CANACCORD Genuity

FIRST QUARTER

Fiscal 2015 Report to Shareholders

To us there are no foreign markets.™

Canaccord Genuity Group Inc. Reports First Quarter Fiscal 2015 Results

Excluding significant items, first quarter diluted earnings per share of $0.20[1] driven by significant increases in Canadian and US investment banking revenues

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

TORONTO, August 5, 2014 – In the first quarter of fiscal 2015, the quarter ended June 30, 2014, Canaccord Genuity Group Inc. (Canaccord, the Company, TSX: CF, LSE: CF.) generated $245.6 million in revenue. Excluding significant items[1] (a non-IFRS measure), the Company recorded net income of $24.0 million or net income of $20.0 million attributable to common shareholders[2] ($0.20 per diluted common share). Including all expense items, on an IFRS basis, the Company recorded net income of $18.9 million or net income attributable to common shareholders[2] of $15.1 million (earnings per diluted common share of $0.15).

"Our fiscal first quarter results were characterized by the positive momentum in our Canadian capital markets business that started in the second half of fiscal 2014," said Paul Reynolds, President and CEO of Canaccord Genuity Group Inc. "During the quarter, we made continued progress growing all of our businesses, reflecting the impact of our diversification strategy and the differentiated global service we provide."

First Quarter of Fiscal 2015 vs. First Quarter of Fiscal 2014

- Revenue of $245.6 million, an increase of 31% or $58.4 million from $187.2 million
- Excluding significant items, expenses of $215.9 million, up 24% or $41.4 million from $174.5 million[1]
- Expenses of $222.3 million, an increase of 25% or $44.2 million from $178.1 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.20 compared to diluted EPS of $0.09[1]
- Excluding significant items, net income of $24.0 million compared to net income of $11.8 million[1]
- Net income of $18.9 million compared to net income of $7.9 million
- Diluted EPS of $0.15 compared to diluted EPS of $0.06

Contents

First Quarter of Fiscal 2015 vs. Fourth Quarter of Fiscal 2014

- Revenue of $245.6 million, down 3% or $8.1 million from $253.7 million
- Excluding significant items, expenses of $215.9 million, down 1% or $1.9 million from $217.8 million(1)
- Expenses of $222.3 million, an increase of $0.6 million from $221.7 million
- Excluding significant items, diluted EPS of $0.20 compared to diluted EPS of $0.25(1)
- Excluding significant items, net income of $24.0 million compared to net income of $29.1 million(1)
- Net income of $18.9 million compared to net income of $25.9 million
- Diluted EPS of $0.15 compared to diluted EPS of $0.22

Financial Condition at End of First Quarter Fiscal 2015 vs. Fourth Quarter Fiscal 2014

- Cash and cash equivalents balance of $273.9 million, down $90.4 million from $364.3 million
- Working capital of $435.1 million, down $34.3 million from $469.4 million
- Total shareholders' equity of $1.12 billion, down $45.4 million from $1.17 billion
- Book value per diluted common share of $8.70, down $0.35 from $9.05(3)
- On August 5, 2014, the Board of Directors approved a quarterly dividend of $0.05 per common share payable on September 10, 2014 with a record date of August 29, 2014
- On August 5, 2014, the Board of Directors also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2014 with a record date of September 19, 2014, and a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2014 to Series C Preferred shareholders of record as at September 19, 2014

Summary of Operations

CORPORATE

- On May 23, 2014, Canaccord Genuity announced that Peter Brown stepped down as a Director and Honorary Chairman
- On June 20, 2014, Canaccord Genuity was added to the S&P/TSX Composite Index, the S&P/TSX Composite Dividend Index and the S&P/TSX High Beta Index
- On June 24, 2014, Canaccord Genuity announced the nomination of Kalpana Desai as an Independent Director for election at the upcoming Annual General Meeting of shareholders
- During the quarter, the Company purchased and cancelled 264,200 of its common shares under the terms of its normal course issuer bid (NCIB)
- On August 5, 2014, the Board of Directors approved the filing of an application to renew the NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,100,049 common shares through the facilities of the TSX during the period from August 13, 2014 to August 12, 2015. 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.

CAPITAL MARKETS

- Canaccord Genuity led or co-led 50 transactions globally, raising total proceeds of C$4.0 billion(4) during fiscal Q1/15
- Canaccord Genuity participated in 115 transactions globally, raising total proceeds of C$11.3 billion(4) during fiscal Q1/15
- Canaccord Genuity participated in the following significant investment banking transactions during fiscal Q1/15:
  - US$828.7 million for Abengoa Yield on the NASDAQ
  - £352.0 million for Zoopla Property Group PLC on the LSE
  - US$316.8 million for 3D Systems, Inc. on the NYSE
  - £294.0 million for Polypipe Group PLC on the LSE
  - C$289.8 million for Callidus Capital Corp. on the TSX
  - £194.3 million for Cambian Group on the LSE
  - €180.0 million for SLM Solutions AG on the FSE
  - C$178.3 million for Pure Industrial Real Estate Trust on the TSX
  - C$172.6 million for Bellatrix Exploration Ltd. on the TSX and NYSE
  - £154.4 million for OneSavings Bank PLC on the LSE
  - C$125.0 million for Canacol Energy Ltd. on the TSX
  - £120.8 million for Game Digital PLC on the LSE
  - AUD$120.0 million for Greencross Limited on the ASX
  - C$115.7 million for Kinaxis Inc. on the TSX
  - C$115.1 million for Artis Real Estate Investment Trust on the TSX
  - C$115.0 million for Lumenpulse Inc. on the TSX
  - £100.0 million for Volution Group PLC on the LSE
  - US$90.5 million for ePlus, Inc. on the NASDAQ
  - £79.3 million for Patisserie Holdings PLC on AIM

- AUD$67.2 million for TFS Corporation Limited on the ASX
  - US$62.0 million for SCYNEXIS, Inc. on the NASDAQ
  - US$57.5 million for Abraxas Petroleum on the NASDAQ
  - US$56.1 million for Radius Health, Inc. on the NASDAQ
  - C$50.7 million for American Hotel Income Properties REIT LP on the TSX
  - £50.0 million for HICL Infrastructure Company Limited on the LSE
  - £41.5 million for River & Mercantile Group on AIM
  - AUD$33.6 million for iBuy Group Limited on the ASX
  - C$31.3 million for Merus Labs International Inc. on the TSX
  - C$28.8 million for Mosaic Capital Corporation on the TSX-V
  - £26.0 million for EKF Diagnostics on the LSE
  - AUD$25.0 million for Rubik Financial Limited on the ASX
  - £24.0 million for Rathbones on the LSE
  - C$22.8 million for Transeastern Power Trust on the TSX
  - US$22.5 million for Hydrogenics Corporation on the NASDAQ
  - C$20.7 million for MBAC Fertilizer Corp. on the TSX
  - AUD$20.4 million for Tiger Resources Limited on the ASX
  - US$20.0 million for Venaxis, Inc. on the NASDAQ
- In Canada, Canaccord Genuity participated in raising $342.8 million for government and corporate bond issuances during fiscal Q1/15
- Canaccord Genuity generated advisory revenues of $32.7 million during fiscal Q1/15, a decrease of 9% compared to the same quarter last year
- During fiscal Q1/15, Canaccord Genuity advised on the following M&A and advisory transactions:
  - Yamana Gold on the C$3.9 billion joint acquisition with Agnico Eagle of Osisko Mining Corporation
  - Iridium Communications on the amendment of its US$1.8 billion Coface export financing
  - Jaguar Mining Inc. on its US$315.0 million recapitalization
  - Viewpoint Construction Software on its recapitalization
  - Chalet Bidco Limited on debt financing supporting the acquisition of Ogier Fiduciary Services Limited
  - AIB, RBS and Santander on their disposal of Morethan Hotels Group to Somerston Capital and Lone Star
  - Gaucho on the refinancing of its debt facilities
  - HgCapital on its disposal of Americana International Limited
  - Minova Insurance Holdings on its fundraise from Capital Z Partners Management
  - EKF Diagnostics on its acquisition of DiaSpect Medical AB
  - EKF Diagnostics on its acquisition of Selah Genomics
  - Photomedex, Inc. on its acquisition of LCA-Vision Inc.

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $64.1 million in revenue in Q1/15
- Assets under administration in Canada and assets under management in the UK and Europe and Australia were $32.1 billion at the end of Q1/15[(3)]

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $32.4 million in revenue and, after intersegment allocations, recorded a net loss of $2.3 million before taxes in Q1/15
- Assets under administration in Canada were $11.0 billion as at June 30, 2014, up 8% from $10.2 billion at the end of the previous quarter and up 18% from $9.3 billion at the end of fiscal Q1/14[(3)]
- Assets under management in Canada (discretionary) were $1.3 billion as at June 30, 2014, up 5% from $1.2 billion at the end of the previous quarter and up 44% from $880 million at the end of fiscal Q1/14[(3)]
- As at June 30, 2014, Canaccord Genuity Wealth Management had 163 Advisory Teams[(5)], a decrease of 10 Advisory Teams from June 30, 2013 and an increase of three from March 31, 2014

CANACCORD GENUITY WEALTH MANAGEMENT (UK AND EUROPE)

- Wealth management operations in the UK and Europe generated $30.1 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $5.1 million before taxes in Q1/15[(1)]
- Assets under management (discretionary and non-discretionary) were $20.5 billion (£11.2 billion)[(3)]

(1) Excluding significant items. See Non-IFRS Measures on pages 4 and 8.
(2) Net income attributable to common shareholders is calculated as net income adjusted for non-controlling interests and preferred share dividends.
(3) See Non-IFRS Measures on pages 4 and 8.
(4) Source: Transactions over $1.5 million. Internally sourced information.
(5) 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. Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in Q1/14, adjusted for shares purchased under the NCIB and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

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(1)

	Three months ended June 30		
(C$ thousands, except per share and % amounts)	2014	2013	Quarter-over-quarter change
Total revenue per IFRS	$ 245,556	$ 187,231	31.2%
Total expenses per IFRS	222,268	178,118	24.8%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	1,741	1,702	2.3%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	2,240	1,889	18.6%
Restructuring costs	783	—	n.m.
Significant items recorded in Corporate and Other			
Restructuring costs	1,600	—	n.m.
Total significant items	6,364	3,591	77.2%
Total expenses excluding significant items	215,904	174,527	23.7%
Net income before taxes – adjusted	$ 29,652	$ 12,704	133.4%
Income taxes – adjusted	5,635	894	n.m.
Net income – adjusted	$ 24,017	$ 11,810	103.4%
Earnings per common share – basic, adjusted	$ 0.22	$ 0.10	120.0%
Earnings per common share – diluted, adjusted	$ 0.20	$ 0.09	122.2%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
n.m.: not meaningful

Fellow Shareholders:

Our solid results this quarter reflect the impact of our diversification strategy and the ongoing strength of our global platform. For the first three months of fiscal 2015, Canaccord Genuity Group earned $245.6 million in revenue, an increase of 31% compared to the same period last year.

