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Consolidated Financial Statements of FIERA CAPITAL CORPORATION

(Formally known as Fiera Sceptre Inc)

December 31, 2012 and September 30, 2011

FIERA CAPITAL

Fiera Capital Corporation
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Independent auditor's report

To the shareholders of
Fiera Capital Corporation

We have audited the accompanying consolidated financial statements of Fiera Capital Corporation Inc., which comprise the consolidated balance sheets as at December 31, 2012, September 30, 2011 and October 1, 2010, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the 15-month period ended December 31, 2012 and the year ended September 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial positions of Fiera Capital Corporation Inc. as at December 31, 2012, September 30, 2011 and October 1, 2010, and its financial performance and its cash flows for the 15-month period ended December 31, 2012 and the year ended September 30, 2011 in accordance with International Financial Reporting Standards.

Montreal (Canada)
March 20, 2013

Deloitte s.e.n.c.r.l.[1]

[1] CPA auditor, CA, public accountancy permit CA No. A103322

Fiera Capital Corporation

(Formerly known as Fiera Sceptre Inc.)
Consolidated Statements of earnings

Periods ended
(in thousand of Canadian dollars, except per share data)

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Revenue		
Base management fees	**109,261**	65,630
Performance fees	**5,587**	3,941
Other revenue	**480**	572
	115,328	70,143
Expenses		
Selling, general and administrative expenses (Note 19)	**74,236**	47,180
External managers	**1,989**	2,693
Depreciation of property and equipment	**1,136**	812
Amortization of intangible assets	**12,609**	3,440
Write-off of property and equipment	**-**	633
Reversal of unamortized lease inducement	**-**	(143)
Loss on disposal of assets	**6**	8
Interest on long term debt and other financing charges	**2,940**	-
Accretion on purchase price obligation	**1,864**	-
Changes in fair value of derivative financial instrument	**1,491**	-
	96,271	54,623
Earnings before share of earnings of joint venture, acquisition costs and restructuring provisions and other costs and income taxes	**19,057**	15,520
Share of earnings of joint venture	**(201)**	(744)
Acquisition costs	**5,937**	-
Restructuring provisions and other costs (Note 4)	**7,513**	3,350
Earnings before income taxes	**5,808**	12,914
Income taxes (Note 13)	**2,782**	4,143
Net earnings for the period	**3,026**	8,771
Earnings per share (Note 16)		
Basic	**0.06**	0.24
Diluted	**0.06**	0.24

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

Fiera Capital Corporation

(Formerly known as Fiera Sceptre Inc.)

Consolidated Statements of Comprehensive Income

Periods ended

(in thousand of Canadian dollars)

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Net earnings for the period	**3,026**	8,771
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain (loss) on available-for-sale financial assets (net of income taxes)	**(60)**	5
Reclassification adjustment included in net earnings	**-**	(8)
Share of other comprehensive income of joint ventures	**108**	12
Other comprehensive income for the period	**48**	9
Comprehensive income for the period	**3,074**	8,780

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

Fiera Capital Corporation

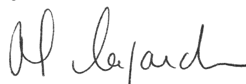
(Formerly known as Fiera Sceptre Inc.)
Consolidated Balance Sheets

As at
(in thousand of Canadian dollars)

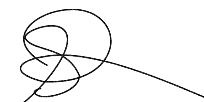
	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Assets			
Current assets			
Cash	**6,016**	-	1,177
Funds held for clients	**297**	218	1,798
Investments (Note 7)	**6,532**	983	4,514
Accounts receivable (Note 8)	**29,888**	16,414	15,942
Advance to a joint venture	**342**	-	-
Prepaid expenses	**874**	716	481
	43,949	18,331	23,912
Non-current assets			
Deferred charges	**402**	224	199
Deferred income taxes (Note 13)	**1,364**	50	53
Investment in joint ventures (Note 5)	**6,879**	1,333	56
Property and equipment (Note 9)	**5,200**	2,413	2,598
Intangible assets (Note 10)	**180,230**	50,749	53,408
Goodwill (Note 10)	**278,750**	90,470	89,905
	516,774	163,570	170,131
Liabilities			
Current liabilities			
Bank overdraft	**-**	34	-
Bank loan (Note 11)	**9,800**	-	-
Accounts payable and accrued liabilities (Note 12)	**16,501**	8,867	11,227
Restructuring provision (Note 4)	**1,764**	1,982	2,916
Amount due to related companies	**2,003**	149	108
Client deposits	**297**	218	1,798
Prepaid management fees	**928**	8	-
	31,293	11,258	16,049
Non-current liabilities			
Deferred lease obligation	**599**	320	302
Lease inducements	**1,052**	706	945
Deferred income taxes (Note 13)	**20,264**	10,079	10,073
Long term restructuring provisions (Note 4)	**312**	137	1,451
Long term debt (Note 14)	**107,521**	-	-
Purchase price obligations (Note 4)	**56,503**	-	-
Derivative financial instrument (Note 14 & 6)	**1,491**	-	-
Other long-term liabilities	**-**	233	-
	219,035	22,733	28,820
Equity			
Share capital (Note 15)	**307,759**	135,587	134,496
Contributed surplus	**2,668**	1,703	1,088
(Deficit) Retained earnings	**(12,753)**	3,530	5,719
Accumulated other comprehensive income (Note 15)	**65**	17	8
	297,739	140,837	141,311
	516,774	163,570	170,131

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

Approved by the Board



Jean-Guy Desjardins, Director



Sylvain Brosseau, Director

Fiera Capital Corporation

(Formerly known as Fiera Sceptre Inc.)
Consolidated Statements of changes in Equity

Periods ended
(in thousand of Canadian dollars, except per share data)

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Share capital		
Balance, beginning of period	**135,587**	134,496
Stock options exercised	**967**	1,091
Shares issued as part of business combination (Note 4)	**170,487**	-
Shares issued for cash as part of the employee share purchase plan	**718**	-
Balance, end of period	**307,759**	135,587
Contributed surplus		
Balance, beginning of period	**1,703**	1,088
Share-based compensation expense	**1,176**	933
Stock options exercised	**(211)**	(318)
Balance, end of period	**2,668**	1,703
(Deficit) Retained earnings		
Balance, beginning of period	**3,530**	5,719
Net earnings	**3,026**	8,771
Gain on dilution (Note 5)	**112**	-
Dividends	**(19,421)**	(10,960)
Balance, end of period	**(12,753)**	3,530
Accumulated other comprehensive income		
Balance, beginning of period	**17**	8
Other comprehensive income	**48**	9
Balance, end of period	**65**	17
Dividend per share	0,40	0,30

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

Fiera Capital Corporation

(Formerly known as Fiera Sceptre Inc.)

