Q2 CANACCORD CAPITAL INC.

SECOND QUARTER FISCAL 2007 REPORT TO SHAREHOLDERS

CANACCORD CAPITAL INC. REPORTS STRONG SECOND QUARTER RESULTS

Q2/07 NET INCOME UP 13.0% AND EPS UP 8.8% DRIVEN BY BALANCED REVENUE GROWTH

(All dollar amounts are stated in Canadian dollars unless otherwise indicated)

VANCOUVER, November 9, 2006 – Canaccord Capital Inc.'s (TSX & AIM: CCI) revenue for the second quarter of fiscal 2007, ended September 30, 2006, was $156.0 million, up $37.4 million, or 31.5%, from $118.7 million for the same quarter a year ago. Net income of $17.8 million increased $2.1 million, or 13.0%, from $15.8 million for the second quarter of fiscal 2006, and diluted earnings per share (EPS) were $0.37, up $0.03, or 8.8%, from $0.34 for the same quarter a year ago. Excluding the consolidated US operations, revenue for the quarter would have been $137.3 million, up $18.6 million, or 15.7%, and net income would have been 17.9 million, up $2.1 million, or 13.4%.

Revenue for the six months ended September 30, 2006, was $362.2 million, up $144.5 million, or 66.4%, from $217.7 million for the same period a year ago. Net income of $43.7 million increased $16.9 million, or 63.0%, from $26.8 million for the first six months of fiscal 2006. Diluted earnings per share (EPS) were $0.91, up $0.33, or 56.9%, from $0.58 for the same period a year ago. Excluding the consolidated US operations, revenue for the first half of fiscal 2007 would have been $319.4 million, up $102.0 million, or 46.7%, and net income would have been $42.2 million, up $15.3 million, or 57.1%.

"Our long term strategy of diversification by product mix, sector and geography has enabled us to generate a solid result this quarter, despite challenging market conditions," said Peter Brown, Chairman and CEO. "We continue to make prudent investments in key growth areas as part of our long-term effort to maximize shareholder value," added Paul Reynolds, President.

Highlights of the second quarter fiscal 2007 results (three months ended September 30, 2006) compared to the second quarter fiscal 2006 results (three months ended September 30, 2005):

- Revenue of $156.0 million, up 31.5%, or $37.4 million, from $118.7 million
- Expenses of $130.8 million, up 38.5%, or $36.4 million, from $94.4 million
- Total compensation payout as a percentage of revenue was 54.9%, down from 58.1%
- Net income of $17.8 million, up 13.0%, or $2.1 million, from $15.8 million
- Diluted EPS of $0.37, up 8.8%, or $0.03, from $0.34
- Return on equity (ROE) of 22.1%, down from 27.8%
- Book value per common share at the period end increased to $6.84, up 41.9%, or $2.02, from $4.82
- The Board approved a common share dividend of $0.08 per share on November 8, 2006, payable on December 8, 2006, with a record date of November 24, 2006
- 47,827,350 total issued common shares outstanding on a diluted basis as of November 8, 2006.

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CANACCORD CAPITAL

Highlights for the year-to-date fiscal 2007 results (six months ended September 30, 2006) compared to the year-to-date fiscal 2006 results (six months ended September 30, 2005):

- Revenue of $362.2 million, up 66.4%, or $144.5 million, from $217.7 million
- Expenses of $297.7 million, up 67.3%, or $119.7 million, from $178.0 million
- Total compensation payout as a percentage of revenue was 56.1%, down from 58.3%
- Net income of $43.7 million, up 63.0%, or $16.9 million, from $26.8 million
- Diluted EPS of $0.91, up 56.9%, or $0.33, from $0.58
- ROE of 28.4%, up from 23.8%
- In fiscal Q1/06, Canaccord recognized a one time pre-tax gain of $1.6 million, equivalent to approximately $0.03 per share after tax (on a diluted basis), from the disposal of an investment in the Bourse de Montréal.

Highlights of Operations:

- As previously announced, effective on August 4, 2006, Paul Reynolds was appointed President of Canaccord Capital Inc. and remains a director of Canaccord, Global Head of Canaccord Adams and President & Chief Operating Officer of Canaccord Adams Limited (Canaccord's UK operating subsidiary).
- On September 29, 2006, Mark Maybank was appointed as a director of Canaccord Capital Inc. and effective on August 4, 2006, as previously announced, Mr. Maybank was appointed Chief Operating Officer of Canaccord Capital Inc., and President and Chief Operating Officer of Canaccord Capital Corporation (the Canadian operating subsidiary). Mr. Maybank continues as Deputy Head of Canaccord Adams and Global Head of Research.
- During Q2/07, our international capital markets team, Canaccord Adams, led the following equity transactions:
  - $126 million in a TSX financing for Niko Resources Ltd. (TSX: NKO)
  - $75 million in a TSX-Venture financing for InStorage Real Estate Investment Trust (TSX-V: IS.UN)
  - $72 million in a TSX-Venture financing for Holloway Lodging Real Estate Investment Trust (TSX-V: HLR.UN)
  - $39 million in a private placement for Grupo Agapov Corp. in Canada
  - $32 million in a TSX financing for Mavrix Explore 2006 – II FT Limited Partnership (TSX: BGU.UN)
  - $30 million in a TSX financing for Builders Energy Services Trust (TSX: BET.UN)
  - $29 million in a TSX-Venture financing for Sterling Resources Ltd. (TSX-V: SLG)
  - $18 million in an AIM placing and IPO for Protonex Technology Corporation (AIM: PTX) acting as broker and Nomad

  During Q2/07 Canaccord Adams co-led the following equity transactions:
  - $73 million in a TSX and AIM IPO for JumpTV (TSX and AIM: JTV)
  - $37 million private placement for Linux Networx in the US

  During Q2/07 Canaccord Adams co-managed the following equity transaction:
  - $162 million in a NASDAQ IPO for DivX, Inc. (NASDAQ: DIVX). For this deal, Canaccord earned the Management Incentive Fee for superior execution.

- For the first half of fiscal 2007, revenue from Private Client Services' business increased by 39.0% over the same period a year ago to $127.9 million from $92.0 million. Assets under management (AUM) increased 41.1% year-over-year to $670 million.
- For the three and six months ended September 30, 2006, Canaccord ranked number one in Canada by number of deals participated in, and by market share of transactions led and co-led, $1.5 million or greater[1].
- Working capital increased by 16.7%, from $223.4 million as of March 31, 2006, to $260.6 million.

(1) Source: Financial Post Infomart

MESSAGE FROM THE CHAIRMAN & CEO

The operating environment in the second quarter of fiscal 2007 was challenging. Most of the world's financial markets experienced their traditional summer decline in volume and liquidity. In Canada this slowdown was exacerbated with reductions in the commodity price of precious metals and oil and gas. In this context, our Q2 performance was strong relative to the same period last year. For Q2/07, Canaccord generated revenue growth of 31.5% and net income growth of 13.0% relative to the second quarter of fiscal 2006. This performance was a result of both growth in our Canadian and UK operations, and our recently acquired US operation. Year-to-date revenue for fiscal 2007 was up 66.4% to $362.2 million and net income was up 63.0% to $43.7 million. We are pleased with this performance while recognizing that the first half of fiscal 2007 was ahead of our typical revenue pattern.

With the current economic and equity market environment we have taken steps to scale back on non-critical initiatives until more favourable market conditions prevail. In Q2/07, we saw expenses grow ahead of revenues, with 38.5% growth year-over-year compared to revenue growth of 31.5%. The principal reasons for this expense increase relative to revenue growth were our US acquisition and our ongoing investments in Canada and the UK, all of which continue to lay the foundation that will drive long-term growth. We remain committed to this growth strategy and will continue to make strategic investments going forward to strengthen and enhance our product and service offering for clients.

CANACCORD ADAMS (OUR GLOBAL CAPITAL MARKETS SEGMENT) – STRONG PERFORMANCE IN CHALLENGING MARKETS

Canaccord's Real Estate and Technology groups are two areas we would like to emphasize this quarter. The Real Estate Group had a strong quarter in the Canadian market with a focus on growth oriented REITs. Two transactions of note are Holloway Lodging Real Estate Investment Trust and InStorage Real Estate Investment Trust. We also see the early stages of a strong "next generation technology" business. Our US Technology team has worked in conjunction with our broader global team to win a number of key mandates which we expect to come to market in Q3 and Q4 of fiscal 2007. We have restructured and expanded our New York sales operation to provide enhanced services to traditional players and hedge funds in the New York and mid-Atlantic regions. This build-out, as well as continued investment in San Francisco and Houston, are part of our long term growth strategy.

One of our highlights for this quarter was the hosting of the 26th annual Summer Seminar in Boston. This was the first year it was a Canaccord Adams branded event and it was the most successful year ever. There were over 1,100 participants from the US, Canada and the UK, including institutional investors, presenting companies and private equity firms. This is a clear demonstration of the benefits of our globally integrated platform.

Revenue at Canaccord Adams grew by 54.9% year-over-year, to $93.0 million for the fiscal second quarter. Canaccord Adams also posted net income before tax and corporate allocations of $22.3 million for the quarter, which is 19.7% higher than for the same quarter last year. Year-over-year growth was driven by an increased market share across a wider number of sectors and geographies. Year-to-date revenue and net income before tax and corporate allocations grew by 90.5% and 66.2% respectively to $218.1 million and $55.9 million. Non-resource transactions represented 47.7% of our total transactions this quarter, and 43.1% of our capital markets revenue showing the value of our sector diversification during a more challenging quarter for resource-based companies.

EVOLUTION IN PRIVATE CLIENT SERVICES

This quarter represented a challenging recruiting environment, with significant competition for hiring quality investment advisors. Numerous competitors were paying large up front bonuses to prospective advisors. However, we remain focused on growing our force of quality investment advisors by providing an attractive and entrepreneurial environment with a broad product choice and leading technology support. We will continue to expand our *Alliance Program*, which is Canaccord's separately managed account platform for our private clients. We have also just launched an *Individual Pension Plan* (IPP) product to enhance our product offering to clients. Our approach continues to enjoy success as we increased our advisors by a net of nine for fiscal Q2/07 relative to fiscal Q2/06 and continue to see growth in advisor book size and lower asset turnover. Assets under administration per advisor (AUA/advisor) increased by 17.8% to $31.9 million for fiscal Q2/07 relative to fiscal Q2/06. As well, Bissett Investment Management and Barometer Capital LLC are the latest portfolio managers to join the *Alliance Program*, taking our external portfolio managers to eight in total.

Private Client Services' revenue increased 6.1% in fiscal Q2/07 versus fiscal Q2/06, from $52.4 million to $55.6 million. For the year-to-date, revenue increased 39.0% to $127.9 million. Assets under management (AUM) reached a new high of $670 million, and are up 41.1% over Q2/06. This increase demonstrates the strength and value of our *Independence Accounts* and the endorsement in this product line by our wealth management sales force. Assets under administration (AUA), while up relative to Q2/06, were relatively flat versus Q1/07 due to the challenging equity market conditions.

BUSINESS OUTLOOK

The first half of fiscal 2007 has been stronger than we would typically expect based on historical seasonality patterns. We therefore expect that our revenue in the second half of fiscal 2007 may represent less than the typical 60% to 65% of fiscal year revenue, representing a departure from our historical seasonal revenue pattern. In addition to the strong results of our fiscal first quarter, this expectation is based on the summer's market downturn in Canada and the continued uncertainty we expect to see this fall driven by weaker commodity prices in the short term. Even though the larger capitalization international market indices such as the Dow Jones Industrial Average and the FTSE100 have proved to be highly resilient, the broader market indices, the resource-dependent TSX, and the indices representing smaller capitalization stocks have declined. However, we maintain a bullish outlook for commodity prices in the longer term, and have a diversified pipeline of transactions for when the markets improve.

