES ITS OWN CAPITAL AND THAT OF THIRD PARTIES, THROUGH THE CLAIRVEST EQUITY PARTNERS LIMITED PARTNERSHIPS.

CLAIRVEST PARTNERS WITH MANAGEMENT TO INVEST IN PROFITABLE, SMALL AND MID-SIZED NORTH AMERICAN COMPANIES WITH THE GOAL OF HELPING TO BUILD VALUE IN THE BUSINESS AND GENERATE SUPERIOR LONG TERM FINANCIAL RETURNS FOR INVESTORS.

CLAIRVEST SPECIALIZES IN CONSOLIDATING INDUSTRIES WITHIN A SPECIFIED REGION AND IN THE LOCAL MARKET CASINO INDUSTRY.

OUR LONG-TERM APPROACH ONCE AGAIN REWARDED OUR COMPANY AND OUR SHAREHOLDERS

FELLOW SHAREHOLDER,

Consistency and discipline have always been the hallmarks of Clairvest's investment strategy. During the past year, our long-term approach once again rewarded our company and our shareholders. Despite a flat year for the private equity industry, Clairvest was very busy and completed the year with two new portfolio investments, a successful exit for PEER 1 and several significant milestones in the existing portfolio. New investments and the strength of our portfolio contributed to a 10% increase in book value per share for the year ended March 31, 2013, increasing to $23.12, compared to $20.93 in the prior year, despite having average cash balances of 37% of book value during the year.

As the private equity industry enters 2013, the industry is poised to benefit from strengthening credit markets and a revival of the deal-making environment. This means that demand for attractive opportunities will be on the rise, along with valuation multiples. However, while we pay attention to macro trends, Clairvest is not influenced by the ebbs and flows of the deal-making environment. With our focus on growth investments in sectors we know and close working partnerships with experienced entrepreneur partners, our eye is fixed on the long term. We keep our focus on intrinsic value creation and strategic deployment of our investors' capital. As we conclude the fiscal year with a strong balance sheet and a solid liquidity position, we are well positioned to continue putting our proven strategy to work for our investors.

NEW INVESTMENTS

During the fiscal year we added two new investments to the portfolio. Both are within chosen industry niches and the result of a focused and patient approach to proprietary deal flow. The first investment in Contractors Rental Supply builds on our experience in the equipment rental space and the second investment in MAG Defense Services is a result of conscientious research into the a growing sub segment of the specialty aviation industry. In April 2013, subsequent to year end, we completed an investment in County Waste of Virginia, our third investment in the solid waste management industry, a core domain for Clairvest since 2005. We are supporting our former partner from a successful solid waste company investment that we exited in 2011. We are privileged that we were chosen again as partners and look forward to building on our previous success together.

RESULTS

Our value creation performance continues to be greater than many public market indices. Over the past 17 years, Clairvest has consistently delivered growth in its book value per share, producing a compounded annual growth rate of 10% including dividends, on an after-tax basis, compared with 6.6% pre-tax for the S&P 500. This return is the aggregate of high returns on our invested capital and modest money market returns on our cash balances, which have averaged 36% of our book value over the period, providing our shareholders with a solid risk adjusted return.

OUR THANKS

The Company's successes are due to the combined efforts of people in many roles. We acknowledge the consistent hard work and dedications of Clairvest's employees. The exceptional dedication of the management teams of our investee companies must be noted, along with the commitment of our limited partners, plus the advice and counsel of our Board of Directors.

Most of all, we extend our appreciation to Clairvest shareholders, for their continued confidence.

B. Jeffrey Parr
Co-Chief Executive Officer

Ken Rotman
Co-Chief Executive Officer

June 25, 2013

The Management's Discussion and Analysis ["MD&A"] of financial condition and results of operations analyzes significant changes in Clairvest Group Inc.'s consolidated financial results, financial position, risks and opportunities. It should be read in conjunction with the Consolidated Financial Statements.

The following MD&A is the responsibility of Management and is as of June 25, 2013. The Board of Directors carries out its responsibility for review of this disclosure through its Audit Committee. The Audit Committee reviews the disclosure and recommends its approval to the Board of Directors. The Board of Directors has approved this disclosure.

INTRODUCTION

Clairvest Group Inc. ["Clairvest" or the "Company"] is a private equity investor that specializes in partnering with management teams and other stakeholders of both emerging and established companies. Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners Limited Partnership ["CEP"], Clairvest Equity Partners III Limited Partnership ["CEP III"], Clairvest Equity Partners IV Limited Partnership ["CEP IV"] and Clairvest Equity Partners IV-A Limited Partnership ["CEP IV-A"] [together, the "CEP Funds"] in a small number of carefully selected companies that have the potential to generate superior returns.

The Company's shares are traded on the Toronto Stock Exchange under the stock symbol "CVG".

At March 31, 2013, Clairvest had 15 core investments in 8 different industries. Three of these investments are joint investments with CEP, five are joint investments with CEP III and six are joint investments with CEP IV and CEP IV-A [together, the "CEP IV Fund"]. Clairvest also holds an investment in Wellington Financial Fund IV ["Wellington Fund IV"].

OVERVIEW OF FISCAL 2013

An overview of the significant events during fiscal 2013 follows:

- Clairvest's book value increased $33.3 million, or $2.19 per share. The increase was primarily due to net income of $2.36 per share, net of $0.2093 per share in dividends paid.
- Clairvest and CEP III sold their interests in PEER 1 Network Enterprises Inc. ["PEER 1"], a global online IT infrastructure provider based in Vancouver, British Columbia, for cash proceeds of $79.8 million. On a combined $25.2 million investment, Clairvest and CEP III generated a pre-tax return of 3.2 times and an internal rate of return of 40% over a 3.5 year investment period. Consistent with its ownership percentage, Clairvest realized $19.9 million on a $6.3 million investment. During fiscal 2013, Clairvest recorded a $9.5 million pre-tax gain on its investment in PEER 1, inclusive of $0.5 million in foreign exchange gain.
- Rivers Casino, a gaming entertainment complex located in Des Plains, Illinois, completed a financing which resulted in a distribution to its investors. As a result of the financing, Clairvest, the CEP IV Fund and co-investors received distributions and promissory note repayments totaling US$83.9 million. In addition, Clairvest, the CEP IV Fund and co-investors also received quarterly distributions, interest and fee payments which brought total cash proceeds in fiscal 2013 to US$125.9 million against an aggregate original investment of US$79.9 million. Consistent with its ownership percentage, Clairvest received US$15.8 million on an original US$8.5 million investment. During fiscal 2013, Clairvest recorded $10.0 million in pre-tax income from its investment in Rivers Casino, comprised primarily of $13.2 million in distributions and interest

income, $0.5 million in fees net of a $3.8 million net unrealized loss as a result of the $13.2 million distributions received.

- Centaur Gaming [formerly Centaur, LLC] completed the acquisition of Indiana Grand Casino and Indiana Downs Racetrack ["Indiana Grand"], and together with its ownership in Hoosier Park Racing Casino, owns both racinos in the Indianapolis region. Clairvest, CEP IV, CEP IV-A and other co-investors [the "investors"] advanced US$9.1 million in promissory notes during the acquisition process and invested US$30.4 million in support of the acquisition. The investment was by way of unsecured term loans with stapled warrants which subject to regulatory approval are convertible upon exercise into 35.8% of the Class B units of Centaur Gaming. Prior to this investment, the investors had an aggregate investment in Centaur Gaming of US$103.5 million in post-petition first and second lien loans, unsecured term loans with stapled warrants and promissory notes from an unrelated investment partner [the "Investment Partner"]. In conjunction of this transaction, Centaur Gaming completed a financing which resulted in full repayment of its post-petition first and second lien loans and promissory notes. The investors received US$91.0 million in principal repayments during fiscal 2013, comprised of a US$58.6 million full repayment of the post-petition first lien secured loans, a US$22.2 million full repayment of the post-petition second lien secured loans, US$9.1 million full repayment of the promissory notes advanced during the acquisition process and US$1.1 million full repayment of the promissory note from the Investment Partner. Consistent with its ownership, Clairvest had an investment in Centaur Gaming of US$29.0 million at March 31, 2012 and advanced a US$7.4 million promissory note during the acquisition process and invested US$8.4 million in unsecured term loans with stapled warrants in support of the acquisition. The warrants, which subject to regulatory approval, are convertible upon exercise to 9.9% of Class B units of Centaur Gaming. Clairvest received total principal repayments of US$30.3 million during fiscal 2013, comprised of US$16.4 million full repayment of the post-petition first lien secured loans, a US$6.2 million full repayment of the post-petition second lien secured loans, US$7.4 million full repayment of the promissory note and US$0.3 million full repayment of the promissory note from the Investment Partner, such that Clairvest's net investment in Centaur Gaming at March 31, 2013 was US$14.5 million. Subsequent to the financing, Clairvest made a treasury investment in Centaur Gaming in the form of a US$6.0 million first lien secured loans and a US$6.0 second lien secured loans, the aggregate carrying value of which at March 31, 2013 was $12.3 million and has been included in temporary investments on the balance sheet. During fiscal 2013, Clairvest recorded $6.0 million in pre-tax income from its investment in Centaur Gaming, comprised primarily of $3.8 million in unrealized gains and $2.0 million in interest income.
- Clairvest, CEP III and co-investors earned $12.5 million in dividends through their investment in Chilean Gaming Holdings, bringing total dividends earned to March 31, 2013 to $17.4 million, or 22% of their invested capital. Consistent with its ownership, Clairvest earned $4.6 million in dividends through its investment in Chilean Gaming Holdings, and together with $6.4 million in unrealized gains and $0.8 million in foreign exchange costs, recorded $10.2 million in pre-tax income from its investment in Chilean Gaming Holdings during fiscal 2013.
- Clairvest made a $6.8 million provision for its investment in Landauer Metropolitan Inc. ["Landauer"], due to an anticipated material adverse change to the profitability of Landauer in the near term as a result of the recently completed Medicare competitive bidding process in the United States.

- Clairvest and the CEP IV Fund invested $39.5 million in CRS Contractors Rental Supply Limited Partnership ["CRS"], a provider of equipment rental services and related merchandise across 21 locations in Ontario, Canada. Clairvest's portion of the investment is $10.6 million.
- Clairvest and the CEP IV Fund invested US$7.0 million in MAG Defense Services ["MAG"], a U.S.-based specialty aviation and intelligence, surveillance and reconnaissance service provider. Clairvest's portion of the investment is US$1.9 million.
- Clairvest reached a court approved settlement with certain parties with respect to a $10.0 million loan advanced during fiscal 2006 and 2007 which was written off during fiscal 2007. Clairvest recorded pre-tax income of $7.8 million on this settlement, without taking into account litigation and other costs incurred in the recovery process, substantially all of which have been incurred and recorded as charges against income as of March 31, 2013. Clairvest continues to seek additional recoveries against parties that are not part of this settlement.
- Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 756,204 of its common shares in the 12-month period commencing March 6, 2013. No purchases have been made under this bid to June 25, 2013. As at June 25, 2013, Clairvest had repurchased a total of 6,595,049 common and non-voting shares over the last ten years. As at June 25, 2013, 15,124,095 common shares are outstanding.
- Clairvest paid an annual ordinary dividend of $0.10 per share and a special dividend of $0.1093 per share, such that in aggregate, the dividends represented 1% of the March 31, 2012 book value. The dividends were paid on July 26, 2012 to common shareholders of record as of July 9, 2012. The dividends were eligible dividends for Canadian income tax purposes.

OUTLOOK

At March 31, 2013, Clairvest's current management team has made 34 platform investments in 10 different industries and has exited 22 investments which have generated 2.6 times invested capital on realized and substantially realized investments. From inception, the Company has invested its own capital in every investment. Clairvest's team of professionals have all invested significant amounts of capital in the Company which allows Clairvest to approach each investment as owners and shareholders.

At March 31, 2013, Clairvest had $174.5 million in cash, cash equivalents and temporary investments, access to $95.0 million in credit facilities and $261.1 million of additional capital available through the CEP Funds to fund new and follow-on investments. With a strong financial position, Clairvest has the ability to support the growth of its investee companies and to continue its active pursuit of new investment opportunities.

At March 31, 2013, Clairvest had approximately $1.2 billion in capital under management, $834 million of which is third-party capital. The third-party capital provides Clairvest with a steady stream of revenue over the next few years and provides the ability for Clairvest to enhance its returns by earning a carried interest.

Clairvest's latest capital pool with the CEP IV Fund totals $467 million, $125 million of which is committed by Clairvest. At March 31, 2013, 40% of this capital pool has been invested in 6 different investments. Subsequent to year end, Clairvest and the CEP IV Fund invested a combined US$15.0 million for a 46.9% ownership in County Waste of Virginia ["County Waste"], a private regional solid waste management company based in West Point, Virginia. Clairvest's portion of the combined investment was US$4.0 million for a 12.6% ownership in County Waste. The investment in County Waste brings capital invested by the CEP IV Fund to approximately 45% of its committed capital.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

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

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

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

REGULATORY FILINGS

The Company's continuous disclosure materials, including interim filings, annual MD&A and audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders and Proxy Circular are available on the Canadian System for Electronic Document Analysis and Retrieval ["SEDAR"] at www.sedar.com.

SUMMARY OF CLAIRVEST'S CORPORATE INVESTMENTS AT MARCH 31, 2013

Investment	Industry Segment	Geographic Segment	Ownership Percentage[17]	Cost of Investment [millions]	Net Cash Investment [millions][18]	Fair Value of Investment [millions][19]	Description of Business
INVESTMENTS MADE ALONGSIDE CLAIRVEST EQUITY PARTNERS							
Grey Eagle Casino[1]	Gaming	Canada	Equity participation	$ –	$ [5.1]	$ 2.4	A charitable casino on Tsuu T'ina First Nation reserve lands, located southwest of the city of Calgary, Alberta. CEP also has an equity participation in the Grey Eagle Casino.
Landauer Metropolitan Inc. ["Landauer"][2]	Healthcare	United States	14.2%	$ 5.1	$ 5.1	$ 0.1	A supplier of home medical equipment in northeastern United States. CEP owns 42.6% of Landauer.
N-Brook Mortgage LP ["N-Brook"][3]	Financial Services	Canada	24.1%	$ 3.1	$ 3.1	$ 0.7	A company that originated adjudicated and underwrote mortgages in Ontario, British Columbia, Manitoba and Alberta, Canada. CEP owns 72.3 % of N-Brook.
INVESTMENTS MADE ALONGSIDE CLAIRVEST EQUITY PARTNERS III							
Casino New Brunswick[4]	Gaming	Canada	22.5%	$ 9.8	$ 9.8	$ 2.4	A gaming entertainment complex located in Moncton, New Brunswick. CEP III owns 67.5% of Casino New Brunswick.
Chilean Gaming Holdings[5]	Gaming	Chile	36.8%	$ 28.7	$ 23.1	$ 39.5	An investment vehicle which holds an equity interest in various gaming entertainment complexes in Chile. CEP III owns 37.7% of Chilean Gaming Holdings.
Kubra Data Transfer Limited ["Kubra"][6]	Business Services	United States	11.5%	$ 2.2	$ [0.8]	$ 12.7	A business process outsourcing company focused on the distribution of household bills on behalf of its customers. CEP III owns 34.5% of Kubra.
Light Tower Rentals Inc. ["Light Tower Rentals"][7]	Equipment Rental	United States	12.6%	$ 8.2	$ 8.2	$ 24.6	An oilfield equipment rental company operating in major oil and gas drilling basins in the United States. CEP III owns 37.8% of Light Tower Rentals.
Lyophilization Services of New England Inc. ["LSNE"][8]	Contract Manufacturing	United States	12.3%	$ 7.5	$ 7.5	$ 7.6	A Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. CEP III owns 36.8% of LSNE.

[1] Clairvest had funded $5.6 million to Grey Eagle Casino by way of 16% debentures which was repaid in full during fiscal 2012. Clairvest continues to hold units of a limited partnership which operates Grey Eagle Casino, entitling Clairvest to between 2.8% and 9.6% of the earnings of the casino until December 18, 2022.

[2] Clairvest owns 1,906,250 10% cumulative convertible preferred shares, 748,133 common shares, a US$0.6 million subordinated secured convertible note at 10% interest per annum and US$0.3 million of bridge loans of Landauer.

[3] Clairvest has funded $5.0 million to N-Brook in the form of partnership units and warehouse loans. The net cash investment and fair value is reduced by $1.9 million as a result of cash distributions received to date.

[4] Clairvest has funded $9.8 million to Casino New Brunswick by way of debentures and owns units of a limited partnership which operates Casino New Brunswick.

[5] Clairvest owns 30,446,299 units of Chilean Gaming Holdings which holds a 50% interest in Casino Marina del Sol and a 48.8% interest in each of Casino Osorno and Casino sol Calama.

[6] Clairvest owns 3,250,000 Class A voting common shares of Kubra. The net cash investment is reduced by the $3.0 million in dividends received.

[7] Clairvest owns 5,841,250 Series A convertible preferred shares and 8,428,387 common shares of Light Tower Rentals.

[8] Clairvest owns 6,406,000 Series A 10% cumulative convertible preferred shares, 1,250,000 Series B cumulative preferred shares and a US$0.4 million demand promissory note of LSNE.

