Gluskin Sheff

Third Quarter Results 2007

THREE AND NINE MONTHS ENDING MARCH 31, 2007

Gluskin Sheff+Associates Inc. is one of Canada's pre-eminent wealth management firms. Founded in 1984 and focused primarily on high net worth private clients, we are dedicated to meeting the needs of our clients by delivering strong, risk-adjusted investment returns and the highest level of personalized client service. With a solid track record of success, a strong reputation in the private client market, and an experienced management team, we are confident that our passion for excellence will generate enhanced value for our shareholders over the long term.

Report to Shareholders

We are pleased with our growth and operating performance through our first ten months as a public company. Assets Under Management (AUM) increased to approximately $4.7 billion as at March 31, 2007 from $4.2 billion as at the end of the second quarter of fiscal 2007 and $3.5 billion as at February 28, 2006, the end of the third quarter of the prior fiscal year. The increase of approximately $1.2 billion from the end of the prior fiscal year's third quarter includes net additions from new and existing clients of $650 million and $570 million from investment performance. During the third quarter of fiscal 2007, net additions to AUM were approximately $500 million, which were evenly divided between net additions to client accounts and investment performance.

For the three months ended March 31, 2007, Base Management Fees increased to $16.5 million from $11.0 million for the three months ended February 28, 2006, an increase of approximately 51%. For the nine months ended March 31, 2007, Base Management Fees increased to $45.0 million from $28.6 million for the nine month period ended February 28, 2006, an increase of approximately 57%. These increases resulted from the growth in AUM over the thirteen month period. There was no Performance year end in the third quarter of fiscal 2007. Performance Fees were approximately $171 thousand for the quarter ended March 31, 2007, compared to $3.5 million in the prior fiscal year, which, due to the change in the Company's fiscal year end, did include a Performance year end.

To measure the performance of our business, we focus on what we call Base EBITDA, which is essentially Base Management Fees less our cash operating expenses. We believe this is the single best measure of the state of our ongoing operations. Base EBITDA for the three months ended March 31, 2007 was $10.2 million, up from $6.4 million for the comparable three month period ended February 28, 2006. For the nine months ended March 31, 2007 Base EBITDA rose to $27.1 million from $16.3 million for the nine months ended February 28, 2006. These increases were attributable to the growth in Base Management Fees. Net income was $5.0 million or $0.17 per common share for the third quarter ended March 31, 2007 and $16.0 million or $0.55 per common share for the nine months ended March 31, 2007. Comparisons to the prior year's comparable periods are not applicable as the Company was privately held and had a different fiscal year end.

During the quarter global equity markets were quite volatile, although most major developed markets ended the quarter with only a relatively small percentage change. We believe equity markets will continue to remain volatile, but we anticipate a continuing ability to accumulate equity interest in high-quality companies for investment at attractive valuations.

Looking ahead, we will continue to focus on building our business by delivering the highest levels of personalized client service and strong, risk-adjusted investment returns. We continue to experience interest in our investment management services and we have an active pipeline of new business activity from both existing and prospective clients. We thank our shareholders for their trust and confidence in our company's future.

GERALD SHEFF
Chairman & Chief Executive Officer
May 10, 2007

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended March 31, 2007, is provided as at May 10, 2007. It should be read in conjunction with the unaudited financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the quarter ending March 31, 2007, the audited financial statements for the 13 month period ended June 30, 2006 and the MD&A for that period. Unless the context indicates or requires otherwise, the terms "Gluskin Sheff," "Company," "we," "us" and "our" refer to Gluskin Sheff + Associates Inc. Unless otherwise indicated, all dollar amounts in this MD&A are in Canadian dollars.

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), requiring estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the statements and the amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates as a result of various factors. Certain totals, subtotals and percentages may not reconcile due to rounding.

NON-GAAP FINANCIAL MEASURES

We measure our business using a number of performance indicators that are not measurements in accordance with GAAP and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

"Earnings before interest, taxes, depreciation and amortization" ("EBITDA") is a standard measure used in the financial services industry by management, investors and investment analysts in understanding and comparing results. Our method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, our EBITDA may not be comparable to similarly titled measures used by other issuers.

