GLUSKIN SHEFF + ASSOCIATES INC.

Interim Balance Sheets

($ In thousands)		As at Sep 30, 2008 (Unaudited)		As at June 30, 2008 (Audited)
ASSETS				
Current Assets				
Cash and Cash Equivalents	$	55,080	$	54,213
Accounts Receivable		9,151		18,624
Securities Owned (note 5)		2,576		4,706
Income Tax Receivable (note 9)		3,893		619
Prepaid Expenses and Other Assets		608		576
		71,308		**78,738**
Property and Equipment		3,439		3,116
Total Assets	**$**	**74,747**	**$**	**81,854**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	$	3,268	$	2,797
Dividends Payable		11,389		-
Securities Sold Short (note 5)		1,138		1,490
Future Income Taxes (note 9)		90		356
Accrued Bonuses		3,006		16,951
	$	**18,891**	**$**	**21,594**
SHAREHOLDERS' EQUITY				
Share Capital (note 8)		4,967		4,967
Contributed Surplus (note 8)		5,431		4,650
Retained Earnings		45,458		50,643
		55,856		**60,260**
Total Liabilities and Shareholders' Equity	**$**	**74,747**	**$**	**81,854**

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, 2008	3 Months Ending Sep 30, 2007
REVENUES		
Base Management Fees (note 6)	$ 19,102	$ 20,281
Performance Fees (note 6)	42	284
Investment and Other Income (Loss)	(972)	925
	$ 18,172	**$ 21,490**
EXPENSES		
Salaries and Benefits (notes 10 and 11)	$ 5,421	$ 6,027
Business Development	699	456
General and Administrative	2,089	2,117
Occupancy	458	349
Amoritzation of Property and Equipment	168	51
	$ 8,835	**$ 9,000**
Income Before Provision for Income Taxes	**$ 9,337**	**$ 12,490**
Provision for (Recovery of) income taxes (note 9)		
Current Income Taxes	3,399	4,849
Future Income Taxes	(266)	-
	3,133	4,849
Net Income and Comprehensive Income for the Period	**6,204**	**7,641**
Retained Earnings - Beginning of Period	50,643	67,347
	56,847	74,988
Transitional adjustment on adoption of new accounting policy	-	187
Dividends	(11,389)	(46,498)
Retained Earnings - End of Period	**$ 45,458**	**$ 28,677**
Basic Earnings Per Share	**$ 0.21**	**$ 0.26**
Diluted Earnings Per Share	**$ 0.21**	**$ 0.26**

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, 2008	3 Months Ending Sep 30, 2007
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net Income for the Period	$ 6,204	$ 7,641
Adjustments for		
Amortization of Property and Equipment	168	51
Net Investment Loss	1,454	188
Future Income Taxes	(266)	-
Stock Based Compensation	781	770
	8,341	8,650
Changes in Non-Cash Working Capital Items		
Accounts Receivable	9,473	103,444
Prepaid Expenses	(32)	147
Income Tax Receivable	(3,274)	-
Accounts Payable and Accrued Liabilities	471	(6,328)
Income Taxes Payable	-	(39,151)
Accrued Bonuses	(13,945)	(27,975)
	1,034	**38,787**
INVESTING ACTIVITIES		
Sales (Repurchase) of Securities Sold Short	(272)	278
Sales (Purchase) of Securities Owned	596	(335)
Purchase of Property and Equipment	(491)	(264)
	(167)	**(321)**
Increase (Decrease) in Cash During the Period	**867**	**38,466**
Cash and Cash Equivalents - Beginning of Period	**54,213**	**42,319**
Cash and Cash Equivalents - End of Period	**$ 55,080**	**$ 80,785**
Cash is comprised of:		
Cash	55,080	38,466
Short-term Investments	-	42,319
	55,080	**80,785**
SUPPLEMENTARY INFORMATION		
Interest paid during the period	-	-
Income taxes paid during the period	6,674	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 *Ontario Business Corporations Act*. The Company is listed on the Toronto Stock Exchange ("TSX") and trades under the symbol "GS".

