CANACCORD Genuity

SECOND QUARTER

Fiscal 2018 Report to Shareholders

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Canaccord Genuity Group Inc. Reports Second Quarter Fiscal 2018 Results

Excluding significant items, second quarter earnings per common share of $0.01(1)

Significantly increased scale of global wealth management business; assets under administration and management increase to $54.5 billion

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

TORONTO, November 7, 2017 – During the second quarter of fiscal 2018, the quarter ended September 30, 2017, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated $191.5 million in revenue. Excluding significant items(1), the Company recorded net income(3) of $3.5 million or net income of $1.0 million attributable to common shareholders(2) (earnings per common share of $0.01). In September, the Company completed the acquisition of Hargreave Hale Limited and recorded as significant items acquisition-related costs and certain restructuring expenses in connection with the transaction. Including all significant items, on an IFRS basis, the Company recorded a net loss(3) of $7.3 million or a net loss attributable to common shareholders(2) of $9.8 million (a loss per common share of $0.11).

"Our fiscal second quarter results reflect the increasing stability that our global wealth management operations are capable of delivering against a challenging backdrop for mid-market investment banking and advisory activity," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "We are encouraged by improving activity levels heading into the second half of our fiscal year and we look forward to delivering improving returns and stronger long-term stability for our shareholders."

Second Quarter of Fiscal 2018 vs. Second Quarter of Fiscal 2017

- Revenue of $191.5 million, a decrease of 1.1% or $2.1 million from $193.6 million
- Excluding significant items, expenses of $186.2 million, a decrease of 2.4% or $4.5 million from $190.7 million(1)
- Expenses of $198.6 million, an increase of 3.0% or $5.8 million from $192.8 million
- Excluding significant items, earnings per common share of $0.01 compared to a loss per common share of $0.03(1)
- Excluding significant items, net income(3) of $3.5 million compared to net income(3) of $2.0 million(1)
- Net loss(3) of $7.3 million compared to net income(3) of $0.2 million
- Loss per common share of $0.11 compared to a loss per common share of $0.05

Second Quarter of Fiscal 2018 vs. First Quarter of Fiscal 2018

- Revenue of $191.5 million, a decrease of 4.1% or $8.3 million from $199.8 million
- Excluding significant items, expenses of $186.2 million, a decrease of 5.5% or $10.8 million from $197.0 million(1)
- Expenses of $198.6 million, a decrease of 1.5% or $3.0 million from $201.6 million
- Excluding significant items, earnings per common share of $0.01 compared to a loss per common share of $0.01(1)
- Excluding significant items, net income(3) of $3.5 million compared to net income(3) of $1.6 million(1)
- Net loss(3) of $7.3 million compared to a net loss(3) of $2.6 million
- Loss per common share of $0.11 compared to a loss per common share of $0.05

Contents

Year-to-Date Fiscal 2018 vs. Year-to-Date Fiscal 2017
(Six months Ended September 30, 2017 vs. Six Months Ended September 30, 2016)

- Revenue of $391.4 million, a decrease of 2.1% or $8.4 million from $399.8 million
- Excluding significant items, expenses of $383.2 million, a decrease of 0.4% or $1.4 million from $384.6 million(1)
- Expenses of $400.2 million, an increase of 2.9% or $11.2 million from $389.0 million
- Excluding significant items, diluted EPS of $0.00 compared to diluted EPS of $0.02(1)
- Excluding significant items, net income(3) of $5.2 million compared to net income of $10.1 million(1)
- Net loss(3) of $9.8 million compared to net income(3) of $7.7 million
- Loss per common share of $0.16 compared to a loss per common share $0.01

Financial Condition at end of Second Quarter Fiscal 2018 vs. Fourth Quarter Fiscal 2017

- Cash and cash equivalents balance of $543.1 million, a decrease of $134.7 million from $677.8 million
- Working capital of $464.7 million, a decrease of $23.8 million from $488.5 million
- Total shareholders' equity of $720.4 million, a decrease of $44.4 million from $764.8 million
- Book value per diluted common share of $4.74, a decrease of $0.34 from $5.08(4)
- On November 7, 2017, the Board of Directors approved a dividend of $0.01 per common share, payable on December 15, 2017, with a record date of December 1, 2017.
- On November 7, 2017, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on January 2, 2018 with a record date of December 22, 2017; and $0.31206 per Series C Preferred Share payable on January 2, 2018 with a record date of December 22, 2017.

Summary of Operations

CORPORATE

- On August 11, 2017, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on alternative trading systems during the period from August 15, 2017 to August 14, 2018. The purpose of any purchase under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. There have been no shares purchased under this and the previous NCIB during the six months ended September 30, 2017.
- On September 18, 2017, the Company, through its UK & Europe based wealth management business, Canaccord Genuity Wealth Management ("CGWM (UK)"), completed its previously announced acquisition of Hargreave Hale Limited ("Hargreave Hale"). The Company acquired 100% of Hargreave Hale for cash and deferred consideration of £52.4 million (C$86.4 million) and additional contingent consideration of up to £27.5 million (C$45.4 million). The contingent consideration is structured to be payable over a period of up to three years, subject to the achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business. The cash consideration was funded in part from a credit facility provided to CGWM (UK) by National Westminster Bank plc and HSBC Bank plc in the amount of £40.0 million (C$66.9 million). Additional contingent consideration, if paid, will be funded from the ongoing cash flow of the business. The Company expensed $4.4 million of acquisition related costs and $2.0 million of restructuring expenses for Q2/18 and $6.5 million of acquisition-related costs for the six months ended September 30, 2017. In connection with the acquisition, an additional expense of £14.0 million (C$23.4 million) is expected to be recorded as a significant item over a four-year measurement period. This amount includes certain incentive-based payments determined with reference to financial targets and other performance criteria.

CAPITAL MARKETS

- Canaccord Genuity participated in 66 investment banking transactions globally, raising total proceeds of C$6.3 billion(5) during fiscal Q2/18
- Canaccord Genuity led or co-led 23 transactions globally, raising total proceeds of C$541.6 million(5) during fiscal Q2/18
- Significant investment banking transactions for Canaccord Genuity during fiscal Q2/18 include:
  - £200.0 million initial public offering of Triple Point Social Housing REIT plc on LSE
  - £58.8 million for accesso Technology Group plc on AIM
  - £53.0 million for Pacific Industrial and Logistics REIT plc on AIM
  - AUD$134.6 million for Cooper Energy Limited on ASX
  - C$35.0 million for Barkerville Gold Mines on TSXV
  - AUD$32.5 million for Osprey Medical, Inc. on ASX
  - C$30.0 million for Canaccord Genuity Acquisition Corp. on TSX
  - C$25.1 million for The Hydropothecary Corporation on TSXV
  - US$20.1 million for Summit Therapeutics on Nasdaq
  - US$20.1 million for T2 Biosystems Inc. on Nasdaq
  - C$24.1 million for Bowmore Exploration Ltd. (Osisko Metals) on TSX

- In Canada, Canaccord Genuity participated in raising $225.0 million for government and corporate bond issuances during fiscal Q2/18
- Canaccord Genuity generated advisory revenues of $30.4 million during fiscal Q2/18, an increase of $9.1 million or 42.8% compared to the same quarter last year
- During fiscal Q2/18, significant M&A and advisory transactions included:
  - Cape plc on its £575 million sale to Altrad Investment Authority SAS
  - Sandvine Corporation on its C$562 million sale to Francisco Partners and Procera Networks
  - Monitise plc on its £75 million sale to Fiserv, Inc.
  - OSRAM Licht AG on its acquisition of Digital Lumens
  - Sientra Inc. on its acquisition of Miramar Labs
  - Shore Gold Inc. on the consolidation of the Star-Orion South Diamond Project and earn-in option agreement with Rio Tinto
  - Pollard Banknote on its C$51 million acquisition of Innova
  - ICG on its investment in Blackrock Expert Services
  - Carmanah Technologies on the US$19.5 million sale of its Go Power! Business to Valterra Products
  - Goals Soccer Centres Plc on the formation of its joint venture with City Football Group
  - Atlas for Men on the refinancing and dividend recapitalization of its existing LBO
  - NCE Computer Group on its sale to Park Place Technologies
  - CORWIL Technology on its sale to Integra Technologies
  - Stirling Square on its investment in Isoclima Group as part of a management buyout
  - Dalradian Resources on its C$20 million purchase of the 2% net smelter return royalty on its Curraghinalt gold deposit from Minco plc
  - RG group on its €145 million sale to LBO France from Abénex Capital
  - Tiama on its €150 million sale to Caravelle private equity fund

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

Contributions from Hargreave Hale from September 18, 2017 are included in the operating figures under Canaccord Genuity Wealth Management (UK & Europe) below.

- Globally, Canaccord Genuity Wealth Management generated $70.6 million in revenue in Q2/18
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were $54.5 billion at the end of Q2/18(4)

CANACCORD GENUITY WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $32.1 million in revenue and, after intersegment allocations and before taxes, recorded net income of $1.1 million in Q2/18
- Assets under administration in Canada were $12.8 billion as at September 30, 2017, an increase of 1.0% from $12.7 billion at the end of the previous quarter and an increase of 23.9% from $10.3 billion at the end of fiscal Q2/17(4)
- Assets under management in Canada (discretionary) were $2.7 billion as at September 30, 2017, an increase of 1.5% from Q1/18 and an increase of 120.5% from $1.2 billion at the end of fiscal Q2/17(4)
- Canaccord Genuity Wealth Management had 134 Advisory Teams(6) at the end of fiscal Q2/18, a decrease of one Advisory Team from June 30, 2017 and a decrease of five from September 30, 2016

CANACCORD GENUITY WEALTH MANAGEMENT (UK & EUROPE)

- Wealth management operations in the UK & Europe generated $37.5 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $7.5 million before taxes in Q2/18(1)
- Assets under management (discretionary and non-discretionary) were $40.8 billion (£24.4 billion) as at September 30, 2017, an increase of 58.4% from $25.8 billion (£15.3 billion) at the end of the previous quarter and an increase of 75.8% from $23.2 billion (£13.6 billion) at September 30, 2016(4). In local currency (GBP), assets under management at September 30, 2017 increased by 59.8% compared to Q1/18 and 78.8% compared to September 30, 2016. The increase in AUM in Q2/18 was largely due to the acquisition of Hargreave Hale.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on pages 4.
(2) Net (loss) income attributable to common shareholders is calculated as the net (loss) income adjusted for non-controlling interests and preferred share dividends.
(3) Before non-controlling interests and preferred share dividends.
(4) See Non-IFRS Measures on pages 4 and 8
(5) Transactions over $1.5 million. Internally sourced information.
(6) 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 acquired in connection with a business combination, impairment of goodwill and other assets, acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and 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]

(C$ thousands, except per share and % amounts)	Three months ended September 30 2017	Three months ended September 30 2016	Quarter-over-quarter change	Six months ended September 30 2017	Six months ended September 30 2016	YTD-over-YTD change
Total revenue per IFRS	$ **191,547**	$ 193,602	(1.1)%	$ **391,355**	$ 399,782	(2.1)%
Total expenses per IFRS	$ **198,613**	$ 192,845	3.0%	$ **400,193**	$ 389,014	2.9%
Revenue						
Significant items recorded in Canaccord Genuity						
Realized translation gains on disposal of Singapore	**—**	—	—	**—**	1,193	(100.0)%
Total revenue excluding significant items	**191,547**	193,602	(1.1)%	**391,355**	398,589	(1.8)%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**579**	827	(29.9)%	**1,159**	1,646	(29.6)%
Restructuring costs[2]	**4,256**	—	n.m.	**4,704**	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**1,262**	1,323	(4.6)%	**2,586**	2,727	(5.2)%
Restructuring costs[2]	**2,000**	—	n.m.	**2,000**	—	n.m.
Acquisition-related costs	**4,364**	—	n.m.	**6,548**	—	n.m.
Total significant items	**12,461**	2,150	n.m.	**16,997**	4,373	288.7%
Total expenses excluding significant items	**186,152**	190,695	(2.4)%	**383,196**	384,641	(0.4)%
Net income before taxes – adjusted	$ **5,395**	$ 2,907	85.6%	$ **8,159**	$ 13,948	(41.5)%
Income taxes – adjusted	**1,847**	899	105.5%	**2,996**	3,801	(21.2)%
Net income – adjusted	$ **3,548**	$ 2,008	76.7%	$ **5,163**	$ 10,147	(49.1)%
Net income (loss) attributable to common shareholders, adjusted	**970**	(2,481)	139.1%	**343**	1,819	(81.1)%
Earnings (loss) per common share – basic, adjusted	$ **0.01**	$ (0.03)	133.3%	$ **0.00**	$ 0.02	(100.0)%
Earnings (loss) per common share – diluted, adjusted	$ **0.01**	$ (0.03)	133.3%	$ **0.00**	$ 0.02	(100.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
(2) Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
n.m.: not meaningful

Fellow Shareholders:

Canaccord Genuity Group earned revenue of $192 million for our second quarter of fiscal 2018. While we are encouraged by the improving momentum for small- and mid-cap global growth equities that began in late September, the operating environment we witnessed for most of the three-month period was in many respects a continuance of the conditions we experienced in our first fiscal quarter, with the added impact of the typical summer slowdown in North American markets.

Despite this being a challenging period for capital markets activities in most of our regions, I would like to highlight the positive impact that our strategic shift to strengthening contributions from our global wealth management operations has contributed to our overall results. Excluding significant items(1), net income for the three-month period was $3.5 million and diluted earnings per share was $0.01, improvements of 77% and 133% respectively when compared to the similar revenue environment that we experienced in the same period last year.

Driving long-term stability for our shareholders requires a disciplined focus on achieving a balance that will also allow us to deliver more consistent results from our global capital markets operations. During the quarter, we incurred restructuring costs of $6.3 million, of which $4.3 million was attributable to our realignment efforts in our US and Canadian capital markets businesses, with the balance related to our acquisition of Hargreave Hale. Additionally, cost containment continues to be an important priority across our operations. Excluding significant items(1), expenses as a percentage of revenue decreased by 1.3 percentage points year-over-year. Non-compensation related operating expenses decreased a further 4% and our firm wide general & administrative expenses declined by 7%, when compared to the same period last year.

Wealth Management: Added scale marks an important point in our journey to long-term stability

Our global wealth management operations earned combined revenue of $70 million in the second quarter, a year-over-year improvement of 9%. At the end of the three-month period, total assets under management and administration for Canaccord Genuity Wealth Management grew to $55 billion.

Following the closing of our acquisition of Hargreave Hale on September 18, our wealth management business in the UK & Europe ended the quarter with a significant increase in assets under management to $41 billion, cementing its position as a top 10 wealth manager by assets in the region. Fee-related revenue in this business increased to 73%, from 71% a year ago. While the revenue and profitability associated with the increase in client assets from the Hargreave Hale acquisition will be more wholly reflected in our next fiscal quarter, the business has continued to post impressive asset growth and fund sales as we progress with our integration efforts. This acquisition closed on September 18 and has contributed roughly €2 million in second quarter revenue for our wealth management business in the UK & Europe.

Our Canadian wealth management business earned revenue of $32 million for the second quarter, an improvement of 8% compared to the same period last year. Assets under management and administration in this business reached $12.8 billion, a year-over-year improvement of 24%.

With an added benefit from strengthening market valuations, results in this business were driven by steady execution of our strategy of investing in and developing our talent pool to facilitate the delivery of a differentiated service model. At the end of our second fiscal quarter, average book size per advisory team improved by 21% compared to a year ago. Discretionary assets in this business increased by 121% year-over-year, which helped lift the percentage of fee-related revenue in this business to 42% for our second fiscal quarter.

Our recent achievements have led to an increased pipeline of recruiting activity in our Canadian wealth management business and we are attracting growing interest from advisory teams in all regions across Canada. We are also continuing to explore opportunities to grow our Australian wealth management operations.

