CANACCORD Financial

2013 ANNUAL REPORT

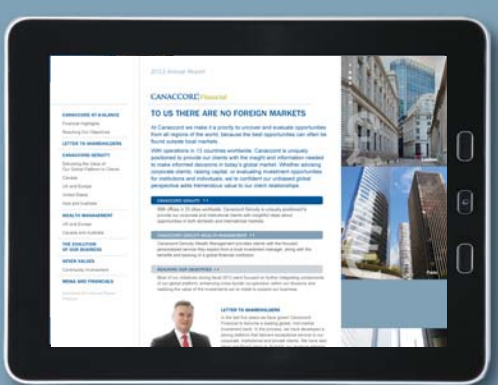
TO US THERE ARE NO FOREIGN MARKETS

About Canaccord Financial Inc.

Through its principal subsidiaries, Canaccord Financial Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, Canaccord has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord has offices in 13 countries worldwide, including wealth management offices located in Canada, Australia, the UK and Europe. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Germany, Ireland, Italy, Hong Kong, mainland China, Singapore, Myanmar, Australia and Barbados.

Canaccord Financial Inc. is publicly listed on the Toronto Stock Exchange and the London Stock Exchange (TSX:CF, LSE:CF.).

More information about Canaccord Financial Inc., including the Company's 2013 online annual report, can be found at www.canaccordfinancial.com.



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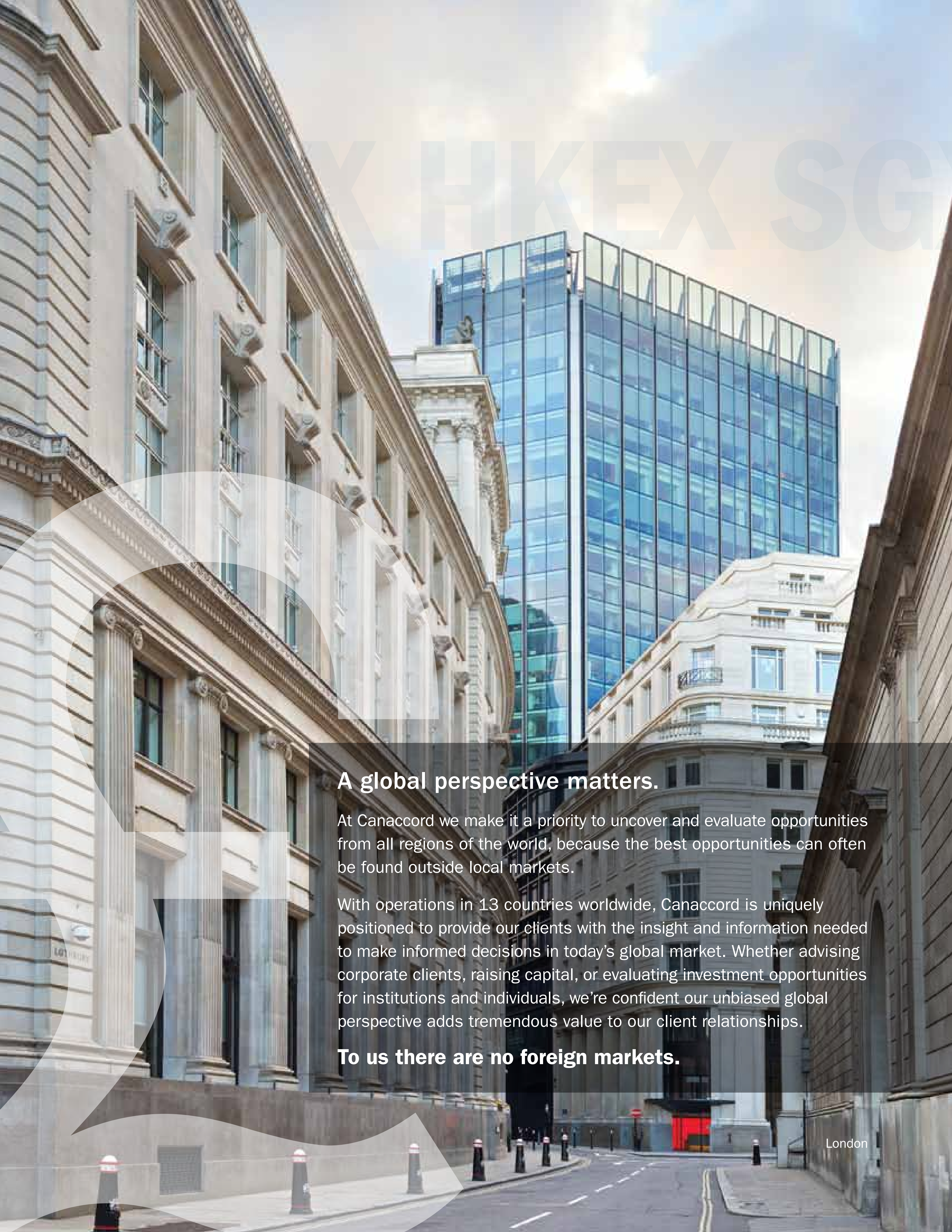


A global perspective matters.

At Canaccord we make it a priority to uncover and evaluate opportunities from all regions of the world, because the best opportunities can often be found outside local markets.

With operations in 13 countries worldwide, Canaccord is uniquely positioned to provide our clients with the insight and information needed to make informed decisions in today’s global market. Whether advising corporate clients, raising capital, or evaluating investment opportunities for institutions and individuals, we’re confident our unbiased global perspective adds tremendous value to our client relationships.

To us there are no foreign markets.

London

Reaching Our Objectives

Most of our initiatives during fiscal 2013 were focused on further integrating components of our global platform, enhancing cross-border co-operation within our divisions and realizing the value of the investments we've made to expand our business.

We invested time, effort and capital to achieve the following objectives during fiscal 2013:

1

Deliver our global platform to clients more effectively

- Implemented global leadership roles for investment banking and research practices to coordinate further communication amongst regions
- Expanded our research distribution capabilities to ensure the full range of our product reaches all of our clients in Canada, the US, the UK, Europe and Australia

2

Deliver cost savings from the acquisition of Collins Stewart Hawkpoint plc (CSHP) to shareholders

- Removed approximately $48 million of costs from the separate operating platforms of Canaccord and CSHP by combining operations onto one platform
- Consolidated office space and rationalized real estate to capture cost savings
- Established optimal staffing levels across our business

3

Grow our global wealth management division through an aggregation strategy

- Acquired Eden Financial's wealth management business on October 1, 2012
- Reached our stated goal of achieving over £10 billion in assets under management at our UK and Europe wealth management business

4

Strengthen our Canadian wealth management business

- Grew Canadian recurring, fee-based revenue to 26.2% of total Canadian wealth management revenue during fiscal 2013, up from 18.9% last year
- Refocused branch operations in major Canadian centres and reduced operating costs
- Advanced advisor training programs, leading to the highest levels of advisor participation ever seen in our business

5

Launch a universal wealth management brand

- Successfully introduced Canaccord Genuity Wealth Management as our global wealth management brand on May 1, after months of preparation
- Enhanced opportunities to build brand awareness and share company resources amongst geographies

CORE FISCAL 2014 OBJECTIVES:

1 **Further leverage our global capabilities on behalf of clients**

2 **Return wealth management in Canada to being a positive contributor to earnings**

3 **Continue to grow the wealth management business in the UK through organic growth and acquisitions**

4 **Gain business scale in the US through strategic recruiting and areas of targeted growth**

Financial Highlights

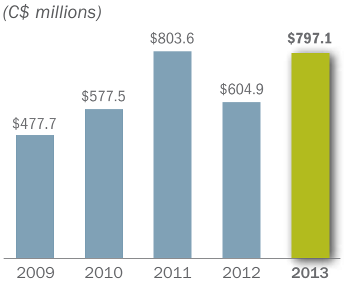
SELECTED FINANCIAL INFORMATION[1][2]

(C$ thousands, except per share and % amounts)	2013	2012	2013/2012 change	
	For the years ended March 31			
Canaccord Financial Inc. (CFI)				
Revenue				
Commissions and fees	$ **353,125**	$ 252,877	$ 100,248	39.6%
Investment banking	**145,772**	175,225	(29,453)	(16.8)%
Advisory fees	**179,690**	107,370	72,320	67.4%
Principal trading	**66,406**	10,647	55,759	n.m.
Interest	**29,199**	31,799	(2,600)	(8.2)%
Other	**22,930**	26,946	(4,016)	(14.9)%
Total revenue	**797,122**	604,864	192,258	31.8%
Expenses				
Incentive compensation	$ **406,724**	$ 304,908	$ 101,816	33.4%
Salaries and benefits	**88,522**	63,924	24,598	38.5%
Other overhead expenses[3]	**292,242**	200,842	91,400	45.5%
Restructuring costs[4]	**31,617**	35,253	(3,636)	(10.3)%
Acquisition-related costs	**1,719**	16,056	(14,337)	(89.3)%
Total expenses	**820,824**	620,983	199,841	32.2%
Loss before income taxes	**(23,702)**	(16,119)	(7,583)	(47.0)%
Net loss	$ **(18,775)**	$ (21,346)	$ 2,571	12.0%
Net loss attributable to CFI shareholders	$ **(16,819)**	$ (20,307)	$ 3,488	17.2%
Non-controlling interests	$ **(1,956)**	$ (1,039)	$ (917)	(88.3)%
(Loss) earnings per common share (EPS) – basic	$ **(0.31)**	$ (0.33)	$ 0.02	6.1%
(Loss) earnings per common share (EPS) – diluted	$ **(0.31)**	$ (0.33)	$ 0.02	6.1%
Dividends per share	$ **0.20**	$ 0.40	$ (0.20)	(50.0)%
Book value per diluted common share[5]	$ **7.68**	$ 8.26	$ (0.58)	(7.1)%
Excluding significant items[6]				
Total expenses	$ **766,893**	$ 564,182	$ 202,771	35.9%
Income before income taxes	$ **30,229**	$ 40,682	$ (10,453)	(25.7)%
Net income	$ **25,644**	$ 25,193	$ 451	1.8%
Net income attributable to CFI shareholders	$ **26,207**	$ 25,591	$ 616	2.4%
EPS – basic	$ **0.16**	$ 0.28	$ (0.12)	(42.9)%
EPS – diluted	$ **0.14**	$ 0.25	$ (0.11)	(44.0)%
Balance sheet data				
Total assets	$ **4,603,502**	$ 5,762,723	$ (1,159,221)	(20.1)%
Total liabilities	**3,538,170**	4,753,144	(1,214,974)	(25.6)%
Non-controlling interests	**16,169**	17,454	(1,285)	(7.4)%
Total shareholders' equity	**1,049,163**	992,125	57,038	5.7%

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees.
(2) Data includes the results from acquisitions made by Canaccord, and results from these acquisitions are included from the date each acquisition closed.
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Consists of staff restructuring costs and reorganization expenses related to the acquisition of CSHP, as well as restructuring costs related to the reorganization of certain Canadian trading and other operations.
(5) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding.
(6) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on page 32 of the fiscal 2013 MD&A.
n.m.: not meaningful

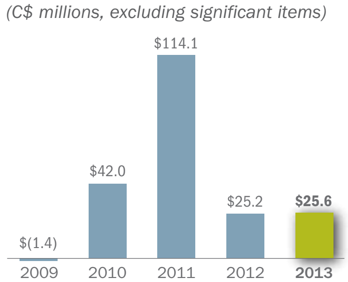
REVENUE FOR FISCAL 2013

(C$ millions)



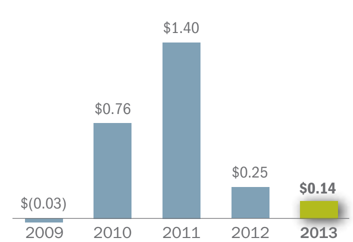
NET INCOME FOR FISCAL 2013

(C$ millions, excluding significant items)



DILUTED EARNINGS/LOSS PER SHARE

(Excluding significant items)

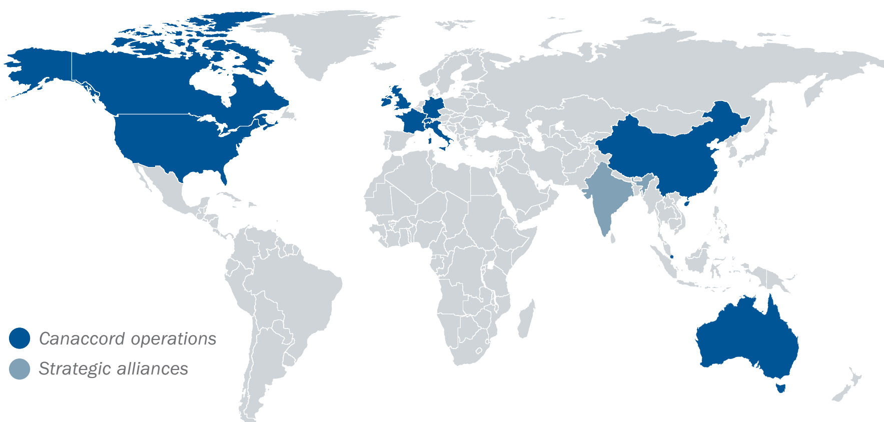


Canaccord Financial at a Glance

Canaccord Financial Inc. is the publicly traded parent company of a group of financial services businesses that provide investment banking, wealth management and correspondent services to corporate, institutional and private clients. The two main operating divisions of the Company are Canaccord Genuity and Canaccord Genuity Wealth Management.

- Canaccord Financial Inc. is listed on the Toronto Stock Exchange (TSX) under the symbol CF and on the London Stock Exchange (LSE) under the symbol CF.
- Preferred shares listed on the TSX under the symbols CF.PR.A and CF.PR.C
- Publicly listed since 2004

Through its operating subsidiaries, Canaccord Financial has offices in 13 countries

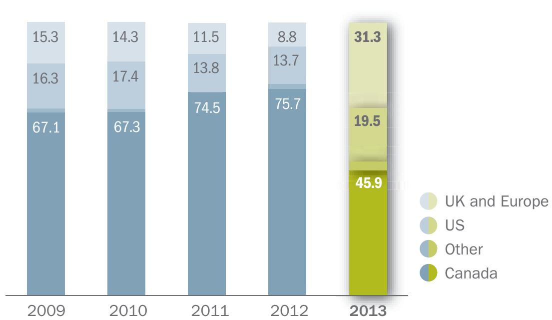


Canada	Ireland	Italy	Singapore
United States	France	Mainland China	Australia
Barbados	Germany	and Hong Kong	
United Kingdom	Switzerland	Myanmar	

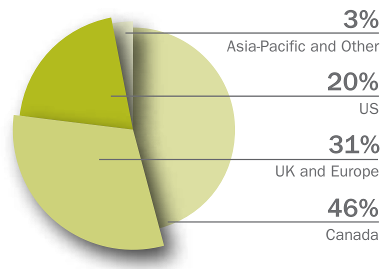
During fiscal 2013, over 50% of revenue was earned outside of Canada.

GEOGRAPHIC DISTRIBUTION OF REVENUE

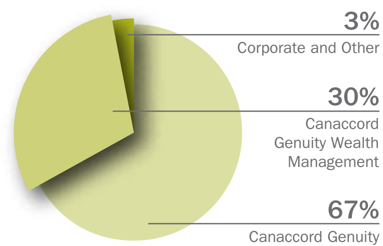
(Fiscal years, percent of total fiscal year revenue)



FISCAL 2013 REVENUE BY GEOGRAPHY

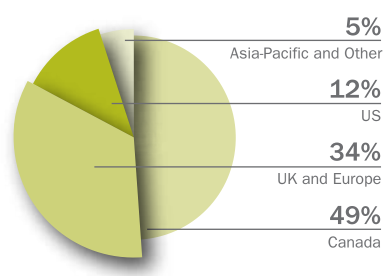


FISCAL 2013 REVENUE BY BUSINESS DIVISION



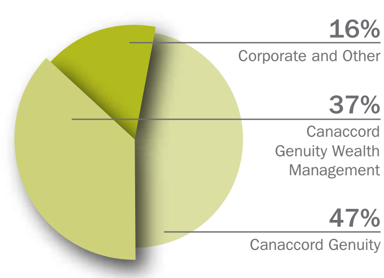
EMPLOYEES BY GEOGRAPHY

(As at March 31, 2013)



EMPLOYEES BY DIVISION

(As at March 31, 2013)



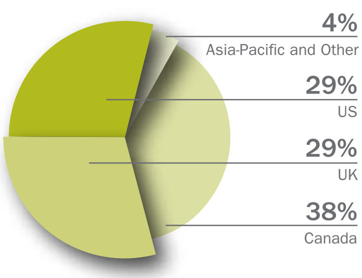
CANACCORD Genuity

Canaccord Genuity is the global capital markets division of Canaccord, and provides timely, actionable ideas to corporate and institutional clients around the world.

- Global investment banking/corporate broking operations, with capabilities to list companies on 10 stock exchanges in six countries
- 23 offices worldwide
- Highly regarded M&A, advisory and restructuring practice
- Global sales and trading capabilities through trading desks in five time zones
- Award-winning research team, with coverage of approximately 1,000 companies

CANACCORD GENUITY – GEOGRAPHIC REVENUE DISTRIBUTION

(Percent of total fiscal 2013 revenue generated by Canaccord Genuity)



$537.6 million
in revenue during fiscal 2013

$179.2 million
of record advisory revenue

950+
employees

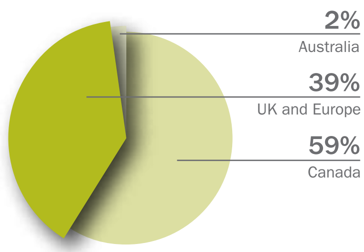
CANACCORD Genuity
Wealth Management

Canaccord Genuity Wealth Management is the division of the business dedicated to providing individual investors, charities and intermediaries with tailored investment solutions, brokerage services and financial planning advice.

- Wealth management operations in Canada, the UK, Europe and Australia, catering to the specific needs of clients in each of these markets
- C$26.8 billion of client assets, globally
- 178 Investment Advisory teams located across major financial centres in Canada[1]
- 122 investment professionals located at six wealth management offices in the UK and Europe[1]
- 12 Investment Advisors located at two offices in Australia[1]

CANACCORD GENUITY WEALTH MANAGEMENT – GEOGRAPHIC REVENUE DISTRIBUTION

(Percent of total fiscal 2013 revenue generated by Canaccord Genuity Wealth Management)



$26.8 billion
in assets under administration and management[1]

$235.1 million
of revenue

750+
employees

[1] As of March 31, 2013.

Fellow Shareholders:

In the last five years, we have grown Canaccord Financial to become a leading global, mid-market investment bank. In the process, we have developed a strong platform that delivers exceptional service to our corporate, institutional and private clients. We have also taken significant steps to diversify our revenue streams both functionally and geographically. Most importantly, we have differentiated ourselves competitively by providing our clients with access to global markets, perspectives and opportunities.

"Over half of Canaccord Financial's revenue now comes from operations outside of Canada, significantly enhancing the diversity and consistency of our revenue streams."

CONSTRUCTING A GLOBALLY INTEGRATED PLATFORM

Our primary focus during fiscal 2013 was on achieving the revenue synergies and cost savings identified during the acquisition of Collins Stewart (CSHP), and ensuring our clients receive the full benefit of our global services. Integral to achieving these goals were our efforts to enhance internal communication and collaboration. Introducing new global leadership roles for our investment banking and research divisions was essential to promoting this type of teamwork. Clients across multiple geographies now have access to our highly regarded research coverage of over 1,000 companies globally. Our agency market share in the US and UK continues to grow, as does our commission impact at the large voting accounts. And most importantly, we are participating in record levels of cross-border M&A and in a significantly improved environment for underwriting activity in markets outside of Canada.

DELIVERING VALUE TO SHAREHOLDERS

During fiscal 2013, Canaccord earned $797 million in revenue, an increase of 32% compared to the previous year due largely to our expanded operations and revenue growth outside of Canada. Meaningful growth in advisory and commission revenue drove much of this increase.

During the year, we eliminated approximately $48 million of operating costs from the combined platforms of Canaccord and CSHP. While expenses grew proportionately with our growing business, they were significantly lower than the historical blended operating costs of both businesses prior to integration and the implementation of our cost saving initiatives. Excluding acquisition-related costs, restructuring costs and other significant items(1), total expenses for the year were $767 million. We're committed to continuing our cost containment initiatives in the year ahead, as we see further opportunities to increase the efficiency of our business.

Excluding significant items(1), the Company earned $25.6 million of net income, or $0.14 per diluted share, during fiscal 2013.

STRONG BALANCE SHEET

With $491 million of cash and cash equivalents, and $394 million of working capital, our balance sheet remains strong and liquid, and well capitalized for growing business levels. We distributed $0.20 in dividends per common share to shareholders during the fiscal year – a testament to our board's confidence in the direction and outlook of the Company.

GLOBAL CAPITAL MARKETS CAPABILITIES

On a global basis, Canaccord Genuity generated $538 million of revenue, an increase of 44% compared to the previous year. This division continues to be a primary driver of our business, earning more than 67% of the Company's total revenue. The success of this division was due largely to its successful, and growing, M&A and advisory practice. At $179 million, Canaccord Genuity recorded its third consecutive year of record advisory revenue.

The impact of our expansion efforts was demonstrated this year in a number of key geographies. In the UK, we led more equity transactions during calendar 2012[2] than any other investment bank. In Asia, we've established Canaccord Genuity as the market-leading investment bank on the junior Singapore stock exchange. And in the US, we're taking a lead-manager mentality to grow our investment banking business, and have significantly enhanced our trading volumes and commissions.

While challenging markets continued to suppress resource sector investment banking activity, our broader platform, with its diversification into other sectors, continued to perform well. During fiscal 2013, Canaccord Genuity led or co-led 111 transactions worldwide[3], raising over $3.7 billion for corporate issuers. Including these transactions, the Company participated in 382 transactions, with gross proceeds of $31.4 billion.

STRENGTHENING OUR WEALTH MANAGEMENT DIVISION

Fiscal 2013 was a pivotal year for our global wealth management division. We increased our assets under management in the UK and Europe by 22% through organic growth and the acquisition of Eden Financial. We grew our Australian business through targeted recruitment and the appointment of a new head of wealth management. But most significantly, we implemented an important strategic change within our Canadian wealth management business, in order to strengthen our operations in this changing market and better align our service offering with the shifting needs of Canadian investors.

As part of our goal to better integrate aspects of our global operations, we undertook a global rebranding of our wealth management business subsequent to quarter end. On May 1, 2013, all wealth management operations were branded Canaccord Genuity Wealth Management.

On a global basis, Canaccord Genuity Wealth Management generated $235 million in revenue during fiscal 2013, a meaningful increase from the year earlier due to the addition of our UK platform at the end of last year. Worldwide, Canaccord Genuity Wealth Management now manages and administers over $26.8 billion of client assets.

THE VIEW AHEAD

We believe the pressure on global commodity prices will continue this year, particularly in precious metals. We also expect that regulatory burdens will continue to increase in all of our geographies. Most importantly, we have taken the right steps to prepare our business to contend with its varied challenges. Canaccord Genuity will continue to diversify its business with an increased emphasis on global service and global opportunities.

In Canada, Canaccord Genuity Wealth Management (CGWM) will be focused on returning to profitability by improving fee-based revenue streams through enhanced sales management and training. CGWM in the UK and Channel Islands will continue to pursue organic asset growth and will also be opportunistic for accretive, bolt-on acquisitions. And we will also look to markets like Singapore and Australia for additional expansion of our global wealth management presence.

TO US THERE ARE NO FOREIGN MARKETS

As our new slogan says, "to us there are no foreign markets". This means that we are committed to providing each of our clients, regardless of geography or business type, with a global perspective and service orientation. It also demands significant amounts of effort, co-operation and focus from our people.

Fiscal 2013 saw us seamlessly integrate the largest acquisition in our company's history. The success of this initiative would not be possible without the dedication and hard work of our talented employees – most of whom are fellow shareholders. I want to take this opportunity to thank them for their efforts this year, and for the contributions they continue to make in helping us establish Canaccord Financial as the leading mid-market investment bank globally.

Kind regards,

Paul D. Reynolds
President & Chief Executive Officer
May 2013

(1) Figures excluding significant items are non-IFRS measures and include costs recognized in relation to both prospective and completed acquisitions, amortization of intangible assets and restructuring costs. See page 23 of the fiscal 2013 MD&A for detailed information.
(2) Transactions over $1.5 million. Company information.
(3) Thomson Reuters. Bookrunners: 1/1/2012–31/12/2012. Includes all domestic and international deals and rights issues. SDC code C4c1r.

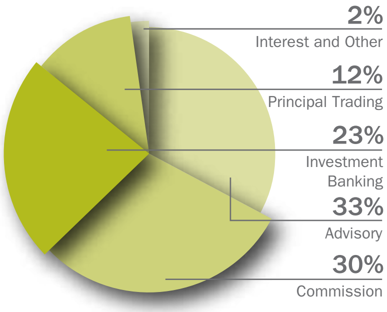
CANACCORD Genuity

Canaccord's investment banking and capital markets division, Canaccord Genuity, was a significant driver of performance during fiscal 2013. With record global advisory revenue, record revenue from our UK and Europe operations and record revenue from our US business, this year demonstrated the power of the platform Canaccord has built through its expansion strategy over the last three years.

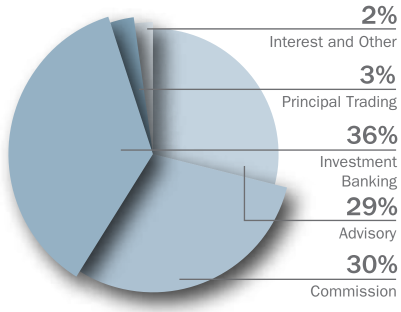
Today, Canaccord Genuity provides investment banking, advisory, sales and trading, research and fixed income services to corporate and institutional clients in 12 countries worldwide. We pride ourselves on our ability to provide clients with a genuinely global perspective on opportunities to grow the value of their businesses and investments. Most importantly, our professionals foster long term client relationships through a deep understanding of client needs, while leveraging the expertise, relationships and support that only a global platform provides.

CANACCORD GENUITY REVENUE BY ACTIVITY – GLOBAL

Fiscal 2013

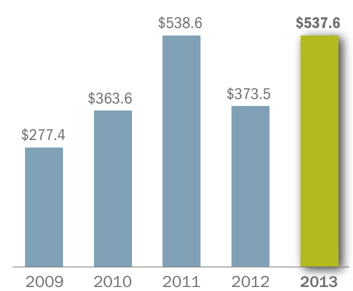


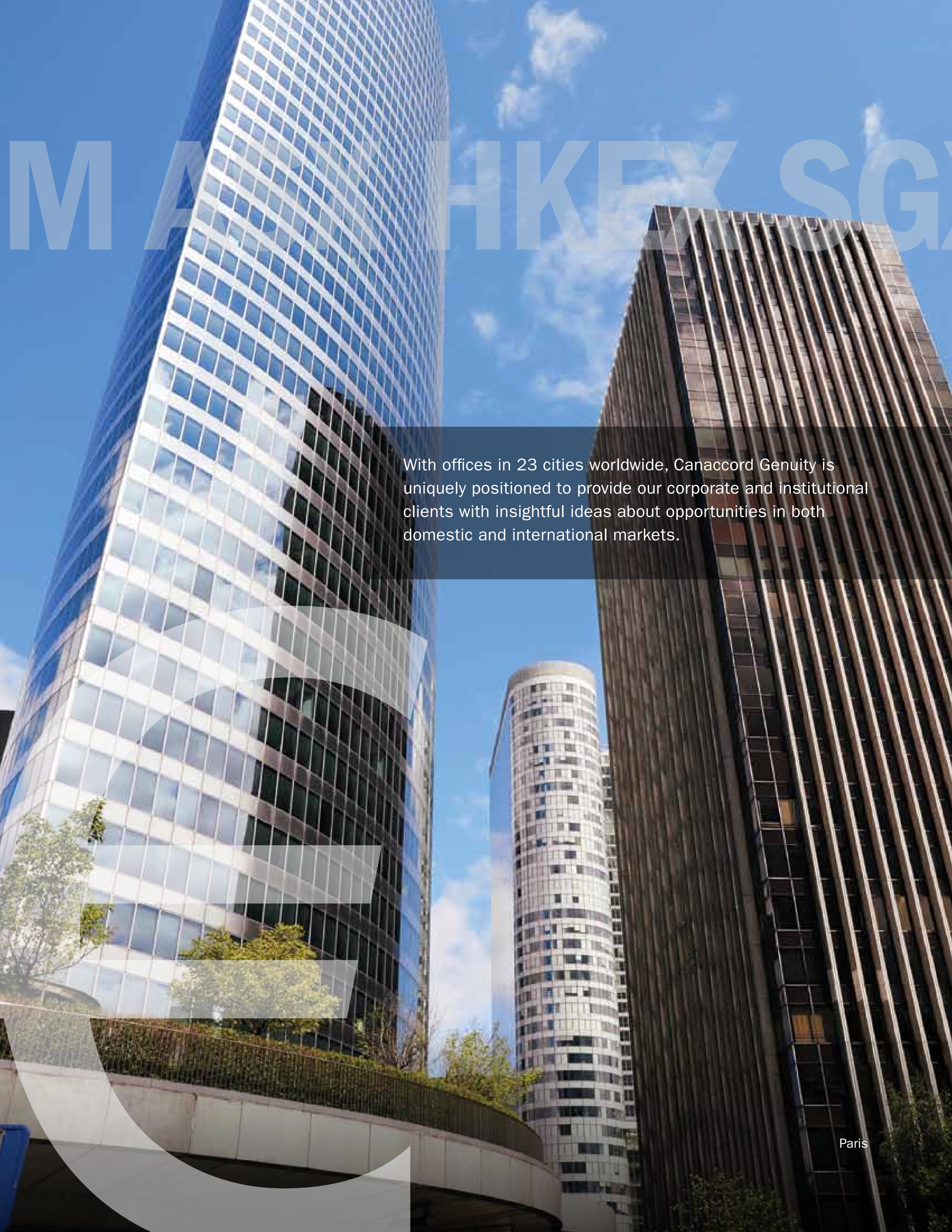
Fiscal 2012



CANACCORD GENUITY REVENUE – GLOBAL

(C$ millions, fiscal years)





With offices in 23 cities worldwide, Canaccord Genuity is uniquely positioned to provide our corporate and institutional clients with insightful ideas about opportunities in both domestic and international markets.

Paris

Delivering the Value of Our Global Platform to Clients

In today's economy, a deep understanding of global dynamics and opportunities is required to make informed decisions about investments and corporate strategies. With over 950 investment banking and capital markets professionals located in 12 countries, Canaccord Genuity is exceptionally well positioned to provide our corporate and institutional clients with insightful and actionable ideas from around the world. Our globally integrated capital markets platform is a pillar of Canaccord's success and a key differentiator amongst our competition.

The targeted growth initiatives the Company undertook the last several years to grow Canaccord Genuity's capabilities were demonstrated in the division's results in fiscal 2013. On a global basis, Canaccord Genuity earned $537.6 million in revenue, an increase of 44% compared to the previous fiscal year and a near record for the division. Importantly, we were able to achieve this in less than optimal market conditions in many of our geographies.

During fiscal 2013, a focused effort was made to more efficiently deliver the benefits of Canaccord Genuity's global platform to clients. Through the appointment of new roles, enhanced systems integration and the expansion of our service distribution, we completed many initiatives to ensure our clients receive the full value of our investment banking and capital markets reach.

Two new global roles were implemented during the year to oversee enhanced communication and coordination between regions: Phil Evershed was appointed Global Head of Investment Banking and Steve Buell was appointed Canaccord Genuity's Global Head of Research. These important roles are designed to facilitate ongoing collaboration between regional teams, ensuring all perspectives and opportunities are discussed for our clients' benefit.

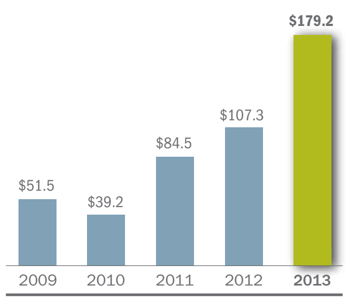
Canaccord Genuity also grew its research capabilities to offer investment perspectives that draw on our expertise in key industries throughout the world. Today, we provide research coverage on over 1,000 companies globally. Importantly, during fiscal 2013 we expanded our distribution capabilities to ensure that the full range of our research products reaches all of our clients in Canada, the US, the UK, Europe and Australia.

The benefits of our cross-border coordination were most noticeable in our advisory practice, where global sector teams and international transactions led to the department generating its third consecutive year of record revenue. At $179.2 million, revenue from global advisory activities grew 67% compared to the previous record set last year. This speaks to the growing importance of our expanded M&A and restructuring expertise, and the value our clients are recognizing through our integrated investment banking approach.

With expertise in 18 key sectors of the global economy and professionals located in 23 cities worldwide, Canaccord Genuity delivers exceptional value to clients through a deep understanding of global issues and opportunities.

ANOTHER RECORD YEAR FOR ADVISORY REVENUE – GLOBAL

(C$ millions, fiscal years)



209% increase in revenue from UK and Europe operations compared to last year

93% increase in revenue from US operations compared to last year

62% of Canaccord Genuity's revenue was generated outside of Canada during fiscal 2013

67% increase in global advisory revenue, compared to the previous record set last year

During fiscal 2013, Canaccord Genuity's underwriting activity was ranked 25th of all investment banks worldwide, based on proceeds raised.

EQUITY UNDERWRITING

Rank	Investment bank – bookrunner	Transaction proceeds + over-allotment (US$ millions)	Market share (%)
1	Goldman Sachs & Co.	$ 57,740.2	12.3
2	Citi	45,246.8	9.6
3	Morgan Stanley	43,708.0	9.3
4	Bank of America Merrill Lynch	40,649.3	8.6
5	JP Morgan	38,766.8	8.2
6	Barclays	32,509.9	6.9
7	Deutsche Bank	31,368.0	6.7
8	UBS	30,657.5	6.5
9	Credit Suisse	28,137.3	6.0
10	Wells Fargo & Co.	10,293.8	2.2
11	RBC Capital Markets	9,093.0	1.9
12	HSBC Holdings PLC	6,235.5	1.3
13	Jefferies & Co. Inc.	4,062.8	0.9
14	BMO Capital Markets	3,196.3	0.7
15	TD Securities Inc.	2,924.0	0.6
16	Macquarie Group	2,584.8	0.6
17	Nomura	2,333.2	0.5
18	Raymond James Financial Inc.	2,263.4	0.5
19	CIMB Group Sdn Bhd	2,257.9	0.5
20	Banco BTG Pactual SA	2,205.1	0.5
21	Daiwa Securities Group Inc.	2,151.8	0.5
22	Allen & Co. Inc.	1,961.7	0.4
23	CIBC World Markets Inc.	1,738.9	0.4
24	Kohlberg Kravis Roberts & Co.	1,620.4	0.3
25	**Canaccord Genuity**	**1,422.8**	**0.3**
26	DBS Group Holdings	1,413.1	0.3
27	Investec	1,382.9	0.3
28	Scotiabank	1,327.6	0.3
29	Santander	1,260.3	0.3
30	Robert W. Baird & Co. Inc.	1,259.3	0.3

Source: Thomson Reuters – Global equity offering league table, 2012. Equal apportionment to each bookrunner.

Frankfurt

COMPREHENSIVE, DIVERSIFIED SECTOR COVERAGE

Canaccord Genuity's team of investment banking, research, and sales and trading professionals are dedicated to providing clients with actionable ideas to leverage opportunities in 18 key sectors of the global economy:

- Aerospace & Defense
- Agriculture
- CleanTech & Sustainability
- Consumer & Retail
- Energy
- Financials
- Healthcare & Life Sciences
- Infrastructure
- Leisure
- Media & Telecommunications
- Metals & Mining
- Paper & Forestry Products
- Real Estate & Hospitality
- Support Services
- Technology
- Transportation & Industrials

- Investment Companies
- Private Equity

Canada

Canaccord Genuity's traditional stronghold, Canada, faced challenging market conditions during fiscal 2013, but despite this environment our Canadian operations continued to contribute prominently to the division's results – providing 38% of Canaccord Genuity's total revenue.


Vancouver

In Canada, Canaccord Genuity generated $204.3 million of revenue during fiscal 2013. Much of our success in Canada can be attributed to advisory activity this year. In fact, fiscal 2013 marked the third consecutive year the Canadian advisory practice earned record revenue. At $90.0 million, advisory revenue was 14% higher than the previous record set last year. Several large, high-profile Canadian transactions led by Canaccord Genuity this year highlight the value our clients are recognizing from our deep expertise and global investment banking reach:

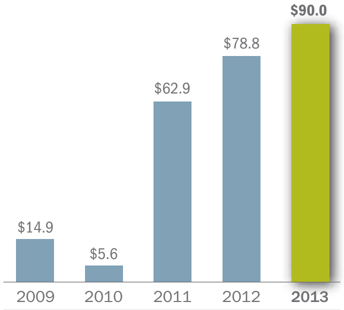
- Viterra Inc. on its acquisition by Glencore International plc
- Yellow Media Ltd. on its C$2.8 billion recapitalization
- Primaris on its hostile defence and sale to H&R REIT and KingSett Capital

Underwriting activity remained fairly subdued in Canada for much of fiscal 2013. Despite this, Canaccord Genuity led or co-led 59 transactions in Canada over $1.5 million, raising over $1.4 billion for clients. Including transactions we led, Canaccord Genuity participated in 288 transactions in Canada, with total proceeds of $23.7 billion.

The quality of our Canadian research was also evident this year, with the firm and numerous analysts winning industry awards. Canaccord Genuity was recognized as Canada's top independent investment dealer by the 2012 Brendan Wood International Canadian Institutional Equity Report for providing the top investment ideas, and ranked fifth of all investment dealers. Individually, Canaccord Genuity's Canadian research analysts were awarded nine top-five rankings for their research in specific sectors. In particular, we were ranked first for our coverage of banks and first for our coverage of insurance companies.

RECORD ADVISORY REVENUE – CANADA

(C$ millions, fiscal years)



In Canada, Canaccord Genuity achieved its third consecutive record year for advisory revenue, generating $90.0 million of revenue.

M&A AND ADVISORY RANKINGS

(C$ millions, fiscal 2013. Transactions announced and completed in Canada by Canadian investment banks)

Rank	Advisor	Total deal size	Average deal size	Deal count
1	RBC Capital Markets	$ 67,289	$ 701	96
2	BMO Capital Markets	52,620	797	66
3	Scotiabank	36,812	1,023	36
4	TD Securities	35,398	787	45
5	CIBC	30,924	736	42
6	**Canaccord Genuity Corp.**	**17,953**	**544**	**33**
7	National Bank Financial Inc.	17,074	683	25
8	GMP Securities	7,325	271	27
9	FirstEnergy Capital Corp.	4,602	460	10

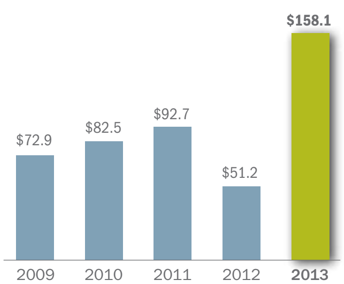
UK and Europe

Canaccord Genuity significantly strengthened its market position in the UK and Europe in the last year, due largely to the expansion activities we undertook at the end of fiscal 2012. Today, Canaccord Genuity has the third most corporate clients in the UK of any investment bank and is capturing more trading market share than ever before.

Dublin

REVENUE GROWTH – UK AND EUROPE

(C$ millions, fiscal years)



ALL UK EQUITIES: BOOKRUNNERS

(Calendar 2012)

Rank	Managing bank or group	No. of issues	Total (US$ millions)	Share (% value)
1	**Canaccord Genuity**	**14**	**$ 552.34**	**3.4**
2	JP Morgan	13	2,856.86	17.4
3	UBS	8	1,391.94	8.5
4	Investec	7	1,268.53	7.7
5	Oriel Securities	7	501.34	3.1
6	Barclays	6	636.00	3.9
7	Bank of America Merrill Lynch	4	2,191.03	13.4
8	Citigroup	4	1,431.26	8.7
9	Goldman Sachs	4	615.93	3.8
10	Morgan Stanley	3	1,026.56	6.3
	Total	**193**	**16,376**	

Source: Thomson Reuters. Bookrunners: 1/1/2012–31/12/2012. Includes all domestic and international deals and rights issues. SDC code C4c1r.

The acquisition of Collins Stewart Hawkpoint in March 2012 bolstered the capabilities of Canaccord Genuity in the UK and Europe immensely, and this was demonstrated in our fiscal 2013 results. The division earned $158.1 million in revenue in the region, more than doubling the revenue generated by our UK operations in the previous year.

A key focus for management during fiscal 2013 was further integrating aspects of our investment banking practice in this important region. By unifying our corporate broking and advisory teams into one combined full-service investment banking practice, our corporate clients now benefit from a dedicated, full-service investment banking team that caters to the needs of companies in all of their growth and corporate development activities.

Canaccord Genuity's sales and trading team in the UK has also significantly strengthened its market position by better aligning our securities business with changing client demands and the Company's global institutional coverage. Trading and commission levels steadily improved throughout the year, despite overall market volume declines in the region, which represents a meaningful gain in market share.