While the strength of our global business and diversified revenue streams were the main drivers of our revenue growth, the impact of foreign currency translation, particularly the US dollar and British pound, further supported our revenue growth for the period.

We continue in our efforts to realize cost synergies across our global business. Despite higher expenses related to increased business activity and the occurrence of one-time costs associated with certain restructuring charges, our expenses as a percentage of revenue during the quarter decreased by 4.6% compared to the same period last year.

Canadian Capital Markets Revenue Increases 77% Year-Over-Year

Driven by robust performance on the TSX, we are experiencing a welcome recovery in financing and advisory activity in Canada. On a year-over-year basis, our Canadian capital markets division experienced a 162% increase in investment banking revenue and a 166% increase in advisory fees, resulting in revenue of $58.2 million, an overall increase of 77% over the same period last year.

In addition to an improved market environment, the growth in our financing and advisory businesses is attributable to the long-standing relationships and track record of success we have historically achieved for our clients in the region. Our position as the leading Canadian independent firm for M&A advisory was reflected in our engagement by Yamana Gold on the C$3.9 billion acquisition of Osisko Mining Corporation. Another example of our strong market position and differentiated global service level was demonstrated in our role as lead advisor and bookrunner to long time client Amaya Gaming Group in a significant transaction that closed on August 1.

Increased Financing Activity in All Regions

During the first fiscal quarter, Canaccord Genuity participated in 115 transactions globally, raising a total of $11.3 billion. By establishing consistent advisory and equity transaction leadership across our capital markets businesses, we have increased our market share and continue to improve our relevance to clients in all regions.

Our global capital markets division generated revenue of $179.2 million during the first quarter, an increase of 37% compared to the same period last year. While financing activities increased across all regions, our US and Canadian capital markets divisions were the largest contributors during the quarter, with 35% and 32% of total global capital markets revenues, respectively.

Through our integrated approach to leadership in the Asia-Pacific region, we continue to gain market share and broaden our reach into additional sectors. For the fiscal first quarter, this region contributed 8% of total Canaccord Genuity revenues, doubling its contribution from 4% during the first quarter of last year.

Global Assets Under Administration and Management Increase 24%

Further reflecting improved market conditions, our Canadian wealth management division increased revenues by 22% to $32.4 million and increased assets under administration to $11 billion, an improvement of 18% compared to the first quarter of last year. We continue to focus on growing our share of fee-based and discretionary managed accounts with existing Advisory Teams and through targeted recruitment. As a result of these initiatives, we have successfully increased Canadian assets under management by 44% year-over-year to $1.3 billion.

The momentum we are building in our Canadian wealth management division and the impact of strategic and operational changes led to a 56% reduction in year-over-year losses for this business.

Assets under management in our UK and Europe wealth management operations increased to $20.5 billion, an improvement of 27% over the same period last year.

We are committed to growing our global wealth management operations and we have begun to invest strategically in advancing the scale and scope of this business. The Canadian launch of our proprietary Global Portfolio Solutions (GPS) product is expected later in the fiscal year. In the UK, the November 2014 projected launch of a new front- and back-office system will provide the necessary infrastructure for continued growth in the region.

A Stronger Business for All Stakeholders

Monday, June 30 marked the 10-year anniversary of Canaccord Genuity's initial public offering on the Toronto Stock Exchange. Over the past decade, we have worked hard to grow from our roots as a Canadian brokerage into a leading independent global investment bank. Through sector and regional diversification, our business is able to maintain a level of stability in volatile markets that is not shared by our domestically focused competitors. This not only protects value for shareholders, but ensures we are able to provide a consistent service offering to clients in all regions.

On June 20, Canaccord Genuity was added to the S&P/TSX Composite Index, the principal broad market measure for the Canadian equity markets. With our recent successes and robust pipeline of activity for the coming quarters, this milestone achievement comes at a time when our firm is well positioned to benefit from the increased visibility and broader market participation associated with being a part of the index.

Looking Forward

By leveraging our expanded operations and integrated service model, we will continue to reinforce a culture of cost containment across the firm, while making disciplined investments in areas that support our growth and enhance our competitive strengths.

We are committed to maintaining our strong position in Canadian capital markets and growing our wealth management business in that geography. We will continue to invest strategically in our US capital markets division, a business we expect to grow aggressively in the coming years.

In the UK and Europe, we will focus on enhancing our leading position in the mid-market and growing our advisory capability in continental Europe. We will also continue to pursue strategic opportunities to grow our UK wealth management business.

We see significant opportunity for growth in the Asia-Pacific region and, in response to growing client demand, are working towards establishing a robust sales, trading and research capability in Singapore.

I am confident in the outlook for our business. We expect the diversification strategy within our long term business plan will continue to deliver strong results. I am thankful to see all of our teams working together so effectively, as we continue to establish leadership in the global mid-market.

Kind regards,

"Paul D. Reynolds"

PAUL D. REYNOLDS
President & CEO

Management's Discussion and Analysis

First quarter fiscal 2015 for the three months ended June 30, 2014 – this document is dated August 5, 2014.

The following discussion of the financial condition and results of operations for Canaccord Genuity Group 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, 2014 compared to the corresponding period in the preceding fiscal year. The three-month period ended June 30, 2014 is also referred to as first quarter 2015 and Q1/15. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2014, beginning on page 27 of this report; our Annual Information Form (AIF) dated June 10, 2014; and the 2014 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2014 (Audited Annual Consolidated Financial Statements) in Canaccord's annual report dated June 3, 2014 (the 2014 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2014 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 in its 2014 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 2015 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 in its 2014 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, 2014 (First Quarter 2015 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The First Quarter 2015 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, 2014, except for new standards adopted as directed in Note 3 of the First Quarter 2015 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 and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

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 and AUM – UK and Europe are 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 and 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 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 Genuity Group 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 10 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, Hong Kong, China, Singapore, Australia and Barbados.

Canaccord Genuity Group 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.

BUSINESS ENVIRONMENT

During the first quarter of fiscal 2015, we learned that the US economy had registered a 2.9% contraction, following a period of restrained business activity, which was largely due to adverse weather conditions through the winter months. While economic conditions in the region are expected to rebound, the magnitude of recovery remains uncertain. We believe the global Purchasing Managers Indices (PMIs) likely troughed in March. The US and China PMIs are improving while the various PMIs in the Eurozone show signs of weakening growth momentum. Overall, the message from World PMIs is that macro momentum is stabilizing in developed markets and improving in emerging markets. Central banks appear determined to protect growth by facilitating easy monetary policies. Admittedly, the US Federal Reserve continued to scale back its asset purchasing program (Quantitative Easing) during Q1/15, but given soft economic statistics and a less tight labour market as measured by the marked fall in the unemployment rate, reiterated its preference to keep interest rates low despite higher inflation. The Eurozone economy continues to experience very low inflation and uneven economic recovery. Banks in the region are reluctant to lend to households and non-financial corporations, and as a result, the European Central Bank delivered a rate cut and announced targeted long term refinancing operations with credit access conditions for banks regarding lending activities. In all, monetary conditions worldwide remain very accommodative with Quantitative Easing operations in developed markets and fiscal stimulus in emerging markets.

During fiscal Q1/15, the MSCI World equity index returned 3.7%, the S&P 500 rose by 4.7% and the S&P/TSX advanced by 5.7%, surpassing 2008 peak levels and setting new all-time highs. Importantly, increased activity in the resource sectors positively impacted performance. The combination of strong demand for US refined products and tensions in the Middle East supported crude oil prices, while improving Chinese economic statistics and depleted worldwide inventories supported copper prices. Despite the Canadian dollar rising by 3.6% during fiscal Q1/15, commodities such as crude oil (+4.4%) and copper (+5.9%) fared even better. This also helped to stabilize junior resource stocks, allowing the S&P/TSX small-cap index, which is highly sensitive to commodity prices, to return 8.6%. Overall, it seems that inflation-sensitive assets such as energy, gold and base metal stocks along with real-return bonds were favoured during the fiscal first quarter.

We believe the expected economic rebound could disappoint in the short term, which could lead to increased volatility in equity markets. However, we expect the global economy to continue to gain momentum, as the synchronization among developed and emerging market economies improves, while monetary and fiscal policymakers continue to provide downside protection to economic growth. We expect that abundant liquidity conditions will encourage demand for equities and commodities, as expected returns on other asset classes remain uncompetitive. We believe investors are likely to continue favouring inflation-sensitive assets (i.e., resource cyclicals) as a result of fears that central banks could fall behind the inflation curve. This environment should continue to fuel capital markets activities, especially in Canada where the past two years have been challenging.

MARKET DATA

Financing values on the TSX and the TSX Venture Exchange experienced notable increases compared to the previous quarter and significant increases compared to the year-over-year period. Financing values on the NASDAQ experienced significant increases compared to the previous quarter and the same period last year, while AIM experienced no change compared to the previous quarter but significant increases compared to the same period last year.

TOTAL FINANCING VALUE BY EXCHANGE

	April 2014	May 2014	June 2014	Fiscal Q1/15	Change from fiscal Q1/14	Change from fiscal Q4/14
TSX and TSX Venture (C$ billions)	3.9	6.1	7.0	17.0	56.0%	14.9%
AIM (£ billions)	0.7	0.5	0.7	1.9	137.5%	—
NASDAQ (US$ billions)	4.3	11.5	12.2	28.0	86.7%	41.4%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

ABOUT CANACCORD'S OPERATIONS

Canaccord Genuity Group 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 institutional, corporate and private clients. The Company'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.

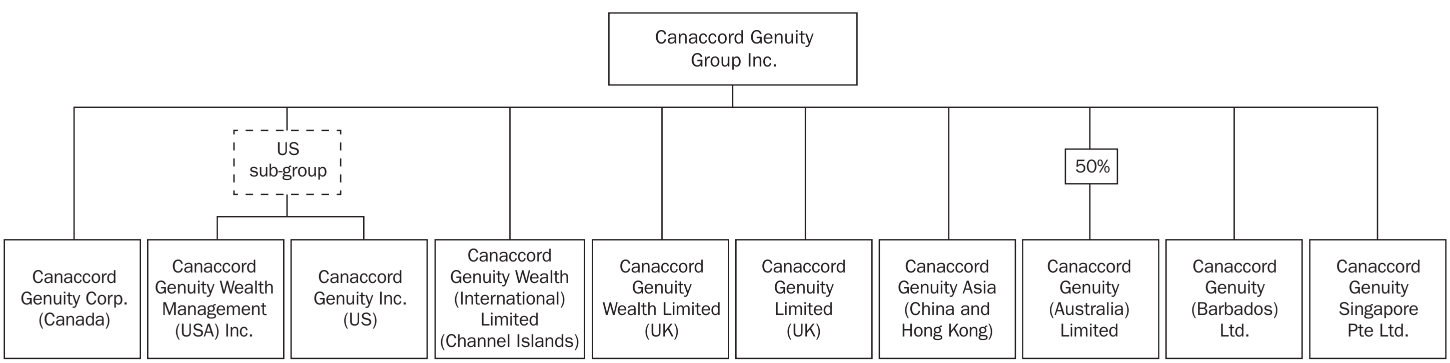
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management provides 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. The Company's wealth management division now has Investment Advisors (IAs) and professionals in Canada, Australia, the UK, and offshore locations (the Channel Islands and the Isle of Man).

