INTERIM BALANCE SHEETS
(UNAUDITED)

($ in thousands)	AS AT SEP 30, 2006	AS AT JUN 30, 2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 38,105	$ 17,853
Accounts Receivable (note 1)	10,014	25,451
Income Taxes Receivable	—	1,032
Prepaid Expenses and Other Assets	318	455
	48,437	44,791
Property and Equipment	972	978
	$ 49,409	**$ 45,769**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 3,422	$ 3,562
Income Taxes Payable (note 7)	1,968	—
Management and Staff Bonuses Payable (note 3)	27,535	29,621
Subordinated Loan Payable (note 3)	10,000	10,000
	$ 42,925	$ 43,183
Shareholders' Equity		
Share Capital (note 6)	47	1
Contributed Surplus (note 4 and 6)	1,614	—
Retained Earnings	4,823	2,585
	6,484	2,586
	$ 49,409	**$ 45,769**

The accompanying notes are an integral part of these financial statements.

INTERIM STATEMENTS OF INCOME AND RETAINED EARNINGS (UNAUDITED)

($ in thousands, except per share amounts)	3 MONTHS ENDING SEP 30, 2006	3 MONTHS ENDING AUG 31, 2005
REVENUE		
Base Management Fees	$ 13,600	$ 8,311
Performance Fees (note 1)	42	61,296
Investment and Other Income	237	181
	$ 13,879	**$ 69,788**
EXPENSES		
Salaries and Benefits (notes 4 and 5)	$ 5,153	$ 59,553
Business Development	697	484
General and Administrative	1,646	762
Occupancy	248	204
Amortization	21	30
	$ 7,765	**$ 61,033**
Income (Loss) Before Income Taxes	6,114	8,755
Income Tax Expense	3,000	3,300
Net Income for the Period	3,114	5,455
Retained Earnings – Beginning of Period	2,585	4,742
Dividends (note 6)	(876)	—
	$ 4,823	**$ 10,197**
Basic Earnings Per Share (note 8)	$ 0.11	$ 5.45
Diluted Earnings Per Share (note 8)	$ 0.11	$ 5.45

The accompanying notes are an integral part of these financial statements.

INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

($ in thousands)	3 MONTHS ENDING SEP 30, 2006	3 MONTHS ENDING AUG 31, 2006
CASH PROVIDED BY (USED IN)		
Operating Activities		
Net Income for the Period	$ 3,114	$ 5,455
Adjustments for		
Amortization of Property & Equipment	21	30
Loss (Gain) on Disposal	—	—
Changes in Non-Cash Working Capital Items		
Accounts Receivable	15,436	(10,813)
Prepaid Expenses and Other Assets	137	(47)
Income Taxes Receivable	1,032	(50)
Accounts Payable and Accrued Liabilities	(139)	1,372
Income Taxes Payable	1,968	850
Management and Staff Bonuses Payable	(2,086)	32,195
	19,483	28,992
Investing Activities		
Purchase of Property and Equipment	(16)	(18)
Proceeds from sale of Capital Assets	—	—
	(16)	(18)
Financing Activities		
Dividends Paid	(876)	—
Share Capital	46	—
Contributed Surplus	1,614	—
	784	—
Increase (Decrease) in Cash During the Period	20,251	28,974
Cash and Cash Equivalents – Beginning of Period	17,854	15,436
Cash and Cash Equivalents – End of Period	**$ 38,105**	**$ 44,410**

The accompanying notes are an integral part of these financial statements.

Notes to Unaudited Financial Statements

1. NATURE OF BUSINESS AND ORGANIZATION

Gluskin Sheff + Associates Inc. (the "Company") provides discretionary investment management services to high net worth private clients and institutional investors. The Company was incorporated in 1984 under the Business Corporations Act (Ontario).

On May 19, 2006, the Company filed an initial public and secondary offering of Subordinate Voting Shares. The Company's shares were listed on the Toronto Stock Exchange on May 26, 2006 and trade under the symbol "GS".

The Company has changed its year end from May 31 to June 30 effective June 30, 2006 to align the Company's fiscal year end with the date on which it determines annual Performance Fees for the majority of its portfolio models. As a result, these financial statements are for the three month period ending September 30, 2006 and August 31, 2005 with the Balance Sheet being as at September 30, 2006 and June 30, 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements are prepared by management in accordance with Canadian generally accepted accounting principles and, accordingly, do not include all disclosures required for annual financial statements.

These statements should be read in conjunction with the June 30, 2006 Audited Financial Statements included in the 2006 Annual Report. These financial statements reflect the same significant accounting policies as those described in the notes to the Audited Financial Statements of Gluskin Sheff + Associates Inc. for the period ended June 30, 2006, except for the following new policies which have been adopted as a result of new events:

> Stock Options are reported using the graded investing methodology in accordance with CICA Handbook Section 3870 and have been valued using a Trinomial Pricing Model.
>
> The Employee Trust has been recognized into Contributed Surplus on a graded basis.

