CANACCORD Genuity

SECOND QUARTER

Fiscal 2015 Report to Shareholders

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Canaccord Genuity Group Inc. Reports Second Quarter Fiscal 2015 Results and Adjusted Net Income Improvement of 208%

Excluding significant items, second quarter diluted earnings per share of $0.17[1] compared to $0.03[1] one year ago

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

TORONTO, November 5, 2014 – In the second quarter of fiscal 2015, the quarter ended September 30, 2014, Canaccord Genuity Group Inc. (Canaccord, the Company, TSX: CF, LSE: CF.) generated $236.3 million in revenue. Excluding significant items[1] (a non-IFRS measure), the Company recorded net income of $20.7 million or net income of $17.1 million attributable to common shareholders[2] ($0.17 per diluted common share). Including all expense items, on an IFRS basis, the Company recorded net income of $17.6 million or net income attributable to common shareholders[2] of $14.2 million (earnings per diluted common share of $0.14).

"During our second fiscal quarter, we achieved strong results in our global advisory business and steady recurring revenue growth from our global wealth management operations," said Paul Reynolds, President and CEO of Canaccord Genuity Group Inc. "While fundamentals of the broader market environment adversely impacted transaction and trading activity during the quarter, our longer term outlook for our capital markets business is stable and positive."

Second Quarter of Fiscal 2015 vs. Second Quarter of Fiscal 2014

- Revenue of $236.3 million, an increase of 29% or $53.0 million from $183.3 million
- Excluding significant items, expenses of $207.4 million, an increase of 18% or $32.0 million from $175.4 million[1]
- Expenses of $211.3 million, an increase of 15% or $27.0 million from $184.3 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.17 compared to diluted EPS of $0.03[1]
- Excluding significant items, net income of $20.7 million compared to net income of $6.7 million[1]
- Net income of $17.6 million compared to net loss of $0.1 million
- Diluted EPS of $0.14 compared to diluted loss per share of $0.03

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Second Quarter of Fiscal 2015 vs. First Quarter of Fiscal 2015

- Revenue of $236.3 million, a decrease of 4% or $9.3 million from $245.6 million
- Excluding significant items, expenses of $207.4 million, a decrease of 4% or $8.5 million from $215.9 million(1)
- Expenses of $211.3 million, a decrease of 5% or $11.0 million from $222.3 million
- Excluding significant items, diluted EPS of $0.17 compared to diluted EPS of $0.20(1)
- Excluding significant items, net income of $20.7 million compared to net income of $24.0 million(1)
- Net income of $17.6 million compared to net income of $18.9 million
- Diluted EPS of $0.14 compared to diluted EPS of $0.15

Year-to-Date Fiscal 2015 vs. Year-to-Date Fiscal 2014 (Six Months Ended September 30, 2014 vs. Six Months Ended September 30, 2013)

- Revenue of $481.8 million, an increase of 30% or $111.3 million from $370.5 million
- Excluding significant items, expenses of $423.3 million, an increase of 21% or $73.4 million from $349.9 million(1)
- Expenses of $433.6 million, an increase of 20% or $71.2 million from $362.4 million
- Excluding significant items, diluted EPS of $0.37 compared to diluted EPS of $0.12(1)
- Excluding significant items, net income of $44.8 million compared to net income of $18.5 million(1)
- Net income of $36.5 million compared to net income of $7.8 million
- Diluted EPS of $0.29 compared to diluted EPS of $0.02

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

- Cash and cash equivalents balance of $290.4 million, down $73.9 million from $364.3 million
- Working capital of $453.5 million, a decrease of $15.9 million from $469.4 million
- Total shareholders' equity of $1.14 billion, down $26.9 million from $1.17 billion
- Book value per diluted common share of $8.90, down $0.15 from $9.05(3)
- On November 5, 2014, the Board of Directors approved a quarterly dividend of $0.05 per common share and a special dividend of $0.05 per common share payable on December 10, 2014 with a record date of November 21, 2014
- On November 5, 2014, the Board of Directors also approved a cash dividend of $0.34375 per Series A Preferred Share payable on December 31, 2014 with a record date of December 19, 2014, and a cash dividend of $0.359375 per Series C Preferred Share payable on December 31, 2014 to Series C Preferred shareholders of record as at December 19, 2014

Summary of Operations

CORPORATE

- On August 6, 2014, the Company held its 2014 Annual General Meeting of shareholders, where all nominated directors were re-elected or elected to the Board, including Ms. Kalpana Desai as an independent director, bringing the Board to nine directors, seven of whom are independent.
- On August 8, 2014, the Company announced the filing of a renewal for its normal course issuer bid (NCIB) to provide for the ability to purchase, at the Company's discretion, up to a maximum of 5,100,049 common shares through the facilities of the TSX during the period from August 13, 2014 to August 12, 2015. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represents 5.0% of the Company's outstanding common shares. There were no shares repurchased during Q2/15 under the NCIB. In Q1/15, 264,200 shares were purchased and cancelled under the terms of the NCIB which expired on August 12, 2014.

CAPITAL MARKETS

- Canaccord Genuity led or co-led 35 transactions globally, raising total proceeds of C$1.8 billion(4) during fiscal Q2/15
- Canaccord Genuity participated in 86 transactions globally, raising total proceeds of C$10.7 billion(4) during fiscal Q2/15
- Significant investment banking transactions for Canaccord Genuity during fiscal Q2/15:
  - C$640.0 million for Amaya Gaming Group common shares on the TSX
  - US$179.2 million private placement for Amaya Gaming Group preferred shares
  - C$103.5 million for The Intertain Group Limited on the TSX
  - AUD$98.0 million for Ashley Services Group Limited on the ASX
  - AUD$74.0 million for Tiger Resources Group on the ASX
  - £56.0 million for Intelligent Energy Plc on the LSE
  - US$52.0 million for Inventure Foods, Inc. on the NASDAQ

- £41.0 million for Matomy Media Limited on the LSE
- US$39.6 million for BioAmber Inc. on the NYSE
- C$38.6 million for WesternOne on the TSX
- C$30.7 million for PRO REIT on the TSX
- US$30.2 million for Pure Multi-Family REIT on the TSX-V
- C$30.0 million for DataWind Inc. on the TSX
- C$27.4 million for Dalradian Resources on the TSX
- C$25.0 million for Petro-Victory Energy Corp. on the TSX-V
- C$23.0 million for Terrace Energy Corp. on the TSX-V
- In Canada, Canaccord Genuity participated in raising $210.7 million for government and corporate bond issuances during fiscal Q2/15
- Canaccord Genuity generated advisory revenues of $55.7 million during fiscal Q2/15, an increase of 86% compared to the same quarter last year
- During fiscal Q2/15, Canaccord Genuity advised on the following M&A and advisory transactions:
  - Amaya Gaming Group on its US$4.9 billion purchase of Rational Group
  - Plan Group on its sale to Bouygues SA
  - B2Gold Corp. on its merger with Papillon Resources Limited
  - Medical Action Industries Inc. on its acquisition by Owens & Minor
  - Nordion Inc. on its US$826.0 million sale to Sterigenics International
  - SOF Investments on the £212.0 million sale of Moneycorp to Bridgepoint
  - DHX Media Limited on its acquisition of Family Channel, Disney XD, Disney Junior (English) and Disney Junior (French)
  - Paperny Entertainment Inc. on its sale to Entertainment One Limited
  - Exact Holdings on its divestiture of Longview Solutions to Marlin Equity Partners
  - TowerBrook Capital Partners on the acquisition of Independent Clinical Services from The Blackstone Group
  - Geodis SA on the sale of Ciblex to Eurotranspharma
  - Pteris Global Limited on the SGD$151.2 million reverse takeover of Shenzhen CIMC-TianDa Airport Support Ltd.
  - TA Associates on the £120.0 million disposal of MandM Direct
  - Regard Holdings Limited on its £120.0 million disposal by MML Capital Partners to Montreux Healthcare Funds and Macquarie Lending
  - OnMobile on its divestiture of VoxMobili SA to Synchronoss Technologies, Inc.
  - The Intertain Group Limited on its £45.0 million purchase of Mandalay Media
  - Rathbones on the £43.1 million acquisition of Jupiter Asset Management's private client and charity investment business
  - PRO REIT on its sale of subscription units to Lotus Crux REIT LP
  - Ultimo on its disposal to B2 Holding ASA

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $63.0 million in revenue in Q2/15
- Assets under administration in Canada and assets under management in the UK and Europe and Australia were $31.7 billion at the end of Q2/15[(3)]

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $31.6 million in revenue and, after intersegment allocations, recorded a net loss of $1.8 million before taxes in Q2/15
- Assets under administration in Canada were $10.8 billion as at September 30, 2014, down 2% from $11.0 billion at the end of the previous quarter and up 14% from $9.4 billion at the end of fiscal Q2/14[(3)]
- Assets under management in Canada (discretionary) were $1.4 billion as at September 30, 2014, up 10% from $1.3 billion at the end of the previous quarter and up 49% from $935 million at the end of fiscal Q2/14[(3)]
- As at September 30, 2014, Canaccord Genuity Wealth Management had 162 Advisory Teams[(5)], a decrease of one Advisory Team from September 30, 2013 and June 30, 2014

CANACCORD GENUITY WEALTH MANAGEMENT (UK AND EUROPE)

- Wealth management operations in the UK and Europe generated $29.8 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $4.6 million before taxes in Q2/15[(1)]
- Assets under management (discretionary and non-discretionary) were $20.4 billion (£11.3 billion)[(3)]

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on pages 4 and 8.
(2) Net income attributable to common shareholders is calculated as net income adjusted for non-controlling interests and preferred share dividends.
(3) See Non-IFRS Measures on pages 4 and 8.
(4) Source: Transactions over $1.5 million. Internally sourced information.
(5) Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

NON-IFRS MEASURES

The non–International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets, and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in Q1/14, adjusted for shares purchased under the NCIB and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	Three months ended September 30			Six months ended September 30		
(C$ thousands, except per share and % amounts)	**2014**	2013	Quarter-over-quarter change	**2014**	2013	YTD-over-YTD change
Total revenue per IFRS	**$ 236,271**	$ 183,306	28.9%	**$ 481,827**	$ 370,537	30.0%
Total expenses per IFRS	**211,326**	184,262	14.7%	**433,594**	362,380	19.7%
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**1,707**	1,658	3.0%	**3,448**	3,360	2.6%
Restructuring costs	**—**	5,486	(100.0)%	**—**	5,486	(100.0)%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**2,224**	1,751	27.0%	**4,464**	3,640	22.6%
Restructuring costs	**—**	—	—	**783**	—	n.m.
Significant items recorded in Corporate and Other						
Restructuring costs	**—**	—	—	**1,600**	—	n.m.
Total significant items	**3,931**	8,895	(55.8)%	**10,295**	12,486	(17.5)%
Total expenses excluding significant items	**207,395**	175,367	18.3%	**423,299**	349,894	21.0%
Net income before taxes – adjusted	**$ 28,876**	$ 7,939	263.7%	**$ 58,528**	$ 20,643	183.5%
Income taxes – adjusted	**8,130**	1,205	n.m.	**13,765**	2,099	n.m.
Net income – adjusted	**$ 20,746**	$ 6,734	208.1%	**$ 44,763**	$ 18,544	141.4%
Earnings per common share – basic, adjusted	**$ 0.19**	$ 0.03	n.m.	**$ 0.40**	$ 0.13	207.7%
Earnings per common share – diluted, adjusted	**$ 0.17**	$ 0.03	n.m.	**$ 0.37**	$ 0.12	208.3%

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

Fellow Shareholders:

While we continue to have confidence in the solid fundamentals for global equities markets, our second quarter results were impacted by a global expectation of a market correction that became a reality in early October. Broad market indices posted minor increases during the quarter, while smaller and mid-cap stocks struggled, leading to diminished transaction and trading activity in the growth-oriented sectors.

This operating environment had the most notable impact on our US operations. Following seven straight quarters of gains, US equities turned quickly downward in September. Valuations in the top half of historic ranges resulted in fewer compelling investment opportunities, which negatively impacted investment banking and trading activity in that region. The aggregate value of follow-on offerings in our core US coverage sectors declined by 56% compared to the previous quarter.

On a positive note, Canaccord Genuity Group recorded $236.3 million in revenues for the quarter, a healthy year-over-year improvement of 29%. This translated into adjusted earnings per share of $0.17, an increase of 467%. We attribute this performance to the investments we have made to diversify our revenue streams and improve our cross-border execution capabilities.

Working capital increased by $18.4 million to $453.5 million since the first quarter of fiscal 2015. On an adjusted basis, we have lowered non-compensation related expenses by 4.6% compared to our most recent quarter against a 3.7% decrease in revenue for the same period.

Global Advisory Revenue Increases 87% Year Over Year

Lower volatility and volumes continued to support M&A activity during the quarter, and we achieved strong results advising mid-market growth companies in all regions. Advisory fees for our second fiscal quarter were $55.7 million, an increase of 87% from the same period last year. The largest contributor to this growth came from our Canadian business, and our UK, US and Asia-Pacific businesses also achieved advisory revenue within the upper ranges of their historic quarterly results.

Capital Markets

During the fiscal quarter, Canaccord Genuity participated in 86 transactions globally and raised total proceeds of C$10.7 billion. When compared to the same period last year, our global investment banking business generated a second quarter revenue increase of 63%, led by the performance of our Canadian operations and due in part from our role as lead advisor and bookrunner to Amaya Gaming Group, in the second largest transaction in our firm's history. Additionally, our Asia-Pacific operations continue to post meaningful increases in investment banking and trading commissions.

Planned investments in the strategic build-out of our US research, banking and fixed income businesses added roughly $3 million to our expenses for the quarter. We believe these investments will meaningfully contribute to the growth for this business as they will add to the breadth of our offering and improve our execution capabilities.