Corporate and Other

Canaccord Genuity'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 of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord group.

Consolidated Operating Results

FIRST QUARTER FISCAL 2015 SUMMARY DATA(1)(2)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended June 30 2014	2013	2012	Q1/15 vs. Q1/14
Canaccord Genuity Group Inc. (CGGI)				
Revenue				
Commissions and fees	$ 94,826	$ 90,035	$ 88,747	5.3%
Investment banking	87,372	31,833	28,661	174.5%
Advisory fees	32,694	35,905	25,626	(8.9)%
Principal trading	20,276	19,540	7,847	3.8%
Interest	6,304	6,805	8,392	(7.4)%
Other	4,084	3,113	3,276	31.2%
Total revenue	245,556	187,231	162,549	31.2%
Expenses				
Incentive compensation	122,337	86,325	84,776	41.7%
Salaries and benefits	22,533	23,110	23,198	(2.5)%
Other overhead expenses(3)	75,015	68,683	79,074	9.2%
Restructuring costs(4)	2,383	—	—	n.m.
Total expenses	222,268	178,118	187,048	24.8%
Income (loss) before income taxes	23,288	9,113	(24,499)	155.5%
Net income (loss)	$ 18,869	$ 7,883	$ (20,622)	139.4%
Net income (loss) attributable to:				
CGGI shareholders	$ 18,081	$ 8,741	$ (19,967)	106.9%
Non-controlling interests	$ 788	$ (858)	$ (655)	191.8%
Earnings (loss) per common share – diluted	$ 0.15	$ 0.06	$ (0.24)	150.0%
Return on common equity	6.4%	2.7%	(10.6)%	3.7 p.p.
Dividends per common share	$ 0.05	$ 0.05	$ 0.05	—
Book value per diluted common share(5)	$ 8.70	$ 7.87	$ 7.90	10.5%
Total assets	$ 4,374,357	$ 5,327,433	$ 5,105,838	(17.9)%
Total liabilities	$ 3,232,024	$ 4,246,564	$ 4,030,987	(23.9)%
Non-controlling interests	$ 15,821	$ 12,244	$ 16,882	29.2%
Total shareholders' equity	$ 1,126,512	$ 1,068,625	$ 1,057,969	5.4%
Number of employees	2,011	2,031	2,368	(1.0)%
Excluding significant items(6)				
Total expenses	$ 215,904	$ 174,527	$ 181,677	23.7%
Income (loss) before income taxes	29,652	12,704	(19,128)	133.4%
Net income (loss)	24,017	11,810	(16,295)	103.4%
Net income (loss) attributable to CGGI shareholders	22,962	12,414	(16,059)	85.0%
Earnings (loss) per common share – diluted	0.20	0.09	(0.20)	122.2%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) The operating results of the Australian operations have been fully consolidated and a 50% non-controlling interest has been recognized. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Consists of restructuring costs in connection with certain executive changes in our Corporate and Other segment and the closure of the Geneva office in our UK and European wealth management operations.
(5) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in fiscal 2014, adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.
(6) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
n.m.: not meaningful
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended June 30 2014	2013	Quarter-over-quarter change
Total revenue per IFRS	$ 245,556	$ 187,231	31.2%
Total expenses per IFRS	222,268	178,118	24.8%
Significant items recorded in Canaccord Genuity			
Amortization of intangible assets	1,741	1,702	2.3%
Significant items recorded in Canaccord Genuity Wealth Management			
Amortization of intangible assets	2,240	1,889	18.6%
Restructuring costs	783	—	n.m.
Significant items recorded in Corporate and Other			
Restructuring costs	1,600	—	n.m.
Total significant items	6,364	3,591	77.2%
Total expenses excluding significant items	215,904	174,527	23.7%
Net income before taxes – adjusted	$ 29,652	$ 12,704	133.4%
Income taxes – adjusted	5,635	894	n.m.
Net income – adjusted	$ 24,017	$ 11,810	103.4%
Earnings per common share – basic, adjusted	$ 0.22	$ 0.10	120.0%
Earnings per common share – diluted, adjusted	$ 0.20	$ 0.09	122.2%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
n.m.: not meaningful

Revenue

First quarter 2015 vs. first quarter 2014
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, 2014 was $245.6 million, an increase of 31.2% or $58.3 million compared to the same period a year ago. All of our geographic segments generated higher revenue compared to Q1/14, demonstrating the strength of our global business and the success of our efforts to diversify our revenue streams.

While the strength of our global business and diversified revenue streams were the main drivers of our strong revenue performance in Q1/15, the impact of foreign currency translation also partially contributed to the increase in revenue over the same quarter in the prior year. Revenues from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. Therefore, the appreciation of foreign currencies, particularly the pound sterling and the US dollar, against the Canadian dollar in Q1/15 over the same period last year resulted in higher revenue measured in Canadian dollars.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $4.8 million, to $94.8 million, compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity segment decreased by $1.3 million compared to the same period last year as a result of reduced institutional trading activity. However, this reduction was more than offset by increases in the Canaccord Genuity Wealth Management segment of $2.9 million in Canada and $3.2 million in the UK and Europe.

Investment banking revenue increased across all geographies, increasing by $55.5 million or 174.5% from the same period a year ago, to $87.4 million in Q1/15. With increased financing activity across all geographies, our Canadian capital markets operations experienced a 162% increase in investment banking revenue over Q1/14, to $23.8 million, our UK capital markets operations increased from $4.7 million in Q1/14 to $20.1 million in Q1/15 and our US operations increased from $13.0 million in Q1/14 to $27.8 million in Q1/15. The Company's operations in the Other Foreign Locations geographic region, which includes operations in Australia, Singapore, mainland China, Hong Kong and Barbados, also contributed $7.8 million to the overall increase in investment banking revenue, primarily due to increases in Australia and Singapore.

Advisory fees revenue was $32.7 million, a decline of $3.2 million or 8.9% from the same quarter a year ago. The decrease in advisory fees was driven by the lower activity in our UK and Europe and US operations. The decreases in the UK and Europe and US operations were partially offset with an $11.6 million or 165.6% increase in our advisory fees revenue from our Canadian operations. A significant advisory transaction completed during the quarter was the Yamana Gold and Osisko Mining transaction.

Principal trading revenue was $20.3 million in Q1/15, representing an increase of $0.8 million compared to $19.5 million in Q1/14. Principal trading activity across all our regions was relatively consistent with the same quarter of the prior year. An increase of $1.1 million in Canada and an increase of $0.7 million in the UK and Europe were partially offset by a $1.0 million decrease in the US.

Interest revenue was $6.3 million for the three months ended June 30, 2014, representing a slight decrease from $6.8 million in Q1/14. Other revenue was $4.1 million for Q1/15, an increase of $1.0 million from the same period a year ago, mostly as a result of a slight increase in foreign exchange gains recognized in Q1/15.

Expenses

Expenses for the three months ended June 30, 2014 were $222.3 million, an increase of 24.8% or $44.1 million from the same period a year ago. Total expenses as a percentage of revenue decreased by 4.6 percentage points compared to Q1/14.

The impact of the appreciation of foreign currencies against the Canadian dollar in Q1/15 compared to Q1/14 partially contributed to the increase in overall expenses, as operating results of foreign operations are translated into Canadian dollars using the exchange rates prevailing during the applicable period.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended June 30		
	2014	2013	Quarter-over-quarter change
Incentive compensation	49.8%	46.1%	3.7 p.p.
Salaries and benefits	9.2%	12.3%	(3.1) p.p.
Other overhead expenses(1)	30.5%	36.7%	(6.2) p.p.
Restructuring costs	1.0%	—	1.0 p.p.
Total	90.5%	95.1%	(4.6) 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 2015 vs. first quarter 2014
Incentive compensation expense was $122.3 million, an increase of 41.7% compared to Q1/14. Incentive compensation expense as a percentage of revenue was 49.8%, an increase of 3.7 percentage points compared to the first quarter of fiscal 2014. This increase was largely due to higher non–share based incentive compensation as a percentage of revenue as a result of higher profit levels and related profit-based compensation. Salaries and benefits expense decreased by $0.6 million to $22.5 million in Q1/15 and decreased as a percentage of revenue from 12.3% in Q1/14 to 9.2% in Q1/15. The combined effect of an increase in the incentive compensation ratio and a decrease in the salaries and benefits expense ratio was a small increase in the total compensation expense ratio (incentive compensation plus salaries and benefits) from 58.4% in Q1/14 to 59.0% in Q1/15.

Overall share-based incentive compensation as a percentage of revenue decreased from 5.0% in Q1/14 to 4.2% in Q1/15, slightly offsetting the increase in non–share based incentive compensation expense described above. Share-based incentive compensation expense in Canada decreased in Q1/15 compared to Q1/14, but this decrease was partially offset by increases in the US and the UK and Europe operations. This offset was due to an increase in restricted stock awards under our long-term incentive plan to staff in the UK and Europe and the US as a result of the growth in those regions.

OTHER OVERHEAD EXPENSES

	Three months ended June 30		
(C$ thousands, except % amounts)	2014	2013	Quarter-over-quarter change
Trading costs	$ 12,634	$ 11,967	5.6%
Premises and equipment	10,033	9,335	7.5%
Communication and technology	11,517	10,524	9.4%
Interest	4,255	4,643	(8.4)%
General and administrative	24,069	20,823	15.6%
Amortization(1)	7,372	6,561	12.4%
Development costs	5,135	4,830	6.3%
Restructuring costs	2,383	—	n.m.
Total other overhead expenses	$ 77,398	$ 68,683	12.7%

(1) Includes $4.0 million and $3.6 million of amortization of intangible assets for the three months ended June 30, 2014 and June 30, 2013, respectively. See the Selected Financial Information Excluding Significant Items table on page 12.
n.m.: not meaningful

First quarter 2015 vs. first quarter 2014
Compared to Q1/14, overhead expenses of $77.4 million were $8.7 million or 12.7% higher in the first quarter of fiscal 2015. Total overhead expenses as a percentage of revenue decreased by 5.2 percentage points compared to Q1/14.