"Base EBITDA" is EBITDA adjusted for Performance Fees and Performance Fee-related bonuses, and other non-cash expenses such as those associated with the accounting for stock options, deferred share units and the non-cash expense related to the transfer of shares to the Employee Trust. Management believes that Base EBITDA, as defined, is an important measure as it provides relevant information on the profitability of the base business.

"Assets Under Management" ("AUM") is not a recognized measure under GAAP. Any reference to AUM is only to our paying assets under management, on which we charge Base Management Fees. Our non-paying assets under management are charged either no or only nominal fees. This measure may not be comparable to similar measures presented by other issuers. We monitor the level of our AUM as it drives our Base Management Fees. The amount of Performance Fees we earn is related to both the level of our AUM and our investment performance.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "anticipate," "estimate," "plan," "expect," "intend," "may," "project," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to, general economic and market conditions, investment performance, global and domestic financial markets, the competitive industry environment, legislative and regulatory changes, technological developments, catastrophic events and other business risks. The reader is cautioned against undue reliance on these forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, we cannot assure that actual results, performance or achievements will be consistent with such statements. The forward-looking statements are made as of the date of this MD&A and we do not intend and do not assume any obligation to update or revise any such statements.

SUMMARY OF THE THREE AND NINE MONTHS ENDED MARCH 31, 2007

The highlights for the three and nine months ended March 31, 2007 were:

- increase in AUM to $4.7 billion from $4.2 billion at the end of the second quarter and from $3.5 billion at the end of third quarter of fiscal 2006. The increase of approximately $1.2 billion from the end of the prior year's third quarter includes net additions from new and existing clients of $650 million and $570 million from investment performance.
- increase in Base Management Fees of 51% or $5.6 million versus the quarter ended February 28, 2006 (comparable quarter in the prior year), and an increase of 11.2% versus the prior quarter this fiscal year. On a nine-month basis, Base Management Fees increased 57.6% or $16.5 million.
- Base EBITDA of $10.2 million for the three month period, an increase of 59% over the comparable quarter of fiscal 2006 and 14% over second quarter 2007. For the nine month period, Base EBITDA increased 66.3% or $10.8 million.

OVERVIEW OF GLUSKIN SHEFF + ASSOCIATES INC.

Founded in 1984, Gluskin Sheff + Associates Inc. is a wealth management firm whose primary business focus is managing equity assets on a discretionary basis for high net worth private clients. We also manage assets for a number of institutions. We do not consider these different types of clients to be distinct reportable business segments for accounting purposes as we operate as a single business with one fundamental philosophy and deliver a similar level of service to all of our clients.

On May 26, 2006, Gluskin Sheff completed its initial public offering and its Subordinate Voting Shares were listed on the Toronto Stock Exchange under the symbol "GS". The Company also changed its fiscal year end from May 31 to June 30, effective June 30, 2006, to align the fiscal year end with the date on which annual Performance Fees for the majority of portfolio models and annual bonuses for employees are determined. As a result, fiscal 2006 was a 13 month period that included Performance Fees earned in respect of the three performance years ended June 30, 2005, December 31, 2005 and June 30, 2006.

Our revenues are derived mainly from Base Management Fees, calculated as a percentage of AUM, and Performance Fees, calculated annually as a percentage of the appreciation (net of Base Management Fees and other expenses) in each of our segregated accounts and private pooled fund vehicles above pre-specified rates of return. Our Performance Fees are calculated annually at June 30 and December 31, depending upon the performance year end of our segregated accounts and private pooled fund vehicles. The Company may also earn investment income on its own investments and cash balances.

AUM are impacted by the net contributions of capital from new and existing clients, as well as by net market appreciation or decline. We seek to enhance our ability to attract and retain such assets by delivering solid investment returns together with a consistently high level of client service.

Gluskin Sheff's expenses include General and Administrative expenses (which include professional fees, office supplies and related overhead), Occupancy, Business Development and Salaries and Benefits, which contain a bonus component that may fluctuate significantly based upon the overall performance of the Company and the amount of Performance Fees earned.