In October, the strength and quality of our Australian business was given prominence as the dominant recipient of the East Coles Equities Markets Awards, winning Best Independent Equities House, Best Independent Equity Capital Markets Bank and Best Independent Equities Research House, with 13 of our analysts receiving top rankings.

Also in October, our European team received the 2014 Corporate Financier of the Year award in the Unquote British Private Equity Awards, which celebrate innovation and excellence in private equity and venture capital.

Recurring Revenues Balance Capital Markets Volatility

We expect increasing levels of fee-based and managed accounts in our Canadian and UK wealth management businesses will materially improve recurring revenue streams and reduce earnings volatility for our business. On a global basis, Canaccord Genuity Wealth Management generated $63 million in revenue for the second quarter and increased assets under administration and management by 15.5% compared to the same period last year.

Our Canadian wealth management business continues to show improvement, narrowing its loss before taxes to $1.8 million, a decrease of 66% compared to the second quarter of last year. Continued focus on the transition to fee-based and managed accounts has led to a 49% year-over-year increase in assets under management. Through targeted recruitment, we have attracted growing numbers of advisors with established books of business and proven track records of exceptional client service.

Our UK and European wealth management business has also shown steady improvement, increasing assets under management to $20.4 billion, and fee-related revenue was a record 68.5% of total revenue for the quarter.

Commitment to Our Communities

Another important measure of our success is our ability to make positive contributions in the communities where we operate. During the quarter, we hosted the second annual Canaccord Genuity Great Camp Adventure Walk to benefit the Hospital for Sick Children. A grand total of $1.8 million was raised to support the goal of improving the health and well-being of children around the world.

On October 13, our US capital markets team hosted Trading Day for Kids to benefit Youth I.N.C. Through commission fees generated from designated equity, electronic and agency options trades, the team raised $850,000, bringing our three-year contribution to just over $2.75 million.

Looking Forward

We expect the current market environment will prove challenging for our capital markets activities in the near term, but our longer term outlook for equity markets is stable and positive. While our macroeconomic outlook for the balance of the fiscal year is cautiously optimistic, our pipeline is strong and diverse.

Our priorities for our global capital markets division centre on increasing contributions from new products, such as debt and restructuring, and leveraging the capabilities of strategic hires to compete domestically and support cross-border collaboration.

For our global wealth management division, we will continue to focus on growing our share of fee-based and discretionary managed accounts and actively pursue opportunities to increase our scale in the UK and Europe. The imminent launch of our proprietary asset management product, Canaccord Genuity Global Portfolio Solutions (GPS), is expected to increase our recurring revenue streams by attracting new clients to our Canadian wealth management business and increasing engagement with existing clients. This unique range of portfolios has been created to service the growing demand for investment solutions which seek to provide stable returns with minimal risk by targeting limited levels of volatility.

We have worked hard to improve our competitive position and further strengthen our brand in regions we have targeted for growth. As we enter the second half of our fiscal year, we will continue to pursue opportunities for organic growth and uphold our culture of cost containment. We will adhere to a disciplined approach to investing in key areas of our business with a focus on better serving our clients and creating long term value for our shareholders.

Kind regards,

"Paul D. Reynolds"

PAUL D. REYNOLDS
President & CEO

Management's Discussion and Analysis

Second quarter fiscal 2015 for the three months and six months ended September 30, 2014 – this document is dated November 5, 2014.

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. (Canaccord or the Company) is provided to enable the reader to assess material changes in our financial condition and to assess results for the three- and six-month periods ended September 30, 2014 compared to the corresponding periods in the preceding fiscal year. The three-month period ended September 30, 2014 is also referred to as second quarter 2015 and Q2/15. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and six-month periods ended September 30, 2014, beginning on page 30 of this report; our Annual Information Form (AIF) dated June 10, 2014; and the 2014 annual Management's Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2014 (Audited Annual Consolidated Financial Statements) in the Company's annual report dated June 3, 2014 (the 2014 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2014 except as disclosed in this MD&A. The Company's financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-looking Information

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company's interim condensed and annual consolidated financial statements and in its 2014 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled "Risks" in this MD&A, which include market, liquidity, credit, operational, legal and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2015 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and in its 2014 Annual Report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and six-month periods ended September 30, 2014 (Second Quarter 2015 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Second Quarter 2015 Financial Statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), using accounting policies consistent with those applied in preparing the Company's Audited Annual Consolidated Financial Statements for the year ended March 31, 2014, except for new standards adopted as directed in Note 3 of the Second Quarter 2015 Financial Statements.

NON-IFRS MEASURES

Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management, book value per diluted common share, return on common equity and figures that exclude significant items.

The Company's capital is represented by common and preferred shareholders' equity and, therefore, management uses return on common equity (ROE) as a performance measure. Also used by the Company as a performance measure is book value per diluted common share, which is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA – Canada, AUM – Australia and AUM – UK and Europe are the market value of client assets managed and administered by the Company from which the Company earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. AUM – Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*. Services provided include the selection of investments and the provision of investment advice. The Company's method of calculating AUA – Canada, AUM – Canada, AUM – Australia and AUM – UK and Europe may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM – Canada is also administered by the Company and is included in AUA – Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items for these purposes include restructuring costs, amortization of intangible assets, and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. See the Selected Financial Information Excluding Significant Items table on page 12.

Management believes that these non-IFRS measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group Inc. has offices in 10 countries worldwide, including wealth management offices located in Canada, Australia, the UK and Europe. Canaccord Genuity, the Company's international capital markets division, operates in Canada, the US, the UK, France, Germany, Ireland, Hong Kong, China, Singapore, Australia and Barbados.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on the main market of the London Stock Exchange. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

Our business is affected by the overall condition of the worldwide equity and debt markets.

BUSINESS ENVIRONMENT

During the second quarter of fiscal 2015, although there were general improvements in both the US and Canadian economies, the rest of the world appeared to be decoupling from North American markets. Europe has slowed down fast and is fighting deflation, with the last consumer price index (CPI) reading coming in at 0.3%. Moreover, the region's growth engine, Germany, is under pressure and the contraction in various business sentiment indicators suggests a further slowing in the second half of calendar 2014. Elsewhere, growth in China is also moderating, with industrial production (6.9%) rising at its slowest pace since the 2008–2009 global recession. Similarly, Japan's GDP contracted by 1.8% as a result of the value-added tax (VAT) increase in the spring. Overall, global growth concerns are mounting as world central bankers are weighing the impact of a recently delivered stimulus before reflating economic activity. The US Federal Reserve's asset purchasing program (Quantitative Easing) is coming to an end; however, the central bank reminded investors that it will proceed cautiously in re-normalizing interest rates, meaning that it will take into consideration the strength in the US dollar and the performance of economies outside of the US. As a result, investors have pushed back their expectations of the first rate increase to the fall of next calendar year. In all, worldwide monetary conditions remain very accommodative in combination with lower commodity prices, acting as a shock absorber providing downside risk protection to both developed markets (DMs) and emerging markets (EMs).

During fiscal Q2/15, global equity returns varied widely across countries and market capitalizations. A weaker global economy coupled with strong US dollar appreciation reduced investors' risk appetites, especially in commodity-sensitive markets such as Canada, where the S&P/TSX fell by 1.2%. Additionally, small-cap equities, which are more heavily weighted toward resource stocks, dropped by 10%. The S&P 500 gained 0.6%, but this performance masks a net underperformance of small-cap stocks, as the Russell 2000 fell 7.7%. Among commodities, energy prices were hit particularly hard, with oil and natural gas prices registering losses of 13.1% and 16.3%, respectively. Much uncertainty remains with regard to global oil demand and supply, and for the first time in many years, Organization of the Petroleum Exporting Countries (OPEC) countries appear willing to defend their market share relative to US and Russian producers. Elsewhere, base metals such as copper (+3.0%) held up relatively well despite the slowdown in China, but gold (-3.2%) failed to respond to heightened financial and economic stress, owing to the overwhelming impact of US dollar appreciation.

Looking ahead, we do not expect meaningful world economic growth through the balance of the calendar year. Nevertheless, with global reflation initiatives underway, downside risk is more limited. We believe the drop in commodity prices should cause inflation in emerging markets to moderate, allowing local central banks to cut rates and stimulate economies. We are hopeful that increased global synchronization through monetary and fiscal reflation initiatives should eventually lead to synchronized economic growth. Through this transition, however, markets are likely to experience volatility and we expect investors' risk appetites to remain largely dependent upon economic growth visibility. While this environment should prove more challenging to our capital markets activities in the near term, aside from Europe, which accounts only for 5% of world GDP growth, we believe the odds of an economic recession remain low. Consequently, we expect abundant liquidity conditions to support demand for higher-risk assets, especially in a world where expected returns on other asset classes remain uncompetitive.

MARKET DATA

Financing values on the TSX and the TSX Venture Exchange experienced notable decreases compared to the previous quarter but significant increases compared to the year-over-year period. Financing values on the NASDAQ experienced decreases compared to the previous quarter and the same period last year, while AIM experienced a significant decrease compared to the previous quarter but a slight increase compared to the same period last year.

TOTAL FINANCING VALUE BY EXCHANGE

	July 2014	August 2014	September 2014	Fiscal Q2/15	Change from fiscal Q2/14	Change from fiscal Q1/15
TSX and TSX Venture (C$ billions)	5.2	3.0	6.8	15.0	68.5%	(11.8)%
AIM (£ billions)	0.3	0.3	0.2	0.8	14.3%	(57.9)%
NASDAQ (US$ billions)	5.0	2.2	5.5	12.7	(21.1)%	(54.6)%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

ABOUT CANACCORD GENUITY GROUP'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (capital markets operations) and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary investment banking services, investment products and brokerage services to institutional, corporate and private clients. The Company's administrative segment is referred to as Corporate and Other.

Canaccord Genuity

Canaccord Genuity offers corporations and institutional investors around the world an integrated platform for equity research, sales and trading, and investment banking services that is built on extensive operations in Canada, the UK, Europe, the US, China, Hong Kong, Singapore, Australia and Barbados.

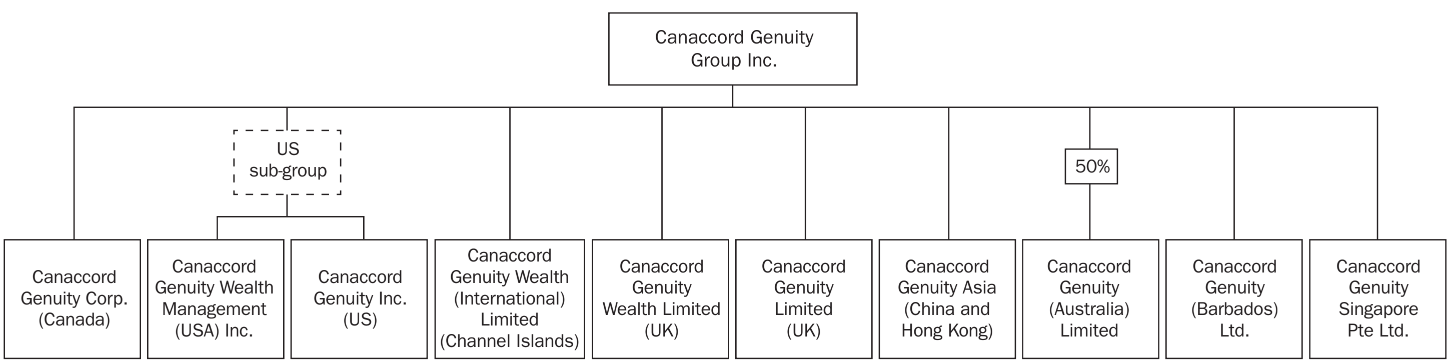
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division now has Investment Advisors (IAs) and professionals in Canada, Australia, the UK, and offshore locations (the Channel Islands and the Isle of Man).

Corporate and Other

Canaccord Genuity's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and activities not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, finance, and all administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity group.

