Gluskin Sheff + Associates Inc.
Interim Balance Sheets
(Unaudited)

($ in thousands)	As at Sep 30, 2007		As at June 30, 2007	
ASSETS				
Current Assets				
Cash and Cash Equivalents	$	80,785	$	42,319
Accounts Receivable		8,009		111,453
Securities Owned at market (note 3)		2,776		-
Securities Owned at cost		-		2,441
Prepaid Expenses and Other Assets		394		541
		91,964		**156,754**
Property and Equipment		**1,278**		**1,065**
	$	**93,242**	**$**	**157,819**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	$	1,649	$	7,977
Dividends Payable		46,498	$	-
Securities Sold Short (note 3)		1,663		1,385
Income Taxes Payable (note 6)		4,352		43,503
Management and Staff Bonuses Payable		3,614		31,589
	$	**57,776**	**$**	**84,454**
SHAREHOLDERS' EQUITY				
Share Capital (note 5)		2,523		2,523
Contributed Surplus (note 5 and 8)		4,266		3,496
Retained Earnings		28,677		67,346
		35,466		**73,365**
	$	**93,242**	**$**	**157,819**

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

Gluskin Sheff + Associates Inc.
Interim Statements of Income, Comprehensive Income and Retained Earnings (Unaudited)

($ in thousands, except per share amounts)	3 months Ending Sep 30, 2007	3 months Ending Sep 30, 2006
REVENUES		
Base Management Fees	$ 20,281	$ 13,600
Performance Fees	284	42
Investment and Other Income	925	237
	$ 21,490	**$ 13,879**
EXPENSES		
Salaries and Benefits (note 7 and 8)	$ 6,027	$ 5,153
Business Development	456	697
General and Administrative	2,117	1,646
Occupancy	349	248
Amortization of Property and Equipment	51	21
	$ 9,000	**$ 7,765**
Income Before Income Taxes	**$ 12,490**	**$ 6,114**
Income Taxes (Note 6)	4,849	3,000
Net Income and Comprehensive Income for the Period	**7,641**	**3,114**
Retained Earnings - Beginning of Period	67,347	2,585
	74,988	5,699
Transitional adjustment on adoption of new accounting policy (note 3)	187	-
Dividends	(46,498)	(876)
Retained Earnings - End of Period	**$ 28,677**	**$ 4,823**
Basic Earnings Per Share	**$ 0.26**	**$ 0.11**
Diluted Earnings Per Share	**$ 0.26**	**$ 0.11**

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

Gluskin Sheff + Associates Inc.
Interim Statements of Cash Flows
(Unaudited)

($ in thousands)	3 months Ending Sep 30, 2007	3 months Ending Sep 30, 2006
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net Income for the Period	$ 7,641	$ 3,114
Adjustments for		
Amortization of Property and Equipment	51	21
Net investment gains	188	-
Stock based compensation	770	1,614
	8,650	4,749
Changes in Non-Cash Working Capital Items		
Accounts Receivable	103,444	15,436
Prepaid Expenses	147	137
Income Tax Recoverable	-	1,032
Accounts Payable and Accrued Liabilities	(6,328)	(139)
Income Tax Payable	(39,151)	1,968
Management and Staff Bonuses Payable	(27,975)	(2,086)
	38,787	**21,097**
INVESTING ACTIVITIES		
Sales of Securities Sold Short	278	-
Purchases of Securities Owned	(335)	-
Purchase of Property and Equipment	(264)	(16)
	(321)	**(16)**
FINANCING ACTIVITIES		
Share Capital	-	46
Dividends Paid	-	(876)
	-	**(830)**
Increase in Cash During the Period	**38,466**	**20,251**
Cash and Cash Equivalents - Beginning of Period	**42,319**	**17,854**
Cash and Cash Equivalents - End of Period	**80,785**	**38,105**
SUPPLEMENTARY INFORMATION		
Interest paid during the period	-	176
Income taxes paid during the period	44,000	-

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

($ in thousands)

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 effective May 26, 2006 and trade under the symbol "GS".

These financial statements are for the three month period ended September 30, 2007 and September 30, 2006 with the Balance Sheets being as at September 30, 2007 and June 30, 2007.

2 Basis of presentation

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

These financial statements should be read in conjunction with the June 30, 2007 Audited Financial Statements of Gluskin Sheff + Associates Inc. included in the 2007 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 ending June 30, 2007, except as discussed in Note 3.

3 Changes in accounting policies

On July 1, 2007, the Company adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1530, "Comprehensive Income" and Handbook Section 3855, "Financial Instruments – Recognition and Measurement".