Investment	Industry Segment	Geographic Segment	Ownership Percentage[17]	Cost of Investment [millions]	Net Cash Investment [millions][18]	Fair Value of Investment [millions][19]	Description of Business
INVESTMENTS MADE ALONGSIDE CLAIRVEST EQUITY PARTNERS IV							
Centaur Gaming [formerly Centaur, LLC][9]	Gaming	United States	Debt interest with stapled warrants	$ 14.6	$ 11.8	$ 18.4	The owner and operator of the Hoosier Park Racing & Casino and the Indiana Grand Casino and Indiana Downs Racetrack in the Indianapolis region. CEP IV and CEP IV-A have debt interests with stapled warrants.
CRS Contractors Rental Supply Limited Partnership ["CRS"][10]	Equipment Rental	Canada	13.9%	$ 10.6	$ 10.6	$ 10.6	A provider of equipment rental services and related merchandise across 21 locations in Ontario, Canada. CEP IV and CEP IV-A own 32.8% and 5.2% of CRS respectively.
Discovery Air Inc. ["Discovery Air"][11]	Specialty Aviation	Canada	Debt interest convertible to 10.5%	$ 22.0	$ 22.0	$ 25.5	A specialty aviation services business operating across Canada and in selected locations internationally. CEP IV and CEP IV-A have a debt interest convertible to 13.2% and 2.1% in Discovery Air respectively.
Linen King, LLC ["Linen King"][12]	Textile Rental Service	United States	21.7%	$ 2.5	$ 2.5	$ 0.8	An Oklahoma based textile rental company that provides commercial laundry services, primarily to hospitals. CEP IV and CEP IV-A own 51.1% and 8.1% of Linen King respectively.
MAG Defense Services ["MAG"][13]	Specialty Aviation	United States	8.0%	$ 1.9	$ 1.9	$ 1.9	A U.S.-based specialty aviation, intelligence, surveillance and reconnnaissance service provider. CEP IV and CEP IV-A have Class A stock convertible to 19.0% and 3.0% interest respectively.
Rivers Casino [14]	Gaming	United States	5.0%	$ 7.4	$ [6.2]	$ 20.7	A gaming entertainment complex located in Des Plains, Illinois. CEP IV and CEP IV-A own 11.8% and 1.9% of Rivers Casino respectively.
STANDALONE INVESTMENTS							
Wellington Financial Fund IV ["Wellington Fund IV"][15]	Financial Services	Canada	12.6%	$ 12.1	$ 11.5	$ 14.9	Provides debt capital and operating lines to technology, biotechnology, communications and industrial product companies in Canada and the United States.
OTHER INVESTMENTS[16]				**$ 0.9**	**$ 0.9**	**$ [6.4]**	
TOTAL INVESTMENTS				**$ 136.7**	**$ 105.9**	**$ 176.4**	

[9] Clairvest invested $14.6 million in Centaur Gaming by way of unsecured term loans with stapled warrants which, subject to regulatory approval, are convertible upon exercise into 9.9% of Class A and Class B units of Centaur Gaming. Clairvest also invested US$6.0 million in first lien secured loans and US$6.0 million in second lien secured loans from its treasury funds which are included in temporary investments.

[10] Clairvest owns 10,572,805 limited partnership units of CRS.

[11] Clairvest invested $22.0 million in Discovery Air by way of 5.5 year term convertible debentures with a stated interest rate of 10% per annum.

[12] Clairvest owns 2,529,209 Class A units of Linen King.

[13] Clairvest owns 18,737 Class A stock of MAG.

[14] Clairvest owns 9,021,917 units of Rivers Casino and 5,000 units of a minority investor in Rivers Casino. The US$1.1 million promissory note advanced to a minority investor had been repaid in full during fiscal 2013.

[15] Clairvest has committed to fund $25.1 million to Wellington Fund IV, $12.1 million of which had been funded at March 31, 2013. The net cash investment is reduced by $0.6 million as a result of income distributions received to date.

[16] Other investments include the fair values attributable to limited partners of Participation III and IV Partnerships as described in note 4[c] and 4[f] to the consolidated financial statements.

[17] Ownership percentage calculated on a fully diluted basis at March 31, 2013.

[18] Net cash investment is comprised of cost net of dividends, interest and other distributions received but excludes advisory and other fees received, foreign income taxes incurred by acquisition entities and foreign exchange gains or losses on foreign exchange forward contracts entered into as hedges against Clairvest's foreign denominated investments.

[19] The determination of fair value incorporates the quoted market value of Clairvest's publicly-traded investments and an estimate of fair value for privately-held investments. The fair value of foreign exchange forward contracts entered into as hedges against Clairvest's foreign denominated investments is not included in this fair value.

FINANCIAL HIGHLIGHTS

Selected Financial Performance Measures

Year ended March 31, [$000's, except number of shares and per share amounts]	**2013**	2012	2011
Financial Performance Measures			
Net realized gains on corporate investments	**$ 9,009**	$ 545	$ 3,861
Net changes in unrealized gains on corporate investments	**4,598**	16,590	16,249
Net income	**35,763**	22,416	19,564
Basic net income per share	**2.36**	1.46	1.23
Fully diluted net income per share	**2.32**	1.43	1.20
Dividends declared per share	**0.2093**	0.1965	0.10
Financial Condition Measures [as at March 31]			
Total assets	**378,936**	338,424	318,860
Total cash, cash equivalents and temporary investments	**174,513**	97,583	138,338
Total corporate investments	**176,390**	187,876	162,177
Total liabilities	**29,248**	21,997	16,458
Book value	**349,688**	316,427	302,402
Common shares outstanding	**15,124,095**	15,118,095	15,392,695
Book value per share	**23.12**	20.93	19.65

Income Statement Highlights

Clairvest's operating results reflect revenue earned from its corporate investments and cash, cash equivalents and temporary investments and realized and net changes in unrealized gains and losses on its corporate investments. These results are net of all costs incurred to manage these assets. The operating results of the CEP Funds are not included in Clairvest's operating results.

Net income for the year ended March 31, 2013 was $35.8 million, versus $22.4 million for the year ended March 31, 2012 and $19.6 million for the year ended March 31, 2011.

Clairvest had net realized gains of $9.0 million in fiscal 2013 versus $0.5 million in fiscal 2012 and $3.9 million in fiscal 2011. The net realized gains in 2013 resulted primarily from the realization of Clairvest's investment in PEER 1. The net realized gains in 2012 resulted primarily from the realization of Clairvest's investment in Hudson Valley Waste. The net realized gains in 2011 resulted primarily from the realization of Clairvest's investment in Van-Rob. Previously recognized net unrealized gains of these investments are reversed and netted against net realized gains for the respective year.

Clairvest had net changes in unrealized gains on investments of $4.6 million in fiscal 2013 versus $16.6 million in fiscal 2012 and $16.2 million in fiscal 2011. Unrealized gains or losses result from changes in the fair value of the investments from one year to the next and do not reflect foreign exchange revaluations. Clairvest has implemented a hedging strategy to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar by hedging 100% of the fair value of its foreign investments, unless a specific exemption is approved by the Board of Directors. The changes in unrealized gains or losses on corporate investments are summarized as follows:

Net Changes in Unrealized Gains [Losses] on Investments [$000's]

Year ended March 31,	**2013**	2012	2011
Investments in publicly-traded securities			
PEER 1 Network Enterprises Inc.	**$ —**	$ 1,504	$ 3,528
	—	1,504	3,528
Investments in privately-held securities			
Casino New Brunswick	**—**	[2,744]	[4,606]
Centaur Gaming	**3,815**	[2,598]	2,266
Chilean Gaming Holdings	**6,395**	1,559	—
Grey Eagle Casino	**825**	299	459
Hudson Valley Waste Holding, Inc.	**—**	—	8,387
Kubra Data Transfer Limited	**4,614**	[778]	2,156
Landauer Metropolitan Inc.	**[6,907]**	962	[2,936]
Light Tower Rentals Inc.	**2,602**	6,116	7,131
Linen King, LLC	**[1,744]**	—	—
Lyophilization Services of New England Inc.	**2,360**	[1,389]	784
Rivers Casino [1]	**[3,849]**	15,689	—
Wellington Financial Fund II	**[26]**	[56]	23
Wellington Financial Fund III / IV	**711**	206	538
	8,796	17,266	14,202
Other investments [2]	**[4,198]**	[2,180]	[1,481]
	$ 4,598	$ 16,590	$ 16,249

[1] The net unrealized loss on Rivers Casino during fiscal 2013 was the result of $13.2 million in distributions and interest received during the year.

[2] Includes fair value attributable to limited partners of Participation III and IV Partnerships as described in note 4[c] and 4[f] to the consolidated financial statements.

Further details on net changes in unrealized gains/losses on investments can be found in the discussion of Clairvest's corporate investments below.

Net income in fiscal 2013 included distributions and interest income of $32.3 million, dividend income of $4.6 million, management fees from CEP and CEP IV-A of $1.0 million, advisory and other fees from Clairvest's investee companies of $1.4 million, a realized gain on temporary investments of $7.8 million, administration and other expenses of $17.9 million, finance and foreign exchange expense of $1.0 million and income tax expense of $6.0 million. Included in distributions and interest income was $7.5 million in priority distributions from CEP III and CEP IV, $0.9 million in General Partner income distributions from CEP and $19.9 million in distributions and interest from Clairvest's investee companies. Included in dividends were dividends totaling $4.6 million from Clairvest's investee companies. Included in administration and other expenses were management and directors compensation expense totaling $12.4 million, $6.8 million of which is performance based.

Net income in fiscal 2012 included distributions and interest income of $19.3 million, dividend income of $4.4 million, management fees from CEP and CEP IV-A of $1.1 million, advisory and other fees from Clairvest investee companies of $2.0 million, administration and other expenses of $15.4 million, finance and foreign exchange expense of $1.7 million and income tax expense of $4.5 million. Included in distributions and interest income was $7.4 million in priority distributions from CEP III and CEP IV, $2.2 million in General Partner income distributions from CEP and $6.3 million in distributions and interest from Clairvest's investee companies. Included in dividends were dividends totaling $4.3 million from Clairvest's investee companies. Included in administration and other expenses were management and directors compensation expense totaling $10.9 million, $5.3 million of which is performance based.

Net income in fiscal 2011 included distributions and interest income of $14.8 million, dividend income of $0.7 million, management fees from CEP and CEP IV-A of $1.1 million, advisory and other fees from Clairvest investee companies of $1.0 million, administration and other expenses of $14.0 million, finance and foreign exchange expense of $1.1 million and income tax expense of $3.1 million. Included in distributions and interest income was $5.6 million in priority distributions from CEP III and CEP IV, $3.1 million in General Partner income distributions from CEP and $3.0 million in distributions from Clairvest's investee companies. Included in dividends were dividends totaling $0.5 million from Clairvest's investee companies. Included in administration and other expenses were management and directors compensation expense totaling $10.1 million, $4.8 million of which is performance based.

Balance Sheet Highlights

ASSETS

Total assets at March 31, 2013 were $378.9 million, an increase of $40.5 million from $338.4 million at March 31, 2012.

With $174.5 million in cash, cash equivalents and temporary investments ["treasury funds"] and $95.0 million in credit facilities, Clairvest has sufficient capital and liquidity to support its current and anticipated investments.

At March 31, 2013, the Company's treasury funds were held in cash, money market savings accounts rated R1-High, corporate bonds rated not below A+, guaranteed investment certificates and investment savings accounts rated not below A, and a treasury investment in the first and second lien loans of Centaur Gaming [see Notes 3 and 14 to the consolidated financial statements for a detailed discussion of the Company's treasury funds].

Clairvest has a $75.0 million, committed credit facility with a maturity date of April 30, 2020. The credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts. The amount available under the credit facility at March 31, 2013 is $75.0 million.

Clairvest also has a $20.0 million credit facility subject to annual renewals. The credit facility is unsecured and bears interest at the bank prime rate plus 0.5% per annum. The amount available under the credit facility at March 31, 2013 is $20.0 million, which is based on debt covenants within the banking arrangement.

As is typical of a private equity management firm, Clairvest's main asset is its corporate investments. Corporate investments decreased $11.5 million to $176.4 million at March 31, 2013. The decrease is comprised primarily of:

- Net return of capital from Centaur Gaming of $14.8 million;
- Realization of PEER 1 which was carried at $10.4 million at March 31, 2012;
- Repayment of the $4.5 million bridge loan previously advanced to Discovery Air;
- Partial return of capital from N-Brook of $1.9 million;
- Net return of capital from Wellington Fund IV of $1.4 million;
- Partial return of capital from Rivers Casino of $1.1 million; partially offset by
- A $10.6 million investment in CRS;
- A $1.9 million investment in MAG;
- Net follow-on investments totaling $0.1 million in existing investee companies;
- Net changes in unrealized gains on corporate investments of $4.6 million; and
- Interest accrued on debenture investments of $2.5 million and foreign exchange revaluations of $3.1 million.

Corporate investments increased $25.7 million to $187.9 million from March 31, 2011 to March 31, 2012. The increase primarily resulted from a $26.5 million investment in Discovery Air, a $2.5 million investment in Linen King, $2.4 million in follow-on investments in existing investee companies, net changes in unrealized gains on corporate investment of $16.6 million, partially offset by the realization of Hudson Valley Waste which was carried at $16.9 million at March 31, 2011, repayment of debentures and accrued interest of $7.8 million from Grey Eagle Casino and a net return of capital of $6.7 million as a result of Centaur Gaming's emergence from Chapter 11 protection.

The cost and fair value of corporate investments described below do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against the Company's foreign denominated investments. A discussion on the activity in each corporate investment held at March 31, 2013 follows.

INVESTMENTS MADE ALONGSIDE CEP

Grey Eagle Casino

At March 31, 2013, Clairvest holds units of a limited partnership which operates Grey Eagle Casino, entitling Clairvest between 2.8% and 9.6% of the earnings of the casino from the date of commencement of operations, December 19, 2007, for a period of 15 years.

During fiscal 2013, Clairvest earned $0.4 million in profit distributions from Grey Eagle Casino.

The fair value of $2.4 million at March 31, 2013 reflects management's estimated realizable value on the earnings entitlement.

Landauer Metropolitan Inc.

At March 31, 2013, Clairvest owned 1,906,250 10% cumulative convertible preferred shares, 748,133 common shares and $0.2 million in bridge loans which bear interest at a rate of 25% per annum, $0.1 million in bridge loans which bear interest at a rate of 12% per annum and a $0.6 million subordinated secured convertible note with 10% accrued interest per annum. The bridge loans are convertible to common shares of Landauer at a rate of $1.0 per share. The subordinated secured convertible note is convertible to Series B preferred shares at a conversion rate of $1.00 per share or into common shares at a rate of $0.50 per share. The conversion is at Clairvest's discretion.

During fiscal 2013, management determined that the fair value of Landauer should be written down by $6.8 million due to an anticipated material change to the profitability in the near term as a result of the recently completed Medicare competitive bidding process in the United States.

The fair value of $0.1 million at March 31, 2013 compares to a cost of $5.1 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

N-Brook Mortgage LP

During fiscal 2013, Clairvest received cash proceeds totaling $1.9 million from N-Brook Mortgage LP ["N-Brook"], $1.1 million of which was recorded as a full repayment of the variable rate demand debenture and the remaining $0.8 million was recorded as a return of capital on the limited partnership units.

At March 31, 2013, Clairvest owned 3,931,984 Series 1 limited partnership units and 15 Class A ordinary limited partnership units of N-Brook.

The fair value of $0.7 million at March 31, 2013 compares to a cost of $3.1 million. The fair value reflects management's estimated realizable value based on the remaining mortgage portfolio held by N-Brook.

INVESTMENTS MADE ALONGSIDE CEP III

Casino New Brunswick

At March 31, 2013, Clairvest has funded $9.8 million to Casino New Brunswick. Clairvest also holds units of a limited partnership which operates Casino New Brunswick, entitling Clairvest to 22.5% of the earnings of the casino. Clairvest has also pledged $5.4 million to a Schedule 1 Canadian chartered bank which has provided debt financing to Casino New Brunswick. The pledge was made to support the guarantee to fund any operating deficiencies of Casino New Brunswick as described in the Off-Balance Sheet Arrangements section of the MD&A.

The fair value of $2.4 million at March 31, 2013 compares to cost of $9.8 million. The fair value reflects management's estimated realizable value as results trail initial estimates when the investment was first completed.

Chilean Gaming Holdings

During fiscal 2013, Clairvest earned dividends totaling $4.6 million through its interest in Chilean Gaming Holdings, bringing total dividends earned to March 31, 2013 to $6.4 million.

The fair value of $39.5 million at March 31, 2013 compares to cost of $28.7 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

Kubra Data Transfer Limited

At March 31, 2013, Clairvest owned 3,250,000 Class A voting common shares of Kubra.

The fair value of Kubra of $12.7 million compares to a cost of $2.2 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

Light Tower Rentals Inc.

During fiscal 2013, LTR Equipment Inc. ["LTR Equipment"], a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals, was amalgamated into Light Tower Rentals. As a result of the amalgamation, Clairvest exchanged the 2,215,736 common shares of LTR Equipment into 8,428,387 common shares of the combined entity.

At March 31, 2013, Clairvest owned 5,841,250 Series A convertible preferred shares and 8,428,387 common shares in Light Tower Rentals, representing a 12.6% ownership interest on a fully-diluted basis.

The fair value of $24.6 million at March 31, 2013 compares to cost of $8.2 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

Lyophilization Services of New England Inc.