Consolidated Operating Results

SECOND QUARTER AND FIRST HALF OF FISCAL 2015 SUMMARY DATA[1][2]

	Three months ended September 30				Six months ended September 30			
(C$ thousands, except per share and % amounts, and number of employees)	**2014**	2013	2012	QTD Q2/15 vs. Q2/14	**2014**	2013	2012	YTD FY 2015 vs. FY 2014
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 86,240**	$ 81,832	$ 87,525	5.4%	**$ 181,066**	$ 171,867	$ 176,272	5.4%
Investment banking	**66,289**	40,283	37,961	64.6%	**153,661**	72,116	66,622	113.1%
Advisory fees	**55,741**	29,894	28,571	86.5%	**88,435**	65,799	54,197	34.4%
Principal trading	**17,708**	18,883	17,109	(6.2)%	**37,984**	38,423	24,956	(1.1)%
Interest	**5,902**	6,132	6,758	(3.8)%	**12,206**	12,937	15,150	(5.7)%
Other	**4,391**	6,282	8,675	(30.1)%	**8,475**	9,395	11,951	(9.8)%
Total revenue	**236,271**	183,306	186,599	28.9%	**481,827**	370,537	349,148	30.0%
Expenses								
Incentive compensation	**119,389**	87,511	94,514	36.4%	**241,726**	173,836	179,290	39.1%
Salaries and benefits	**20,268**	21,506	21,417	(5.8)%	**42,801**	44,616	44,615	(4.1)%
Other overhead expenses[3]	**71,669**	69,759	68,829	2.7%	**146,684**	138,442	147,903	6.0%
Restructuring costs[4]	**—**	5,486	18,862	(100.0)%	**2,383**	5,486	18,862	(56.6)%
Acquisition-related costs	**—**	—	1,288	—	**—**	—	1,288	—
Total expenses	**211,326**	184,262	204,910	14.7%	**433,594**	362,380	391,958	19.7%
Income (loss) before income taxes	**24,945**	(956)	(18,311)	n.m.	**48,233**	8,157	(42,810)	n.m.
Net income (loss)	**$ 17,614**	$ (80)	$ (14,841)	n.m.	**$ 36,483**	$ 7,803	$ (35,463)	n.m.
Net income (loss) attributable to:								
CGGI shareholders	**$ 17,109**	$ (383)	$ (14,562)	n.m.	**$ 35,190**	$ 8,358	$ (34,529)	n.m.
Non-controlling interests	**$ 505**	$ 303	$ (279)	66.6%	**$ 1,293**	$ (555)	$ (934)	n.m.
Earnings (loss) per common share – diluted	**$ 0.14**	$ (0.03)	$ (0.19)	n.m.	**$ 0.29**	$ 0.02	$ (0.43)	n.m.
Return on common equity (ROE)	**6.1%**	(1.5)%	(8.3)%	7.6 p.p.	**6.3%**	0.6%	(9.4)%	5.7 p.p.
Dividends per common share	**$ 0.10**	$ 0.05	$ 0.05	100.0%	**$ 0.15**	$ 0.10	$ 0.10	50.0%
Book value per diluted common share[5]	**$ 8.90**	$ 8.00	$ 7.61	11.3%				
Total assets	**$4,719,202**	$4,245,682	$5,102,481	11.2%				
Total liabilities	**$3,562,261**	$3,150,694	$4,052,592	13.1%				
Non-controlling interests	**$ 15,130**	$ 12,375	$ 16,047	22.3%				
Total shareholders' equity	**$1,141,811**	$1,082,613	$1,033,842	5.5%				
Number of employees	**2,018**	2,012	2,215	0.03%				
Excluding significant items[6]								
Total expenses	**$ 207,395**	$ 175,367	$ 179,710	18.3%	**$ 423,299**	$ 349,894	$ 361,387	21.0%
Income (loss) before income taxes	**28,876**	7,939	6,889	263.7%	**58,528**	20,643	(12,239)	183.5%
Net income (loss)	**20,746**	6,734	5,907	208.1%	**44,763**	18,544	(10,388)	141.4%
Net income (loss) attributable to:								
CGGI shareholders	**19,986**	6,192	5,864	222.8%	**42,949**	18,606	(10,195)	130.8%
Non-controlling interests	**760**	542	43	40.2%	**1,814**	(62)	(193)	n.m.
Earnings (loss) per common share – diluted	**0.17**	0.03	0.03	n.m.	**0.37**	0.12	(0.17)	208.3%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) The operating results of the Australian operations have been fully consolidated and a 50% non-controlling interest has been recognized. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.
(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(4) Consists of restructuring costs in connection with certain executive changes in our Corporate and Other segment and the closure of the Geneva office in our UK and European wealth management operations. Fiscal 2014 and fiscal 2013 restructuring costs include expenses mainly in connection with restructuring of our sales and trading operations in Canada and the UK and Europe, certain real estate and office closure costs, and costs associated with restructuring of our Canadian wealth management operations.
(5) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in fiscal 2014, adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.
(6) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
n.m.: not meaningful
p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

(C$ thousands, except per share and % amounts)	Three months ended September 30 2014	2013	Quarter-over-quarter change	Six months ended September 30 2014	2013	YTD-over-YTD change
Total revenue per IFRS	$ 236,271	$ 183,306	28.9%	$ 481,827	$ 370,537	30.0%
Total expenses per IFRS	211,326	184,262	14.7%	433,594	362,380	19.7%
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	1,707	1,658	3.0%	3,448	3,360	2.6%
Restructuring costs	—	5,486	(100.0)%	—	5,486	(100.0)%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	2,224	1,751	27.0%	4,464	3,640	22.6%
Restructuring costs	—	—	—	783	—	n.m.
Significant items recorded in Corporate and Other						
Restructuring costs	—	—	—	1,600	—	n.m.
Total significant items	3,931	8,895	(55.8)%	10,295	12,486	(17.5)%
Total expenses excluding significant items	207,395	175,367	18.3%	423,299	349,894	21.0%
Net income before taxes – adjusted	$ 28,876	$ 7,939	263.7%	$ 58,528	$ 20,643	183.5%
Income taxes – adjusted	8,130	1,205	n.m.	13,765	2,099	n.m.
Net income – adjusted	$ 20,746	$ 6,734	208.1%	$ 44,763	$ 18,544	141.4%
Earnings per common share – basic, adjusted	$ 0.19	$ 0.03	n.m.	$ 0.40	$ 0.13	207.7%
Earnings per common share – diluted, adjusted	$ 0.17	$ 0.03	n.m.	$ 0.37	$ 0.12	208.3%

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

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. The pound sterling and the US dollar appreciated against the Canadian dollar by approximately 12% and 5%, respectively, in Q2/15 when compared to Q2/14, and by approximately 14% and 6%, respectively, during the six-month period ended September 30, 2014 when compared to the six-month period ended September 30, 2013. This appreciation contributed to certain increases in revenue and expense items in Canadian dollars when compared to the applicable prior period and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity and Canaccord Genuity Wealth Management UK and Europe.

Revenue

Second quarter 2015 vs. second quarter 2014
On a consolidated basis, revenue is generated through six activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

Revenue for the three months ended September 30, 2014 was $236.3 million, an increase of 28.9% or $53.0 million compared to the same period a year ago. All of our geographic segments generated higher revenue compared to Q2/14 except for our US operations, which experienced a 7.5% decline in revenue.

While the strength of our global business and diversified revenue streams were the main drivers of our strong revenue performance in Q2/15, the impact of foreign currency translation, as described above, also partially contributed to the increase in revenue over the same quarter in the prior year.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $4.4 million, to $86.2 million, compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity segment decreased by $3.8 million compared to the same period last year as a result of reduced institutional trading activity. However, this reduction was more than offset by increases in the Canaccord Genuity Wealth Management segment of $4.4 million in Canada and $3.7 million in the UK and Europe.

Investment banking revenue increased by $26.0 million or 64.6% from the same period a year ago, to $66.3 million in Q2/15. Our Canadian capital markets operations experienced a substantial increase in investment banking revenue of $27.7 million, largely due to the completion of the Amaya Gaming transaction during the quarter. The US and UK and Europe operations both experienced a decline in investment banking revenue as a result of lower financing activity. The Company's operations in the Other Foreign Locations geographic region, which includes operations in Australia, Singapore, China, Hong Kong and Barbados, also contributed $1.1 million to the overall increase in investment banking revenue, primarily due to the continued growth in our Australian capital markets operations.

Advisory fees revenue was $55.7 million, an increase of $25.8 million or 86.5% from the same quarter a year ago. The increase in advisory fees was driven by higher activity across all our geographic segments. Our US operations increased its advisory fees revenue by $4.9 million. In addition, advisory fees revenue increased by 102.0% in our Canadian capital markets operations and by 53.5% in our UK and Europe operations. Significant transactions during the quarter included Amaya Gaming Group (Canada), B2Gold Corp. (Canada) and Medical Action Industries (US).

Principal trading revenue was $17.7 million in Q2/15, representing a decrease of $1.2 million compared to the $18.9 million generated in Q2/14. A decrease of $1.4 million in the UK and Europe was slightly offset by a $0.2 million increase in the US.

Interest revenue was $5.9 million for the three months ended September 30, 2014, representing a slight decrease from $6.1 million in Q2/14. Other revenue was $4.4 million for Q2/15, down $1.9 million from the same period a year ago, mostly as a result of a decrease in foreign exchange gains recognized in Q2/15.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Revenue for the six months ended September 30, 2014 was $481.8 million, an increase of 30.0% or $111.3 million compared to the same period a year ago, mainly due to an $81.5 million increase in investment banking revenue and a $22.6 million increase in advisory fees revenue.

Commissions and fees revenue was $181.1 million, representing an increase of 5.4% compared to the six months ended September 30, 2013.

Revenue generated from investment banking activities more than doubled to $153.7 million, compared to $72.1 million in the same period a year ago. Investment banking revenue increased across all geographies, demonstrating the strength of our global business and increased activity by corporate issuers.

Advisory fees revenue of $88.4 million represented an increase of 34.4%, or $22.6 million, compared to the same period in the prior year. This increase was primarily due to higher activity in our capital markets operations in Canada, which contributed $22.5 million to this increase. Two significant advisory transactions completed during the six months ended September 30, 2014 were the Yamana Gold and Osisko Mining transaction and the Amaya Gaming transaction.

Revenue derived from principal trading was $38.0 million, a slight decrease of $0.4 million compared to the same period last year.

Interest revenue decreased by $0.7 million, mostly as a result of reductions in our North American wealth management operations. Other revenue decreased by $0.9 million to $8.5 million during the six months ended September 30, 2014 as a result of lower foreign exchange gains recognized during the current period.

Expenses

Expenses for the three months ended September 30, 2014 were $211.3 million, an increase of 14.7% or $27.1 million from the same period a year ago. Total expenses as a percentage of revenue decreased by 11.1 percentage points compared to Q2/14.

The impact of the appreciation of foreign currencies against the Canadian dollar in Q2/15 compared to Q2/14, as described above, partially contributed to the increase in overall expenses, as operating results of foreign operations are translated into Canadian dollars using the exchange rates prevailing during the applicable period.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended September 30			Six months ended September 30		
	2014	2013	Quarter-over-quarter change	**2014**	2013	YTD-over-YTD change
Incentive compensation	**50.5%**	47.7%	2.8 p.p.	**50.2%**	46.9%	3.3 p.p.
Salaries and benefits	**8.6%**	11.8%	(3.2) p.p.	**8.9%**	12.1%	(3.2) p.p.
Other overhead expenses(1)	**30.3%**	38.0%	(7.7) p.p.	**30.4%**	37.3%	(6.9) p.p.
Restructuring costs	**—**	3.0%	(3.0) p.p.	**0.5%**	1.5%	(1.0) p.p.
Total	**89.4%**	100.5%	(11.1) p.p.	**90.0%**	97.8%	(7.8) p.p.

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

Compensation expense

Second quarter 2015 vs. second quarter 2014

Incentive compensation expense was $119.4 million, an increase of 36.4% compared to Q2/14, reflecting the increase in incentive-based revenue over that period. Incentive compensation expense as a percentage of revenue was 50.5%, an increase of 2.8 percentage points compared to the second quarter of fiscal 2014. This increase was largely due to higher non–share based incentive compensation as a percentage of revenue as a result of higher profit levels and related profit-based compensation, and certain growth initiatives in the US. Salaries and benefits expense decreased by $1.2 million to $20.3 million in Q2/15, partially as a result of the recording of certain compensation costs in the UK as incentive compensation expense rather than salaries and benefits. The combined effect of an increase in the incentive compensation ratio and a decrease in salaries and benefits was a small decrease in the total compensation expense ratio (incentive compensation plus salaries and benefits) from 59.5% in Q2/14 to 59.1% in Q2/15.

Overall share-based incentive compensation as a percentage of revenue remained relatively unchanged, declining slightly from 4.4% in Q2/14 to 4.3% in Q2/15. Share-based incentive compensation expense in Canada decreased in Q2/15 compared to Q2/14, but this decrease was partially offset by increases in the US and the UK and Europe operations. This offset was due to an increase in restricted stock awards under our long-term incentive plan to staff in the UK and Europe and the US as a result of the growth in those regions.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Incentive compensation expense was $241.7 million for the six months ended September 30, 2014, an increase of 39.1% from the same period in the prior year, reflecting the increase in incentive-based revenue over that period. Incentive compensation as a percentage of total revenue was 50.2%, an increase of 3.3 percentage points over the same period in the prior year, mostly due to higher profit levels and related profit-based compensation, as described above, and certain growth initiatives in the US.

Salaries and benefits expense of $42.8 million for the six months ended September 30, 2014 was $1.8 million or 4.1% lower than in the same period a year ago, partially as a result of the recording of certain compensation costs in the UK as incentive compensation expense rather than salaries and benefits. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue was 59.1%, relatively unchanged from 59.0% in the same period a year ago.

OTHER OVERHEAD EXPENSES

	Three months ended September 30			Six months ended September 30		
(C$ thousands, except % amounts)	**2014**	2013	Quarter-over-quarter change	**2014**	2013	YTD-over-YTD change
Trading costs	**$ 12,775**	$ 10,336	23.6%	**$ 25,409**	$ 22,303	13.9%
Premises and equipment	**10,080**	9,823	2.6%	**20,113**	19,158	5.0%
Communication and technology	**12,901**	11,406	13.1%	**24,418**	21,930	11.3%
Interest	**2,977**	4,063	(26.7)%	**7,232**	8,706	(16.9)%
General and administrative	**21,836**	20,440	6.8%	**45,905**	41,263	11.2%
Amortization(1)	**7,475**	6,020	24.2%	**14,847**	12,581	18.0%
Development costs	**3,625**	7,671	(52.7)%	**8,760**	12,501	(29.9)%
Total other overhead expenses	**$ 71,669**	$ 69,759	2.7%	**$ 146,684**	$ 138,442	6.0%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 12.

Second quarter 2015 vs. second quarter 2014

Compared to Q2/14, overhead expenses of $71.7 million were $1.9 million or 2.7% higher in the second quarter of fiscal 2015. Total overhead expenses as a percentage of revenue decreased by 7.8 percentage points compared to Q2/14.

Higher trading costs in our US and Canadian capital markets operations contributed to the $2.4 million increase in trading costs compared to Q2/14. Communication and technology expense increased by $1.5 million, partially due to the expansion of the fixed income group in our US operations. The UK capital markets operations also increased its communication and technology expense by $0.6 million to support its business growth.

Interest expense decreased by $1.1 million, mostly as a result of reduced activity in our fixed income group in Canada.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, increased by $1.4 million compared to Q2/14, mainly due to higher promotion and travel expense and professional fees incurred as a result of increased business activity and higher headcount in our US operations.