We expect additional cost and revenue synergies can still be obtained from the acquisition we completed last year, and have made strong progress in capturing these for shareholders. A continued emphasis on improving operating efficiency in the UK and Europe was evident during fiscal 2013, with projects focused on removing excess capacity from the business, lowering supplier costs and extracting further revenue synergies from the expanded UK platform.

Canaccord Genuity was the most active investment bank in the UK for number of transactions led or co-led during calendar 2012.

United States

In the past year, we have significantly strengthened our US market position, refocused our investment banking practice towards lead mandates and gained important operating efficiencies through continued efforts to lower operating expenses. Canaccord Genuity's expanded US platform began to demonstrate its potential in fiscal 2013 with record revenue, due largely to trading market share gains and our growing US advisory practice.

In the United States, Canaccord Genuity generated $153.4 million in revenue during fiscal 2013 – a 93% increase compared to the previous year. The much improved capital markets performance of our US business was due largely to the expansion initiatives Canaccord undertook last year to grow the scale of our US operations. A focused effort on better aligning the services of this business with our global capabilities helped the investment banking practice secure more lead mandates throughout the year, and delivered the support and global reach necessary to grow advisory revenue. During fiscal 2013, revenue from advisory activities tripled from the previous year, to $21.3 million.


New York

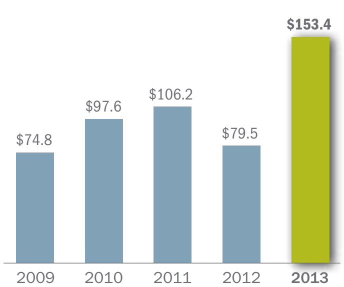
Canaccord Genuity's coverage of the US Healthcare and Life Sciences, Technology, and CleanTech and Sustainability sectors is particularly strong. 91% of the capital raising transactions led or co-led by Canaccord Genuity in the US during the year and 82% of investment banking revenues earned during fiscal 2013 were from these sectors.

Our sales and trading capabilities were also bolstered materially through the acquisition of CSHP, substantially growing our institutional market share and revenue from trading activities throughout fiscal 2013. The addition of the International Equities Group in March 2012, who specialize in American Depositary Receipts (ADR) and electronic trading, also contributed significantly to principal trading revenue.

A continued emphasis on improving operating efficiency in the US began to show progress in the last six months of the fiscal year, with expense ratios improving materially through efforts to consolidate real estate, renegotiate supplier contracts and better align staffing levels. A focus on improving operating margins in this business will continue to be a priority in the year ahead.

Canaccord Genuity's expanded US platform generated $40.1 million of revenue through principal trading activities – due largely to the Company's International Equities Group (IEG).

RECORD US REVENUE
(C$ millions, fiscal years)



200%
increase in advisory revenue compared to the previous year

28.5%
of Canaccord Genuity's global revenue was generated in the US

250+
employees

Asia

Canaccord Genuity has developed a unique market position in Asia, as the market-leading investment bank on Singapore's junior exchange – the SGX Catalist. As well, our experienced investment banking professionals in Hong Kong and mainland China continue to deliver Asia-based corporate development ideas to corporate clients globally.

Our Asia-based capital markets and investment banking operations were more closely integrated during fiscal 2013, ensuring clients in the region benefit from the full value of our Asia platform. Today, Canaccord Genuity has 39 employees located in Hong Kong, Beijing and Singapore.

In Hong Kong, our investment banking team focuses largely on advisory services, and continues to find opportunities for corporate clients both in the region and internationally. Cross-border transactions continue to be a key focus for this team, as they leverage their local expertise and contacts with the support and network of their global investment banking colleagues.

Our 14-person Singapore office has firmly established the Company as the leading investment bank on Singapore's junior exchange, the SGX Catalist, sponsoring 22 companies on this growth-oriented market. Having led more transactions than any other investment bank on the SGX Catalist, Canaccord Genuity has developed approximately 38% market share on the exchange[(1)].

[(1)] Transactions led by Canaccord Genuity compared to total transactions on Catalist, 2010–2012.


Singapore

38%
market share on Singapore's junior exchange, the SGX Catalist

Australia

In Australia, Canaccord Genuity's focus on growth-oriented companies continues to build momentum. During fiscal 2013, the business expanded its sector coverage to include Life Sciences and welcomed several highly experienced investment banking professionals.

With a full-service offering of investment banking, research and sales and trading services, clients of Canaccord Genuity in Australia benefit from our local market expertise and the support of our global platform. Today, Canaccord Genuity's 10 investment banking professionals in Sydney and Melbourne provide corporate clients with the ability to list on the ASX or nine other exchanges globally through Canaccord's global platform. During fiscal 2013, Canaccord Genuity led or co-led 19 capital raising transactions in Australia, raising gross proceeds of AUD$213 million for clients. With proven experience in the Resource and Industrial sectors, this capital markets business expanded its sector coverage this year through the addition of Life Sciences coverage.

Research coverage published by our nine analysts in Australia is now also available to Canaccord clients in other markets, providing insightful analysis of over 75 companies in this region. Our sales and trading team here not only have strong institutional relationships in Australia and Asia, but have also developed important relationships with accounts in North America through a dedicated sales team focused on delivering Australian product to North American clients. And with a unique ability to leverage our worldwide distribution network, our Australian team has demonstrated success placing client shares with investors in other foreign markets.

75+
Australian companies covered by Canaccord Genuity research analysts

TSX NYSE LSE AI

CANACCORD Genuity
Wealth Management

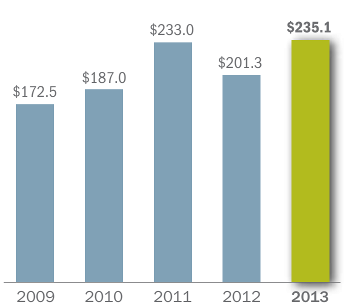
Canaccord Genuity Wealth Management provides individual investors, institutions and charities with investment and financial planning advice, from 24 offices worldwide. Clients benefit from our personalized service tailored to the needs of investors in each region, combined with the international reach and financial backing of a global financial institution.

Drawing on the Company's global network, Canaccord Genuity Wealth Management professionals evaluate and interpret investment opportunities from both local and international markets to deliver insightful solutions to clients in Canada, the UK, Europe and Australia. We provide comprehensive investment and financial management services, catering to the specific needs of investors in each of the geographies we operate in. On a global basis, Canaccord's wealth management division now manages and administers over $26 billion of client assets and offers investment advice through over 312 Investment Advisory teams, investment professionals and fund managers.

Canaccord's wealth management division was rebranded Canaccord Genuity Wealth Management on May 1, 2013. Prior to this, Canaccord's wealth management businesses were known as Canaccord Wealth Management (in Canada and Australia), Collins Stewart Wealth Management (in the UK and offshore locations), and Eden Financial (in the UK).

GLOBAL WEALTH MANAGEMENT REVENUE

(C$ millions, fiscal years)



$26.8 billion

in assets under administration and management[(1)]

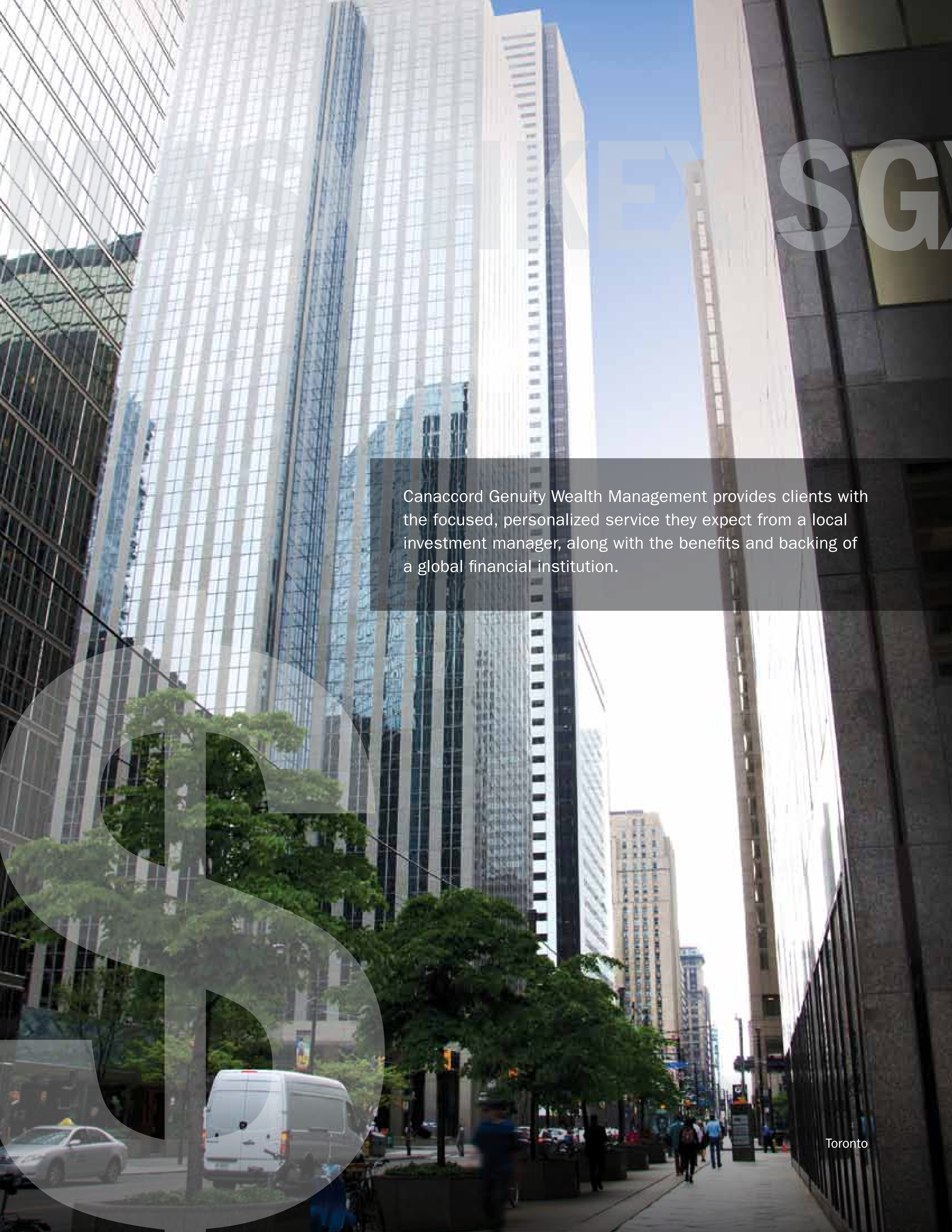
24

wealth management offices worldwide

769

employees in four geographies

(1) As at March 31, 2013.



Canaccord Genuity Wealth Management provides clients with the focused, personalized service they expect from a local investment manager, along with the benefits and backing of a global financial institution.

Toronto

UK and Europe

In the UK and Europe, Canaccord Genuity Wealth Management (CGWM) had a very successful year and exceeded its stated goal of reaching £10 billion of assets under management through a combination of acquisition activity and organic growth. In this highly competitive market, CGWM continues to win awards for the quality of its services and the performance of its portfolios.

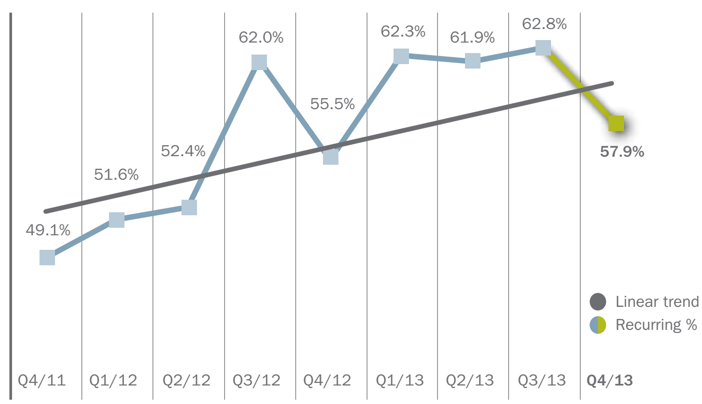
Canaccord Genuity Wealth Management generated $91.8 million in revenue during fiscal 2013, and earned $13.3 million in net income before tax, excluding acquisition-related expenses. This is the 15th consecutive year this business has been meaningfully profitable, and its recent growth of assets under administration demonstrates the momentum we continue to build in the UK and offshore wealth management markets.

Fee-based revenue grew to 61% during fiscal 2013 – an increase of six percentage points from 55% last year. Fee-based activities produce a steady, recurring revenue stream and are considered to be an important contributor to this business' performance. Assets under management increased to $15.9 billion at the end of the fiscal year, due in part to the acquisition of Eden Financial's wealth management business in October 2012. CGWM gained 35 professionals through this expansion, and £835 million of client assets on behalf of 2,500 high-net worth private and family accounts. The integration of this business was completed during the year. Today all CGWM clients benefit from access to the same financial solutions, support and personalized approach to wealth management.

We believe opportunities to further strengthen our UK wealth management platform will occur over the next several years. Prospects to acquire new teams of investment professionals are expected as regulatory changes implemented in the UK prompt industry consolidation.

FEE-BASED REVENUE AS A PERCENT OF TOTAL REVENUE – UK AND EUROPE

(Fiscal quarters)



Canaccord Genuity Wealth Management provides highly tailored wealth management, stockbroking and portfolio management services to individual investors, institutions and charities from six offices, located in London, the Channel Islands, the Isle of Man and Geneva.

RECENT AWARDS

Portfolio Management

Defaqto 5 Star Rating – Discretionary Portfolio Management Service 2013

Incisive Media Gold Standard – Discretionary Portfolio Management – 2012 Winner

Money Marketing Financial Services Awards – Best Discretionary Adviser – 2012 Winner

Stockbroking

City of London Wealth Management Awards – Best Advisory Service – 2013 Winner

City of London Wealth Management Awards – Best Advisory Service – 2012 Winner

Wealth Management

WealthBriefing Europe Awards 2013 – Best M&A Deal – 2013 Winner

Finance Monthly Deal Maker of the Year Awards – 2012 Winner

Citywealth Offshore Awards – UK Offshore Investment Manager of the Year – 2013 Runner up

Canada

Fiscal 2013 was an important year for Canaccord's Canadian wealth management business, as we refocused our operations, enhanced our support systems, and expanded our training programs to cater to the changing needs of Canadian investors. The business has made significant progress in providing comprehensive financial planning solutions, and is well positioned to leverage opportunities in the maturing Canadian market.

In order to strengthen Canaccord Genuity Wealth Management's national platform in Canada, the business refocused its operations on 16 core locations and closed offices in smaller, more challenging markets. As expected, the impacts of this strategy decreased assets under administration during fiscal 2013; however, it was a calculated decision, made in order to strengthen the overall platform and allow us to invest in areas of the business we see significant opportunity in.

As part of our repositioning of the Canadian wealth management business, a strong focus was directed towards delivering comprehensive financial planning solutions, to complement our existing strong brokerage services. As part of this effort, revenue from fee-based services increased to an all-time record high within our Canadian business, to 26.2% of total revenues, enhancing the consistency of the business' revenue stream. Client interest in conservative portfolio management and ETF solutions also continued to increase during the year.

In addition, the business significantly bolstered its training programs throughout fiscal 2013, and is committed to providing ongoing, high quality education and support to all Advisors to assist them in providing the best advice and solutions to clients. Over 3,000 Advisor training engagements occurred through Canaccord University last year, with nearly 170 professional development events and webinars.

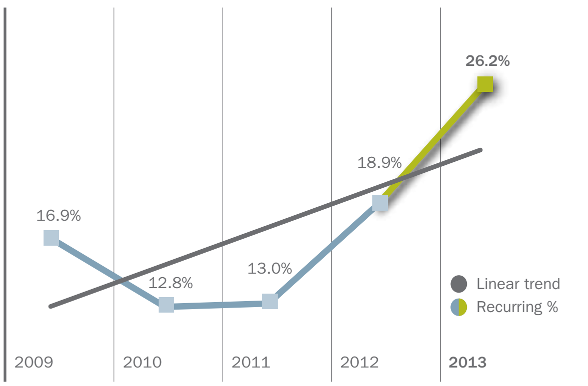
Fee-based revenue grew to 26.2% of total revenue during fiscal 2013 – a record high for Canaccord's Canadian wealth management business.

ASSETS UNDER MANAGEMENT

(C$ millions, fiscal years)

FEE-BASED REVENUE AS A PERCENT OF TOTAL REVENUE

(Fiscal years, percent of total CGWM Canada revenue)



CANACCORD GENUITY WEALTH MANAGEMENT – AUSTRALIA

In Australia, Canaccord's growing wealth management business now has 12 Investment Advisors located in Melbourne and Sydney. The business continues to expand at a meaningful rate, with assets under management increasing by 48% during fiscal 2013, to $451 million.

The Evolution of Our Business

Today, companies, investors and institutions think globally, and we've built a platform to cater to the growing expectations of our valued clients.

Canaccord has always made the client experience a top priority, and all of our growth initiatives over the last several years were completed to ensure we remain relevant to the changing needs and expectations of our corporate, institutional and private clients. Our expansion initiatives have ensured our clients benefit from insightful and actionable ideas from around the globe.

2013

NOVEMBER 2012 (UK)

Acquisition of Eden Financial's wealth management business

Changes to the UK wealth management industry have provided larger wealth management firms with the opportunity to gain scale. Canaccord's acquisition of Eden Financial's wealth management business expanded the Company's existing wealth management platform in this important market.

MARCH 2012 (UK, Europe, US and Singapore)

Acquisition of Collins Stewart Hawkpoint plc (CSHP)

Canaccord's largest acquisition, the addition of CSHP's platform doubled the size of the Company's UK and US capital markets and investment banking business, grew Canaccord's wealth management operations into the UK and Europe, and expanded our capital markets reach into Singapore.

NOVEMBER 2011 (Australia and Hong Kong)

Acquisition of a 50% interest in BGF Equities

Canaccord's investment in Australia provides the Company with a strong foothold for further expansion in this important market. With both capital markets and wealth management offices in Australia, we view our Australian operations as an important component of Canaccord's long term strategy.

JANUARY 2011 (China)

Acquisition of The Balloch Group

The Company's expansion into Asia began with the acquisition of The Balloch Group – a boutique advisory firm based in mainland China. This expansion initiative was an integral part of growing our corporate relationships in this important market.

APRIL 2010 (Canada)

Acquisition of Genuity Capital Markets

An acquisition that significantly strengthened our investment banking practice in Canada, Genuity Capital Markets enhanced Canaccord's sector coverage and advisory capabilities.

JANUARY 2006 (US)

Acquisition of Adams Harkness

The acquisition of this Boston-based investment dealer provided Canaccord's first foothold in the US market, and significantly grew Canaccord's sector coverage with key expertise in the Technology, Life Sciences and Consumer sectors.

2006

Corporate Values

Seven key values drive Canaccord employees and management in delivering results to our shareholders, clients and community. They support our unwavering commitment to building lasting client relationships, creating shareholder value and generating innovative ideas.

Pursuing and living up to these values is a responsibility we take great pride in.

1 **We put our clients first.**

We develop deep trust with our clients through detailed consultation, appropriate investment ideas and value-added services.

2 **A good reputation is our most-valued currency.**

Integrity and respect for client confidentiality are the basis of all our relationships.

3 **Ideas are the engine of our business.**

Our ability to generate original, quality ideas – for clients and for ourselves – positions us ahead of the competition globally.

4 **We are an entrepreneurial, hard-working culture.**

We believe that highly qualified, motivated professionals working together in an entrepreneurial environment results in superior client service and shareholder value.

5 **We strive for client intimacy.**

The more detailed our understanding of our clients' needs and objectives, the better positioned we are to meet them.

6 **We are dedicated to creating exemplary shareholder value.**

We are committed to aligning the interests of our people with fellow Canaccord shareholders through share ownership. We believe that ownership motivates the ideas and efforts that lead to value creation.

7 **To us there are no foreign markets.**

Our clients benefit from our truly global perspective. We deliver insightful, actionable ideas from both local and international markets through our continued pursuit and evaluation of global opportunities.

Shareholder Information

Corporate Headquarters

STREET ADDRESS

Canaccord Financial Inc.
609 Granville Street, Suite 2200
Vancouver, BC, Canada

MAILING ADDRESS

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Website

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Email: investor.relations@canaccord.com

Media Relations and Inquiries from Institutional Investors and Analysts

Scott Davidson
Executive Vice President, Global Head of Corporate Development and Strategy
Telephone: 416.869.3875
Email: scott.davidson@canaccord.com

This Canaccord Financial 2013 Annual Report is available on our website at www.canaccordfinancial.com. For a printed copy please contact the Investor Relations department.

Stock Exchange Listing

TSX: CF
LSE: CF.

Shareholder Administration

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

COMPUTERSHARE INVESTOR SERVICES INC.

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Toronto, ON M5J 2Y1
Telephone toll free (North America): 1.800.564.6253
International: 514.982.7555
Fax: 1.866.249.7775
Toll free fax (North America): or
International fax: 416.263.9524
Email: service@computershare.com
Website: www.computershare.com
Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Eligible Dividend Designation: *Income Tax Act* (Canada)

In Canada, the *Federal Income Tax Act*, and most provincial income tax legislation, provides lower levels of taxation for Canadian individuals who receive eligible dividends. All of the common share dividends paid by Canaccord Financial Inc. (or its predecessor Canaccord Capital Inc.) since 2006 are eligible, as are common share dividends paid hereafter unless otherwise indicated.

Annual General Meeting

The Annual General Meeting of shareholders will be held on Wednesday, August 7, 2013 at 10:00 a.m. (Eastern time) at the TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, ON, Canada

A live Internet webcast will also be available for shareholders to view. Please visit the webcast events page at www.canaccordfinancial.com for more information and a direct link.

To view Canaccord's regulatory filings on SEDAR, please visit www.sedar.com.

Financial Information

For present and archived financial information, please visit www.canaccordfinancial.com

Auditor

Ernst & Young LLP
Chartered Accountants
Vancouver, BC

Fees Paid to Shareholders' Auditors

For fees paid to shareholders' auditors, see page 47 of the fiscal 2013 Annual Information Form.

Qualified Foreign Corporation

CFI is a "qualified foreign corporation" for US tax purposes under the *Jobs & Growth Tax Reconciliation Act of 2003*.

Editorial and Design Services

The Works Design Communications Ltd.

CANACCORD Financial

Canaccord Financial Inc. is the publicly traded parent company to Canaccord's group of companies. Canaccord Financial Inc. is listed on the TSX (as CF) and LSE (as CF.).

CANACCORD Genuity

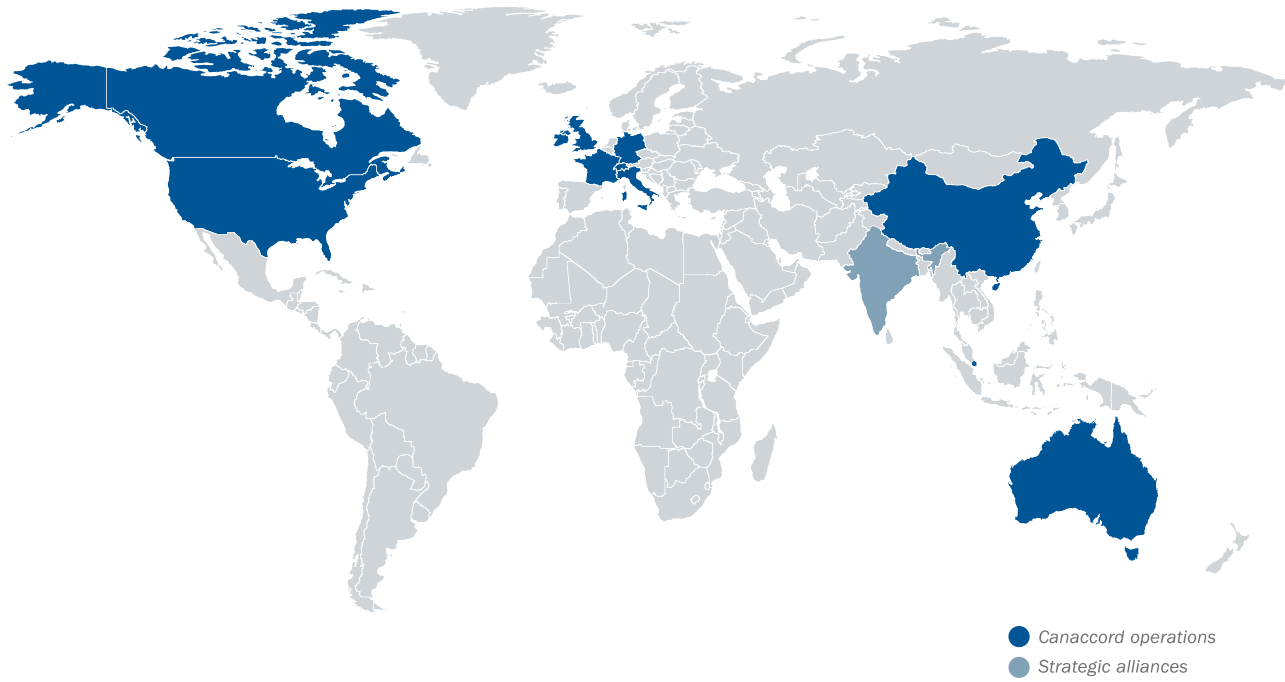
Canaccord Genuity provides global investment banking, M&A, advisory, research, sales and trading services to Canaccord's institutional and corporate clients. Canaccord Genuity has offices in Canada, the US, the UK, France, Germany, Ireland, Italy, Hong Kong, mainland China, Singapore, Australia and Barbados.

CANACCORD Genuity Wealth Management

Canaccord Genuity Wealth Management is a global provider of wealth management solutions to private investors in Canada, the UK, Europe and Australia.

PINNACLE CORRESPONDENT SERVICES

Pinnacle provides correspondent services (administrative and clearing solutions) to Canada's wealth management industry by leveraging Canaccord's investment in leading-edge back-office infrastructure and technology.



CANADA		USA	UK & EUROPE	ASIA
Toronto	Montréal	New York	London	Beijing
Vancouver	Ottawa	Boston	Dublin	Hong Kong
Burlington	Prince George	Chicago	Frankfurt	Singapore
Calgary	Trail	Houston	Geneva	
Edmonton	Waterloo	Minneapolis	Guernsey	
Gatineau		San Francisco	Isle of Man	**AUSTRALIA**
Halifax			Jersey	Melbourne
Kelowna			Milan	Sydney
Kitchener			Paris	

CANACCORD Financial

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CANACCORD Financial

FISCAL 2013

ANNUAL MD&A AND FINANCIAL STATEMENTS

TO US THERE ARE NO FOREIGN MARKETS

Financial Review

CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, 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", "could" 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 that 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 discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and the AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risk Management" in this MD&A, which includes market, liquidity, credit, operational, legal and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2014 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and the AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

Management's Discussion and Analysis

Fiscal year 2013 ended March 31, 2013 – this document is dated May 21, 2013.

The following discussion of Canaccord Financial Inc.'s financial condition and results of operations is provided to enable a reader to assess material changes in the financial condition and results of operations for the year ended March 31, 2013 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Financial Inc. and "Canaccord" refers to the Company and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2013, beginning on page 67 of this report. Canaccord's financial information is expressed in Canadian dollars unless otherwise specified. The Company's consolidated financial statements for the years ended March 31, 2012 and 2013 are prepared in accordance with IFRS.

Non-IFRS Measures

Certain non-IFRS measures are utilized by Canaccord as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management, book value per diluted common share, return on common equity and figures that exclude significant items.

Canaccord's capital is represented by common shareholders' equity and, therefore, management uses return on common equity (ROE) as a performance measure. Also used by the Company as a performance measure is book value per diluted common share, which is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA – Canada, AUM – UK and Europe, or AUM – Australia is the market value of client assets managed and administered by Canaccord from 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. AUM – Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*. Services provided include the selection of investments and the provision of investment advice. Canaccord's method of calculating AUA – Canada, AUM – Canada, AUM – UK and Europe or AUM – Australia may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM – Canada is also administered by Canaccord and is included in AUA – Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items for these purposes are defined as including restructuring costs, amortization of intangible assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. See the Selected Financial Information Excluding Significant Items table on page 32.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of Canaccord's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of Canaccord's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting for these items does in fact reflect the underlying financial results of Canaccord's business; thus, these effects should not be ignored in evaluating and analyzing Canaccord's financial results. Therefore, management believes that Canaccord's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

Through its principal subsidiaries, Canaccord Financial Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, Canaccord has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord has offices in 13 countries worldwide, including wealth management offices located in Canada, Australia, the UK and Europe. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Germany, Ireland, Italy, Hong Kong, mainland China, Singapore, Myanmar, Australia and Barbados.

Canaccord Financial Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on the London Stock Exchange. Canaccord Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

Our business is affected by the overall condition of the worldwide equity and debt markets, including the seasonal variance in these markets.

ABOUT CANACCORD'S OPERATIONS

Canaccord Financial Inc.'s operations are divided into two business segments: Canaccord Genuity (investment banking and capital markets operations) and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary investment banking services, investment products and brokerage services to Canaccord's institutional, corporate and private clients. Canaccord's administrative segment is referred to as Corporate and Other.

Canaccord Genuity

Canaccord Genuity offers corporations and institutional investors around the world an integrated platform for equity research, sales and trading, and investment banking services that is built on extensive operations in Canada, the UK, Europe, the US, China, Singapore, Australia and Barbados.

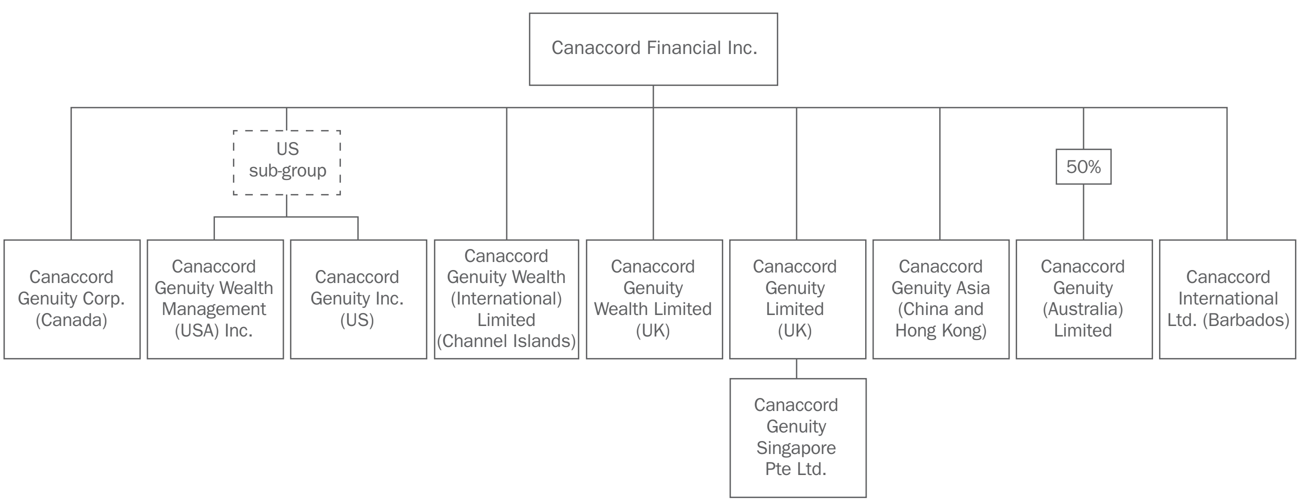
Canaccord Genuity Wealth Management

Canaccord's wealth management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries, through a full suite of services tailored to the needs of clients in each of the markets the division operates in. Canaccord's growing wealth management division now has Investment Advisors (IAs) and professionals in Canada, Australia, the UK, Switzerland and offshore locations (the Channel Islands and the Isle of Man).

Corporate and Other

Canaccord's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and activities not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management 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, legal, finance, and all administrative functions.

Corporate structure



BUSINESS ACTIVITY

Our business is subject to the overall condition of the worldwide debt and equity markets, including seasonal fluctuations. Historically, North American capital markets are slower during the first half of Canaccord's fiscal year, when Canaccord typically generates less than 50% of its annual revenue. Fiscal 2013 was in line with past seasonality, with 56% of the annual revenue generated in the second half of the fiscal year.

The timing of revenue recognition can also materially affect Canaccord's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded when the transaction has closed, and as a result, quarterly results can also be affected by the timing of our capital markets business.

Canaccord has taken efforts to reduce its exposure to variances in the equity markets and local economies by diversifying not only its industry sector coverage but also its international scope. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets.

Market Data

TOTAL FINANCING VALUE BY EXCHANGE

	Q1/13	Q2/13	Q3/13	Q4/13	**Fiscal 2013**	Fiscal 2012	Fiscal 2013/ 2012 change
TSX and TSX Venture (C$ billions)	10.8	10.4	14.8	9.8	**45.8**	54.6	(16.1)%
AIM (£ billions)	0.8	0.5	0.9	0.6	**2.8**	3.6	(22.2)%
NASDAQ (US$ billions)	9.5	13.7	10.4	15.9	**49.5**	44.2	12.0%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

Market data

Total financing values on the TSX, TSX Venture and on AIM experienced declines compared to the previous year, while total financing values on the NASDAQ experienced a 12% increase compared to the previous year.

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

As a brokerage firm, Canaccord derives its revenue primarily from sales commissions, underwriting and advisory fees, and trading activity. As a result, the Company's business is materially affected by conditions in the financial marketplace and the economic environment, primarily in North America and Europe. Canaccord's long term international business development initiatives over the past several years have laid a solid foundation for revenue diversification. Canaccord's conservative capital strategy allows the Company to remain competitive in today's changing financial landscape.

During fiscal 2013, Canaccord's capital markets activities were focused on the Company's sectors: Mining and Metals, Energy, Technology, Health Care and Life Sciences, Agriculture and Fertilizers, Media and Telecommunications, Financials, Consumer and Retail, Real Estate and Hospitality, Infrastructure, Transportation and Industrial Products, Paper and Forestry Products, CleanTech and Sustainability, Support Services, Aerospace and Defense, Leisure, and Private Equity. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

Key Developments During Fiscal 2013

CORPORATE

- On April 10, 2012, $97.5 million of the net proceeds from Canaccord's Series C Preferred Share offering was used to repay a portion of the $150.0 million short term credit facility the Company secured for bridge financing related to the acquisition of Collins Stewart Hawkpoint plc
- The balance of the short term credit facility related to the acquisition of Collins Stewart Hawkpoint plc was repaid in full on May 22, 2012
- On June 7, 2012, Canaccord announced that Dan Daviau was appointed President of Canaccord Genuity Inc. (Canaccord's US capital markets operation)
- On July 12, 2012, Canaccord Financial Inc. held its 2012 Annual General Meeting of shareholders, where all motions were duly passed
- On July 13, 2012, Canaccord Financial Inc. graduated its UK public listing from AIM to the LSE main market
- On August 13, 2012, Canaccord Financial Inc. renewed its normal course issuer bid (NCIB) share buyback programme, which provides the Company with the ability to purchase, at its discretion, up to 3,000,000 of its common shares through the facilities of the TSX for cancellation
- On September 4, 2012, the Company announced that Alexis de Rosnay joined the firm as CEO of Canaccord's UK and European operations
- On September 16, 2012, Canaccord appointed Peter O'Malley as CEO of Canaccord Genuity Asia
- On September 24, 2012, the Company announced the expansion of its UK wealth management business through the acquisition of Eden Financial Ltd.'s (Eden Financial) wealth management business (completed on October 1, 2012)
- On September 24, 2012, Canaccord announced a new strategy to streamline and refocus its Canadian wealth management operations in larger Canadian centres
- On October 1, 2012, Canaccord appointed Philip Evershed as the Global Head of Investment Banking
- On November 6, 2012, Canaccord appointed Steve Buell as the Global Head of Research
- On November 7, 2012, Canaccord Financial Inc. welcomed Dipesh Shah as an additional independent director on its Board
- On February 1, 2013, Canaccord completed the integration of its UK wealth management business with the business of Eden Financial Ltd.
- On March 1, 2013, Canaccord completed the integration of its UK and European advisory practice, previously known as Canaccord Genuity Hawkpoint, into its broader, global investment banking division
- Subsequent to fiscal 2013, on May 1, 2013, all of Canaccord's wealth management businesses were rebranded Canaccord Genuity Wealth Management

CANACCORD GENUITY

- Canaccord Genuity led 111 transactions globally, each over $1.5 million, to raise total proceeds of C$3.7 billion during fiscal 2013. Of this:
  - Canada led 59 transactions, which raised C$1.4 billion
  - The UK led 19 transactions, which raised C$1.5 billion
  - The US led 12 transactions, which raised C$487 million
  - Asia and Australia operations led 21 transactions, which raised C$331 million

- During fiscal 2013, Canaccord Genuity participated in a total of 382 transactions globally, each over $1.5 million, to raise gross proceeds of C$31.4 billion. Of this:
  - Canada participated in 288 transactions, which raised C$23.7 billion
  - The UK participated in 26 transactions, which raised C$2.7 billion
  - The US participated in 44 transactions, which raised C$4.7 billion
  - Asia and Australia participated in 24 transactions, which raised C$337 million
- During fiscal 2013, Canaccord Genuity led or co-led the following transactions:
  - £695 million for esure on the LSE
  - Three transactions totalling £272.2 million for HICL Infrastructure Company Limited on the LSE
  - £118.0 million for Eland Oil & Gas plc on AIM
  - C$115.7 million for Artis Real Estate Investment Trust (REIT) on the TSX
  - C$115.0 million for Trez Capital Mortgage Investment Corporation (non-exchange listed)
  - C$110.0 million for HealthLease Properties REIT on the TSX
  - C$103.6 million for Amaya Gaming Group Inc. on the TSX Venture
  - C$100.1 million for American Hotel Income Properties REIT LP on the TSX
  - C$100.0 million for Canaccord Financial Inc. on the TSX
  - £100.0 million for Monitise plc on AIM
  - £100.0 million for Newlon Housing Trust (Private Placement)
  - £100.0 million for Raglan Finance plc through a privately placed wholesale bond issue
  - US$97.8 million for Insulet Corp. on the NASDAQ
  - SGD$94.0 million for Geo Energy Resources Ltd. on the SGX
  - C$89.1 million for Trez Capital Senior Mortgage Investment Corporation (non-exchange listed)
  - £80.0 million for Intermediate Capital Group plc through a new retail corporate bond issue
  - US$75.0 million for Emerald Oil, Inc. on the NYSE
  - C$69.7 million for Pure Industrial Real Estate Trust on the TSX
  - C$68.2 million for Sentry Select Primary Metals Corp. on the TSX
  - £65.0 million for CLS Holdings plc through a new retail corporate bond issue
- During fiscal 2013, Canaccord Genuity participated in 107 fixed income transactions in Canada that raised $855.1 million for clients
- In Canada, Canaccord Genuity raised $748.0 million for government bond issuances and $107.1 million for corporate bond issuances during fiscal 2013
- Canaccord Genuity generated record advisory revenue of $179.7 million during fiscal 2013, 67% higher than the previous record generated last year
  - This is the third consecutive year of record advisory revenue for Canaccord Genuity
- During fiscal 2013, Canaccord Genuity advised on 66 transactions, including the following:
  - Viterra Inc. on its acquisition by Glencore International plc
  - Yellow Media Ltd. on its C$2.8 billion recapitalization
  - Primaris on its hostile defence and sale to H&R REIT and KingSett Capital
  - Fawkes Holdings Limited on its sale of 42 UK Marriott hotels
  - Sportingbet plc on its acquisition by William Hill and GVC Holdings assets
  - Wescast Industries on its acquisition by Sichuan Bohon Group
  - Score Media Inc. on its acquisition by Rogers Communications Corp.

- Research In Motion on the sale of NewBay Software to Synchronoss Technologies, Inc.
- DHX Media Ltd. on its acquisition of Cookie Jar Entertainment
- EndoChoice, Inc. on its merger with Peer Medical Ltd.
- Geomagic, Inc. on its acquisition by 3D Systems Corp.
- Omega Protein Corporation on its acquisition of Wisconsin Specialty Protein, LLC
- GT Advanced Technologies on its acquisition of Twin Creek Technologies
- Mateco Group (Odewald & Compagnie) on its acquisition by TVH Group
- IFG Group plc on the disposal of International Division to AnaCap Financial Partners

Wealth Management (Global)

- Globally, Canaccord Genuity Wealth Management generated $235.1 million in revenue during fiscal 2013
- Total assets under administration in Canada and assets under management in the UK, Europe and Australia were $26.8 billion at March 31, 2013
- Canaccord Genuity Wealth Management had 23 offices worldwide as of March 31, 2013

Wealth Management (North America and Australia)

- Canaccord Genuity Wealth Management generated $143.3 million in revenue during fiscal 2013
- Assets under administration were $10.9 billion as of March 31, 2013, down 27% from $14.8 billion at the end of fiscal 2012
  - This decrease is due largely to the strategic repositioning of Canaccord Genuity Wealth Management in Canada, which included the reduction of 16 branches from its Canadian platform during fiscal 2013
- Assets under management were $835 million, up 23% from $677 million at the end of fiscal 2012
- At March 31, 2013, Canaccord Genuity Wealth Management had 190 Advisors and Advisory Teams in Canada(1) and Australia, including:
  - 178 Advisory Teams in Canada, a decrease of 102 Advisory Teams from March 31, 2012, due primarily to a strategic repositioning of the business to focus on major Canadian centres
  - 12 Advisors in Australia
- At March 31, 2013, Canaccord Genuity Wealth Management had 16 offices located across Canada, including eight Independent Wealth Management (IWM) locations
- At March 31, 2013, Canaccord Genuity Wealth Management had two offices in Australia

Wealth Management (UK and Europe)

- Canaccord Genuity Wealth Management generated $91.8 million in revenue and, excluding significant items, recorded net income of $13.3 million before taxes in fiscal 2013
- Assets under management (discretionary and non-discretionary) were $15.9 billion (£10.3 billion)
- At March 31, 2013, Canaccord Genuity Wealth Management had 122 investment professionals and fund managers in the UK and Europe
- At March 31, 2013, Canaccord Genuity Wealth Management had five offices, located in London, Guernsey, Jersey, the Isle of Man and Switzerland

(1) Advisory Teams are normally comprised of one or more IAs and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

Market Environment During Fiscal 2013

Fears of renewed European sovereign debt concerns and weakening global economic growth conditions characterized the beginning of fiscal 2013. The Greek financial crisis once again took centre stage in the first half of calendar 2012 with elections and protests over austerity measures unnerving financial markets. In terms of economic performance, fears of a Chinese hard landing developed as China's GDP dropped to 7.4% quarter-over-quarter in Q3/12, its lowest level for three years. In the US, sluggish growth caused investors to fear an earnings recession with a meager 1.9% growth in S&P 500 earnings in Q3/12. Fortunately, this proved to be the bottom in the US earnings cycle.