During fiscal 2013, Clairvest funded an additional US$0.1 million to LSNE in the form of unsecured loans to further support the growth of LSNE, bringing total unsecured loans advanced to LSNE by Clairvest to US$1.0 million. On March 31, 2013, US$0.6 million of unsecured loans were converted to 1,250,000 Series B 10% cumulative preferred shares and the remaining US$0.4 million of unsecured loans were converted to a promissory note with a stated interest rate of 10% per annum and repayable on demand.

At March 31, 2013, Clairvest owned 6,406,000 Series A 10% cumulative preferred shares which are convertible into a 12.3% ownership interest on a fully-diluted basis, 1,250,000 Series B 10% cumulative preferred shares and US$0.4 million in demand promissory notes.

Also during fiscal 2013, management determined that the fair value of LSNE should be adjusted upward by US$2.4 million.

The fair value of $7.6 million at March 31, 2013 compares to a cost of $7.5 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

INVESTMENTS MADE ALONGSIDE CEP IV

Centaur Gaming

During fiscal 2013, Centaur Gaming acquired Indiana Grand Casino and Indiana Downs Racetrack ["Indiana Grand"], located in Shelbyville, Indiana. Clairvest advanced a US$7.4 million promissory note to Centaur Gaming during the acquisition process and invested an additional US$8.4 million in the form of an unsecured term loan with stapled warrants in support of this acquisition. The promissory note had a stated interest rate of 3.41% per annum and was repaid in full upon completion of the acquisition. The warrants, which subject to regulatory approval, are convertible upon exercise into 9.9% of Class B units of Centaur Gaming.

In conjunction with this acquisition, Centaur Gaming completed a financing and repaid in full the post-petition first and second lien secured notes with interest accrued to February 20, 2013. The promissory note from an unrelated investment partner of Centaur Gaming was also repaid in full upon the completion of the financing. During fiscal 2013, Clairvest received cash proceeds totaling US$32.3 million, comprised of a US$16.4 million full repayment on the first lien secured notes, a US$6.2 million full repayment on the second lien secured notes, a US$0.3 million full repayment on the promissory note from the unrelated investment partner, a US$7.4 million full repayment on the promissory note advanced during the acquisition process and US$2.0 million in interest. Immediately following these transactions, Clairvest held US$13.6 million in term loans with stapled warrants which are convertible upon exercise to 9.9% of Class A and B units in Centaur Gaming.

The fair value of $18.4 million at March 31, 2013 compares to cost of $14.6 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

CRS Contractors Rental Supply Limited Partnership

During fiscal 2013, Clairvest invested $10.6 million for 10,572,805 limited partnership units of CRS, representing an ownership interest in CRS of 13.9%.

The fair value of $10.6 million at March 31, 2013 compares to a cost of $10.6 million.

Discovery Air Inc.

During fiscal 2013, Discovery Air repaid a $4.5 million bridge loan advanced by Clairvest with a stated interest rate of 9.5% per annum.

At March 31, 2013, Clairvest held $25.4 million in secured convertible debentures ["Debentures"] of Discovery Air. The Debentures, which have a 5.5 year term from issuance and are subject to certain early redemption rights in favor of Discovery Air, had an original principal value of $22.0 million and accrue interest at a rate of 10% per annum and interest is paid in kind quarterly and compounded on an annual basis. The Debentures and any paid in kind interest are convertible into 2,939,330 common shares of Discovery Air. At March 31, 2013, the conversion price for the Debentures was $8.68 per share and the closing quoted market price of a Discovery Air common share was $2.38 per share.

The fair value of $25.5 million at March 31, 2013 compares to cost of $22.0 million, with the difference being attribute to accrued interest on the Debentures.

Linen King, LLC

At March 31, 2013, Clairvest owned 2,529,209 Class A units of Linen King.

The fair value of $0.8 million at March 31, 2013 compares to a cost of $2.5 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

MAG Defense Services

During fiscal 2013, Clairvest invested $1.9 million to acquire 18,737 Class A stock of MAG, representing an ownership interest in MAG of 8.0%.

The fair value of $1.9 million at March 31, 2013 compares to a cost of $1.9 million.

Rivers Casino

During fiscal 2013, Clairvest earned US$3.6 million in quarterly distributions and US$0.5 million in quarterly fees from Rivers Casino. Clairvest also earned US$0.2 million in interest on the promissory note from a minority investor which invested in Rivers Casino [the "Minority Investor"] and received US$0.4 million in quarterly principal and interest payments from the Minority Investor.

Also during fiscal 2013, Rivers Casino completed a financing and as a result made an additional distribution to its investors. Clairvest received cash proceeds totaling US$9.5 million from this distribution. In addition to the distributions received from Rivers Casino, the Minority Investor made a US$1.0 million full repayment on the promissory note.

At March 31, 2013, Clairvest owned 9,021,917 units of Rivers Casino and 5,000 units of the Minority Investor.

The fair value of $20.7 million at March 31, 2013 compares to a cost of $7.4 million. The fair value reflects management's estimated realizable value and is adjusted for foreign exchange fluctuations.

OTHER INVESTMENTS

Wellington Financial Fund III / IV

During fiscal 2013, Wellington Fund IV, a successor of Wellington Financial Fund III ["Wellington Fund III"], was raised. As part of the closing of Wellington Fund IV, Clairvest transferred its investment and its unfunded commitment in Wellington Fund III to Wellington Fund IV. Clairvest also increased its commitment in Wellington Fund IV by $0.1 million to $25.1 million in support of the final closing of Wellington Fund IV. Clairvest received a net return of capital of $2.1 million as a result of the closing of Wellington Fund IV.

Clairvest, as a limited partner, had funded $12.1 million of its $25.1 million commitment to Wellington Fund IV at March 31, 2013. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund IV. At March 31, 2013, Clairvest has received income distributions totaling $0.6 million from Wellington Fund IV and its General Partner, bringing the net cash investment to $11.5 million. In addition, Clairvest received distributions from Wellington Fund III totaling $8.9 million to March 31, 2013, and is entitled to future profits of up to $0.9 million based on the value of the remaining assets of Wellington Fund III at March 31, 2013.

The fair value of $14.9 million at March 31, 2013 reflects management's estimated realizable value of Clairvest's entitlement as a limited partner and a general partner of Wellington Fund IV.

LIABILITIES

Total liabilities at March 31, 2013 were $29.2 million, an increase of $7.2 million from $22.0 million at March 31, 2012. Performance based compensation accrued and income taxes accrued increased by $3.3 million and $2.9 million respectively year over year.

TRANSACTIONS WITH RELATED PARTIES

As the Manager of CEP, Clairvest is entitled to a management fee from CEP. Effective January 1, 2011, the CEP management fee is calculated annually as 1.5% of contributed capital less distributions on account of capital and write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest from corporate investments of CEP. The management fee from CEP ceased effective March 1, 2013. During fiscal 2013, Clairvest earned management fees of $0.3 million from CEP. As per the Management Agreement, fees of $0.1 million from corporate investments of CEP were netted against the management fees.

Clairvest, as General Partner of CEP is entitled to participate in distributions made by CEP equal to 10% of net gains of CEP [the "carried interest"]. During fiscal 2013, Clairvest earned $0.9 million in carried interest from CEP, which brings total carried interest earned by Clairvest from CEP at March 31, 2013 to $11.1 million. If CEP were to sell its corporate investments at their current fair values, Clairvest would receive up to $1.0 million in carried interest from CEP. Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP via a limited partnership ["Participation Partnership"], the general partner of which is Clairvest.

As the 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 any fees earned by Clairvest from corporate investments of CEP III. During fiscal 2013, CEP III declared to Clairvest priority distributions of $1.9 million. As per the Limited Partnership Agreement, fees of $0.3 million from corporate investments of CEP III were netted against the priority distributions.

Clairvest is also entitled to a 10% carried interest in respect of CEP III. No carried interest has been earned by Clairvest from CEP III to March 31, 2013. At March 31, 2013, if CEP III were to sell its corporate investments at their current fair values, Clairvest would receive up to $11.6 million in carried interest from CEP III. Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP III via a limited partnership ["Participation III Partnership"], the general partner of which is Clairvest.

Clairvest is required to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Investment Limited Partnership ["CEP III Co-Invest"] was established in fiscal 2007 as the investment vehicle for this purpose. CEP III Co-Invest has two limited partners, one of which is Clairvest, and the other is Participation III Partnership. Participation III Partnership has invested $1.1 million in CEP III Co-Invest and is entitled to an 8.25% carried interest in respect of CEP III Co-Invest.

Clairvest is entitled to participate in additional distributions equal to the realizable value on the $1.1 million invested by Participation III Partnership in CEP III Co-Invest plus the first $0.2 million received by the Participation III Partnership as described above. At March 31, 2013, $0.3 million has been received by Clairvest. At March 31, 2013, if CEP III Co-Invest were to sell its corporate investments at their current fair values, Participation III Partnership would receive up to $4.7 million in carried interest from CEP III Co-Invest based on the terms described above, the amount of which has been recorded as a reduction to the fair value of corporate investments. To date, CEP III Co-Invest has not made any carried interest payments to Participation III Partnership.

As General Partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. Effective January 14, 2011 to January 13, 2016, being the fifth anniversary of the date of final closing of CEP IV, the priority distribution is calculated monthly as 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 63.2% of any fees earned by Clairvest from corporate investments of CEP IV. During fiscal 2013, CEP IV declared to Clairvest priority distributions of $5.6 million. As per the Limited Partnership Agreement, fees of $0.3 million from corporate investments of CEP IV were netted against the priority distributions.

Clairvest is also entitled to a 10% carried interest in respect of CEP IV. No carried interest has been earned by Clairvest from CEP IV to March 31, 2013. At March 31, 2013, if CEP IV were to sell its corporate investments at their current fair values, Clairvest would receive up to $4.9 million in carried interest from CEP IV. Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP IV via a limited partnership ["Participation IV Partnership"], the general partner of which is Clairvest.

As Manager of CEP IV-A, Clairvest is entitled to a management fee from CEP IV-A. Effective January 14, 2011 to January 13, 2016, being the fifth anniversary of the date of final closing of CEP IV-A, the CEP IV-A management fee is calculated monthly as 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 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 fiscal 2013, Clairvest earned management fees of $0.6 million as compensation for its services in the administration of the portfolio of CEP IV-A. As per the Limited Partnership Agreement, $0.3 million was netted against the management fees.

As General Partner of CEP IV-A, Clairvest is also entitled to a 10% carried interest in respect of CEP IV-A. No carried interest has been earned by Clairvest from CEP IV-A to March 31, 2013. At March 31, 2013, if CEP IV-A were to sell its corporate investments at their current fair values, Clairvest would receive up to $0.8 million in carried interest from CEP IV-A. Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP IV-A via Participation IV Partnership.

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-Investment Limited Partnership ["CEP IV Co-Invest"] was established in fiscal 2010 as the investment vehicle for this purpose. CEP IV Co-Invest has two limited partnerships, one of which is Clairvest, and the other is Participation IV Partnership. Participation IV Partnership has invested $1.6 million in CEP IV Co-Invest and is entitled to an 8.25% carried interest in respect of CEP IV Co-Invest.

Clairvest is entitled to participate in distributions equal to the realizable value on the $1.6 million invested by Participation IV Partnership in CEP IV Co-Invest plus the first $0.4 million received by the Participation IV Partnership as described above. No amounts have been received by Clairvest at March 31, 2013. At March 31, 2013, if CEP IV Co-Invest were to sell its corporate investments at their current fair values, Participation IV Partnership would receive up to $2.5 million in carried interest from CEP IV Co-Invest based on the terms described above, the amount of which has been recorded as a reduction to the fair value of corporate investments. To date, CEP IV Co-Invest has not made any carried interest payments to Participation IV Partnership.

At March 31, 2013, Clairvest had loans receivable from certain officers of Clairvest [the "Officers"] totaling $1.1 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest owned by the Officers with a market value of $1.4 million. At March 31, 2013, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling $0.6 million. The loans are interest bearing and have full recourse to the individuals. Interest of $35 thousand was earned on these loans during fiscal 2013.

Loans totaling $29.5 million, bearing interest at the Reference Rate in accordance with CEP IV's Limited Partnership Agreement, were made by the Company to CEP IV during fiscal 2013. During fiscal 2013, $45.6 million of these loans and loans previously advanced were repaid such that $4.5 million remained outstanding at March 31, 2013, the amount of which was repaid in full subsequent to year end. Interest of $1.6 million was earned from loans to CEP IV during fiscal 2013.

Loans totaling $4.7 million, bearing interest at the Reference Rate in accordance with CEP IV-A's Limited Partnership Agreement, were made by the Company to CEP IV-A during fiscal 2013. During fiscal 2013, $6.9 million of these loans and loans previously advanced were repaid such that $0.7 million remained outstanding at March 31, 2013, the amount of which was repaid in full subsequent to year end. Interest of $0.2 million was earned from loans to CEP IV-A during fiscal 2013.

During fiscal 2013, Clairvest earned $19.9 million in distributions and interest income, $4.6 million in dividend income and $1.4 million in fee income from its investee companies. At March 31, 2013, Clairvest had accounts receivable from its investee companies totaling $1.2 million, from CEP totaling $38 thousand, from CEP III totaling $1.6 million, from CEP IV totaling $3.4 million and from CEP IV-A totaling $0.5 million.

During fiscal 2011, Clairvest and a director of Clairvest entered into an agreement to purchase an aircraft for a total cost of $3.5 million, $1.7 million of which was paid by Clairvest. The aircraft is owned 50% by Clairvest and 50% by a director of Clairvest. At March 31, 2013, Clairvest’s portion of the net book value of the aircraft of $1.5 million is recorded in accounts receivable and other assets. Clairvest received 100% of the incidental rental income of the aircraft and is responsible for 100% of the operating expenses.

SUMMARY OF QUARTERLY RESULTS

($000's except per share information)	Gross Revenue $	Net Income [Loss] $	Net Income [Loss] Per Common Share* $	Net Income [Loss] Per Common Share Fully Diluted* $
March 31, 2013	16,086	10,111	0.67	0.66
December 31, 2012	14,673	8,445	0.55	0.54
September 30, 2012	12,202	7,647	0.51	0.50
June 30, 2012	17,673	9,560	0.63	0.62
March 31, 2012	13,045	5,348	0.35	0.34
December 31, 2011	22,546	17,592	1.14	1.12
September 30, 2011	2,557	[1,778]	[0.11]	[0.11]
June 30, 2011	5,825	1,254	0.08	0.08

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

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

FOURTH QUARTER RESULTS

Net income for the fourth quarter of fiscal 2013 was $10.1 million compared with a net income of $5.3 million for the fourth quarter of fiscal 2012. Net income for the fourth quarter of fiscal 2013 is comprised of $8.6 million of net corporate investment gains, $3.0 million of net operating income, and $1.5 million of income tax expense. This compares with net corporate investment gains of $6.4 million, $0.1 million of net operating loss, and $1.0 million of income tax expense for the fourth quarter of fiscal 2012.

The net corporate investment gains of $8.6 million for the fourth quarter of fiscal 2013 comprised of $9.0 million in net changes in unrealized gains on corporate investments and $0.4 million in realized loss on corporate investments. The net corporate investment gains of $6.4 million for the fourth quarter of fiscal 2012 comprised primarily of net changes in unrealized gains on corporate investments.

Distributions and interest income for the quarter were $6.0 million, compared with $5.7 million for the same quarter last year. Distributions and interest income for the fourth quarter of fiscal 2013 included yield on treasury funds of $0.8 million, priority distributions of $1.8 million from CEP III and CEP IV, General Partner income distributions of $0.1 million from CEP, interest income from loans advanced to the CEP funds of $0.4 million and $2.9 million of income distributions and interest income from Clairvest's investee companies. Distributions and interest income for the fourth quarter of fiscal 2012 included yield on treasury funds of $0.5 million, priority distributions of $1.9 million from CEP III and CEP IV, interest income from loans advanced to the CEP funds of $0.5 million and $2.8 million of income distributions and interest income from Clairvest's investee companies.

Dividend income for the quarter was $0.8 million, compared with $0.3 million for the same quarter last year. Dividend income for the fourth quarter of fiscal 2013 and 2012 was primarily earned through Clairvest's investment in Chilean Gaming Holdings.

Clairvest earned $0.2 million in management fees during the quarter for its services in the administration of CEP and CEP IV-A's portfolio and $0.4 million in advisory and other fees from its corporate investments, compared with $0.3 million and $0.3 million, respectively, for the same quarter last year. The CEP and CEP IV-A management fee is reduced proportionately to fees earned by Clairvest from joint Clairvest/CEP and Clairvest/CEP IV-A corporate investments.

Administration and other expenses for the quarter were $4.1 million, compared with $5.6 million for the same quarter last year. Included in administration and other expenses for the fourth quarter of fiscal 2013 was $1.6 million of performance based compensation expense for management and directors, compared with $2.5 million for the same quarter last year.

Finance and foreign exchange expense of $0.4 million for the quarter included foreign exchange cost of $0.1 million and $0.3 million in interest and fees expensed on the $75.0 million credit facility. Finance and foreign exchange expense of $1.1 million for the fourth quarter of fiscal 2012 included foreign exchange cost of $0.7 million and $0.3 million in interest and fees expensed on the $75.0 million credit facility.

OFF-BALANCE SHEET ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $3.5 million of which remains unfunded at March 31, 2013. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $15.2 million of which remains unfunded at March 31, 2013. Clairvest 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.

Clairvest has also committed to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. Clairvest's total co-investment commitment is $125.0 million, $73.1 million of which remains unfunded at March 31, 2013. Clairvest 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.

