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Interim Consolidated Financial Statements of FIERA SCEPTRE INC.

For the three months ended December 31, 2011 and 2010 (unaudited)

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

FIERA SCEPTRE

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Fiera Sceptre Inc.

Interim Consolidated Statements of Earnings

For the three months ended December 31
Unaudited
(in thousands of Canadian dollars, except per share data)

	2011	2010
	$	$
Revenue		
Base management fees	**15,181**	16,629
Performance fees	**885**	1,879
Interest and other revenues	**65**	49
	16,131	18,557
Expenses		
Selling, general and administrative expenses	**12,551**	10,756
External managers	**166**	900
Depreciation of property, plant and equipment	**202**	200
Amortization of intangible assets	**884**	782
Gain on disposal of assets	**14**	-
	13,817	12,638
Earnings before the following items	**2,314**	5,919
Share of earnings of joint ventures	**(21)**	92
Acquisition costs	**915**	-
Restructuring and other costs	**-**	1,391
Earnings before income taxes	**1,420**	4,436
Income taxes	**591**	1,621
Net earnings for the period	**829**	2,815
Earnings per share (Note 7)		
Basic and diluted	**0.02**	0.08

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

Approved by the Board

Jean-Guy Desjardins, Director

Sylvain Brosseau, Director

Fiera Sceptre Inc.

Interim Consolidated Statements of Comprehensive Income

For the three months ended December 31
Unaudited
(in thousands of Canadian dollars)

	2011	2010
	$	$
Net earnings for the period	**829**	2,815
Other comprehensive income:		
Items that maybe reclassified subsequently to profit or loss:		
Unrealized gain on available-for-sale financial assets (net of taxes)	**4**	31
Share of other comprehensive income from joint ventures	**15**	8
Other comprehensive income for the period	**19**	39
Comprehensive income for the period	**848**	2,854

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

Fiera Sceptre Inc.

Interim Consolidated Balance sheets

For the three months ended December 31
Unaudited
(in thousands of Canadian dollars)

	December 31, 2011	September 30, 2011	October 1, 2010
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	**-**	-	1,177
Restricted cash	**191**	218	1,798
Investments	**999**	983	4,514
Accounts receivable	**16,983**	16,414	15,942
Prepaid expenses	**563**	716	481
	18,736	18,331	23,912
Non-current assets			
Investments in joint ventures (Note 3)	**1,369**	1,333	56
Property, plant and equipment	**3,741**	2,413	2,598
Intangible assets (Note 4)	**49,873**	50,749	53,408
Goodwill (Note 4)	**90,470**	90,470	89,905
Deferred charges	**210**	224	199
Deferred income taxes	**50**	50	53
	164,449	163,570	170,131
Liabilities			
Current liabilities			
Bank overdraft	**1,380**	34	-
Accounts payable and accrued liabilities	**10,990**	8,867	11,227
Restructuring provision (Note 5)	**1,372**	1,982	2,916
Amount due to related companies	**78**	149	108
Client deposits	**191**	218	1,798
Prepaid management fees	**8**	8	-
	14,019	11,258	16,049
Non-current liabilities			
Deferred lease obligations	**369**	320	302
Lease inducements	**1,062**	706	945
Deferred income taxes	**9,827**	10,079	10,073
Long term restructuring provision (Note 5)	**-**	137	1,451
Other long-term liabilities	**233**	233	-
	25,510	22,733	28,820
Equity			
Share capital (Note 6)	**135,587**	135,587	134,496
Contributed surplus	**1,883**	1,703	1,088
Retained earnings	**1,433**	3,530	5,719
Accumulated other comprehensive income	**36**	17	8
	138,939	140,837	141,311
	164,449	163,570	170,131

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

Fiera Sceptre Inc.

Interim Consolidated Statements of Changes in Equity

For the three months ended December 31
Unaudited
(in thousands of Canadian dollars)

	2011	2010
	$	$
Share capital		
Balance, beginning of period	**135,587**	134,496
Stock option exercised	**-**	427
Balance, end of period	**135,587**	134,923
Contributed surplus		
Balance, beginning of period	**1,703**	1,088
Stock-based compensation expense	**180**	203
Stock option exercised	**-**	(126)
Balance, end of period	**1,883**	1,165
Retained earnings		
Balance, beginning of period	**3,530**	5,719
Net earnings	**829**	2,815
Dividends	**(2,926)**	(2,189)
Balance, end of period	**1,433**	6,345
Accumulated other comprehensive income		
Balance, beginning of period	**17**	8
Other comprehensive income	**19**	39
Balance, end of period	**36**	47

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

Fiera Sceptre Inc.
Consolidated Statements of Cash Flows
For the three months ended December 31
Unaudited
(in thousand of Canadian dollars)

