



SEAMARK
Asset Management Ltd.

INVESTMENT COUNSEL

2009 First Quarter Report to Shareholders

April 30th, 2009

The past eighteen months have been very difficult for the markets, for our clients, and for our business. During this challenging period, I am very encouraged by the way our company has responded.

Through these months, our employees have worked very hard to deliver the best service possible. Their success can be measured by the continuing excellent results generated across all of our investment mandates. Each of our major pooled funds ranked above median in industry surveys for the first quarter.

As a result of what has now been a long string of successful quarters, our short-, mid- and long-term investment track record once again ranks with the best in the industry. Our fixed income, Canadian equity, international equity and balanced mandates are each first or second quartile for each of the 1-, 2-, 3-, 4-, 5- and 10-year periods.

We have a long history of prudently and effectively managing our clients' assets. We also have a long history, stretching back 26 years, of prudently managing our business. Over the past few months we have significantly reduced SEAMARK's on-going cost structure. We intend to continue to manage our business prudently, positioning us to continue to deliver results for clients and to pursue those growth opportunities available to us.

The investment team has done its part, by executing on our investment discipline and restoring our competitive position in the industry. Our next task is to build on these results and restore our company to growth.

Brent W. Barrie, LL.B., CIM, CFA
Chief Executive Officer

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MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER AND THREE MONTHS ENDED MARCH 31, 2009

This MD&A, contains certain forward-looking statements, including Future Oriented Financial Information (“FOFI”) in the “Outlook” section, notably in discussing expected expense levels, cash flow from operating activities and earnings guidance. Readers are cautioned that FOFI in the “Outlook” section is provided solely to inform the reader of the management’s current expectation and may not be appropriate for other purposes. Forward-looking statements may also include estimates, plans, expectations, opinions or other statements that are not statements of fact. These forward-looking statements are based on management’s beliefs and assumptions related to the business conditions under which SEAMARK Asset Management Ltd. currently operates. While management considers these beliefs and assumptions to be reasonable based on information currently available to it, they are subject to numerous risks and uncertainties. Accordingly, actual results may differ significantly from those currently anticipated due to many factors including, but not limited to, changes in the level of assets under management, future absolute investment performance on behalf of clients, future relative investment performance compared to competitors, ability to retain and attract clients, ability to retain key personnel, ability to recruit qualified personnel, and changes to the regulatory environment under which SEAMARK operates. Readers are therefore cautioned not to place undue reliance on forward-looking statements. The forward-looking statements contained in this MD&A are made as of April 30, 2009, and are subject to change after such date. SEAMARK does not intend to revise or provide updates on these forward-looking statements except as required by applicable securities laws. The forward-looking statements are expressly qualified in their entirety by this cautionary statement.

SUMMARY OF RESULTS

UNAUDITED

For the period ended March 31 (\$ in thousands, except per share)	Three months	
	2009	2008
Total revenue	\$ 1,959	\$ 3,068
Earnings before income taxes	(8,350)	559
Net earnings	(5,441)	316
<i>Per Share</i>		
Basic earnings per share	\$ (0.52)	\$ 0.03
Diluted earnings per share	(0.52)	0.03

GENERAL

This discussion and analysis has been prepared by management as of April 30, 2009 to assist shareholders in understanding SEAMARK Asset Management Ltd. (“SEAMARK”)’s interim financial results for the period ended March 31, 2009. It is intended to be read in conjunction with SEAMARK’s unaudited financial statements and related notes included in this Report to Shareholders as well as the management discussion and analysis and financial statements contained in SEAMARK’s 2008 Annual Report. Except as updated below, the information set out in the annual management discussion and analysis is believed to be substantially unchanged.

As of the date of this interim discussion and analysis, there were 10,804,802 common shares of SEAMARK issued and outstanding and 628,000 outstanding options to purchase common shares.