Amortization expense increased by $1.5 million, partially as a result of the amortization of additional leasehold improvements in the UK made to enhance our premises in that location.

Development costs decreased by $4.0 million compared to Q2/14, mostly as a result of decreased hiring incentives in our UK and Europe operations.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Other overhead expenses for the six months ended September 30, 2014 increased by 6.0% or $8.2 million, to $146.7 million, from the same period a year ago. The increases in trading costs, communication and technology expense, general and administrative expense and amortization expense were partially offset by decreases in interest expense and development costs.

Trading costs increased by $3.1 million or 13.9% compared to the same period of the prior year due to higher trading activity in the US and Canada. Communication and technology expense increased by $2.5 million for the six months ended September 30, 2014, to $24.4 million, primarily as a result of increases in the US and the UK and Europe to support the business growth in these operations.

General and administrative expense increased by $4.6 million as the Company incurred higher promotion and travel expense in our Canadian and US operations as a result of increased activity during the six months ended September 30, 2014. The $2.3 million increase in amortization expense was partially related to amortization of additional leasehold improvements in the UK as discussed above. In addition, amortization expense related to intangible assets increased by $0.9 million in our UK and Europe wealth management operations as a result of the strengthening of the pound sterling against the Canadian dollar.

Development costs decreased by $3.7 million, mainly due to lower hiring incentives in our UK and Europe operations. Interest expense decreased by $1.5 million during the period, primarily as a result of a decrease in activity in our Canadian fixed income group partially offset by increases in the US.

During the six months ended September 30, 2014, the Company also recognized restructuring costs of $2.4 million in our Canaccord Genuity Wealth Management UK and Europe and Corporate and Other segments related to the closure of our office in Geneva and certain executive changes in Canada.

Net income

Second quarter 2015 vs. second quarter 2014

Net income for Q2/15 was $17.6 million compared to a net loss of $0.1 million in the same period a year ago. Diluted earnings per share (EPS) were $0.14 in Q2/15 compared to a diluted loss per share of $0.03 in Q2/14. The increase in net income was attributable to higher revenue generated in most of our operating segments across all geographies as a result of improved market conditions and the benefits of our global platform. Non-compensation expenses as a percentage of revenue in Q2/15 also decreased by 10.8 percentage points compared to the same period last year as a result of our continued focus on cost synergies and efficiencies.

Excluding significant items(1), which consist of amortization of intangible assets and restructuring costs, net income for Q2/15 was $20.7 million compared to $6.7 million in Q2/14. Diluted EPS, excluding significant items(1), was $0.17 in Q2/15 compared to $0.03 in Q2/14. Excluding significant items(1), our net income as a percentage of revenue (pre-tax profit margin) improved by 7.9 percentage points in Q2/15 compared to Q2/14.

The effective tax rate for Q2/15 was 29.4% compared to an effective tax recovery rate of 91.6% in the same quarter last year. The tax rate for Q2/15 was affected by temporary differences not previously recognized by certain subsidiaries outside of Canada.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Net income for the six months ended September 30, 2014 was $36.5 million compared to $7.8 million for the same period a year ago. Diluted EPS was $0.29 compared to $0.02 a year ago. Excluding significant items(1), net income was $44.8 million and diluted EPS was $0.37, compared to diluted EPS of $0.12 in the same period a year ago.

The $28.7 million increase in net income for the six months ended September 30, 2014 compared to the same period last year was due to the reasons discussed above. In addition, there were restructuring costs of $5.5 million incurred in the same period last year, compared to restructuring costs of $2.4 million incurred during the six months ended September 30, 2014.

Income taxes were $11.8 million for the six months ended September 30, 2014, reflecting a year-to-date effective tax rate of 24.4%, compared to income taxes of $0.4 million and an effective tax recovery rate of 4.3% for the same period last year. The change in the effective tax rate was mainly due to the utilization of tax losses and other temporary differences not recognized in prior periods by certain subsidiaries outside of Canada.

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

Results of Operations by Business Segment

CANACCORD GENUITY[1][2]

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2014	Three months ended September 30 2013	Quarter-over-quarter change	Six months ended September 30 2014	Six months ended September 30 2013	YTD-over-YTD change
Revenue	$ 170,615	$ 126,691	34.7%	$ 349,860	$ 257,897	35.7%
Expenses						
Incentive compensation	88,677	64,639	37.2%	181,248	126,976	42.7%
Salaries and benefits	6,025	8,594	(29.9)%	12,955	17,530	(26.1)%
Other overhead expenses	47,257	46,165	2.4%	97,532	91,903	6.1%
Restructuring costs	—	5,486	(100.0)%	—	5,486	(100.0)%
Total expenses	141,959	124,884	13.7%	291,735	241,895	20.6%
Intersegment allocations[3]	3,392	1,833	85.1%	6,091	4,136	47.3%
Income (loss) before income taxes[3]	$ 25,264	$ (26)	n.m.	$ 52,034	$ 11,866	n.m.
Number of employees	986	975	1.1%			
Excluding significant items[4]						
Total expenses	$ 140,252	$ 117,740	19.1%	$ 288,287	$ 233,049	23.7%
Intersegment allocations[3]	3,392	1,833	85.1%	6,091	4,136	47.3%
Income before income taxes[3]	26,971	7,118	278.9%	55,482	20,712	167.9%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 50% non-controlling interest has been recognized and included in the Canaccord Genuity segment.
(3) Income (loss) before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 24.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
n.m.: not meaningful

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

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

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	Three months ended September 30 2014	Three months ended September 30 2013	Quarter-over-quarter change	Six months ended September 30 2014	Six months ended September 30 2013	YTD-over-YTD change
Revenue generated in:						
Canada	40.4%	24.7%	15.7 p.p.	36.3%	24.9%	11.4 p.p.
UK and Europe	28.7%	33.9%	(5.2) p.p.	26.8%	32.3%	(5.5) p.p.
US	23.8%	34.7%	(10.9) p.p.	29.4%	37.6%	(8.2) p.p.
Other Foreign Locations	7.1%	6.7%	0.4 p.p.	7.5%	5.2%	2.3 p.p.
	100.0%	100.0%		100.0%	100.0%	

p.p.: percentage points

Second quarter 2015 vs. second quarter 2014

Revenue

As a result of improved market conditions and the Company's continued focus on global integration of our capital markets teams, Canaccord Genuity generated revenue of $170.6 million in Q2/15, an increase of 34.7% or $43.9 million from the same quarter a year ago. Our Canadian capital markets operations generated significantly higher revenue in comparison to Q2/14, with revenue increasing by 120.4% to $68.9 million in Q2/15. Our operations in the UK and Europe continued to perform well, with revenue increasing by 13.9% compared to Q2/14. Revenue from Other Foreign Locations increased by $3.6 million to $12.1 million in Q2/15, mainly due to the continued growth in our Australian operations. Offsetting these increases was a decline in our US revenue, which decreased by $3.3 million compared to Q2/14 as a result of lower market activity.

Expenses
Expenses for Q2/15 were $142.0 million, up 13.7% or $17.1 million compared to Q2/14. Total expenses as a percentage of revenue decreased by 15.5 percentage points compared to the same quarter in the prior year.

Incentive compensation and salaries and benefits
Incentive compensation expense for Q2/15 grew by $24.0 million or 37.2% compared to Q2/14 as a result of the growth in incentive-based revenue. Incentive compensation expense as a percentage of revenue was 52.0%, up 1.0 percentage point from Q2/14. Total compensation as a percentage of revenue was 55.5%, 2.3 percentage points lower than it was in Q2/14.

In our Canadian operations, share-based incentive compensation charges were lower in Q2/15 compared to Q2/14, leading to a 5.1 percentage point decrease in the total compensation ratio. Our UK and Europe operations recorded higher amortization expense related to share-based incentive compensation in Q2/15, which led to an increase of 0.4 percentage points in total compensation expense as a percentage of revenue compared to Q2/14. Our US operations experienced an increase of 1.9 percentage points in the total compensation ratio as a result of lower revenue as well as higher share-based incentive compensation expense. Total compensation expense as a percentage of revenue in our Other Foreign Locations segment decreased to 63.6% from 66.4% as a result of an increase in revenue.

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

	Three months ended September 30			Six months ended September 30		
	2014	2013	Quarter-over-quarter change	**2014**	2013	YTD-over-YTD change
Canada	**49.1%**	54.2%	(5.1) p.p.	**50.6%**	50.5%	0.1 p.p.
UK and Europe	**59.0%**	58.6%	0.4 p.p.	**59.3%**	56.9%	2.4 p.p.
US	**59.8%**	57.9%	1.9 p.p.	**55.6%**	55.9%	(0.3) p.p.
Other Foreign Locations	**63.6%**	66.4%	(2.8) p.p.	**65.6%**	78.7%	(13.1) p.p.
Canaccord Genuity (total)	**55.5%**	57.8%	(2.3) p.p.	**55.5%**	56.0%	(0.5) p.p.

p.p.: percentage points

Other overhead expenses
Total overhead expenses excluding significant items(1) for Q2/15 were $47.3 million, an increase of $1.1 million compared to Q2/14. The most significant fluctuations in overhead expenses included a $2.2 million increase in trading costs, a $1.6 million increase in communication and technology expense and a $0.7 million increase in general and administrative expenses, which were partially offset by a $3.1 million decrease in development costs and $1.1 million decrease in interest expense. Total overhead expenses excluding significant items(1) as a percentage of revenue decreased by 8.4 percentage points from the same quarter in the prior year.

Trading costs increased by $2.2 million as a result of higher agency trading volumes in Canada and increased execution and settlement charges in connection with the international trading activities in the US. The $1.6 million increase in communication and technology expense in Q2/15 compared to the same quarter in the prior year was mostly attributable to expansion in our US operations.

General and administrative expense in Q2/15 was $12.8 million, which was $0.7 million or 5.8% higher than in Q2/14. The largest increase was in promotion and travel expense in our US operations, which was incurred as a result of a higher headcount and certain growth initiatives including the continued development and expansion of the fixed income business during Q2/15.

Development costs decreased by $3.1 million in Q2/15 compared to Q2/14, mainly as a result of reduced hiring incentives in the UK and Europe.

Income before income taxes
Income before income taxes, including allocated overhead expenses for the quarter, was $25.3 million compared to a loss before income taxes, including allocated overhead expenses, of $0.1 million in the same quarter a year ago. Excluding significant items(1), income before income taxes increased from $7.1 million in Q2/14 to $27.0 million in Q2/15. The higher income before income taxes was attributable to higher revenue generated across most of our geographies combined with our continued focus on cost containment.

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

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Revenue

Revenue for Canaccord Genuity in the six months ended September 30, 2014 was $349.9 million, an increase of $92.0 million from the same period last year. Revenue increased across all geographies, most notably in Canada, where revenue increased by 98.1% or $62.9 million compared to the same period last year. Revenue in our UK and Europe and US operations also increased, by 12.3% and 6.2%, respectively, due to improved market conditions and increased corporate activity in our focus sectors in these geographies. Our Other Foreign Locations segment generated revenue of $26.1 million, which represents a 95.7% increase from the same period in fiscal 2014, mostly due to improved performance from our Australian operations.

Expenses

Expenses for the six months ended September 30, 2014 were $291.7 million, up 20.6% or $49.8 million from the same period last year. Total expenses as a percentage of revenue decreased by 10.4 percentage points compared to the first six months of fiscal 2014.

Incentive compensation and salaries and benefits

Incentive compensation expense as a percentage of revenue increased by 2.6 percentage points to 51.8% for the six months ended September 30, 2014. The increase in incentive compensation expense as a percentage of revenue was mainly attributable to higher non–share based incentive compensation as a result of higher profit levels and related profit-based compensation and compensation costs associated with certain growth initiatives in the US. In addition, share-based incentive compensation as a percentage of revenue was higher in the US and the UK and Europe compared to the same period last year as a result of an increase in restricted stock awards under our long-term incentive plan to support the growth in these two geographic regions.

Other overhead expenses

As discussed above, the Company incurred higher trading costs, communication and technology expense, and general and administrative expense in the six months ended September 30, 2014 compared to the same period last year. These increases were partially offset by decreases in interest expense and development costs.

Communication and technology expense increased by $2.4 million or 17.3% compared to the same period of the prior year, most notably in our US and UK and Europe operations. General and administrative expense increased by $3.0 million, mainly due to higher promotion and travel expense in Canada and the US. Higher agency trading volumes in Canada and increased execution and settlement charges in connection with the international trading activities in the US contributed to the $3.0 million increase in trading costs compared to the six months ended September 30, 2013.

Interest expense was $1.4 million lower due to decreased activity in the Canadian fixed income group.

During the six months ended September 30, 2013, restructuring costs of $5.5 million were incurred mainly in connection with restructuring of the sales and trading operations in Canada and the UK and Europe, as well as certain office closure costs.

Income before income taxes

Income before income taxes for the six months ended September 30, 2014 was $52.0 million, an increase of $40.2 million from $11.9 million in the same period a year ago. The increase in income before income taxes was attributable to improved markets, which led to higher revenue across all geographic regions, as well as continued efforts on cost reductions. Excluding significant items[1], income before income taxes for the six months ended September 30, 2014 was $55.5 million, an increase of $34.8 million from the same period a year ago.

