CANACCORD Financial

FIRST QUARTER

Fiscal 2014 Report to Shareholders

TO US THERE ARE NO FOREIGN MARKETS

Canaccord Financial Inc. Reports First Quarter Fiscal 2014 Results

Excluding significant items, earned net income of $11.8 million during the quarter[1]

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

TORONTO, August 6, 2013 – In the first quarter of fiscal 2014, the quarter ended June 30, 2013, Canaccord Financial Inc. (Canaccord, the Company, TSX: CF, LSE: CF.) generated $187.2 million in revenue. Excluding significant items[1] (a non-IFRS measure), the Company recorded net income of $11.8 million, or $0.09 per diluted common share. Including all expense items, on an IFRS basis, the Company recorded net income of $7.9 million, or $0.06 per diluted common share.

In addition, the Company announces that Canaccord Financial Inc. will be rebranded Canaccord Genuity Group Inc. on October 1, 2013.

"Our Q1 results showcased the early benefits of our expanded global platform. This was a record quarter for our US division and another solid performance by our UK and European operations. While challenging market conditions continued in some of our core markets, Canaccord Genuity's firm-wide cost containment initiatives continued to deliver increased value for our shareholders," stated Paul Reynolds, President and CEO of Canaccord Financial Inc. "We will be focusing on further enhancing the operational efficiency of our business through targeted investments in our back-office infrastructure and upgrading elements of our support services."

Mr. Reynolds continued: "Notably, 67% of our global revenue, and 96% of adjusted net income after tax, was generated outside of Canada, a strong reflection of our diversification strategy."

First Quarter of Fiscal 2014 vs. Fourth Quarter of Fiscal 2013

- Revenue of $187.2 million, down 14% or $30.8 million from $218.0 million
- Excluding significant items, expenses of $174.5 million, down 13% or $26.0 million from $200.5 million[1]
- Expenses of $178.1 million, down 16% or $33.9 million from $212.0 million
- Excluding significant items, net income of $11.8 million compared to net income of $15.6 million[1]
- Net income of $7.9 million compared to net income of $6.4 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.09 compared to diluted EPS of $0.12 in the fourth quarter of fiscal 2013[1]
- Diluted EPS of $0.06 compared to diluted EPS of $0.04 in the fourth quarter of fiscal 2013

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First Quarter of Fiscal 2014 vs. First Quarter of Fiscal 2013

- Revenue of $187.2 million, up 15% or $24.7 million from $162.5 million
- Excluding significant items, expenses of $174.5 million, down 4% or $7.2 million from $181.7 million[1]
- Expenses of $178.1 million, down 5% or $8.9 million from $187.0 million
- Excluding significant items, net income of $11.8 million compared to a net loss of $16.3 million[1]
- Net income of $7.9 million compared to a net loss of $20.6 million
- Excluding significant items, diluted EPS of $0.09 compared to a diluted loss per common share of $0.20[1]
- Diluted EPS of $0.06 compared to a diluted loss per common share of $0.24

Financial Condition at End of First Quarter Fiscal 2014 vs. Fourth Quarter Fiscal 2013

- Cash and cash equivalents balance of $380.9 million, down $110.1 million from $491.0 million
- Working capital of $408.8 million, up $15.1 million from $393.7 million
- Total shareholders' equity of $1.1 billion, up $19.5 million from $1.0 billion
- Book value per diluted common share of $7.87, up $0.19 from $7.68[1]
- On August 6, 2013, the Board of Directors approved a quarterly dividend of $0.05 per common share payable on September 10, 2013 with a record date of August 30, 2013
- On August 6, 2013, the Board of Directors also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2013 with a record date of September 13, 2013, and a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2013 to Series C Preferred shareholders of record as at September 13, 2013

Summary of Operations

CORPORATE

- During the fiscal first quarter, Canaccord Financial Inc. repurchased 564,504 of its common shares under the terms of its normal course issuer bid (NCIB)
  - Subsequent to the end of the quarter and as of August 2, 2013, Canaccord Financial Inc. repurchased 278,968 of its common shares under the terms of its NCIB; on July 31, 2013, 843,472 common shares were cancelled
  - On August 6, 2013, the Company filed a notice for the renewal of its NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,136,948 common shares through the facilities of the TSX during the period from August 13, 2013 to August 12, 2014. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares.
- Subsequent to the end of the quarter, on July 9, 2013, Canaccord announced that Tim Hoare has stepped down as Chairman of Canaccord Genuity Limited. Mr. Hoare is continuing his involvement with Canaccord as a member of Canaccord Financial's Global Advisory Board.
- Subsequent to the end of the quarter and related to the above, on July 9, 2013, Canaccord announced that Paul Reynolds assumed the position of Chairman of Canaccord Genuity Limited

CAPITAL MARKETS

- Canaccord Genuity led or co-led 36 transactions globally, raising total proceeds of C$1.7 billion[2] during fiscal Q1/14
- Canaccord Genuity participated in 82 transactions globally, raising total proceeds of C$5.9 billion[2] during fiscal Q1/14
- During fiscal Q1/14, Canaccord Genuity led or co-led the following transactions:
  - US$345 million for 3D Systems on the NYSE
  - C$184.1 million for Pure Industrial Real Estate Trust on the TSX
  - C$172.5 million for Artis REIT on the TSX
  - US$90.1 million for Synergy Pharmaceuticals on the NASDAQ
  - US$84.2 million for Emerald Oil, Inc. on the NYSE
  - C$69.0 million for HealthLease Properties REIT on the TSX
  - C$63.5 million for Halogen Software Inc. on the TSX
  - £60.7 million for Tyman PLC on AIM
  - US$57.9 million for Novadaq Technologies Inc. on the NASDAQ
  - C$51.7 million for MBAC Fertilizer Corp. on the TSX

- AUD$50.0 million for Sundance Energy Limited on the ASX
  - £39.9 million for Brewin Dolphin Inc. on the LSE
  - £37.1 million for Lombard Medical Technologies PLC on AIM
  - US$35.0 million for Pure Multi-Family REIT LP on the TSX Venture
  - US$32.7 million for GW Pharmaceuticals PLC on the NASDAQ
  - AUD$34.4 million for Bucaneer Energy Limited on the ASX
  - US$28.1 million for Mast Therapeutics, Inc. on the NYSE
  - £19.7 million for Mears Group PLC on the LSE
- In Canada, Canaccord Genuity raised $209.5 million for government bond issuances and $24.3 million for corporate bond issuances during fiscal Q1/14
- Canaccord Genuity generated advisory revenues of $35.9 million during fiscal Q1/14, an increase of 43% compared to the same quarter last year
- During fiscal Q1/14, Canaccord advised on the following M&A and advisory transactions:
  - Encore Capital Group on their acquisition of Cabot Credit Management from JC Flowers & Co.
  - Montagu Private Equity LLP on its disposal of Unifeeder A/S to Nordic Capital Ltd.
  - KEYreit on its acquisition by Plazacorp Retail Properties Ltd.
  - Palomar Medical Technologies, Inc. on its acquisition by Cynosure, Inc.
  - EACOM Timber Corporation on its sale to Kelso & Company
  - Pure Gym Limited on its sale to CCMP
  - Régie Linge Distribution on the restructuring of its debt facilities
  - Kingfisher PLC on its acquisition of Bricostore Romania
  - SAExploration Holdings, Inc. on the merger with Trio Merger Corp.
  - Ares Capital Europe Limited and Toscafund Asset Management LLP on their acquisition of Healthcare Locums PLC and the restructuring of its banking facilities
  - Earth Video Camera Inc. on its reverse takeover transaction with Urthecast Corp.
  - Petrogas Global Limited on the acquisition of its debt facilities
  - TCR Capital on its disposal of Laboratories Chemineau to Groupe Anjac
  - Cub Energy Inc. on its acquisition of TechnoGasIndustria
  - Solais Lighting Inc. on its acquisition by PowerSecure International, Inc.
  - Thermal Technology LLC on its acquisition by GT Advanced Technologies Inc.
  - BENEV Capital Inc. on the sale of its Saint Ambroise waste treatment plant

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $54.6 million in revenue
- Assets under administration in Canada and assets under management in the UK and Europe, and Australia, were $25.8 billion at the end of Q1/14[(1)]

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $26.8 million in revenue and, after intersegment allocations, recorded a net loss of $5.1 million before taxes in Q1/14
- Assets under administration in Canada were $9.3 billion as at June 30, 2013, down 11% from $10.4 billion at the end of the previous quarter and down 29% from $13.1 billion at the end of fiscal Q1/13[(1)]
- Assets under management in Canada (discretionary) were $880 million as at June 30, 2013, up 5% from $835 million at the end of the previous quarter and up 24% from $709 million at the end of fiscal Q1/13[(1)]
- As at June 30, 2013, Canaccord Genuity Wealth Management had 173 Advisory Teams[(3)], a decrease of 96 Advisory Teams from June 30, 2012 and a decrease of five from March 31, 2013

CANACCORD GENUITY WEALTH MANAGEMENT (UK AND EUROPE)

- Wealth management operations in the UK and Europe generated $27.0 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $5.1 million before taxes in Q1/14
- Assets under management (discretionary and non-discretionary) were $16.1 billion (£10.1 billion)

(1) See Non-IFRS Measures on page 4.
(2) Source: Transactions over $1.5 million. Internally sourced information.
(3) 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 of business.

NON-IFRS MEASURES

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets, and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. 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 effects of these items do 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.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS

	Three months ended June 30		
(C$ thousands, except per share and % amounts)	**2013**	2012	Quarter-over-quarter change
Total revenue per IFRS	**$ 187,231**	$ 162,549	15.2%
Total expenses per IFRS	**178,118**	187,048	(4.8)%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	**1,702**	4,373	(61.1)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	**1,889**	998	(89.3)%
Total significant items	**3,591**	5,371	(33.1)%
Total expenses excluding significant items	**174,527**	181,677	(3.9)%
Net income (loss) before taxes – adjusted	**$ 12,704**	$ (19,128)	166.4%
Income taxes (recovery) – adjusted	**894**	(2,833)	131.6%
Net income (loss) – adjusted	**$ 11,810**	$ (16,295)	172.5%
Earnings (loss) per common share – basic, adjusted	**$ 0.10**	$ (0.20)	150.0%
Earnings (loss) per common share – diluted, adjusted	**$ 0.09**	$ (0.20)	145.0%

Fellow Shareholders:

Our results this quarter reflect the progress we've made in diversifying our revenue streams, growing our market position globally and enhancing our relevance to our clients. While our overall performance is in line with the slower global market environment, we made great strides in capturing the cost and revenue synergies of our significantly expanded platform. This diversification is evidenced by two-thirds of our revenue this quarter coming from outside of Canada.

Canaccord Genuity strives to provide our clients with global service and differentiated ideas. We have worked diligently to strengthen our cross-border collaboration in an effort to provide our clients with increased global opportunities. We have strong teams in each of our geographies, and we're working hard to ensure our clients receive exceptional service and our global perspective. Our new slogan – *to us there are no foreign markets* – showcases the benefits we offer through our global platform.

