CANACCORD CAPITAL

CANACCORD CAPITAL INC. REPORTS FOURTH QUARTER AND RECORD FISCAL YEAR 2007 RESULTS

Q4/07 revenue up 4.5% while fiscal year 2007 revenue up 29.7%

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

VANCOUVER, May 17, 2007 – Canaccord Capital Inc.'s (TSX & AIM: CCI) revenue for the fiscal year ended March 31, 2007, was a record $756.9 million, up 29.7% from fiscal year 2006. Net income for the fiscal year was also a record $93.5 million, up 15.2% and diluted earnings per share (EPS) of $1.94 was up 11.5% from fiscal year 2006. For the fourth quarter of fiscal 2007, revenue was $216.4 million, up 4.5% from the same quarter a year ago. Fiscal fourth quarter 2007 net income of $26.0 million was down 13.5% from $30.1 million, and EPS of $0.54 was down 14.3% from $0.63 relative to Q4/06. Even though revenue increased for the quarter, net income and EPS declined relative to the fourth quarter in the prior year. This is primarily due to investment in business development in Canada, the UK and the US.

"I would like to thank all of our partners for helping us achieve continued record results. They have all worked tirelessly to help our clients make money," said Peter Brown, Chairman and CEO. "Our results are a product of our global platform. We will continue to make investments in all of our key geographies in our effort to be highly relevant to our clients," added Paul Reynolds, President.

Highlights for fiscal 2007 results (year ended March 31, 2007) compared to fiscal 2006 results (year ended March 31, 2006):

- Revenue of $756.9 million, up 29.7% or $173.5 million from $583.4 million
- Expenses of $618.7 million, up 33.2% or $154.3 million from $464.4 million
- Net income of $93.5 million, up 15.2% or $12.3 million from $81.2 million
- Diluted EPS of $1.94, up 11.5% or $0.20 from $1.74
- ROE of 28.4%, down from 33.6%
- Working capital increased by 29.7% to $289.7 million from $223.4 million

Highlights of the fourth quarter fiscal 2007 results (three months ended March 31, 2007) compared to the fourth quarter fiscal 2006 results (three months ended March 31, 2006):

- Revenue of $216.4 million, up 4.5% or $9.4 million from $207.1 million
- Expenses of $176.3 million, up 7.8% or $12.7 million from $163.6 million
- Net income of $26.0 million, down 13.5% or $4.1 million from $30.1 million
- Diluted EPS of $0.54, down 14.3% or $0.09 from $0.63
- Return on equity (ROE) of 29.0%, down from 45.7%
- Book value per common share at the period end increased to $7.74, up 29.2% or $1.75 from $5.99
- The Board approved a common share dividend of $0.10 per share on May 16, 2007, payable on June 8, 2007, with a record date of June 1, 2007
- 47,831,961 common shares issued and outstanding as at March 31, 2007

Highlights of Operations for fiscal 2007 results (year ended March 31, 2007) compared to fiscal 2006 results (year ended March 31, 2006):

- Canaccord Adams led 174 transactions(1) globally to raise total proceeds of more than $5.2 billion during fiscal 2007
- Canaccord Adams ranked number one in Canada for proceeds raised in Metals and Mining, Health Care, Energy, and Real Estate
- Canaccord Adams participated in a total of 497 transactions(1) globally to raise gross proceeds of more than $32.4 billion. Of this:
    - Canada participated in 424 transactions, which raised $27.9 billion
    - The UK participated in 43 transactions, which raised $2.2 billion
    - The US participated in 30 transactions, which raised $2.3 billion
- For the period from April 1, 2006 to March 31, 2007, Canaccord Adams ranked number one in Canada amongst all investment dealers for our participation in the greatest number of transactions, and by market share of transactions led and co-led(2)
- Canaccord Adams ranked number one in the UK in the Times' survey for generating an average return of 95.4% on client investment in fundraisings for the period January 2004 to December 2006
- Canaccord Adams was the number one ranked stockbroker for AIM-listed companies based on market capitalization according to the Hemscott Survey(3)
- Canaccord Adams was the highest ranked independent firm in Canada in the 6th Annual StarMine Analyst Awards, with six analysts in Canada, one analyst in the UK, and one analyst in the US ranked in the top three in their sectors
    - For stock picking:

      Canada
        - Sara Elford placed first in Diversified Industrials
        - Chris Rankin placed first in Hotels, Restaurants & Leisure (including Trusts)
        - Shant Poladian placed first in Real Estate (including REITS)
        - Benoit Caron placed second in Retail

      UK
        - Damien Hackett placed second in Metals & Mining
    - For earnings estimate accuracy:

      Canada
        - Andrew Bradford placed second in Energy, Equipment & Services (including Trusts)
        - Jonathan Kelcher placed third in Real Estate (including REITS)

      US
        - Scott Van Winkle placed third in Personal Products
- Key US highlights included:
    - The successful recruitment of a proven emerging theraputics banking team
    - The addition of a highly regarded medical devices research and banking team
    - Expanded US domestic energy research team with an oil-field services analyst
    - Enhanced facilities in New York and Houston

- In the Investment Executive's Annual Survey of Investment Advisors' 2007 Report, Canaccord was ranked:
    - Tied for number one in overall rating among national independents and bank-owned investment dealers
    - Number two for the firm's delivery on promises
    - Tied for number two for IPOs and new issues
    - Tied for number two for the quality of equity research

Highlights of Operations for the fourth quarter fiscal 2007 results (three months ended March 31, 2007) compared to the fourth quarter fiscal 2006 results (three months ended March 31, 2006):

- Canaccord Adams placed second in Canada for common equity raised based on the National Post Equity League Table for the period January 1 to March 31, 2007[(4)]
- Canaccord Adams led 42 transactions[(1)] globally to raise total proceeds of more than $1.7 billion during fiscal Q4/07
- During Q4/07, Canaccord Adams led the following equity transactions:
    - $326.3 million in a TSX Venture financing for Peak Gold Ltd. (TSX-V: PIK)
    - $200.0 million in a TSX Venture financing for Bayou Bend Petroleum Ltd. (TSX-V: BBP)
    - $187.5 million in a TSX financing for Niko Resources Ltd. (TSX: NKO)
    - $135.0 million in a TSX and AIM financing for JumpTV Inc. (TSX, AIM: JTV)
    - $134.9 million in a TSX and AIM financing for Oilexco Inc.(TSX, AIM: OIL)
    - $72.1 million in a TSX financing for Mena Resources Inc. (TSX: MEA)
    - $63.3 million in a TSX and NASDAQ financing for SunOpta Inc. (TSX: SOY, NASDAQ: STKL)
    - $40.0 million in an AIM placing for Redknee Solutions Inc. (AIM: RKN)
- For the period from January 1 to March 31, 2007, Canaccord Adams ranked number one in Canada amongst all investment dealers for our participation in the greatest number of transactions, and by market share of transactions led and co-led[(2)]
- Canaccord Adams participated in a total of 130 transactions[(1)] globally to raise gross proceeds of more than $11.5 billion. Of this:
    - Canada participated in 121 transactions, which raised $10.5 billion
    - The UK participated in 3 transactions, which raised $0.3 billion
    - The US participated in 6 transactions, which raised $0.7 billion

- Assets under administration (AUA) of $15.0 billion, up 4.9% from the same period a year ago, and up 6.3% from Q3/07
- Assets under management (AUM) of $652.0 million, up 6.4% from the same period a year ago, and down 6.3% from Q3/07
- As of March 31, 2007, there were 439 Investment Advisors, up nine from the same period a year ago and up seven from last quarter

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[(1)] Transactions over $1.5 million
[(2)] Source: FPinfomart and company information. Number of transactions and proceeds based on closed transactions.
[(3)] Source: Hemscott Corporate Advisers Ranking Guide, February 2007
[(4)]Source: National Post Equity League Table, April 4, 2007. Based on full credit to bookrunner

ACCESS TO QUARTERLY RESULTS INFORMATION:

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

CONFERENCE CALL AND WEBCAST PRESENTATION:

Interested parties can listen to our fourth quarter fiscal 2007 results conference call with analysts and institutional investors, live and archived, via the Internet and a toll free number. The conference call is scheduled for Thursday, May 17, 2007, at 8:30 a.m. (Pacific Time), 11:30 a.m. (Eastern Time), and 4:30 p.m. (UK Time). At that time, senior executives will comment on the results for the fourth quarter of fiscal 2007 and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis via the Internet at: www.canaccord.com/investor/webcast

Analysts and institutional investors can call in via telephone at:

- 416-644-3416 (within Toronto)
- 1-866-249-1964 (toll free outside Toronto)
- 00-800-0000-2288 (toll free from the United Kingdom)

A replay of the conference call can be accessed after 10:30 a.m. (Pacific Time), 1:30 p.m. (Eastern Time) and 6:30 p.m. (UK Time) on May 17, 2007, until 12:00 a.m. (Pacific Time), 3:00 a.m. (Eastern Time) and 8:00 a.m. (UK Time) to May 31, 2007, at 416-640-1917 or 1-877-289-8525 by entering passcode 21221764#.