Consolidated Statements of Cash Flows

Periods ended

(in thousand of Canadian dollars)

	December 31, 2012	September 30, 2011
	15 months	12 months
Cash flows generated by (used in)	$	$
Operating activities		
Net earnings	3,026	8,771
Adjustments for:		
Depreciation of property and equipment	1,136	812
Amortization of intangible assets	12,609	3,440
Amortization of deferred charges	260	99
Amortization of financing charges	83	-
Write-off of property and equipment	-	633
Reversal of unamortized lease inducements	-	(143)
Accretion of purchase price obligation payments	1,864	-
Lease inducements	(185)	(157)
Deferred lease obligations	274	18
Share-based compensation	1,176	933
Interest expenses	2,838	-
Change in fair value of derivative financial instrument	1,491	-
Income tax expense	2,782	4,143
Income taxes paid	(4,551)	(5,387)
Income taxes received	-	2,052
Share of (earnings) loss from joint ventures	(201)	(744)
Prepaid management fee	888	-
Other	(109)	8
Changes in non-cash operating working capital items (Note 20)	(5,493)	(6,036)
Net cash generated from operating activities	17,888	8,442
Investing activities		
Business combinations (less cash acquired of $310 in 2012, Note 4)	(92,393)	(361)
Investments	(5,500)	3,520
Advance to a joint venture	(342)	-
Investments in a joint venture (Note 5)	(5,125)	(875)
Dividend paid by a joint venture (Note 5)	-	354
Purchase of property and equipment	(2,393)	(1,260)
Purchase of intangible assets	(2,336)	(781)
Lease inducements	531	61
Deferred charges	(73)	(124)
Net cash (used) generated in investing activities	(107,631)	534
Financing activities		
Bank loan	9,800	-
Dividend paid	(19,421)	(10,960)
Issuance of share capital	1,474	773
Long-term debt (Note 14)	108,000	-
Interest paid on long-term debt	(2,838)	-
Financing charges	(562)	-
Repayment of amount due to shareholder	(660)	-
Net cash (used) generated in financing activities	95,793	(10,187)
Net (decrease) increase in cash and cash equivalents	6,050	(1,211)
Cash and cash equivalents – beginning of period	(34)	1,177
Cash and cash equivalents – end of period	6,016	(34)

Cash and cash equivalent include bank overdraft

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

1. Description of Business

Fiera Capital Corporation ("Fiera Capital Corporation" 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. Its head office is located at 1501 Avenue McGill College, office 800, Montreal, Quebec, Canada.

The Company changed its registered company name to Fiera Capital Corporation as approved by the shareholders at Fiera Capital Corporation annual and special meeting held on March 29, 2012.

Fiera Capital Corporation 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 Capital Corporation is also registered in the category of investment fund manager in the provinces of Ontario and Quebec. In addition, as Fiera Capital Corporation 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* (Quebec).

The Corporation changed its financial year-end from September 30 to December 31. This change was made in order to allow for a better alignment of the Corporation's operations processes. The amounts presented in the financial statements is not entirely comparable.

2. 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 consolidated financial statements for the period ended December 31, 2012. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. These consolidated financial statements have been prepared in compliance with IFRS and IFRS1. *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). Subject to certain transition elections and exceptions disclosed in Note 25, 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 25 discloses the impact of the transition to IFRS on the Company's reported balance sheet, 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 year ended September 30, 2011, prepared under Canadian GAAP.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2012. The date the Board of Directors approves the financial statements and authorize for issue on March 20, 2013.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

3. Significant accounting policies, judgments and estimation uncertainty

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

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities held at fair value through profit or loss and available-for-sale investments which have been measured at fair value as discussed under "Financial Instruments".

Consolidation

The financial statements of the Company include 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 Capital Corporation 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.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The Company owns interests in the following 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 earnings of the joint venture is recognized in the consolidated statement of earnings. 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 a legal or constructive obligation or made payment on behalf of joint venture.

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

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

The Company assesses at each year-end whether there is any objective evidence that its interests in the joint ventures are impaired. If impaired, the carrying value of the Company's investment in the joint venture is written down to its estimated recoverable amount (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of earnings. In accordance with IAS 36, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognized.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in the statement of earnings.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities which are recognised and measured in accordance with IAS 12. Subsequent changes in fair values are adjusted against cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statement of earnings. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. Contingent consideration that is classified as liability is measured at each subsequent reporting dates with the corresponding gain or loss being recognized in earnings.

Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 earnings. 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.

Revenue recognition

Revenue from management fees is recognized as the related services are rendered and when the fees are determinable. Management fees are invoiced 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.

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

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 funds held for clients	Loans and receivables
Investments	
Short-term notes	Fair value through profit or loss
Mutual fund and pool fund investment	Available for sale
Accounts receivable	Loans and receivables
Advance to a joint venture	Loans and receivables
Bank overdraft	Financial liabilities at amortized cost
Bank loan	Financial liabilities at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost
Long-term debt	Financial liabilities at amortized cost
Purchase price obligations	Financial liabilities at amortized cost
Derivative financial instruments	Fair value through profit or loss

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 and derivative financial instruments.

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 earnings 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.

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

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, funds held for clients, accounts receivable and loans to related companies, 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 it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the consolidated statement of earnings 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.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include bank overdraft, bank loan, accounts payable and accrued liabilities, amount due to related companies, client deposits, long-term debt and fair value of purchase price obligations. Accounts payable and accrued liabilities and amount due to related companies and client deposits 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. Long-term debt and fair value of purchase price obligations 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 and bank overdraft.

Funds held for clients and client deposits

The funds held for clients consist 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.

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

Investments

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

Property and equipment

Property 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 earnings during the period in which they are incurred.

The major categories of property 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, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset, part of earnings.

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.

The finite life intangible assets are accounted for at cost. Other intangible assets are notably comprised of trade name, software and a non compete agreement. 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 of the finite life assets is based on their estimated useful lives using the straight-line method over the following periods:

Assets management contract	10 years
Customer relationships	20 years
Other	2 years to 8 years

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

Impairment of non-financial assets

Property 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 level for which there are separately identifiable cash inflows (cash-generating units or CGU). 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 consideration transferred in a business combination over the fair value of the Company's share of the net identifiable assets acquired at the date of acquisition. Goodwill is tested at least 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.

For goodwill impairment testing purposes, the CGU which represents the lowest level within the Company at which management monitors goodwill is the operating segment (note 24).

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 earnings on a straight-line basis over the term of the lease.

Deferred charges

Deferred charges consist of insurance, rent and other long term prepaid expenses and are amortized on a straight-line basis over the term of the contract or lease.

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.

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

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.

Employee benefits

Post-employment benefit obligations

Employees of the Company have entitlements under the Company's pension plans which are defined contribution pension plans. The cost of defined contribution pension plans is charged to expense as the contributions become payable.

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

Bonus plans

The Company recognizes a provision and an expense for bonuses, based on several plans and payable on various dates during the year when it is contractually obliged or where there is a past practice that has created a constructive obligation.

Share-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.

Share-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.