In this challenging market environment, Canaccord Genuity increased revenue by 15% compared to the same quarter last year. We have established a culture of cost containment within the firm, and during the quarter, we successfully lowered overall expense levels by 5% compared to the same quarter last year. This decrease was driven by lowering our overhead expenses, adjusting our compensation levels and consolidating office space. In addition, we lowered our compensation ratio to 58.4% of revenue, a decrease from 66.5% and 62.4% compared to last year and the previous quarter, respectively. Looking ahead, we will continue to pursue opportunities to improve operational efficiencies across our global platform.

A Record Performance in the US

Canaccord Genuity's revenue increase compared to Q1/13 was led by the record performance of our US division and another strong quarter from our UK-based business. In these geographies, we're finding opportunities to leverage the current market environment and deliver value to the broader franchise. Combined, our US and UK divisions generated 65% of Canaccord Genuity's global revenue during our fiscal first quarter, underscoring the important additions we've made to our platform over the last several years. We have established a strong market position in the US, notably through gains in market share and through the success of our trading desks, and we're seeing the benefits of our integrated investment banking practice in the UK.

In the three months ended June 30, 2013, Canaccord Genuity generated $187 million of revenue and, excluding significant items[(1)], recorded net income of $11.8 million or $0.09 per diluted common share. Including significant items, Canaccord recorded net income of $7.9 million, or $0.06 per diluted common share.

We continue to carefully monitor our balance sheet, and our cash and working capital positions remain strong and liquid. Canaccord Genuity is well capitalized to operate in these challenging market conditions. At the close of our fiscal first quarter, the Company had $409 million in working capital, $380.9 million in cash and cash equivalents and $1.1 billion in shareholders' equity. Our Board of Directors has approved a quarterly dividend of $0.05 to thank our shareholders for their continued support.

Canaccord Genuity Capital Markets

Canaccord Genuity capital markets generated $131.2 million in revenue, a marked increase of 30% compared to the same quarter last year, and a 15% decrease compared to the previous quarter. Importantly, global expenses decreased by 13% sequentially, which helped the division contribute $13.6 million of net income, excluding significant items[(1)], to our bottom line. Including significant items, Canaccord Genuity capital markets recorded net income, before taxes, of $11.9 million, on par with the previous quarter, which was achieved even with lower revenue, by decreasing expenses by over 14%, excluding restructuring charges incurred during the last quarter.

In the US, record revenue of $52.9 million was achieved, a sizeable increase of over 70% compared to the same period last year and a 17% increase compared to the previous quarter, due mainly to our enlarged team and expanded platform. Our UK and European capital markets team generated $40.5 million in revenue and delivered net income before taxes of $5.7 million, a result of solid advisory and trading activity, combined with the prudent control of our expense levels.

The exceptional quality of our sales and trading teams was evidenced by their consistently strong performance during the quarter, with commission revenue at $42.8 million and principal trading revenue at $19.9 million. This achievement highlights the value of this expanded department and their ability to leverage the market environment on behalf of our clients.

Canaccord Genuity Wealth Management

The changes we have implemented to strengthen our wealth management operations are beginning to take hold. Globally, Canaccord Genuity Wealth Management generated $54.6 million in revenue, but experienced a slight decline in client assets, to $25.8 billion as of June 30, 2013.

In the UK and Europe, our solid performance was characterized by stable markets and strengthened by our acquisition of Eden Financial's wealth management business. The benefits of our integration efforts propelled the division's revenue to $27.0 million, an increase of 38% compared to the same period last year. We are gaining market share in this important geography, as assets under management increased to $16.1 billion. During the quarter, we made the decision to modernize our back-office infrastructure through an investment in a sophisticated software platform designed to promote the increased use of electronic processing. We expect this investment will allow us to grow our business by adding scale to our service levels while lowering our ongoing operational cost base.

Our Canadian wealth management business continues to face headwinds due to difficult market conditions and the current risk-averse appetite of Canadian investors. That said, we are seeing positive changes from the strategic shift we implemented last year. Fee-related revenue has increased to 31.8% during the quarter, a record high for the division and a key indicator of the progress we're making to stabilize revenue streams. Additionally, we increased assets under management to $880 million.

Looking Forward

Canaccord Genuity's priorities over the next several quarters will focus on driving further cross-border collaboration, advancing other cost containment initiatives and taking steps to continue to ensure that our clients are well served on a global basis.

I am confident that the market position we have established for Canaccord Genuity provides our firm with a strong competitive advantage as well as exceptional earnings power. We've added the scale we needed to be competitive globally, and I believe our global franchise provides a differentiated service offering with a client-centric approach. Finally, our shareholders are at the forefront of every decision we make, and we remain committed to delivering the value that our global platform has to offer.

Kind regards,

PAUL D. REYNOLDS
President & CEO

[1] A non-IFRS measure.

Management's Discussion and Analysis

First quarter fiscal 2014 for the three months ended June 30, 2013 – this document is dated August 6, 2013

The following discussion of the financial condition and results of operations for Canaccord Financial Inc. (Canaccord or the Company) is provided to enable the reader to assess material changes in our financial condition and to assess results for the three-month period ended June 30, 2013 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2013 is also referred to as first quarter 2014 and Q1/14. This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2013, beginning on page 26 of this report; our Annual Information Form (AIF) dated June 18, 2013; and the 2013 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2013 (Audited Annual Consolidated Financial Statements) in Canaccord's annual report dated May 21, 2013 (the 2013 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2013 except as disclosed in this MD&A. Canaccord's financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

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 the 2013 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risks" in this MD&A, which include 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 the 2013 Annual Report and 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.

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2013 (First Quarter 2014 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First Quarter 2014 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2013, except for new standards adopted as directed in Note 3 of the First Quarter 2014 Financial Statements.

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 and preferred 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 – Australia or AUM – UK and Europe is the market value of client assets managed and administered by Canaccord from which Canaccord earns commissions and 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 – Australia or AUM – UK and Europe 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 12.

Management believes that these non-IFRS measures 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 effects of these items do 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 12 countries worldwide, including wealth management offices located in Canada, Australia, the UK and Europe. Canaccord Genuity, the Company's international capital markets division, operates in Canada, the US, the UK, France, Germany, Ireland, Italy, Hong Kong, mainland China, Singapore, Australia and Barbados.

Canaccord Financial Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on the main market of 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.

BUSINESS ENVIRONMENT

Uncertainties regarding the exit of the Federal Reserve's quantitative easing strategy characterized the financial environment during the quarter. Indeed, a strengthening in US economic activity led to expectations of a slowdown in US bond purchase programs. As a result, US 10-year government bond yields rose by 2.48%, the largest increase since early 2011. The reset in bond yield was global, and emerging-market bonds sustained the brunt of global bond correction. In fact, turbulence in emerging-market currencies caused the central banks in Brazil and India to increase interest rates in order to moderate inflation expectations and halt bond outflows. This monetary tightening, combined with tangible signs of an economic slowdown in China (GDP falling from 7.7% to 7.5%), compounded fears of a possible impact on developed economies, namely in Europe. Fortunately, the European Central Bank (ECB) reassured investors by stating that lending rates in the euro zone would remain low for an extended period of time. Also, in Japan, hyper-stimulative measures provided by the new government and the People's Bank of China resulted in the growth of Japan's real GDP by 4%. Overall, the quarter ended with global economic growth trending slightly lower.

The performance of North American equity markets diverged during the quarter. In the US the S&P 500 rose 2.4%, fuelled by a steady improvement in economic activity and the strong performance of financial stocks. However, in Canada the S&P/TSX fell 4.9%. The index was constrained by weak commodity prices due to concerns about China and emerging markets: the price of gold declined by 24% and copper decreased by 11%. Since its peak in 2011, the S&P/TSX has decreased by 15% while the S&P 500 has increased by 22%. While weaker commodity prices explain much of this underperformance, Canadian financials have also lagged behind their US counterparts as fears of over-leveraged consumers and a possible housing correction are challenging investor confidence in Canadian fundamentals.

Looking ahead, leading economic indicators point to a phase of gradual improvement in global economic activity. Economic leadership is expected to come from developed countries, particularly from the US and Japan. The fiscal drag that resulted from the US sequester and European austerity is set to ease near the end of the calendar year, which should promote a gradual re-acceleration in global growth. Meanwhile, with Chinese government authorities determined to clamp down on "shadow banking" activities and transition the economy towards a consumer base, growth in emerging markets is likely to stay soft over the next few quarters. In all, a challenging backdrop for commodity prices along with a rising bond-yield environment should continue to constrain Canadian agency and underwriting revenues. However, distressed valuations in the resource area of the market should support mergers and acquisitions and advisory activities. Capital markets activity is expected to remain strong outside of Canada as equity markets are likely to continue performing well.

MARKET DATA

Financing values on the TSX and TSX Venture experienced slight increases compared to the previous quarter and the year-over-year period. Financing values on AIM experienced a notable increase compared to the previous quarter and remained unchanged compared to the same period last year. On the NASDAQ, financing values experienced a decline compared to the previous quarter, yet experienced a considerable increase compared to the same period last year.

TOTAL FINANCING VALUE BY EXCHANGE

	April 2013	May 2013	June 2013	Fiscal Q1/14	Change from fiscal Q1/13	Change from fiscal Q4/13
TSX and TSX Venture (C$ billions)	2.3	3.4	5.2	10.9	1%	11.2%
AIM (£ billions)	0.3	0.3	0.2	0.8	—	33.3%
NASDAQ (US$ billions)	3.6	5.8	5.6	15.0	57.9%	(5.6)%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

ABOUT CANACCORD'S OPERATIONS

Canaccord Financial Inc.'s operations are divided into two business segments: Canaccord Genuity (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, mainland China, Hong Kong, Singapore, Australia and Barbados.

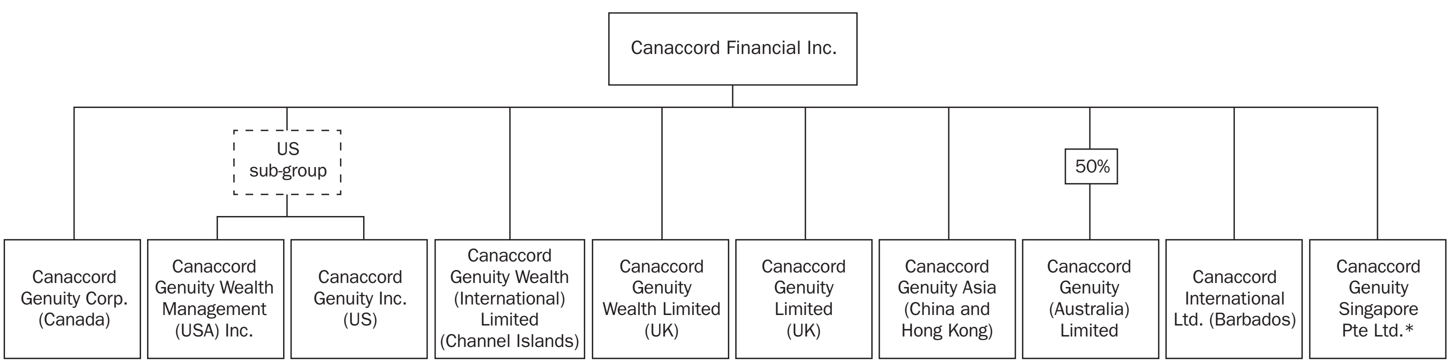
Canaccord Genuity Wealth Management

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 its markets. Canaccord's 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, finance, and all administrative functions.

