

GLUSKIN SHEFF + ASSOCIATES INC.
Interim Balance Sheets

(\$ in thousands)	As at Dec 31, 2008 (Unaudited)	As at June 30, 2008 (Audited)
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 51,628	\$ 54,213
Accounts Receivable	4,855	18,624
Securities Owned (note 5)	1,715	4,706
Income Tax Receivable (note 9)	3,898	619
Future Income Taxes (note 9)	4	-
Prepaid Expenses and Other Assets	571	576
	62,671	78,738
Property and Equipment	3,538	3,116
Total Assets	\$ 66,209	\$ 81,854
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,818	\$ 2,797
Securities Sold Short (note 5)	915	1,490
Future Income Taxes (note 9)	-	356
Accrued Bonuses	5,359	16,951
	\$ 8,092	\$ 21,594
SHAREHOLDERS' EQUITY		
Share Capital (note 8)	4,967	4,967
Contributed Surplus (note 8)	6,054	4,650
Retained Earnings	47,096	50,643
	58,117	60,260
Total Liabilities and Shareholders' Equity	\$ 66,209	\$ 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 Dec 31, 2008	3 Months Ending Dec 31, 2007	6 Months Ending Dec 31, 2008	6 Months Ending Dec 31, 2007
REVENUES				
Base Management Fees (note 6)	\$ 14,629	\$ 21,567	\$ 33,731	\$ 41,848
Performance Fees (note 6)	3,147	12,880	3,189	13,164
Investment and Other Income (Loss)	(143)	886	(1,115)	1,811
	<u>\$ 17,633</u>	<u>\$ 35,333</u>	<u>\$ 35,805</u>	<u>\$ 56,823</u>
EXPENSES				
Salaries and Benefits (notes 10 and 11)	\$ 5,210	\$ 8,584	\$ 10,631	\$ 14,611
Business Development	595	629	1,294	1,085
General and Administrative	2,637	2,971	4,726	5,087
Occupancy	447	418	905	767
Amortization of Property and Equipment	168	51	336	102
	<u>\$ 9,057</u>	<u>\$ 12,653</u>	<u>\$ 17,892</u>	<u>\$ 21,652</u>
Income Before Provision for Income Taxes	\$ 8,576	\$ 22,680	\$ 17,913	\$ 35,171
Provision for (Recovery of) Income taxes (note 9)				
Current Income Taxes	3,528	8,612	6,927	13,461
Future Income Taxes	(94)	-	(360)	-
	<u>3,434</u>	<u>8,612</u>	<u>6,567</u>	<u>13,461</u>
Net Income and Comprehensive Income for the Period	5,142	14,068	11,346	21,710
Retained Earnings - Beginning of Period	<u>45,458</u>	<u>28,677</u>	<u>50,643</u>	<u>67,346</u>
	50,600	42,745	61,989	89,056
Transitional adjustment on adoption of new accounting policy	-	-	-	187
Dividends	(3,504)	(3,212)	(14,893)	(49,710)
Retained Earnings - End of Period	\$ 47,096	\$ 39,533	\$ 47,096	\$ 39,533
Basic Earnings Per Share	\$ 0.18	\$ 0.49	\$ 0.39	\$ 0.75
Diluted Earnings Per Share	\$ 0.18	\$ 0.48	\$ 0.39	\$ 0.74

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 Dec 31, 2008	3 Months Ending Dec 31, 2007	6 Months Ending Dec 31, 2008	6 Months Ending Dec 31, 2007
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net Income for the Period	\$ 5,142	\$ 14,068	\$ 11,346	\$ 21,710
Adjustments for				
Amortization of Property and Equipment	168	51	336	102
Net Investment Loss (Gain)	(172)	-	1,282	188
Future Income Taxes	(94)	-	(360)	-
Stock Based Compensation	623	1,062	1,404	1,832
	<u>5,667</u>	<u>15,181</u>	<u>14,008</u>	<u>23,832</u>
Changes in Non-Cash Working Capital Items				
Accounts Receivable	4,296	(14,844)	13,769	88,600
Prepaid Expenses	37	148	5	295
Income Tax Receivable	(5)	-	(3,279)	-
Accounts Payable and Accrued Liabilities	(1,450)	1,351	(979)	(4,978)
Income Taxes Payable	-	4,612	-	(34,539)
Accrued Bonuses	2,353	5,641	(11,592)	(22,334)
	<u>10,898</u>	<u>12,089</u>	<u>11,932</u>	<u>50,876</u>
INVESTING ACTIVITIES				
Sales (Repurchases) of Securities Sold Short	(258)	45	(530)	323
Sales (Purchases) of Securities Owned	1,068	(565)	1,664	(900)
Purchase of Property and Equipment	(267)	(523)	(758)	(787)
	<u>543</u>	<u>(1,043)</u>	<u>376</u>	<u>(1,364)</u>
FINANCING ACTIVITIES				
Dividends Paid	(14,893)	(49,710)	(14,893)	(49,710)
	<u>(14,893)</u>	<u>(49,710)</u>	<u>(14,893)</u>	<u>(49,710)</u>
Decrease in Cash During the Period	(3,452)	(38,664)	(2,585)	(198)
Cash and Cash Equivalents - Beginning of Period	55,080	80,785	54,213	42,319
Cash and Cash Equivalents - End of Period	\$ 51,628	\$ 42,121	\$ 51,628	\$ 42,121
Cash is comprised of:				
Cash	51,628	42,121	51,628	42,121
Short-term Investments	-	-	-	-
	<u>51,628</u>	<u>42,121</u>	<u>51,628</u>	<u>42,121</u>
SUPPLEMENTARY INFORMATION				
Interest paid during the period	-	-	-	-
Income taxes paid during the period	3,662	4,000	10,336	48,000

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 and six month periods ended December 31, 2008 and December 31, 2007 with the Balance Sheets being as at December 31, 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 year ended 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 seeded 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 and six month periods ended December 31, 2008.