Deferred share unit plan

The expense associated with granting deferred share units ("DSU") was recognized when the deferred shares were issued. Changes in the fair value of previously issued DSU that arise due to changes in the price of the Company's shares are recognized on an ongoing basis in the consolidated statement of earnings. The number of DSU granted to directors was 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 were granted on the third business day following the publication by the Company of its earnings results for each quarter. At September, 2010, the Board cancelled the DSU plan; however, all existing rights and privilege were kept intact. All eligible directors are now compensated in cash.

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

Restricted share unit plan

The Restricted Share Unit Plan ("RSU") was established for the purposes to provide certain specified persons with the opportunity to acquire class A subordinate shares of the Company in order to induce such persons to become employees of the Company or one of its affiliates and to permit them to participate in the growth and development of the Company. The maximum number of issuable shares under this plan is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The subscription date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can prescribe to. RSU expense is recorded at fair value over a 3 years on a straight-line basis.

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.

Restructuring Provisions

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

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings 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

Class A shares and class B shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

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

Dividends

Dividends on 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.

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:

Cash generating unit

The Company has one cash-generating unit ("CGU") for the purpose of assessing the carrying value of the allocated goodwill and indefinite-life intangible.

Impairment of goodwill and indefinite-life intangible

The Company tests annually whether goodwill has suffered any impairment. The recoverable amount of CGU is determined based on value-in-use calculation. This calculation requires 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. The recoverable amount if indefinite-life-intangibles is based on the present value of the expected future cash flow which involves making estimates about the future cash flows as well as discount rates and marging percentage.

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

Impairment of finite-life intangible assets and property and equipment

Finite-life intangible assets and property 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.

Business combinations

The purchase price allocation process resulting from a Business combination requires from management to estimate the fair value of assets relating to acquired intangible assets, property and equipment and the liabilities assumed such as the purchase price obligation due over time and related discount rates.

Restructuring provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a business acquisition. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

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 probable 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, except for IFRS 9, which is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company is currently evaluating the impact of these standards on its consolidated financial statement but no significant impact is expected.

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

IFRS 7 (Revised) – Financial Instruments: Disclosures and IAS32 Financial instruments: presentation

On December 16, 2011 the International Accounting Standard Board ("IASB") 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 balance sheet. 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.

IFRS 9 – Financial Instruments

IFRS 9 *Financial instruments* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments Recognition and measurement* 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 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements;* IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 will replace SIC-12, *Consolidation-Special Purpose Entities*, and part of IAS 27, *Consolidated and Separate Financial Statements.*

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

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements 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 Venturer.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12, Disclosure of Interests in Other Entities 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 disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement 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.

4. Business combinations

Natcan Investments management Inc.

On April 2, 2012 Fiera Capital Corporation and National Bank of Canada ("National Bank" or the "Bank") announced the closing of the transaction under which Fiera Capital Corporation acquired substantially all of the assets of Natcan Investment Management Inc. ("Natcan") from the Bank at the following condition:

The Bank, through Natcan, received 19,732,299 Class A subordinate voting shares of Fiera Capital Corporation with an assigned value of $170,487 (the "Class A shares") a cash payment of $85,553 and future instalment amounting of $74,500 payable over the time after the closing unless certain minimum assets under management thresholds are not satisfied by National Bank or its affiliates.

At the transaction date, the share purchase consideration was accounted for using a value of $8.64 per share.

The 19,732,299 Class A Shares (the "Consideration Shares") over which the Bank exercises control and direction represent approximately 56.11% of the issued and outstanding Class A Shares and 35% of the total number of Class A Shares and Class B special voting shares in the capital of Fiera Capital Corporation issued and outstanding at the time of the transaction. The Bank also received an option to acquire additional Class A Shares of Fiera Capital Corporation 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 will own 40% of the outstanding shares of Fiera. The Bank will also be entitled to protect its ownership in Fiera pursuant to anti-dilution rights.

The transaction was accounted for as a business combination using the acquisition method, accordingly the assets and liabilities are recorded at their estimated fair values at the acquisition date as follows.

	$
Current assets	332
Property and equipment	193
Deferred charges	365
Intangible assets	132,302
Goodwill	186,518
Accounts payable and accrued liabilities	(332)
Deferred income taxes	(10,698)
	308,680

Purchase consideration	$
Cash consideration	85,553
Purchase price obligation	52,640
Share capital issued	170,487
	308,680

4. Business combinations (continued)

Goodwill is attributable to the significant synergies expected as result of the acquisition of Natcan. A small portion of the goodwill will be tax deductible.

Management of Fiera Capital Corporation has identified certain intangible assets acquired from Natcan, which have been accounted for separately from goodwill. These intangibles include asset management contracts with National Bank of Canada and its affiliates (which have a seven-year life and a three-year renewal period) valued at $84,800 and customer relationships valued at $47,500.

Canadian Wealth Management Group Inc.

On November 30, 2012, Fiera Capital Corporation acquired 100 % of the shares of Canadian Wealth Management Group Inc. ("CWM") from Société Générale Private Banking, a Calgary-based subsidiary of Société Générale Private Banking. The amount of the transaction is $ 7,150 in cash payment at closing and a contingent payment of $ 2,000 in December 2013 if a certain level of assets under management is achieved.

On December 31, 2012, the Company proceeded to the winding-up of CWM and its subsidiary in the Company.

The purchase price allocation shown below is preliminary and based on management's best estimates. The final purchase price allocation is expected to be completed as soon as management has gathered all significant information available in order to finalize this allocation.

As at the acquisition date, the estimated fair value of the identifiable assets acquired and liabilities is as follows:

	$
Cash	310
Other current assets	1,219
Property and equipment	1,337
Intangible assets	7,452
Goodwill	1,762
Accounts payable and accrued liabilities	(1,318)
Amount due to shareholder	(660)
Deferred income taxes	(952)
	9,150

Purchase consideration	$
Cash consideration	7,150
Purchase price obligation	2,000
	9,150

Sceptre Investment Counsel Inc

On September 1, 2010, Fiera Capital Inc. ("Fiera Capital") completed the plan of arrangement (the "Arrangement") pursuant to which the business of Sceptre Investment Counsel Limited ("Sceptre") and Fiera Capital Inc. were combined to create a leading-edge and publicly traded independent investment manager under the name Fiera Sceptre Inc. ("Fiera Sceptre"). During the twelve-month period ended September 30, 2011, the Company finalized the purchase price allocation and had adjusted the goodwill for an amount of 565$.

4. Business combinations (continued)

The impact of the acquisitions during the 15 month period on the management fee, performance fee and the net earnings is as follows:

	$
Management fee	32,273
Performance fee	2,545
Net loss	(3,173)

If the business combinations occurred on October 1, 2011, the Company's consolidated management fee, performance fee and net earnings would have been as follows:

	$
Management fee	137,135
Performance fee	5,587
Net earnings	23,018

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a 15 month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net earnings includes selling, general and administrative expense, external managers expense amortization of tangible and intangible assets, interest on long term debt, accretion on purchase price obligation and change in fair value of derivative financial instrument and the elimination of the acquisition costs, restructuring provision as well as related tax effects.