Economic and earnings-growth scares led to a sharp correction in equities from April to June 2012. This correction pushed US 10-year Treasury bond yields to an all-time low of 1.43%. In order to mitigate impacts to equity markets, the solution from central banks was forceful, in terms of both message and magnitude. First, the President of the European Central Bank (ECB) promised to do "whatever it takes" to save the euro, coupled with a later pledge of potentially "unlimited" bond purchases. Second, the Federal Reserve announced QE3 and QE4, pledging to buy a combined total of US$85 billion in mortgage backed securities and treasuries per month. Overall, concerted central bank actions and liquidity injections allowed financial markets to recover in the second half of calendar 2012.

The second half of fiscal 2013 was marked by a positive resolution of the US debt-ceiling negotiations following the re-election of President Obama. Thanks to positive monetary conditions and record low borrowing costs, US earnings growth began to reaccelerate in calendar Q4/12, consistent with the strong recovery in US housing and auto markets. Elsewhere, the Bank of Japan and the newly elected Prime Minister Shinzo Abe engineered an ambitious plan to reflate the Japanese economy. As a result of monetary reflation and central bank efforts, equity risk premiums started to decline and investors drove equity markets to new all-time highs in calendar Q1/13.

In all, the S&P/TSX ended fiscal 2013 on a positive note (+3%) but lagged behind the S&P 500 (+11%) by a wide margin due to the weak showing of commodity prices such as gold and base metals. These commodities were negatively affected by the strength of the US dollar as well as renewed tightening measures in China to cool off the housing market. Global oil prices stayed relatively flat, but the rejection of the Keystone pipeline project along with transportation bottlenecks kept Canadian oil products at a substantial discount through fiscal 2013. Investors' exit from commodities was particularly detrimental to small-cap resources stocks with the S&P/TSX Venture exchange falling 30% in fiscal 2013.

Fiscal 2014 Outlook

While worldwide economic growth is expected to remain slow because of global austerity measures, growth should be more visible and less vulnerable to tail-risk accidents compared to last year. Policymakers are acting as a backstop for banks and financial markets, and relaxed monetary conditions should prevail until labour market conditions tighten and capital spending intentions improve. Among factors to watch, it is expected the ECB will eventually follow other central banks and cut interest rates in order to weaken its strong currency. This action is much needed to protect Europe's export markets and redistribute growth among distressed countries in the euro zone. Also, for commodity markets, further moderation in Chinese inflation must happen in order for the People's Bank of China to remove its tightening bias. Out of the 3.3% global GDP growth forecasted by the IMF for 2013, the contribution from China is 35%. Therefore, anything less than the government target of 7.5% growth could renew fears of a hard landing. Finally, should activities fail to steer a growth reacceleration of the world economy during calendar 2013, it will be important for fiscal authorities to act promptly and ease austerity measures through reporting debt/deficit-to-GDP targets further into the future. Overall, it is expected that monetary and fiscal policymakers will continue to provide downside protection to economic growth. As such, capital markets should take their cues from a steady decline in the equity risk premium, which remains far above historical averages.

As far as capital market activities are concerned, fiscal 2014 should reveal the benefits of the acquisitions made by Canaccord over the past few years to expand its platform internationally, as performance will vary by geographic region. With most commodity markets past their peak in consumption growth rates, investment banking and trading revenues related to this area are expected to remain subdued. However, considering the depressed equity valuation of most resource companies, advisory activity should remain healthy as companies try to capture value to shareholders. Most importantly, the majority of capital markets revenues are expected to continue to come from markets outside Canada, where equity market performance is likely to be stronger. The S&P/TSX trades in line with the MSCI World Index and at only a 6% forward price-to-earnings discount to the S&P 500. At historical commodity market troughs, this discount oscillates between 10% and 20%. That noted, it is expected that the ongoing bear market in commodities will be shorter than average owing to the unprecedented amount of stimulus delivered by world central banks. While calendar 2013 should mark the synchronization in world monetary policies, calendar 2014 should give rise to a synchronization in business cycles among economic regions, and therefore above-average global GDP growth.

Overview of Preceding Years – Fiscal 2012 vs. 2011

Total revenue for the year ended March 31, 2012 (fiscal 2012) was $604.9 million, a decrease of $198.8 million or 24.7% compared to the previous year. This decrease was primarily due to the challenging economic and market conditions during fiscal 2012 and a general decline in investor risk appetite. Most major indices also experienced declines during fiscal 2012 with the TSX down 12%, the TSX Venture down 32%, and the FTSE 100 down 2%. However, the NASDAQ experienced an increase of 11% compared to 2011.

Canaccord recorded a net loss of $21.3 million during fiscal 2012, which included $56.8 million of charges related to the acquisition of Collins Stewart Hawkpoint plc, company-wide restructuring costs and the amortization of intangible assets. Excluding these significant items, net income for fiscal 2012 was $25.2 million. Compared to Canaccord's record performance during fiscal 2011, Canaccord's performance during fiscal 2012 was in line with a subdued environment for capital raising and advisory activities.

Financial Overview

SELECTED FINANCIAL INFORMATION[1][2]

(C$ thousands, except per share and % amounts, and number of employees)	2013	2012	2011	2013/2012 change	
	For the years ended March 31				
Canaccord Financial Inc. (CFI)					
Revenue					
Commissions and fees	$ 353,125	$ 252,877	$ 294,650	$ 100,248	39.6%
Investment banking	145,772	175,225	327,499	(29,453)	(16.8)%
Advisory fees	179,690	107,370	84,914	72,320	67.4%
Principal trading	66,406	10,647	43,644	55,759	n.m.
Interest	29,199	31,799	24,040	(2,600)	(8.2)%
Other	22,930	26,946	28,884	(4,016)	(14.9)%
Total revenue	797,122	604,864	803,631	192,258	31.8%
Expenses					
Incentive compensation	406,724	304,908	389,046	101,816	33.4%
Salaries and benefits	88,522	63,924	64,420	24,598	38.5%
Other overhead expenses[3]	292,242	200,842	194,953	91,400	45.5%
Restructuring costs[4]	31,617	35,253	—	(3,636)	(10.3)%
Acquisition-related costs	1,719	16,056	12,740	(14,337)	(89.3)%
Total expenses	820,824	620,983	661,159	199,841	32.2%
(Loss) income before income taxes	(23,702)	(16,119)	142,472	(7,583)	(47.0)%
Net (loss) income	$ (18,775)	$ (21,346)	$ 99,743	$ 2,571	12.0%
Net (loss) income attributable to CFI shareholders	$ (16,819)	$ (20,307)	$ 99,743	$ 3,488	17.2%
Non-controlling interests	$ (1,956)	$ (1,039)	$ —	$ (917)	(88.3)%
(Loss) earnings per common share (EPS) – basic	$ (0.31)	$ (0.33)	$ 1.37	$ 0.02	6.1%
(Loss) earnings per common share (EPS) – diluted	$ (0.31)	$ (0.33)	$ 1.22	$ 0.02	6.1%
Return on common equity (ROE)	(3.3)%	(3.1)%	14.2%	(0.2) p.p.	
Dividends per share	$ 0.20	$ 0.40	$ 0.275	$ (0.20)	(50.0)%
Book value per diluted common share[5]	$ 7.68	$ 8.26	$ 8.79	$ (0.58)	(7.1)%
Excluding significant items[6]					
Total expenses	$ 766,893	$ 564,182	$ 643,293	$ 202,771	35.9%
Income before income taxes	$ 30,229	$ 40,682	$ 160,338	$ (10,453)	(25.7)%
Net income	$ 25,644	$ 25,193	$ 114,126	$ 451	1.8%
Net income attributable to CFI shareholders	$ 26,207	$ 25,591	$ 114,126	$ 616	2.4%
EPS – basic	$ 0.16	$ 0.28	$ 1.56	$ (0.12)	(42.9)%
EPS – diluted	$ 0.14	$ 0.25	$ 1.40	$ (0.11)	(44.0)%
Balance sheet data					
Total assets	$ 4,603,502	$ 5,762,723	$ 5,097,500	$ (1,159,221)	(20.1)%
Total liabilities	3,538,170	4,753,144	4,340,608	(1,214,974)	(25.6)%
Non-controlling interests	16,169	17,454	—	(1,285)	(7.4)%
Total shareholders' equity	1,049,163	992,125	756,892	57,038	5.7%
Number of employees	2,060	2,428	1,684	(368)	(15.2)%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees.
(2) Data includes the results of Genuity since it was acquired in April 2010, Canaccord Genuity Asia since its acquisition in January 2011 and the results for Canaccord Genuity and Canaccord Genuity Wealth Management operations in Australia since these operations were acquired in November 2011. The operating results of the Australian operations have been fully consolidated and a 50% non-controlling interest has been recognized. Results of former Collins Stewart Hawkpoint plc (CSHP) entities since March 22, 2012 and the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Consists of staff restructuring costs and reorganization expenses related to the acquisition of CSHP, as well as restructuring costs related to the reorganization of certain Canadian trading and other operations.
(5) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding.
(6) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
n.m.: not meaningful
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	For the years ended March 31				
(C$ thousands, except per share and % amounts)	2013	2012	2011	2013/2012 change	
Total revenue per IFRS	$ 797,122	$ 604,864	$ 803,631	$ 192,258	31.8%
Total expenses per IFRS	820,824	620,983	661,159	199,841	32.2%
Significant items recorded in Canaccord Genuity					
Restructuring costs	15,232	29,078	—	(13,846)	(47.6)%
Acquisition-related costs	388	10,466	12,740	(10,078)	(96.3)%
Amortization of intangible assets	14,740	5,492	5,126	9,248	168.4%
Significant items recorded in Canaccord Genuity Wealth Management					
Restructuring costs	15,485	900	—	14,585	n.m.
Acquisition-related costs	1,331	4,077	—	(2,746)	(67.4)%
Amortization of intangible assets	5,855	—	—	5,855	n.m.
Significant items recorded in Corporate and Other					
Restructuring costs	900	5,275	—	(4,375)	(82.9)%
Acquisition-related costs	—	1,513	—	(1,513)	(100.0)%
Total significant items	53,931	56,801	17,866	(2,870)	(5.1)%
Total expenses excluding significant items	766,893	564,182	643,293	202,711	35.9%
Net income before tax – adjusted	30,229	40,682	160,338	(10,453)	(25.7)%
Income taxes – adjusted	4,585	15,489	46,212	(10,904)	(70.4)%
Net income – adjusted	$ 25,644	$ 25,193	$ 114,126	$ 451	1.8%
EPS – basic, adjusted	$ 0.16	$ 0.28	$ 1.56	$ (0.12)	(42.9)%
EPS – diluted, adjusted	$ 0.14	$ 0.25	$ 1.40	$ (0.11)	(44.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 23.
n.m.: not meaningful

REVENUE

On a consolidated basis, revenue is generated through six activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

Revenue for fiscal 2013 was $797.1 million, an increase of 31.8% or $192.3 million from fiscal 2012. Overall, the growth in revenue for the year ended March 31, 2013 was mainly due to the expanded operations achieved through the acquisitions of Collins Stewart Hawkpoint plc (CSHP), a 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF) and the wealth management business of Eden Financial Ltd. The Company implemented a number of strategies throughout the year to further integrate our global capital markets and wealth management platforms, which led to the increase in revenue in fiscal 2013.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees revenue increased by $100.2 million or 39.6% from fiscal 2012 to $353.1 million in fiscal 2013. Our Canaccord Genuity Wealth Management segment contributed $192.6 million while our Canaccord Genuity segment contributed $160.5 million.

Investment banking revenue was $145.8 million in fiscal 2013, down $29.5 million or 16.8% from fiscal 2012. Revenue generated from investment banking activities was lower due to a decline in financing activity in Canada.

The expansion in the UK and Europe resulted in the Company achieving another year of record advisory revenue of $179.7 million, up $72.3 million from the $107.4 million in fiscal 2012. The operations in the US also achieved greater revenue in fiscal 2013, from $83.1 million to $155.6 million. This record performance was also achieved through increased activity and large scale transactions completed in Canada.

Revenue derived from principal trading increased $55.8 million to $66.4 million compared to fiscal 2012, primarily due to the expansion of the UK and Europe, and US operations.

Interest revenue is derived from interest realized from financial instruments and fixed income securities held by Canaccord, interest earned on cash balances held at the bank and interest paid by clients on margin accounts. As a result of changes in interest rates and additional interest revenue earned from activities in the Fixed Income group, interest revenue dropped by $2.6 million or 8.2% from fiscal 2012 to $29.2 million for fiscal 2013.

Other revenue of $22.9 million was $4.0 million or 14.9% lower than in the prior year, largely as a result of lower foreign exchange gains due to the fluctuation of the Canadian dollar, offset slightly by the gain on sale of our investment in Alternative Alpha Trading System (Alpha).

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2013	2012	2013/2012 change
Incentive compensation	**51.0%**	50.4%	0.6 p.p.
Salaries and benefits	**11.1%**	10.6%	0.5 p.p.
Other overhead expenses(1)	**36.7%**	33.2%	3.5 p.p.
Acquisition-related costs(2)	**0.2%**	2.7%	(2.5) p.p.
Restructuring costs(2)(3)	**4.0%**	5.8%	(1.8) p.p.
Total	**103.0%**	102.7%	0.3 p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets and development costs.
(2) Refer to the Selected Financial Information Excluding Significant Items table on page 32.
(3) Consists of staff restructuring costs and reorganization expenses related to the acquisition of CSHP, as well as restructuring costs related to the reorganization of certain Canadian trading and other operations.
p.p.: percentage points

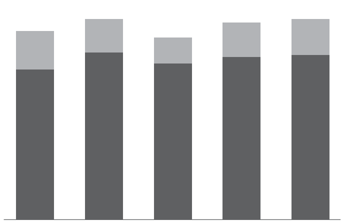
Expenses for fiscal 2013 were $820.8 million, an increase of 32.2% or $199.8 million compared to last year; however, total expenses as a percentage of revenue increased slightly by 0.3 percentage points compared to the prior year. Higher expenses were recorded to support the global expansion of the Company. Excluding significant items, total expenses were $766.9 million, up $202.7 million or 35.9% from fiscal 2012.

Compensation expenses

Incentive compensation expense was $406.7 million, an increase of $101.8 million or 33.4%, which was consistent with the increase in incentive-based revenue. Incentive compensation expense as a percentage of total revenue increased by 0.6 percentage points from fiscal 2012, to 51.0%, as a result of higher long-term incentive plan (LTIP) expense related to amortization of grants that were awarded in prior periods. Salaries and benefits expense was $88.5 million, an increase of 38.5% from the prior year. Salaries and benefits expense as a percentage of revenue was 11.1% in fiscal 2013 compared to 10.6% in fiscal 2012. The increase in salaries and benefits expense and percentage of revenue compared to fiscal 2012 is consistent with the higher headcount, primarily in the UK and Europe, and the US, as a result of our global expansion.

The total compensation (incentive compensation plus salaries and benefits) expense as a percentage of consolidated revenue was 62.1%, up 1.1 percentage point compared to 61.0% in fiscal 2012. As discussed above, this was mainly due to the higher headcount in the current fiscal year.

TOTAL COMPENSATION AS A % OF REVENUE



2009	*2010*	*2011*	*2012*	***2013***	
11.9%	10.3%	8.0%	10.6%	**11.1%**	Salaries and benefits
46.5%	51.8%	48.4%	50.4%	**51.0%**	Incentive compensation
58.4%	62.1%	56.4%	61.0%	**62.1%**	Total

Other overhead expenses

(C$ thousands, except % amounts)	2013	2012	2013/2012 change
	For the years ended March 31		
Trading costs	$ 43,892	$ 30,313	44.8%
Premises and equipment	41,124	27,546	49.3%
Communication and technology	49,115	28,343	73.3%
Interest	15,302	9,816	55.9%
General and administrative	89,504	69,523	28.7%
Amortization(1)	33,779	14,108	139.4%
Development costs	19,526	21,193	(7.9)%
Total other overhead expenses	$ 292,242	$ 200,842	45.5%

(1) Includes $20.6 million and $5.5 million of amortization of intangible assets for the years ended March 31, 2013 and March 31, 2012, respectively. See the Selected Financial Information Excluding Significant Items table on page 32.

Other overhead expenses were $292.2 million or 45.5% higher in fiscal 2013, which as a percentage of revenue represented an increase of 3.5 percentage points compared to fiscal 2012.

The overall growth in other overhead expenses was driven by the higher communication and technology, general and administrative, amortization, trading, premises and equipment and interest expenses.

Our expanded operations in the US and in the UK and Europe from the acquisition of CSHP were the main contributors to the increase in overhead expenses during fiscal 2013. Communication and technology expense increased by $20.8 million compared to fiscal 2012 as a result of the additional headcount as well as the global expansion of technology platforms. Trading costs were up $13.6 million in the current year compared to fiscal 2012, mainly due to the addition of certain principal trading operations in the US from the acquisition of CSHP. The Company's new wealth management operations in the UK and Europe and in Australia also contributed to the higher trading costs. Premises and equipment expense increased by $13.6 million because of the additional office space acquired from our global expansion. Interest expense increased by $5.5 million, partially due to an increase in stock borrowing expense in our UK operations. In the US operations, the acquisition of CSHP expanded its existing business, and resulted in the addition of the Fixed Income and International Equity Group (IEG), which led to higher interest expense of $1.7 million.

General and administrative expense, which includes promotion and travel expense, office expense, professional fees and other expense, was up $20.0 million, mainly due to our expanded operations, as well as certain integration costs incurred to align the various global business units. On October 25, 2012, our US capital markets division held a charity trading day and generated a $0.9 million donation for Youth, I.N.C.

Amortization of intangible assets acquired through the purchase of a 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF) and the acquisition of CSHP was the main reason for the $19.7 million increase in amortization expense.

During the year ended March 31, 2013, the Company took a number of steps to contain costs and refocus our Canadian operations. This resulted in $15.0 million of restructuring costs in Canada. In the US, steps were taken to take advantage of cost saving synergies between the recently acquired CSHP and the existing Canaccord Genuity US operations, which resulted in $6.8 million of restructuring costs. Furthermore, $9.8 million of restructuring costs were incurred in the UK and Europe in connection with a review of staff redundancies and the integration of Eden Financial Ltd.'s wealth management business, to grow the client asset base. Acquisition-related costs of $1.7 million were also incurred for our acquisitions of the wealth management business of Eden Financial and certain assets and liabilities from Kenosis Capital Partners (Kenosis Capital) in Asia, a merchant bank and advisory group.

Including significant items, non-compensation expense as a percentage of revenue dropped from 41.7% in fiscal 2012 to 40.8% in fiscal 2013. Excluding significant items, non-compensation expense as a percentage of revenue increased by 1.8 percentage points compared to the prior year, to 34.1% in fiscal 2013.

NET INCOME (LOSS)

Net loss for fiscal 2013 decreased from $21.3 million in fiscal 2012 to $18.8 million. Diluted loss per share was $0.31 in fiscal 2013 compared to $0.33 in the prior year. Excluding significant items, net income for fiscal 2013 was $25.6 million versus a net income of $25.2 million in fiscal 2012, and diluted earnings per share was $0.14 compared to diluted earnings per share of $0.25 in fiscal 2012.

Income tax recovery was $4.9 million for fiscal 2013, reflecting an effective tax recovery rate of 20.8% compared to an effective tax recovery rate of (32.4)% in the prior year. The effective tax recovery rate for fiscal 2013 was mainly driven by temporary differences not recognized for accounting purposes in certain operations outside of Canada and various permanent items. A further discussion of our taxes is provided in the Critical Accounting Policies and Estimates section of the MD&A on page 58.

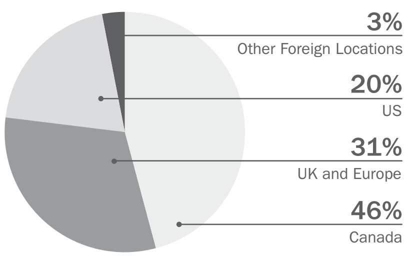
Results by Geographic Segment

This section is an analysis of Canaccord's results by geographic segment. Canaccord's business operations are grouped into four geographic segments: Canada, the United Kingdom (UK) and Europe, the United States (US), and Other Foreign Locations. Revenue in Canada was derived from the Canaccord Genuity, Canaccord Genuity Wealth Management, and Corporate and Other segments. Revenue from the UK and Europe was mainly derived from the Canaccord Genuity segment during fiscal 2013; however, with the acquisition of CSHP, our UK and Europe operations also included revenue earned from wealth management activity. Revenue in the US was mainly derived from the Canaccord Genuity segment, with approximately 1.4% of its revenue originating from operations in the Canaccord Genuity Wealth Management segment during fiscal 2013. Revenue from Other Foreign Locations was primarily made up of Canaccord Genuity activity, with a small portion generated by our Canaccord Genuity Wealth Management business in Australia.

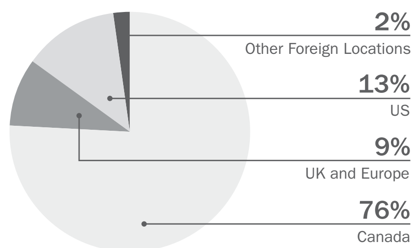
GEOGRAPHIC DISTRIBUTION OF REVENUE

(For the years ended March 31)

2013



2012



For the years ended March 31[1]

(C$ thousands, except number of employees)	2013 Canada	2013 UK and Europe[2]	2013 US	2013 Other Foreign Locations[3]	2013 Total	2012 Canada	2012 UK and Europe[2]	2012 US	2012 Other Foreign Locations[3]	2012 Total
Revenue	$ 366,439	$ 249,811	$ 155,585	$ 25,287	$ 797,122	$ 458,131	$ 53,180	$ 83,061	$ 10,492	$ 604,864
Expenses	362,552	259,520	164,147	34,605	820,824	418,692	94,382	90,594	17,315	620,983
Income (loss) before income taxes	$ 3,887	$ (9,709)	$ (8,562)	$ (9,318)	$ (23,702)	$ 39,439	$ (41,202)	$ (7,533)	$ (6,823)	$ (16,119)
Excluding significant items[4]										
Total expenses	343,402	237,708	157,334	28,449	766,893	395,689	65,959	86,991	15,543	564,182
Income (loss) before income taxes	$ 23,037	$ 12,103	$ (1,749)	$ (3,162)	$ 30,229	$ 62,442	$ (12,779)	$ (3,930)	$ (5,051)	$ 40,682
Number of employees	1,015	694	253	98	2,060	1,309	737	302	80	2,428

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) Canaccord's UK and Europe operations earned most of their revenue from capital markets activities during fiscal 2012. Results of CSHP entities and the wealth management business of Eden Financial Ltd. are included in fiscal 2013 since their acquisition dates.
(3) Revenue derived from capital markets activities outside of Canada, the UK and Europe, and the US is reported as Other Foreign Locations, which includes operations for Canaccord International Ltd., Canaccord Genuity Asia, Canaccord Genuity (Australia) Limited, and Canaccord Genuity Singapore. Data in Other Foreign Locations includes results of Canaccord Genuity Asia since the acquisition date of January 17, 2011, results of Canaccord Genuity (Australia) Limited since the closing date of November 1, 2011, and results of Canaccord Genuity Singapore since March 22, 2012.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 32.

Revenue for the year ended March 31, 2013 was $797.1 million, an increase of 31.8% or $192.3 million compared to the prior year, primarily due to the growing operations in the UK and Europe, and the US. Revenue in Canada declined to $366.4 million from $458.1 million in fiscal 2012 as a result of lower capital markets activity attributable to the subdued pace of equity underwriting in our focus sectors due to volatility in the market environment. In the UK and Europe, revenue was $249.8 million, which was up considerably by $196.6 million, and revenue in the US was $155.6 million, up $72.5 million or 87.3% from the prior year. The acquisition of CSHP also led to expanded operations in our Other Foreign Locations, where revenue increased by $14.8 million to $25.3 million in fiscal 2013. Revenue from our Other Foreign Locations represented 3.2% of total revenue, up 1.5 percentage points compared to fiscal 2012 as a result of the Company's global expansion.

Expenses in the Canadian operations

Expenses for fiscal 2013 in Canada were down $56.1 million or 13.4%. A decrease in incentive compensation expense of $37.6 million or 17.3%, consistent with the decrease in incentive-based revenue, was the main contributor to the overall reduction in expenses. Salaries and benefits expense was down $1.0 million due to staff reductions in our Canaccord Genuity Wealth Management group and the Canadian back-office operations. Total compensation expense as a percentage of revenue was 62.7% in fiscal 2013, an increase of 4.1 percentage points from fiscal 2012, mainly attributable to higher LTIP expense related to the amortization of grants awarded in prior periods.

Excluding significant items, non-compensation expense was $113.6 million in fiscal 2013 compared to $127.3 million in fiscal 2012, a decrease of $13.7 million. The main contributor to this drop in expense was a $9.4 million drop in general and administrative expense and a $4.4 million decrease in trading costs. The overall decrease in expenses is a result of the Company's cost containment efforts in our Canadian operations.

Our Canadian capital markets operations incurred $2.8 million less in promotion and travel expense compared to fiscal 2012. Professional fees were $1.4 million lower and other expenses were $2.0 million lower in the Corporate and Other segment compared to the prior year, for the reasons stated above. Lower client settlement expense in fiscal 2013 also contributed $2.1 million to the decrease in general and administrative expense. Trading costs were 20.1% or $4.4 million lower than the prior year, consistent with lower trading volume.

The overall decrease in expenses was offset by a $2.3 million increase in amortization expense. As part of the Company's strategic efforts to refocus its Canadian wealth management business, underperforming branches were closed during the fiscal year. As a result, the amortization of leasehold expenses related to closed branches was accelerated, which led to an increase in amortization expense.

In fiscal 2013, significant items in the amount of $19.2 million were recorded in our Canadian operations. Significant items included $15.0 million for restructuring expenses as well as $0.4 million for acquisition-related expense items. Excluding significant items, total expenses in Canada were $343.4 million compared to $395.7 million during the previous year. Total non-compensation expenses excluding significant items as a percentage of revenue increased from 27.8% in fiscal 2012 to 31.0% in fiscal 2013.

Expenses in the UK and Europe operations

Expenses in the UK and Europe were $259.5 million, $165.1 million or 175.0% higher than the prior year. Incentive compensation expense increased by $93.8 million as a result of higher incentive-based revenue. Total compensation expense as a percentage of revenue was down from 75.4% to 61.5% for fiscal 2013 due to the significant growth in revenue.

The expansion of the Company through its acquisition of CSHP was the main driver for the increase in general and administrative expense, salaries and benefits expense, communication and technology expense, amortization expense, premises and equipment expense, trading costs, interest expense and development costs. The higher expenses resulted from the expansion of our UK and Europe operations through the acquisition of CSHP, as well as from certain integration costs incurred by the combined operations that were inevitable during the current fiscal year.

Restructuring costs of $9.8 million were recorded to eliminate staffing redundancies and fully utilize synergies from the CSHP acquisition. The Company enhanced its global wealth management platform by acquiring the wealth management business of Eden Financial in the UK. Acquisition-related costs of $1.3 million were incurred in fiscal 2013 in relation to the acquisition. Excluding these significant items, total expenses in the UK and Europe increased by $171.7 million or 260.4%, to $237.7 million.

Expenses in the US operations

Expenses in the US for the year were $164.1 million, up $73.6 million. Incentive compensation expense was $35.3 million or 73.5% higher due to the increase in incentive-based revenue. Total compensation expense as a percentage of revenue declined by 3.3 percentage points to 60.0% for fiscal 2013.

Excluding significant items, non-compensation expense was $64.0 million in fiscal 2013, an increase of $29.6 million from the prior year. The main contributors were a $13.5 million increase in trading costs, a $6.7 million increase in communication and technology expense, a $4.2 million increase in general and administrative expense, a $3.4 million increase in premises and equipment expense and a $1.7 million increase in interest expense. As with the operations in the UK and Europe, the US operations experienced a significant increase in overall expenditures as a result of the growth in operations through the Company's acquisition of CSHP.

Restructuring costs of $6.8 million were related to the reorganization of the US operations to take advantage of cost saving synergies between the CSHP and Canaccord Genuity operations.

Expenses in the Other Foreign Locations operations

Expenses in Other Foreign Locations for the year were $34.6 million, up $17.3 million, mainly due to the expansion of our operations into China, Australia and Singapore over the past fiscal year. The largest expenses include incentive compensation expense of $15.7 million, amortization expense of $6.7 million, general and administrative expense of $5.3 million, and salaries and benefits expense of $2.8 million. The $10.2 million increase in incentive compensation expense was due to the increase in revenue and expansion of our Other Foreign Locations operations. The amortization of intangible assets acquired relating to the acquisitions of CSHP and Canaccord Genuity (Australia) Limited was $6.2 million. Higher salaries and benefits and general and administrative expenses were recorded to support the expansion of operations in these countries.

Quarterly Financial Information[1][2]

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2013. This information is unaudited, but reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(C$ thousands, except per share amounts)				Fiscal 2013				Fiscal 2012
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	$ 87,438	$ 89,415	$ 87,525	$ 88,747	$ 74,170	$ 57,380	$ 60,299	$ 61,028
Investment banking	38,541	40,609	37,961	28,661	53,553	32,015	29,799	59,858
Advisory fees	56,145	69,348	28,571	25,626	24,634	38,541	21,664	22,531
Principal trading	22,780	18,670	17,109	7,847	6,769	3,304	(1,379)	1,953
Interest	6,758	7,291	6,758	8,392	8,205	8,147	7,590	7,857
Other	6,309	4,670	8,675	3,276	10,361	8,502	1,527	6,556
Total revenue	217,971	230,003	186,599	162,549	177,692	147,889	119,500	159,783
Total expenses	211,984	216,882	204,910	187,048	207,731	142,822	126,396	144,034
Net income (loss) before taxes	5,987	13,121	(18,311)	(24,499)	(30,039)	5,067	(6,896)	15,749
Net income (loss)	$ 6,424	$ 10,264	$ (14,841)	$ (20,622)	$ (31,794)	$ 2,531	$ (5,278)	$ 13,195
Earnings (loss) per share – basic	$ 0.04	$ 0.09	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.02	$ (0.09)	$ 0.17
Earnings (loss) per share – diluted	$ 0.04	$ 0.08	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.01	$ (0.09)	$ 0.16
Excluding significant items[3]								
Net income (loss)	$ 15,579	$ 20,453	$ 5,907	$ (16,295)	$ 2,089	$ 10,644	$ (1,665)	$ 14,125
Earnings (loss) per share – basic	$ 0.14	$ 0.19	$ 0.03	$ (0.20)	$ 0.02	$ 0.12	$ (0.05)	$ 0.19
Earnings (loss) per share – diluted	$ 0.12	$ 0.17	$ 0.03	$ (0.20)	$ 0.02	$ 0.11	$ (0.05)	$ 0.17

(1) Data is in accordance with IFRS except for figures excluding significant items.
(2) Data includes the results of Genuity since the closing date of April 23, 2010. Results of Canaccord Genuity Asia since the closing date of January 17, 2011 and the results of Canaccord Genuity (Australia) Limited since the closing date of November 1, 2011 are also included. The operating results of Canaccord Genuity (Australia) Limited have been fully consolidated and a 50% non-controlling interest has been recognized. Results of former CSHP entities since March 22, 2012 are also included.
(3) Figures excluding significant items are non-IFRS measures. See the Quarterly Financial Information Excluding Significant Items table on the next page.

QUARTERLY FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)(2)

(C$ thousands, except per share amounts)	Fiscal 2013 Q4	Q3	Q2	Q1	Fiscal 2012 Q4	Q3	Q2	Q1
Total revenue per IFRS	$ 217,971	$ 230,003	$ 186,599	$ 162,549	$ 177,692	$ 147,889	$ 119,500	$ 159,783
Total expenses per IFRS	211,984	216,882	204,910	187,048	207,731	142,822	126,396	144,034
Significant items recorded in Canaccord Genuity								
Restructuring costs	5,561	5,276	4,395	—	27,786	1,292	—	—
Acquisition-related costs	—	—	388	—	6,323	2,700	1,443	—
Amortization of intangible assets	3,458	3,473	3,436	4,373	1,865	1,767	930	930
Significant items recorded in Canaccord Genuity Wealth Management								
Restructuring costs	884	1,034	13,567	—	900	—	—	—
Acquisition-related costs	—	431	900	—	4,077	—	—	—
Amortization of intangible assets	1,600	1,643	1,614	998	—	—	—	—
Significant items recorded in Corporate and Other								
Restructuring costs	—	—	900	—	275	5,000	—	—
Acquisition-related costs	—	—	—	—	—	—	1,513	—
Total significant items	11,503	11,857	25,200	5,371	41,226	10,759	3,886	930
Total expenses excluding significant items	200,481	205,025	179,710	181,677	166,505	132,063	122,510	143,104
Net income (loss) before tax – adjusted	17,490	24,978	6,889	(19,128)	11,187	15,826	(3,010)	16,679
Income taxes (recovery) – adjusted	1,911	4,525	982	(2,833)	9,098	5,182	(1,345)	2,554
Net income (loss) – adjusted	$ 15,579	$ 20,453	$ 5,907	$ (16,295)	$ 2,089	$ 10,644	$ (1,665)	$ 14,125
EPS – basic – adjusted	$ 0.14	$ 0.19	$ 0.03	$ (0.20)	$ 0.02	$ 0.12	$ (0.05)	$ 0.19
EPS – diluted – adjusted	$ 0.12	$ 0.17	$ 0.03	$ (0.20)	$ 0.02	$ 0.11	$ (0.05)	$ 0.17

(1) Figures excluding significant items are non-IFRS measures.
(2) Data includes the results of Genuity since the closing date of April 23, 2010. Results of Canaccord Genuity Asia since the closing date of January 17, 2011 and results of Canaccord Genuity (Australia) Limited since the closing date of November 1, 2011 are also included. The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 50% non-controlling interest has been recognized. Results of former CSHP entities since March 22, 2012 and the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.

Quarterly trends and risks

Canaccord's business is cyclical and can experience considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond Canaccord's control and, accordingly, revenue and net income are expected to fluctuate as they have historically. Our business is subject to the overall condition of the worldwide debt and equity markets, including the seasonal variance in these markets. In general, North American capital markets are slower in the first half of our fiscal year, during which we typically generate 40% to 50% of our annual revenue. During the second half of our fiscal year, when market activity picks up, the Company typically generates more than half of the year's revenue.

The timing of revenue recognition can also materially affect Canaccord's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded only when the transaction has closed and, as a result, quarterly results can also be affected by the timing of our capital markets business.

Capital markets activity remained subdued during the first quarter of fiscal 2013. This was reflected by an 8.5% decrease in revenue from Q4/12 to Q1/13. Q1/13 revenue was up slightly, by 1.7%, compared to the first quarter of fiscal 2012.

The second fiscal quarter is typically Canaccord's least active, Canaccord began to see the momentum expected from the acquisition of CSHP in Q2/13, with revenue increased approximately 14.8% compared to Q1/13.

The results of Canaccord's fiscal third quarter were characterized by record M&A and advisory revenue, achieved by several very large client transactions. This resulted in revenue of $230.0 million in Q3/13, which was 23.3% higher compared to Q2/13 and 55.5% higher than Q3/12, which was prior to the acquisition of CSHP. The fiscal third quarter was the strongest quarter of the year.

Canaccord recorded $218.0 million in revenue during its fiscal fourth quarter – a decrease of 5.2% from the prior quarter but an increase of 22.7% compared to the same quarter in the previous year. The increase from Q4/12 was mostly due to increased advisory revenue from the Company's expanded advisory practice and contributions for wealth management operations in the UK and Europe.

Fourth quarter 2013 performance

Revenue for the fourth quarter was $218.0 million, an increase of $40.3 million or 22.7% compared to the same period in the previous year, due to the significant growth in advisory fees, principal trading, and commissions and fees revenues, offset partially by a drop in investment banking revenue. The global expansion in the UK and Europe and the US led to an increase in advisory fees of $31.5 million. Our Canadian capital markets activity also contributed to the increase in advisory fees in Q4/13 compared to Q4/12. Principal trading revenue also increased, by $16.0 million, and commissions and fees revenue by $13.3 million. Investment banking revenue was $15.0 million lower compared to Q4/12, due to lower corporate finance activity. Both our operating segments, Canaccord Genuity and Canaccord Genuity Wealth Management, experienced increases in revenue compared to Q4/12, of $39.6 million and $5.7 million, respectively.

Expenses were $212.0 million, up $4.3 million or 2.0% from Q4/12. This increase was largely attributable to higher compensation expense, amortization, trading costs, communication and technology expense, and premises and equipment expense in Q4/13. Total expenses excluding significant items were $200.5 million, an increase of $34.0 million or 20.4% from Q4/12.

Incentive compensation expense was $17.6 million higher compared to Q4/12, which was consistent with the higher incentive-based revenue. Total compensation expense as a percentage of revenue was down 1.3 percentage points to 62.4% in Q4/13, attributable to slight decreases in incentive compensation in the UK and Europe and in the US. The increase in salaries and benefits expense of $5.2 million to $22.8 million in Q4/13 is consistent with the higher average headcount, primarily in the UK and Europe and the US, as a result of our global expansion.

Our expanded operations in the US, and the UK and Europe from the acquisition of CSHP were the main contributors to the increase in overhead expenses during Q4/13. Trading costs were up $4.5 million in Q4/13 compared to the same quarter of the prior year, mainly due to the addition of certain principal trading operations in the US from the acquisition of CSHP. The Company's new wealth management operations in the UK and Europe and in Australia also contributed to the higher trading costs. Communication and technology expense increased by $2.9 million compared to Q4/12 in connection with the expansion of our global information technology infrastructure. Premises and equipment expense increased by $2.6 million because of the additional office space acquired from our global expansion.

Amortization expense was up $5.1 million or 118.2% as the Company began amortizing the intangible assets acquired in connection to CSHP commencing in Q1/13.

Net income for the fourth quarter of fiscal 2013 was $6.4 million, compared to net loss of $31.8 million in Q4/12. The increase in net income was mainly related to additional revenue from the expanded operations as well as acquisition-related and restructuring costs incurred in Q4/12. Diluted earnings per share in the current quarter was $0.04, compared to a diluted loss per share of $0.42 in Q4/12. Book value per diluted common share decreased by 7.1%, down from $8.26 in Q4/12 to $7.68 in Q4/13.

There were $11.5 million and $41.2 million of significant items included in the fourth quarters of 2013 and 2012, respectively. Excluding significant items, net income for Q4/13 was $15.6 million, compared to net income of $2.1 million in Q4/12, and diluted EPS was $0.12, compared to diluted EPS of $0.02 in Q4/12.

Business Segment Results[1][2]

For the years ended March 31

(C$ thousands, except number of employees)	2013 Canaccord Genuity	2013 Canaccord Genuity Wealth Management	2013 Corporate and Other	2013 Total	2012 Canaccord Genuity	2012 Canaccord Genuity Wealth Management	2012 Corporate and Other	2012 Total
Revenue								
Canada	$ 204,337	$ 137,625	$ 24,477	$ 366,439	$ 232,306	$ 195,728	$ 30,097	$ 458,131
UK and Europe	158,054	91,757	—	249,811	51,193	1,987	—	53,180
US	153,355	2,230	—	155,585	79,486	3,575	—	83,061
Other Foreign Locations	21,814	3,473	—	25,287	10,492	—	—	10,492
Total revenue	537,560	235,085	24,477	797,122	373,477	201,290	30,097	604,864
Expenses	529,677	229,507	61,640	820,380	375,144	166,465	79,374	620,983
Income (loss) before income taxes	$ 7,883	$ 5,578	$ (37,163)	$ (23,702)	$ (1,667)	$ 34,825	$ (49,277)	$ (16,119)
Excluding significant items[3]								
Expenses	499,317	206,836	60,740	766,893	330,108	161,488	72,586	564,182
Income (loss) before income taxes	$ 38,243	$ 28,249	$ (36,263)	$ 30,229	$ 43,369	$ 39,802	$ (42,489)	$ 40,682
Number of employees	959	769	332	2,060	1,090	960	378	2,428

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. Detailed financial results for the business segments are shown in Note 19 of the Audited Consolidated Financial Statements on page 106.
(2) Canaccord Genuity data includes the results of Genuity since the closing date of April 23, 2010. Results of Canaccord Genuity Asia since the closing date of January 17, 2011 and results of Canaccord Genuity (Australia) Limited since the closing date of November 1, 2011 are also included. The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 50% non-controlling interest has been recognized. Results of former CSHP entities since March 22, 2012 and the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.
(3) See the Selected Financial Information Excluding Significant Items table on page 32.