FINANCIAL OVERVIEW & OPERATING HIGHLIGHTS

Diluted earnings per share during the first quarter of 2009 were (\$0.52) compared to \$0.03 during the first quarter of 2008. The comparability of financial results for the first quarter 2009 and 2008 are impacted by the following:

- For the first quarter 2009, one-time expenses related to a separation agreement with the former President and CEO decreased basic and diluted earnings per share by \$0.48, decreased earnings before tax by \$7,962,000 and decreased net earnings by \$5,038,000. The diluted earnings per share impact was less than management's previously disclosed expected impact of (\$0.51) per share as a result of a higher than expected tax recovery related to these expenses.
- For the first quarter 2009, the impairment of the intangible assets decreased basic and diluted earnings per share by \$0.02, decreased earnings before tax by \$296,000 and decreased earnings after tax by \$205,000.
- For the first quarter 2009, an other-than-temporary impairment of temporary investments decreased basic and diluted earnings per share by \$0.01, decreased earnings before tax by \$107,000 and decreased earnings after tax by \$92,000.
- For the first quarter 2009, a future tax asset valuation allowance decreased basic and diluted earnings per share by \$0.01 and decreased net earnings by \$116,000.

SEAMARK's revenues from clients are derived as a percentage of the clients' assets under management ("AUM"). The table below summarizes the changes in AUM during the first quarters of 2009 and 2008.

Quarterly Change AUM Summary (in billions)									
	AUM End of 1 st Quarter 2009	1 st Quarter 2009			AUM End of 4 th Quarter 2008	1 st Quarter 2008			AUM End of 4 th Quarter 2007
		Net New Assets	Market Value Change			AUM End of 1 st Quarter 2008	Net New Assets	Market Value Change	
Total Firm	\$2.38	(0.09)	(0.06)	\$2.53	\$3.77	0.01	(0.11)	\$3.87	
Institutional clients	1.45	(0.04)	(0.03)	1.52	2.20	0.07	(0.05)	2.18	
Mutual funds	0.10	-	(0.01)	0.11	0.15	(0.01)	(0.01)	0.17	
Wrap programs	0.73	(0.04)	(0.02)	0.79	1.26	(0.05)	(0.05)	1.36	
Private clients	0.10	(0.01)	-	0.11	0.16	-	-	0.16	

Revenues during the first quarter of 2009 were \$2.0 million compared to \$3.1 million for the first quarter of 2008. The decline in revenues is the result of a decline in assets under management.

Total expenses for the first quarter of 2009 were \$10.3 million compared to \$2.5 million in the first quarter of 2008. Expenses increased primarily due to \$8.0 million of costs incurred as a result of the departure of the former President and CEO. These costs include \$3.5 million in loan forgiveness.

General and administrative expenses for the first quarter of 2009 were \$1.9 million compared to \$2.5 million for the first quarter of 2008. The decline in these expenses is primarily the result of a decline in salary and related benefits due to a reduction of staff in 2009 compared to 2008.

A portion of SEAMARK's assets are invested alongside clients in new investment products. These investments are classified as temporary investments. An other-than-temporary impairment charge of \$0.1 million was incurred in the first quarter of 2009 as the fair value of these temporary investments continued to decline below cost, reflecting the impact of global equity market declines during the first quarter.

During the first quarter of 2009, SEAMARK assessed the intangible assets of investment management contracts acquired as part of an acquisition for impairment and determined the future cash flows associated with the intangible assets were below its carrying amount and therefore incurred an impairment charge for the remaining value of this asset of \$0.3 million.

SEAMARK had an income tax recovery of \$2.9 million in the first quarter 2009 compared to an income tax expense of \$0.2 million in the first quarter 2008. The income tax recovery is comprised of current tax recovery of \$2.8 million as a result its pre-tax loss of \$8.4 million and future income tax recovery of \$66,000 due to a decrease in future tax liabilities, primarily as a result of impairment of intangible assets, offset by an increase in the valuation allowance for the future tax assets associated equity compensation grants.

SUMMARY OF QUARTERLY RESULTS

<i>\$ in thousands, except per share</i>	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	1,959	2,126	2,499	2,829	3,068	3,220	3,385	3,509
Earnings before income taxes	(8,350)	(697)	563	492	559	892	1,039	1,084
Net Earnings	(5,441)	(868)	333	312	316	516	641	664
Basic earnings per share	(0.52)	(0.08)	0.03	0.03	0.03	0.05	0.06	0.06
Diluted earnings per share	(0.52)	(0.08)	0.03	0.03	0.03	0.05	0.06	0.06

LIQUIDITY & CAPITAL RESOURCES

SEAMARK's total available liquid assets, consisting of cash, short-term investments and temporary investments as of March 31, 2009 were \$6.7 million, down from \$11.3 million at the end of 2008 and \$10.6 million as of March 31, 2008. The decline in total available liquid assets primarily reflects one-time costs associated with a separation agreement with the former President and CEO discussed above.