Global Capital Markets: Positioned for stronger performance as the mid-market environment improves

In late September, relative performance of the S&P Global Small Cap index began to show a positive upturn, having lagged the Global Large Cap index for most of the calendar year. We see this as an encouraging indication that the environment for growth stocks is improving.

For most of the three-month period, global new issue activity for small and mid-cap equities posted further declines from the previous quarter and the impact of this was most notable in our Canadian and US capital markets businesses. Headwinds from low volatility, low rates and a flat yield curve also impacted trading volumes across our operations. For our second fiscal quarter, revenue for our global capital markets division was $119 million.

Our UK & Europe capital markets business delivered a profitable quarterly result on improved investment banking and advisory activity. On a year-over-year basis, second quarter revenue in this operation improved by 24%. As the realities of Brexit draw near, our teams in the region have been productive in several transactions that leverage our unique cross-border capabilities and relationships to help companies in the UK secure investment and partnerships from across Europe. In Australia, activity levels have begun to regain momentum following a period of subdued activity in the previous quarter, a result of a significant rotation out of small cap equites. Second quarter investment banking activity in this region was broadly in-line with historical levels and revenue for the second quarter improved by 210% sequentially, which helped this this business deliver a pre-tax profit margin of 11%.

Second quarter performance from our Canadian and US operations was weaker in part due to the typical summer slowdown, and also a result of the lower levels of mid-market equity issuance that took place across our industry in both regions. During the quarter, we made some staffing

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

reductions in both businesses in the interest of fostering a more intensive focus on driving profitability in core focus areas, while paring back on strategies that have been difficult to scale in the current market environment.

On a positive note, advisory revenues earned by our US business for the first half of fiscal 2018 were 7% higher than the same period last year. This team has leveraged our strengths in the healthcare and technology sectors to build a solid pipeline of advisory work, which is a strong complement to our equity capital markets activities in the region. Our US equities business has also continued to gain market share in the region, despite the softer trading environment. In Canada, our origination teams have been actively leveraging our strengths as the leading independent mid-market investment bank to help entrepreneurs access growth capital in emerging high-growth sectors with notable activity in the cannabis and fintech segments. Our recent establishment of Canaccord Genuity Acquisition Corp. as an alternate vehicle to access public markets has also attracted interest from numerous entrepreneurs with established businesses and strong growth potential.

Each of our operations in Canada, US, Australia, UK, Europe & Dubai has its own distinct regional advantages, but our global capabilities are an extraordinary differentiator and an important competitive advantage for our business. Across our global capital markets operations, activity levels heading into our third fiscal quarter are markedly stronger than in the first half of the year. Strengthening commodity prices helped to lift the TSX to near-record levels in October, which bodes well for activities in our Canadian and Australian capital markets businesses. We are also progressing with the establishment of ancillary businesses within our capital markets operations which will allow us to capture greater efficiencies from our existing infrastructure, while offering a broader suite of products and services to our existing client base.

And finally, I'd like to provide an update on our expectations for the upcoming implementation of MiFID II. First and foremost, we have developed a strategy to capitalize on our commitment to producing the highly focused research and strong trade execution that adds the greatest value for our buy side clients and gives us confidence in our ability to continue to attract commissions. Given our material UK presence, we have been preparing for this development for some time and we have been having an active dialogue with our clients around pricing and their approach to MiFID II payment mechanisms. We expect limited impact to our capital markets business once this change is implemented. With the added benefit of our proprietary stock screening and idea generation tool, Quest®, we also see opportunities to provide enhanced offerings for existing and new clients.

A balanced business model puts us on track for greater earnings stability through the cycle

This was a pivotal quarter for our organization, as we added meaningful scale in our global wealth management operations, a strategy we will continue to build upon and one which will deliver improved long-term stability for our shareholders.

Looking ahead, we maintain a constructive outlook for investment banking and advisory activity. Our unique global mid-market capabilities strengthen our competitive position in all our regions and the backdrop for our core focus sectors is healthy. With our efforts to better focus and align our operations, and the new and improving contributions from our wealth management businesses, I am confident that market-driven challenges are more navigable for our business than ever before.

DAN DAVIAU
President & CEO
Canaccord Genuity Group Inc.

Management’s Discussion and Analysis

Second quarter fiscal 2018 for the three months and six months ended September 30, 2017 — this document is dated November 7, 2017

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. 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, 2017 compared to the corresponding period in the preceding fiscal year. The three-month period ended September 30, 2017 is also referred to as second quarter 2018 and Q2/18. Unless otherwise indicated or the context otherwise requires, the “Company” refers to Canaccord Genuity Group Inc. and “Canaccord Genuity Group” refers to the Company and its direct and indirect subsidiaries. “Canaccord Genuity” refers to the investment banking and capital markets segment of the Company. 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, 2017, beginning on page 32 of this report; our Annual Information Form (AIF) dated June 23, 2017; and the 2017 annual Management’s Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2017 (Audited Annual Consolidated Financial Statements) in the Company’s annual report dated June 1, 2017 (the 2017 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2017 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 2017 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 2018 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 2017 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 also 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, 2017 (Second Quarter 2018 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Second Quarter 2018 Financial Statements have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (IAS 34), and using accounting policies consistent with those applied in preparing the Company’s Audited Annual Consolidated Financial Statements for the year ended March 31, 2017.

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 adjusted for assumed proceeds from exercise of options and warrants divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options and warrants, as applicable, 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 & 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 & 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 acquired in connection with a business combination, impairment of goodwill and other assets, acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 13.

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 has offices in 10 countries worldwide, including wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Ireland, Hong Kong, China, Australia and Dubai.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. 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.

Market Environment during Q2 fiscal 2018

Economic backdrop:

During the second quarter of fiscal 2018, the S&P 500 (+4.5%), European equities (+5.5%) and emerging market (EM) equities (+7.7%) all posted positive returns. In Canada, stronger commodity prices (+7.2%) supported the S&P/TSX (+3.7%) and the Canadian dollar (+4.0%) over the three-month period.

While it is difficult determine the extent that US economic data were impacted by hurricanes Harvey and Irma during the second quarter of fiscal 2018, we note that inflation remains benign at a time when global economic growth is accelerating. Importantly, the appreciation in Emerging Markets (EM) currencies in combination with strengthening but still depressed oil prices has sent EM inflation near 2009 lows. As a result, EM central banks have been able to cut policy rates and reflate economies. With this wide gap between EM interest rates and inflation, we can expect further monetary accommodation from EM central banks. Given that emerging market economies contribute to roughly 75% of global GDP growth, we are optimistic that solid global growth and synchronization could be around for several more quarters.

Investment banking and advisory

Capital raising and advisory activity on our core focus areas remained subdued for most of the fiscal second quarter. As indicated in the table below, the performance of global small cap equities has lagged that of global large cap equities for over a year. Only in September did we see a positive relative performance upturn in small cap equities, an encouraging sign for capital raising and advisory activities in our business.

Index Value at End	Q2/17		Q3/17		Q4/17		Q1/18		Q2/18		
of Fiscal Quarter	30-Sep-16	(Y/Y)	30-Dec-16	(Y/Y)	31-Mar-17	(Y/Y)	30-Jun-17	(Y/Y)	29-Sep-17	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	235.2	14.1%	224.3	4.5%	251.6	14.9%	256.4	16.5%	278.5	18.4%	8.6%
S&P IFCI Global Large Cap	235.2	16.1%	192.1	9.2%	213.8	16.1%	226.1	22.7%	241.3	20.5%	6.7%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Our capital raising and advisory activities are primarily focused on small and mid-capitalization companies in specific growth sectors of the global economy, as outlined on page 2. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition or restructuring mandates. Weak economic and global financial market conditions can result in a challenging business environment for small and mid-market M&A activity, but may provide opportunities for our restructuring business.

Trading

Trading volumes for small- and mid-cap equities in many of the markets where we operate were lower compared to the previous fiscal quarter, and lack of new issue activity in small- and mid-cap equities continued to put pressure on trading activity.

Average Value During	Q2/17		Q3/17		Q4/17		Q1/18		Q2/18		
Fiscal Quarter	30-Sep-16	(Y/Y)	30-Dec-16	(Y/Y)	31-Mar-17	(Y/Y)	30-Jun-17	(Y/Y)	29-Sep-17	(Y/Y)	(Q/Q)
Russell 2000	1222.5	2.4%	1286.9	10.9%	1374.8	32.0%	1390.4	22.7%	1416.1	15.8%	1.8%
S&P 400 Mid Cap	1547.1	6.4%	1590.8	11.3%	1706.4	27.6%	1729.7	17.8%	1745.6	12.8%	0.9%
FTSE 100	6766.5	5.8%	6927.2	10.5%	7271.7	21.3%	7388.2	19.1%	7380.7	9.1%	-0.1%
MSCI EU Mid Cap	928.0	-0.7%	938.6	0.3%	1003.9	14.1%	1067.4	18.3%	1071.5	15.5%	0.4%
S&P/TSX	14585.7	4.3%	14934.7	11.2%	15543.8	21.3%	15472.3	11.7%	15181.4	4.1%	-1.9%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Global wealth management

During the fiscal second quarter, market values of most global equities strengthened markedly. Canadian equity markets benefitted from higher commodity prices and positive economic momentum domestically and globally. As a result, the S&P 500, the S&P/TSX and the MSCI World index ended the quarter returning 4.5%, 3.7% and 5.3% respectively.

Total Return (excl. currencies)	Q217 Change (Q/Q)	Q317 Change (Q/Q)	Q417 Change (Q/Q)	Q118 Change (Q/Q)	Q218 Change (Q/Q)	Fiscal 2017 Change (Y/Y)	Fiscal 2018 Change
S&P 500	3.9%	3.8%	6.1%	3.1%	4.5%	17.2%	7.7%
S&P/TSX	5.5%	4.5%	2.4%	-1.6%	3.7%	18.6%	2.0%
MSCI EMERGING MARKETS	7.7%	-1.4%	7.8%	6.7%	7.7%	15.5%	14.9%
MSCI WORLD	5.4%	1.3%	7.0%	4.5%	5.3%	15.7%	10.0%
S&P GS COMMODITY INDEX	-4.2%	5.8%	-5.1%	-5.5%	7.2%	8.4%	1.4%
US 10-YEAR T-BONDS	-0.8%	-6.0%	0.8%	0.9%	0.6%	-3.0%	1.5%
CAD/USD	-1.6%	-2.3%	0.9%	2.7%	4.0%	-2.3%	6.8%
CAD/EUR	-2.7%	4.5%	-0.4%	-4.3%	0.6%	4.4%	-3.7%

Source: Thomson Reuters Datastream, Canaccord Genuity estimates

Outlook

We expect that global economic growth prospects will remain upbeat for the balance of fiscal 2018. Of the 35 countries we monitor, all show positive real GDP growth year over year in calendar Q2/17. Also, 27 countries (77%) exhibit accelerating growth and eight (23%) display positive but decelerating growth. From this we can conclude that the global economy is not only accelerating, but it is doing so in a synchronized fashion. With subdued inflation globally and EM central banks cutting rates, we believe global growth synchronization could extend for several more quarters in a context where global PMIs and leading indicators also provide an upbeat outlook. According to the MSCI World Index, earnings globally are expected to grow 10.8%. Against this backdrop, we expect capital expenditure growth to improve gradually, commodity prices to remain firm and resource sectors (energy and materials) and other globally-geared sectors to outperform in fiscal 2018.

Despite elevated equity market valuations in Canada and in the US, we expect that the positive earnings backdrop should continue to support equity markets going forward. However, we expect a growth slowdown in Canada, given tighter financial conditions arising from two rate hikes by the Bank of Canada, higher bond yields and a stronger Canadian dollar. Additionally, should the outcome of NAFTA negotiations lead to increased trade protectionism, we expect that Canadian economic growth prospects would be markedly impaired.

Elsewhere, we expect that the monetary policy normalization process in the US — and eventually in Europe — could cap valuation multiples and increase probabilities of a correction and/or increased volatility in equity markets over the next few months. That said, we believe that the odds of a bear market developing remain low given subdued recession risks.

With regard to capital market activities, growing earnings and elevated valuation multiples prevailing in equity markets are generally supportive for M&A and new issue activities. Notably, low interest rates and strengthening commodity prices should create opportunities for resource companies to resume capital expenditures and/or acquire inexpensive assets, which a pick-up in financing activities. Regarding agency trading, the decline in volatility negatively impacted trading volumes over the past year. Increased volatility from current levels would likely support trading volumes. Last, our global wealth management operations are likely to benefit from further positive returns in risk assets.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (investment banking and 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 the Company's 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, France, Ireland, the US, China, Hong Kong, Australia and Dubai.

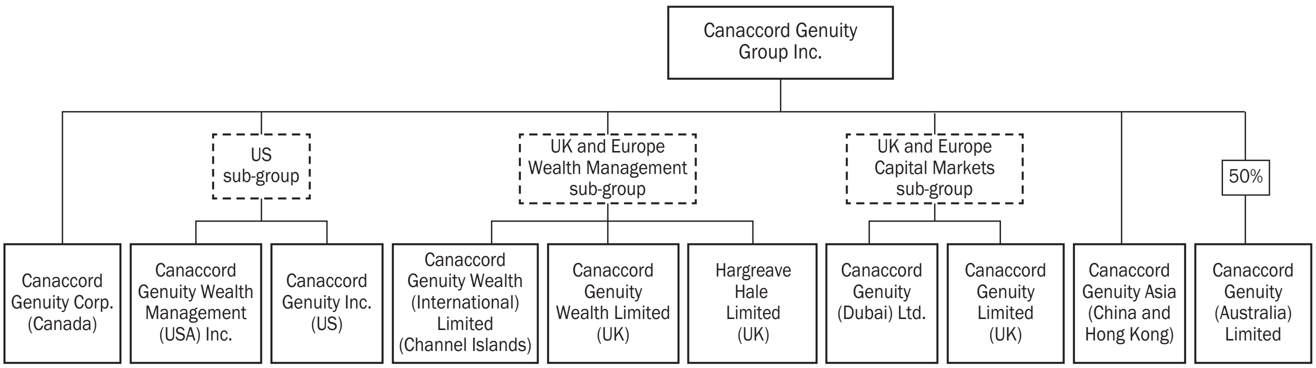
Canaccord Genuity Wealth Management

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, Guernsey, Jersey and the Isle of Man.

Corporate and Other

Canaccord Genuity Group'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 in Canada, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and all administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of September 30, 2017.

The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of September 30, 2017 the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2017 — 58%].

