Q3

CANACCORD CAPITAL INC.

THIRD QUARTER FISCAL 2007 REPORT TO SHAREHOLDERS

CANACCORD CAPITAL INC. REPORTS THIRD QUARTER RESULTS

QUARTERLY COMMON SHARE DIVIDEND INCREASED 25% TO $0.10 PER SHARE FROM Q3/07 ONWARDS

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

VANCOUVER, February 8, 2007 – Canaccord Capital Inc.'s (TSX & AIM: CCI) revenue for the third quarter of fiscal 2007, ended December 31, 2006, was $178.3 million, up 12.4% from the same quarter a year ago. Fiscal third quarter 2007 net income of $23.7 million decreased 2.3% and diluted earnings per share (EPS) of $0.49 was down 5.8% from the same quarter last year. Excluding the consolidated US operations, revenue for the quarter would have been $159.7 million, up 0.6% or $1.0 million and net income would have been $24.6 million, up 1.4% or $0.3 million from the same quarter last year. Canaccord acquired its US operations through the purchase of Adams Harkness Financial Group, Inc. on January 3, 2006.

Revenue for the nine months ended December 31, 2006 was $540.5 million, up 43.6% from the same period a year ago. Net income for the nine-month period was $67.4 million, representing an increase of 32.0%, and diluted earnings per share (EPS) was $1.40, up 27.3% from the same period a year ago. Excluding the consolidated US operations, revenue for the first nine months of fiscal 2007 would have been $479.1 million, up 27.3% or $102.8 million, and net income would have been $66.7 million, up 30.7% or $15.7 million.

"Canaccord's solid Q3/07 financial results underscore the value of our strategy of diversification across key markets and sectors," said Peter Brown, Chairman and CEO. "We are confident that our focus on product mix, sector specialization and key geographic markets will allow us to excel in these areas, adding value for our clients and shareholders," added Paul Reynolds, President.

Highlights of the third quarter fiscal 2007 results (three months ended December 31, 2006) compared to the third quarter fiscal 2006 results (three months ended December 31, 2005):

- Revenue of $178.3 million, up 12.4% or $19.6 million from $158.7 million
- Expenses of $144.7 million, up 17.8% or $21.9 million from $122.8 million
- Net income of $23.7 million, down 2.3% or $0.6 million from $24.2 million
- Diluted EPS of $0.49, down 5.8% or $0.03 from $0.52
- Return on equity (ROE) of 27.6%, down from 41.0%
- Book value per common share at the period end increased to $7.43, up 40.5% or $2.14 from $5.29
- Canaccord's results for the year can support a dividend increase of $0.02 per share, or 25% on the regular quarterly dividend commencing this quarter. Therefore, the Board approved a common share dividend of $0.10 per share on February 7, 2007, payable on March 8, 2007, with a record date of February 23, 2007
- 47,825,082 total issued common shares outstanding on a diluted basis at February 7, 2007

CONTENTS

CANACCORD CAPITAL

Highlights for the year-to-date fiscal 2007 results (nine months ended December 31, 2006) compared to the year-to-date fiscal 2006 results (nine months ended December 31, 2005):

- Revenue of $540.5 million, up 43.6% or $164.1 million from $376.3 million
- Expenses of $442.4 million, up 47.1% or $141.6 million from $300.8 million
- Net income of $67.4 million, up 32.0% or $16.4 million from $51.1 million
- Diluted EPS of $1.40, up 27.3% or $0.30 from $1.10
- ROE of 28.1%, down from 29.5%
- Working capital increased by 26.7% to $283.0 million from $223.4 million on March 31, 2006

Third quarter fiscal 2007 business segment highlights:

Private Client Services

- Revenue of $68.8 million, up 25.8% or $14.1 million from $54.7 million
- Expenses of $50.2 million, up 25.8% or $10.3 million from $39.9 million
- Net income before taxes of $18.7 million, up 25.7% or $3.8 million from $14.8 million
- Assets under management (AUM) of $696 million, up 31.8% from the same period a year ago, and up 3.9% from Q2/07
- Assets under administration (AUA) of $14.1 billion, up 15.9% from the same period a year ago, and up 2.1% from Q2/07
- AUA per advisor increased by 16.2% to $32.7 million for fiscal Q3/07 relative to fiscal Q3/06

Canaccord Adams

- For the period from January 1 to December 31, 2006, Canaccord ranked number one in Canada, based on our participation in the greatest number of transactions, and by market share of transactions led and co-led[1]
- Our Canadian block trading market share by volume increased from 3.7% in calendar 2005 to 4.7% in calendar 2006
- Revenue of $101.4 million, up 2.5% or $2.5 million from $98.9 million
- Expenses of $75.3 million, up 15.2% or $9.9 million from $65.4 million
- Net income before taxes of $26.1 million, down 22.1% or $7.4 million from $33.5 million
- For the period from April 1, 2006 to December 31, 2006, Canaccord Adams participated in a total of 351 transactions over $1.5 million to raise gross proceeds of more than $21.0 billion. From a geographic perspective:
    - Canada participated in 277 transactions with total proceeds of $16.4 billion
    - The UK participated in 44 transactions with total proceeds of $2.7 billion
    - The US participated in 30 transactions with total proceeds of $2.0 billion
- Canaccord ranked 6th in Thomson Financial's Canada Equity Capital Markets league table (January 1 to December 31, 2006) raising US$1.4 billion in proceeds for our clients. This represents 5.6% market share, up from 3.2% in calendar 2005. Canaccord also ranked 5th in Canada Initial Public Offerings, ahead of all other independent firms, raising proceeds of US$189.2 million
- During Q3/07, our international capital markets team, Canaccord Adams, led the following equity transactions:
    - $60.2 million in an AIM placing for Caledon Resources plc (AIM: CN)
    - $46.0 million in a TSX placing for Sandvine Corp. (TSX: SVC, AIM: SAND)
    - $40.2 million in a TSX financing for Westfield Real Estate Investment Trust (TSX: WFD.UN)
    - $34.5 million in a TSX financing for Metallica Resources Inc. (TSX: MR)
    - $34.5 million in an AIM placing for Catalytic Solutions Inc. (AIM: CTS)
    - $30.0 million in a TSX financing for InStorage Real Estate Investment Trust (TSX: IS.UN)
    - $28.4 million in an AIM placing for Redline Communications Inc. (AIM: REDL)
- During Q3/07, Canaccord Adams acted as a financial advisor to Viceroy Exploration Limited in its C$610.8 million takeover by Yamana Gold Inc.

(1) Source: FPinfomart and company information

MESSAGE FROM THE CHAIRMAN & CEO AND THE PRESIDENT

In fiscal third quarter 2007, Canaccord achieved solid financial performance despite a more challenging market. Our success in Q3/07 was due, in part, to our ongoing diversification strategy that is focused on seven key market sectors, three geographic centres (Canada, the UK and the US) and three client groups: institutional, corporate and retail. Our fiscal Q3/07 results highlight the value of this diversification strategy both for our clients and our shareholders.

While many global market indices have experienced record volumes and values, a number of our key sectors within these markets experienced some challenges. In late September, the US government passed legislation banning the online gaming industry which led to a precipitous decline both in the share price of many of our clients and to our business in this area. In addition, on October 31, the Canadian government brought forward proposed legislation that would eliminate the Income Trust structure over a four year period. These two adverse intrusions into our business, coupled with a significant decline in underwriting activity on the AIM in Canaccord's focus sectors impacted the relative performance of our Canaccord Adams business line. In the Canadian market, our strong results are a product of the increased diversification of our revenue sources, despite the fallout from the pending trust legislation. While the financing market in the trust sector has changed, the REIT market continues to be very active. We continue to maintain a leadership position on the AIM, both as a Nomad and as a broker. Early indications suggest that institutional investors are returning to that market.

Despite many of these challenges, we posted revenue gains and substantial profits in the three months ended December 31, 2006. Revenue grew by 12.4% to $178.3 million for Q3/07, with net income down 2.3% to $23.7 million. For year-to-date fiscal 2007, revenue rose 43.6% to $540.5 million, while net income increased 32.0% to $67.4 million.

CANACCORD ADAMS – CANADIAN BUSINESS STRENGTH DRIVES PERFORMANCE

Canaccord Adams' Canadian business enjoyed a strong quarter with specific strength in our Real Estate and Mining and Metals practices. Mining and Metals had a good quarter with revenue of $29.1 million. Two significant transactions during the quarter that Canaccord led were for Caledon Resources plc, for $60.2 million in an AIM placing, and Metallica Resources Inc., for $34.5 million in a TSX financing. Among Real Estate transactions we led were a $40.2 million TSX financing for Westfield Real Estate Investment Trust and a $30.0 million TSX financing for InStorage Real Estate Investment Trust. Our Technology group continues to gain traction as they leverage both our global distribution network and the wealth of analyst talent that exists in the UK, the US, and Canada. In a weaker market for small capitalization technology, we led a $28.4 million transaction for Redline Communications Inc. and listed Sandvine Corporation on the TSX with an accompanying transaction worth $46.0 million.

We remain on track with our US growth strategy and we are pleased with the progress of our US operations. During Q3/07, we expanded our West Coast-based technology investment banking group and our oil-field services research group in Houston.

In the UK, we relocated our London office during the quarter, which will help us to continue with our expansion strategy. Following AIM's recent correction, the market is returning with greater selectivity to high quality names. We are a leading Nomad on the AIM market and the most recent Hemscott Survey[1] ranked us as the top broker by market capitalization.

SIGNIFICANT CALENDAR YEAR GROWTH IN EQUITY UNDERWRITING

In addition, for the full calendar year, Canaccord Adams led transactions valued at $4.2 billion[2]. This figure represents the scale of our global underwriting business and is larger than any other Canadian independent investment bank. Also, we led and co-led more domestic offerings than any other Canadian investment dealer, and participated in syndicates for 450 deals that raised over $29 billion. Additionally, our Canadian block trading market share by volume increased from 3.7% in calendar 2005 to 4.7% in calendar 2006.