In addition to pricing pressures this quarter, general financing activities have decreased as well. However, we have now seen a growing strength in our technology practice and we expect this trend to continue over the next year. In addition, our dominant market position as a broker on the AIM differentiates us significantly amongst our peers and has proven to be a significant competitive advantage in our efforts in the US marketplace. It is important to note that the AIM market has experienced significant declines in the participation of institutional investors and liquidity in the last three months. We do not foresee these conditions changing in fiscal Q3.

The recent announcement by the Federal Government of Canada to alter the taxation structure of domestic income trusts will have an impact on portions of our Canadian investment banking pipeline. It is important to note that a significant portion of our trust related income is derived from REITs, which remain largely unaffected by the proposed legislation. We will continue to monitor the status of these proposed changes and adjust our investment banking focus and efforts accordingly.

We would like to thank everyone throughout the firm for their tremendous effort in generating strong results this quarter, particularly in light of the challenging market conditions.

PETER M. BROWN
CHAIRMAN & CHIEF EXECUTIVE OFFICER

PAUL D. REYNOLDS
PRESIDENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second quarter fiscal 2007 for the three and six months ended September 30, 2006 – this document is dated November 9, 2006

The following discussion of the financial condition and results of operations for Canaccord Capital Inc. (Canaccord) is provided to enable the reader to assess material changes in such financial condition and to assess results for the three- and six-month periods ended September 30, 2006, compared to the corresponding periods in the preceding fiscal year, with an emphasis on the most recent three-month period ended September 30, 2006, which is also referred to as second quarter 2007 and as Q2/07 in the following discussion. This discussion should be read in conjunction with the unaudited interim consolidated financial statements for the three- and six-month periods ended September 30, 2006, beginning on page 22 of this report; our Annual Information Form dated June 26, 2006; and the 2006 annual Management's Discussion and Analysis as amended (MD&A), including the audited consolidated financial statements for the fiscal year ended March 31, 2006, in Canaccord's Annual Report dated June 26, 2006 (the Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2006 except as disclosed in this MD&A. Canaccord's financial information is expressed in Canadian dollars unless otherwise specified. The financial information presented in this document is prepared in accordance with Canadian generally accepted accounting principles (GAAP). As a result of recent changes to the AIM Rules, Canadian GAAP is now an acceptable accounting standard for AIM reporting purposes. Commencing this fiscal quarter, Canaccord will no longer include a reconciliation to international financial reporting standards (IFRS) in the notes to the unaudited interim consolidated financial statements. All the financial data below is unaudited except for the fiscal year 2006 data.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and Canaccord's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors which may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties detailed from time to time in Canaccord's interim and annual consolidated financial statements and its Annual Report and Annual Information Form filed on www.sedar.com. These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

NON-GAAP MEASURES

Certain non-GAAP measures are utilized by Canaccord as measures of financial performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

Canaccord's capital is represented by common shareholders' equity and, therefore, management uses return on average common equity (ROE) as a performance measure.

Assets under administration (AUA) and assets under management (AUM) are non-GAAP measures of client assets that are common to the wealth management aspects of the private client services industry. AUA is the market value of client assets administered by Canaccord in respect of which Canaccord earns commissions or fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. Canaccord's method of calculating AUA may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses this measure to assess operational performance of the Private Client Services business segment. AUM is the market value of assets that are beneficially owned by clients and are discretionarily managed by Canaccord as part of our *Independence Accounts* program. Services provided include the selection of investments and the provision of investment advice. AUM are also administered by Canaccord and are included in AUA.

OVERVIEW

Business environment and outlook

Securities industry performance has not fully recovered since the step back seen in the late first half of calendar 2006 and we believe that the economic cycle has peaked. The yield curve has inverted and stayed that way; commodity valuation has remained lower compared to the first half 2006 highs; and growth in the US and Asia is slowing, with the American housing market showing definite signs of strain.

We expect calendar fourth quarter 2006 to be a time of declining assets and commodity values as slowing growth pulls the economic system further back. Although we do not expect a recession in the US, we believe that slowing growth in the US could impact Europe and Japan. Short-term interest rates in the US have paused at 5.25% after the unwinding of liquidity brought on to offset the impact of the 2001 recession. In the Eurozone rates are 3.25%, and only 0.25% in Japan.

European economic growth will depend strongly on the resurgence of strong demand from the US. Assuming that no geopolitical developments adversely affect the economy on a global scale, we expect this to be a slower growth environment that will last a few months, followed by an up tick in growth before the end of calendar 2007.

Canaccord's business is cyclical and experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond Canaccord's control including those mentioned above. Our business is subject to the overall condition of the North American and the European equity markets, including the seasonal variance in these markets. Historically, North American capital markets have been slower during the first half of our fiscal year, during which we have typically generated approximately 35% to 40% of our annual revenue. Conversely, during the second half of our fiscal year, we have typically generated 60% to 65% of our annual revenue. However, during the first quarter of fiscal 2007, global capital markets performed better compared to the same quarter in previous years. Capital markets activity dropped sharply in late May with little improvement to date in many of our core sectors. Therefore, we expect that our fiscal 2007 second half revenue may not be consistent with our previous historical seasonality pattern. We continue, however, to have a strong pipeline of potential transactions available for completion subject to market conditions, particularly in the technology sector.

The recent announcement by the Federal Government of Canada to alter the taxation structure of domestic income trusts will have an impact on portions of our Canadian investment banking pipeline. It is important to note that a significant portion of our trust related income is derived from REITs, which remain largely unaffected by the proposed legislation. We will continue to monitor the status of these proposed changes and adjust our investment banking focus and efforts accordingly.

About Canaccord's operations

Canaccord Capital Inc.'s operations are divided into two business segments: Private Client Services and Canaccord Adams (our capital markets operations). Canadian and US Private Client Services' operations are conducted through our offices in Canada. Canadian, UK, US and Other Canaccord Adams' capital markets operations are conducted through our offices in Canada, the UK, the US and Barbados.

Canaccord's administrative segment described as "Corporate and Other", includes correspondent brokerage services, interest, foreign exchange revenue and expenses not specifically allocable to the Private Client Services and Canaccord Adams divisions. Also included in this segment are Canaccord's operations and support services, which are responsible for front and back office information technology systems, compliance and risk management, operations, finance, and all administrative functions.

Revenue from Private Client Services is generated through traditional commission-based brokerage services; the sale of fee-based products and services; client-related interest; and fees and commissions earned by IAs in respect of investment banking and venture capital transactions by private clients.

Revenue from Canaccord Adams (our global capital markets segment) is generated from commissions and fees earned in connection with investment banking transactions and institutional sales and trading activity as well as trading gains and losses from Canaccord's principal and international trading operations.

Canaccord's operations are conducted primarily in three geographic areas: Canada, the UK and the US. Revenue not attributable to these geographic areas is now classified under Other in the segmented information in our unaudited interim financial statements for Q2/07. Canaccord's Canadian operations include activities related to Canadian Private Client Services, capital markets activities in Canada delivered through Canaccord Adams (a division of Canaccord Capital Corporation, our principal Canadian operating subsidiary), and Canadian Other operations. Canaccord's US operations include activities related to US Private Client Services, delivered through Canaccord Capital Corporation (USA), Inc., and US capital markets operations, delivered through Canaccord Adams Inc. US Other operations, also delivered through Canaccord Capital Corporation (USA), Inc., include revenue and expenses not specifically allocable to US Private Client Services and US Canaccord Adams. Canaccord's UK operations include activities related to Canaccord Adams Limited, engaged in capital markets activities in the United Kingdom. Revenue derived from capital markets activity outside of these three geographic areas is reported in the interim financial statements as *Other*, which includes operations for Canaccord International Ltd.

Consolidated operating results

Second quarter fiscal 2007 summary data (1)

(C$ thousands, except per share, employee and % amounts)	Three months ended September 30 2006	Three months ended September 30 2005	Year-over-year increase (decrease)	Six months ended September 30 2006	Six months ended September 30 2005	Year-over-year increase
Canaccord Capital Inc.						
Revenue (2)						
Commissions	**$ 63,556**	$ 53,103	19.7%	**$ 141,610**	$ 93,914	50.8%
Investment banking	**70,118**	44,299	58.3%	**172,958**	93,804	84.4%
Principal trading	**5,390**	9,276	(41.9)%	**13,174**	7,535	74.8%
Interest	**14,259**	8,361	70.5%	**27,897**	16,604	68.0%
Other	**2,708**	3,615	(25.1)%	**6,519**	5,814	12.1%
Total Revenue	**$ 156,031**	$ 118,654	31.5%	**$ 362,158**	$ 217,671	66.4%
Expenses						
Incentive compensation	**$ 74,974**	$ 59,580	25.8%	**$ 179,929**	$ 108,230	66.2%
Salaries and benefits	**10,643**	9,409	13.1%	**23,136**	18,635	24.2%
Other overhead expenses (3)	**45,164**	25,418	77.7%	**94,668**	51,129	85.2%
Total Expenses	**$ 130,781**	$ 94,407	38.5%	**$ 297,733**	$ 177,994	67.3%
Income before income taxes	**25,250**	24,247	4.1%	**64,425**	39,677	62.4%
Net income	**17,806**	15,754	13.0%	**43,748**	26,832	63.0%
Earnings per share (EPS) – diluted (4)	**0.37**	0.34	8.8%	**0.91**	0.58	56.9%
Return on average common equity (ROE) (4)	**22.1%**	27.8%	(5.7)p.p.	**28.4%**	23.8%	4.6p.p.
Book value per share – period end	**$ 6.84**	$ 4.82	41.9%			
Number of employees	**1,562**	1,282	21.8%			
US (5)						
Revenue	**$ 18,745**	–	n.m.	**$ 42,730**	–	n.m.
Expenses		–	n.m.		–	n.m.
Incentive compensation	**9,342**	–	n.m.	**22,244**	–	n.m.
Salaries and benefits	**815**	–	n.m.	**2,569**	–	n.m.
Other overhead expenses (3)	**9,065**	–	n.m.	**16,206**	–	n.m.
Total Expenses	**$ 19,222**	–	n.m.	**$ 41,019**	–	n.m.
Income (loss) before income taxes	**(477)**	–	n.m.	**1,711**	–	n.m.
Net income (loss)	**(64)**	–	n.m.	**1,584**	–	n.m.
Canaccord Capital Inc., excluding US						
Revenue	**$ 137,286**	$ 118,654	15.7%	**$ 319,428**	$ 217,671	46.7%
Expenses						
Incentive compensation	**$ 65,632**	$ 59,580	10.2%	**$ 157,685**	$ 108,230	45.7%
Salaries and benefits	**9,828**	9,409	4.5%	**20,567**	18,635	10.4%
Other overhead expenses (3)	**36,099**	25,418	42.0%	**78,462**	51,129	53.5%
Total Expenses	**$ 111,559**	$ 94,407	18.2%	**$ 256,714**	$ 177,994	44.2%
Income before income taxes	**25,727**	24,247	6.1%	**62,714**	39,677	58.1%
Net income	**17,870**	15,754	13.4%	**42,164**	26,832	57.1%

(1) Some of this data is considered to be non-GAAP.

(2) To enhance our disclosure and to facilitate comparison with other companies in the industry, consolidated revenue has been changed from "revenue by business segment" to "revenue by activity". For revenue by business segment information, please refer to the Results of Operations section on page 13.

(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization, development costs and gain on disposal of investment.

(4) The lower increase in EPS and ROE compared to the increase in net income is partially associated with the issuance of 1,420,342 common shares in connection with acquisitions during fiscal 2006.

(5) Starting on January 3, 2006, revenues and expenses for Canaccord Capital Corporation (USA), Inc. and Canaccord Adams Inc. are disclosed together under the US geographic area. Therefore, US results should not be interpreted as generated exclusively from Canaccord Adams Inc. or exclusively as a result of the acquisition of Adams Harkness Financial Group, Inc.

n.m.: not meaningful

p.p.: percentage points

Geographic distribution of revenue for second quarter fiscal 2007 [1]

(C$ thousands, except % amount)	Three months ended September 30 2006	2005	Year-over-year increase
Canada	**$ 108,408**	$ 102,242	6.0%
UK	**21,643**	16,412	31.9%
US	**18,745**	–	n.m.
Other	**7,235**	–	n.m.