Trading costs increased by $0.7 million, or 5.6%, for the three months ended June 30, 2014 over the same quarter last year, reflecting the same approximate increase in commission revenue of 5.3%. Premises and equipment expense increased by $0.7 million, mostly as a result of our UK and Europe wealth management operations. Higher expenditures to support the expansion of the fixed income group led to an increase of $0.7 million in communications and technology expense over Q1/14.

General and administrative expense, which includes reserves, promotion and travel expense, office expenses, professional fees and donations, was up by $3.2 million, mainly due to higher promotion and travel expense incurred as a result of increased business activity, principally in our Canadian operations, as well as higher professional fees.

Amortization expense increased by $0.8 million as a result of the amortization of additional leasehold improvements in the UK made to enhance our premises in that location.

The Company also recognized restructuring costs of $2.4 million during Q1/15 in our Canaccord Genuity Wealth Management UK and Europe and Corporate and Other segments related to the closure of our office in Geneva and certain executive changes in Canada.

Net income

First quarter 2015 vs. first quarter 2014
Net income for Q1/15 was $18.9 million compared to a net income of $7.9 million in the same period a year ago. Diluted income per share was $0.15 in Q1/15 compared to a diluted income per share of $0.06 in Q1/14. The increase in net income was attributable to higher revenue generated by each of our operating segments and across all geographies as a result of improved market conditions and the benefits of our global platform. Overhead expenses in Q1/15 as a percentage of revenue also decreased by 5.2 percentage points compared to the same period last year as a result of a continued focus on cost synergies and efficiencies. The overall impact of higher revenues and lower overhead expenses as a percentage of revenue led to an improvement of 4.6 percentage points in net income before taxes as a percentage of revenue (pre-tax profit margin) in Q1/15 compared to Q1/14. Excluding significant items[1], our pre-tax profit margin improved by 5.3 percentage points in Q1/15 compared to Q1/14.

Excluding significant items[1], which consist of amortization of intangible assets and restructuring costs, net income for Q1/15 was $24.0 million compared to $11.8 million in Q1/14. Diluted earnings per share (EPS), excluding significant items[1], were $0.20 in Q1/15 compared to $0.09 in Q1/14.

The effective tax rate for Q1/15 was 19.0% compared to an effective tax rate of 13.5% in the same quarter last year. The tax rate for Q1/15 was affected by the utilization of tax losses and other temporary differences not recognized in prior periods by subsidiaries outside of Canada.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

Results of Operations by Business Segment

CANACCORD GENUITY(1)(2)

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2014	2013	Quarter-over-quarter change
Revenue	$ 179,245	$ 131,206	36.6%
Expenses			
Incentive compensation	92,571	62,337	48.5%
Salaries and benefits	6,930	8,936	(22.4)%
Other overhead expenses	50,275	45,738	9.9%
Total expenses	149,776	117,011	28.0%
Intersegment allocations(3)	2,699	2,303	17.2%
Income before income taxes(3)	$ 26,770	$ 11,892	125.1%
Number of employees	979	971	0.8%
Excluding significant items(4)			
Total expenses	$ 148,035	$ 115,309	28.4%
Intersegment allocations(3)	2,699	2,303	17.2%
Income before income taxes(3)	28,511	13,594	109.7%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 50% non-controlling interest has been recognized and included in the Canaccord Genuity segment.
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 21.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK and Europe, and Other Foreign Locations. Canaccord Genuity has 20 locations in 10 countries worldwide.

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.

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

(in percentage points)	Three months ended June 30 2014	2013	Quarter-over-quarter change
Revenue generated in:			
Canada	32.5%	25.1%	7.4 p.p.
UK and Europe	25.0%	30.9%	(5.9) p.p.
US	34.7%	40.3%	(5.6) p.p.
Other Foreign Locations	7.8%	3.7%	4.1 p.p.
	100.0%	100.0%	

p.p.: percentage points

First quarter 2015 vs. first quarter 2014
Revenue
As a result of improved market conditions and the Company's continued focus on global integration of our capital market teams, Canaccord Genuity generated revenue of $179.2 million in Q1/15, an increase of 36.6% or $48.0 million from the same quarter a year ago. Revenue increased across all our geographies during the first three months of fiscal 2015. Our operations in the UK and Europe and the US continued to perform well, with revenue increasing by 10.5% and 17.6%, respectively, compared to the same quarter in the prior year. Revenue from Other Foreign Locations increased by $9.2 million to $14.1 million in Q1/15, mainly due to growth in Australia and Singapore. Our Canadian capital markets operations have also generated higher revenue in comparison to Q1/14, with revenue increasing by 76.8% to $58.2 million in Q1/15.

Expenses
Expenses for Q1/15 were $149.8 million, up 28.0% or $32.8 million compared to Q1/14. Total expenses as a percentage of revenue decreased by 5.7 percentage points compared to the same quarter in the prior year.

Incentive compensation and salaries and benefits
Incentive compensation expense for Q1/15 grew by $30.2 million or 48.5% compared to Q1/14 as a result of the growth in incentive-based revenue. Incentive compensation expense as a percentage of revenue was 51.6%, up 4.1 percentage points from Q1/14. Total compensation as a percentage of revenue was 55.5%, 1.2 percentage points higher than it was in Q1/14.

In our Canadian operations, there was a reduction in the incentive compensation in the form of restricted stock units that will be amortized over the vesting period compared to Q1/14. Our UK and Europe operations recorded higher amortization expense related to long-term incentive plan awards in Q1/15, which, combined with lower revenue, led to an increase of 4.5 percentage points in total compensation expense as a percentage of revenue compared to Q1/14. Our US operations, despite a higher share-based payment expense, experienced a decrease of 1.3 percentage points in the total compensation ratio as a result of higher revenue. Total compensation expense as a percentage of revenue in our Other Foreign Locations segment decreased to 67.4% from 100.3% as a result of a significant increase in revenue.

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

	Three months ended June 30		
(in percentage points)	2014	2013	Quarter-over-quarter change
Revenue generated in:			
Canada	52.3%	46.9%	5.4 p.p.
UK and Europe	59.6%	55.0%	4.6 p.p.
US	52.9%	54.2%	(1.3) p.p.
Other Foreign Locations	67.4%	100.3%	(32.9) p.p.
Canaccord Genuity (total)	55.5%	54.3%	1.2 p.p.

p.p.: percentage points

Other overhead expenses
Total overhead expenses for Q1/15 were $50.3 million, an increase of $4.6 million compared to Q1/14. The most significant fluctuations in overhead expenses included a $2.3 million increase in general and administrative expense, a $0.8 million increase in trading costs, and a $0.8 million increase in communications and technology expense. Total overhead expenses as a percentage of revenue decreased by 6.9 percentage points from the same quarter in the prior year.

General and administrative expense in Q1/15 was $14.7 million, which was $2.3 million or 18.8% higher than in Q1/14. The largest increase was in promotion and travel expense in our Canadian operations as a result of increased activity during Q1/15. In addition, professional fees also increased to support the growing operations in the US.

The $0.8 million increase in communication and technology expense in Q1/15 compared to the same quarter in the prior year was mostly attributable to expansion in our US capital markets operations. Trading costs increased by $0.8 million as a result of higher costs in our Canadian and US operations.

Income before income taxes
Income before income taxes, including allocated overhead expenses for the quarter, was $26.8 million compared to $11.9 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes increased from $13.6 million in Q1/14 to $28.5 million in Q1/15. The increase in income before income taxes was attributable to higher revenue generated across all our geographies combined with our continued focus on cost containment.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

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 2014	2013	Quarter-over-quarter change
Revenue	$ 32,356	$ 26,842	20.5%
Expenses			
Incentive compensation	16,757	13,084	28.1%
Salaries and benefits	3,263	3,775	(13.6)%
Other overhead expenses	10,331	10,307	0.2%
Total expenses	30,351	27,166	11.7%
Intersegment allocations[2]	4,277	4,808	(11.0)%
Loss before income taxes[2]	$ (2,272)	$ (5,132)	55.7%
AUM – Canada (discretionary)[3]	1,270	880	44.3%
AUA – Canada[4]	10,958	9,325	17.5%
Number of Advisory Teams – Canada	163	173	(5.8)%
Number of employees	407	448	(9.2)%
Excluding significant items[5]			
Total expenses	$ 30,351	$ 27,166	11.7%
Intersegment allocations[2]	4,277	4,808	(11.0)%
Loss before income taxes[2]	(2,272)	(5,132)	55.7%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 21.
(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.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

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 2015 vs. first quarter 2014

Revenue from Canaccord Genuity Wealth Management North America was $32.4 million, an increase of $5.5 million or 20.5%, mostly due to improved market conditions.

AUA in Canada increased by 17.5% to $11.0 billion at June 30, 2014 compared to $9.3 billion at June 30, 2013, reflecting the growth in revenue described above. AUM in Canada increased by 44.3% compared to Q1/14 due to the continued focus on the transition from traditional commission-based accounts to fee-based and managed accounts. There were 163 Advisory Teams in Canada, a decrease of 10 from a year ago. The fee-based revenue in our North American operations as a percentage of revenue was relatively consistent with Q1/14 and accounted for 31.6% of the wealth management revenue in Canada during the first quarter of fiscal 2015.

Expenses for Q1/15 were $30.4 million, an increase of 11.7% or $3.2 million from Q1/14. The main driver for the overall increase in expenses was the $3.7 million increase in incentive compensation expense, which rose to $16.8 million for the three months ended June 30, 2014 and was consistent with the increase in incentive-based revenue. This increase was partially offset by a $0.5 million decrease in salaries and benefits as a result of the lower headcount in Q1/15 compared to Q1/14. Total compensation as a percentage of revenue decreased slightly by 0.9 percentage points to 61.9% in Q1/15 from 62.8% in Q1/14.

Other overhead expenses remained relatively unchanged from Q1/14.

Loss before income taxes was $2.3 million in Q1/15 compared to $5.1 million in the same period a year ago. The improved market conditions in Canada combined with the Company's cost reduction initiatives resulted in a lower loss before income taxes for the three months ended June 30, 2014.