Consolidated Operating Results

SECOND QUARTER AND FIRST HALF OF FISCAL 2018 SUMMARY DATA(1)(2)(3)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended September 30 2017	2016	2015	QTD Q2/18 vs. Q2/17	Six months ended September 30 2017	2016	2015	YTD FY 2018 vs. FY 2017
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 96,125**	$ 95,342	$ 89,182	0.8%	**$ 201,080**	$ 188,214	$ 183,888	6.8%
Investment banking	**33,356**	40,901	31,147	(18.4)%	**74,052**	78,026	96,211	(5.1)%
Advisory fees	**30,589**	21,554	44,255	41.9%	**49,485**	61,148	66,269	(19.1)%
Principal trading	**22,849**	26,859	17,592	(14.9)%	**48,736**	54,405	40,158	(10.4)%
Interest	**5,793**	4,005	4,334	44.6%	**10,969**	7,613	9,408	44.1%
Other	**2,835**	4,941	4,092	(42.6)%	**7,033**	10,376	9,122	(32.2)%
Total revenue	**191,547**	193,602	190,602	(1.1)%	**391,355**	399,782	405,056	(2.1)%
Expenses								
Incentive compensation	**101,270**	104,080	92,681	(2.7)%	**207,574**	211,655	199,181	(1.9)%
Salaries and benefits	**21,664**	20,633	22,510	5.0%	**44,071**	42,542	45,074	3.6%
Other overhead expenses(4)	**64,851**	68,132	73,912	(4.8)%	**135,088**	134,817	146,855	0.2%
Acquisition-related costs	**4,364**	—	—	n.m.	**6,548**	—	—	n.m.
Restructuring costs(5)	**6,256**	—	—	n.m.	**6,704**	—	—	n.m.
Share of loss from associate	**208**	—	—	n.m.	**208**	—	—	n.m.
Total expenses	**198,613**	192,845	189,103	3.0%	**400,193**	389,014	391,110	2.9%
(Loss) income before income taxes	**(7,066)**	757	1,499	n.m.	**(8,838)**	10,768	13,946	(182.1)%
Net (loss) income	**$ (7,258)**	$ 200	$ (431)	n.m.	**$ (9,818)**	$ 7,655	$ 10,530	(228.3)%
Net (loss) income attributable to:								
CGGI shareholders	**$ (7,485)**	$ (1,220)	$ (105)	n.m.	**$ (9,747)**	$ 5,462	$ 10,309	(278.5)%
Non-controlling interests	**$ 227**	$ 1,420	$ (326)	(84.0)%	**$ (71)**	$ 2,193	$ 221	(103.2)%
(Loss) earnings per common share – diluted	**$ (0.11)**	$ (0.05)	$ (0.03)	(120.0)%	**$ (0.16)**	$ (0.01)	$ 0.04	n.m.
Return on common equity (ROE)	**(7.4)%**	(3.2)%	(1.3)%	(4.2) p.p.	**(5.5)%**	(0.2)%	1.0%	(5.3) p.p.
Dividends per common share	**$ 0.01**	$ —	$ 0.05	n.m.	**$ 0.02**	$ —	$ 0.10	n.m.
Book value per diluted common share(6)	**$ 4.74**	$ 4.70	$ 8.38	0.8%				
Total assets	**$3,413,398**	$3,960,901	$3,981,552	(13.8)%				
Total liabilities	**$2,679,660**	$3,223,981	$2,841,706	(16.9)%				
Non-controlling interests	**$ 13,354**	$ 8,992	$ 11,361	48.5%				
Total shareholders' equity	**$ 720,384**	$ 727,928	$1,128,485	(1.0)%				
Number of employees	**1,953**	1,727	1,887	13.1%				
Excluding significant items(7)								
Total revenue	**$ 191,547**	$ 193,602	$ 190,602	(1.1)%	**$ 391,355**	$ 398,589	$ 405,056	(1.8)%
Total expenses	**186,152**	190,695	186,226	(2.4)%	**383,196**	384,641	385,356	(0.4)%
Income before income taxes	**5,395**	2,907	4,376	85.6%	**8,159**	13,948	19,700	(41.5)%
Net income	**3,548**	2,008	1,943	76.7%	**5,163**	10,147	15,262	(49.1)%
Net income (loss) attributable to:								
CGGI shareholders	**3,321**	518	2,187	n.m.	**5,234**	7,817	14,716	(33.0)%
Non-controlling interests	**227**	1,490	(133)	(84.8)%	**(71)**	2,330	657	(103.0)%
Net income (loss) attributable to common shareholders, adjusted	**970**	(2,481)	(811)	139.1%	**343**	1,819	8,720	(81.1)%
Earnings (loss) per common share – diluted	**0.01**	(0.03)	(0.01)	133.3%	**0.00**	0.02	0.09	(100.0)%

(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 42% non-controlling interest has been recognized for the three and six months ended September 30, 2017 [three and six months ended September 30, 2016 — 42% and September 30, 2015 — 40%.].
(3) Data includes the results of Hargreave Hale since the closing date of September 18, 2017.
(4) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.
(5) Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
(6) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from exercise of options and warrants divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options and warrants, as applicable, 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.
(7) 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 2017	Three months ended September 30 2016	Quarter-over-quarter change	Six months ended September 30 2017	Six months ended September 30 2016	YTD-over-YTD change
Total revenue per IFRS	$ 191,547	$ 193,602	(1.1)%	$ 391,355	$ 399,782	(2.1)%
Total expenses per IFRS	$ 198,613	$ 192,845	3.0%	$ 400,193	$ 389,014	2.9%
Revenue						
Significant items recorded in Canaccord Genuity						
Realized translation gains on disposal of Singapore	—	—	—	—	1,193	(100.0)%
Total revenue excluding significant items	191,547	193,602	(1.1)%	391,355	398,589	(1.8)%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	579	827	(29.9)%	1,159	1,646	(29.6)%
Restructuring costs[2]	4,256	—	n.m.	4,704	—	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	1,262	1,323	(4.6)%	2,586	2,727	(5.2)%
Restructuring costs	2,000	—	n.m.	2,000	—	n.m.
Acquisition-related costs	4,364	—	n.m.	6,548	—	n.m.
Total significant items	12,461	2,150	n.m.	16,997	4,373	288.7%
Total expenses excluding significant items	186,152	190,695	(2.4)%	383,196	384,641	(0.4)%
Net income before taxes – adjusted	$ 5,395	$ 2,907	85.6%	$ 8,159	$ 13,948	(41.5)%
Income taxes – adjusted	1,847	899	105.5%	2,996	3,801	(21.2)%
Net income – adjusted	$ 3,548	$ 2,008	76.7%	$ 5,163	$ 10,147	(49.1)%
Net income (loss) attributable to common shareholders, adjusted	970	(2,481)	139.1%	343	1,819	(81.1)%
Earnings (loss) per common share – basic, adjusted	$ 0.01	$ (0.03)	133.3%	$ 0.00	$ 0.02	(100.0)%
Earnings (loss) per common share – diluted, adjusted	$ 0.01	$ (0.03)	133.3%	$ 0.00	$ 0.02	(100.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 8.
(2) Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.
n.m. not meaningful

Foreign exchange

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 depreciated against the Canadian dollar by approximately 4.6% in Q2/18 when compared to Q2/17, while the US dollar depreciated against the Canadian dollar by approximately 4.0%. For the six months ended September 30, 2017, the pound sterling depreciated against the Canadian dollar by approximately 1.7% and the US dollar depreciated by approximately 1.0% compared to the same period a year ago. This change in foreign exchange contributed to certain changes in revenue and expense items in Canadian dollars when compared to the applicable prior periods 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 & Europe.

Geographies

Commencing in Q3/17, the operating results of our Australian operations are disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, is included as part of Canaccord Genuity UK, Europe and Dubai. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale or closure also included Singapore and Barbados. These reclassifications reflect the growing contribution from Australia and the working association between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

Operating results of Hargreave Hale are included since the closing date of September 18, 2017 as part of Canaccord Genuity Wealth Management UK & Europe.

Goodwill

During the quarter, the Company performed an interim impairment test of goodwill and other assets. In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Utilizing management's preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its remaining goodwill recorded in Canaccord Genuity Canada. Notwithstanding this determination as of September 30, 2017, the continuing uncertainty in the economic environment may cause this determination to change. If the business climate remains uncertain and the Company is unable to achieve its internal forecasts the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the remaining goodwill recorded in Canaccord Genuity Canada. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

Revenue

Second quarter 2018 vs. second quarter 2017

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, 2017 was $191.5 million, a decrease of 1.1% or $2.1 million compared to the same period a year ago mostly due to a decrease in investment banking revenue and principal trading revenue partially offset by an increase in advisory fees. The Canaccord Genuity segment experienced a decrease of $8.1 million or 6.4% in Q2/18 compared to the same quarter in the prior year due to decreases in investment banking, commissions and fees, and principal trading revenue, partially offset by an increase in advisory fees of $9.1 million or 42.8% over Q2/17. The increase in advisory fees was largely driven by higher revenue generated by our UK operations. The Canaccord Genuity Wealth Management segment generated revenue of $69.6 million during the three months ended September 30, 2017, an increase of $5.9 million over Q2/17, mostly due to higher commissions and fees revenue earned in both our North American and UK & Europe operations.

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 $0.8 million, to $96.1 million in Q2/18, compared to the same period a year ago. Commissions and fees revenue earned in connection with the Canaccord Genuity Wealth Management segment was $60.1 million, an increase of $5.6 million or 10.3% over Q2/17. The Canaccord Genuity segment experienced a decrease of $4.8 million in commissions and fees revenue compared to the same quarter in the prior year as revenue decreased across all our operating regions as institutional trading activity decreased with low market volatility during the quarter.

Investment banking revenue decreased by $7.5 million or 18.4% compared to the same period a year ago, to $33.4 million in Q2/18. The decrease in investment banking revenue in our Canadian, US, and Australian operations was partially offset by an increase in our UK operations.

Advisory fees revenue was $30.6 million, an increase of $9.0 million or 41.9% from the same quarter a year ago. Except for Australia, which recorded a decrease of $3.1 million in advisory fees, all our primary capital markets business units generated increases in advisory fees revenue compared to Q2/17. The most significant increase was recorded in our UK & Europe capital markets operations, with advisory fees revenue increasing by $6.9 million or 78.0% compared to Q2/17 as a result of certain transactions closing during the quarter.

Principal trading revenue was $22.8 million in Q2/18, representing a $4.0 million decrease compared to Q2/17. Our US and UK capital markets operations both experienced decreases in principal trading revenue compared to the same quarter in the prior year of $2.4 million and $2.0 million, respectively, primarily due to lower market volatility especially when compared to Q2/17 which was a period of heightened activity as a result of Brexit.

Interest revenue was $5.8 million for the three months ended September 30, 2017, representing an increase of $1.8 million from Q2/17, attributable to both our Canadian wealth management and the Corporate and Other segments. Other revenue was $2.8 million for Q2/18, a decrease of $2.1 million from the same period a year ago, as a result of lower foreign exchange gains and a reduction in revenue from our correspondent brokerage services business.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue for the six months ended September 30, 2017 was $391.4 million, a decrease of 2.1% or $8.4 million compared to the same period a year ago, mainly due to a $11.7 million decrease in advisory fees and a $5.7 million decrease in principal trading revenue, partially offset by a $12.9 million increase in commissions and fees revenue resulting from stronger performances by our Canadian and UK wealth management operations.

Commissions and fees revenue was $201.1 million, representing an increase of 6.8% compared to the six months ended September 30, 2016, reflecting the growth in both our Canadian and UK & Europe wealth management operations.

Investment banking revenue decreased by $4.0 million to $74.1 million, compared to $78.0 million in the same period a year ago. As a result of reduced financing activity by corporate issuers in our focus sectors in those regions, both our US and Australian capital markets operations reported decreases in investment banking revenue during the six months ended September 30, 2017 compared to the same period last year. Our Canadian and UK operations, however, both generated higher investment banking revenue in the current period, reporting increases of $3.1 million and $3.3 million, respectively.

Advisory fees revenue of $49.5 million represented a decrease of 19.1% or $11.7 million compared to the same period in the prior year, primarily due to decreases of $17.7 million in our Canadian capital markets operations and $2.5 million in our Australian operations, respectively. In Canada, certain large transactions closed during the six months ended September 30, 2016 which caused advisory fee revenue during that period to be substantially higher compared to the current period. Partially offsetting these decreases was an increase of $8.7 million in advisory fees revenue in our UK capital markets operations compared to the same period in the prior year as a result of certain transactions closing during the quarter.

Revenue derived from principal trading was $48.7 million, a decrease of $5.7 million or 10.4% compared to the same period last year, with the most significant decreases recorded in our US and UK capital markets operations.

Interest revenue increased by $3.4 million compared to the six months ended September 30, 2016 mainly due to higher revenue earned from our Canadian capital markets operations. Other revenue decreased by $3.3 million to $7.0 million during the six months ended September 30, 2017, partially as a result of the realized translation gains on disposal of our Singapore operations recognized in Q1/17 and a reduction in revenue earned from our correspondent brokerage services business.

Expenses

Expenses for the three months ended September 30, 2017 were $198.6 million, an increase of 3.0% or $5.8 million from Q2/17. For the six months ended September 30, 2017 expenses were $400.2 million, an increase of 2.9% or $11.2 million compared to the same period of the prior year. Excluding significant items[(1)], total expenses as a percentage of revenue decreased by 1.3 percentage points for Q2/18 but increased by 1.4 percentage points for the six months ended September 30, 2017.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended September 30			Six months ended September 30		
	2017	2016	Quarter-over-quarter change	**2017**	2016	YTD-over-YTD change
Incentive compensation	**52.9%**	53.8%	(0.9) p.p.	**53.0%**	52.9%	0.1 p.p.
Salaries and benefits	**11.3%**	10.6%	0.7 p.p.	**11.3%**	10.7%	0.6 p.p.
Other overhead expenses[(1)]	**33.9%**	35.2%	(1.3) p.p.	**34.6%**	33.7%	0.9 p.p.
Restructuring costs	**3.3%**	—	3.3 p.p.	**1.7%**	—	1.7 p.p.
Acquisition-related costs	**2.3%**	—	2.3 p.p.	**1.7%**	—	1.7 p.p.
Total	**103.7%**	99.6%	4.1 p.p.	**102.3%**	97.3%	5.0 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 2018 vs. second quarter 2017

Incentive compensation expense was $101.3 million, a decrease of 2.7% or $2.8 million compared to Q2/17. Incentive compensation expense as a percentage of revenue was 52.9%, a slight decrease of 0.9 percentage points from the same period last year. Salaries and benefits expense increased by $1.0 million compared to Q2/17, to $21.7 million in Q2/18, partially as a result the Hargreave Hale acquisition as well as an increase in support and infrastructure staff in our UK & Europe wealth management operations. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue remained consistent at 64.2% in Q2/18 compared to 64.4% in Q2/17.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Incentive compensation expense was $207.6 million for the six months ended September 30, 2017, a decrease of 1.9% from the same period in the prior year. Incentive compensation as a percentage of total revenue was 53.0%, a slight increase of 0.1 percentage points over the same period in the prior year.

Salaries and benefits expense of $44.1 million for the six months ended September 30, 2017 was $1.5 million or 3.6% higher than in the same period a year ago for the reasons discussed above. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of consolidated revenue was 64.3%, an increase of 0.7 percentage points from 63.6% in the same period a year ago.

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

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended September 30 2017	2016	Quarter-over-quarter change	Six months ended September 30 2017	2016	YTD-over-YTD change
Trading costs	$ 14,008	$ 15,852	(11.6)%	$ 31,260	$ 29,988	4.2%
Premises and equipment	8,847	9,514	(7.0)%	18,956	19,262	(1.6)%
Communication and technology	14,163	14,409	(1.7)%	26,821	26,743	0.3%
Interest	3,731	2,584	44.4%	8,176	6,026	35.7%
General and administrative	17,468	18,735	(6.8)%	36,768	38,283	(4.0)%
Amortization(1)	5,148	5,180	(0.6)%	10,142	10,565	(4.0)%
Development costs	1,486	1,858	(20.0)%	2,965	3,950	(24.9)%
Total other overhead expenses	$ 64,851	$ 68,132	(4.8)%	$ 135,088	$ 134,817	0.2%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 13.

Second quarter 2018 vs. second quarter 2017

Other overhead expenses were $64.9 million, or 4.8% lower in Q2/18 compared to Q2/17. As a percentage of revenue, other overhead expenses decreased by 1.3 percentage points compared to Q2/17. Except for interest expense, all other overhead expenses decreased compared to Q2/17, with the most significant decreases in trading costs and general and administrative expense.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, decreased by $1.3 million or 6.8%, largely due to reduced expenditures in our US capital markets and Corporate and Other segments.

Lower trading costs in our US capital markets operations was the primary reason for the $1.8 million decrease in trading costs compared to Q2/17.

Development costs decreased by $0.4 million or 20.0% in Q2/18 compared to the same period in the prior year because of lower recruitment costs in our UK capital markets operations.