(1) For a business description of Canaccord's geographic distribution please refer to the *About Canaccord's operations* section on page 6.

n.m.: not meaningful

Three-month summary

Revenue was $156.0 million, up $37.4 million, or 31.5%, compared to the same period a year ago. On a consolidated basis, revenue is generated through five activities: commissions associated with agency trading, investment banking, principal trading, interest, and other. Revenue increased across three of the five types of activity. Commissions, investment banking, and interest showed increases of 19.7%, 58.3%, and 70.5%, respectively. Principal trading and other showed decreases of 41.9% and 25.1% respectively. Overall, second quarter fiscal 2007 revenue would have been $137.3 million, up $18.6 million, or 15.7%, compared to second quarter fiscal 2006, excluding the contribution from US operations (see footnote (5) of Second Quarter Fiscal 2007 Summary Data table).

Revenue generated from commissions for the second quarter of fiscal 2007 was $63.6 million, up $10.5 million, or 19.7%, from the same period a year ago, mainly due to increased trading and surcharges revenue in Private Client Services and Canaccord Adams, including the contribution of Canaccord Adams Inc. in the US.

Investment banking revenue was $70.1 million, up $25.8 million, or 58.3% from Q2/06, mainly due to participation in larger deals, increased fee shares and warrants revenue and the added contribution of Canaccord Adams Inc. in the US.

Revenue derived from principal trading activity was $5.4 million, which represents a decrease of $3.9 million compared to $9.3 million in Q2/06. This decrease is mainly due to exceptional results for the comparative period in Q2/06 and performance within our sector allocations in Q2/07.

Interest revenue was $14.3 million, up $5.9 million, or 70.5%, mainly due to an increase in the number and size of margin accounts and the increase in interest rates in Canada since Q2/06.

Other revenue was $2.7 million, down $0.9 million, or 25.1%, mainly due to lower foreign exchange gains compared to the same period a year ago.

Second quarter revenue in Canada increased to $108.4 million, up $6.2 million, or 6.0%, from a year ago, reflecting increased market share in investment banking and trading that benefited from higher market activity in Canadian equity markets, largely due to rising global demand for commodities and related equities. Similarly, revenue in the UK increased to $21.6 million, up $5.2 million, or 31.9%, as a result of Canaccord's strength on AIM[2], which benefited from high levels of activity and a relatively strong European economy, resulting in increased investment banking revenue.

Second quarter fiscal 2007 consolidated revenue in the US was $18.7 million and includes revenues generated from Private Client Services through Canaccord Capital Corporation (USA), Inc. ($0.7 million) and Capital Markets through Canaccord Adams Inc. ($18.0 million).

(2) As measured by market capitalization of companies brought to the market by Canaccord Adams.

Expenses as a percentage of revenue

Increase (decrease) in percentage points	Three months ended September 30 2006	2005	Year-over-year increase (decrease)
Incentive compensation	**48.1%**	50.2%	(2.1)p.p.
Salaries and benefits	**6.8%**	7.9%	(1.1)p.p.
Other overhead expenses (1)	**28.9%**	21.5%	7.4p.p.
Total	**83.8%**	79.6%	4.2p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization, and development costs.

p.p.: percentage points

Expenses were $130.8 million, up $36.4 million, or 38.5%, from a year ago. The overall increase is largely due to a rise in incentive compensation (25.8%) partially related to the increase in revenue posted by the Private Client Services and Canaccord Adams divisions, as well as the addition of the US operations, which added $9.3 million in incentive compensation expenses for the quarter. Excluding the US operations, consolidated incentive compensation expense for the quarter would have been $65.6 million, up $6.1 million, or 10.2%.

For the quarter, incentive compensation expense was $75.0 million, up $15.4 million, or 25.8%. However, incentive compensation as a percentage of revenue decreased to 48.1% compared to 50.2% for the same quarter a year ago, due to increased revenue subject to lower or no payout. Compensation expense includes a 3% National Health Insurance (NHI) tax applicable for UK-based employees. Salaries and benefits expense increased by $1.2 million for the second quarter of fiscal 2007, compared to the same quarter a year ago largely due to the addition of salaries and benefits expenses associated with Canaccord Adams Inc. in the US.

The total compensation payout as a percentage of consolidated revenue for Q2/07 was 54.9%, down from 58.1% in Q2/06, due to the leverage achieved from our fixed level of salaries and benefits expense, and an increase in client-related interest and other revenue not subject to payouts.

Overall, second quarter fiscal 2007 expenses would have been $111.6 million, up $17.2 million, or 18.2%, compared to Q2/06 excluding the $19.2 million expenses incurred in the US.

Other overhead expenses

(C$ thousands, except % amounts)	Three months ended September 30 2006	2005	Year-over-year increase
Trading costs	**$ 6,119**	$ 4,247	44.1%
Premises and equipment	**5,814**	3,067	89.6%
Communication and technology	**5,387**	3,798	41.8%
Interest	**5,402**	2,405	124.6%
General and administrative	**14,287**	9,063	57.6%
Amortization	**2,366**	800	195.8%
Development costs	**5,789**	2,038	184.1%
Gain on disposal of investment	**–**	–	n.m.
Total other overhead expenses	**$ 45,164**	$ 25,418	77.7%

n.m.: not meaningful

Other overhead expenses increased by $19.7 million for the second quarter of fiscal 2007 compared to the same quarter a year ago. This increase is largely attributable to the increase in trading costs, up $1.9 million, or 44.1%, mainly due to the increase in trading activity and the addition of our new US platform. The largest trading costs were in transaction fees, trade execution costs, and exchange and other fees. Premises and equipment increased by $2.7 million, or 89.6%, mainly due to higher lease expenses as a result of Canaccord's expansion in Canada, the UK and the US. Interest increased by $3.0 million, or 124.6%, due to higher interest rates and higher cash balances in client accounts compared to Q2/06. General and administrative (G&A) expense increased $5.2 million, or 57.6%, from a year ago. The largest increases in G&A were in promotion and travel, up $2.7 million, largely attributable to the increase in the geographic span of our business and the increase in professional fees, up $1.5 million, partly due to the addition of Adams Harkness in Q4/06. Professional fees include legal, audit and consulting fees. Amortization expense increased $1.6 million, or 195.8%, mainly due to the depreciation of leasehold improvements, and furniture and equipment.

Development costs

	Three months ended September 30		Year-over-year
(C$ thousands, except % amounts)	**2006**	2005	increase
Hiring incentives	**$ 4,627**	$ 1,023	n.m.
Systems development	**1,162**	1,015	14.5%
Total	**$ 5,789**	$ 2,038	184.1%

n.m.: not meaningful

Development costs are included as a component of other overhead expenses and include hiring incentives and systems development costs. Hiring incentives are one of our tools to recruit new Investment Advisors (IAs) and capital markets professionals. Systems development costs are expenditures that Canaccord has made related to enhancing its information technology platform.

Development costs increased by $3.8 million, or 184.1%. The increase in hiring incentives is due to the recruitment of professionals for both Private Client Services and Canaccord Adams, and the retention costs associated with Adams Harkness' employees as a result of the acquisition on January 3, 2006. Private Client Services' and Canaccord Adams' Q2/07 hiring incentives were $1.5 million, up $0.6 million, and $3.1 million, up $3.0 million respectively, compared to the same period a year ago.

Net income was $17.8 million, up $2.1 million, or 13.0%, from a year ago. Diluted EPS was $0.37, up $0.03, or 8.8%, and ROE was 22.1% compared to a ROE of 27.8% a year ago. The lower increase in EPS compared to the increase in net income is partially associated with the issuance of 691,940 common shares under the incentive plan for recruiting purposes and the issuance of 1,420,342 common shares in connection with acquisitions during fiscal 2006. Book value per common share increased by 41.9% to $6.84, up $2.02 from $4.82 a year ago, reflecting an increase in retained earnings and share capital.

Consolidated US operations generated a quarterly net loss of $0.06 million.

Income taxes were $7.4 million for the quarter, reflecting an effective tax rate of 29.5% compared to 35.0% a year ago. The decrease in the effective tax rate in Q2/07 relative to Q2/06 is related to the geographical composition of Canaccord's net income.

YEAR-TO-DATE SUMMARY

Geographic distribution of revenue for the six months ended September 30 (1)

	Six months ended September 30		Year-over-year
(C$ thousands, except % amounts)	**2006**	2005	increase
Canada	**$ 241,658**	$ 178,426	35.4%
UK	**70,535**	39,245	79.7%
US	**42,730**	–	n.m.
Other	**7,235**	–	n.m.

(1) For a business description of Canaccord's geographic distribution please refer to the *About Canaccord's operations* section on page 6.

n.m.: not meaningful

Revenue for the first-half fiscal 2007 was $362.2 million, up $144.5 million, or 66.4%, compared to the same period a year ago. Revenue increased across all lines of business.

On a consolidated basis, revenue generated from commissions for the first half of fiscal 2007 was $141.6 million, up $47.7 million, or 50.8%, from the same period a year ago. Investment banking revenue was $173.0 million, up $79.2 million, or 84.4%. Revenue derived from principal trading activity was $13.2 million, up $5.6 million, or 74.8%. Interest revenue was $27.9 million, up $11.3 million, or 68.0%. Other revenue was $6.5 million, up $0.7 million, or 12.1%.

Year-to-date fiscal 2007 revenue in Canada increased to $241.7 million, up $63.2 million, or 35.4%, from a year ago; and revenue in the UK increased to $70.5 million, up $31.3 million, or 79.7%, for reasons discussed earlier in this document.

Year-to-date fiscal 2007 consolidated revenue in the US was $42.7 million and includes revenue generated by Canaccord Capital Corporation (USA), Inc. ($2.4 million) and Canaccord Adams Inc. ($40.3 million), as a result of the acquisition of Adams Harkness Financial Group, Inc. on January 3, 2006. Overall, first half fiscal 2007 revenue, excluding the revenue generated by the US operations, would have been $319.4 million, up $101.8 million, or 46.7%, compared to the same period a year ago.

Expenses as a percentage of revenue

Increase (decrease) in percentage points	Six months ended September 30		Year-over-year increase (decrease)
	2006	2005	
Incentive compensation	**49.7%**	49.7%	0.0p.p.
Salaries and benefits	**6.4%**	8.6%	(2.2)p.p.
Other overhead expenses (1)	**26.1%**	23.5%	2.6p.p.
Total	**82.2%**	81.8%	0.4p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization, development costs and gain on disposal of investment.

p.p.: percentage points

Expenses were $297.7 million, up $119.7 million, or 67.3%, compared to the first six months of fiscal 2006. The overall increase in expenses is consistent with the 66.4% increase in total revenue for the period. Overall, excluding the $41.0 million of expenses incurred in the US first half of fiscal 2007 expenses would have been $256.7 million, up $78.7 million, or 44.2%, compared to first half fiscal 2006.

Year-to-date consolidated incentive compensation expense was $179.9 million, up $71.7 million, or 66.2%, consistent with the 67.8% increase in incentive-based revenue. Excluding our consolidated US operations, consolidated incentive compensation expense would have been $157.7 million, up $49.5 million, or 45.7%. Consolidated incentive compensation as a percentage of total revenue remained static at 49.7% compared to the same period a year ago. Compensation expense includes a 3% National Health Insurance (NHI) tax applicable for UK-based employees.

Salaries and benefits expense increased by $4.5 million for the first half of fiscal 2007 compared to the same period a year ago for reasons discussed on page 9. The total compensation payout as a percentage of consolidated revenue for the first six months of fiscal 2007 was 56.1%, down from 58.3% in fiscal 2006, due to reasons previously discussed. Excluding our consolidated US operations, total compensation as a percentage of revenue would have been 55.8%, down 2.5 percentage points for the same period a year ago.