CANACCORD GENUITY WEALTH MANAGEMENT UK AND EUROPE[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended June 30 2014	2013	Quarter-over-quarter change
Revenue	$ 30,128	$ 26,978	11.7%
Expenses			
Incentive compensation	10,815	9,987	8.3%
Salaries and benefits	4,601	3,006	53.1%
Other overhead expenses	10,747	9,133	17.7%
Restructuring costs	783	—	n.m.
Total expenses	26,946	22,126	21.8%
Intersegment allocations[2]	1,115	1,633	(31.7)%
Income before income taxes[2]	$ 2,067	$ 3,219	(35.8)%
AUM – UK and Europe[3]	20,486	16,125	27.0%
Number of investment professionals and fund managers – UK and Europe	116	119	(2.5)%
Number of employees	305	289	5.5%
Excluding significant items[4]			
Total expenses	$ 23,923	$ 20,237	18.2%
Intersegment allocations[2]	1,115	1,633	(31.7)%
Income before income taxes[2]	5,090	5,108	(0.4)%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 21.
(3) 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.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
n.m.: not meaningful

First quarter 2015 vs. first quarter 2014

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 changes in market conditions. Revenue for Q1/15 was $30.1 million, an increase of 11.7% compared to Q1/14.

AUM in the UK and Europe as of June 30, 2014 was $20.5 billion. The fee-based revenue in our UK and European operations accounted for 66.6% 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 $10.8 million, a $0.8 million increase from $10.0 million in Q1/14. Salaries and benefits expense increased by $1.6 million, mainly as a result of reclassification of certain costs to salaries and benefits expense. Total compensation (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 3.0 percentage points, from 48.2% in Q1/14 to 51.2% in Q1/15.

Premises and equipment expense increased by $0.5 million, from $0.8 million in Q1/14 to $1.3 million in Q1/15, as a result of office expansion. Other overhead expenses remained relatively consistent with Q1/14.

During the quarter ended June 30, 2014, the Company recognized $0.8 million of restructuring costs in connection with the closure of our office in Geneva.

Income before income taxes was $2.1 million compared to $3.2 million in the same period a year ago as a result of significant items recognized during the current period. Excluding significant items[1], which include amortization of intangible assets and restructuring costs, net income before income taxes of $5.1 million remained unchanged from the same quarter of the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended June 30 2014	2013	Quarter-over-quarter change
Revenue	$ 3,827	$ 2,205	73.6%
Expenses			
Incentive compensation	2,194	917	139.3%
Salaries and benefits	7,739	7,393	4.7%
Other overhead expenses	3,662	3,505	4.5%
Restructuring costs	1,600	—	n.m.
Total expenses	15,195	11,815	28.6%
Intersegment allocations[2]	(8,091)	(8,744)	7.5%
Loss before income taxes	$ (3,277)	$ (866)	(278.4)%
Number of employees	320	323	(0.9)%
Excluding significant items[3]			
Total expenses	$ 13,595	$ 11,815	15.1%
Intersegment allocations[2]	(8,091)	(8,744)	7.5%
Loss before income taxes[2]	(1,677)	(866)	(93.6)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 21.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
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 2015 vs. first quarter 2014

Revenue for the three months ended June 30, 2014 was $3.8 million, an increase of 73.6% or $1.6 million from the same quarter a year ago. The change was mainly related to higher foreign exchange gains recognized in Q1/15.

Expenses for Q1/15 increased by $3.4 million or 28.6%, to $15.2 million, mainly due to higher incentive compensation expense as a result of improved group profitability.

General and administrative expense was higher for the three months ended June 30, 2014 due to recovery of certain expenses recorded in Q1/14. During Q1/15, the Company also recorded restructuring costs of $1.6 million in connection with certain executive changes in Canada.

Overall, loss before income taxes was $3.3 million in Q1/15 compared to a loss before income taxes of $0.9 million in the same quarter a year ago. Excluding significant items[1], loss before income taxes was $1.7 million compared to a loss before income taxes of $0.9 million in Q1/14.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.

Quarterly Results

Our quarterly results are not significantly affected by seasonal factors. However, Canaccord's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond Canaccord's control. The business is affected by the overall condition of the worldwide market. The timing of revenue recognition can also materially affect Canaccord's quarterly results. 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 following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before June 30, 2014. 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 2015	Fiscal 2014				Fiscal 2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue								
Canaccord Genuity	$ 179,245	$ 186,659	$ 171,234	$ 126,691	$ 131,206	$ 153,997	$ 165,625	$ 120,110
Canaccord Genuity Wealth Management:								
North America	32,356	32,016	27,719	24,413	26,842	32,223	35,051	35,814
UK and Europe	30,128	33,220	27,018	25,830	26,978	26,706	24,792	20,672
Corporate and Other	3,827	1,853	4,988	6,372	2,205	5,045	4,535	10,003
Total revenue	$ 245,556	$ 253,748	$ 230,959	$ 183,306	$ 187,231	$ 217,971	$ 230,003	$ 186,599
Net income (loss)	18,869	25,920	18,334	(80)	7,883	6,424	10,264	(14,841)
Earnings (loss) per common share – basic	$ 0.16	$ 0.24	$ 0.15	$ (0.03)	$ 0.06	$ 0.04	$ 0.09	$ (0.19)
Earnings (loss) per common share – diluted	$ 0.15	$ 0.22	$ 0.14	$ (0.03)	$ 0.06	$ 0.04	$ 0.08	$ (0.19)

Our Q1/15 quarterly results continued to demonstrate the positive trend and momentum which started towards the second half of fiscal 2014. With market activity returning to a more stabilized level and synergies achieved through our acquisitions, our operations across all geographies showed improved performance in recent quarters. The Canaccord Genuity (capital markets) division gained traction from its CSHP acquisition, as reflected by the strong performances of our US and UK and Europe operations. Our UK and Europe operations generated record revenue in Q3/14, while the US investment banking revenue and principal trading revenue experienced a growth trend over the past eight quarters and attained record revenue in Q4/14. In Canada, our capital markets division was impacted by the difficult market environment, particularly in the resource sector, and as a result we have not been able to maintain the same level of revenue as in fiscal 2013, particularly in advisory fee revenue. However, during the first quarter of fiscal 2015, revenue for Canaccord Genuity in Canada increased by 35.1% compared to Q4/14 as a result of increased market activity. Our Other Foreign Locations operations also increased their revenue by 53.5% compared to Q4/14, mostly as a result of the increasingly strong performance of our Australian operations.

The Canaccord Genuity Wealth Management North America operations experienced lower revenue trends in fiscal 2014 compared to fiscal 2013 due to reduced trading volumes. However, revenues increased slightly by $0.3 million in Q1/15 compared to Q4/14. The Canadian wealth management operations have increased their assets under management by 44.3% compared to Q1/14, to $1.3 billion, a solid indication of growth in our managed and fee-based accounts.

The Canaccord Genuity Wealth Management UK and Europe operations continued to experience steady revenue growth. The fee-related revenue in this division has also been steadily increasing. It now stands at 66.6% for Q1/15, a 5.9 percentage point increase from the previous quarter. Assets under management for this group have also continued to grow over the past eight completed financial quarters and increased by 1.7% from Q4/14 to Q1/15.

The movement in revenue in the Corporate and Other division was mainly due to foreign exchange gains or losses resulting from fluctuations in the Canadian dollar, as well as a drop in business volume within the correspondent brokerage services operations.

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. Certain trading, clearing and settlement charges are included as a trading cost in the applicable business units and as 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 as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $273.9 million on June 30, 2014 compared to $364.3 million on March 31, 2014. Refer to the Liquidity and Capital Resources section on page 22 for more details.

Securities owned were $1.3 billion on June 30, 2014 compared to $1.1 billion on March 31, 2014 due to an increase in equities owned.

Accounts receivable were $2.1 billion at June 30, 2014 compared to $2.8 billion at March 31, 2014, mainly due to a decrease in receivables from brokers and investment dealers.

Goodwill was $510.9 million and intangible assets were $130.3 million at June 30, 2014, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, The Balloch Group, CSHP, a 50% interest in Canaccord Genuity (Australia) Limited, the wealth management business of Eden Financial Ltd., and from the acquisition of certain assets of Kenosis Capital Partners. At March 31, 2014, goodwill was $514.9 million and intangible assets were $131.7 million. The decrease in intangible assets was primarily a result of the amortization of intangible assets, netted against an increase in capitalized costs relating to systems development.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $74.4 million at June 30, 2014 compared to $74.7 million at March 31, 2014.

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, 2014, Canaccord had available credit facilities with banks in Canada and the UK in the aggregate amount of $717.7 million [March 31, 2014 – $720.8 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. There was no bank indebtedness balance as of June 30, 2014 or March 31, 2014.

Securities sold short were $564.2 million at June 30, 2014 compared to $913.9 million at March 31, 2014, due mostly to a decrease in short positions in both corporate and government debt, and equities and convertible debentures.

Accounts payable and accrued liabilities, including provisions, were $2.6 billion at June 30, 2014, a decrease from $2.9 billion on March 31, 2014, mainly due to a decrease in payables to clients, brokers and investment dealers.

Other liabilities, including subordinated debt, contingent consideration, income taxes payable and deferred tax liabilities, were $30.4 million at June 30, 2014 compared to $28.9 million at March 31, 2014.

Non-controlling interests were $15.8 million at June 30, 2014 compared to $14.9 million at March 31, 2014, which represents 50% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

On June 30, 2014, a subsidiary of the Company has entered into irrevocable secured standby letters of credit from a financial institution totalling $1.8 million (US$1.7 million) [March 31, 2014 – $0.9 million (US$0.9 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, 2014, cash and cash equivalents were $273.9 million, a decrease of $90.4 million from $364.3 million as of March 31, 2014. During the three months ended June 30, 2014, financing activities used cash in the amount of $54.2 million, mainly due to dividends paid, 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 $4.3 million, mainly for the purchase of equipment and leasehold improvements and intangible assets. Operating activities used cash in the amount of $32.8 million, which was largely due to changes in non-cash working capital. An increase in cash of $0.9 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the three months ended June 30, 2013, cash used in financing activities increased by $53.8 million as a result of additional funds used in the acquisition of common shares for the long-term incentive plan. Cash used in investing activities increased by $1.8 million in Q1/15 compared to Q1/14 due to the purchase of intangible assets. Higher net income as well as changes in working capital led to a decrease in cash used in operating activities of $76.3 million. Overall, cash and cash equivalents decreased by $107.0 million from $380.9 million at June 30, 2013 to $273.9 million at June 30, 2014.

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, 2014:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2016	Fiscal 2017–Fiscal 2018	Fiscal 2019–Fiscal 2020	Thereafter
Premises and equipment operating leases	$ 167,429	$ 32,577	$ 51,382	$ 32,415	$ 51,055

Outstanding Share Data

	Outstanding shares as of June 30	
	2014	2013
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)	91,392,919	94,935,752
Issued shares outstanding(2)	101,982,938	103,570,194
Issued shares outstanding – diluted(3)	105,470,725	111,852,711
Average shares outstanding – basic	92,763,056	94,524,190
Average shares outstanding – diluted	102,202,969	102,769,922

(1) Excludes 3,742,723 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 6,847,296 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 3,742,723 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 6,847,296 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 5,227,740 share issuance commitments adjusted for estimated forfeitures.