OUTLOOK

Our financial performance is dependent in part on the general performance of the Canadian, North American and global stock markets. These markets, general business conditions and investor sentiment can change quickly, making future results difficult to predict. We believe equity markets will continue to remain volatile, but we anticipate a continuing ability to accumulate equity interest in high-quality companies for investment at attractive valuations.

Our business is personal and we develop new business one client at a time. We seek to enhance our ability to attract new and to retain existing clients by delivering solid investment returns together with a consistently high level of client service. Our services include providing advice on asset mix structuring, proactive reviews of asset mix and investment performance and effective and timely communication. Management believes that our (i) long term record of strong investment performance, (ii) outstanding reputation in the Canadian high net worth private client market, (iii) alignment of interests with those of our clients, (iv) experienced and stable investment management team, (v) experienced client service and business development team and (vi) diversified investment products, give us a competitive advantage that has resulted in strong growth in our AUM.

We believe that our future growth will result from (i) investment performance, (ii) our high level of personalized service, (iii) expansion of our investment product offerings, (iv) word-of-mouth referrals, (v) advertising and (vi) marketing efforts directed at new and relatively untapped geographic markets.

We believe that as the Company continues to grow, additional employees and infrastructure will be required to strengthen our operations and to effectively manage our business.

SUMMARY FINANCIAL INFORMATION

($ in thousands, except per share amounts)	3 MONTHS ENDING MAR 31, 2007	3 MONTHS ENDING FEB 28, 2006	9 MONTHS ENDING MAR 31, 2007	9 MONTHS ENDING FEB 28, 2006	13 MONTHS ENDING JUN 30, 2006
ASSETS UNDER MANAGEMENT					
Assets Under Management	**$ 4,734,346**	**$ 3,466,388**	**$ 4,734,346**	**$ 3,466,388**	**$ 3,730,942**
BALANCE SHEET INFORMATION					
Total Assets	**$ 37,939**	**$ 66,543**	**$ 37,939**	**$ 66,543**	**$ 45,769**
INCOME STATEMENT INFORMATION					
Revenue					
Base Management Fees	$ 16,545	$ 10,984	$ 45,018	$ 28,573	$ 45,771
Performance Fees	171	3,512	12,589	64,988	86,504
Investment and Other Income	248	397	800	940	1,496
Total Revenue	**$ 16,964**	**$ 14,893**	**$ 58,407**	**$ 94,501**	**$ 133,771**
Operating Expenses	(5,499)	(4,717)	(16,571)	(10,500)	(15,142)
Discretionary Bonuses	(2,549)	(10,146)	(13,121)	(83,911)	(113,842)
EBITDA	$ 8,916	$ 30	$ 28,715	$ 90	$ 4,787
Amortization	(21)	(30)	(63)	(90)	(93)
Interest Expense	—	—	(284)	—	(67)
Provision for Taxes	(3,851)	—	(12,326)	—	(1,788)
Net Income	$ 5,044	—	$ 16,042	—	$ 2,839
Basic Earnings Per Share	$ 0.17	n/a	$ 0.55	n/a	$ 0.10
Diluted Earnings Per Share	$ 0.17	n/a	$ 0.55	n/a	$ 0.10
SELECTED ADJUSTED FINANCIAL INFORMATION					
EBITDA	$ 8,916	$ 30	$ 28,715	$ 90	$ 4,787
Discretionary Bonus Compensation	2,549	10,146	13,121	83,911	113,842
Non-cash Expenses [1]	1,429	—	4,666	—	—
Non-recurring Charitable Expenses	—	1,350	—	1,350	1,350
EBITDA Before Compensation Adjustment	12,894	11,526	46,502	85,351	119,979
Discretionary Base Bonus Pool Allocation	(2,508)	(1,603)	(6,820)	(4,073)	(6,412)
Performance Fees	(171)	(3,512)	(12,589)	(64,988)	(86,504)
Base EBITDA	**10,215**	**6,411**	**27,093**	**16,290**	**27,063**
Performance Fees	171	3,512	12,589	64,988	86,504
Performance Fee-related Bonus Pool	(41)	(702)	(6,301)	(12,998)	(17,301)
Adjusted EBITDA	**$ 10,345**	**$ 9,221**	**$ 33,381**	**$ 68,280**	**$ 96,266**

[1] Non-cash expenses represent stock options and/or share grants issued.