ABOUT CANACCORD CAPITAL INC.:

Through its principal subsidiaries, Canaccord Capital Inc. (TSX & AIM: CCI) is a leading independent, full service investment dealer in Canada with capital markets operations in the United Kingdom and the United States of America. Canaccord is publicly traded on both the Toronto Stock Exchange and AIM, a market operated by the London Stock Exchange. Canaccord has operations in two of the principal segments of the securities industry: private client services and capital markets. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to Canaccord's private, institutional and corporate clients. Canaccord has approximately 1,590 employees worldwide in 31 offices, including 23 Private Client Services offices located across Canada. Canaccord Adams, the international capital markets division, has operations in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston, Barbados and Chicago**.**

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None of the information on Canaccord's Web site at www.canaccord.com should be considered incorporated herein by reference.

Management’s Discussion and Analysis

Fourth quarter fiscal 2007 for the three and twelve months ended March 31, 2007 – this document is dated May 17, 2007

The following discussion of the financial condition and results of operations for Canaccord Capital Inc. (Canaccord) is provided to enable the reader to assess material changes in such financial condition and to assess results for the three- and twelve-month periods ended March 31, 2007, compared to the corresponding periods in the preceding fiscal year, with an emphasis on the three-month period ended March 31, 2007, which is also referred to as fourth quarter 2007, Q4/07 and fiscal Q4/07 in the following discussion. Canaccord’s fiscal year ended March 31, 2007 is also referred to herein as fiscal year 2007 and as 2007. This discussion should be read in conjunction with the unaudited interim consolidated financial statements for the three- and twelve-month periods ended March 31, 2007, beginning on page 20 of this report; our Annual Information Form dated June 26, 2006; and the 2006 annual Management’s Discussion and Analysis (MD&A) as amended, including the audited consolidated financial statements for the fiscal year ended March 31, 2006, in Canaccord’s Annual Report dated June 26, 2006 (the Annual Report). There has been no material change to the information contained in the annual MD&A as amended for fiscal 2006 except as disclosed in this MD&A. Canaccord’s financial information is expressed in Canadian dollars unless otherwise specified. The financial information presented in this document is prepared in accordance with Canadian generally accepted accounting principles (GAAP). All the financial data below is unaudited except for certain fiscal year 2006 data.

Caution regarding forward-looking statements

This document may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management’s expectations or beliefs regarding future events including business and economic conditions and Canaccord’s growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target”, “intend” or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors 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 detailed from time to time in Canaccord’s interim and annual consolidated financial statements and its Annual Report and Annual Information Form filed on www.sedar.com. These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

Non-GAAP measures

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

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

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

Accounts program. Services provided include the selection of investments and the provision of investment advice. AUM are also administered by Canaccord and are included in AUA.

Overview

Canaccord's business is cyclical and experiences considerable variations in revenue and income from quarter to quarter and year to year due to factors beyond Canaccord's control, including those mentioned below. Our business is affected by the overall condition of the North American and European equity markets, including the seasonal variance in these markets. Historically, North American capital markets have been slower during the first half of our fiscal year, when we typically generate approximately 35% to 40% of our annual revenue. Conversely, during the second six months of our fiscal year, we have typically generated 60% to 65% of our annual revenue. However, in the first quarter of fiscal 2007, global capital markets performed better compared to the same quarter in previous years. Therefore, the revenue earned in the first half of fiscal 2007 as a percentage of our annual revenue for fiscal 2007 was not consistent with our historical seasonal pattern and represented 48% of fiscal 2007 revenue.

Business environment

In fiscal Q4/07, equity markets activity in Canada and the UK increased from the previous quarter. In the US, the markets were mixed with the NASDAQ composite index increasing by 0.3% and the Dow Jones Industrial Average (DJIA) declining by 0.9%. So far in the first fiscal quarter of 2008, the S&P/TSX Composite Index and the DJIA have both hit record highs. During Q4/07, issuers in the Canadian equity and equity-related market were active, raising $14.0 billion in proceeds on 164 issues. During the same period in 2006, there were 98 issues totalling $8.2 billion in proceeds, according to Thomson Financial.

In the UK, the AIM has continued to experience slower activity levels driven by a number of factors including buyer fatigue for small capitalization companies and a market rebalance after a period of rapid growth. The implementation of new European trading regulations as part of Markets in Financial Instruments Directive (MiFID), which places emphasis on best execution, is expected to erode general trading commission levels over time. MiFID requires that investment firms achieve the best execution on trades for clients and increases the transparency of trading operations. The result is the disintermediation of trading and research which could negatively impact trading commission levels for mid-market dealers such as Canaccord.

In the US, Regulation National Market System (Reg NMS) implementation is continuing to reduce trading commissions for the same reason as MiFID in the UK. Larger institutions are also using Commission Sharing Agreements (CSAs) between bulge bracket dealers and mid-market dealers to reduce the number of trading arrangements they maintain.

Market Data

Trading Volume by Exchange (billions of shares)

	fiscal Q4/07	Increase (Decrease) from fiscal Q4/06	Increase from fiscal Q3/07
TSX	25.3	9.5%	9.5%
TSX - Venture	13.5	18.4%	43.6%
AIM	43.3	13.1%	19.3%
NASDAQ	60.0	(38.4)%	4.7%

Source: Canada Equity, LSE AIM Statistics, Thomson One

Total Financing Value by Exchange

	fiscal Q4/07	Increase (Decrease) from fiscal Q4/06	Increase (Decrease) from fiscal Q3/07
TSX and TSX Venture (C$ billions)	15.9	27.2%	22.3%
AIM (£ billions)	2.8	(12.6)%	(46.8)%
NASDAQ (US$ billions)	13.0	(7.0)%	6.0%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

Financing Value on AIM Exchange for Canaccord's Focus Sectors

(£ millions, except for percentage amounts)	fiscal Q4/07	Increase (Decrease) from fiscal Q4/06	Increase (Decrease) from fiscal Q3/07
Oil and gas	176.5	(54.9)%	(42.7)%
Mining	245.4	(0.6)%	56.1%
Biotech	102.3	(40.9)%	28.7%
Media	101.9	596.9%	(7.5)%
Technology	70.5	(42.2)%	(36.3)%
Total	**696.5**	**(26.5)%**	**(9.0)%**

Trading volume increased on the TSX, TSX-V and AIM exchanges, while decreasing on the NASDAQ relative to fiscal Q4/06. The TSX-V led the group with trading volumes up 18.4% year over year. Financing values increased in Canada, while decreasing on the AIM and on the NASDAQ. The value of financings on the AIM in Canaccord's focus sectors decreased by 26.5% for Q4/07 relative to Q4/06. Our revenue from UK operations declined by a more modest 8.0%.

About Canaccord's operations

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

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

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

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

Canaccord's operations are conducted primarily in the following geographic areas:

Canada			**UK**	**US**			**Other Foreign Locations**
Private Client Services	Canaccord Adams a division of Canaccord Capital Corporation (capital market activities)	Other operations	Canaccord Adams Limited (capital market activities)	Canaccord Adams Inc. (capital market activities)	Canaccord Capital Corporation (USA), Inc. (US private client services)	Other operations	Canaccord International Limited (capital market activities)

Consolidated operating results

Fourth quarter and fiscal 2007 summary data[(1)]

(C$ thousands, except per share, employee and % amounts)	Three months ended March 31 2007	Three months ended March 31 2006	Year-over-year increase (decrease)	Year ended March 31 2007	Year ended March 31 2006	Year-over-year increase (decrease)
Canaccord Capital Inc.						
Revenue						
Commission	87,682	88,846	(1.3)%	303,672	239,461	26.8%
Investment banking	99,138	87,977	12.7%	350,273	266,206	31.6%
Principal trading	9,429	13,677	(31.1)%	31,638	27,388	15.5%
Interest	15,656	11,424	37.0%	57,908	36,914	56.9%
Other	4,538	5,150	(11.9)%	13,423	13,446	(0.2)%
Total revenue	216,443	207,074	4.5%	756,914	583,415	29.7%
Expenses						
Incentive compensation	113,502	108,296	4.8%	382,897	299,188	28.0%
Salaries and benefits	12,862	13,716	(6.2)%	47,608	42,019	13.3%
Other overhead expenses [(2)]	49,943	41,607	20.0%	188,212	123,178	52.8%
Total expenses	176,307	163,619	7.8%	618,717	464,385	33.2%
Income before income taxes	40,136	43,455	(7.6)%	138,197	119,030	16.1%
Net income	26,016	30,070	(13.5)%	93,456	81,150	15.2%
Earnings per share (EPS) – diluted	0.54	0.63	(14.3)%	1.94	1.74	11.5%
Return on average common equity (ROE)	29.0%	45.7%	(16.7) p.p	28.4%	33.6%	(5.2) p.p
Book value per share – period end	7.74	5.99	29.2%	-	-	-
Number of employees	1,590	1,488	6.9%	-	-	-
US [(3)]						
Revenue	19,916	20,036	(0.6)%	81,259	20,036	305.6%
Expenses						
Incentive compensation	10,496	9,134	14.9%	42,560	9,134	366.0%
Salaries and benefits	1,329	1,613	(17.6%)	5,110	1,613	216.8%
Other overhead expenses [(2)]	11,214	6,133	82.8%	36,633	6,133	497.3%
Total expenses	23,039	16,880	36.5%	84,303	16,880	399.4%
Income (loss) before income taxes	(3,123)	3,156	n.m.	(3,044)	3,156	n.m
Net income (loss)	(1,931)	2,566	n.m.	(1,231)	2,566	n.m
Canaccord Capital Inc. excluding US						
Revenue	196,527	187,038	5.1%	675,655	563,379	19.9%
Expenses						
Incentive compensation	103,006	99,162	3.9%	340,337	290,054	17.3%
Salaries and benefits	11,533	12,103	(4.7%)	42,498	40,406	5.2%
Other overhead expenses [(2)]	38,729	35,474	9.2%	151,579	117,045	29.5%
Total expenses	153,268	146,739	4.4%	534,414	447,505	19.4%
Income before income taxes	43,259	40,299	7.3%	141,241	115,874	21.9%
Net income	27,947	27,504	1.6%	94,687	78,584	20.5%