There are no current liquidity concerns with any financial instruments held by SEAMARK.

The Company is exposed to a number of financial risks by virtue of its activities, encompassing market risk (including currency risk), fair value interest rate risk and credit risk. The Company's risk management program is focused on the volatility of financial markets and seeks to limit any potential adverse impact on financial performance and balance sheet strength.

Temporary investments include capital which the Company invests in new products in order to ensure their successful introduction into the marketplace. Products generally consist of mutual and other funds

which are comprised of a selection of equity securities, including a portion for which the underlying companies are domiciled outside Canada. Consequently, the Company is impacted by both the changing value of the securities in the market, as well as changes in the relative value of foreign currencies vis-à-vis the Canadian dollar. The Company does not hedge these two risks; rather, it minimizes risk by limiting the amount of capital allocated to new product introduction to amounts which would not materially impact the financial strength and capacity of the Company. In addition, each fund is diversified by sector and the type of businesses in which the investee companies are engaged.

The Company also invests in money market instruments which are limited to securities rated R1-Low or higher. No investments are made in structured debt instruments, including asset backed commercial paper.

Currently available liquid assets are expected to be adequate to meet SEAMARK's financial needs and to fund current operations for the immediate future; therefore, no additional capital resources have been arranged. There is no current expectation that any such additional capital resources will be required.

OUTLOOK

SEAMARK continues to deliver excellent relative investment performance to its clients. Returns for each major mandate were above median in industry surveys for the quarter, with balanced, fixed income, and international equity mandates ranking in the first quartile. This continued strong relative performance helps enhance the attractiveness of SEAMARK's investment services.

Cost reductions have brought SEAMARK's quarterly expenses going forward down well below the level of first quarter revenues. Revenues going forward, however, are expected to decline as a result of the departure of two wrap relationships, which together represented approximately \$0.4 billion of assets under management as of March 31, 2009.

Despite this, SEAMARK expects to generate positive cash from operating activities over the remaining nine months of 2009 and to generate positive earnings by 2010. No reduction in the size of the investment team or the services delivered to clients is contemplated. The overall size of the organization will, however, be better aligned with the size of its current client base. This will result in some one-time costs during the second quarter, the impact of which is not expected to exceed three cents per share in earnings. Actual expenses will depend on the needs of the business, and in particular the size of the Company's client base, but excluding any unusual or one-time items are currently expected to average less than \$1.4 million per quarter for the remainder of 2009. Excluding the impact of non-cash expenses (amortization, non-cash compensation and share purchase financing), expenses impacting current cash expenses are expected to average less than \$1.2 million per quarter for the remainder of 2009. An increase in assets under management as a result of improving market values or net asset flow trends would allow the Company to exceed the cash flow and earnings guidance, while further declines in assets under management is the most likely potential source of failing to meet this guidance.

SEAMARK is financially strong, well financed and adequately capitalized. There is no current expectation that any additional capital resources are required or that the Company's ability to continue to deliver quality service to its clients would be disrupted.

Notwithstanding the Company's strong relative investment performance, the ability to win new business from institutional consultant channels is expected to be limited prior to a sustained improvement in AUM trends. Factors potentially impacting SEAMARK's ability to win and retain business are otherwise as discussed in the outlook section of the Company's MD&A for the year ended December 31, 2008.

CRITICAL ACCOUNTING ESTIMATES

The financial information presented herein has been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed are set out in Note 1 to the Financial Statements that accompany this MD&A. Some of these accounting policies involve estimates that require management's judgment in the use of assumptions about matters that are uncertain at the time the estimate is made. Different estimates, with respect to key variables used for the calculations, or changes to estimates could potentially have a material impact on the Company's net earnings. All financial figures are presented in Canadian dollars.