Results of Operations

OVERALL PERFORMANCE

With the change in reporting year end to June 30, 2006, the Company's fiscal quarters are not reported on an equivalent calendar year basis when compared with the prior year periods. As a result, the third quarter of fiscal 2007 does not include a performance year end while the third quarter of fiscal 2006, which ended on February 28, 2006, contained the performance year end December 31, 2005. Prior to May 26, 2006, the Company was a private company that reported internally to its management shareholders and, as such, the timing of certain expenditures, such as salaries and bonuses, were driven by management decisions. As a consequence of the above, direct comparisons of Total Revenues and Net Income with the prior year periods are not meaningful.

Total Revenue for the third quarter of fiscal 2007 increased to $17.0 million, an increase of $2.1 million year over year. Included in the prior year's quarter, however, was $3.5 million in Performance Fees. Comparing Base Management Fees only, these increased to $16.5 million for the quarter versus $11.0 million in the prior year, an increase of 51%. This increase reflects the increase in Assets Under Management (AUM). Growth in AUM was strong, increasing to $4.7 billion, a net increase of approximately $1.3 billion (37%) over the quarter ended February 28, 2006 and $501 million (12%) from our second quarter fiscal 2007 results.

Cash Flow during the quarter from ongoing operations continued to be positive.

ASSETS UNDER MANAGEMENT

AUM increased from approximately $3.5 billion as at February 28, 2006 to approximately $4.7 billion as at March 31, 2007. Of this approximately $1.2 billion increase, $650 million resulted from net additions to client accounts and $570 million resulted from net investment performance. During the third quarter of fiscal 2007, net additions to AUM were approximately $500 million, which were evenly divided between net additions to client accounts and investment performance.

REVENUE

Base Management Fees increased by approximately $5.6 million from $11.0 million for the three month period ended February 28, 2006 to $16.5 million for the quarter ended March 31, 2007. This reflects both an increase in AUM and an increase in our average Base Management Fee from February 28, 2006. Performance Fee revenue for the quarter ended February 28, 2006 includes the receipt of approximately $3.4 million in Performance Fees earned in respect of funds with a December 31, 2005 performance year end. The quarter ended March 31, 2007 did not include a performance year end and, as such, the Performance Fees reported of $171 thousand represent only nominal amounts earned on accounts closed and/or transferred during that period.

EXPENSES

Our Salaries and Benefits expense for the three months ended March 31, 2007 was approximately $5.6 million, compared with approximately $11.6 million for the three months ended February 28, 2006. During the period in which the Company was privately held, virtually all of the Company's pre-tax income was generally paid out to employees as bonuses. As a result, Salaries and Benefits expenditures for the three months ended February 28, 2006 reflected the payment to the Company's Shareholders of the operating profit of the Company during the period of private ownership. The non-cash expense to Salaries and Benefits, for stock options and the Employee Trust, accounts for approximately $1.4 million (February 28, 2006 - $nil). Taking into consideration the 20% accrual to the Employee Bonus Pool of approximately $2.6 million (total of $8.4 million year-to-date), our cash portion of our base running rate of Salaries and Benefits expense was approximately $1.6 million for the quarter (February 28, 2006 - $1.5 million). Year to date, our base running rate of Salaries and Benefits expense is approximately $4.5 million.

General and Administrative expenses increased in the three months by approximately $784 thousand reflecting increased public company costs, systems development and maintenance. Interest expense was nil for both the third quarter of fiscal 2006 and the third quarter of fiscal 2007. Compared to the second quarter of fiscal 2007, General and Administrative expenditures increased by approximately 1.1%. Business Development costs reflect continued investment in marketing and development expenditures. For the nine months ended March 31, 2007, our General and Administrative Expenses increased by $2.6 million reflective of increased public company costs, systems development and maintenance over the prior year where the company was privately held.