Other overhead expenses

(C$ thousands, except % amounts)	Six months ended September 30 2006	2005	Year-over-year increase
Trading costs	**$ 14,678**	$ 8,559	71.5%
Premises and equipment	**11,751**	6,693	75.6%
Communication and technology	**10,450**	7,488	39.6%
Interest	**10,384**	4,896	112.1%
General and administrative	**33,394**	19,079	75.0%
Amortization	**4,355**	1,918	127.1%
Development costs	**9,656**	4,129	133.9%
Gain on disposal of investment	**–**	(1,633)	n.m.
Total other overhead expenses	**$ 94,668**	$ 51,129	85.2%

n.m.: not meaningful

Other overhead expenses increased by $43.5 million for the first half of fiscal 2007 compared to the same period a year ago. This increase is largely attributable to the increase in trading costs, up $6.1 million; premises and equipment, up $5.1 million; client-related interest, up $5.5 million; general and administrative expense, up $14.3 million; and amortization expense, up $4.4 million. Rationale for these increases has been discussed earlier in this document.

General and administrative expense increased by 75.0% from a year ago, partly due to the increase in business activity period over period, along with the addition of Adams Harkness in Q4/06. The largest increases in general and administrative expense were in reserves, up $1.2 million due to an increase in unsecured client balances; promotion and travel, up $5.8 million, largely attributable to the increase in the geographic span of our business; professional fees, up $2.1 million, which includes legal, audit and consulting fees; and client expenses, up $1.3 million, due to increased provisions related to client activity.

Development costs

(C$ thousands, except % amounts)	Six months ended September 30 2006	2005	Year-over-year increase
Hiring incentives	**$ 7,325**	$ 2,032	n.m.
Systems development	**2,331**	2,097	11.2%
Total	**$ 9,656**	$ 4,129	133.9%

n.m.: not meaningful

Overall hiring incentives increased by $5.3 million from a year ago. Private Client Services' first half fiscal 2007 hiring incentives were $3.0 million, up $1.2 million compared to the same period a year ago, and Canaccord Adams' hiring incentives were $4.3 million, up $4.0 million. This increase is due to the recruitment of professionals for both Private Client Services and Canaccord Adams, and the retention costs associated with Adams Harkness' employees as a result of the acquisition on January 3, 2006.

Overall systems development costs increased by $0.2 million due to the enhancements to our overall information technology platform ascribed to the increase in the geographic span of our business.

Net income for the six-month period was $43.7 million, up by $16.9 million, or 63.0%, from a year ago. Diluted EPS were $0.91, up by $0.33, or 56.9%, and ROE was 28.4% compared to a ROE of 23.8% a year ago. The lower increases in EPS and ROE compared to the increase in net income is partially associated with the issuance of 1,420,342 common shares in connection with acquisitions during fiscal 2006. Book value per common share increased by 41.9% to $6.84, up $2.02 from $4.82 a year ago, reflecting an increase in retained earnings and share capital.

Consolidated US operations generated a year-to-date net income of $1.6 million, equivalent to 3.6% of Canaccord's overall net income of $43.7 million.

Income taxes were $20.7 million for the first six months of fiscal 2007, reflecting an effective tax rate of 32.1% compared to 32.4% a year ago. The decrease in the effective tax rate in fiscal 2007 relative to fiscal 2006 is related to the geographical composition of Canaccord's net income. The reduction in effective tax rate period-over-period would have been greater except that in fiscal 2006, Canaccord sold its investment in the Bourse de Montréal for $1.6 million, which was taxed at the lower capital gains rate.

RESULTS OF OPERATIONS

Private Client Services

(C$ thousands, except assets under administration and assets under management, which are in C$ millions, employees, Investment Advisors and % amounts)	Three months ended September 30		Year-over-year	Six months ended September 30		Year-over-year
	2006	2005	increase (decrease)	**2006**	2005	increase
Revenue	**$ 55,626**	$ 52,411	6.1%	**$ 127,912**	$ 92,041	39.0%
Expenses						
Incentive compensation	**24,885**	25,033	(0.6)%	**58,253**	42,614	36.7%
Salaries and benefits	**2,854**	2,827	1.0%	**6,284**	5,863	7.2%
Other overhead expenses	**13,607**	9,222	47.5%	**32,026**	19,625	63.2%
Total Expenses	**$ 41,346**	$ 37,082	11.5%	**$ 96,563**	$ 68,102	41.8%
Income before income taxes	**14,280**	15,329	(6.8)%	**31,349**	23,939	31.0%
Assets under management (AUM)	**670**	475	41.1%			
Assets under administration (AUA)	**13,826**	11,495	20.3%			
Number of Investment Advisors (IAs)	**434**	425	2.1%			
Number of employees	**719**	663	8.4%			

Three months ended September 30, 2006, compared with three months ended September 30, 2005

Revenue from Private Client Services was $55.6 million, up $3.2 million, or 6.1%, from a year ago due to relatively stronger activity in the North American equity markets compared to the same period a year ago. Parallel to this revenue growth was a $2.3 billion increase in assets under administration (AUA) to a total of $13.8 billion, compared to Q2/06. There were 434 IAs at the end of the second quarter of fiscal 2007, a net increase of nine from a year ago in an extremely competitive recruiting environment. Fee-related revenue as a percentage of total Private Client Services' revenue increased 7.4 percentage points to 26.8% compared to the same period a year ago. Fee-related revenue includes certain client-related interest and fees related to certain transaction-based financial services.

Expenses for Q2/07 were $41.3 million, up $4.3 million, or 11.5%. For the quarter, the largest overhead expenses included client-related interest, up $3.2 million, and development costs, up $0.6 million. Incentive compensation expense decreased by $0.1 million, or 0.6%, due to lower compensation related revenue compared to the same period a year ago. Similarly, general and administrative expense decreased by $0.1 million, or 6.5%. The largest component of general and administrative expense contributing to the offset was in reserves, down $0.9 million due to decreased provisions related to client activity.

Income before income taxes and corporate allocations for the quarter was $14.3 million, down 6.8% from the same period a year ago.

Six months ended September 30, 2006, compared with six months ended September 30, 2005

Revenue from Private Client Services for the first half of fiscal 2007 was $127.9 million, up $35.9 million, or 39.0%, from a year ago. Fee-related revenue as a percentage of total Private Client Services' revenue increased 6.8 percentage points to 22.9% compared to the same period a year ago.

Expenses for the first half of fiscal 2007 were $96.6 million, up $28.5 million, or 41.8%. The largest increase in expenses was recorded in incentive compensation expense, up $15.6 million, or 36.7%, due to the increase in revenue for the period. Other overhead expenses included client-related interest, up $6.1 million, and general and administrative expense, up

$3.1 million. The largest components of general and administrative expense were promotion and travel, up $1.0 million, and client expenses, up $1.3 million, for amounts paid related to client activity.

Income before income taxes and corporate allocations for the first half of fiscal 2007 was $31.3 million, up 31.0% from the same period a year ago.

Canaccord Adams

(C$ thousands, except employees and % amounts)	Three months ended September 30 2006	Three months ended September 30 2005	Year-over-year increase (decrease)	Six months ended September 30 2006	Six months ended September 30 2005	Year-over-year increase (decrease)
Canaccord Adams						
Revenue	**$ 93,033**	$ 60,048	54.9%	**$ 218,139**	$ 114,505	90.5%
Expenses						
Incentive compensation	**45,305**	30,704	47.6%	**111,253**	59,485	87.0%
Salaries and benefits	**2,228**	1,790	24.5%	**5,416**	3,077	76.0%
Other overhead expenses	**23,170**	8,898	160.4%	**45,556**	18,294	149.0%
Total Expenses	**$ 70,703**	$ 41,392	70.8%	**$ 162,225**	$ 80,856	100.6%
Income before income taxes	**22,330**	18,656	19.7%	**55,914**	33,649	66.2%
Number of employees	**494**	283	74.6%	**–**	–	–
US						
Revenue	**$ 17,682**	–	n.m.	**$ 40,307**	–	n.m.
Expenses		–	n.m.		–	n.m.
Incentive compensation	**9,035**	–	n.m.	**21,338**	–	n.m.
Salaries and benefits	**815**	–	n.m.	**2,569**	–	n.m.
Other overhead expenses	**9,003**	–	n.m.	**16,147**	–	n.m.
Total Expenses	**$ 18,853**	–	n.m.	**$ 40,054**	–	n.m.
Income (loss) before income taxes	**(1,171)**	–	n.m.	**253**	–	n.m.
Number of employees	**164**	–	n.m.	**–**	–	–
Canaccord Adams excluding the US						
Revenue	**$ 75,351**	$ 60,048	25.5%	**$ 177,832**	$ 114,505	55.3%
Expenses						
Incentive compensation	**36,270**	30,704	18.1%	**89,915**	59,485	51.2%
Salaries and benefits	**1,413**	1,790	(21.1)%	**2,847**	3,077	(7.5)%
Other overhead expenses	**14,167**	8,898	59.2%	**29,409**	18,294	60.8%
Total Expenses	**$ 51,850**	$ 41,392	25.3%	**$ 122,171**	$ 80,856	51.1%
Income before income taxes	**23,501**	18,656	26.0%	**55,661**	33,649	65.4%
Number of employees	**330**	283	16.6%	**–**	–	–

n.m.: not meaningful

Canaccord Adams includes the global capital markets division of Canaccord Capital Corporation in Canada; Canaccord Adams Limited in the UK; Canaccord International Ltd. in Barbados; and Canaccord Adams Inc. and Canaccord Capital Corporation (USA), Inc. in the US.

Three months ended September 30, 2006, compared with three months ended September 30, 2005

Revenue from Canaccord Adams in Q2/07 was $93.0 million, up $33.0 million, or 54.9%, compared to the same quarter a year ago due to increases in market share that also benefited from relatively strong capital markets activity in Canada, the US, and the UK. Excluding the contribution from the US geographic segment, Q2/07 revenue would have been $75.4 million, up $15.3 million, or 25.5%, compared to Q2/06.

Revenue from Canadian operations

Canaccord Adams in Canada generated fiscal second quarter revenue of $46.5 million that was derived from four divisions: Capital Markets, $38.5 million, up $3.5 million, or 9.9%; International Trading, $4.1 million, down $0.6 million, or 12.8%; Registered Traders, $1.3 million, down $0.7 million, or 36.0%; and Fixed Income, $2.6 million, up $0.7 million, or 35.8%. The increase in this geographic sector is largely due to rising global demand for commodities and Canadian equities relative to Q2/06.

Revenue from UK operations

Operations related to Canaccord Adams Limited in the UK include institutional sales and trading, investment banking, and research. Revenue in this business was $21.6 million, up $5.2 million, or 31.9%, compared to the same period a year ago for reasons discussed earlier.

Revenue from US operations

The US operations reflect the US capital markets activities of Canaccord Capital Corporation (USA), Inc. and Canaccord Adams Inc. (the operating subsidiary of Adams Harkness Financial Group, Inc., acquired on January 3, 2006). Q2/07 revenue for Canaccord Adams in the US was $17.7 million, representing 19.1% of Canaccord Adams' total revenue.

Revenue from other foreign location

Revenue attributable to other foreign location was derived in large part from proprietary trading activity. Revenue in Q2/07 was $7.2 million representing 7.8% of Canaccord Adams' total revenue. The nature of the proprietary trading activity in this area is that its results may vary significantly from period to period. Revenue realized from these operations in comparative periods was not material.

Expenses for Q2/07 were $70.7 million, up $29.3 million, or 70.8%. Excluding expenses from Canaccord Adams' US operations, expenses would have been $51.9 million, up $10.5 million, or 25.3%. The largest increases in non-compensation expenses were in trading costs, up $1.9 million; premises and equipment, up $2.0 million; general and administrative expense, up $4.4 million; and development costs, up $3.2 million. Reasons for these increases have been previously discussed. Within the general and administrative expense, promotion and travel was up $2.2 million; and professional fees were up $0.7 million. General and administrative expense incurred by Canaccord Adams in the US was $2.7 million, or 31.9%, of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams US operations during Q2/07, general and administrative expense for Canaccord Adams would have been $5.8 million, up $1.7 million, or 42.3%, compared to Q2/06.

