Gluskin Sheff + Associates Inc.
Interim Balance Sheets
(Unaudited)
As at December 31, 2006 and June 30, 2006
($ in thousands)

	Dec 31, 2006	Jun 30, 2006
Assets		
Current Assets		
Cash and Cash Equivalents	$ 24,991	$ 17,853
Accounts Receivable	7,325	25,451
Income Taxes Receivable	-	1,032
Prepaid Expenses and Other Assets	556	455
	32,872	**44,791**
Property and Equipment	**965**	**978**
Total Assets	**$ 33,837**	**$ 45,769**
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 2,717	$ 3,562
Income Taxes Payable (note 7)	7,443	-
Management and Staff Bonuses Payable	10,540	29,621
Subordinated Loan Payable (note 3)	-	10,000
	$ 20,700	**$ 43,183**
Shareholders' Equity		
Share Capital (note 6)	47	1
Contributed Surplus (note 4 and 6)	3,084	-
Retained Earnings	10,006	2,585
	13,137	**2,586**
Total Liabilities and Shareholders' Equity	**$ 33,837**	**$ 45,769**

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

Gluskin Sheff + Associates Inc.

Interim Statements of Income and Retained Earnings (Unaudited)

For the Three Months and the Six Months ending December 31, 2006 and November 30, 2005

($ in thousands, except per share amounts)

	3 Months Ending Dec 31, 2006	3 Months Ending Nov 30, 2005	6 Months Ending Dec 31, 2006	6 Months Ending Nov 30, 2005
Revenue				
Base Management Fees (note 3)	$ 14,873	$ 9,278	$ 28,473	$ 17,589
Performance Fees (note 1)	12,376	180	12,418	61,476
Investment and Other Income	315	362	552	543
	$ 27,564	**$ 9,820**	**$ 41,443**	**$ 79,608**
Expenses				
Salaries and Benefits (notes 4 and 5)	$ 11,791	$ 17,007	$ 16,944	$ 76,560
Business Development	501	584	1,198	1,068
General and Administrative	1,659	715	3,305	1,477
Occupancy	233	239	481	443
Amortization	21	30	42	60
	$ 14,205	**$ 18,575**	**$ 21,970**	**$ 79,608**
Income (Loss) Before Income Taxes	**13,359**	**(8,755)**	**19,473**	**-**
Income Tax Expense (Recovery)	**5,475**	**(3,300)**	**8,475**	**-**
Net Income for the Period	**7,884**	**(5,455)**	**10,998**	**-**
Retained Earnings - Beginning of Period	**4,823**	**10,197**	**2,585**	**4,742**
Dividends (note 6)	**(2,701)**	**-**	**(3,577)**	**-**
Retained Earnings - End of Period	**$ 10,006**	**$ 4,742**	**$ 10,006**	**$ 4,742**
Basic Earnings Per Share (note 8)	**$ 0.27**	**n/a**	**$ 0.38**	**n/a**
Diluted Earnings Per Share (note 8)	**$ 0.27**	**n/a**	**$ 0.38**	**n/a**

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

Gluskin Sheff + Associates Inc.
Interim Statements of Cash Flows (Unaudited)
For the Three and Six Months ending December 31, 2006 and November 30, 2005

($ in thousands)

	3 Months Ending Dec 31, 2006	3 Months Ending Nov 30, 2005	6 Months Ending Dec 31, 2006	6 Months Ending Nov 30, 2005
Cash Provided by (Used In)				
Operating Activities				
Net Income (Loss) for the Period	7,884	(5,455)	10,998	-
Adjustments for				
Amortization of Property & Equipment	21	30	42	60
Changes in Non-Cash Working Capital Items				
Accounts Receivable	2,689	9,863	18,126	(950)
Prepaid Expenses and Other Assets	(238)	(79)	(101)	(126)
Income Taxes Receivable	-	(19)	1,032	(19)
Accounts Payable and Accrued Liabilities	(705)	(413)	(845)	959
Income Taxes Payable	5,475	(3,250)	7,443	(2,450)
Management and Staff Bonuses Payable	(16,995)	5,382	(19,081)	37,577
Subordinated Loan Payable	(10,000)	-	(10,000)	-
	(11,869)	**6,059**	**7,614**	**35,051**
Investing Activities				
Purchase of Property and Equipment	(14)	(15)	(30)	(33)
Proceeds from Sale of Capital Assets	-	-	-	-
	(14)	**(15)**	**(30)**	**(33)**
Financing Activities				
Dividends Paid	(2,701)	-	(3,577)	-
Share Capital Issued	-	-	46	-
Contributed Surplus	1,470	-	3,084	-
	(1,231)	**-**	**(447)**	**-**
Increase (Decrease) in Cash During the Period	**(13,114)**	**6,044**	**7,137**	**35,018**
Cash and Cash Equivalents - Beginning of Period	**38,105**	**44,410**	**17,854**	**15,436**
Cash and Cash Equivalents - End of Period	**24,991**	**50,454**	**24,991**	**50,454**