Clairvest has also committed $25.1 million to Wellington Fund IV, $13.0 million of which remains unfunded at March 31, 2013.

At March 31, 2013, Clairvest has earned profit distributions totaling $3.3 million through its ownership interest in the General Partners of Wellington Fund III and Wellington Fund IV. Subject to the clawback provisions, Clairvest may be required to repay up to $0.4 million of these distributions in the event the limited partners of Wellington Fund III and Wellington Fund IV do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2013, there were no accruals made with respect to the Clawback.

Clairvest has guaranteed up to US$3.4 million of CEP's obligations to a Schedule 1 Canadian Chartered Bank under CEP's foreign exchange forward contracts with the bank.

Clairvest has guaranteed up to US$15.0 million of CEP III's obligations to a Schedule 1 Canadian Chartered Bank under CEP III's foreign exchange forward contracts with the bank.

Under Clairvest's Incentive Bonus Program [the "Program"], a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this plan to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2013, $0.6 million has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $2.0 million would be owing to management under this Program. As no such income and realizations have occurred and the terms of the bonus plan with respect to these corporate investments have not yet been fulfilled, the $2.0 million has not been accrued at March 31, 2013. The Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ["Signature"] and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various potential claims. The indemnification was extinguished during fiscal 2013 and no claims against this indemnification had been made.

Clairvest, together with CEP III, has guaranteed to fund any operating deficiencies of Casino New Brunswick for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2013, no amounts subject to this guarantee have been funded. Clairvest has pledged $5.4 million to a Schedule 1 Canadian chartered bank which has provided debt financing to Casino New Brunswick. The pledge was made to support the guarantee and is held in a bank account belonging to Clairvest at the Schedule 1 chartered bank which cannot be withdrawn without consent from the Schedule 1 Canadian chartered bank. Accordingly, it has been classified as restricted temporary investments on the consolidated balance sheets.

An acquisition entity of Chilean Gaming Holdings and other investors of Casino Sol Calama have entered into a joint and several guarantees to fund any operating deficiencies upon the opening of Casino Sol Calama for a specified period of time. Latin Gaming Chile, Casino Sol Calama's operator, has indemnified this acquisition entity with respect to this guarantee. As at March 31, 2013, no amounts subject to this guarantee have been funded.

As part of the holding structure of Chilean Gaming Holdings, Clairvest, together with CEP III and other co-investors, had loans totaling $44.6 million at March 31, 2013 through various acquisition entities from an unrelated financial institution, while another acquisition entity held term deposits totaling $44.6 million at March 31, 2013 with the same financial institution as security for these loans. Clairvest intends to settle the loans, the deposits and related interest accruals simultaneously upon the divestiture of the investments in Chilean Gaming Holdings, and as a result, the deposits and the loans, and the interest revenue and expense have been presented on a net basis. Clairvest's ownership of both acquisition vehicles was 36.8% at March 31, 2013, with CEP III owning 37.7% and the remainder owned by the other co-investors.

Clairvest has committed to invest US$5.4 million in New Meadowlands Racetrack LLC. No amounts have been funded at March 31, 2013.

During fiscal 2013, Clairvest reached a court-approved settlement with certain parties with respect to a $10.0 million loan advanced in two tranches of $5.0 million in each of December 2005 and May 2006. Subsequently, the loan was in default and the collateral arrangements for the loan were mishandled. The loan was written off and Clairvest recorded a realized loss in its financial statements for the year ended March 31, 2007. Clairvest took legal action against several parties to recover the funds and has reached a settlement with certain of these parties resulting in a settlement by these parties to Clairvest of $7.8 million, or 77.5% of the original loan value without taking into account litigation and other costs incurred in the recovery process, substantially all of which have been incurred and recorded as charges against income as of March 31, 2013. Clairvest continues to seek additional recoveries against parties that are not part of this settlement.

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

CRITICAL ACCOUNTING ESTIMATES

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

Note 2 to the consolidated financial statements describes Clairvest's accounting policy for temporary and corporate investments. In accordance with the Canadian Institue of Chartered Accountants ["CICA"] Accounting Guideline 18, "Investment Companies" ["AcG-18"], the Company designated its temporary investments and corporate investments as held-for-trading and carries them at fair value. Clairvest has also designated its receivables and payables as held-for-trading in accordance with CICA Handbook Section 3855. Accordingly, each of Clairvest's financial assets and liabilities is fair valued on each consolidated balance sheet date.

When a financial 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, for the fair value of an investment quoted on an active market, the fair value is generally the 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 amounts at fair value which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. 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 for which is traded on a recognized securities exchange, and if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security for which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

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

Note 2 to the consolidated financial statements describes Clairvest's accounting policy for future income taxes. The process of determining future income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carry-forwards. Future income tax assets are only recognized to the extent that in the opinion of management, it is more likely than not that the future income tax asset will be realized. A change to an accounting estimate with respect to future income taxes would impact future tax liability and provision for income taxes.

RISK MANAGEMENT

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

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. 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 receivable, a significant portion of which is 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 is also subject to credit risk on its loans receivables, the majority of which is typically with its CEP Funds. The Company manages this risk through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

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

Market risk

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

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

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of $0.7 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2013.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i] public company multiples for companies in the same or similar businesses; ii] where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii] multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Casino New Brunswick, Centaur Gaming, Chilean Gaming Holdings, Kubra, Light Tower Rentals, Linen King, and Rivers Casino. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of $19.3 million or decrease of $19.4 million to the carrying value of corporate investments and net changes in unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2013. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 15 companies in 8 industries and 3 countries as at March 31, 2013. The Company has considered current economic events and indicators in the valuation of its corporate investments.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, at March 31, 2013, Clairvest hedges 100% of the fair value of its foreign investments unless a specific exemption is approved by the Board of Directors.

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

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

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-balance sheet arrangement have been previously discussed.

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

DERIVATIVE FINANCIAL INSTRUMENTS

Clairvest enters into foreign exchange forward contracts primarily to manage the risks arising from fluctuations in exchange rates on its foreign denominated investments. Clairvest is required to mark to market its foreign-denominated investments, as well as the foreign exchange forward contracts entered into as hedges against Clairvest's foreign denominated investments.

At March 31, 2013, Clairvest had entered into foreign exchange forward contracts to sell US$91.6 million and buy US$4.2 million at an average rate of Canadian $1.0022 per U.S. dollar through to February 2014 and foreign exchange forward contracts to sell 14.7 billion Chilean Pesos ["CLP"] at an average rate of Canadian $0.002022 per CLP through to January 2014. The fair value of the US dollar contracts at March 31, 2013 is a loss of $1.2 million and the fair value of the CLP contracts at March 31, 2013 is a loss of $1.9 million. These contracts have been recognized on the consolidated balance sheet as derivative instruments.

UPDATED SHARE INFORMATION

At March 31, 2013 and June 25, 2013, Clairvest had 15,124,095 common shares issued and outstanding. At March 31, 2013 and June 25, 2013 Clairvest had 615,000 stock options outstanding, 601,000 of which were exercisable at March 31, 2013 and June 25, 2013. Each option is exercisable for one common share.

During fiscal 2013 and up to June 25, 2013, Clairvest did not purchase or cancel any common shares under its normal course issuer bids. As at June 25, 2013, Clairvest had repurchased a total of 6,595,049 common and non-voting shares over the last ten years.

During fiscal 2013, 110,000 options were exercised, 6,000 of which were exercised for shares, increasing share capital by $0.1 million. The remaining 104,000 were exercised under the cash settlement plan and had no impact on share capital.

Clairvest paid an ordinary dividend of $0.10 per share on the common shares in each of fiscal 2013, fiscal 2012 and fiscal 2011. During fiscal 2013 and 2012, Clairvest also paid a special dividend of $0.1093 and $0.0965 per share respectively, such that in aggregate with the ordinary dividend, represented 1% of the March 31, 2012 and 2011 book values.

Subsequent to year end, Clairvest declared an annual ordinary dividend of $0.10 per share, and a special dividend of $0.1312 per share, such that in aggregate, the dividends represent 1% of the March 31, 2013 book value. The dividends will be payable to common shareholders of record as of July 9, 2013. The dividend will be paid on July 26, 2013. Both dividends are eligible dividends for Canadian income tax purposes.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ["CSA"], Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of March 31, 2013 and concluded that the disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. Management has evaluated Clairvest's design and operational effectiveness of internal controls over financial reporting for the year ended March 31, 2013. Management has concluded that the design of internal controls over financial reporting are effective and operating as designed as of March 31, 2013 based on this evaluation. There were no changes in internal controls during the most recent interim period that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting. The Company has not identified any weakness that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During fiscal 2008, the Canadian Accounting Standards Board ["AcSB"] confirmed the use of International Financial Reporting Standards ["IFRS"] for all Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Subsequently, the AcSB approved a three-year deferral from IFRS adoption which would allow Canadian companies that apply AcG-18 to continue to use existing Canadian GAAP until fiscal years beginning on or after January 1, 2014. Accordingly, Clairvest will adopt IFRS beginning in the first quarter of fiscal 2015, which begins on April 1, 2014.

During fiscal 2013, the International Accounting Standards Board ["IASB"] issued final amendments to IFRS for Investment Entities. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity and require such entities to measure its investee companies at fair value through profit and loss. The Company is optimistic that it will qualify as an investment entity as defined by the IASB and that fair value accounting will continue to be the method for which the Company accounts for its investee companies when it adopts IFRS. The Company is currently reviewing in detail the final amendments to IFRS for Investment Entities and does not expect the adoption of IFRS in fiscal 2015 will result in a significant impact to internal controls over financial reporting or the Company's information technology systems. Formal communications with the Audit Committee have been established to ensure timely decisions are made on key issues and risks.

Other significant items which may have a significant impact to the Company's financial reporting and financial statements include the accounting for share-based compensation, income taxes and the disclosure requirements for financial instruments and related party transactions.

With respect to the accounting treatment for share-based compensation, the company would be required to cease vesting share-based compensation on a straight-line basis and adopt the prescribed graded vesting method which will likely result in front-loading of expenses during the vesting period. Based on its stock options outstanding at March 31, 2013, the Company currently believes that the effects of this accounting change will not be material.

With respect to income taxes, future income tax positions under IFRS must be evaluated using a probability-based method which is a different measurement methodology compared to the one currently used by the Company. The Company is in the process of quantifying the impacts of this methodology change.

The Company continues to monitor new developments to IFRS which may result in additional significant accounting differences and impacts to internal controls over financial reporting and information technology systems.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Under the supervision of Management, an evaluation of the effectiveness of the Company's internal control over financial reporting was carried out for the year ended March 31, 2013. Based on that evaluation, Management concluded that the Company's internal control over financing reporting was effective for the year ended March 31, 2013.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee. The Audit Committee, which comprised of four non-management Directors during the year ended March 31, 2013, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated financial statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.

B. Jeffrey Parr
Co-Chief Executive Officer and Managing Director

Daniel Cheng
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CLAIRVEST GROUP INC.

We have audited the accompanying consolidated financial statements of **Clairvest Group Inc.**, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, and the consolidated statements of income, retained earnings and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Clairvest Group Inc.** as at March 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
June 25, 2013.

CONSOLIDATED BALANCE SHEETS

As at March 31

$000's		2013		2012
ASSETS				
Cash and cash equivalents [notes 3, 11 and 14]	**$**	**114,805**	$	32,886
Temporary investments [notes 3 and 14]		**59,708**		64,697
Restricted temporary investments [notes 6[d], 13[j] and 14]		**5,425**		5,430
Accounts receivable and other assets [notes 4[g], 4[k] and 7]		**12,048**		15,851
Income taxes recoverable		**5,195**		7,944
Loans receivable [notes 4[h], 4[i] and 14]		**5,365**		23,740
Corporate investments [notes 6 and 14]		**176,390**		187,876
	$	**378,936**	$	338,424
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Accounts payable and accrued liabilities [notes 10 and 13[h]]	**$**	**11,255**	$	9,254
Income taxes payable		**1,993**		1,410
Derivative instruments [note 12[b]]		**3,115**		1,731
Future tax liability [note 8]		**6,474**		4,148
Stock-based compensation [note 10]		**6,411**		5,454
	$	**29,248**	$	21,997
Contingencies, commitments and guarantees [notes 12 and 13]				
Shareholders' equity				
Share capital [note 9]	**$**	**79,101**	$	78,438
Retained earnings		**270,587**		237,989
		349,688		316,427
	$	**378,936**	$	338,424

See accompanying notes

On behalf of the Board:

MICHAEL BREGMAN
Director

JOSEPH J. HEFFERNAN
Director

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31

$000's [except per share information]		2013		2012
NET INVESTMENT GAINS				
Net realized gains on corporate investments [notes 5 and 6[i]]	**$**	**9,009**	$	545
Net changes in unrealized gains on corporate investments [note 6]		**4,598**		16,590
		13,607		17,135
OTHER INCOME				
Distributions and interest income [notes 4 and 6]		**32,347**		19,325
Dividend income [notes 4[j], 6[e] and 6[f]]		**4,596**		4,359
Management fees [notes 4[a] and 4[e]]		**974**		1,141
Advisory and other fees [note 4[j]]		**1,360**		2,013
Realized gain on temporary investments [note 13[n]]		**7,750**		—
		47,027		26,838
EXPENSES				
Administration and other expense [notes 10 and 13[h]]		**17,899**		15,409
Finance and foreign exchange expense		**961**		1,678
		18,860		17,087
Income before income taxes		**41,774**		26,886
Income tax expense [note 8]		**6,011**		4,470
Net income for the year	**$**	**35,763**	$	22,416
Basic net income per share [note 9]	**$**	**2.36**	$	1.46
Fully-diluted net income per share [note 9]	**$**	**2.32**	$	1.43

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended March 31

$000's		2013		2012
Retained earnings, beginning of year	**$**	**237,989**	$	222,491
Net income for the year		**35,763**		22,416
		273,752		244,907
Dividends paid		**[3,165]**		[3,025]
Purchase and cancellation of shares [note 9]		**—**		[3,893]
Retained earnings, end of year	**$**	**270,587**	$	237,989

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

$000's		2013		2012
OPERATING ACTIVITIES				
Net income for the year	**$**	**35,763**	$	22,416
Add [deduct] items not involving a current cash outlay				
Amortization of fixed assets		**369**		373
Stock-based compensation expense		**1,516**		[33]
Future income tax expense		**2,326**		1,746
Net realized gains on corporate investments		**[9,009]**		[545]
Net changes in unrealized gains on corporate investments		**[4,598]**		[16,590]
Non-cash items relating to foreign exchange forward contracts		**3,283**		2,627
Non-cash items relating to corporate investments		**[6,336]**		[4,646]
		23,314		5,348
Net change in non-cash working capital balances related to operations [note 11]		**8,767**		[5,434]
Cash provided by [used in] operating activities		**32,081**		[86]
INVESTING ACTIVITIES				
Acquisition of corporate investments		**[29,701]**		[36,888]
Proceeds on sale of corporate investments		**31,219**		26,277
Return of capital from corporate investments		**29,911**		6,693
Proceeds on realized foreign exchange forward contracts		**[1,899]**		684
Net proceeds on sale of temporary investments		**4,989**		12,309
Loans advanced [notes 4[h] and 4[i]]		**[34,168]**		[46,431]
Receipt of loans advanced [notes 4[h] and 4[i]]		**52,543**		22,817
Decrease [increase] in restricted temporary investments		**5**		[5,430]
Cash provided by [used in] investing activities		**52,899**		[19,969]
FINANCING ACTIVITIES				
Purchase and cancellation of share capital [note 9]		**—**		[5,577]
Cash dividends paid		**[3,165]**		[3,025]
Issuance of share capital [note 9]		**104**		211
Cash used in financing activities		**[3,061]**		[8,391]
NET INCREASE [DECREASE] IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**81,919**		[28,446]
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**32,886**		61,332
CASH AND CASH EQUIVALENTS, END OF YEAR [NOTE 11]		**114,805**		32,886
SUPPLEMENTAL CASH FLOW INFORMATION				
Income taxes paid	**$**	**2,013**	$	3,223
Interest paid, on gross basis [note 13[l]]	**$**	**1,407**	$	1,449

See accompanying notes

1. NATURE OF ACTIVITIES

Clairvest Group Inc. ["Clairvest" or the "Company"] is a private equity investor publicly 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 Limited Partnership ["CEP"], Clairvest Equity Partners III Limited Partnership ["CEP III"], Clairvest Equity Partners IV Limited Partnership ["CEP IV"] and Clairvest Equity Partners IV-A Limited Partnership ["CEP IV-A"] [together, the "CEP Funds"]. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian gnereally accepted accounting principles ["Canadian GAAP" or "GAAP"] and include the accounts of the Company, its wholly owned subsidiaries and its pro-rata ownership of various acquisition entities that exist for investing purposes. All intercompany amounts and transactions have been eliminated upon consolidation.

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

Future accounting changes

In February 2008, the Canadian Accounting Standards Board ["AcSB"] confirmed that the use of International Financial Reporting Standards ["IFRS"] will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Subsequently, the AcSB approved a three-year deferral from IFRS adoption which would allow Canadian companies that apply AcG-18 to continue to use existing Canadian GAAP until fiscal years beginning on or after January 1, 2014.

During fiscal 2013, the International Accounting Standards Board ["IASB"] issued final amendments to IFRS for Investment Entities. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity and require such entities to measure its investee companies at fair value through profit and loss.