Canaccord's operations are divided into three segments: Canaccord Genuity and Canaccord Genuity Wealth Management are the main operating segments while Corporate and Other is mainly an administrative segment.

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK and Europe, and Other Foreign Locations. Canaccord Genuity's revenue 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. For fiscal 2013, total revenue was $537.6 million, up $164.1 million or 43.9% from fiscal 2012. Fiscal 2013 expenses for Canaccord Genuity were $529.7 million, an increase of $154.5 million or 41.2% from fiscal 2012. Excluding significant items, expenses were $499.3 million, 51.3% or $169.2 million higher than in fiscal 2012.

Canaccord Genuity Wealth Management provides brokerage services and investment advice to private clients in Canada and, to a lesser degree, the US. As a result of the acquisitions of CSHP, Canaccord Genuity (Australia) Limited, and the wealth management business of Eden Financial, our Canaccord Genuity Wealth Management operations also expanded into the UK and Europe and Australia. Canaccord Genuity Wealth Management's revenue 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 Advisory Teams for investment banking and venture capital transactions by private clients. In fiscal 2013, total revenue was $235.1 million, up 16.8% from the previous year. Total expenses for Canaccord Genuity Wealth Management for fiscal 2013 were $229.5 million, up 37.9% compared to fiscal 2012.

The Corporate and Other segment includes correspondent brokerage services, interest, and foreign exchange revenue and expenses not specifically allocable to the Canaccord Genuity and Canaccord Genuity Wealth Management divisions. Also included in this segment are Canaccord's operations and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, finance and other administrative functions. For fiscal 2013, revenue for the Corporate and Other segment was $24.5 million, a decrease of 18.7% from the previous year. Expenses also decreased by 22.3% to $61.6 million for the current year compared to fiscal 2012.

CANACCORD GENUITY

Canaccord Genuity's revenue 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. Accordingly, this revenue is directly affected by the level of corporate and institutional activity and general economic, market and business conditions in Canada, the UK and Europe, the US, Australia and Asia.

Revenue for this segment is generated from four geographic segments: Canada, the UK and Europe, the US and Other Foreign Locations. Canaccord Genuity has 23 locations in 12 countries worldwide. Canaccord Genuity's recent expansion efforts in the UK have firmly positioned the Company as a leading independent investment bank in that market. As at March 31, 2013, Canaccord Genuity had the third greatest number of corporate broking clients in the UK of all investment banks.(1) Canaccord Genuity has also developed a prominent position in Canada for its M&A and advisory practice.

Capital markets activity remained relatively subdued in fiscal 2013 compared to previous years; however, M&A and advisory activity was strong, due largely to challenging macroeconomic conditions and economic uncertainty during periods of the year. Despite this market environment, Canaccord Genuity participated in 382 transactions globally for clients, which raised gross proceeds of $31.4 billion(2). Of these, Canaccord Genuity led or co-led 111 transactions globally, raising total proceeds of $3.7 billion.

Canaccord Genuity sector diversification remains a core component of the Company's strategy. Resource-related revenue was 21% of Canaccord Genuity's total investment banking revenue in fiscal 2013, versus 50% in fiscal 2012. Resource-related transactions comprised 31% of the total number of Canaccord Genuity's investment banking transactions in fiscal 2013, approximately equal to 30% in fiscal 2012. Canaccord's sector diversification was bolstered by the acquisition of CSHP in March 2012, providing additional strength in non-resource sectors during fiscal 2013.

During fiscal 2013, Canaccord Genuity expanded its research coverage and investment banking activity to include more companies in the following sectors:

- Metals & Mining
- Energy
- Agriculture
- Technology
- CleanTech & Sustainability
- Transportation & Industrials
- Financials
- Healthcare & Life Sciences
- Real Estate & Hospitality
- Consumer & Retail
- Support Services
- Media & Telecommunications
- Paper & Forestry Products
- Infrastructure
- Investment Companies
- Aerospace & Defense
- Leisure
- Private Equity

(1) Source: Corporate Advisers Rankings Guide – March 2013
(2) Transactions over $1.5 million

Industry profile

Canaccord Genuity is active in stocks listed or quoted on ten exchanges internationally – the TSX, TSX Venture, LSE, AIM, NASDAQ, NYSE, AMEX, ASX, SGX and SGX Catalist. Our expertise in these markets allows us to lower costs of capital, broaden shareholder bases and provide best execution and liquidity for our clients. For fiscal 2013, financing values were down on the TSX, TSX Venture and AIM, but up on the NASDAQ compared to the prior year.

Smaller regional or local investment dealers are increasingly under pressure, and some international competitors have recently retrenched to focus on local markets. We believe this changing competitive landscape provides significant opportunity for Canaccord Genuity in the mid-market, as this space is currently relatively underserviced by other global investment banks. Canaccord Genuity's mid-market strategy focused on key sectors differentiates the firm amongst competition.

Outlook

Canaccord Genuity remains very well positioned in many of the Company's key markets. In the year ahead, management intends to focus on capturing operating efficiencies and generating revenue synergies through further integrating aspects of its global capital markets platform and encouraging further cross-border coordination. During fiscal 2014, there will be a stronger emphasis on globalizing key leadership positions and departments.

In the year ahead, the Company may pursue opportunities to add small teams to specific sector verticals or key service offerings to further strengthen our operations in areas we believe we can capture additional market share in. Expanding our capabilities in fixed income services is a focus of management.

We believe Canaccord Genuity's global platforms provide a competitive advantage for the business compared to many of the domestically focused firms we compete with. This is especially true in advisory services, where clients are recognizing the value of cross-border transactions. Canaccord Genuity continues to have a very strong pipeline of M&A activity, and expects another strong year of advisory performance. Equity underwriting is expected to remain subdued in many of our markets, including Canada; however, signs of a rebound in underwriting activity are occurring in the US.

The continued shift towards electronic trading, and increased trading on alternative platforms, is expected to shift some trading market share away from the main stock exchanges. Canaccord Genuity is active in offering trading services on many of the alternative exchanges. The Company has also developed a strong presence in the US with its American Depositary Receipts (ADR) and foreign equity trading capabilities from its International Equities Group.

It is not expected that Canaccord Genuity will be materially impacted by any regulatory changes in the next year; however, the Company is closely monitoring the European parliaments' proposed bank bonus legislation. This legislation may impact Canaccord's operations in the UK and Europe depending on how the proposed bonus restrictions and regulations are adopted.

The Company will continue to vigilantly monitor shifts in the capital markets regulatory environment. Canaccord Genuity remains committed to operating as efficiently as possible in order to sustain its global platform during periods of slower capital markets activity. A culture of cost containment continues to be reinforced throughout the Company, and strategies to lower operating costs over the long term continue to be explored.

The management team believes the investments Canaccord has made over the last two years to increase the Company's global presence and broaden its service offering have positioned the business very well for the future.

FINANCIAL PERFORMANCE[1][2]

(C$ thousands, except number of employees)	2013 Canada	2013 UK and Europe	2013 US	2013 Other Foreign Locations	2013 Total	2012 Canada	2012 UK and Europe	2012 US	2012 Other Foreign Locations	2012 Total
	For the years ended March 31									
Revenue	$ 204,337	$ 158,054	$ 153,355	$ 21,814	$ 537,560	$ 232,306	$ 51,193	$ 79,486	$ 10,492	$ 373,477
Expenses										
Incentive compensation	101,082	93,502	82,353	13,171	290,108	109,180	33,481	46,319	5,425	194,405
Salaries and benefits	6,822	15,593	10,064	2,691	35,170	5,465	5,471	4,572	2,308	17,816
Other overhead expenses	48,929	61,717	63,539	14,594	188,779	54,567	25,358	33,872	9,582	123,379
Acquisition-related costs	388	—	—	—	388	4,143	5,886	437	—	10,466
Restructuring costs	575	7,852	6,805	—	15,232	7,452	18,460	3,166	—	29,078
Total expenses	157,796	178,664	162,761	30,456	529,677	180,807	88,656	88,366	17,315	375,144
Income (loss) before income taxes[3]	$ 46,541	$ (20,610)	$ (9,406)	$ (8,642)	$ 7,883	$ 51,499	$ (37,463)	$ (8,880)	$ (6,823)	$ (1,667)
Excluding significant items[4]										
Total expenses	153,112	165,955	155,952	24,298	499,317	165,492	64,310	84,763	15,543	330,108
Income (loss) before income taxes (recovery)	$ 51,225	$ (7,901)	$ (2,597)	$ (2,484)	$ 38,243	$ 66,814	$ (13,117)	$ (5,277)	$ (5,051)	$ 43,369
Number of employees	222	400	253	84	959	247	461	302	80	1,090

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) Data in Canada includes the results of Genuity since the closing date of April 23, 2010. Results of The Balloch Group Limited (TBG) since the closing date of January 17, 2011 are included in Other Foreign Locations. The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 50% non-controlling interest has been recognized. Results of former CSHP entities since March 22, 2012 are also included.
(3) See the Intersegment Allocated Costs section on page 52.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 32.

REVENUE

Despite the uncertainties in the global economy that continued into fiscal 2013, the Company focused its efforts on the global integration of our capital markets team. This led to an overall increase in revenue in our Canaccord Genuity segment. For fiscal year 2013, revenue was $537.6 million, which was 43.9% or $164.1 million higher than in fiscal 2012.

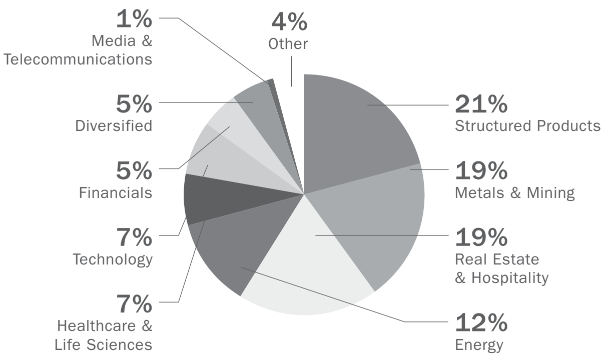
Capital markets activities dropped in our Canadian operations during fiscal 2013, mainly as a result of the subdued pace of equity underwriting due to volatility in the market environment, leading to a decrease in revenue of 12.0%. Revenue from our UK and Europe and our US operations increased by 208.7% and 92.9%, respectively, due to the larger scale operations in these geographic regions, achieved through the acquisition of CSHP. Revenue from our Other Foreign Locations represented 4.1% or $21.8 million of total Canaccord Genuity revenue, up 1.3 percentage points compared to 2.8% or $10.5 million in fiscal 2012 as a result of the Company's expansion in Asia and Australia.

Investment banking activity

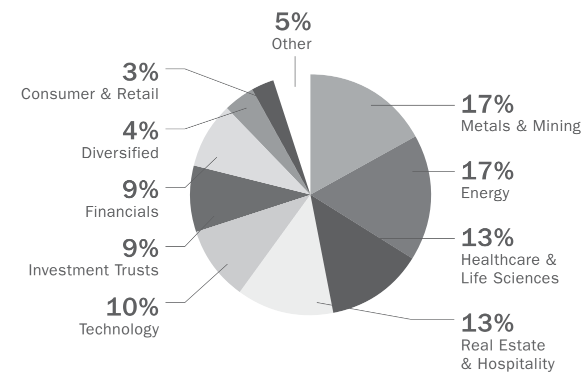
During fiscal 2013, Canaccord participated in raising $31.4 billion in 382 equity offerings of $1.5 million and greater, excluding venture capital. Canaccord Genuity's sector mix in fiscal 2013 showed increasing diversity, with over 64% of the transactions occurring in the Structured Products, Technology, Healthcare & Life Sciences, Financials, Real Estate & Hospitality, Diversified and other sectors. The Metals & Mining and Energy sectors, traditionally Canaccord's strength, made up nearly 31% of the investment banking transactions the Company participated in, and brought in nearly 34% of investment banking revenue.

CANACCORD GENUITY – OVERALL

Investment banking transactions by sector

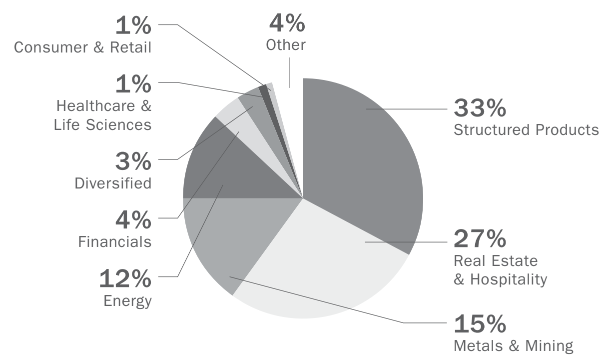


Investment banking revenue by sector

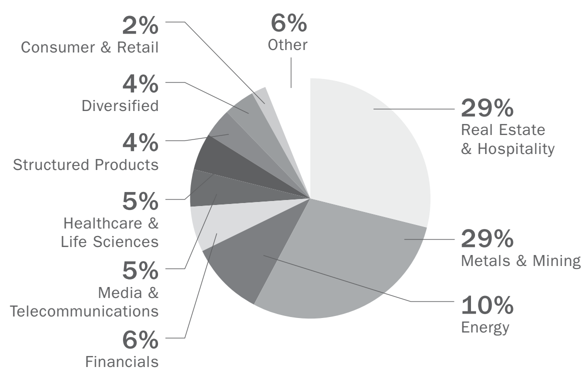


CANACCORD GENUITY – CANADA

Investment banking transactions by sector

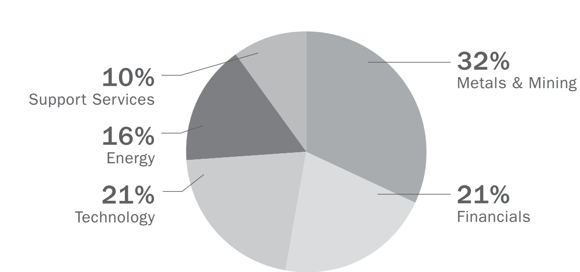


Investment banking revenue by sector

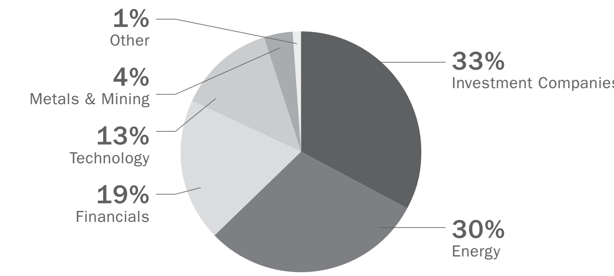


CANACCORD GENUITY – UK AND EUROPE

Investment banking transactions by sector

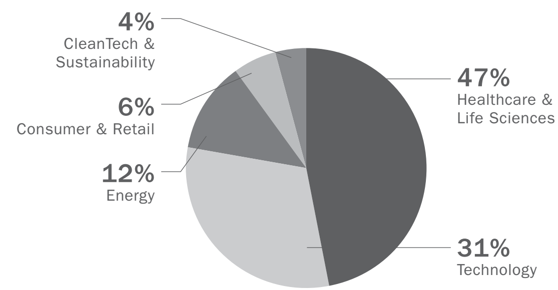


Investment banking revenue by sector

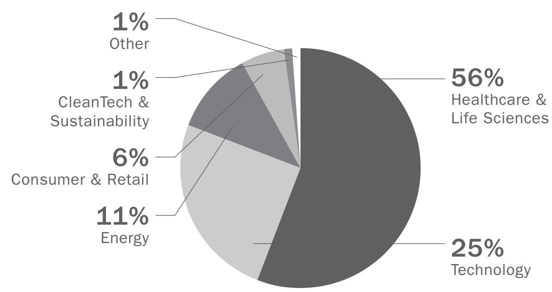


CANACCORD GENUITY – US

Investment banking transactions by sector

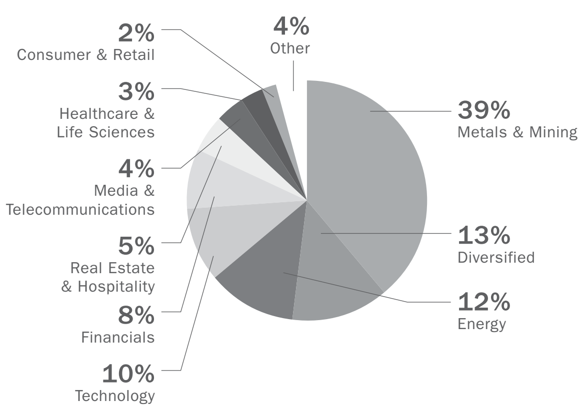


Investment banking revenue by sector

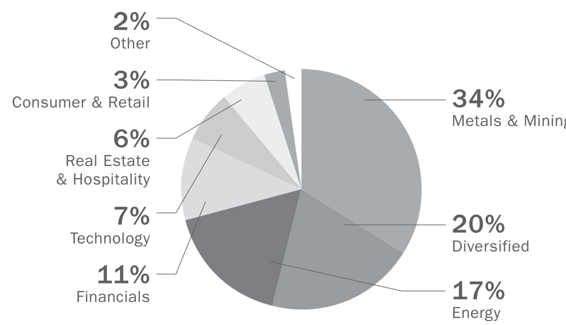


CANACCORD GENUITY – OTHER FOREIGN LOCATIONS

Investment banking transactions by sector



Investment banking revenue by sector



EQUITY OFFERINGS OF $1.5 MILLION AND GREATER PARTICIPATED IN BY CANACCORD

	For the years ended March 31					
(C$ billions, except number of transactions)	2013			2012		
Market	Number of transactions		Aggregate transaction value	Number of transactions		Aggregate transaction value
Canada	288	$	23.7	274	$	2.4
UK and Europe	26		2.7	11		0.7
US	44		4.7	38		3.7
Other Foreign Locations	24		0.3	—		—
Total	382	$	31.4	323	$	6.8

Sources: Financial Post Data Group and Company sources

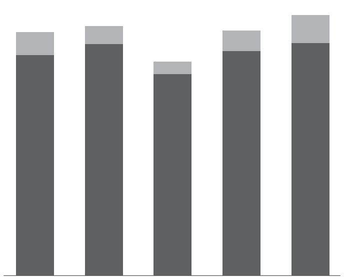
EXPENSES

Expenses for fiscal 2013 were $529.7 million, an increase of 41.2% year over year. The Canaccord Genuity segment recognized $30.4 million of significant items including restructuring costs incurred to better utilize the synergies between CSHP and the existing Canaccord Genuity operations and acquisition-related expense items in relation to its acquisition of Kenosis Capital Partners. In the prior year, Canaccord Genuity recognized $45.0 million of significant items related to the purchase of CSHP and a 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF). Excluding significant items, fiscal 2013 total expenses were $499.3 million, an increase of 51.3% or $169.2 million compared to fiscal 2012, mainly due to additional expenses incurred for the expanded operations.

Incentive compensation and salaries and benefits

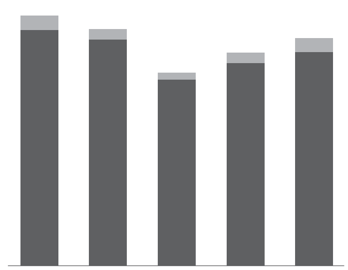
Incentive compensation expense for fiscal 2013 grew by $95.7 million or 49.2% compared to fiscal 2012 as a result of the growth in incentive-based revenue. Incentive compensation expense as a percentage of revenue was 54.0%, up 1.9 percentage points from fiscal 2012 due to higher LTIP expense in the current year related to the amortization of grants awarded in prior periods. Salaries and benefits expense for fiscal 2013 was up $17.4 million or 97.4% compared to fiscal 2012 due to our global expansion in the UK and Europe, and the US. Total compensation expense as a percentage of revenue was 3.7 percentage points higher at 60.5%.

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – OVERALL



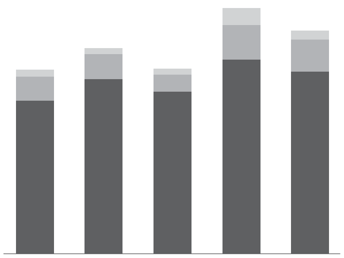
2009	2010	2011	2012	2013	
5.4%	4.2%	3.0%	4.7%	6.5%	Salaries and benefits
51.1%	53.7%	46.7%	52.1%	54.0%	Incentive compensation
56.5%	57.9%	49.7%	56.8%	60.5%	Total

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – CANADA



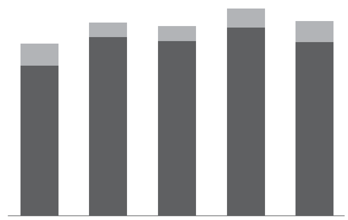
2009	2010	2011	2012	2013	
3.4%	2.5%	1.7%	2.4%	3.3%	Salaries and benefits
54.6%	52.4%	43.1%	47.0%	49.5%	Incentive compensation
58.0%	54.9%	44.8%	49.4%	52.8%	Total

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – UK AND EUROPE



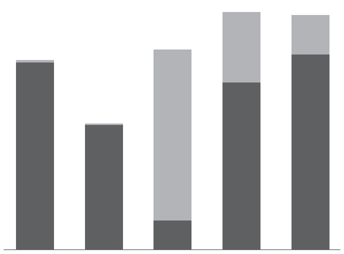
	2009	2010	2011	2012	**2013**
National Health Insurance Tax	2.1%	1.9%	1.8%	5.3%	**2.8%**
Salaries and benefits	7.7%	7.8%	5.4%	10.7%	**9.9%**
Incentive compensation	47.2%	53.9%	50.0%	60.0%	**56.3%**
Total	57.0%	63.6%	57.2%	76.0%	**69.0%**

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – US



	2009	2010	2011	2012	**2013**
Salaries and benefits	6.9%	4.5%	4.6%	5.8%	**6.6%**
Incentive compensation	46.3%	55.1%	54.0%	58.2%	**53.6%**
Total	53.2%	59.6%	58.6%	64.0%	**60.2%**

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – OTHER FOREIGN LOCATIONS



	2009	2010	2011	2012	**2013**
Salaries and benefits	0.8%	0.6%	53.2%	22.0%	**12.3%**
Incentive compensation	58.0%	38.5%	8.9%	51.7%	**60.4%**
Total	58.8%	39.1%	62.1%	73.7%	**72.7%**

Other overhead expenses

Other overhead expenses excluding significant items were $174.0 million, an increase of $56.2 million. The largest fluctuation in other overhead expenses was a $15.0 million increase in general and administrative expense. The remainder of the change in other overhead expenses is mostly due to the following: a $14.8 million increase in communication and technology expense, a $12.1 million increase in premises and equipment expense, a $10.7 million increase in trading costs, a $10.6 million increase in amortization expense and a $5.2 million increase in interest expense.

Overhead expenses increased significantly, as was necessary to support the growth and integration of the acquired businesses in our Canaccord Genuity segment in the US, the UK and Europe, and Other Foreign Locations. Communication and technology expense increased by $14.8 million compared to fiscal 2012 due to the higher average headcount in fiscal 2013 as well as the global expansion of technology platforms. Premises and equipment expense increased by $12.1 million due to additional office space acquired. Trading costs were up $10.7 million in fiscal 2013 compared to the prior year, mainly due to the addition of certain principal trading operations in the US. Interest expense increased by $5.2 million due to increased stock borrowings in our UK operations. General and administrative expense, which includes promotion and travel expense, office expense, professional fees and donation expense, was up $15.0 million, mainly due to our expanded operations, as well as certain integration costs incurred to align the various global business units.

Amortization of intangible assets acquired through the purchase of a 50% interest in Canaccord Genuity (Australia) Limited and the acquisition of CSHP was the main reason for the $10.6 million increase in amortization expense.

Significant items include restructuring costs, acquisition-related costs, and amortization of intangible assets related to the acquisitions of Genuity, a 50% interest in Canaccord Genuity (Australia) Limited, and CSHP. In fiscal 2013, Canaccord Genuity incurred $15.2 million of restructuring costs related to the reorganization of operations in the US, the UK and Europe, and Canada to better integrate the acquired operations and generate stronger future performance. Acquisition-related costs of $0.4 million were also recorded in relation to the acquisition of Kenosis Capital. In addition, our Canaccord Genuity segment recognized $14.7 million of amortization of intangible assets, up $9.2 million or 168.4% from the prior year.

INCOME BEFORE INCOME TAXES AND INTERSEGMENT ALLOCATED COSTS

Income before income taxes and intersegment allocated costs in fiscal 2013 was $7.9 million compared to loss before income taxes and intersegment allocated costs of $1.7 million in fiscal 2012. Excluding significant items, income before income taxes and intersegment allocated costs was $38.2 million compared to $43.4 million in fiscal 2012. The challenging market conditions that carried into fiscal 2013 coupled with higher integration costs for our newly acquired operations resulted in lower income excluding significant items in fiscal 2013.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

Canaccord's wealth management division provides a broad range of financial services and investment products to individual investors (private clients), institutions and intermediaries, and charities. Revenue from wealth management 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 for investment banking and venture capital transactions. Canaccord now has wealth management operations in Canada, the UK and Europe, and Australia.

Over the last two years, Canaccord has strategically expanded its wealth management platform into new geographies through acquisition activity to enhance the consistency of its revenue streams through market diversification and the addition of largely fee-based wealth management operations.

In the UK and Europe, Canaccord Genuity Wealth Management has six locations, including offices in the UK, the Channel Islands, the Isle of Man and Switzerland. Revenue earned by this business is largely generated through fee-based accounts and portfolio management activities. With 61% of the revenue from this business generated from fee-based activity, it has a significantly higher proportion of fee-based revenue than Canaccord's Canadian wealth management business. The business caters to both onshore (UK) and offshore client accounts and provides clients with investing options from both third party and proprietary financial products, including 11 funds managed by Canaccord Genuity Wealth Management portfolio managers.

During fiscal 2013, Canaccord implemented a strategic refocusing of its Canadian wealth management division, targeting its operations in core Canadian centres. The Company believes this strategy will help to strengthen its Canadian wealth management platform by centering its investments and support services in markets where it has developed a significant presence and markets that show prospects for market share growth.

Over the last three years, Canaccord has focused on repositioning its Canadian wealth management business to cater to the changing needs and preferences of Canadian investors. Pairing advisors with different business approaches and enhancing the support provided to advisors with holistic wealth management approaches are examples of initiatives the Company has implemented to ensure we meet the needs of a more conservative, aging client base with comprehensive financial planning needs. In addition to this, Canaccord Genuity Wealth Management has significantly enhanced its advisor training programs over the last several years to ensure Advisory Teams have the broad-based expertise required to provide holistic wealth management advice. During fiscal 2013, the Company had the highest participation in training programs ever recorded, with over 3,020 separate training engagements from the Company's Canadian advisor force.

In Australia, Canaccord Genuity Wealth Management continued to grow its presence during fiscal 2013. During the year, the business welcomed Trent McCamley as Head of Wealth Management (Australia) and welcomed several new advisors. As at March 31, 2013, the Company had 11 Investment Advisors in Australia. Collectively, they grew assets under management by almost 50% to $451 million in this geography.

On May 1, 2013, subsequent to fiscal 2013, all of Canaccord's wealth management businesses were rebranded as Canaccord Genuity Wealth Management. Prior to this, the businesses were known as:

- Canaccord Wealth Management (Canada and Australia)
- Collins Stewart Wealth Management (UK and Europe)
- Eden Financial (UK)

Industry profile

Consolidation of wealth management businesses continues to be an industry theme in both Canada and the UK. In Canada, where operating scale and underwriting activity is a key determinant of success for smaller brokerages, the industry has seen many participants exit the market, shift to new client service models or become acquired. In the UK, increasing regulatory burden is expected to create some challenges for many smaller, sub-scale wealth management firms. As a result, M&A activity is expected to grow in the industry over the next few years, as the largely fragmented UK wealth management industry consolidates in order to operate successfully amid growing compliance requirements.

The recruiting environment for high quality Investment Advisors in Canada continues to be very competitive – with some market participants making historically high offers to recruit advisors in order to gain scale or expand their distribution channels for proprietary fund products. Margins for Canadian wealth management firms continue to be compressed as market volumes remain low compared to previous years.

Outlook

Management's priorities for Canaccord Genuity Wealth Management will be focused on strengthening the performance of its Canadian business, growing assets under administration and management, and growing fee-based revenues.

With over 60% of its revenue derived from recurring, fee-based activities, the revenue streams generated through Canaccord's UK and European wealth management business should help to improve the stability of the division's overall performance. Canaccord expects opportunities to grow the asset and client base of its UK wealth management business will emerge over the next several years, as increasing regulatory requirements in the UK wealth management industry impose uneconomical demands on smaller industry participants. The Company's acquisition of Eden Financial's wealth management business during fiscal 2013 was its first acquisition to demonstrate this opportunity. An overall consolidation of the UK wealth management industry is expected, with fewer and larger wealth management firms ultimately competing to provide services in this market.

In Canada, Canaccord's focus will remain on operating a high quality, comprehensive wealth management platform. While the recruiting environment remains challenging, we expect to have some recruiting success in select local markets.

The Company also intends to invest further in training programs for new and existing Investment Advisors to continue developing the skills of our Advisory Teams. These training activities are already gaining traction, and are expected to support the growth of fee-based services offered through the Canadian business. As well, efforts to grow fee-based activities in Canada are underway by pairing advisors who take a traditional brokerage business approach with advisors who focus on comprehensive wealth management services.

With changing client preferences, Canaccord Genuity Wealth Management is also evaluating opportunities in all geographies to enhance its digital platform, provide greater online access and/or leverage social media platforms to communicate with clients.

In Australia, the Company still has a relatively small wealth management operation; however, expansion is expected to occur through targeted recruiting, and through the build-out of wealth management services and products in this market.

FINANCIAL PERFORMANCE(1)(2)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams, advisors, investment professionals and fund managers, and % amounts)	For the years ended March 31 2013	2012	2013/2012 change	
Revenue	$ 235,085	$ 201,290	$ 33,795	16.8%
Expenses				
Incentive compensation	111,583	101,364	10,219	10.1%
Salaries and benefits	23,651	15,437	8,214	53.2%
Other overhead expenses	77,457	44,687	32,770	73.3%
Restructuring costs	15,485	900	14,585	n.m.
Acquisition-related costs	1,331	4,077	(2,746)	(67.4)%
Total expenses	229,507	166,465	63,042	37.9%
Income before income taxes(3)	$ 5,579	$ 34,825	$ (29,246)	(84.0)%
AUM – Canada (discretionary)(4)	835	677	158	23.3%
AUA – Canada(5)	10,429	14,828	(4,399)	(29.7)%
AUM – UK and Europe(6)	15,936	13,087	2,849	21.8%
AUM – Australia(7)	451	—	451	n.m.
Total	26,816	27,915	(1,099)	(3.9)%
Number of Advisory Teams – Canada	178	280	(102)	(36.4)%
Number of investment professionals and fund managers – UK and Europe	122	106	16	15.1%
Number of advisors – Australia	12	—	12	n.m.
Number of employees	769	960	(191)	(19.9)%
Excluding significant items				
Total expenses	206,836	161,488	45,348	28.1%
Income (loss) before income taxes	28,249	39,802	(11,553)	(29.0)%

(1) Data is in accordance with IFRS except for figures excluding significant items, AUA, AUM, number of Advisory Teams, number of investment professionals and fund managers, and number of employees.
(2) Includes Canaccord Genuity Wealth Management operations in Canada, the US, Australia and the UK and Europe. Operating results from former Collins Stewart Wealth Management entities since March 22, 2012 and the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.
(3) See the Intersegment Allocated Costs section on page 52.
(4) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(5) AUA in Canada is the market value of client assets administered by Canaccord, for which Canaccord earns commissions or fees.
(6) AUM in the UK and Europe is the market value of client assets managed and administered by Canaccord, for which Canaccord earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.
(7) AUM in Australia is the market value of client assets administered by Canaccord, from which Canaccord earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
n.m.: not meaningful

Fiscal 2013 revenue from Canaccord Genuity Wealth Management was $235.1 million, an increase of 16.8% or $33.8 million from fiscal 2012. The expansion of our wealth management operations into the UK and Europe led to the overall increase in revenues, offset by a decrease in revenue in our Canadian wealth management operations. Revenue generated by our UK and Europe operations is largely produced through fee-based accounts and portfolio management activities, and, as such, is less sensitive to volatilities in market conditions.

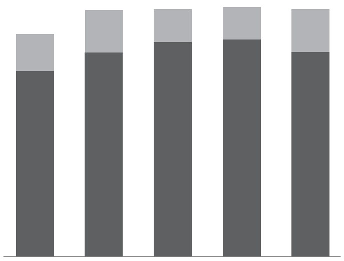
During fiscal 2013, the Company closed 16 underperforming branches across Canada to refocus the Canadian wealth management business.

AUA in Canada dropped by 29.7% to $10.4 billion at March 31, 2013, primarily due to poor market performance and branch closures as a result of the restructuring of the Canadian wealth management operations. AUM in Canada increased by 23.3% compared to fiscal 2012 due to the Company's strategic emphasis on increasing this less volatile revenue stream. There were 178 Advisory Teams in Canada, down by 102 from a year ago.

Through the acquisition of the wealth management business of Eden Financial, Canaccord Genuity Wealth Management further expanded its wealth management business segment in the UK and Europe. AUM in the UK and Europe as of March 31, 2013 was $15.9 billion, up $2.8 billion or 21.8% from March 31, 2012. The fee-based revenue in our UK and Europe operations accounted for 61.1% of total revenue in this geography. As discussed above, this business has a higher proportion of fee-based revenue compared to our Canadian wealth management business.

Expenses for fiscal 2013 were $229.5 million, an increase of 37.9% or $63.0 million from fiscal 2012. Total compensation expense increased due to a $10.2 million increase in incentive compensation expense and an $8.2 million increase in salaries and benefits expense as a result of the expansion of our wealth management operations in the UK and Europe.

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY WEALTH MANAGEMENT REVENUE



	2009	*2010*	*2011*	*2012*	***2013***
Salaries and benefits	8.6%	9.8%	7.6%	7.6%	**10.0%**
Incentive compensation	43.1%	47.4%	49.9%	50.4%	**47.5%**
Total	51.7%	57.2%	57.5%	58.0%	**57.5%**

Excluding significant items, non-compensation expense was $71.6 million, up $26.9 million compared to $44.7 million in the prior year. This was mainly due to an increase of $11.9 million in general and administrative expense because of an increase in client settlement expense. The expansion of operations achieved through our acquisition of CSHP resulted in a $10.2 million increase in general and administrative expense, a $5.7 million increase in communication and technology expense, a $6.7 million increase in amortization expense, a $4.3 million increase in trading costs, and a $2.9 million increase in development costs.

Significant items incurred during fiscal 2013 included acquisition-related costs of $1.3 million in connection with the purchase of the wealth management business of Eden Financial and restructuring costs of $15.5 million related to the closure of underperforming Canadian branches discussed above, as well as the integration of the UK and Europe wealth management businesses.

Income before income taxes and intersegment allocated costs for Canaccord Genuity Wealth Management during fiscal 2013 and 2012 was $5.6 million and $34.8 million, respectively. Lower revenue in our Canadian operations combined with significant restructuring costs was the primary contributor to the decrease in income before income taxes and intersegment allocated costs during fiscal 2013.

CORPORATE AND OTHER SEGMENT

The Corporate and Other segment includes Pinnacle Correspondent Services (Canaccord's correspondent brokerage services division), interest, foreign exchange revenue, and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management. Pinnacle provides trade execution, clearing, settlement, custody, and front- and back-office services to other introducing brokerage firms. The Pinnacle business unit was developed as an extension and application of Canaccord's substantial investment in its information technology and operating infrastructure.

Also included in this segment are Canaccord's operations and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions. Canaccord has approximately 332 employees in the Corporate and Other segment. The majority of Canaccord's corporate support functions are based in Vancouver and Toronto, Canada.

The operations group is responsible for all activity in connection with processing securities transactions, including trade execution, settlement of securities transactions and custody of client securities. The finance department is responsible for internal financial accounting and controls, and external financial and regulatory reporting, while the compliance department is responsible for client credit and account monitoring in relation to certain legal and financial regulatory requirements. Canaccord's risk management and compliance activities include procedures to identify, control, measure and monitor Canaccord's risk exposure at all times.

FINANCIAL PERFORMANCE[1]

(C$ thousands, except number of employees and % amounts)	2013	2012	2013/2012 change	
	For the years ended March 31			
Revenue	$ 24,477	$ 30,097	$ (5,620)	(18.7)%
Expenses				
Incentive compensation	5,033	9,139	(4,106)	(44.9)%
Salaries and benefits	29,701	30,671	(970)	(3.2)%
Other overhead expenses	26,006	32,776	(6,770)	(20.7)%
Restructuring costs	900	5,275	(4,375)	(82.9)%
Acquisition-related costs	—	1,513	(1,513)	(100.0)%
Total expenses	61,640	79,374	(17,734)	(22.3)%
Loss before income taxes[2]	$ (37,163)	$ (49,277)	$ 12,114	24.6%
Number of employees	332	378	(46)	(12.2)%
Excluding significant items				
Total expenses	60,740	72,586	(11,846)	(16.3)%
Loss before income taxes	$ (36,263)	$ (42,489)	$ 6,226	14.7%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) See the Intersegment Allocated Costs section below.

Revenue for fiscal 2013 was $24.5 million, a decrease of $5.6 million or 18.7% from fiscal 2012. The change was mainly due to a $2.6 million decrease in other revenue and a $2.9 million decrease in interest expense. Other revenue decreased as a result of a reduction in foreign exchange gains related to the fluctuations in the Canadian dollar, and interest revenue decreased due to lower interest rates and lower balances held in interest-earning accounts.

Fiscal 2013 expenses were $61.6 million, a decrease of $17.7 million or 22.3%. The $4.1 million decrease in incentive compensation expense resulted from the lower profitability of the consolidated group of companies. General and administrative expense decreased by $6.9 million or 43.1% due to cost containment efforts in this segment. During the year ended March 31, 2013, the Company incurred restructuring charges of $0.9 million related to back-office staff reductions.

Loss before income taxes and intersegment allocated costs was $37.2 million for fiscal 2013 compared to a loss of $49.3 million for the prior year.

OPERATIONAL HIGHLIGHTS

During fiscal 2013, the back-office team at Canaccord focused on further IT and systems integration between geographies to ensure efficient information sharing; identifying cost saving opportunities within the Company's operating platform; brand and communication strategies; and supporting operational changes in the Company's wealth management division. Staffing levels were also evaluated and adjusted in some support departments during the year, to better align support levels with changing demands from the business.

Canaccord's Pinnacle Correspondent Services is also reported within the Corporate and Other segment. This division enables us to leverage our infrastructure investments and technology capabilities. Through its proprietary web portal, Pinnacle provides access to state-of-the-art front- and back-office services to its correspondent clients. Canaccord has made a substantial long term commitment to this line of business, and continues to view it as an important component of our business-to-business service offerings.

INTERSEGMENT ALLOCATED COSTS

Included in the Corporate and Other segment are certain trade processing, support services, research and other expenses that have been incurred to support the activities within the Canaccord Genuity and Canaccord Genuity Wealth Management segments. Excluding executive incentive compensation and certain administrative support, foreign exchange gains and losses, and net interest, management has determined that allocable costs from Corporate and Other to Canaccord Genuity Wealth Management were $35.5 million for the year ended March 31, 2013, and to Canaccord Genuity were $10.3 million.

Financial Condition

Below are selected balance sheet items for the past five years:[1]

	Balance sheet summary as at March 31				
(C$ thousands)	2013	2012	2011	2010	2009
	IFRS	IFRS	IFRS	CGAAP	CGAAP
Assets					
Cash and cash equivalents	$ 491,012	$ 814,238	$ 954,068	$ 731,852	$ 701,173
Securities owned	924,337	1,171,988	947,185	362,755	133,691
Accounts receivable	2,513,958	3,081,640	2,828,812	1,972,924	1,061,161
Income taxes recoverable	—	8,301	—	—	23,771
Deferred tax assets	12,552	3,959	1,503	13,190	15,680
Investments	3,695	9,493	5,934	5,000	5,000
Investment in asset-backed commercial paper (ABCP)	—	—	—	—	35,312
Equipment and leasehold improvements	42,979	51,084	40,818	38,127	46,311
Goodwill and other intangible assets	614,969	622,020	319,180	—	—
Total assets	$ 4,603,502	$ 5,762,723	$ 5,097,500	$ 3,123,848	$ 2,022,099
Liabilities and shareholders' equity					
Bank indebtedness	$ 66,138	$ 75,141	$ 13,580	$ 29,435	$ 75,600
Short term credit facility	—	150,000	—	—	—
Securities sold short	689,020	914,649	722,613	364,137	79,426
Accounts payable and accrued liabilities	2,746,790	3,590,266	3,557,275	2,308,146	1,469,369
Income taxes payable	4,428	—	23,977	5,385	—
Contingent consideration	14,218	—	—	—	—
Deferred tax liabilities	2,576	8,088	8,163	—	—
Subordinated debt	15,000	15,000	15,000	15,000	25,000
Shareholders' equity	1,049,163	992,125	756,892	401,745	372,704
Non-controlling interests	16,619	17,454	—	—	—
Total liabilities and shareholders' equity	$ 4,603,502	$ 5,762,723	$ 5,097,500	$ 3,123,848	$ 2,022,099

(1) The Company adopted IFRS beginning April 1, 2011. Consequently, data for the comparative periods ended March 31, 2012 and March 31, 2011 are in compliance with IFRS. Figures for periods prior to March 31, 2011 are in accordance with CGAAP.