(1) Source: Hemscott Ranking of Stockbrokers Total AIM Client Market Capitalization November 2006

(2) For transactions $10 million and greater

PRIVATE CLIENT SERVICES POSTS 25.8% REVENUE GROWTH YEAR OVER YEAR

During Q3/07, we continued to grow our wealth management capabilities and strengthen the group of advisors who service our clients. We are delighted to announce that AGF International Advisors has joined our *Alliance Program* as our ninth external portfolio manager. AGF International is based in Dublin and enhances our program with two mandates – a global portfolio (including the US) and an international portfolio (excluding the US).

While the recruiting environment for new Investment Advisors (IAs) is highly competitive, our Private Client Services group posted revenue growth of 25.8% year over year to $68.8 million. Income before taxes and corporate allocations increased by 25.7% to $18.7 million for the quarter. Year-to-date revenue represents a record level for the group at $196.7 million. Although the number of IAs was virtually flat relative to Q3/06, our AUA rose by $1.9 billion from Q3/06 and our average book size per advisor climbed to $32.7 million, up 16.2% from Q3/06. We will remain aggressive in our efforts to recruit high quality investment advisors but will not undertake to recruit with incentives that we believe to be uneconomic or disruptive to our broader culture.

We enjoyed continued growth in our *Independence Accounts*, managed internally by Nick Majendie. Assets under management reached another quarterly high of $696 million, up 3.9% relative to last quarter and 31.8% above the Q3/06 level. The increase demonstrates ongoing client desire for this type of service. Similarly, our AUA rose to $14.1 billion, up 2.1% compared to Q2/07 and 15.9% higher than in Q3/06.

BUSINESS OUTLOOK

As much as 60% to 65% of Canaccord's revenue is typically realized in the final half of the fiscal year. However, given the exceptional strength during the six months ended September 30, 2006, and even with the revenue improvement in Q3/07, we continue to expect that this year's second half will account for a smaller percentage of annual revenue than usual.

We would like to express our personal appreciation to Canaccord's outstanding employees and partners, whose efforts will continue to drive our success as we pursue our growth objectives, and build value for our shareholders.

PETER M. BROWN
CHAIRMAN & CHIEF EXECUTIVE OFFICER

PAUL D. REYNOLDS
PRESIDENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third quarter fiscal 2007 for the three and nine months ended December 31, 2006 – this document is dated February 8, 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 nine-month periods ended December 31, 2006, compared to the corresponding periods in the preceding fiscal year, with an emphasis on the three-month period ended December 31, 2006, which is also referred to as third quarter 2007 and as Q3/07 in the following discussion. This discussion should be read in conjunction with the unaudited interim consolidated financial statements for the three- and nine-month periods ended December 31, 2006, beginning on page 22 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 the 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. Capital markets activity dropped sharply in late May with moderate improvement in the fall of 2006 in many of our core sectors. Therefore, we continue to expect that the revenue earned in the second half of fiscal 2007 as a percentage of our annual revenue for fiscal 2007 may not be consistent with our historical seasonal pattern. However, we have a strong pipeline of potential transactions available for completion, subject to market conditions.

Business environment and outlook

In the fourth quarter of calendar 2006, equity markets were up from the previous quarter, reflecting a gain in Canadian economic growth due primarily to a quarter-over-quarter increase in commodity prices. The S&P/TSX Composite index peaked above 13,000 in mid-December, later settling down in the mid-12,000s, partially in response to the drop in oil prices. October saw heavy investment of $6.8 billion in foreign securities by Canadians, which is consistent with our broader thesis of the globalization of the investment business. According to Statistics Canada, this is the strongest sign yet that the recent slowdown in growth is unlikely to be prolonged. Growth is expected to be led by a buoyant stock market and strong consumer spending, while the slump in US demand for Canada's manufactured goods is expected to ease.

Market Data

Trading Volume by Exchange (billions of shares)

	Oct 06	Nov 06	Dec 06	FQ3/07	Increase (Decrease) from FQ3/06
TSX	7.7	8.9	6.5	23.1	26.9%
TSX-V	2.5	3.4	3.5	9.4	64.9%
AIM	12.9	13.6	9.8	36.3	37.5%
NASDAQ	22.1	18.2	17.0	57.3	(6.7)%

Total Financing Value by Exchange

	Oct 06	Nov 06	Dec 06	FQ3/07	% Change from FQ3/06
TSX and TSX Venture (C$ billions)	3.4	5.1	4.5	13.0	13.0%
AIM (£ billions)	1.4	1.4	2.5	5.3	35.9%
NASDAQ (US$ billions)	1.6	5.7	4.9	12.2	10.9%

Financing Value on AIM Exchange for Canaccord's Focus Sectors

(£ millions, except for percentage amounts)	Oct 06	Nov 06	Dec 06	FQ3/07	% Change from FQ3/06
Oil and gas	11.8	52.4	243.8	308.0	(18.1%)
Mining	71.9	15.3	69.9	157.1	(38.8%)
Biotech	18.4	47.3	13.8	79.5	(36.4%)
Media	12.7	9.5	87.9	110.1	(15.5%)
Technology	70.2	14.2	26.3	110.7	(21.3%)
Total	**185.0**	**138.7**	**441.7**	**765.4**	**(25.6%)**

Trading volume of shares in fiscal Q3/07 experienced strong double-digit growth relative to fiscal Q3/06 on each of the TSX, TSX-V, and AIM exchanges, while NASDAQ trading volumes declined year over year. The value of financings also increased on each of the TSX, TSX-V, AIM and NASDAQ exchanges. Although total financing value increased on the AIM exchange in fiscal Q3/07 relative to fiscal Q3/06, the proceeds raised in Canaccord's focus sectors from both initial public offerings and secondary offerings were 25.6% lower. Additionally, proceeds raised from initial public offerings were 56.4% lower year over year.

The stabilization of interest rates in North America is expected to continue to encourage capital investment by firms in the US and Canada, and is a positive sign for continuing strength in the North American capital markets. This would be a positive business environment for Canaccord's operations. While rates are rising in the UK and Europe, economic growth in the region is still favourable. Even in the face of a potential US economic slowdown, economic activities in the UK and Europe are not expected to deteriorate in the short term. If the UK economy remains favourable, this will benefit Canaccord's operations.

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, interest, 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 global 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 three geographic areas: Canada, the UK and the US. Revenue not attributable to these geographic areas is classified under Other Foreign Location in the segmented information in our unaudited interim financial statements for Q3/07. Canaccord's Canadian operations include activities related to Canadian Private Client Services, capital markets activities in Canada delivered through Canaccord Adams (a division of Canaccord Capital Corporation, our principal Canadian operating subsidiary), and Canadian Other operations. Canaccord's US operations include activities related to US Private Client Services, delivered through Canaccord Capital Corporation (USA), Inc., and US capital markets operations, provided through Canaccord Adams Inc. US Other operations, also delivered through Canaccord Capital Corporation (USA), Inc., include revenue and expenses not specifically allocable to US Private Client Services and US Canaccord Adams. Canaccord's UK operations include activities related to Canaccord Adams Limited, which is engaged in capital markets activities in the United Kingdom. Revenue derived from capital markets activity outside of these three geographic areas is reported in the interim financial statements as Other Foreign Location, which includes operations for Canaccord International Ltd.

Consolidated operating results

Third quarter and year-to-date summary data [1]

(C$ thousands, except per share, employee and % amounts)	Three months ended December 31 2006	2005	Year-over-year increase (decrease)	Nine months ended December 31 2006	2005	Year-over-year increase (decrease)
Canaccord Capital Inc.						
Revenue [2]						
Commission	**$ 74,380**	$ 56,701	31.2%	**$ 215,990**	$ 150,615	43.4%
Investment banking	**78,177**	84,425	(7.4)%	**251,135**	178,229	40.9%
Principal trading	**9,035**	6,176	46.3%	**22,209**	13,711	62.0%
Interest	**14,355**	8,886	61.5%	**42,252**	25,490	65.8%
Other	**2,366**	2,482	(4.7)%	**8,885**	8,296	7.1%
Total Revenue	**$ 178,313**	$ 158,670	12.4%	**$ 540,471**	$ 376,341	43.6%
Expenses						
Incentive compensation	**89,466**	82,662	8.2%	**269,395**	190,892	41.1%
Salaries and benefits	**11,610**	9,668	20.1%	**34,746**	28,303	22.8%
Other overhead expenses [3]	**43,601**	30,442	43.2%	**138,269**	81,571	69.5%
Total Expenses	**$ 144,677**	$ 122,772	17.8%	**$ 442,410**	$ 300,766	47.1%
Income before income taxes	**33,636**	35,898	(6.3)%	**98,061**	75,575	29.8%
Net income	**23,692**	24,248	(2.3)%	**67,440**	51,080	32.0%
Earnings per share (EPS) – diluted [4]	**0.49**	0.52	(5.8)%	**1.40**	1.10	27.3%
Return on average common equity (ROE) [4]	**27.6%**	41.0%	(13.4)p.p.	**28.1%**	29.5%	(1.4)p.p.
Book value per share – period end	**$ 7.43**	$ 5.29	40.5%			
Number of employees	**1,575**	1,320	19.3%			
US [5]						
Revenue	**$ 18,613**	–	n.m.	**$ 61,343**	–	n.m.
Expenses		–	n.m.		–	n.m.
Incentive compensation	**9,820**	–	n.m.	**32,064**	–	n.m.
Salaries and benefits	**1,212**	–	n.m.	**3,781**	–	n.m.
Other overhead expenses [3]	**9,213**	–	n.m.	**25,419**	–	n.m.
Total Expenses	**$ 20,245**	–	n.m.	**$ 61,264**	–	n.m.
Income (loss) before income taxes	**(1,632)**	–	n.m.	**79**	–	n.m.
Net income (loss)	**(884)**	–	n.m.	**700**	–	n.m.
Canaccord Capital Inc. excluding US						
Revenue	**$ 159,700**	$ 158,670	0.6%	**$ 479,128**	$ 376,341	27.3%
Expenses						
Incentive compensation	**79,646**	82,662	(3.6)%	**237,331**	190,892	24.3%
Salaries and benefits	**10,398**	9,668	7.6%	**30,965**	28,303	9.4%
Other overhead expenses [3]	**34,388**	30,442	13.0%	**112,850**	81,571	38.3%
Total Expenses	**$ 124,432**	$ 122,772	1.4%	**$ 381,146**	$ 300,766	26.7%
Income before income taxes	**35,268**	35,898	(1.8)%	**97,982**	75,575	29.6%
Net income	**24,576**	24,248	1.4%	**66,740**	51,080	30.7%

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

(2) To enhance our disclosure and to facilitate comparison with other companies in the industry, consolidated revenue has been changed from "revenue by business segment" to "revenue by activity". For revenue by business segment information, please refer to the Results of Operations section on page 12.

