

Unaudited Interim Consolidated Financial Statements

Unaudited Interim Consolidated Balance Sheet

As at (\$000)	September 30, 2009	December 31, 2008
Assets		
Current		
Cash and cash equivalents	190,395	260,359
Securities		
Trading (NOTE 2)	195,813	83,014
Available-for-sale	10,160	7,198
Receivable from		
Clients	459,764	234,463
Brokers	157,288	69,520
Other assets (NOTE 4)	98,440	78,320
Total current assets	1,111,860	732,874
Deferred costs	2,607	4,937
Equipment and leasehold improvements	17,749	19,593
Employee loans receivable (NOTES 6 AND 8)	9,546	11,221
Goodwill and other intangible assets	100,309	104,536
Total assets	1,242,071	873,161
Liabilities and Shareholders'/Unitholders' Equity		
Current		
Bank loans (NOTE 9)	17,500	24,334
Obligations related to securities sold short (NOTE 2)	21,407	6,309
Payable to		
Clients	532,018	390,962
Brokers	66,905	32,286
Issuers	174,398	42,701
Accounts payable and accrued liabilities	60,216	50,015
Dividends payable (NOTE 10)	1,000	3,203
Other liabilities (NOTE 11)	35,122	18,150
Total current liabilities	908,566	567,960
Long-term debt (NOTE 9)	59,751	59,673
Future income taxes	5,546	219
Agency fee obligation	-	414
Total liabilities	973,863	628,266
Non-controlling interest (NOTE 13)	3,050	33,498
Shareholders'/unitholders' equity	265,158	211,397
Total liabilities and shareholders'/unitholders' equity	1,242,071	873,161

Commitments and contingencies (NOTE 14)

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Income

(\$000 and 000 shares/units, except per share/unit amounts)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenue				
Investment banking	28,683	39,810	110,490	128,362
Commissions	23,364	27,834	73,469	93,550
Investment management and fee income	10,588	10,882	31,100	31,119
Principal activities	4,377	(10,047)	16,056	(14,572)
Interest	2,040	4,923	5,897	16,917
Other	2,429	1,397	2,736	2,721
	71,481	74,799	239,748	258,097
Expenses				
Employee compensation and benefits	40,320	46,292	129,286	145,573
Selling, general and administrative	12,780	15,228	42,908	42,112
Interest	1,967	2,641	6,341	9,673
Depreciation and amortization	4,156	4,474	12,524	13,411
	59,223	68,635	191,059	210,769
Operating earnings				
	12,258	6,164	48,689	47,328
Non-controlling interest	218	(193)	2,829	1,161
Goodwill impairment charge	-	-	-	852
Income before income taxes	12,040	6,357	45,860	45,315
Income taxes (recovery)				
Current	3,074	697	15,121	4,526
Future	553	(1,287)	7,107	(2,891)
	3,627	(590)	22,228	1,635
Net income	8,413	6,947	23,632	43,680
Preferred dividends	(1,000)	-	(2,000)	-
Net income available to common shareholders	7,413	6,947	21,632	43,680
Weighted average number of common shares/units	61,254	64,057	61,143	64,041
Basic earnings per share/unit (NOTE 12)	\$0.12	\$0.11	\$0.35	\$0.68
Weighted average number of diluted common shares/units	67,114	64,296	65,864	64,385
Diluted earnings per share/unit (NOTE 12)	\$0.11	\$0.11	\$0.33	\$0.68
Dividends/Distributions per share/unit	\$0.00	\$0.35	\$0.15	\$1.19

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Comprehensive Income

(\$000)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income	8,413	6,947	23,632	43,680
Other comprehensive loss, net of tax:				
Foreign currency translation of self-sustaining operations	(812)	(353)	(205)	(72)
Other comprehensive loss	(812)	(353)	(205)	(72)
Total comprehensive income	7,601	6,594	23,427	43,608

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statement of Changes in Shareholders'/Unitholders' Equity