ASSETS

Cash and cash equivalents were $491.0 million on March 31, 2013 compared to $814.2 million on March 31, 2012. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were $0.9 billion compared to $1.2 billion on March 31, 2012, mainly attributable to a decrease in both corporate and government debt, and equities and convertible debentures.

Accounts receivable were $2.5 billion on March 31, 2013 compared to $3.1 billion on March 31, 2012, as a result of a decrease in receivables from clients and RRSP cash balances held in trust. Goodwill was $484.7 million and intangible assets were $130.3 million, representing the goodwill and intangible assets acquired from the acquisitions of Genuity, The Balloch Group (TBG), 50% interest in Canaccord Genuity (Australia) Limited, CSHP, Kenosis Capital Partners, and Eden Financial Ltd.

Other assets in aggregate were $59.2 million at March 31, 2013 compared to $72.8 million at March 31, 2012. The decrease was mainly due to decreases in income taxes recoverable, investments, and equipment and leasehold improvements, offset by an increase in deferred tax assets. Equipment and leasehold improvements decreased mainly as a result of the normal amortization of these assets. Income taxes recoverable decreased due to large refunds expected in Canada and the UK in the prior year. Deferred tax assets increased due to balances acquired from CSHP and Canaccord Genuity (Australia) Limited, and investments decreased due to the sale of our investment in Alpha.

LIABILITIES AND SHAREHOLDERS' EQUITY

Bank overdrafts and call loan facilities utilized by Canaccord may vary significantly on a day-to-day basis and depend on securities trading activity. On March 31, 2013, Canaccord had available credit facilities with banks in Canada, and the UK and Europe in the aggregate amount of $705.5 million [March 31, 2012 – $650.4 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2013, there was bank indebtedness of $66.1 million, compared to $75.1 million on March 31, 2012.

In addition to the credit facilities discussed above, in fiscal 2012, the Company entered into a $150.0 million senior secured credit agreement to finance a portion of the cash consideration for its acquisition of CSHP. The credit facility was repaid in full during the 2013 fiscal year.

Accounts payable and provisions were $2.7 billion, a decrease from $3.6 billion on March 31, 2012, mainly due to a decrease in both payables to clients and payables to brokers and investment dealers.

Securities sold short were $689.0 million, a decrease of $225.6 million compared to $914.6 million at March 31, 2012. This decrease was a result of a decrease in holdings of short positions in both corporate and government debt, and equities and convertible debentures.

Other liabilities, including subordinated debt, contingent consideration, deferred tax liabilities, and income taxes payable, were $36.2 million at March 31, 2013 and $23.1 million at March 31, 2012. The Company accrued a contingent consideration of $6.0 million in relation to the purchase of assets and liabilities from Kenosis Capital, and $8.2 million in relation to the purchase of the wealth management business of Eden Financial. The increase was also due to higher income taxes payable.

Non-controlling interests were $16.2 million at March 31, 2013 compared to $17.5 million on March 31, 2012, which represents 50% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totalling $3.3 million (US$3.2 million) [March 31, 2012 – $1.9 million (US$1.9 million)] as rent guarantees for its leased premises in Boston and New York.

The following table summarizes Canaccord's long term contractual obligations on March 31, 2013.

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2014	Fiscal 2015–Fiscal 2016	Fiscal 2017–Fiscal 2018	Thereafter
Premises and equipment operating leases	$ 233,800	$ 33,626	$ 63,915	$ 48,162	$ 88,097

Liquidity and Capital Resources

Canaccord has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive losses, which is further complemented by subordinated debt.

On March 31, 2013, cash and cash equivalents were $491.0 million, a decrease of $323.2 million from $814.2 million as of March 31, 2012. During the fiscal year ended March 31, 2013, financing activities used cash in the amount of $130.4 million, which was primarily due to the drawdown of the $150 million short term credit facility, net against by the $94.8 million of net proceeds from the Series C Preferred Shares issuance. The Company also paid $37.7 million of dividends on the preferred and common shares and acquired $14.9 million of common shares for the long-term incentive plan. Investing activities used cash in the amount of $13.1 million, primarily related to the purchase of equipment and leasehold improvements, and the acquisition of Eden Financial and Kenosis Capital. Operating activities used cash in the amount of $176.6 million, which was due to net loss recognized during the year and changes in working capital. A decrease in cash of $3.2 million was attributable to the effect of foreign exchange on cash balances.

Canaccord's business requires capital for operating and regulatory purposes. The majority of 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 fair value. The fair 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 that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Outstanding Common Share Data

	Outstanding common shares as of March 31	
	2013	2012
Issued shares outstanding excluding unvested shares[1]	93,061,796	94,025,877
Issued shares outstanding[2]	102,896,172	101,688,721
Issued shares outstanding – diluted[3]	109,879,724	106,883,242
Average shares outstanding – basic	92,217,726	76,715,248
Average shares outstanding – diluted[4]	102,402,082	84,682,497

(1) Excludes 4,872,547 outstanding unvested shares related to share purchase loans for recruitment and 4,961,829 unvested shares purchased by the employee benefit trust for the LTIP.
(2) Includes 4,872,547 unvested shares related to share purchase loans for recruitment and 4,961,829 unvested shares purchased by the employee benefit trust for the LTIP.
(3) Includes 6,983,552 of share issuance commitments.
(4) This is the diluted share number used to calculate diluted EPS.

In August 2012, the Company filed a notice for a normal course issuer bid (NCIB) to provide for the ability to purchase, at the Company's discretion, up to 3,000,000 of its common shares through the facilities of the TSX from August 13, 2012 to August 12, 2013. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The shares that may be repurchased represent 2.93% of the Company's common shares outstanding at the time of the notice. There were no shares repurchased through the NCIB between August 31, 2012 and March 31, 2013.

As of May 21, 2013, the Company has 102,822,669 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

	Fiscal 2013
Total common shares issued and outstanding as of March 31, 2012	**101,688,721**
Shares issued in connection with the LTIP	844,766
Shares issued in connection with the Corazon Capital Group Limited Share Plan	170,562
Shares issued in connection with retention plan	109,979
Shares issued in connection with replacement plans	198,872
Shares cancelled	(116,728)
Total common shares issued and outstanding as of March 31, 2013	**102,896,172**

Preferred Shares

SERIES A PREFERRED SHARES

On June 23, 2011, the Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $100 million. On July 7, 2011, the Company closed the over-allotment option and issued an additional 540,000 Series A Preferred Shares at $25.00 per share for gross proceeds of $13.5 million.

The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $110.8 million. Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on September 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company has the option to redeem the Series A Preferred Shares on September 30, 2016 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series B Preferred Shares are redeemable at the Company's option on September 30, 2021 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

SERIES C PREFERRED SHARES

On March 22, 2012, the Company announced that it has agreed to issue 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of $25.00 per share, for gross proceeds of $100 million. Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.75% for the initial five-year period ending on September 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and on June 30 every five years thereafter. Holders of the Series D Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company has the option to redeem the Series C Preferred Shares on June 30, 2017 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series D Preferred Shares are redeemable at the Company's option on June 30, 2022 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

The offering closed on April 10, 2012. The net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $97.5 million.

Outstanding Preferred Share Data

ISSUANCE OF PREFERRED SHARE CAPITAL

	Series A	Series C
Preferred shares issued and outstanding as of March 31, 2012	4,540,000	—
Preferred shares issuance	—	4,000,000
Shares held in treasury	—	(106,794)
Total preferred shares issued and outstanding as of March 31, 2013	**4,540,000**	**3,893,206**

Share-Based Payment Plans

LONG-TERM INCENTIVE PLAN

Under the LTIP, eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, an employee benefit trust (the Trust) has been established, and either (a) the Company will fund the Trust with cash, which will be used by the trustee to purchase on the open market common shares of the Company that will be held in trust by the trustee until the RSUs vest or (b) the Company will issue common shares from treasury to participants following vesting of the RSUs. For employees in the US and the UK, the Company will allot common shares at the time of each RSU award, and these shares will be issued from treasury at the time they vest for each participant.

COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to employees in order to purchase common shares. These loans are forgiven over a vesting period. No interest is charged related to the share purchase loans. The common share purchase loans include the employee stock incentive plan, the bonus compensation plan, and the partnership program.

REPLACEMENT PLANS

As a result of the acquisition of CSHP, the Company introduced the Replacement Annual Bonus Equity Deferral (ABED) plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plan were granted awards under the Replacement ABED plan. In addition, the Company introduced the Replacement Long-term Incentive Plan (LTIP), which replaced the existing LTIPs at CSHP as of the acquisition date for eligible employees.

CORAZON CAPITAL GROUP LIMITED SHARE PLAN

In connection with the acquisition of CSHP, the Company assumed the outstanding obligation under the Corazon Capital Group Limited Share Plan (the Corazon Share Plan). The Corazon Share Plan was entered into by CSHP in relation to its acquisition of Corazon Capital Group Limited, an independent, Guernsey-based investment management firm. The obligation was paid by the issuance of 170,562 Canaccord common shares, which vested in March 2013, and cash consideration of $2.2 million (£1.4 million). Canaccord will not award any future grants under the Corazon Share Plan.

SHARE OPTIONS

The Company grants share options to purchase common shares of the Company to independent directors and senior management. The independent directors and senior management have been granted options to purchase up to an aggregate of 2,384,910 common shares of the Company. The stock options vest over a four- to five-year period and expire seven years after the grant date. The weighted average exercise price of the share options is $9.84 per common share.

RETENTION PLAN

In connection with the acquisition of The Balloch Group (TBG), the Company established a retention plan that provides for the issuance of 1,187,847 common shares of the Company to key employees of Canaccord Genuity Asia over a five-year graded vesting period based on future Asia-linked revenue. In addition, the applicable number of retention shares is included in diluted common shares outstanding. As of March 31, 2013, due to the departure of several key employees, this plan was settled. This resulted in the forfeiture of 917,212 shares, and accelerated vesting of 270,635 shares.

DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. The independent directors can elect to have fees payable to them paid in the form of DSUs or in cash. Directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

OTHER RETENTION AND INCENTIVE PLANS

During the course of the fiscal year, there were other retention and incentive plans, including the employee stock purchase plan, with individual employees, for which the amount incurred was not significant in aggregate.

International Financial Centre

Canaccord is a member of the AdvantageBC International Business Centre Society (formerly known as the International Financial Centre British Columbia Society) and the Montréal International Financial Centre, both of which provide certain tax and financial benefits pursuant to the *International Business Activity Act* of British Columbia and the *Act Respecting International Financial Centres* of Québec. Accordingly, 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 these transactions are recognized in income during the period. On March 31, 2013, forward contracts outstanding to sell US dollars had a notional amount of US$14.8 million, an increase of US$1.5 million from a year ago. Forward contracts outstanding to buy US dollars had a notional amount of US$3.8 million, a decrease of US$5.5 million compared to a year ago. Canaccord's operations in the US, the UK and Europe, Australia, Hong Kong and China are conducted in the local currency; 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 the local currency.

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe deals foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no net exposure, assuming no counterparty default.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company.

Security trades executed for employees, officers and directors of Canaccord are transacted in accordance with 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 Canaccord.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan and share options. Directors have also been granted share options and have the right to acquire DSUs. Please see Note 18 of the Audited Consolidated Financial Statements for the year ended March 31, 2013 for further information on the compensation of and transactions with key management personnel. Note 18 of the March 31, 2013 Consolidated Financial Statements also includes the accounts receivable and accounts payable and accrued liabilities balance with key management personnel.

Critical Accounting Policies and Estimates

The following is a summary of Canaccord's critical accounting estimates. Canaccord's accounting policies are in accordance with IFRS and are described in Note 4 to the Audited Consolidated Financial Statements for the year ended March 31, 2013.

The preparation of the March 31, 2013 Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant estimates include share-based payments, income taxes, tax losses available for carryforward, impairment of goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, and provisions. Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 4 of the Audited Consolidated Financial Statements for the year ended March 31, 2013.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the fair value of the acquiree's identifiable net assets. The proportionate share method was selected for the acquisition of the 50% interest in Canaccord Genuity (Australia) Limited. Acquisition costs are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "*Business Combinations*" (IFRS 3), are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "*Non-current Assets Held for Sale and Discontinued Operations*", which are recognized and measured at fair value less cost to sell.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date at the best estimate of such amount. Subsequent changes in the fair value of the contingent consideration that are deemed to be a liability will be recognized in the statements of operations.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statements of operations.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in each of the business combinations is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the corresponding combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition.

Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end. Identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and recognized in the income statement.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statements of operations in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commission revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of income earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

Other revenue includes foreign exchange gains or losses, revenue earned from our correspondent brokerage services and administrative fees revenues.

INCOME TAXES

Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

SHARE-BASED PAYMENTS

Employees (including senior executives and directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). Independent directors also receive DSUs as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in contributed surplus. The cost is recognized on a graded basis.

The Company estimates the number of equity instruments that will ultimately vest when calculating the amortization expense. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

Cash-settled transactions are measured initially at fair value at the grant date. The fair values of DSUs are expensed upon grant, as there are no vesting conditions. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Future Changes in Accounting Policies and Estimates

The Company monitors the potential changes proposed by the International Accounting Standards Board on an ongoing basis and analyzes the effect that changes in the standards may have on the Company's operations.

Please see Note 3 of the Audited Consolidated Financial Statements for the year ended March 31, 2013 for further information.

Business Combinations

[i] Eden Financial Ltd.

On October 1, 2012, the Company acquired 100% of the wealth management business of Eden Financial Ltd., an owner-managed private client investment management business, for purchase consideration of $20.3 million (£12.8 million), of which $12.2 million (£7.7 million) was paid on closing and $8.1 million (£5.1 million) is payable after 12 months, contingent on achieving certain performance targets related to revenue. Further incentives of up to $6.3 million (£4.0 million) will be paid to certain continuing Eden Financial employees subject to certain performance conditions and will be recognized as an expense over a four-year period as the amounts are earned. An additional incentive payment of $3.3 million (£2.0 million) has also been awarded to certain Eden Financial employees of which one-half will be recognized as an expense over a one-year vesting period and one-half will be recognized over a two-year vesting period. The Company recorded goodwill of $10.2 million and intangible assets with finite useful lives of $2.4 million related to this acquisition.

[ii] Kenosis Capital Partners

On September 14, 2012, the Company signed an agreement with Kenosis Capital Partners (Kenosis Capital), a merchant bank and advisory group, to acquire certain assets and liabilities for cash consideration of $1.2 million and additional contingent cash consideration based upon the achievement of certain performance criteria. This transaction qualifies as a business combination under IFRS 3, "*Business Combinations*" (IFRS 3), and has been accounted for under the acquisition method. The transaction was completed on September 16, 2012. The Company recorded goodwill of $7.2 million related to this acquisition.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2013, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & CFO, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & CFO concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President & CFO, has designed internal control over financial reporting as defined under *National Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President & CFO concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2013 and that there were no material weaknesses in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in internal control over financial reporting that occurred during the year ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, Canaccord's internal control over financial reporting.

Risk Management

OVERVIEW

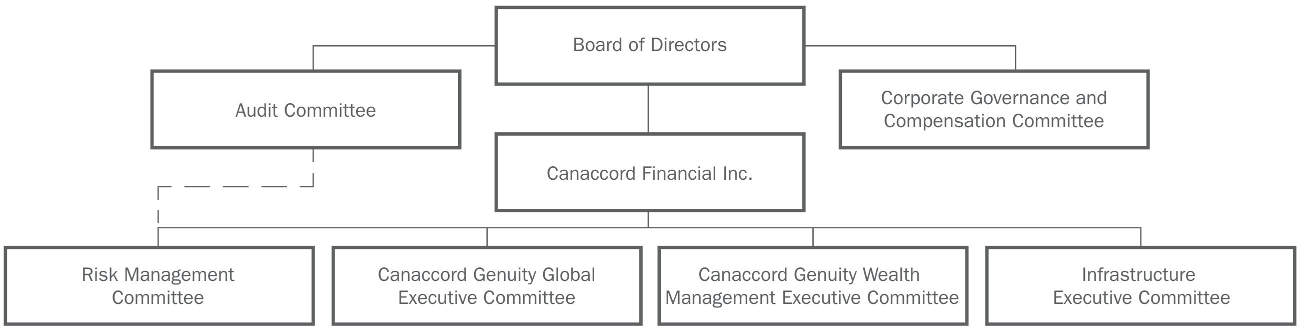
Uncertainty and risk are inherent in any financial markets activity. As an active participant in the Canadian and international capital markets, Canaccord is exposed to risks that could result in financial losses. Canaccord has identified its principal risks as: market risk, credit risk, operational risk and other risks. Accordingly, risk management and control of the balance between risk and return are critical elements in maintaining Canaccord's financial stability and profitability. Therefore, an effective risk management framework is integral to the success of Canaccord.

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

Canaccord's disciplined risk management process encompasses a number of functional areas and requires frequent communication, judgment and knowledge of the business, products and markets. The Company's senior management is actively involved in the risk management process and has developed policies and reports that require specific administrative procedures and actions to assess and control risks. These policies and procedures are subject to ongoing review and modification as activities, markets and circumstances change.

As part of Canaccord's risk philosophy, the first line of responsibility for managing risk lies with branch managers, department heads and trading desk managers (within prescribed limits). The monitoring and control of Canaccord's risk exposure is conducted through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems.

Canaccord's governance structure includes the following elements:



The Board of Directors (the Board) has oversight of the company-wide risk management framework. These responsibilities are delegated to the Audit and Risk Management Committees. The Audit Committee's mandate was updated in fiscal 2013 to better reflect the committee's oversight of the Company's risk management function. See Canaccord's 2013 Annual Information Form (AIF) for more details.

The Audit Committee assists the Board in fulfilling its oversight responsibility by monitoring the effectiveness of internal controls and the control environment. It also receives and reviews various quarterly and annual updates, and reports on key risk metrics and the overall risk management program.

The Risk Management Committee assists the Board in fulfilling its responsibilities for monitoring risk exposures against the defined risk appetite and for general oversight of the risk management process. The Risk Management Committee is led by the CFO, and committee members include the CEO and senior management representation from the key revenue-producing businesses and functional areas of Canaccord. The Committee identifies, measures and monitors the principal risks facing the business through review and approval of Canaccord's risk appetite, policies, procedures, and limits/thresholds.

The segregation of duties and management oversight are important aspects of Canaccord's risk management process. Canaccord has a number of functions that are independent of the revenue-producing businesses that perform risk management activities, including the monitoring, evaluating and analyzing of risk. These functions include Enterprise Risk Management, Compliance, Operations, Internal Controls and Financial Analysis, Treasury, Finance and Legal.

MARKET RISK

Market risk is the risk that a change in market prices and/or any of the underlying market factors will result in losses. Each business area is responsible for ensuring that their market risk exposures are prudent. In addition, Canaccord has established procedures to ensure that risks are measured, closely monitored, controlled and visible to senior levels of management.

Canaccord is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities. Canaccord is also exposed to specific interest rate risk, credit spread risk and liquidity risk in respect of its principal trading in fixed income securities. In addition to active supervision and review of trading activities by senior management, Canaccord mitigates its risk exposure through a variety of limits to control concentration, capital allocation and usage, as well as through trading policies and guidelines. Canaccord manages and monitors its risks in this area using both qualitative and quantitative measures, on a company-wide basis, and also by trading desk and by individual trader. Canaccord operates a firm-wide Value-at-Risk (VaR) risk measurement system for its equity and fixed income inventories. Management also reviews and monitors inventory levels and positions, trading results, aging and concentration levels. Consequently, Canaccord can ensure that it is adequately diversified with respect to market risk factors and that trading activity is within the risk tolerance levels established by senior management. For a detailed description of Canaccord's VaR methodology, see the Market Risk section in Canaccord's fiscal 2013 AIF.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The primary source for credit risk to Canaccord is in connection with trading activity by clients in the Canaccord Genuity Wealth Management business segment and private client margin accounts. In order to minimize financial exposure in this area, Canaccord applies certain credit standards and conducts financial reviews with respect to clients and new accounts.

Canaccord provides financing to clients by way of margin lending. In a margin-based transaction, Canaccord extends credit for a portion of the market value of a securities transaction in a client's account, up to certain limits. Margin loans are collateralized by securities in the client's account. In connection with this lending activity, Canaccord faces a risk of financial loss in the event that a client fails to meet a margin call if market prices for securities held as collateral decline and if Canaccord is unable to recover sufficient value from the collateral held. For margin lending purposes, Canaccord has established limits that are generally more restrictive than those required by applicable regulatory policies.

Canaccord also faces a risk of financial loss with respect to trading activity by clients if such trading results in overdue or unpaid amounts in under-secured cash accounts. Canaccord has developed a number of controls within its automated trade order management system to ensure that trading by individual account and advisor is done in accordance with customized limits and risk parameters.

Canaccord is engaged in various trading and brokerage activities whose counterparties primarily include broker dealers, banks, clearing agents, exchanges, financial intermediaries and other financial institutions. These activities include agency trading, securities borrowing and lending, and entering into repurchase agreements and reverse repurchase agreements. In the event that counterparties do not fulfill their obligations, Canaccord may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. Canaccord manages this risk by imposing and monitoring individual and aggregate position limits within each business segment, for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations that guarantee performance.

Canaccord records a provision for bad debts in general and administrative expenses. Any actual losses arising from or associated with client trading activity as described above are charged to this provision. Historically, this provision has been sufficient to cover actual losses.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, fraud, people and systems, or from external events such as the occurrence of disasters or security threats. Operational risk exists in all of Canaccord's activities, including processes, systems and controls used to manage other risks. Failure to manage operational risk can result in financial loss, reputational damage, regulatory fines and failure to manage market or credit risks.

Canaccord operates in different markets and relies on its employees and systems to process a high number of transactions. In order to mitigate this risk, Canaccord has developed a system of internal controls and checks and balances at appropriate levels, which includes overnight trade reconciliation, control procedures related to clearing and settlement, cash controls, physical security, independent review procedures, documentation standards, billing and collection procedures, and authorization and processing controls for transactions and accounts. In addition, Canaccord has implemented an operational risk program that helps Canaccord measure, manage, report and monitor operational risk issues (see RCSA below). Canaccord also has disaster recovery procedures in place, business continuity plans and built-in redundancies in the event of a systems or technological failure. In addition, Canaccord utilizes third party service agreements and security audits where appropriate.

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

- Identify and assess key risks inherent to the business
- Rate the effectiveness of the control environment associated with the key risks
- Mitigate the risks through the identification of action plans to improve the control environment where appropriate
- Provide management with a consistent approach to articulate and communicate the risk profiles of their areas of responsibility
- Meet regulatory requirements and industry standards

Canaccord has established a process to determine what the strategic objectives of each group/unit/department are and identify, assess and quantify operational risks that hinder the Company's ability to achieve those objectives. The RCSA results are specifically used to calculate the operational risk regulatory capital requirements for Canaccord in the UK and operational risk exposure in all geographies. The RCSAs are periodically updated and results are reported to the Risk Management and Audit Committees.

OTHER RISKS

Other risks encompass those risks that can have an adverse material affect on the business but do not belong to market, credit or operational risk categories.

Regulatory and legal risk

Regulatory risk results from non-compliance with regulatory requirements, which could lead to fines and/or sanctions. Canaccord has established procedures to ensure compliance with all applicable statutory and regulatory requirements in each jurisdiction. These procedures address issues such as regulatory capital requirements, disclosure requirements, internal controls over financial reporting, sales and trading practices, use of and safekeeping of client funds, credit granting, collection activity, anti-money laundering, insider trading, conflicts of interest and recordkeeping.

Legal risk results from potential criminal, civil or regulatory litigation against Canaccord that could materially affect Canaccord's business, operations or financial condition. Canaccord has in-house legal counsel, as well as access to external legal counsel, to assist the Company in addressing legal matters related to operations and to defend Canaccord's interests in various legal actions.

Losses or costs associated with routine regulatory and legal matters are included in general and administrative expenses in Canaccord's Audited Consolidated Financial Statements.

Reputational risk

Reputational risk is the risk that an activity undertaken by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in a loss of business, legal action or increased regulatory oversight. Possible sources of reputational risk could come from operational failures, non-compliance with laws and regulations, or leading an unsuccessful financing. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, Canaccord has a formal Code of Business Conduct and Ethics and an integrated program of marketing, branding, communications and investor relations to help manage and support Canaccord's reputation.

RISK FACTORS

For a detailed list of the risk factors that are relevant to Canaccord's business and the industry in which it operates, see the Risk Factors section in Canaccord's fiscal 2013 AIF. Risks include, but are not necessarily limited to, those listed in the AIF. Investors should carefully consider the information about risks, together with the other information in this document, before making investment decisions. It should be noted that this list is not exhaustive, but contains risks that Canaccord considers to be of particular relevance. Other risk factors may apply.

CONTROL RISK

As of March 31, 2013, senior officers and directors of Canaccord collectively owned approximately 6.1% of the issued and outstanding common shares of Canaccord Financial Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

In addition, as at March 31, 2013, the single largest shareholder that management was aware of was Franklin Templeton Investments Corp. by one or more of its mutual funds or other managed accounts. The most recent filing that confirms their total holdings was filed on December 15, 2011, which indicated the company owned 5,464,873 shares of Canaccord Financial Inc. Canaccord has not been made aware of any shareholding changes since this filing. Their ownership outlined in this filing represents 5.3% of common shares issued and outstanding as at March 31, 2013.

Any significant change in these shareholdings through sale or other disposition, or significant acquisitions by others of the common shares in the public market or by way of private transactions, could result in a change of control and changes in business focus or practices that could affect the profitability of Canaccord's business.

Restrictions on ownership and transfer of common shares

Restrictions on ownership and transfer of common shares in the articles of Canaccord to prevent unauthorized change in control without regulatory approval could, in certain cases, affect the marketability and liquidity of the common shares.

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, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On May 21, 2013, the Board of Directors approved a quarterly dividend of $0.05 per common share payable on June 10, 2013, with a record date of May 31, 2013. The Board of Directors also approved a cash dividend of $0.34375 per Series A Preferred Share payable on July 2, 2013, with a record date of June 21, 2013; as well as a cash dividend of $0.359375 per Series C Preferred Share payable on July 2, 2013 and with a record date of June 21, 2013.

Additional Information

Additional information relating to Canaccord, including Canaccord's Annual Information Form, can be found on SEDAR's website at www.sedar.com.

Independent Auditors' Report

To the Shareholders of
Canaccord Financial Inc.

We have audited the accompanying consolidated financial statements of Canaccord Financial Inc., which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canaccord Financial Inc. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the years ended March 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Vancouver, Canada
May 21, 2013

Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2013	March 31, 2012
ASSETS			
Current			
Cash and cash equivalents		$ 491,012	$ 814,238
Securities owned	5	924,337	1,171,988
Accounts receivable	7, 18	2,513,958	3,081,640
Income taxes receivable		—	8,301
Total current assets		3,929,307	5,076,167
Deferred tax assets	12	12,552	3,959
Investments	8	3,695	9,493
Equipment and leasehold improvements	9	42,979	51,084
Intangible assets	11	130,283	149,510
Goodwill	11	484,686	472,510
		$ 4,603,502	$ 5,762,723
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	6	$ 66,138	$ 75,141
Short term credit facility	6	—	150,000
Securities sold short	5	689,020	914,649
Accounts payable and accrued liabilities	7, 18	2,726,735	3,550,600
Provisions	22	20,055	39,666
Income taxes payable		4,428	—
Contingent consideration	10	14,218	—
Subordinated debt	13	15,000	15,000
Total current liabilities		3,535,594	4,745,056
Deferred tax liabilities	12	2,576	8,088
		3,538,170	4,753,144
Equity			
Preferred shares	14	205,641	110,818
Common shares	15	638,456	623,739
Contributed surplus		85,981	68,336
Retained earnings		126,203	180,748
Accumulated other comprehensive (loss) income		(7,118)	8,484
Total shareholders' equity		1,049,163	992,125
Non-controlling interests		16,169	17,454
Total equity		1,065,332	1,009,579
		$ 4,603,502	$ 5,762,723

See accompanying notes

On behalf of the Board:

PAUL D. REYNOLDS
Director

TERRENCE A. LYONS
Director

Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2013	March 31, 2012
REVENUE			
Commissions and fees		$ 353,125	$ 252,877
Investment banking		145,772	175,225
Advisory fees		179,690	107,370
Principal trading		66,406	10,647
Interest		29,199	31,799
Other		22,930	26,946
		797,122	604,864
EXPENSES			
Incentive compensation		406,724	304,908
Salaries and benefits		88,522	63,924
Trading costs		43,892	30,313
Premises and equipment		41,124	27,546
Communication and technology		49,115	28,343
Interest		15,302	9,816
General and administrative		89,504	69,523
Amortization		33,779	14,108
Development costs		19,526	21,193
Restructuring costs	10, 22	31,617	35,253
Acquisition-related costs	10	1,719	16,056
		820,824	620,983
Loss before income taxes		(23,702)	(16,119)
Income tax expense (recovery)	12		
Current		8,202	11,043
Deferred		(13,129)	(5,816)
		(4,927)	5,227
Net loss for the year		$ (18,775)	$ (21,346)
Net loss attributable to:			
CFI shareholders		$ (16,819)	$ (20,307)
Non-controlling interests		$ (1,956)	$ (1,039)
Weighted average number of common shares outstanding (thousands)			
Basic		92,218	76,715
Diluted		102,402	84,682
Net loss per common share			
Basic	15iv	$ (0.31)	$ (0.33)
Diluted	15iv	$ (0.31)	$ (0.33)
Dividends per common share		$ 0.20	$ 0.40

See accompanying notes

Consolidated Statements of Comprehensive Loss

For the years ended (in thousands of Canadian dollars)	March 31, 2013	March 31, 2012
Net loss for the year	$ (18,775)	$ (21,346)
Other comprehensive income (loss) (OCI)		
Net change in valuation of available for sale investments, net of tax	449	—
Transfer of net realized gain on disposal of available for sale asset (net of tax: $234)	(700)	—
Net change in unrealized (losses) gains on translation of foreign operations	(15,033)	9,205
Comprehensive loss for the year	$ (34,059)	$ (12,141)
Comprehensive loss attributable to:		
CFI shareholders	$ (32,421)	$ (10,851)
Non-controlling interests	$ (1,638)	$ (1,290)

See accompanying notes

Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2013	March 31, 2012
Preferred shares, opening		$ 110,818	$ —
Shares issued, net of share issuance costs	14	97,450	110,818
Shares cancelled		(2,627)	—
Preferred shares, closing		205,641	110,818
Common shares, opening		623,739	467,050
Shares issued in connection with the acquisition of Collins Stewart Hawkpoint plc (CSHP)	10	—	164,462
Shares issued in connection with the acquisition of 50% interest in BGF Capital Group Pty Ltd. (BGF)	10	—	5,739
Shares issued in connection with share-based payments		11,926	7,081
Shares issued in connection with Corazon Capital Group Limited (Corazon)		1,503	—
Acquisition of common shares for long-term incentive plan (LTIP)		(14,872)	(35,857)
Release of vested common shares from employee benefit trust		17,834	18,263
Shares cancelled		(814)	(5,259)
Net unvested share purchase loans		(860)	2,866
Cancellation of shares in connection with the acquisition of Genuity Capital Markets (Genuity)		—	(606)
Common shares, closing		638,456	623,739
Contributed surplus, opening		68,336	52,167
Replacement stock plan awards related to the acquisition of CSHP		6,399	6,456
Share-based payments		11,445	10,876
Cancellation of shares in connection with the acquisition of Genuity		—	606
Shares issued in connection with Corazon		(1,503)	—
Excess on cancellation of common shares		(146)	(1,414)
Unvested share purchase loans		1,450	(355)
Contributed surplus, closing		85,981	68,336
Retained earnings, opening		180,748	238,647
Net loss attributable to CFI shareholders		(16,819)	(20,307)
Common shares dividends	16	(26,006)	(32,778)
Preferred shares dividends	16	(11,720)	(4,814)
Retained earnings, closing		126,203	180,748
Accumulated other comprehensive income (loss), opening		8,484	(972)
Other comprehensive (loss) income attributable to CFI shareholders		(15,602)	9,456
Accumulated other comprehensive (loss) income, closing		(7,118)	8,484
Total shareholders' equity		1,049,163	992,125
Non-controlling interests, opening		17,454	—
Non-controlling interests arising on acquisition of 50% interest in Canaccord Genuity Australia	10	—	19,019
Foreign exchange on non-controlling interests		353	(275)
Comprehensive loss attributable to non-controlling interests		(1,638)	(1,290)
Non-controlling interests, closing		16,169	17,454
Total equity		$ 1,065,332	$ 1,009,579

See accompanying notes

Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2013	March 31, 2012
OPERATING ACTIVITIES			
Net loss for the year		$ (18,775)	$ (21,346)
Items not affecting cash			
Amortization		33,779	14,108
Deferred income tax recovery		(13,129)	(5,816)
Share-based compensation expense	17	60,359	51,124
Impairment of property, plant and equipment	22	2,627	—
Changes in non-cash working capital			
Decrease (increase) in securities owned		245,873	(62,053)
Decrease in accounts receivable		590,090	675,358
Decrease (increase) in income taxes receivable, net		2,963	(26,218)
(Decrease) increase in securities sold short		(224,590)	93,787
Decrease in accounts payable, accrued liabilities, and provisions		(855,728)	(896,194)
Cash used by operating activities		(176,531)	(177,250)
FINANCING ACTIVITIES			
Drawdown (repayment) of short term credit facility		(150,000)	150,000
Issuance of preferred shares, net of share issuance costs		94,823	110,818
Acquisition of common shares for long-term incentive plan		(14,872)	(35,857)
Cash dividends paid on common shares		(26,004)	(31,980)
Cash dividends paid on preferred shares		(11,720)	(4,814)
Issuance of shares in connection with share-based payments		—	555
Decrease in net vesting of share purchase loans		(13,583)	(12,579)
Redemption of share capital		—	(5,673)
(Decrease) increase in bank indebtedness		(9,003)	61,561
Cash (used) provided by financing activities		(130,359)	232,031
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(6,972)	(10,610)
Acquisition of Eden Financial Ltd. (Eden Financial), net of cash acquired		(4,953)	—
Acquisition of Kenosis Capital Partners		(1,182)	—
Acquisition of CSHP, net of cash acquired	11	—	(176,289)
Acquisition of BGF, net of cash acquired	11	—	(9,848)
Cash used in investing activities		(13,107)	(196,747)
Effect of foreign exchange on cash balances		(3,229)	2,136
Decrease in cash position		(323,226)	(139,830)
Cash position, beginning of year		814,238	954,068
Cash position, end of year		$ 491,012	$ 814,238
Supplemental cash flow information			
Interest received		$ 32,689	$ 28,805
Interest paid		$ 14,425	$ 9,280
Income taxes paid		$ 10,320	$ 51,036

See accompanying notes

Notes to Consolidated Financial Statements

As at March 31, 2013, March 31, 2012
and for the years ended March 31, 2013 and 2012
(in thousands of dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Financial Inc. (the Company) is a leading independent, full-service investment dealer in Canada with capital markets operations in the United Kingdom (UK) and Europe, the United States of America (US), Australia, China, Singapore and Barbados. Upon acquisition of CSHP, the Company has also expanded its wealth management operations into the UK and Europe. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Financial Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX) and the symbol CF. on the London Stock Exchange. The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C [Note 24].

The Company's business is cyclical and experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets, including the seasonal variance in these markets.

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on an accrual basis and are based on the historical cost basis except for selected current and non-current assets and financial instruments, which have been measured at fair value as set out in the relevant accounting policies.

The consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 21, 2013.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company, its subsidiaries and special purpose entities (SPEs) where the Company controls these entities. Subsidiaries are all entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

In accordance with IAS 27, "*Consolidated and Separate Financial Statements*" (IAS 27), the operating results of a subsidiary should be consolidated if the Company acquires control. Control is presumed to exist when an entity owns greater than 50% of the voting shares. In cases where the parent does not own a majority of the voting rights, control still exists when there is power over more than half of the voting rights by virtue of an agreement with other investors, power to govern the financial and operating policies of the entity under a statute or an agreement, power to appoint or remove the majority of the members of the board of directors, or power to cast the majority of votes at meetings of the board of directors.

Although the Company does not own more than 50% of the voting shares of Canaccord Genuity (Australia) Ltd. (formerly Canaccord BGF or BGF), the Company completed an evaluation of its relationship with the other shareholders and the power it has over the financial and operating policies of BGF and determined it should consolidate under IAS 27. Therefore, the financial position, financial performance, and cash flows of BGF have been consolidated. The Company has also recognized a 50% non-controlling interest, which represents the portion of BGF net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income (loss) and each component of other comprehensive income (loss) are attributed to the non-controlling interest and to the owners of the parent.

The Company consolidates SPEs in accordance with the guidance provided by the Standing Interpretations Committee Interpretation 12, "*Consolidation – Special Purpose Entities*" (SIC-12). An SPE is consolidated when the substance of the relationship between the entity and the SPE indicates that the SPE is controlled by that entity.

The Company has established an employee benefit trust [Note 17] to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trust has been consolidated in accordance with SIC-12 since its activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trust.

The results of subsidiaries acquired or disposed of during the year are included in the statements of operations from the effective date of the acquisition or up to the effective date of the disposal, as appropriate.

All intercompany transactions and balances have been eliminated. In cases where an accounting policy of a subsidiary differs from the Company's accounting policies, the Company has made the appropriate adjustments to ensure conformity for purposes of the preparation of these consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, accompanying note disclosures, and the disclosure of contingent assets and liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant estimates include share-based payments, income taxes, the valuation of deferred tax assets, impairment of goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, and provisions.

Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments are disclosed in Note 17.

Income taxes

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax jurisdictions and is subject to individual assessments by these 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. Deferred taxes are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profit.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The Company establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Company's experience of previous tax audits.

Impairment of goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually, or whenever an event or change in circumstance may indicate potential impairment, to ensure that the recoverable amount of the cash-generating unit to which goodwill and indefinite life intangible assets are attributed is greater than or equal to their carrying values.

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples and discount rates. Management must apply judgment in the selection of the approach to determining the recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 11.

Impairment of other long-lived assets

The Company assesses its amortizable long-lived assets at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount using management's best estimates and available information.

Allowance for credit losses

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables. The Company establishes an allowance for credit losses based on management's estimate of probable unrecoverable amounts. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

Valuation of financial instruments

The Company measures its financial instruments at fair value or amortized cost. Fair value is determined on the basis of market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible, but where observable data is not available, judgment is required to select or determine inputs to a fair value model.

There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect the reported fair values.

Provisions

The Company records provisions related to pending or outstanding legal matters and regulatory investigations. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated. The Company also records provisions related to restructuring costs when the recognition criteria for provisions are fulfilled.

NOTE 03 Adoption of New and Revised Standards and Interpretations

FINANCIAL INSTRUMENTS

IFRS 9, "*Financial Instruments*" (IFRS 9), as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, "*Financial Instruments: Recognition and Measurement*" (IAS 39) and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but "*Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*", issued in December 2011, moved the mandatory effective date to January 1, 2015. Other phases of the project address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

PRESENTATION OF FINANCIAL STATEMENTS

IAS 1, "*Presentation of Financial Statements*" (IAS 1), was amended by the IASB in June 2011. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments on its consolidated financial statements.

CONSOLIDATION STANDARDS

The IASB issued the following standards in May 2011. These standards are effective for the annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 – "*Consolidated Financial Statements*" (IFRS 10)

IFRS 10 replaces IAS 27, "*Consolidated and Separate Financial Statements*" (IAS 27), and SIC-12, "*Consolidation – Special Purpose Entities*". This standard introduces a single consolidation model for all entities based on control, which is defined as whether an investor has (1) power over the investee, (2) exposure, or rights, to variable returns from its involvement with the investee, and (3) the ability to use its power over the investee to affect the amount of returns.

IFRS 11 – "*Joint Arrangements*" (IFRS 11)

IFRS 11 replaces IAS 31, "*Interests in Joint Ventures*", and SIC-13, "*Jointly Controlled Entities*". Under this standard, joint arrangements will be differentiated between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. For a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets and will be accounted for using the equity method.

IFRS 12 – "*Disclosure of Interests in Other Entities*" (IFRS 12)

IFRS 12 establishes disclosure requirements for interest in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance sheet vehicles.

The Company is currently assessing the impact of the above new pronouncements relating to consolidation standards.