The increase in incentive compensation for the quarter of $14.6 million, or 47.6%, is largely attributed to the 54.9% increase in revenue, which resulted in higher payouts for the period and due to the fact that Canaccord Adams' US operations added $9.0 million of incentive compensation. Salary and benefits expense for the quarter increased by 24.5% compared to a year ago, due to the fact that the US added $0.8 million in new salaries and benefits for the quarter. For the quarter, the total compensation expense payout as a percentage of revenue was 51.1%, down 3.0 percentage points compared to 54.1% for the same period a year ago. Excluding Canaccord Adams' US operations, the total compensation expense payout would have been 50.0%, down 4.1%, for the same period a year ago, mainly due to higher revenue not subject to payout.

Income before income taxes and corporate allocations for the quarter was $22.3 million, up $3.7 million, or 19.7%, compared to the same quarter a year ago. Excluding Canaccord Adams' US operations, income before income taxes would have been $23.5 million, up $4.8 million, or 26.0%.

Six months ended September 30, 2006, compared with six months ended September 30, 2005

Revenue from Canaccord Adams in the first half of fiscal 2007 was $218.1 million, up $103.6 million, or 90.5%, compared to the same period a year ago. Excluding the contribution from the US operations, first half fiscal 2007 revenue would have been $177.8 million, up $63.3 million, or 55.3%, compared to first half fiscal 2006.

Revenue from Canadian operations

Canaccord Adams in Canada generated revenue of $100.1 million comprised of: Capital Markets, $81.2 million, up $20.4 million, or 33.5%; International Trading, $11.5 million, up $3.4 million, or 41.4%; Registered Traders, $2.9 million, up $0.4 million, or 14.7%; and Fixed Income, $4.4 million, up $0.7 million, or 17.9%.

Revenue from UK operations

Revenue in this business was $70.5 million, up $31.3 million, or 79.7%, compared to the same period a year ago.

Revenue from US operations

Operational results for the US are being reported separately as of January 3, 2006, and therefore have no Q1 and Q2 fiscal 2006 historical data for comparative purposes. Year-to-date revenue for Canaccord Adams in the US was $40.3 million, representing 18.5% of Canaccord Adams' total revenue.

Revenue from other foreign location

Revenue attributable to other foreign location is derived in large part from proprietary trading activity. Year-to-date revenue was $7.2 million, representing 3.3% of Canaccord Adams' total revenue. The nature of the proprietary trading activity in this area is that its results may vary significantly from period to period. Revenue realized from these operations in the comparative periods was not material.

Expenses for the first half of fiscal 2007 were $162.2 million, up $81.4 million, or 100.6%. Excluding expenses from Canaccord Adams' US operations, expenses would have been $122.2 million, up $41.3 million, or 51.1%. The largest increases in non-compensation expenses were in trading costs, up $5.6 million; premises and equipment, up $3.6 million; communications and technology, up $2.0 million; general and administrative expense, up $9.2 million; and development costs, up $4.4 million.

The largest increases in general and administrative expense were promotion and travel, up $4.1 million, and professional fees, up $1.6 million. General and administrative expense incurred by Canaccord Adams in the was $5.0 million, or 29.1%, of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams' US operations segment during the first half of fiscal 2007, general and administrative expenses for Canaccord Adams would have been $12.1 million, up $4.2 million, or 52.6%, compared to the same period a year ago.

The increase in incentive compensation for the first half of fiscal 2007 is largely attributed to the 90.5% increase in revenue and the additional $21.3 million of incentive compensation for Canaccord Adams in the US. Salary and benefits expense for the period, increased by 76.0% compared to a year ago, due to the addition of $2.6 million in new salaries and benefits from the US operations. For the six months ended September 30, 2006, the total compensation expense payout as a percentage of revenue was 53.5%, down 1.1 percentage points compared to 54.6% for the same period a year ago. Excluding Canaccord Adams' US operations, total compensation as a percentage of revenue would have been 52.2%, down 2.4 percentage points compared to the same period a year ago.

Income before income taxes and corporate allocations for the six months ended on September 30, 2006, was $55.9 million, up $22.3 million, or 66.2%, compared to the same period a year ago. For the period, Canaccord Adams' US operations generated $0.3 million in income before income taxes. Excluding Canaccord Adams' US operations, income before income taxes would have been $55.7 million, up $22.0 million, or 65.4%.

Corporate and Other

	Three months ended September 30		Year-over-year	Six months ended September 30		Year-over-year
(C$ thousands, except employees and % amounts)	**2006**	2005	increase	**2006**	2005	increase
Revenue	**$ 7,372**	$ 6,195	19.0%	**$ 16,107**	$ 11,125	44.8%
Expenses						
Incentive compensation	**4,784**	3,843	24.5%	**10,423**	6,131	70.0%
Salaries and benefits	**5,561**	4,792	16.0%	**11,436**	9,695	18.0%
Other overhead expenses	**8,387**	7,298	14.9%	**17,086**	13,210	29.3%
Total Expenses	**$ 18,732**	$ 15,933	17.6%	**$ 38,945**	$ 29,036	34.1%
(Loss) before income taxes	**(11,360)**	(9,738)	16.7%	**(22,838)**	(17,911)	27.5%
Number of employees	**349**	336	3.9%			

Three months ended September 30, 2006, compared with three months ended September 30, 2005

Revenue for the three months ended September 30, 2006, was $7.4 million, up $1.2 million, or 19.0%, compared to the same quarter a year ago, and is primarily attributed to an increase in bank interest rates, foreign exchange revenue, security rebate revenue and investment banking related business.

Expenses for Q2/07 were $18.7 million, up $2.8 million, or 17.6%. The largest increases in expenses were recorded in premises and equipment, up $0.5 million, or 64.2%, communications and technology, up $0.4 million, or 50.2%; and general and administrative expense, up $0.9 million, or 31.0%.

Loss before income taxes was $11.4 million in the second quarter of fiscal 2007, up $1.6 million, or 16.7%, compared to a loss of $9.7 million in the same quarter a year ago. A contributing factor to the increase in this loss is the higher incentive compensation expenses, such as performance bonuses, related to higher profitability.

Six months ended September 30, 2006, compared with six months ended September 30, 2005

Revenue for the six months ended September 30, 2006, was $16.1 million, up $5.0 million, or 44.8%, compared to the same period a year ago.

Expenses for the first half of fiscal 2007 were $38.9 million, up $9.9 million, or 34.1%. The largest increases in expenses were recorded in incentive compensation, up $4.3 million; premises and equipment, up $1.0 million; and general and administrative expense, up $2.0 million, mainly attributable to increases in promotion and travel, up $0.6 million, and professional fees, up $0.8 million.

Loss before income taxes was $22.8 million in the first half of fiscal 2007, up $4.9 million, or 27.5%, compared to a loss of $17.9 million in the same period a year ago. This is mainly due to a one time pre-tax gain of $1.6 million from the disposal of an investment in the Bourse de Montréal in Q1/06. Had Canaccord not realized such a gain in Q1/06, the loss before income taxes in the first half of fiscal 2007 would have increased by $3.3 million, or 16.9% over the same period a year ago.

FINANCIAL CONDITIONS

Below are specific changes in selected balance sheet items.

Accounts receivable

Client security purchases are entered into either on a cash or margin basis. When securities are purchased on margin, Canaccord extends a loan to the client for the purchase of securities, using securities purchased and/or securities in the client's account as collateral. Therefore, the client's accounts receivable balance of $484.8 million may vary significantly on a day-to-day basis and is based on trading volumes and market activity. As at September 30, 2006, total accounts receivable were $1,163.2 million compared to $1,540.0 million as at March 31, 2006. Also included in total accounts receivable are receivables from brokers and investment dealers totalling $333.6 million; $294.1 million in RRSP cash balances held in trust; and other receivables totalling $50.7 million.

Cash and cash equivalents

Cash and cash equivalents were $315.9 million as of September 30, 2006, compared to $370.5 million as of March 31, 2006. Net income of $43.8 million was a significant source of cash for the six month period. Significant changes in non-cash working capital items include an increase in securities owned of $83.4 million; an increase in accounts receivable of $382.9 million; a decrease in securities sold short of $11.2 million; a decrease in accounts payable and accrued liabilities of $528.0 million; and a decrease in income taxes payable of $14.0 million. Financing activities include an increase in unvested common share purchase loans of $1.4 million; and the payment of dividends of $7.7 million. Investing activities include purchases of equipment and leasehold improvements of $4.4 million. The effect of foreign exchange on cash balances was accretive in the amount of $1.9 million.

Call loans

Loan facilities utilized by Canaccord may vary significantly on a day-to-day basis and depend on securities trading activity. At September 30, 2006, no amounts were borrowed pursuant to these call loan facilities.

OFF-BALANCE SHEET ARRANGEMENTS

On September 30, 2006, Canaccord had an irrevocable standby letter of credit from one of its banks in the amount of $1.3 million as a rent guarantee for our leased premises in the UK. Canaccord Adams Inc. has also entered into irrevocable standby letters of credit from a financial institution totalling $1.6 million as rent guarantees for its leased premises in Boston, New York and San Francisco. As of September 30, 2006, there were no outstanding balances under these standby letters of credit. There were also no balances outstanding at March 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

Canaccord has a capital structure underpinned by shareholders' equity, which is comprised of share capital, retained earnings and cumulative foreign currency translation adjustments. On September 30, 2006, cash and cash equivalents net of call loans were $315.9 million, down $49.9 million from $365.8 million as of March 31, 2006. During the quarter ended September 30, 2006, financing activities used cash in the amount of $3.5 million, which was primarily due to payment of dividends of $3.8 million, and offset by $0.3 million for the decrease in unvested common share purchase loans[3] related to

(3) These are forgivable loans granted to key employees in connection to the purchase of common stock in the open market under the ESIP and other incentive plans.

Canaccord's Employee Stock Incentive Plan (ESIP) and other stock plans. Investing activities used cash in the amount of $4.0 million for the purchase of equipment and leasehold improvements. An increase in cash of $3.0 million was attributed to the effect of foreign exchange on cash balances. Operating activities used cash in the amount of $56.0 million, which was due to net changes in non-cash working capital items, net income and items not affecting cash.

Canaccord's business requires capital for operating and regulatory purposes. The current assets reflected on Canaccord's balance sheet are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their market value. The market value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectibility. Receivables and payables from brokers and dealers represent the following: current open transactions which generally settle within the normal three-day settlement cycle; collateralized securities that are borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances due to introducing brokers representing net balances in connection with their client accounts.

Credit facilities

Canaccord has credit facilities with Canadian, US and UK banks in an aggregate amount of $399.3 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by either unpaid securities and/or securities owned by Canaccord. At September 30, 2006, Canaccord did not have any outstanding balances under these credit facilities.

Outstanding share data

	Outstanding shares as of September 30	
	2006	2005
Issued shares outstanding – basic [1]	**46,199,726**	44,189,759
Issued shares outstanding – diluted [2]	**47,827,350**	46,407,008
Average shares outstanding – basic	**46,152,802**	44,479,068
Average shares outstanding – diluted	**47,961,594**	46,402,995

(1) Excludes 1,627,624 unvested shares that are outstanding relating to share purchase loans for recruitment and retention programs.

(2) Includes 1,627,624 shares related to share purchase loans referred to in footnote (1) above.

As of September 30, 2006, Canaccord had 47,827,350 common shares issued and outstanding on a diluted basis, up 1,420,342 common shares from September 30, 2005, comprising common shares issued in connection with acquisitions.