Valuation of Income Taxes

The method in which Management calculates the valuation allowance has not materially changed during the first quarter. For a full discussion of the valuation of income taxes, please refer to the Company's discussion in its MD&A for the year ended December 31, 2008. As of March 31, 2009 the Company has taken a valuation allowance of \$342,000 against its future tax assets based on the extent to which it is more likely than not these future tax recoveries will be realized. The valuation allowance is comprised of \$166,000 against the future tax asset for the other-than-temporary impairment of its temporary investments and \$176,000 against the future tax asset for the deductible temporary difference for equity compensation grants.

Goodwill and other Intangible Assets

As a result of a business acquisition in 2006, SEAMARK acquired goodwill and other intangible assets. The method in which Management evaluated goodwill and intangible assets associated with this acquisition has not materially changed. For a full discussion of this critical accounting estimate, please refer to the Company's discussion in its MD&A for the year ended December 31, 2008. An impairment test was performed on goodwill during the first quarter and the results concluded that the fair value was higher than the carrying amount so no impairment charge was required.

Other intangible assets are amortized over their estimated useful lives and tested for impairment periodically or whenever a potential impairment may arise as a result of an event or change in circumstances. An impairment test was completed in the first quarter and an impairment charge for the remaining value of the asset of \$296,000 was recorded.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting. There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

CHANGES IN ACCOUNTING POLICIES

As of January 1, 2009 the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", which will replace CICA Handbook Section 3062, "Goodwill and Other Intangibles". The new

standard revises the standard for recognition, measurement, disclosure and presentation of intangible assets. The new standard is not expected to impact the financial results.

International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board (“AcSB”) confirmed that International Financial Reporting Standards (“IFRS”) will replace Canadian generally accepted accounting principles in 2011 for profit-orientated publicly accountable enterprises. The purpose of this change is to move towards a single set of accounting standards that will be used worldwide, in order to facilitate and improve the global movement of capital and to improve the quality and transparency of financial reporting. As of January 1, 2011, the Company will have to prepare its financial statements in accordance with IFRS. Although Canadian generally accepted accounting principles are similar to IFRS, there are some differences that could significantly impact the Company’s financial results. The Company is assessing the potential impacts of this change and developing a plan for convergence.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

As at March 31, 2009 and December 31, 2008		
(\$ in thousands)	2009	2008
ASSETS		
Current		
Cash and short-term investments	\$ 4,908	\$ 9,350
Temporary investments	1,791	1,916
Accounts receivable and prepaid expenses (note 10)	2,343	2,450
Income tax receivable	3,401	487
	12,443	14,203
Capital assets (note 3)	420	442
Intangible assets (note 4)	-	306
Goodwill (note 4)	389	389
Future income tax asset	152	185
	\$ 13,404	\$ 15,525
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 821	\$ 1,256
Future income tax liability	39	138
	860	1,394
Capital stock (note 8)	7,223	7,249
Less share purchase financing (note 7)	(117)	(3,629)
Contributed surplus (note 9)	1,147	768
Retained earnings	4,279	9,757
Accumulated other comprehensive income (note 11)	12	(14)
	12,544	14,131
	\$ 13,404	\$ 15,525

See accompanying notes

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

For the three month period ended March 31 (\$ in thousands)	Three months	
	2009	2008
REVENUE		
Institutional clients	\$ 830	\$ 1,233
Mutual fund clients	90	111
Private clients and WRAP accounts	908	1,619
Investment income	131	105
	<u>1,959</u>	<u>3,068</u>
EXPENSES		
General and administrative	1,904	2,455
Impairment of temporary investments	107	-
Impairment of intangible assets	296	-
Amortization	40	54
	<u>2,347</u>	<u>2,509</u>
Unusual item (note 6)	7,962	-
(Loss) earnings before income taxes	<u>(8,350)</u>	<u>559</u>
Income Taxes		
Current income taxes	(2,843)	254
Future income taxes	(66)	(11)
	<u>(2,909)</u>	<u>243</u>
Net (loss) earnings	<u>\$ (5,441)</u>	<u>\$ 316</u>
EARNINGS PER SHARE		
Basic	\$ (0.52)	\$ 0.03
Diluted	\$ (0.52)	\$ 0.03
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)		
Basic	10,465	10,447
Diluted	10,758	10,882