	2011	2010
	$	$
Cash flow generated by (used in)		
Operating activities		
Net earnings	**829**	2,815
Adjustments for:		
Depreciation of property, plant and equipment	**202**	200
Amortization of intangible assets	**884**	782
Amortization of deferred charges	**14**	31
Lease inducements	**(42)**	(44)
Deferred lease obligations	**49**	12
Stock-based compensation	**180**	203
Other	**(12)**	-
Share of earnings in joint ventures	**(21)**	92
Changes in non-cash operating working capital items	**889**	(4,001)
Deferred income taxes	**(252)**	70
Net cash generated from operating activities	**2,720**	160
Investing activities		
Business combination adjustment	**-**	(376)
Investments	**-**	973
Purchase of property, plant and equipment	**(1,530)**	(369)
Purchase of intangible assets	**(8)**	(98)
Purchase of long-term investment	**-**	(875)
Lease inducements	**398**	-
Deferred charges	**-**	(104)
Net cash used in investing activities	**(1,140)**	(849)
Financing activities		
Issuance of share capital	**-**	301
Dividends paid	**(2,926)**	(2,189)
Net cash used in financing activities	**(2,926)**	(1,888)
Net decrease in cash and cash equivalents	**(1,346)**	(2,577)
Cash and cash equivalents – beginning of period	**(34)**	1,177
Cash and cash equivalents – end of period	**(1,380)**	**(1,400)**

Cash and cash equivalents include bank overdraft

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

1. General information

Fiera Sceptre Inc. ("Fiera Sceptre" or the "Company") was incorporated as Fry Investment Management Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a full-service, multi-product investment firm, providing investment advisory and related services to institutional investors, private wealth clients and retail investors.

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

Fiera Sceptre is registered in the categories of exempt market dealer and portfolio manager in all Provinces and Territories of Canada and as an investment adviser with the US Securities and Exchange Commission. Fiera Sceptre is also registered in the category of investment fund manager in the provinces of Ontario and Quebec. In addition, as Fiera Sceptre manages derivatives portfolios, it is registered as a commodity trading manager pursuant to the *Commodity Futures Act* (Ontario), as an adviser under the *Commodity Futures Act* (Manitoba) and, in Quebec, as derivatives portfolio manager pursuant to the *Derivatives Act* (Québec).

1. General information (continued)

Basis of presentation and adoption of IFRS

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in Part I of the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") which require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. These interim consolidated financial statements have been prepared in compliance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") and IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). Subject to certain transition elections and exceptions disclosed in Note 13, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS balance sheet as at October 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended September 30, 2011 prepared under Canadian GAAP.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of March 12, 2012, the date the Board of Directors approve the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended September 30, 2011. Note 13 discloses IFRS information for the year ended September 30, 2011 not provided in the 2011 annual financial statements.

These interim financial statements were prepared by Fiera Sceptre management and were not examined by the Company's Auditors.

2. Significant accounting policies, judgments and estimation uncertainty

The significant accounting policies used in the preparation of these interim consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities measured at fair value as discussed under "Financial instruments".

Consolidation

The financial statements of the Company consolidate the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The consolidated financial statements include the accounts of Fiera Sceptre and its wholly owned subsidiaries, Fiera Sceptre Funds Inc. ("FSFI") which is registered with various provincial securities commissions as a mutual fund dealer and maintains membership in the Mutual Fund Dealer Association and Sceptre Fund Management Inc. ("SFMI").

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Investments in joint ventures

Fiera Axium Infrastructure Inc. ("Fiera Axium") is an entity specialized in infrastructure investment and Fiera Properties Limited ("Fiera properties") is an entity specialized in real estate investments, over which the Company has joint control. The financial results of the Company's investments in its joint ventures are included in the Company's results using the equity method.

Subsequent to the acquisition date, the Company's share of profits or losses of the joint ventures is recognized in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in the joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the joint venture.

The accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Company.

Dilution gains and losses arising from changes in interests in investments in the joint venture are recognized in the consolidated statement of income.

Foreign currency translation

The Company has prepared and presented the consolidated financial statements in Canadian dollars, its functional currency.

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income in other gains and losses. Non-monetary assets and liabilities denominated in foreign currencies are reported in Canadian dollars based on the exchange rate in effect at the date of initial recognition.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Revenue recognition

Revenue from management fees is recognized as the related services are rendered and when the fees are determinable. Management fees are invoiced monthly or quarterly based on daily average assets under management and others are calculated and invoiced monthly or quarterly in arrears based on calendar quarter-end or month-end asset values under management or on an average of opening and closing assets under management for the quarter.

Performance fees are recorded only at the performance measurement dates contained in the individual account agreements and are dependent upon performance of the account exceeding agreed-upon benchmarks over the relevant period.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Regular purchases and sales of financial assets are accounted for at the trade date.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Classification

Cash and cash equivalents, and restricted cash	Loans and receivables
Investments	
Short-term notes	Fair value through profit or loss
Mutual fund and pooled fund investments	Available for sale
Accounts receivable and loans to related companies	Loans and receivables
Long-term investment	Available for sale
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Restructuring provision	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. The instruments held by the Company that are classified in this category are short-term notes, classified under investments in the consolidated balance sheet.