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

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA(1)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended September 30 2014	2013	Quarter-over-quarter change	Six months ended September 30 2014	2013	YTD-over-YTD change
Revenue	$ 31,637	$ 24,413	29.6%	$ 63,993	$ 51,255	24.9%
Expenses						
Incentive compensation	15,709	12,605	24.6%	32,466	25,689	26.4%
Salaries and benefits	2,887	2,644	9.2%	6,150	6,419	(4.2)%
Other overhead expenses	9,936	11,128	(10.7)%	20,267	21,435	(5.4)%
Total expenses	28,532	26,377	8.2%	58,883	53,543	10.0%
Intersegment allocations(2)	4,870	3,182	53.0%	9,147	7,990	14.5%
Loss before income taxes(2)	$ (1,765)	$ (5,146)	65.7%	$ (4,037)	$ (10,278)	60.7%
AUM – Canada (discretionary)(3)	1,391	935	48.8%			
AUA – Canada(4)	10,757	9,427	14.1%			
Number of Advisory Teams – Canada	162	163	(0.6)%			
Number of employees	412	430	(4.2)%			
Excluding significant items(5)						
Total expenses	$ 28,532	$ 26,377	8.2%	$ 58,883	$ 53,543	10.0%
Intersegment allocations(2)	4,870	3,182	53.0%	9,147	7,990	14.5%
Loss before income taxes(2)	(1,765)	(5,146)	65.7%	(4,037)	(10,278)	60.7%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) AUM in Canada are assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 12.

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

Second quarter 2015 vs. second quarter 2014

Revenue from Canaccord Genuity Wealth Management North America was $31.6 million, an increase of $7.2 million or 29.6%, mostly due to improved market conditions.

AUA in Canada increased by 14.1% to $10.8 billion at September 30, 2014 compared to $9.4 billion at September 30, 2013, reflecting the improved market conditions described above. AUM in Canada increased by 48.8% compared to Q2/14 due to the continued focus on the transition from traditional commission-based accounts to fee-based and managed accounts. There were 162 Advisory Teams in Canada, a decrease of one from a year ago. The fee-based revenue in our North American operations as a percentage of revenue dropped by 1.5 percentage points from Q2/14 and accounted for 34.3% of the wealth management revenue in Canada during the second quarter of fiscal 2015.

Expenses for Q2/15 were $28.5 million, an increase of 8.2% or $2.2 million from Q2/14, incurred to support the growth in revenue. Total expenses as a percentage of revenue decreased by 17.9 percentage points compared to Q2/14. The main reason for the overall increase in expenses was the $3.1 million increase in incentive compensation expense, which rose to $15.7 million for the three months ended September 30, 2014, and was consistent with the growth in incentive-based revenue. The increase in incentive compensation expense was partially offset by a decrease in non-compensation expenses, which dropped by $1.2 million compared to the same period last year, reflecting increased efforts to contain costs and manage expenses. Total compensation as a percentage of revenue decreased by 3.7 percentage points to 58.8% in Q2/15 from 62.5% in Q2/14 as a result of the continued focus on monitoring the compensation structure in this operating segment.

Non-compensation expenses reflected a decrease in trading costs of $0.8 million compared to Q2/14. Lower hiring incentives in Q2/15 also led to a $0.6 million decrease in development costs. Other remaining overhead expenses did not change significantly from Q2/14.

Loss before income taxes was $1.8 million in Q2/15 compared to $5.1 million in the same period a year ago. The improved market conditions in Canada combined with the Company's cost reduction initiatives resulted in a lower loss before income taxes for the three months ended September 30, 2014.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Revenue from Canaccord Genuity Wealth Management North America was $64.0 million during the six months ended September 30, 2014, an increase of $12.7 million from the same period in the prior year.

Expenses for the six months ended September 30, 2014 were $58.9 million, an increase of $5.3 million or 10.0% from the same period in the prior year.

Incentive compensation expense increased by $6.8 million as a result of higher incentive-based revenue. Total compensation as a percentage of revenue decreased by 2.3 percentage points compared to the same period last year due to higher revenue.

As a result of cost reduction initiatives, development costs decreased by $0.9 million, trading costs decreased by $0.8 million and communication and technology expense decreased by $0.4 million. Total expenses as a percentage of revenue decreased by 12.4 percentage points compared to the same period last year.

Loss before income taxes for year-to-date fiscal 2015 was $4.0 million compared to a loss before income taxes of $10.3 million for the same period a year ago. The Company's efforts to continuously monitor costs and implement cost reduction initiatives resulted in a lower loss before income taxes for the six months ended September 30, 2014 compared to the same period last year.

CANACCORD GENUITY WEALTH MANAGEMENT UK AND EUROPE(1)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended September 30 2014	2013	Quarter-over-quarter change	Six months ended September 30 2014	2013	YTD-over-YTD change
Revenue	**$ 29,786**	$ 25,830	15.3%	**$ 59,914**	$ 52,808	13.5%
Expenses						
Incentive compensation	**10,671**	9,132	16.9%	**21,486**	19,119	12.4%
Salaries and benefits	**4,567**	3,559	28.3%	**9,168**	6,565	39.6%
Other overhead expenses	**11,020**	9,451	16.6%	**21,767**	18,584	17.1%
Restructuring costs	**—**	—	—	**783**	—	n.m.
Total expenses	**26,258**	22,142	18.6%	**53,204**	44,268	20.2%
Intersegment allocations(2)	**1,105**	1,880	(41.2)%	**2,220**	3,513	(36.8)%
Income before income taxes(2)	**$ 2,423**	$ 1,808	34.0%	**$ 4,490**	$ 5,027	(10.7)%
AUM – UK and Europe(3)	**20,420**	17,655	15.7%			
Number of investment professionals and fund managers – UK and Europe	**113**	115	(1.7)%			
Number of employees	**305**	287	6.3%			
Excluding significant items(4)						
Total expenses	**$ 24,034**	$ 20,391	17.9%	**$ 47,957**	$ 40,628	18.0%
Intersegment allocations(2)	**1,105**	1,880	(41.2)%	**2,220**	3,513	(36.8)%
Income before income taxes(2)	**4,647**	3,559	30.6%	**9,737**	8,667	12.3%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 8.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) AUM in the UK and Europe is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
n.m.: not meaningful

Second quarter 2015 vs. second quarter 2014

Revenue generated by our UK and Europe operations is largely produced through fee-based accounts and portfolio management activities and, as such, is less sensitive to changes in market conditions. Revenue for Q2/15 was $29.8 million, an increase of 15.3% compared to Q2/14.

AUM in the UK and Europe as of September 30, 2014 was $20.4 billion. The fee-based revenue in our UK and European operations accounted for 68.5% of total revenue in this geography in Q2/15. As discussed above, this business has a higher proportion of fee-based revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $10.7 million, a $1.5 million increase from $9.1 million in Q2/14. Salaries and benefits expense increased by $1.0 million, mainly as a result of the recording of certain costs as salaries and benefits that were previously recorded as allocated costs from Canaccord Genuity UK and Europe (capital markets). Total compensation (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 2.0 percentage points, from 49.2% in Q2/14 to 51.2% in Q2/15.

Premises and equipment expense increased by $0.5 million to $1.3 million in Q2/15, partially as a result of our wealth management operations relocating to a different office location in London, UK.

Income before income taxes was $2.4 million compared to $1.8 million in the same period a year ago as a result of higher revenues recognized during the current period. Excluding significant items(1), which include amortization of intangible assets, net income before income taxes was $4.6 million, an increase of $1.0 million compared to net income before income taxes of $3.6 million in Q2/14.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Revenue from Canaccord Genuity Wealth Management UK and Europe was $59.9 million for the six months ended September 30, 2014, an increase of $7.1 million or 13.5% from the same period in the prior year.

Expenses for the six months ended September 30, 2014 were $53.2 million, an increase of $8.9 million or 20.2% from the same period in the prior year. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 2.5 percentage points to 51.2% for the six months ended September 30, 2014 as a result of the recording of certain costs as salaries and benefits that were previously recorded as allocated costs from Canaccord Genuity UK and Europe (capital markets). There was also a $1.0 million increase in premises and equipment expense, partially as result of the relocation in London, UK, as previously discussed.

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

Income before income taxes was $4.5 million compared to $5.0 million in the same period a year ago, mainly as a result of significant items recognized during the current period. Excluding significant items(1), which include amortization of intangible assets and restructuring costs, net income before income taxes was $9.7 million, an increase from the $8.7 million recorded in the same period of the prior year.

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

CORPORATE AND OTHER(1)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2014	Three months ended September 30 2013	Quarter-over-quarter change	Six months ended September 30 2014	Six months ended September 30 2013	YTD-over-YTD change
Revenue	**$ 4,233**	$ 6,372	(33.6)%	**$ 8,060**	$ 8,577	(6.0)%
Expenses						
Incentive compensation	**4,332**	1,135	281.7%	**6,526**	2,052	218.0%
Salaries and benefits	**6,789**	6,709	1.2%	**14,528**	14,102	3.0%
Other overhead expenses	**3,456**	3,015	14.6%	**7,118**	6,520	9.2%
Restructuring costs	**—**	—	—	**1,600**	—	n.m.
Total expenses	**14,577**	10,859	34.2%	**29,772**	22,674	31.3%
Intersegment allocations(2)	**(9,367)**	(6,895)	(35.9)%	**(17,458)**	(15,639)	(11.6)%
(Loss) income before income taxes(2)	**$ (977)**	$ 2,408	(140.6)%	**$ (4,254)**	$ 1,542	n.m.
Number of employees	**315**	320	(1.6)%			
Excluding significant items(3)						
Total expenses	**$ 14,577**	$ 10,859	34.2%	**$ 28,172**	$ 22,674	24.2%
Intersegment allocations(2)	**(9,367)**	(6,895)	(35.9)%	**(17,458)**	(15,639)	(11.6)%
(Loss) income before income taxes(2)	**(977)**	2,408	(140.6)%	**(2,654)**	1,542	(272.1)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) (Loss) income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 12.
n.m.: not meaningful

This segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and expenses not specifically allocable to either the Canaccord Genuity or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company'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.

Second quarter 2015 vs. second quarter 2014

Revenue for the three months ended September 30, 2014 was $4.2 million, a decrease of 33.6% or $2.1 million from the same quarter a year ago. The change was mainly related to lower foreign exchange gains recognized in Q2/15.

Expenses for Q2/15 increased by $3.7 million or 34.2%, to $14.6 million, mainly due to higher incentive compensation expense as a result of improved group profitability.

Trading costs recovery decreased by $0.7 million for the three months ended September 30, 2014. Other overhead expenses remained relatively consistent with the same quarter of the prior year.

Overall, loss before income taxes was $1.0 million compared to income before income taxes of $2.4 million in the same period a year ago.

Year-to-date fiscal 2015 vs. year-to-date fiscal 2014

Revenue was $8.1 million for the six months ended September 30, 2014, a slight decrease of $0.5 million from the same period last year, primarily due to lower foreign exchange gains recognized during the current period.

Expenses for the six months ended September 30, 2014 were $29.8 million, an increase of $7.1 million from the same period last year. The overall increase in expenses was mainly attributable to the $4.5 million increase in incentive compensation expense resulting from higher group profitability as well as higher share-based incentive compensation expense. General and administrative expense increased by $0.7 million due to recovery of certain expenses recorded in the same period last year. In addition, the Company also recorded restructuring costs of $1.6 million in connection with certain executive changes in Canada in the six months ended September 30, 2014.

Overall, loss before income taxes was $4.3 million in the first half of fiscal 2015 compared to an income before income taxes of $1.5 million in the same period a year ago. Excluding significant items[(1)], loss before income taxes was $2.7 million in the six months ended September 30, 2014 compared to income before income taxes of $1.5 million in the same period last year.

Quarterly Results

Our quarterly results are not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the worldwide market. The timing of revenue recognition can also materially affect the Company's quarterly results. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity's quarterly results.

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

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before September 30, 2014. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

(C$ thousands, except per share amounts)	Fiscal 2015		Fiscal 2014				Fiscal 2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue								
Canaccord Genuity	**$ 170,615**	$ 179,245	$ 186,659	$ 171,234	$ 126,691	$ 131,206	$ 153,997	$ 165,625
Canaccord Genuity Wealth Management:								
North America	**31,637**	32,356	32,016	27,719	24,413	26,842	32,223	35,051
UK and Europe	**29,786**	30,128	33,220	27,018	25,830	26,978	26,706	24,792
Corporate and Other	**4,233**	3,827	1,853	4,988	6,372	2,205	5,045	4,535
Total revenue	**$ 236,271**	$ 245,556	$ 253,748	$ 230,959	$ 183,306	$ 187,231	$ 217,971	$ 230,003
Net income (loss)	**17,614**	18,869	25,920	18,334	(80)	7,883	6,424	10,264
Earnings (loss) per common share – basic	**$ 0.16**	$ 0.16	$ 0.24	$ 0.15	$ (0.03)	$ 0.06	$ 0.04	$ 0.09
Earnings (loss) per common share – diluted	**$ 0.14**	$ 0.15	$ 0.22	$ 0.14	$ (0.03)	$ 0.06	$ 0.04	$ 0.08

Our Q2/15 quarterly results continued to demonstrate the positive trend and momentum which started towards the second half of fiscal 2014. With market activity returning to a more stabilized level and synergies achieved through our acquisitions, our operations across all geographies showed improved performance in recent quarters. The Canaccord Genuity (capital markets) division gained traction from its acquisition of Collins Stewart Hawkpoint plc (CSHP), as reflected by the strong performances of our US and UK and Europe operations. Our UK and Europe operations generated record revenue in Q3/14, while the US investment banking revenue and principal trading revenue generally experienced a growth trend over the past eight quarters and attained record revenue in Q4/14. Due to lower market activity, the US experienced a decrease in revenue in Q2/15 compared to the previous quarter. In Canada, our capital markets division was impacted by the difficult market environment, particularly in the resource sector, and as a result we have not been able to maintain the same level of revenue as in fiscal 2013, particularly in advisory fees revenue. However, starting from the first quarter of fiscal 2015, revenue for Canaccord Genuity in Canada began to show a positive trend, increasing by 35.1% compared to Q4/14. Revenue in Q2/15 increased by another 18.4% compared to Q1/15, to $68.9 million, marking the highest revenue earned in a quarter since Q4/13. The significant increase in revenue is mostly due to the completion of two significant transactions during the first six months of fiscal 2015. Our Other Foreign Locations operations also increased their revenue by 32.1% compared to Q4/14, mostly as a result of the increasingly strong performance of our Australian operations.