In October 2012, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 27, "*Investment Entities*", which introduced an exception to the principle that all subsidiaries should be consolidated. The amendments require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating all subsidiaries in its consolidated and separate financial statements. The amendments are effective from January 1, 2014 with early adoption permitted. The Company has not yet assessed the impact of the amendments on its consolidated financial statements.

OTHER STANDARDS

IFRS 13 – "*Fair Value Measurement*" (IFRS 13)

IFRS 13 is a comprehensive standard that defines fair value, sets out a single IFRS framework for measuring fair value, and requires disclosures about fair value measurements. This new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for annual periods beginning on or after January 1, 2013. The Company does not expect the adoption of IFRS 13 to have a material impact on the Company's consolidated financial statements.

IAS 32 – "*Offsetting Financial Assets and Financial Liabilities*" (IAS 32)

The IASB issued amendments to IAS 32, clarifying the requirements for offsetting financial instruments and addressing inconsistencies in current practice when applying the offsetting criteria in IAS 32, "*Financial Instruments: Presentation*". The amendments are effective for annual periods beginning on or after January 1, 2014 with early adoption permitted, and are required to be applied retrospectively. The Company has not yet determined the impact of the amendments on the Company's financial statements.

IAS 19 (Revised) – "*Employee Benefits*" (IAS 19 Revised)

In June 2011, the IASB amended IAS 19, "*Employee Benefits*". The amendments, which result in IAS 19 (Revised), "*Employee Benefits*", contain a number of changes to the accounting for employment benefit plans including recognition and disclosure of defined benefit pension plans and clarification on the recognition of post-employment and termination benefits. This standard is effective for annual periods beginning on or after January 1, 2013. The Company has not yet assessed the impact of this standard on its consolidated financial statements.

NOTE 04 Summary of Significant Accounting Policies

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the fair value of the acquiree's identifiable net assets. The proportionate share method was selected for the acquisition of the 50% interest in BGF. Acquisition costs are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "*Business Combinations*", are recognized at their fair value at the acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "*Non-current Assets Held for Sale and Discontinued Operations*", which are recognized and measured at FVLCS.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date at the best estimate of such amount. Subsequent changes in the fair value of the contingent consideration that are deemed to be a liability are recognized in the statements of operations.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the difference is recognized in the statements of operations.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in each of the business combinations is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the corresponding combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries at their respective functional currencies using exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at the exchange rate in effect at the reporting date. All differences upon translation are recognized in the consolidated statements of operations.

Non-monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates in effect at the date when the fair value is determined.

Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars at rates prevailing at the reporting date, and income and expenses are translated at average exchange rates prevailing during the period. Unrealized gains or losses arising as a result of the translation of the foreign subsidiaries are recorded in accumulated other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of operations.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization of intangible assets is recognized in the consolidated statements of operations as part of amortization expense.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end.

Identifiable intangible assets purchased through the acquisitions of Genuity, the 50% interest in Canaccord Genuity (Australia) Ltd. (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), and Eden Financial are brand names, customer relationships, sales backlogs, technology, trading licences and non-competition agreements, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. The estimated amortization periods of these amortizable intangible assets are as follows:

	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial
Brand names	indefinite	1 year	1 year	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years
Sales backlogs	0.4 years	1 year	1 year	n/a
Non-competition	5 years	4.5 years	n/a	n/a
Trading licences	n/a	indefinite	n/a	n/a
Technology	n/a	n/a	3 years	n/a

Trading licences acquired through the acquisition of the 50% interest in BGF are considered to have an indefinite life as they are expected to provide benefit to the Company over a continuous period. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period.

Identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of the FVLCS and the value-in-use of a particular asset or cash-generating unit (CGU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and recognized in the income statement.

In assessing FVLCS, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statements of operations.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, commercial paper and bankers' acceptances with a term to maturity of less than three months from the date of purchase.

FINANCIAL INSTRUMENTS

The Company classifies financial instruments into one of the following categories according to IAS 39, "*Financial Instruments – Recognition and Measurement*" (IAS 39): fair value through profit and loss, held to maturity, loans and receivables, available for sale assets and other financial liabilities. The Company determines its classification of financial instruments at initial recognition.

[i] Financial assets

Initial recognition and measurement
Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the company commits itself to either the purchase or sale of the asset.

Financial assets held for trading are initially measured at fair value. Transaction costs related to financial instruments classified as held for trading are recognized through earnings when incurred. Transaction costs for all financial instruments other than those classified as held for trading are included in the costs of the assets.

Classification and subsequent measurement
Financial assets classified as fair value through profit or loss
Financial assets classified as fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets purchased for trading activities are classified as held for trading and are measured at fair value, with unrealized gains (losses) recognized in net income. In addition, provided that the fair value can be reliably determined, IAS 39 permits an entity to designate any financial instrument as fair value through profit and loss on initial recognition or adoption of this standard even if that instrument would not otherwise meet the definition of fair value through profit and loss as specified in IAS 39. The Company did not designate any financial assets upon initial recognition as fair value through profit and loss. The Company's financial assets classified as held for trading include cash and cash equivalents, and securities owned, including derivative financial instruments.

The Company periodically evaluates the classification of its financial assets as held for trading based on whether the intent to sell the financial assets in the near term is still appropriate. If the Company is unable to trade these financial assets due to inactive markets or if management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

Financial assets classified as available for sale
Available for sale assets are generally measured at fair value, with subsequent changes in fair value recorded in other comprehensive income, net of tax, until the assets are sold or impaired, at which time the difference is recognized in net income for the year. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at fair value unless fair value is not reliably measurable. The Company's investment in Euroclear is classified as available for sale and measured at its estimated fair value. The Company sold its investment in Alternative Alpha Trading System during the year ended March 31, 2013, which was classified as available for sale.

Financial assets classified as loans and receivables and held to maturity
Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amortized cost is calculated as the amount at which the financial asset is measured at initial recognition less principal repayment and impairment, and includes amortization of any discount or premium on acquisition. The Company classifies accounts receivable as loans and receivables.

Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset and those loss events have had an impact on the estimated future cash flows of the asset that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the statements of operations and is measured as the difference between the carrying value and the fair value.

[ii] Financial liabilities

Initial recognition and measurement
All financial liabilities are recognized initially at fair value less, in the case of other financial liabilities, directly attributable transaction costs, and classified as either fair value through profit and loss or other financial liabilities.

Classification and subsequent measurement
Financial liabilities classified as fair value through profit and loss
Financial liabilities classified as fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statements of operations. The Company has not designated any financial liabilities as fair value through profit and loss that would not otherwise meet the definition of fair value through profit and loss upon initial recognition. Bank indebtedness, securities sold short and derivative financial instruments are classified as held for trading and recognized at fair value.

Financial liabilities classified as other financial liabilities
After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of operations through the effective interest rate method of amortization. Other financial liabilities include accounts payable and accrued liabilities, short term credit facility, and subordinated debt. The carrying value of other financial liabilities approximates their fair value.

[iii] Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

[iv] Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by referencing quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Valuation techniques may require the use of estimates or management assumptions if observable market data is not available. When the fair value cannot be reliably measured using a valuation technique, then the financial instrument is measured at cost.

[v] Derivative financial instruments

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates.

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income during the reporting period.

The Company trades in futures contracts, which are agreements to buy or sell standardized amounts of government bonds at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and subject to daily cash margining. The Company trades in futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk.

SECURITIES OWNED AND SOLD SHORT

Securities owned and sold short are recorded at fair value based on quoted market prices in an active market or a valuation model if no market prices are available. Unrealized gains and losses are reflected in income. Certain securities owned have been pledged as collateral for securities borrowing transactions. Securities owned and sold short are classified as held-for-trading financial instruments.

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing activities to primarily facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. Securities borrowed and securities loaned are carried at the amounts of cash collateral delivered and received in connection with the transactions. Securities borrowed transactions require the Company to deposit cash, letters of credit or other collateral with the lender. For securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of the securities loaned and borrowed against the cash collateral on a daily basis and, when appropriate, the Company may require counterparties to deposit additional collateral or it may return collateral pledged to ensure such transactions are adequately secured.

Securities purchased under agreements to resell and securities sold under agreements to repurchase represent collateralized financing transactions. The Company receives securities purchased under agreements to resell, makes delivery of securities sold under agreements to repurchase, monitors the market value of these securities on a daily basis and delivers or obtains additional collateral as appropriate.

The Company manages its credit exposure by establishing and monitoring aggregate limits by customer for these transactions. Interest earned on cash collateral is based on a floating rate.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commission revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues. Facilitation losses for the year ended March 31, 2013 were $15.4 million [March 31, 2012 – $28.1 million].

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of income earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

Other revenue includes foreign exchange gains or losses, revenue earned from our correspondent brokerage services and administrative fees revenues.

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment, building and leasehold improvements are recorded at cost less accumulated amortization. Amortization is being recorded as follows:

Computer equipment	33% declining balance basis
Furniture and equipment	10% to 20% declining balance basis
Leasehold improvements	Straight-line over the shorter of useful life and respective term of the leases

An item of property, plant and equipment, and any specific part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

The assets' residual values, useful lives and method of amortization are reviewed at each financial year end, and are adjusted prospectively where appropriate.

INCOME TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the statements of financial position.

TREASURY SHARES

The Company's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. This includes shares held in our long-term incentive plan and unvested share purchase loans and preferred shares. No gain or loss is recognized in the statements of operations in the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in contributed surplus. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

EARNINGS PER COMMON SHARE

Basic earnings per common share is computed by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding. Diluted earnings per common share reflects the dilutive effect of unvested share purchase loans, share issuance commitments in connection with share-based payment plans, unvested shares purchased by the employee benefit trust and share issuance commitments in connection with the long-term incentive plan based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees has been issued.

SHARE-BASED PAYMENTS

Employees (including senior executives and directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in contributed surplus. The cost is recognized on a graded basis.

The Company estimates the number of equity instruments that will ultimately vest when calculating the amortization expense. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs are expensed upon grant, as there are no vesting conditions [Note 17]. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Legal provisions

Legal provisions are recognized when it is probable that the Company will be liable for the future obligation as a result of a past event related to legal settlements or litigations.

Restructuring provisions

Restructuring provisions are only recognized when the recognition criteria for provisions are fulfilled. In order for the recognition criteria to be met, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of associated costs and an appropriate timeline.

In addition, either the personnel affected must have a valid expectation that the restructuring is being carried out or the implementation must have been initiated. The restructuring provision recognized includes staff restructuring costs, reorganization expenses, onerous lease provisions and impairment of equipment and leasehold improvements.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. The Company has assessed its lease arrangements and concluded that the Company only has leases that have the characteristics of an operating lease. An operating lease is a lease that does not transfer substantially all of the risks and benefits and ownership of an asset to the lessee. Operating lease payments are recognized as an expense in the statements of operations on a straight-line basis over the lease term.

BORROWING COSTS

The Company incurs borrowing costs in relation to its investments and broker dealer and client payable balances, the short term credit facility related to the acquisition of CSHP and its subordinated debt. Borrowing costs directly attributable to the acquisition of an asset that takes a substantial period of time to get ready for use are capitalized as part of the cost of the asset.

CLIENT MONEY

The Company's UK and Europe operations hold money on behalf of its clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 21.

SEGMENT REPORTING

The Company's segment reporting is based on the following operating segments: Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, the UK and Europe, Other Foreign Locations, and the US.

NOTE 05 Securities Owned and Securities Sold Short

	March 31, 2013		March 31, 2012	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 753,256	$ 617,841	$ 949,517	$ 824,466
Equities and convertible debentures	171,081	71,179	222,471	90,183
	$ 924,337	$ 689,020	$ 1,171,988	$ 914,649

As at March 31, 2013, corporate and government debt maturities range from 2013 to 2097 [March 31, 2012 – 2012 to 2096] and bear interest ranging from 0.00% to 15.00% [March 31, 2012 – 0.00% to 13.00%].

NOTE 06 Financial Instruments

In the normal course of business the Company is exposed to credit risk, liquidity risk and market risk, which includes fair value risk, interest rate risk and foreign exchange risk.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of the financial instruments as disclosed in the consolidated financial statements as at March 31, 2013 and 2012.

The primary source of credit risk to the Company is in connection with trading activity by private clients and private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectibility of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of $14.0 million [March 31, 2012 – $13.4 million] [Note 7].

The Company is also exposed to the risk that counterparties to transactions will not fulfill their obligations. Counterparties primarily include investment dealers, clearing agencies, banks and other financial institutions. The Company does not rely entirely on ratings assigned by credit rating agencies in evaluating counterparty risk. The Company mitigates credit risk by performing its own due diligence assessments on the counterparties, obtaining and analyzing information regarding the structure of the financial instruments, and keeping current with new innovations in the market. The Company also manages this risk by conducting regular credit reviews to assess creditworthiness, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations with performance guarantees.

As at March 31, 2013 and 2012, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

LIQUIDITY RISK

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized 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 that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 20.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2013:

Financial liability	Carrying amount	Contractual term to maturity
Bank indebtedness	$ 66,138	Due within one year
Accounts payable and accrued liabilities	2,726,735	Due within one year
Securities sold short	689,020	Due within one year
Subordinated debt	15,000	Due on demand[1]
Contingent consideration	14,218	Due within one year

[1] Subject to Investment Industry Regulatory Organization of Canada's approval.

The fair values for the above financial liabilities approximate their carrying values and will be paid within 12 months.

MARKET RISK

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Company separates market risk into three categories: fair value risk, interest rate risk and foreign exchange risk.

Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2013. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

	March 31, 2013			March 31, 2012		
Financial instrument	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	$ 171,081	$ 5,425	$ (5,425)	$ 222,471	$ 6,541	$ (6,541)
Equities and convertible debentures sold short	(71,179)	(2,257)	2,257	(90,183)	(2,651)	2,651

The following table summarizes the effect on OCI as a result of a fair value change in the financial instruments classified as available for sale. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

	March 31, 2013			March 31, 2012		
Financial instrument	Carrying value	Effect of a 10% increase in fair value on other comprehensive income	Effect of a 10% decrease in fair value on other comprehensive income	Carrying value	Effect of a 10% increase in fair value on other comprehensive income	Effect of a 10% decrease in fair value on other comprehensive income
Investments	$ 3,695	$ 195	$ (195)	$ 9,493	$ 507	$ (507)

A fair value hierarchy is presented below that distinguishes the significance of the inputs used in determining the fair value measurements of various financial instruments. The hierarchy contains the following levels: Level 1 uses quoted (unadjusted) prices in active markets for identical assets and liabilities, Level 2 uses other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly, and Level 3 uses techniques with inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

		Estimated fair value		
			March 31, 2013	
	March 31, 2013	Level 1	Level 2	Level 3
Securities owned				
Corporate and government debt	$ 753,256	$ 258,188	$ 495,068	$ —
Equities and convertible debentures	171,081	141,062	14,759	15,260
Securities sold short				
Corporate and government debt	(617,841)	(221,125)	(396,716)	—
Equities and convertible debentures	(71,179)	(70,651)	(528)	—
Investments	3,695	—	—	3,695
Contingent consideration	(14,218)[1]	—	—	(14,218)

[1] Contingent consideration is settled in cash and is therefore classified as a financial liability measured at fair value, with any subsequent gains or losses recognized in earnings.

		Estimated fair value		
			March 31, 2012	
	March 31, 2012	Level 1	Level 2	Level 3
Securities owned				
Corporate and government debt	$ 949,517	$ 425,655	$ 520,070	$ 3,792
Equities and convertible debentures	222,471	206,584	6,107	9,780
Securities sold short				
Corporate and government debt	(824,466)	(535,117)	(289,349)	—
Equities and convertible debentures	(90,183)	(89,135)	(1,048)	—
Investments	9,493	—	—	9,493

Movement in net Level 3 financial assets

March 31, 2012	$ 23,065
Purchases of Level 3 assets during the year	5,693
Addition of contingent consideration	(14,218)
Net unrealized loss during the year	(216)
Net disposals during the year	(9,587)
March 31, 2013	**$ 4,737**

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its cash and cash equivalent balances, bank indebtedness, short term credit facility, fixed income portion of securities owned and securities sold short, net clients' balances, and net brokers' and investment dealers' balances, as well as its subordinated debt. The Company attempts to minimize and monitor its exposure to interest rate risk through quantitative analysis of its net positions of fixed income securities, clients' balances, securities lending and borrowing activities, and short term borrowings. The Company also trades in futures in an attempt to mitigate interest rate risk. Futures are included in marketable securities owned, net of marketable securities sold short, for the purpose of calculating interest rate sensitivity.

All cash and cash equivalents mature within three months. Net clients' receivable (payable) balances charge (incur) interest based on floating interest rates. Subordinated debt bears interest at a rate of prime plus 4%, payable monthly. The short term credit facility bears interest based on a prime-linked rate payable monthly.

The following table provides the effect on net income (loss) for the years ended March 31, 2013 and 2012 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2013 and 2012. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables are constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

			March 31, 2013			March 31, 2012
	Carrying value	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates[1]	Carrying value	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates[1]
Cash and cash equivalents, net of bank indebtedness	$ 424,874	$ 2,430	$ (2,582)	$ 739,097	$ 3,953	$ (4,038)
Marketable securities owned, net of marketable securities sold short	235,317	(2,154)	2,654	257,339	(132)	691
Clients' payable, net	(695,733)	(4,043)	(1,205)	(688,954)	(3,515)	(2,417)
RRSP cash balances held in trust	327,173	1,886	(1,886)	535,486	2,864	(2,864)
Brokers' and investment dealers' balance, net	299,985	(300)	15	(124,413)	(1,224)	7
Subordinated debt	(15,000)	(87)	87	(15,000)	(80)	80

(1) Subject to a floor of zero.

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia, and UK and Europe subsidiaries. These subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling, or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

All of the subsidiaries may also hold financial instruments in currencies other than their functional currency; therefore, any fluctuations in foreign exchange rates will impact foreign exchange gains or losses.

The following table summarizes the effects on net income (loss) and OCI as a result of a 10% change in the value of the foreign currencies where there is significant exposure. The analysis assumes all other variables remain constant. The methodology used to calculate the foreign exchange rate sensitivity is consistent with the prior year.

As at March 31, 2013:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	$ (1,023)	$ 1,023	$ 5,526	$ (5,526)
Pound sterling	(2,238)	2,238	31,756	(31,756)
Australian dollar	nil	nil	4,361	(4,361)

As at March 31, 2012:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	$ (1,199)	$ 1,199	$ 4,229	$ (4,229)
Pound sterling	(2,461)	2,461	33,310	(33,310)
Australian dollar	nil	nil	4,660	(4,660)

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates. All derivative financial instruments are expected to be settled within six months subsequent to fiscal year end.

Foreign exchange forward contracts

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Forward contracts outstanding at March 31, 2013:

	Notional amounts (millions of USD)	Average price (CAD/USD)	Maturity	Fair value
To sell US dollars	$ 14.8	$ 1.02	April 1, 2013	(4)
To buy US dollars	3.8	1.02	April 1, 2013	6

Forward contracts outstanding at March 31, 2012:

	Notional amounts (millions of USD)	Average price (CAD/USD)	Maturity	Fair value
To sell US dollars	$ 13.3	$ 1.00	April 4, 2012	nil
To buy US dollars	9.3	1.00	April 4, 2012	nil

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe deals foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound, the US dollar, or the euro. The weighted average term to maturity is 75 days. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2013.

	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 4,483	$ (4,483)	$ 352,205

Bond futures

The Company is involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company trades in bond futures in order to mitigate interest rate risk, yield curve risk, and liquidity risk. At March 31, 2013, the Company had no bond futures contracts outstanding [March 31, 2012 – notional amount of $7.2 million].

Credit risk on bond futures is minimal as the counterparty to every futures trade is a clearing corporation, which acts as a third party that matches trade and collects and maintains margin.

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2013, the floating rates ranged from 0.00% to 0.63% [March 31, 2012 – 0.00% to 0.68%].

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
March 31, 2013	**$ 168,371**	**$ 36,710**	**$ 36,047**	**$ 199,956**
March 31, 2012	120,781	63,856	66,102	122,184

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at March 31, 2013, the Company had $66.1 million of bank indebtedness balance outstanding [March 31, 2012 – $75.1 million at a floating rate of 0.64%].

SHORT TERM CREDIT FACILITY

The Company entered into a $150.0 million senior secured credit agreement to finance a portion of the cash consideration for its acquisition of CSHP. This credit facility was collateralized by guarantees, securities pledge agreements and mortgages in the UK over the shares of the Company's material subsidiaries. The balance outstanding as of March 31, 2012 was $150.0 million. This short term credit facility bore an interest rate of 3.75% per annum. The balance of the short term credit facility was repaid in full on May 22, 2012.

OTHER CREDIT FACILITIES

Subsidiaries of the Company also have other credit facilities with banks in Canada and the UK for an aggregate amount of $705.5 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2013, there were nil balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling $3.3 million (US$3.2 million) as rent guarantees for its leased premises in Boston and New York. As of March 31, 2013 and 2012, there were no outstanding balances under these standby letters of credit.

NOTE 07 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	March 31, 2013	March 31, 2012
Brokers and investment dealers	**$ 1,773,043**	$ 1,839,332
Clients	**320,564**	616,300
RRSP cash balances held in trust	**327,173**	535,486
Other	**93,178**	90,522
	$ 2,513,958	$ 3,081,640

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2013	March 31, 2012
Brokers and investment dealers	**$ 1,473,058**	$ 1,963,745
Clients	**1,016,297**	1,305,254
Other	**237,380**	281,601
	$ 2,726,735	$ 3,550,600

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a 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 the margin regulations of the Investment Industry Regulatory Organization of Canada (IIROC) 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 clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2013 – 6.00% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2012 – 6.00% to 6.25% and 0.00% to 0.05%, respectively].

As at March 31, 2013, the allowance for doubtful accounts was $14.0 million [March 31, 2012 – $13.4 million]. See below for the movements in the allowance for doubtful accounts:

	Total
At March 31, 2012	$ 13,435
Charge for the year	11,635
Recoveries	(4,792)
Write-offs	(6,292)
At March 31, 2013	**$ 13,986**

NOTE 08 Investments

	March 31, 2013	March 31, 2012
Available for sale	$ 3,695	$ 9,493

The Company invested $5.0 million in a limited partnership as part of its initiative to operate an Alternative Alpha Trading System. During the year ended March 31, 2013, the Company sold this investment for a net realized gain of $0.9 million as recognized in other revenue.

As a result of the acquisition of CSHP, the Company holds an investment in Euroclear, one of the principal clearing houses for securities traded in the Euromarket. These investments are carried at fair value, determined using a market approach.

NOTE 09 Equipment and Leasehold Improvements

	Cost	Accumulated amortization	Net book value
March 31, 2013			
Computer equipment	$ 10,231	$ 3,821	$ 6,410
Furniture and equipment	21,073	15,478	5,595
Leasehold improvements	75,685	44,711	30,974
	$ 106,989	$ 64,010	$ 42,979
March 31, 2012			
Computer equipment	$ 9,840	$ 3,855	$ 5,985
Furniture and equipment	28,506	16,813	11,693
Leasehold improvements	68,322	34,916	33,406
	$ 106,668	$ 55,584	$ 51,084

	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost				
Balance, March 31, 2012	$ 9,840	$ 28,506	$ 68,322	$ 106,668
Additions	2,487	995	3,490	6,972
Transfers	1,531	(5,818)	4,287	—
Disposals	(2,937)	(2,220)	(96)	(5,253)
Foreign exchange	(690)	(390)	(318)	(1,398)
Balance, March 31, 2013	**$ 10,231**	**$ 21,073**	**$ 75,685**	**$ 106,989**

	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Accumulated amortization				
Balance, March 31, 2012	$ 3,855	$ 16,813	$ 34,916	$ 55,584
Additions	2,592	2,592	8,000	13,184
Impairment	—	411	—	411
Transfers	1,100	(2,946)	1,846	—
Disposals	(2,921)	(1,054)	—	(3,975)
Foreign exchange	(805)	(338)	(51)	(1,194)
Balance, March 31, 2013	**$ 3,821**	**$ 15,478**	**$ 44,711**	**$ 64,010**

The amount of borrowing costs capitalized during the year ended March 31, 2013 was nil [March 31, 2012 – nil].

NOTE 10 Business Combinations

[i] EDEN FINANCIAL LTD.

On October 1, 2012, the Company acquired 100% of the wealth management business of Eden Financial Ltd., an owner-managed private client investment management business, for purchase consideration of $20.3 million (£12.8 million), of which $12.2 million (£7.7 million) was paid on closing and an estimated $8.1 million (£5.1 million) is payable after 12 months, contingent on achieving certain performance targets related to revenue. Further incentives of up to $6.3 million (£4.0 million) will be paid to certain continuing Eden Financial employees subject to certain performance conditions and will be recognized as an expense over a four-year period as the amounts are earned. An additional incentive payment of $3.3 million (£2.0 million) has also been awarded to certain Eden Financial employees of which one-half is being recognized as an expense over a one-year vesting period and one-half is being recognized over a two-year vesting period.

This transaction has been accounted for in accordance with IFRS 3, "*Business Combinations*" (IFRS 3), using the acquisition method. At acquisition date, Eden Financial had $7.2 million of cash on its balance sheet. The Company has recognized as an expense $1.3 million of acquisition-related costs incurred by the Company in connection with the Eden Financial acquisition. These costs are mainly comprised of professional and consulting fees.

The purchase price, determined by the fair value of the consideration given at the date of acquisition and the fair value of the net assets acquired on the date of acquisition, was as follows:

Consideration	
Cash	$ 12,179
Contingent consideration	8,119
	$ 20,298

Net assets acquired		
Cash	$	7,247
Accounts receivable		2,662
Other tangible assets		707
Liabilities		(2,633)
Identifiable intangible assets		2,899
Goodwill		9,416
	$	**20,298**

The fair value of Eden Financial's net tangible assets was $8.0 million, which included accounts receivable of $2.7 million. Identifiable intangible assets of $2.9 million were recognized relating to customer relationships [Note 11]. The goodwill of $9.4 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be $8.1 million as of March 31, 2013. The contingent consideration has to be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows. The key assumption affecting the fair value is the probability that the revenue target will be met.

The above amounts are estimates, which were made by management at the time of preparation of these consolidated financial statements based on available information. Amendments may be made to these amounts while values subject to estimates are finalized for a period of up to 12 months subsequent to the close of the acquisition.

Since the date of acquisition, Eden Financial contributed $6.2 million to the consolidated revenue. The Company does not have the information available to determine the pro-forma consolidated results had Eden Financial been purchased on April 1, 2012; therefore, this amount has not been disclosed as per IFRS 3.

[ii] KENOSIS CAPITAL PARTNERS

On September 14, 2012, the Company signed an agreement with Kenosis Capital Partners (Kenosis Capital), a merchant bank and advisory group, to acquire certain assets and liabilities for cash consideration of $1.2 million and additional contingent cash consideration based upon the achievement of certain performance criteria. This transaction qualifies as a business combination under IFRS 3, and has been accounted for under the acquisition method. The transaction was completed on September 16, 2012.

The estimated fair value of the liability for contingent consideration is $6.0 million. The contingent consideration has to be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statements of operations. The determination of the fair value is based upon discounted cash flows. The key assumption affecting the fair value is the probability that the performance target will be met.

The Company recorded goodwill of $7.2 million related to this acquisition. The allocation and the estimate of the contingent consideration referred to above are estimates, which were made by management at the time of the preparation of the audited annual consolidated financial statements based on available information. Amendments may be made to these amounts while values subject to estimates are finalized for a period of up to 12 months subsequent to the close of the acquisition.

The revenue and net income recognized in connection with the assets acquired from Kenosis Capital since the acquisition on September 16, 2012 are not considered material. The Company has recognized as an expense $0.4 million of acquisition-related costs incurred by the Company in connection with the Kenosis Capital acquisition.

[iii] ACQUISITIONS IN 2012

On March 21, 2012, the Company acquired 100% of CSHP. The purchase price allocation included in Note 11 to the March 31, 2012 consolidated financial statements was disclosed as preliminary. The purchase price allocation was finalized in the first quarter of fiscal 2013; there were no subsequent amendments to the fair values of consideration paid or net assets acquired. The purchase price allocation did not include an element of contingent consideration. The preliminary allocation of goodwill to the various cash-generating units was finalized during the first quarter of fiscal 2013, with no subsequent amendments.

No subsequent amendments were made to the purchase price allocation related to the Company's acquisition of BGF Capital Group Pty Ltd. included in Note 11 to the March 31, 2012 consolidated financial statements.

NOTE 11 Goodwill and Other Intangible Assets

		Identifiable intangible assets						
	Goodwill	Brand names	Customer relationships	Sales backlog	Technology	Non-competition	Trading licences	Total
Gross amount								
Balance, March 31, 2012	$ 472,510	$ 46,618	$ 85,251	$ 7,624	$ 5,975	$ 14,437	$ 197	$ 160,102
Addition – Kenosis Capital	7,182	—	—	—	—	—	—	—
Addition – Eden Financial	9,416	—	2,899	—	—	—	—	2,899
Foreign exchange	(4,422)	9	(1,634)	74	(204)	172	5	(1,578)
Balance, March 31, 2013	**484,686**	**46,627**	**86,516**	**7,698**	**5,771**	**14,609**	**202**	**161,423**
Accumulated amortization								
Balance, March 31, 2012	—	(205)	(5,039)	(1,921)	—	(3,427)	—	(10,592)
For the year ended March 31, 2013								
Amortization	—	(1,471)	(8,340)	(5,718)	(1,978)	(3,083)	—	(20,590)
Foreign exchange	—	(21)	123	(59)	55	(56)	—	42
Balance, March 31, 2013	**—**	**(1,697)**	**(13,256)**	**(7,698)**	**(1,923)**	**(6,566)**	**—**	**(31,140)**
Net book value								
March 31, 2012	472,510	46,413	80,212	5,703	5,975	11,010	197	149,510
March 31, 2013	**484,686**	**44,930**	**73,260**	**—**	**3,848**	**8,043**	**202**	**130,283**

IMPAIRMENT TESTING OF GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS WITH INDEFINITE LIVES

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012	**March 31, 2013**	March 31, 2012
Canaccord Genuity						
Canada	**$ 44,930**	$ 44,930	**$ 242,074**	$ 242,074	**$ 287,004**	$ 287,004
UK and Europe	**—**	—	**80,136**	82,969	**80,136**	82,969
US	**—**	—	**7,313**	7,169	**7,313**	7,169
Other Foreign Locations (China)	**—**	—	**10,365**	3,183	**10,365**	3,183
Other Foreign Locations (Australia)	**202**	197	**23,309**	22,752	**23,511**	22,949
Other Foreign Locations (Singapore)	**—**	—	**29,208**	28,288	**29,208**	28,288
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	**—**	—	**83,138**	86,075	**83,138**	86,075
UK and Europe (Eden Financial)	**—**	—	**9,143**	—	**9,143**	—
	$ 45,132	$ 45,127	**$ 484,686**	$ 472,510	**$ 529,818**	$ 517,637

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the cash-generating unit to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a cash-generating unit exceeds its recoverable amount an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the cash-generating unit and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill impairment testing was carried out for all applicable CGUs at September 30 and December 31, 2012.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGU's net assets have been determined using FVLCS calculations, which are based on cash flow assumptions approved by senior management. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the cash-generating units' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, terminal growth rates and discount rates. In order to estimate the FVLCS for each cash-generating unit, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each CGU for the purposes of these calculations was 12.5% in respect of Canada and the UK and Europe [March 31, 2012, Canada – 12.5%], 14.0% in respect of Australia, Singapore and the US [March 31, 2012, Australia – 14.0%], and 20.0% in respect of China [March 31, 2012 – 20.0%]. Cash flow estimates for each CGU are based on management assumptions as described above and utilize compound annual revenue growth rates commencing with the forecast for the next fiscal year ranging from 9% to 16% [March 31, 2012 – 15% to 32%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 10%, (ii) UK and Europe – 10%, (iii) US – 10%, (iv) Other Foreign Locations – 10% to 16%; and (b) Canaccord Genuity Wealth Management, UK and Europe – 9%. Management estimates in respect of increases in revenue from fiscal 2013 to the next fiscal year, used as the commencement date for the forecasts referred to above, are in the range from (5%) to 14% for each CGU except for Other Foreign Locations. CGUs in Other Foreign Locations are in earlier stages of development and, as such, with fiscal 2013 revenue at relatively low base levels, revenue estimates for the next fiscal year for those CGUs range from 1.4 times to 5.8 times revenue recorded in fiscal 2013. The terminal growth rate used for CGUs located in Canada and the UK and Europe was 3% [March 31, 2012, Canada – 3%] and for CGUs located in all other locations was 5% [March 31, 2012 – 5%].

Sensitivity testing was conducted as a part of the March 31, 2013 annual impairment test of goodwill and indefinite life intangible assets. The sensitivity testing includes assessing the impact that reasonably possible declines in growth rates and increases in the discount rate would have on the recoverable amount of the CGUs, with other assumptions being held constant.

The Company's impairment testing has determined that the recoverable amount for certain of the Other Foreign Location CGUs, Australia and China, exceeds their carrying amounts by $5.0 million and $2.8 million, respectively, and consequently, a reasonably possible decline in the growth rates or increases in the discount rates may result in an impairment charge in respect of the goodwill and indefinite life intangible assets allocated to either of these CGUs. An increase of 0.5 percentage points in the discount rate for Australia (from 14.0% to 14.5%), an increase of 4.3 percentage points in the discount rate for China (from 20.0% to 24.3%), a reduction in the compound annual growth rate of 2 percentage points for Australia (from 16% to 14%), a reduction in the compound annual growth rate of 9 percentage points for China (from 16% to 7%), or a decrease in the revenue estimates for fiscal 2014 used as the starting point for the forecast period would result in the recoverable amount being equal to the carrying value.

NOTE 12 Income Taxes

The major components of income tax expense are:

		March 31, 2013		March 31, 2012
Consolidated statements of operations				
Current income tax expense				
Current income tax expense	$	9,668	$	9,607
Adjustments in respect of prior years		(1,466)		1,436
		8,202		11,043
Deferred income tax expense (recovery)				
Origination and reversal of temporary differences		(12,313)		(6,176)
Impact of change in tax rates		(484)		360
Benefit arising from a previously unrecognized tax loss		(332)		—
		(13,129)		(5,816)
Income tax expense (recovery) reported in the statements of operations	$	(4,927)	$	5,227

The Company's income tax expense differs from the amount that would be computed by applying the combined federal and provincial income tax rates as a result of the following:

		March 31, 2013		March 31, 2012
(Loss) income before income taxes	$	(23,702)	$	(16,119)
Income taxes at the estimated statutory rate of 25.0% (2012: 25.8%)		(5,926)		(4,165)
Difference in tax rates in foreign jurisdictions		(4,705)		(1,944)
Non-deductible items affecting the determination of taxable income		1,853		5,690
Change in accounting and tax base estimate		(1,737)		2,654
Change in deferred tax asset – reversal period of temporary difference		(129)		(1,393)
Tax losses and other temporary differences not recognized		5,717		4,385
Income tax expense (recovery) reported in the statements of operations	$	(4,927)	$	5,227

The following were the deferred tax liabilities and assets recognized by the Company and movements thereon during the year:

	Consolidated Statements of Financial Position				Consolidated Statements of Operations			
		March 31, 2013		March 31, 2012		March 31, 2013		March 31, 2012
Unrealized gain on securities owned	$	(1,676)	$	(1,150)	$	526	$	(1,727)
Legal provisions		2,047		1,585		(463)		(97)
Unpaid remunerations		11		883		872		512
Unamortized capital cost of equipment and leasehold improvements over their net book value		1,929		997		(807)		(603)
Unamortized common share purchase loans		6,010		3,362		(2,648)		(57)
Loss carryforwards		10,456		8,130		(886)		(3,921)
Common and preferred shares issuance costs		1,697		1,039		557		49
Long-term incentive plan		13,510		9,486		(4,022)		1,945
Other intangible assets		(25,726)		(28,921)		(4,817)		(1,829)
Investment in limited partnership		—		(675)		(675)		(3)
Other		1,718		1,135		(766)		(85)
	$	9,976	$	(4,129)	$	(13,129)	$	(5,816)

Deferred tax assets and liabilities as reflected in the consolidated statements of financial position are as follows:

		March 31, 2013		March 31, 2012
Deferred tax assets	$	12,552	$	3,959
Deferred tax liabilities		(2,576)		(8,088)
	$	9,976	$	(4,129)

The movement for the year in the net deferred tax position was as follows:

		March 31, 2013		March 31, 2012
Opening balance as of April 1	$	(4,130)	$	(6,660)
Tax (expense) recovery during the period recognized in statements of operations		13,129		5,816
Net deferred taxes acquired in business combinations		324		(4,257)
Tax (expense) recovery during the period recognized in shareholders' equity		653		972
	$	9,976	$	(4,129)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Tax loss carryforwards of $35.8 million [2012 – $29.7 million] in the UK and Europe and $3.3 million [2012 – $0.6 million] in Other Foreign Locations (Australia) have been recognized as a deferred tax asset. The losses in both jurisdictions can be carried forward indefinitely.

At the balance sheet date, the Company has tax loss carryforwards approximating $42.8 million [2012 – $27.1 million] for which a deferred tax asset has not been recognized. These losses relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to $19.6 million at March 31, 2013 [2012 – $20.5 million]. Since the subsidiaries outside of Canada have a history of losses and the deductible temporary differences may not be used to offset taxable income elsewhere in the consolidated group of companies, no asset has been recognized as the likelihood of future economic benefit is not sufficiently assured.

At March 31, 2013, there was no recognized deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. The Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized are $nil (2012 – $nil).

NOTE 13 Subordinated Debt

		March 31, 2013		March 31, 2012
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	$	15,000	$	15,000

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the IIROC. As at March 31, 2013 and 2012, the interest rates for the subordinated debt were 7.0% and 7.0%, respectively. The carrying value of this subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 14 Preferred Shares

	March 31, 2013		March 31, 2012	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	—	—
Series C Preferred Shares held in treasury	(2,627)	(106,794)	—	—
	94,823	3,893,206	—	—
	$ 205,641	8,433,206	$ 110,818	4,540,000

On April 15, 2011, the Company's shareholders approved amendments to its articles to alter the authorized capital of the Company by creating an additional class of preferred shares. The Company has an unlimited number of authorized preferred shares without nominal or par value.

[i] SERIES A PREFERRED SHARES

On June 23, 2011, the Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of $25.00 per share, for gross proceeds of $100 million. On July 7, 2011, the Company closed the over-allotment option and issued an additional 540,000 Series A Preferred Shares at $25.00 per share for gross proceeds of $13.5 million.

The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $110.8 million. Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on September 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company has the option to redeem the Series A Preferred Shares on September 30, 2016 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series B Preferred Shares are redeemable at the Company's option on September 30, 2021 and on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

[ii] SERIES C PREFERRED SHARES

On March 22, 2012, the Company announced that it had agreed to issue 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $100 million. Quarterly cumulative cash dividends, if declared, will be paid at an annual rate of 5.75% for the initial five-year period ending on September 30, 2016. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and on June 30 every five years thereafter. Holders of the Series D Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company has the option to redeem the Series C Preferred Shares on June 30, 2017 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. The Series D Preferred Shares are redeemable at the Company's option on June 30, 2022 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

The offering closed on April 10, 2012. The net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $97.5 million.

NOTE 15 Common Shares

	March 31, 2013		March 31, 2012	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 717,908	102,896,172	$ 705,293	101,688,721
Unvested share purchase loans	(34,012)	(4,872,547)	(33,152)	(3,209,336)
Held for LTIP	(45,440)	(4,961,829)	(48,402)	(4,453,508)
	$ 638,456	93,061,796	$ 623,739	94,025,877

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2012	101,688,721	$ 705,293
Shares issued in connection with the LTIP [note 17]	844,766	8,996
Shares issued in connection with the Corazon Capital Group Limited Share Plan [note 17]	170,562	1,503
Shares issued in connection with retention plan [note 17]	109,979	1,402
Shares issued in connection with replacement plans [note 17]	198,872	1,528
Shares cancelled	(116,728)	(814)
Balance, March 31, 2013	**102,896,172**	**$ 717,908**

In August 2012, the Company filed a notice for a normal course issuer bid (NCIB) to provide for the ability to purchase, at the Company's discretion, up to 3,000,000 of its common shares through the facilities of the TSX from August 13, 2012 to August 12, 2013. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The shares that may be repurchased represent 2.93% of the Company's common shares outstanding at the time of the notice. There were no shares repurchased through the NCIB between August 31, 2012 and March 31, 2013.

[iii] 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 the vesting period. The difference between the unvested and unamortized values is included in contributed surplus.