In Q2/18, $6.3 million was reported as restructuring costs in connection with staff reductions in our Canadian and US capital markets operations as well as costs associated with the rationalization of office space and other integration costs related to the acquisition of Hargreave Hale. No restructuring costs were recorded during the same period last year.

The Company also recorded $4.4 million of acquisition-related costs in relation to the acquisition of Hargreave Hale. The acquisition-related costs include professional and consulting fees incurred during the quarter.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Other overhead expenses for the six months ended September 30, 2017 increased by $0.3 million, to $135.1 million, from the same period a year ago. Increases in trading costs and interest expense were largely offset by decreases in other overhead expenses.

Trading costs increased by $1.3 million or 4.2% in the six months ended September 30, 2017 compared to the same period in the prior year partially due to higher costs in our US capital markets operations. Trading costs in the US are impacted by the costs of ADR conversions and international settling and clearing costs which do not necessarily vary with revenue.

As part of our continued efforts to reduce overhead costs, general and administrative expense decreased by $1.5 million or 4.0% for the six months ended September 30, 2017 compared to the same period last year. Our US and UK & Europe capital markets operations experienced the most significant decreases of $0.7 million and $1.1 million, respectively.

Development costs decreased by $1.0 million during the period compared to the six months ended September 30, 2016, mainly due to lower hiring incentives and system development costs across our US and UK operations offset by increased new-hire incentive payments in our Canadian wealth management operations.

There were $6.7 million of restructuring costs recorded during the first half of fiscal 2018 related to staff reductions in our US and Canadian capital markets operations, costs related to the closure of certain trading operations in Dublin, as well as costs associated with the rationalization of office space and other integration costs related to the acquisition of Hargreave Hale. No restructuring costs were recorded during the same period last year.

The Company also recorded $6.5 million of acquisition-related costs in relation to the acquisition of Hargreave Hale during the six months ended September 30, 2017.

Net (loss) income

Second quarter 2018 vs. second quarter 2017

Net loss for Q2/18 was $7.3 million compared to net income of $0.2 million in the same period a year ago. Loss per common share was $0.11 in Q2/18 compared to a loss per common share of $0.05 in Q2/17.

Excluding significant items(1), net income for Q2/18 was $3.5 million or net income attributable to common shareholders of $1.0 million compared to net income of $2.0 million or a net loss of $2.5 million attributable to common shareholders in Q2/17. Earnings per common share, excluding significant items(1) was $0.01 in Q2/18 compared to a loss per common share, excluding significant items(1), of $0.03 in Q2/17.

The effective tax rate for Q2/18 was (2.7)% compared to an effective tax rate of 73.6% in the same quarter last year. The difference in the effective tax recovery rate was mainly due to the non-recognition of certain deferred tax assets in our foreign operations.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Net loss for the six months ended September 30, 2017 was $9.8 million compared to net income of $7.7 million for the same period a year ago, a decrease of $17.5 million or 228.3%. Loss per common share was $0.16 for the six month period compared to a loss per common share of $0.01 for the same period a year ago. Excluding significant items(1), net income for the six months ended September 30, 2017 was $5.2 million or net income of $0.3 million attributable to common shareholders compared to net income of $10.1 million or net income of $1.8 million attributable to common shareholders. Diluted EPS, excluding significant items(1) was $0.00 for the six months ended September 30, 2017 compared to $0.02 in the same period a year ago.

The effective tax rate for the six months ended September 30, 2017 was (11.1)% compared to an effective tax rate of 28.9% in the same period last year mainly due to the non-recognition of certain deferred tax assets in our foreign operations.

Results of Operations by Business Segment

CANACCORD GENUITY(1)(2)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2017	Three months ended September 30 2016	Quarter-over-quarter change	Six months ended September 30 2017	Six months ended September 30 2016	YTD-over-YTD change
Revenue	**$ 118,880**	$ 127,005	(6.4)%	**$ 240,666**	$ 267,603	(10.1)%
Expenses						
Incentive compensation	**69,302**	74,835	(7.4)%	**142,091**	153,527	(7.4)%
Salaries and benefits	**6,124**	6,437	(4.9)%	**12,695**	12,955	(2.0)%
Other overhead expenses	**42,102**	45,372	(7.2)%	**87,156**	89,788	(2.9)%
Restructuring costs(3)	**4,256**	—	n.m.	**4,704**	—	n.m.
Total expenses	**121,784**	126,644	(3.8)%	**246,646**	256,270	(3.8)%
Intersegment allocations(4)	**3,869**	4,410	(12.3)%	**8,183**	8,030	1.9%
(Loss) income before income taxes(4)	**$ (6,773)**	$ (4,049)	(67.3)%	**$ (14,163)**	$ 3,303	n.m.
Number of employees	**738**	799	(7.6)%			
Excluding significant items(5)						
Total expenses	**$ 116,949**	$ 125,817	(7.0)%	**$ 240,783**	$ 254,625	(5.4)%
Intersegment allocations(4)	**3,869**	4,410	(12.3)%	**8,183**	8,030	1.9%
(Loss) income before income taxes(4)	**(1,938)**	(3,222)	39.9%	**(8,300)**	3,755	n.m.

(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 42% non-controlling interest has been recognized and included in the Canaccord Genuity business segment for the three and six months ended September 30, 2017 [three and six months ended September 30, 2016 — 42%].
(3) Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, as well as staff reductions in our Canadian and US capital markets operations.
(4) (Loss) income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 24.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients and it conducts principal trading activities in Canada, the US, the UK & Europe, and the Asia-Pacific region. Canaccord Genuity has offices in 19 cities in 8 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.

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

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	Three months ended September 30		Quarter-over-	Six months ended September 30		YTD-over-
	2017	2016	quarter change	**2017**	2016	YTD change
Revenue generated in:						
Canada	**24.2%**	22.3%	1.9 p.p.	**26.3%**	28.8%	(2.5) p.p.
UK	**29.2%**	22.0%	7.2 p.p.	**25.5%**	19.7%	5.8 p.p.
US	**38.8%**	43.2%	(4.4) p.p.	**42.0%**	40.6%	1.4 p.p.
Australia	**7.8%**	12.5%	(4.7) p.p.	**6.2%**	10.1%	(3.9) p.p.
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	0.8%	(0.8) p.p.
Canaccord Genuity (total)	**100%**	100%		**100%**	100%	

p.p.: percentage points
n.m.: not meaningful

Second quarter 2018 vs. second quarter 2017

Revenue
Canaccord Genuity generated revenue of $118.9 million in Q2/18, a decrease of 6.4% or $8.1 million from the same quarter a year ago. Our US and Australian operations reported lower revenue of $8.8 million and $6.6 million, respectively, compared to Q2/17, mainly driven by lower investment banking revenue. The decreases were partially offset by a $6.8 million increase in revenue generated in our UK & Europe operations compared to Q2/17.

Expenses
Expenses for Q2/18 were $121.8 million, a decrease of 3.8% or $4.9 million compared to Q2/17. Total expenses as a percentage of revenue increased by 2.7 percentage points compared to the same quarter in the prior year primarily as a result of the restructuring costs incurred in Canada and the US. Excluding significant items(1), total expenses as a percentage of revenue remained consistent from the same period a year ago at 34.9% for Q2/18.

Incentive compensation and salaries and benefits
Incentive compensation expense for Q2/18 decreased by $5.5 million or 7.4% compared to Q2/17. Incentive compensation expense as a percentage of revenue was 58.3%, a decrease of 0.6 percentage points from Q2/17. Total compensation expense as a percentage of revenue was 63.4%, 0.5 percentage points lower than in Q2/17.

In Canada, total compensation as a percentage of revenue remained consistent from Q2/17. Our US operations experienced an increase of 6.4 percentage points compared to Q2/17 due to reduced revenue and fixed staff costs which do not vary with revenue in the current period. Because of the increase in revenue and the reduction of headcount and fixed staff costs, total compensation as a percentage of revenue in our UK operations decreased by 16.7 percentage points compared to the three months ended September 30, 2016. Our Australian segment also experienced an increase of 5.4 percentage points due to lower revenue generated this quarter and the non-variable nature of certain staff costs.

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

	Three months ended September 30		Quarter-over-	Six months ended September 30		YTD-over-
	2017	2016	quarter change	**2017**	2016	YTD change
Canada	**62.6%**	62.7%	(0.1) p.p.	**59.3%**	55.5%	3.8 p.p.
UK	**62.6%**	79.3%	(16.7) p.p.	**70.0%**	80.4%	(10.4) p.p.
US	**65.1%**	58.7%	6.4 p.p.	**62.7%**	59.8%	2.9 p.p.
Australia	**60.5%**	55.1%	5.4 p.p.	**70.7%**	55.8%	14.9 p.p.
Other Foreign Locations	**n.m.**	0.1%	(0.1) p.p.	**n.m.**	59.6%	n.m.
Canaccord Genuity (total)	**63.4%**	64.0%	(0.6) p.p.	**64.3%**	62.2%	2.1 p.p.

p.p.: percentage points
n.m.: not meaningful

Other overhead expenses
Total other overhead expenses excluding significant items(1) for Q2/18 were $41.5 million, a decrease of 6.8% compared to Q2/17, with the most significant decreases in trading costs, general and administrative expense and development costs.

Trading costs decreased by $1.4 million mainly due to lower trading activity in our US operations. As a result of the continued focus on cost reductions, general and administrative expense decreased by $0.6 million compared to Q2/17, primarily in our US and UK operations. Development costs decreased by $0.6 million compared to Q2/17 due to lower hiring incentives and recruitment costs in our US and UK operations.

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

Loss before income taxes
Loss before income taxes, including allocated overhead expenses, was $6.8 million in Q2/18 compared to a loss of $4.0 million in the same quarter a year ago. Excluding significant items(1), loss before income taxes, including allocated overhead expenses, was $1.9 million in Q2/18 compared to a loss of $3.2 million in Q2/17. Despite the decrease in revenue, loss before income taxes decreased by $1.3 million excluding significant items(1) as a result of a lower compensation ratio as well as a decrease in overhead expenses.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue
Revenue for Canaccord Genuity for the six months ended September 30, 2017 was $240.7 million, a decrease of $26.9 million or 10.1% compared to the same period last year. Revenue decreased in all our principal operations except for the UK, which generated an increase of 16.8% compared to the six months ended September 30, 2016. Revenue for our Canadian capital markets decreased by $14.0 million primarily due to the completion of certain large advisory transactions in the first half of fiscal 2017 which caused revenue in that comparable period to be substantially higher than for the six months ended September 30, 2017. Revenue in our Australian and US capital markets operations decreased by $12.1 million and $7.5 million, respectively, compared to the same period last year because of reduced investment banking activity during the current period.

Expenses
Expenses for the six months ended September 30, 2017 were $246.6 million, a decrease of 3.8% or $9.6 million from the same period last year. Excluding significant items(1), total expenses as a percentage of revenue increased by 4.5 percentage points compared to the first six months of fiscal 2017 as a result of reduced revenue and the fixed nature of certain expenses that do not vary with revenue.

Incentive compensation and salaries and benefits
Incentive compensation expense as a percentage of revenue increased by 1.7 percentage point to 59.0% for the six months ended September 30, 2017. Total compensation as a percentage of revenue increased from 62.2% for the six months ended September 30, 2016 to 64.3% in the current period, mainly due to a decline in revenue and certain fixed compensation costs. Certain components of incentive compensation, such as the amortization of share-based awards made in prior periods and salary levels which exceed amounts recorded in certain incentive compensation pools, are fixed and do not vary with revenue in the current period.

Other overhead expenses
Other overhead expenses decreased by 2.9% compared to the same period last year. Apart from trading costs, all the other overhead expenses decreased or stayed consistent compared to the six months ended September 30, 2016.

General and administrative expense for the six months ended September 30, 2017 was $21.4 million, a decrease of $1.6 million or 7.2% over the same period last year, primarily due to reduced expenditures in our US and UK operations.

Development costs decreased by $1.1 million or 73.5% compared to the same period in the prior year as a result of lower hiring incentives and recruitment costs in our US and UK operations.

As a result of the international equities trading activity and associated ADR conversion costs and international settlements costs in the US, trading costs increased by $1.1 million or 4.4% compared to the same period last year.

(Loss) income before income taxes
Loss before income taxes for the six months ended September 30, 2017 was $14.2 million, compared to income before income taxes of $3.3 million in the same period a year ago. Excluding significant items(1), loss before income taxes for the six months ended September 30, 2017 was $8.3 million, compared to income before income taxes of $3.8 million from the same period a year ago. The increase in pre-tax loss excluding significant items(1) was due to the decrease in revenue resulting from lower market activity.

CANACCORD GENUITY WEALTH MANAGEMENT

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

Operating results of Hargreave Hale are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing date of September 18, 2017.

(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 2017	2016	Quarter-over-quarter change	Six months ended September 30 2017	2016	YTD-over-YTD change
Revenue	$ 32,081	$ 29,732	7.9%	$ 68,999	$ 59,205	16.5%
Expenses						
Incentive compensation	16,361	14,630	11.8%	34,637	29,327	18.1%
Salaries and benefits	2,511	2,469	1.7%	5,306	5,534	(4.1)%
Other overhead expenses	8,359	8,085	3.4%	16,817	16,178	3.9%
Total expenses	27,231	25,184	8.1%	56,760	51,039	11.2%
Intersegment allocations[2]	3,776	3,916	(3.6)%	8,001	7,179	11.5%
Income before income taxes[2]	$ 1,074	$ 632	69.9%	$ 4,238	$ 987	n.m.
AUM – Canada (discretionary)[3]	2,688	1,219	120.5%			
AUA – Canada[4]	12,801	10,334	23.9%			
Number of Advisory Teams – Canada	134	139	(3.6)%			
Number of employees	353	342	3.2%			
Excluding significant items[5]						
Total expenses	$ 27,231	$ 25,184	8.1%	$ 56,760	$ 51,039	11.2%
Intersegment allocations[2]	3,776	3,916	(3.6)%	8,001	7,179	11.5%
Income before income taxes[2]	1,074	632	69.9%	4,238	987	n.m.

(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) Income 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 and includes AUM.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

Second quarter 2018 vs. second quarter 2017

Reflecting the increase in AUA in Q2/18 compared to Q2/17, revenue from Canaccord Genuity Wealth Management North America increased to $32.1 million, an increase of $2.3 million or 7.9% compared to the three months ended September 30, 2016.

AUA in Canada increased by 23.9% to $12.8 billion at September 30, 2017 compared to $10.3 billion at September 30, 2016. AUM in Canada increased by 120.5% compared to Q2/17 to $2.7 billion at September 30, 2017 as a result of our development initiatives in this sector. There were 134 Advisory Teams in Canada, a decrease of 5 from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 6.9 percentage points compared to Q2/17 and accounted for 42.4% of the wealth management revenue in Canada during the second quarter of fiscal 2018.

Total expenses increased by $2.0 million or 8.1% in Q2/18 compared to Q2/17. Total expenses as a percentage of revenue remained consistent from Q2/17, a slight increase of 0.2 percentage points this quarter.

Incentive compensation expense increased by $1.7 million compared to Q2/17, consistent with the increase in incentive-based revenue. Total compensation expense as a percentage of revenue increased by 1.3 percentage points compared to Q2/17.

Other overhead expenses increased by 3.4% compared to Q2/17. The largest increases in expenses were in communication and technology expense and development costs to support the growth in this operating segment, partially offset by decreases in trading costs and premises and equipment. The increase in development costs related to an increase in hiring incentives during Q2/18.

Income before income taxes for Q2/18 was $1.1 million compared to income of $0.6 million reported in Q2/17 primarily due to the increase in revenue.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Reflecting the increase in AUA in fiscal 2018 compared to the same period in fiscal 2017, revenue from Canaccord Genuity Wealth Management North America increased to $69.0 million during the six months ended September 30, 2017, an increase of $9.8 million or 16.5% from the same period in the prior year.