The Canaccord Genuity Wealth Management North America operations experienced lower revenue trends in fiscal 2014 compared to fiscal 2013 due to reduced trading volumes. However, revenue has been steadily increasing in more recent quarters. Revenue in Q2/15 increased by 29.6% compared to the same quarter a year ago, reflecting improved market conditions. The Canadian wealth management operations have also increased their assets under management by 48.8% compared to Q2/14, to $1.4 billion, a solid indication of growth in our managed and fee-based accounts.

The Canaccord Genuity Wealth Management UK and Europe operations continued to experience steady revenue growth. The fee-related revenue in this division has also been steadily increasing. It now stands at 68.5% for Q2/15, a 1.9 percentage point increase from the previous quarter. Assets under management for this group have also grown over the past eight completed financial quarters, reaching $20.4 billion as of the end of Q2/15.

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

Intersegment Allocated Costs

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

Financial Condition

Below are specific changes in selected items on the unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $290.4 million on September 30, 2014 compared to $364.3 million on March 31, 2014. Refer to the Liquidity and Capital Resources section on page 25 for more details.

Securities owned were $1.0 billion on September 30, 2014 compared to $1.1 billion on March 31, 2014 due to a decrease in corporate and government debt owned.

Accounts receivable were $2.7 billion at September 30, 2014 compared to $2.8 billion at March 31, 2014, mainly due to a decrease in receivables from brokers and investment dealers.

Goodwill was $510.4 million and intangible assets were $130.4 million at September 30, 2014, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, The Balloch Group, CSHP, a 50% interest in Canaccord Genuity (Australia) Limited, the wealth management business of Eden Financial Ltd., and from the acquisition of certain assets of Kenosis Capital Partners. At March 31, 2014, goodwill was $514.9 million and intangible assets were $131.7 million. The decrease in intangible assets was primarily a result of the amortization of intangible assets, netted against an increase in capitalized costs relating to systems development.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $67.5 million at September 30, 2014 compared to $74.7 million at March 31, 2014.

LIABILITIES

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. At September 30, 2014, the Company had available credit facilities with banks in Canada and the UK in the aggregate amount of $719.5 million [March 31, 2014 – $720.8 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. There was no bank indebtedness balance as of September 30, 2014 or March 31, 2014.

Securities sold short were $777.2 million at September 30, 2014 compared to $913.9 million at March 31, 2014, due mostly to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.8 billion at September 30, 2014, a decrease from $2.9 billion at March 31, 2014, mainly due to a decrease in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were $28.7 million at September 30, 2014 compared to $28.9 million at March 31, 2014.

Non-controlling interests were $15.1 million at September 30, 2014 compared to $14.9 million at March 31, 2014, which represents 50% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of September 30, 2014, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $1.0 million (US$0.9 million) [March 31, 2014 – $0.9 million (US$0.9 million)] as rent guarantees for its leased premises in Boston and New York.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On September 30, 2014, cash and cash equivalents were $290.4 million, a decrease of $73.9 million from $364.3 million as of March 31, 2014. During the six months ended September 30, 2014, financing activities used cash in the amount of $69.2 million, mainly due to dividends paid, purchases of common shares for the long-term incentive plan (LTIP) as well as shares repurchased for cancellation. Investing activities used cash in the amount of $8.8 million, mainly for the purchase of equipment and leasehold improvements and intangible assets. Operating activities generated cash in the amount of $3.6 million, which was largely due to changes in non-cash working capital. An increase in cash of $0.5 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the six months ended September 30, 2013, cash used in financing activities increased by $53.8 million as a result of additional funds used in the acquisition of common shares for the long-term incentive plan. Cash used in investing activities decreased by $2.5 million during the six months ended September 30, 2014 compared to the same period last year, mainly due to the investment in Canadian First Financial Holdings Limited in the prior year, offset by the purchase of intangible assets during the current fiscal year. Higher net income as well as changes in working capital led to an increase in cash generated by operating activities of $113.6 million. Overall, cash and cash equivalents decreased by $69.8 million, from $360.2 million at September 30, 2013 to $290.4 million at September 30, 2014.

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

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

The following table summarizes the Company's long term contractual obligations on September 30, 2014:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2016	Fiscal 2017–Fiscal 2018	Fiscal 2019–Fiscal 2020	Thereafter
Premises and equipment operating leases	$ 175,437	$ 33,060	$ 53,129	$ 36,816	$ 52,432

Outstanding Share Data

	Outstanding shares as of September 30	
	2014	2013
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**91,104,336**	93,951,272
Issued shares outstanding(2)	**102,163,377**	102,519,742
Issued shares outstanding – diluted(3)	**105,193,694**	109,603,592
Average shares outstanding – basic	**91,943,163**	94,622,479
Average shares outstanding – diluted	**100,990,686**	103,363,909

(1) Excludes 3,683,613 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 7,375,428 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 3,683,613 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 7,375,428 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 4,595,801 share issuance commitments adjusted for estimated forfeitures.

On August 5, 2014, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 264,200 shares purchased through the NCIB between April 1, 2014 and September 30, 2014 and subsequently cancelled.

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

Purchases under the current NCIB commenced on August 13, 2014, and will continue for one year (to August 12, 2015) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX and the conditions for trading under the *EU Buy-back and Stabilisation Regulation*, the daily purchases are limited to 77,383 common shares of the Company (which is the lesser of (a) 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2014 to July 2014 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2014). To fulfill its regulatory reporting requirements in Canada and in the UK, the Company will issue a press release no later than the end of the seventh daily market session following the date of execution of the purchases.

As of November 4, 2014, the Company has 102,267,738 common shares issued and outstanding.

Share-Based Payment Plans

There have been no other updates to the share-based payment plans discussed in the 2014 Annual Report.

International Financial Centre

The Company is a member of the AdvantageBC International Business Centre Society (formerly known as the International Financial Centre British Columbia Society) and the Montréal International Financial Centre, both of which provide certain tax and financial benefits pursuant to the *International Business Activity Act* of British Columbia and the *Act Respecting International Financial Centres* of Québec. Accordingly, the Company's overall income tax rate is less than the rate that would otherwise be applicable.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On September 30, 2014, forward contracts outstanding to sell US dollars had a notional amount of $17.3 million, an increase of $10.8 million from September 30, 2013. Forward contracts outstanding to buy US dollars decreased by $18.5 million from a year ago with a notional amount of US$4.3 million. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK and Europe, Australia, Singapore, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

The Company's Canadian operations also have a net buy position for pounds sterling (GBP) of £2.5 million with an average price of 1.81 (CAD/GBP) and a maturity date of October 31, 2014. These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2014, the notional amount of the bond futures contracts outstanding was short $0.3 million [March 31, 2014 – $nil].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2014, the notional amount of US Treasury futures contracts outstanding held in a short position was $4.3 million (US$3.8 million) [March 31, 2014 – $nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 20 of the March 31, 2014 Audited Annual Consolidated Financial Statements.

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

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, the CSH Inducement Plan and share options. Directors have also been granted share options and have the right to acquire deferred share units (DSUs).

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

	September 30, 2014	March 31, 2014
Accounts payable and accrued liabilities	**$ 336**	$ 4,769

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2014 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. Accounts which require significant estimates to be made include share-based payments, income taxes, deferred tax assets associated with tax losses available for carryforward, goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, and provisions.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Due to continuing economic uncertainties, interim impairment tests were performed for goodwill and indefinite life intangible assets for all applicable cash-generating units (CGUs) as of September 30, 2014.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets are determined using fair value less costs to sell (FVLCS) calculations, which are based on cash flow assumptions approved by senior management. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities.

The FVLCS calculations are based on assumptions, made in connection with future cash flows, terminal growth rates and discount rates. In order to estimate the FVLCS for each cash-generating unit, cash flows are forecast over a five-year period from the end of the current interim period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each of the CGUs ranged from 12.5% to 20.0% [March 31, 2014 – 12.5% to 20.0%]. Cash flow estimates for each CGU are based on management assumptions, and utilize compound annual revenue growth rates for the five-year period beginning September 30, 2015 which range from 9.0% to 15.0% [March 31, 2014 – 9.0% to 15.0%] as well as estimates in respect of operating margins.

Refer to Note 7 of the unaudited interim condensed consolidated financial statements for the six months ended September 30, 2014 for further information regarding the key assumptions used in connection with the September 30, 2014 interim impairment tests of goodwill and indefinite life intangible assets.

With the exception of the "Changes in Accounting Policies" discussed below, significant accounting policies used and policies requiring management's judgment and estimates have not changed during the second quarter of fiscal 2015 and are discussed under "Critical Accounting Policies and Estimates" in our 2014 Annual Report.

Changes in Accounting Policies

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

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

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

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

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

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2014 Annual Report, during the six months ended September 30, 2014 except as noted below. The Company is currently evaluating the impact these developments will have on its consolidated financial statements and assessing whether to early adopt any of the new requirements.

IFRS 9 – "*FINANCIAL INSTRUMENTS*" (IFRS 9)

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

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

Based on an evaluation performed as of March 31, 2014, the President & CEO and the Executive Vice President & CFO concluded that the design and operation of our disclosure controls and procedures were effective as defined under *National Instrument 52-109*. During the six months ended September 30, 2014, there were no changes that would have materially affected, or are reasonably likely to materially affect, Canaccord's disclosure controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

An evaluation of the Company's internal control over financial reporting was performed as of March 31, 2014. Based on this evaluation, the President & CEO and the Executive Vice President & CFO concluded that the Company's internal control over financial reporting is designed and operating effectively as defined under *National Instrument 52-109* and that there are no material weaknesses. There were no changes in internal control over financial reporting that occurred during the six months ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Dividend Policy

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, the Company's financial condition, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On November 5, 2014, the Board of Directors approved the following cash dividends: a quarterly dividend of $0.05 per common share and a special dividend of $0.05 per common share payable on December 10, 2014 to common shareholders with a record date of November 21, 2014; $0.34375 per Series A Preferred Share payable on December 31, 2014 with a record date of December 19, 2014; and $0.359375 per Series C Preferred Share payable on December 31, 2014 with a record date of December 19, 2014.

Risks

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

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

The financial services business is subject to extensive regulation in Canada, the US, the UK and Europe, Singapore, Hong Kong, Australia and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 22 of the Company's 2014 Audited Annual Consolidated Financial Statements.

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

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2014 Annual Report, which are available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	September 30, 2014	March 31, 2014
ASSETS			
Current			
Cash and cash equivalents		$ 290,403	$ 364,296
Securities owned	4	1,041,320	1,143,201
Accounts receivable	6	2,679,165	2,785,898
Income taxes receivable		3,022	3,983
Total current assets		4,013,910	4,297,378
Deferred tax assets		9,366	9,735
Investments		9,920	9,977
Equipment and leasehold improvements		45,240	50,975
Intangible assets	7	130,386	131,650
Goodwill	7	510,380	514,907
		$ 4,719,202	$ 5,014,622
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Securities sold short	4	$ 777,237	$ 913,913
Accounts payable and accrued liabilities	6, 13	2,746,842	2,877,933
Provisions	15	9,509	10,334
Income taxes payable		11,774	10,822
Subordinated debt		15,000	15,000
Total current liabilities		3,560,362	3,828,002
Deferred tax liabilities		1,899	3,028
		3,562,261	3,831,030
Shareholders' equity			
Preferred shares	9	205,641	205,641
Common shares	10	615,491	653,189
Contributed surplus		78,290	74,037
Retained earnings		163,377	144,799
Accumulated other comprehensive income		79,012	91,014
Total shareholders' equity		1,141,811	1,168,680
Non-controlling interests		15,130	14,912
Total equity		1,156,941	1,183,592
		$ 4,719,202	$ 5,014,622

See accompanying notes

On behalf of the Board:

"Paul D. Reynolds"

PAUL D. REYNOLDS
Director

"Terrence A. Lyons"

TERRENCE A. LYONS
Director

Unaudited Interim Condensed Consolidated Statements of Operations

(in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended September 30, 2014	For the three months ended September 30, 2013	For the six months ended September 30, 2014	For the six months ended September 30, 2013
REVENUE					
Commissions and fees		$ 86,240	$ 81,832	$ 181,066	$ 171,867
Investment banking		66,289	40,283	153,661	72,116
Advisory fees		55,741	29,894	88,435	65,799
Principal trading		17,708	18,883	37,984	38,423
Interest		5,902	6,132	12,206	12,937
Other		4,391	6,282	8,475	9,395
		236,271	183,306	481,827	370,537
EXPENSES					
Incentive compensation		119,389	87,511	241,726	173,836
Salaries and benefits		20,268	21,506	42,801	44,616
Trading costs		12,775	10,336	25,409	22,303
Premises and equipment		10,080	9,823	20,113	19,158
Communication and technology		12,901	11,406	24,418	21,930
Interest		2,977	4,063	7,232	8,706
General and administrative		21,836	20,440	45,905	41,263
Amortization		7,475	6,020	14,847	12,581
Development costs		3,625	7,671	8,760	12,501
Restructuring costs	15	—	5,486	2,383	5,486
		211,326	184,262	433,594	362,380
Income (loss) before income taxes		24,945	(956)	48,233	8,157
Income taxes (recovery)					
Current		10,250	607	12,651	(1,572)
Deferred		(2,919)	(1,483)	(901)	1,926
	8	7,331	(876)	11,750	354
Net income (loss) for the period		$ 17,614	$ (80)	$ 36,483	$ 7,803
Net income (loss) attributable to:					
CGGI shareholders		$ 17,109	$ (383)	$ 35,190	$ 8,358
Non-controlling interests		$ 505	$ 303	$ 1,293	$ (555)
Weighted average number of common shares outstanding (thousands)					
Basic		91,070	94,486	91,943	94,622
Diluted		101,059	n/a	100,991	103,364
Net income (loss) per common share					
Basic	10iii	$ 0.16	$ (0.03)	$ 0.32	$ 0.03
Diluted	10iii	$ 0.14	$ (0.03)	$ 0.29	$ 0.02
Dividend per common share	11	$ 0.10	$ 0.05	$ 0.15	$ 0.10
Dividend per Series A Preferred Share	11	$ 0.34	$ 0.34	$ 0.69	$ 0.69
Dividend per Series C Preferred Share	11	$ 0.36	$ 0.36	$ 0.72	$ 0.72