[iv] LOSS PER COMMON SHARE

For the years ended	March 31, 2013	March 31, 2012
Basic loss per common share		
Net loss attributable to CFI shareholders	$ (16,819)	$ (20,307)
Preferred shares dividends	(11,720)	(4,815)
Net loss attributable to common shareholders	(28,539)	(25,122)
Weighted average number of common shares (number)	92,217,726	76,715,248
Basic loss per share	$ (0.31)	$ (0.33)
Diluted loss per common share		
Net loss attributable to common shareholders	(28,539)	(25,122)
Weighted average number of common shares (number)	92,217,726	76,715,248
Dilutive effect of unvested shares (number)	4,872,547	3,209,336
Dilutive effect of share options (number)	—	253,075
Dilutive effect of unvested shares purchased by the employee benefit trust (number) [note 17]	5,209,693	3,906,179
Dilutive effect of share issuance commitment in connection with the LTIP (number) [note 17]	102,116	382,997
Dilutive effect of share issuance commitment in connection with replacement plans (number) [note 17]	—	215,662
Adjusted weighted average number of common shares (number)	102,402,082	84,682,497
Diluted loss per common share	$ (0.31)	$ (0.33)

NOTE 16 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the year ended March 31, 2013:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 1, 2012	June 15, 2012	$ 0.10	$ 10,202
August 24, 2012	September 10, 2012	$ 0.05	$ 5,116
November 30, 2012	December 10, 2012	$ 0.05	$ 5,125
March 1, 2013	March 15, 2013	$ 0.05	$ 5,136

On May 21, 2013, the Board of Directors approved a cash dividend of $0.05 per common share payable on June 10, 2013 to common shareholders of record as at May 31, 2013 [Note 24].

PREFERRED SHARES DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 15, 2012	July 3, 2012	$ 0.34375	$ 0.31900	$ 2,837
September 14, 2012	October 1, 2012	$ 0.34375	$ 0.359375	$ 2,998
December 14, 2012	December 31, 2012	$ 0.34375	$ 0.359375	$ 2,998
March 15, 2013	April 1, 2013	$ 0.34375	$ 0.359375	$ 2,998

On May 21, 2013, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on July 2, 2013 to Series A Preferred shareholders of record as at June 21, 2013 [Note 24].

On May 21, 2013, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on July 2, 2013 to Series C Preferred shareholders of record as at June 21, 2013 [Note 24].

NOTE 17 Share-based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

Under the LTIP, eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, an employee benefit trust (the Trust) has been established and either (a) the Company will fund the Trust with cash, which will be used by the trustee to purchase on the open market common shares of the Company that will be held in trust by the trustee until the RSUs vest or (b) the Company will issue common shares from treasury to participants following vesting of the RSUs. For employees in the US and the UK, the Company will allot common shares at the time of each RSU award, and these shares will be issued from treasury at the time they vest for each participant.

There were 5,396,103 RSUs [year ended March 31, 2012 – 4,275,476 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2013. The Trust purchased 2,408,168 [year ended March 31, 2012 – 3,168,265] common shares for the year ended March 31, 2013.

The fair value of the RSUs at the measurement date is based on the volume weighted average price at the grant date and is amortized on a graded basis over the vesting period of three years. The weighted average fair value of RSUs granted during the year ended March 31, 2013 was $6.20 [year ended March 31, 2012 – $11.07].

	Number
Awards outstanding, March 31, 2012	7,068,317
Grants	5,396,103
Vested	(2,744,613)
Forfeited	(591,638)
Awards outstanding, March 31, 2013	**9,128,169**

	Number
Common shares held by the Trust, March 31, 2012	4,453,508
Acquired	2,408,168
Released on vesting	(1,899,847)
Common shares held by the Trust, March 31, 2013	**4,961,829**

[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. These loans are generally forgiven over a three- to five-year period from the initial advance of the loan or at the end of that three- to five-year period [Note 15 [iii]].

[iii] REPLACEMENT PLANS

As a result of the acquisition of CSHP, the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

Canaccord Financial Inc. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted awards under the Replacement ABED Plan. The shares granted vest between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, "*Business Combinations*", a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion is being deferred and amortized to incentive compensation expense over the vesting period. The Company recognized $1.1 million through acquisition-related expense for the year ended March 31, 2012 as per IFRS 3.

	Number
Awards outstanding, March 31, 2012	573,538
Vested	(91,191)
Forfeited	(15,702)
Awards outstanding, March 31, 2013	**466,645**

Canaccord Financial Inc. Collins Stewart Hawkpoint Replacement Long-Term Incentive Plan Award

On March 21, 2012, the Company introduced the Replacement LTIP, which replaced the existing LTIPs at CSHP on the acquisition date. Eligible employees who participated in the CSHP LTIPs were granted awards under the Replacement LTIP. The shares granted vest annually on a graded basis over a three-year period. In accordance with IFRS 3, a portion of awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion is being deferred and amortized to incentive compensation expense over the vesting period.

	Number
Awards outstanding, March 31, 2012	842,032
Vested	(107,681)
Forfeited	(22,651)
Awards outstanding, March 31, 2013	**711,700**

Corazon Capital Group Limited Share Plan

In connection with the acquisition of CSHP, the Company assumed the outstanding obligation under the Corazon Capital Group Limited Share Plan (the Corazon Share Plan). The Corazon Share Plan was entered into by CSHP in relation to its acquisition of Corazon Capital Group Limited, an independent, Guernsey-based investment management firm.

The obligation was paid by issuance of 170,562 number of Canaccord common shares, which vested in March 2013, and cash consideration of $2.2 million (£1.4 million). In accordance with IFRS 3, a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion is being deferred and amortized to incentive compensation expense over the vesting period. As the awards vested in March 2013 the entire award not accounted for as purchase consideration has been expensed. The cash consideration was included as part of the determination of the fair value of CSHP's net assets when calculating the purchase price allocation.

[iv] CSH INDUCEMENT PLAN

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. In September 2012, the Company finalized the terms of this plan and communicated the plan arrangements to the relevant employees. During the year ended March 31, 2013, the Company awarded 2,418,861 RSUs, which vest over a five-year period. In accordance with the plan, one-third of the total RSUs (806,302 RSUs) will vest on the third anniversary under the terms of the existing LTIP. The remaining two-thirds of the total RSUs (1,612,559 RSUs) will vest under the terms of the new CSH Inducement Plan, with one-half of the 1,612,559 RSUs vesting on the fourth anniversary and the remaining half on the fifth anniversary. During the year ended March 31, 2013, 55,544 RSUs were forfeited. On each vesting date, the RSUs entitle the awardee to receive cash or common shares of the Company. If at the vesting date the share price is less than $8.50 per share, then the Company, at its election, will either (a) pay cash to the employee equal to $8.50 multiplied by the number of RSUs vesting on such date, or (b) pay cash to the employee equal to the difference between $8.50 and the vesting date share price, multiplied by the number of RSUs vesting on that date plus that number of shares equal to the number of RSUs vesting on such date.

The awards under this plan require either full or partial cash settlement if the share price at vesting is less than $8.50 per share. To the extent that it is considered probable that cash settlement will be required, a portion of these awards is treated as cash settled, and recorded on the statement of financial position as a liability.

The fair value of the RSUs at the grant date and at March 31, 2013 was $8.50, for a total plan value of $20.2 million, which is being amortized on a graded basis.

[v] SHARE OPTIONS

The Company grants share options to purchase common shares of the Company to directors and senior management. Share options to independent directors vest over a four-year period and expire seven years after the grant date or 30 days after the participant ceases to be a director. Share options to senior management vest over a five-year period and expire on the earliest of: (a) seven years from the grant date; (b) three years after death or any other event of termination of employment; (c) after any unvested optioned shares held by the optionee are cancelled for any reason (other than early retirement but including resignation without entering into a formal exit agreement and termination for cause); and (d) in the case of early retirement, after a determination that the optionee has competed with the Company or violated any non-competition, non-solicitation or non-disclosure obligations. The exercise price is based on the fair market value of the common shares at grant date. The weighted average exercise price of the share options was $9.84 at March 31, 2013.

The following is a summary of the Company's share options as at March 31, 2013 and changes during the periods then ended:

	Number of options	Weighted average exercise price ($)
Balance, March 31, 2012	2,482,675	$ 9.83
Granted	—	—
Forfeited	(97,765)	(9.47)
Exercised	—	—
Balance, March 31, 2013	**2,384,910**	**$ 9.84**

The following table summarizes the share options outstanding as at March 31, 2013:

	Options outstanding			Options exercisable	
Range of exercise price ($)	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price ($)	Number of options exercisable	Weighted average exercise price ($)
23.13	100,000	1.12	$ 23.13	100,000	$ 23.13
7.21–9.48	2,284,910	3.39	8.12	569,761	8.69
7.21–23.13	**2,384,910**	**3.29**	**$ 9.84**	**669,761**	**$ 11.19**

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

[vi] RETENTION PLAN

In connection with the acquisition of The Balloch Group (TBG), the Company established a retention plan that provides for the issuance of 1,187,847 common shares of the Company to key employees of Canaccord Genuity Asia over a five-year graded vesting period based on future Asia-linked revenue. As of March 31, 2013, due to the departure of several key employees, this plan was settled. This resulted in the forfeiture of 917,212 shares, and accelerated vesting of 270,635 shares.

[vii] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a DSU plan for its independent directors. Independent directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

During the year ended March 31, 2013, the Company granted 50,839 DSUs [2012 – 33,769 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2013 was $0.5 million [2012 – $0.3 million].

[viii] SHARE-BASED COMPENSATION EXPENSE

For the years ended	March 31, 2013	March 31, 2012
Long-term incentive plan	$ 31,820	$ 29,610
Forgivable common share purchase loans	14,286	12,946
Replacement plans	6,978	—
Share-based payment expense related to acquisition of CSHP	2,893	1,621
Share options	1,345	1,622
Retention plan	1,107	2,340
Deferred share units	(4)	280
Accelerated share-based payment expense included as restructuring expense	1,934	2,705
Total share-based compensation expense	$ 60,359	$ 51,124

NOTE 18 Related Party Transactions

[i] CONSOLIDATED SUBSIDIARIES

The financial statements include the financial statements of the Company and the Company's principal trading subsidiaries and principal intermediate holding companies listed in the following table:

		% equity interest	
	Country of Incorporation	March 31, 2013	March 31, 2012
Canaccord Genuity Corp.	Canada	100%	100%
Canaccord Genuity Hawkpoint Limited (formerly Hawkpoint Partners Limited and Collins Stewart Hawkpoint Limited)	United Kingdom	100%	100%
Canaccord Genuity SAS (formerly Canaccord Genuity Hawkpoint SAS)	France	100%	100%
Canaccord Genuity Wealth (International) Limited (formerly Collins Stewart (CI) Limited)	Guernsey	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited (formerly Collins Stewart (CI) Holdings Limited)	Guernsey	100%	100%
Canaccord Genuity 360 Limited (formerly Collins Stewart 360 Limited)	United Kingdom	100%	100%
Canaccord Genuity Investment Management Limited (formerly Collins Stewart Investment Management Limited)	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited (formerly Collins Stewart Wealth Management Limited and formerly Eden Financial Limited)	United Kingdom	100%	n/a
Canaccord Genuity Financial Advisors Limited (formerly Collins Stewart Financial Advisers Limited and formerly Eden Financial Advisers Limited)	United Kingdom	100%	n/a
Canaccord Genuity Wealth Group Limited (formerly Collins Stewart Wealth Management Group Limited and formerly Eden Group Limited)	United Kingdom	100%	n/a
Canaccord Genuity Singapore Pte Ltd.	Singapore	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Inc.	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc. (formerly Canaccord Wealth Management (USA) Inc.)	United States	100%	100%
Canaccord Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Adams Financial Group ULC	Canada	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	Hong Kong	50%	50%
Canaccord Financial Group (Australia) Pty Ltd.	Australia	50%	50%
Canaccord Genuity (Australia) Limited	Australia	50%	50%
加通贝祥（北京）投资顾问有限公司 (the English name "Canaccord Genuity Asia Limited" is used but it has no legal effect in the People's Republic of China; the English name formerly used was Beijing Parkview Balloch Investment Advisory Co., Limited) (to be renamed Canaccord Genuity Asia (Beijing) Limited)	China	100%	100%
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	Hong Kong	100%	100%
Canaccord International Ltd.	Barbados	100%	100%

[ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2013 and 2012:

	March 31, 2013	March 31, 2012
Short term employee benefits	$ 5,922	$ 6,628
Share-based payments	1,823	2,113
Total compensation paid to key management personnel	$ 7,745	$ 8,741

[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Accounts payable and accrued liabilities include the following balances with key management personnel:

	March 31, 2013	March 31, 2012
Accounts payable and accrued liabilities	$ 1,206	$ 2,506

[iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Security trades executed by the Company for 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.

NOTE 19 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK and Europe, Other Foreign Locations and the US. Other Foreign Locations include operations for Canaccord International Ltd., Canaccord Genuity Asia and the 50% interest in Canaccord Genuity Australia.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, the UK and Europe, and Other Foreign Locations.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

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 operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisition of Genuity, and the 50% interest in BGF. Amortization of the identifiable intangible assets acquired through the purchase of CSHP is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial). The accounting policies of the segments are the same as those described in Note 4. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers.

For the years ended	March 31, 2013				March 31, 2012			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 528,033	$ 222,528	$ 17,362	$ 767,923	$ 365,123	$ 187,849	$ 20,093	$ 573,065
Interest revenue	9,527	12,557	7,115	29,199	8,354	13,441	10,004	31,799
Expenses, excluding undernoted	472,018	191,887	54,976	718,881	306,362	150,752	67,443	524,557
Amortization	20,904	10,905	1,970	33,779	10,264	2,221	1,623	14,108
Development costs	7,945	9,593	1,988	19,526	10,989	8,220	1,984	21,193
Interest expense	13,190	306	1,806	15,302	7,985	295	1,536	9,816
Acquisition-related costs	388	1,331	—	1,719	10,466	4,077	1,513	16,056
Restructuring costs	15,232	15,485	900	31,617	29,078	900	5,275	35,253
Income (loss) before income taxes	$ 7,883	$ 5,578	$ (37,163)	$ (23,702)	$ (1,667)	$ 34,825	$ (49,277)	$ (16,119)

For geographic reporting purposes, the Company's business operations are grouped into Canada, the UK and Europe, the United States, and Other Foreign Locations. The following table presents the revenue of the Company by geographic location:

For the years ended	March 31, 2013	March 31, 2012
Canada	$ 366,439	$ 458,131
United Kingdom and Europe	249,811	53,180
United States	155,585	83,061
Other Foreign Locations	25,287	10,492
	$ 797,122	$ 604,864

The following table presents selected figures pertaining to the financial position of each geographic location:

	Canada	UK and Europe	United States	Other Foreign Locations	Total
As at March 31, 2013					
Equipment and leasehold improvements	$ 21,172	$ 9,757	$ 9,751	$ 2,299	$ 42,979
Goodwill	242,074	172,417	7,313	62,882	484,686
Intangible assets	66,483	51,473	47	12,280	130,283
Non-current assets	336,484	243,506	16,728	77,477	674,195
As at March 31, 2012					
Equipment and leasehold improvements	28,627	10,249	10,018	2,190	51,084
Goodwill	242,074	169,044	7,169	54,223	472,510
Intangible assets	70,205	61,117	80	18,108	149,510
Non-current assets	348,793	242,876	16,737	78,150	686,556

NOTE 20 Capital Management

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt. The following table summarizes our capital as at March 31, 2013 and 2012:

Type of capital	March 31, 2013	March 31, 2012
Preferred shares	$ **205,641**	$ 110,818
Common shares	**638,456**	623,739
Contributed surplus	**85,981**	68,336
Retained earnings	**126,203**	180,748
Accumulated other comprehensive income (loss)	**(7,118)**	8,484
Shareholders' equity	**1,049,163**	992,125
Subordinated debt	**15,000**	15,000
	$ **1,064,163**	$ 1,007,125

The Company's capital management framework is designed to maintain the level of capital that will:

- Meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators
- Fund current and future operations
- Ensure that the Company is able to meet its financial obligations as they become due
- Support the creation of shareholder value

The following subsidiaries are subject to regulatory capital requirements in the respective jurisdictions by the listed regulators:

- Canaccord Genuity Corp. is subject to regulation in Canada primarily by the IIROC
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, Canaccord Genuity 360 Limited, Canaccord Genuity Financial Advisors Limited, and Canaccord Genuity Investment Management Limited are regulated in the UK by the Financial Conduct Authority
- Canaccord Genuity Wealth (International) Limited is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission
- Canaccord Genuity Singapore Pte Ltd. is subject to regulation by the Monetary Authority of Singapore
- Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission
- Canaccord Genuity (Hong Kong) Limited is regulated in Hong Kong by the Securities and Futures Commission
- Canaccord Genuity Inc. and Canaccord Genuity Securities LLC are registered as broker dealers in the US and are subject to regulation primarily by the Financial Industry Regulatory Authority, Inc.
- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by the Financial Industry Regulatory Authority, Inc.
- Canaccord International Ltd. is regulated in Barbados by the Central Bank of Barbados
- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements during the year ended March 31, 2013.

NOTE 21 Client Money

At March 31, 2013, the UK and Europe operations held client money in segregated accounts of $1,606.2 million (£1,042.0 million) [2012 – $1,221.4 million; £765.3 million]. This is comprised of $2.3 million (£1.5 million) [2012 – $9.9 million; £6.2 million] of balances held on behalf of clients to settle outstanding trades and $1,603.9 million (£1,040.5 million) [2012 – $1,211.5 million; £759.1 million] of segregated deposits, held on behalf of clients, which are not reflected on the balance sheet. Movement in settlement balances is reflected in operating cash flows.

NOTE 22 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Restructuring provisions incurred in the year ended March 31, 2013 relate primarily to termination benefits and also include the acceleration of share-based payments and onerous leases and related asset impairments incurred as part of the Company's reorganization. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2013 and 2012:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2012	$ 12,943	$ 26,723	$ 39,666
Additions	5,356	31,617	36,973
Utilized	(5,515)	(48,464)	(53,979)
Recoveries	(2,605)	—	(2,605)
Balance, March 31, 2013	**$ 10,179**	**$ 9,876**	**$ 20,055**

During the year ended March 31, 2013, the Company took a number of steps to contain costs and refocus its Canadian operations. This resulted in $15.0 million of restructuring costs in Canada. In the US, in connection with the integration of the US operations of the recently acquired CSHP and the existing Canaccord Genuity US operations, an additional $6.8 million of restructuring costs were recorded. This amount includes $4.0 million of expense related to redundant leasehold properties, consisting of a $2.6 million write-down of leasehold improvements and an estimated $1.4 million onerous lease provision. In the UK, the Company has also accrued $9.8 million of restructuring costs in connection with the reorganization of the UK operations as a result of its recent acquisitions of Eden Financial and CSHP. By segment, the Company recognized $15.2 million in Canaccord Genuity, $15.5 million in the Canaccord Genuity Wealth Management segment, and $0.9 million in the Corporate and Other segment.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business as an investment dealer, the Company is involved in litigation, and as of March 31, 2013, it was a defendant in various legal actions. The Company has established accruals for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company. The actions described below have been commenced against the Company and, although the Company has denied the allegations and intends to vigorously defend itself in each case, the outcome of each action cannot be predicted with certainty. The amounts claimed in respect of these actions, or which could potentially be claimed, are material and, accordingly, these actions are described in these consolidated financial statements.

i) In 2002, two actions were commenced in the Superior Court of Québec against Canaccord Genuity Corp. and other defendants including another investment dealer. Both are class action proceedings in which the plaintiffs make allegations of certain wrongful trading and disclosure practices by the Company and another defendant and that the Company was negligent in respect of a private placement in 2000. These actions are set for trial starting in September 2014. Canaccord intends to vigorously defend itself against these claims.

ii) Genuity was named as co-defendant in an action initiated by CIBC World Markets Inc. in 2005 in the Ontario Superior Court of Justice alleging improper solicitation of the plaintiffs' employees, conspiracy, inducing breach of contract, interference with commercial relations, breach of fiduciary duties, misuse of confidential information and misappropriation of corporate opportunities. The claim against Genuity was for general damages to be determined by the court and an accounting of benefits received by all the parties as a result of these alleged activities. There was also a claim against all the parties for $10.0 million for punitive and exemplary damages. As Canaccord Genuity Corp. assumed all the assets and liabilities of Genuity, it may have been subject to any judgment that may be made against Genuity in connection with this litigation. The Company believes it has no potential exposure in connection with this claim.

iii) The Company and CSHP and its US subsidiary, Collins Stewart LLC, among others, were defendants in an action commenced by Morgan Joseph TriArtisan Group Inc. and Morgan Joseph TriArtisan LLC in state court in New York City alleging that a proposed joint venture in New York between Collins Stewart LLC and Morgan Joseph TriArtisan LLC was fundamentally inconsistent with the acquisition of CSHP by the Company. The claims against the Company were for tortious interference with contract, tortious interference with prospective business advantage, and aiding and abetting breach of fiduciary duty. Remedies requested by the plaintiff against the Company were for compensatory damages in an amount not less than $35 million and punitive damages in an amount of three times the compensatory damages or approximately $100 million. These proceedings have been settled, for an amount which was less than the provision that had been recorded. The excess liability has been derecognized and recorded as a reduction in general and administrative expense in the second quarter of fiscal 2013.

NOTE 23 Commitments

Subsidiaries of the Company are committed to approximate minimum lease payments for premises and equipment over the next five years and thereafter as follows:

2014	$ 33,626
2015	33,264
2016	30,651
2017	25,514
2018	22,648
Thereafter	88,097
	$ 233,800

Some leases include extension options and provide for stepped rents, which mainly relate to lease of office space.

NOTE 24 Subsequent Event

DIVIDENDS

On May 21, 2013, the Board of Directors approved the following cash dividends: $0.05 per common share payable on June 10, 2013 to common shareholders with a record date of May 31, 2013; $0.34375 per Series A Preferred Share payable on July 2, 2013 and with a record date of June 21, 2013; and $0.359375 per Series C Preferred Share payable on July 2, 2013 and with a record date of June 21, 2013.

Supplemental Information

Advisory note: This supplemental information is not audited and should be read in conjunction with the audited financial statements contained herein. The Company adopted IFRS beginning April 1, 2011. Consequently, data for the comparative years ended March 31, 2012 and March 31, 2011 is in compliance with IFRS. Figures for periods prior to the year ended March 31, 2011 are in accordance with CGAAP.

Financial Highlights[1]

(C$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	For the years ended and as at March 31				
	2013	2012	2011	2010	2009
	IFRS	IFRS	IFRS	CGAAP	CGAAP
Financial results					
Revenue	$ **797,122**	$ 604,864	$ 803,631	$ 577,537	$ 477,721
Expenses	**820,824**	620,983	661,159	525,896	524,920
Income taxes	**(4,927)**	5,227	42,729	13,144	452
Net (loss) income	**(18,775)**	(21,346)	99,743	38,497	(47,651)
Net (loss) income attributable to CFI shareholders	**(16,819)**	(20,307)	99,743	38,497	(47,651)
Net (loss) income available to common shareholders	**(28,539)**	(25,122)	99,743	38,497	(47,651)
Business segment					
Income (loss) before intersegment allocations and income taxes					
Canaccord Genuity[2]	$ **7,883**	$ (1,667)	$ 147,562	$ 70,962	$ (21,129)
Canaccord Genuity Wealth Management	**5,578**	34,825	48,736	27,783	22,707
Corporate and Other	**(37,163)**	(49,277)	(53,826)	(47,104)	(48,777)
Geographic segment					
Income (loss) before income taxes					
Canada[3]	$ **3,887**	$ 39,439	$ 111,905	$ 30,036	$ (9,799)
UK and Europe[4]	**(9,709)**	(41,202)	14,129	9,533	2,031
US[5]	**(8,562)**	(7,533)	16,755	8,631	(42,000)
Other Foreign Locations[6]	**(9,318)**	(6,823)	(317)	3,441	2,569
Client assets information ($ millions)					
AUM – Canada (discretionary)	$ **835**	$ 677	$ 546	$ 445	$ 393
AUA – Canada	**10,429**	14,828	16,985	12,922	9,184
AUM – UK and Europe	**15,936**	13,087	—	—	—
AUM – Australia	**451**	—	—	—	—
Total	**26,816**	27,915	16,985	12,922	9,184
Common share information					
Per common share ($)					
Basic earnings (loss)	$ **(0.31)**	$ (0.33)	$ 1.37	$ 0.79	$ (0.97)
Diluted earnings (loss)	**(0.31)**	(0.33)	1.22	0.69	(0.97)
Book value per diluted common share[7]	**7.68**	8.26	8.79	6.96	6.51
Common share price ($)					
High	$ **8.30**	$ 15.31	$ 16.41	$ 11.87	$ 11.75
Low	**4.03**	6.94	7.95	5.30	2.87
Close	**6.82**	8.30	14.00	11.10	5.40
Common shares outstanding (thousands)					
Issued shares excluding unvested shares	**93,062**	94,026	75,404	48,868	49,343
Issued and outstanding	**102,896**	101,689	82,810	55,571	55,093
Diluted shares	**109,880**	106,883	85,655	57,767	57,251
Average basic	**92,218**	76,715	72,990	48,698	48,929
Average diluted	**102,402**	84,682	81,717	55,662	54,189
Market capitalization (thousands)	**749,380**	887,131	1,199,170	640,259	309,155
Preferred share information (thousands)					
Shares issued and outstanding	**8,540**	4,540	—	—	—
Financial measures					
Dividends per common share	$ **0.20**	$ 0.40	$ 0.275	$ 0.15	$ 0.125
Common dividend yield (closing common share price)	**2.9%**	4.8%	2.0%	0.3%	2.3%
Common dividend payout ratio	**(71.8)%**	(139.9)%	22.8%	22.4%	(15.1)%
Total shareholder return[8]	**(15.4)%**	(37.9)%	28.6%	108.3%	(44.2)%
ROE[9]	**(3.3)%**	(3.1)%	14.2%	9.8%	(12.4)%
Price to earnings multiple[10]	**(22.0)**	(24.4)	11.8	16.1	5.7
Price to book ratio[11]	**0.9**	1.0	1.6	1.6	0.8

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).
(2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Barbados and Singapore.
(3) Canaccord's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.
(4) Canaccord's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included.
(5) Canaccord's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012.
(6) Revenue derived from capital markets activity outside of Canada, the US and the UK and Europe is reported as Other Foreign Locations, which includes operations in Australia, China, Barbados and Singapore. Results of Australian operations are included since November 1, 2011, and Singaporean operations are included since March 22, 2012.
(7) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding at the end of the period.
(8) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.
(9) ROE is calculated by dividing the annual net income available to common shareholders over the average common shareholders' equity.
(10) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.
(11) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

Condensed Consolidated Statements of Operations and Retained Earnings[1]

(C$ thousands, except per share amounts and percentages)	For the years ended March 31 2013	2012	2011	2010	2009
	IFRS	IFRS	IFRS	CGAAP	CGAAP
Revenue					
Commissions and fees	$ **353,125**	$ 252,877	$ 294,650	$ 235,606	$ 233,104
Investment banking	**145,772**	175,225	327,499	215,237	117,916
Advisory fees	**179,690**	107,370	84,914	39,200	51,453
Principal trading	**66,406**	10,647	43,644	45,982	18,319
Interest	**29,199**	31,799	24,040	12,965	38,287
Other	**22,930**	26,946	28,884	28,547	18,642
	797,122	604,864	803,631	577,537	477,721
Expenses					
Incentive compensation[2]	**406,724**	304,908	389,046	299,084	222,006
Salaries and benefits	**88,522**	63,924	64,420	59,415	56,771
Trading costs	**43,892**	30,313	31,507	28,884	26,311
Premises and equipment	**41,124**	27,546	27,158	24,402	24,695
Communication and technology	**49,115**	28,343	25,466	21,868	25,228
Interest	**15,302**	9,816	7,811	2,581	11,220
General and administrative	**89,504**	69,523	67,882	52,153	69,689
Amortization	**33,779**	14,108	12,742	7,609	8,994
Development costs	**19,526**	21,193	22,387	24,900	28,773
Restructuring costs	**31,617**	35,253	—	—	7,662
Acquisition-related costs	**1,719**	16,056	12,740	5,000	—
ABCP fair value adjustment	**—**	—	—	—	6,700
Canaccord relief program	**—**	—	—	—	5,347
Impairment of goodwill and intangible assets	**—**	—	—	—	31,524
	820,824	620,983	661,159	525,896	524,920
(Loss) income before income taxes	**(23,702)**	(16,119)	142,472	51,641	(47,199)
Income taxes	**(4,927)**	5,227	42,729	13,144	452
Net (loss) income for the year	$ **(18,775)**	$ (21,346)	$ 99,743	$ 38,497	$ (47,651)
Non-controlling interests	**(1,956)**	(1,039)	—	—	—
Net (loss) income attributable to CFI shareholders	**(16,819)**	(20,307)	99,743	38,497	(47,651)
Retained earnings, beginning of year	**180,748**	238,647	194,007	160,868	222,597
Opening IFRS adjustments	**—**	—	(35,869)	—	—
Common shares dividends	**(26,006)**	(32,778)	(19,234)	(5,358)	(14,078)
Preferred shares dividends	**(11,720)**	(4,814)	—	—	—
Retained earnings, end of year	$ **126,203**	$ 180,748	$ 238,647	$ 194,007	$ 160,868
Incentive compensation expenses as a % of revenue	**51.0%**	50.4%	48.4%	51.8%	46.5%
Total compensation expenses as a % of revenue[3]	**62.1%**	61.0%	56.4%	62.1%	58.4%
Non-compensation expenses as a % of revenue	**40.8%**	41.7%	25.8%	29.0%	51.5%
Total expenses as a % of revenue	**103.0%**	102.7%	82.3%	91.1%	109.9%
Pre-tax profit margin	**(3.0)%**	(2.7)%	17.7%	8.9%	(9.9)%
Effective tax rate	**20.8%**	(32.4)%	30.0%	25.5%	(1.0)%
Net profit margin	**(2.4)%**	(3.5)%	12.4%	6.7%	(10.0)%
Basic (loss) earnings per share	$ **(0.31)**	$ (0.33)	$ 1.37	$ 0.79	$ (0.97)
Diluted (loss) earnings per share	$ **(0.31)**	$ (0.33)	$ 1.22	$ 0.69	$ (0.97)
Book value per diluted common share[4]	$ **7.68**	$ 8.26	$ 8.79	$ 6.96	$ 6.51
Supplemental segmented revenue information					
Canaccord Genuity	$ **537,560**	$ 373,477	$ 538,644	$ 363,558	$ 277,351
Canaccord Genuity Wealth Management	**235,085**	201,290	233,049	187,046	172,484
Corporate and Other	**24,477**	30,097	31,938	26,933	27,886
	$ **797,122**	$ 604,864	$ 803,631	$ 577,537	$ 477,721

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.
(2) Incentive compensation expenses include the National Health Insurance Tax applicable to the UK and Europe.
(3) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs. Beginning in fiscal 2011, development group salaries and benefits have been included as compensation expense, whereas they were classified as development costs prior to fiscal 2011.
(4) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding at the end of the period.

Condensed Consolidated Statements of Financial Position

As at March 31 (C$ thousands)	2013	2012	2011	2010	2009
	IFRS	IFRS	IFRS	CGAAP	CGAAP
Assets					
Cash and cash equivalents	$ 491,012	$ 814,238	$ 954,068	$ 731,852	$ 701,173
Securities owned, at market	924,337	1,171,988	947,185	362,755	133,691
Accounts receivable	2,513,958	3,081,640	2,828,812	1,972,924	1,061,161
Income taxes recoverable	—	8,301	—	—	23,771
Deferred tax assets	12,552	3,959	1,503	13,190	15,680
Investments	3,695	9,493	5,934	5,000	5,000
Investment in asset-backed commercial paper	—	—	—	—	35,312
Equipment and leasehold improvements	42,979	51,084	40,818	38,127	46,311
Goodwill and other intangibles	614,969	622,020	319,180	—	—
	$ 4,603,502	$ 5,762,723	$ 5,097,500	$ 3,123,848	$ 2,022,099
Liabilities and shareholders' equity					
Bank indebtedness	$ 66,138	$ 75,141	$ 13,580	$ 29,435	$ 75,600
Short term credit facility	—	150,000	—	—	—
Securities sold short, at market	689,020	914,649	722,613	364,137	79,426
Accounts payable and accrued liabilities	2,746,790	3,590,266	3,557,275	2,308,146	1,469,369
Income taxes payable	4,428	—	23,977	5,385	—
Contingent consideration	14,218	—	—	—	—
Deferred tax liabilities	2,576	8,088	8,163	—	—
Subordinated debt	15,000	15,000	15,000	15,000	25,000
Non-controlling interests	16,169	17,454	—	—	—
Shareholders' equity	1,049,163	992,125	756,892	401,745	372,704
	$ 4,603,502	$ 5,762,723	$ 5,097,500	$ 3,123,848	$ 2,022,099

Miscellaneous Operational Statistics[1]

As at March 31	2013	2012	2011	2010	2009
Number of employees in Canada					
Number in Canaccord Genuity	222	247	268	203	209
Number in Canaccord Genuity Wealth Management	461	684	684	680	700
Number in Corporate and Other	332	378	373	364	356
Total Canada	1,015	1,309	1,325	1,247	1,265
Number of employees in the UK and Europe					
Number in Canaccord Genuity	400	461	143	138	105
Number in Canaccord Genuity Wealth Management	294	276	—	—	—
Number of employees in the US					
Number in Canaccord Genuity	253	302	175	163	151
Number of employees in Other Foreign Locations					
Number in Canaccord Genuity	84	80	41	1	9
Number in Canaccord Genuity Wealth Management	14	—	—	—	—
Number of employees company-wide	2,060	2,428	1,684	1,549	1,530
Number of Advisory Teams in Canada[2]	178	280	271	303	338
Number of licensed professionals in Canada	494	604	645	718	790
Number of investment professionals and fund managers in the UK and Europe[3]	122	106	—	—	—
Number of Advisors – Australia	12	—	—	—	—
AUM – Canada (discretionary) (C$ millions)	$ 835	$ 677	$ 546	$ 445	$ 393
AUA – Canada (C$ millions)	$ 10,429	$ 14,828	$ 16,985	$ 12,922	$ 9,184
AUM – UK and Europe (C$ millions)	$ 15,936	$ 13,087	$ —	$ —	$ —
AUM – Australia	$ 451	$ —	$ —	$ —	$ —
Total (C$ millions)	$ 26,816	$ 27,915	$ 16,985	$ 12,922	$ 9,184
Number of companies with Canaccord Genuity Limited as broker					
London Stock Exchange (LSE)	55	52	26	23	9
Alternative Investment Market (AIM)	56	77	39	43	51
Total broker	111	129	65	66	60
Number of companies with Canaccord Genuity Limited as Nomad[4]					
LSE	—	—	1	1	—
AIM	45	62	30	35	42
Total Nomad	45	62	31	36	42

(1) These miscellaneous operational statistics are non-IFRS measures.
(2) Advisory Teams in Canada are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.
(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.
(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

Quarterly Financial Highlights[1]

(C$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	Fiscal 2013 Q4	Fiscal 2013 Q3	Fiscal 2013 Q2	Fiscal 2013 Q1	Fiscal 2012 Q4	Fiscal 2012 Q3	Fiscal 2012 Q2	Fiscal 2012 Q1
Financial results								
Revenue	$ 217,971	$ 230,003	$ 186,599	$ 162,549	$ 177,692	$ 147,889	$ 119,500	$ 159,783
Expenses	211,984	216,882	204,910	187,048	207,731	142,822	126,396	144,034
Income taxes (recovery)	(437)	2,857	(3,470)	(3,877)	1,755	2,536	(1,618)	2,554
Net income (loss)	6,424	10,264	(14,841)	(20,622)	(31,794)	2,531	(5,278)	13,195
Net income (loss) attributable to CFI shareholders	6,830	10,880	(14,562)	(19,967)	(31,250)	3,026	(5,278)	13,195
Net income (loss) available to common shareholders	3,943	7,882	(17,560)	(22,804)	(32,357)	1,208	(7,078)	13,105
Business segment								
Income (loss) before intersegment allocations and income taxes								
Canaccord Genuity[2]	$ 12,335	$ 21,421	$ (6,272)	$ (19,601)	$ (25,934)	$ 10,421	$ (2,560)	$ 16,406
Canaccord Genuity Wealth Management	6,468	3,972	(8,982)	4,120	6,147	7,327	10,085	11,266
Corporate and Other	(12,816)	(12,272)	(3,057)	(9,018)	(10,252)	(12,681)	(14,421)	(11,923)
Geographic segment								
Income (loss) before income taxes								
Canada[3]	$ 4,207	$ 17,968	$ (15,245)	$ (3,043)	$ 11,484	$ 8,169	$ 710	$ 19,076
UK and Europe[4]	354	(1,264)	928	(9,727)	(31,409)	(1,003)	(3,956)	(4,834)
US[5]	4,245	(998)	(2,661)	(9,148)	(7,602)	(1,470)	(1,754)	3,293
Other Foreign Locations[6]	(2,819)	(2,585)	(1,333)	(2,581)	(2,512)	(629)	(1,896)	(1,786)
Client assets ($ millions)								
AUM – Canada (discretionary)	$ 835	$ 791	$ 784	$ 709	$ 677	$ 607	$ 574	$ 575
AUA – Canada	10,429	11,403	13,344	13,137	14,828	14,367	14,635	15,676
AUM – UK and Europe	15,936	15,228	13,122	12,583	13,087	—	—	—
AUM – Australia	451	408	354	305	—	—	—	—
Total	26,816	27,039	26,820	26,025	27,915	14,367	14,635	15,676
Common share information								
Per common share ($)								
Basic earnings (loss)	$ 0.04	$ 0.09	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.02	$ (0.09)	$ 0.17
Diluted earnings (loss)	0.04	0.08	(0.19)	(0.24)	(0.42)	0.01	(0.09)	0.16
Book value per diluted common share[7]	7.68	7.62	7.61	7.90	8.26	8.54	8.75	8.71
Common share price ($)								
High	$ 7.93	$ 6.77	$ 6.45	$ 8.30	$ 9.44	$ 9.74	$ 13.05	$ 15.31
Low	6.44	4.70	4.03	4.91	7.61	6.94	9.32	11.65
Close	6.82	6.70	5.68	5.50	8.30	7.80	9.55	12.36
Common shares outstanding (thousands)								
Issued shares excluding unvested shares	93,062	92,522	93,991	93,566	94,026	74,999	76,232	75,597
Issued and outstanding	102,896	102,513	102,381	102,031	101,689	83,412	83,322	83,097
Diluted shares	109,882	110,969	108,789	107,854	106,656	86,787	85,979	86,236
Average basic	92,663	92,268	93,716	94,145	77,830	75,221	76,073	75,087
Average diluted	103,045	102,454	102,235	101,990	85,568	83,822	83,922	84,283
Market capitalization (thousands)	749,399	743,492	617,922	593,196	885,245	676,940	821,101	1,065,877
Preferred shares outstanding (thousands)								
Shares issued and outstanding	8,540	8,540	8,540	8,540	4,540	4,540	4,540	4,000
Financial measures								
Dividends per common share	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.10	$ 0.10	$ 0.10	$ 0.10
Common dividend yield (closing share price)	2.9%	3.0%	3.5%	3.6%	4.8%	5.1%	4.2%	3.2%
Common dividend payout ratio	130.5%	65.0%	(29.2)%	(22.4)%	(31.4)%	690.5%	(117.7)%	63.4%
Total shareholder return[8]	2.5%	18.8%	4.2%	(33.1)%	7.7%	(17.3)%	(21.9)%	(11.0)%
Annualized ROE[9]	1.9%	3.7%	(8.3)%	(10.6)%	(16.2)%	0.6%	(2.8)%	7.0%
Price to earnings multiple[10]	(22.0)	(8.7)	(6.8)	(7.4)	(24.4)	13.7	8.9	9.7
Price to book ratio[11]	0.9	0.9	0.7	0.7	1.0	0.9	1.1	1.4

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).
(2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Barbados and Singapore.
(3) Canaccord's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.
(4) Canaccord's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included.
(5) Canaccord's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012.
(6) Revenue derived from capital markets activity outside of Canada, the US and the UK and Europe is reported as Other Foreign Locations, which includes operations in Australia, China, Barbados and Singapore. Results of Australian operations are included since November 1, 2011, and Singaporean operations are included since March 22, 2012.
(7) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding at the end of the period.
(8) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.
(9) ROE is presented on an annualized basis. Quarterly annualized ROE is calculated by dividing the annualized net income available to common shareholders for the three-month period over the average common shareholders' equity.
(10) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.
(11) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

Condensed Consolidated Statements of Operations[1]

(C$ thousands, except per share amounts and percentages)	Fiscal 2013 Q4	Q3	Q2	Q1	Fiscal 2012 Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	$ 87,438	$ 89,415	$ 87,525	$ 88,747	$ 74,170	$ 57,380	$ 60,299	$ 61,028
Investment banking	38,541	40,609	37,961	28,661	53,553	32,015	29,799	59,858
Advisory fees	56,145	69,348	28,571	25,626	24,634	38,541	21,664	22,531
Principal trading	22,780	18,670	17,109	7,847	6,769	3,304	(1,379)	1,953
Interest	6,758	7,291	6,758	8,392	8,205	8,147	7,590	7,857
Other	6,309	4,670	8,675	3,276	10,361	8,502	1,527	6,556
	217,971	230,003	186,599	162,549	177,692	147,889	119,500	159,783
Expenses								
Incentive compensation[2]	113,297	114,137	94,514	84,776	95,641	69,815	61,838	77,614
Salaries and benefits	22,825	21,082	21,417	23,198	17,635	15,009	14,163	17,117
Trading costs	10,697	10,419	10,189	12,587	6,190	7,416	7,742	8,965
Premises and equipment	9,924	9,504	10,842	10,854	7,354	6,633	6,727	6,832
Communication and technology	11,390	12,140	11,280	14,305	8,458	6,744	6,752	6,389
Interest	3,479	3,981	3,291	4,551	3,080	2,361	1,967	2,408
General and administrative	20,722	23,809	20,957	24,016	20,795	16,191	16,263	16,274
Amortization	9,490	8,398	7,755	8,136	4,350	3,906	2,947	2,905
Development costs	3,715	6,671	4,515	4,625	4,867	5,755	5,041	5,530
Acquisition-related costs	—	431	1,288	—	10,400	2,700	2,956	—
Restructuring costs	6,445	6,310	18,862	—	28,961	6,292	—	—
	211,984	216,882	204,910	187,048	207,731	142,822	126,396	144,034
Income (loss) before income taxes	5,987	13,121	(18,311)	(24,499)	(30,039)	5,067	(6,896)	15,749
Income taxes (recovery)	(437)	2,857	(3,470)	(3,877)	1,755	2,536	(1,618)	2,554
Net income (loss) for the period	$ 6,424	$ 10,264	$ (14,841)	$ (20,622)	$ (31,794)	$ 2,531	$ (5,278)	$ 13,195
Non-controlling interests	(406)	(616)	(279)	(655)	(544)	(495)	—	—
Net income (loss) attributable to CFI shareholders	6,830	10,880	(14,562)	(19,967)	(31,250)	3,026	(5,278)	13,195
Incentive compensation expenses as a % of revenue	52.0%	49.6%	50.7%	52.2%	53.8%	47.2%	51.7%	48.6%
Total compensation expenses as a % of revenue[3]	62.4%	58.8%	62.2%	66.5%	63.7%	57.4%	63.6%	59.3%
Non-compensation expenses as a % of revenue	34.9%	35.5%	47.7%	48.6%	53.2%	39.2%	42.2%	30.9%
Total expenses as a % of revenue	97.3%	94.3%	109.8%	115.1%	116.9%	96.6%	105.8%	90.1%
Pre-tax profit margin	2.7%	5.7%	(9.8)%	(15.1)%	(16.9)%	3.4%	(5.8)%	9.9%
Effective tax rate	(7.3)%	21.8%	19.0%	15.8%	(5.8)%	50.0%	23.5%	16.2%
Net profit margin	2.9%	4.5%	(8.0)%	(12.7)%	(17.9)%	1.7%	(4.4)%	8.3%
Basic earnings (loss) per share	$ 0.04	$ 0.09	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.02	$ (0.09)	$ 0.17
Diluted earnings (loss) per share	$ 0.04	$ 0.08	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.01	$ (0.09)	$ 0.16
Book value per diluted common share[4]	$ 7.68	$ 7.62	$ 7.61	$ 7.90	$ 8.26	$ 8.54	$ 8.75	$ 8.71
Supplemental segmented revenue information								
Canaccord Genuity	$ 152,699	$ 165,447	$ 118,957	$ 100,457	$ 113,067	$ 93,581	$ 69,452	$ 97,377
Canaccord Genuity Wealth Management	60,227	60,021	57,639	57,198	54,524	44,571	47,412	54,783
Corporate and Other	5,045	4,535	10,003	4,894	10,101	9,737	2,636	7,623
	$ 217,971	$ 230,003	$ 186,599	$ 162,549	$ 177,692	$ 147,889	$ 119,500	$ 159,783

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.
(2) Incentive compensation expenses include the National Health Insurance Tax applicable to the UK.
(3) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs.
(4) Book value per diluted common share, a non-IFRS measure, is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding at the end of the period.