(1) Data is considered to be GAAP except for ROE, book value per share and number of employees

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

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

n.m.: not meaningful

p.p.: percentage points

Geographic distribution of revenue for the three and twelve months ended March 31[(1)]

(C$ thousands, except % amount)	Three months ended March 31 2007	Three months ended March 31 2006	Year-over-year increase (decrease)	Year ended March 31 2007	Year ended March 31 2006	Year-over-year increase
Canada	153,543	145,264	5.7%	529,906	437,479	21.1%
UK	38,452	41,774	(8.0)%	129,852	125,900	3.1%
US	19,916	20,036	(0.6)%	81,259	20,036	n.m
Other Foreign Location	4,532	-	n.m	15,897	-	n.m

(1) For a business description of Canaccord's geographic distribution please refer to the "About Canaccord's Operations" section on page 7.
n.m.: not meaningful

Three-month summary
On a consolidated basis, revenue is generated through five activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, principal trading, interest and other. Revenue for the three months ended March 31, 2007, was $216.4 million, up 4.5% or $9.4 million compared to the same period a year ago. Excluding the consolidated US operations, revenue for the quarter would have been $196.5 million, up 5.1% or $9.5 million.

For the fourth quarter of fiscal 2007, revenue generated from commissions decreased compared to the same period a year ago and is largely due to decreases in commission revenue from Private Client Services. Investment banking revenue increased primarily because of increased activity from Canadian equity markets. Revenue derived from principal trading decreased mainly due to abnormally robust market activity in Q4/06 relative to Q4/07. Interest revenue increased mainly due to growth in the number and size of margin accounts and higher interest rates in Canada compared to Q4/06.

Fourth quarter revenue in Canada was $153.5 million, up 5.7% or $8.3 million from the same period a year ago. Our operations in Canada benefited from greater activity in the Canadian equity markets, largely due to higher global demand for commodities and related equities.

Revenue in the UK was $38.5 million, down 8.0% or $3.3 million from the same period a year ago. The decrease in UK revenue is due to fewer financings in Canaccord's focus sectors for Q4/07 relative to Q4/06. Revenue from other foreign location was $4.5 million.

Revenue in the US was $19.9 million, down $0.1 million or 0.6% from Q4/06.

Expenses for the three months ended March 31, 2007, were $176.3 million, up 7.8% or $12.7 million from a year ago. The overall increase is due in part to the addition of our US operations, which accounted for $23.0 million in expenses for the quarter. Our US expense profile reflects the investments being made in the US to expand and enhance our New York office, to establish our Houston office, and to add research and banking teams to our focus sectors. Excluding the US operations, consolidated expenses for the quarter would have been $153.3 million, up 4.4% or $6.5 million from the same period a year ago.

Expenses as a percentage of revenue Increase (decrease) in percentage points	Three months ended March 31 2007	Three months ended March 31 2006	Year-over-year Increase (decrease)
Incentive compensation	52.4%	52.3%	0.1 p.p
Salaries and benefits	6.0%	6.6%	(0.6) p.p
Other overhead expenses[(1)]	23.1%	20.1%	3.0 p.p
Total	81.5%	79.0%	2.5 p.p

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

Incentive compensation expense was $113.5 million for the quarter, up 4.8% or $5.2 million due to the increase in incentive-based revenue. Consolidated incentive compensation as a percentage of total revenue was 52.4%, up 0.1 percentage points. Compensation expense includes a 3% National Health Insurance (NHI) tax applicable for UK-based employees.

Salaries and benefits expense was down 6.2% or $0.9 million in the fourth quarter of fiscal 2007 from the same period a year ago, largely due to higher expenses in Q4/06 associated with recruitment and staffing costs in the UK and the US.

The total compensation (incentive compensation plus salaries) payout as a percentage of consolidated revenue for Q4/07 was 58.4%, down from 58.9% in Q4/06.

Other overhead expenses	**Three months ended March 31**		
(C$ thousands, except % amounts)	**2007**	**2006**	**Year-over-year Increase (decrease)**
Trading costs	6,718	7,615	(11.8)%
Premises and equipment	7,612	5,068	50.2%
Communication and technology	5,670	5,087	11.5%
Interest	5,228	3,577	46.2%
General and administrative	16,375	14,726	11.2%
Amortization	1,999	1,969	1.5%
Development costs	6,341	3,565	77.9%
Total other overhead expenses	49,943	41,607	20.0%

n.m.: not meaningful

Other overhead expenses increased 20.0% or $8.3 million to $49.9 million for the fourth quarter of fiscal 2007 from the same period a year ago. Contributing to the overall increase in overhead expenses were premises and equipment costs which grew by 50.2% or $2.5 million, and development costs which increased by 77.9% or $2.8 million. These increases are largely related to Canaccord's growth in the UK and the US. Additionally, client-related interest was up 46.2% or $1.7 million based on higher interest rates and larger cash balances in client accounts compared to Q4/06. Offsetting the increase in overhead expenses was lower trading costs, down 11.8% or $0.9 million, which was largely due to lower exchange fees.

General and administrative expense was up 11.2% or $1.6 million. The largest increases in general and administrative expense for Q4/07 were in other expenses, up 37.3% or $0.9 million; professional fees, up 28.2% or $0.7 million, which includes legal, audit and consulting fees; and promotion and travel, up 11.0% or $0.6 million which is largely due to the increased geographic span of the business. General and administrative expense was offset by decreases in client expenses of 71.5% or $1.7 million due to decreased provisions related to client activity.

Development costs for Q4/07 were $6.3 million, up 77.9% or $2.8 million from the previous year, and include hiring incentives and systems development costs. Hiring incentives are one of our tools to recruit new Investment Advisors (IAs) and capital markets professionals. Systems development costs are expenditures that we have made related to enhancing our information technology platform. Hiring incentives were $4.9 million, up 110.3% or $2.6 million because of the recruitment of professionals for both Private Client Services and Canaccord Adams, and the retention costs associated with Adams Harkness' employees as a result of the acquisition on January 3, 2006. Overall systems development costs for Q4/07 were $1.5 million, up 17.8% or $0.2 million due to enhancements to our technological platform associated with our growth.

Net income for Q4/07 was $26.0 million, down 13.5% or $4.1 million from the same period a year ago. Excluding the consolidated US operations, net income would have been $27.9 million, up 1.6% or $0.4 million from the same quarter last year. Diluted EPS was $0.54, down $0.09 or 14.3%. ROE for Q4/07 was 29.0% compared to an ROE of 45.7% a year ago. The decrease in EPS is partially due to the dilution associated with the Adams Harkness Financial Group, Inc. acquisition, and the investments made in our US and UK operations. Book value per common share for Q4/07 rose 29.2% to $7.74, up $1.75 from $5.99 a year ago, reflecting an increase in retained earnings.

Income taxes were $14.1 million for the quarter, reflecting an effective tax rate of 35.2%, up from 30.8% a year ago. The variances in the effective tax rate are related to the geographic composition of Canaccord's income.

Year-end summary

Revenue was $756.9 million, up 29.7% or $173.5 million from the same period a year ago. The increase in revenue for the year ended March 31, 2007, is due to the overall growth from all business segments and from unseasonally strong revenue generated during Q1/07. Excluding consolidated US operations, revenue for the year would have been $675.7 million, up 19.9% or $112.3 million from the same period a year ago.

Commissions revenue increased mainly due to higher trading volumes compared to a year ago.
Investment banking revenue was up mainly because of participation in larger deals during the first six months of fiscal 2007. Principal trading increased due to strong market activity throughout fiscal 2007, particularly during the first half of the fiscal year. Interest revenue rose due to an increase in the number and size of margin accounts, as well as higher interest rates in Canada relative to the same period a year ago.