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

	For the three months ended		For the six months ended	
(in thousands of Canadian dollars)	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013
Net income (loss) for the period	**$ 17,614**	$ (80)	**$ 36,483**	$ 7,803
Other comprehensive income (loss)				
Net change in unrealized gains (losses) on translation of foreign operations	**2,326**	18,026	**(11,154)**	35,573
Comprehensive income for the period	**$ 19,940**	$ 17,946	**$ 25,329**	$ 43,376
Comprehensive income (loss) attributable to:				
CGGI shareholders	**$ 19,961**	$ 17,637	**$ 23,188**	$ 45,348
Non-controlling interests	**$ (21)**	$ 309	**$ 2,141**	$ (1,972)

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2014	September 30, 2013
Preferred shares, opening and closing	9	$ 205,641	$ 205,641
Common shares, opening		653,189	638,456
Shares issued in connection with share-based payments		10,143	10,606
Acquisition of common shares for long-term incentive plan (LTIP)		(52,029)	(8,086)
Release of vested common shares from employee benefit trust		14,396	14,414
Shares cancelled		(3,852)	(11,407)
Net unvested share purchase loans		(6,356)	7,891
Common shares, closing	10	615,491	651,874
Contributed surplus, opening		74,037	85,981
Share-based payments		(484)	(6,067)
Shares cancelled		1,581	2,954
Unvested share purchase loans		3,156	(6,028)
Contributed surplus, closing		78,290	76,840
Retained earnings, opening		144,799	126,203
Net income attributable to CGGI shareholders		35,190	8,358
Preferred shares dividends	11	(5,996)	(5,881)
Common shares dividends	11	(10,616)	(10,294)
Retained earnings, closing		163,377	118,386
Accumulated other comprehensive income (loss), opening		91,014	(7,118)
Other comprehensive (loss) income attributable to CGGI shareholders		(12,002)	36,990
Accumulated other comprehensive income, closing		79,012	29,872
Total shareholders' equity		1,141,811	1,082,613
Non-controlling interests, opening		14,912	16,169
Foreign exchange on non-controlling interests		(200)	(1,822)
Comprehensive income (loss) attributable to non-controlling interests		2,141	(1,972)
Dividends paid to non-controlling interests		(1,723)	—
Non-controlling interests, closing		15,130	12,375
Total equity		$ 1,156,941	$ 1,094,988

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2014	September 30, 2013
OPERATING ACTIVITIES			
Net income for the period		$ 36,483	$ 7,803
Items not affecting cash			
Amortization		14,847	12,581
Deferred income tax (recovery) expense		(901)	1,926
Share-based compensation expense	12	25,923	29,259
Changes in non-cash working capital			
Decrease in securities owned		98,685	3,160
Decrease in accounts receivable		79,282	258,632
Increase (decrease) in income taxes payable		3,179	(12,602)
(Decrease) increase in securities sold short		(136,838)	25,560
Decrease in accounts payable, accrued liabilities and provisions		(117,026)	(436,265)
Cash provided by (used in) operating activities		3,634	(109,946)
FINANCING ACTIVITIES			
Bank indebtedness		—	17,292
Acquisition of common shares for long-term incentive plan		(52,029)	(8,086)
Purchase of shares for cancellation		(2,271)	(8,453)
Cash dividends paid on common shares		(10,199)	(10,294)
Cash dividends paid on preferred shares		(5,996)	(5,881)
Proceeds from exercise of share options		1,263	—
Cash used in financing activities		(69,232)	(15,422)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,223)	(5,517)
Purchase of intangible assets		(7,541)	—
Investment in Canaccord Genuity (Hong Kong) Limited		—	(699)
Investment in Canadian First Financial Holdings Limited (Canadian First)		—	(5,000)
Cash used in investing activities		(8,764)	(11,216)
Effect of foreign exchange on cash balances		469	5,744
Decrease in cash position		(73,893)	(130,840)
Cash position, beginning of period		364,296	491,012
Cash position, end of period		$ 290,403	$ 360,172
Supplemental cash flow information			
Interest received		$ 7,541	$ 12,636
Interest paid		$ 6,585	$ 8,036
Income taxes paid		$ 10,992	$ 6,732

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) is a leading independent, full-service investment dealer in Canada with capital markets operations in Canada, the United Kingdom (UK) and Europe, the United States of America (US), Australia, China, Singapore and Barbados. The Company also has wealth management operations in Canada, the UK and Europe, and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

The Company's common shares are publicly traded under the symbol CF on the TSX and the symbol CF. on the main market of the London Stock Exchange. The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

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

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

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

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2014 (March 31, 2014 consolidated financial statements) filed on SEDAR on June 4, 2014. All defined terms used herein are consistent with those terms defined in the March 31, 2014 consolidated financial statements.

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

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

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 5, 2014.

USE OF ESTIMATES AND ASSUMPTIONS

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

FUTURE ACCOUNTING DEVELOPMENTS

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

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

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

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

NOTE 03 Summary of Significant Accounting Policies

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

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

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

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

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

NOTE 04 Securities Owned and Securities Sold Short

	September 30, 2014		March 31, 2014	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	$ 791,173	$ 680,611	$ 924,149	$ 823,148
Equities and convertible debentures	250,147	96,626	219,052	90,765
	$ 1,041,320	$ 777,237	$ 1,143,201	$ 913,913

As at September 30, 2014, corporate and government debt maturities range from 2014 to 2064 [March 31, 2014 – 2014 to 2097] and bear interest ranging from 0.0% to 15.0% [March 31, 2014 – 0.0% to 15.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents, held by the Company at September 30, 2014 are as follows:

	Held for trading	Available for sale	Loans and receivables	Loans and borrowings	Total
Financial assets					
Securities owned	$ 1,041,320	$ —	$ —	$ —	$ 1,041,320
Accounts receivable from brokers and investment dealers	—	—	1,796,597	—	1,796,597
Accounts receivable from clients	—	—	504,727	—	504,727
RRSP cash balances held in trust	—	—	275,390	—	275,390
Other accounts receivable	—	—	102,451	—	102,451
Investments	—	9,920	—	—	9,920
Total financial assets	$ 1,041,320	$ 9,920	$ 2,679,165	$ —	$ 3,730,405
Financial liabilities					
Securities sold short	$ 777,237	$ —	$ —	$ —	$ 777,237
Accounts payable to brokers and investment dealers	—	—	—	1,493,002	1,493,002
Accounts payable to clients	—	—	—	1,009,054	1,009,054
Other accounts payable and accrued liabilities	—	—	—	244,786	244,786
Provisions	—	—	—	9,509	9,509
Subordinated debt	—	—	—	15,000	15,000
Total financial liabilities	$ 777,237	$ —	$ —	$ 2,771,351	$ 3,548,588

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

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

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at September 30, 2014, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
			September 30, 2014	
	September 30, 2014	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 37,066	$ —	$ 37,066	$ —
Government debt	754,107	220,621	533,486	—
Corporate and government debt	791,173	220,621	570,552	—
Equities	247,076	228,964	17,550	562
Convertible debentures	3,071	—	309	2,762
Equities and convertible debentures	250,147	228,964	17,859	3,324
	1,041,320	449,585	588,411	3,324
Securities sold short				
Corporate debt	16,323	—	16,323	—
Government debt	664,288	224,725	439,563	—
Corporate and government debt	680,611	224,725	455,886	—
Equities	96,626	94,356	2,270	—
	777,237	319,081	458,156	—
Available for sale investments	9,920	—	4,190	5,730

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

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

Movement in net Level 3 financial assets

March 31, 2014	$ 20,628
Transfer to Level 1 assets	(11,885)
Other	311
September 30, 2014	**$ 9,054**

During the six months ended September 30, 2014, there were $11.9 million of Level 3 assets transferred to Level 1 as a result of a private company stock that became publicly traded in the UK.

FAIR VALUE ESTIMATION

Level 2 financial instruments

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

Available for sale investments

Available for sale investments include the Company's investment in Euroclear, which has an estimated fair value of $4.2 million as at September 30, 2014 [March 31, 2014 – $4.2 million]. The current fair value is determined using the market-based approach.

Available for sale investments also include the Company's investment in Canadian First Financial Holdings Limited (Canadian First), which has an estimated fair value of $5.7 million as at September 30, 2014 [March 31, 2014 – $5.7 million]. The fair value for Canadian First is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. In the absence of any market indicators, the historical cost basis is used.

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

Private investments held for trading

The fair value for private investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for these private investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the private investments as at September 30, 2014 was $nil [March 31, 2014 – $11.9 million].

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

SECURITIES LENDING AND BORROWING

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
September 30, 2014	**$ 148,530**	**$ 99,169**	**$ 62,852**	**$ 187,459**
March 31, 2014	158,430	41,290	41,253	190,689

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

Foreign exchange forward contracts

The Company uses derivative financial instruments in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Forward contracts outstanding at September 30, 2014:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	**USD $ 17.3**	**$1.12 (CAD/USD)**	**October 3, 2014**	**$ (24)**
To buy US dollars	**USD $ 4.3**	**$1.12 (CAD/USD)**	**October 1, 2014**	**$ 7**
To buy pounds sterling (GBP)	**GBP £ 2.5**	**$1.81 (CAD/GBP)**	**October 31, 2014**	**$ 4**

Forward contracts outstanding at March 31, 2014:

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

The Company's Canaccord Genuity Wealth Management segment in the UK and Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the euro. The weighted average term to maturity is 131 days as at September 30, 2014 [March 31, 2014 – 115 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at September 30, 2014 and March 31, 2014, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	September 30, 2014			March 31, 2014		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 5,416	$ (5,432)	$ 309,775	$ 1,359	$ (1,365)	$ 327,386

Futures

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2014, the notional amount of the bond futures contracts outstanding was short $0.3 million [March 31, 2014 – $nil].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At September 30, 2014, the notional amount of US Treasury futures contracts outstanding held in a short position was $4.3 million (US$3.8 million) [March 31, 2014 – $nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	September 30, 2014	March 31, 2014
Brokers and investment dealers	$ 1,796,597	$ 2,006,183
Clients	504,727	418,799
RRSP cash balances held in trust	275,390	259,614
Other	102,451	101,302
	$ 2,679,165	$ 2,785,898

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2014	March 31, 2014
Brokers and investment dealers	$ 1,493,002	$ 1,659,617
Clients	1,009,054	965,229
Other	244,786	253,087
	$ 2,746,842	$ 2,877,933

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [September 30, 2014 – 6.00% to 6.25% and 0.00% to 0.05%, respectively; March 31, 2014 – 6.00% to 6.25% and 0.00% to 0.05%, respectively].

As at September 30, 2014, the allowance for doubtful accounts was $14.4 million [March 31, 2014 – $13.2 million].

NOTE 07 Impairment Testing of Goodwill and Identifiable Intangible Assets with Indefinite Lives

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	September 30, 2014	March 31, 2014	**September 30, 2014**	March 31, 2014	**September 30, 2014**	March 31, 2014
Canaccord Genuity						
Canada	**$ 44,930**	$ 44,930	**$ 242,074**	$ 242,074	**$ 287,004**	$ 287,004
UK and Europe	**—**	—	**94,323**	95,789	**94,323**	95,789
US	**—**	—	**8,050**	7,942	**8,050**	7,942
Other Foreign Locations (China)	**—**	—	**4,428**	4,764	**4,428**	4,764
Other Foreign Locations (Australia)	**190**	195	**21,527**	22,537	**21,717**	22,732
Other Foreign Locations (Singapore)	**—**	—	**31,349**	31,539	**31,349**	31,539
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	**—**	—	**97,856**	99,322	**97,856**	99,322
UK and Europe	**—**	—	**10,773**	10,940	**10,773**	10,940
	$ 45,120	$ 45,125	**$ 510,380**	$ 514,907	**$ 555,500**	$ 560,032

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGU and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill impairment testing was carried out for all applicable CGUs at September 30, 2014.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on cash flow assumptions approved by senior management. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The discount rate utilized for each CGU for the purposes of these calculations was 12.5% in respect of Canada and the UK and Europe [March 31, 2014 – 12.5%], 14.0% in respect of Australia, Singapore and the US [March 31, 2014 – 14.0%], and 20.0% in respect of China [March 31, 2014 – 20.0%]. Cash flow estimates for each CGU are based on management assumptions as described above and utilize compound annual revenue growth rates for the five-year period beginning on October 1, 2015 (the Forecast Period) which range from 9.0% to 15.0% [March 31, 2014 – 9.0% to 15.0%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 10.0%, (ii) UK and Europe – 10.0%, (iii) US – 10.0%, (iv) Other Foreign Locations – 12.7% to 15.0%; and (b) Canaccord Genuity Wealth Management, UK and Europe – 9.0%.