<u>Comprehensive Income</u>

Comprehensive income consists of net income and changes in unrealized gains or losses on short-term investments classified as available-for-sale under the new Financial Instruments section of the CICA Handbook. The Company has no short-term investments classified as available-for sale.

<u>Financial Instruments – Recognition and Measurement</u>

Section 3855 of the CICA Handbook establishes standards for recognizing and measuring financial assets, liabilities and non-financial derivatives. All financial instruments are measured at fair value upon initial recognition, with the exception of certain related party transactions. In subsequent periods, measurement will depend on the classification of the financial instruments. Held-for-trading securities are measured at fair value at the balance sheet date, with both realized and unrealized gain and losses being reflected in net income. Financial instruments classified as

($ in thousands)

held-to-maturity, loans and receivables, and other liabilities are reported at their amortized cost using the effective interest rate method. Available-for-sale financial instruments are reported at their fair value and any realized gains or losses are reported in other comprehensive income until they are realized, at which point they are included in net income.

The Company has classified its securities owned and its securities sold short as “held-for-trading” and, accordingly, a transitional adjustment reflecting the unrealized appreciation on securities owned at July 1, 2007 amounting to $187 is recognized in Retained Earnings. The proceeds for the securities sold short as at September 30, 2007 is $1,723.

4 Related party transactions

Included in the Company’s Base Management Fee income for the three months is $11,226 (September 30, 2006 - $6,300) 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 private pooled fund vehicles. All related party transactions are recorded at the exchange amount. Included in the Company’s accounts receivable as at September 30, 2007 is $4,044 owing from the Company’s Pooled Funds.

5 Share capital and Contributed Surplus

The company is authorized to issue an unlimited number of subordinate voting shares and multiple voting shares. As at September 30, 2007, there were 8,792,230 subordinate voting shares and 20,409,900 multiple voting shares (September 30, 2006 – 7,600,000 subordinate voting shares and 21,600,000 multiple voting shares) and no preference shares outstanding. 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.

	Sep 30, 2007		Sep 30, 2006	
	Number of Shares (‘000)	Stated Value $	Number of Shares (‘000)	Stated Value $
Beginning of Period				
Multiple Voting shares	20,762		21,600	
Subordinate Voting shares	8,436		7,600	
	29,198	$2,523	29,200	$1
Activity during the Period				
Convert from Multiple Voting shares	(352)		-	
Outstanding Employee Trust shares	-		-	46
Exercise of Stock Options	4		-	

($ in thousands)

Convert to Subordinate Voting shares	352		-	
	4	-	-	46
End of Period				
Multiple Voting shares	20,410		21,600	
Subordinate Voting shares	8,792		7,600	
	29,202	$2,523	29,200	$47

Contributed Surplus

The following summarizes the Contributed Surplus balance as of September 30, 2007

Change in Contributed Surplus	**September 30, 2007**
Balance at Start of Period	**$3,496**
Deferred Share Units granted	(24)
Amortization of Stock Options	288
Amortization of Employee Trust	506
Balance at September 30, 2007	**$4,266**

6 Income taxes

The Company's effective income tax rate is approximately 38.7% and is impacted primarily by the non-deductibility for tax purposes of the expenses associated with the Stock Options, Deferred Share Units and Employee Trust.

Statutory income tax rate	36.1%
Non-deductible expenses	2.6%
Effective income tax rate	38.7%

As of June 30, 2007, the Company has capital loss carry-forwards available of $42 (June 30, 2006 - $277) that have not been recognized in the financial statements.

7 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 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.

($ in thousands)

Included in the Salaries and Benefits expense for the three month period ended September 30, 2007 is an allocation to the bonus pool of $3,161 (September 30, 2006 - $1,671).

8 Stock based Compensation

Share Option Plan

In September 2007, 8,000 of the Company's stock options were exercised at an exercise price of $15.51. The total compensation expense related to stock options outstanding that has been included in the salaries and benefits expense during the three month period ended September 30, 2007 amounted to $288 (September 30, 2006 - $116) using the graded investing methodology in accordance with CICA Handbook Section 3870.

Employee Trust

There were no changes in the total number of shares in the Employee Trust for the three month period ending September 30, 2007. The Employee Trust expense included in the Salaries and Benefits expense for the three month period ending September 30, 2007 was $506 (September 30, 2006 - $1,483).

Deferred Share Unit Plan

For the three month period ending September 30, 2007, the Company issued 3,018 awards under the DSU plan. At September 30, 2007, there were 16,961 awards outstanding under the DSU plan. For the three month period ending September 30, 2007, there was a credit in the Compensation expense in respect of the Company's DSU plan of $24.

9 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.

10 Auditors

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