Restructuring provision and other costs

With respect to the current and past business combinations, the Company recorded restructuring provisions related to leases for premises which the Company vacated and costs related to the termination of certain employees in view to integrate the different businesses.

4. Business combinations (continued)

During the 15 months ended December 31, 2012 restructuring provision accounting to $4,336 and integration costs of the business combinations and special bonuses totalling $3,177 were recorded for an aggregate amount of $7,513 ($3,350 for the 12 months ended September 30, 2011) of restructuring provisions and other costs.

The change in the restructuring provisions during the periods is as follows:

	Severance	Lease for premises	Total
	$	$	$
Balance, October 1, 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**
Addition during the period	**4,336**	**-**	**4,336**
Paid during the period	**(2,790)**	**(912)**	**(3,702)**
Balance, December 31, 2012	**2,076**	**-**	**2,076**

5. Investment in joint ventures

The Company has investments in two joint ventures (Fiera Axium and Fiera Properties) and the variation of its interests during the 15 months period is as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Opening balance	**1,333**	56
Dividend	**-**	(354)
Subscription to capital	**5,125**	875
Share of earnings	**201**	744
Gain on dilution	**112**	-
Share of other comprehensive income	**108**	12
Closing balance	**6,879**	1,333

During the month of February 2012, the Company increased its share of ownership in Fiera Axium from 35% to 36% resulting from a share buy back by the joint venture. However, in October 2012 and November 2012, a shareholder of the joint venture exercised his options resulting in a decrease of the ownership to 35% resulting in a gain on dilution of $112.

During the month of December 2011, the Company subscribed to 50% of the shares with voting rights in a new joint venture, Fiera Properties, for an amount of 1 dollar. In April 2012, Fiera Properties acquired Roycom Inc; a company specialized in real estate investments. The commitment of Fiera Capital for this acquisition is $5,125 in the form of a share subscription of Fiera Properties. After the transaction, the ownership of Fiera Capital Corporation represents 46% of the shares with voting rights.

5. Investment in joint ventures (continued)

The Company share of earnings in the joint ventures and their aggregated assets and liabilities are as follows:

	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Balance sheet			
Current asset	**1,662**	1,837	1,018
Long term asset	**8,664**	812	477
Current liabilities	**2,356**	1,287	1,389
Long term liabilities	**1,673**	30	34

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Statement of earnings		
Revenue	**4,758**	2,755
Expense	**4,557**	2,011
Net earnings	**201**	744

6. Financial instruments

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, 2012, September 30, 2011 and October 1, 2010.

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 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 relates only to the Company's own portfolio of investments.

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

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 of recognition of gains and losses on equity and mutual fund and pool 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 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, 2012, September 30, 2011 and October 1, 2010, comprises mutual fund and pool fund investments under its management with a fair value of $6,532 as at December 31, 2012, $983 as at September 30, 2011 and $1,014 as at October 1, 2010. Mutual fund investments comprise a well-diversified portfolio of Canadian investments. Mutual fund and pool fund units have no specific maturities.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2012, September 30, 2011 and October 1, 2010 has an impact of increasing or decreasing other comprehensive income by $653, $98 and $101 respectively.

6. Financial instruments (continued)

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 and cash equivalents, funds held for clients and investments is limited because the counterparties are chartered banks with high-credit ratings assigned by national credit-rating agencies.

The Company's principal financial assets which are subject to credit risk are cash, funds held for clients investments and accounts receivable. The carrying amounts of financial assets on the consolidated balance sheets represent the Company's maximum credit exposure at the consolidated balance sheet dates.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated balance sheets are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. With the exception of National Bank and related companies which represent 21% as at December 31, 2012, no customer represents 10% of the Company's revenues and accounts receivable as at December 31, 2012, September 30, 2011 and October 1, 2010.

Interest rate risk

The Company's interest rate risk arises from long-term debt and the bank loan. Long-term debt and the bank loan issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting debt from floating rates to fixed rates. The Company obtained its long-term debt at a floating rate and swapped it into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swap, the Company agrees with the counterparty to exchange, at specified intervals, the difference between the fixed contract rate and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Currency risk

The Company realizes less than 1% of its revenue principally in US dollars and is thus not significantly exposed to foreign exchange fluctuations. The Company does not actively manage this risk.

The consolidated balance sheets include the following amounts expressed in Canadian dollars with respect to financial assets and financial liabilities for which cash flows are denominated in the following currencies:

	2012	2011	2010
	$	$	$
US dollars			
Cash	**160**	36	93
Accounts receivable	**75**	2	2

6. Financial instruments (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 activities and has sufficient available financing through its bank loan to finance its activities and to respect its obligations as they become due.

The Company has the following financial liabilities as at December 31, 2012:

		Contractual cash flow commitment				
	Carrying Amount	Total	2013	2014	2015	Other
	$	$	$	$	$	$
Bank loan	9,800	9,800	9,800	-	-	-
Accounts payable & accrued liabilities	16,501	16,501	16,501	-	-	-
Restructuring provisions	2,076	2,076	1,764	312	-	-
Amount due to related companies	2,003	2,003	2,003	-	-	-
Long term debt	108,000	108,000	-	-	6,075	101,925
Purchase price obligation	56,503	76,500	10,500	8,500	8,500	49,000
	194,883	214,880	40,568	8,812	14,575	150,925

Fair value

Determination of fair value of financial instruments

The fair value of the financial instruments represents the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act

The fair value of cash, funds held for clients, accounts receivable, bank loan, accounts payable and accrued liabilities, amount due to related companies and client deposits is approximately equal to their carrying values due to their short-term maturities.

The cost of mutual fund investments and pool funds is $ 6,580 as at December 31, 2012, $973 as at September 30, 2011 and $1,022 as at October 1, 2010, while the fair value is $6,532 as at December 31, 2012, $985 as at September 30, 2011 and $1,014 as at October 1, 2010. The unrealized gain (loss) of ($48) as at December 31, 2012, $12 as at September 30, 2011 and $8 as at October 1, 2010 are reflected in other comprehensive income.

6. Financial instruments (continued)

The fair value of long-term debt approximates their carrying amount, value given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

Derivative financial instruments consist primarily of interest rate swap contracts. The Company determines the fair value of its derivative financial instruments using the bid or ask price, as appropriate, in the most advantageous active market to which the Company has immediate access. When there is no active market for a derivative financial instrument, the Company determines the fair value by applying valuation techniques, using available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. The Company ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that is consistent with accepted economic methods for pricing financial instruments.

