CANACCORD CAPITAL INC. REPORTS RECORD FISCAL YEAR 2005 RESULTS
Solid performance and cost control generate a 20% growth in full year net income

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

VANCOUVER, May 11, 2005 – Canaccord Capital Inc. (CCI: TSX) announced that its revenue for the year ended March 31, 2005 (fiscal year 2005) was a record $432.8 million, up $30.6 million compared to the same period a year ago. Net income for the fiscal year 2005 was a record $48.6 million, up $8.2 million from the same period a year ago and diluted earnings per share (EPS) were $1.11, down $0.01 from fiscal 2004. For the three-month period ended March 31, 2005 (fourth quarter fiscal 2005), revenue was $142.9 million, down $7.8 million compared to the same quarter a year ago, which was the second strongest quarter in Canaccord's history. Net income for the fourth quarter was $17.3 million, down $3.7 million from the fourth quarter fiscal 2004 and diluted EPS was $0.38, down $0.20 from the previous year, but up $0.02 from the third fiscal quarter of 2005.

"We generated record revenue of $433 million in 2005 through robust performance in North America and significant growth in Europe delivered by our Global Capital Markets team" said Peter M. Brown, Chairman & CEO. Michael G. Greenwood, President & COO, added "Even with the costs associated with becoming a public company, our net income grew 20%. Our success lies squarely with the dedication, commitment and hard work of our employees and partners."

Highlights of fiscal year 2005 results for the 12 months ended March 31, 2005, compared to the fiscal year 2004 results for the 12 months ended March 31, 2004:

- Record revenue of $432.8 million, up $30.6 million, or 8%, from $402.2 million
- Record net income of $48.6 million, up $8.2 million, or 20%, from a previous record of $40.4 million
- Expenses of $360.0 million, up $20.4 million, or 6%, from $339.6 million
- Diluted EPS of $1.11, down $0.01, or 1%, from $1.12
- Return on equity (ROE) of 24.5%, down from a return on average capital employed (ROCE) of 43.5% (the reduction in diluted EPS and ROE is partially attributable to the issuance of $70 million in common shares resulting from the Initial Public Offering on June 30, 2004)
- Book value per common share at the period end grew to $4.87, up $1.72 from $3.15

Highlights of fourth quarter fiscal 2005 results compared with fourth quarter fiscal 2004 results:

- Revenue of $142.9 million, down $7.8 million, or 5%, from $150.7 million
- Net income of $17.3 million, down $3.7 million, or 18%, from $21.0 million
- Expenses of $117.5 million, down $2.0 million, or 2%, from $119.5 million
- Diluted EPS of $0.38, down $0.20 , or 35%, from $0.58
- ROE of 32.2%, down from a ROCE of 79.1%
- As our fiscal year 2005 results exceeded our expectations at the time of our IPO and generated more capital than required for our business, the Board of Directors declared a common share dividend of $0.11 per share, which is payable on June 10, 2005, to shareholders of record on May 25, 2005
- Our capital generation experience of the last year has resulted in a change to our dividend policy effective with the commencement of the 2006 fiscal year. Instead of setting the dividend policy in relation to a percentage of annual net income, the Board has set a fixed amount. In respect of fiscal year 2006, Canaccord intends to pay a quarterly dividend of $0.06 per share per quarter. 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

administrative expenses, $2.4 million, or 21.9%, in salaries and benefits expense and $1.0 million in interest expense. The increase in salary and benefits expense is largely due to the addition of new employees, which is discussed above while the increase in interest expense is due to changes as a result of The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1100, GAAP, at the beginning of fiscal 2005. As such, $1.3 million of client interest expense was included in interest expense this quarter, whereas in prior periods, client interest was netted against revenue in Q4/04.

Income taxes were $8.1 million for the quarter, reflecting an effective tax rate of 31.9% this quarter compared to 32.7% a year ago. The lower effective tax rate in Q4/05 is related to the geographical composition of net income for the Company, which has changed compared to a year ago.

Risks:
The securities industry and Canaccord's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on Canaccord's profitability. An investment in the common shares 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. Revenue from Private Client Services activity is dependent on trading volumes and, as such, is dependent on the level of market activity and investor confidence. Revenue from Global Capital Markets activity is dependent on financing activity by corporate issuers and the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations and changes in business conditions and the level of Canaccord's market activity and the impact that these factors have on Canaccord's operating results and financial position.

Business environment:
Canaccord's business is cyclical and thus experiences considerable variations in revenue and income from quarter to quarter and year to year due to the factors discussed above. These factors are beyond Canaccord's control and, accordingly, revenue and net income will fluctuate, as they have historically. Our business is correlated to the overall condition of the North American equity markets, including the seasonal variance in those markets. In general, North American capital markets are slower during the first half of the fiscal year, which generally contributes only about 35-40% of annual revenue whereas between 60-65% of annual revenue is generated during the second half of each fiscal year.

Business segment results:
Private Client Services

	Private Client Services summary for the year ended March 31			
(C$ thousands, except % amounts)	2005	2004	Increase (decrease)	
Revenue	178,176	175,983	2,193	1.2%
Expenses	127,504	118,638	8,866	7.5%
Income before income taxes(1)	50,672	57,345	(6,673)	(11.6)%

(1) Income before income taxes excludes allocated overhead expenses which are included in Other segment expenses.

Private Client Services revenue is principally derived from trading commissions generated from a diverse client base of individuals and high net worth accounts. Revenue derived from client activity is very closely tied to general stock market performance and trading activity. For fiscal year 2005, total revenue was a record $178.2 million, up $2.2 million, or 1.2%, from a record level a year ago.

Expenses for the year were up $8.9 million, or 7.5%, which was higher than revenue growth for fiscal 2005 compared to fiscal 2004. Due to a change in cost allocation methodology at the beginning of fiscal 2005, variable trading costs are applied directly to the relevant business group. For fiscal year 2005 variable trading costs of $7.7 million were directly applied to Private Client Services. Without this newly general business conditions and Canaccord's financial conditions, results of operations and capital requirements and such other factors as the Board determines to be relevant.