Clairvest is currently evaluating the impact of adopting IFRS.

Significant accounting policies

The following is a summary of the significant accounting policies of the Company:

[a] **Temporary investments and corporate investments**

The Company carries its temporary investments 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, for the fair value of an investment quoted on an active market, the fair value is generally the 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, liquidity of the security and the size of Clairvest's ownership block and any other factors that may be relevant to the ongoing and realizable value of the investments. 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, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security 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.

[b] **Foreign currency translation**

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates. Exchange gains and losses are included in income in the period in which they occur.

[c] **Derivative financial instruments**

The Company periodically enters into foreign exchange forward contracts to hedge its exposure to exchange rate fluctuations on its foreign currency denominated investments. These foreign exchange forward contracts and, where applicable, their underlying investments, are valued at exchange rates in effect at the consolidated balance sheet dates.

Foreign exchange forward contracts are included on the consolidated balance sheets as derivative instruments and are valued at fair value representing the estimated amount that the Company would have been required to pay, or received, had the Company settled the outstanding contracts at the consolidated balance sheet dates. Any unrealized gains or losses are included in finance and foreign exchange expense in the consolidated statements of income.

[d] **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 reflected in the consolidated statements of 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.

[e] **Future income taxes**

The Company records future income tax expense or recovery using the asset and liability method. Under this method, future income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carryforward items. Future income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Future income tax assets are only recognized to the extent that, in the opinion of management, it is more likely than not that the future income tax asset will be realized.

[f] **Stock-based compensation plan**

The Company's stock option plan allows for a cash settlement of stock options. As a result, compensation expense is recognized and recorded as a liability based on the intrinsic value of the outstanding stock options at the consolidated balance sheet dates and the proportion of their vesting periods that have elapsed. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees 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 administration and other expense.

[g] **Deferred share unit plan**

Directors of the Company may elect to receive all or a portion of their compensation in deferred share units ["DSUs"]. On the date directors' fees are payable, the number of DSUs to be credited to a participant is determined by dividing the amount of the fees to be received by way of DSUs by the market value of a Clairvest common share on the TSX. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the market value of a Clairvest common share on the TSX on the redemption date. A participant may redeem his or her DSUs only following termination of board service.

Under the Company's DSU plan, a change in the fair value of the DSUs is charged to administration and other expense based on the number of DSUs outstanding at the consolidated balance sheet dates multiplied by the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates.

During fiscal 2008, the DSU plan was amended to also facilitate the issuance of Appreciation Deferred Share Units ["Appreciation DSUs"] to the directors of the Company. Upon redemption of the Appreciation DSUs, the Company pays to the participant a lump sum cash payment equal to the number of Appreciation DSUs to be redeemed multiplied by the difference between the market value of a Clairvest common share on the TSX on the redemption date and the market value of a Clairvest common share on the TSX on the grant date. A participant may redeem his or her Appreciation DSUs only following termination of board service. Under the Company's DSU plan, the fair value of the Appreciation DSUs is charged to administration and other expense based on the number of Appreciation DSUs outstanding at the consolidated balance sheet dates multiplied by the difference between the market value of a Clairvest common share on the TSX at the consolidated balance sheet dates and the market value of a Clairvest common share on the TSX on the grant date.

[h] **Book value appreciation rights plan**

The Company may elect to issue all or a portion of a participant's stock option grant by way of book value appreciation rights units ["BVARs"]. Upon redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date, and grossed up such that the participant's after-tax proceeds equate to an amount as if the proceeds were taxed at the capital gains rate. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of [i] five years from the grant date or [ii] cessation of employment with the Company.

As the Company's BVAR plan is a cash settled plan, the fair value of the BVARs is charged to administration and other expense and recorded as a liability over the BVAR vesting period based on the book value per share at the consolidated balance sheet date of the prior quarter.

[i] **Net income per share**

Basic net income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully-diluted net income per share is determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

[j] **Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

3. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of deposits in investment and money market savings accounts and term deposits which have maturities of less than 90 days from the date of acquisition. The yield ranges between 1.1% and 4.8% per annum [2012 – between 0.5% and 4.7%] with a weighted average rate of pre-tax return of 1.2% per annum [2012 – 1.2%].

Temporary investments consist of guaranteed investment certificates and corporate bonds and loans and have maturities greater than 90 days from the date of acquisition and through to February 2020. The yield on these investments ranges between 1.7% and 9.2% per annum [2012 – between 1.6% and 4.9%] with a weighted average rate of pre-tax return of 3.2% per annum [2012 – 2.4%]. The composition of Clairvest's temporary investments at March 31 was as follows:

	2013			2012
	Due in 1 year or less	**Due after 1 year**	**Total**	Total
Guaranteed investment certificates	**$ 16,235**	**$ 28,100**	**$ 44,335**	$ 25,273
Corporate bonds and loans	**3,061**	**12,312**[1]	**15,373**	37,876
Term deposits	**—**	**—**	**—**	51
Preferred shares	**—**	**—**	**—**	1,497
	$ 19,296	**$ 40,412**	**$ 59,708**	$ 64,697

[1] In addition to the corporate investment Clairvest made in Centaur Gaming as described in note 6[j], Clairvest also made a treasury investment in Centaur Gaming during fiscal 2013 in the form of a US$6.0 million first lien secured loans and a US$6.0 million second lien secured loans, the aggregate carrying value of which at March 31, 2013 was $12.3 million.

4. RELATED PARTY TRANSACTIONS

[a] As the Manager of CEP, Clairvest is entitled to a management fee from CEP. Effective January 1, 2011, the CEP management fee is calculated annually as 1.5% of contributed capital less distributions on account of capital and write-downs of capital invested. The management fee is reduced to the extent of 75% of fees earned by Clairvest from corporate investments of CEP. The management fee from CEP ceased effective March 1, 2013.

During fiscal 2013, Clairvest earned management fees of $0.3 million [2012 – $0.5 million] from CEP. As per the Management Agreement, fees of $0.1 million [2012 – $0.1 million] from corporate investments of CEP were netted against the management fees.

Clairvest, as General Partner of CEP, is entitled to participate in distributions made by CEP equal to 10% of net gains of CEP [the "carried interest"]. During fiscal 2013, Clairvest earned $0.9 million [2012 – $2.2 million] in carried interest from CEP, which brings total carried interest earned by Clairvest from CEP at March 31, 2013 to $11.1 million [2012 - $10.2 million]. If CEP were to sell its corporate investments at their current fair values, Clairvest would receive up to $1.0 million [2012 – $3.6 million] in carried interest from CEP.

Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP via a limited partnership ["Participation Partnership"], the general partner of which is Clairvest.

[b] As the 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 fiscal 2013, CEP III declared to Clairvest priority distributions of $1.9 million [2012 – $2.0 million]. As per the Limited Partnership Agreement, fees of $0.3 million [2012 – $0.3 million] from corporate investments of CEP III were netted against the priority distributions.

Clairvest is also entitled to a 10% carried interest in respect of CEP III. No carried interest has been earned by Clairvest from CEP III to March 31, 2013. At March 31, 2013, if CEP III were to sell its corporate investments at their current fair values, Clairvest would receive up to $11.6 million [2012 – $0.3 million] in carried interest from CEP III.

Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP III via a limited partnership ["Participation III Partnership"], the general partner of which is Clairvest.

[c] As described in note 13 [b], Clairvest is required to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Investment Limited Partnership ["CEP III Co-Invest"] was established in fiscal 2007 as the investment vehicle for this purpose. CEP III Co-Invest has two limited partners, one of which is Clairvest, and the other is Participation III Partnership. Participation III Partnership has invested $1.1 million in CEP III Co-Invest and is entitled to an 8.25% carried interest in respect of CEP III Co-Invest.

Clairvest is entitled to participate in distributions equal to the realizable value on the $1.1 million invested by Participation III Partnership in CEP III Co-Invest plus the first $0.2 million received by the Participation III Partnership as described above. At March 31, 2013, $0.3 million [March 2012 – $0.3 million] has been received by Clairvest.

At March 31, 2013, if CEP III Co-Invest were to sell its corporate investments at their current fair values, Participation III Partnership would receive up to $4.7 million [2012 – $1.9 million] in carried interest from CEP III Co-Invest based on the terms described above, the amount of which has been recorded as a reduction to the fair value of corporate investments. To date, CEP III Co-Invest has not made any carried interest payments to Participation III Partnership.

[d] As General Partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. Effective January 14, 2011 to January 13, 2016, being the fifth anniversary of the date of final closing of CEP IV, the priority distribution is calculated monthly as 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 63.2% of any fees earned by Clairvest from corporate investments of CEP IV. During fiscal 2013, CEP IV declared to Clairvest priority distributions of $5.6 million [2012 – $5.4 million]. As per the Limited Partnership Agreement, fees of $0.3 million [2012 – $0.5 million] from corporate investments of CEP IV were netted against the priority distributions.

Clairvest is also entitled to a 10% carried interest in respect of CEP IV. No carried interest has been earned by Clairvest from CEP IV to March 31, 2013. At March 31, 2013, if CEP IV were to sell its corporate investments at their current fair values, Clairvest would receive up to $4.9 million [2012 – $2.8 million] in carried interest from CEP IV.

Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP IV via a limited partnership ["Participation IV Partnership"], the general partner of which is Clairvest.

[e] As Manager of CEP IV-A, Clairvest is entitled to a management fee from CEP IV-A. Effective January 14, 2011 to January 13, 2016, being the fifth anniversary of the date of final closing of CEP IV-A, the CEP IV-A management fee is calculated monthly as 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 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 fiscal 2013, Clairvest earned management fees of $0.6 million [2012 – $0.6 million] as compensation for its services in the administration of the portfolio of CEP IV-A. As per the Limited Partnership Agreement, $0.3 million [2012 – $0.3 million] was netted against the management fees.

As General Partner of CEP IV-A, Clairvest is also entitled to a 10% carried interest in respect of CEP IV-A. No carried interest has been earned by Clairvest from CEP IV-A to March 31, 2013. At March 31, 2013, if CEP IV-A were to sell its corporate investments at their current fair values, Clairvest would receive up to $0.8 million [2012 – $0.4 million] in carried interest from CEP IV-A.

Principals and employees of Clairvest are entitled to participate in another 10% of carried interest from CEP IV-A via Participation IV Partnership.

[f] As described in note 13 [c], 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-Investment Limited Partnership ["CEP IV Co-Invest"] was established in fiscal 2010 as the investment vehicle for this purpose. CEP IV Co-Invest has two limited partnerships, one of which is Clairvest, and the other is Participation IV Partnership. Participation IV Partnership has invested $1.6 million in CEP IV Co-Invest and is entitled to an 8.25% carried interest in respect of CEP IV Co-Invest.

Clairvest is entitled to participate in distributions equal to the realizable value on the $1.6 million invested by Participation IV Partnership in CEP IV Co-Invest plus the first $0.4 million received by the Participation IV Partnership as described above. No amounts have been received by Clairvest at March 31, 2013.

At March 31, 2013, if CEP IV Co-Invest were to sell its corporate investments at their current fair values, Participation IV Partnership would receive up to $2.5 million [2012 – $1.2 million] in carried interest from CEP IV Co-Invest based on the terms described above, the amount of which has been recorded as a reduction to the fair value of corporate investments. To date, CEP IV Co-Invest has not made any carried interest payments to Participation IV Partnership.

[g] Included in accounts receivable and other assets are share purchase loans made to certain officers of the Company totaling $1.1 million [2012 – $0.5 million]. The share purchase loans bear interest which is paid annually, have full recourse and are collateralized by the common shares of the Company purchased by the officers with a market value of $1.4 million [2012 – $0.7 million]. Also included in accounts receivable and other assets are other loans made to certain officers of a company affiliated with Clairvest totaling $0.6 million [2012 – $0.5 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 $35 thousand [2012 – $35 thousand] was earned on these loans during fiscal 2013. Also included in accounts receivable and other assets are receivables from Clairvest's investee companies totaling $1.2 million [2012 – $2.4 million], from CEP totaling $38 thousand [2012 – $0.3 million], from CEP III totaling $1.6 million [2012 – $1.5 million], from CEP IV totaling $3.4 million [2012 – $5.4 million] and from CEP IV-A totaling $0.5 million [2012 – $1.1 million].

[h] Loans totaling $29.5 million [2012 – $36.8 million], bearing interest at the Reference Rate in accordance with CEP IV's Limited Partnership Agreement, were made by the Company to CEP IV during fiscal 2013. During fiscal 2013, $45.6 million [2012 – $16.2 million] of these loans and loans previously advanced were repaid such that $4.5 million [2012 - $20.6 million] remained outstanding at March 31, 2013 and were repaid in full subsequent to year end. Interest of $1.6 million [2012 – $1.0 million] was earned from loans to CEP IV during fiscal 2013.

[i] Loans totaling $4.7 million [2012 – $6.0 million], bearing interest at the Reference Rate in accordance with CEP IV-A's Limited Partnership Agreement, were made by the Company to CEP IV-A during fiscal 2013. During fiscal 2013, $6.9 million [2012 – $3.0 million] of these loans and loans previously advanced were repaid such that $0.7 million [2012 - $3.0 million] remained outstanding at March 31, 2013 and were repaid in full subsequent to year end. Interest of $0.2 million [2012 – $0.1 million] was earned from loans to CEP IV-A during fiscal 2013.

[j] During fiscal 2013, Clairvest earned $19.9 million [2012 – $6.3 million] in distributions and interest income, $4.6 million [2012 – $4.3 million] in dividend income and $1.4 million [2012 – $2.0 million] in advisory and other fees from its investee companies.

[k] During fiscal 2011, Clairvest and a director of Clairvest entered into an agreement to purchase an aircraft for a total cost of $3.5 million, 50% of which was paid by Clairvest. The aircraft is owned 50% by Clairvest and 50% by a director of Clairvest. At March 31 2013, Clairvest's portion of the net book value of the aircraft of $1.5 million is recorded in accounts receivable and other assets. Clairvest receives 100% of the incidental rental income of the aircraft and is responsible for 100% of the operating expenses.

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

5. NET REALIZED GAINS ON CORPORATE INVESTMENTS

Net realized gains on corporate investments for the years ended March 31, 2013 and 2012 are comprised of the following:

	2013	2012
Net realized gains during the year	**$ 13,612**	$ 8,311
Previously recognized net unrealized gains	**[4,603]**	[7,766]
	$ 9,009	$ 545

6. CORPORATE INVESTMENTS

	2013			2012		
	Fair value	**Cost**	**Difference**	Fair value	Cost	Difference
Investments alongside CEP						
Grey Eagle Casino	**$ 2,431**	**$ 1**	**$ 2,430**	$ 1,605	$ 1	$ 1,604
Landauer Metropolitan Inc.	**25**	**5,111**	**[5,086]**	6,834	5,111	1,723
N-Brook Mortgage LP	**713**	**3,124**	**[2,411]**	2,625	5,036	[2,411]
Investments alongside CEP III						
Casino New Brunswick	**2,448**	**9,798**	**[7,350]**	2,448	9,798	[7,350]
Chilean Gaming Holdings[a]	**39,486**	**28,725**	**10,761**	31,202	28,725	2,477
Kubra Data Transfer Limited	**12,678**	**2,150**	**10,528**	7,868	2,150	5,718
Light Tower Rentals Inc.	**24,580**	**8,178**	**16,402**	21,494	8,178	13,316
Lyophilization Services of New England Inc.	**7,573**	**7,451**	**122**	5,098	7,351	[2,253]
PEER 1 Network Enterprises Inc.	**—**	**—**	**—**	10,419	6,291	4,128
Participation III Partnership Entitlements[b]	**[4,683]**	**—**	**[4,683]**	[1,918]	—	[1,918]
Investments alongside CEP IV						
Centaur Gaming [formerly Centaur, LLC]	**18,443**	**14,644**	**3,799**	28,798	28,945	[147]
CRS Contractors Rental Supply Limited Partnership	**10,573**	**10,573**	**—**	—	—	—
Discovery Air Inc.	**25,521**	**22,045**	**3,476**	27,701	26,545	1,156
Linen King, LLC	**788**	**2,525**	**[1,737]**	2,523	2,525	[2]
MAG Defense Services	**1,904**	**1,915**	**[11]**	—	—	—
Rivers Casino	**20,742**	**7,413**	**13,329**	25,536	8,504	17,032
Participation IV Partnership Entitlements[c]	**[2,494]**	**—**	**[2,494]**	[1,172]	—	[1,172]
Wellington Financial Fund II	**20**	**1**	**19**	46	1	45
Wellington Financial Fund III / IV	**14,850**	**12,138**	**2,712**	15,643	13,643	2,000
	175,598	**135,792**	**39,806**	186,750	152,804	33,946
Other investments	**792**	**910**	**[118]**	1,126	1,129	[3]
	$176,390	**$136,702**	**$ 39,688**	$187,876	$153,933	$ 33,943

[a] Comprised of Clairvest's investment in Casino Marina del Sol, Casino Osorno and Casino Sol Calama.
[b] Fair value attributable to limited partners of Participation III Partnership as described in note 4[c].
[c] Fair value attributable to limited partners of Participation IV Partnership as described in note 4[f].

The cost and fair value of corporate investments do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as hedges against these investments [note 12[b]]. Details of each investment are described below.

