Consolidated financial statements of

FIERA SCEPTRE INC.

For the three months ended December 31, 2010 and 2009
(Unaudited)

The interim consolidated financial statements have not been reviewed by the Company’s external auditors.

FIERA SCEPTRE INC.
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FIERA SCEPTRE INC.
Consolidated statements of earnings
Three months ended December 31
(unaudited)

	2010	2009
	$	$
Revenue		
Base management fees	**16,915,142**	8,067,294
Performance fees	**1,878,740**	1,154,804
Discounts granted to a shareholder	**-**	(131,784)
	18,793,882	9,090,314
Selling, general and administration fees	**11,128,582**	7,138,078
External managers	**899,635**	248,204
Amortization of capital assets	**203,914**	135,487
Amortization of intangible assets	**721,607**	315,080
Interest on long-term debt	**-**	34,248
	12,953,738	7,871,097
Earnings before the following items	**5,840,144**	1,219,217
Restructuring and other costs (Note 3)	**1,390,501**	-
Earnings before income taxes	**4,449,643**	1,219,217
Current income taxes	**1,548,589**	-
Future income taxes	**40,640**	366,488
	1,589,229	366,488
Net earnings	**2,860,414**	852,729
Earnings per share (Note 7)		
Basic and diluted	**0.08**	0.06

The accompanying notes are an integral part of these consolidated financial statements.

FIERA SCEPTRE INC.
Consolidated statements of comprehensive income
Three months ended December 31
(unaudited)

	2010	2009
	$	$
Net earnings	**2,860,414**	852,729
Other comprehensive income		
Unrealized gain on available-for-sale financial assets (net of taxes)	**39,497**	-
Comprehensive income	**2,899,911**	852,729

FIERA SCEPTRE INC.
Consolidated statements of changes in shareholders' equity
Three months ended December 31
(unaudited)

	2010	2009
	$	$
Share capital		
Balance, beginning of period	**134,495,560**	30,724,786
Stock options exercised	**426,953**	-
Balance, end of period	**134,922,513**	30,724,786
Contributed surplus		
Balance, beginning of period	**1,088,331**	-
Stock-based compensation expense	**203,446**	28,249
Stock options exercised	**(126,445)**	-
Balance, end of period	**1,165,332**	28,249
Retained earnings		
Balance, beginning of period	**2,304,458**	4,451,246
Net earnings	**2,860,414**	852,729
Dividends	**(2,188,838)**	-
Balance, end of period	**2,976,034**	5,303,975
Accumulated other comprehensive income		
Balance, beginning of period	**7,936**	-
Other comprehensive income	**39,497**	-
Balance, end of period	**47,433**	-

FIERA SCEPTRE INC.
Consolidated balance sheets
(unaudited)

	As at December 31, 2010	As at September 30, 2010
	$	$
Assets		
Current assets		
Cash and cash equivalents	-	2,118,278
Restricted cash	**1,825,885**	1,797,719
Investments	**3,572,263**	4,514,231
Accounts receivable	**18,316,602**	15,896,754
Prepaid expenses	**343,421**	495,070
Future income taxes	**104,076**	55,809
	24,162,247	24,877,861
Long-term investment	**1,246,639**	369,303
Capital assets	**2,871,684**	2,706,158
Intangible assets	**48,171,457**	48,795,044
Goodwill	**90,281,446**	89,904,685
Deferred charges	**271,963**	199,237
	167,005,436	166,852,288
Liabilities		
Current liabilities		
Bank overdraft	**1,331,144**	**-**
Accounts payable and accrued liabilities	**13,359,088**	14,506,573
Amount due to related companies	**-**	108,119
Client deposits	**1,825,885**	1,797,719
Deferred income	**29,641**	57,811
Prepaid management fees	**118,053**	307,293
Due to shareholders of the joint venture	-	573,199
	16,663,811	17,350,714
Deferred lease obligations	**313,650**	301,620
Lease inducements	**933,506**	978,180
Future income taxes	**8,963,334**	8,874,427
Other long-term liabilities	**1,019,823**	1,451,062
	27,894,124	28,956,003
Shareholders' equity		
Share capital (Note 6)	**134,922,513**	134,495,560
Contributed surplus	**1,165,332**	1,088,331
Retained earnings	**2,976,034**	2,304,458
Accumulated other comprehensive income	**47,433**	7,936
	3,023,467	2,312,394
	139,111,312	137,896,285
	167,005,436	166,852,288