Corporate structure



* Effective July 1, 2013, ownership of Canaccord Genuity Singapore Pte Ltd. transferred to Canaccord Financial Inc.

Consolidated Operating Results

FIRST QUARTER 2014 SUMMARY DATA[1][2]

(C$ thousands, except per share and % amounts, and number of employees)	As at June 30 and for the three months ended 2013	2012	2011	Q1/14 vs. Q1/13
Canaccord Financial Inc. (CFI)				
Revenue				
Commissions and fees	$ 90,035	$ 88,747	$ 61,028	1.5%
Investment banking	31,833	28,661	59,858	11.1%
Advisory fees	35,905	25,626	22,531	40.1%
Principal trading	19,540	7,847	1,953	149.0%
Interest	6,805	8,392	7,857	(18.9)%
Other	3,113	3,276	6,556	(5.0)%
Total revenue	187,231	162,549	159,783	15.2%
Expenses				
Incentive compensation	86,325	84,776	77,614	1.8%
Salaries and benefits	23,110	23,198	17,117	(0.4)%
Other overhead expenses[3]	68,683	79,074	49,303	(13.1)%
Total expenses	178,118	187,048	144,034	(4.8)%
Income (loss) before income taxes	9,113	(24,499)	15,749	137.2%
Net income (loss)	$ 7,883	$ (20,622)	$ 13,195	138.2%
Net income (loss) attributable to:				
CFI shareholders	$ 8,741	$ (19,967)	$ 13,195	143.8%
Non-controlling interests	$ (858)	$ (655)	$ —	(31.0)%
Net income (loss) attributable to common shareholders	$ 5,781	$ (22,804)	$ 13,105	125.4%
Earnings (loss) per common share – diluted	$ 0.06	$ (0.24)	$ 0.16	125.0%
Return on common equity[4]	2.7%	(10.6)%	7.0%	13.3 p.p.
Dividends per common share	$ 0.05	$ 0.05	$ 0.10	—
Book value per diluted common share[5]	$ 7.87	$ 7.90	$ 8.71	(0.4)%
Total assets	$ 5,327,433	$ 5,105,838	$ 4,429,105	4.3%
Total liabilities	$ 4,246,564	$ 4,030,987	$ 3,580,864	5.3%
Non-controlling interests	$ 12,244	$ 16,882	$ —	(27.5)%
Total shareholders' equity	$ 1,068,625	$ 1,057,969	$ 848,241	1.0%
Number of employees	2,031	2,368	1,684	(14.2)%
Excluding significant items[6]				
Total expenses	$ 174,527	$ 181,677	$ 143,104	(3.9)%
Income (loss) before income taxes	12,704	(19,128)	16,679	166.4%
Net income (loss)	11,810	(16,295)	14,125	172.5%
Net income (loss) attributable to CFI shareholders	12,414	(16,059)	14,125	177.3%
Net income (loss) attributable to common shareholders	9,454	(18,896)	14,035	150.0%
Earnings (loss) per common share – diluted	0.09	(0.20)	0.17	145.0%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, number of employees, and figures that exclude significant items. See Non-IFRS Measures on page 7.
(2) Since the closing date of November 1, 2011, the operating results of the Australian operations have been included on a fully consolidated basis 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 and development costs.
(4) ROE is presented on an annualized basis. ROE for each period is calculated by dividing the annualized net income (loss) available to common shareholders for the period over the average common shareholders' equity for the period.
(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 (loss) and earnings (loss) per diluted common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on page 12.
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Total revenue per IFRS	$ 187,231	$ 162,549	15.2%
Total expenses per IFRS	178,118	187,048	(4.8)%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	1,702	4,373	(61.1)%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	1,889	998	(89.3)%
Total significant items	3,591	5,371	(33.1)%
Total expenses excluding significant items	174,527	181,677	(3.9)%
Net income (loss) before taxes – adjusted	$ 12,704	$ (19,128)	166.4%
Income taxes (recovery) – adjusted	894	(2,833)	131.6%
Net income (loss) – adjusted	$ 11,810	$ (16,295)	172.5%
Earnings (loss) per common share – basic, adjusted	$ 0.10	$ (0.20)	150.0%
Earnings (loss) per common share – diluted, adjusted	$ 0.09	$ (0.20)	145.0%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 7.

Revenue

First quarter 2014 vs. first quarter 2013

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 the three months ended June 30, 2013 was $187.2 million, an increase of 15.2% or $24.7 million compared to the same period a year ago.

Revenue generated from commissions and fees increased by $1.3 million, to $90.0 million, compared to the same period a year ago. An increase in commissions and fees in the UK and Europe of approximately $5.9 million was offset by a decrease in Canada and the US of approximately $4.9 million.

With increased activity and improved market conditions in the US and the UK and Europe, these operations have picked up momentum compared to Q1/13, leading to increases in investment banking revenue, advisory fees, and principal trading revenue, which were partially offset by reduced revenue in Canada. Investment banking revenue was $31.8 million, up $3.2 million or 11.1%, and advisory revenue grew to $35.9 million in Q1/14, up $10.3 million or 40.1% from the same period a year ago. The growth in investment banking was most notable in the US, with a $9.1 million increase. Advisory fees grew by $7.0 million in the UK and Europe and by $3.0 million in the US.

Principal trading revenue was $19.5 million, up $11.7 million compared to $7.8 million in Q1/13. Principal trading revenue in the US increased by $9.1 million, mainly due to strong performance from its International Equities Group, and increased by $2.9 million in the UK and Europe. Interest revenue in the Company's North American wealth management operations contributed to the decrease in overall interest revenue with scaled back operations since branch closures during fiscal 2013. The decline in the Canadian dollar contributed to the decrease in other revenue in Q1/14.

GEOGRAPHIC DISTRIBUTION OF REVENUE FOR THE FIRST QUARTER 2014[1]

(C$ thousands, except % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Canada	$ 61,499	$ 76,641	(19.8)%
UK and Europe	67,467	48,807	38.2%
US	53,401	31,694	68.5%
Other Foreign Locations[2]	4,864	5,407	(10.0)%
Total	$ 187,231	$ 162,549	15.2%

(1) For a business description of Canaccord's geographic distribution, please refer to the About Canaccord's Operations section on page 10.
(2) Other Foreign Locations include operations for Canaccord International Ltd., Canaccord Genuity Asia, Canaccord Genuity Singapore Pte Ltd., and Canaccord Genuity (Australia) Limited (formerly Canaccord BGF).

First quarter 2014 vs. first quarter 2013
Revenue in Canada decreased by $15.1 million to $61.5 million in Q1/14 from $76.6 million in Q1/13, as our capital markets segment experienced challenges from the continued volatility in the economy and reduced activity in the resource sector. In addition, revenue decreased in the wealth management segment as a result of the branch closures in the third quarter of fiscal 2013. Revenue derived from the Corporate and Other segment also decreased due to the decline in the Canadian dollar and reduction in our correspondent brokerage service operations. The net impact of these variances led to a $15.1 million or 19.8% decrease in revenue in Canada compared to Q1/13.

Our UK and Europe operations generated $67.5 million of revenue in Q1/14, an increase of $18.7 million, as the capital markets operations gained momentum with the acquired CSHP operations at the end of fiscal 2012 and the expansion of our wealth management operations through the acquisition of the wealth management business of Eden Financial Ltd. in Q3/13. The wealth management operations in the UK and Europe contributed $7.4 million to the increase in total revenue while the capital markets operations contributed $11.3 million. The main contributor to the revenue increase in the UK and Europe capital markets operations was a $7.0 million growth in advisory fees compared to Q1/13.

Revenue in the US was $53.4 million in Q1/14, an increase of $21.7 million, or 68.5%, compared to Q1/13. The increase was mostly driven by higher principal trading revenue generated by the improved performance of the principal trading units in the US acquired through the CSHP acquisition. Investment banking revenue also increased significantly, by $9.1 million in Q1/14 compared to the same quarter in the prior year, due to improved market conditions and increased levels of activities in certain of our focus sectors. Advisory fees in the US contributed $3.0 million to the increase in total revenue.

Revenue generated in the Other Foreign Locations geographic region was relatively unchanged with a decrease of $0.5 million from Q1/13.

Expenses

Expenses for the three months ended June 30, 2013 were $178.1 million, a decrease of 4.8% or $8.9 million from the same period a year ago.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2013	2012	Quarter-over-quarter change
Incentive compensation	**46.1%**	52.2%	(6.1) p.p.
Salaries and benefits	**12.3%**	14.3%	(2.0) p.p.
Other overhead expenses[1]	**36.7%**	48.6%	(11.9) p.p.
Total	**95.1%**	115.1%	(20.0) p.p.

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

Compensation expense

First quarter 2014 vs. first quarter 2013
Incentive compensation expense was $86.3 million for the quarter, an increase of 1.8% or $1.5 million. Although incentive-based revenue increased by 17.5%, with certain changes to the compensation structure, incentive compensation expense as a percentage of total revenue decreased by 6.1 percentage points compared to the first quarter of fiscal 2013. Salaries and benefits expense was relatively unchanged at $23.1 million in Q1/14 compared to $23.2 million in Q1/13.

Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue for Q1/14 was 58.4%, down 8.1 percentage points from 66.5% in Q1/13 due to the lower incentive compensation ratios described above.

OTHER OVERHEAD EXPENSES

	Three months ended June 30		
(C$ thousands, except % amounts)	2013	2012	Quarter-over-quarter change
Trading costs	$ 11,967	$ 12,587	(4.9)%
Premises and equipment	9,335	10,854	(14.0)%
Communication and technology	10,524	14,305	(26.4)%
Interest	4,643	4,551	2.0%
General and administrative	20,823	24,016	(13.3)%
Amortization[1]	6,561	8,136	(19.4)%
Development costs	4,830	4,625	4.4%
Total other overhead expenses	$ 68,683	$ 79,074	(13.1)%

(1) Includes amortization of intangible assets in connection with the acquisitions of Genuity, a 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF), CSHP and Eden Financial Ltd.

Other overhead expenses

First quarter 2014 vs. first quarter 2013

Compared to Q1/13, overhead expenses decreased by 13.1% or $10.4 million in the first quarter of fiscal 2014, to $68.7 million. The decrease was a result of lower expenses in all categories except for small increases in interest expense of $0.1 million and development costs of $0.2 million.

Benefits from combining the businesses acquired through the acquisition of CSHP with our existing operations in the US and the UK contributed to an overall decrease in overhead expenses in Q1/14 compared to Q1/13. Communication and technology expense decreased by $3.8 million compared to Q1/13 as a result of the elimination of cost redundancies. Consolidating office space contributed to a decrease in premises and equipment expense of $1.5 million. General and administrative expense, which includes promotion and travel expense, office expense, professional fees and donation expense, was down $3.2 million, mainly due to cost synergies and efficiencies gained through the alignment of global business units.