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

(4) EPS and ROE for Q3/07 include the issuance of 10,254 common shares in connection with the retention program associated with the Enermarket acquisition.

(5) 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

Revenue

Third quarter

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 December 31, 2006 was $178.3 million, up 12.4% or $19.6 million compared to the same period a year ago.

For the third quarter of fiscal 2007, revenue generated from commissions increased mainly due to higher trading volumes in Private Client Services and Canaccord Adams' institutional desk, including the contribution of Canaccord Adams Inc. in the US. Investment banking revenue decreased primarily because of reduced activity through AIM in London's equity markets as discussed in our Q2/07 Report to Shareholders. Revenue derived from principal trading activity increased mainly due to positive performance within our sector allocations in Q3/07 relative to Q3/06. Interest revenue also rose, mainly due to an increase in the number and size of margin accounts and higher interest rates in Canada compared to Q3/06.

Geographic distribution of revenue for the three and nine months ended December 31 [1]

	Three months ended December 31		Year-over-year	Nine months ended December 31		Year-over-year
(C$ thousands, except % amounts)	**2006**	2005	increase (decrease)	**2006**	2005	increase
Canada	**$ 134,705**	$ 113,789	18.4%	**$ 376,363**	$ 292,215	28.8%
UK	**20,865**	44,881	(53.5)%	**91,400**	84,126	8.6%
US	**18,613**	–	n.m.	**61,343**	–	n.m.
Other Foreign Location	**4,130**	–	n.m.	**11,365**	–	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

Third quarter revenue in Canada was $134.7 million, up 18.4% or $20.9 million from the same period a year ago. Our operations in Canada benefited from greater activity in the Canadian equity markets, largely due to rising global demand for commodities and related equities.

Revenue in the UK decreased to $20.9 million, down 53.5% or $24.0 million. A slowdown in activity on AIM in our focus sectors resulted in lower revenue in Q3/07 relative to an unusually strong quarter in Q3/06. This slowdown was seen in terms of proceeds raised in financings by companies in our target sectors, such as Oil and Gas, Mining, Biotech, and Media and Technology, which raised significantly fewer dollars in Q3/07 relative to Q3/06.

Revenue in the US includes revenue generated by Canaccord Capital Corporation (USA), Inc. and Canaccord Adams Inc. as a result of the acquisition of Adams Harkness Financial Group, Inc. on January 3, 2006. Third quarter fiscal 2007 consolidated revenue in the US was $18.6 million.

Year-to-date

Year-to-date revenue was $540.5 million, up 43.6% or $164.1 million from the same period a year ago. The sharp increase in revenue for the nine months ended December 31, 2006 is due in part to unusually high revenue generated during Q1/07.

Year-to-date revenue rose in all lines of business. Commissions revenue increased mainly due to higher trading volumes relative to the previous year. 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 stronger performance within our sector allocations. 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.

Year-to-date fiscal 2007 revenue in Canada rose to $376.4 million, up $84.1 million or 28.8% from the same period a year ago. This increase in revenue is due to significantly greater 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 $91.4 million, up 8.6% or $7.3 million; revenue in the US was $61.3 million; and revenue in other foreign locations was $11.4 million.

Expenses

Third quarter

Expenses for the three months ended December 31, 2006 were $144.7 million, up 17.8% or $21.9 million from a year ago. The overall increase is due in part to the addition of our US operations, which accounted for $20.2 million in expenses for the quarter. Our US expense profile reflects the investments being made in the US to establish our operating leverage within our industry focus areas and markets. During the quarter, we made investments in our New York and Houston premises and renovated our Boston office. Excluding the US operations, consolidated expenses for the quarter would have been $124.4 million, up 1.4% or $1.7 million from the same period a year ago.

Expenses as a percentage of revenue for the three and nine months ended December 31

Increase (decrease) in percentage points	Three months ended December 31		Year-over-year	Nine months ended December 31		Year-over-year
	2006	2005	increase (decrease)	**2006**	2005	increase (decrease)
Incentive compensation	**50.2%**	52.1%	(1.9)p.p.	**49.8%**	50.7%	(0.9)p.p.
Salaries and benefits	**6.5%**	6.1%	0.4p.p.	**6.5%**	7.5%	(1.0)p.p.
Other overhead expenses [1]	**24.4%**	19.2%	5.2p.p.	**25.6%**	21.7%	3.9p.p.
Total	**81.1%**	77.4%	3.7p.p.	**81.9%**	79.9%	2.0p.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 $89.5 million for the quarter, up 8.2% or $6.8 million due to the increase in incentive-based revenue. However, consolidated incentive compensation as a percentage of total revenue was 50.2%, down 1.9 percentage points, owing to an overall higher non-incentive-based revenue mix for this quarter. Compensation expense includes a 3% National Health Insurance (NHI) tax applicable for UK-based employees.

Salaries and benefits expense rose 20.1% or $1.9 million in the third quarter of fiscal 2007 from the same period a year ago, largely due to the addition of salaries and benefits expenses associated with the acquisition of Adams Harkness Financial Group, Inc. in the US.

The total compensation (incentive compensation plus salaries) payout as a percentage of consolidated revenue for Q3/07 was 56.7%, down from 58.2% in Q3/06, as a result of higher client-related interest and other revenue subject to lower payouts. Excluding our consolidated US operations, total compensation as a percentage of revenue would have been 56.4%, down 1.8 percentage points from the same period a year ago.

Other overhead expenses

(C$ thousands, except % amounts)	Three months ended December 31		Year-over-year	Nine months ended December 31		Year-over-year
	2006	2005	increase	**2006**	2005	increase
Trading costs	**$ 6,056**	$ 4,441	36.4%	**$ 20,734**	$ 13,000	59.5%
Premises and equipment	**5,810**	4,082	42.3%	**17,561**	10,775	63.0%
Communication and technology	**5,352**	4,023	33.0%	**15,802**	11,511	37.3%
Interest	**4,926**	2,441	101.8%	**15,310**	7,337	108.7%
General and administrative	**14,413**	12,422	16.0%	**47,807**	31,501	51.8%
Amortization	**1,797**	930	93.2%	**6,152**	2,848	116.0%
Development costs	**5,247**	2,103	149.5%	**14,903**	6,232	139.1%
Gain on disposal of investment	**–**	–	n.m.	**–**	(1,633)	n.m.
Total other overhead expenses	**$ 43,601**	$ 30,442	43.2%	**$ 138,269**	$ 81,571	69.5%

n.m.: not meaningful

Other overhead expenses increased 43.2% or $13.2 million to $43.6 million for the third quarter of fiscal 2007 from the same period a year ago. Trading costs, up 36.4% or $1.6 million increased due to higher trading activity and the addition of our US platform; premises and equipment, up 42.3% or $1.7 million, together with communications and technology, up 33.0% or $1.3 million increased primarily due to expenses associated with Canaccord's expansion in Canada, the UK and the US. Client-related interest rose 101.8% or $2.5 million based on higher interest rates and larger cash balances in client accounts compared to Q3/06.

General and administrative expense increased 16.0% or $2.0 million. The largest increases in general and administrative expense for Q3/07 were in promotion and travel, up 31.7% or $1.4 million, largely attributable to the enhanced geographic span of our business; and professional fees, up 70.0% or $0.9 million, due to the expansion of Canaccord Adams in Canada, the US and the UK. Professional fees include legal, audit and consulting fees. Client expenses fell by 51.7% or $1.0 million due to decreased provisions related to client activity. Amortization expense increased 93.2% or $0.9 million as a result of the depreciation of leasehold improvements and furniture and equipment.

Development costs for Q3/07 were $5.2 million, up 149.5% or $3.1 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 Canaccord has made related to enhancing its information technology platform. Hiring incentives were $3.9 million, up 270.4% or $2.9 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 Q3/07 were $1.3 million, up 27.1% or $0.3 million due to the enhancements to our overall information technology platform related to the increase in the geographic span of our business.

Year-to-date

Expenses for the first nine months of fiscal 2007 were $442.4 million, up 47.1% or $141.6 million from the same period a year ago. The overall increase is largely due to the addition of the US operations. Year-to-date fiscal 2007 expenses, excluding expenses incurred in the US, would have been $381.1 million, up 26.7% or $80.4 million from the same period a year ago.

Year-to-date consolidated incentive compensation expense was $269.4 million, up 41.1% or $78.5 million. Consolidated incentive compensation as a percentage of total revenue was 49.8%, down 0.9 percentage points from the same period a year ago. Excluding the US operations, consolidated incentive compensation expense would have been $237.3 million, up 24.3% or $46.4 million, while incentive compensation as a percentage of total revenue would have been 49.5%, down 1.2 percentage points from the same period a year ago.

Salaries and benefits expense increased 22.8% or $6.4 million year-to-date for fiscal 2007 from the same period a year ago, largely due to the addition of salaries and benefits expenses associated with Canaccord Adams Inc. in the US.

Total compensation (incentive compensation plus salaries) payout as a percentage of consolidated revenue was 56.3%, down 1.9 percentage points from 58.2% for the same period a year ago, due to the leverage achieved from our fixed level of salaries and benefits expense, and an increase in client-related interest and other revenue subject to lower payouts. Excluding our consolidated US operations, total compensation as a percentage of revenue would have been 56.0%, down 2.2 percentage points from the same period a year ago.

Other overhead expenses rose 69.5% or $56.7 million from the same period a year ago. This increase is largely attributable to higher trading costs, up 59.5% or $7.7 million; premises and equipment, up 63.0% or $6.8 million; and client-related interest, up 108.7% or $8.0 million. General and administrative expense increased 51.8% or $16.3 million. The largest increases in general and administrative expense were reserves, up 152.6% or $1.2 million; promotion and travel, up 63.5% or $7.2 million; professional fees, up 66.9% or $3.1 million; and other expenses, up 45.9% or $2.6 million.