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board

Jean-Guy Desjardins, Director

Sylvain Brosseau, Director

FIERA SCEPTRE INC.
Consolidated statements of cash flows
Three months ended December 31
(unaudited)

	2010	2009
	$	$
Operating activities		
Net earnings	2,860,414	852,729
Adjustments for:		
Amortization of capital assets	203,914	135,487
Amortization of intangible assets	721,607	315,080
Amortization of deferred charges	30,774	14,740
Amortization of financing charges	-	11,243
Lease inducements	(44,674)	(31,241)
Deferred lease obligations	12,030	12,466
Stock-based compensation	203,446	28,249
Future income taxes	40,640	366,488
Prepaid management fees	(189,240)	(1,014,167)
	3,838,911	691,074
Changes in non-cash operating working capital items	(4,556,410)	(1,244,909)
	(717,499)	(553,835)
Investing activities		
Business combination adjustment (Note 3)	(376,761)	-
Investments	981,465	(766,265)
Purchase of capital assets	(369,440)	(59,155)
Purchase of intangible assets	(98,020)	(16,878)
Purchase of long-term investment	(877,336)	-
Deferred charges	(103,500)	-
	(843,592)	(842,298)
Financing activities		
Reimbursement of long-term debt	-	(1,000,000)
Payment of dividends	(2,188,838)	-
Issuance of share capital	300,508	-
Business partner deposit	-	329,701
	(1,888,330)	(670,299)
Net decrease in cash and cash equivalents	(3,449,421)	(2,066,432)
Cash and cash equivalents, beginning of year	2,118,278	5,782,008
Cash and cash equivalents, end of year	(1,331,143)	3,715,576
Interest paid	-	34,248
Income taxes recovered	1,813,854	-

Cash and cash equivalents include bank overdraft.

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of business and merger

Fiera Sceptre, incorporated under the laws of the Province of Ontario provides mainly investment consulting and portfolio management services and is an institutional fund manager focused on managing pension plans for corporations, governments and other organizations.

On September 1, 2010, Fiera Sceptre Inc. ("Fiera Sceptre" or "the Company") announced that it had completed the previously announced statutory plan of arrangement (the "Arrangement") pursuant to which the businesses of Sceptre Investment Counsel Limited ("Sceptre") and Fiera Capital Inc. ("Fiera Capital") were combined to create a leading-edge, publicly traded independent investment manager.

For accounting purposes, Fiera Capital was deemed to be the acquirer in the business combination of Fiera Capital and Sceptre. As a result, current and future financial reporting are based on Fiera Capital's historical data up to and including September 1, 2010 and the results of the merged firm after the closing date. The December 31, 2010 earnings are the results of the combined entity, while the comparative figures of the period ended December 31, 2009 are the earnings of the acquiring firm, Fiera Capital.

2. Significant accounting policies

a) Basis of presentation

The interim consolidated financial statements for the three months ended December 30, 2010 and 2009 are unaudited and include all adjustments that management of the Company considers necessary for a fair presentation of the financial position, results of operations and cash flows.

The disclosures provided in these interim consolidated financial statements do not conform in all respect with the requirements of Canadian generally accepted accounting principles ("GAAP") for annual consolidated financial statements; therefore, the interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended September 30, 2010. These interim consolidated financial statements have been prepared using the same accounting policies and methods of their application as the annual consolidated financial statements for the year ended September 30, 2010.

The interim consolidated financial statements include the accounts of Fiera Sceptre and its wholly owned subsidiaries, Fiera Sceptre Funds Inc., ("FSFI") and Sceptre Fund Management Inc. ("SFMI"). All intercompany transactions and balances have been eliminated on consolidation. The interim consolidated financial statements also include the interest of 35.35% (41.18% in Q1-2010) that we hold in the joint venture Fiera Axium Infrastructure Inc. ("Fiera Axium"), which is accounted for under the proportionate consolidation method.

2. Significant accounting policies (Continued)

b) Future accounting policies

International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed, in February 2008, that it will require all public accountability companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. In the year of adoption, companies will be required to provide comparative information as if IFRS had been used in the preceding fiscal year. The transition from Canadian GAAP to IFRS will be applicable to the Company as at October 1, 2010. For the year ending September 30, 2012, the Company will prepare both its fiscal 2012 and fiscal 2011 comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes, internal controls and information systems. The Company is currently assessing the impact of the transition to IFRS on these areas and will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new accounting standards: Section 1582, "Business combinations," Section 1601, "Consolidated financial statements," and Section 1602, "Non-controlling interests." These new standards will be effective for interim and annual reporting periods beginning on or after January 1, 2011.