Expenses for the six months ended September 30, 2017 were $56.8 million, an increase of $5.7 million or 11.2% from the same period in the prior year mainly due to higher incentive compensation expense resulting from the increase in our incentive-based revenue.

Total compensation expense as a percentage of revenue decreased by 1.0 percentage point compared with the same period last year as a result of an increase in revenue and a reduction in fixed staff costs.

Non-compensation expense as a percentage of revenue decreased by 3.0% compared to the same period in the prior year, mainly due to the increase in revenue and the fixed nature of certain overhead expenses as well as a continued focus on cost reductions. Partially offsetting the overall decrease in overhead expenses was an increase of $1.1 million in development costs as a result of increased new-hire incentive payments.

Income before income taxes for the six months ended September 30, 2017 was $4.2 million, compared to income before income taxes of $1.0 million for the same period a year ago mainly as a result of the net increase in revenue after variable costs.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE(1)(5)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	Three months ended September 30 2017	Three months ended September 30 2016	Quarter-over-quarter change	Six months ended September 30 2017	Six months ended September 30 2016	YTD-over-YTD change
Revenue	$ 37,482	$ 33,958	10.4%	$ 75,515	$ 67,205	12.4%
Expenses						
Incentive compensation	13,890	11,800	17.7%	26,486	24,373	8.7%
Salaries and benefits	6,866	5,307	29.4%	13,245	10,788	22.8%
Other overhead expenses	10,202	10,265	(0.6)%	21,808	20,189	8.0%
Restructuring expense	2,000	—	n.m.	2,000	—	n.m.
Acquisition-related costs	4,364	—	n.m.	6,548	—	n.m.
Total expenses	37,322	27,372	36.4%	70,087	55,350	26.6%
Intersegment allocations(2)	315	324	(2.8)%	631	644	(2.0)%
(Loss) income before income taxes(2)	$ (155)	$ 6,262	(102.5)%	$ 4,797	$ 11,211	(57.2)%
AUM – UK and Europe(3)	40,797	23,208	75.8%			
Number of investment professionals and fund managers – UK and Europe	200	118	69.5%			
Number of employees	586	312	87.8%			
Excluding significant items(4)						
Total expenses	$ 29,696	$ 26,049	14.0%	$ 58,953	$ 52,622	12.0%
Intersegment allocations(2)	315	324	(2.8)%	631	644	(2.0)%
Income before income taxes(2)	7,471	7,585	(1.5)%	15,931	13,939	14.3%

(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) (Loss) income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) AUM in the UK & 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 13.
(5) Includes the operating results of Hargreave Hale since the closing date of September 18, 2017.
n.m. not meaningful

Second quarter 2018 vs. second quarter 2017

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operations is largely produced through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in market conditions. Revenue for Q2/18 was $37.5 million, an increase of $3.5 million, or 10.4% from Q2/17. Measured in local currency (GBP), revenue increased by 15.7% compared to Q2/17.

AUM in the UK & Europe as of September 30, 2017 was $40.8 billion, an increase of 75.8% or $17.6 billion compared to $23.2 billion as of September 30, 2016. The acquisition of Hargreave Hale contributed $14.9 billion or 64.2% to the total increase. Measured in local currency (GBP), AUA increased by 78.8% when compared to September 30, 2016 from £13.6 billion at September 30, 2016 to £24.4 billion at September 30, 2017.

The fee-related revenue in our UK & European wealth management operations accounted for 72.5% of total revenue in this region in Q2/18. As discussed above, this business has a higher proportion of fee-related revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $13.9 million, an increase of $2.1 million compared to Q2/17. Salaries and benefits expense increased by $1.6 million compared to Q2/17 to $6.9 million in Q2/18 as a result of an increase in staff costs to support the growth in this operation as well as a small increase resulting from the inclusion of Hargreave Hale. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 5.0 percentage points from 50.4% in Q2/17 to 55.4% in Q2/18 mainly due to the increase in fixed staff costs.

Other overhead expenses as a percentage of revenue excluding significant items[1] decreased by 2.5% compared to Q2/17, mainly due to the increase in revenue and the fixed nature of certain expenses. The most significant decrease in overhead expenses related to a $0.3 million decrease in development costs resulting from a reduction in system development costs.

There were also $4.4 million of acquisition-related costs and $2.0 million of restructuring costs recorded during Q2/18 related to the acquisition of Hargreave Hale. The acquisition-related costs included professional and consulting fees incurred for this acquisition during the quarter. The restructuring expense related primarily to costs associated with the planned rationalization of office space in London. Benefits from this office space rationalization will be achieved in future periods through an expected decrease in rent expense.

Loss before income taxes was $0.2 million compared to income before income taxes of $6.3 million in the same period a year ago as a result of the acquisition-related costs and restructuring costs, partially offset by an increase in revenue. Excluding significant items[1], which include amortization of intangible assets, restructuring and acquisition-related costs, net income before income taxes was $7.5 million, consistent with Q2/17.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue from Canaccord Genuity Wealth Management UK and Europe was $75.5 million for the six months ended September 30, 2017, an increase of $8.3 million or 12.4% from the same period in the prior year.

Expenses for the six months ended September 30, 2017 were $70.1 million, an increase of $14.7 million or 26.6% from the same period in the prior year, mainly due to acquisition-related and restructuring costs incurred during the period in connection with the acquisition of Hargreave Hale as discussed above.

Incentive compensation expense increased by $2.1 million or 8.7% compared to the six months ended September 30, 2016, consistent with the 12.4% increase in revenue. Salaries and benefits increased by $2.5 million or 22.8% as a result of an increase in support and infrastructure teams to support the growth in this segment. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased slightly by 0.3 percentage point to 52.6% for the six months ended September 30, 2017.

Total overhead expenses increased by 8.0% compared to the first half of fiscal 2017. Excluding significant items[1], total overhead expenses as a percentage of revenue decreased slightly by 0.5% compared to the first half of fiscal 2017. The largest increase in overhead expenses was in general and administrative expense, which increased by $1.3 million or 22.7%, primarily in professional fees incurred to support the growth in this operation. Partially offsetting this increase was a decrease in development costs of $0.8 million compared to the six months ended September 30, 2016, primarily related to lower system development costs.

Income before income taxes was $4.8 million compared to $11.2 million in the same period a year ago mainly as a result of the acquisition-related and restructuring costs incurred during this period. Excluding significant items[1], net income before income taxes was $15.9 million, an increase of $2.0 million compared to the same period in the prior year primarily as a result of the net increase in revenue after variable costs.

CORPORATE AND OTHER[1]

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2017	Three months ended September 30 2016	Quarter-over-quarter change	Six months ended September 30 2017	Six months ended September 30 2016	YTD-over-YTD change
Revenue	**$ 3,104**	$ 2,907	6.8%	**$ 6,175**	$ 5,769	7.0%
Expenses						
Incentive compensation	**1,717**	2,815	(39.0)%	**4,360**	4,428	(1.5)%
Salaries and benefits	**6,163**	6,420	(4.0)%	**12,825**	13,265	(3.3)%
Other overhead expenses	**4,188**	4,410	(5.0)%	**9,307**	8,662	7.4%
Share in profit of associate	**208**	—	n.m.	**208**		n.m.
Total expenses	**12,276**	13,645	(10.0)%	**26,700**	26,355	1.3%
Intersegment allocations[2]	**(7,960)**	(8,650)	8.0%	**(16,815)**	(15,853)	(6.1)%
Loss before income taxes[2]	**$ (1,212)**	$ (2,088)	42.0%	**$ (3,710)**	$ (4,733)	21.6%
Number of employees	**276**	274	0.7%			
Excluding significant items[3]						
Total expenses	**$ 12,276**	$ 13,645	(10.0)%	**$ 26,700**	$ 26,355	1.3%
Intersegment allocations[2]	**(7,960)**	(8,650)	8.0%	**(16,815)**	(15,853)	(6.1)%
Loss before income taxes[2]	**(1,212)**	(2,088)	42.0%	**(3,710)**	(4,733)	21.6%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 8.
(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 24.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 13.
n.m.: not meaningful

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

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 2018 vs. second quarter 2017

Revenue in the Corporate and Other segment for the three months ended September 30, 2017 was $3.1 million, a slight increase of $0.2 million from the same quarter a year ago.

Expenses for Q2/18 decreased by $1.4 million or 10.0%, to $12.3 million compared to the three months ended September 30, 2016 largely as a result of continued cost reduction efforts. Incentive compensation expense decreased by $1.1 million compared to Q2/17, partially related to reduced amortization of share-based awards made in prior periods. Interest expense increased by $0.9 million primarily as a result of higher interest expense related to the convertible debentures issued in Q3/17.

Overall, loss before income taxes was $1.2 million compared to a loss before income taxes of $2.1 million in the same period a year ago.

Year-to-date fiscal 2018 vs. year-to-date fiscal 2017

Revenue was $6.2 million for the six months ended September 30, 2017, an increase of $0.4 million from the same period in the prior year partially as a result of an increase in interest revenue.

Expenses for the six months ended September 30, 2017 were $26.7 million, an increase of $0.3 million from the same period last year. The overall increase in expenses was mainly attributable to a $2.3 million increase in interest expense related to the convertible debentures issued in Q3/17. Partially offsetting the increase in interest expense was a reduction in other overhead expenses, with the most significant decreases in general and administrative expense and premises and equipment expense resulting from our continued cost reduction efforts.

Overall, loss before income taxes, after intersegment allocations, was $3.7 million in the first half of fiscal 2018 compared to a loss before income taxes of $4.7 million in the same period a year ago.

Quarterly Results

Our quarterly results are generally 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 global capital markets. 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 Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before September 30, 2017. 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 2018		Fiscal 2017				Fiscal 2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue								
Canaccord Genuity	**$ 118,880**	$ 121,786	$ 193,520	$ 137,268	$ 127,005	$ 140,598	$ 138,579	$ 122,145
Canaccord Genuity Wealth Management:								
North America	**32,081**	36,918	40,268	32,819	29,732	29,473	25,521	25,616
UK & Europe	**37,482**	38,033	33,065	34,549	33,958	33,247	34,913	35,040
Corporate and Other	**3,104**	3,071	4,803	3,472	2,907	2,862	1,899	(964)
Total revenue	**191,547**	199,808	271,656	208,108	193,602	206,180	200,912	181,837
Net (loss) income	**$ (7,258)**	$ (2,560)	$ 30,987	$ 4,544	$ 200	$ 7,455	$ (22,709)	$ (346,388)
(Loss) earnings per common share – basic	**$ (0.11)**	$ (0.05)	$ 0.29	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)	$ (3.91)
(Loss) earnings per common share – diluted	**$ (0.11)**	$ (0.05)	$ 0.26	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)	$ (3.91)

On a consolidated basis, revenue in Q2/18 was $191.5 million, a 1.1% decrease compared to Q2/17 and a decrease of 4.1% compared to Q1/18. Excluding significant items[1], total expenses on a consolidated basis for Q2/18 were $186.2 million, lowest recorded for the past 8 quarters.

As a result of lower market activity and the completion of certain large transactions in previous quarters, the Canaccord Genuity (capital markets) division reported a decrease in revenue of 6.4% in Q2/18 compared to Q2/17 and a decrease of 2.4% compared to Q1/18. Revenue in our Canadian capital markets operations decreased compared to the previous two quarters, mostly due to lower advisory fees earned as a result of the completion of certain large transactions in those previous quarters.

As a result of lower market activity, our US operations reported lower revenue in the past two quarters compared to fiscal 2017, with the most significant decreases in investment banking and principal trading revenue. In an effort to align the operations to the current market environment, our US operations incurred a restructuring expense of $1.9 million in Q2/18 related to staff reductions.

Stabilizing market activity in the UK improved our capital markets operations in that region as revenue increased by 24.3% from Q2/17 and 29.5% from Q1/18 to $34.7 million in Q2/18. Our UK operations were restructured in fiscal 2016 to adapt to the changing market environment and following fiscal 2017, changes to the compensation structure were implemented and efforts to reduce overhead costs continued. Slower market activity resulted in a decrease in revenue in our Australian capital operations in the first half of fiscal 2018. Revenue in this operation decreased by $6.6 million or 41.6% compared to Q2/17, however, revenue increased by 67.5% compared to the previous quarter reflecting the improved activity level this quarter.

Total expenses excluding significant items[1] for our Canaccord Genuity segment were $116.9 million for Q2/18, a decrease from the previous quarters mainly as a result of the decrease in incentive compensation expense. The decline in revenue and the fixed nature of certain components of the incentive compensation expense have negatively impacted our compensation ratio in the first two quarters of fiscal 2018. Other overhead expenses excluding significant items[1] as a percentage of revenue have remained relatively consistent over the past 8 quarters, reflecting our continued commitment to monitor our overhead costs.

Revenue in our Canaccord Genuity Wealth Management North America operations has grown as we continue to invest in that division, with an increase in revenue of 7.9% compared to a year ago. As a result of lower trading activity in a subdued investment banking environment, commissions and fees revenue decreased compared to the previous two quarters. Assets under management, however, increased by 120.5% compared to Q2/17, to $2.7 billion as a result of the addition of certain investment advisory teams.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience steady revenue growth, and the fee-related revenue in this division has been steadily increasing. Measured in local currency, revenue increased by GBP 15.7% over Q2/17 and 3.5% over Q1/18. At the end of Q2/18, fee-related revenue was at 72.5%, a 1.6 percentage point increase from Q2/17 and a 6.2% increase from the previous quarter. Assets under management for this group have also generally increased over the past eight completed financial quarters, reaching $40.8 billion as of the end of Q2/18. The operating results of Hargreave Hale have been included since the closing date of September 18, 2017.

Overhead expenses as a percentage of revenue for our consolidated wealth management operations excluding significant items[1] declined over the past eight quarters to 24.9% at Q2/18, reflecting our continued commitment to reduce overhead expenditures.

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 changes in business volume within the correspondent brokerage services operations. Despite decreases in almost all expense categories, our Corporate and Other segment reported higher total expenses due to increased interest expense which was attributable to the convertible debentures issued in Q3/17.

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 & Europe to Canaccord Genuity Wealth Management UK & 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 $543.1 million on September 30, 2017 compared to $677.8 million on March 31, 2017. Refer to the Liquidity and Capital Resources section on page 26 for more details.

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

Securities owned were $469.4 million on September 30, 2017 compared to $784.2 million on March 31, 2017 due to a decrease in corporate and government debt owned as of September 30, 2017.

Accounts receivable were $1.9 billion at September 30, 2017 compared to $3.4 billion at March 31, 2017, mainly due to a decrease in receivables with brokers and investment dealers and clients.

Goodwill was $245.1 million and intangible assets were $160.1 million at September 30, 2017. At March 31, 2017, goodwill was $192.3 million and intangible assets were $102.8 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., and as of September 18, 2017, Hargreave Hale. From the acquisition of Hargreave Hale, the company recognized $52.9 million of goodwill, and $62.4 million of intangible assets as of September 30, 2017.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $50.8 million at September 30, 2017 compared to $50.7 million at March 31, 2017, consistent with the prior year. The Company, through a wholly-owned subsidiary, invested $2.5 million in Canaccord Genuity Acquisition Corp. ("CGAC"), a special purpose acquisition corporation formed for the purpose of effecting an acquisition of one or more businesses. The investment is accounted for using the equity method. The Company's equity portion of the net loss of CGAC for the six months ended September 30, 2017 was $0.3 million.