Financial instruments in this category are measured initially and subsequently at fair value. Transaction costs are expensed as incurred in the consolidated statement of earnings. Gains and losses arising from changes in fair value are presented in the consolidated statement of earnings in finance income or expense in the period in which they arise. Financial assets at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated balance sheet date, which is classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents, restricted cash and accounts receivable, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Available for sale

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current unless the investment matures within twelve months or management expects to dispose of them within twelve months.

Dividends on available-for-sale equity instruments are recognized in the consolidated statement of earnings as part of finance income when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the consolidated statement of earnings and are included in finance income or finance expense.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, restructuring provision and client deposits. Accounts payable and accrued liabilities and restructuring provision are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest method. Client deposits are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents may comprise cash and the short-term treasury bills with maturities of three months or less from the date of acquisition.

Restricted cash and client deposit

The restricted cash consists of client deposits received during the year 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.

Investments

Investments in short-term notes are carried on the consolidated balance sheet at fair value using bid prices. Investments in mutual fund and pooled fund units are carried at the net asset value reported by the fund manager.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Office furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Lease term

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statement of income.

Intangible assets

Intangible assets with an indefinite life such as the management contracts with mutual funds are accounted for at cost. The Company expects both the renewal of these contracts and the cash flows generated by these assets to continue indefinitely. Accordingly, the Company does not amortize these intangible assets, but reviews them for impairment, annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

Other intangible assets are accounted for at cost. The expected useful lives of finite-life customer relationships are analyzed each year and determined based on the analysis of the historical and projected attrition rates of clients and other factors that may influence the expected future economic benefit that the Company will generate from the customer relationships.

Amortization is based on their estimated useful lives using the straight-line method over the following period:

Customer relationships	20 years
Trade name	5 years
Non-compete agreement	3 years
Software	2 years

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Impairment of non-financial assets

Property, plant and equipment and finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite-life intangible assets are tested at least annually for impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of income on a straight-line basis over the term of the lease.

Deferred charges

Deferred charges consist of insurance and are amortized on a straight-line basis over the term of the contract.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Deferred lease obligations

The Company leases office space with a predetermined fixed escalation of the minimum rent. The Company recognizes the related rent expense on a straight-line basis and consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred lease obligations.

Lease inducements

Lease inducements consist of allocations received from lessors for leasehold improvements and are amortized over the lease term.

Income taxes

Income taxes comprise current and deferred tax. Income taxes are recognized in the consolidated statement of income except to the extent that they relate to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred income taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and joint ventures except in the cases of subsidiaries where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

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2. Significant accounting policies, judgments and estimation uncertainty (continued)

Employee benefits

Post-employment benefit obligations

Employees of the Company have entitlements under the Company's pension plans which are defined contribution benefit pension plans.

The cost of defined contribution pension plans is charged to expense as the contributions become payable.

Bonus plans and commissions

The Company recognizes a liability and an expense for bonuses and commissions, based on several plan and payable on various date during the year.

The Company recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Stock-based compensation

The Company grants stock options to certain employees. The board may determine when any option will become exercisable and may determine that the option will be exercisable in instalments or pursuant to a vesting schedule

Stock-based compensation expense is recorded using the fair value method. Under this method, the compensation expense for each tranche is measured at fair value at grant date using the Black-Scholes option pricing model and recognized over the vesting period. When stock options are exercised, any consideration paid by employees is credited to share capital and the recorded fair value of the options is removed from contributed surplus and credited to share capital

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Deferred share unit plan

The expense associated with granting deferred share units ("DSU") is recognized when the deferred shares are issued. Changes in the fair value of previously issued DSU that arise due to changes in the price of the Company's common shares are recognized on an ongoing basis in the consolidated statement of income. The number of DSU granted to directors is determined by dividing the dollar value of the portion of directors' fees to be paid in DSU by the closing price of the Company's shares on the TSX for the business day immediately preceding the date of the grant. DSU are granted on the third business day following the publication by the Company of its earnings results for each quarter.

As at September 1, 2010 the board cancelled the DSU plan; however, all existing rights and privilege were kept intact. All eligible directors are now compensated in cash.

Employee share purchase plan

On October 6, 2011, the board of directors adopted an Employee Share Purchase Plan (ESPP) for the purposes of attracting and retaining eligible employees, therefore allowing them to participate in the growth and development of the Company. The maximum number of issuable shares under this plan is 1.5 million shares of Class A subordinate voting shares. The Board may determine the subscription date and the number of shares each eligible employee can subscribe to. The subscription price is determined by the volume-weighted, average trading price (VWAP) of Company shares on TSX for the five trading days immediately preceding the date of the subscription Date.

Termination benefits

The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

Provisions

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method. The Company's potentially dilutive shares comprise stock options granted to employees.

Share capital

Shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from share capital.

Dividends

Dividends on common shares are recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's Board of Directors.