The carrying amount of derivative financial instruments is as follows:

	Liabilities		
	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Derivative financial instruments classified as fair value through profit or loss			
Interest rate swap agreement	**1,491**	-	-

6. Financial instruments (continued)

Fair value hierarchy

Financial instruments recorded at fair value on the consolidated balance sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Financial instruments by category:

December 31, 2012

	Loans and receivables	Available for sale	FVTPL♦	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash	6,016	-	-	-	6,016
Funds held for clients	297	-	-	-	297
Investments	-	6,532	-	-	6,532
Accounts receivable	29,888	-	-	-	29,888
Advance to a joint venture	342	-	-	-	342
Total	36,543	6,532	-	-	43,075
Liabilities					
Bank loan	-	-	-	9,800	9,800
Accounts payable and accrued liabilities	-	-	-	16,501	16,501
Amount due to related companies	-	-	-	2,003	2,003
Client deposits	-	-	-	297	297
Long-term debt	-	-	-	107,521	107,521
Purchase price obligations	-	-	-	56,503	56,503
Derivative financial instrument	-	-	1,491	-	1,491
Total	-	-	1,491	196,404	197,900

♦ Assets (Liabilities) at fair value through profit or loss. This category includes assets and financial instruments designated as financial liabilities at fair value through profit or loss.

6. Financial instruments (continued)

September 30, 2011

	Loans and receivables	Available for sale	FVTPL♦	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Funds held for clients	218	-	-	-	218
Investments	-	983	-	-	983
Accounts receivable	16,414	-	-	-	16,414
Total	16,632	983	-	-	17,615
Liabilities					
Bank overdraft	-	-	-	34	34
Accounts payable and accrued liabilities	-	-	-	8,867	8,867
Amount due to related companies	-	-	-	149	149
Client deposits	-	-	-	218	218
Total	-	-	-	9,268	9,268

October 1, 2010

	Loans and receivables	Available for sale	FVTPL♦	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash	1,177	-	-	-	1,177
Funds held for clients	1,798	-	-	-	1,798
Investments	-	1,014	3,500	-	4,514
Accounts receivable	15,942	-	-	-	15,942
Total	18,917	1,014	3,500	-	23,431
Liabilities					
Accounts payable and accrued liabilities	-	-	-	11,227	11,227
Amount due to related companies	-	-	-	108	108
Client deposits	-	-	-	1,798	1,798
Total	-	-	-	13,133	13,133

6. Financial instruments (continued)

The following table classifies financial assets and financial liabilities that are recognized on the consolidated balance sheets at fair value in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company does not hold any financial instruments classified in Level 3. There was no transfer between levels during these periods.

The following table presents the financial instruments recorded at fair value in the consolidated balance sheets, classified using the fair value hierarchy described above:

	December 31, 2012		
	Level 1	Level 2	Total
	$	$	$
Financial assets			
Mutual fund and Pool fund investments under Company's management	821	5,711	6,532
Total financial assets	821	5,711	6,532
Financial liabilities			
Derivative financial instrument designated as fair value through profit or loss	-	1,491	1,491
Total financial liabilities	-	1,491	1,491

	September 30, 2011		
	Level 1	Level 2	Total
	$	$	$
Financial assets			
Mutual fund and Pool fund investments under Company's management	783	200	983
Total financial assets	783	200	983

	October 1, 2010		
	Level 1	Level 2	Total
	$	$	$
Financial assets			
Mutual fund and Pool fund investments under Company's management	742	272	1,014
Total financial assets	742	272	1,014

7. Investments

	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Short-term notes	-	-	3,500
Mutual fund and pool fund investments under Company's management	6,532	983	1,014
	6,532	983	4,514

8. Accounts receivable

	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Trade accounts and others	19,776	14,875	14,146
Trade accounts – related companies of shareholders	9,635	1,536	1,497
Trade accounts – Joint ventures	477	3	299
	29,888	16,414	15,942

The aging of accounts receivable were as follows:

	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Trade			
Current	18,720	13,325	12,097
Aged between 61 – 119 days	149	261	436
Aged greater than 120 days	120	129	118
Total trade	18,989	13,715	12,651
Related companies (current)	10,112	1,539	1,796
Others	787	1,160	1,495
	29,888	16,414	15,942

There is no doubtful account provision.

9. Property and equipment

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
At October 1, 2010				
Cost	2,076	2,995	2,101	7,172
Accumulated depreciation	(1,580)	(2,320)	(674)	(4,574)
Net book value	496	675	1,427	2,598
Year ended September 30, 2011				
Opening net book value	496	675	1,427	2,598
Additions	434	327	499	1,260
Disposals	(115)	-	(518)	(633)
Depreciation for the year	(263)	(301)	(248)	(812)
Closing net book value	552	701	1,160	2,413
At September 30, 2011[1]				
Cost	2,245	3,054	1,645	6,944
Accumulated depreciation	(1,693)	(2,353)	(485)	(4,531)
Net book value	552	701	1,160	2,413
Period ended December 31, 2012				
Opening net book value	552	701	1,160	2,413
Additions	695	300	1,398	2,393
Business acquisition	502	314	714	1,530
Depreciation for the year	(320)	(428)	(388)	(1,136)
Closing net book value	1,429	887	2,884	5,200
At December 31, 2012[1]				
Cost	3,368	1,870	3,736	8,974
Accumulated depreciation	(1,939)	(983)	(852)	(3,774)
Net book value	1,429	887	2,884	5,200

[1] During the 15 month ended December 31, 2012 and the 12 months ended September 30, 2011, the Company disposed of office furniture and equipment which had an accounting cost of $74 ($266 for September 2011), and accumulated amortization of $74 ($151 for September 2011). Also, the Company disposed of computer equipment which had an accounting cost of $1,798 ($268 for September 2011) and an accumulated amortization of $1,798 ($268 for September 2011). Finally, the Company disposed of leasehold improvements which had an accounting cost of $21 ($955 for September 2011) and accumulated amortization of $21 ($437 for September 2011).

10. Goodwill and Intangible Assets

	Goodwill	Indefinite life	Finite life			
		Asset management contracts	Asset management contracts	Customer relationship	Other	Total
	$	$	$	$		$
At October 1, 2010						
Cost	89,905	6,170	-	45,280	4,330	55,780
Accumulated amortization	-	-	-	(1,392)	(980)	(2,372)
Net book value	89,905	6,170	-	43,888	3,350	53,408
Year ended September 30, 2011 [1]						
Opening net book value	89,905	6,170	-	43,888	3,350	53,408
Additions	-	-	-	-	781	781
Business acquisition	565	-	-	-	-	-
Amortization for the year	-	-	-	(2,266)	(1,174)	(3,440)
Closing net book value	90,470	6,170	-	41,622	2,957	50,749
At September 30, 2011						
Cost	90,470	6,170	-	45,280	5,021	56,471
Accumulated amortization	-	-	-	(3,658)	(2,064)	(5,722)
Net book value	90,470	6,170	-	41,622	2,957	50,749
Period ended December 31, 2012 [1]						
Opening net book value	90,470	6,170	-	41,622	2,957	50,749
Additions	-	-		-	2,336	2,336
Business acquisition	188,280	-	84,800	54,905	49	139,754
Amortization for the period	-	-	(6,360)	(4,670)	(1,579)	(12,609)
Closing net book value	278,750	6,170	78,440	91,857	3,763	180,230
At December 31, 2012						
Cost	278,750	6,170	84,800	100,185	6,711	197,866
Accumulated amortization	-	-	(6,360)	(8,328)	(2,948)	(17,636)
Net book value	278,750	6,170	78,440	91,857	3,763	180,230

[1] During the 15 months ended December 31, 2012, and the 12 months ended September 30, 2011, the Company disposed of software which had an accounting cost of $695 ($90 for September 2011) and accumulated amortization of $695 ($ 90 for September 2011).