Developments:

- Canaccord Capital Inc. intends to seek admission to the Alternative Investment Market (AIM) in the United Kingdom by June 30, 2005. If successful on its admission, Canaccord will not only be publicly traded on the Toronto Stock Exchange in Canada but also on AIM in the United Kingdom providing Canaccord and our shareholders with greater visibility, enhanced liquidity and a broader group of market comparables.
- Canaccord's annual general meeting for shareholders will be held on Friday, August 5, 2005. The meeting will be held at 2:00pm (Pacific time) at the Four Seasons Hotel, 791 West Georgia Street, Vancouver, BC, Canada. A live Internet Webcast will also be available for shareholders to view. Please visit the Webcast events page at www.canaccord.com for more information.

ACCESS TO QUARTERLY RESULTS INFORMATION:

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at: www.canaccord.com/investor/financialreports.

QUARTERLY CONFERENCE CALL AND WEBCAST PRESENTATION:

Interested parties can listen to our fourth quarter results conference call with analysts and institutional investors live and archived, via the Internet and toll free telephone.

The conference call is scheduled for Wednesday, May 11, 2005 at 10:00 a.m. (Pacific time). At that time, senior executives will comment on the results for the fourth quarter and respond to questions from analysts and institutional investors. The conference call may be accessed live and archived on a listen-only basis via the Internet at: www.canaccord.com/investor/webcast.

Analysts and institutional investors can call in via telephone at: 416-640-4127 (within Toronto) or 1-800-814-4857 (toll free outside Toronto). A replay of the conference call can be accessed after 4:00 p.m. (Pacific time) on May 11, 2005 until midnight May 25, 2005 at 416-640-1917 or 1-877-289-8525 by entering passcode 21118514#.

ABOUT CANACCORD CAPITAL INC.:

Canaccord is a leading Canadian independent full service investment dealer. Canaccord has substantial operations in each of the two principal segments of the securities industry: Private Client Services and Global Capital Markets. Together these operations offer a wide range of complementary investment products, brokerage services and investment banking services to Canaccord's retail, institutional and corporate clients. Canaccord has approximately 1,260 employees worldwide, including 434 Investment Advisors, located in 28 offices in Canada, including major Canadian centres and internationally.

FOR FURTHER INFORMATION CONTACT:

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Nothing in Canaccord's Web site www.canaccord.com should be considered incorporated herein by reference.

Fiscal 2005 and fourth quarter 2005 results – this document is dated May 11, 2005:
Canaccord's fourth quarter fiscal 2005 was the three-month period ended March 31, 2005 and is also referred to as fourth quarter 2005 and as Q4/05 in this press release. Canaccord's fiscal year ended March 31, 2005 and is also referred to as fiscal year 2005 and 2005. This press release should be read in conjunction with the Management's Discussion and Analysis (MD&A) and the audited consolidated financial statements for the fiscal year ended March 31, 2004, in Canaccord's final Prospectus dated June 23, 2004 (the Prospectus) and the unaudited financial statements and MD&As for Q1/05, Q2/05 and Q3/05. Canaccord's financial information is expressed in Canadian dollars and is prepared in accordance with Canadian generally accepted accounting principles (GAAP). All the financial data below is unaudited except for the fiscal year 2004 data. Canaccord expects to file its annual audited financial statements and MD&A for fiscal year 2005 on or about June 27, 2005.

Caution regarding forward-looking statements:
This document may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations regarding 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" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors, which may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties detailed from time to time in Canaccord's interim and annual financial statements and its Prospectus and Annual Information Form filed on www.sedar.com. These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

Consolidated overview:

12 month summary data(1):

	For the year ended March 31			
(C$ thousands, except per share, employee and % amounts)	2005	2004	Increase (decrease)	
Revenue	432,778	402,157	30,621	7.6%
Expenses	360,022	339,600	20,422	6.0%
Net income	48,579	40,429	8,150	20.2%
Earnings per share (EPS) – diluted(2)	1.11	1.12	(0.01)	(0.9)%
Return on average common equity (ROE) /return on average capital employed (ROCE) (2)(3)	24.5%	43.5%		
Book value per common share – period end	4.87	3.15	1.72	54.6%
Number of employees	1,260	1,156	104	9.0%

(1) Some of this data is considered to be non-GAAP.
(2) The lower diluted EPS and ROE for fiscal 2005 compared to fiscal 2004 partially reflects the issuance of $70 million in common equity on June 30, 2004.
(3) Effective June 30, 2004, Canaccord's capital in the business consisted of only common shareholders' equity. Management uses ROE for analysis purposes, but as Canaccord's historical capital in the business involved elements other than common equity, such as convertible debentures, comparisons to historical periods are to ROCE.

Total revenue for the year ended March 31, 2005 was a record $432.8 million, up $30.6 million, or 7.6%, compared to the same period a year ago and is primarily due to an increase in capital markets activity in Europe during fiscal year 2005.

Net income for fiscal 2005 was a record $48.6 million, up $8.2 million, or 20.2%, from a record level a year ago. Diluted EPS was $1.11, down $0.01, or 0.9%. For fiscal 2005, ROE was 24.5% compared to a ROCE of 43.5% a year ago. The decrease in diluted EPS and ROE partially reflects the additional equity resulting from the issuance from treasury of $70 million in common shares from the Initial Public Offering (IPO) on June 30, 2004.

Expenses for fiscal 2005 were $360.0 million, up $20.4 million, or 6.0%, from a year ago, reflecting increases in salary and benefits expense of $8.5 million, or 22.9%, general and administrative expenses of $6.9 million, or 27.8%, and an increase in interest expense of $3.8 million, or 95.9% from a year ago. The increase in salary and benefits expense is largely due to the addition of 104 net new employees as of March 31, 2005 compared to March 31, 2004. The additional employees were hired to support building out future revenue activity in our business segments and to support the increased requirements of being a public company. The increase in general and administrative expenses is largely due to increases in promotion and travel expenses due to increased business activity throughout the year. As for the increase in interest expense, $3.9 million of client interest was included this year in interest expense based on the adoption of the requirements of The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1100, GAAP, at the beginning of fiscal 2005, whereas in prior periods, client interest expense was netted from revenue.

Income taxes were $24.2 million for the year, reflecting an effective tax rate of 33.2% compared to 35.4% a year ago. The lower effective tax rate in fiscal 2005, is related to the geographical composition of net income for the Company and lower federal statutory taxes in Canada. Our effective income tax rate may vary from time to time.