A decline in the amortization expense associated with intangible assets acquired through the acquisition of CSHP was the main reason for the $1.6 million decrease in amortization expense as certain intangible assets are now fully amortized.

Net income

First quarter 2014 vs. first quarter 2013

Net income for Q1/14 was $7.9 million compared to a net loss of $20.6 million in the same period a year ago. Diluted earnings per share (EPS) were $0.06 in Q1/14 compared to a diluted loss per share of $0.24 in Q1/13. The net income recognized in Q1/14 is mainly attributable to refocusing efforts of operations in the US and the UK and Europe, leading to higher revenues and lower overhead expenses in these regions. Book value per diluted common share at the end of Q1/14 was $7.87 versus $7.90 at the end of Q1/13.

Excluding significant items, which consist of amortization of intangible assets, net income for Q1/14 was $11.8 million compared to a net loss of $16.3 million in Q1/13. Diluted EPS, excluding significant items, was $0.09 in Q1/14 compared to a diluted loss per share of $0.20 in Q1/13.

The increase in net income excluding significant items was mainly due to stronger revenue performance and benefits from cost synergies achieved through the Company's expansion in the US and the UK and Europe in connection with the acquisition of CSHP.

Income tax was $1.2 million for the current quarter, reflecting an effective tax rate of 13.5%, compared to an effective tax recovery rate of 15.8% in the same quarter last year. The decrease in the effective tax rate for Q1/14 was mainly due to the utilization of tax losses and other temporary differences not previously recognized by subsidiaries outside of Canada.

Results of Operations by Business Segment

CANACCORD GENUITY[1][2]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue	$ 131,206	$ 101,301	29.5%
Expenses			
Incentive compensation	62,337	58,162	7.2%
Salaries and benefits	8,936	8,811	1.4%
Other overhead expenses	45,738	54,052	(15.4)%
Total expenses	117,011	121,025	(3.3)%
Intersegment allocations[3]	2,303	1,704	35.2%
Income (loss) before income taxes[3]	$ 11,892	$ (21,428)	155.5%
Number of employees	971	1,063	(8.7)%
Excluding significant items[4]			
Total expenses	$ 115,309	$ 116,652	(1.2)%
Intersegment allocations[3]	2,303	1,704	35.2%
Income (loss) before income taxes[3]	13,594	(17,055)	179.7%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) Data includes results of Canaccord Genuity's operations in Australia since the closing date of November 1, 2011 including its wealth management activity. The operating results of the Australian operations 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) Income (loss) before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 19.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

Revenue from Canaccord Genuity is generated from commissions and advisory fees earned in connection with investment banking transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity's principal and international trading operations.

CANACCORD GENUITY REVENUE BY GEOGRAPHY

(C$ thousands, except % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue generated in:			
Canada	$ 32,910	$ 35,624	(7.6)%
UK and Europe	40,489	29,220	38.6%
US	52,943	31,050	70.5%
Other Foreign Locations	4,864	5,407	(10.0)%
	$ 131,206	$ 101,301	29.5%

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

(in percentage points)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue generated in:			
Canada	25.1%	35.2%	(10.1) p.p.
UK and Europe	30.8%	28.8%	2.0 p.p.
US	40.4%	30.7%	9.7 p.p.
Other Foreign Locations	3.7%	5.3%	(1.6) p.p.
	100.0%	100.0%	

p.p.: percentage points

CANACCORD GENUITY INCENTIVE COMPENSATION EXPENSE AS A PERCENTAGE OF REVENUE BY GEOGRAPHY

	Three months ended June 30		
(in percentage points)	**2013**	2012	Quarter-over-quarter change
Incentive compensation ratio as a percentage of revenue			
Canada	**42.9%**	47.9%	(5.0) p.p.
UK and Europe	**44.8%**	63.1%	(18.3) p.p.
US	**49.5%**	61.3%	(11.8) p.p.
Other Foreign Locations	**79.5%**	67.0%	12.5 p.p.

p.p.: percentage points

First quarter 2014 vs. first quarter 2013

Revenue

Revenue for Canaccord Genuity in Q1/14 was $131.2 million, an increase of 29.5% or $29.9 million from the same quarter a year ago.

Revenue in the UK and Europe, and the US increased considerably, by $11.3 million and $21.9 million, respectively, as the Company gained momentum with the expanded operations achieved through the acquisition of CSHP in Q4/12. Capital markets activity in our Canadian operations declined during the first quarter of fiscal 2014, mainly as a result of decreased investment banking activity, leading to a drop of 7.6% in revenue. Revenue from Other Foreign Locations represented 3.7% of total Canaccord Genuity revenue, a decline of 1.6 percentage points compared to the first quarter of fiscal 2013.

Expenses

Expenses for Q1/14 were $117.0 million, down 3.3% or $4.0 million. Incentive compensation expense was $62.3 million for the quarter, 7.2% or $4.2 million higher than in Q1/13 due to a net increase in overall incentive-based revenue arising from increased activity in our UK and Europe, and US operations. However, incentive compensation expense as a percentage of revenue decreased by 9.9 percentage points, to 47.5% in Q1/14 from 57.4% in Q1/13, as a result of certain changes to incentive compensation levels.

The capital markets segment experienced a decline in most overhead expenses as the Company began to see the benefits of the restructuring efforts made throughout fiscal 2013. As a result of these restructuring efforts, communication and technology expense, general and administrative expense, amortization expense, and premises and equipment expense decreased compared to the same quarter of the prior year.

Prior to Q1/14, certain trading, clearing and settlement charges were included with the intersegment allocated costs. Beginning Q1/14, the basis for determining these charges was changed and these charges were classified as a trading cost in the applicable business unit and a trading cost recovery in Corporate and Other.

Communication and technology expense decreased by $3.3 million or 32.8% compared to the same quarter of the prior year as subscriptions, licences, and other costs duplicated in connection with the acquisition of CSHP in Q4/12 were eliminated. General and administrative expense in Q1/14 was $12.4 million, which was $2.8 million or 18.4% lower than in Q1/13 as a result of continuing efforts to reduce costs and the implementation of cost-reduction strategies. As noted above, the Company's restructuring efforts included consolidation of office space in our US and UK and Europe capital markets operations, resulting in a $1.3 million decrease in premises and equipment expense, from $7.0 million in Q1/13 to $5.7 million in Q1/14.

Amortization expense was $3.6 million in Q1/14, down $2.1 million or 36.1% as certain intangible assets acquired through the acquisition of CSHP are now fully amortized.

Income before income taxes

Income before income taxes, including allocated overhead expenses for the quarter, was $11.9 million, an increase of $33.3 million from a loss of $21.4 million in the same quarter a year ago. Excluding significant items, income before income taxes was $13.6 million, compared to a loss of $17.1 million in Q1/13. The increase in income before income taxes was attributable to improved markets, leading to higher income in the US and the UK and Europe, improved compensation ratios, and the implementation of cost-reduction strategies.

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue	$ 26,842	$ 36,767	(27.0)%
Expenses			
Incentive compensation	13,084	19,032	(31.3)%
Salaries and benefits	3,775	3,704	1.9%
Other overhead expenses	10,307	11,815	(12.8)%
Total expenses	27,166	34,551	(21.4)%
Intersegment allocations[2]	4,808	9,425	(49.0)%
Loss before income taxes[2]	$ (5,132)	$ (7,209)	28.8%
AUM – Canada (discretionary)[3]	880	709	24.1%
AUA – Canada[4]	9,325	13,137	(29.0)%
Number of Advisory Teams – Canada	173	269	(35.7)%
Number of employees	448	662	(32.3)%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(3) 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*.
(4) AUA in Canada is the market value of client assets administered by Canaccord, from which Canaccord earns commissions and fees.

Revenue from Canaccord Genuity Wealth Management is generated through traditional commission-based brokerage services, the sale of fee-based products and services, margin interest, and commissions and fees earned from investment banking and venture capital transactions by private clients.

First quarter 2014 vs. first quarter 2013

Revenue from Canaccord Genuity Wealth Management North America was $26.8 million, a decrease of $9.9 million or 27.0%, mainly caused by the weak economic conditions that existed during Q1/14 and by the branch closures in Q2/13. As announced in Q2/13, the Company closed 16 underperforming branches across Canada to refocus the Canadian wealth management business.

AUA in Canada decreased by 29.0% to $9.3 billion at June 30, 2013, primarily due to weaker market conditions in Canada and the branch closures discussed above. AUM in Canada increased by 24.1% compared to Q1/13 due to an increased focus on the transition from traditional commission-based accounts to fee-based and managed accounts. There were 173 Advisory Teams in Canada, down by 96 from a year ago as a result of the branch closures in Q2/13. The fee-based revenue in our North American operations was 6.1 percentage points higher than in the same quarter of the prior year and accounted for 31.8% of the wealth management revenue in Canada during the first quarter of fiscal 2014.

Expenses for Q1/14 were $27.2 million, a decrease of 21.4% or $7.4 million. Total compensation expense was down $5.9 million, and other overhead expenses decreased by 12.8% as a result of a $1.8 million decrease in general and administrative expense and a $0.6 million decrease in development costs. The overall decline in expenses relates mainly to the branch closures in Q2/13 and lower headcount compared to Q1/13. These decreases were partially offset by a $1.5 million increase in trading cost expense.

Prior to Q1/14, certain trading, clearing and settlement charges were included with the intersegment allocated costs. Beginning Q1/14, the basis for determining these charges was changed and these charges were classified as a trading cost in the applicable business unit and a trading cost recovery in Corporate and Other.

Loss before income taxes was $5.1 million, compared to a loss before income taxes of $7.2 million in the same period a year ago. Canadian wealth management operations were faced with the challenging market conditions in Canada, resulting in a loss before income taxes in Q1/14.

CANACCORD GENUITY WEALTH MANAGEMENT UK AND EUROPE[1][2]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue	$ 26,978	$ 19,587	37.7%
Expenses			
Incentive compensation	9,987	7,740	29.0%
Salaries and benefits	3,006	2,552	17.8%
Other overhead expenses	9,133	7,268	25.7%
Total expenses	22,126	17,560	26.0%
Intersegment allocations[3]	1,633	1,210	35.0%
Income before income taxes[3]	$ 3,219	$ 817	294.0%
Excluding significant items[4]			
Total expenses	20,237	16,562	22.2%
Intersegment allocations[3]	1,633	1,210	35.0%
Income before income taxes[3]	5,108	1,815	181.4%
AUM – UK and Europe[5]	16,125	12,583	28.1%
Number of investment professionals and fund managers – UK and Europe	119	98	21.4%
Number of employees	289	267	8.2%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees.
(2) Includes operating results from the wealth management business of Eden Financial Ltd. since October 1, 2012.
(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 19.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
(5) AUM in the UK and Europe is the market value of client assets managed and administered by Canaccord, from which Canaccord earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.

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. Through the acquisition of the wealth management business of Eden Financial Ltd., Canaccord Genuity Wealth Management UK and Europe further expanded its operations in the region, which generated revenue of $27.0 million during Q1/14.