Section 1582 replaces Section 1581 of the same name and establishes standards for the accounting of business combinations. It applies prospectively to business combinations with acquisition dates on or after January 1, 2011. Early adoption of these Sections is permitted as long as they are adopted simultaneously. These new accounting standards are intended to harmonize Canadian accounting standards with IFRS. The Company will adopt these Sections in the fiscal year beginning October 1, 2011. Therefore, this Section would have an impact on the Company's consolidated financial statements if a business combination occurs after its adoption.

Sections 1601 and 1602 together replace Section 1600 "Consolidated financial statements." Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

3. Restructuring provision

In connection with the business combination which occurred on September 1, 2010, management has proposed certain plans to restructure and integrate the two businesses. Consequently, the Company recorded provisions related to leases for premises occupied by Sceptre which the Company plans to vacate as well as costs related to the planned termination of certain employees of the acquired business performing functions already available through its existing structure. The components of the change in the restructuring provision charges are as follows:

	Severance	Consolidation of facilities	Total
	$	$	$
Balance, September 30, 2010	2,189,000	1,384,000	3,573,000
Additions during the period	305,000	-	305,000
Paid during the period	(440,000)	-	(440,000)
Balance, December 31, 2010	2,054,000	1,384,000	3,438,000

Of the total balance remaining, $2,418,000 is included in accounts payable and accrued liabilities and $1,020,000 is included in other long-term liabilities.

During the period an amount of $431,239 was transferred from long term liabilities to accrued liabilities.

As part of the restructuring and integration plan, the Company recorded provisions for special bonuses and the planned termination of certain Fiera Capital employees for an amount of $470,494. The Company also incurred $920,007 of integration expenses during the quarter.

4. Joint venture

The consolidated financial statements include the interest of 35.35% (41.18% in Q1-2010) that we hold in the joint venture Fiera Axium, which is accounted for under the proportionate consolidation method.

The consolidated financial statements include the proportionate share of assets, liabilities, revenue, expenses and cash flows of the joint venture. The amounts included in these consolidated financial statement are as follows:

	December 31, 2010	September 30, 2010
	$	$
Balance sheets		
Current assets	**161,240**	1,018,837
Long-term assets	**1,350,761**	477,834
Current liabilities	**632,574**	1,388,964
Long-term liabilities	**32,588**	33,556

4. Joint venture (continued)

	Three months ended, December 31	
	2010	2009
	$	$
Statements of earnings		
Revenue	**236,926**	99
Expenses	**394,853**	459,551
Income taxes recovered	**(47,143)**	(153,855)
Net loss	**(110,784)**	(305,597)
Cash flows		
Operating activities	**(304,932)**	(211,698)
Investing activities	**(868,823)**	(48,511)
Financing activities	**301,801**	440,928
	(871,854)	180,719

5. Restricted cash – Client deposits

The restricted cash consists of client deposits received following the settlement of a class action in favour of certain clients for whom the Company acted as agent. The source and use of funds related to these deposits are not considered as operating activities

6. Share capital and stock options

a) the Company share transactions of the period detail as follows:

	2010	
	Number	$
Class A subordinate voting shares		
Outstanding, September 30, 2010	**15,078,721**	**100,510,156**
Transfer from class B special voting shares	**149,372**	**237,692**
Stock options exercised	**51,933**	**426,953**
Outstanding, December 31, 2010	**15,280,026**	**101,174,801**
Class B special voting shares		
Outstanding, September 30, 2010	**21,357,336**	**33,985,404**
Transfer to class A subordinate voting shares	**(149,372)**	**(237,692)**
Outstanding, December 31, 2010	**21,207,964**	**33,747,712**
Total share capital, December 31, 2010	**36,487,990**	**134,922,513**

b) Stock options

A summary of the changes that occurred during the three months ended December 31, 2010 in the Company's stock option plans is presented below:

	Number of Class A subordinate Voting shares	Weighted-average exercise price
		$
Outstanding options,		
Beginning, September 30, 2010	**1,135,878**	**4.25**
Granted	**709,028**	**8.39**
Exercised	**(51,933)**	**5.79**
Forfeited	**(6,500)**	**5.87**
Outstanding, December 31, 2010	**1,786,473**	**5.84**
Options exercisable, end of period	**259,033**	**5.71**

6. Share capital and stock options (continued)

The following table presents the weighted average assumptions used to determine the stock-based compensation expense using the Black-Schole option pricing model:

	Three months ended December 31,	
	2010	2009
Stock-based compensation expense ($)	**203,446**	28,249
Dividend yield (%)	**3.85%**	3.75%
Risk-free interest rate (%)	**2.25%**	2.25%
Expected life (years)	**5**	7
Expected volatility for the share price (%)	**50%**	30 %
Weighted average fair values ($)	**2.75**	0.29

7. Earnings per share

Earnings per share as well as the reconciliation of the number of shares used to calculate basic and diluted earnings per share for the periods ended December 31, 2010 and 2009 are as follows:

	2010	2009
	$	$
Net earnings	**2,860,414**	852,729
Weighted-average shares outstanding - basic	**36,474,663**	14,013,021
Effect of dilutive stock options	**124,583**	-
Weighted-average shares outstanding - diluted	**36,599,245**	14,013,021
Basic and diluted earnings per share	**0.08**	0.06

For the period ended December 31, 2010, for the calculation of hypothetical conversions, no option has an anti-dilutive effect and for the period ended December 31, 2009, the hypothetical conversions does not include 1,018,900 options with an anti-dilutive effect.

8. Financial instruments and risk management

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: market risk, equity market fluctuation risk, credit risk, interest rate risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2010.

8. Financial instruments and risk management (continued)

The Company's business is the management of investment assets. The key performance driver of the Company's ongoing results is the level of assets under management. The level of assets under management is directly tied to investment returns and the Company's ability to retain existing assets and attract new assets.

The Company's interim consolidated balance sheets include a portfolio of investments. The value of these investments is subject to a number of risk factors. While a number of these risks also affect the value of client assets under management, the following discussion related only to the Company's portfolio of investments.

The Company's exposure to potential loss from its financial instrument investments is primarily due to market risk, including interest rate and equity market fluctuation risks.

Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how these exposures are currently managed.

Equity market fluctuation risk

Fluctuations in the value of equity securities affect the level and timing or recognition of gains and losses on equity and mutual fund securities in the Company's portfolio and cause changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund and fixed income which are available-for-sale financial assets held.

The Company's investment portfolio is managed by the Company with a medium-risk mandate. The Company's particular expertise is investment management and, as part of its daily operations, it has resources to assess and manage the risks of a portfolio. The Company's portfolio of equity and equity-related securities as at December 31, 2010, comprises mutual fund investments under the management of the Company with a fair value of $1,078,963. Mutual fund investments comprise a well-diversified portfolio of Canadian investments. Preferred shares and mutual funds units have no specific maturities.

A 10% change in the Company's equity and equity-related holding as at December 31, 2010 has an impact of increasing or decreasing the OCI by $107,896.

Credit risk

The credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party.

8. Financial instruments and risk management (continued)

The credit risk on cash, restricted cash and temporary investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit rating agencies.

Interest rate risk

The Company is subject to interest rate risk due to interest rate fluctuations on the bank loan.

Liquidity risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balance and cash flows generated from operations to meet its requirements.

The Company generates enough cash from its operating activities and has sufficient available financing via its authorized line of credit to finance its activities and to respect its obligations as they become due.

To manage short-term cash flow requirements, the Company maintains a portion of invested assets in liquid short-term notes. As at December 31, 2010, the Company holds $2,493,300 in short-term notes. The short-term notes have maturities of up to six months and are issued by the Government of Canada. The Company does not hold any non-bank, asset-backed commercial paper.

9. Capital management

The Company's capital comprises share capital, retained earnings and long-term debt, including the current portion, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt.

In order to maintain its capital structure, the Company may issue new shares or proceed to the issuance or repayment of debt and acquire or sell assets to improve its financial performance and flexibility.

In order to be in compliance with Canadian securities administration regulations, the Company is required to maintain a minimum working capital of $200,000 as defined in regulation 31-103.

10. Segmented information

Management of the Company has determined that the Company's segment is investment management services in Canada and all assets are located in Canada.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.