Year-to-date development costs increased 139.1% or $8.7 million to $14.9 million. Hiring incentives were up 263.8% or $8.1 million to $11.2 million, and systems development costs increased 16.5% or $0.5 million to $3.7 million from the same period a year ago for reasons discussed previously.

Net income

Third quarter

Net income for Q3/07 was $23.7 million, down 2.3% or $0.6 million from the same period a year ago. Diluted EPS was $0.49, down $0.03 or 5.8%. ROE for Q3/07 was 27.6% compared to an ROE of 41.0% a year ago. The decrease in EPS is partially due to the dilution associated with the Adams Harkness Financial Group Inc. acquisition that closed on January 3, 2006, the investments in our US operations in an effort to gain operational leverage, and the reduced contribution of our UK operations compared to the same period a year ago. Book value per common share for Q3/07 rose 40.5% to $7.43, up $2.14 from $5.29 a year ago, reflecting an increase in retained earnings and share capital. Consolidated US operations generated a quarterly loss of $0.9 million.

Income taxes were $9.9 million for the quarter, reflecting an effective tax rate of 29.6%, down from 32.5% a year ago. The variances in the effective tax rate are related to the geographic composition of Canaccord's net income.

Year-to-date

Year-to-date net income was $67.4 million, up 32.0% or $16.4 million from the same period a year ago. Diluted EPS was $1.40, up 27.3% or $0.30. ROE was 28.1%, down 1.4 percentage points from a year ago. Book value per common share increased to $7.43, up $2.14 from a year ago, reflecting an increase in retained earnings and share capital.

Consolidated US operations generated a year-to-date gain of $0.7 million, equivalent to 1.0% of Canaccord's overall net income.

Income taxes were $30.6 million, reflecting an effective tax rate of 31.2% compared to 32.4% a year ago. The decrease in the year-to-date effective tax rate would have been higher except that in fiscal 2006, Canaccord sold its investment in the Bourse de Montréal for $1.6 million, and this transaction was taxed at the lower capital gains rate.

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 December 31		Year-over-year increase (decrease)	Nine months ended December 31		Year-over-year increase
	2006	2005		**2006**	2005	
Revenue	**$ 68,831**	$ 54,731	25.8%	**$ 196,743**	$ 146,772	34.0%
Expenses						
Incentive compensation	**31,848**	25,297	25.9%	**90,101**	67,911	32.7%
Salaries and benefits	**3,039**	2,785	9.1%	**9,323**	8,648	7.8%
Other overhead expenses	**15,291**	11,807	29.5%	**47,317**	31,432	50.5%
Total Expenses	**$ 50,178**	$ 39,889	25.8%	**$ 146,741**	$ 107,991	35.9%
Income before income taxes (1)	**18,653**	14,842	25.7%	**50,002**	38,781	28.9%
Assets under management (AUM)	**696**	528	31.8%			
Assets under administration (AUA)	**14,121**	12,183	15.9%			
Number of Investment Advisors (IAs)	**432**	433	(0.2)%			
Number of employees	**725**	687	5.5%			

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

Three months ended December 31, 2006, compared with three months ended December 31, 2005

Revenue from Private Client Services was $68.8 million, up $14.1 million or 25.8% due to strong activity in the North American equity markets relative to the same period a year ago. Parallel to this revenue growth was a $1.9 billion increase in AUA to $14.1 billion compared to Q3/06. There were 432 IAs at the end of the third quarter of fiscal 2007, a net decrease of one from a year ago in an extremely competitive recruiting environment. Fee-related revenue as a percentage of total Private Client Services' revenue increased 2.0 percentage points to 22.8% 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 Q3/07 were $50.2 million, up 25.8% or $10.3 million. For the quarter, the largest overhead expenses included client-related interest, up 147.6% or $2.6 million; and salaries and benefits, up 9.1% or $0.3 million. Incentive compensation expense increased 25.9% or $6.6 million, due to higher compensation-related revenue than in the same period a year ago. General and administrative expense decreased 4.8% or $0.2 million. The largest component of general and administrative expense contributing to the decrease was in client expenses, down 50.2% or $0.9 million. This was partially offset by an increase in promotion and travel of $0.4 million or 58.0%. Development costs rose 51.3% or $0.6 million.

Income before income taxes and corporate allocations for the quarter was $18.7 million, up 25.7% from the same period a year ago.

Nine months ended December 31, 2006, compared with nine months ended December 31, 2005

Revenue from Private Client Services for the first nine months of fiscal 2007 was $196.7 million, up 34.0% or $50.0 million from a year ago. Fee-related revenue as a percentage of total Private Client Services' revenue increased 1.7 percentage points to 22.9% from the same period a year ago.

Expenses for the first nine months of fiscal 2007 were $146.7 million, up 35.9% or $38.8 million. The largest increase was recorded in incentive compensation expense, up 32.7% or $22.2 million, due to the higher revenue for the period. Other overhead expenses included client-related interest, up 202.3% or $8.8 million, and general and administrative expense, up 34.4% or $2.9 million. The largest components of general and administrative expense were promotion and travel, up 76.2% or $1.4 million, and other expenses, up 62.8% or $0.9 million, mainly as a result of regulatory expenses, professional fees and licence costs.

Income before income taxes and corporate overhead allocations for the first nine months of fiscal 2007 was $50.0 million, up 28.9% from the same period a year ago.

Canaccord Adams

(C$ thousands, except employees and % amounts)	Three months ended December 31 2006	2005	Year-over-year increase (decrease)	Nine months ended December 31 2006	2005	Year-over-year increase (decrease)
Canaccord Adams						
Revenue	**$ 101,427**	$ 98,918	2.5%	**$ 319,566**	$ 213,423	49.7%
Expenses						
Incentive compensation	**51,546**	52,319	(1.5)%	**162,799**	111,804	45.6%
Salaries and benefits	**3,158**	1,755	79.9%	**8,574**	4,832	77.4%
Other overhead expenses	**20,613**	11,311	82.2%	**66,169**	29,605	123.5%
Total Expenses	**$ 75,317**	$ 65,385	15.2%	**$ 237,542**	$ 146,241	62.4%
Income before income taxes [1]	**26,110**	33,533	(22.1)%	**82,024**	67,182	22.1%
Number of employees	**502**	296	69.6%	**–**	–	–
US						
Revenue	**$ 17,651**	–	n.m.	**$ 57,958**	–	n.m.
Expenses		–	n.m.		–	n.m.
Incentive compensation	**9,389**	–	n.m.	**30,727**	–	n.m.
Salaries and benefits	**1,212**	–	n.m.	**3,781**	–	n.m.
Other overhead expenses	**9,129**	–	n.m.	**25,276**	–	n.m.
Total Expenses	**$ 19,730**	–	n.m.	**$ 59,784**	–	n.m.
Income (loss) before income taxes	**(2,079)**	–	n.m.	**(1,826)**	–	n.m.
Number of employees	**170**	–	n.m.	**–**	–	–
Canaccord Adams excluding the US						
Revenue	**$ 83,776**	$ 98,918	(15.3)%	**$ 261,608**	$ 213,423	22.6%
Expenses						
Incentive compensation	**42,157**	52,319	(19.4)%	**132,072**	111,804	18.1%
Salaries and benefits	**1,946**	1,755	10.9%	**4,793**	4,832	(0.8)%
Other overhead expenses	**11,484**	11,311	1.5%	**40,893**	29,605	38.1%
Total Expenses	**$ 55,587**	$ 65,385	(15.0)%	$ **177,758**	$ 146,241	21.6%
Income before income taxes	**28,189**	33,533	(15.9)%	**83,850**	67,182	24.8%
Number of employees	**332**	296	12.2%	**–**	–	–

(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 December 31, 2006, compared with three months ended December 31, 2005

Revenue from Canaccord Adams in Q3/07 was $101.4 million, up 2.5% or $2.5 million from the same quarter a year ago, due to increases in market share as well as relatively strong capital markets in Canada, which more than offset the declines in revenue arising from the weaker UK markets. Excluding the contribution from the US geographic segment, Q3/07 revenue would have been $83.8 million, down 15.3% or $15.1 million from Q3/06.

Revenue from Canadian operations

Canaccord Adams in Canada generated fiscal third quarter revenue of $58.8 million that was derived from four divisions: Capital Markets, $48.9 million, up 9.5% or $4.2 million; International Trading, $5.9 million, up 18.6% or $0.9 million; Registered Traders, $2.4 million, down 6.0% or $0.2 million; and Fixed Income, $1.6 million, down 15.0% or $0.3 million. The increase in this geographic sector is largely due to rising global demand for commodities, which had an overall positive impact in Canadian equities relative to Q3/06. Canadian revenue for Canaccord Adams of $58.8 million represents 58.0% 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 $20.9 million, down 53.5% or $24.0 million from the same period a year ago due to the slowdown of activity on AIM during Q3/07 compared to an unusually strong quarter in Q3/06. UK revenue of $20.9 million represents 20.6% 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. (the operating subsidiary of Adams Harkness Financial Group, Inc., acquired on January 3, 2006). Third quarter 2007 revenue for Canaccord Adams in the US was $17.7 million, representing 17.4% of Canaccord Adams' total revenue.

Revenue from other foreign location

Revenue attributable to other foreign location was derived in large part from proprietary trading activity. Revenue in Q3/07 was $4.1 million, representing 4.1% 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 comparative periods was not material.

Expenses

Expenses for Q3/07 were $75.3 million, up 15.2% or $9.9 million. Excluding expenses from Canaccord Adams' US operations, expenses would have been $55.6 million, down 15.0% or $9.8 million. The largest increases in non-compensation expenses were in premises and equipment, up 148.5% or $1.9 million; trading costs, up 80.0% or $1.6 million; communications and technology, up 66.7% or $1.0 million; general and administrative expense, up 33.0% or $1.8 million; and development costs, up $2.5 million. Reasons for these increases have been discussed previously. Within general and administrative expense, professional fees were up 134.0% or $0.7 million; and promotion and travel was up 25.0% or $0.8 million. General and administrative expense incurred by Canaccord Adams in the US was $2.7 million, or 36.7% of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams' US operations during Q3/07, general and administrative expense for Canaccord Adams would have been $4.7 million, down 16.1% or $0.9 million from Q3/06.