AUM in the UK and Europe as of June 30, 2013 was $16.1 billion. The fee-based revenue in our UK and Europe operations accounted for 56.2% of total revenue in this geography. As discussed above, this business has a higher proportion of fee-based revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $10.0 million, an increase of $2.2 million or 29.0% from Q1/13. The increase in incentive compensation expense is consistent with the increase in incentive-based revenue. Development costs of $1.0 million were incurred in the UK and Europe in connection with new hire incentive plans and the CSH Inducement Plan.

Income before income taxes was $3.2 million compared to income before income taxes of $0.8 million in the same period a year ago as the segment picked up momentum and as a result of the expansion achieved through the purchase of the wealth management business of Eden Financial Ltd.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2013	2012	Quarter-over-quarter change
Revenue	$ 2,205	$ 4,894	(54.9)%
Expenses			
Incentive compensation	917	(158)	n.m.
Salaries and benefits	7,393	8,131	(9.1)%
Other overhead expenses	3,505	5,939	(41.0)%
Total expenses	11,815	13,912	(15.1)%
Intersegment allocations[2]	(8,744)	(12,339)	29.1%
(Loss) income before income taxes	$ (866)	$ 3,321	(126.1)%
Number of employees	323	376	(14.1)%

(1) Data is in accordance with IFRS except for number of employees.
(2) See the Intersegment Allocated Costs section on page 19.
n.m.: not meaningful

This segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest revenue, foreign exchange gains and losses, and expenses 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, finance, and all administrative functions.

First quarter 2014 vs. first quarter 2013

Revenue for the three months ended June 30, 2013 was $2.2 million, a decrease of 54.9% or $2.7 million from the same quarter a year ago. The change was mainly related to a $1.3 million decrease in foreign exchange gains recognized in Q1/14 due to the fluctuation of the Canadian dollar and as a result of a reduction in revenue associated with our correspondent brokerage services activity.

Expenses for Q1/14 decreased by $2.1 million or 15.1%, to $11.8 million, mainly due to trading cost recoveries from changes to the basis for recording certain trading, clearing and settlement charges to the Canaccord Genuity and Canaccord Genuity Wealth Management business units in Canada, offset slightly by an increase in general and administrative expense. General and administrative expense increased in this segment as a result of non-recurring sales tax recoveries received in Q1/13.

Overall, loss before income taxes was $0.9 million in Q1/14 compared to income before income taxes of $3.3 million in the same quarter a year ago.

Intersegment Allocated Costs

Included in the Corporate and Other segment are certain support services, research and other expenses that have been incurred to support the activities within the Canaccord Genuity and Canaccord Genuity Wealth Management segments in Canada. Prior to Q1/14, certain trading, clearing and settlement charges were included as an intersegment allocated cost. Beginning in Q1/14, these costs were classified as a trading cost in the applicable business units and a trading cost recovery in Corporate and Other. In addition, certain overhead costs are charged by Canaccord Genuity UK and Europe to Canaccord Genuity Wealth Management UK and Europe and included in intersegment allocated costs for these business units.

Financial Condition

Below are specific changes in selected items on the unaudited interim condensed consolidated statement of financial position.

ASSETS

Cash and cash equivalents were $380.9 million on June 30, 2013 compared to $491.0 million on March 31, 2013. Refer to the Liquidity and Capital Resources section on page 20 for more details.

Securities owned were $1.4 billion on June 30, 2013, an increase of $502.0 million from $0.9 billion on March 31, 2013 due to an increase in corporate and government debt owned.

Accounts receivable were $2.8 billion at June 30, 2013 compared to $2.5 billion at March 31, 2013, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was $489.8 million and intangible assets were $127.6 million at June 30, 2013, representing the goodwill and intangible assets acquired from the purchases of Genuity, The Balloch Group, CSHP, a 50% interest in Canaccord Genuity (Australia) Limited (formerly Canaccord BGF), and the wealth management business of Eden Financial Ltd., and from the acquisition of certain assets of Kenosis Capital Partners. At March 31, 2013, goodwill was $484.7 million and intangible assets were $130.3 million. The decrease in intangible assets is primarily as a result of the related amortization recorded during the quarter.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were relatively unchanged at $59.6 million compared to $59.2 million at March 31, 2013.

LIABILITIES

Bank overdrafts and call loan facilities utilized by Canaccord may vary significantly on a day-to-day basis and depend on securities trading activity. At June 30, 2013, Canaccord had available credit facilities with banks in Canada and the UK in the aggregate amount of $711.6 million [March 31, 2013 – $705.5 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. On June 30, 2013, there was bank indebtedness of $84.2 million, compared to $66.1 million on March 31, 2013.

Securities sold short were $1.2 billion at June 30, 2013 compared to $689.0 million at March 31, 2013 due to an increase in short positions in corporate and government debt.

Accounts payable, including provisions, were $2.9 billion at June 30, 2013, an increase from $2.7 billion on March 31, 2013, mainly due to an increase in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, contingent consideration, income taxes payable and deferred tax liabilities, were $30.9 million at June 30, 2013 compared to $36.2 million at March 31, 2013. This decrease was mainly due to a decrease in income taxes payable.

Non-controlling interests were $12.2 million at June 30, 2013 compared to $16.2 million on March 31, 2013, which represents 50% of the net assets of our operations in Australia.

Off-balance Sheet Arrangements

A subsidiary of the Company has entered into irrevocable secured standby letters of credit from a financial institution totalling $3.4 million (US$3.2 million) [March 31, 2013 – $3.3 million (US$3.2 million)] as rent guarantees for its leased premises in Boston and New York.

Liquidity and Capital Resources

Canaccord has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On June 30, 2013, cash and cash equivalents were $380.9 million, a decrease of $110.1 million from $491.0 million as of March 31, 2013. During the quarter ended June 30, 2013, financing activities used cash in the amount of $0.4 million, mainly due to an increase in bank indebtedness of $18.0 million, netted against dividends paid and purchases of common shares for the long-term incentive plan (LTIP) as well as shares repurchased for cancellation. Investing activities used cash in the amount of $2.5 million for purchase of equipment and leasehold improvements. Operating activities used cash in the amount of $109.1 million, which was largely due to increases in securities owned and accounts receivable, offset by an increase in marketable securities sold short, accounts payable, provisions and accrued liabilities. An increase in cash of $1.8 million was attributable to the effect of foreign exchange on cash balances. In total, there was a decrease in net cash of $110.1 million compared to March 31, 2013.

Canaccord's business requires capital for operating and regulatory purposes. The majority of current assets reflected on Canaccord's unaudited interim condensed consolidated 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. Securities sold short are highly liquid securities. 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.

In the normal course of business, the Company enters into contracts that give rise to commitments of future minimum payments that affect its liquidity.

The following table summarizes Canaccord's long term contractual obligations on June 30, 2013:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2015	Fiscal 2016–Fiscal 2017	Fiscal 2018–Fiscal 2019	Thereafter
Premises and equipment operating leases	$ 203,322	$ 34,070	$ 57,213	$ 40,733	$ 71,306

Outstanding Share Data

	Outstanding shares as of June 30	
	2013	2012
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**94,935,752**	93,566,310
Issued shares outstanding(2)	**103,570,194**	102,030,601
Issued shares outstanding – diluted(3)	**111,852,711**	107,853,796
Average shares outstanding – basic	**94,524,190**	94,145,084
Average shares outstanding – diluted	**102,769,922**	101,989,983

(1) Excludes 4,095,380 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 4,539,062 unvested shares purchased by an employee benefit trust for the LTIP.
(2) Includes 4,095,380 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 4,539,062 unvested shares purchased by an employee benefit trust for the LTIP.
(3) Includes 8,282,517 of share issuance commitments.

In August 2012, the Company filed a renewal 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. In order to comply with the trading rules of the TSX and the conditions for trading under the *EU Buy-back and Stabilisation Regulation*, the daily purchases are limited to 40,468 common shares of the Company (which is the lesser of (a) 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2012 to July 2012 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2012). Any shareholder may obtain a copy of the notice, without charge, by contacting the Company. There were 564,504 shares repurchased through the NCIB between August 31, 2012 and June 30, 2013, which were subsequently cancelled.

On August 6, 2013, the Company filed a notice for the renewal of its NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,136,948 common shares through the facilities of the TSX during the period from August 13, 2013 to August 12, 2014. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares.

As of August 5, 2013, the Company has 102,741,586 common shares issued and outstanding.

Share-based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2013 Annual Report.

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.

Financial Instruments

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 June 30, 2013, forward contracts outstanding to sell US dollars had a notional amount of $6.3 million, a decrease of $4.2 million from a year ago. Forward contracts outstanding to buy US dollars increased $15.2 million from a year ago with a notional amount of US$20.5 million. The fair value of these contracts was nominal. Some of Canaccord's operations in the US, the UK and Europe, Australia, Singapore, 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.

FUTURES

The Company's Canadian operation 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's Canadian operation trades in bond futures in order to mitigate interest rate risk, yield curve risk, and liquidity risk. At June 30, 2013, the fair value of the bond futures contracts outstanding held by the Company was $1.4 million [March 31, 2013 – nil].

The Company's UK operation is involved in trading equity index futures, which are agreements to buy or sell a standardized amount of an underlying equity index, at a predetermined future date and price, and are subject to daily cash margining. The Company's UK operation trades in equity index futures in order to mitigate price risk of the inventory position. At June 30, 2013, the fair value of equity index futures outstanding held by the Company was $3.2 million (£2.0 million) [March 31, 2013 – nil].

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, the CSH Inducement Plan and share options. Directors have also been granted share options and have the right to acquire deferred share units (DSUs). Please see Note 18 of the March 31, 2013 Audited Annual Consolidated Financial Statements for further information on the compensation of and transactions with key management personnel. Note 12 of the unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2013 also includes the accounts payable and accrued liabilities balance owed to key management personnel.

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2013 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

The preparation of the unaudited interim condensed 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, deferred tax assets associated with 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 and contingent liabilities.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires the use of management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Due to continuing economic uncertainties, interim impairment tests were performed for goodwill and indefinite life intangible assets for all cash-generating units as of June 30, 2013.

Refer to Note 7 of the unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2013 for further information regarding the key assumptions used when conducting the June 30, 2013 interim impairment tests of goodwill and indefinite life intangible assets.

With the exception of the "Changes in Accounting Policies" discussed below, significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first quarter of 2014 and are discussed under "Critical Accounting Policies and Estimates" in our 2013 Annual Report.

Changes in Accounting Policies

There were no significant changes in the accounting policies discussed in Note 4 of the March 31, 2013 consolidated financial statements, during the three months ended June 30, 2013, except for the following new standards, which have been adopted and are effective as of April 1, 2013:

IFRS 10 – "*CONSOLIDATED FINANCIAL STATEMENTS*" (IFRS 10)

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing International Accounting Standards (IAS) 27, "*Consolidated and Separate Financial Statements*", that dealt with consolidated financial statements and SIC-12, "*Consolidation – Special Purpose Entities*". IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This replaced the previous approach, which emphasized legal control or exposure to risks and rewards, depending on the nature of the entity. The adoption of IFRS 10 had no impact on the entities that are consolidated by the Company.