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

For three month period ended March 31		
(\$ in thousands)	2009	2008
Retained earnings, beginning of period	\$ 9,757	\$ 12,447
Net earnings	(5,441)	316
	4,316	12,763
Less		
Excess on acquisition of common shares (note 9)	37	503
Dividends paid	-	737
Retained earnings, end of period	\$ 4,279	\$ 11,523

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

For the three month period ended March 31		
(\$ in thousands)	2009	2008
Net earnings	\$ (5,441)	\$ 316
Other comprehensive income (loss):		
Unrealized losses on temporary investments, net of income taxes of nil (2008 - \$13 thousand)	(102)	(54)
Realized other than temporary impairment of temporary investments included in net income, net of income taxes of nil (2008 - nil)	107	-
Realized loss (gain) on temporary investments sold and included in net income, net of income taxes of nil (2008 - \$1 thousand)	21	(3)
Other comprehensive income (loss)	26	(57)
Comprehensive (loss) income	\$ (5,415)	\$ 259

See accompanying notes

STATEMENT OF CASHFLOW

(UNAUDITED)

For the three month period ended March 31
(\$ in thousands)

	2009	2008
OPERATING ACTIVITIES		
Net (loss) earnings for the period	\$ (5,441)	\$ 316
Items not affecting cash		
Amortization	40	54
Impairment of intangible assets (note 4)	296	-
Impairment of temporary investments	107	-
Non-cash compensation expense	379	255
Future income tax	(66)	(11)
Loss on disposal of capital assets	9	-
Loss (gain) on disposal of temporary investments	21	(4)
Share purchase financing (note 7)	3,512	137
	(1,143)	747
Changes in non-cash working capital related to operations (note 2)	(3,242)	(792)
	(4,385)	(45)
FINANCING ACTIVITIES		
Dividends paid	-	(737)
Acquisition of common shares (note 9)	(63)	(580)
	(63)	(1,317)
INVESTING ACTIVITIES		
Acquisition of capital assets	(17)	(17)
Purchase of temporary investments	(11)	(10)
Proceeds from the sale of temporary investments	34	36
	6	9
Decrease in cash and short-term investments	(4,442)	(1,353)
Cash and short-term investments, beginning of period	9,350	9,189
Cash and short-term investments, end of period	\$ 4,908	\$ 7,836
Cash is comprised of:		
Cash	\$ 267	\$ 489
Short-term investments	4,641	7,347
Cash and short-term investments, end of period	4,908	7,836

See accompanying notes

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009 AND 2008

(UNAUDITED)

1. Summary of Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and, accordingly, do not include all disclosures required for annual financial statements.

These statements should be read in conjunction with the December 31, 2008 annual financial statements 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 SEAMARK Asset Management Ltd. for the year ended December 31, 2008 except for the following:

a) Goodwill and Intangible Assets

On January 1, 2009, the Company adopted Section 3064 – Goodwill and Intangible Assets from the CICA Handbook which replaced Section 3062 – Goodwill and Other Intangibles. The new standard revises the standard for recognition, measurement, disclosure and presentation of intangible assets. This policy adoption did not impact financial results.

2. Changes in Non-Cash Working Capital

(thousands of dollars)	2009 \$	2008 \$
Accounts receivable	107	270
Income tax receivable	(2,914)	(431)
Accounts payable and accrued liabilities	(435)	(631)
Changes in non-cash working capital	(3,242)	(792)

3. Capital Assets

(thousands of dollars)	As at March 31, 2009		
	Cost	Accumulated Depreciation	NBV
	\$	\$	\$
Furniture & office equipment	568	419	149
Computer equipment	373	287	86
Software	465	293	172
Leasehold	80	67	13
Total capital assets	1,486	1,066	420

	As at December 31, 2008		
	Cost	Accumulated Depreciation	NBV
	\$	\$	\$
Furniture & office equipment	587	425	162
Computer equipment	373	280	93
Software	465	278	187
Leasehold	67	67	-
Total capital assets	1,492	1,050	442

4. Intangible Assets and Goodwill

The Company's net book value of goodwill at March 31, 2009 is \$389,000 (December 31, 2008 – \$389,000).