On August 6, 2013, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,136,948 of its common shares during the period from August 13, 2013 to August 12, 2014 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 264,200 shares purchased through the NCIB between April 1, 2014 and June 30, 2014 and subsequently cancelled.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company's broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the Company's internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

Purchases under the current NCIB commenced on August 13, 2013, and will continue for one year (to August 12, 2014) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. 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 26,456 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 2013 to July 2013 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2013). To fulfill its regulatory reporting requirements in Canada and in the UK, Canaccord will issue a press release no later than the end of the seventh daily market session following the date of execution of the purchases.

As of August 4, 2014, the Company has 102,000,988 common shares issued and outstanding.

Share-Based Payment Plans

There have been no other updates to the share-based payment plans discussed in the 2014 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, 2014, forward contracts outstanding to sell US dollars had a notional amount of $3.3 million, a decrease of $3.0 million from June 30, 2013. Forward contracts outstanding to buy US dollars decreased by $17.0 million from a year ago with a notional amount of US$3.5 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 Canadian operations also have a net buy position for pounds sterling (GBP) of £2.5 million with an average price of 1.82 (CAD/GBP) and a maturity date of July 31, 2014. These contracts were entered into in an attempt to mitigate 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.

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe trades 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.

FUTURES

The Company's Canadian operations are 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 operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2014, the notional amount of the bond futures contracts outstanding was short $1.8 million [March 31, 2014 – $nil].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2014, the notional amount of US Treasury futures contracts outstanding held in a short position was $4.5 million (US$3.9 million) [March 31, 2014 – $nil].

The fair value of all of the above futures 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.

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. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 20 of the March 31, 2014 Audited Annual Consolidated Financial Statements.

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).

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

	June 30, 2014	March 31, 2014
Accounts payable and accrued liabilities	$ 3,801	$ 4,769

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2014 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 IAS 34 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. Accounts which require significant estimates to be made include share-based payments, income taxes, deferred tax assets associated with tax losses available for carryforward, goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, and provisions.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires 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. In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the cash-generating units' (CGUs) net assets are 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.

Refer to Note 13 of the March 31, 2014 Audited Annual Consolidated Financial Statements for further information regarding the key assumptions used when conducting the March 2014 annual impairment test of goodwill and indefinite life intangible assets. Management has determined that there have not been any significant changes in these estimates and assumptions as at June 30, 2014 that would require an interim goodwill impairment test, except for the Other Foreign Locations (China and Singapore) cash-generating units. Refer to Note 7 of the unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2014.

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 fiscal 2015 and are discussed under "Critical Accounting Policies and Estimates" in our 2014 Annual Report.

Changes in Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the 2014 Audited Annual Consolidated Financial Statements, during the three months ended June 30, 2014, except for the following new standard and interpretation, which were adopted and made effective as of April 1, 2014:

IAS 32 – "*OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES*" (IAS 32)

In December 2011, the IASB issued amendments to IAS 32, clarifying the requirements for offsetting financial instruments and addressing inconsistencies in current practice when applying the offsetting criteria in IAS 32, "*Financial Instruments: Presentation*". The amendments are effective for annual periods beginning on or after January 1, 2014, with early adoption permitted, and are required to be applied retrospectively. The Company has adopted IAS 32 as of April 1, 2014 and there was no significant impact on the Company's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC) 21 – "*LEVIES*"

In May 2013, the IASB published a new IFRIC Interpretation 21, "*Levies*", which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*", and for those where the timing and amount of the levy is certain. This interpretation is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The Company adopted IFRIC 21 as of April 1, 2014 and there was no significant 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 2014 Annual Report, during the three months ended June 30, 2014. 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, 2014, 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, 2014, 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, 2014. 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, 2014 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 5, 2014, the Board of Directors approved the following cash dividends: $0.05 per common share payable on September 10, 2014 to common shareholders with a record date of August 29, 2014; $0.34375 per Series A Preferred Share payable on September 30, 2014 with a record date of September 19, 2014; and $0.359375 per Series C Preferred Share payable on September 30, 2014 with a record date of September 19, 2014.

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, Singapore, Hong Kong, 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 22 of Canaccord's 2014 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 2014 Annual Report, which are available on our website at www.canaccordgenuitygroup.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, 2014	March 31, 2014
ASSETS			
Current			
Cash and cash equivalents		$ 273,880	$ 364,296
Securities owned	4	1,313,241	1,143,201
Accounts receivable	6	2,068,340	2,785,898
Income taxes receivable		6,823	3,983
Total current assets		3,662,284	4,297,378
Deferred tax assets		9,165	9,735
Investments		9,931	9,977
Equipment and leasehold improvements		48,500	50,975
Intangible assets	7	130,338	131,650
Goodwill	7	510,920	514,907
		$ 4,371,138	$ 5,014,622
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Securities sold short	4	$ 564,166	$ 913,913
Accounts payable and accrued liabilities	6, 13	2,627,123	2,877,933
Provisions	15	10,286	10,334
Income taxes payable		10,653	10,822
Subordinated debt		15,000	15,000
Total current liabilities		3,227,228	3,828,002
Deferred tax liabilities		4,796	3,028
		3,232,024	3,831,030
Shareholders' equity			
Preferred shares	9	205,641	205,641
Common shares	10	620,359	653,189
Contributed surplus		66,262	74,037
Retained earnings		154,871	144,799
Accumulated other comprehensive income		76,160	91,014
Total shareholders' equity		1,123,293	1,168,680
Non-controlling interests		15,821	14,912
Total equity		1,139,114	1,183,592
		$ 4,371,138	$ 5,014,622

See accompanying notes

On behalf of the Board:

"Paul D. Reynolds"

PAUL D. REYNOLDS
Director

"Terrence A. Lyons"

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, 2014	June 30, 2013
REVENUE			
Commissions and fees		$ 94,826	$ 90,035
Investment banking		87,372	31,833
Advisory fees		32,694	35,905
Principal trading		20,276	19,540
Interest		6,304	6,805
Other		4,084	3,113
		245,556	187,231
EXPENSES			
Incentive compensation		122,337	86,325
Salaries and benefits		22,533	23,110
Trading costs		12,634	11,967
Premises and equipment		10,033	9,335
Communication and technology		11,517	10,524
Interest		4,255	4,643
General and administrative		24,069	20,823
Amortization		7,372	6,561
Development costs		5,135	4,830
Restructuring costs	15	2,383	—
		222,268	178,118
Income before income taxes		23,288	9,113
Income taxes (recovery)			
Current		2,400	(2,178)
Deferred		2,019	3,408
	8	4,419	1,230
Net income for the period		$ 18,869	$ 7,883
Net income (loss) attributable to:			
CGGI shareholders		$ 18,081	$ 8,741
Non-controlling interests		$ 788	$ (858)
Weighted average number of common shares outstanding (thousands)			
Basic		92,763	94,524
Diluted		102,203	102,770
Net income per common share			
Basic	10iii	$ 0.16	$ 0.06
Diluted	10iii	$ 0.15	$ 0.06
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

For the three months ended (in thousands of Canadian dollars)	June 30, 2014	June 30, 2013
Net income for the period	$ 18,869	$ 7,883
Other comprehensive income (loss)		
Net change in unrealized (losses) gains on translation of foreign operations	(13,480)	17,547
Comprehensive income for the period	$ 5,389	$ 25,430
Comprehensive income (loss) attributable to:		
CGGI shareholders	$ 3,227	$ 27,711
Non-controlling interests	$ 2,162	$ (2,281)

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2014	June 30, 2013
Preferred shares, opening and closing	9	$ 205,641	$ 205,641
Common shares, opening		653,189	638,456
Shares issued in connection with share-based payments		8,295	8,679
Acquisition of common shares for long-term incentive plan (LTIP)		(43,957)	(7,000)
Release of vested common shares from employee benefit trust		13,609	14,293
Shares cancelled		(3,852)	(5,838)
Net unvested share purchase loans		(6,925)	9,189
Common shares, closing		620,359	657,779
Contributed surplus, opening		74,037	85,981
Share-based payments		(11,300)	(14,840)
Shares cancelled		1,581	2,495
Unvested share purchase loans		1,944	(7,123)
Contributed surplus, closing		66,262	66,513
Retained earnings, opening		144,799	126,203
Net income attributable to CGGI shareholders		18,081	8,741
Preferred shares dividends	11	(2,658)	(2,958)
Common shares dividends	11	(5,351)	(5,146)
Retained earnings, closing		154,871	126,840
Accumulated other comprehensive income (loss), opening		91,014	(7,118)
Other comprehensive (loss) income attributable to CGGI shareholders		(14,854)	18,970
Accumulated other comprehensive income, closing		76,160	11,852
Total shareholders' equity		1,123,293	1,068,625
Non-controlling interests, opening		14,912	16,169
Foreign exchange on non-controlling interests		470	(1,644)
Comprehensive income (loss) attributable to non-controlling interests		2,162	(2,281)
Dividends paid to non-controlling interests		(1,723)	—
Non-controlling interests, closing		15,821	12,244
Total equity		$ 1,139,114	$ 1,080,869

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three months ended (in thousands of Canadian dollars)	Notes	June 30, 2014	June 30, 2013
OPERATING ACTIVITIES			
Net income for the period		$ 18,869	$ 7,883
Items not affecting cash			
Amortization		7,372	6,561
Deferred income tax expense		2,019	3,408
Share-based compensation expense	12	13,480	11,817
Changes in non-cash working capital			
Increase in securities owned		(174,266)	(496,069)
Decrease (increase) in accounts receivable		721,172	(327,414)
Decrease in income taxes payable, net		(415)	(9,678)
(Decrease) increase in securities sold short		(347,169)	522,857
(Decrease) increase in accounts payable, accrued liabilities and provisions		(273,875)	171,540
Cash used in operating activities		(32,813)	(109,095)
FINANCING ACTIVITIES			
Increase in bank indebtedness		—	18,047
Acquisition of common shares for long-term incentive plan		(43,957)	(7,000)
Purchase of shares for cancellation		(2,271)	(3,343)
Cash dividends paid on common shares		(5,351)	(5,146)
Cash dividends paid on preferred shares		(2,658)	(2,958)
Cash used in financing activities		(54,237)	(400)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,101)	(2,487)
Purchase of intangible assets		(3,209)	—
Cash used in investing activities		(4,310)	(2,487)
Effect of foreign exchange on cash balances		944	1,839
Decrease in cash position		(90,416)	(110,143)
Cash position, beginning of period		364,296	491,012
Cash position, end of period		$ 273,880	$ 380,869
Supplemental cash flow information			
Interest received		$ 5,753	$ 5,074
Interest paid		$ 3,920	$ 4,288
Income taxes paid		$ 5,795	$ 6,403

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

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, 2014 (March 31, 2014 consolidated financial statements) filed on SEDAR on June 4, 2014. All defined terms used herein are consistent with those terms defined in the March 31, 2014 consolidated financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on a historical basis except for financial instruments, 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 5, 2014.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 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. Accounts which require significant estimates to be made include share-based payments, income taxes, deferred tax assets associated with tax losses available for carryforward, goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, and provisions, which are more fully described in Note 2 of the March 31, 2014 consolidated financial statements.