Fiscal 2007 revenue in Canada increased to $529.9 million, up $92.4 million or 21.1% from the same period a year ago. This increase in revenue is due to Canaccord's higher market share and stronger activity in the Canadian equity markets relative to fiscal 2006. This higher activity was largely because of rising global demand for commodities and related equities, particularly during the first six months of fiscal 2007. Revenue in the UK increased to $129.9 million, up 3.1% or $4.0 million; revenue in the US was $81.3 million; and revenue in other foreign location was $15.9 million.

Expenses as a percentage of revenue	**Year ended March 31**		
Increase (decrease) in percentage points	**2007**	**2006**	**Year-over-year Increase (decrease)**
Incentive compensation	50.6%	51.3%	(0.7) p.p
Salaries and benefits	6.3%	7.2%	(0.9) p.p
Other overhead expenses[1]	24.8%	21.1%	3.7 p.p
Total	81.7%	79.6%	2.1 p.p

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

p.p.: percentage points

Expenses for fiscal 2007 were $618.7 million, up 33.2% or $154.3 million from the same period a year ago. The overall increase is largely due to the addition of the US operations. Fiscal 2007 expenses, excluding expenses incurred in the US, would have been $534.4 million, up 19.4% or $86.9 million from the same period a year ago.

Consolidated incentive compensation expense for the year was $382.9 million, up 28.0% or $83.7 million. Consolidated incentive compensation as a percentage of total revenue was 50.6%, down 0.7 percentage points from the same period a year ago. Excluding the US operations, consolidated incentive compensation expense would have been $340.3 million, up 17.3% or $50.3 million, while incentive compensation as a percentage of total revenue would have been 50.4%, down 1.1 percentage points from the same period a year ago.

Salaries and benefits expense was up 13.3% or $5.6 million for fiscal 2007 when compared to the same period a year ago. This is largely due to the addition of salaries and benefits expenses associated with Canaccord Adams Inc. in the US.

Other overhead expenses	**Year ended March 31**		
(C$ thousands, except % amounts)	**2007**	**2006**	**Year-over-year increase**
Trading costs	27,452	20,615	33.2%
Premises and equipment	25,173	15,843	58.9%
Communication and technology	21,472	16,598	29.4%
Interest	20,538	10,914	88.2%
General and administrative	64,182	46,227	38.8%
Amortization	8,151	4,817	69.2%
Development costs	21,244	9,797	116.8%
Gain on disposal of investment	-	(1,633)	n.m
Total other overhead expenses	188,212	123,178	52.8%

Total compensation (incentive compensation plus salaries) payout as a percentage of consolidated revenue was 56.9%, down 1.6 percentage points from 58.5% for the same period a year ago due to an increase in client-related interest that is not included in the payout calculation and other revenue subject to lower payout. Excluding our consolidated US operations, total compensation as a percentage of revenue would have been 56.7%, down 2.0 percentage points from the same period a year ago.

Similar to other revenue and expense items, other overhead expenses were affected by the inclusion of our US operations. Other overhead expenses were up 52.8% or $65.0 million from the same period a year ago. This increase is largely attributable to client-related interest, up 88.2% or $9.6 million; and premises and equipment, up 58.9% or $9.3 million. General and administrative expense was up 38.8% or $18.0 million. The largest increases in general and administrative expense were promotion and travel, up 46.4% or $7.8 million; professional fees, up 53.0% or $3.8 million; and office expenses, up 23.0% or $1.8 million.

Development costs for fiscal year 2007 were up 116.8% or $11.4 million to $21.2 million. Hiring incentives were up 198.1% or $10.7 million to $16.1 million. This is largely due to US hires we made for our research, investment banking, and sales and trading teams in our focus sectors and retention costs related to employees of Adams Harkness. Systems development costs were up 16.8% or $0.7 million to $5.1 million from the same period a year ago for reasons mentioned earlier.

Fiscal 2007 net income was $93.5 million, up 15.2% or $12.3 million from the same period a year ago. Diluted EPS was $1.94, up 11.5% or $0.20. ROE was 28.4%, down 5.2 percentage points from a year ago. Book value per common share increased to $7.74, up 29.2% or $1.75 from a year ago, reflecting an increase in retained earnings. Excluding our consolidated US operations, net income for the year would have been $94.7 million, up 20.5% from the same period a year ago.

Consolidated US operations generated a year-end loss of $1.2 million.

Income taxes were $44.7 million, reflecting an effective tax rate of 32.4% compared to 31.8% a year ago.

Results of operations

Private Client Services

(C$ thousands, except assets under administration and assets under management, which are in C$ millions; employees; Investment Advisors and % amounts)	Three months ended March 31 2007	2006	Year-over-year increase (decrease)	Year ended March 31 2007	2006	Year-over-year increase
Revenue	75,876	78,422	(3.2)%	272,619	225,194	21.1%
Expenses						
Incentive compensation	36,567	37,372	(2.2)%	126,668	105,283	20.3%
Salaries and benefits	4,303	4,405	(2.3)%	13,626	13,053	4.4%
Other overhead expenses	14,479	14,208	1.9%	61,796	45,640	35.4%
Total expenses	55,349	55,985	(1.1)%	202,090	163,976	23.2%
Income before income taxes(1)	20,527	22,437	(8.5)%	70,529	61,218	15.2%
Assets under management (AUM)	652	613	6.4%			
Assets under administration (AUA)	15,014	14,310	4.9%			
Number of Investment Advisors (IAs)	439	430	2.1%			
Number of employees	728	689	5.7%			

(1) Income before income taxes excludes allocated overhead expenses that are included in Corporate and Other segment expenses

Three months ended March 31, 2007, compared with three months ended March 31, 2006

Revenue from Private Client Services was $75.9 million, down $2.5 million or 3.2% mainly due to lower commission revenue from lower trading activity. Our Private Client Services business experienced slightly higher trading volumes during Q4/06 when the market conditions were also very robust. AUA grew by 4.9% or $0.7 billion to $15.0 billion compared to Q4/06. There were 439 IAs at the end of the fourth quarter of fiscal 2007, a net increase of nine from a year ago in an extremely competitive recruiting environment. Fee-related revenue as a percentage of total Private Client Services' revenue was up 5.8 percentage points to 24.1% from the same period last year. Fee-related revenue includes certain client-related interest items and fees associated with certain transaction-based financial services.

Expenses for Q4/07 were $55.3 million, down 1.1% or $0.6 million. For the quarter, the largest decreases in expenses were incentive compensation expenses, down 2.2% or $0.8 million, and trading costs, down 5.9% or $0.2 million due to stronger trading activity in our Private Client Services business last year versus this year. General and administrative expense was down 37.2% or $1.4 million. The largest component of general and administrative expense that contributed to this decrease was in client expenses, down 92.4% or $1.8 million. The expense decrease was partially offset by an increase in interest expense which was up 62.7%, or $1.8 million for the quarter.

Income before income taxes and corporate allocations for the quarter was $20.5 million, down 8.5% from the same period a year ago.

Year ended March 31, 2007, compared with the year ended March 31, 2006

Revenue from Private Client Services for fiscal 2007 was $272.6 million, up 21.1% or $47.4 million from a year ago. Fee-related revenue as a percentage of total Private Client Services' revenue rose 3.0 percentage points to 23.2% from the same period a year ago.

Expenses for fiscal 2007 were $202.1 million, up 23.2% or $38.1 million. The largest increase was recorded in incentive compensation expense, up 20.3% or $21.4 million, due to higher revenue from strong activity in the North American equity markets throughout fiscal 2007, particularly in Q1/07. Other overhead expense increases included client-related interest, up 146.7% or $10.6 million, and development costs, up 41.1% or $1.8 million. Within development costs, hiring incentives were up 41.5% or $1.8 million.

Income before income taxes and corporate overhead allocations for fiscal 2007 was $70.5 million, up 15.2% from the same period a year ago.