The decrease in incentive compensation for the quarter of 1.5%, or $0.8 million, is largely attributable to the increase in lower compensation-related revenue during the quarter. Salary and benefits expense for the quarter increased by $1.4 million, or 79.9% from a year ago, largely due to the addition of $1.2 million in salaries and benefits by the US for the quarter. The total compensation expense payout as a percentage of revenue for the quarter was 53.9%, down 0.8 percentage points from 54.7% for the same period a year ago. Excluding Canaccord Adams' US operations, the total compensation expense payout would have been 52.6%, down 2.1% from the same period a year ago, mainly due to higher revenue subject to lower payout.

Income before income taxes and corporate overhead allocations for the quarter was $26.1 million, down $7.4 million or 22.1% from the same quarter a year ago. Excluding Canaccord Adams' US operations, income before income taxes and corporate overhead allocations would have been $28.2 million, down $5.3 million or 15.9%.

Nine months ended December 31, 2006, compared with nine months ended December 31, 2005

Revenue from Canaccord Adams in the first nine months of fiscal 2007 was $319.6 million, up $106.1 million or 49.7% from the same period a year ago. Excluding the contribution from the US operations, year-to-date fiscal 2007 revenue would have been $261.6 million, up $48.2 million or 22.6% from the first nine months of fiscal 2006.

Revenue from Canadian operations

Canaccord Adams in Canada generated revenue of $158.8 million comprising Capital Markets, $130.2 million, up 23.4% or $24.6 million; International Trading, $17.4 million, up 32.7% or $4.3 million; Registered Traders, $5.3 million, up 4.4% or $0.2 million; and Fixed Income, $6.0 million, up 6.9% or $0.4 million. Year-to-date revenue for Canaccord Adams of $158.8 million in Canada represents 49.7% of Canaccord Adams' total revenue.

Revenue from UK operations

Revenue in this business was $91.4 million, up $7.3 million or 8.6% from the same period a year ago. This represents 28.6% of Canaccord Adams' total revenue.

Revenue from US operations

Operational results for the US are reported separately as of January 3, 2006, and therefore have no comparative historical data for the first nine months of fiscal 2006. Year-to-date revenue for Canaccord Adams in the US was $58.0 million, representing 18.1% 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. Year-to-date revenue was $11.4 million, representing 3.6% 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 periods was not material.

Expenses

Expenses for the first nine months of fiscal 2007 were $237.5 million, up 62.4% or $91.3 million. Excluding expenses from Canaccord Adams' US operations, expenses would have been $177.8 million, up 21.6% or $31.5 million. The largest increases in non-compensation expenses were in premises and equipment, up 156.4% or $5.5 million; trading costs, up 128.7% or $7.2 million; communications and technology, up 66.9% or $3.0 million; general and administrative expense, up 82.0% or $11.1 million; and development costs, up $6.9 million.

The largest increases in general and administrative expense were reserves, up 443.1% or $1.4 million; promotion and travel, up 62.3% or $5.0 million; office, up 79.5% or $1.3 million; and professional fees, up 154.4% or $2.3 million. General and administrative expense incurred by Canaccord Adams in the US was $7.8 million, or 31.6% of Canaccord Adams' overall general and administrative expense. Excluding Canaccord Adams' US operations segment during the first nine months of fiscal 2007, general and administrative expenses for Canaccord Adams would have been $16.8 million, up $3.3 million or 24.5%, from the same period a year ago.

The rise in incentive compensation for the first nine months of fiscal 2007 is largely attributed to the 49.7% increase in revenue and the additional $30.7 million of incentive compensation for Canaccord Adams in the US. Salary and benefits expense for the period increased by $3.7 million, or 77.4% from a year ago, due to the addition of $3.8 million in new salaries and benefits from the US operations. For the nine months ended December 31, 2006, the total compensation expense payout as a percentage of revenue was 53.6%, down 1.1 percentage points from 54.7% for the same period a year ago. Excluding Canaccord Adams' US operations, total compensation as a percentage of revenue would have been 52.3%, down 2.4 percentage points from the same period a year ago.

Income before income taxes and corporate overhead allocations for the nine months ended December 31, 2006 was $82.0 million, up $14.8 million or 22.1% from the same period a year ago. For the period, Canaccord Adams' US operations generated a loss of $1.8 million before income taxes. Excluding Canaccord Adams' US operations, income before income taxes would have been $83.9 million, up $16.7 million or 24.8%.

Corporate and Other

(C$ thousands, except employees and % amounts)	Three months ended December 31 2006	2005	Year-over-year increase (decrease)	Nine months ended December 31 2006	2005	Year-over-year increase
Revenue	**$ 8,055**	$ 5,021	60.4%	**$ 24,162**	$ 16,146	49.6%
Expenses						
Incentive compensation	**6,072**	5,046	20.3%	**16,495**	11,177	47.6%
Salaries and benefits	**5,413**	5,128	5.6%	**16,849**	14,823	13.7%
Other overhead expenses	**7,697**	7,324	5.1%	**24,783**	20,534	20.7%
Total Expenses	**$ 19,182**	$ 17,498	9.6%	**$ 58,127**	$ 46,534	24.9%
(Loss) before income taxes	**(11,127)**	(12,477)	(10.8)%	**(33,965)**	(30,388)	11.8%
Number of employees	**348**	337	3.3%			

Three months ended December 31, 2006, compared with three months ended December 31, 2005

Revenue for the three months ended December 31, 2006 was $8.1 million, up 60.4% or $3.0 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 Q3/07 were $19.2 million, up 9.6% or $1.7 million. The largest increases in expenses were recorded in communications and technology, up 29.5% or $0.3 million; and general and administrative expense, up 10.3% or $0.3 million.

Loss before income taxes was $11.1 million in the third quarter of fiscal 2007, decreasing 10.8% or $1.4 million from the same quarter a year ago.

Nine months ended December 31, 2006, compared with nine months ended December 31, 2005

Revenue for the nine months ended December 31, 2006 was $24.2 million, up 49.6% or $8.0 million from the same period a year ago. The reasons for the increase are discussed above.

Expenses for the first nine months of fiscal 2007 were $58.1 million, up 24.9% or $11.6 million. The largest increases in expenses were recorded in incentive compensation, up 47.6% or $5.3 million, due to greater compensation expenses such as performance bonuses arising from high revenues, particularly in Q1/07 and Q2/07; communications and technology, up 40.4% or $1.0 million; and general and administrative expense, up 24.5% or $2.3 million, mainly attributable to increases in promotion and travel, which rose 54.4% or $0.8 million, and professional fees, up 32.3% or $0.7 million.

Loss before income taxes was $34.0 million, up 11.8% or $3.6 million from the same period a year ago.

FINANCIAL CONDITIONS

Below are specific changes in selected balance sheet items.

Accounts receivable

Client security purchases are entered into either on a cash or margin basis. When securities are purchased on margin, Canaccord extends a loan to the client for the purchase of securities, using securities purchased and/or securities in the client's account as collateral. Therefore, the clients' accounts receivable balance of $459.5 million may vary significantly day to day and is based on trading volumes and market activity. As at December 31, 2006, total accounts receivable were $1,204.4 million compared to $1,540.0 million as at March 31, 2006. Also included in total accounts receivable are receivables from brokers and investment dealers totaling $384.3 million; $318.7 million in RRSP cash balances held in trust; and other receivables totaling $41.9 million. Receivables from brokers and investment dealers may vary significantly on a day-to-day basis based on trading volumes and market activity, while the other components of accounts receivable are relatively stable.

Cash and cash equivalents

Cash and cash equivalents was $371.5 million on December 31, 2006, compared to $370.5 million on March 31, 2006. Net income of $67.4 million was a significant source of cash for the nine-month period. Significant changes in non-cash working capital items include a decrease in securities owned of $58.1 million; a decline in accounts receivable of $396.2 million; an increase in securities sold short of $17.3 million; a decrease in accounts payable and accrued liabilities of $513.2 million; and lower income taxes payable of $12.7 million. Financing activities include issuance of share capital of $0.1 million; an increase in unvested common share purchase loans of $0.6 million; and the payment of dividends of $11.5 million. Investing activities include purchases of equipment and leasehold improvements of $13.0 million. The effect of foreign exchange on cash balances was accretive in the amount of $12.4 million.

OFF-BALANCE SHEET ARRANGEMENTS

On December 31, 2006, Canaccord had irrevocable standby letters of credit from one of its banks in the amount of $1.4 million as a rent guarantee for our leased premises in the UK. Canaccord Adams Inc. has also entered into irrevocable standby letters of credit from a financial institution totalling $1.7 million as rent guarantees for its leased premises in Boston, New York and San Francisco. As of December 31, 2006, there were no outstanding balances under these standby letters of credit. There were also no balances outstanding at March 31, 2006.

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 December 31, 2006, cash and cash equivalents net of call loans were $371.5 million, up $5.7 million from $365.8 million as of March 31, 2006. During the quarter ended December 31, 2006, financing activities used cash in the amount of $5.6 million, which was primarily due to payment of dividends of $3.8 million and $1.9 million for the increase in unvested common share purchase loans(1) related to Canaccord's Employee Stock Incentive Plan (ESIP) and other stock plans. Investing activities used cash in the amount of $8.6 million for the purchase of equipment and leasehold improvements. Operating activities generated cash in the amount of $59.4 million, which was due to net changes in non-cash working capital items, net income and items not affecting cash. Foreign exchange contributed $10.5 million to the increase in cash of $55.6 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 due to introducing brokers representing net balances in connection with their client accounts.

In fiscal Q3/07, Canaccord entered into two new tenancy agreements for its premises in New York and Houston. The following table summarizes Canaccord's consolidated long-term contractual obligations as of December 31, 2006.