LIABILITIES

Securities sold short were $316.0 million at September 30, 2017 compared to $645.7 million at March 31, 2017, mostly due to a decrease in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.1 billion at September 30, 2017, a decrease from $3.7 billion at March 31, 2017, mainly due to a decrease in payables to brokers and investment dealers, and clients.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities were $27.5 million at September 30, 2017, an increase from $17.7 million at March 31, 2017, mostly due to an increase in deferred tax liability recognized on intangible assets related to the acquisition of Hargreave Hale.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a $66.9 million (£40.0 million) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum. In connection with the acquisition, there was also deferred and contingent consideration of $10.0 million and $46.0 million, respectively, recorded as of September 30, 2017. Refer to Note 8 of the unaudited interim condensed consolidated financial statements for the six months ended September 30, 2017 for futher information on the purchase consideration for Hargreave Hale.

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, 2017, excluding the bank loan discussed above related to the Hargreave Hale acquisition, the Company had available other credit facilities with banks in Canada and the UK in the aggregate amount of $658.8 million [March 31, 2017 — $602.6 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. On September 30, 2017, there was $27.3 million in bank indebtedness, compared to $25.3 million on March 31, 2017. The increase in bank indebtedness related to our UK & Europe operations.

Non-controlling interests were $13.4 million at September 30, 2017 compared to $11.9 million at March 31, 2017, which represents 42% of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of September 30, 2017, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $2.7 million (US$2.0 million) [March 31, 2017 — $2.6 million (US$2.7 million)] as a rent guarantee for its leased premises in Boston and New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2017, the Company had $27.3 million [March 31, 2017 — $25.3 million] of bank indebtedness outstanding.

In connection with the acquisition of Hargreave Hale, a subsidiary of the Company obtained a £40.0 million (C$66.9 million) bank loan to finance a portion of the cash consideration. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

As discussed above, excluding the bank loan related to the acquisition, subsidiaries of the Company also have other credit facilities, such as call loans, letters of credit and overdraft facilities, with banks in Canada and the UK. The aggregate amount of other credit facilities available to the Company was $658.8 million as of September 30, 2017 [March 31, 2017 — $602.6 million]. As of September 30, 2017, there were no balances outstanding under these other credit facilities.

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, 2017:

	Contractual obligations payments due by period				
(C$ thousands)	Total	Fiscal 2019	Fiscal 2020–Fiscal 2021	Fiscal 2022–Fiscal 2023	Thereafter
Premises and equipment operating leases	$ 149,979	$ 29,878	$ 53,835	$ 38,891	$ 27,375
Bank loan[(1)]	66,864	8,926	22,299	35,639	—
Convertible debentures[(2)]	75,600	3,900	7,800	63,900	—
Total contractual obligations	292,443	42,704	83,934	138,430	27,375

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale. The bank loan bears interest at LIBOR plus 3.375% per annum and is repayable in instalments of principal and interest over 4 years and matures on September 2021.
(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the "Debentures") issued in Q3/17. The Debentures bear interest at a rate of 6.50% per annum and mature on December 31, 2021. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2019.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, warrants, equity portion of convertible debentures, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On September 30, 2017, cash and cash equivalents were $543.1 million, a decrease of $134.7 million from $677.8 million as of March 31, 2017. During the six months ended September 30, 2017, financing activities provided cash in the amount of $28.2 million, mainly due to an increase in bank indebtedness, proceeds from the bank loan obtained in connection with the acquisition of Hargreave Hale, offset by cash dividends paid, and purchases of common shares for the long-term incentive plan (LTIP). Investing activities used cash in the amount of $60.0 million mainly for the acquisition of Hargreave Hale, investment in CGAC, as well as purchase of equipment and leasehold improvements. Operating activities used cash in the amount of $98.6 million, which was largely due to changes in non-cash working capital. A decrease in cash of $4.2 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the six months ended September 30, 2016, cash provided by financing activities increased by $23.7 million, primarily due to proceeds from the bank loan obtained in connection with the Hargreave Hale acquisition offset by a decrease in bank indebtedness and dividend payment on common shares. Cash used in investing activities increased by $57.6 million during the six months ended September 30, 2017 compared to the same period last year, mainly due to the acquisition of Hargreave Hale, investment in CGAC, and an increase in purchases of equipment and leasehold improvements during the current period. Changes in working capital led to a decrease in cash used by operating activities of $8.3 million. An increase in cash of $1.7 million was attributable to the effect of foreign exchange translation on cash balances. Overall, cash and cash equivalents increased by $225.6 million from $317.5 million at September 30, 2016 to $543.1 million at September 30, 2017.

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 collectability. 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.

Convertible Debentures

The Company issued convertible unsecured senior subordinated debentures ("Debentures") in the aggregate principal amount of $60.0 million. The Debentures bear interest at a rate of 6.50% per annum. The Debentures are convertible at the holder's option into common shares of the Company at a conversion price of $6.50 per share. The Debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.

Outstanding Share Data

	Outstanding shares as of September 30	
	2017	2016
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)	**91,601,711**	91,162,982
Issued shares outstanding(2)	**113,511,468**	112,057,457
Issued shares outstanding – diluted(3)	**124,140,755**	115,221,706
Average shares outstanding – basic	**92,797,346**	90,321,945
Average shares outstanding – diluted	**n/a**	n/a

(1) Excludes 1,587,343 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 20,322,414 unvested shares purchased by employee benefit trusts for the LTIP.
(2) Includes 1,587,343 outstanding unvested shares related to share purchase loans for recruitment and retention programs and 20,322,414 unvested shares purchased by employee benefit trusts for the LTIP.
(3) Includes 10,629,307 share issuance commitments net of forfeitures.

On August 11, 2017, 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 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. Shareholders may obtain a copy of the notice, without charge, by contacting the Company. 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 no shares purchased and cancelled through this and the previous NCIB between April 1, 2017 and September 30, 2017.

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.

The ability to make purchases under the current NCIB commenced on August 15, 2017, and will continue for one year (to August 14, 2018) 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, the daily purchases are limited to 54,968 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2017 to July 2017.)

As of October 31, 2017, the Company has 113,511,468 common shares issued and outstanding.

Share-Based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2017 Annual Report.

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, 2017, forward contracts outstanding to sell US dollars had a notional amount of US$5.9 million, an increase of US$3.95 million compared to September 30, 2016. Forward contracts outstanding to buy US dollars had a notional amount of US$0.7 million, a decrease of US$0.7 million from September 30, 2016. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, 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.

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 & 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 various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, 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 have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At September 30, 2017, the notional amount of the Canadian bond futures contracts outstanding was long $0.4 million [March 31, 2017 — long $0.5 million]. There were no other types of future contracts outstanding as of September 30, 2017.

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 21 of the March 31, 2017 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 and a long-term incentive plan. Directors have also been granted the right to acquire deferred share units (DSUs).

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

(C$ thousands)	**September 30, 2017**	March 31, 2017
Accounts Receivable	**$584**	$211
Accounts payable and accrued liabilities	**$213**	$219

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2017 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 judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisition of Hargreave Hale.

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, 2017.

In accordance with IAS 36, "*Impairment of Assets*" (IAS 36), the recoverable amounts of the CGUs' net assets is 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 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 CGUs which continued to record goodwill in their carrying value as of September 30, 2017 were Canaccord Genuity Canada and Canaccord Genuity Wealth Management UK & Europe. The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2017 — 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions and utilized five-year compound annual revenue growth rates of 5.0% [March 31, 2017 — 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity Canada and Canaccord Genuity Wealth Management UK & Europe was 2.5% [March 31, 2017 — 2.5%].

Refer to Note 9 of the unaudited interim condensed consolidated financial statements for the six months ended September 30, 2017 for further information regarding the key assumptions used in connection with the September 30, 2017 interim impairment tests of goodwill and other assets.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the first six months of fiscal 2018 and are discussed under "Critical Accounting Policies and Estimates" in our 2017 Annual Report.

Changes in Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the 2017 Audited Annual Consolidated Financial Statements, during the six months ended September 30, 2017.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2017 Annual Report, during the six months ended September 30, 2017 except as noted below.

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

The Company has established an implementation plan and intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements other than additional required disclosures.

IFRS 9 Financial Instruments ("IFRS 9")

The Company has established an implementation plan and intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2017, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at September 30, 2017.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend

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 7, 2017, the Board of Directors approved a dividend of $0.01 per common share, payable on December 15, 2017, with a record date of December 1, 2017.

On November 7, 2017, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on January 2, 2018 with a record date of December 22, 2017; and $0.31206 per Series C Preferred Share payable on January 2, 2018 with a record date of December 22, 2017.

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, cyber 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. In addition, the Company's operations in the UK are exposed to market risk and volatility risk associated with the UK's decision to depart from the EU, referred to as "Brexit". 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 & Europe, 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 23 of the Company's 2017 Audited Annual Consolidated Financial Statements.

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

The Company's Canadian operating company, Canaccord Genuity Corp., has provided financial advisory, underwriting and other services in Canada to third parties who are directly involved in the U.S. cannabis industry on the basis that, among other business criteria for providing such services, the third party is in compliance with all applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. It may continue to provide such services on the same basis. The U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the U.S. Controlled Substance Act of 1970. As a result, the position that the U.S. federal government may take in connection with certain activities related to the cannabis industry in such states including activities by those who have provided financial advisory, underwriting and other services to third parties is unclear. The Company believes that the risk of federal action is currently unlikely. However, if any proceedings were commenced against the Company or its subsidiary, such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company.

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 2017 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, 2017	March 31, 2017
ASSETS			
Current			
Cash and cash equivalents		$ 543,109	$ 677,769
Securities owned	4	469,433	784,230
Accounts receivable	6, 18	1,944,939	3,395,736
Income taxes receivable		2,716	1,085
Total current assets		2,960,197	4,858,820
Deferred tax assets		15,006	15,323
Investment		2,321	2,829
Equipment and leasehold improvements		30,717	31,479
Intangible assets	8, 9	160,080	102,799
Goodwill	8, 9	245,077	192,266
		$ 3,413,398	$ 5,203,516
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Indebtedness	5	$ 27,300	$ 25,280
Securities sold short	4	316,003	645,742
Accounts payable and accrued liabilities	6, 18	2,119,378	3,669,883
Provisions	20	11,182	11,793
Income taxes payable		9,666	10,093
Subordinated debt	11	7,500	7,500
Current portion of bank loan	12	4,463	—
Total current liabilities		2,495,492	4,370,291
Deferred tax liabilities		10,170	140
Convertible debentures	13	56,755	56,442
Deferred consideration	8	10,030	—
Contingent consideration	8	45,969	—
Bank loan	12	61,244	—
		2,679,660	4,426,873
Shareholders' equity			
Preferred shares	14	205,641	205,641
Common shares	15	641,756	641,449
Equity portion of convertible debentures	13	2,604	2,604
Warrants	15	1,975	1,975
Contributed surplus		84,295	85,405
Retained deficit		(293,630)	(267,559)
Accumulated other comprehensive income		77,743	95,270
Total shareholders' equity		720,384	764,785
Non-controlling interests		13,354	11,858
Total equity		733,738	776,643
		$ 3,413,398	$ 5,203,516

See accompanying notes

On behalf of the Board:

"*Daniel Daviau*"

DANIEL DAVIAU
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, 2017	For the three months ended September 30, 2016	For the six months ended September 30, 2017	For the six months ended September 30, 2016
REVENUE					
Commissions and fees		**$ 96,125**	$ 95,342	**$ 201,080**	$ 188,214
Investment banking		**33,356**	40,901	**74,052**	78,026
Advisory fees		**30,589**	21,554	**49,485**	61,148
Principal trading		**22,849**	26,859	**48,736**	54,405
Interest		**5,793**	4,005	**10,969**	7,613
Other		**2,835**	4,941	**7,033**	10,376
		191,547	193,602	**391,355**	399,782
EXPENSES					
Incentive compensation		**101,270**	104,080	**207,574**	211,655
Salaries and benefits		**21,664**	20,633	**44,071**	42,542
Trading costs		**14,008**	15,852	**31,260**	29,988
Premises and equipment		**8,847**	9,514	**18,956**	19,262
Communication and technology		**14,163**	14,409	**26,821**	26,743
Interest		**3,731**	2,584	**8,176**	6,026
General and administrative		**17,468**	18,735	**36,768**	38,283
Amortization		**5,148**	5,180	**10,142**	10,565
Development costs		**1,486**	1,858	**2,965**	3,950
Restructuring costs		**6,256**	—	**6,704**	—
Acquisition-related costs	8	**4,364**	—	**6,548**	—
Share of loss of an associate	7	**208**	—	**208**	—
		$ 198,613	$ 192,845	**$ 400,193**	$ 389,014
(Loss) income before income taxes		**(7,066)**	757	**(8,838)**	10,768
Income taxes (recovery)					
Current		**122**	1,355	**1,600**	3,117
Deferred		**70**	(798)	**(620)**	(4)
	10	**192**	557	**980**	3,113
Net (loss) income for the period		**$ (7,258)**	$ 200	**$ (9,818)**	$ 7,655
Net (loss) income attributable to:					
CGGI shareholders		**$ (7,485)**	$ (1,220)	**$ (9,747)**	$ 5,462
Non-controlling interests		**$ 227**	$ 1,420	**$ (71)**	$ 2,193
Weighted average number of common shares outstanding (thousands)					
Basic		**92,529**	92,249	**92,797**	90,322
Diluted		**n/a**	n/a	**n/a**	n/a
Net loss per common share					
Basic	15iii	**$ (0.11)**	$ (0.05)	**$ (0.16)**	$ (0.01)
Diluted	15iii	**$ (0.11)**	$ (0.05)	**$ (0.16)**	$ (0.01)
Dividend per common share	16	**$ 0.01**	$ —	**$ 0.02**	$ —
Dividend per Series A Preferred Share	16	**$ 0.24**	$ 0.34	**$ 0.48**	$ 0.69
Dividend per Series C Preferred Share	16	**$ 0.31**	$ 0.36	**$ 0.62**	$ 0.72

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

	For the three months ended		For the six months ended	
(in thousands of Canadian dollars)	**September 30, 2017**	September 30, 2016	**September 30, 2017**	September 30, 2016
Net (loss) income for the period	**$ (7,258)**	$ 200	**$ (9,818)**	$ 7,655
Other comprehensive loss				
Realized translation gains related to foreign operations disposed of during the period	**—**	—	**—**	(1,560)
Net change in unrealized losses on translation of foreign operations	**(16,990)**	(7,225)	**(16,685)**	(24,662)
Comprehensive loss for the period	**$ (24,248)**	$ (7,025)	**$ (26,503)**	$ (18,567)
Comprehensive (loss) income attributable to:				
CGGI shareholders	**$ (24,786)**	$ (7,876)	**$ (27,274)**	$ (21,163)
Non-controlling interests	**$ 538**	$ 851	**$ 771**	$ 2,596

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, 2017	September 30, 2016
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		641,449	617,756
Shares issued in connection with share-based payments		—	8,856
Acquisition of common shares for long-term incentive plan (LTIP)		(24,399)	(44,602)
Release of vested common shares from employee benefit trust		24,827	16,933
Shares issued in connection with private placement		—	26,601
Net unvested share purchase loans		(121)	3,988
Common shares, closing	15	641,756	629,532
Warrants, opening and closing	15	1,975	1,975
Convertible debentures – equity, opening and closing	13	2,604	—
Contributed surplus, opening		85,405	86,235
Share-based payments		(1,825)	(7,785)
Unvested share purchase loans		715	(808)
Contributed surplus, closing		84,295	77,642
Retained deficit, opening		(267,559)	(294,586)
Net (loss) income attributable to CGGI shareholders		(9,747)	5,462
Preferred shares dividends	16	(4,890)	(5,996)
Common shares dividends	16	(11,434)	—
Retained deficit, closing		(293,630)	(295,120)
Accumulated other comprehensive income, opening		95,270	134,883
Other comprehensive loss attributable to CGGI shareholders		(17,527)	(26,625)
Accumulated other comprehensive income, closing		77,743	108,258
Total shareholders' equity		720,384	727,928
Non-controlling interests, opening		11,858	8,722
Foreign exchange on non-controlling interests		725	194
Comprehensive income attributable to non-controlling interests		771	2,596
Dividends paid to non-controlling interests		—	(2,520)
Non-controlling interests, closing		13,354	8,992
Total equity		$ 733,738	$ 736,920