EBITDA, BASE EBITDA AND NET INCOME

For the three months ended March 31, 2007, EBITDA, as set out in the table of Summary Financial Information which reconciles EBITDA to Net Income, totaled approximately $8.9 million, a decrease of $4.6 million over the second quarter of fiscal 2007, which included a Performance Year End and associated Performance Fees of $12.4 million in the results. For the prior year period (three months ended February 28, 2006), the Company was privately held and EBITDA was virtually zero reflecting the payment of income to the management shareholders. Base EBITDA, for the third quarter of fiscal 2007, which has been adjusted to eliminate the effect of non-cash expenditures as well as Performance Fees, was approximately $10.2 million, an increase of $1.3 million or 14.3% over our second quarter of Fiscal 2007.

Income before income taxes was approximately $8.9 million for the third quarter, an increase over the nil amount reported for the Company at the time it was privately held.

QUARTERLY RESULTS

($ in thousands)	3 MONTHS ENDED MAY 31, 05	3 MONTHS ENDED AUG 31, 05	3 MONTHS ENDED NOV 30, 05	3 MONTHS ENDED FEB 28, 06	4 MONTHS ENDED JUN 30, 06	3 MONTHS ENDED SEP 30, 06	3 MONTHS ENDED DEC 31, 06	3 MONTHS ENDED MAR 31, 07
AUM	**2,286,144**	**2,681,113**	**2,927,198**	**3,466,388**	**3,730,942**	**3,900,716**	**4,233,129**	**4,734,346**
Revenue								
Base Mgmt Fees	$7,192	$8,311	$9,278	$10,984	$17,198	$13,600	$14,873	$16,545
Performance Fees	532	61,296	180	3,512	21,516	42	12,376	171
Investment & Other	87	181	362	397	556	237	315	248
Total Revenue	**7,811**	**69,788**	**9,820**	**14,893**	**39,270**	**13,879**	**27,564**	**16,964**
Base EBITDA	3,434	4,510	5,374	6,411	10,553	7,938	8,940	10,215
Net Income	(4,463)	5,455	(5,455)	Nil	(22,768)	3,114	7,884	5,044

Assets Under Management have increased with each consecutive quarter in fiscal 2006 and 2007 as the Company continues to build its business. As a result of the growth in AUM, Base Management Fees have also increased on average in each consecutive quarter.

With the change in the Company's fiscal year end to June 30 from May 31 effective June 30, 2006, Performance Fees for performance years ended December 31 and June 30 are recognized in different fiscal quarters in fiscal 2007 than in fiscal 2006. As a result, the third fiscal quarter ended March 31, 2007 did not include a performance fee year end, while the comparable quarter in fiscal 2006 ended February 28, 2006 included Performance Fees for the performance year ended December 31, 2005.

As noted above, prior to the Company's Initial Public Offering on May 26, 2006, virtually all of the Company's pre-tax income was generally paid out to employees as bonuses. As a result, net income in fiscal 2007 is not directly comparable to net income in fiscal 2006.

LIQUIDITY AND CAPITAL RESOURCES

We continue to generate positive cash flow from our ongoing operations prior to Performance Fees. We believe that our Base Management Fees will continue to be sufficient to satisfy our ongoing operational needs, including expenditures on our corporate infrastructure and information systems. Further expansion of our premises will be funded through anticipated earnings from on-going operations and our current capital. We believe that our earnings will continue to provide the means to sustain our growth, to pay regular dividends and to pay, where appropriate, special dividends. We also believe that our cash flow will continue to be sufficient to meet working capital and other requirements.

We have no off-balance sheet financial arrangements and no material contractual obligations other than those described in the Audited Financial Statements dated June 30, 2006.

