

## AUDITORS' REPORT

To the Shareholders of Wellington West Holdings Inc.

We have audited the consolidated balance sheet of Wellington West Holdings Inc. as at June 30, 2008, and the consolidated statements of earnings and comprehensive income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Signed "**KPMG LLP**"

Chartered Accountants  
Winnipeg, Canada  
September 15, 2008

WELLINGTON WEST HOLDINGS INC.

**Consolidated Balance Sheet**

June 30, 2008, with comparative figures for 2007

	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,710,091	\$ 28,754,008
Funds held in trust (note 2)	149,289,915	111,719,625
Receivable from clients (note 3)	97,273,781	70,091,401
Receivable from carrying broker	110,583,822	85,410,848
Securities owned (note 4)	14,762,175	13,812,344
Other receivables	12,169,918	10,151,583
Prepaid expenses	1,639,838	1,413,651
Shareholder loans (note 5)	12,788,900	13,675,690
Capital assets (note 6)	5,516,444	3,690,093
Deferred recruitment costs, net of accumulated amortization of \$8,803,218 (2007 – \$4,258,619)	20,760,900	8,749,888
Other assets (note 7)	1,134,100	797,035
Intangible assets (note 8)	14,090,600	2,673,000
Goodwill (note 13)	49,129,386	6,908,834
	<b>\$ 508,849,870</b>	<b>\$ 357,848,000</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank indebtedness (note 9)	\$ 11,000,000	\$ –
Accounts payable and accrued liabilities	18,991,834	16,754,406
Income taxes payable	666,386	3,140,035
Dividends payable	–	5,451,676
Payable to clients (note 3)	348,083,747	260,718,858
Future income taxes (note 12)	4,469,991	2,125,917
New issue proceeds payable on settlement	1,708,039	3,127,684
Loans payable (note 9)	17,374,146	6,719,628
Other liability (note 10)	4,044,022	–
	406,338,165	298,038,204
Non-controlling interest	171,575	4,598,682
Shareholders' equity:		
Capital stock (note 11)	94,053,928	42,887,145
Contributed surplus	2,268,937	3,794,472
Retained earnings	6,017,265	8,529,497
	102,340,130	55,211,114
Commitments (note 14)		
Contingencies (note 15)		
Subsequent events (note 19)		
	<b>\$ 508,849,870</b>	<b>\$ 357,848,000</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director 

Director 

## WELLINGTON WEST HOLDINGS INC.

**Consolidated Statement of Earnings and Comprehensive Income**

Year ended June 30, 2008, with comparative figures for 2007

	<b>2008</b>	<b>2007</b>
Revenue:		
Commissions, corporate finance and other	\$ 118,029,959	\$ 113,642,165
Investment income	8,902,897	6,754,215
Other	8,356,752	13,552,837
	135,289,608	133,949,217
Expenses:		
Administrative and general	28,104,246	22,203,350
Employee compensation and benefits	84,109,541	78,478,056
Subcontractor and management service fees	694,373	507,250
Occupancy	5,398,717	4,273,001
	118,306,877	105,461,657
Income before the undernoted	16,982,731	28,487,560
Other expense:		
Interest on loans payable	1,477,360	555,731
Amortization of capital and other assets	1,473,905	975,308
Amortization of intangible assets	1,379,200	154,000
Amortization of deferred recruitment costs	4,544,599	1,817,710
Expansion costs	2,319,664	1,858,951
Impairment of asset-backed commercial paper (note 4)	913,500	–
Other (note 15)	500,000	–
Discretionary bonuses and compensation	–	6,461,153
	12,608,228	11,822,853
Earnings before income taxes and non-controlling interest	4,374,503	16,664,707
Income taxes:		
Current	3,986,306	5,886,050
Future (recovery)	(1,285,023)	1,506,000
	2,701,283	7,392,050
Earnings before non-controlling interest	1,673,220	9,272,657
Non-controlling interest	(815,281)	(1,424,533)
Net earnings and comprehensive income	\$ 857,939	\$ 7,848,124

See accompanying notes to consolidated financial statements.