FUTURE ACCOUNTING DEVELOPMENTS

There have been no further updates to the future accounting developments disclosed in Note 4 of the March 31, 2014 consolidated financial statements, during the three months ended June 30, 2014, except as noted below.

IFRS 9 – "*Financial Instruments*" (IFRS 9)

On July 24, 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "*Financial Instruments: Recognition and Measurement*", and all previous versions of IFRS 9.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact of these changes.

NOTE 03 Summary of Significant Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the March 31, 2014 consolidated financial statements, during the three months ended June 30, 2014, except for the following new standard and interpretation, which were adopted and made effective as of April 1, 2014:

IAS 32 – "*OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES*" (IAS 32)

In December 2011, the IASB issued amendments to IAS 32, clarifying the requirements for offsetting financial instruments and addressing inconsistencies in current practice when applying the offsetting criteria in IAS 32, "*Financial Instruments: Presentation*". The amendments are effective for annual periods beginning on or after January 1, 2014, with early adoption permitted, and are required to be applied retrospectively. The Company has adopted IAS 32 as of April 1, 2014 and there was no significant impact on the Company's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC) 21 – "*LEVIES*"

In May 2013, the IASB published a new IFRIC Interpretation 21, "*Levies*", which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*", and for those where the timing and amount of the levy is certain. This interpretation is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The Company adopted IFRIC 21 as of April 1, 2014 and there was no significant impact on the Company's consolidated financial statements.

NOTE 04 Securities Owned and Securities Sold Short

	June 30, 2014		March 31, 2014	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 581,474	$ 474,319	$ 924,149	$ 823,148
Equities and convertible debentures	731,767	89,847	219,052	90,765
	$ 1,313,241	$ 564,166	$ 1,143,201	$ 913,913

As at June 30, 2014, corporate and government debt maturities range from 2014 to 2093 [March 31, 2014 – 2014 to 2097] and bear interest ranging from 0.0% to 15.0% [March 31, 2014 – 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, 2014 are as follows:

	Held for trading	Available for sale	Loans and receivables	Loans and borrowings	Total
Financial assets					
Securities owned	$ 1,313,241	$ —	$ —	$ —	$ 1,313,241
Accounts receivable from brokers and investment dealers	—	—	1,296,448	—	1,296,448
Accounts receivable from clients	—	—	398,909	—	398,909
RRSP cash balances held in trust	—	—	265,685	—	265,685
Other accounts receivable	—	—	107,298	—	107,298
Investments	—	9,931	—	—	9,931
Total financial assets	$ 1,313,241	$ 9,931	$ 2,068,340	$ —	$ 3,391,512
Financial liabilities					
Securities sold short	$ 564,166	$ —	$ —	$ —	$ 564,166
Accounts payable to brokers and investment dealers	—	—	—	1,034,378	1,034,378
Accounts payable to clients	—	—	—	892,557	892,557
Other accounts payable and accrued liabilities	—	—	—	700,188	700,188
Provisions	—	—	—	10,286	10,286
Subordinated debt	—	—	—	15,000	15,000
Total financial liabilities	$ 564,166	$ —	$ —	$ 2,652,409	$ 3,216,575

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at March 31, 2014 are as follows:

	Held for trading	Available for sale	Loans and receivables	Loans and borrowings	Total
Financial assets					
Securities owned	$ 1,143,201	$ —	$ —	$ —	$ 1,143,201
Accounts receivable from brokers and investment dealers	—	—	2,006,183	—	2,006,183
Accounts receivable from clients	—	—	418,799	—	418,799
RRSP cash balances held in trust	—	—	259,614	—	259,614
Other accounts receivable	—	—	101,302	—	101,302
Investments	—	9,977	—	—	9,977
Total financial assets	$ 1,143,201	$ 9,977	$ 2,785,898	$ —	$ 3,939,076
Financial liabilities					
Securities sold short	$ 913,913	$ —	$ —	$ —	$ 913,913
Accounts payable to brokers and investment dealers	—	—	—	1,659,617	1,659,617
Accounts payable to clients	—	—	—	965,229	965,229
Other accounts payable and accrued liabilities	—	—	—	253,087	253,087
Subordinated debt	—	—	—	15,000	15,000
Total financial liabilities	$ 913,913	$ —	$ —	$ 2,892,933	$ 3,806,846

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

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, 2014, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
			June 30, 2014	
	June 30, 2014	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 39,852	$ —	$ 39,852	$ —
Government debt	541,622	157,716	383,906	—
Corporate and government debt	581,474	157,716	423,758	—
Equities	717,005	696,972	19,781	252
Convertible debentures	2,792	—	81	2,711
Private investments	11,970	—	—	11,970
Equities and convertible debentures	731,767	696,972	19,862	14,933
	1,313,241	854,688	443,620	14,933
Securities sold short				
Corporate debt	(27,181)	—	(27,181)	—
Government debt	(447,138)	(147,526)	(299,612)	—
Corporate and government debt	(474,319)	(147,526)	(326,793)	—
Equities	(89,847)	(86,273)	(3,574)	—
	(564,166)	(233,799)	(330,367)	—
Available for sale investments	9,931	—	4,201	5,730

As at March 31, 2014, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
	March 31, 2014	Level 1	March 31, 2014 Level 2	Level 3
Securities owned				
Corporate debt	$ 41,181	$ —	$ 41,181	$ —
Government debt	882,968	357,917	525,051	—
Corporate and government debt	924,149	357,917	566,232	—
Equities	201,666	175,228	26,125	313
Convertible debentures	5,501	—	2,801	2,700
Private investments	11,885	—	—	11,885
Equities and convertible debentures	219,052	175,228	28,926	14,898
	1,143,201	533,145	595,158	14,898
Securities sold short				
Corporate debt	(31,017)	—	(31,017)	—
Government debt	(792,131)	(366,894)	(425,237)	—
Corporate and government debt	(823,148)	(366,894)	(456,254)	—
Equities	(90,765)	(83,166)	(7,599)	—
	(913,913)	(450,060)	(463,853)	—
Available for sale investments	9,977	—	4,247	5,730

Movement in net Level 3 financial assets

March 31, 2014	$ 20,628
Other	35
June 30, 2014	$ 20,663

There were no transfers between the fair value measurement levels during the three months ended June 30, 2014.

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 $4.2 million as at June 30, 2014 [March 31, 2014 – $4.2 million]. The current fair value is determined using the market-based approach.

Available for sale investments also include the Company's investment in Canadian First Financial Holdings Limited (Canadian First), which has an estimated fair value of $5.7 million as at June 30, 2014 [March 31, 2014 – $5.7 million]. The fair value for Canadian First 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. In the absence of any market indicators, the historical cost basis was used.

An increase or decrease of 10% in the fair value of available for sale investments would cause an increase or decrease of approximately $0.7 million in other comprehensive income.

Private investments held for trading

The fair value for private investments classified as held for trading 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, 2014 was $12.0 million [March 31, 2014 – $11.9 million].

An increase or decrease of 10% in the fair value of private investments held for trading would cause an increase or decrease of approximately $0.9 million in other comprehensive income.

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.

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, 2014	$ 175,302	$ 71,555	$ 72,327	$ 189,608
March 31, 2014	158,430	41,290	41,253	190,689

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 in an attempt to mitigate 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, 2014:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD $ 3.3	$ 1.07 (CAD/USD)	July 3, 2014	$ 15
To buy US dollars	USD $ 3.5	$ 1.08 (CAD/USD)	July 3, 2014	$ (8)
To buy pounds sterling (GBP)	GBP £ 2.5	$ 1.82 (CAD/GBP)	July 31, 2014	$ 20

Forward contracts outstanding at March 31, 2014:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD $ 13.8	$1.11 (CAD/USD)	April 3, 2014	$ 11
To buy US dollars	USD $ 5.5	$1.10 (CAD/USD)	April 1, 2014	$ 13
To buy pounds sterling (GBP)	GBP £ 2.5	$1.84 (CAD/GBP)	April 30, 2014	$ 7

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe trades 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 113 days as at June 30, 2014 [March 31, 2014 – 115 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, 2014 and March 31, 2014, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	June 30, 2014			March 31, 2014		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 2,296	$ (2,295)	$ 326,215	$ 1,359	$ (1,365)	$ 327,386

Futures

The Company's Canadian operations are 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 operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2014, the notional amount of the bond futures contracts outstanding was short $1.8 million [March 31, 2014 – $nil].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At June 30, 2014, the notional amount of US Treasury futures contracts outstanding held in a short position was $4.1 million (US$3.9 million) [March 31, 2014 – $nil].

The fair value of all of the above futures 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.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	June 30, 2014	March 31, 2014
Brokers and investment dealers	$ 1,296,448	$ 2,006,183
Clients	398,909	418,799
RRSP cash balances held in trust	265,685	259,614
Other	107,298	101,302
	$ 2,068,340	$ 2,785,898

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	March 31, 2014
Brokers and investment dealers	$ 1,034,378	$ 1,659,617
Clients	892,557	965,229
Other	700,188	253,087
	$ 2,627,123	$ 2,877,933

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

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the 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, 2014 – 6.00% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2014 – 6.00% to 6.25% and 0.00% to 0.05%, respectively].

As at June 30, 2014, the allowance for doubtful accounts was $14.0 million [March 31, 2014 – $13.2 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, 2014	March 31, 2014	June 30, 2014	March 31, 2014	June 30, 2014	March 31, 2014
Canaccord Genuity						
Canada	$ 44,930	$ 44,930	$ 242,074	$ 242,074	$ 287,004	$ 287,004
UK and Europe	—	—	94,895	95,789	94,895	95,789
US	—	—	7,672	7,942	7,672	7,942
Other Foreign Locations (China)	—	—	4,402	4,764	4,402	4,764
Other Foreign Locations (Australia)	214	195	22,127	22,537	22,341	22,732
Other Foreign Locations (Singapore)	—	—	30,462	31,539	30,462	31,539
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	—	—	98,449	99,322	98,449	99,322
UK and Europe	—	—	10,839	10,940	10,839	10,940
	$ 45,144	$ 45,125	$ 510,920	$ 514,907	$ 556,064	$ 560,032

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.