Fourth fiscal quarter summary data(1):

	For the three months ended March 31			
(C$ thousands, except per share and % amounts)	2005	2004	(Decrease)	
Revenue	142,929	150,687	(7,758)	(5.1)%
Expenses	117,502	119,477	(1,975)	(1.7)%
Net income	17,307	20,992	(3,685)	(17.6)%
EPS – diluted(2)	0.38	0.58	(0.20)	(34.5)%
ROE/ROCE(2)(3)	32.2%	79.1%		

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

(2) The lower diluted EPS and ROE for fiscal 2005 periods compared to fiscal 2004 partially reflects the issuance of $70 million in common equity on June 30, 2004.

(3) Effective June 30, 2004, Canaccord's capital in the business consisted of only common shareholders' equity. Management uses ROE for analysis purposes, but as Canaccord's historical capital in the business involved elements other than common equity, such as convertible debentures, comparisons to historical periods are to ROCE.

Revenue for the quarter of $142.9 million was down $7.8 million, or 5.1%, from $150.7 million compared to a year ago, largely reflecting exceptionally strong market activity in Q4/04 relative to Q4/05, as Q4/04 was our second strongest quarter in history.

For the fourth quarter 2005, net income was $17.3 million, down $3.7 million from $21.0 million for the same quarter a year ago. Diluted EPS was $0.38, down $0.20. ROE was 32.2% compared to a ROCE of 79.1% a year ago. In addition to the impact of the decrease in net income, the reduction in diluted EPS and ROE partially reflects the issuance of additional common shares from treasury for the IPO on June 30, 2004.

Expenses for the quarter were $117.5 million, down $2.0 million, or 2.0%, from $119.5 million a year ago and is largely due to a decrease in incentive compensation of $8.3 million, or 9.8%, compared to the same quarter a year ago, which was partially offset by increases of $4.0 million, or 57.3%, in general and allocated cost, expenses for the year would have increased by 1.0%, which is less than the revenue growth of 1.2%.

Full year income before income taxes for Private Client Services was $50.7 million, down 11.6% from the same period a year ago. Income before income taxes would have been $58.2 million, up 1.7%, excluding variable trading costs.

(C$ thousands, except assets under administration which is in C$ millions, employees and Investment Advisors and % amounts)	Private Client Services summary for the three months ended March 31			
	2005	2004	Increase (decrease)	
Revenue	56,391	60,667	(4,276)	(7.0)%
Expenses	39,747	38,152	1,595	4.2%
Income before income taxes[1]	16,644	22,515	(5,871)	(26.1)%
Assets under administration (AUA)	9,967	8,292	1,675	20.2%
Number of Investment Advisors (IA)	434	409	25	6.1%
Number of employees	657	623	34	5.5%

[1] Income before income taxes excludes allocated overhead expenses which are included in Other segment expenses.

Revenue from Private Client Services for the quarter was down $4.3 million, or 7.0%, from a year ago, as a result of stronger market activity in North American equity markets during the same quarter last year. The 20.2% growth in AUA largely reflects the general increase in equity values in the North America and the addition of assets transferred with newly hired IAs. There were 434 IAs at the end of the fourth quarter of 2005, a net increase of 25 from a year ago. Despite intense competition in recruiting established IAs, we successfully hired 53 new IAs during fiscal year 2005. For the quarter ended March 31, 2005, a total of 34 net new employees were hired to drive the expansion of our Private Client Services compared to the same quarter a year ago.

Expenses for Q4/05 were up 4.2%, largely reflecting a change in cost allocation methodology beginning in fiscal year 2005 where variable trading costs are now applied directly to the relevant business group. These costs represent an increase of $2.1 million compared to a year ago. Without the additional allocated costs for the quarter, expenses for the period would have decreased 1.3%.

Income before income taxes for the quarter was down $5.9 million, or 26.1%, largely reflecting the decline in revenue and the reallocation of trading costs to the business group. Income before income taxes would have been down $3.8 million, or 16.8%, excluding variable trading costs.

Global Capital Markets

(C$ thousands, except % amounts)	Global Capital Markets summary for the year ended March 31			
	2005	2004	Increase	
Revenue	239,654	211,758	27,896	13.2%
Expenses	173,735	154,490	19,245	12.5%
Income before income taxes[1]	65,919	57,268	8,651	15.1%

[1] Income before income taxes excludes allocated overhead expenses which are included in Other segment expenses.

Global Capital Markets revenue is generated from commissions and fees earned in connection with investment banking transactions and institutional sales and trading activity as well as net trading gains and losses from Canaccord's principal and international trading operations. Accordingly, this revenue is directly affected by the level of corporate and institutional activity and general economic, market and business conditions in Canada and internationally. For fiscal year 2005, revenue was a record $239.7 million, up $27.9 million, or 13.2% from a record level a year ago.

Expenses for the year were $173.7 million, up $19.2 million, or 12.5%. The increase in expenses is primarily related to a steady increase in market activity over the year. Contributing to this increase were general and administrative expenses, which were up $5.4 million, incentive compensation, up $5.1 million, and salary and benefits expense, up $4.1 million. Growth in incentive compensation expense for the year is largely due to Global Capital Markets team reaching their target goals as early as Q2/05, resulting in accelerated payouts. Also contributing to the increase in expenses is the change in cost allocations where variable trading costs are directly applied to the relevant business group. For the year, trading costs increased $4.3 million. Without the additional allocated trading cost, expenses would have only increased 9.7%.

Effective April 1, 2005, the compensation structure of Global Capital Markets was reorganized which is expected to result in a total compensation payout ratio of approximately 55% for fiscal 2006. An additional 3% will be allocated to cover applicable National Health Insurance taxes for UK-based employees.

Overall, income before income taxes was up $8.7 million, or 15.1%, to $65.9 million compared to fiscal year 2004. This increase is largely due to the strong capital markets activity in European markets where revenue increased by $31.6 million, or 37.4%, compared to the fiscal year 2004. Income before income taxes would have been $70.2 million, up 22.6%, excluding trading costs.

	Global Capital Markets summary for the three months ended March 31			
(C$ thousands, except employees, and % amounts)	2005	2004	Increase (decrease)	
Revenue	81,444	85,425	(3,981)	(4.7)%
Expenses	61,082	62,455	(1,373)	(2.2)%
Income before income taxes[1]	20,362	22,970	(2,608)	(11.4)%
Number of employees	279	237	42	17.7%

[1] Income before income taxes excludes allocated overhead expenses which are included in Other segment expenses.