IFRS 12 – "*DISCLOSURE OF INTERESTS IN OTHER ENTITIES*" (IFRS 12)

IFRS 12 includes the disclosure requirements for subsidiaries and associates and introduces new requirements for unconsolidated structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they be provided. Accordingly, the Company has not made such disclosures. Additional disclosures may be required for the annual consolidated financial statements for the year ending March 31, 2014.

IFRS 13 – "*FAIR VALUE MEASUREMENTS*" (IFRS 13)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The prospective application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7, "*Financial Instruments: Disclosures*". Some of these disclosures are specifically required for financial instruments by IAS 34, thereby affecting the interim condensed consolidated financial statements periods.

IAS 1 – "*PRESENTATION OF FINANCIAL STATEMENTS*" (IAS 1)

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time are to be presented separately from items that will never be reclassified. There were no presentation changes to items within OCI and net income or loss as a result of the adoption of these amendments to IAS 1. All amounts currently recorded in OCI will be reclassified to profit or loss in subsequent periods.

IAS 19R – "*EMPLOYEE BENEFITS*" (IAS 19R)

Amendments to IAS 19R 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. The amendments did not have an impact on the Company's consolidated financial statements.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2013 Annual Report, during the three months ended June 30, 2013. The Company is currently evaluating the impact these developments will have on its consolidated financial statements and assessing whether to early adopt any of the new requirements.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

Based on an evaluation performed as of March 31, 2013, the President & CEO and the Executive Vice President & CFO concluded that the design and operation of our disclosure controls and procedures were effective as defined under *National Instrument 52-109*. During the three months ended June 30, 2013, there were no changes that would have materially affected, or are reasonably likely to materially affect, Canaccord's disclosure controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

An evaluation of the Company's internal control over financial reporting was performed as of March 31, 2013. Based on this evaluation, the President & CEO and the Executive Vice President & CFO concluded that Canaccord's internal control over financial reporting is designed and operating effectively as defined under *National Instrument 52-109* and that there are no material weaknesses. There were no changes in internal control over financial reporting that occurred during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, Canaccord's internal control over financial reporting.

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 August 6, 2013, the Board of Directors approved the following cash dividends: $0.05 per common share payable on September 10, 2013 to common shareholders with a record date of August 30, 2013; $0.34375 per Series A Preferred Share payable on September 30, 2013 with a record date of September 13, 2013; and $0.359375 per Series C Preferred Share payable on September 30, 2013 with a record date of September 13, 2013.

Historical Quarterly Information

Canaccord's revenue from an underwriting transaction is recorded only when the transaction has closed. Consequently, the timing of revenue recognition can materially affect Canaccord's quarterly results. The expense structure of Canaccord's operations is designed to provide service and coverage in the current market environment.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended June 30, 2013. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except per share amounts)	Fiscal 2014	Fiscal 2013				Fiscal 2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canaccord Genuity	**$ 131,206**	$ 152,699	$ 165,447	$ 118,957	$ 100,457	$ 113,067	$ 93,581	$ 69,452
Canaccord Genuity Wealth Management	**53,820**	60,227	60,021	57,639	57,198	54,524	44,571	47,412
Corporate and Other	**2,205**	5,045	4,535	10,003	4,894	10,101	9,737	2,636
Total revenue	**$ 187,231**	$ 217,971	$ 230,003	$ 186,599	$ 162,549	$ 177,692	$ 147,889	$ 119,500
Net income (loss)	**7,883**	6,424	10,264	(14,841)	(20,622)	(31,794)	2,531	(5,278)
Earnings (loss) per common share – basic	**$ 0.06**	$ 0.04	$ 0.09	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.02	$ (0.09)
Earnings (loss) per common share – diluted	**$ 0.06**	$ 0.04	$ 0.08	$ (0.19)	$ (0.24)	$ (0.42)	$ 0.01	$ (0.09)

Risks

The Company's ability to maintain and successfully execute its business strategy depends upon the personal reputation, judgment, business generation capabilities and project execution skills of its senior professionals. Any management disruption could result in a loss of clients and customers, or revenues from clients and customers, and could significantly affect the Company's business and results of operations.

The securities industry and Canaccord's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on Canaccord's profitability. An investment in the common or preferred shares of Canaccord involves a number of risks, including market, liquidity, credit, operational, legal and regulatory risks, which could be substantial and are inherent in Canaccord's business. Canaccord is also directly exposed to market price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to interest rate risk and credit spread risk as a result of its principal trading in fixed income securities. Canaccord Genuity Wealth Management revenue is dependent on both trading volumes and asset values and, as such, is dependent on the level of market activity, investor confidence and the level of market prices. Canaccord Genuity's revenue is dependent on financing activity by corporate issuers, participation in advisory engagements, the success of its market making and principal trading, as well as the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations, changes in business conditions and the level of Canaccord's market activity and the impact that these factors have on Canaccord's operating results and financial position.

The financial services business is subject to extensive regulation in Canada, the US, the UK and Europe, Australia and elsewhere. Compliance with many of the regulations applicable to Canaccord involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on Canaccord's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 20 of Canaccord's 2013 Audited Annual Consolidated Financial Statements.

Further discussion regarding risks can be found in our Annual Information Form.

Additional Information

A comprehensive discussion of Canaccord's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2013 Annual Report, which are available on our website at www.canaccordfinancial.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	June 30, 2013	March 31, 2013
ASSETS			
Current			
Cash and cash equivalents		$ 380,869	$ 491,012
Securities owned	4	1,426,328	924,337
Accounts receivable	6	2,843,247	2,513,958
Income taxes receivable		3,276	—
Total current assets		4,653,720	3,929,307
Deferred tax assets		9,938	12,552
Investments		4,113	3,695
Equipment and leasehold improvements		42,293	42,979
Intangible assets	7	127,578	130,283
Goodwill	7	489,791	484,686
		$ 5,327,433	$ 4,603,502
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness		$ 84,185	$ 66,138
Securities sold short	4	1,215,685	689,020
Accounts payable and accrued liabilities	6	2,897,808	2,726,735
Provisions	15	17,957	20,055
Income taxes payable		—	4,428
Contingent consideration		14,218	14,218
Subordinated debt		15,000	15,000
Total current liabilities		4,244,853	3,535,594
Deferred tax liabilities		1,711	2,576
		4,246,564	3,538,170
Shareholders' equity			
Preferred shares	9	205,641	205,641
Common shares	10	657,779	638,456
Contributed surplus		66,513	85,981
Retained earnings		126,840	126,203
Accumulated other comprehensive income (loss)		11,852	(7,118)
Total shareholders' equity		1,068,625	1,049,163
Non-controlling interests		12,244	16,169
Total equity		1,080,869	1,065,332
		$ 5,327,433	$ 4,603,502

See accompanying notes

On behalf of the Board:

PAUL D. REYNOLDS
Director

TERRENCE A. LYONS
Director

Unaudited Interim Condensed Consolidated Statements of Operations

For the three months ended (in thousands of Canadian dollars, except per share amounts)	Notes	June 30, 2013	June 30, 2012
REVENUE			
Commissions and fees		$ 90,035	$ 88,450
Investment banking		31,833	28,629
Advisory fees		35,905	25,626
Principal trading		19,540	7,847
Interest		6,805	8,392
Other		3,113	3,605
		187,231	162,549
EXPENSES			
Incentive compensation		86,325	84,776
Salaries and benefits		23,110	23,198
Trading costs		11,967	12,587
Premises and equipment		9,335	10,854
Communication and technology		10,524	14,305
Interest		4,643	4,551
General and administrative		20,823	24,016
Amortization		6,561	8,136
Development costs		4,830	4,625
		178,118	187,048
Income (loss) before income taxes		9,113	(24,499)
Income taxes (recovery)			
Current	8	(2,178)	(2,277)
Deferred	8	3,408	(1,600)
		1,230	(3,877)
Net income (loss) for the period		$ 7,883	$ (20,622)
Net income (loss) attributable to:			
CFI shareholders		$ 8,741	$ (19,967)
Non-controlling interests		$ (858)	$ (655)
Weighted average number of common shares outstanding (thousands)			
Basic		94,524	94,145
Diluted		102,770	101,990
Net income (loss) per common share			
Basic	10iii	$ 0.06	$ (0.24)
Diluted	10iii	$ 0.06	$ (0.24)
Dividend per common share	11	$ 0.05	$ 0.05
Dividend per Series A Preferred Share	11	$ 0.34	$ 0.34
Dividend per Series C Preferred Share	11	$ 0.36	$ 0.36

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three months ended (in thousands of Canadian dollars)		June 30, 2013		June 30, 2012
Net income (loss) for the period	$	7,883	$	(20,622)
Other comprehensive income				
Net change in unrealized gains on translation of foreign operations		17,547		2,757
Comprehensive income (loss) for the period	$	25,430	$	(17,865)
Comprehensive income (loss) attributable to:				
CFI shareholders	$	27,711	$	(17,180)
Non-controlling interests	$	(2,281)	$	(685)

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

As at and for the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2013	June 30, 2012
Preferred shares, opening		$ 205,641	$ 110,818
Shares issued, net of share issuance costs		—	97,450
Shares held in treasury		—	(2,627)
Preferred shares, closing		205,641	205,641
Common shares, opening		638,456	623,739
Shares issued in connection with share-based payments		8,679	3,885
Acquisition of common shares for long-term incentive plan		(7,000)	(13,280)
Release of vested common shares from employee benefit trust		14,293	10,008
Cancellation of shares in connection with the acquisition of Genuity Capital Markets		(1,882)	—
Shares purchased in treasury for cancellation through normal course issuer bid (NCIB)		(3,956)	—
Net unvested share purchase loans		9,189	7,631
Common shares, closing		657,779	631,983
Contributed surplus, opening		85,981	68,336
Share-based payments		(14,840)	(3,314)
Cancellation of shares in connection with the acquisition of Genuity Capital Markets		1,882	—
Shares purchased in treasury for cancellation through NCIB		613	
Unvested share purchase loans		(7,123)	(3,751)
Contributed surplus, closing		66,513	61,271
Retained earnings, opening		126,203	180,748
Net income (loss) attributable to CFI shareholders		8,741	(19,967)
Preferred shares dividends	11	(2,958)	(2,837)
Common shares dividends	11	(5,146)	(10,141)
Retained earnings, closing		126,840	147,803
Accumulated other comprehensive (loss) income, opening		(7,118)	8,484
Other comprehensive income attributable to CFI shareholders		18,970	2,787
Accumulated other comprehensive income, closing		11,852	11,271
Total shareholders' equity		1,068,625	1,057,969
Non-controlling interests, opening		16,169	17,454
Foreign exchange on non-controlling interests		(1,644)	113
Comprehensive loss attributable to non-controlling interests		(2,281)	(685)
Non-controlling interests, closing		12,244	16,882
Total equity		$ 1,080,869	$ 1,074,851

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2013	June 30, 2012
OPERATING ACTIVITIES			
Net income (loss) for the period		$ 7,883	$ (20,622)
Items not affecting cash			
Amortization		6,561	8,136
Deferred income tax expense (recovery)		3,408	(1,600)
Share-based compensation expense	12	11,817	14,733
Changes in non-cash working capital			
Increase in securities owned		(496,069)	(41,964)
(Increase) decrease in accounts receivable		(327,414)	521,816
Increase in income taxes receivable		(9,678)	(16,842)
Increase in securities sold short		522,857	124,343
Increase (decrease) in accounts payable, accrued liabilities and provisions		171,540	(682,187)
Cash used by operating activities		(109,095)	(94,187)
FINANCING ACTIVITIES			
Bank indebtedness		18,047	9,395
Acquisition of common shares for long-term incentive plan		(7,000)	(13,280)
Cash dividends paid on common shares		(5,146)	(9,683)
Cash dividends paid on preferred shares		(2,958)	(2,837)
Purchase of shares for cancellation		(3,343)	—
Repayment of short term credit facility		—	(150,000)
Issuance of preferred shares, net of share issuance costs		—	94,823
(Decrease) increase in net vesting of share purchase loans		—	(2,654)
Cash used by financing activities		(400)	(74,236)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(2,487)	(1,142)
Cash used in investing activities		(2,487)	(1,142)
Effect of foreign exchange on cash balances		1,839	(646)
Decrease in cash position		(110,143)	(170,211)
Cash position, beginning of period		491,012	814,238
Cash position, end of period		$ 380,869	$ 644,027
Supplemental cash flow information			
Interest received		$ 5,074	$ 4,105
Interest paid		$ 4,288	$ 4,122
Income taxes paid		$ 6,403	$ 5,966

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian 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 Canada, the United Kingdom (UK) and Europe, the United States of America (US), Australia, China, Singapore and Barbados. The Company also has wealth management operations in Canada, the UK and Europe, and Australia. 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 TSX and the symbol CF. on the main market of 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.