These financial statements are for the three month periods ended September 30, 2008 and September 30, 2007 with the Balance Sheets being as at September 30, 2008 and June 30, 2008.

2 BASIS OF PRESENTATION

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

These financial statements should be read in conjunction with the June 30, 2008 Audited Financial Statements of Gluskin Sheff + Associates Inc. included in the 2008 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, 2008, except as discussed in Note 3.

Certain comparative figures have been reclassified to conform with the current period's presentation.

3 CHANGES IN ACCOUNTING POLICIES

Effective July 1, 2008, the Company prospectively adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1535 – Capital Disclosures, Handbook Section 3862 – Financial Instruments – Disclosures and Handbook Section 3863 – Financial Instruments – Presentation.

Capital Disclosures

Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Financial Instruments – Disclosures and Presentation

Sections 3862 and 3863 replace Handbook Section 3861 – Financial Instruments – Disclosures and Presentation, revising and enhancing disclosure requirements, and carrying forward existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The adoption of these new accounting standards entailed additional disclosure and some changes to presentation, but had no effect on net income or shareholders' equity.

($ in thousands)

4 FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and bonuses payable, whose carrying values approximate their fair values due to their short-term nature, and short-term securities holdings, which are recorded at fair value using quotations from independent third party pricing sources. The balance due from related parties is current and, therefore, has not been discounted despite the fact that it is non-interest bearing.

The Company also has financial instruments consisting of other securities holdings and securities sold short recorded at fair value representing seed capital used in forming new fund products.

The Company's risk management policies and procedures relating to credit risk, liquidity risk and market risk are addressed in the Financial Instruments and Risk Management sections of Management's Discussion and Analysis of the financial results for the three month period ended September 30, 2008.

5 SECURITIES OWNED AND SOLD SHORT

The Company has seeded new portfolio models, some or all of which the Company expects to eventually introduce into the line-up of the portfolio offering. The fair value of the securities owned and the securities sold short as at September 30, 2008 are $2,576 and $1,138 respectively (June 30, 2008 – securities owned $4,706 and securities short $1,490).

The maximum loss that the Company may incur in respect of securities owned is the amount paid to acquire the securities. The maximum gain to the Company in respect of the securities sold short is the proceeds received upon entering into the short sale transaction whereas the amount of the potential loss is unlimited. The market values of securities owned and sold short vary daily based on general market conditions and matters specific to the issuers of the securities.

6 RELATED PARTY TRANSACTIONS

Included in the Company's Base Management Fee income for the three months is $11,423 (September 30, 2007 - $11,226) 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. All related party transactions are recorded at the exchange amount. Included in the Company's accounts receivable as at September 30, 2008 is $3,727 (June 30, 2008 - $3,239) owing from the Company's Pooled Funds.

7 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue operations as a going concern.

Capital is comprised of share capital, contributed surplus and retained earnings.

The Company's Senior Management team is responsible for approving the Company's capital management objectives and policies, and for overseeing the effective management of capital. The Board of Directors reviews

($ in thousands)

the Company's capital plans as part of its review of strategic initiatives and at least annually in connection with the financial forecast process.

The Company has minimum capital requirements in connection with its registration as an Investment Counsellor and Portfolio Manager with the Ontario Securities Commission. The Company has maintained the level of capital per its regulatory requirements as at September 30, 2008 and June 30, 2008.

8 SHARE CAPITAL AND CONTRIBUTED SURPLUS

The company is authorized to issue an unlimited number of Subordinate Voting Shares and Multiple Voting Shares and an unlimited number of preference shares, issuable in series.

As at September 30, 2008, there were 9,889,130 Subordinate Voting Shares and 19,313,000 Multiple Voting Shares (September 30, 2007 – 8,792,230 Subordinate Voting Shares and 20,409,900 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.