[a] **Grey Eagle Casino**

Grey Eagle Casino is a charitable casino on Tsuu T'ina First Nation reserve lands, located southwest of the City of Calgary, Alberta. At March 31, 2011, Clairvest held a $5.6 million subordinated debt with a 16% coupon rate. In addition to the subordinated debt, Clairvest also hold units of a limited partnership which operates Grey Eagle Casino, entitling Clairvest to between 2.8% and 9.6% of the earnings of the casino until December 18, 2022.

During fiscal 2012, Grey Eagle Casino completed a financing and repaid in full the $5.6 million subordinated debt and $2.2 million of accrued interest owing to Clairvest, $0.4 million of which was earned during fiscal 2012.

During fiscal 2013, Clairvest earned $0.4 million [2012 – nil] in profit distributions from Grey Eagle Casino.

[b] **Landauer Metropolitan Inc. ["Landauer"]**

Landauer is a supplier of home medical equipment operating in the northeastern United States.

At March 31, 2013 and 2012, Clairvest owned 1,906,250 10% cumulative convertible preferred shares and 748,133 common shares of Landauer, representing a 14.2% interest on a fully-diluted basis. Clairvest has also advanced bridge loans totaling US$0.3 million [C$0.3 million] and a US$0.6 million [C$0.6 million] subordinated secured convertible note to Landauer.

The bridge loans comprised of a US$0.2 million [C$0.2 million] bridge loan which bears interest at a rate of 25% per annum, payable monthly, and was repayable on April 16, 2010 but remained outstanding as at March 31, 2013, and a US$0.1 million [C$0.1 million] bridge loan which bears interest at a rate of 12% per annum, payable monthly, and is repayable on September 24, 2015. Any unpaid interest accrues interest at the same rate. The Company has the option to convert the bridge loans to common shares of Landauer at a rate of $1.00 per share.

The US$0.6 million subordinated secured convertible note bears interest at a rate of 10% per annum compounding annually. This note is convertible into Series B preferred shares at a conversion rate of $1.00 per share or into common shares at a rate of $0.50 per share. The conversion is at Clairvest's discretion.

The cumulative convertible preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each convertible preferred share is convertible into one common share and the conversion is at Clairvest's discretion.

During fiscal 2013, the fair value of Landauer was decreased by $6.8 million to $0.1 million. The decrease in the fair value was due to an expected material adverse change to the profitability of Landauer in the near term as a result of the recently completed Medicare competitive bidding process in the United States.

[c] **N-Brook Mortgage LP ["N-Brook"]**

N-Brook originated, adjudicated and underwrote first-ranking mortgages on owner-occupied, residential real estate in Ontario, British Columbia and Alberta. During fiscal 2009, N-Brook management made the decision to wind down its mortgage portfolio.

At March 31, 2012 and 2011, Clairvest had a $5.0 million investment in N-Brook. During fiscal 2013, Clairvest received cash distributions totaling $1.9 million [2012 – nil] from N-Brook, $1.1 million of which was recorded as a full repayment of the variable rate demand debenture and the remaining $0.8 million was recorded as a return of capital on the limited partnership units reducing the fair value of N-Brook to $0.7 million. No gain or loss was recorded as a result of the partial realization of Clairvest’s investment in N-Brook. Based on the fair value at March 31, 2013, Clairvest is entitled to receive 24.1% [2012 – 24.1%] of any future recoveries from N-Brook.

[d] **Casino New Brunswick**

Casino New Brunswick is a gaming entertainment complex located in Moncton, New Brunswick. At March 31, 2011, Clairvest had invested $9.2 million in Casino New Brunswick.

During fiscal 2012, Clairvest funded an additional $0.6 million in Casino New Brunswick, bringing the total investment in Casino New Brunswick to $9.8 million. The investment was made in the form of debentures with a stated interest at a rate of 6% per annum. Interest has been waived until further notice effective March 1, 2011. Also during fiscal 2012, management determined that the fair value of Casino New Brunswick should be written down by $2.7 million bringing cumulative write downs to $7.3 million as a result of performance continuing to trend below initial estimates. Also during the fiscal 2012, Clairvest pledged $5.4 million to a Schedule 1 Canadian chartered bank which has provided debt financing to Casino New Brunswick. The pledge was made to support the guarantee to fund any operating deficiencies of Casino New Brunswick as described in note 13[j].

At March 31, 2013 and 2012, Clairvest also holds units of a limited partnership which operates Casino New Brunswick, entitling Clairvest to 22.5% of the earnings of the casino.

[e] **Chilean Gaming Holdings**

Chilean Gaming Holdings is a limited partnership which has a 50.0% ownership interest in Casino Marina del Sol ["Casino del Sol"] in Concepcion, Chile, and a 48.8% ownership interest in each of Casino Osorno in Osorno, Chile, and Casino Sol Calama in Calama, Chile.

During fiscal 2012, Chilean Gaming Holdings sold 2.5% of its equity interest in Casino Osorno and Casino Sol Calama to the operator of Casino del Sol. Clairvest received $0.3 million in cash proceeds and realized a $0.1 million gain as a result of the sale.

During fiscal 2013, Clairvest earned dividends totaling $4.6 million [2012 **–** $1.3 million] through its investment in Chilean Gaming Holdings, bringing dividends earned to March 31, 2013 to $6.4 million [2012 - $1.8 million].

At March 31, 2013 and 2012, Clairvest owned 30,446,299 limited partnership units of Chilean Gaming Holdings, representing a 36.8% equity interest.

[f] **Kubra Data Transfer Limited ["Kubra"]**

Kubra is a business process outsourcing company focused on the distribution of household bills on behalf of its customers.

During fiscal 2012, Clairvest earned dividends totaling $3.0 million from Kubra, against Clairvest's investment in Kubra of $2.2 million.

At March 31, 2013 and 2012, Clairvest owned 3,250,000 Class A voting common shares of Kubra, representing an 11.5% interest on a fully-diluted basis.

[g] **Light Tower Rentals Inc. ["Light Tower Rentals"]**

Light Tower Rentals is an oilfield equipment rental company operating in major oil and gas drilling basins in the United States. At March 31, 2012 and 2011, Clairvest owned 5,841,250 Series A convertible preferred shares in Light Tower Rentals, which could be converted into a 10.3% ownership interest on a fully-diluted basis. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion. Also at March 31, 2012, Clairvest owned 2,215,736 common shares in LTR Equipment Inc. ["LTR Equipment"], a company affiliated with Light Tower Rentals which supplies certain equipment to Light Tower Rentals, representing a 15.3% interest on a fully-diluted basis.

During fiscal 2013, LTR Equipment was amalgamated into Light Tower Rentals. As a result of the amalgamation, Clairvest exchanged the 2,215,736 common shares of LTR Equipment into 8,428,387 common shares of the combined entity. No gain or loss was recognized as a result of the amalgamation. As a result of the exchange, Clairvest owned 5,841,250 Series A convertible preferred shares and 8,428,387 common shares of Light Tower Rentals, representing a 12.6% ownership interest on a fully-diluted basis.

[h] **Lyophilization Services of New England Inc. ["LSNE"]**

LSNE is a Manchester, New Hampshire based contract manufacturing organization focused on providing lyophilization services to biotech, pharmaceutical and medical device manufacturers. At March 31, 2011, Clairvest owned 6,406,000 Series A 10% cumulative preferred shares of LSNE. The preferred shares are entitled to dividends only in the event that Clairvest does not convert the preferred shares into common shares. Each preferred share is convertible into one common share and the conversion is at Clairvest's discretion. At March 31, 2011, Clairvest had also advanced US$0.3 million [C$0.3 million] in unsecured loans to LSNE.

During fiscal 2013 and 2012, Clairvest funded an additional US$0.1 million [C$0.1 million] and US$0.6 million [C$0.6 million] to LSNE, respectively, in the form of unsecured loans to further support the growth of LSNE, bringing total unsecured loans advanced to LSNE by Clairvest to US$1.0 million [C$1.0 million].

On March 31, 2013, US$0.6 million of unsecured loans were converted into 1,250,000 Series B 10% cumulative preferred shares and the remaining US$0.4 million of unsecured loans were converted into a promissory note with a stated interest rate of 10% per annum and repayable on demand.

During fiscal 2013, the fair market value of Clairvest's investment in LSNE was adjusted upward by $2.4 million as a result of LSNE's recent growth in earnings, such that Clairvest's carrying value of LSNE at March 31, 2013 approximates its cost.

At March 31, 2013, Clairvest owned 6,406,000 Series A 10% cumulative preferred shares which are convertible into a 12.3% ownership interest on a fully-diluted basis, 1,250,000 Series B cumulative preferred shares and US$0.4 million in demand promissory notes.

[i] **PEER 1 Network Enterprises Inc. ["PEER 1"]**

PEER 1 [TSX: PIX] is a global online IT infrastructure provider based in Vancouver, British Columbia. At March 31, 2012 and 2011, Clairvest owned 5,134,618 common shares of PEER 1, representing a 4.2% interest on a fully-diluted basis. The Company also owned 50,000 stock options of PEER 1 with an exercise price of $1.07 per share.

During fiscal 2013, Clairvest sold its investment in PEER 1 at a price of $3.85 per share. Clairvest realized a gain on this investment of $13.6 million on the sale, $4.6 million of which had been previously recognized. Clairvest also recognized a $0.5 million foreign exchange gain on the sale of PEER 1 which was the result of a reversal of foreign exchange revaluations given PEER 1 was considered a foreign denominated investment in prior periods.

[j] **Centaur Gaming [formerly Centaur, LLC]**

Centaur Gaming is the owner and operator of Hoosier Park Racing & Casino in Anderson, Indiana, and Indiana Grand Casino and Indiana Downs Racetrack ["Indiana Grand"] in Shelbyville, Indiana.

At March 31, 2011, Clairvest held US$29.7 million [C$29.9 million] in pre-petition senior secured first lien loans ["Senior Debt"] of Centaur Gaming. As part of the investment, Clairvest also held a US$0.3 million [C$0.3 million] promissory note from an unrelated investment partner [the "Investment Partner"] for this investment.

During fiscal 2012, Clairvest invested an additional US$5.3 million [C$5.5 million] in the Senior Debt of Centaur Gaming, bringing the total investment in Centaur Gaming to US$35.3 million [C$35.7 million]. Subsequently, Centaur Gaming emerged from Chapter 11 protection and implemented its court-approved Plan of Reorganization. As holders of US$39.1 million face principal value of Senior Debt, Clairvest received US$6.4 million [C$6.7 million] in cash, US$16.4 million in post-petition first lien secured notes, US$6.2 million in post-petition second lien secured notes and US$5.1 million in unsecured term loans with stapled warrants which, subject to regulatory approval, are convertible upon exercise into 9.9% of the Class A units of Centaur Gaming. The cash received was recorded as a return of capital and no gain or loss was realized as a result of the exchange.

During fiscal 2013, Centaur Gaming acquired Indiana Grand. Clairvest advanced a US$7.9 million [C$8.0 million] promissory note to Centaur Gaming during the acquisition process and invested an additional US$8.4 million [C$8.5 million] in the form of an unsecured term loan with stapled warrants in support of this acquisition. The stapled warrants, subject to regulatory approval, are convertible upon exercise into 9.9% of the Class B units of Centaur Gaming. The promissory note which had a stated interest rate of 3.41% per annum was repaid in full upon the completion of the acquisition.

In conjunction with this acquisition, Centaur Gaming completed a financing and repaid in full the post-petition first and second lien secured notes with interest accrued to February 20, 2013. The promissory notes were also repaid in full upon the completion of the financing.

During fiscal 2013, Clairvest received cash proceeds totaling US$32.3 million, comprised of a US$16.4 million full repayment on the post-petition first lien secured notes, a US$6.2 million full repayment on the post-petition second lien secured notes, a US$0.3 million full repayment on the promissory note from the Investment Partner, a US$7.4 million full repayment on the promissory note advanced to Centaur Gaming during the acquisition process and US$2.0 million in interest.

At March 31, 2013, Clairvest held US$13.6 million in term loans with stapled warrants which are convertible upon exercise to 9.9% of Class A and Class B units of Centaur Gaming.

As described in note 3, Clairvest also purchased US$6.0 million in new first lien loans and US$6.0 million in new second lien loans for its treasury holdings following the completion of the financing.

[k] **CRS Contractors Rental Supply Limited Partnership ["CRS"]**

CRS is a provider of equipment rental services and related merchandise across 21 locations in Ontario, Canada.

During fiscal 2013, Claivest invested $10.6 million to acquire 10,572,805 limited partnership units of CRS. At March 31, 2013, Clairvest's ownership interest in CRS is 13.9%.

[l] **Discovery Air Inc. ["Discovery Air"]**

Discovery Air is a specialty aviation services company operating across Canada and in select locations internationally.

During fiscal 2012, Clairvest invested $22.0 million in secured convertible debentures ["Debentures"] of Discovery Air. The Debentures, which have a 5.5-year term from issuance and are subject to certain early redemption rights in favor of Discovery Air, accrue interest at a rate of 10% per annum and interest is paid in kind and compounded on an annual basis. The Debentures and any paid in kind interest are convertible into 2,939,330 common shares of Discovery Air, which, together with the 59,521 Discovery Air shares owned prior to this investment, represents a 10.5% ownership interest in Discovery Air on an "as converted" basis. At March 31, 2013, the conversion price for the Debentures was $8.68 [2012 - $7.89] per share and the closing quoted market price of a Discovery Air common share was $2.38 [2012 - $3.98] per share.

Also during fiscal 2012, Clairvest advanced a $4.5 million bridge loan to Discovery Air with a stated interest rate of 9.5% per annum, which was repaid in full during fiscal 2013.

During fiscal 2013, Clairvest earned $2.4 million [2012 - $1.2 million] in interest from its investments in Discovery Air.

[m] **Linen King, LLC ["Linen King"]**

Linen King is an Oklahoma-based textile rental company that provides commercial laundry services to the healthcare and hospitality industries.

During fiscal 2012, Clairvest invested in 2,529,209 Class A units of Linen King. At March 31, 2013 and 2012, Clairvest's ownership interest in Linen King is 21.7%.

[n] **MAG Defense Services ["MAG"]**

MAG is a U.S.-based specialty aviation and intelligence, surveillance and reconnaissance service provider.

During fiscal 2013, Clairvest invested US$1.9 million [C$1.9 million] to acquire 18,737 Class A stock of MAG. At March 31, 2013, Clairvest's ownership interest in MAG is 8.0%.

[o] **Rivers Casino**

Rivers Casino is a gaming entertainment complex located in Des Plaines, Illinois.

At March 31, 2011, Clairvest owned 10,627,066 units of Rivers Casino, 1,605,149 units of which represented bridge capital in anticipation of the raising of equity from minority investors as required by the Illinois legislature.

During fiscal 2012, Rivers Casino completed the raising of capital from minority investors whereby Clairvest advanced US$1.1 million [C$1.1 million] in promissory notes to a minority investor [the "Minority Investor"] in support of the completion of the minority fundraising. The promissory notes paid interest at a rate of 24% per annum and matured on June 24, 2041. Clairvest also acquired a minority interest in the Minority Investor. As a result of the completion of minority fundraising, the 1,605,149 units were redeemed at cost.

Clairvest earned quarterly distributions and fees as an investor of Rivers Casino, and interest as a promissory noteholder of the Minority Investor. During fiscal 2013, Clairvest earned $3.6 million [2012 - $1.5 million] in quarterly distributions and $0.5 million [2012 - $0.3 million] in quarterly fees from Rivers Casino. Clairvest also earned $0.2 million [2012 - $0.2 million] in interest on the promissory note and received $0.4 million [2012 - $0.1 million] in quarterly principal and interest payments from the Minority Investor.

Also during fiscal 2013, Rivers Casino completed a financing and as a result made an additional distribution to its investors. Clairvest received cash proceeds totaling $9.5 million from this distribution which has been recorded in distributions and interest income. In addition to the distributions received from Rivers Casino, the Minority Investor made a $1.0 million full repayment on the promissory note.

At March 31, 2013, Clairvest owned 9,021,917 units of Rivers Casino, 5,000 units of the Minority Investor, which in aggregate represents a 5.0% ownership on a fully-diluted basis.

[p] **Wellington Financial Fund II ["Wellington Fund II"]**

Wellington Fund II provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada. Clairvest, as a limited partner, had committed to fund $20.0 million to Wellington Fund II. Clairvest's commitment represented a 24.1% interest in Wellington Fund II. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund II.

During fiscal 2012, Wellington Fund II was liquidated and the remaining assets were distributed to its limited partners. Clairvest received $0.2 million in cash and securities as a result of the liquidation, which approximated the fair value ascribed to Wellington Fund II at March 31, 2011. Clairvest continues to hold an interest in the General Partner of Wellington Fund II at March 31, 2013.

[q] **Wellington Financial Fund III / IV**

Wellington Financial Fund III ["Wellington Fund III"] is a successor fund to Wellington Fund II which provided debt capital and operating lines to technology, biotechnology, communications and industrial product companies across Canada and the United States. Clairvest, as a limited partner, committed to fund $25.0 million to Wellington Fund III. Clairvest's commitment represented a 16.7% interest in Wellington Fund III. Clairvest was also entitled to participate in the profits received by the General Partner of Wellington Fund III.

During fiscal 2012, Clairvest invested a further $1.1 million to Wellington Fund III, such that at March 31, 2012, $13.6 million [2011 – $12.5 million] of Clairvest's commitment had been funded.