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2017	September 30, 2016
OPERATING ACTIVITIES			
Net (loss) income for the period		$ (9,818)	$ 7,655
Items not affecting cash			
Amortization		10,143	10,565
Deferred income tax recovery		(620)	(4)
Share-based compensation expense	17(ii)	23,451	19,866
Share of loss of associate	7	208	—
Changes in non-cash working capital			
Decrease (increase) in securities owned		314,656	(86,476)
Decrease (increase) in accounts receivable		1,472,505	(607,800)
(Decrease) increase in net income taxes payable		(2,027)	2,857
(Decrease) increase in securities sold short		(329,739)	64,048
(Decrease) increase in accounts payable, accrued liabilities and provisions		(1,577,359)	482,394
Cash used in operating activities		(98,600)	(106,895)
FINANCING ACTIVITIES			
Bank indebtedness		2,020	34,160
Proceeds from private placement		—	28,321
Acquisition of common shares for long-term incentive plan		(24,399)	(44,602)
Repayment of subordinated debt		—	(7,500)
Proceeds from bank loan		66,864	—
Cash dividends paid on common shares		(11,434)	—
Cash dividends paid on preferred shares		(4,890)	(5,998)
Proceeds from business disposition		—	96
Cash provided by financing activities		28,161	4,477
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(3,044)	(2,440)
Acquisition of Hargreave Hale Limited, net of cash acquired	8	(54,475)	—
Investment in associate		(2,500)	—
Cash used in investing activities		(60,019)	(2,440)
Effect of foreign exchange on cash balances		(4,202)	(5,944)
Decrease in cash position		(134,660)	(110,802)
Cash position, beginning of period		677,769	428,329
Cash position, end of period		$ 543,109	$ 317,527
Supplemental cash flow information			
Interest received		$ 12,867	$ 7,490
Interest paid		$ 7,694	$ 4,977
Income taxes paid		$ 3,401	$ 3,293

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 or CGGI) is a leading independent, full-service investment dealer with capital markets operations in Canada, the United Kingdom (UK) & Europe, the United States of America (US), Australia, China and Dubai. The Company also has wealth management operations in Canada, the UK & 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 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). 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, 2017 (March 31, 2017 consolidated financial statements) filed on SEDAR on June 1, 2017. All defined terms used herein are consistent with those terms defined in the March 31, 2017 consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost 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.

These 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 7, 2017.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment and valuation of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions, which are more fully described in Note 2 of the March 31, 2017 consolidated financial statements. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisition of Hargreave Hale (Note 8).

FUTURE ACCOUNTING DEVELOPMENTS

There have been no further updates to the future accounting developments disclosed in Note 4 of the March 31, 2017 consolidated financial statements, during the six months ended September 30, 2017 except as noted below.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

The Company has established an implementation plan and intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements other than additional required disclosures.

IFRS 9 Financial Instruments ("IFRS 9")

The Company has established an implementation plan and intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on April 1, 2018. It is not expected that adoption of this standard will have a significant impact on the consolidated financial statements.

NOTE 03 Summary of Significant Accounting Policies

There were no significant changes in the accounting policies discussed in Note 5 of the March 31, 2017 consolidated financial statements, during the six months ended September 30, 2017.

NOTE 04 Securities Owned and Securities Sold Short

	September 30, 2017		March 31, 2017	
	Securities owned	**Securities sold short**	Securities owned	Securities sold short
Corporate and government debt	**$ 227,056**	**$ 200,733**	$ 571,066	$ 541,827
Equities and convertible debentures	**242,377**	**115,270**	213,164	103,915
	$ 469,433	**$ 316,003**	$ 784,230	$ 645,742

As at September 30, 2017, corporate and government debt maturities range from 2017 to 2098 [March 31, 2017 – 2017 to 2098] and bear interest ranging from 0.0% to 11.8% [March 31, 2017 – 0.0% to 14.0%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at September 30, 2017 and March 31, 2017 are as follows:

	Held for trading		Available for sale		Loans and receivables		Loans and borrowings		Total	
	September 30, 2017	March 31, 2017	September 30, 2017	March 31, 2017	September 30, 2017	March 31, 2017	September 30, 2017	March 31, 2017	September 30, 2017	March 31, 2017
Financial assets										
Securities owned	$ 469,433	$ 784,230	$ —	$ —	$ —	$ —	$ —	$ —	$ 469,433	$ 784,230
Accounts receivable from brokers and investment dealers	—	—	—	—	1,301,261	2,625,939	—	—	1,301,261	2,625,939
Accounts receivable from clients	—	—	—	—	280,941	373,300	—	—	280,941	373,300
RRSP cash balances held in trust	—	—	—	—	267,683	302,532	—	—	267,683	302,532
Other accounts receivable	—	—	—	—	95,054	93,965	—	—	95,054	93,965
Investments	—	—	—	2,829	—	—	—	—	—	2,829
Total financial assets	$ 469,433	$ 784,230	$ —	$ 2,829	$ 1,944,939	$ 3,395,736	$ —	$ —	$ 2,414,372	$4,182,795
Financial liabilities										
Securities sold short	$ 316,003	$ 645,742	$ —	$ —	$ —	$ —	$ —	$ —	$ 316,003	$ 645,742
Accounts payable to brokers and investment dealers	—	—	—	—	—	—	897,376	1,913,177	897,376	1,913,177
Accounts payable to clients	—	—	—	—	—	—	988,508	1,468,410	988,508	1,468,410
Other accounts payable and accrued liabilities	—	—	—	—	—	—	233,494	288,296	233,494	288,296
Subordinated debt	—	—	—	—	—	—	7,500	7,500	7,500	7,500
Deferred consideration	—	—	—	—	—	—	10,030	—	10,030	—
Convertible debentures	—	—	—	—	—	—	56,755	56,442	56,755	56,442
Contingent consideration	—	—	—	—	—	—	45,969	—	45,969	—
Bank Loan	—	—	—	—	—	—	65,707	—	65,707	—
Total financial liabilities	$ 316,003	$ 645,742	$ —	$ —	$ —	$ —	$ 2,305,339	$ 3,733,825	$ 2,621,342	$4,379,567

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, 2017, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value September 30, 2017		
	September 30, 2017	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 8,886	$ —	$ 8,886	$ —
Government debt	218,170	37,345	180,825	—
Corporate and government debt	227,056	37,345	189,711	—
Equities	238,453	189,131	49,186	136
Convertible debentures	3,924	—	3,924	—
Equities and convertible debentures	242,377	189,131	53,110	136
	469,433	226,476	242,821	136
Securities sold short				
Corporate debt	(3,552)	—	(3,552)	—
Government debt	(197,181)	(61,838)	(135,343)	—
Corporate and government debt	(200,733)	(61,838)	(138,895)	—
Equities	(115,270)	(101,028)	(14,242)	—
	(316,003)	(162,866)	(153,137)	—
Deferred consideration(1)	(10,030)	—	—	(10,030)
Contingent consideration(1)	(45,969)	—	—	(45,969)
	(372,002)	(162,866)	(153,137)	(55,999)

(1) Contingent and deferred consideration are settled in cash and are therefore classified as financial liabilities measured at fair value, with any subsequent gains or losses recognized in earnings

As at March 31, 2017, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value March 31, 2017		
	March 31, 2017	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	$ 15,071	$ —	$ 15,071	$ —
Government debt	555,995	277,121	278,874	—
Corporate and government debt	571,066	277,121	293,945	—
Equities	207,050	165,292	41,616	142
Convertible debentures	6,114	—	6,114	—
Equities and convertible debentures	213,164	165,292	47,730	142
Available for sale investments	2,829	—	2,829	—
	787,059	442,413	344,504	142
Securities sold short				
Corporate debt	(11,524)	—	(11,524)	—
Government debt	(530,303)	(313,077)	(217,226)	—
Corporate and government debt	(541,827)	(313,077)	(228,750)	—
Equities	(103,915)	(77,562)	(26,353)	—
	(645,742)	(390,639)	(255,103)	—

Movement in net Level 3 financial liabilities

Balance, March 31, 2017	$ 142
Other	(6)
Addition of deferred consideration	(10,030)
Addition of contingent consideration	(45,969)
Balance, September 30, 2017	**$ (55,863)**

There were $56.0 million of contingent and deferred consideration included as part of the total purchase consideration for the acquisition of Hargreave Hale Limited [Note 8]. The deferred and contingent considerations are settled in cash and are therefore classified as a financial liability measured at fair value, with any subsequent gains or losses recognized in earnings.

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

Level 2 financial instruments also include the Company's equity investment in Euroclear, which has an estimated fair value of $2.7 million [March 31, 2017 – $2.8 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions. The investment was reclassified from available for sale to securities owned during the six months ended September 30, 2017.

ii. Level 3 financial instruments

Held for trading

The fair value for level 3 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 held for trading 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 held for trading investments as at September 30, 2017 was $0.1 million [March 31, 2017 – $0.1 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.

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 during the reporting period.

Forward contracts outstanding at September 30, 2017:

	Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	**USD$**	**5.9**	**$1.25 (CAD/USD)**	**October 2, 2017**	**$**	**13**
To buy US dollars	**USD$**	**0.7**	**$1.25 (CAD/USD)**	**October 2, 2017**	**$**	**(2)**

Forward contracts outstanding at March 31, 2017:

	Notional amount (millions)		Average price	Maturity		Fair value
To sell US dollars	USD$	22.1	$1.33 (CAD/USD)	April 3, 2017	$	71
To buy US dollars	USD$	2.9	$1.33 (CAD/USD)	April 3, 2017	$	(2)

The Company's Canaccord Genuity Wealth Management segment in the UK & 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 75 days as at September 30, 2017 [March 31, 2017 – 61 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, 2017 and March 31, 2017, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	September 30, 2017			March 31, 2017		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	$ 2,155	$ 2,055	$ 155,021	$ 1,806	$ 1,640	$ 177,384

Futures

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, 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 have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At September 30, 2017, the notional amount of the Canadian bond futures contracts outstanding was long $0.4 million [March 31, 2017 – long $0.5 million]. There were no other types of future contracts outstanding as of September 30, 2017.

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 during the reporting period.

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, 2017	**$ 168,727**	**$ 33,821**	**$ 70,768**	**$ 206,490**
March 31, 2017	182,474	41,098	43,252	233,811

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

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at September 30, 2017 the Company had a balance of $27.3 million outstanding [March 31, 2017 – $25.3 million].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million (C$66.9 million) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited [Notes 8 and 12]. The balance outstanding as of September 30, 2017 net of unamortized financing fees was $65.7 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

OTHER CREDIT FACILITIES

Subsidiaries of the Company also have other credit facilities with banks in Canada and the UK for an aggregate amount of $658.8 million. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2017, there were no outstanding balances under these other credit facilities [March 31, 2017 – $nil].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.5 million (US$2.0 million) as rent guarantees for its leased premises in Boston and New York.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	September 30, 2017	March 31, 2017
Brokers and investment dealers	$ 1,301,261	$ 2,625,939
Clients	280,941	373,300
RRSP cash balances held in trust	267,683	302,532
Other	95,054	93,965
	$ 1,944,939	$ 3,395,736

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	March 31, 2017
Brokers and investment dealers	$ 897,376	$ 1,913,177
Clients	988,508	1,468,410
Other	233,494	288,296
	$ 2,119,378	$ 3,669,883

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, 2017 – 6.20% to 7.25% and 0.00% to 0.20%, respectively; March 31, 2017 – 5.70% to 6.75% and 0.00% to 0.05%, respectively].

As at September 30, 2017, the allowance for doubtful accounts was $5.0 million [March 31, 2017 – $4.9 million].

NOTE 07 Investment

During the six months ended September 30, 2017, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Acquisition Corp. ("CGAC"). CGAC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 26.2% interest in CGAC and is considered to exert significant influence over the operations of CGAC. Accordingly, the investment in CGAC is is accounted for using the equity method.

The Company's equity portion of the net loss of CGAC for the three and six months ended September 30, 2017 was $0.3 million.

NOTE 08 Business Combination

On July 5, 2017, the Company announced that it has agreed to acquire 100% of the outstanding shares of Hargreave Hale Limited ("Hargreave Hale"), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017. This acquisition is part of the Company's strategy of growing its global wealth management business and increasing its wealth management contributions to overall consolidated results. Total purchase consideration was $131.8 million (£79.9 million), of which $76.5 million (£46.4 million) was paid on closing. There is deferred consideration of $9.9 million (£6.0 million) which has been withheld by the Company for a maximum period of six years from completion pending the outcome of a regulatory matter. In addition, there is contingent consideration of up to $45.4 million (£27.5 million) which will be payable over a period of up to three years, subject to achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business.

Further payments of up to $4.1 million (£2.5 million) will be paid to certain continuing Hargreave Hale employees subject to achievement of certain performance targets related to the retention and growth of client assets and revenues. This amount has been recognized as an expense during the six months ended September 30, 2017 in connection with the acquisition.

The purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

CONSIDERATION PAID

Cash	$	76,527
Deferred consideration		9,902
Contingent consideration		45,386
	$	131,815

NET ASSETS ACQUIRED

Cash	$	22,052
Accounts receivable		21,710
Other tangible assets		2,012
Liabilities		(16,973)
Identifiable intangible assets		61,560
Deferred tax liability related to identifiable intangible assets		(10,800)
Goodwill		52,254
	$	131,815

Identifiable intangible assets of $61.6 million were recognized and include customer relationships and a fund management contract. The goodwill of $52.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to $45.4 million (£27.5 million) as of the acquisition date and will be payable over a period of three years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance targets will be met.

The above amounts are estimates, which were made by management at the time of the preparation of these consolidated financial statements based on available information. Amendments may be made to these amounts as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Hargreave Hale are $6.5 million. These costs are mainly comprised of professional and consulting fees. In addition, the Company also incurred restructuring expenses of $2.0 million related to an onerous lease provision and other integration costs related to the acquisition.

Contributions to revenue and net loss by Hargreave Hale, including restructuring and acquisition-related costs, were $3.6 million and $5.8 million, respectively, since the acquisition date.

Had Hargreave Hale been consolidated from April 1, 2017, as part of the consolidated statement of operations, the consolidated revenue and net loss would have been approximately $436.3 million and $11.3 million, respectively, for the six months ended September 30, 2017. These figures represent historical results and are not necessarily indicative of future performance.