Canaccord Adams

(C$ thousands, except employees and % amounts)	Three months ended March 31 2007	2006	Year-over-year increase (decrease)	Year ended March 31 2007	2006	Year-over-year increase (decrease)
Canaccord Adams						
Revenue	130,151	120,243	8.2%	449,717	333,666	34.8%
Expenses						
Incentive compensation	70,783	63,800	10.9%	233,582	175,604	33.0%
Salaries and benefits	2,619	3,603	(27.3)%	11,193	8,435	32.7%
Other overhead expenses	27,503	18,039	52.5%	93,672	47,644	96.6%
Total expenses	100,905	85,442	18.1%	338,447	231,683	46.1%
Income before income taxes(1)	29,246	34,801	(16.0)%	111,270	101,983	9.1%
Number of employees				502	464	8.2%
US						
Revenue	18,686	18,692	-	76,644	18,692	310.0%
Expenses						
Incentive compensation	9,958	8,547	16.5%	40,685	8,547	376.0%
Salaries and benefits	1,329	1,613	(17.6%)	5,110	1,613	216.8%
Other overhead expenses	11,184	5,925	88.8%	36,460	5,925	515.4%
Total expenses	22,471	16,085	39.7%	82,255	16,085	411.4%
Income (loss) before income taxes	(3,785)	2,607	(245.2%)	(5,611)	2,607	(315.2)%
Number of employees	163	150	8.7%	163	150	8.7%
Canaccord Adams excluding the US						
Revenue	111,465	101,551	9.8%	373,073	314,974	18.4%
Expenses						
Incentive compensation	60,825	55,253	10.1%	192,897	167,057	15.5%
Salaries and benefits	1,290	1,990	(35.2%)	6,083	6,822	(10.8)%
Other overhead expenses	16,319	12,114	34.7%	57,212	41,719	37.1%
Total expenses	78,434	69,357	13.1%	256,192	215,598	18.8%
Income before income taxes	33,031	32,194	2.6%	116,881	99,376	17.6%
Number of employees	339	314	8.0%	339	314	8.0%

(1) Income before income taxes excludes allocated overhead expenses that are included in Corporate and Other segment expenses
n.m.: not meaningful

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

Three months ended March 31, 2007, compared with three months ended March 31, 2006

Revenue for Canaccord Adams in Q4/07 was $130.2 million, up 8.2% or $9.9 million from the same quarter a year ago, due to continued growth in market share as well as relatively strong capital markets in Canada, which more than offset the lower revenue arising from fewer financings in Canaccord's focus sectors in the UK.

Revenue from Canadian operations

Canaccord Adams in Canada generated fiscal fourth quarter revenue of $68.5 million that was derived from four divisions: Capital Markets, $57.4 million, up 27.7% or $12.4 million; International Trading, $6.8 million, down 13.4% or $1.1 million; Registered Traders, $2.6 million, down 36.0% or $1.5 million; and Fixed Income, $1.7 million, down 41.6% or $1.2 million. The increase in this geographic sector is largely due to increased market share, and continued high global demand for commodities and for Canadian equities relative to Q4/06. Canadian revenue for Canaccord Adams of $68.5 million represents 52.6% of Canaccord Adams' total revenue.

Revenue from UK operations

Operations related to Canaccord Adams Limited in the UK include institutional sales and trading, investment banking, and research. Revenue in this business was $38.5 million, down 8.0% or $3.3 million from the same period a year ago due to the slowdown of activity on AIM during Q4/07 compared to an unusually strong quarter in Q4/06. UK revenue of $38.5 million represents 29.5% of Canaccord Adams' total revenue.

Revenue from US operations
The US operations reflect the US capital markets activities of Canaccord Capital Corporation (USA), Inc. and Canaccord Adams Inc. Fourth quarter 2007 revenue for Canaccord Adams in the US was $18.7 million, representing 14.4% of Canaccord Adams' total revenue and almost unchanged from a year ago.

Revenue from other foreign location
Revenue attributable to other foreign location was derived in large part from proprietary trading activity. Revenue in Q4/07 was $4.5 million, representing 3.5% of Canaccord Adams' total revenue. The nature of the proprietary trading activity in this area is that its results may vary significantly from period to period. Revenue realized from these operations in the comparative period was not material.

Expenses
Expenses for Q4/07 were $100.9 million, up 18.1% or $15.5 million. The largest increases in non-compensation expenses were in general and administrative expense, up 58.3% or $3.8 million; premises and equipment, up 115.4% or $2.7 million; and development costs, up 251.9% or $2.6 million. Reasons for these increases have been discussed previously. Within general and administrative expense, professional fees were up 116.5% or $1.2 million; and promotion and travel was up 25.8% or $1.0 million. General and administrative expense incurred by Canaccord Adams in the US was $3.4 million, or 32.7% of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams' US operations during Q4/07, general and administrative expenses for Canaccord Adams would have been $6.9 million, up 42.8% or $2.1 million.

The increase in incentive compensation for the quarter of 10.9%, or $7.0 million, is largely attributable to the higher revenue during the quarter. Salary and benefits expense for the quarter decreased by $1.0 million, or 27.3% from a year ago, largely due to a decrease of $0.5 million in salaries and benefits by the UK operations for the quarter. The total compensation expense payout as a percentage of revenue for the quarter was 56.4%, down 0.3 percentage points from 56.1% for the same period a year ago. Excluding Canaccord Adams' US operations, the total compensation expense payout would have been 55.7%, down 0.7%.

Income before income taxes and corporate overhead allocations for the quarter was $29.2 million, down $5.6 million or 16.0% from the same quarter a year ago. Excluding Canaccord Adams' US operations, income before income taxes and corporate overhead allocations would have been $33.0 million, up $0.8 million or 2.6%.

Year ended March 31, 2007, compared with year ended March 31, 2006
Revenue from Canaccord Adams in fiscal 2007 was $449.7 million, up $116.1 million or 34.8% from the same period a year ago. Excluding the contribution from the US operations, fiscal 2007 revenue would have been $373.1 million, up $58.1million or 18.4% from fiscal 2006.

Revenue from Canadian operations
Canaccord Adams in Canada generated revenue of $227.3 million comprised of Capital Markets, $187.6 million, up 24.7% or $37.1 million; International Trading, $24.2 million, up 15.5% or $3.2 million; Registered Traders, $7.9 million, down 13.7% or $1.2 million; and Fixed Income, $7.7 million, down 9.8% or $0.8 million. Fiscal 2007 revenue for Canaccord Adams in Canada of $227.3 million represents 50.6% of Canaccord Adams' total revenue.

Revenue from UK operations
Revenue in this region was $129.9 million, up $4.0 million or 3.1% from fiscal 2006. This represents 28.9% of Canaccord Adams' total revenue.

Revenue from US operations
Fiscal 2007 revenue for Canaccord Adams in the US was $76.6 million, representing 17.0% of Canaccord Adams' total revenue.

Revenue from other foreign location
Revenue attributable to other foreign location is derived in large part from proprietary trading activity. Total revenue was $15.9 million, representing 3.5% of Canaccord Adams' total revenue. The nature of the proprietary trading activity in this area is that its results may vary significantly from period to period. Revenue realized from these operations in the comparative period was not material.

Expenses
Expenses for fiscal 2007 were $338.4 million, up 46.1% or $106.8 million. Excluding expenses from Canaccord Adams' US operations, expenses would have been $256.2 million, up 18.8% or $40.6 million. The largest increases in non-compensation expenses were in premises and equipment, up 140.0% or $8.2 million; development costs, up $9.5 million; trading costs, up 68.2% or $6.9 million; and general and administrative expense, up 74.3% or $14.9 million.

The largest increases in general and administrative expense were promotion and travel, up 50.6% or $5.9 million; professional fees, up 139.1% or $3.5 million; other expenses, up 71.4% or $2.1 million; and reserve expense, up $1.4 million. General and administrative expense incurred by Canaccord Adams in the US was $11.1 million, or 31.9% of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams' US operations during fiscal 2007, general and administrative expenses for Canaccord Adams would have been $23.7 million, up $5.5 million from the same period a year ago.

The increase in incentive compensation for fiscal 2007 is largely attributable to the 34.8% increase in revenue and the additional $40.7 million of incentive compensation for Canaccord Adams in the US. Salary and benefits expense for the period increased by $2.8 million, or 32.7% from a year ago, due to the addition of $3.5 million in new salaries and benefits from the US operations. For the year ended March 31, 2007, the total compensation expense payout as a percentage of revenue was 54.4%, down 0.8 percentage points from 55.2% for the same period a year ago. Excluding Canaccord Adams' US operations, total compensation as a percentage of revenue would have been 53.3%, down 1.9 percentage points from the same period a year ago.

Income before income taxes and corporate overhead allocations for the year ended March 31, 2007, was $111.3 million, up $9.3 million or 9.1% from the same period a year ago. For the period, Canaccord Adams' US operations generated a loss of $5.6 million before income taxes. Excluding Canaccord Adams' US operations, income before income taxes would have been $116.9 million, up $17.5 million or 17.6%.

Corporate and Other

	Three months ended March 31			Year ended March 31		
(C$ thousands, except employees and % amounts)	**2007**	**2006**	**Year-over-year increase (decrease)**	**2007**	**2006**	**Year-over-year increase (decrease)**
Revenue	10,416	8,409	23.9%	34,578	24,555	40.8%
Expenses						
Incentive compensation	6,152	7,124	(13.6)%	22,647	18,301	23.7%
Salaries and benefits	5,940	5,708	4.1%	22,789	20,531	11.0%
Other overhead expenses	7,961	9,360	(15.0)%	32,744	29,894	9.5%
Total expenses	20,053	22,192	(9.6)%	78,180	68,726	13.8%
(Loss) before income taxes	(9,637)	(13,783)	(30.1)%	(43,602)	(44,171)	(1.3)%
Number of employees	360	335	7.5%			

Three months ended March 31, 2007, compared with three months ended March 31, 2006
Revenue for the three months ended March 31, 2007, was $10.4 million, up 23.9% or $2.0 million from the same quarter a year ago, and is primarily attributed to an increase in bank interest rates, higher foreign exchange revenue, and higher security rebate revenue.