CRITICAL ACCOUNTING ESTIMATES

Accounting policies are an integral part of our financial statements, which are prepared in accordance with Canadian generally accepted accounting principles. Understanding these policies is a key factor in understanding our reported results of operations and financial position. Certain critical accounting policies require us to make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenses reported in the financial statements. Due to their nature, estimates involve judgments based on available information. Therefore, actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements. Management has made the following critical accounting estimates:

Revenue Recognition

Base Management Fees are calculated as a percentage of the AUM and are recognized on an accrual basis.

Performance Fees are calculated by applying an agreed upon formula to the market value of our client assets and recognized when they are earned, which occurs after the end of each performance year or upon closure of an account. Investment income is derived from investing excess cash and is also recognized on an accrual basis.

Employee Trust

On May 26, 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 the shares is recognized as 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 $1.0 million (9 months ended March 31, 2007 - $3.7 million).

Stock Option Compensation

The Company, as noted in the prospectus dated May 19, 2006, implemented a stock option plan and has adopted the accounting recommendations of the CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments". The fair value of options granted was estimated at the date of granting using a Trinomial Pricing Model and are expensed over the five year vesting period, resulting in a charge to Salaries and Benefits expense in the quarter of $324 thousand (9 months ended March 31, 2007 - $788 thousand).

Employee Bonus Pool

The Company has implemented a bonus compensation policy pursuant to which an Employee Bonus Pool is funded by allocating to it an amount equal to 20% of the Company's Base Operating Income along with a further amount of up to 20% of Performance Fees earned. This bonus compensation policy is subject to the review and approval of the Compensation, Nominating and Governance Committee of the Company's Board of Directors. 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.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the period.

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions entered into by the Company in the quarter ended March 31, 2007. For further information, refer to the notes of the Audited Financial Statements dated June 30, 2006.

SHARE CAPITAL

Our authorized share capital consists on an unlimited number of Multiple Voting Shares and Subordinate Voting Shares and an unlimited number of preference shares, issuable in series. As at March 31, 2007, there were 21,600,000 Multiple Voting Shares, 7,598,200 Subordinate Voting Shares and no preference shares outstanding. One thousand five hundred Subordinate Voting Shares were returned to Treasury by the Employee Trust and cancelled. The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of liquidation, dissolution or winding up of the Company. Each Multiple Voting Share is convertible into one Subordinate Voting Share. Subordinate Voting Shares carry one vote per share, while Multiple Voting Shares carry 15 votes per share. Holders of Subordinate Voting Shares are entitled to elect one-third of the Directors and holders of Multiple Voting Shares are entitled to elect two-thirds of the Directors.

On September 19, 2006, 865,000 options were granted under the Company's Stock Option Plan. During the third quarter, 25,000 options were forfeited. Under the terms of the Stock Option Plan these options will vest over a five year period, with the first 20% vesting on September 19, 2007.

OTHER INFORMATION

Additional information relating to Gluskin Sheff + Associates Inc. is also available on SEDAR at www.sedar.com

INTERIM BALANCE SHEETS (UNAUDITED)