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. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, terminal growth rates and discount rates. In order to estimate the FVLCS for each cash-generating unit, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value as described in the March 31, 2014 consolidated financial statements. 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 key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the March 31, 2014 consolidated financial statements.

There have been no changes to circumstances or events that would indicate the carrying value of goodwill and intangibles has been potentially impaired at June 30, 2014 except for the Other Foreign Locations (China) and Other Foreign Locations (Singapore) cash-generating units. Given ongoing sensitivity of the recoverable amounts of these CGUs to changes in key assumptions, an interim impairment test for these CGUs has been performed at June 30, 2014.

The Company's interim impairment testing has determined that the recoverable amounts for Other Foreign Locations CGUs (Singapore and China) exceed their carrying amounts by $11.5 million and $3.4 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 2.8 percentage points in the discount rate for Singapore (from 14.0% to 16.8%) and an increase of 7.6 percentage points in the discount rate for China (from 20.0% to 27.6%), a reduction in the compound annual growth rate for the five-year period beginning on June 30, 2015 of 7.3 percentage points for Singapore (from 12.7% to 5.4%) and a reduction in the compound annual growth rate of 12.1 percentage points for China (from 15.0% to 2.9%), or a decrease in the revenue estimates for the 12-month period ended June 30, 2015 to the range of 1.0 to 5.0 times the revenue recorded in the 12-month period ended June 30, 2014 would result in the recoverable amount being equal to the carrying value.

The annual impairment testing for goodwill and intangible assets with indefinite lives for the other cash-generating units will be performed at March 31, 2015, assuming no circumstances or events arise that require interim impairment testing.

NOTE 08 Income Taxes

The Company's income tax expense 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:

	For the three months ended	
	June 30, 2014	June 30, 2013
Income taxes at the statutory rate (F2015: 26.0%; F2014: 26.0%)	$ 6,055	$ 2,370
Difference in tax rates in foreign jurisdictions	1,008	(5)
Non-deductible items affecting the determination of taxable income	140	863
Change in accounting and tax base estimate	245	458
Tax rate differential	(855)	(609)
Utilization of tax losses previously not recognized	(2,174)	(1,847)
Income tax expense – current and deferred	$ 4,419	$ 1,230

NOTE 09 Preferred Shares

	June 30, 2014		March 31, 2014	
	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 16 of the March 31, 2014 consolidated financial statements.

NOTE 10 Common Shares

	June 30, 2014		March 31, 2014	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 717,333	101,982,938	$ 713,140	101,471,456
Shares repurchased through NCIB for cancellation	—	—	(250)	(45,600)
Unvested share purchase loans	(28,200)	(3,742,723)	(21,275)	(3,576,051)
Held for long-term incentive plan (LTIP)	(68,774)	(6,847,296)	(38,426)	(4,734,446)
	$ 620,359	91,392,919	$ 653,189	93,115,359

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2014	101,471,456	$ 713,140
Shares issued in connection with share-based payment plans	941,932	6,934
Shares issued in connection with replacement plans	153,045	1,361
Shares cancelled	(583,495)	(4,102)
Balance, June 30, 2014	101,982,938	$ 717,333

On August 6, 2013, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,136,948 of its common shares during the period from August 13, 2013 to August 12, 2014 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 264,200 shares purchased through the NCIB between April 1, 2014 and June 30, 2014 and subsequently cancelled. See Note 16.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended	
	June 30, 2014	June 30, 2013
Basic earnings per common share		
Net income attributable to CGGI shareholders	$ 18,081	$ 8,741
Preferred shares dividends	(2,998)	(2,958)
Net income available to common shareholders	15,083	5,783
Weighted average number of common shares (number)	92,763,056	94,524,190
Basic earnings per share	$ 0.16	$ 0.06
Diluted earnings per common share		
Net income available to common shareholders	15,083	5,783
Weighted average number of common shares (number)	92,763,056	94,524,190
Dilutive effect in connection with LTIP (number)	5,611,930	78,350
Dilutive effect in connection with other share-based payment plans (number)	3,827,983	8,167,381
Adjusted weighted average number of common shares (number)	102,202,969	102,769,921
Diluted earnings per common share	$ 0.15	$ 0.06

NOTE 11 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the three months ended June 30, 2014:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 20, 2014	July 2, 2014	$ 0.05	$ 5,093

On August 5, 2014, the Board of Directors approved a cash dividend of $0.05 per common share payable on September 10, 2014 to common shareholders of record as at August 29, 2014 [Note 16].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the three months ended June 30, 2014:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 13, 2014	June 30, 2014	$ 0.34375	$ 0.359375	$ 2,998

On August 5, 2014, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on September 30, 2014 to Series A Preferred shareholders of record as at September 19, 2014 [Note 16].

On August 5, 2014, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on September 30, 2014 to Series C Preferred shareholders of record as at September 19, 2014 [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 has been established. Prior to June 30, 2014, for employees in the United States and the United Kingdom, at the time of each RSU award, the Company allotted common shares and these shares were issued from treasury to plan participants following vesting of RSUs.

Effective from June 2014, employee benefit trusts have also been established in the United States and the United Kingdom. The Company or certain of its subsidiaries, as the case may be, will fund the employee benefit trusts (the Trusts) with cash which is used by the trustee to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. The Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

The fair value of the RSUs at the measurement date is based on the purchase price of the shares by the Trusts on the open market and is amortized on a graded basis over the vesting period of generally three years. The weighted average fair value of RSUs granted during the period ended June 30, 2014 was $11.50 [June 30, 2013 – $6.04].

	Number
Awards outstanding, March 31, 2014	10,583,243
Grants	3,432,984
Vested	(2,522,991)
Forfeited	(153,435)
Awards outstanding, June 30, 2014	11,339,801

	Number
Common shares held by the Trusts, March 31, 2014	4,734,446
Acquired	3,789,614
Released on vesting	(1,676,764)
Common shares held by the Trusts, June 30, 2014	6,847,296

[ii] SHARE-BASED COMPENSATION EXPENSE

	For the three months ended	
	June 30, 2014	June 30, 2013
Long-term incentive plan	$ 8,676	$ 6,736
Forgivable common share purchase loans	2,400	2,651
Replacement plans	1,396	1,992
Share options	95	198
Deferred share units	537	(89)
Other	376	329
Total share-based compensation expense	$ 13,480	$ 11,817

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, 2014	March 31, 2014
Accounts payable and accrued liabilities	$ 3,801	$ 4,769

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 Genuity (Barbados) 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. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	June 30, 2014				June 30, 2013			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 177,062	$ 59,894	$ 2,296	$ 239,252	$ 128,620	$ 51,163	$ 643	$ 180,426
Interest revenue	2,183	2,590	1,531	6,304	2,586	2,657	1,562	6,805
Expenses, excluding undernoted	139,700	50,937	12,486	203,123	107,090	44,439	10,555	162,084
Amortization	3,966	3,006	400	7,372	3,691	2,404	466	6,561
Development costs	2,369	2,414	352	5,135	2,098	2,306	426	4,830
Interest expense	3,741	157	357	4,255	4,132	143	368	4,643
Restructuring costs	—	783	1,600	2,383	—	—	—	—
Income (loss) before intersegment allocations and income taxes	29,469	5,187	(11,368)	23,288	14,195	4,528	(9,610)	9,113
Intersegment allocations	2,699	5,392	(8,091)	—	2,303	6,441	(8,744)	—
Income (loss) before income taxes	$ 26,770	$ (205)	$ (3,277)	$ 23,288	$ 11,892	$ (1,913)	$ (866)	$ 9,113

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:

	For the three months ended	
	June 30, 2014	June 30, 2013
Canada	$ 94,393	$ 61,499
UK and Europe	74,874	67,467
United States	62,239	53,401
Other Foreign Locations	14,050	4,864
	$ 245,556	$ 187,231

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, 2014:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2014	$ 7,412	$ 2,922	$ 10,334
Additions	1,456	2,383	3,839
Utilized	(998)	(2,889)	(3,887)
Balance, June 30, 2014	$ 7,870	$ 2,416	$ 10,286

During the three months ended June 30, 2014, the Company incurred $2.4 million of restructuring costs in connection with certain executive changes in Canada as well as office closure costs in the UK and Europe.

Commitments, litigation proceedings and contingent liabilities

During the period ended June 30, 2014, there were no material changes to the Company's commitments or contingencies from those described in Notes 24 and 25 of the March 31, 2014 consolidated financial statements except as noted below.

In 2002, two actions were commenced in the Superior Court of Québec against Canaccord Genuity Corp. and other defendants including another investment dealer. Both are class action proceedings in which the plaintiffs make allegations of certain wrongful trading and disclosure practices by the Company and another defendant and that the Company was negligent in respect of a private placement in 2000. These actions were set for trial starting in September 2014, but they have now been settled comprehensively subject only to court approval. The amount to be contributed by the Company is within the provisions recorded by the Company for such matters as at June 30, 2014.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of June 30, 2014, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

Certain claims have been asserted against the Company in respect of the sale of certain conventional wealth management tax advantaged products in the UK which could be material if the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods. In that event, the Company may be required to record a provision for an adverse outcome which could have a material adverse effect on the Company's financial position. The aggregate tax deferral realized by the Company's clients in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be $15.2 million. Litigation underway in the UK in respect of the taxation of other similar products sold by other financial advisors (the Litigation) and enforcement in accordance with recent announcements from the UK taxation authority could result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. The potential tax liability for the Company's clients that is in excess of the initial tax deferral amount is estimated to be $15.4 million. The probable outcome of the Litigation and the resulting impact on taxation in respect of this matter and the likelihood of a loss to the Company in connection with any claims asserted against the Company, or which may be asserted against the Company, is not determinable at the date of these unaudited interim condensed consolidated financial statements.

NOTE 16 Subsequent Event

[i] DIVIDENDS

On August 5, 2014, the Board of Directors approved the following cash dividends: $0.05 per common share payable on September 10, 2014 to common shareholders with a record date of August 29, 2014; $0.34375 per Series A Preferred Share payable on September 30, 2014 with a record date of September 19, 2014; and $0.359375 per Series C Preferred Share payable on September 30, 2014 with a record date of September 19, 2014.

[ii] NCIB RENEWAL

On August 5, 2014, the Board of Directors approved the filing of an application to renew the NCIB to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,100,049 common shares through the facilities of the TSX during the period from August 13, 2014 to August 12, 2015. 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.

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Fiscal 2015 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
Q2/15	November 5, 2014	December 19, 2014	December 31, 2014	November 21, 2014	December 10, 2014
Q3/15	February 4, 2015	March 20, 2015	March 31, 2015	February 27, 2015	March 10, 2015
Q4/15	June 1, 2015	June 19, 2015	June 30, 2015	June 19, 2015	July 2, 2015

(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.

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