During fiscal 2013, Wellington Financial Fund IV ["Wellington Fund IV"], a successor fund of Wellington Fund III, was raised. As part of the closing of Wellington Fund IV, Clairvest transferred its investment and its unfunded commitment in Wellington Fund III to Wellington Fund IV. Clairvest also increased its commitment by $0.1 million to $25.1 million in support of the final closing of Wellington Fund IV. Clairvest received a net return of capital of $2.1 million as a result of the closings of Wellington Fund IV.

Also during fiscal 2013, Clairvest funded an additional $0.6 million to Wellington Fund IV, bringing total amount funded to $12.1 million against the $25.1 million commitment. At March 31, 2013, Clairvest's interest in Wellington Fund IV represented a 12.6% ownership in Wellington Fund IV. Clairvest is also entitled to participate in the profits received by the General Partner of Wellington Fund IV.

7. CREDIT FACILITIES

Clairvest has a $75.0 million committed credit facility with a maturity date of April 30, 2020. The credit facility bears interest at 11% per annum on drawn amounts and at 1% per annum on undrawn amounts. The amount available under the credit facility at March 31, 2013 and 2012 is $75.0 million. No amounts were drawn during fiscal 2013 and 2012. Included in accounts receivable and other assets at March 31, 2013 is a capitalized closing fee on this facility totaling $0.6 million [2012 – $0.9 million] which is to be amortized on a straight-line basis to April 2015.

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

The Company also has a $20.0 million credit facility available, subject to annual renewals, bearing interest at prime plus 0.5% per annum. The prime rate at March 31, 2013 and 2012 was 3.0%. The amount available under the credit facility at March 31, 2013 was $20.0 million [2012 - $17.0 million], which is based on debt covenants within the banking arrangement. No amounts were drawn during fiscal 2013 and 2012.

8. INCOME TAXES

Income tax expense for the years ended March 31, 2013 and 2012 consist of the following:

	2013	2012
Current income tax expense	**$ 3,685**	$ 2,724
Future income tax expense	**2,326**	1,746
	$ 6,011	$ 4,470

A reconciliation of the income tax expense based on the statutory rate in Canada and the effective rate is as follows:

	2013	%	2012	%
Income before income taxes	**$ 41,774**		$ 26,886	
Statutory Canadian income tax rate		**26.50**		27.75
Statutory Canadian income taxes	**11,070**	**26.50**	7,461	27.75
Non-taxable dividends and distributions received	**[6,142]**	**[14.70]**	[5,721]	[21.28]
Taxable portion of net investment gains	**2,421**	**5.80**	314	1.17
Non-taxable portion of losses on temporary investments	**[1,034]**	**[2.48]**	189	0.70
Non-deductible portion of finance recovery	**[454]**	**[1.09]**	[383]	[1.42]
Non-deductible portion of other expenses	**1,010**	**2.42**	603	2.24
Payment [recovery] of prior years' taxes	**[1,663]**	**[3.98]**	455	1.69
Foreign income tax rate differences	**150**	**0.36**	1,428	5.31
Other	**653**	**1.56**	124	0.47
	$ 6,011	**14.39**	$ 4,470	16.63

Future tax liabilities relate to temporary differences on corporate and temporary investments, derivative instruments, accounts payable and accrued liabilities and income as follows:

	2013	2012
Temporary differences on corporate and temporary investments	**$ 5,459**	$ 4,075
Temporary differences on derivative instruments	**[413]**	[229]
Temporary differences on accounts payable and accrued liabilities	**[2,138]**	[1,445]
Temporary differences on income	**2,066**	947
Other	**1,500**	800
	$ 6,474	$ 4,148

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

9. SHARE CAPITAL

Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares

Issued and outstanding	**2013**		2012	
	Shares	**Amount**	Shares	Amount
Common shares, beginning of year	**15,118,095**	**$ 78,438**	15,392,695	$ 79,911
Issued on exercise of stock options	**6,000**	**104**	50,000	211
Prior period adjustment relating to share issuances	–	**559**	–	–
Purchased and cancelled under normal course issuer bid	–	–	[324,600]	[1,684]
Common shares, end of year	**15,124,095**	**$ 79,101**	15,118,095	$ 78,438

During fiscal 2012, the Company purchased and cancelled 324,600 common shares under various normal course issuer bids for a total purchase cost of $5.6 million. The excess of the purchase cost of the 324,600 shares purchased and cancelled during fiscal 2012 over the average paid-in amount was $3.9 million, the amount of which was charged to retained earnings.

During fiscal 2013, the Company filed a normal course issuer bid enabling it to make market purchases of up to 756,204 [2012 – 772,135] of its common shares in the 12-month period commencing March 6, 2013 [2012 – March 6, 2012]. During fiscal 2013, the Company made no purchases or cancellations under its normal course issuer bids. In total, 3,429,895 common shares at a cost of $35.3 million have been purchased under all previous normal course issuer bids as at March 31, 2013 and 2012. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation outside of the normal course issuer bid.

15,124,095 [2012 - 15,118,095] common shares were outstanding at March 31, 2013.

The weighted average number of common shares outstanding during fiscal 2013 was 15,123,635 [2012 - 15,397,724]. The weighted average number of fully-diluted shares outstanding during fiscal 2013 was 15,404,526 [2012 - 15,675,287].

The difference between the basic and fully-diluted net income per share computations for 2013 and 2012 consists of the following:

	2013			2012		
	Net income	**Weighted average number of shares**	**Per share amount**	Net income	Weighted average number of shares	Per share amount
Basic net income per share	**$ 35,763**	**15,123,635**	**$ 2.36**	$ 22,416	15,397,724	$ 1.46
Effect of dilutive securities stock options		**280,891**			277,563	
Fully-diluted net income per share	**$ 35,763**	**15,404,526**	**$ 2.32**	$ 22,416	15,675,287	$ 1.43

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

Under the Company's stock option plan, 1,173,856 [2012 – 1,283,856] common shares of the Company have been made available for issuance to eligible participants. At March 31, 2013, 615,000 [2012 – 725,000] options were outstanding under the plan, and an additional 558,856 [2012 – 558,856] are available for future grants. Under the plan, options are exercisable for one common share and the exercise price of the option must equal the market price of the underlying share on the day preceding the grant date.

Options granted vest over a period of five years. Once vested, options are exercisable at any time until their expiry 10 years after the grant date.

During fiscal 2013, 110,000 [2012 – 252,000] options were exercised, 6,000 [2012 – 50,000] of which were exercised for shares, increasing share capital by $0.1 million [2012 – $0.2 million]. The remaining 104,000 [2012 – 202,000] options were exercised under the cash settlement plan and had no impact on share capital. No options were granted during fiscal 2013 and 2012.

A summary of the status of the Company's stock option plan as at March 31, 2013 and 2012 and changes during the years then ended are presented below:

	Number of options	**Weighted average exercise price per share***
Options outstanding, March 31, 2011	977,000	$ 8.88
Options exercised	[252,000]	5.57
Options outstanding, March 31, 2012	725,000	9.72
Options exercised	[110,000]	5.13
Options outstanding, March 31, 2013	**615,000**	**$ 10.43**
Options exercisable, March 31, 2013	**601,000**	**$ 10.39**

*Adjusted for special dividends where applicable

The following table summarizes information about stock options outstanding and exercisable at March 31, 2013:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life [yrs]	Weighted average exercise price*	Number exercisable	Weighted average exercise price*
$7.00 to $7.99	50,000	0.2	$ 7.07	50,000	$ 7.07
$9.00 to $9.99	330,000	2.6	9.32	330,000	9.32
$12.00 to $12.99	235,000	4.5	12.72	221,000	12.73
	615,000			601,000	

* Adjusted for special dividends where applicable

10. STOCK-BASED COMPENSATION AND OTHER COMPENSATION PLANS

As a result of a cash settlement feature in Clairvest's stock option plan, Clairvest is required to recognize compensation expense based upon the intrinsic value of the outstanding stock options at the consolidated balance sheet dates, and the proportion of their vesting periods that have elapsed. For the year ended March 31, 2013, Clairvest recognized a stock-based compensation expense of $2.9 million (2012 – $1.5 million) as a result of options being vested and an increase in the trading price of Clairvest common shares. As at March 31, 2013, $6.4 million (2012 – $5.5 million) has been accrued under the Company's stock option plan, and a further $0.1 million (2012 – $0.3 million) not accrued as those options have not vested.

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

As at March 31, 2013, a total of 232,215 [2012 – 212,420] DSUs were held by directors of the Company, the accrual in respect of which was $5.0 million [2012 – $3.8 million] and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2013, Clairvest recognized an expense of $1.2 million [2012 – $1.0 million] with respect to DSUs.

As at March 31, 2013, 120,000 [2012 – 120,000] Appreciation DSUs were held by directors of the Company, the accrual in respect of which is $1.0 million [2012 – $0.6 million] and has been included in accounts payable and accrued liabilities. For the year ended March 31, 2013, Clairvest recognized an expense of $0.4 million [2012 – $0.3 million] with respect to Appreciation DSUs.

As at March 31, 2013, a total of 1,238,680 [2012 – 957,601] BVARs were held by employees of Clairvest, the accrual in respect of which was $2.1 million [2012 – $1.1 million] and has been included in accounts payable and accrued liabilities, and a further $3.8 million [2012 – $2.4 million] not accrued as those BVARs have not vested. For the year ended March 31, 2013, Clairvest recognized an expense of $1.6 million [2012 – $1.6 million] with respect to BVARs.

11. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2013	2012
Accounts receivable and other assets	**$ 3,434**	$ [6,307]
Income taxes recoverable	**2,749**	[2,135]
Accounts payable and accrued liabilities	**2,001**	1,598
Income taxes payable	**583**	1,410
	$ 8,767	$ [5,434]

Cash and cash equivalents at March 31, 2013 and 2012 are comprised of the following:

	2013	2012
Cash	**$ 3,022**	$ 3,063
Cash equivalents	**111,783**	29,823
	$ 114,805	$ 32,886

12.FINANCIAL INSTRUMENTS

[a] **Fair value of financial instruments**

Cash, cash equivalents, receivables, payables, temporary investments and corporate investments are being carried at fair value in accordance with the Company's accounting policy as described in note 2 to the consolidated financial statements.

[b] **Foreign exchange forward contracts**

As at March 31, 2013, the Company had entered into foreign exchange forward contracts as hedges against its foreign investments as follows:

Foreign exchange forward contracts to sell US$91.6 million [2012 – US$102.0 million] and buy US$4.2 million [2012 – US$1.4 million] at an average rate of Canadian $1.0022 [2012 – $0.9957] per U.S. dollar through to February 2014. The fair value of these contracts at March 31, 2013 is a loss of $1.2 million [2012 – $0.2 million] and has been recognized on the consolidated balance sheets as derivative instruments.

Foreign exchange forward contracts to sell Chilean Pesos ["CLP"] 14.7 billion [2012 – CLP 14.7 billion] at an average rate of Canadian $0.002022 [2012 – $0.001938] through to January 2014. The fair value of these contracts at March 31, 2013 is a loss of $1.9 million [2012 – $1.5 million] and has been recognized on the consolidated balance sheets as derivative instruments.

13. CONTINGENCIES, COMMITMENTS AND GUARANTEES

[a] Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is $54.7 million, $3.5 million [2012 – $3.5 million] of which remains outstanding at March 31, 2013. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it concurrently sells a proportionate number of securities of that corporate investment held by CEP.

[b] Clairvest has also committed to co-invest alongside CEP III in all investments undertaken by CEP III. Clairvest's total co-investment commitment is $75.0 million, $15.2 million [2012 – $15.2 million] of which remains unfunded at March 31, 2013. Clairvest 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.

[c] Clairvest has also committed to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A Clairvest's total co-investment commitment is $125.0 million, $73.1 million [2012 – $75.5 million] of which remains unfunded at March 31, 2013. Clairvest 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.

[d] Clairvest has also committed $25.1 million to Wellington Fund IV [2012 - $25.0 million to Wellington Fund III], $13.0 million [2012 - $11.4 million] of which remained unfunded at March 31, 2013.

[e] At March 31, 2013, Clairvest has received profit distributions totaling $3.3 million [2012 – $2.6 million] through its ownership interest in the General Partner of Wellington Fund III and Wellington Fund IV. Subject to clawback provisions, Clairvest may be required to repay up to a net $0.4 million [2012 - $1.3 million] of these distributions in the event the limited partners of Wellington Fund III and Wellington Fund IV do not meet their return threshold as specified in the respective Limited Partnership Agreements. At March 31, 2013 and 2012, there were no accruals made with respect to the Clawback.

[f] Clairvest has guaranteed up to US$3.4 million of CEP's obligations to a Schedule 1 Canadian chartered bank under CEP's foreign exchange forward contracts with the bank.

[g] Clairvest has guaranteed up to US$15.0 million of CEP III's obligations to a Schedule 1 Canadian chartered bank under CEP III's foreign exchange forward contracts with the bank.

[h] Under Clairvest's Incentive Bonus Program [the "Program"], a bonus of 10% of after-tax cash income and realizations on certain of Clairvest's corporate investments would be paid to management annually as applicable. Amounts are accrued under this Program to the extent that the cash income and investment realizations have occurred and the bonus has become payable. At March 31, 2013, $0.6 million [2012 – $0.8 million] has been accrued under the Program. If Clairvest were to sell its corporate investments at their current fair values, an additional bonus of $2.0 million [2012 – $1.1 million] would be owing to management under this Program. As no such realizations have occurred and the terms of the Program with respect to these corporate investments have not yet been fulfilled, the $2.0 million [2012 – $1.1 million] has not been accrued at March 31, 2013. The Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest and CEP IV Co-Invest.

[i] During fiscal 2006, Clairvest and a wholly owned subsidiary sold their interests in Signature Security Group Holdings Pty Limited ["Signature"] and a related company as part of a sale of 100% of Signature and the related company. As part of the transaction, the subsidiary has indemnified the purchaser for various potential claims. The indemnification was extinguished during fiscal 2013 and no claims against this indemnification had been made.

[j] Clairvest, together with CEP III, has guaranteed to fund any operating deficiencies of Casino New Brunswick for a specified period of time. The amount of the guarantee is allocated 75% to CEP III, to the extent that the amounts paid thereunder are within the limits of the CEP III Limited Partnership Agreement, with the remainder being allocated to

Clairvest. Any amounts paid under the guarantee will result in additional debentures being granted to Clairvest and CEP III, allocated on the same basis as the participation between Clairvest and CEP III in the guarantee funding. As at March 31, 2013, no amounts subject to this guarantee have been funded. Clairvest has pledged $5.4 million to a Schedule 1 Canadian chartered bank which has provided debt financing to Casino New Brunswick. The pledge was made to support the guarantee and is held in a bank account belonging to Clairvest at the Schedule 1 Canadian chartered bank which cannot be withdrawn without consent from the Schedule 1 Canadian chartered bank. Accordingly, it has been classified as restricted temporary investments on the consolidated balance sheets.

[k] An acquisition entity of Chilean Gaming Holdings and other investors of Casino Sol Calama have entered into a joint and several guarantee to fund any operating deficiencies upon the opening of Casino Sol Calama for a specified period of time. Latin Gaming Chile, Casino Sol Calama’s operator, has indemnified this acquisition entity with respect to this guarantee. As at March 31, 2013, no amounts subject to this guarantee have been funded.

[l] As part of the holding structure of Chilean Gaming Holdings, Clairvest, together with CEP III and other co-investors, had loans totaling $44.6 million at March 31, 2013 through various acquisition entities from an unrelated financial institution, while another acquisition entity held term deposits totaling $44.6 million at March 31, 2013 with the same financial institution as security for these loans. Clairvest intends to settle the loans, the deposits and related interest accruals simultaneously upon the divestiture of the investments in Chilean Gaming Holdings, and as a result, the deposits and the loans, and the interest revenue and expense have been presented on a net basis. Clairvest’s ownership of both acquisition entities was 36.8% at March 31, 2013, with CEP III owning 37.7% and the remainder owned by the other co-investors.

[m] Clairvest has committed to invest US$5.4 million in New Meadowlands Racetrack LLC, which operates the Meadowlands, North America's premier standardbred horse racing track located in East Rutherford, New Jersey. No amounts have been funded at March 31, 2013.

[n] During fiscal 2013, Clairvest reached a court-approved settlement with certain parties with respect to a $10.0 million loan advanced in two tranches of $5.0 million in each of December 2005 and May 2006. Subsequently, the loan was in default and the collateral arrangements for the loan were mishandled. The loan was written off and Clairvest recorded a realized loss in its consolidated financial statements for the year ended March 31, 2007. Clairvest took legal action against several parties to recover the funds and has reached a settlement with certain of these parties resulting in a settlement by these parties to Clairvest of $7.8 million, or 77.5% of the original loan value without taking into account litigation and other costs incurred in the recovery process, substantially all of which have been incurred and recorded as charges against income as of March 31, 2013. Clairvest continues to seek additional recoveries against parties that are not part of this settlement.

[o] 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.