Expenses for Q4/07 were $20.1 million, down 9.6% or $2.1 million. The largest decreases in expenses were recorded in incentive compensation, down 13.6% or $1.0 million; and general and administrative expense, down 16.8% or $0.8 million.

Loss before income taxes was $9.6 million in the fourth quarter of fiscal 2007, representing a 30.1% or $4.1 million improvement from the same quarter a year ago.

Year ended March 31, 2007, compared with the year ended March 31, 2006
Revenue for the year ended March 31, 2007, was $34.6 million, up 40.8% or $10.0 million from the same period a year ago. The reasons for the increase are discussed above.

Expenses for fiscal 2007 were $78.2 million, up 13.8% or $9.5 million. The largest increase in expenses were recorded in incentive compensation, up 23.7% or $4.3 million, due to higher performance bonuses resulting from higher revenues, salary and benefits expense, up 11.0% or $2.3 million; and general and administrative expense, up 11.3% or $1.6 million, mainly attributable to increases in professional fees, which rose 31.8% or $1.0 million, and other expenses, up 16.2% or $0.5 million.

Loss before income taxes was $43.6 million, which is an improvement of 1.3% or $0.6 million from the same period a year ago.

Liquidity and capital resources
Canaccord has a capital structure underpinned by shareholders' equity that is comprised of share capital, retained earnings and cumulative foreign currency translation adjustments. On March 31, 2007, cash and cash equivalents net of call loans were $506.6 million, up $140.8 million from $365.8 million as of March 31, 2006. During the quarter ended March 31, 2007, financing activities provided cash in the amount of $17.3 million, which was primarily due to increases in subordinated debt of $25.0 million and offset by payment of dividends of $4.8 million and $2.9 million for the increase in unvested common share purchase loans related to Canaccord's Employee Stock Incentive Plan (ESIP) and other stock plans. The addition of subordinated debt provides additional regulatory capital to support business activities across our global platform. Investing activities used cash in the amount of $5.5 million for the purchase of equipment and leasehold improvements. Operating activities generated cash in the amount of $124.0 million, which was due to net increases in non-cash working capital items, net income and items not affecting cash. A reduction in cash of $0.8 million was attributed to the effect of foreign exchange on cash balances. In total, there was an increase in cash of $135.1 million.

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

Outstanding share data

	Outstanding shares as of March 31	
	2007	**2006**
Issued shares excluding unvested shares[1]	45,973,119	45,746,033
Issued shares outstanding [2]	47,831,961	47,827,350
Issued shares outstanding – diluted [3]	48,084,304	48,017,401
Average shares outstanding - basic	45,970,574	45,716,195
Average shares outstanding – diluted	48,081,759	47,845,582

(1) Excludes 1,858,842 unvested shares that are outstanding relating to share purchase loans for recruitment and retention programs
(2) Includes 1,858,842 unvested shares that are outstanding relating to share purchase loans for recruitment and retention programs
(3) Includes 252,343 of share issuance commitment

At March 31, 2007, Canaccord had 47,831,961 common shares issued and outstanding, up 4,611 common shares from March 31, 2006, due to the net effect of shares issued in connection with the stock compensation plans and shares cancelled.

On December 22, 2006, Canaccord renewed its Normal Course Issuer Bid (NCIB) for one year commencing on December 29, 2006, and ending on December 28, 2007. The NCIB allows for purchases of up to 5% of Canaccord's issued and outstanding shares at the time of the renewal. At December 29, 2006, there were 2,391,880 common shares available for purchase under the NCIB. Canaccord has agreed with the relevant regulators to update its shareholders at a minimum rate of every two weeks if purchases are made, and will update shareholders immediately if more than 1% of its outstanding shares are purchased in one day. From time to time, Canaccord may purchase its common shares for the purpose of resale or cancellation.

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

In connection with the acquisition of Adams Harkness Financial Group, Inc., a retention plan was established, which provides for the issuance of up to 1,118,952 common shares after a three-year vesting period. The total number of shares to be vested is also based on revenue earned by Canaccord Adams Inc. subsequent to the date of acquisition. The aggregate number of common shares that will vest and will therefore be issued at the end of the vesting period will be the number that is equal to the revenue earned by Canaccord Adams Inc. during the vesting period divided by US$250.0 million multiplied by the number of common shares subject to the retention plan (953,107 common shares as of March 31, 2007). As such revenue levels are achieved during the vesting period, the associated proportion of the retention payment will be recorded as a development cost, and the applicable number of retention shares will be included in weighted average diluted common shares outstanding.

In August 2005, the Company established an employee treasury stock purchase plan under which Canaccord made a forgivable loan to an employee for the purpose of paying 40% of the aggregate purchase price of common shares of the Company issued from treasury. In December 2006, the employee left the Company. As a result, we repurchased 184,517 common shares as settlement of the unvested portion of the forgivable loan. These shares were subsequently acquired by existing employees or cancelled.

During Q3/07, there were 10,254 shares issued under a retention plan in connection with our acquisition of Enermarket Solutions Ltd., a property acquisition and divestiture advisory service firm based in Calgary, Alberta. There were also 6,401 shares acquired and cancelled by a wholly owned subsidiary, Canaccord Adams Limited, from an employee as a result of the exercise of a pre-existing contractual arrangement.

During Q4/07, there were 6,879 shares issued in connection with our stock compensation plan and 6,121 shares cancelled.

On March 31, 2007, Canaccord had 47,831,961 common shares issued and outstanding.

Dividend policy

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, Canaccord's financial condition, results of operations and capital requirements and such other factors as the Board determines to be relevant. In Q3/07, the Board approved a quarterly dividend increase of $0.02 per share to $0.10 per share. The Board approved a common share dividend of $0.10 per share for Q4/07, and Canaccord intends to pay a $0.10 regular quarterly common share dividend for each quarter in fiscal 2008.

Dividend declaration

For the fourth quarter of fiscal 2007, the Board of Directors declared a common share dividend of $0.10 per share, which is payable on June 8, 2007, to shareholders of record on June 1, 2007. The common share dividend payment to common shareholders will total approximately $4.8 million or about 18.4% of fourth quarter net income.

Risks

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

Additional information

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

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

Interim Consolidated Financial Statements

Canaccord Capital Inc.

Unaudited

For the three and twelve months ended March 31, 2007

(Expressed in Canadian dollars)

Canaccord Capital Inc.

INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands of dollars)

As at	March 31, 2007 $	March 31, 2006 $
ASSETS		
Current		
Cash and cash equivalents	506,640	370,507
Securities owned, at market *[note 2]*	348,764	203,020
Accounts receivable *[notes 4 and 9]*	1,672,035	1,539,998
Total current assets	2,527,439	2,113,525
Equipment and leasehold improvements	37,549	25,750
Future income taxes	11,021	10,769
Goodwill and other intangible assets *[note 5]*	33,933	27,929
	2,609,942	2,177,973
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Call loans	—	4,684
Securities sold short, at market *[note 2]*	41,176	37,169
Accounts payable and accrued liabilities *[notes 4 and 9]*	2,156,540	1,832,956
Income taxes payable	15,035	15,334
Subordinated debt *[note 6]*	25,000	—
Total current liabilities	2,237,751	1,890,143
Commitments and contingencies *[note 11]*		
Shareholders' equity		
Share capital *[note 7]*	156,296	157,644
Cumulative foreign currency translation adjustment	2,236	(6,277)
Retained earnings	213,659	136,463
Total shareholders' equity	372,191	287,830
	2,609,942	2,177,973

See accompanying notes

Canaccord Capital Inc.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (Unaudited)

(in thousands of dollars, except per share amounts)

	For the three months ended		For the twelve months ended	
	March 31, 2007 $	**March 31, 2006 $**	**March 31, 2007 $**	**March 31, 2006 $**
REVENUE				
Commission	87,682	88,846	303,672	239,461
Investment banking	99,138	87,977	350,273	266,206
Principal trading	9,429	13,677	31,638	27,388
Interest	15,656	11,424	57,908	36,914
Other	4,538	5,150	13,423	13,446
	216,443	207,074	756,914	583,415
EXPENSES				
Incentive compensation	113,502	108,296	382,897	299,188
Salaries and benefits	12,862	13,716	47,608	42,019
Trading costs	6,718	7,615	27,452	20,615
Premises and equipment	7,612	5,068	25,173	15,843
Communication and technology	5,670	5,087	21,472	16,598
Interest	5,228	3,577	20,538	10,914
General and administrative	16,375	14,726	64,182	46,227
Amortization	1,999	1,969	8,151	4,817
Development costs	6,341	3,565	21,244	9,797
Gain on disposal of investment *[note 12]*	—	—	—	(1,633)
	176,307	163,619	618,717	464,385
Income before income taxes	40,136	43,455	138,197	119,030
Income tax expense (recovery)				
Current	21,249	21,404	52,883	44,657
Future	(7,129)	(8,019)	(8,142)	(6,777)
Net income for the period	26,016	30,070	93,456	81,150
Retained earnings, beginning of period	192,425	110,220	136,463	72,564
Cash dividends	(4,782)	(3,827)	(16,260)	(14,455)
Excess on redemption of common shares *[note 7 [iii]]*	—	—	—	(2,796)
Retained earnings, end of period	213,659	136,463	213,659	136,463
Basic earnings per share *[note 7 [vii]]*	0.57	0.66	2.03	1.82
Diluted earnings per share *[note 7 [vii]]*	0.54	0.63	1.94	1.74