Revenue from Global Capital Markets for the quarter was down $4.0 million, or 4.7%, compared to the same quarter a year ago, which is a result of exceptionally stronger market activity in Q4/04 than in Q4/05. For the current quarter, revenue from North American markets was $48.6 million, down $0.4 million when compared to the same quarter a year ago, whereas in European markets, revenue was down $3.6 million, or 9.9% for the quarter.

Expenses for the quarter decreased 2.2% compared to the same quarter a year ago, largely reflecting a decrease in incentive compensation expense. For the quarter, incentive compensation expense was down 11.2% compared to the same quarter a year ago. The lower incentive compensation payout ratio for this quarter of 57.2% compared to 61.4% for the same quarter a year ago reflects a reduction in market activity in Q4/05 relative to Q4/04 and comparatively higher payouts in Q4/04 associated with the exercise of warrants. Total incentive compensation expense in Europe was $19.1 million for the quarter, down 23.5% compared to the same quarter a year ago. A component of total incentive compensation expense in Europe is the National Health Insurance (NHI) tax, which is a UK payroll tax equal to approximately 12% to 13% of incentive compensation payouts. For the quarter, the NHI tax was $1.1 million, down $0.1 million, compared to the same quarter a year ago. For the quarter ended March 31, 2005, 42 new employees were hired over the same quarter a year ago to support and expand our presence in key markets where we expect strong revenue growth opportunities for the future. Principally, these new employees were hired in Corporate Finance and our New Issues Services team.

For the quarter, general and administrative expense increased $2.0 million, up 74.2% and is principally due to an increase of $1.9 million in promotion and travel expenses, which reflects the higher level of activity during the quarter.

Income before income taxes for the quarter was down $2.6 million, or 11.4%, when compared to the same quarter a year ago and is largely due to the strong conditions in Q4/04 in North American equity markets. Income before income taxes would have been $21.5 million, down 6.3%, excluding variable trading costs.

Other segment

	Other segment summary for the year ended March 31			
(C$ thousands, except % amounts)	2005	2004	Increase (decrease)	
Revenue	14,948	14,416	532	3.7%
Expenses	58,783	66,472	(7,689)	(11.6)%
Income before income taxes[1]	(43,835)	(52,056)	8,221	15.8%

[1] Income before income taxes includes overhead expenses prior to allocation to the Private Client Services and Global Capital Markets segments.

The Other segment includes correspondent brokerage services, interest, foreign exchange revenue, and general and overhead expenses allocated to the Private Client Services and Global Capital Markets segments. Revenue for fiscal 2005 was $14.9 million, up 3.7% compared to fiscal year 2004.

For 2005, expenses decreased by 11.6%, largely due to a decrease in trading costs of $11.5 million related to a change in cost allocation where variable trading costs were allocated directly to business segments in 2005. For the year, $7.7 million was allocated to Private Client Services and $4.3 million to Global Capital Markets. Without this change in cost allocation, total expenses for the Other segment would have increased 6.4%.

Loss before income taxes for the year was $43.8 million, a 15.8% improvement from the same period a year ago, reflecting reductions in expenses that were greater than the increase in revenue. The loss before income taxes would have been $55.3 million excluding the changes in variable trading costs allocation.

	Other segment summary for the three months ended March 31			
(C$ thousands, except employees, and % amounts)	2005	2004	Increase (decrease)	
Revenue	5,094	4,595	499	10.9%
Expenses	16,673	18,870	(2,197)	(11.6)%
Income before income taxes[1]	(11,579)	(14,275)	2,696	18.9%
Number of employees	324	296	28	9.5%

[1] Income before income taxes includes overhead expenses prior to allocation to the Private Client Services and Global Capital Markets segments.

Revenue for the quarter was $5.1 million, up $0.5 million, or 10.9%, compared to the same quarter a year ago and is mainly attributed to an increase in our correspondent brokerage services business, reflecting higher introducing broker activity levels and an increased number of introducing broker clients.

Expenses for the quarter were down $2.2 million largely due to reductions in trading costs of $3.3 million. The reduction was due to the change in cost allocation where variable trading costs are applied directly to each business group.

Loss before income taxes was $11.6 million in the fourth quarter of fiscal 2005, a $2.7 million, or 18.9%, improvement compared to a loss of $14.3 million in the same quarter a year ago. Excluding the changes in allocation of variable trading costs, the loss before income taxes was $14.9 million, virtually unchanged from a year ago.

Liquidity and capital resources

As at March 31, 2005, total cash and cash equivalents were $349.7 million, compared to $92.0 million as of March 31, 2004. For fiscal year ended March 31, 2005, operating activities were a source of cash in the amount of $220.0 million, which was primarily due to net changes in non-cash working capital items, net income and items not affecting cash. For the year ended March 31, 2005 financing activities provided cash in the amount of $59.1 million, which was primarily due to a net issuance of share capital and an increase in notes payable less payment of dividends and repayment of subordinated debt. Investing activities used cash in the amount of $17.1 million, which was primarily due to an increase in notes receivable and the purchase of equipment and leasehold improvements. The increases in notes payable and notes receivable correspond to each other and are related to Canaccord's Immigrant Investor Program of Quebec.

Outstanding share data:

	Outstanding shares as of March 31	
(Thousands, except footnotes 1 & 2)	2005	2004
Shares outstanding – basic [1]	45,413	29,983
Shares outstanding – diluted [2]	46,129	38,272
Average shares outstanding – basic	45,353	29,043
Average shares outstanding – diluted	46,069	37,524

(1) Excludes 715,957 unvested shares outstanding, which relate to share purchase loans.
(2) Includes 715,957 unvested shares referred to in footnote [1] above.

As of March 31, 2005, Canaccord had 46.1 million common shares issued and outstanding on a diluted basis, up 7.9 million from a year ago, reflecting the issuance of 6.8 million shares from the IPO and various other share issuances throughout the year.

Dividend declaration:
As our fiscal year 2005 results exceeded our expectations at the time of our IPO, and therefore generated more capital than required for the business, the Board of Directors declared a common share dividend of $0.11 per share, which is payable on June 10, 2005, to shareholders of record on May 25, 2005. The common share dividend payment to common shareholders will total approximately $5.1 million, or approximately 29.3% of fourth quarter net income. Total declared dividends (excluding the special distribution of approximately $6.9 million paid after Q3/05) for the 12-month period ended March 31, 2005, are approximately $12.0 million, or approximately 24.7% of twelve-month net income.