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

14. RISK MANAGEMENT

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

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the years ended March 31, 2013 and 2012, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure at March 31, 2013 and 2012, net of any allowances for losses, were as follows:

	2013	2012
Financial assets		
Cash and cash equivalents	**$ 114,805**	$ 32,886
Temporary investments	**59,708**	64,697
Restricted cash and temporary investments	**5,425**	5,430
Accounts receivable	**8,873**	11,946
Loans receivable	**5,365**	23,740
Corporate investments	**176,390**	187,876
	$ 370,566	$ 326,575
Financial liabilities		
Accounts payable	**$ 133**	$ 377
Derivative instruments	**3,115**	1,731
	$ 3,248	$ 2,108

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

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

The Company manages credit risk on cash, cash equivalents and temporary investments by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. As at March 31, 2013 and 2012, the credit ratings, based on the Dominion Bond Rating Services ["DBRS"] rating scale, with the exception of loans rated below A- which are based on the Standard and Poor's ["S&P"] rating scale, for the Company's cash, cash equivalents and temporary investments were as follows:

	2013	2012
Cash and term deposits	**$ 3,022**	$ 3,386
Money market savings accounts		
R1-High	**93,463**	17,814
Guaranteed investment certificates, investment savings accounts and mutual fund deposits, including restricted temporary investments		
AA	**59,844**	39,272
AA-	**152**	3,168
A+	**5,052**	—
A	**3,032**	—
Corporate bonds and loans		
AA	**—**	15,212
AA-	**2,552**	—
A+	**508**	7,980
A	**—**	2,929
A-	**—**	11,755
B+	**6,117**[1]	—
CCC+	**6,196**[1]	—
Preferred shares		
P-2 low	—	1,497
Total cash, cash equivalents, temporary investments and restricted Temporary investments	**$ 179,938**	$ 103,013

[1] Pertains to Clairvest's treasury investment in Centaur Gaming as described in notes 3 and 6[j].

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

Market risk

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

	2013			
	Fair value measurements using			Assets / liabilities at fair value
	Level 1	Level 2	Level 3	
Financial assets				
Cash equivalents				
Money market savings accounts	$ 93,463	$ —	$ —	$ 93,463
Investment savings accounts	18,240	—	—	18,240
Mutual fund deposits	80	—	—	80
	111,783	—	—	111,783
Temporary investments				
Guaranteed investment certificates	—	44,335	—	44,335
Corporate bonds and loans	3,061	12,312	—	15,373
	3,061	56,647	—	59,708
Restricted temporary investments	—	5,425	—	5,425
Accounts receivable	—	—	8,873	8,873
Loans receivable	—	—	5,365	5,365
Corporate investments	126	—	176,264	176,390
	$ 114,970	$ 62,072	$ 190,502	$ 367,544
Financial liabilities				
Accounts payable and accrued liabilities	$ —	$ —	$ 133	$ 133
Derivative instruments	—	3,115	—	3,115
	$ —	$ 3,115	$ 133	$ 3,248

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

	2012			
	Fair value measurements using			Assets / liabilities at fair value
	Level 1	Level 2	Level 3	
Financial assets				
Cash equivalents				
Money market savings accounts	$ 17,814	$ —	$ —	$ 17,814
Investment savings accounts	11,737	—	—	11,737
Term deposits	272	—	—	272
	29,823	—	—	29,823
Temporary investments				
Term deposits	51	—	—	51
Guaranteed investment certificates	—	25,273	—	25,273
Corporate bonds and loans	37,876	—	—	37,876
Preferred shares	1,497	—	—	1,497
	39,424	25,273	—	64,697
Restricted temporary investments	—	5,430	—	5,430
Accounts receivable	—	—	11,946	11,946
Loans receivable	—	—	23,740	23,740
Corporate investments	10,671	—	177,205	187,876
	$ 79,918	$ 30,703	$ 212,891	$ 323,512
Financial liabilities				
Accounts payable and accrued liabilities	$ —	$ —	$ 377	$ 377
Derivative instruments	—	1,731	—	1,731
	$ —	$ 1,731	$ 377	$ 2,108

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

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

	Fair value April 1, 2012	Total realized / unrealized gains and foreign exchange revaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2013	Unrealized gains and foreign exchange revaluations included in earnings for assets and liabilities for the year ended March 31, 2013 for positions still held
Financial assets						
Accounts receivable	**$ 11,946**	**$ —**	**$ 71,304**	**$ [74,377]**	**$ 8,873**	**$ —**
Loans receivable	**23,740**	**—**	**34,168**	**[52,543]**	**5,365**	**—**
Corporate investments	**177,205**	**10,555**	**29,701**	**[41,197]**	**176,264**	**10,555**
	212,891	**10,555**	**135,173**	**[168,117]**	**190,502**	**10,555**
Financial liabilities						
Accounts payable	**377**	**—**	**1,908**	**[2,152]**	**133**	**—**
	$ 377	**$ —**	**$ 1,908**	**$ [2,152]**	**$ 133**	**$ —**

	Fair value April 1, 2011	Total realized / unrealized gains and foreign exchange revaluations included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2012	Unrealized gains and foreign exchange revaluations included in earnings for assets and liabilities for the year ended March 31, 2012 for positions still held
Financial assets						
Accounts receivable	$ 5,366	$ —	$ 47,458	$ [40,878]	$ 11,946	$ —
Loans receivable	126	—	46,431	[22,817]	23,740	—
Corporate investments	153,247	20,040	36,888	[32,970]	177,205	19,138
	158,739	20,040	130,777	[96,665]	212,891	19,138
Financial liabilities						
Accounts payable	176	—	1,496	[1,295]	377	—
	$ 176	$ —	$ 1,496	$ [1,295]	$ 377	$ —

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

March 31, 2013 and 2012 [tabular dollar amounts in thousands, except per share information]

If interest rates were higher or lower by 1% per annum, the potential effect would be an increase or decrease of $0.7 million to distributions and interest income on a pre-tax basis for the year ended March 31, 2013.

Included in corporate investments are investments for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings used for each individual investment. In determining the appropriate multiple, Clairvest considers i] public company multiples for companies in the same or similar businesses; ii] where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii] multiples at which Clairvest invested in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Investments which are valued using the earnings multiple approach include Casino New Brunswick, Centaur Gaming, Chilean Gaming Holdings, Kubra, Light Tower Rentals, Linen King, and Rivers Casino. If the Company had used an earnings multiple for each investment that was higher or lower by 0.5 times, the potential effect would be an increase of $19.3 million or decrease of $19.4 million to the carrying value of corporate investments and net changes in unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2013. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

The Company's corporate investment portfolio is diversified across 15 companies in 8 industries and 3 countries as at March 31, 2013. Concentration risk by industry and by country is as follows:

	2013				2012			
	Canada	**United States**	**Chile**	**Fair value**	Canada	United States	Chile	Fair value
Business services	**$ —**	**$ 12,678**	**$ —**	**$ 12,678**	$ —	$ 7,868	$ —	$ 7,868
Contract manufacturing	**—**	**7,573**	**—**	**7,573**	—	5,098	—	5,098
Equipment rental	**10,573**	**24,580**	**—**	**35,153**	—	21,494	—	21,494
Financial services	**15,583**	**—**	**—**	**15,583**	18,314	—	—	18,314
Gaming	**4,879**	**39,185**	**39,486**	**83,550**	4,053	54,334	31,202	89,589
Health and medical elated	**—**	**25**	**—**	**25**	—	6,834	—	6,834
Information technology	**—**	**—**	**—**	**—**	—	10,419	—	10,419
Specialty Aviation	**25,521**	**1,904**	**—**	**27,425**	27,701	—	—	27,701
Textile rental service	**—**	**788**	**—**	**788**	—	2,523	—	2,523
Other	**[6,385]**	**—**	**—**	**[6,385]**	[1,964]	—	—	[1,964]
Total	**$ 50,171**	**$ 86,733**	**$ 39,486**	**$ 176,390**	$ 48,104	$ 108,570	$ 31,202	$ 187,876

The Company has considered current economic events and indicators in the valuation of its corporate investments.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, Clairvest hedges 100% of the fair value of its foreign investments unless a specific exemption is approved by the Board of Directors.

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

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

Liquidity risk

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

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

15. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be the amounts it has in cash, cash equivalents, temporary investments and corporate investments. Clairvest also manages the third-party capital committed or invested in the CEP Funds and co-investments made by other investors. Total capital managed by Clairvest as at March 31, 2013, measured at fair market value and including capital committed by third-party investors but not yet invested, was $1.2 billion [2012 - $1.2 billion].

Clairvest's objectives in managing capital are to:

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

At March 31, 2013, Clairvest had non-restricted cash, cash equivalents and temporary investments of $174.5 million [2012 – $97.6 million] and access to $95.0 million [2012 – $92.0 million] through its credit facilities to support its current and anticipated corporate investments. Clairvest also had $261.1 million [2012 – $291.0 million] of uncalled committed third-party capital through the CEP Funds at March 31, 2013 to invest along with Clairvest's capital.

At March 31, 2013 and 2012, Clairvest had no external capital requirements, other than as disclosed in note 13.

16. SUBSEQUENT EVENT

Subsequent to year end, the Company invested US$4.0 million [C$4.1 million] in County Waste of Virginia, LLC ["County Waste"] a private regional solid waste management company based in West Point, Virginia. The Company's ownership interest in County Waste is 12.6%.

17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2013 consolidated financial statements.

SHAREHOLDER INFORMATION
As at, and for the year ended, March 31, 2013

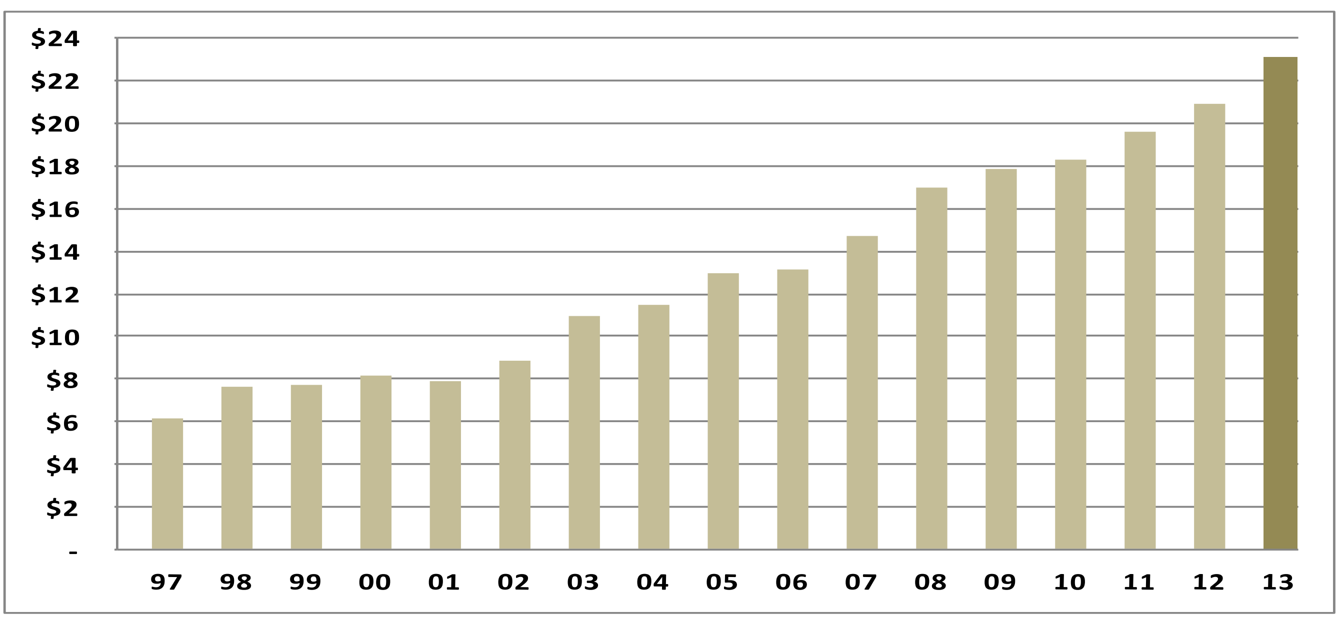
SHAREHOLDER COMMUNICATION
Clairvest has both the obligation and desire to provide its shareholders with full and continuous disclosure, on a timely basis, throughout the fiscal year. Annual and quarterly reports are provided as part of this process and the company releases information on material events through the press, as required. Further disclosure can be found on the company's website, www.clairvest.com.

VALUATION MEASURES
Clairvest's focus is on building the long–term value of its investments. Fair value accounting allows Clairvest to reflect changes in the value of our investments. The fair value method, however, is not without limitations. Clairvest's investments are often carried at values which may vary from the actual realizations.

OUTSTANDING SECURITIES
Share structure	Common Shares[3]		
Common shares outstanding			15,124,095
Less holders of 10% or more			9,972,222
Public float[1,2]			5,151,873
Market capitalization[1]		$	332,427,608
Market value of public float[1,2]		$	113,238,169
Stock market	Toronto Stock Exchange		
Stock symbol	CVG		

[1] As at May 31, 2013. [2] Excludes holders of 10% or more of the outstanding common shares. (3) During the year, Clairvest filed a new Normal Course Issuer Bid.

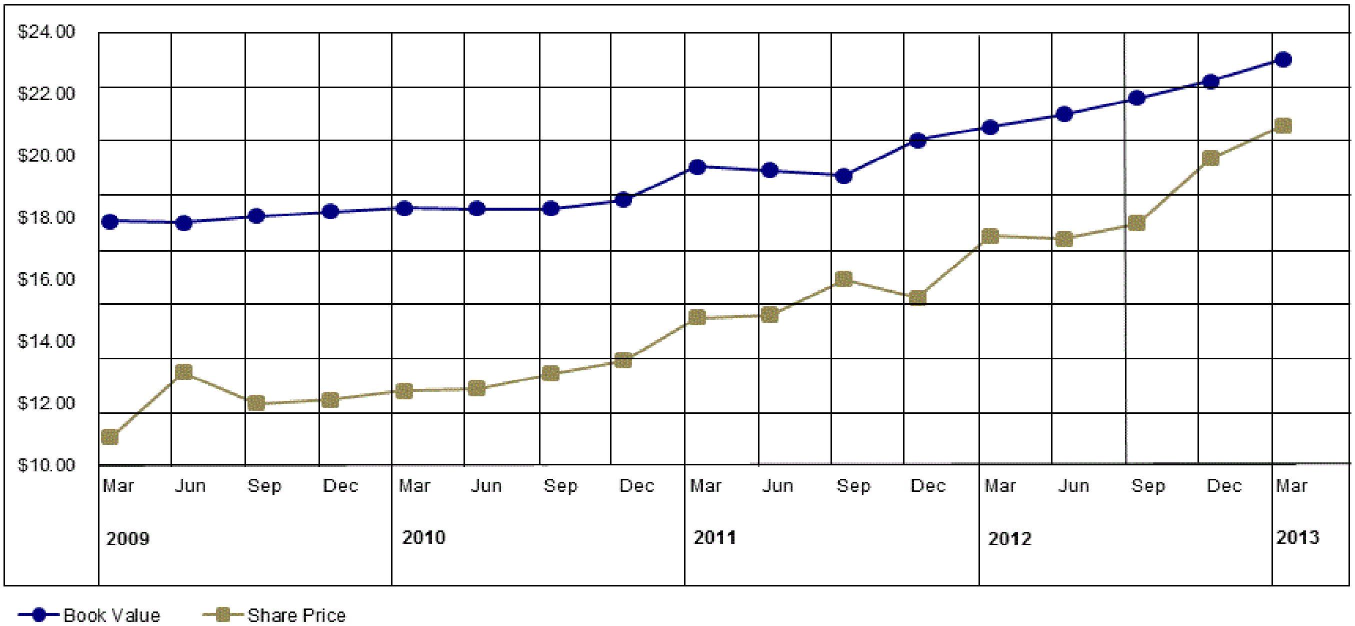
DIVIDEND INFORMATION
Clairvest has consistently paid a dividend over the last twenty-two years. Over the last twenty years the annual ordinary dividend has been $0.10 per common share. It is Clairvest's current intention to continue to pay an annual ordinary dividend.

BOOK VALUE PER SHARE AT MARCH 31


SHAREHOLDER INFORMATION

As at, and for the year ended, March 31, 2013

SHARE PRICE VS BOOK VALUE PER SHARE



SHARE TRADING VOLUME FISCAL 2013

Common shares	High	Low	Close	Volume
Year to March 31, 2013				
First Quarter	**18.06**	**17.01**	**17.30**	**13,563**
Second Quarter	**18.00**	**17.30**	**17.80**	**19,090**
Third Quarter	**19.98**	**17.70**	**19.90**	**68,439**
Fourth Quarter	**23.50**	**19.90**	**20.98**	**12,043**
Year to March 31, 2012				
First Quarter	15.25	14.60	14.85	101,734
Second Quarter	16.00	15.25	16.00	79,570
Third Quarter	16.00	15.40	15.40	33,378
Fourth Quarter	19.67	16.75	17.41	394,075

SHAREHOLDER INQUIRIES

Maria Klyuev, Director, Investor Relations & Marketing
tel: 416.925.9270
fax: 416.925.5753
email: mariak@clairvest.com

TRANSFER AGENT AND REGISTRAR

Investors are encouraged to contact
CIBC Mellon Trust Company
for information regarding their security holdings.
Note: Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company.

Information can be obtained at:
P.O. Box 700, Station B
Montreal, Québec H3B 3K3
Answerline: 1.800.387.0825
Web: www.canstockta.com
Email: inquiries@canstockta.com

CORPORATE INFORMATION

CORPORATE OFFICE
22 St. Clair Avenue East, Suite 1700
Toronto, Ontario M4T 2S3
Tel: 416.925.9270 Fax: 416.925.5753
Web: www.clairvest.com

AUDITORS
Ernst & Young LLP

THE ANNUAL MEETING OF SHAREHOLDERS
August 13, 2013
St. Andrews Club & Conference Centre,
150 King Street West, 27th Floor
Toronto, Ontario Canada

All Shareholders are encouraged to attend.