On December 22, 2005, Canaccord renewed its Normal Course Issuer Bid (NCIB) for one year commencing on December 29, 2005, and ending on December 28, 2006. The NCIB allows for purchases of up to 5% of Canaccord's issued and outstanding shares at the time of the renewal. As of November 8, 2006, there are 2,324,233 common shares available for purchase under the NCIB. Canaccord has agreed with the relevant regulators to update its shareholders at a minimum rate of every two weeks if purchases are made, and will update shareholders immediately if more than 1% of its outstanding shares are purchased in one day. Going forward and from time to time, Canaccord may purchase its common shares for the purpose of resale or cancellation.

On January 3, 2006, Canaccord closed the acquisition of Adams Harkness Financial Group, Inc., which was a privately held Boston, Massachusetts-based institutional investment bank. The consideration consisted of US$8 million in cash and the issuance of 1,342,696 common shares from treasury valued at US$12 million. On closing, these shares were delivered into escrow, subject to annual releases of one-third per year, beginning on June 30, 2006, and ending on June 30, 2008.

In connection with the acquisition of Adams Harkness Financial Group, Inc., a retention plan was established, which provides for the issuance of up to 1,118,952 common shares after a three-year vesting period. The total number of shares to be vested is also based on revenue earned by Canaccord Adams Inc. subsequent to the date of acquisition. The aggregate number of common shares that will vest and will therefore be issued at the end of the vesting period will be that number which is equal to the revenue earned by Canaccord Adams Inc. during the vesting period divided by US$250.0 million multiplied by 1,118,952, subject to the maximum of 1,118,952 common shares adjusted for forfeitures and cancellations. As such revenue levels are achieved during the vesting period, the associated proportion of the retention payment will be recorded as a development cost, and the applicable number of retention shares will be included in weighted average diluted common shares outstanding.

As of November 8, 2006, Canaccord has 47,827,350 common shares outstanding on a diluted basis.

INTERNATIONAL FINANCIAL CENTRES

Canaccord is a member of the International Financial Centres of both British Columbia and Québec, which provide certain tax and financial benefits pursuant to the *International Financial Activity Act* of British Columbia and the *Act Respecting International Financial Centres of Québec*. As such, Canaccord's overall income tax rate is less than the rate that would otherwise be applicable.

FOREIGN EXCHANGE

Canaccord manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to those contracts are recognized in income during the year. As of September 30, 2006, forward contracts outstanding to sell US dollars had a notional amount of US$22.0 million. Forward contracts outstanding to buy US dollars had a notional amount of US$8.5 million. The fair value of these contracts was nominal. A certain number of Canaccord's operations in London, England, and in the U.S. are conducted in British pounds sterling and US dollars, respectively; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in British pounds sterling or US dollars.

CRITICAL ACCOUNTING ESTIMATES

The following is a summary of Canaccord's critical accounting estimates. Canaccord's accounting policies are in accordance with Canadian GAAP and are described in Note 1 to the audited consolidated financial statements for the year ended March 31, 2006. The accounting policies described below require estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses recorded in the financial statements. Because of their nature, estimates require judgement based on available information. Actual results or amounts could differ from estimates, and the difference could have a material impact on the financial statements.

Revenue recognition and valuation of securities

Securities held, including share purchase warrants and options, are recorded at market value and, accordingly, the interim consolidated financial statements reflect unrealized gains and losses associated with such securities. In the case of publicly traded securities, market value is determined on the basis of market prices from independent sources such as listed exchange prices or dealer price quotations. Adjustments to market prices are made for liquidity relative to the size of the position and holding periods and other resale restrictions, if applicable. Investments in illiquid or non-publicly traded securities are valued on a basis determined by management using information available and prevailing market prices of securities with similar qualities and characteristics, if known.

There is inherent uncertainty and imprecision in estimating the factors which can affect value and in estimating values generally. The extent to which valuation estimates differ from actual results will affect the amount of revenue or loss recorded for a particular security position in any particular period. With Canaccord's security holdings consisting primarily of publicly traded securities, its procedures for obtaining market prices from independent sources, the validation of estimates through actual settlement of transactions and the consistent application of its approach from period to period, Canaccord believes that the estimates of market value recorded are reasonable.

Provisions

Canaccord records provisions related to pending or outstanding legal matters and doubtful accounts related to client receivables, loans, advances and other receivables. Provisions in connection with legal matters are determined on the basis of management's judgement in consultation with legal counsel considering such factors as the amount of the claim, the validity of the claim, the possibility of wrongdoing by an employee of Canaccord and precedents. Client receivables are generally collateralized by securities and, therefore, any impairment is generally measured after considering the market value of the collateral. Provisions in connection with other doubtful accounts are generally based on management's assessment as to the likelihood of collection and the recoverable amount. Provisions are also recorded utilizing discount factors in connection with syndicate participation.

Tax

Accruals for income tax liabilities require management to make estimates and judgements with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. Canaccord operates within different tax jurisdictions and is subject to assessment in these different jurisdictions. Tax filings can involve complex issues, which may require an extended period of time to resolve in the event of a dispute or re-assessment by tax authorities. Canaccord believes that adequate provisions for income taxes have been made for all years.

Goodwill and other intangible assets

As a result of the acquisitions of Adams Harkness Financial Group, Inc. and Enermarket Solutions Ltd., Canaccord acquired goodwill and other intangible assets. Goodwill is the cost of the acquired companies in excess of the fair value of their net assets, including other intangible assets, at the acquisition date. The identification and valuation of other intangible assets required management to use estimates and make assumptions. Goodwill will be assessed for impairment at least annually, or whenever a potential impairment may arise as a result of an event or change in circumstances, to ensure that the fair value of the reporting unit to which goodwill has been allocated is greater than or at least equal to its original value. Fair value will be determined using valuation models that take into account such factors as projected earnings, earnings multiples, discount rates, other available external information and market comparables. The determination of fair value will require management to apply judgement in selecting the valuation models and assumptions and estimates to be used in such models and value determinations. These judgements will affect the determination of fair value and any resulting impairment changes.

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. Management must exercise judgement and make use of estimates and assumptions in determining the estimated useful lives of other intangible assets and in periodic determinations of value.

Stock-based compensation

In connection with the acquisition of Adams Harkness Financial Group, Inc., Canaccord agreed to issue common shares to certain key employees of Adams Harkness upon the expiry of a three-year vesting period, with the number of common shares to be adjusted in the event that certain revenue targets are not achieved. Canaccord uses the fair-value method of accounting for these payments, which includes making estimates in respect of forfeiture rates. Under this method the compensation expense is recognized over the relevant vesting period on a pro-rata basis as revenue targets are achieved. The fair value of the stock-based compensation was determined as of the grant date.

RELATED PARTY TRANSACTIONS

Security trades executed by Canaccord for employees, officers and shareholders of Canaccord are conducted in accordance with terms and conditions applicable to all clients of Canaccord. Commission income on such transactions in the aggregate is not material in relation to the overall operations of Canaccord.

DIVIDEND POLICY

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, Canaccord's financial condition, results of operations and capital requirements and such other factors as the Board determines to be relevant. Canaccord intends to continue to pay a $0.08 regular quarterly common share dividend in respect of Q2/07 and for each quarter in fiscal year 2007.

DIVIDEND DECLARATION

For the second quarter of fiscal 2007, the Board of Directors declared a common share dividend of $0.08 per share, which is payable on December 8, 2006, to shareholders of record on November 24, 2006. The common share dividend payment to common shareholders will total approximately $3.8 million or approximately 21.5% of second quarter net income.

FINANCIAL INSTRUMENTS

In the normal course of business, Canaccord utilizes certain financial instruments to manage its exposure to credit risk, market risk and foreign exchange risk as mentioned above.

HISTORICAL QUARTERLY INFORMATION

Canaccord's revenue from an underwriting transaction is recorded only when the transaction has closed. Consequently, the timing of revenue recognition can materially affect Canaccord's quarterly results. The expense structure of Canaccord's operations is geared towards providing service and coverage in the current market environment. If general capital markets activity were to drop significantly, Canaccord could experience losses.

The following table provides selected quarterly financial information for the nine most recently completed financial quarters ended September 30, 2006. This information is unaudited, but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

	Fiscal 2007		Fiscal 2006				Fiscal 2005		
(C$ thousands, except per share amounts)	**Q2**	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue									
Private Client Services	**$ 55,626**	**$ 72,286**	$ 78,422	$ 54,731	$ 52,411	$ 39,630	$ 56,391	$ 46,964	$ 36,499
Canaccord Adams	**93,033**	**125,106**	120,243	98,918	60,048	54,457	81,444	72,368	46,671
Other	**7,372**	**8,735**	8,409	5,021	6,195	4,930	5,094	4,351	2,431
Total Revenue	**$ 156,031**	**$ 206,127**	$ 207,074	$ 158,670	$ 118,654	$ 99,017	$ 142,929	$ 123,683	$ 85,601
Net income	**17,806**	**25,942**	30,070	24,248	15,754	11,078	17,307	16,743	6,123
EPS – basic	**$ 0.39**	**$ 0.57**	$ 0.66	$ 0.55	$ 0.35	$ 0.24	$ 0.38	$ 0.37	$ 0.14
EPS – diluted	**$ 0.37**	**$ 0.54**	$ 0.63	$ 0.52	$ 0.34	$ 0.24	$ 0.38	$ 0.36	$ 0.13

RISKS

The securities industry and Canaccord's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on Canaccord's profitability. An investment in the common shares of Canaccord involves a number of risks, including market, liquidity, credit, operational, legal and regulatory risks, which could be substantial and are inherent in Canaccord's business. Canaccord is also directly exposed to market price risks, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to specific interest rate risk as a result of its principal trading in fixed income securities. Private Client Services' revenue is dependent on trading volumes and, as such, is dependent on the level of market activity and investor confidence. Canaccord Adams' revenue is dependent on financing activity by corporate issuers and the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations and changes in business conditions and the level of Canaccord's market activity and the impact that these factors have on Canaccord's operating results and financial position. Furthermore, Canaccord may not achieve its growth plans associated with the acquisition and integration of Adams Harkness Financial Group, Inc.

ADDITIONAL INFORMATION

A comprehensive discussion of our business, strategies, objectives and risks is available in our Annual Information Form and Management's Discussion and Analysis as amended, including our audited annual financial statements in Canaccord's 2006 Annual Report, which are available on our Web site at www.canaccord.com/investor and on SEDAR at www.sedar.com.

Additional information relating to Canaccord, including Canaccord's Annual Information Form and interim filings can also be found on our Web site and on SEDAR at www.sedar.com.