Contributed surplus

Contributed surplus is defined as the share base payment reserve recorded at fair value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, has been identified as the chief executive officer.

Significant accounting judgments and estimation uncertainties

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates. These estimates include the assumed growth rates for future cash flows, the numbers of years used in the cash flow model, the discount rate and others estimates.

Cash generated unit

The Company has one Cash-generating unit ("CGU") for the purpose of assessing the carrying value of the allocated goodwill and the Goodwill has been allocated to the entire Company.

Impairment of indefinite-life intangible assets

Intangible assets with an indefinite life such as the management contracts with mutual funds are accounted for at cost. The Company expects both the renewal of these contracts and the cash flows generated by these assets to continue indefinitely.

The Company does not amortize these intangible assets, but reviews them for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. If the Company determines that the indefinite life criteria are no longer met, the Company will amortize the asset over its remaining useful life.

These calculations require the use of estimates. These estimates include the assumed growth rates for future cash flows, the discount rate and others estimates.

Impairment of finite-life intangible assets and property, plant and equipment

Finite-life intangible assets and property, plant and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The expected useful lives of the finite-life customer relationships are analyzed each year and determined based on the analysis of the historical and projected attrition rates of clients and other factors that may influence the expected future economic benefit that the Company will generate from the customer relationships.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

Income taxes

The calculation of income tax expense requires significant judgment in interpreting tax rules and regulations, which are changing constantly. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets and liabilities require judgment in determining the amounts to be recognized. Significant judgment is required when assessing the timing of the reversal of the temporary differences to which future tax rates are applied. The amount of deferred tax assets, which is limited to the amount that is more likely than not to be realized, is estimated with consideration given to the timing, sources and level of future taxable profit.

Accounting standards issued but not yet applied

Unless otherwise noted, the following revised standards and amendments, which are relevant but have not yet been adopted by the Company, are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

IFRS 7(Revised) – Financial Instruments: Disclosures

On December 16, 2011 the IASB and Financial Accounting Standards Board ("FASB") issued common disclosure requirements that are intended to help investors and other users to better asses the effects or potential effect of offsetting arrangements on a company's financial position. The new requirements are set out in Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The IFRS 7 amendments are effective for annual reporting periods beginning on after January 1, 2013.

2. Significant accounting policies, judgments and estimation uncertainty (continued)

IFRS 9 – Financial Instruments

IFRS 9 was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

(in thousands of Canadian dollars)

3. Investments in joint ventures

	December 31, 2011	September 30, 2011
	$	$
Opening balance	1,333	56
Dividend	-	(354)
Subscription of capital	-	875
Share of earnings	21	744
Share of other comprehensive income	15	12
Closing balance	1,369	1,333

The Company's share of 35% in the results of Fiera Axium and its aggregated assets and liabilities, are as follows:

	December 31, 2011	September 30, 2011	October 1st, 2010
	$	$	
Balance sheet			
Assets	2,300	2,649	1,447
Liabilities	906	1,317	1,423
Statement of income			
Revenue	604	2,755	2,277
Net income	46	744	80

During the period, the Company subscribed to shares with voting rights in a new joint ventures, Fiera Properties, for an amount of 1 dollar representing 47% of the shares with voting rights.

The Company's share of 47% in the results of Fiera Properties and its aggregated assets and liabilities, are as follows:

	December 31, 2011	September 30, 2011	October 1st, 2010
	$	$	$
Balance sheet			
Assets	10	-	-
Liabilities	35	-	-
Statement of income			
Revenue	-	-	-
Net loss	(25)	-	-

(in thousands of Canadian dollars)

4. Intangible assets and Goodwill

		Indefinite life	Finite life				
	Goodwil	Asset management contracts	Customer relationships	Trade name	Non-compete	Software	Total
	$	$	$	$	$	$	$
At October 1, 2010							
Cost	89,905	6,170	45,280	2,330	805	1,195	55,780
Accumulated amortization	-	-	(1,392)	(34)	(19)	(927)	(2,372)
Net book value	89,905	6,170	43,888	2,296	786	268	53,408
Year ended September 30, 2011 [1]							
Opening net book value	89,905	6,170	43,888	2,296	786	268	53,408
Additions	565	-	-	-	-	781	781
Amortization for the year	-	-	(2,266)	(470)	(272)	(432)	(3,440)
Closing net book value	90,470	6,170	41,622	1,826	514	617	50,749
At September 30, 2011							
Cost	90,470	6,170	45,280	2,330	805	1,886	56,471
Accumulated amortization	-	-	(3,658)	(504)	(291)	(1,269)	(5,722)
Net book value	90,470	6,170	41,622	1,826	514	617	50,749
Period ended December 31, 2011							
Opening net book value	**90,470**	**6,170**	**41,622**	**1,826**	**514**	**617**	**50,749**
Additions	**-**	**-**	**-**	**-**	**-**	**8**	**8**
Amortization for the period	**-**	**-**	**(566)**	**(116)**	**(67)**	**(135)**	**(884)**
Closing net book value	**90,470**	**6,170**	**41,056**	**1,710**	**447**	**490**	**49,873**
At December 31, 2011							
Cost	**90,470**	**6,170**	**45,280**	**2,330**	**805**	**1,894**	**56,479**
Accumulated amortization	**-**	**-**	**(4,224)**	**(620)**	**(358)**	**(1,404)**	**(6,606)**
Net book value	**90,470**	**6,170**	**41,056**	**1,710**	**447**	**490**	**49,873**

[1] During the year ended September 2010; the Company disposed software which had an accounting cost of $ 90 and accumulated amortization of $ 90.