5 SECURITIES OWNED AND SOLD SHORT

The Company has seeded new portfolio models, some or all of which the Company may eventually introduce into its line-up of investment strategies. The fair value of the securities owned and the securities sold short as at December 31, 2008 are \$1,715 and \$915 respectively (June 30, 2008 – securities owned \$4,706 and securities sold 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 ended December 31, 2008 is \$9,643 (December 31, 2007 - \$11,774) and for the six months ended December 31, 2008 is \$21,067 (December 31, 2007 - \$23,000) 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 December 31, 2008 is \$1,481 (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.

GLUSKIN SHEFF + ASSOCIATES INC.
Notes to Unaudited Financial Statements
December 31, 2008

(\$ in thousands)

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 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 regulatory bodies. The Company has maintained the level of capital per its regulatory requirements as at December 31, 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 December 31, 2008, there were 9,889,130 Subordinate Voting Shares and 19,313,000 Multiple Voting Shares (December 31, 2007 – 9,604,130 Subordinate Voting Shares and 19,598,000 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.

	For 3 Months Ending				For 6 Months Ending			
	Dec. 31 2008	Stated Value	Dec. 31 2007	Stated Value	Dec. 31 2008	Stated Value	Dec. 31 2007	Stated Value
Beginning of the Period								
Multiple Voting Shares	19,313		20,410		19,313		20,762	
Subordinate Voting Shares	9,889		8,792		9,889		8,436	
	29,202	\$4,967	29,202	\$2,523	29,202	\$4,967	29,198	\$2,523
Activity during the Period								
Convert from Multiple Voting shares	-	-	(812)	-	-	-	(1,164)	-
Exercise of Stock Options	-	-	-	28	-	-	4	28
Convert to Subordinate Voting Shares	-	-	812	-	-	-	1,164	-
	-	-	-	\$28	-	-	4	\$28
End of the Period								
Multiple Voting Shares	19,313		19,598		19,313		19,598	
Subordinate Voting Shares	9,889		9,604		9,889		9,604	
	29,202	\$4,967	29,202	\$2,551	29,202	\$4,967	29,202	\$2,551

GLUSKIN SHEFF + ASSOCIATES INC.
Notes to Unaudited Financial Statements
December 31, 2008

(\$ in thousands)

Contributed Surplus

The following summarizes the Contributed Surplus balance as of December 31

	For 3 Months Ending		For 6 Months Ending	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Change in Contributed Surplus				
Balance at Start of the Period	\$5,431	\$4,266	\$4,650	\$3,496
Deferred Share Units	62	48	122	23
Amortization of Stock Options	359	509	878	798
Amortization of Employee Trust	202	505	404	1,011
Exercise of Stock Options	-	(28)	-	(28)
Balance at End of the Period	\$6,054	\$5,300	\$6,054	\$5,300

9 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, along with the tax treatment of realized and unrealized losses on security holdings.

Statutory income tax rate	33.3%
Non-deductible expenses	5.4%
Effective income tax rate	38.7%

The temporary differences that give rise to the Company's future tax receivable as at December 31, 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 three months ended December 31, 2008 are discretionary accrued bonuses of \$2,353 (December 31, 2007 - \$5,994) and for the six months ended December 31, 2008 of \$4,937 (December 31, 2007 - \$9,155).

11 STOCK BASED COMPENSATION PLAN

In September 2008, the Company issued 510,000 options to participants at an exercise price of \$15.59.

GLUSKIN SHEFF + ASSOCIATES INC.
Notes to Unaudited Financial Statements
December 31, 2008

(\$ 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 December 31, 2008 was \$359 (December 31, 2007 - \$509) and for the six month period ended December 31, 2008 was \$878 (December 31, 2007 - \$798) 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 December 31, 2008 was \$62 (December 31, 2007 - \$48) and for the six month period ended December 31, 2008 was \$122 (December 31, 2007 - \$23).

The expense related to the Employee Trust that has been included in the salaries and benefits expense during the three month period ended December 31, 2008 was \$202 (December 31, 2007 - \$505) and for the six month period ended December 31, 2008 was \$404 (December 31, 2007 - \$1,011).

The outstanding balances of stock options, DSU's and Employee Trust shares at December 31 are summarized in the following tables.

	For 3 Months Ending				For 6 Months Ending			
	Dec 31, 2008		Dec 31, 2007		Dec 31, 2008		Dec 31, 2007	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
		\$		\$		\$		\$
Stock Options								
Balance, beginning of the period	1,637,000	17.75	832,000	15.51	1,127,000	18.73	840,000	15.51
Options granted	-	-	270,000	28.50	510,000	15.59	270,000	28.50
Options exercised	-	-	-	-	-	-	8,000	15.51
Balance, end of period	1,637,000	17.75	1,102,000	18.69	1,637,000	17.75	1,102,000	18.69

DSU's	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Balance, beginning of period	9,089	16,961	5,194	13,943
DSU's issued	5,750	1,208	9,645	4,226
Balance, end of period	14,839	18,169	14,839	18,169

Employee Trust	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
Balance, beginning of period	130,614	261,867	130,614	261,867
Balance, end of period	130,614	261,867	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.

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.

GLUSKIN SHEFF + ASSOCIATES INC.
Notes to Unaudited Financial Statements
December 31, 2008

(\$ in thousands)

13 AUDITORS

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