10. Goodwill and Intangible assets (continued)

Impairment tests of goodwill

In assessing goodwill for impairment as at December 31, 2012, September 30, 2011 and October 1, 2010, the Company compared the aggregate recoverable amount of the assets included in the CGU to their carrying amounts. Recoverable amount has been determined based on the value in use of the CGU (entity as a whole) using five-year cash flow forecasts approved by management that made maximum use of observable market inputs. For the periods beyond the 5 years budget, the terminal value was determined using the expected long term growth rate. Key assumptions included the following:

	2012	2011	2010
Budgeted gross margin	**40%**	44%	38%
Weighted average growth rate	**5.1%**	11.7%	12%
Discount rate	**11%**	15.5%	15.5%

Reasonable changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

Impairment tests of indefinite-life intangible assets

In assessing indefinite-life intangible assets for impairment as at December 31, 2012, September 30, 2011 and October 1, 2010, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. Recoverable amount has been determined based on the value using indefinite-life cash flow forecasts approved by management that made maximum use of observable markets inputs and outputs. For the periods beyond the budget period, the terminal value was determined using the expected long term growth rate. Key assumptions included the following:

	2012	2011	2010
Budgeted gross margin	**40%**	30%	28%
Weighted average growth rate	**2.5%**	-	-
Discount rate	**11%**	15%	15%

The budgeted margin is based on past experience and represents the margin achieved in the period preceding the budgeted period. The discount rate is applied to the five year pre tax cash flow protections and is derived from the weighted average cost of capital.

Reasonable changes in key assumptions would not cause the recoverable amount of indefinite life intangible assets to fall below the carrying value.

11. Bank loan

The Company has an unsecured authorized revolving facility of $10,000 bearing interest at prime rate plus a premium varying from 0% to 1 % or at banker acceptance rate plus a premium rate varying from 1% to 2%, maturing in March 2017. The covenant is the same as the long term debt.

12. Accounts payable and accrued liabilities

	December 31, 2012	September 30, 2011	October 1, 2010
	$	$	$
Trade accounts payable and accrued liabilities	**6,124**	2,744	3,754
Wages, vacation and severance payable	**447**	436	2,745
Bonuses and commissions payable	**9,033**	5,110	4,662
Taxes	**897**	577	66
	16,501	8,867	11,227

13. Income taxes

Income tax expense details as follows:

	December 31,2012	September 30, 2011
	15 months	12 months
	$	$
Current income taxes	**5,561**	4,134
Deferred income taxes (recovery)	**(2,779)**	9
	2,782	4,143

The Company's income tax expense differs from the amounts that would have been obtained using the combined federal and provincial statutory tax rates as follows:

	December 31,2012	September 30, 2011
	15 months	12 months
	$	$
Earnings before income taxes	5,808	12,914
Income tax expense based on combined statutory income tax rate	1,586	3,816
Share-based compensation	314	268
Non-deductible acquisition costs	586	-
Other non-deductible amounts	100	(99)
Adjustment of deferred income tax assets and liabilities due to changes to substantively enacted income tax rate	196	158
	2,782	4,143

The weighted average applicable tax rate was 27.3% (2011: 29.5%).

13. Income taxes (continued)

The movement in deferred income tax assets and liabilities during the periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Property & equipment	Lease & Inducements	Restructuring provisions	Carry forward Loss	Other	Total
	$	$	$	$	$	$
Asset						
October 1, 2010	550	333	816	-	164	1,863
Charged to earnings	(550)	(62)	(512)	-	(71)	(1,195)
September 30, 2011	**-**	**271**	**304**	**-**	**93**	**668**
Charged to earnings	**-**	**169**	**(194)**	**-**	**482**	**457**
Business combinations	**-**	**-**	**-**	**1,173**	**-**	**1,173**
December 31, 2012	**-**	**440**	**110**	**1,173**	**575**	**2,298**

	Intangible assets	Property & equipment	Other	Total
	$	$	$	$
Liabilities				
October 1, 2010	(11,874)	-	(9)	(11,883)
Charged to earnings	(1,252)	(75)	9	1,186
September 30, 2011	**(10,622)**	**(75)**	**-**	**(10,697)**
Charged to earnings	**2,460**	**(138)**	**-**	**2,322**
Business combinations	**(12,660)**	**(163)**	**-**	**(12,823)**
December 31, 2012	**(20,822)**	**(376)**	**-**	**(21,198)**

The tax benefits derived from certain non capital loss resulting from a business combination have not been recorded from an amount approximately of $220.

14. Long Term debt

	2012	2011
	$	$
Unsecured loan bearing interest at prime rate plus a premium varying from 0% to 1% or at banker's acceptances rate plus a premium varying from 1.00 % to 2.00 % (1.75 % as at December 31, 2012) maturing on March 31, 2017, repayable in quarterly instalments of $ 2,025 starting in June 2015 up to March 2017	**108,000**	-
Deferred financing charges	**(479)**	-
	107,521	-

On May 1, 2012, the Company entered into an interest rate swap agreement of a notional amount of $108,000 which consists of exchanging its variable rate for a fixed rate of 1.835 % ending in March 2017, payable in monthly instalments (see Note 6).

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios. These restrictions are composed of ratio funded debt to EBITDA and interest coverage ratio as described below.

EBITDA, a non IFRS measure is defined in the loan agreement on a consolidated basis, as earnings of the Borrower before interest, taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items and shall include various items.

As at December 31, 2012, all debt covenant requirement and exemptions have been respected.

The principal repayments required over the next five years are as follows:

Years	
	$
2015	6,075
2016	8,100
2017	93,825
	108,000

15. Share capital and accumulated other comprehensive income

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

The shares have no par value

	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	15,367,666	101,839	21,207,964	33,748	36,575,630	135,587
Stock options exercised	**181,401**	**967**	**-**	**-**	**181,401**	**967**
Shares issued as part of business combination (Note 4)	**19,732,299**	**170,487**	**-**	**-**	**19,732,299**	**170,487**
Shares issued for cash [(1)]	**86,748**	**718**	**-**	**-**	**86,748**	**718**
As at December 31, 2012	**35,368,114**	**274,011**	**21,207,964**	**33,748**	**56,576,078**	**307,759**

[(1)] During the month of June 2012, as part of the Employee Share Purchase Plan, the Company issued 86,748 Class A subordinate voting shares for an amount of $718 in cash.