(in thousands of Canadian dollars)

5. Restructuring provisions

With respect to the business combination, the Company recorded restructuring provisions related to leases for premises occupied by Sceptre which the Company vacated as well as costs related with termination of certain employees of the acquired business which were performing functions already available through its existing structure. The change in the restructuring provision during the periods is as follows:

	Severance	Consolidation of facilities	Total
	$	$	$
Balance, October 1st, 2010	2,189	1,384	3,573
Addition (reversal) during the period	313	(89)	224
Paid during the period	(1,972)	(383)	(2,355)
Balance, September 30, 2011	530	912	1,442
Paid during the period	(303)	(196)	(499)
Balance, December 31, 2011	227	716	943

All amounts are included in accounts payable and accrued liabilities.

An amount of $429 is included in accounts payable and accrued liabilities for the termination of the Fiera Capital employees.

During the period, an amount of $137 was transferred from long term liabilities to accrued liabilities.

(in thousands of Canadian dollars)

6. Share capital

Authorized, an unlimited number of:
- Class A shares, subordinate voting and participating
- Class B shares, special voting, participating

	Class A Subordinate voting shares		Class B Special voting shares		Total	
	Number	$	Number	$	Number	$
At October 1, 2010	15,078,721	100,510	21,357,336	33,986	36,436,057	134,496
Transfer from Class B special voting shares to Class A Subordinate voting shares	149,372	238	(149,372)	(238)	-	-
Stock options exercised	139,573	1,091	-	-	139,573	1,091
As at September 30, 2011 and December 31, 2011	**15,376,666**	**101,839**	**21,207,964**	**33,748**	**36,575,630**	**135,587**

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 are as follows:

	For the three months ended December 31, 2011	For the three months Ended December 31, 2010
	$	$
Net earnings for the period	829	2,815
Weighted average shares outstanding – basic	36,576	36,475
Effect of dilutive stock options	258	124
Weighted average shares outstanding – diluted	36,834	36,599
Basic and diluted earnings per share	0.02	0.08

For the three months ended December 31, 2011 and 2010, the calculation of hypothetical conversions does not include 769,528 options (none in 2010) with an anti-dilutive effect.

(in thousands of Canadian dollars)

8. Share-based payment

A summary of the changes that occurred during the period ended December 31, 2011 in the Company's stock option plans is presented below:

	Number of Class A subordinate voting shares	Weighted-average exercise prise
For the period ended December 31, 2011		
Beginning and Ending of the period	1,630,072	5.93
Option exercisable, end of period	612,721	5.33

During the period, the Company recorded compensation expense of $ 180 ($ 203 in 2010). No option was granted, exercised, expired or forfeited during the period.

9. Financial risk management

The Company, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2011.

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 sheet includes 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 own portfolio of investments.

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

9. Financial risk management (continued)

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 and pooled fund securities in the Company's portfolio and causes 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, pooled fund and fixed income available-for-sale financial assets held.

The Company manages its investment portfolio with a medium risk mandate. Its 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, 2011, comprises mutual fund and pooled fund investments under its management with a fair value of $ 999. Mutual fund and pooled investments comprise a well-diversified portfolio of Canadian investments. Mutual fund and pooled fund units have no specific maturities.

A 10% change in the Company's equity and equity-related holdings in other comprehensive income as at December 31, 2011 has an impact of increasing or decreasing other comprehensive income by $100.

Credit risk

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

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 was subject to interest rate risk due to interest rate fluctuations on the balance of the bank loan.

(in thousands of Canadian dollars)

9. Financial risk management (continued)

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 actives and has sufficient available financing via its authorized line of credit to finance its activities and respect its obligations as they become due.

10. 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, respecting Registration Requirements and Exemptions.

11. Related party transactions

The following table details transactions carried out with shareholders and their related companies:

	December 31, 2011	December 31, 2010
	$	$
Management fees	1,760	1,915

12. Segment reporting

The Company operates in one operating segment (management services in Canada); therefore, no additional segmental information is presented.

The chief operating decision-maker of the Company has determined that the Company's reportable segment is investment management services in Canada and almost all assets are located in Canada.

13. Transition to IFRS

The effect of the Company's transition to IFRS, described in *Note 2*, is summarized in this note as a reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS, adjustments to the consolidated statement of cash flows and additional IFRS information for year ended September 30, 2011.