INTERIM CONSOLIDATED BALANCE SHEETS *(Unaudited)*

As at (in thousands of dollars)	**September 30, 2006**	March 31, 2006	September 30, 2005
ASSETS			
Current			
Cash and cash equivalents	**$ 315,883**	$ 370,507	$ 223,914
Securities owned, at market [note 2]	**119,809**	203,020	157,334
Accounts receivable [notes 4 and 8]	**1,163,218**	1,539,998	1,139,248
Total current assets	**1,598,910**	2,113,525	1,520,496
Equipment and leasehold improvements	**26,527**	25,750	15,937
Notes receivable	**–**	–	10,023
Future income taxes	**12,754**	10,769	3,557
Goodwill and other intangible assets [note 5]	**27,222**	27,929	–
	$ 1,665,413	$ 2,177,973	$ 1,550,013
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Call loans	**$ –**	$ 4,684	$ –
Securities sold short, at market [note 2]	**25,926**	37,169	59,602
Accounts payable and accrued liabilities [notes 4 and 8]	**1,311,248**	1,832,956	1,254,396
Income taxes payable	**1,150**	15,334	2,374
Total current liabilities	**1,338,324**	1,890,143	1,316,372
Notes payable	**–**	–	10,023
Total liabilities	**$ 1,338,324**	$ 1,890,143	$ 1,326,395
Contingencies [note 10]			
Shareholders' equity			
Share capital [note 6]	**159,489**	157,644	141,160
Cumulative foreign currency translation adjustment	**(4,959)**	(6,277)	(6,303)
Retained earnings	**172,559**	136,463	88,761
Total shareholders' equity	**327,089**	287,830	223,618
	$ 1,665,413	$ 2,177,973	$ 1,550,013

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS *(Unaudited)*

(in thousands of dollars, except per share amounts)	For the three months ended September 30, 2006	For the three months ended September 30, 2005	For the six months ended September 30, 2006	For the six months ended September 30, 2005
REVENUE				
Commission	**$ 63,556**	$ 53,103	**$ 141,610**	$ 93,914
Investment banking	**70,118**	44,299	**172,958**	93,804
Principal trading	**5,390**	9,276	**13,174**	7,535
Interest	**14,259**	8,361	**27,897**	16,604
Other	**2,708**	3,615	**6,519**	5,814
	156,031	118,654	**362,158**	217,671
EXPENSES				
Incentive compensation	**74,974**	59,580	**179,929**	108,230
Salaries and benefits	**10,643**	9,409	**23,136**	18,635
Trading costs	**6,119**	4,247	**14,678**	8,559
Premises and equipment	**5,814**	3,067	**11,751**	6,693
Communication and technology	**5,387**	3,798	**10,450**	7,488
Interest	**5,402**	2,405	**10,384**	4,896
General and administrative	**14,287**	9,063	**33,394**	19,079
Amortization	**2,366**	800	**4,355**	1,918
Development costs	**5,789**	2,038	**9,656**	4,129
Gain on disposal of investment [note 11]	**–**	–	**–**	(1,633)
	130,781	94,407	**297,733**	177,994
Income before income taxes	**25,250**	24,247	**64,425**	39,677
Income tax expense (recovery)				
Current	**8,325**	7,941	**22,661**	12,410
Future	**(881)**	552	**(1,984)**	435
Net income for the period	**17,806**	15,754	**43,748**	26,832
Retained earnings, beginning of period	**158,579**	78,568	**136,463**	72,564
Cash dividends	**(3,826)**	(2,765)	**(7,652)**	(7,839)
Excess on redemption of common shares [note 6 [iii]]	**–**	(2,796)	**–**	(2,796)
Retained earnings, end of period	**$ 172,559**	$ 88,761	**$ 172,559**	$ 88,761
Basic earnings per share [note 6 [vi]]	**$ 0.39**	$ 0.35	**$ 0.95**	$ 0.60
Diluted earnings per share [note 6 [vi]]	**$ 0.37**	$ 0.34	**$ 0.91**	$ 0.58

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS *(Unaudited)*

(in thousands of dollars)	For the three months ended September 30, 2006	For the three months ended September 30, 2005	For the six months ended September 30, 2006	For the six months ended September 30, 2005
OPERATING ACTIVITIES				
Net income for the period	**$ 17,806**	$ 15,754	**$ 43,748**	$ 26,832
Items not affecting cash				
Amortization	**2,978**	1,071	**4,355**	2,265
Future income tax recovery	**(881)**	552	**(1,984)**	435
Gain on disposal of investment	**–**	–	**–**	(1,633)
Changes in non-cash working capital				
Decrease (increase) in securities owned	**74,392**	(35,169)	**83,427**	1,927
Decrease (increase) in accounts receivable	**(5,194)**	(289,121)	**382,944**	(89,178)
Increase (decrease) in securities sold short	**(83,997)**	10,423	**(11,231)**	(45,925)
Increase (decrease) in accounts payable and accrued liabilities	**(53,613)**	257,186	**(528,011)**	15,559
Increase (decrease) in income taxes payable	**(7,500)**	3,738	**(14,368)**	(3,785)
Cash used in operating activities	**(56,009)**	(35,566)	**(41,120)**	(93,503)
FINANCING ACTIVITIES				
Decrease in notes payable	**–**	(32,708)	**–**	(31,595)
Decrease (increase) in unvested common share purchase loans	**316**	(8,223)	**1,390**	(8,036)
Redemption of share capital	**–**	(4,514)	**–**	(4,631)
Dividends paid	**(3,826)**	(2,765)	**(7,652)**	(7,839)
Cash used in financing activities	**(3,510)**	(48,210)	**(6,262)**	(52,101)
INVESTING ACTIVITIES				
Purchase of equipment and leasehold improvements	**(3,992)**	(2,724)	**(4,438)**	(4,290)
Decrease in notes receivable	**–**	32,708	**–**	31,595
Proceeds on disposal of investment	**–**	–	**–**	1,639
Cash provided by (used in) investing activities	**(3,992)**	29,984	**(4,438)**	28,944
Effect of foreign exchange on cash balances	**2,964**	(3,960)	**1,880**	(9,126)
Decrease in cash and cash equivalents	**(60,547)**	(57,752)	**(49,940)**	(125,786)
Cash and cash equivalents, beginning of period	**376,430**	281,666	**365,823**	349,700
Cash and cash equivalents, end of period	**$ 315,883**	$ 223,914	**$ 315,883**	$ 223,914
Supplemental cash flow information				
Interest paid	**$ 5,345**	$ 1,895	**$ 10,284**	$ 3,580
Income taxes paid	**13,067**	4,408	**34,681**	17,030

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Unaudited)*

For the three and six months ended September 30, 2006
(in thousands of dollars, except per share amounts)

Canaccord Capital Inc. (the "Company") is an independent full service investment dealer. The Company has operations in each of the two principal segments of the securities industry: private client services and capital markets. Together these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's retail, institutional and corporate clients.

Historically, the Company's operating results are characterized by a seasonal pattern and it earns the majority of its revenue in the last two quarters of its fiscal year. However, during the first two quarters of fiscal 2007, the Company generated unusually strong revenue from North American operations, and therefore, the traditional seasonality variances may be less pronounced this fiscal year.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

These interim unaudited consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to interim financial statements, applied on a consistent basis. These interim unaudited consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 1 to the Company's audited consolidated financial statements as at and for the year ended March 31, 2006 ("Audited Annual Consolidated Financial Statements"). Accordingly, they do not include all the information and footnotes required for compliance with Canadian GAAP for annual financial statements. These interim unaudited consolidated financial statements and notes thereon should be read in conjunction with the Audited Annual Consolidated Financial Statements.

The preparation of these interim unaudited consolidated financial statements and the accompanying notes requires management to make estimates and assumptions that affect the amounts reported. In the opinion of management, these interim unaudited consolidated financial statements reflect all adjustments (which include only normal, recurring adjustments) necessary to state fairly the results for the periods presented. Actual results could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of results that may be expected for the full year.

2. SECURITIES OWNED AND SECURITIES SOLD SHORT

	September 30, 2006		March 31, 2006		September 30, 2005	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**$ 11,420**	**$ 5,539**	$ 40,784	$ 14,319	$ 87,604	$ 37,176
Equities and convertible debentures	**108,389**	**20,387**	162,236	22,850	69,730	22,426
	$ 119,809	**$ 25,926**	$ 203,020	$ 37,169	$ 157,334	$ 59,602

As at September 30, 2006, corporate and government debt maturities range from 2006 to 2053 [March 31, 2006 – 2006 to 2053 and September 30, 2005 – 2005 to 2053] and bear interest ranging from 2.65% to 11.50% [March 31, 2006 and September 30, 2005 – 2.05% to 14.00%].

3. FINANCIAL INSTRUMENTS

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in losses.
The Company periodically trades certain foreign exchange contracts to manage and hedge foreign exchange risk on pending settlements in foreign currencies. Realized and unrealized gains and losses related to these contracts are recognized in income during the year.

Forward contracts outstanding at September 30, 2006:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
To sell US dollars	**$ 22.00**	**$ 1.11**	**October 4, 2006**	**$ 0.1**
To buy US dollars	**$ 8.50**	**$ 1.11**	**October 4, 2006**	**$ (0.1)**

Forward contracts outstanding at March 31, 2006:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
To sell US dollars	$ 90.85	$ 1.16	April 5, 2006	$ 0.1
To buy US dollars	$ 7.00	$ 1.16	April 3, 2006	$ (0.1)

Forward contracts outstanding at September 30, 2005:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
To sell US dollars	$ 36.05	$ 1.17	October 3, 2005	$ 0.1
To buy US dollars	$ 8.45	$ 1.17	October 3, 2005	$ (0.1)

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable

	September 30, 2006	March 31, 2006	September 30, 2005
Brokers and investment dealers	**$ 333,576**	$ 567,308	$ 394,513
Clients	**484,833**	607,118	451,752
RRSP cash balances held in trust	**294,129**	320,766	267,299
Other	**50,680**	44,806	25,684
	$ 1,163,218	$ 1,539,998	$ 1,139,248

Accounts payable and accrued liabilities

	September 30, 2006	March 31, 2006	September 30, 2005
Brokers and investment dealers	**$ 263,784**	$ 397,733	$ 287,164
Clients	**892,708**	1,172,511	767,915
Other	**154,756**	262,712	199,317
	$ 1,311,248	$ 1,832,956	$ 1,254,396

Accounts payable to clients include $294.1 million [March 31, 2006 – $320.8 million and September 30, 2005 – $267.3 million] payable to clients for RRSP cash balances held in trust.

Client security purchases are entered into on either a cash or margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by margin regulations of the Investment Dealers Association of Canada and other regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client accounts. Interest on margin loans and amounts due to clients is based on a floating rate [September 30, 2006 – 8.00% and 3.00%, respectively, March 31, 2006 – 7.50% and 2.50%, respectively, and September 30, 2005 – 6.50% and 1.50%, respectively].

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill and other intangible assets are as follows:

	September 30, 2006	March 31, 2006	September 30, 2005
Goodwill	**$ 22,653**	$ 22,653	$ –
Other intangible assets			
Balance at beginning of period	**5,276**	–	–
Acquisitions	**–**	5,650	–
Amortization	**707**	374	–
Balance at end of period	**4,569**	5,276	–
	$ 27,222	$ 27,929	$ –

Other intangible assets reflect assigned values related to acquired brand names, customer relationships and technology, and are amortized on a straight-line basis over their estimated useful life of four years. Goodwill and other intangible assets relate to the Canaccord Adams operating segment.

6. SHARE CAPITAL

	September 30, 2006	March 31, 2006	September 30, 2005
Issued and fully paid			
Share capital			
Common shares	**$ 173,282**	$ 173,282	$ 151,686
Unvested share purchase loans	**(17,823)**	(20,577)	(11,640)
Contributed surplus	**4,030**	4,939	1,114
	$ 159,489	$ 157,644	$ 141,160

Share capital of Canaccord Capital Inc. is comprised of the following:

[i] Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

[ii] Issued and fully paid

Common shares

	Number of shares	Amount $
Balance, March 31, 2005	46,129,268	$ 153,061
Shares cancelled	(414,200)	(1,375)
Balance, September 30, 2005	45,715,068	151,686
Shares issued for cash	691,940	6,574
Shares issued in connection with acquisitions	1,420,342	15,022
Shares cancelled	—	—
Balance, September 30 and March 31, 2006	**47,827,350**	**$ 173,282**

Pursuant to the Company's normal course issuer bid ("NCIB"), as approved by the Toronto Stock Exchange, the Company was entitled to acquire up to 2,306,463, or 5.0%, of its shares from December 29, 2004 to December 28, 2005. Under the NCIB, the Company purchased for resale a total of 222,548 common shares between December 29, 2004 and March 31, 2005 and purchased for cancellation 414,200 common shares during the twelve months ended March 31, 2006 with a book value of $1.4 million for aggregate cash consideration of $4.6 million. The excess has been recorded to contributed surplus and retained earnings.

The Company renewed its NCIB and is currently entitled to acquire from December 29, 2005 to December 28, 2006, up to 2,324,233 of its shares, which represents 5% of its shares outstanding as of December 20, 2005. There have been no share transactions under the NCIB between December 20, 2005 and September 30, 2006.