Supplementary Information				
Interest paid during the period	350,959	-	350,959	-
Income taxes paid during the period	-	-	-	-

The accompanying notes are an integral part of these 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 and six month periods ended December 31, 2006 and November 30, 2005 with the Balance Sheet being as at December 31, 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 annual Audited Financial Statements included in the 2006 Annual Report. These interim 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 Section 3870 of the Canadian Institute of Chartered Accountants (CICA) Handbook and have been valued using a Trinomial Pricing Model
>
> The value of the shares of the Employee Trust is being recognized into contributed surplus on a graded basis

3 Related Party Transactions

Repayment of the Subordinated Loan Payable was completed in the second quarter. The Subordinated Loan Payable was interest bearing, payable to the Management Shareholders, at a rate of 7% per annum, due on demand, and subordinated to the general creditors of the Company. Interest paid on the loan during the three month and six month periods ended December 31, 2006 was $107 thousand and $176 thousand respectively (six months ending November 30, 2005 - $NIL).

Included in the Company's Base Management Fee income for the six months is $13.5 million (six months ending November 30, 2005 - $6.8 million) and for the three months is $7.2 million (three months ending November 30, 2005 - $3.7 million) earned from the management of the Company's 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 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 December 31, 2006, there were no such outstanding guarantees (November 30, 2005 - $1.7 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 December 31, 2006:

	Number of options	Price
Opening Balance	865,000	$15.51
Granted	0	N/A
Forfeited	0	N/A
Exercised	0	N/A
Balance at December 31, 2006	865,000	$15.51

Total compensation cost that has been charged against income for the stock option plan for the three months ending December 31, 2006 is $348 thousand (six months ending December 31, 2006 - $463 thousand) using the graded investing methodology in accordance with CICA 3870.

No additional options were granted this quarter. Option accounting is completed using a Trinomial Pricing Model with the following assumptions: weighted average risk-free interest rate range of 4%; dividend yield of 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 an Employee Trust, the beneficiaries of which were 59 of the Company's then current employees. The value of these shares are amortized into contributed surplus over the three year vesting period of the Trust, resulting in a charge to Salaries and Benefits expense in the three months ending December 31, 2006 of approximately $1.1 million (six months ending December 31, 2006 - $2.7 million).

	Number of shares
Opening Balance-price of $18.50	397,500
Granted	0
Forfeited	300
Exercised	0
Balance at December 31, 2006	397,200

5 Salaries and Benefits

The Company has accrued for an Employee Bonus Pool payable to its employees on the basis of 20% of the Company's Base Operating Income along with a further amount of up to 20% of Performance Fees earned. Base Operating Income is defined as all income excluding Performance Fees less Base Operating Expenses, which is defined as Salaries and Benefits (excluding discretionary bonuses), Occupancy, General and Administrative Expenses and Business Development but excluding any non-cash expenses, including those relating to salaries, bonuses, stock options, deferred share units, share grants and other benefits and amortization.

Included in Salaries and Benefits expense for the six month period ended November 30, 2005 are discretionary bonuses of $72.0 million paid to the Management Shareholders. The Company was privately held during that time period. The quarter ended December 31, 2006 is the final quarter in which there will be a pro-ration of the Performance Fees between the previous private and the current public company shareholders.

As set out in the Company's Initial Public Offering, Performance Fees earned on and after May 26, 2006 in respect of segregated accounts and private pooled fund vehicles that have their performance year end in the 2006 calendar year will be allocated pro-rata between the original Management Shareholders and the Company. The Company has accrued an amount due to the original Management Shareholders totalling $4.7 million in the second quarter for the performance year ended December 31, 2006.

6 Share Capital and Contributed Surplus

The Company has authorized an unlimited number of Subordinate Voting Shares and Multiple Voting Shares. As at December 31, 2006, there were 21,600,000 Multiple Voting Shares, 7,599,700 Subordinate Voting Shares and no preference shares outstanding. Three hundred Subordinate Voting Shares were returned to Treasury by the Employee Trust and cancelled following the termination of employment of three of the Employee Trust's beneficiaries (November 30, 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.

Share Capital and Contributed Surplus:	
Balance at September 30, 2006	$1,660,949
Amortization of stock options	$ 347,615
Amortization of Employee Trust	$1,122,642
Balance at December 31, 2006	$3,131,206

7 Income Taxes

As of June 30, 2006, the Company had capital loss carry-forwards available of $277 thousand that have not been recognized in the financial statements. The Company's effective income tax rate is approximately 43% and is impacted primarily by the non-deductibility for tax purposes of the expenses associated with the Stock Options and Employee Trust.

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.

At November 30, 2005, the Company was privately held with a different share structure; as such, comparative EPS information is not meaningful.

9 Auditors

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