3. RELATED PARTY TRANSACTIONS

The subordinated loan payable is interest bearing at a rate of 7% per annum, payable to the Management Shareholders, due on demand, and subordinated to the general creditors of the Company. Repayment requires the concurrence of the applicable Canadian securities administrators. Interest accrued during the period was $176 thousand (August 31, 2005 – $nil).

Included in the Company's Base Management Fee income is $6.3 million (August 31, 2005 – $3.1 million) earned from the management of the Company's private pooled fund vehicles, where the Company generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those funds that are limited partnerships, an affiliate of the Company is the general partner. Certain officers of the Company may own units, directly or indirectly, in the private pooled fund vehicles.

When the Company was a private company, it guaranteed loans for certain shareholders to enable them to purchase shares in the Company. As of September 30, 2006, there were no such outstanding guarantees (August 31, 2005 – $2.3 million). All related party transactions are recorded at the exchange amount.

4. STOCK-BASED COMPENSATION

The Company has reserved 2,920,000 Subordinate Voting Shares pursuant to a Company stock option plan of which 865,000 are subject to outstanding options issued and 2,055,000 are available for new option grants. The exercise price of the option is determined as at the close of business the day before the option grant is made by the Compensation, Nominating and Governance Committee of the Board of Directors. The expiry date of the options is seven years from the date of grant. Options become exercisable either on the anniversary of the grant date or over time at the rate of 20% of the total options granted on each anniversary of the grant date.

The following summarizes the status of the Company's stock option plan as of September 30, 2006:

	Number of Options
Opening Balance	0
Granted – price of $15.51	865,000
Forfeited	0
Exercised	0
Balance at September 30, 2006	**865,000**

Total compensation cost that has been charged against income for the stock option plan for the period is $116 thousand using the graded investing methodology in accordance with CICA Handbook Section 3870.

Options granted during the quarter ended September 30, 2006 were 865,000. The fair value of options granted was estimated at the date of granting using a Trinomial Pricing Model with the following assumptions: weighted average risk-free interest rate range of 4%, dividend yields 2%, weighted average volatility factors of the expected market price of the Company's common shares of 27.82%, the weighted average expected life of the options of 5 years, and a forfeiture rate of 5%.

EMPLOYEE TRUST

On May 19, 2006, at the time of the Initial Public Offering, the Company conveyed 397,500 shares to the Employee Trust, the beneficiaries of which were 59 of the Company's then current employees. The value of the shares are recognized into Contributed Surplus over the three year vesting period of the Trust, resulting in a charge to Salaries and Benefits expense in the quarter of approximately $1.5 million.

	Number of Shares
Opening Balance	0
Granted – price of $18.50	397,500
Forfeited	0
Exercised	0
Balance at September 30, 2006	**397,500**

5. SALARIES AND BENEFITS

The Company has accrued for an employee bonus pool payable to its employees on the basis of 20% of Total Revenue less Performance Fee Revenue less Total Expenses less discretionary bonuses and non-cash expenses, such as those relating to stock options, the Employee Trust, amortization or other items.

Included in Salaries and Benefits expense for the 3-month period ended August 31, 2005 are discretionary bonuses of $57.0 million paid to the selling shareholders. This was based on the firm being privately held during that time period.

6. SHARE CAPITAL

The Company has authorized an unlimited number of Subordinate Voting Shares and Multiple Voting Shares. As at September 30, 2006, there were 7,600,000 Subordinate Voting Shares and 21,600,000 Multiple Voting Shares (August 31, 2005 – 1,000,000 Common and Founders Shares). Multiple Voting Shares rank equally in all respects with the Subordinate Voting Shares, except that each Multiple Voting Share is entitled to 15 votes at any shareholders' meeting for all matters other than the election of Directors.

Contributed Surplus:

	$ in Thousands
Balance at June 30, 2006	$ 0
Amortization of stock options	116
Amortization of Employee Trust	1,498
Balance at September 30, 2006	**$1,614**

Share Capital increased during the period by $46 thousand to reflect 2,500 shares issued to three former employees at the time of the initial public offering.

On September 19, 2006, the Company declared a special dividend of $0.03 per Subordinate and Multiple Voting Share, payable on October 17, 2006 to shareholders of record on September 29, 2006.

7. INCOME TAXES

The Company's effective income tax rate does not materially differ from the federal and provincial rates to which it is subject. As of June 30, 2006, the Company has capital loss carry-forwards available of $277 thousand (August 31, 2005 – $501 thousand) that have not been recognized in the financial statements.

8. EARNINGS PER SHARE

The treasury stock method is used in the calculation of per share amounts. Basic earnings per share amounts are determined by dividing Net Income by the number of shares outstanding during the period excluding shares in the Employee Trust which are not included in shares outstanding for accounting purposes. The calculation of diluted earnings per share does not include the effect of the average unrecognized future compensation cost of the shares in the Employee Trust because such amounts are anti-dilutive.

9. AUDITORS

These interim financial statements have been prepared by Management and have not been reviewed or audited by the Company's independent auditors.