Components of accumulated other comprehensive income include:

	Available for sales financial assets
	$
At October 1, 2010	8
Unrealized gain on available-for-sale financial assets	(3)
Share of other comprehensive income of joint venture	12
At September 30, 2011	17
Unrealized gain on available-for-sale financial assets	**(60)**
Share of other comprehensive income of joint venture	**108**
At December 31, 2012	**65**

16. 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:

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Net earnings for the periods	**3,026**	8,771
Weighted average shares outstanding – basic	**48,562,458**	36,531,305
Effect of dilutive stock options	**387,944**	441,516
Weighted average shares outstanding – diluted	**48,950,402**	36,972,821
Basic and diluted earnings per share	**0,06**	0,24

For the 15 months ended December 31, 2012 and the 12 months ended September 30, 2011, the calculation of hypothetical conversions does not include 1,566,750 options (709,028 in 2011) with an anti-dilutive effect.

17. Share-based payment

a) Under the stock option Plan, the exercise price of each stock option is equal to the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the date the stock option is granted and each stock option's maximum term is ten years. 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.

A summary of the changes that occurred during the 15 months ended December 31, 2012 and the 12 months ended September 30, 2011 in the Company stock option plans is presented below:

	December 31, 2012		September 30, 2011	
	Number of class A shares	**Weighted-average exercise price**	Number of class A shares	Weighted-average exercise price
		$		$
Outstanding – beginning of period	**1,630,072**	**5.93**	1,135,878	4.25
Granted	**986,939**	**8.22**	709,028	8.39
Exercised	**(181,401)**	**4.16**	(139,573)	5.54
Expired	**-**	**-**	(7,200)	6.15
Forfeited	**(145,217)**	**8.13**	(68,061)	4.10
Outstanding – end of period	**2,290,393**	**6.92**	1,630,072	5.93
Options exercisable – end of period	**707,172**	**5.88**	320,875	4.75

17. Share-based payment (continued)

The following table presents the weighted average assumptions used during the 15 months ended December 31, 2012 and 12 months ended September 30, 2011 to determine the share-based compensation expense using the Black-Scholes option pricing model:

	December 31, 2012	September 30, 2011
Dividend yield (%)	**3.79% to 4.23%**	3.76% to 3.85%
Risk-free interest rate (%)	**1.58 to 1.91%**	2.25%
Expected life (years)	**7.5**	5
Expected volatility for the share price (%)	**46% to 47%**	50%
Weighted-average fair values ($)	**2.69**	2.75 to 2.83
Share-based compensation expense ($)	**1,176**	933

The expected volatility is based on the historical volatility of the Company's share price. The risk-free interest used is equal to the yield available on government of Canada bonds at the date of grant with a term equal to the expected life of options.

The following table summarizes the stock options outstanding:

	Options outstanding			Options exercisable	
Range of exercise price	Number of options	Weighted-average remaining contractual life in (years)	Weighted-average exercise price	Number of option	Weighted-average exercise price
			$		$
3,67	613,810	7	3.67	313,728	3.67
5.41 to 6.37	109,833	2	5.72	109,833	5.72
7.56 to 8.50	1,566,750	9	8.28	283,611	8.39

See Note 19 for the total expense recognized in the consolidated statement of earnings for share options granted to directors and employees.

b) Deferred share unit plan

In 2007, the Board of directors of the Company adopted a deferred share unit plan (DSU Plan) for the purposes of strengthening the alignment of interests between the directors and the shareholders by linking a portion of annual director compensation to the future value of the shares, in lieu of cash compensation. Under the DSU Plan, each director received, on the date in each quarter which is three business days following the publication by the Company its earnings results for the previous quarter, that number of DSU having a value equal to up to 100% of such director's base retainer for the current quarter, provided that a minimum of 50% of the base retainer must be in the form of DSU. The number of DSU granted to a director was determined by dividing the dollar value of the portion of the director's fees to be paid in DSUs by the closing price of the Class A shares of the TSX for the business day immediately preceding the date of the grant. At such time as a director ceased to be a director, the Company would make a cash payment to the director equal to the closing price of the Class A shares on the date of departure, multiplied by the number of DSU held by the director on that date. As at September 1, 2010, the Board cancelled the DSU plan; however, all existing rights and privileges were kept intact. All directors are now compensated in cash.

As at December 31, 2012, management had provided an amount of approximately $238 for the 31,933 units ($192 for 30,325 units as at September, 2011 and $237 for 29,318 units as at October 1, 2010) outstanding under the DSU Plan.

17. Share-based payment (continued)

c) 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 the TSX for the five trading days immediately preceding the date of the subscription ("Date").

d) Restricted Share Unit Plan

On December 11, 2012, the Board of directors adopted a Restricted Share Unit Plan ("RSU") for the purposes to provide certain specified persons with the opportunity to acquire class A subordinate voting shares of the Company in order to induce these to become employees of the Company or one of its affiliates and to permit them to participate in the growth and development of the Company. The maximum number of issuable class A shares under this plan is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The subscription date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can prescribe to. RSU expense is recorded at fair value using a 3 years straight-line basis.

18. Post-employment benefit obligations

The Company contributes to defined contribution plans for its employees. Contributions for the 15 month period ended December 31, 2012 amount to $1,252 ($819 for the 12 month period ended September 20, 2011).

As part of the business combination referred in Note 4, the Company assumed the role of sponsor of individual pension plan ("IPP") which had been established by the Company for former employees. Under pension legislation, while the IPPs are ongoing, the Company has no legal requirement to make contributions towards any solvency deficiencies. These IPPs are valued on a triennial reporting cycle. The most recent actuarial valuation was performed as at October 1, 2011 and the next actuarial valuation dates is January 1, 2015.

As at October 1, 2011 two IPPs former executive employees had an ongoing funding deficit of $1,577. The funding requirement, if any, will be confirmed at the termination date of the plans.

19. Expenses by nature

Selling general and administration expense details as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Wages and employee benefits	**53,976**	33,981
Traveling and marketing	**4,046**	2,324
Reference fees	**3,343**	2,011
Rent	**3,151**	1,899
Technical Services	**3,103**	1,338
Professional fees	**2,472**	3,400
Others	**4,145**	2,227
	74,236	47,180

Wages and employee benefit details as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Salaries and wages	**48,937**	30,865
Pension costs	**1,252**	819
Share-based compensation	**1,176**	933
Other	**2,611**	1,364
	53,976	33,981

Key management includes the Company's directors and key officers. Compensation awarded to key management is as follows:

Salaries and other short-term benefits	**4,638**	4,658
Share-based payments	**427**	404

20. Additional information relating to consolidated statement of cash flows

	December 31, 2012	September 30, 2011
	15 months	12 months
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	**(12,678)**	(1,258)
Prepaid expenses	**265**	(239)
Accounts payable and accrued liabilities	**4,972**	(16,570)
Amount due to related companies	**1,854**	41
Restructuring provisions	**94**	1,982
Prepaid management fees	**-**	8
	(5,493)	(6,036)

21. Commitments

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2021. Future lease payments total $32,750 and include the following payments for each of the next five years and thereafter:

	$
2013	6,449
2014	6,011
2015	5,544
2016	4,132
2017 and thereafter	10,614

22. 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 $275,000 as defined in Regulation 31-103, respecting Registration Requirements and Exemptions.