[iii] Excess on redemption of common shares

The excess on redemption of common shares represents amounts paid to shareholders, by the Company and its subsidiaries, on redemption of their shares in excess of the book value of those shares at the time of redemption. The excess on redemption of common shares has been charged against retained earnings and contributed surplus.

	For the three months ended		For the six months ended	
	September 30, 2006	September 30, 2005	**September 30, 2006**	September 30, 2005
Redemption price	**$ –**	$ 4,514	**$ –**	$ 4,631
Book value	**–**	1,331	**–**	1,375
Excess on redemption of common shares	**$ –**	$ 3,183	**$ –**	$ 3,256

[iv] Common share purchase loans

The Company provides forgivable common share purchase loans to employees in order to purchase common shares. The unvested balance of forgivable common share purchase loans is presented as a deduction from share capital. The forgivable common share purchase loans are amortized over a vesting period of three years. Contributed surplus includes the amortization of unvested forgivable common share purchase loans.

[v] Distribution of acquired common shares

On November 24, 2005, the Company repurchased 132,000 common shares from departed employees at cost for total cash consideration of $0.5 million. These shares were subsequently distributed to existing employees at an average market price of $14.00 per share for total cash proceeds of $1.8 million. This excess on distribution of $1.3 million has been credited to contributed surplus.

Contributed surplus

Balance, March 31, 2005	$ 898
Unvested share purchase loans	216
Balance, September 30, 2005	1,114
Unvested share purchase loans and stock compensation plans	2,970
Excess on redemption of common shares	(460)
Excess on distribution of acquired common shares	1,315
Balance, March 31, 2006	4,939
Unvested share purchase loans and stock compensation plans	(909)
Balance, September 30, 2006	**$ 4,030**

[vi] Earnings per share

	For the three months ended		For the six months ended	
	September 30, 2006	September 30, 2005	**September 30, 2006**	September 30, 2005
Basic earnings per share				
Net income for the period	**$ 17,806**	$ 15,754	**$ 43,748**	$ 26,832
Weighted average number of common shares (number)	**46,152,802**	44,479,068	**46,152,802**	44,541,101
Basic earnings per share	**$ 0.39**	$ 0.35	**$ 0.95**	$ 0.60
Diluted earnings per share				
Net income for the period	**17,806**	15,754	**43,748**	26,832
Weighted average number of common shares (number)	**46,152,802**	44,479,068	**46,152,802**	44,541,101
Dilutive effect of unvested shares (number)	**1,443,107**	1,525,309	**1,443,107**	1,525,309
Dilutive effect of share issuance commitment (number)	**365,685**	398,618	**365,685**	200,398
Adjusted weighted average number of common shares (number)	**47,961,594**	46,402,995	**47,961,594**	46,266,808
Diluted earnings per share	**$ 0.37**	$ 0.34	**$ 0.91**	$ 0.58

7. STOCK-BASED COMPENSATION PLANS

Retention plans

As described in the Audited Annual Consolidated Financial Statements, the Company established two retention plans in connection with the acquisitions of Enermarket and Adams Harkness.

The plan for Enermarket consists of the issuance of up to 25,210 common shares of the Company which will be paid after a two-year vesting period.

The plan for Adams Harkness provides for the issuance of up to 1,118,952 common shares of the Company after a three-year vesting period. The total number of shares which will vest is also based on revenue earned by Canaccord Adams Inc. during the vesting period. The aggregate number of common shares which vest will be that number which is equal to the revenue earned by Canaccord Adams Inc. during the vesting period divided by US$250.0 million multiplied by 1,118,952 subject to the maximum of 1,118,952 common shares adjusted for forfeitures and cancellations. As such revenue levels are achieved during the vesting period, the associated proportion of the retention payment will be recorded as a development cost and the applicable number of retention shares will be included in diluted common shares outstanding [Note 6[vi]]. The Company has expensed $474 and $1,153 for the three months and six months ended September 30, 2006, respectively.

Employee treasury stock purchase plan

In August 2005, the Company established an employee treasury stock purchase plan under which the Company made a forgivable loan to an employee for the purpose of paying 40% of the aggregate purchase price of common shares of the

Company issued from treasury. A repayable loan in the amount of 35% of the aggregate purchase price of the common shares was also made to the employee. Subject to continued employment, one-third of the number of common shares purchased utilizing the forgivable loan portion of the aggregate purchase will vest on each anniversary of the date of the purchase and the forgivable loan portion related to amounts vested will be forgiven. The applicable number of shares under this employee treasury stock purchase plan will be included in diluted common shares outstanding [Note 6[vi]].

The following table details the activity under the Company's retention plans and employee treasury stock purchase plan:

	For the three months ended		For the six months ended	
	September 30, 2006	September 30, 2005	**September 30, 2006**	September 30, 2005
Number of common shares subject to the Enermarket retention plan:				
Beginning of period	**25,210**	–	**25,210**	–
Grants	**–**	–	**–**	–
End of period	**25,210**	–	**25,210**	–
Shares vested at end of period	**–**		**–**	
Number of common shares subject to the Adams Harkness retention plan:				
Beginning of period	**1,116,644**	–	**1,046,219**	–
Grants	**–**	–	**72,733**	–
Forfeitures	**(111,894)**	–	**(114,202)**	–
End of period	**1,004,750**	–	**1,004,750**	–
Shares vested at end of period	**–**		**–**	
Number of common shares subject to the employee treasury stock purchase plan:				
Beginning of period	**276,776**	–	**276,776**	–
Issued	**–**	–	**–**	–
End of period	**276,776**	–	**276,776**	–
Shares vested at end of period	**92,259**		**92,259**	

Under the fair value method, the aggregate cost of the grants made under the retention plans is estimated to be $12.0 million – $0.3 million relating to Enermarket and $11.7 million (US$10.0 million) for Adams Harkness. The cost of the retention plans will be recognized in the financial statements of the Company in accordance with the vesting terms of the respective plans.

The forgivable loan amount in respect of the common shares issued under the employee treasury stock purchase plan is $2.6 million. This amount will be recognized in the financial statements of the Company over the vesting period on a straight-line basis.

8. RELATED PARTY TRANSACTIONS

Security trades executed by the Company for employees, officers and directors are transacted in accordance with the terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

Accounts receivable and accounts payable and accrued liabilities include the following balances with related parties:

	September 30, 2006	March 31, 2006	September 30, 2005
Accounts receivable	**$ 42,334**	$ 34,582	$ 35,137
Accounts payable and accrued liabilities	**$ 81,577**	$ 88,506	$ 65,910

9. SEGMENTED INFORMATION

The Company has two operating segments:

Private Client Services – provides brokerage services and investment advice to retail or private clients.

Canaccord Adams – includes investment banking, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the United Kingdom and the United States of America.

The Corporate and Other segment includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Private Client Services and Canaccord Adams.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on income (loss) before income taxes.

The Company does not allocate total assets or equipment and leasehold improvements to the segments. Amortization is allocated to the segments based on square footage occupied. There are no significant inter-segment revenues.

	For the three months ended September 30							
				2006				2005
	Private Client Services	Canaccord Adams	Corporate and Other	Total	Private Client Services	Canaccord Adams	Corporate and Other	Total
Revenues	$ 55,626	$ 93,033	$ 7,372	$ 156,031	$ 52,411	$ 60,048	$ 6,195	$ 118,654
Expenses	39,409	66,102	17,115	122,626	35,904	41,004	14,661	91,569
Amortization	420	1,291	655	2,366	273	300	227	800
Development, restructuring and other costs	1,517	3,310	962	5,789	905	88	1,045	2,038
Income (loss) before income taxes	$ 14,280	$ 22,330	$ (11,360)	$ 25,250	$ 15,329	$ 18,656	$ (9,738)	$ 24,247

	For the six months ended September 30							
				2006				2005
	Private Client Services	Canaccord Adams	Corporate and Other	Total	Private Client Services	Canaccord Adams	Corporate and Other	Total
Revenues	$ 127,912	$ 218,139	$ 16,107	$ 362,158	$ 92,041	$ 114,505	$ 11,125	$ 217,671
Expenses	92,695	155,387	35,640	283,722	65,662	79,868	26,417	171,947
Amortization	830	2,241	1,284	4,355	653	745	520	1,918
Development, restructuring and other costs	3,038	4,597	2,021	9,656	1,787	243	2,099	4,129
Income (loss) before income taxes	$ 31,349	$ 55,914	$ (22,838)	$ 64,425	$ 23,939	$ 33,649	$ (17,911)	$ 39,677

The Company's business operations are grouped into the following geographic areas (revenue is attributed to geographic areas on the basis of underlying corporate operating results):

	For the three months ended		For the six months ended	
	September 30, 2006	September 30, 2005	**September 30, 2006**	September 30, 2005
Canada				
Revenue	**$ 108,408**	$ 102,242	**$ 241,658**	$ 178,426
Equipment and leasehold improvements	**20,646**	14,242	**20,646**	14,242
Goodwill and other intangible assets	**4,459**	–	**4,459**	–
United States				
Revenue	**$ 18,745**	$ –	**$ 42,730**	$ –
Equipment and leasehold improvements	**2,273**	–	**2,273**	–
Goodwill and other intangible assets	**22,763**	–	**22,763**	–
United Kingdom				
Revenue	**$ 21,643**	$ 16,412	**$ 70,535**	$ 39,245
Equipment and leasehold improvements	**3,608**	1,695	**3,608**	1,695
Other foreign locations				
Revenue	**$ 7,235**	$ –	**$ 7,235**	$ –

10. CONTINGENCIES

During the period, there have been no material changes to the Company's contingencies from those described in Note 17 of the March 31, 2006 Audited Annual Consolidated Financial Statements.

11. GAIN ON DISPOSAL OF INVESTMENT

During the six months ended September 30, 2005, the Company recognized a gain of $1,633 from the sale of its investment in shares of the Bourse de Montréal.

12. SUBSEQUENT EVENT

Dividend

On November 8, 2006, the Board of Directors declared a common share dividend of $0.08 per share payable on December 8, 2006, with a record date of November 24, 2006.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the fiscal 2006 annual financial statement presentation.

NOTES

NOTES

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS:

Street address:
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Vancouver, BC, Canada

Mailing address:
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STOCK EXCHANGE LISTING:
TSX: CCI
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INSTITUTIONAL INVESTORS, BROKERS AND SECURITY ANALYSTS:

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CCI's 2006 Annual Report is available on our Web site at www.canaccord.com. For a printed copy please contact the Investor Relations department.

FISCAL 2007 EXPECTED DIVIDEND AND EARNINGS DATES

	Earnings release date	Dividend record date	Dividend payment date
Q1/07	August 4, 2006	August 25, 2006	September 8, 2006
Q2/07	November 9, 2006	November 24, 2006	December 8, 2006
Q3/07	February 8, 2007	February 23, 2007	March 8, 2007
Q4/07	May 17, 2007	June 1, 2007	June 8, 2007

SHAREHOLDER ADMINISTRATION:
For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

COMPUTERSHARE INVESTOR SERVICES INC.:
100 University Avenue, 9th Floor
Toronto, ON, M5J 2Y1
Phone: 1-800-564-6253
(toll-free within North America),
514-982-7555 (international),
Fax: 1-866-249-7775
(toll-free within North America) or
416-263-9524 (international)
Email: service@computershare.com
Internet: www.computershare.com
Offers enrollment for self-service account management for registered shareholders through Investor Centre.

FINANCIAL INFORMATION:
For present and archived financial information, please visit www.canaccord.com/financialreports

AUDITOR:
Ernst & Young LLP
Chartered Accountants
Vancouver, BC

FEES PAID TO SHAREHOLDERS' AUDITORS:
For fees paid to shareholders' auditors, see page 35 of the fiscal 2006 Annual Information Form.

PRINCIPAL SUBSIDIARIES:
Canaccord Capital Corporation
Canaccord Adams Limited
Canaccord International Limited
Canaccord Capital Corporation (USA), Inc.
Canaccord Adams Inc.
Canaccord Enermarket Ltd.

CORPORATE WEB SITE:
www.canaccord.com

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