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. More specifically, the Company's business is affected by the overall condition of the worldwide equity and debt markets.

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2013 (March 31, 2013 consolidated financial statements) filed on SEDAR on May 21, 2013. All defined terms used herein are consistent with those terms defined in the March 31, 2013 consolidated financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on an accrual basis and are based on the historical cost basis except for investments, securities owned and sold short, and contingent consideration, which have been measured at fair value as set out in the relevant accounting policies.

The unaudited interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except when otherwise indicated.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 6, 2013.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited interim condensed consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The significant estimates include share-based payments, income taxes, deferred tax assets associated with 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, contingent consideration and provisions, which are more fully described in Note 2 of the March 31, 2013 consolidated financial statements.

FUTURE ACCOUNTING DEVELOPMENTS

There have been no further updates to the future accounting developments disclosed in Note 3 of the March 31, 2013 consolidated financial statements, during the three months ended June 30, 2013, except for the adoption of certain standards as noted in the following note disclosure.

NOTE 03 Summary of Significant Accounting Policies

There were no significant changes in the accounting policies discussed in Note 4 of the March 31, 2013 consolidated financial statements, during the three months ended June 30, 2013, except for the following new standards, which have been adopted and are effective as of April 1, 2013:

IFRS 10 – "*CONSOLIDATED FINANCIAL STATEMENTS*" (IFRS 10)

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing International Accounting Standards (IAS) 27, "*Consolidated and Separate Financial Statements*", that dealt with consolidated financial statements and SIC-12, "*Consolidation – Special Purpose Entities*". IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This replaced the previous approach, which emphasized legal control or exposure to risks and rewards, depending on the nature of the entity. The adoption of IFRS 10 had no impact on the entities that are consolidated by the Company.

IFRS 12 – "*DISCLOSURE OF INTERESTS IN OTHER ENTITIES*" (IFRS 12)

IFRS 12 includes the disclosure requirements for subsidiaries and associates and introduces new requirements for unconsolidated structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they be provided. Accordingly, the Company has not made such disclosures. Additional disclosures may be required for the annual consolidated financial statements for the year ending March 31, 2014.

IFRS 13 – "*FAIR VALUE MEASUREMENTS*" (IFRS 13)

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The prospective application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7, "*Financial Instruments: Disclosures*". Some of these disclosures are specifically required for financial instruments by IAS 34, thereby affecting the interim condensed consolidated financial statements periods. The Company provides these disclosures in Note 5.

IAS 1 – "*PRESENTATION OF FINANCIAL STATEMENTS*" (IAS 1)

Amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time are to be presented separately from items that will never be reclassified. There were no presentation changes to items within OCI and net income or loss as a result of the adoption of these amendments to IAS 1. All amounts currently recorded in OCI will be reclassified to profit or loss in subsequent periods.

IAS 19R – "*EMPLOYEE BENEFITS*" (IAS 19R)

Amendments to IAS 19R 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. The amendments did not have an impact on the Company's consolidated financial statements.

NOTE 04 Securities Owned and Securities Sold Short

	June 30, 2013		March 31, 2013	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 1,232,144	$ 1,124,511	$ 753,256	$ 617,841
Equities and convertible debentures	194,184	91,174	171,081	71,179
	$ 1,426,328	$ 1,215,685	$ 924,337	$ 689,020

As at June 30, 2013, corporate and government debt maturities range from 2013 to 2095 [March 31, 2013 – 2013 to 2097] and bear interest ranging from 0.0% to 15.0% [March 31, 2013 – 0.0% to 15.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at June 30, 2013 are as follows:

	Held for trading	Designated at fair value	Available for sale	Loans and receivables	Other liabilities	Total
Financial assets						
Securities owned	1,426,328	—	—	—	—	1,426,328
Accounts receivable from brokers and investment dealers	—	—	—	2,096,811	—	2,096,811
Accounts receivable from clients	—	—	—	375,118	—	375,118
RRSP cash balances held in trust	—	—	—	298,501	—	298,501
Other accounts receivable	—	—	—	72,817	—	72,817
Investments	—	—	4,113	—	—	4,113
Total financial assets	1,426,328	—	4,113	2,843,247	—	4,273,688
Financial liabilities						
Securities sold short	1,215,685	—	—	—	—	1,215,685
Accounts payable to brokers and investment dealers	—	—	—	—	1,728,853	1,728,853
Accounts payable to clients	—	—	—	—	1,013,180	1,013,180
Other accounts payable and accrued liabilities	—	—	—	—	155,775	155,775
Provisions	—	—	—	—	17,957	17,957
Contingent consideration	—	14,218	—	—	—	14,218
Subordinated debt	—	—	—	—	15,000	15,000
Total financial liabilities	1,215,685	14,218	—	—	2,930,765	4,160,668

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at June 30, 2013, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
			June 30, 2013	
	June 30, 2013	Level 1	Level 2	Level 3
Securities owned				
Corporate and government debt	$ 1,232,144	$ 505,349	$ 726,795	$ —
Equities and convertible debentures	194,184	166,107	13,253	14,824
Securities sold short				
Corporate and government debt	(1,124,511)	(472,723)	(651,788)	—
Equities and convertible debentures	(91,174)	(91,174)	—	—
Investments	4,113	—	—	4,113
Contingent consideration[1]	(14,218)	—	—	(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, 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[1]	(14,218)	—	—	(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.

Movement in net Level 3 financial assets

March 31, 2013	$ 4,737
Transfers into Level 3 assets	716
Net unrealized loss during the period	(23)
Sales during the period	(234)
June 30, 2013	**$ 5,196**

During the three-month period ended June 30, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. The fair value net unrealized loss of $23.0 thousand was recognized in principal trading revenue.

FAIR VALUE ESTIMATION

Level 2 financial instruments

Level 2 financial instruments include the Company's investment in certain corporate and government debt, and convertible debt. The fair values of corporate and government debt, and convertible debt classified as Level 2 are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

Available for sale investments

Available for sale investments include the Company's investment in Euroclear, which has an estimated fair value of $4.1 million as at June 30, 2013 [March 31, 2013 – $3.7 million]. The current fair value is determined using the carrying value of net assets as a valuation basis as no other observable market data is available. An increase or decrease of 10% in the fair value would cause an increase or decrease of $0.2 million in other comprehensive income.

Private investments

The fair value for private investments is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for these private investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the private investments as at June 30, 2013 was $14.1 million (March 31, 2013 – $14.1 million).

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

Contingent considerations

The Company recognized contingent considerations as a result of its acquisition of Eden Financial Ltd. and certain assets and liabilities of Kenosis Capital Partners. Management has estimated the fair value of the contingent consideration related to the Eden Financial Ltd. acquisition to be $8.2 million as of June 30, 2013. The determination of this 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. Management has estimated the fair value of the liability for contingent consideration related to the acquisition of certain assets and liabilities of Kenosis Capital Partners to be $6.0 million. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance target will be met.

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
June 30, 2013	**$ 157,254**	**$ 44,416**	**$ 42,991**	**$ 201,045**
March 31, 2013	168,371	36,710	36,047	199,956

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the statements of financial position.

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 June 30, 2013:

	Notional amount (millions of USD)	Average price (CAD/USD)	Maturity
To sell US dollars	**$ 6.3**	**$ 1.04**	**July 2, 2013**
To buy US dollars	**$ 20.5**	**$ 1.05**	**July 2, 2013**

Forward contracts outstanding at March 31, 2013:

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

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 significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the euro. The weighted average term to maturity is 48 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 June 30, 2013. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2013			March 31, 2013		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 1,104	$ 1,113	$ 327,779	$ 4,483	$ (4,483)	$ 352,205

Futures

The Company's Canadian operation 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's Canadian operation trades in bond futures in order to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2013, the fair value of the bond futures contracts outstanding held by the Company was $1.4 million [March 31, 2013 – nil].

The Company's UK operation is involved in trading equity index futures, which are agreements to buy or sell a standardized amount of an underlying equity index, at a predetermined future date and price, and are subject to daily cash margining. The Company's UK operation trades in equity index futures in order to mitigate price risk of the inventory position. At June 30, 2013, the fair value of equity index futures outstanding held by the Company was $3.2 million (£2.0 million) [March 31, 2013 – nil].

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2013	March 31, 2013
Brokers and investment dealers	$ 2,096,811	$ 1,773,043
Clients	375,118	320,564
RRSP cash balances held in trust	298,501	327,173
Other	72,817	93,178
	$ 2,843,247	$ 2,513,958

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2013	March 31, 2013
Brokers and investment dealers	$ 1,728,853	$ 1,473,058
Clients	1,013,180	1,016,297
Other	155,775	237,380
	$ 2,897,808	$ 2,726,735

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 applicable and other regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [June 30, 2013 – 6.00% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2013 – 6.00% to 6.25% and 0.00% to 0.05%, respectively].

As at June 30, 2013, the allowance for doubtful accounts was $13.9 million [March 31, 2013 – $14.0 million].