Dividend policy:
Our capital generation experience of the last year has resulted in a change to our dividend policy effective with the commencement of the 2006 fiscal year. Instead of setting the dividend policy in relation to a percentage of annual net income, the Board has set a fixed amount. In respect of fiscal year 2006, Canaccord intends to pay a quarterly dividend of $0.06 per share per quarter. 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 and Canaccord's financial condition, results of operations and capital requirements and such other factors as the Board determines to be relevant.

Additional information:
A comprehensive discussion of our business, strategies and objectives will be available in Management's Discussion and Analysis of Operations and Financial Conditions, and audited annual financial statements in Canaccord's 2005 Annual Report which are expected to be available on or about June 27, 2005 on our web site at www.canaccord.com/investorrelations and on SEDAR at www.sedar.com.

Additional information relating to Canaccord, including Canaccord's Prospectus, Annual Information Form and interim filings can also be found on our web site and on SEDAR.

Interim Consolidated Financial Statements

Canaccord Capital Inc.

(formerly Canaccord Holdings Ltd.)

Unaudited

For the three and twelve months ended March 31, 2005

(Expressed in Canadian dollars)

Notice required under National Instrument 51-102, "Continuous Disclosure Obligations" part 4.3(3)(a)

The comparative consolidated financial statements for the three month and twelve month periods ended March 31, 2004, presented in these interim consolidated financial statements have not been reviewed by an external auditor.

Canaccord Capital Inc.
(formerly Canaccord Holdings Ltd.)

INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands of dollars)

As at	**March 31, 2005** $	**March 31, 2004** $ [Restated – Note 1]
ASSETS		
Current		
Cash and cash equivalents	349,700	91,966
Securities owned, at market *[note 2]*	160,348	376,447
Accounts receivable *[notes 4 and 9]*	1,068,537	997,621
Future income taxes	3,992	—
Total current assets	1,582,577	1,466,034
Equipment and leasehold improvements	13,750	12,373
Notes receivable *[note 5]*	41,618	28,765
Deferred charges	220	1,194
	1,638,165	1,508,366
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Call loans	—	2,541
Securities sold short, at market *[note 2]*	105,527	281,723
Accounts payable and accrued liabilities *[notes 4 and 9]*	1,262,072	1,048,395
Income taxes payable	6,737	16,905
Future income taxes	—	973
Total current liabilities	1,374,336	1,350,537
Notes payable *[note 5]*	41,618	28,765
Convertible debentures *[note 6]*	—	20,377
Subordinated debt *[note 7]*	—	10,000
Total liabilities	1,415,954	1,409,679
Contingencies *[note 11]*		
Shareholders' equity		
Share capital *[note 8]*	151,030	60,409
Cumulative foreign currency translation adjustment	(1,383)	265
Retained earnings	72,564	38,013
Total shareholders' equity	222,211	98,687
	1,638,165	1,508,366

See accompanying notes

Canaccord Capital Inc.
(formerly Canaccord Holdings Ltd.)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (Unaudited)

(in thousands of dollars, except per share amounts)

	For the three months ended		For the twelve months ended	
	March 31, 2005 ($)	March 31, 2004 ($)	March 31, 2005 ($)	March 31, 2004 ($)
		[Restated – Note 1]		[Restated – Note 1]
REVENUE				
Private client services	56,391	60,667	178,176	175,983
Global capital markets	81,444	85,425	239,654	211,758
Other	5,094	4,595	14,948	14,416
	142,929	150,687	432,778	402,157
EXPENSES				
Incentive compensation	77,191	85,532	220,834	218,802
Salaries and benefits	13,130	10,773	45,715	37,193
Trading costs	4,493	5,292	16,863	17,310
Premises and equipment	3,025	3,709	11,849	13,017
Communication and technology	3,719	2,946	14,037	12,290
Interest	2,125	1,168	7,824	3,994
General and administrative	10,866	6,910	31,791	24,874
Amortization	952	751	3,185	3,565
Development costs	2,001	2,396	7,924	8,240
Restructuring and other costs	—	—	—	315
	117,502	119,477	360,022	339,600
Income before income taxes	25,427	31,210	72,756	62,557
Income tax expense (recovery)				
Current	10,278	6,217	29,142	17,420
Future	(2,158)	4,001	(4,965)	4,708
Net income for the period	17,307	20,992	48,579	40,429
Retained earnings, beginning of period	64,482	18,549	38,013	2,352
Dividends				
Stock dividend	—	—	—	(1,357)
Cash dividend	(9,225)	—	(13,835)	—
Excess on redemption of common shares *[note 8]*	—	(1,528)	(193)	(3,411)
Retained earnings, end of period	72,564	38,013	72,564	38,013
Basic earnings per share *[note 8]*	0.38	0.74	1.17	1.43
Diluted earnings per share *[note 8]*	0.38	0.58	1.11	1.12

See accompanying notes

Canaccord Capital Inc.
(formerly Canaccord Holdings Ltd.)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands of dollars)