NOTE 09 Goodwill and Other Intangible Assets

		Identifiable intangible assets							
	Goodwill	Brand names	Customer relationships	Technology	Software under development	Non-competition	Trading licenses	Fund Management Contract	Total
Gross amount									
Balance, March 31, 2017	**$ 514,898**	**$ 44,930**	**$ 91,123**	**$ 29,202**	**$ 3,045**	**$ 14,153**	**$ 196**	**$ —**	**$ 182,649**
Additions	**52,925**	**—**	**25,241**	**256**	**—**	**—**	**—**	**37,110**	**62,607**
Transfer between categories	**—**	**—**	**—**	**3,045**	**(3,045)**	**—**	**—**	**—**	**—**
Foreign exchange	**(114)**	**—**	**(73)**	**(32)**	**—**	**—**	**—**	**—**	**(105)**
Balance, September 30, 2017	**567,709**	**44,930**	**116,291**	**32,471**	**—**	**14,153**	**196**	**37,110**	**245,151**
Accumulated amortization and impairment									
Balance, March 31, 2017	**(322,632)**	**—**	**(50,532)**	**(12,619)**	**(2,350)**	**(14,153)**	**(196)**	**—**	**(79,850)**
Transfer between categories	**—**	**—**	**—**	**(2,350)**	**2,350**	**—**	**—**	**—**	**—**
Amortization	**—**	**—**	**(2,624)**	**(2,694)**	**—**		**—**	**—**	**(5,318)**
Foreign exchange	**—**	**—**	**37**	**60**	**—**	**—**	**—**	**—**	**97**
Balance, September 30, 2017	**(322,632)**	**—**	**(53,119)**	**(17,603)**	**—**	**(14,153)**	**(196)**	**—**	**(85,071)**
Net book value									
March 31, 2017	192,266	44,930	40,591	16,583	695	—	—	—	102,799
September 30, 2017	**$ 245,077**	**$ 44,930**	**$ 63,172**	**$ 14,868**	**$ —**	**$ —**	**$ —**	**$ 37,110**	**$ 160,080**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), and Eden Financial are customer relationships, non-competition agreements, trading licences and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is also considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. As a result of the acquisition of Hargreave Hale, the Company recognized goodwill of $52.3 million and identifiable intangible assets of $61.6 million as of the acquisition date [Note 8]. The estimated amortization periods of the amortizable intangible assets are as follows:

	Acquired in business combinations					Internally developed or acquired
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Hargreave Hale	Software
Brand names	indefinite	n/a	n/a	n/a	n/a	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	11.5 to 12.5 years	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	n/a	10 years
Fund management contract	n/a	n/a	n/a	n/a	10.5 years	n/a

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

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, 2017	March 31, 2017	**September 30, 2017**	March 31, 2017	**September 30, 2017**	March 31, 2017
Canaccord Genuity						
Canada	**$ 44,930**	$ 44,930	**$ 92,074**	$ 92,074	**$ 137,004**	$ 137,004
Canaccord Genuity Wealth Management						
UK and Europe (Channel Islands)	**—**	—	**90,154**	90,257	**90,154**	90,257
UK and Europe (Eden Financial Ltd (“Eden”))	**—**	—	**9,924**	9,935	**9,924**	9,935
UK and Europe (Hargreave Hale)	**—**	—	**52,925**	—	**52,925**	—
	$ 44,930	$ 44,930	**$ 245,077**	$ 192,266	**$ 290,007**	$ 237,196

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

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 CGUs 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 and other assets impairment testing was carried out for all applicable CGUs at September 30, 2017.

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 future cash flow assumptions considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13 fair value represents an estimate of the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). 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, relief of royalties with respect to the brand name indefinite life intangible asset, 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 CGUs which record goodwill in their carrying value as of September 30, 2017 were Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden) and UK (Hargreave Hale). As the acquisition of Hargreave Hale was completed on September 18, 2017, an interim goodwill impairment test was not performed for the Canaccord Genuity Wealth Management UK (Hargreave Hale) CGU at September 30, 2017.The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2017 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a five-year compound annual revenue growth rate of 5.0% [March 31, 2017 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), and UK (Eden) was 2.5% [March 31, 2017 – 2.5%].

Sensitivity testing was conducted as part of the impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity – Canada CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on September 30, 2018 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 1.3 percentage points, a decrease in the estimated revenue for the 12-month period ending September 30, 2018 of $8.0 million or a decrease in the five year compound annual growth of 3.5 percentage points may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

NOTE 10 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, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Income taxes at the statutory rate (F2018: 26.0%; F2017: 26.0%)	**$ (1,838)**	$ 191	**$ (2,298)**	$ 2,783
Difference in tax rates in foreign jurisdictions	**(1,585)**	(649)	**(2,422)**	(660)
Non-deductible items affecting the determination of taxable income	**426**	614	**1,078**	1,030
Share based payments	**3,185**	1,785	**2,825**	102
Change in accounting and tax base estimate	**27**	18	**172**	50
Other	**(518)**	(201)	**(478)**	(1,249)
Tax losses and other temporary differences not recognized (utilization of tax losses previously not recognized)	**495**	(1,201)	**2,103**	1,057
Income tax expense – current and deferred	**$ 192**	$ 557	**$ 980**	$ 3,113

NOTE 11 Subordinated Debt

	September 30, 2017	March 31, 2017
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	$ 7,500	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at September 30, 2017 and March 31, 2017, the interest rates for the subordinated debt were 7.2% and 6.7%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 12 Bank Loan

	September 30, 2017	March 31, 2017
Current portion	$ 4,463	$ —
Long term portion	62,400	—
	66,863	—
Less: unamortized financing fees	(1,156)	—
	$ 65,707	$ —

In connection with the acquisition of Hargreave Hale [Note 8], a subsidiary of the Company entered into a senior credit facility in the amount of £40.0 million (C$66.9 million) to finance a portion of the cash consideration. The balance outstanding as of September 30, 2017 net of unamortized financing fees was $65.7 million. The loan is repayable in instalments of principal and interest over a period of 4 years. The interest rate on this loan is LIBOR plus 3.375% per annum.

NOTE 13 Convertible Debentures

	September 30, 2017		March 31, 2017	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 56,755	$ 2,604	$ 56,442	$ 2,604

Terms of the convertible debentures are disclosed in Note 16 of the March 31, 2017 consolidated financial statements.

NOTE 14 Preferred Shares

	September 30, 2017		March 31, 2017	
	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 17 of the March 31, 2017 consolidated financial statements.

NOTE 15 Common Shares and Warrants

	September 30, 2017		March 31, 2017	
Common shares	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 772,645	113,511,468	$ 772,645	113,511,468
Unvested share purchase loans	(9,486)	(1,587,343)	(9,366)	(1,590,146)
Held for long-term incentive plan (LTIP)	(121,403)	(20,322,414)	(121,830)	(19,141,505)
	$ 641,756	91,601,711	$ 641,449	92,779,817

	September 30, 2017		March 31, 2017	
Warrants	Amount	Number of warrants	Amount	Number of warrants
Warrants issued in connection with private placement	$ 1,975	3,438,412	$ 1,975	3,438,412

The terms of the warrants are disclosed in the March 31, 2017 consolidated financial statements.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2017 and September 30, 2017	113,511,468	$ 722,645

On August 11, 2017, 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 5,675,573 of its common shares during the period from August 15, 2017 to August 14, 2018 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 no shares purchased and cancelled through this and the previous NCIB between April 1, 2017 and September 30, 2017.

iii] LOSS PER COMMON SHARE

	For the three months ended		For the six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Basic loss per common share				
Net (loss) income attributable to CGGI shareholders	$ (7,485)	$ (1,220)	$ (9,747)	$ 5,462
Preferred shares dividends	(2,351)	(2,999)	(4,891)	(5,998)
Net loss available to common shareholders	(9,836)	(4,219)	(14,638)	(536)
Weighted average number of common shares (number)	92,529,351	92,249,022	92,797,346	90,321,945
Basic loss per share	$ (0.11)	$ (0.05)	$ (0.16)	$ (0.01)
Diluted loss per common share				
Net loss available to common shareholders	(9,836)	(4,219)	(14,638)	(536)
Weighted average number of common shares (number)	n/a	n/a	n/a	n/a
Dilutive effect in connection with LTIP (number)	n/a	n/a	n/a	n/a
Dilutive effect in connection with other share-based payment plans (number)	n/a	n/a	n/a	n/a
Adjusted weighted average number of common shares (number)	n/a	n/a	n/a	n/a
Diluted loss per common share	$ (0.11)	$ (0.05)	$ (0.16)	$ (0.01)

NOTE 16 Dividends

COMMON SHARES DIVIDENDS

The Company declared the following common share dividend during the six months ended September 30, 2017:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
September 1, 2017	September 15, 2017	$ 0.01	$ 1,135
June 16, 2017	July 3, 2017	$ 0.10	$ 11,351

On November 7, 2017, the Board of Directors approved a dividend of $0.01 per common share, payable on December 15, 2017, with a record date of December 1, 2017 [Note 21].

PREFERRED SHARES DIVIDENDS

The Company declared the following preferred shares dividends during the six months ended September 30, 2017:

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
September 15, 2017	October 2, 2017	$ 0.24281	$ 0.312060	$ 2,351
June 16, 2017	June 30, 2017	$ 0.24281	$ 0.359375	$ 2,540

On November 7, 2017, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on January 2, 2018 to Series A Preferred shareholders of record as at December 22, 2017 [Note 21].

On November 7, 2017, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on January 2, 2018 to Series C Preferred shareholders of record as at December 22, 2017 [Note 21].

NOTE 17 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. Employee benefit trusts (the Trusts) have also been established in Canada, the United States, Channel Islands, Australia and the United Kingdom. The Company or certain of its subsidiaries, as the case may be, fund 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 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 or straight-line basis over the vesting period of generally three years.

Total number of RSUs granted during the period were 6,723,504. The weighted average fair value of RSUs granted during the six month period ended September 30, 2017 was $5.00 [September 30, 2016 – $4.79].

	Number
Unvested awards outstanding, March 31, 2017	18,179,745
Grants	6,723,504
Vested	(3,864,694)
Forfeitures	(170,700)
Unvested awards outstanding, September 30, 2017	**20,867,855**

	Number
Common shares held by the Trusts, March 31, 2017	19,141,505
Acquired	5,100,951
Released on vesting	(3,920,042)
Common shares held by the Trusts, September 30, 2017	**20,322,414**

ii. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the six months ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Long-term incentive plan	**$ 11,140**	$ 10,327	**$ 23,109**	$ 19,314
Forgivable common share purchase loans	**341**	200	**594**	409
CSH Inducement Plan	**—**	309	**—**	800
Deferred share units (cash-settled)	**(594)**	(476)	**(252)**	(896)
Other	**—**	116	**—**	239
Total share-based compensation expense	**$ 10,887**	$ 10,476	**$ 23,451**	$ 19,866

NOTE 18 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 receivable and accounts payable and accrued liabilities include the following balances with key management personnel:

	September 30, 2017	March 31, 2017
Accounts receivable	**$ 584**	$ 211
Accounts payable and accrued liabilities	**$ 213**	$ 219

NOTE 19 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, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia 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.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Hargreave Hale). 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, 2017				September 30, 2016			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 117,066	$ 66,931	$ 1,757	$ 185,754	$ 125,423	$ 61,512	$ 2,662	$ 189,597
Interest revenue	1,814	2,632	1,347	5,793	1,582	2,178	245	4,005
Expenses, excluding undernoted	112,467	54,456	10,497	177,420	120,828	49,287	13,108	183,223
Amortization	2,438	2,358	352	5,148	2,665	2,264	251	5,180
Development costs	256	1,191	39	1,486	869	942	47	1,858
Interest expense	2,367	184	1,180	3,731	2,282	63	239	2,584
Restructuring costs	4,256	2,000	—	6,256	—	—	—	—
Acquisition-related costs	—	4,364	—	4,364	—	—	—	—
Share of loss of an associate	—	—	208	208	—	—	—	—
(Loss) income before intersegment allocations and income taxes	(2,904)	5,010	(9,172)	(7,066)	361	11,134	(10,738)	757
Intersegment allocations	3,869	4,091	(7,960)	—	4,410	4,240	(8,650)	—
(Loss) income before income taxes	$ (6,773)	$ 919	$ (1,212)	$ (7,066)	$ (4,049)	$ 6,894	$ (2,088)	$ 757

For the six months ended	September 30, 2017				September 30, 2016			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding interest revenue	$ 236,853	$ 139,452	$ 4,081	$ 380,386	$ 265,579	$ 122,078	$ 4,512	$ 392,169
Interest revenue	3,813	5,062	2,094	10,969	2,024	4,332	1,257	7,613
Expenses, excluding undernoted	231,743	110,876	22,831	365,450	244,090	99,509	24,874	368,473
Amortization	4,856	4,673	613	10,142	5,405	4,658	502	10,565
Development costs	385	2,470	110	2,965	1,451	2,109	390	3,950
Interest expense	4,958	280	2,938	8,176	5,324	113	589	6,026
Restructuring costs	4,704	2,000	—	6,704	—	—	—	—
Acquisition-related costs	—	6,548	—	6,548	—	—	—	—
Share of loss of an associate	—	—	208	208				
(Loss) income before intersegment allocations and income taxes	(5,980)	17,667	(20,525)	(8,838)	11,333	20,021	(20,586)	10,768
Intersegment allocations	8,183	8,632	(16,815)	—	8,030	7,823	(15,853)	—
(Loss) income before income taxes	$ (14,163)	$ 9,035	$ (3,710)	$ (8,838)	$ 3,303	$ 12,198	$ (4,733)	$ 10,768

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK, Europe and Dubai, Australia and Other Foreign Locations which is comprised of our Asian operations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended		For the six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Canada	$ 63,392	$ 60,046	$ 137,098	$ 140,675
UK and Europe	72,151	61,850	136,955	119,816
United States	46,735	55,822	102,471	110,119
Australia	9,269	15,884	14,803	26,942
Other Foreign Locations	—	—	28	2,230
	$ 191,547	$ 193,602	$ 391,355	$ 399,782

NOTE 20 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, 2017:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2017	$ 6,940	$ 4,853	$ 11,793
Additions	267	6,704	6,971
Utilized	(3,877)	(3,305)	(7,182)
Recoveries	(400)	—	(400)
Balance, September 30, 2017	$ 2,930	$ 8,252	$ 11,182

The restructuring provision recorded during the period ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in our UK and Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as an onerous lease provision and other integration costs related to the acquisition of Hargreave Hale.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of September 30, 2017, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of September 30, 2017, 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.

In addition to the Company's commitments or contingencies described in Notes 25 and 26 of the March 31, 2017 consolidated financial statements, the amounts claimed in respect of the following actions, or which could potentially be claimed, are material and, accordingly, are described below.

The Company has been joined as a defendant in an action commenced in British Columbia by another investment dealer against a number of its former employees who are now employed by the Company. The claim seeks damages for intentional interference with economic relations, amongst other things, in connection with the transfer of significant books of wealth management business from the plaintiff to the Company. The claim does not quantify the amount claimed in damages. Although the Company and the employee defendants have denied the allegations and intend to vigorously defend themselves, the outcome of this action cannot be predicted with certainty and an estimate of the amount of damages in the event of an adverse outcome is not determinable at the date of these unaudited interim condensed consolidated financial statements.

An action has been commenced in the Dubai International Financial Centre (DIFC) against the Company and one other claiming US$10 million in damages against the defendants in connection with a takeover bid made by a third party in the United States and the use of the plaintiff's name by that third party. Although the Company has denied the allegations and intends to vigorously defend itself, the outcome of this action cannot be predicted with certainty and an estimate of the amount of damages in the event of an adverse outcome is not determinable at the date of these unaudited interim condensed consolidated financial statements.

NOTE 21 Subsequent Events

i. DIVIDENDS

On November 7, 2017, the Board of Directors approved a dividend of $0.01 per common share, payable on December 15, 2017, with a record date of December 1, 2017 [Note 16].

On November 7, 2017, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on January 2, 2018 with a record date of December 22, 2017; and $0.31206 per Series C Preferred Share payable on January 2, 2018 with a record date of December 22, 2017 [Note 16].

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Shareholder Information

Corporate Headquarters

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Common shares:
TSX: CF

Preferred shares:
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Series C (TSX): CF.PR.C.

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Expected Dividend(1) and Earnings Release Dates for the Next Four Quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q3/18	February 7, 2018	March 16, 2018	April 2, 2018	March 2, 2018	March 15, 2018
Q4/18	June 6, 2018	June 22, 2018	July 3, 2018	June 22, 2018	July 3, 2018
Q1/19	August 1, 2018	September 14, 2018	October 1, 2018	August 31, 2018	September 10, 2018
Q2/19	November 6, 2018	December 21, 2018	December 31, 2018	November 30, 2018	December 10, 2018

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

Financial Information

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