Exceptions and exemptions from full retrospective application elected by the Company

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied mandatory transition exceptions and the following exemptions from full retrospective application of IFRS:

	As described in explanatory notes
Business combination	(aa)
Estimates	(bb)
Share-based Payments	(cc)

(aa) Business combination –

In accordance with IFRS transitional provisions, the Company elected - to apply IFRS relating to business combinations prospectively from October 1, 2010. As such, business combinations entered into before that date, including the related goodwill, have been carried forward without adjustments.

(bb) Estimates –

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. Our IFRS estimates as of October 1, 2010, are consistent with our Canadian GAAP estimates for the same date.

(in thousands of Canadian dollars)

13. Significant accounting policies, judgments and estimation uncertainty (continued)

(cc) Share-based Payments –

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment,* to equity instruments that were granted on before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002, and vested before the later of the date of transition to IFRS and January 1, 2005. We have elected not to apply IFRS 2 to grants that vested prior to October 1, 2010.

Reconciliation of IFRS and Canadian GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS and provide details of the impact of the transition on equity and comprehensive income:

a) Reconciliation of equity as previously reported under Canadian GAAP to IFRS.

	Note	September 30, 2011	December 31, 2010	October 1, 2010
		$		$
Equity as reported under Canadian GAAP		303	2,976	2,305
Total reversal of impairment losses on intangibles	(c)	3,227	3,369	3,414
Equity as reported under IFRS		3,530	6,345	5,719

(in thousands of Canadian dollars)

13. Transition to IFRS (continued)

		September 30, 2011			
	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		$			$
Assets					
Current assets					
Cash and cash equivalents	(a)	1,715	(1,715)	-	-
Restricted cash		218	-	-	218
Investments		983	-	-	983
Accounts receivable	(a)	16,468	(54)	-	16,414
Prepaid expenses	(a)	735	(19)	-	716
Deferred income taxes	(a) (e)	64	(14)	(50)	-
		20,183	(1,802)	(50)	18,331
Non-current assets					
Long-term investment	(a)	714	(714)	-	-
Investments in joint ventures	(a)	-	1,333	-	1,333
Property, plant and equipment	(a)	2,507	(94)	-	2,413
Intangible assets	(a) (c)	46,383	(4)	4,370	50,749
Goodwill		90,470	-	-	90,470
Deferred charges		224	-	-	224
Deferred income taxes	(e)	-	-	50	50
		160,481	(1,281)	4,370	163,570
Liabilities					
Current liabilities					
Bank overdraft	(a)	-	34	-	34
Accounts payable and accrued liabilities	(a) (d)	11,527	(678)	(1,982)	8,867
Restructuring provision		-	-	1,982	1,982
Amount due to related companies	(a)	195	(46)	-	149
Client deposits		218	-	-	218
Deferred income	(a)	18	(18)	-	-
Prepaid management fees	(a)	551	(543)	-	8
		12,509	(1,251)	-	11,258
Non-current liabilities					
Deferred lease obligation		320	-	-	320
Lease inducements	(a)	736	(30)	-	706
Deferred income taxes	(c)	8,936	-	1,143	10,079
Long term restructuring provision	(d)	-	-	137	137
Other long-term liabilities	(d)	370	-	(137)	233
		22,871	(1,281)	1,143	22,733
Equity					
Share capital		135,587	-	-	135,587
Contributed surplus		1,703	-	-	1,703
Retained earnings	(c)	303	-	3,227	3,530
Accumulated other comprehensive income		17	-	-	17
		137,610	-	3,227	140,837
		160,481	(1,281)	4,370	163,570

(in thousands of Canadian dollars)

13. Transition to IFRS (continued)

		December 31, 2010			
	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		$			$
Assets					
Current assets					
Restricted cash		1,826	-	-	1,826
Investments		3,572	-	-	3,572
Accounts receivable	(a)	18,317	(31)	-	18,286
Prepaid expenses	(a)	343	(6)	-	337
Deferred income taxes	(a) (e)	104	(48)	(56)	-
		24,162	(85)	(56)	24,021
Non-current assets					
Long-term investment	(a)	1,247	(1,247)	-	-
Investments in joint ventures	(a)	-	847	-	847
Property, plant and equipment	(a)	2,871	(104)	-	2,767
Intangible assets	(c)	48,172	-	4,552	52,724
Goodwill		90,281	-	-	90,281
Deferred charges		272	-	-	272
Deferred income taxes	(e)	-	-	56	56
		167,005	589	4,552	170,968
Liabilities					
Current liabilities					
Bank overdraft	(a)	1,331	69	-	1,400
Accounts payable and accrued liabilities	(a) (d)	13,359	(478)	(2,943)	9,938
Restructuring Provision	(d)	-	-	2,943	2,943
Client deposits		1,826	-	-	1,826
Deferred income	(a)	29	(29)	-	-
Prepaid management fees	(a)	118	(118)	-	-
		16,663	(556)	-	16,107
Non-current liabilities					
Deferred lease obligation		314	-	-	314
Lease inducements	(a)	934	(33)	-	901
Deferred income taxes	(c)	8,963	-	1,183	10,146
Long term restructuring provision	(d)	-	-	1,020	1,020
Other long-term liabilities	(d)	1,020	-	(1,020)	-
		27,894	(589)	1,183	28,488
Equity					
Share capital		134,923	-	-	134,923
Contributed surplus		1,165	-	-	1,165
Retained earnings	(c)	2,976	-	3,369	6,345
Accumulated other comprehensive income		47	-	-	47
		139,111	-	3,369	142,480
		167,005	(589)	4,552	170,968