	For the three months ended		For the twelve months ended	
	March 31 2005 ($)	March 31, 2004 ($)	March 31, 2005 ($)	March 31, 2004 ($)
OPERATING ACTIVITIES				
Net income for the period	17,307	20,992	48,579	40,429
Items not affecting cash				
Amortization	1,030	499	3,863	3,565
Future income taxes (recovery)	(2,158)	4,001	(4,965)	4,708
Changes in non-cash working capital				
Decrease (increase) in securities owned	24,547	(173,948)	216,099	(240,374)
Increase in accounts receivable	(349,029)	(242,855)	(70,916)	(437,994)
Decrease in income taxes recoverable	—	—	—	558
Increase (decrease) in securities sold short	15,494	168,534	(176,196)	196,350
Increase in accounts payable and accrued liabilities	399,490	194,427	213,677	404,352
Increase (decrease) in income taxes payable	3,478	6,601	(10,168)	16,905
Cash provided by (used in) operating activities	110,159	(21,749)	219,973	(11,501)
FINANCING ACTIVITIES				
Increase in notes payable	563	6,007	12,853	11,372
Redemption of convertible debentures	—	(250)	(20)	(302)
Decrease in subordinated debt	—	—	(10,000)	—
Issuance of share capital (net of issuance costs)	340	6,999	71,865	15,624
Increase in unvested common share purchase loans	(466)	(307)	(1,415)	—
Redemption of share capital	—	(3,526)	(379)	(10,762)
Dividends paid	(9,225)	—	(13,835)	—
Cash provided by (used in) financing activities	(8,788)	8,923	59,069	15,932
INVESTING ACTIVITIES				
Purchase of equipment and leasehold improvements	(798)	(2,405)	(4,562)	(3,911)
Increase in notes receivable	(563)	(6,007)	(12,853)	(11,372)
Decrease (increase) in deferred charges	(32)	—	296	(341)
Cash used in investing activities	(1,393)	(8,412)	(17,119)	(15,624)
Unrealized foreign exchange loss (gain)	(125)	662	(1,648)	594
Increase (decrease) in cash position	99,853	(20,576)	260,275	(10,599)
Cash position, beginning of period	249,847	110,001	89,425	100,024
Cash position, end of period	349,700	89,425	349,700	89,425
Cash position is comprised of:				
Cash and cash equivalents	349,700	91,966	349,700	91,966
Call loans	—	(2,541)	—	(2,541)
	349,700	89,425	349,700	89,425
Supplemental cash flow information				
Interest paid	278	610	1,495	2,576
Income taxes paid	13,163	150	37,756	816

See accompanying notes

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

Historically, the Company's operating results are characterized by a seasonal pattern and it earns the majority of its revenue in the last two quarters of its fiscal year.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

These interim unaudited consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to interim financial statements, applied on a consistent basis. These interim unaudited consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 1 to the Company's audited consolidated financial statements as at and for the year ended March 31, 2004 ("Audited Annual Consolidated Financial Statements") except as noted below. Accordingly, they do not include all the information and footnotes required for compliance with Canadian GAAP for annual financial statements. These interim unaudited consolidated financial statements and notes thereon should be read in conjunction with the Audited Annual Consolidated Financial Statements.

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

Canadian generally accepted accounting principles

On April 1, 2004, the Company adopted the requirements of The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1100, "*Generally Accepted Accounting Principles*". This section establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. The implementation of CICA Section 1100 impacted the classification of Convertible Debentures [Note 6] and Subordinated Debt [Note 7]. These interim consolidated financial statements have been adjusted to reflect the reclassification of these items as liabilities from the capital section of the balance sheet. In addition, this implementation has affected the presentation of client interest revenue and expense which are presented on a gross basis for the three and twelve months ended March 31, 2005, but were netted for previous fiscal years.

Hedging relationships

On April 1, 2004, the Company prospectively adopted the requirements of CICA Accounting Guideline 13, "*Hedging Relationships*" ("AcG 13") which provides detailed guidance on the identification, designation, documentation and effectiveness of hedging relationships for the purpose of applying hedge accounting. The implementation of AcG 13 did not have a material impact on the interim unaudited consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

2. SECURITIES OWNED AND SECURITIES SOLD SHORT

	March 31, 2005		March 31, 2004	
	Securities owned $	**Securities sold short** $	**Securities owned** $	**Securities sold short** $
Corporate and government debt	124,395	82,001	327,224	275,285
Equities and convertible debentures	35,953	23,526	49,223	6,438
	160,348	105,527	376,447	281,723

As at March 31, 2005, corporate and government debt maturities range from 2005 to 2051 [March 31, 2004 - 2005 to 2054] and bear interest ranging from 2.05% to 14% [March 31, 2004 – 2.35% to 14%].

3. FINANCIAL INSTRUMENTS

Foreign exchange risk

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

Forward contracts outstanding at March 31, 2005:

	Notional amounts (millions of USD)	**Average price** (CAD/USD)	**Maturity**	**Fair value** (millions of USD)
To sell US dollars	$22.75	$1.21	April 5, 2005	$0.1
To buy US dollars	$10.25	$1.21	April 5, 2005	($0.1)

Forward contracts outstanding at March 31, 2004:

	Notional amounts (millions of USD)	**Average price** (CAD/USD)	**Maturity**	**Fair value** (millions of USD)
To sell US dollars	$22.75	$1.32	April 5, 2004	$0.1
To buy US dollars	$20.75	$1.32	April 5, 2004	($0.1)

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable

	March 31, 2005 $	March 31, 2004 $
Brokers and investment dealers	353,734	471,073
Clients	406,769	268,062
RRSP cash balances held in trust	293,595	237,806
Other	14,439	20,680
	1,068,537	997,621

Accounts payable and accrued liabilities

	March 31, 2005 $	March 31, 2004 $
Brokers and investment dealers	358,711	247,944
Clients	719,195	698,999
Other	184,166	101,452
	1,262,072	1,048,395

Accounts payable to clients include $293,595 [March 31, 2004 - $237,806] payable to clients for RRSP cash balances held in trust.

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client accounts. Interest on margin loans and amounts due to clients is based on a floating rate [March 31, 2005 – 6.25% and 1.25%, respectively, and March 31, 2004 – 6.00% and 1.00%, respectively].

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

5. IMMIGRANT INVESTOR PROGRAM OF QUEBEC

The Company sponsors an immigrant investor program that provides assistance to Canadian immigrant applicants under the investor category and to their professional consultants and advisors. Included in these services is a program that enables immigrant investors to borrow, through a credit facility arranged by the Company, the requisite funds for making a qualifying investment for immigration purposes. The Company borrows as notes payable the investment funds through a non-recourse bank facility, loans the borrowed funds to the immigrant investor by way of notes receivable and then pledges the notes receivable to the lending bank as collateral for the notes payable.

[i] Notes receivable

Under the provisions of the Immigrant Investor Program of Quebec, funds have been advanced to various immigrant investors by Canaccord Capital Credit Corporation ("CCCC") and Canaccord Financial Holdings Inc. ("CFHI"), both wholly owned subsidiaries of the Company. The immigrant investors sign a note receivable for the principal amount advanced plus accrued interest, which are both due on the fifth anniversary from the date the funds were advanced to the investors.

The terms of the notes receivable, including interest rate and maturity date, are identical to the notes payable and are ultimately pledged to guarantee the obligations of CCCC and CFHI.