Condensed Consolidated Statements of Financial Position

	Fiscal 2013				Fiscal 2012			
(C$ thousands)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Assets								
Cash and cash equivalents	$ 491,012	$ 555,960	$ 575,367	$ 644,027	$ 814,238	$ 700,914	$ 691,114	$ 710,734
Securities owned, at market	924,337	1,453,470	1,087,334	1,214,424	1,171,988	1,100,470	1,316,755	849,679
Accounts receivable	2,513,958	2,280,064	2,750,879	2,548,117	3,081,640	2,215,448	3,270,356	2,488,826
Income taxes recoverable	—	—	15,120	15,866	8,301	15,565	18,776	10,317
Deferred tax assets	12,552	8,550	6,077	6,735	3,959	2,419	1,791	2,076
Investments	3,695	3,276	3,247	9,488	9,493	5,934	5,934	5,934
Equipment and leasehold improvements	42,979	46,613	48,013	49,678	51,084	44,550	43,120	43,289
Goodwill and other intangibles	614,969	629,268	616,444	617,503	622,020	354,577	317,320	318,250
	$4,603,502	$4,977,201	$5,102,481	$5,105,838	$5,762,723	$4,439,877	$5,665,166	$4,429,105
Liabilities and shareholders' equity								
Bank indebtedness	$ 66,138	$ —	$ 29,475	$ 84,536	$ 75,141	$ —	$ —	$ 24,125
Short term credit facility	—	—	—	—	150,000	—	—	—
Securities sold short, at market	689,020	1,193,043	847,665	1,036,535	914,649	952,750	1,117,268	731,730
Accounts payable and accrued liabilities	2,746,790	2,681,775	3,150,580	2,887,434	3,590,266	2,592,774	3,663,323	2,802,669
Income taxes payable	4,428	2,494	—	—	—	—	—	—
Contingent consideration	14,218	14,218	6,000	—	—	—	—	—
Deferred tax liabilities	2,576	3,575	3,872	7,482	8,088	8,840	6,082	7,340
Subordinated debt	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Non-controlling interests	16,169	15,913	16,047	16,882	17,454	18,218	—	—
Shareholders' equity	1,049,163	1,051,183	1,033,842	1,057,969	992,125	852,295	863,493	848,241
	$4,603,502	$4,977,201	$5,102,481	$5,105,838	$5,762,723	$4,439,877	$5,665,166	$4,429,105

Miscellaneous Operational Statistics(1)

	Fiscal 2013				Fiscal 2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Number of employees in Canada								
Number in Canaccord Genuity	222	224	225	239	247	262	266	265
Number in Canaccord Genuity Wealth Management	461	493	617	662	684	699	686	666
Number in Corporate and Other	332	332	343	376	378	386	384	382
Total Canada	1,015	1,049	1,185	1,277	1,309	1,347	1,336	1,313
Number of employees in the UK and Europe								
Number in Canaccord Genuity	400	424	420	427	461	143	152	155
Number in Canaccord Genuity Wealth Management	294	298	262	267	276	—	—	—
Number of employees in the US								
Number in Canaccord Genuity	253	259	252	304	302	176	186	180
Number of employees in Other Foreign Locations								
Number in Canaccord Genuity	84	85	81	82	80	69	36	36
Number in Canaccord Genuity Wealth Management	14	14	15	11	—	—	—	—
Number of employees company-wide	2,060	2,129	2,215	2,368	2,428	1,735	1,710	1,684
Number of Advisory Teams in Canada(2)	178	184	231	269	280	278	271	263
Number of licensed professionals in Canada	494	483	553	604	604	631	626	628
Number of investment professionals and fund managers in the UK and Europe(3)	122	119	96	98	106	—	—	—
Number of Advisors – Australia	12	11	11	10	—	—	—	—
AUM – Canada (discretionary) (C$ millions)	$ 835	$ 791	$ 784	$ 709	$ 677	$ 607	$ 574	$ 575
AUA – Canada (C$ millions)	$ 10,429	$ 11,403	$ 13,344	$ 13,137	$ 14,828	$ 14,367	$ 14,635	$ 15,676
AUM – UK and Europe (C$ millions)	$ 15,936	$ 15,228	$ 13,122	$ 12,583	$ 13,087	$ —	$ —	$ —
AUM – Australia (C$ millions)	$ 451	$ 408	$ 354	$ 305	$ —	$ —	$ —	$ —
Total (C$ millions)	$ 26,816	$ 27,039	$ 26,820	$ 26,025	$ 27,915	$ 14,367	$ 14,635	$ 15,676
Number of companies with Canaccord Genuity Limited as broker								
London Stock Exchange (LSE)	55	61	71	75	52	31	29	29
Alternative Investment Market (AIM)	56	62	65	68	77	48	41	41
Total broker	111	123	136	143	129	79	70	70
Number of companies with Canaccord Genuity Limited as Nomad(4)								
LSE	—	—	—	—	—	2	2	1
AIM	45	50	52	53	62	35	32	31
Total Nomad	45	50	52	53	62	37	34	32

(1) These miscellaneous operational statistics are non-IFRS measures.
(2) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book.
(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.
(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

Glossary

Acquisition-related expense items
Acquisition-related expense items include costs incurred to acquire Genuity Capital Markets, The Balloch Group Limited, 50% interest in BGF Capital Pty Ltd., Collins Stewart Hawkpoint plc, and the wealth management business of Eden Financial Ltd., as well as the amortization of intangible assets related to these acquisitions. Acquisition-related expense items also include costs incurred for prospective acquisitions not pursued. Figures that exclude acquisition-related items are considered non-IFRS measures.

AdvantageBC International Business Centre Society (formerly known as International Financial Centre British Columbia Society)
Membership provides certain tax and financial benefits, reducing the overall corporate tax rate, pursuant to British Columbia legislation.

Advisory fees
Revenue related to the fees Canaccord charges for corporate advisory, mergers and acquisitions or corporate restructuring services is recorded as advisory fees.

Advisory Teams (IA Teams)
Advisory Teams are normally comprised of one or more IAs and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book. As Independent Wealth Management branches are led by one advisor (with a team), each IWM branch is counted as a single Advisory Team.

Alternative Investment Market (AIM)
The junior arm of the London Stock Exchange (LSE), AIM provides a global market for smaller, growing companies.

Assets under administration (AUA) Canada
AUA is the market value of client assets administered by Canaccord, for 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. Management uses this measure to assess operational performance of the Canaccord Genuity Wealth Management business segment. This measure is non-IFRS.

Assets under management (AUM) Canada
AUM consists of assets that are beneficially owned by clients and discretionarily managed by Canaccord as part of the *Complete Canaccord Investment Counselling Program* and *Complete Canaccord Private Investment Management Program*. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by Canaccord and is therefore included in AUA. This measure is non-IFRS.

Assets under management (AUM) UK and Europe
AUM is the market value of client assets managed and administered by Canaccord, for which Canaccord earns commissions or fees. This measure includes both discretionary and non-discretionary accounts. This measure is non-IFRS.

Book value per diluted common share
A measure of common equity per share calculated by subtracting liabilities from assets and dividing by the number of diluted shares outstanding. This measure is non-IFRS.

Canaccord BGF
Canaccord BGF was the brand used for Canaccord Genuity's operations in Australia and Hong Kong. These operations have been rebranded to reflect our global capital markets and wealth management branding.

Canaccord Genuity
Canaccord's capital markets division was rebranded from Canaccord Adams to Canaccord Genuity in May 2010, following the acquisition of Genuity Capital Markets. Canaccord Genuity refers to the Company's global capital markets division.

Canaccord Genuity Asia
Canaccord Genuity Asia was the brand used for Canaccord Genuity's operations in the Asia-Pacific region. These operations have been rebranded to reflect our global capital markets branding.

Canaccord Genuity Hawkpoint
Canaccord Genuity Hawkpoint was the brand used to represent part of Canaccord Genuity's global corporate advisory operations based in the UK and Europe. This division has been rebranded to reflect our global capital markets branding.

Canaccord Genuity Wealth Management (CGWM)
Canaccord's wealth management businesses were rebranded Canaccord Genuity Wealth Management on May 1, 2013 to reflect Canaccord's global wealth management presence. CGWM has operations in Canada, the UK, Europe, and Australia.

Collins Stewart Hawkpoint plc (CSHP)
Canaccord acquired Collins Stewart Hawkpoint plc (CSHP) on March 21, 2012. CSHP was a leading independent financial advisory group with operations in the UK, the US, Europe and Singapore. Subsequent to the acquisition, CSHP was rebranded Canaccord Genuity.

Collins Stewart Wealth Management (CSWM)
Collins Stewart Wealth Management was the private client division of the former CSHP, servicing over 10,000 clients from offices in the UK, the Channel Islands, the Isle of Man and Switzerland. CSWM was rebranded Canaccord Genuity Wealth Management on May 1, 2013.

Common equity
Also referred to as common shares, which are, as the name implies, the most usual and commonly held form of stock in a corporation. Dividends paid to the stockholders must be paid to preferred shares before being paid to common stock shareholders.

Correspondent brokerage services
The provision of secure administrative, trade execution and research services to other brokerage firms through the Company's existing technology and operations infrastructure (Pinnacle Correspondent Services).

CSH Inducement Plan
A retention plan for key CSHP staff in connection with the acquisition of CSHP.

Dilution
The change in earnings and book value per share resulting from the exercise of all warrants and options and conversion of convertible securities.

Dividend yield
A financial ratio that shows how much a company pays out in dividends each year relative to its share price. It is calculated as total annual dividends per share divided by the company share price.

Earnings (loss) per share (EPS), diluted
Net income (loss) divided by the weighted average number of shares outstanding adjusted for the dilutive effects of stock options and other share-based compensation.

Efficiency ratio
A financial ratio to measure efficiency calculated by dividing total expense over total revenue.

Employee Stock Purchase Plan (ESPP)
Voluntary plan that provides eligible employees with the ability to purchase shares in the Company through payroll deductions, with an additional contribution by the Company.

Escrowed securities
Common shares in the Company that are subject to specific terms of release.

Fair value adjustment
An estimate of the fair value of an asset (or liability) for which a market price cannot be determined, usually because there is no established market for the asset. At Canaccord, adjustments were made to reflect our estimate of the value of the restructured ABCP notes based on discounting expected future cash flows on a probability-weighted basis, considering best available data at the time of valuation.

Fixed income trading
Trading in new issues, government and corporate bonds, treasury bills, commercial paper, strip bonds, high-yield debt and convertible debentures.

Genuity Capital Markets
Canaccord acquired Genuity Capital Markets and certain of its affiliates (also referred to as "Genuity") on April 23, 2010. Genuity was an independent Canadian investment bank with strong mergers and acquisitions and advisory practices. Subsequent to the acquisition, Canaccord renamed its capital markets division Canaccord Genuity.

Incentive-based revenue
A percentage of incentive-based revenue earned is directly paid out as incentive compensation expense. At Canaccord, this includes commission, investment banking, advisory fees, and principal trading revenue.

Independent Wealth Management (IWM)
An independent operating platform of Canaccord Genuity Wealth Management, under which Investment Advisors operate as independent agents of the Company. Each IWM branch is classified as one Advisory Team, which is comprised of one or more Investment Advisors and their assistants and associates, who together manage a shared set of client accounts.

Institutional sales and trading
A capital markets business segment providing market information and research, advice and trade execution to institutional clients.

International Equity Group (IEG)
The International Equity Group is a premium, low cost order routing destination for both US listed securities and foreign listed ordinary shares for local market execution in the US operations.

International trading
Executing trades in Canadian securities on behalf of US brokerage firms.

Investment banking
Assisting public and private businesses and governments to obtain financing in the capital markets through the issuance of debt, equity and derivative securities on either an underwritten or an agency basis.

Investment professionals and fund managers
Investment professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct contacts. Fund managers include all staff who manage client assets.

Liquidity
The total of cash and cash equivalents available to the Company as capital for operating and regulatory purposes.

London Stock Exchange (LSE)
One of the world's largest stock exchanges, the LSE has been in existence for more than 300 years and has over 3,000 listed companies. The exchange has four main sectors: the Main Market; the AIM Market; the Professional Securities Market; and the Specialist Fund Market.

Long-term incentive plan (LTIP)
A reward system designed to align employee and external shareholder interests. Under Canaccord's LTIP, a portion of an eligible employee's annual compensation is held back to purchase restricted share units (RSUs) of the Company. The RSUs are topped up by the firm and vest over three years.

Montréal International Financial Centre
Membership provides certain tax and financial benefits, reducing the overall corporate tax rate, pursuant to Québec legislation.

National Health Insurance (NHI) tax
Payroll tax applicable to UK employees based on a percentage of incentive compensation payout.

Nominated Adviser (Nomad)
A company approved by the LSE to act as an adviser for companies who wish to be admitted to AIM. A Nomad warrants to the LSE that the company is appropriate for admission and assists the listed company on an ongoing basis with disclosure and other market-related matters.

Non-cash charges
Charges booked by a company that do not impact its cash balance or working capital.

Non-IFRS measures
Non-IFRS measures do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS) and are therefore unlikely to be comparable to similar measures presented by other companies. See page 23 of this annual report.

Offshore operations
For Canaccord's purposes, offshore operations refer to wealth management offices in the Channel Islands, the Isle of Man and Switzerland. These offices were rebranded Canaccord Genuity Wealth Management on May 1, 2013.

Preferred shares
A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred shares generally do not have voting rights; however, preferred shareholders receive a dividend that must be paid out before dividends are paid to common stockholders.

Principal trading
Trading in equity securities in principal and inventory accounts. Revenue is generated through inventory trading gains and losses.

Registered trading
Trading in equity securities in principal and inventory accounts by registered traders who operate by taking positions, trading and making markets in equity securities including securities of companies with small to medium-sized market capitalizations. Revenue is generated through inventory trading gains and losses.

Replacement plans
Share-based payment plans introduced to replace the share-based payment plans that existed at CSHP at the date of acquisition.

Return on average common equity (ROE)
Net income expressed as a percentage of average common equity. This measure is non-IFRS.

Risk
Financial institutions face a number of risks that may expose them to losses, including market, credit, operational, regulatory and legal risk.

Separately managed accounts (SMAs)
Investment portfolios available to clients that are managed by a senior portfolio manager. In SMAs, clients own the individual securities within the portfolio, rather than a portion of a pooled fund.

Significant items
Charges not considered to be recurring or indicative of operating earnings. For Canaccord this includes acquisition-related expense items, amortization of intangible assets, impairment of goodwill and intangibles, restructuring costs, ABCP fair value adjustments and accrual for the Company's client relief program. Figures excluding significant items are considered to be non-IFRS measures.

Syndicate participation
A group of investment banking firms coordinating the marketing, distribution, pricing and stabilization of equity financing transactions.

The Balloch Group (TBG)
The Balloch Group was a leading boutique investment bank in China that Canaccord acquired in January 2011. Canaccord's operations in China were subsequently rebranded Canaccord Genuity.

Trading services
Quotation services, trade reconciliation, execution management, order book management and trade reporting.

Underwriter – investment banking
Purchases securities or other instruments from a corporate issuer for resale to investors.

Value-at-Risk (VaR)
VaR is a generally accepted risk measurement concept that is defined as the predicted minimum loss in market value of a portfolio at a specific confidence level (e.g., 95%) over a certain period of time (e.g., daily).

Wrap accounts
A type of brokerage account in which a single or flat fee covers all administrative, research, advisory and management expenses.

Corporate Governance

The Board of Directors (Board) assumes responsibility for the stewardship of the Company, acting as a whole and through its committees, and has approved a formal Board Governance Manual (Mandate) including terms of reference for the Board and setting forth the Board's stewardship responsibilities and other specific duties and responsibilities. The Board's responsibilities are also governed by:

- The *Business Corporations Act* (British Columbia)
- The Company's articles
- The charters of its committees
- Other corporate policies and applicable laws

Communication with Independent Members of the Board

Terrence Lyons has been appointed by the Board of Directors of Canaccord Financial Inc. as its Lead Director. One of his responsibilities is to receive and determine appropriate action on any communications from interested parties that are addressed to the independent directors of the Board. Such communications can be sent to Mr. Lyons in writing by mail to 2039 West 35th Avenue, Vancouver, BC, Canada, V6M 1J1.

Strategic Planning Process

The Board's Mandate provides that the Board is responsible for ensuring that the Company has an effective strategic planning process. As such, the Board reviews, approves, monitors and provides guidance on the Company's strategic plan.

Identification and Management of Risks

The Board's Mandate includes:

- Assisting management to identify the principal business risks of the Company
- Taking reasonable steps to ensure the implementation of appropriate systems to manage and monitor those risks
- Reviewing plans for evaluating and testing the Company's internal financial controls
- Overseeing the external auditors, including the approval of the external auditors' terms of reference

Succession Planning and Evaluation

The Board's Mandate includes keeping in place adequate and effective succession plans for the Chief Executive Officer (CEO) and senior management.

- The Corporate Governance and Compensation Committee (CGCC) receives periodic updates on the Company's succession plan at the senior officer level and monitors the succession planning process
- The succession plan is reviewed, at least annually, by the CGCC
- On the recommendation of the President & CEO, the Board appoints the senior officers of the Company

Communications and Public Disclosure

The Company's Disclosure Controls Policy (DCP) addresses the accurate and timely communication of all important information relating to the Company and its interaction with shareholders, investment analysts, other stakeholders and the public generally.

- The DCP is reviewed annually by the Board
- The DCP, public securities regulatory filings, press releases and investor presentations are posted on the Company's website
- The Board reviews all quarterly and annual consolidated financial statements and related management discussion and analysis, the Company's earnings releases, management information circulars, annual information forms (AIFs) and financing documents

Internal Controls

The Board requires management to maintain effective internal controls and information systems. The Board, with the assistance of the Audit Committee, oversees the integrity of the Company's internal control and information systems.

- The Audit Committee meets no less than four times a year with the Company's Chief Financial Officer (CFO) and senior finance staff to review internal controls over financial reporting and related information systems
- External auditors provide recommendations to the Audit Committee on an annual basis in relation to the Company's internal controls and information systems

As of March 31, 2013, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & CFO, of the effectiveness of our disclosure controls and procedures as defined under *Multilateral Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & CFO concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2013.

Governance

The Board recognizes the current trend towards having a majority of independent directors. As the Company continues to be largely employee owned, it is of the view that the number of its members that are independent directors adequately reflects the perspectives and interests of the minority shareholders.

- The Board is currently composed of nine directors, six of whom are independent of management as determined under applicable securities legislation
- The CGCC is responsible for periodically reviewing the composition of the Board and its committees
- A formal annual assessment process has been established to include feedback by all the directors to the full Board, including the completion of a confidential survey
- New directors are provided with substantial reference material on the Company's strategic focus, financial and operating history, corporate governance practices and corporate vision

Summary of Charters and Committees

The Board has delegated certain of its responsibilities to two committees, each of which has specific roles and responsibilities as defined by the Board. Both of these Board committees are made up of independent directors.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by monitoring the Company's financial reporting practices and financial disclosure. It comprises three unrelated directors. All members of the Audit Committee are financially literate; that is, they are able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The current members of the Audit Committee are Messrs. Lyons (Chair), Eeuwes and Carello.

The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee Charter can be found in the Company's AIF filed on SEDAR. The Audit Committee has direct communication channels with the external auditors and CFO and senior finance staff and discusses and reviews issues with each of them on a regular basis. The Audit Committee's mandate was updated in fiscal 2013 to better reflect the Audit Committee's oversight of the Company's risk management function.

The Audit Committee is responsible for ensuring management has designed and implemented an effective system of internal control. The external auditors are hired by and report directly to the Audit Committee. After consultation with management, the Audit Committee is responsible for setting the external auditors' compensation. The external auditors attend each meeting of the Audit Committee, and a portion of each meeting is held without the presence of management. The Audit Committee annually reviews and approves the external auditors' audit plan and must approve any audit and non-audit work performed by the external auditors. The CFO and senior finance staff attend each meeting of the Audit Committee other than the portion of the meeting which is held without management present to allow more open discussion. The Audit Committee annually reviews and approves the internal audit plan.

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The Corporate Governance and Compensation Committee is responsible for developing the Company's approach to governance issues, reviewing the Company's overall governance principles and recommending changes to those principles from time to time. It comprises three unrelated directors: Messrs. Harris (Chair), Eeuwes and Lyons. The committee has full access to staff and resources. At all regular committee meetings during the year, a portion of each meeting is held without management present to allow more open discussion.

Board of Directors

Charles Bralver (2010)
Charles N. Bralver is a Corporate Director and Advisor. He was a founding partner and Vice Chairman of Oliver, Wyman & Co. and led its Capital Markets, European, and North American practices. He has also served as Senior Associate Dean for International Business and Finance at the Fletcher School of Tufts University, and as a Strategic Advisor to Warburg Pincus LLC. Mr. Bralver serves as a Director of Canaccord Financial and Newstar Financial, is a member of the Senior Advisory Boards of Oliver Wyman and Bema Capital Partners, and sits on the boards of the Fletcher School of Tufts University and the Dickey Center for International Understanding at Dartmouth College. He has an AB from Dartmouth College and an MA and MALD from the Fletcher School.

Peter M. Brown, O.B.C., LL.D., Litt D. (1997)
Peter M. Brown was born in 1941 in Vancouver where he lives today. After attending the University of British Columbia, he entered the investment business with Greenshields Inc. in 1962. Today he remains Founder and Honorary Chairman of Canaccord Financial Inc., which he founded in 1968 and is now a global firm with offices in 13 countries including Canada, the US, the UK, France, Germany, Ireland, Italy, China, Hong Kong, Singapore, Australia and Barbados.

Peter Brown is currently serving as Chairman of the Board for the Fraser Institute and Vice Chairman of the Investment Industry Association. Mr. Brown is British Columbia's representative on the Advisory Committee to the Canadian Securities Transition Office to lead the transition to a single Canadian securities regulator. He is a Member of the Economic Advisory Council to the Federal Minister of Finance. Recently, the Business Council of British Columbia appointed Mr. Brown to their Board of Governors. Peter Brown is the Chair of the Vancouver Police Foundation and Honorary Chairman of the fund drive for the Emily Carr University of Art & Design.

He has served on the boards of numerous private sector and crown corporations over the years. He served as a federally appointed Lead Director and Member of the Finance Committee for the Vancouver 2010 Olympic & Paralympics Games which successfully brought the Vancouver 2010 Olympics to Canada. Formerly, he was a Director of the Vancouver Convention Centre Expansion Project Limited & Pavilion Corp. (both Crown Corporations). Among his attainments, he was the past Chairman of the University of British Columbia, The Vancouver Stock Exchange, BC Place Corporation and BC Enterprise Corporation (both Crown Corporations). He was also the Vice Chairman of Expo 86 Corporation.

Mr. Brown is a recipient of the BC Chamber of Commerce Businessman of the Year award; the BC & Yukon Chamber of Mines Financier Award and the Pacific Entrepreneur of the Year Award for 2001. In 2002, he received the Distinguished Service Award by the Prospectors and Developers Association of Canada. In January 2003, Mr. Brown received a Commemorative Medal for the Golden Jubilee of Her Majesty Queen Elizabeth. In June 2003, he was awarded the Order of British Columbia. The Brotherhood Inter-Faith Society recognized Peter Brown as their Person of the Year in February 2004. In the spring of 2005, Mr. Brown received an honorary degree (Doctor of Laws) from the University of British Columbia. In 2007, he received the Distinguished Graduate Award from St. George's School and the Ted Ticknor Award for Exceptional Contribution from Big Brothers of Greater Vancouver. In 2009, Mr. Brown received the Fraser Institute's T. Patrick Boyle Founder's Award. In 2010, Peter Brown was inducted into the Canadian Mining Hall of Fame recognizing his entrepreneurial spirit and contribution to Canada's mining industry. He also became an Honorary Member of the Vancouver Police Pipe Band in 2009 and received the first-ever civilian commendation from the Vancouver City Police. Ernst & Young recognized him with the Lifetime Achievement Award in 2010 and in May 2011 he was inducted into the Business Laureates of BC Hall of Fame.

In 2012, Peter Brown received the Vancouver Board of Trade Rix Award for Engaged Community Citizenship and an honorary degree (Doctor of Letters) from the Emily Carr University of Art & Design. In September 2012, the Investment Industry Association recognized Peter with its Diamond Jubilee Medal for his contribution to the investment industry. In January 2013 he received an honorary degree from The Justice Institute of British Columbia.

Massimo Carello (2008)
Audit Committee
Mr. Carello is a corporate director and a private investor in public companies. Mr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004 and was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. Mr. Carello served as a member of the Confederation of British Industry (CBI) President's Committee from 1998 to 2003 and was a member of the CBI European Committee. He was Vice President of the Italian Chamber of Commerce in the UK from 1998 to 2005. In addition to Canaccord Financial Inc., Mr. Carello is a director and a member of the Audit Committees of the following public companies: Canadian Overseas Petroleum Ltd. and Orsu Metals Corporation. Until December 2010, he was also a director and a member of the Audit Committee of Uranium One Inc.

William J. Eeuwes (2002)
Audit Committee
Corporate Governance and Compensation Committee
Mr. Eeuwes is Senior Vice President, Global Head Private Equity, Manulife Financial. He has executive responsibility for Regional Power Inc., NAL Resource (oil and gas), and two private equity teams: Manulife Capital in Canada and Hancock Capital Management in the US.

Before joining Manulife in 1999, Mr. Eeuwes was a career banker with 25 years of experience in underwriting and the management of a broad range of financing including LBOs, corporate lending and project finance. Mr. Eeuwes is a graduate of the Richard Ivey School of Business at the University of Western Ontario. In addition to Canaccord Financial Inc., Mr. Eeuwes is a director of several private companies in Canada, and is a member of the Institute of Corporate Directors.

Michael D. Harris, ICD.D. (2004)
Corporate Governance and Compensation Committee
Michael Harris, ICD.D, is a senior business advisor with the law firm of Cassels Brock & Blackwell LLP in Toronto, and the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies. Prior to joining Cassels Brock in March 2010, he was a senior business advisor with the law firm of Goodmans LLP in Toronto.

Mr. Harris was born in Toronto in 1945, and was raised in Callander and North Bay, Ontario. Before his election to the Ontario Legislature in 1981, Mike Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995, Mr. Harris became the 22nd Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he also serves as a director of the Tim Horton Children's Foundation. He is the Honorary Chair of the North Bay District Hospital Capital Campaign and the Nipissing University and Canadore College Capital Campaign. Mr. Harris is also a Senior Fellow of The Fraser Institute. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Financial Inc., Mr. Harris is a director of the following public companies: Chartwell Retirement Residences (Chair), FirstService Corporation, Routel Inc. (Chair), and Element Financial.

David Kassie (2010)
David Kassie became Group Chairman and a director of Canaccord Financial Inc. on the closing of the acquisition of Genuity Capital Markets, a Canadian investment bank, on April 23, 2010, and became Chairman on April 1, 2012. He was the Principal, Chairman and Chief Executive Officer of Genuity Capital Markets from 2004 until May 9, 2010, when the integration of the businesses of Genuity Capital Markets and Canaccord Financial Ltd. was completed under the name Canaccord Genuity. Before 2004, he was Chairman and Chief Executive Officer of CIBC World Markets and the Vice Chairman of CIBC.

Mr. Kassie has extensive experience as an advisor, underwriter and principal. He sits on a number of corporate boards. Mr. Kassie is actively involved in community and charitable organizations and is on the boards of the Ivey School of Business and the Toronto International Film Festival Group, and was formerly on the Board of the Hospital for Sick Children.

Mr. Kassie holds a B.Comm. (Honours) in Economics from McGill University, 1977 and an MBA from the University of Western Ontario, 1979.

Terrence A. Lyons (2004)
Audit Committee
Corporate Governance and Compensation Committee
Terry Lyons is past Chairman, Northgate Minerals Corporation, which was recently acquired by Aurico Gold, creating a new mid-cap gold company with a value of over $3 billion. He is a director of several public and private corporations including Sprott Resource Corp.; Polaris Minerals Corporation; EACOM Timber Corporation; BC Pavilion Corporation (PavCo) and currently serves as the Lead Director and Chairman of the Audit Committee of Canaccord Financial Inc.

Terry is a Civil Engineer (UBC) with an MBA from the University of Western Ontario. He sits on the Advisory Board of the Richard Ivey School of Business and is active in sports and charitable activities, is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

Paul D. Reynolds (2005)
Paul Reynolds was named President of Canaccord Financial Inc. in August 2006 and CEO in August 2007, and leads the firm from Canaccord's Toronto office. Between 1999 and 2007, he managed Canaccord's London, England office as President and COO of European operations and was named Global Head of Canaccord Genuity in April 2005.

Mr. Reynolds has over 28 years of experience in the securities industry beginning as an equities trader. In 1985, he joined Canaccord Financial, working as an Investment Advisor before moving into a senior role in institutional sales. In the late 1990s, Mr. Reynolds assumed a leadership role in investment banking where he specialized in financing emerging and developing companies in the resource, technology and biotechnology sectors.

Mr. Reynolds also serves on the boards of the International Crisis Group and the Hospital for Sick Children in Toronto.

Dipesh Shah (2012)
Dipesh Shah is a director on the boards of Thames Water and the Kemble Water Group of companies, JKX Oil & Gas Plc (where he is Senior Independent Director and Chairman of the Remuneration Committee), The Crown Estate, the EU Marguerite Fund (where he is Chairman of the Investment Committee), and Equus Petroleum Plc (where he is the Senior Independent Director and Chairman of the Nominations Committee). He is also a Trustee of the British Youth Opera and a Governor of Merchant Taylors' School.

Mr. Shah was formerly the Chief Executive of the UK Atomic Energy Authority and of various large businesses in the BP Group, where he was a member of the Group Leadership for more than a decade. Mr. Shah was Chairman, inter alia, of Viridian Group plc, HgCapital Renewable Power Partners LLP and the European Photovoltaic Industry Association. In addition, he has been a Director of several major organizations, including Babcock International Group Plc and Lloyd's of London. He was also a member of the UK government's Renewable Energy Advisory Committee from 1994 to 2002. Earlier, Mr. Shah was the Chief Economist for BP Oil UK.

Born in India, and brought up in Uganda, Mr. Shah is a graduate of the University of London, the University of Warwick, and the Harvard Business School management program. He was appointed an Officer of the Order of the British Empire (OBE) in the 2007 New Year Honours List, and is a Life Fellow of the Royal Society of Arts.

Locations

Capital Markets

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Shareholder Information

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LSE: CF.

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This Canaccord Financial 2013 Annual Report is available on our website at www.canaccordfinancial.com. For a printed copy please contact the Investor Relations department.

Common Share Trading Information (Fiscal 2013)

Stock exchange	Ticker	Diluted shares outstanding at March 31, 2013	Year-end price March 31, 2013	High	Low	Total volume of shares traded
Toronto TSX	CF	109,879,724	$ 6.82	$ 8.30	$ 4.03	53,441,952
London LSE	CF.	109,879,724	£ 4.55	£ 5.30	£ 2.75	1,689,143

Fiscal 2013 Preferred Dividend Dates and Amounts

Quarter end date	Preferred dividend record date	Preferred dividend payment date	Series A preferred dividend	Series C preferred dividend	Total preferred dividend
June 30, 2012	September 14, 2012	October 1, 2012	$ 0.34375	$ 0.359375	$ 0.703125
September 30, 2012	December 14, 2012	December 31, 2012	$ 0.34375	$ 0.359375	$ 0.703125
December 31, 2012	March 15, 2013	April 1, 2013	$ 0.34375	$ 0.359375	$ 0.703125
March 31, 2013	June 21, 2013	July 2, 2013	$ 0.34375	$ 0.359375	$ 0.703125
			$ 1.375	$ 1.4375	$ 2.8125

Fiscal 2013 Common Dividend Dates and Amounts

Quarter end date	Common dividend record date	Common dividend payment date	Common dividend
June 30, 2012	August 24, 2012	September 10, 2012	$ 0.05
September 30, 2012	November 30, 2012	December 10, 2012	$ 0.05
December 31, 2012	March 1, 2013	March 15, 2013	$ 0.05
March 31, 2013	May 31, 2013	June 10, 2013	$ 0.05
			$ 0.20

Fiscal 2014 Expected Dividend[1] and Earnings Release Dates

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q1/14	August 6, 2013	September 13, 2013	September 30, 2013	August 30, 2013	September 10, 2013
Q2/14	November 6, 2013	December 20, 2013	December 31, 2013	November 22, 2013	December 10, 2013
Q3/14	February 5, 2014	March 14, 2014	March 31, 2014	February 21, 2014	March 10, 2014
Q4/14	May 20, 2014	June 13, 2014	June 30, 2014	May 30, 2014	June 10, 2014

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Eligible Dividend Designation: *Income Tax Act* (Canada)

In Canada, the *Federal Income Tax Act*, and most provincial income tax legislation, provides lower levels of taxation for Canadian individuals who receive eligible dividends. All of the common share dividends paid by Canaccord Financial Inc. (or its predecessor Canaccord Capital Inc.) since 2006 are eligible, as are common share dividends paid hereafter unless otherwise indicated.

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
Telephone toll free (North America): 1.800.564.6253
International: 514.982.7555
Fax: 1.866.249.7775
Toll free fax (North America): or
International fax: 416.263.9524
Email: service@computershare.com
Website: www.computershare.com
Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Annual General Meeting

The Annual General Meeting of shareholders will be held on Wednesday, August 7, 2013 at 10:00 a.m. (Eastern time)
at the TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, ON, Canada

A live Internet webcast will also be available for shareholders to view. Please visit the webcast events page at www.canaccordfinancial.com for more information and a direct link.

To view Canaccord's regulatory filings on SEDAR, please visit www.sedar.com.

Financial Information

For present and archived financial information, please visit www.canaccordfinancial.com

Auditor

Ernst & Young LLP
Chartered Accountants
Vancouver, BC

Fees Paid to Shareholders' Auditors

For fees paid to shareholders' auditors, see page 47 of the fiscal 2013 Annual Information Form.

Qualified Foreign Corporation

CFI is a "qualified foreign corporation" for US tax purposes under the *Jobs & Growth Tax Reconciliation Act of 2003*.

Editorial and Design Services

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CANACCORD Financial

Canaccord Financial Inc. is the publicly traded parent company to Canaccord's group of companies. Canaccord Financial Inc. is listed on the TSX (as CF) and LSE (as CF.).

CANACCORD Genuity

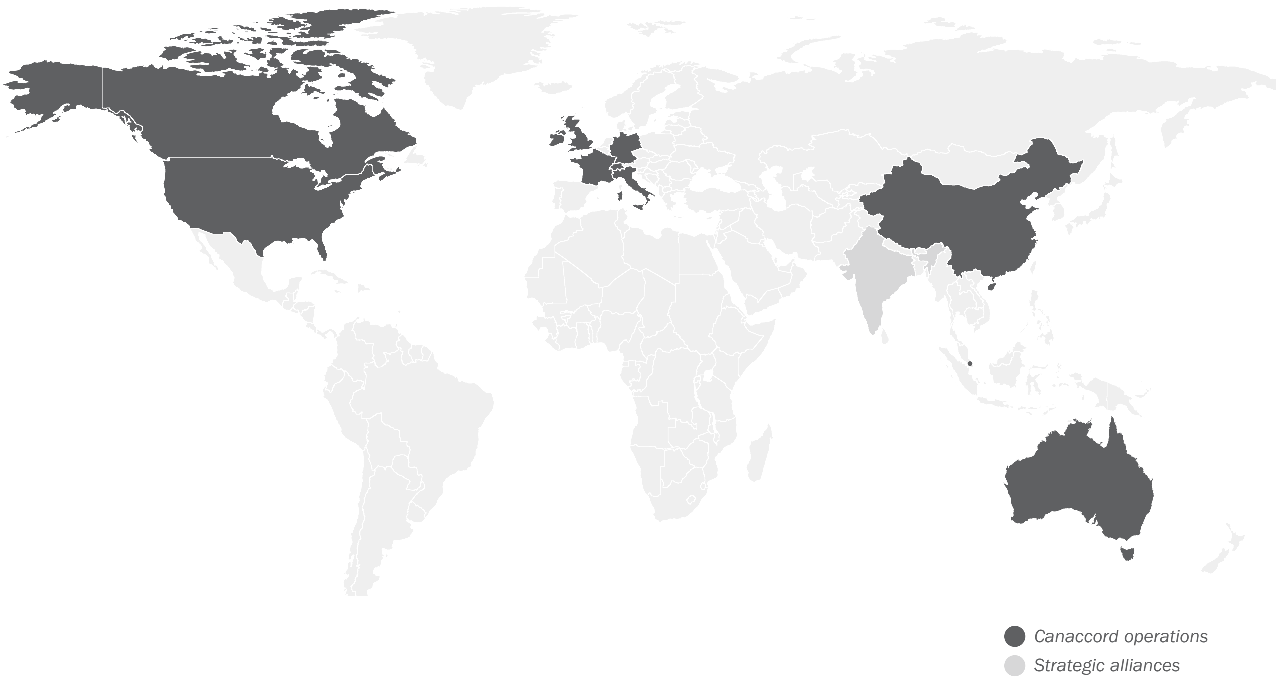
Canaccord Genuity provides global investment banking, M&A, advisory, research, sales and trading services to Canaccord's institutional and corporate clients. Canaccord Genuity has offices in Canada, the US, the UK, France, Germany, Ireland, Italy, Hong Kong, mainland China, Singapore, Australia and Barbados.

CANACCORD Genuity Wealth Management

Canaccord Genuity Wealth Management is a global provider of wealth management solutions to private investors in Canada, the UK, Europe and Australia.

PINNACLE CORRESPONDENT SERVICES

Pinnacle provides correspondent services (administrative and clearing solutions) to Canada's wealth management industry by leveraging Canaccord's investment in leading-edge back-office infrastructure and technology.



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