23. Related party transactions

The Company has carried out the following transactions with shareholders and their related companies.

	2012	2011
	$	$
Management fee	**30,653**	7,741
Performance fee	**2,238**	-
Selling, general & administrative expense		
Salaries and employee benefits	**1,015**	581
Reference fee	**971**	-
Other	**482**	49
Interest on long-term debt	**2,863**	-
Accretion on purchase price obligation	**1,864**	-
Changes in fair value of Derivative financial instrument	**1,491**	-
Integration cost	**1,031**	-

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Bank loan, long term debt and derivative financial instruments are amounts due to shareholders and their related companies as at December 31, 2012.

The Company has carried out the following transactions with joint venture: other revenue of $151 as at December 31, 2012 ($248 as at September 30, 2011), reimbursement of salaries of $30 as at December 31, 2012 ($34 as at September 30, 2012) and reimbursement of other expense of $92 as at December 31, 2012 ($62 as at September 30, 2011).

24. Segment reporting

The Company operates in one operating segment which is 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 non-current assets are located in Canada.

25. 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 balance sheet, equity and total comprehensive income as previously reported under Canadian GAAP to IFRS, adjustments to the consolidated statement of cash flows and additional IFRS information for the year ended September 30, 2011.

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)

25. Transition to IFRS (continued)

(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, 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.

(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 or 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 total comprehensive income:

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

	Note	September 30, 2011	October 1, 2010
		$	$
As reported under Canadian GAAP		137,610	137,897
Total reversal of impairment losses on intangibles net of taxes	(c)	3,227	3,414
As reported under IFRS		140,837	141,311

25. Transition to IFRS (continued)

Reconciliation of consolidated balance sheets as previously reported under GAAP to IFRS.

		October 1, 2010			
	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		$			$
Assets					
Current assets					
Cash	(a)	2,118	(941)	-	1,177
Funds held for clients		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 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 obligations		302	-	-	302
Lease inducements	(a)	978	(33)	-	945
Deferred income taxes	(c)	8,874	-	1,199	10,073
Long term restructuring provisions	(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

25. Transition to IFRS (continued)

Reconciliation of consolidated balance sheets as previously reported under GAAP to IFRS.

	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		September 30, 2011			
		$	$	$	$
Assets					
Current assets					
Cash	(a)	1,715	(1,715)	-	-
Funds held for clients		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 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 provisions	(d)	-	-	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 obligations		320	-	-	320
Lease inducements	(a)	736	(30)	-	706
Deferred income taxes	(c)	8,936	-	1,143	10,079
Long term restructuring provisions	(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

25. Transition to IFRS (continued)

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

	Note	For the 12 months ended September 30, 2011
		$
Comprehensive income as reported under Canadian GAAP		8,967
Change in net earnings	(c)	(187)
Comprehensive income as reported under IFRS		8,780

Reconciliation of consolidated statement of earnings as previously reported under Canadian GAAP to IFRS

		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 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
Other comprehensive income		9	-	-	9
Comprehensive income		8,967	-	-	8,780

Earnings per share	
Basic	0.25
Diluted	0.24

25. 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 for interests in joint ventures. In this regard, the Company has elected to use the equity method to account for its interests in the joint ventures, Fiera Axium Infrastructure and Fiera Properties.

The deconsolidation of the Canadian GAAP balance sheets, results and cash flows is presented in the reconciliations included in this note as joint venture adjustments.

The Company's share of assets and liabilities, and share of earnings of the equity accounted in joint ventures are summarized in Note 5.

(b) In accordance with IFRS transitional provisions, the Company elected to classify cash 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) Under Canadian GAAP, the Company had recognized impairment losses of $3,300 ($2,395 net of income tax of $905) and $1,556 ($1,130 net of income tax of $426) in 2006 and 2008 respectively in relation to intangible assets acquired from YMG (which were deemed to have an indefinite useful life at the time the impairment had been taken). Intangible assets with indefinite useful lives were tested for impairment on a standalone basis under Canadian GAAP by comparing carrying amount of the intangible asset to their fair value.

Under IFRS, assets that do not generate independent cash inflows must be assessed for recoverability at the cash generating unit level (CGU). The CGU is the lowest group of assets that generate independent cash inflows. On transition, the Company has determined its cash generating unit as the entity as a whole and has assessed the recoverable amount to exceed the carrying value of the cash generating unit retrospectively. As a consequence, the Company increased the customer relationship account by an amount of $4,613 (net of amortization of $243) as at October 1, 2010 and recorded a deferred income tax liabilities of $1,199 for a net increase in retained earnings of $3,344 as at October 1, 2010.

As a result, the Company recorded a charge of amortization of $243 with a decrease of deferred income tax charge of $56 for the twelve month period ended September 30, 2011 and a net decrease of the net earnings of $187.

(d) Provisions

Under IAS 1 *Presentation of financial statements*, provisions shall be presented separately on the balance sheets.

(e) Deferred taxes

Under IAS 12, *Income taxes*, 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 GAAP, deferred taxes related to current assets or current liabilities were classified as current. Therefore, current deferred taxes recognized under Canadian GAAP were reclassified as non-current under IFRS.

25. Transition to IFRS (continued)

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 paid and dividends are classified as financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating.

26. Subsequent Events

On January 18, 2013 the Company announced that it reached an agreement with GMP Capital Inc. (GMP), to acquire selected alternative asset management funds of GMP Investment Management including flagship funds pertaining to the GMP Diversified Alpha Fund and the Canadian ABCP Fund, both representing in aggregate $570M in AUM. Under the terms of the agreement, key members of GMP Investment Management's team will join a newly created Fiera Capital subsidiary in which management will own a 45% interest. The purchase price includes a $10,750 cash consideration payable at closing plus an amount payable at the end of each of the next three years equal to 25 per cent of the performance fees generated based on the acquired assets, subject to certain minimum AUM thresholds. The transaction is expected to close during the quarter ended June 30, 2013.

On the last business day of the 36 months following the closing of the purchase of the GMP assets by Fiera Capital subsidiary, the key members of the GMP investment management's team have the option to sell all and not less than all of their interest in Fiera Capital subsidiary. The consideration shall be paid in cash or by Fiera Capital Corporation Class A shares.

In December 2012, Fiera Capital announced that it had reached an agreement with UBS Global Asset Management (Canada) Inc. (UBS) to purchase the latter's Canadian Fixed Income, Canadian Equity and Domestic Balance account business for maximum cash consideration of $52M. At closing, which occurred on January 30, 2013, an amount of $40,200 was paid to UBS and an amount of $11,800 was placed in escrow. The escrow amount will be paid in 6 months after closing and is subject to certain adjustments.

On March 20, 2013 the Board of directors declared a quarterly dividend $0.09 per share to shareholders of record as of April 2, 2013 and payable on April 30, 2013.

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