The recourse of notes payable is limited, ultimately, to these notes receivable and is not against CCCC, CFHI, any related company or any of their respective assets.

Interest revenue of $563 and $2,095 for the three months and twelve months ended March 31, 2005, respectively, ($389 and $1,241– three months and twelve months ended March 31, 2004, respectively) on these loans is included in Other revenue.

[ii] Notes payable

Notes payable are collateralized by the notes receivable with interest capitalized annually and repayable at maturity. The notes payable bear interest ranging from 4.57% to 7.27% (weighted average at March 31, 2005 – 5.81%) and mature between 2007 and 2010 [March 31, 2004 - 4.57% to 7.27% with a weighted average of 5.98%, maturing between 2007 and 2009].

The notes payable, including accrued interest, are due as follows:

	March 31, 2005 $	**March 31, 2004** $
2007	6,808	6,385
2008	12,710	12,004
2009	10,919	10,376
2010	11,181	—
	41,618	28,765

Interest expense of $563 and $2,095 for the three months and twelve months ended March 31, 2005, respectively, ($389 and $1,241– three months and twelve months ended March 31, 2004, respectively) on these loans is included in Interest expense.

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

6. CONVERTIBLE DEBENTURES

	March 31, 2005 $	March 31, 2004 $
2006 debentures	—	10,377
2007 debenture	—	10,000
	—	20,377

On June 22, 2004, the 2006 and 2007 debentures were either redeemed or converted into share capital as part of a reorganization of capital [see note 8 (ii)].

Each 2006 debenture issued by the Company was either redeemed (in whole or in part, including a 5% premium) or exchanged for Class B common shares of the Company at a rate of one such share for each $2.57275 of principal amount.

The 2007 debenture issued by the Company was either redeemed (in whole or in part) or exchanged for Class C common shares of the Company at a rate of one such share for each $2.98230 of principal amount.

Interest expense of $nil and $438 for the three months and twelve months ended March 31, 2005, respectively, ($342 and $1,469 - three months and twelve months ended March 31, 2004, respectively) on these debentures is included in Interest expense.

Convertible debentures have been reclassified as a liability due to the requirements of CICA Handbook Section 1100.

7. SUBORDINATED DEBT

	March 31, 2005 $	March 31, 2004 $
Loan payable, interest payable monthly at prime + 1% per annum (March 31, 2004 - 5.0%), due on demand	—	10,000

The loan payable was subject to a subordination agreement and was repaid on July 30, 2004 with the prior approval of the Investment Dealers Association of Canada.

Interest expense of $nil and $157 for the three months and twelve months ended March 31, 2005, respectively, ($130 and $561 - three months and twelve months ended March 31, 2004, respectively) on these debentures is included in Interest expense.

Subordinated debt has been reclassified as a liability due to the requirements of CICA Handbook Section 1100.

8. SHARE CAPITAL

On June 21, 2004, the Company's shareholders approved a two-for-one subdivision of the Company's outstanding Class A, Class B and Class C common shares. All common share and per share data included herein have been adjusted to reflect the two-for-one subdivision as if it had occurred at the beginning of the periods reflected.

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

8. SHARE CAPITAL (cont'd.)

	March 31, 2005 $	March 31, 2004 $
Issued and fully paid		
Share capital		
Common shares	153,061	61,292
Unvested share purchase loans	(2,929)	(1,514)
Preferred shares	—	190
Contributed surplus	898	441
	151,030	60,409

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

[i] Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

[ii] Issued and fully paid

Common shares

	Common Shares		Class B		Class C		Total	
	# of shares	Amount $	# of shares	Amount $	# of shares	Amount $	# of shares	Amount $
Balance, March 31, 2003	—	—	24,779,672	41,306	3,809,524	10,000	28,589,196	51,306
Shares issued for cash	—	—	5,435,838	15,624	—	—	5,435,838	15,624
Shares cancelled	—	—	(4,031,206)	(7,006)	—	—	(4,031,206)	(7,006)
Shares issued on conversion of Class 4 preferred shares Series A	—	—	357,838	822	—	—	357,838	822
Shares issued on conversion of serial debentures	—	—	209,340	546	—	—	209,340	546
Balance, March 31, 2004	—	—	26,751,482	51,292	3,809,524	10,000	30,561,006	61,292
Shares issued for cash	—	—	897,454	3,568	442,100	1,536	1,339,554	5,104
Shares cancelled	—	—	(95,826)	(186)	—	—	(95,826)	(186)
Shares issued on conversion of Class 4 preferred shares Series A	—	—	82,816	190	—	—	82,816	190
Shares issued on conversion of convertible debentures	—	—	7,378,660	20,357	—	—	7,378,660	20,357
Exchange into common shares[1]	39,266,210	86,757	(35,014,586)	(75,221)	(4,251,624)	(11,536)	—	—
Shares issued in connection with initial public offering [2]	6,829,268	66,170	—	—	—	—	6,829,268	66,170
Shares issued for cash[3]	33,790	134	—	—	—	—	33,790	134
Balance, March 31, 2005	46,129,268	153,061	—	—	—	—	46,129,268	153,061

[1] Pursuant to an order obtained on June 22, 2004 from the Supreme Court of British Columbia, a capital reorganization which included the creation of a class of common shares and the exchange of all Class B and C common shares for common shares was approved
[2] Net of share issue costs of $3,830
[3] Sale of shares held by a subsidiary in the group

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

8. SHARE CAPITAL (cont'd.)

Pursuant to the Company's normal course issuer bid, as approved by the Toronto Stock Exchange, the Company is entitled to acquire up to 5.0% of its shares from December 29, 2004 to December 28, 2005. This buyback was initiated to facilitate the orderly resale of shares released from escrow on December 27, 2004. Of the 9,877,506 total shares released from escrow, 327,470 shares were submitted for sale with 280,687 shares placed with employees and clients, leaving a net amount of 46,783 shares. Under the normal course issuer bid, the Company then acquired and subsequently sold these 46,783 shares at an average price of $9.09 per share during the period ended December 31, 2004. During the quarter ended March 31, 2005, the Company acquired, in an exempt issuer bid, an additional 175,765 shares subject to escrow at $8.80 per share which were later placed with employees at $10.40 per share. The additional cash from these transactions have been recorded in contributed surplus.