NOTE 07 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 (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	June 30, 2013	March 31, 2013	June 30, 2013	March 31, 2013	June 30, 2013	March 31, 2013
Canaccord Genuity						
Canada	$ 44,930	$ 44,930	$ 242,074	$ 242,074	$ 287,004	$ 287,004
UK and Europe	—	—	83,131	80,136	83,131	80,136
US	—	—	7,554	7,313	7,554	7,313
Other Foreign Locations (China)	—	—	10,365	10,365	10,365	10,365
Other Foreign Locations (Australia)	183	202	21,369	23,309	21,552	23,511
Other Foreign Locations (Singapore)	—	—	29,560	29,208	29,560	29,208
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	—	—	86,244	83,138	86,244	83,138
UK and Europe	—	—	9,494	9,143	9,494	9,143
	$ 45,113	$ 45,132	$ 489,791	$ 484,686	$ 534,904	$ 529,818

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 CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGU 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 June 30, 2013.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (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 CGUs' 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 from the end of the current interim 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, 2013 – 12.5%], 14.0% in respect of Australia, Singapore and the US [March 31, 2013 – 14.0%], and 20.0% in respect of China [March 31, 2013 – 20.0%]. Cash flow estimates for each CGU are based on management assumptions, as described above, and utilize compound annual revenue growth rates for the five-year period beginning July 1, 2014 (the "Forecast Period") which range from 9.0% to 16.0% [March 31, 2013 – 9.0% to 16.0%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 10.0%, (ii) UK and Europe – 10.0%, (iii) US – 10.0%, (iv) Other Foreign Locations – 10.0% to 16.0%; and (b) Canaccord Genuity Wealth Management, UK and Europe – 9.0%. Management estimates in respect of year-over-year increases in revenue for the 12-month period ending on June 30, 2014 (the commencement date for the Forecast Period) are in the range of (5.0%) to 5.0% for each CGU except for Other Foreign Locations. CGUs in Other Foreign Locations are in earlier stages of development and, as such, with the revenue for the most recent 12-month period at relatively low base levels, revenue estimates for the 12-month period ending on June 30, 2014 for those CGUs range from 1.5 times to 8 times the revenue recorded for the 12-month period ended June 30, 2013. The terminal growth rate used for CGUs located in Canada and the UK and Europe was 3.0% [March 31, 2013 – 3.0%] and for CGUs in all other locations was 5.0% [March 31, 2013 – 5.0%].

Sensitivity testing was conducted as a part of the June 30, 2013 interim 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 amounts for Other Foreign Locations CGUs (Australia, Singapore and China) exceed their carrying amounts by $9.8 million, $9.3 million and $6.4 million, respectively, and consequently, a reasonably possible decline in the growth rates or increase in the discount rates may result in an impairment charge in respect of the goodwill allocated to any of these CGUs. An increase of 1.1 percentage points in the discount rate for Australia (from 14.0% to 15.1%), an increase of 2.2 percentage points in the discount rate for Singapore (from 14.0% to 16.2%) and an increase of 11.0 percentage points in the discount rate for China (from 20.0% to 31.0%); a reduction in the compound annual growth rate of 3.0 percentage points for Australia (from 16.0% to 13.0%), a reduction in the compound annual growth rate of 5.0 percentage points for Singapore (from 10.0% to 5.0%) and a reduction in the compound annual growth rate of 8.7 percentage points for China (from 16.0% to 7.3%); or a decrease in the revenue estimates for the 12-month period ended June 30, 2014 to the range of 1.3 times to 7 times the revenue recorded in the 12-month period ended June 30, 2013 would result in the recoverable amount being equal to the carrying value.

The FVLCS calculations for purposes of the goodwill impairment testing described herein are based on inputs that have a significant effect on the FVLCS calculation and that are not based on observable market data. As such, these assets would fall within the Level 3 fair value hierarchy (as described in Note 5).

NOTE 08 Income Taxes

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

	June 30, 2013	June 30, 2012
Income taxes at the statutory rate (F2014: 26.0%; F2013: 24.7%)	$ 2,370	$ (6,062)
Difference in tax rates in foreign jurisdictions	(5)	(2,406)
Non-deductible items affecting the determination of taxable income	863	1,809
Change in accounting and tax base estimate	458	(1,487)
Change in deferred tax asset – reversal period of temporary difference	(609)	(92)
Tax losses and other temporary differences not recognized (utilization of tax losses previously not recognized)	(1,847)	4,361
Income tax expense (recovery) – current and deferred	$ 1,230	$ (3,877)

NOTE 09 Preferred Shares

	June 30, 2013		March 31, 2013	
	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	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	$ 205,641	8,433,206	$ 205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 14 of the March 31, 2013 consolidated financial statements.

NOTE 10 Common Shares

	June 30, 2013		March 31, 2013	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 724,705	103,570,194	$ 717,908	102,896,172
Shares repurchased through NCIB for cancellation	(3,956)	(564,504)	—	—
Unvested share purchase loans	(24,822)	(3,530,876)	(34,012)	(4,872,547)
Held for long-term incentive plan	(38,148)	(4,539,062)	(45,440)	(4,961,829)
	$ 657,779	94,935,752	$ 638,456	93,061,796

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2013	102,896,172	$ 717,908
Shares issued in connection with share-based payment plans [note 12]	718,213	2,074
Shares issued in connection with retention plan [note 12]	160,656	6,003
Shares issued in connection with replacement plans [note 12]	64,391	602
Shares cancelled	(269,238)	(1,882)
Balance, June 30, 2013	**103,570,194**	**$ 724,705**

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 564,504 shares repurchased through the NCIB between August 13, 2012 and June 30, 2013. On August 6, 2013, the Company made an application to the TSX to renew its NCIB [Note 16].

[iii] EARNINGS (LOSS) PER COMMON SHARE

For the three months ended	June 30, 2013	June 30, 2012
Basic earnings (loss) per common share		
Net income (loss) attributable to CFI shareholders	$ 8,742	$ (19,967)
Preferred shares dividends	(2,958)	(2,837)
Net income (loss) available to common shareholders	5,784	(22,804)
Weighted average number of common shares (number)	94,524,190	94,145,084
Basic earnings (loss) per share	$ 0.06	$ (0.24)
Diluted earnings (loss) per common share		
Net income (loss) available to common shareholders	5,784	(22,804)
Weighted average number of common shares (number)	94,524,190	94,145,084
Dilutive effect of unvested shares (number)	3,530,876	2,946,507
Dilutive effect of unvested shares purchased by employee benefit trust (number) [note 12]	4,636,505	4,740,658
Dilutive effect of share issuance commitment in connection with long-term incentive plan (number) [note 12]	78,350	157,734
Adjusted weighted average number of common shares (number)	102,769,921	101,989,983
Diluted earnings (loss) per common share	$ 0.06	$ (0.24)

NOTE 11 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the three months ended June 30, 2013:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
May 31, 2013	June 10, 2013	$ 0.05	$ 5,177

On August 6, 2013, the Board of Directors approved a cash dividend of $0.05 per common share payable on September 10, 2013 to common shareholders of record as at August 30, 2013 [Note 16].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the three months ended June 30, 2013:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 21, 2013	July 2, 2013	$ 0.34375	$ 0.359375	$ 2,998

On August 6, 2013, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2013 to Series A Preferred shareholders of record as at September 13, 2013 [Note 16].

On August 6, 2013, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2013 to Series C Preferred shareholders of record as at September 13, 2013 [Note 16].

NOTE 12 Share-based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (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.

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 period ended June 30, 2013 was $6.04 [June 30, 2012 – $5.95].

	Number
Awards outstanding, March 31, 2013	9,128,169
Grants	3,934,112
Vested	(2,278,980)
Forfeited	(51,969)
Awards outstanding, June 30, 2013	**10,731,332**

	Number
Common shares held by the Trust, March 31, 2013	4,961,829
Acquired	1,138,000
Released on vesting	(1,560,767)
Common shares held by the Trust, June 30, 2013	**4,539,062**

[ii] SHARE-BASED COMPENSATION EXPENSE

For the three months ended	June 30, 2013	June 30, 2012
Long-term incentive plan	$ 6,736	$ 11,043
Forgivable common share purchase loans	2,651	3,119
Share-based payment expense related to acquisition of Collins Stewart Hawkpoint plc	1,170	—
Replacement plans	822	—
Share options	198	294
Deferred share units	(89)	(94)
Retention shares	—	371
Other	329	—
Total share-based compensation expense	$ 11,817	$ 14,733

NOTE 13 Related Party Transactions

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.

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

	June 30, 2013	March 31, 2013
Accounts payable and accrued liabilities	$ 3,228	$ 1,206

NOTE 14 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, and the US. Operations located in Other Foreign Locations under Canaccord International Ltd., Canaccord Genuity Asia and the 50% interest in Canaccord Genuity Australia are also included in Canaccord Genuity.

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

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 acquisitions of Genuity and the 50% interest in Canaccord Genuity Australia. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (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 Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). 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.

	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Three months ended June 30, 2013				
Revenues, excluding interest revenue	$ 128,620	$ 51,163	$ 643	$ 180,426
Interest revenue	2,586	2,657	1,562	6,805
Expenses, excluding undernoted	107,090	44,439	10,555	162,084
Amortization	3,691	2,404	466	6,561
Development costs	2,098	2,306	426	4,830
Interest expense	4,132	143	368	4,643
Income (loss) before income taxes	$ 14,195	$ 4,528	$ (9,610)	$ 9,113
Three months ended June 30, 2012				
Revenues, excluding interest revenue	$ 98,334	$ 52,987	$ 2,836	$ 154,157
Interest revenue	2,967	3,367	2,058	8,392
Expenses, excluding undernoted	109,170	48,064	12,502	169,736
Amortization	5,780	1,974	382	8,136
Development costs	2,158	1,980	487	4,625
Interest expense	3,917	93	541	4,551
(Loss) income before income taxes	$ (19,724)	$ 4,243	$ (9,018)	$ (24,499)

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

Three months ended	June 30, 2013	June 30, 2012
Canada	$ 61,499	$ 76,641
United Kingdom and Europe	67,467	48,807
United States	53,401	31,694
Other Foreign Locations	4,864	5,407
	$ 187,231	$ 162,549

NOTE 15 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. 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 three months ended June 30, 2013:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2013	$ 10,179	$ 9,876	$ 20,055
Additions	935	—	935
Utilized	(367)	(2,666)	(3,033)
Balance, June 30, 2013	**$ 10,747**	**$ 7,210**	**$ 17,957**

Commitments, litigation proceedings and contingent liabilities

During the period ended June 30, 2013, there were no material changes to the Company's commitments or contingencies from those described in Notes 22 and 23 of the March 31, 2013 consolidated financial statements.

NOTE 16 Subsequent Events

[i] DIVIDENDS

On August 6, 2013, the Board of Directors approved the following cash dividends: $0.05 per common share payable on September 10, 2013 to common shareholders with a record date of August 30, 2013; $0.34375 per Series A Preferred Share payable on September 30, 2013 with a record date of September 13, 2013; and $0.359375 per Series C Preferred Share payable on September 30, 2013 with a record date of September 13, 2013.

[ii] NCIB RENEWAL

On August 6, 2013, the Company filed a notice for the renewal of its NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,136,948 common shares through the facilities of the TSX during the period from August 13, 2013 to August 12, 2014. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares.

NOTE 17 Comparative Figures

Certain comparative figures have been reclassified to conform to the first quarter fiscal 2013 consolidated financial statement presentation.

Shareholder Information

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Stock Exchange Listing

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LSE: CF.

Preferred shares:
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Series C (TSX): CF.PR.C.

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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	June 4, 2014	June 13, 2014	June 30, 2014	June 20, 2014	July 2, 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.

Shareholder Administration

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

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Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

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

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Editorial and Design Services

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