Management estimates in respect of year-over-year increases in revenue for the 12-month period ending on September 30, 2015 (the commencement date for the Forecast Period) are in the range of 0.0% to 9.0% for each CGU except for Other Foreign Locations. CGUs in Other Foreign Locations are in earlier stages of development and, as such, with the revenue for the most recent 12-month period at relatively low base levels, revenue estimates for the 12-month period ending on September 30, 2015 for those CGUs range from 1.0 times to 5.0 times the revenue recorded for the 12-month period ended September 30, 2014. The terminal growth rate used for CGUs located in Canada and the UK and Europe was 3.0% [March 31, 2014, Canada – 3.0%] and for CGUs located in all other locations was 5.0% [March 31, 2014 – 5.0%].

Sensitivity testing was conducted as part of the September 30, 2014 interim impairment test of goodwill and indefinite life intangible assets. The sensitivity testing includes assessing the impact that reasonably possible declines in growth rates and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant.

The Company's interim impairment testing has determined that the recoverable amounts for Other Foreign Locations CGUs (Singapore and China) exceed their carrying amounts by $8.9 million and $2.5 million, respectively, and consequently, a reasonably possible decline in the growth rates or increase in the discount rates may result in an impairment charge in respect of the goodwill allocated to any of these CGUs. An increase of 2.1 percentage points in the discount rate for Singapore (from 14.0% to 16.1%) and an increase of 5.9 percentage points in the discount rate for China (from 20.0% to 25.9%), a reduction in the compound annual growth rate for the five-year period beginning on September 30, 2015 of 5.7 percentage points for Singapore (from 12.7% to 7.0%) and a reduction in the compound annual growth rate of 11.3 percentage points for China (from 15.0% to 3.7%), or a decrease in the revenue estimates for the 12-month period ending September 30, 2015 to the range of 0.85 times to 4.0 times the revenue recorded in the 12-month period ended September 30, 2014 would result in the recoverable amount being equal to the carrying value.

NOTE 08 Income Taxes

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

	For the three months ended		For the six months ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Income taxes at the statutory rate (F2015: 26.0%; F2014: 26.0%)	**$ 6,485**	$ (249)	**$ 12,540**	$ 2,121
Difference in tax rates in foreign jurisdictions	**(752)**	65	**256**	60
Non-deductible items affecting the determination of taxable income	**1,155**	548	**1,294**	1,411
Change in accounting and tax base estimate	**66**	107	**311**	565
Tax rate differential	**(257)**	(254)	**(1,111)**	(863)
Tax losses and other temporary differences not recognized (utilization of tax losses previously not recognized)	**634**	(1,093)	**(1,540)**	(2,940)
Income tax expense (recovery) – current and deferred	**$ 7,331**	$ (876)	**$ 11,750**	$ 354

NOTE 09 Preferred Shares

	September 30, 2014		March 31, 2014	
	Amount	**Number of shares**	Amount	Number of shares
Series A Preferred Shares issued and outstanding	**$ 110,818**	**4,540,000**	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	**97,450**	**4,000,000**	97,450	4,000,000
Series C Preferred Shares held in treasury	**(2,627)**	**(106,794)**	(2,627)	(106,794)
	94,823	**3,893,206**	94,823	3,893,206
	$ 205,641	**8,433,206**	$ 205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 16 of the March 31, 2014 consolidated financial statements.

NOTE 10 Common Shares

	September 30, 2014		March 31, 2014	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 719,181	102,163,377	$ 713,140	101,471,456
Shares repurchased through NCIB for cancellation	—	—	(250)	(45,600)
Unvested share purchase loans	(27,630)	(3,683,613)	(21,275)	(3,576,051)
Held for long-term incentive plan (LTIP)	(76,060)	(7,375,428)	(38,426)	(4,734,446)
	$ 615,491	91,104,336	$ 653,189	93,115,359

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2014	101,471,456	$ 713,140
Shares issued in connection with share-based payment plans	1,062,228	8,275
Shares issued in connection with replacement plans	213,188	1,868
Shares cancelled	(583,495)	(4,102)
Balance, September 30, 2014	**102,163,377**	**$ 719,181**

On August 5, 2014, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 264,200 shares purchased through the NCIB between April 1, 2014 and September 30, 2014 and subsequently cancelled.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the six months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Basic earnings (loss) per common share				
Net income (loss) attributable to CGGI shareholders	$ 17,109	$ (383)	$ 35,190	$ 8,358
Preferred shares dividends	(2,921)	(2,921)	(5,919)	(5,881)
Net income (loss) available to common shareholders	14,188	(3,304)	29,271	2,477
Weighted average number of common shares (number)	91,070,283	94,485,745	91,943,163	94,622,479
Basic earnings (loss) per share	$ 0.16	$ (0.03)	$ 0.32	$ 0.03
Diluted earnings (loss) per common share				
Net income (loss) available to common shareholders	14,188	(3,304)	29,271	2,477
Weighted average number of common shares (number)	91,070,283	n/a	91,943,163	94,622,479
Dilutive effect in connection with LTIP (number)	6,106,721	n/a	5,461,713	3,802,285
Dilutive effect in connection with other share-based payment plans (number)	3,881,612	n/a	3,585,810	4,939,145
Adjusted weighted average number of common shares (number)	101,058,616	n/a	100,990,686	103,363,909
Diluted earnings (loss) per common share	$ 0.14	$ (0.03)	$ 0.29	$ 0.02

NOTE 11 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the six months ended September 30, 2014:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
August 29, 2014	September 10, 2014	$ 0.05	$ 5,106
June 20, 2014	July 2, 2014	$ 0.05	$ 5,093

On November 5, 2014, the Board of Directors approved a quarterly cash dividend of $0.05 per common share and a special dividend of $0.05 per common share payable on December 10, 2014 to common shareholders of record as at November 21, 2014 [Note 16].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the six months ended September 30, 2014:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
September 19, 2014	September 30, 2014	$ 0.34375	$ 0.359375	$ 2,998
June 13, 2014	June 30, 2014	$ 0.34375	$ 0.359375	$ 2,998

On November 5, 2014, the Board also approved a cash dividend of $0.34375 per Series A Preferred Share payable on December 31, 2014 to Series A Preferred shareholders of record as at December 19, 2014 [Note 16].

On November 5, 2014, the Board also approved a cash dividend of $0.359375 per Series C Preferred Share payable on December 31, 2014 to Series C Preferred shareholders of record as at December 19, 2014 [Note 16].

NOTE 12 Share-Based Payment Plans

[i] LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, an employee benefit trust has been established. Prior to June 30, 2014, for employees in the United States and the United Kingdom, at the time of each RSU award, the Company allotted common shares and these shares were issued from treasury to plan participants following vesting of RSUs.

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

The fair value of the RSUs at the measurement date is based on the purchase price of the shares by the Trusts on the open market and is amortized on a graded basis over the vesting period of generally three years. The weighted average fair value of RSUs granted during the period ended September 30, 2014 was $11.76 [September 30, 2013 – $6.11].

	Number
Awards outstanding, March 31, 2014	10,583,243
Grants	4,625,410
Vested	(2,811,577)
Forfeited	(390,096)
Awards outstanding, September 30, 2014	**12,006,980**

	Number
Common shares held by the Trusts, March 31, 2014	4,734,446
Acquired	4,402,542
Released on vesting	(1,761,560)
Common shares held by the Trusts, September 30, 2014	**7,375,428**

[ii] STOCK OPTIONS

The following is a summary of the Company's share options as at September 30, 2014 and changes during the period then ended:

	Number of options	Weighted average exercise price
Balance, March 31, 2014	1,959,632	$ 9.23
Granted	—	—
Exercised	(117,318)	9.47
Forfeited	—	—
Balance, September 30, 2014	**1,842,314**	**$ 9.21**

The following table summarizes the share options outstanding as at September 30, 2014:

	Options outstanding			Options exercisable	
Range of exercise price	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$7.21–$9.48	1,842,314	2.39	$ 9.21	1,842,314	$ 9.21

[iii] SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the six months ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Long-term incentive plan	**$ 8,819**	$ 9,561	**$ 17,496**	$ 16,499
Forgivable common share purchase loans	**2,911**	3,104	**5,312**	6,827
CSH Inducement Plan	**625**	1,780	**1,960**	2,950
Replacement plans	**(73)**	976	**(12)**	1,798
Share options	**121**	277	**215**	475
Deferred share units	**(155)**	85	**382**	(4)
Other	**285**	385	**570**	714
Total share-based compensation expense	**$ 12,533**	$ 16,168	**$ 25,923**	$ 29,259

NOTE 13 Related Party Transactions

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

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

	September 30, 2014	March 31, 2014
Accounts payable and accrued liabilities	**$ 336**	$ 4,769

NOTE 14 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK and Europe and the US. Operations located in Other Foreign Locations under Canaccord Genuity (Barbados) Ltd., Canaccord Genuity Asia and the 50% interest in Canaccord Genuity Australia are also included in Canaccord Genuity.

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

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity and the 50% interest in Canaccord Genuity Australia. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the three months ended							
	September 30, 2014				September 30, 2013			
	Canaccord Genuity	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	**$ 168,809**	**$ 58,643**	**$ 2,917**	**$ 230,369**	$ 124,189	$ 47,866	$ 5,119	$ 177,174
Interest revenue	**1,806**	**2,780**	**1,316**	**5,902**	2,502	2,377	1,253	6,132
Expenses, excluding undernoted	**134,101**	**49,635**	**13,513**	**197,249**	108,102	43,236	9,684	161,022
Amortization	**3,995**	**3,036**	**444**	**7,475**	3,319	2,287	414	6,020
Development costs	**1,356**	**1,932**	**337**	**3,625**	4,412	2,877	382	7,671
Interest expense	**2,507**	**187**	**283**	**2,977**	3,565	119	379	4,063
Restructuring costs	**—**	**—**	**—**	**—**	5,486	—	—	5,486
Income (loss) before intersegment allocations and income taxes	**28,656**	**6,633**	**(10,344)**	**24,945**	1,807	1,724	(4,487)	(956)
Intersegment allocations	**3,392**	**5,975**	**(9,367)**	**—**	1,833	5,062	(6,895)	—
Income (loss) before income taxes	**$ 25,264**	**$ 658**	**$ (977)**	**$ 24,945**	$ (26)	$ (3,338)	$ 2,408	$ (956)

	For the six months ended							
	September 30, 2014				September 30, 2013			
	Canaccord Genuity	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	**$ 345,871**	**$ 118,537**	**$ 5,213**	**$ 469,621**	$ 252,809	$ 99,029	$ 5,762	$ 357,600
Interest revenue	**3,989**	**5,370**	**2,847**	**12,206**	5,088	5,034	2,815	12,937
Expenses, excluding undernoted	**273,801**	**100,572**	**25,999**	**400,372**	215,192	87,675	20,239	323,106
Amortization	**7,961**	**6,042**	**844**	**14,847**	7,010	4,691	880	12,581
Development costs	**3,725**	**4,346**	**689**	**8,760**	6,510	5,183	808	12,501
Interest expense	**6,248**	**344**	**640**	**7,232**	7,697	262	747	8,706
Restructuring costs	**—**	**783**	**1,600**	**2,383**	5,486	—	—	5,486
Income (loss) before intersegment allocations and income taxes	**58,125**	**11,820**	**(21,712)**	**48,233**	16,002	6,252	(14,097)	8,157
Intersegment allocations	**6,091**	**11,367**	**(17,458)**	**—**	4,136	11,503	(15,639)	—
Income (loss) before income taxes	**$ 52,034**	**$ 453**	**$ (4,254)**	**$ 48,233**	$ 11,866	$ (5,251)	$ 1,542	$ 8,157

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

	For the three months ended		For the six months ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Canada	**$ 104,380**	$ 61,692	**$ 198,512**	$ 123,191
UK and Europe	**78,696**	68,766	**153,570**	136,233
United States	**41,106**	44,357	**103,606**	97,758
Other Foreign Locations	**12,089**	8,491	**26,139**	13,355
	$ 236,271	$ 183,306	**$ 481,827**	$ 370,537

NOTE 15 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the six months ended September 30, 2014:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2014	$ 7,412	$ 2,922	$ 10,334
Additions	1,456	2,383	3,839
Utilized	(998)	(2,889)	(3,887)
Balance, June 30, 2014	7,870	2,416	10,286
Additions	1,199	—	1,199
Utilized	(325)	(1,288)	(1,613)
Recoveries	(363)	—	(363)
Balance, September 30, 2014	**$ 8,381**	**$ 1,128**	**$ 9,509**

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

Commitments, litigation proceedings and contingent liabilities

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

In 2002, two actions were commenced in the Superior Court of Québec against Canaccord Genuity Corp. and other defendants including another investment dealer. Both are class action proceedings in which the plaintiffs make allegations of certain wrongful trading and disclosure practices by the Company and another defendant and that the Company was negligent in respect of a private placement in 2000. These actions were set for trial starting in September 2014, but they have now been settled comprehensively subsequent to September 30, 2014 by way of court approval (granted on October 27, 2014) of a settlement agreement. If the 30-day appeal period expires without any appeal, then the Company will be obligated to pay its share of the settlement. This amount is within the provisions recorded by the Company for such matters as at September 30, 2014.

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

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

NOTE 16 Subsequent Event

DIVIDENDS

On November 5, 2014, the Board of Directors approved the following cash dividends: a quarterly dividend of $0.05 per common share and a special dividend of $0.05 per common share payable on December 10, 2014 to common shareholders with a record date of November 21, 2014; $0.34375 per Series A Preferred Share payable on December 31, 2014 with a record date of December 19, 2014; and $0.359375 per Series C Preferred Share payable on December 31, 2014 with a record date of December 19, 2014.

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Preferred shares:
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The Canaccord Genuity Group Inc. 2014 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Fiscal 2015 Expected Dividend[1] and Earnings Release Dates

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q3/15	February 4, 2015	March 20, 2015	March 31, 2015	February 27, 2015	March 10, 2015
Q4/15	June 1, 2015	June 19, 2015	June 30, 2015	June 19, 2015	July 2, 2015

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Shareholder Administration

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

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