		Contractual obligation payments due by period			
(C$ in thousands)	Total	Fiscal 2008	Fiscal 2009–Fiscal 2010	Fiscal 2011–Fiscal 2012	Thereafter
Premises and equipment operating leases	196,754	21,532	44,830	44,286	86,106

Credit facilities

Canaccord has credit facilities with Canadian, US and UK banks in an aggregate amount of $492.9 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by either unpaid securities and/or securities owned by Canaccord. At December 31, 2006, Canaccord did not have any outstanding balances under these credit facilities.

(1) These are forgiveable loans granted to key employees in connection with the purchase of common stock under the ESIP and other incentive plans.

Outstanding share data

	Outstanding shares as of December 31	
	2006	2005
Issued shares outstanding – basic (1)	**46,320,542**	44,431,796
Issued shares outstanding – diluted (2)	**47,831,203**	46,484,654
Average shares outstanding – basic	**46,273,768**	44,385,377
Average shares outstanding – diluted	**48,045,762**	46,438,235

(1) Excludes 1,510,661 unvested shares that are outstanding relating to share purchase loans for recruitment and retention programs.

(2) Includes 1,510,661 shares related to share purchase loans referred to in footnote (1) above.

At December 31, 2006, Canaccord had 47,831,203 common shares issued and outstanding on a diluted basis, up 1,346,549 common shares from December 31, 2005, consisting mostly of common shares issued in connection with acquisitions.

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 (subject to adjustment) multiplied by 1,118,952, subject to the maximum of 1,118,952 common shares adjusted for forfeitures and cancellations. 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 in connection with our stock compensation plan, and 6,401 shares cancelled. These cancelled shares were acquired by a wholly-owned subsidiary, Canaccord Adams Limited, from an employee as a result of the exercise of a pre-existing contractual arrangement.

Subsequent to fiscal Q3/07, Canaccord cancelled 6,121 of its common shares. These shares were acquired as an adjustment (down from 1,342,696 to 1,336,575) to the total number of shares issued to the shareholders of Adams Harkness Financial Group Inc. on the acquisition of that corporation on January 3, 2006.

On February 7, 2007, Canaccord had 47,825,082 common shares outstanding on a diluted basis.

INTERNATIONAL FINANCIAL CENTRES

Canaccord is a member of the International Financial Centres of both British Columbia and Quebec, which provide certain tax and financial benefits pursuant to the *International Financial Activity Act* of British Columbia and the *Act Respecting International Financial Centres of Québec*. As such, Canaccord's overall income tax rate is less than the rate that would otherwise be applicable.

FOREIGN EXCHANGE

Canaccord manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to those contracts are recognized in income during the year. As of December 31, 2006, forward contracts outstanding to sell US dollars had a notional amount of US$5.25 million. Forward contracts outstanding to buy US dollars had a notional amount of US$8.00 million. The fair value of these contracts was nominal. A certain number of Canaccord's operations in London, England, and in the US are conducted in British pounds sterling and US dollars, respectively; however, any foreign exchange risk in respect of these transactions is generally limited, as pending settlements on both sides of the transaction are typically in British pounds sterling or US dollars.

CRITICAL ACCOUNTING ESTIMATES

The following is a summary of Canaccord's critical accounting estimates. Canaccord's accounting policies are in accordance with Canadian GAAP and are described in Note 1 to the audited consolidated financial statements for the year ended March 31, 2006. The accounting policies described below require estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses recorded in the financial statements. Due to their nature, estimates require judgement based on available information. Actual results or amounts could differ from estimates, and the difference could have a material impact on the financial statements.

Revenue recognition and valuation of securities

Securities held, including share purchase warrants and options, are recorded at market value and, accordingly, the interim consolidated financial statements reflect unrealized gains and losses associated with such securities. In the case of publicly traded securities, market value is determined on the basis of market prices from independent sources such as listed exchange prices or dealer price quotations. Adjustments to market prices are made for liquidity relative to the size of the position and holding periods and other resale restrictions, if applicable. Investments in illiquid or non-publicly traded securities are valued on a basis determined by management using information available and prevailing market prices of securities with similar qualities and characteristics, if known.

There is inherent uncertainty and imprecision in estimating the factors that can affect value and in estimating values generally. The extent to which valuation estimates differ from actual results will affect the amount of revenue or loss recorded for a particular security position in any particular period. With Canaccord's security holdings consisting primarily of publicly traded securities, its procedures for obtaining market prices from independent sources, the validation of estimates through actual settlement of transactions and the consistent application of its approach from period to period, Canaccord believes that the estimates of market value recorded are reasonable.

Provisions

Canaccord records provisions related to pending or outstanding legal matters and doubtful accounts related to client receivables, loans, advances and other receivables. Provisions in connection with legal matters are determined on the basis of management's judgement in consultation with legal counsel, considering such factors as the amount of the claim, the validity of the claim, the possibility of wrongdoing by an employee of Canaccord, and precedents. Client receivables are generally collateralized by securities and, therefore, any impairment is generally measured after considering the market value of the collateral. Provisions in connection with other doubtful accounts are generally based on management's assessment as to the likelihood of collection and the recoverable amount. Provisions are also recorded utilizing discount factors in connection with syndicate participation.

Tax

Accruals for income tax liabilities require management to make estimates and judgements with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. Canaccord operates within different tax jurisdictions and is subject to assessment in these jurisdictions. Tax filings can involve complex issues, which may require an extended period of time to resolve in the event of a dispute or reassessment by tax authorities. Canaccord believes that adequate provisions for income taxes have been made.

Goodwill and other intangible assets

As a result of the acquisitions of Adams Harkness Financial Group, Inc. and Enermarket Solutions Ltd., Canaccord acquired goodwill and other intangible assets. Goodwill is the cost of the acquired companies in excess of the fair value of their net assets, including other intangible assets, at the acquisition date. The identification and valuation of other intangible assets required management to use estimates and make assumptions. Goodwill will be assessed for impairment at least annually, or whenever a potential impairment may arise as a result of an event or change in circumstances, to ensure that the fair value of the reporting unit to which goodwill has been allocated is greater than or at least equal to its original value. Fair value will be determined using valuation models that take into account such factors as projected earnings, earnings multiples, discount rates, other available external information and market comparables. The determination of fair value will require management to apply judgement in selecting the valuation models and assumptions and estimates to be used in such models and value determinations. These judgements will affect the determination of fair value and any resulting impairment charges.

Other intangible assets are amortized over their estimated useful lives and tested for impairment periodically or whenever a potential impairment may arise as a result of an event or change in circumstances. Management must exercise judgement and make use of estimates and assumptions in determining the estimated useful lives of other intangible assets and in periodic determinations of value.

Stock-based compensation

In connection with the acquisition of Adams Harkness Financial Group, Inc., Canaccord agreed to issue common shares to certain key employees of Adams Harkness upon the expiry of a three-year vesting period, with the number of common shares to be adjusted in the event that certain revenue targets are not achieved. Canaccord uses the fair value method of accounting for these payments, which includes making estimates of forfeiture rates. Under this method the compensation expense is recognized over the relevant vesting period on a pro rata basis as revenue levels are achieved. The fair value of the stock-based compensation was determined as of the grant date.

RELATED PARTY TRANSACTIONS

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

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 respect of fiscal year 2007, Canaccord originally intended to pay a quarterly dividend of $0.08 per share per quarter. However, Canaccord's results for the fiscal year 2007 can support a dividend increase of $0.02 per share, or 25% to the regular quarterly common share dividend of $0.08. Therefore, the Board approved a common share dividend of $0.10 per share for Q3/07 and Canaccord intends to continue to pay a $0.10 regular quarterly common share dividend in respect of Q4/07 and for each quarter in fiscal 2008.

DIVIDEND DECLARATION

For the third quarter of fiscal 2007, the Board of Directors declared a common share dividend of $0.10 per share, which is payable on March 8, 2007 to shareholders of record on February 23, 2007. The common share dividend payment to common shareholders will total approximately $4.8 million or about 20.2% of third quarter net income.

FINANCIAL INSTRUMENTS

In the normal course of business, Canaccord utilizes certain financial instruments to manage its exposure to credit risk, market risk and foreign exchange risk, as mentioned above.

HISTORICAL QUARTERLY INFORMATION

Canaccord's revenue from an underwriting transaction is recorded only when the transaction has closed. Consequently, the timing of revenue recognition can materially affect Canaccord's quarterly results. The expense structure of Canaccord's operations is geared towards providing service and coverage in the current market environment. If general capital markets activity was to drop significantly, Canaccord could experience losses.

The following table provides selected quarterly financial information for the nine most recently completed financial quarters, ended December 31, 2006. This information is unaudited, but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

	Fiscal 2007			Fiscal 2006				Fiscal 2005	
(C$ thousands, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue									
Private Client Services	**68,831**	**55,626**	**72,286**	78,422	54,731	52,411	39,630	56,391	46,964
Canaccord Adams	**101,427**	**93,033**	**125,106**	120,243	98,918	60,048	54,457	81,444	72,368
Corporate and Other	**8,055**	**7,372**	**8,735**	8,409	5,021	6,195	4,930	5,094	4,351
Total Revenue	**178,313**	**156,031**	**206,127**	207,074	158,670	118,654	99,017	142,929	123,683
Net income	**23,692**	**17,806**	**25,942**	30,070	24,248	15,754	11,078	17,307	16,743
EPS – basic	**0.51**	**0.39**	**0.57**	0.66	0.55	0.35	0.24	0.38	0.37
EPS – diluted	**0.49**	**0.37**	**0.54**	0.63	0.52	0.34	0.24	0.38	0.36

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 BALANCE SHEETS *(Unaudited)*