Intangible Assets (thousands of dollars)	As at March 31, 2009			NBV \$
	Cost \$	Accumulated Amortization \$	Impairment \$	
Investment management contracts	402	106	296	-

	As at December 31, 2008			NBV \$
	Cost \$	Accumulated Amortization \$	Impairment \$	
Investment management contracts	402	96	-	306

During the three months ended March 31, 2009, the Company took an impairment charge of \$296,000 in relation to investment management contracts, acquired as part of an acquisition as the estimated future cash flows associated with the intangible asset were below its carrying amount.

5. Employee Benefit Plan

During the three months ended March 31, 2009, the Company contributed \$37,000 (2008 - \$46,000) to its defined contribution pension plan.

6. Unusual Item

During the three months ended March 31, 2009, the Company incurred costs of \$7,962,000 (2008 – nil) comprised of a lump sum payment of \$4,237,000, loan forgiveness of \$3,500,000 and \$225,000 for other expenses related to the separation agreement with the former President and CEO.

7. Share Purchase Financing

The Company had advanced two equal forgivable loans totaling \$5,000,000 to the former President and CEO of the Company in connection with an employment agreement. During the three months ended March 31, 2009, under the terms of a separation agreement with the former President and CEO, the Company forgave the outstanding balance of the forgivable loans in the amount of \$3,500,000.

The Company has advanced a forgivable \$250,000 loan to an employee in connection with an employment agreement for the purchase of shares of the Company. The employment agreement provides for the forgiveness of \$50,000 annually subject to the employee fulfilling equivalent service requirements. The loan is full recourse non-interest bearing and the escrowed shares are held by the Company as security. The shares are released annually in installments of 20%. The market value of the shares at March 31, 2009 was \$32,000.

During the quarter the loans, less earned or accrued forgiveness, outstanding of \$117,000 are accounted for in the accompanying balance sheet as share purchase financing and as a result are deducted from shareholder's equity. The related earned or accrued forgiveness of \$3,512,000 for the three months ended March 31, 2009 (March 31, 2008 – \$137,000) is accounted for as an unusual item and compensation expense in the accompanying statement of operations.

8. Capital Stock

Authorized

Unlimited common shares without par value

Issued

	2009	
	Number of Shares	Amount
(thousands of dollars, except number of shares)	#	\$
Common Shares		
Balance, beginning of period	10,507	7,249
Acquisition of common shares for deferred stock unit plan	(38)	(26)
Balance, end of period	10,469	7,223

9. Stock-based Compensation

Deferred Stock Units

The Company operates a deferred stock unit (“DSU”) plan for key employees. Each vested DSU entitles the participant to receive one common share of the Company. DSUs vest over a three year period in equal installments of one third per year. The Company uses a trust to acquire the Company’s common shares on the open market to fulfill its obligations under the DSU plan. An independent party serves as the trustee of the plan. During the quarter the Company acquired 38,000 shares at a total cost of \$63,000 under the DSU plan and charged \$26,000 against share capital and the balance of \$37,000 to retained earnings.

For the three months ended March 31, 2009 the Company had awarded 101,000 DSUs (2008 – 164,000) and 47,000 DSUs (2008 – nil) were forfeited. The total compensation cost that has been charged against income and credited to contributed surplus for the DSU plan for the three months ended March 31, 2009 was \$269,000 (2008 – \$183,000).

As part of a business acquisition, common shares were held in escrow and released based on the continued employment of the principal shareholders of the acquired company and were automatically forfeited if employment terminated. During the three months ended March 31, 2009, no shares (2008 – nil) were released from escrow and 34,000 shares (2008 – nil) were forfeited. For the three months ended March 31, 2009, there were no charges to compensation expense (2008 – \$43,000) related to the escrowed shares.

Stock Options

On May 1, 2008 at the Company’s annual and special meeting of the shareholders, the shareholders approved an Amended Stock Option Plan. Under the amended plan, the Company may grant stock options to purchase shares up to 10% of the issued and outstanding common shares from time to time. At March 31, 2009, 1,080,480 options were available for issuance of which 628,000 options have been issued. The exercise price of the option is determined by the Compensation Committee of the Board of Directors at the time the option is granted, but cannot be less than the average price of the shares on the last five trading dates preceding the date of the grant. The expiry date of the options is determined by the Compensation Committee of the Board of Directors at the time the option is granted, but cannot be more than ten years from the date of the 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 table summarizes the status of the Company's stock options plan at March 31, 2009 and March 31, 2008 and changes during the periods then ended.