See accompanying notes

Canaccord Capital Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands of dollars)

	For the three months ended		For the twelve months ended	
	March 31, 2007 $	March 31, 2006 $	March 31, 2007 $	March 31, 2006 $
OPERATING ACTIVITIES				
Net income for the period	26,016	30,070	93,456	81,150
Items not affecting cash				
Amortization	1,999	1,969	8,151	4,817
Future income tax recovery	(7,129)	(8,019)	(8,142)	(6,777)
Gain on disposal of investment	—	—	—	(1,633)
Issuance of shares in connection with stock compensation plans	72	—	194	—
Changes in non-cash working capital				
Decrease (increase) in securities owned	(202,844)	15,653	(144,716)	(43,851)
Increase in accounts receivable	(492,275)	(449,072)	(96,057)	(491,473)
Increase (decrease) in securities sold short	(13,287)	(95,312)	4,011	(68,359)
Increase in accounts payable and accrued liabilities	800,035	640,731	286,796	599,930
Increase (decrease) in income taxes payable	11,460	7,605	(1,234)	9,223
Cash provided by operating activities	124,047	143,625	142,459	83,027
FINANCING ACTIVITIES				
Decrease in notes payable	—	—	—	(41,618)
Issuance of shares for cash	—	309	—	6,574
Increase in subordinated debt	25,000	—	25,000	—
Increase in unvested common share purchase loans	(2,888)	—	(3,377)	(14,463)
Redemption of share capital	(22)	—	(83)	(4,631)
Dividends paid	(4,782)	(3,827)	(16,260)	(14,455)
Cash provided by (used in) financing activities	17,308	(3,518)	5,280	(68,593)
INVESTING ACTIVITIES				
Purchase of equipment and leasehold improvements	(5,468)	(4,852)	(18,514)	(16,630)
Decrease in notes receivable	—	—	—	41,618
Proceeds on disposal of investment	—	—	—	1,639
Acquisition of subsidiary	—	(11,674)	—	(15,669)
Cash provided by (used in) investing activities	(5,468)	(16,526)	(18,514)	10,958
Effect of foreign exchange on cash balances	(772)	1,207	11,592	(9,269)
Increase in cash position	135,115	124,788	140,817	16,123
Cash position, beginning of period	371,525	241,035	365,823	349,700
Cash position, end of period	506,640	365,823	506,640	365,823
Cash position is comprised of:				
Cash and cash equivalents	506,640	370,507	506,640	370,507
Call loans	—	4,684	—	4,684
	506,640	365,823	506,640	365,823
Supplemental cash flow information				
Interest paid	5,190	3,525	20,371	9,495
Income taxes paid	8,530	7,379	47,138	30,192

See accompanying notes

Canaccord Capital Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

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

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

2. SECURITIES OWNED AND SECURITIES SOLD SHORT

	March 31, 2007		March 31, 2006	
	Securities owned $	Securities sold short $	Securities owned $	Securities sold short $
Corporate and government debt	23,786	5,313	40,784	14,319
Equities and convertible debentures	324,978	35,863	162,236	22,850
	348,764	41,176	203,020	37,169

As at March 31, 2007, corporate and government debt maturities range from 2007 to 2054 [March 31, 2006 - 2006 to 2053] and bear interest ranging from 2.75% to 11.50% [March 31, 2006 – 2.05% to 14.00%].

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

3. FINANCIAL INSTRUMENTS

Foreign exchange risk

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

Forward contracts outstanding at March 31, 2007:

	Notional amounts (millions of USD)	**Average price** (CAD/USD)	**Maturity**	**Fair value** (millions of USD)
To sell US dollars	$ 12.90	$1.16	April 30, 2007	$0.1
To buy US dollars	$ 2.50	$1.16	April 3, 2007	($0.1)

Forward contracts outstanding at March 31, 2006:

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

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable

	March 31, 2007 $	**March 31, 2006 $**
Brokers and investment dealers	571,461	567,308
Clients	694,123	607,118
RRSP cash balances held in trust	349,932	320,766
Other	56,519	44,806
	1,672,035	1,539,998

Accounts payable and accrued liabilities

	March 31, 2007 $	**March 31, 2006 $**
Brokers and investment dealers	442,828	397,733
Clients	1,212,464	1,172,511
Other	501,248	262,712
	2,156,540	1,832,956

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (cont'd.)

Accounts payable to clients include $349.9 million [March 31, 2006 - $320.8 million] payable to clients for RRSP cash balances held in trust.

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client accounts. Interest on margin loans and amounts due to clients is based on a floating rate [March 31, 2007 – 8.00%-10.25% and 2.27%-3.00%, respectively, and March 31, 2006 – 7.50%-9.50% and 1.50%-2.50%, respectively].

5. GOODWILL AND OTHER INTANGIBLE ASSETS

	March 31, 2007 $	March 31, 2006 $
Goodwill	30,070	22,653
Other intangible assets		
Balance at beginning of year	5,276	—
Acquisitions	—	5,650
Amortization	1,413	374
Balance at end of year	3,863	5,276
	33,933	27,929

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

.The Company has completed its assessment of the net assets acquired in connection with the purchase price allocation for the acquisition of Adams Harkness Financial Group, Inc. ("Adams Harkness") in January 2006, and goodwill was increased to $30,070 to reflect finalization of the fair value assessment of future income tax benefits.

6. SUBORDINATED DEBT

	March 31, 2007 $	March 31, 2006 $
Loan payable, interest payable monthly at prime + 2% per annum, due on demand	25,000	—

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

6. SUBORDINATED DEBT (cont'd).

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Dealers Association of Canada.

7. SHARE CAPITAL

	March 31, 2007 $	**March 31, 2006 $**
Share capital		
Common shares	173,431	173,282
Unvested share purchase loans	(25,531)	(20,577)
Contributed surplus	8,396	4,939
	156,296	157,644

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

[i] Authorized

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

[ii] Issued and fully paid

Common Shares

	Number of Shares	Amount $
Balance, March 31, 2005	46,129,268	153,061
Shares issued for cash	691,940	6,573
Shares issued in connection with acquisitions	1,420,342	15,023
Shares cancelled *[note 7[iii]]*	(414,200)	(1,375)
Balance, March 31, 2006	47,827,350	173,282
Shares issued in connection with stock compensation plans *[note 8]*	17,133	194
Shares cancelled *[note 7[iii]]*	(12,522)	(45)
Balance, March 31, 2007	**47,831,961**	**173,431**

Pursuant to the Company's normal course issuer bid, as approved by the Toronto Stock Exchange, the Company purchased for cancellation 414,200 common shares during the twelve months ended March 31, 2006 with a book value of $1.3 million for aggregate cash consideration of $4.6 million. The excess has been recorded to contributed surplus and retained earnings.

The Company has renewed its normal course issuer bid and is entitled to acquire from December 29, 2006 to December 28, 2007, up to 2,391,880 of its shares, which represents 5% of its shares outstanding as of December 20, 2006. There were no share transactions under the NCIB between December 29, 2006 and March 31, 2007.

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

7. SHARE CAPITAL (cont'd.)

[iii] Excess on redemption of common shares

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

	For the three months ended		For the twelve months ended	
	March 31, 2007	**March 31, 2006**	**March 31, 2007**	**March 31, 2006**
	$	**$**	**$**	**$**
Redemption price	22	—	83	4,631
Book value	22	—	45	1,375
Excess on redemption of common shares	—	—	38	3,256

[iv] Common share purchase loans

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

[v] Distribution of acquired common shares

In December 2006, the Company repurchased 195,968 common shares for $1.9 million from departed employees as settlement of the unvested portion of forgivable loans. A total of 189,567 common shares were subsequently distributed to existing employees at market price of $18.20 per share for cash proceeds of $3.5 million. The excess on distribution of $1.6 million has been credited to contributed surplus. The Company has cancelled the remaining 6,401 common shares.