(in thousands of Canadian dollars)

13. Transition to IFRS (continued)

	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		October 1st, 2010			
		$			$
Assets					
Current assets					
Cash and cash equivalents	(a)	2,118	(941)	-	1,177
Restricted cash		1,798	-	-	1,798
Investments		4,514	-	-	4,514
Accounts receivable	(a)	15,897	45	-	15,942
Prepaid expenses	(a)	496	(15)	-	481
Deferred income taxes	(a) (e)	56	(3)	(53)	-
		24,879	(914)	(53)	23,912
Non-current assets					
Long-term investment	(a)	369	(369)	-	-
Investments in joint ventures	(a)	-	56	-	56
Property, plant and equipment	(a)	2,706	(108)	-	2,598
Intangible assets	(c)	48,795	-	4,613	53,408
Goodwill		89,905	-	-	89,905
Deferred charges		199	-	-	199
Deferred income taxes	(e)	-	-	53	53
		166,853	(1,335)	4,613	170,131
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	(a)	14,507	(364)	(2,916)	11,227
Restructuring provisions	(d)	-	-	2,916	2,916
Amount due to related companies		108	-	-	108
Client deposits		1,798	-	-	1,798
Deferred income	(a)	58	(58)	-	-
Prepaid management fees	(a)	307	(307)	-	-
Due to shareholders of the joint venture	(a)	573	(573)	-	-
		17,351	(1,302)	-	16,049
Non-current liabilities					
Deferred lease obligation		302	-	-	302
Lease inducements	(a)	978	(33)	-	945
Deferred income taxes	(c)	8,874	-	1,199	10,073
Long term restructuring provision	(d)	-	-	1,451	1,451
Other long-term liabilities	(d)	1,451	-	(1,451)	-
		28,956	(1,335)	1,199	28,820
Equity					
Share capital		134,496	-	-	134,496
Contributed surplus		1,088	-	-	1,088
Retained earnings	(c)	2,305	-	3,414	5,719
Accumulated other comprehensive income		8	-	-	8
		137,897	-	3,414	141,311
		166,853	(1,335)	4,613	170,131

(in thousands of Canadian dollars)

13. Transition to IFRS (continued)

b) Reconciliation of comprehensive income as previously reported under Canadian GAAP to IFRS:

	Note	September 30, 2011	December 31, 2010
		$	$
Comprehensive income as reported under Canadian GAAP		8,967	2,860
Change in net earnings	(c)	(187)	(45)
Comprehensive income as reported under IFRS		8,780	2,815

		September 30, 2011			
	Note	Canadian GAAP	Joint venture adjustments	Other effects of transition to IFRS	IFRS
	$	$	$		$
Revenue					
Base management fees	(a)	68,165	(2,535)	-	65,630
Performance fees		3,941	-	-	3,941
Interest and other revenues	(a)	656	(84)	-	572
		72,762	(2,619)	-	70,143
Expenses					
Selling, general and administrative expenses	(a)	48,771	(1,591)	-	47,180
External manager		2,693	-	-	2,693
Depreciation of property, plant and equipment	(a)	830	(18)	-	812
Amortization of intangible assets	(a) (c)	3,199	(2)	243	3,440
Write-off of property and equipment		633	-	-	633
Reversal of unamortized lease inducement		(143)	-	-	(143)
Loss on disposal of investment		8	-	-	8
Other operating expenses		3,350	-	-	3,350
Share of earnings of joint ventures	(a)	-	(744)	-	(744)
Earnings before income taxes		13,421	(264)	(243)	12,914
Income taxes	(a) (c)	4,463	(264)	(56)	4,143
Net earnings for the year		8,958	-	(187)	8,771

(in thousands of Canadian dollars)

13. Transition to IFRS (continued)

	December 31, 2010				
	Note	Canadian GAAP	Joint venture adjustments	Other effects of transition to IFRS	IFRS
	$	$	$		$
Revenue					
Base management fees	(a)	16,866	(237)	-	16,629
Performance fees		1,879	-	-	1,879
Interest and other revenues		49	-	-	49
		18,794	(237)	-	18,557
Expenses					
Selling, general and administrative expenses	(a)	11,128	(372)	-	10,756
External manager		900	-	-	900
Depreciation of property, plant and equipment	(a)	204	(4)	-	200
Amortization of intangible assets	(a) (c)	722	(1)	61	782
Other operating expenses		1,391	-	-	1,391
Share of earnings of joint ventures	(a)	-	92	-	92
Earnings before income taxes		4,449	48	(61)	4,436
Income taxes	(a) (c)	1,589	48	(16)	1,621
Net earnings for the year		2,860	-	(45)	2,815