	2009		2008	
	Number	Price* \$	Number	Price* \$
Outstanding, beginning of period	636,000	12.90	644,000	13.47
Granted	-	-	25,000	4.72
Forfeited	8,000	18.29	-	-
Exercised	-	-	-	-
Outstanding, end of period	628,000	12.83	669,000	13.14
Total options exercisable	503,200	13.47	475,000	14.03

*weighted average exercise price

The following table summarizes information for stock options outstanding at March 31, 2009.

Range of exercise prices	Options Outstanding			Options Exercisable	
	Number	Remaining life (years)*	Price* \$	Number	Price* \$
\$4.72 to \$4.72	25,000	8.77	4.72	5,000	4.72
\$8.69 to \$8.69	190,000	6.85	8.69	114,000	8.69
\$11.00 to \$11.00	219,000	2.25	11.00	219,000	11.00
\$16.86 to 17.68	27,000	2.83	17.44	27,000	17.44
\$18.29 to \$18.29	72,000	6.25	18.29	43,200	18.29
\$20.19 to \$20.98	40,000	3.74	20.59	40,000	20.59
\$23.00 to \$23.29	55,000	3.59	23.11	55,000	23.11

*weighted average

Total compensation cost that has been charged against income and credited to contributed surplus for the stock option plan for the three months ended March 31, 2009 was \$110,000 (2008 - \$29,000).

No options were granted during the three months ended March 31, 2009 (2008 – 25,000).

10. Related Party Transactions

The Manufacturers Life Insurance Company, a wholly-owned subsidiary of Manulife Financial Corporation ("Manulife"), owns approximately 31% of the Company. The Company provides investment services to Manulife. A summary of the related party transactions with Manulife, during the three months ended March 31, 2009 and 2008 are as follows;

- Included in fee revenue is \$359,000 (2008 - \$586,000) which was earned from Manulife.
- Included in accounts receivable are amounts due from Manulife of \$372,000 (2008 - \$575,000). These receivables are the same commercial and credit terms as non-related parties.
- Included in temporary investments are Manulife common shares with a cost of 1,000 (2008 – 40,000). These shares were purchased on the open market at fair market value.
- The Company also purchases services from Manulife and its subsidiaries on normal commercial terms.

The Company is the manager-trustee for the SEAMARK Pooled Funds and the SEAMARK Mutual Funds. A summary of the related party transactions with these funds, during the three months ended March 31, 2009 and 2008 is as follows;

- Included in fee revenue is \$383,000 (2008 - \$575,000) which was earned from the funds.
- Included in general and administrative expenses is \$55,000 (2008 - \$103,000) of fund expenses absorbed by the Company.
- Included in temporary investments is seed money which is invested in units of the funds with a cost of \$1,721,000 (2008 – \$1,690,000). These units were purchased at their then current net asset values, on the same terms as third party unitholders. Income earned on these units is recorded as investment income and reinvested in additional units of the fund.
- Included in cash and short-term investments is \$4,641,000 (2008 - \$7,347,000) in units of the money market pooled fund. These units were purchased at their current net asset values, on the same terms as third party unitholders. Income earned on these units is recorded as investment income and reinvested in additional units of the fund.

11. Accumulated Other Comprehensive Income (Loss)

(thousands of dollars)	2009 \$	2008 \$
Balance, beginning of period	(14)	(97)
Unrealized losses on temporary investments, net of income taxes of nil (2008 - \$13 thousand)	(102)	(54)
Realized other-than-temporary impairment of temporary investments included in net income, net of income taxes of nil (2008 – nil)	107	-
Realized loss (gain) on temporary investments and included in net income, net of income taxes of nil (2008 - \$1 thousand)	21	(3)
Balance , end of period	12	(154)

12. Subsequent Event

Subsequent to March 31, 2009, the Company was advised that two of its wrap program partners, which represent 18.0% and 7.5% of revenue, intend to discontinue use of the Company's investment management services effective June 30, 2009.