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

[vi] Contributed surplus

Contributed Surplus

	$
Balance, March 31, 2005	898
Unvested share purchase loans	3,186
Excess on redemption of common shares *[note 7[iii]]*	(460)
Excess on distribution of acquired common shares *[note 7[v]]*	1,315
Balance, March 31, 2006	4,939
Excess on redemption of common shares *[note 7[iii]]*	(38)
Excess on distribution of acquired common shares *[note 7[v]]*	1,623
Unvested share purchase loans and stock compensation plans	1,872
Balance, March 31, 2007	**8,396**

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

7. SHARE CAPITAL (cont'd.)

[vii] Earnings per share

	For the three months ended		For the twelve months ended	
	March 31, 2007 $	March 31, 2006 $	March 31, 2007 $	March 31, 2006 $
Basic earnings per share				
Net income for the period	26,016	30,070	93,456	81,150
Weighted average number of common shares (number)	45,970,574	45,716,195	45,969,346	44,606,134
Basic earnings per share ($)	0.57	0.66	2.03	1.82
Diluted earnings per share				
Net income for the period	26,016	30,070	93,456	81,150
Weighted average number of common shares (number)	45,970,574	45,716,195	45,969,346	44,606,134
Dilutive effect of unvested shares (number)	1,858,842	1,804,541	1,858,842	1,903,119
Dilutive effect of share issuance commitment (number) *[note 8]*	252,343	324,846	252,343	190,051
Adjusted weighted average number of common shares (number)	48,081,759	47,845,582	48,080,531	46,699,304
Diluted earnings per share ($)	0.54	0.63	1.94	1.74

8. STOCK-BASED COMPENSATION PLANS

Retention Plans

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

The plan for Enermarket consists of the issuance of up to 25,210 common shares of the Company over two years. In December 2006, the Company issued 10,254 common shares under this plan. [Note 7[ii]]

The plan for Adams Harkness provides for the issuance of up to 1,118,952 common shares of the Company after a three year vesting period. The total number of shares which will vest is also based on revenue earned by Canaccord Adams Inc. during the vesting period. The aggregate number of common shares which vest will be that number which is equal to the revenue earned by Canaccord Adams Inc. during the vesting period divided by US$250.0 million multiplied by the number of common shares subject to the retention plan (953,107 common shares as of March 31, 2007). As such revenue levels are achieved during the vesting period, the associated proportion of the retention payment will be recorded as a development cost and the applicable number of retention shares will be included in diluted common shares outstanding [Note 7[vii]]. The Company has expensed $716 and $2,386 for the three months and twelve months ended March 31, 2007 ($513 for the three months and twelve months ended March 31, 2006). In February 2007, the Company issued 6,879 common shares to employees who have ceased their employment in circumstances where the retention plan provides for a partial vesting of the shares awarded under the plan [Note 7[ii]].

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

8. STOCK-BASED COMPENSATION PLANS (cont'd.)

Employee Treasury Stock Purchase Plan

In August 2005, the Company established an employee treasury stock purchase plan under which the Company made a forgivable loan to an employee for the purpose of paying 40% of the aggregate purchase price of common shares of the Company issued from treasury. A repayable loan in the amount of 35% of the aggregate purchase price of the common shares was also made to the employee. In December 2006, the employee departed the Company. According to the employee treasury stock purchase plan, one-third of the number of common shares purchased utilizing the forgivable loan portion of the aggregate purchase vested on August 10, 2006 and the forgivable loan portion relating to amounts vested has been forgiven. The Company repurchased the remaining 184,517 common shares as settlement of the unvested portion of the forgivable loan. These shares were subsequently distributed to existing employees or cancelled [Note 7[v]]. The applicable number of shares under this employee treasury stock purchase plan are included in diluted common shares outstanding [Note 7[vii]].

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

	For the three months ended		For the twelve months ended	
	March 31, 2007	**March 31, 2006**	**March 31, 2007**	**March 31, 2006**
Number of common shares subject to the Enermarket retention plan :				
Beginning of period	10,756	25,210	25,210	—
Issued	—	—	(10,254)	—
Adjustments	(502)	—	(4,702)	—
Grants	—	—	—	25,210
End of period	10,254	25,210	10,254	25,210
Shares vested at end of period	10,254	—	10,254	—
Number of common shares subject to the Adams Harkness retention plan :				
Beginning of period	1,004,750	—	1,046,219	—
Issued	(6,879)	—	(6,879)	—
Grants	—	1,118,952	72,733	1,118,952
Forfeitures	(44,764)	(72,733)	(158,966)	(72,733)
End of period	953,107	1,046,219	953,107	1,046,219
Shares vested at end of period	—	—	—	—
Number of common shares subject to the employee treasury stock purchase plan				
Beginning of period	—	276,776	276,776	—
Issued	—	—	(92,259)	276,776
Buyback	—	—	(184,517)	—
End of period	—	276,776	—	276,776

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

8. STOCK-BASED COMPENSATION PLANS (cont'd.)

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

9. RELATED PARTY TRANSACTIONS

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

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

	March 31, 2007 $	**March 31, 2006 $**
Accounts receivable	49,694	34,582
Accounts payable and accrued liabilities	85,795	88,506

10. SEGMENTED INFORMATION

The Company has two operating segments:

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

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

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

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

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

Canaccord Capital Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

10. SEGMENTED INFORMATION (cont'd.)

For the three months ended March 31,

	2007				2006			
	Private Client Services	**Canaccord Adams**	**Corporate and Other**	**Total**	**Private Client Services**	**Canaccord Adams**	**Corporate and Other**	**Total**
	$	$	$	$	$	$	$	$
Revenues	75,876	130,151	10,416	216,443	78,422	120,243	8,409	207,074
Expenses	53,541	96,347	18,079	167,967	54,107	83,601	20,377	158,085
Amortization	438	895	666	1,999	462	800	707	1,969
Development costs	1,370	3,663	1,308	6,341	1,416	1,041	1,108	3,565
Income (loss) before income taxes	20,527	29,246	(9,637)	40,136	22,437	34,801	(13,783)	43,455

For the twelve months ended March 31,

	2007				2006			
	Private Client Services	**Canaccord Adams**	**Corporate and Other**	**Total**	**Private Client Services**	**Canaccord Adams**	**Corporate and Other**	**Total**
	$	$	$	$	$	$	$	$
Revenues	272,619	449,717	34,578	756,914	225,194	333,666	24,555	583,415
Expenses	194,371	323,803	71,148	589,322	158,235	228,534	63,002	449,771
Amortization	1,648	3,921	2,582	8,151	1,439	1,910	1,468	4,817
Development costs	6,071	10,723	4,450	21,244	4,302	1,239	4,256	9,797
Income (loss) before income taxes	70,529	111,270	(43,602)	138,197	61,218	101,983	(44,171)	119,030

For the three and twelve months ended March 31, 2007 (in thousands of dollars, except per share amounts)

10. SEGMENTED INFORMATION (cont'd.)

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

	For the three months ended		For the twelve months ended	
	March 31, 2007 $	**March 31, 2006 $**	**March 31, 2007 $**	**March 31, 2006 $**
Canada				
Revenue	153,543	145,264	529,906	437,479
Equipment and leasehold improvements	22,821	21,635	22,821	21,635
Goodwill and other intangible assets	4,334	4,584	4,334	4,584
United States				
Revenue	19,916	20,036	81,259	20,036
Equipment and leasehold improvements	4,940	2,576	4,940	2,576
Goodwill and other intangible assets	29,599	23,345	29,599	23,345
United Kingdom				
Revenue	38,452	41,774	129,852	125,900
Equipment and leasehold improvements	9,788	1,539	9,788	1,539
Other Foreign Location				
Revenue	4,532	—	15,897	—

11. COMMITMENTS AND CONTINGENCIES

Commitments

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

	$
2008	21,762
2009	23,271
2010	21,988
2011	21,603
2012	19,193
Thereafter	89,594
	197,411

11. COMMITMENTS AND CONTINGENCIES (cont'd)

Contingencies

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

1. With respect to paragraph [iii], all the actions that were being actively prosecuted have been settled. However, it has come to the attention of the Company that an additional four actions have been commenced. The Company is therefore aware of a total of five actions that are outstanding. None of these actions is being actively prosecuted.

2. With respect to paragraph [v], a settlement has been approved by the courts in Ontario, Quebec and Michigan.

12. GAIN ON DISPOSAL OF INVESTMENT

During the twelve months ended March 31, 2006, the Company recognized a gain of $1.6 million from the sale of its investment in shares of the Bourse de Montréal.

13. SUBSEQUENT EVENT

Dividend

On May 16, 2007, the Board of Directors declared a common share dividend of $0.10 per share payable on June 8, 2007, with a record date of June 1, 2007.

SHAREHOLDER INFORMATION

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

Fiscal 2008 expected dividend(1) and earnings dates

	Earnings release date	Dividend record date	Dividend payment date
Q1/08	August 2, 2007	August 24, 2007	September 10, 2007
Q2/08	November 8, 2007	November 30, 2007	December 10, 2007
Q3/08	February 7, 2008	February 22, 2008	March 10, 2008
Q4/08	May 15, 2008	May 30, 2008	June 10, 2008

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

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

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

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