13. Transition to IFRS (continued)

Explanatory notes of differences and adjustments

(a) Consolidation of joint venture –

Under Canadian GAAP, investments in joint ventures were accounted for using the proportionate consolidation method. IFRS currently permits the proportionate consolidation method and the equity method. However, IFRS 11 Joint arrangements which will supersede IAS 31 Interests in Joint Venture from January 1, 2013, will allow only the equity method to account interests in joint ventures. In this regard, the Company has elected to use the equity method to account for its interests in the joint venture, Fiera Axium Infrastructure Inc. and Fiera Properties Limited.

The deconsolidation of the CGAAP balances, results and cash flows is presented in the reconciliations included in Note 3 as joint venture adjustments.

The Company's share of assets and liabilities, and share of earnings of our equity accounted in joint ventures are summarized in Note 3.

(b) In accordance with IFRS transitional provisions, the Company elected to classify cash and cash equivalents as loans and receivables under IAS 39, Financial Instruments – Recognition and Measurement. Under Canadian GAAP, cash and cash equivalents were classified as held for trading.

(c) In accordance with IFRS transitional provisions, The Company applied IAS 36 Impairment of Assets for its intangible assets retrospectively. In 2006 and 2008 respectively, the Company recorded an impairment losses of $ 3,300 ($2,395 net of income tax of $905) and $1,556($1,130 net of income tax of $426). During this time, the Company used an asset group with only the customers acquired with the business combination of YMG. Under Canadian GAAP, reversal of impairment losses on intangibles was not permitted. At the transition date, the Company applies IAS 36 and evaluated is impairment on this specific assets group. The Company recorded a recoverable amount of $4,613 for the Customer relationship (net of $243 of amortization) as at October 1, 2010. Consequently the Company recorded a deferred income tax liabilities $1,199 for a net change increase in the retained earning of $3,414 as at October 1, 2010.

Consequently to the reversal, the Company recorded a charge of amortization of $243 for the year ended September 30, 2011 ($61 for the period ended December 31, 2010) with a reversal of deferred income tax charge of $56 for the year ended September 30, 2011($16 for the period ended December 31, 2010). The net change in retained earning for the year ended September 30, 2011 is a decrease of the net earnings of $187 ($45 for the period ended December 31, 2010)

13. Transition to IFRS (continued)

(d) Provisions –

Under IAS 1, provisions shall be presented separately on the Balance sheet.

(e) Deferred taxes –

Under IFRS, deferred tax balances shall not be classified as current, irrespective of the classification of assets or liabilities to which deferred income taxes are related or expected timing of the reversal of temporary differences. Under Canadian CAAP, deferred taxes related to current assets or current liabilities should be classified as current. Therefore, current deferred taxes recognized under Canadian GAAP have been reclassified as non-current under IFRS.

Adjustments to consolidated statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company except that, under IFRS, cash flows relating to interest and dividends are classified as investing or financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating.

14. Events after the reporting period

On February 27, 2012, The Company and National Bank of Canada ("National Bank") announced that they had signed a binding agreement under which Fiera Sceptre will acquire the business of Natcan Investment Management Inc ("Natcan").

On March 7, 2012, a notice of special meeting of shareholders for March 29, 2012 and Management information circular with respect to the proposed arrangement acquiring the business of Natcan by Fiera Sceptre was prepared and sent to all shareholders registered on the book of Fiera at close of business on February 23, 2012.

Under the agreement, Fiera Sceptre will pay $309.5 millions subject to reduction in certain circumstances, including $235 millions at the closing of the transaction, and an amount of $74 millions paid over time after the closing unless certain minimum assets under management thresholds are not satisfied by National Bank and its affiliates. At closing, Fiera Sceptre will issue approximately 19.71 million Class A subordinate voting shares representing 35 % of the issued and outstanding shares of Fiera Sceptre, with the balance of the $235 millions to be paid in cash which will be financed by a long term debt.

The value of the share issued at closing will be calculated based on the simple average of (i) the 10-day volume-weighted average price of Fiera Sceptre prior the announcement and (ii) the 10-day volume-weighted average price prior to closing, provided that the share price for this purpose will not be less than $ 7.00, nor more than $ 9.00.

Upon completion of the transaction, National Bank will also receive options to acquire additional Class A subordinated voting shares of Fiera Sceptre at a market price determined on the day of exercise, equal to 2.5% of total shares outstanding at the end of September in each of 2013 and 2014. If the options are fully exercised, the bank own 40% of the outstanding Fiera equity. National Bank will also be entitled to protect its ownership in Fiera Sceptre pursuant to anti-dilution rights.

Upon closing of the transaction, the Company will change its name to Fiera Capital Corporation.

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FIERA SCEPTRE