As at (in thousands of dollars)	**December 31, 2006**	March 31, 2006	December 31, 2005
ASSETS			
Current			
Cash and cash equivalents	**$ 371,525**	$ 370,507	$ 241,380
Securities owned, at market [note 2]	**146,030**	203,020	218,459
Accounts receivable [notes 4 and 8]	**1,204,371**	1,539,998	1,091,147
Total current assets	**1,721,926**	2,113,525	1,550,986
Equipment and leasehold improvements	**33,566**	25,750	22,483
Future income taxes	**11,782**	10,769	2,750
Goodwill and other intangible assets [note 5]	**26,869**	27,929	4,203
	$ 1,794,143	$ 2,177,973	$ 1,580,422
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Call loans	**$ –**	$ 4,684	$ 345
Securities sold short, at market [note 2]	**54,467**	37,169	132,481
Accounts payable and accrued liabilities [notes 4 and 8]	**1,380,767**	1,832,956	1,193,863
Income taxes payable	**3,681**	15,334	7,638
Total current liabilities	**1,438,915**	1,890,143	1,334,327
Commitments and contingencies [note 10]			
Shareholders' equity			
Share capital [note 6]	**159,520**	157,644	143,237
Cumulative foreign currency translation adjustment	**3,283**	(6,277)	(7,362)
Retained earnings	**192,425**	136,463	110,220
Total shareholders' equity	**355,228**	287,830	246,095
	$ 1,794,143	$ 2,177,973	$ 1,580,422

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS *(Unaudited)*

(in thousands of dollars, except per share amounts)	For the three months ended **December 31, 2006**	For the three months ended December 31, 2005	For the nine months ended **December 31, 2006**	For the nine months ended December 31, 2005
REVENUE				
Commission	**$ 74,380**	$ 56,701	**$ 215,990**	$ 150,615
Investment banking	**78,177**	84,425	**251,135**	178,229
Principal trading	**9,035**	6,176	**22,209**	13,711
Interest	**14,355**	8,886	**42,252**	25,490
Other	**2,366**	2,482	**8,885**	8,296
	178,313	158,670	**540,471**	376,341
EXPENSES				
Incentive compensation	**89,466**	82,662	**269,395**	190,892
Salaries and benefits	**11,610**	9,668	**34,746**	28,303
Trading costs	**6,056**	4,441	**20,734**	13,000
Premises and equipment	**5,810**	4,082	**17,561**	10,775
Communication and technology	**5,352**	4,023	**15,802**	11,511
Interest	**4,926**	2,441	**15,310**	7,337
General and administrative	**14,413**	12,422	**47,807**	31,501
Amortization	**1,797**	930	**6,152**	2,848
Development costs	**5,247**	2,103	**14,903**	6,232
Gain on disposal of investment [note 11]	**–**	–	**–**	(1,633)
	144,677	122,772	**442,410**	300,766
Income before income taxes	**33,636**	35,898	**98,061**	75,575
Income tax expense (recovery)				
Current	**8,973**	10,843	**31,634**	23,253
Future	**971**	807	**(1,013)**	1,242
Net income for the period	**23,692**	24,248	**67,440**	51,080
Retained earnings, beginning of period	**172,559**	88,761	**136,463**	72,564
Cash dividends	**(3,826)**	(2,789)	**(11,478)**	(10,628)
Excess on redemption of common shares [note 6 [iii]]	**–**	–	**–**	(2,796)
Retained earnings, end of period	**$ 192,425**	$ 110,220	**$ 192,425**	$ 110,220
Basic earnings per share [note 6 [vi]]	**$ 0.51**	$ 0.55	**$ 1.46**	$ 1.15
Diluted earnings per share [note 6 [vi]]	**$ 0.49**	$ 0.52	**$ 1.40**	$ 1.10

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS *(Unaudited)*

(in thousands of dollars)	For the three months ended **December 31, 2006**	For the three months ended December 31, 2005	For the nine months ended **December 31, 2006**	For the nine months ended December 31, 2005
OPERATING ACTIVITIES				
Net income for the period	**$ 23,692**	$ 24,248	**$ 67,440**	$ 51,080
Items not affecting cash				
Amortization	**1,797**	1,317	**6,152**	3,574
Future income tax expense (recovery)	**971**	807	**(1,013)**	1,242
Gain on disposal of investment	**–**	–	**–**	(1,633)
Changes in non-cash working capital				
Decrease (increase) in securities owned	**(25,299)**	(61,428)	**58,128**	(59,423)
Decrease (increase) in accounts receivable	**13,274**	45,257	**396,218**	(43,735)
Increase in securities sold short	**28,529**	72,879	**17,298**	26,954
Increase (decrease) in accounts payable and accrued liabilities	**14,772**	(56,458)	**(513,239)**	(40,188)
Increase (decrease) in income taxes payable	**1,674**	5,337	**(12,694)**	1,593
Cash provided by (used in) operating activities	**59,410**	31,959	**18,290**	(60,536)
FINANCING ACTIVITIES				
Decrease in notes payable	**–**	(10,023)	**–**	(41,618)
Issuance of share capital	**122**	–	**122**	–
Decrease (increase) in unvested common share purchase loans	**(1,879)**	762	**(489)**	(7,274)
Redemption of share capital	**(61)**	–	**(61)**	(4,631)
Dividends paid	**(3,826)**	(2,789)	**(11,478)**	(10,628)
Cash used in financing activities	**(5,644)**	(12,050)	**(11,906)**	(64,151)
INVESTING ACTIVITIES				
Purchase of equipment and leasehold improvements	**(8,608)**	(7,705)	**(13,046)**	(11,986)
Decrease in notes receivable	**–**	10,023	**–**	41,618
Proceeds on disposal of investment	**–**	–	**–**	1,639
Acquisition of subsidiary	**–**	(4,203)	**–**	(4,203)
Cash provided by (used in) investing activities	**(8,608)**	(1,885)	**(13,046)**	27,068
Effect of foreign exchange on cash balances	**10,484**	(903)	**12,364**	(11,046)
Increase (decrease) in cash position	**55,642**	17,121	**5,702**	(108,665)
Cash position, beginning of period	**315,883**	223,914	**365,823**	349,700
Cash position, end of period	**371,525**	241,035	**371,525**	241,035
Cash position is comprised of:				
Cash and cash equivalents	**371,525**	241,380	**371,525**	241,380
Call loans	**–**	(345)	**–**	(345)
	$ 371,525	$ 241,035	**$ 371,525**	$ 241,035
Supplemental cash flow information				
Interest paid	**$ 4,897**	$ 2,373	**$ 15,181**	$ 5,953
Income taxes paid	**3,927**	5,783	**38,608**	22,813

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Unaudited)*

For the three and nine months ended December 31, 2006
(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 variances may be 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"). 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 results that may be expected for the full year.

2. SECURITIES OWNED AND SECURITIES SOLD SHORT

	December 31, 2006		March 31, 2006		December 31, 2005	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**$ 50,438**	**$ 39,484**	$ 40,784	$ 14,319	$ 136,409	$ 116,084
Equities and convertible debentures	**95,592**	**14,983**	162,236	22,850	82,050	16,397
	$ 146,030	**$ 54,467**	$ 203,020	$ 37,169	$ 218,459	$ 132,481

As at December 31, 2006, corporate and government debt maturities range from 2007 to 2037 [March 31, 2006 – 2006 to 2053 and December 31, 2005 – 2006 to 2053] and bear interest ranging from 2.60% to 11.50% [March 31, 2006 and December 31, 2005 – 2.05% to 14.00%].

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 economically 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 December 31, 2006:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
To sell US dollars	**$ 5.25**	**$ 1.16**	**January 2, 2007**	**$ 0.1**
To buy US dollars	**$ 8.00**	**$ 1.16**	**January 3, 2007**	**$ (0.1)**

Forward contracts outstanding at March 31, 2006:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
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)

Forward contracts outstanding at December 31, 2005:

	Notional amounts (US$ millions)	Average price (C$/US$)	Maturity	Fair value (US$ millions)
To sell US dollars	$ 7.00	$ 1.16	January 4, 2006	$ 0.1
To buy US dollars	$ 4.00	$ 1.16	January 4, 2006	$ (0.1)

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts receivable

	December 31, 2006	March 31, 2006	December 31, 2005
Brokers and investment dealers	**$ 384,328**	$ 567,308	$ 397,841
Clients	**459,522**	607,118	380,604
RRSP cash balances held in trust	**318,661**	320,766	279,546
Other	**41,860**	44,806	33,156
	$ 1,204,371	$ 1,539,998	$ 1,091,147

Accounts payable and accrued liabilities

	December 31, 2006	March 31, 2006	December 31, 2005
Brokers and investment dealers	**$ 347,127**	$ 397,733	$ 331,725
Clients	**877,284**	1,172,511	736,879
Other	**156,356**	262,712	125,259
	$ 1,380,767	$ 1,832,956	$ 1,193,863

Accounts payable to clients include $318.7 million [March 31, 2006 – $320.8 million and December 31, 2005 – $279.5 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 [December 31, 2006 – 8.00% and 3.00%, respectively, March 31, 2006 – 7.50% and 2.50%, respectively, and December 31, 2005 – 7.00% and 2.00%, respectively].

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill and other intangible assets are as follows:

	December 31, 2006	March 31, 2006	December 31, 2005
Goodwill	**$ 22,653**	$ 22,653	$ 3,203
Other intangible assets			
Balance at beginning of period	**5,276**	–	–
Acquisitions	**–**	5,650	1,000
Amortization	**1,060**	374	–
Balance at end of period	**4,216**	5,276	1,000
	$ 26,869	$ 27,929	$ 4,203

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.

6. SHARE CAPITAL

	December 31, 2006	March 31, 2006	December 31, 2005
Issued and fully paid			
Share capital			
Common shares	**$ 173,381**	$ 173,282	$ 159,183
Unvested share purchase loans	**(18,818)**	(20,577)	(19,596)
Contributed surplus	**4,957**	4,939	3,650
	$ 159,520	$ 157,644	$ 143,237

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	77,646	924
Shares cancelled [note 6 [iii]]	(414,200)	(1,375)
Balance, December 31, 2005	46,484,654	159,183
Shares issued in connection with acquisitions	1,342,696	14,099
Balance, March 31, 2006	47,827,350	173,282
Shares issued in connection with stock compensation plan [note 7]	10,254	122
Shares cancelled [note 6 [iii]]	(6,401)	(23)
Balance, December 31, 2006	**47,831,203**	**$ 173,381**

Pursuant to the Company's normal course issuer bid ("NCIB"), as approved by the Toronto Stock Exchange, the Company was entitled to acquire up to 2,306,463, or 5.0%, of its shares from December 29, 2004 to December 28, 2005. Under the NCIB, the Company purchased for resale a total of 222,548 common shares between December 29, 2004 and March 31, 2005 and purchased for cancellation 414,200 common shares during the twelve months ended March 31, 2006 with a book value of $1.4 million for aggregate cash consideration of $4.6 million. The excess has been recorded to contributed surplus and retained earnings.