($ in thousands)	AS AT MAR 31, 2007	AS AT JUN 30, 2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 27,089	$ 17,853
Accounts Receivable	6,889	25,451
Income Taxes Receivable	—	1,032
Marketable Securities (at Cost)	2,541	—
Prepaid Expenses and Other Assets	422	455
	36,941	44,791
Property and Equipment	998	978
Total Assets	**$ 37,939**	**$ 45,769**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 1,401	$ 3,562
Income Taxes Payable (note 7)	11,294	—
Management and Staff Bonuses Payable	8,392	29,621
Subordinated Loan Payable (note 3)	—	10,000
	$ 21,087	**$ 43,183**
Shareholders' Equity		
Share Capital (note 6)	75	1
Contributed Surplus (note 4 and 6)	4,428	—
Retained Earnings	12,349	2,585
	16,852	2,586
Total Liabilities and Shareholders' Equity	**$ 37,939**	**$ 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 MAR 31, 2007	3 MONTHS ENDING FEB 28, 2006	9 MONTHS ENDING MAR 31, 2007	9 MONTHS ENDING FEB 28, 2006
REVENUE				
Base Management Fees (note 3)	$ 16,545	$ 10,984	$ 45,018	$ 28,573
Performance Fees (note 1)	171	3,512	12,589	64,988
Investment and Other Income	248	397	800	940
	$ 16,964	**$ 14,893**	**$ 58,407**	**$ 94,501**
EXPENSES				
Salaries and Benefits (notes 4 and 5)	$ 5,643	$ 11,619	$ 22,587	$ 88,179
Business Development	402	2,119	1,600	3,187
General and Administrative	1,677	893	4,982	2,370
Occupancy	326	232	807	675
Amortization	21	30	63	90
	$ 8,069	**$ 14,893**	**$ 30,039**	**$ 94,501**
Income Before Income Taxes	8,895	—	28,368	—
Income Tax Expense	3,851	—	12,326	—
Net Income for the Period	5,044	—	16,042	—
Retained Earnings – Beginning of Period	10,006	4,742	2,585	4,742
Dividends	(2,701)	(4,742)	(6,278)	(4,742)
Retained Earnings – End of Period	**$ 12,349**	**$ —**	**$ 12,349**	**$ —**
Basic Earnings Per Share (note 8)	$ 0.17	n/a	$ 0.55	n/a
Diluted Earnings Per Share (note 8)	$ 0.17	n/a	$ 0.55	n/a

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

INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

($ in thousands)	3 MONTHS ENDING MAR 31, 2007	3 MONTHS ENDING FEB 28, 2006	9 MONTHS ENDING MAR 31, 2007	9 MONTHS ENDING FEB 28, 2006
CASH PROVIDED BY (USED IN)				
Operating Activities				
Net Income for the Period	$ 5,044	$ —	$ 16,042	$ —
Adjustments for				
Amortization of Property & Equipment	21	30	63	90
Changes in Non-Cash Working Capital Items				
Accounts Receivable	436	(279)	18,562	(1,229)
Marketable Securities	(2,541)	(5,009)	(2,541)	(5,009)
Prepaid Expenses and Other Assets	134	67	33	(59)
Income Taxes Receivable	—	(2,800)	1,032	(2,819)
Accounts Payable and Accrued Liabilities	(1,316)	822	(2,161)	1,781
Income Taxes Payable	3,851	—	11,294	(2,450)
Dividends Payable	—	4,742	—	4,742
Management and Staff Bonuses Payable	(2,148)	9,944	(21,229)	47,521
Subordinated Loan Payable	—	—	(10,000)	—
	3,481	**7,517**	**11,095**	**42,568**
Investing Activities				
Purchase of Property and Equipment	(54)	(19)	(83)	(52)
Proceeds from Sale of Capital Assets	—	—	—	—
	(54)	**(19)**	**(83)**	**(52)**
Financing Activities				
Dividends Paid	(2,701)	(4,742)	(6,278)	(4,742)
Share Capital Issued	28	—	74	—
Contributed Surplus	1,344	—	4,428	—
	(1,329)	**(4,742)**	**(1,776)**	**(4,742)**
Increase in Cash During the Period	2,098	2,756	9,236	37,774
Cash and Cash Equivalents – Beginning of Period	24,991	50,454	17,853	15,436
Cash and Cash Equivalents – End of Period	**$27,089**	**$53,210**	**$ 27,089**	**$53,210**
Supplementary Information				
Interest paid during the period	—	—	351	—
Income taxes paid during the period	—	2,800	—	5,300

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 ended March 31, 2007 and February 28, 2006 with the Balance Sheet being as at March 31, 2007 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 issued to the Employee Trust is being recognized into contributed surplus on a graded basis over three years.

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 period was nil and nine month period ended March 31, 2007 was $351 thousand (nine months ending February 28, 2006 - $nil).

Included in the Company's Base Management Fee income for the nine months is $22.1 million (nine months ending February 28, 2006 - $11.3 million) and for the three months is $8.6 million (three months ending February 28, 2006 - $4.5 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.

All related party transactions are recorded at the exchange amount.