Preferred shares	**Class 4 Series A**	
	# of shares	**Amount $**
Balance, March 31, 2003	—	—
Shares issued as a stock dividend	1,356,781	1,357
Shares redeemed for cash	(344,017)	(345)
Shares converted into Class B common shares	(822,287)	(822)
Balance, March 31, 2004	190,477	190
Exchange into common shares[1]	(190,477)	(190)
Balance, March 31, 2005	—	—

[1] Pursuant to an order obtained on June 22, 2004 from the Supreme Court of British Columbia, a capital reorganization which included the creation of a class of common shares and the exchange of all preferred shares for common shares was approved.

[iii] Excess on redemption of common shares

The excess on redemption of common shares represents amounts paid to shareholders, by the Company and its subsidiaries, on redemption of their shares in excess of the book value of those shares at the time of redemption.

	For the three months ended		**For the twelve months ended**	
	March 31, 2005 $	**March 31, 2004** $	**March 31, 2005** $	**March 31, 2004** $
Redemption price	—	3,508	379	10,417
Book value	—	1,980	186	7,006
Excess on redemption of common shares	—	1,528	193	3,411

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

8. SHARE CAPITAL (cont'd.)

[iv] Earnings per share

	For the three months ended		For the twelve months ended	
	March 31, 2005 $	**March 31, 2004** $	**March 31, 2005** $	**March 31, 2004** $
Basic earnings per share				
Net income for the period	17,307	20,992	48,579	40,429
Weighted average number of common shares (number)	45,352,770	29,043,418	41,634,920	28,298,424
Basic earnings per share ($)	0.38	0.74	1.17	1.43
Diluted earnings per share				
Net income for the period	17,307	20,992	48,579	40,429
Income effect of convertible debentures	—	347	282	1,129
Adjusted net income for the period	17,307	21,339	48,861	41,558
Weighted average number of common shares (number)	45,352,770	29,043,418	41,634,920	28,298,424
Dilutive effect of convertible debentures	—	7,765,292	1,817,000	7,885,926
Dilutive effect of preferred shares	—	198,708	20,420	307,400
Dilutive effect of unvested shares	715,957	516,598	715,957	604,124
Adjusted weighted average number of common shares (number)	46,068,727	37,524,016	44,188,297	37,095,874
Diluted earnings per share ($)	0.38	0.58	1.11	1.12

9. RELATED PARTY TRANSACTIONS

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

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

	March 31, 2005 $	**March 31, 2004** $
Accounts receivable	31,698	26,394
Accounts payable and accrued liabilities	54,691	47,311

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

10. SEGMENTED INFORMATION

The Company operates in two industry segments as follows:

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

Global Capital Markets – includes investment banking, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Private Client Services and Global Capital Markets.

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

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

For the three months ended March 31,

	2005				2004			
	Private Client Services $	Global Capital Markets $	Corporate and Other $	Total $	Private Client Services $	Global Capital Markets $	Corporate and Other $	Total $
Revenues	56,391	81,444	5,094	142,929	60,667	85,425	4,595	150,687
Expenses	38,621	60,517	15,411	114,549	37,303	61,706	17,321	116,330
Amortization	318	331	303	952	189	317	245	751
Development, restructuring and other costs	808	234	959	2,001	660	432	1,304	2,396
Income (loss) before income taxes	16,644	20,362	(11,579)	25,427	22,215	22,970	(14,275)	31,210

For the twelve months ended March 31,

	2005				2004			
	Private Client Services $	Global Capital Markets $	Corporate and Other $	Total $	Private Client Services $	Global Capital Markets $	Corporate and Other $	Total $
Revenues	178,176	239,654	14,948	432,778	175,983	211,758	14,416	402,157
Expenses	123,619	171,849	53,445	348,913	113,767	152,363	61,350	327,480
Amortization	1,087	1,204	894	3,185	1,295	1,291	979	3,565
Development, restructuring and other costs	2,798	682	4,444	7,924	3,576	836	4,143	8,555
Income (loss) before income taxes	50,672	65,919	(43,835)	72,756	57,345	57,268	(52,056)	62,557

For the three and twelve months ended March 31, 2005 (in thousands of dollars, except per share amounts)

10. SEGMENTED INFORMATION (cont'd.)

The Company's business operations are grouped into two geographic segments as follows:

	For the three months ended		For the twelve months ended	
	March 31, 2005 $	March 31, 2004 $	March 31, 2005 $	March 31, 2004 $
Canada				
Revenue	110,094	114,233	316,688	317,668
Net income	11,193	14,954	28,211	29,373
Equipment and leasehold improvements	11,888	10,700	11,888	10,700
United Kingdom				
Revenue	32,835	36,454	116,090	84,489
Net income	6,114	6,038	20,368	11,056
Equipment and leasehold improvements	1,862	1,673	1,862	1,673

11. CONTINGENCIES

During the three and twelve months ended March 31, 2005, there have been no material changes to the Company's contingencies from those described in the March 31, 2004 Audited Annual Consolidated Financial Statements.

12. SUBSEQUENT EVENTS

[i] Employee Stock Purchase Plan

On April 1, 2005, the Company implemented an employee stock purchase plan ("Plan") where the Company would contribute up to a maximum of $1,500 per employee per calendar year. The shares under this Plan will be purchased in the open market.

[ii] Dividend

On May 3, 2005, the Board of Directors declared a common share dividend of $0.11 per share payable on June 10, 2005, with a record date of May 25, 2005.

Shareholder Information

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Principal subsidiaries:
Canaccord Capital Corporation
Canaccord Capital (Europe) Limited
Canaccord Capital Corporation (USA), Inc.
Canaccord International Ltd.

General shareholder inquiries and information:

The Investor Relations & Communications department is responsible for communicating Canaccord Capital Inc.'s financial results and handling all inquiries related to our common shares.

For more information, please contact:
Investor Relations Coordinator
2200 – 609 Granville Street
Vancouver, BC, Canada
Phone: 604-643-0128
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Institutional investors, brokers and security analysts:
For financial information inquiries, contact:
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Fiscal 2005 quarter end dates:

Period	End Date
First quarter	June 30, 2004
Second quarter	September 30, 2004
Third quarter	December 31, 2004
Fourth quarter	March 31, 2005

Nothing in Canaccord's Web site, canaccord.com, should be considered incorporated herein by reference.