Share Capital	**3 Months Ending Sep 30, 2008**		3 Months Ending Sep 30, 2007	
	Number of Shares	**Stated Value**	Number of Shares	Stated Value
Beginning of the Period				
Multiple Voting Shares	**19,313**		20,762	
Subordinate Voting Shares	**9,889**		8,436	
	29,202	**$4,967**	29,198	$2,523
Activity during the Period				
Convert from Multiple Voting shares	-	-	(352)	-
Exercise of Stock Options	-	-	4	-
Convert to Subordinate Voting Shares	-	-	352	-
	-	**$0**	4	$0
End of the Period				
Multiple Voting Shares	**19,313**		20,410	
Subordinate Voting Shares	**9,889**		8,792	
	29,202	**$4,967**	29,202	$2,523

($ in thousands)

Contributed Surplus

The following summarizes the Contributed Surplus balance as of September 30, 2008

	Sep 30, 2008	Sep 30, 2007
Change in Contributed Surplus		
Balance at Start of the Period	**$4,650**	$3,496
Deferred Share Units	**60**	(24)
Amortization of Stock Options	**519**	288
Amortization of Employee Trust	**202**	506
Balance at End of the Period	**$5,431**	$4,266

9 INCOME TAXES

The Company's effective income tax rate is approximately 33.6% 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, along with the tax treatment of capital gains and losses.

Statutory income tax rate	33.5%
Non-deductible expenses	0.1%
Effective income tax rate	33.6%

The temporary differences that give rise to the Company's future tax liability as at September 30, 2008, relate to the differences in the carrying values for income tax and accounting purposes for securities owned, securities sold short and property and equipment.

10 SALARIES AND BENEFITS

The Company accrues for discretionary bonuses to its employees.

Included in salaries and benefits expense for the quarter ended September 30, 2008 are discretionary accrued bonuses of $2,584 (September 30, 2007 - $3,161).

11 STOCK BASED COMPENSATION PLAN

In September 2008, the Company issued 510,000 options to participants at an exercise price of $15.59. The fair value of the options granted has been estimated at $1.08 per option, using a Lattice Option Pricing Model, based upon the following assumptions: (i) risk-free rate of return of 3.3%; (ii) weighted average period until exercise of 5 years; (iii) expected share price volatility of 34.55%; (iv) dividend yield of 12.3%; and (v) expected forfeiture rate of 5% per year until vested.

($ in thousands)

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, 2008 was $519 (September 30, 2007 - $288) using the graded investing methodology in accordance with CICA Section 3870.

The expense related to outstanding DSU's that has been included in the salaries and benefits expense during the three month period ended September 30, 2008 was $60 (September 30, 2007 – credit of $24).

The expense related to the Employee Trust that has been included in the salaries and benefits expense during the three month period ended September 30, 2008 was $202 (September 30, 2007 - $506).

The outstanding balances of stock options, DSU's and Employee Trust shares at September 30, 2008 is summarized in the following tables.

	Sep 30, 2008		Sep 30, 2007	
Stock Options	**Options**	**Weighted average exercise price**	Options	Weighted average exercise price
		$		$
Balance, beginning of the period	**1,127,000**	**18.73**	840,000	15.51
Options granted	**510,000**	**15.59**	-	-
Options exercised	-	-	8,000	15.51
Balance, end of period	**1,637,000**	**17.75**	832,000	15.51

DSU's	**Sep 30, 2008**	Sep 30, 2007
Balance, beginning of period	**5,194**	13,943
DSU's issued	**3,895**	3,018
Balance, end of period	**9,089**	16,961

Employee Trust	**Sep 30, 2008**	Sep 30, 2007
Balance, beginning of period	**130,614**	261,867
Balance, end of period	**130,614**	261,867

12 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.

($ in thousands)

Diluted earnings per share is determined by dividing net income by the total shares outstanding assuming that all potentially dilutive common shares have been issued.

13 AUDITORS

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