4. STOCK BASED COMPENSATION

The Company has reserved 2,895,000 Subordinate Voting Shares pursuant to a Company stock option plan of which 840,000 are subject to outstanding options issued and 2,055,000 are available for new option grants. In this quarter 25,000 options were forfeited. 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 March 31, 2007:

Change in Stock Options	**Three months ended Mar 31, 2007**	**Nine months ended Mar 31, 2007**	**Price**
Balance at Start of Period	865,000	0	$15.51
Granted	0	865,000	15.51
Forfeited	25,000	25,000	N/A
Exercised	0	0	N/A
Balance at March 31, 2007	**840,000**	**840,000**	**$15.51**

Total compensation cost that has been included in salaries and benefits expense for the stock option plan for the three months ending March 31, 2007 is $325 thousand (nine months ending March 31, 2007 - $788 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 March 31, 2007 of approximately $1.0 million (nine months ending March 31, 2007 - $3.7 million).

Change in Employee Trust Shares	**Three months ended Mar 31, 2007**	**Nine months ended Mar 31, 2007**
Balance at Start of Period	397,200	397,500
Granted	0	0
Forfeited	1,500	1,800
Exercised	1,500	1,500
Balance at March 31, 2007	**394,200**	**394,200**

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 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 nine month period ended February 28, 2006 are discretionary bonuses of $83.9 million paid to the Management Shareholders. The Company was privately held during that time period.

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 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. This amount was paid to Management Shareholders in February 2007. The quarter ended December 31, 2006 was the final quarter in which there was a pro-ration of the Performance Fees between the previous private and the current public company shareholders.

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company has authorized an unlimited number of Subordinate Voting Shares and Multiple Voting Shares. As at March 31, 2007, there were 7,598,200 Subordinate Voting Shares and 21,600,000 Multiple Voting Shares and no preference shares outstanding (February 28, 2006 – 1,000,000 common and founders shares). One thousand five hundred shares were returned to Treasury and cancelled related to the Employee Trust. 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.

Change in Share Capital and Contributed Surplus ($ in thousands)	**Three months ended Mar 31, 2007**	**Nine months ended Mar 31, 2007**
Balance at Start of Period	$3,131	$ 1
Amortization of Stock Options	325	788
Amortization of Employee Trust	1,047	3,714
Balance at March 31, 2007	**$4,503**	**$4,503**

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 February 28, 2006, 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.

BOARD OF DIRECTORS

JEREMY FREEDMAN

IRA GLUSKIN

WILFRED GOBERT

HUGH SEGAL

GERALD SHEFF

HERBERT SOLWAY

PIERRE-ANDRÉ THEMENS

PAMELA WALLIN

ROBERT S. WEISS

MANAGEMENT AND OFFICERS

GERALD SHEFF
Chairman & Chief Executive Officer

IRA GLUSKIN
President & Chief Investment Officer

JEREMY FREEDMAN
Executive Vice-President &
Chief Operating Officer

VALERIE BARKER
Chief Financial Officer & Secretary

HARVEY BERNSTEIN
Chief Compliance Officer

SILVIA CHEUNG
Vice-President, Investment Accounting

BRAD DUNKLEY
Vice-President & Portfolio Manager

JOANNE LAURIA
Vice-President, Client Support

BRUCE LEBOFF
Vice-President of Risk Management

JEANNINE LICHONG
Vice-President & Portfolio Manager

RON LLOYD
Vice-President, Client Service

JEFF MOODY
Vice-President of Risk Management

BILL WEBB
Vice-President & Portfolio Manager

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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
Toronto, Canada
www.pwc.com/ca

INVESTOR RELATIONS

Shareholder requests may be directed to Investor Relations at our corporate office by e-mail at shareholder@gluskinsheff.com or via telephone at 416-681-6000
Toll-free 1-866-681-6001

STOCK INFORMATION

Gluskin Sheff + Associates Inc. Subordinate Voting Shares are traded on the Toronto Stock Exchange under the symbol “GS”

Copies of this Quarterly Report or other published information may be obtained without charge by contacting our corporate office.

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