The Company renewed its NCIB in December 2006 and is currently 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 have been no share transactions under the NCIB between December 20, 2005 and December 29, 2006.

[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 retained earnings and contributed surplus.

	For the three months ended		For the nine months ended	
	December 31, 2006	December 31, 2005	**December 31, 2006**	December 31, 2005
Redemption price	**$ 61**	$ –	**$ 61**	$ 4,631
Book value	**23**	–	**23**	1,375
Excess on redemption of common shares	**$ 38**	$ –	**$ 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 a vesting period of three years. 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.

Contributed surplus

Balance, March 31, 2005	$ 898
Unvested share purchase loans	1,897
Excess on redemption of common shares	(460)
Excess on distribution of acquired common shares	1,315
Balance, December 31, 2005	3,650
Unvested share purchase loans and stock compensation plans	1,289
Balance, March 31, 2006	4,939
Excess on redemption of common shares	(38)
Excess on distribution of acquired common shares	1,623
Unvested share purchase loans and stock compensation plans	(1,567)
Balance, December 31, 2006	**$ 4,957**

[vi] Earnings per share

	For the three months ended		For the nine months ended	
	December 31, 2006	December 31, 2005	**December 31, 2006**	December 31, 2005
Basic earnings per share				
Net income for the period	**$ 23,692**	$ 24,248	**$ 67,440**	$ 51,080
Weighted average number of common shares (number)	**46,273,768**	44,385,377	**46,273,768**	44,271,300
Basic earnings per share	**$ 0.51**	$ 0.55	**$ 1.46**	$ 1.15
Diluted earnings per share				
Net income for the period	**23,692**	24,248	**67,440**	51,080
Weighted average number of common shares (number)	**46,273,768**	44,385,377	**46,273,768**	44,271,300
Dilutive effect of unvested shares (number)	**1,557,435**	2,052,858	**1,557,435**	2,052,858
Dilutive effect of share issuance commitment (number)	**214,559**	–	**214,559**	–
Adjusted weighted average number of common shares (number)	**48,045,762**	46,438,235	**48,045,762**	46,324,158
Diluted earnings per share	**$ 0.49**	$ 0.52	**$ 1.40**	$ 1.10

7. 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 which will be paid after a two-year vesting period. In December 2006, the Company issued 10,254 common shares under this plan.

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 (subject to adjustment) multiplied by 1,118,952 subject to the maximum of 1,118,952 common shares adjusted for forfeitures and cancellations. 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 6 [vi]]. The Company has expensed $517 and $1,670 for the three months and nine months ended December 31, 2006, respectively.

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 6 [v]]. The applicable number of shares under this employee treasury stock purchase plan are included in diluted common shares outstanding [Note 6 [vi]].

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 nine months ended	
	December 31, 2006	December 31, 2005	**December 31, 2006**	December 31, 2005
Number of common shares subject to the Enermarket retention plan:				
Beginning of period	**25,210**	–	**25,210**	–
Issued	**(10,254)**	–	**(10,254)**	–
Adjustments	**(4,200)**	–	**(4,200)**	–
Grants	**–**	25,210	**–**	25,210
End of period	**10,756**	25,210	**10,756**	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**	–
Grants	**–**	–	**72,733**	–
Forfeitures	**–**	–	**(114,202)**	–
End of period	**1,004,750**	–	**1,004,750**	–
Shares vested at end of period	**–**	–	**–**	–
Number of common shares subject to the employee treasury stock purchase plan:				
Beginning of period	**184,517**	276,776	**276,776**	276,776
Issued	**–**	–	**(92,259)**	–
Buyback	**(184,517)**	–	**(184,517)**	–
End of period	**–**	276,776	**–**	276,776

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

8. 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:

	December 31, 2006	March 31, 2006	December 31, 2005
Accounts receivable	$ 49,789	$ 34,582	$ 41,718
Accounts payable and accrued liabilities	$ 101,368	$ 88,506	$ 63,278

9. SEGMENTED INFORMATION

The Company has two operating segments:

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

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.

The Corporate and Other segment 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.

	For the three months ended December 31							
	2006				2005			
	Private Client Services	Canaccord Adams	Corporate and Other	Total	Private Client Services	Canaccord Adams	Corporate and Other	Total
Revenues	$ 68,831	$ 101,427	$ 8,055	$ 178,313	$ 54,731	$ 98,918	$ 5,021	$ 158,670
Expenses	48,135	72,069	17,429	137,633	38,466	65,065	16,208	119,739
Amortization	380	785	632	1,797	324	365	241	930
Development, restructuring and other costs	1,663	2,463	1,121	5,247	1,099	(45)	1,049	2,103
Income (loss) before income taxes	$ 18,653	$ 26,110	$ (11,127)	$ 33,636	$ 14,842	$ 33,533	$ (12,477)	$ 35,898

	For the nine months ended December 31							
	2006				2005			
	Private Client Services	Canaccord Adams	Corporate and Other	Total	Private Client Services	Canaccord Adams	Corporate and Other	Total
Revenues	$ 196,743	$ 319,566	$ 24,162	$ 540,471	$ 146,772	$ 213,423	$ 16,146	$ 376,341
Expenses	140,830	227,456	53,069	421,355	104,128	144,933	42,625	291,686
Amortization	1,210	3,026	1,916	6,152	977	1,110	761	2,848
Development, restructuring and other costs	4,701	7,060	3,142	14,903	2,886	198	3,148	6,232
Income (loss) before income taxes	$ 50,002	$ 82,024	$ (33,965)	$ 98,061	$ 38,781	$ 67,182	$ (30,388)	$ 75,575

The Company's business operations are grouped into the following geographic areas:

(revenue is attributed to geographic areas on the basis of the underlying corporate operating results)

	For the three months ended		For the nine months ended	
	December 31, 2006	December 31, 2005	**December 31, 2006**	December 31, 2005
Canada				
Revenue	**$ 134,705**	$ 113,789	**$ 376,363**	$ 292,215
Equipment and leasehold improvements	**21,936**	20,877	**21,936**	20,877
Goodwill and other intangible assets	**4,396**	4,203	**4,396**	4,203
United States				
Revenue	**$ 18,613**	$ –	**$ 61,343**	$ –
Equipment and leasehold improvements	**2,476**	–	**2,476**	–
Goodwill and other intangible assets	**22,473**	–	**22,473**	–
United Kingdom				
Revenue	**$ 20,865**	$ 44,881	**$ 91,400**	$ 84,126
Equipment and leasehold improvements	**9,154**	1,606	**9,154**	1,606
Other foreign locations				
Revenue	**$ 4,130**	$ –	**$ 11,365**	$ –

10. 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	$ 21,532
2009	23,064
2010	21,766
2011	21,379
2012	22,907
Thereafter	86,106
	$ 196,754

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 agreed with counsel for the class. This settlement is subject to the approval of the courts in Ontario, Quebec and Michigan.

11. GAIN ON DISPOSAL OF INVESTMENT

During the nine months ended December 31, 2005, the Company recognized a gain of $1.6 million from the sale of its investment in shares of the Bourse de Montréal.

12. SUBSEQUENT EVENT

Dividend

On February 7, 2007, the Board of Directors declared a common share dividend of $0.10 per share payable on March 8, 2007, with a record date of February 23, 2007.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the fiscal 2006 annual financial statement presentation.

NOTES

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS:

Street address:
Canaccord Capital Inc.
2200 – 609 Granville Street
Vancouver, BC, Canada

Mailing address:
P.O. Box 10337
Pacific Centre
2200 – 609 Granville Street
Vancouver, BC, V7Y 1H2, Canada

STOCK EXCHANGE LISTING:
TSX:
AIM:

GENERAL SHAREHOLDER INQUIRIES AND INFORMATION:
Investor Relations
2200 – 609 Granville Street
Vancouver, BC, Canada
Phone: 604-643-0128
Fax: 604-643-1878
Email:
investor_relations@canaccord.com

Nominated Advisor:
Gerry Beaney
Grant Thornton Corporate Finance
Phone: +44-(0)-207-385-5100
Email: gerry.beaney@gtuk.com

INSTITUTIONAL INVESTORS, BROKERS AND SECURITY ANALYSTS:

For financial information inquiries contact:
Katherine Young
Vice President, Investor Relations
2200 – 609 Granville Street
Vancouver, BC, Canada
Phone: 604-643-7013
Fax: 604-601-5863
Email: katherine_young@canaccord.com

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

FISCAL 2007 EXPECTED DIVIDEND AND EARNINGS DATES

	Earnings release date	Dividend record date	Dividend payment date
Q1/07	August 4, 2006	August 25, 2006	September 8, 2006
Q2/07	November 9, 2006	November 24, 2006	December 8, 2006
Q3/07	February 8, 2007	February 23, 2007	March 8, 2007
Q4/07	May 17, 2007	June 1, 2007	June 8, 2007

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

COMPUTERSHARE INVESTOR SERVICES INC.:
100 University Avenue, 9th Floor
Toronto, ON, M5J 2Y1
Phone: 1-800-564-6253
(toll-free within North America),
514-982-7555 (international),
Fax: 1-866-249-7775
(toll-free within North America) or
416-263-9524 (international)
Email: service@computershare.com
Internet: www.computershare.com
Offers enrollment for self-service account management for registered shareholders through Investor Centre.

FINANCIAL INFORMATION:
For present and archived financial information, please visit www.canaccord.com/financialreports

AUDITOR:
Ernst & Young LLP
Chartered Accountants
Vancouver, BC

FEES PAID TO SHAREHOLDERS' AUDITORS:
For fees paid to shareholders' auditors, see page 35 of the fiscal 2006 Annual Information Form.

PRINCIPAL SUBSIDIARIES:
Canaccord Capital Corporation
Canaccord Adams Limited
Canaccord International Limited
Canaccord Capital Corporation (USA), Inc.
Canaccord Adams Inc.
Canaccord Enermarket Ltd.

CORPORATE WEB SITE:
www.canaccord.com

CANACCORD

CAPITAL