As at and for the nine months ended September 30, 2009 (000)	Preferred shares		Common shares		Fund units		Exchangeable L.P. units		Share/ unit loan		Accumulated other comprehensive income (loss)		Shareholders'/ Unitholders' equity	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Balance, December 31, 2008	-	-	-	-	47,356	119,004	16,704	86,520	(25,019)	10,910	(1,379)	2,1361	211,397	
Foreign currency translation gain on self-sustaining operations	-	-	-	-	-	-	-	-	-	-	(205)	-	(205)	
Issued under share option plan (NOTE 7)	-	-	6	54	-	-	-	-	-	(10)	-	-	44	
Exchange of Exchangeable L.P. units into Fund units	-	-	-	-	592	2,491	(592)	(2,491)	-	-	-	-	-	
Exchange of Exchangeable L.P. units into common shares	-	-	16,112	84,029	-	-	(16,112)	(84,029)	-	-	-	-	-	
Exchange of Fund units into common shares	-	-	47,948	121,495	(47,948)	(121,495)	-	-	-	-	-	-	-	
Exchange of Preferred L.P. units into preferred shares (NOTE 13)	6,154	38,093	-	-	-	-	-	-	-	-	-	-	38,093	
Preferred share issue costs	-	(1,655)	-	-	-	-	-	-	-	-	-	-	(1,655)	
Warrant issue costs (NOTE 7)	-	-	-	-	-	-	-	-	-	(6)	-	-	(6)	
Exercise of warrants (NOTE 7)	-	-	5	33	-	-	-	-	-	(2)	-	-	31	
Share/unit-based compensation expense (NOTE 7)	-	-	-	-	-	-	-	-	-	3,427	-	-	3,427	
Share/unit loans incentive arrangements	-	-	-	-	-	-	-	-	1,820	-	-	189	2,009	
Cash distributions declared - Fund units (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(4,736)	(4,736)	
Cash distributions declared - Exchangeable L.P. units (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(1,670)	(1,670)	
Common dividend declared (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(3,203)	(3,203)	
Preferred dividends declared (NOTE 10)	-	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)	
Net income	-	-	-	-	-	-	-	-	-	-	-	23,632	23,632	
Balance, September 30, 2009	6,154	36,438	64,071	205,611	-	-	-	-	(23,199)	14,319	(1,584)	33,573	265,158	

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Unaudited Interim Consolidated Statements of Cash Flows

(\$000)	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Operating Activities				
Net income	8,413	6,947	23,632	43,680
Add (deduct) items not involving cash				
Depreciation and amortization	4,156	4,474	12,524	13,411
Amortization of agency fees and private placement costs	577	412	1,793	1,200
Amortization of lease inducements	(122)	(78)	(365)	(236)
Future income tax expense (recovery)	553	(1,287)	7,107	(2,891)
Share/unit-based compensation expense	1,091	1,219	3,427	3,714
Transition assistance and other loan amortization	1,031	1,012	2,989	2,769
Goodwill impairment charge	-	-	-	852
Non-controlling interest	218	(193)	2,829	1,161
Effect of foreign exchange on cash balances	365	(287)	(2,233)	241
	16,282	12,219	51,703	63,901
Net change in non-cash operating items (NOTE 17)	(19,494)	19,349	(101,212)	(71,464)
Cash provided by (used in) operating activities	(3,212)	31,568	(49,509)	(7,563)
Financing Activities				
Repayment of bank loans	(14,953)	(2,500)	(6,834)	(7,500)
Proceeds from issuance of common shares and warrant exercises	66	22	75	568
Cash distributions paid on Fund units	-	(17,905)	(7,104)	(85,827)
Cash distributions paid on Exchangeable L.P. units	-	(6,705)	(2,505)	(34,155)
Cash dividends paid on common shares	(3,203)	-	(3,203)	-
Cash dividends paid on preferred shares	(1,000)	-	(1,000)	-
Decrease in non-controlling interest	-	-	(1,488)	(145)
Warrant issue costs	-	-	(6)	-
Cash used in financing activities	(19,090)	(27,088)	(22,065)	(127,059)
Investing Activities				
Purchase of equipment and leasehold improvements	(245)	(119)	(604)	(7,152)
Purchase of application software	-	-	(19)	(295)
Pre-operating expenditures	-	-	-	(250)
Cash used in investing activities	(245)	(119)	(623)	(7,697)
Effect of foreign exchange on cash balances	(365)	287	2,233	(241)
Net increase (decrease) in cash and cash equivalents	(22,912)	4,648	(69,964)	(142,560)
Cash and cash equivalents, beginning of period	213,307	109,450	260,359	256,658
Cash and cash equivalents, end of period	190,395	114,098	190,395	114,098
Supplemental cash flow information				
Interest paid	850	2,659	5,098	9,589
Income taxes paid	822	35	3,686	6,869

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Notes to Unaudited Interim Consolidated Financial Statements

(\$000 and 000 shares/units, except per share/unit amounts)

GMP Capital Inc. (the “Corporation” or “GMP”) was incorporated under the laws of the Province of Ontario on March 16, 2009, for the purpose of participating in the plan of arrangement to convert GMP Capital Trust (the “Fund”) from an income trust to a corporation (the “Conversion”). On May 8, 2009, the Fund’s unitholders approved the plan of arrangement and the Conversion was completed on May 15, 2009.

Note 1. Significant Accounting Policies

Basis of presentation

These unaudited interim consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) and include the accounts of the Corporation and its subsidiaries. These unaudited interim consolidated financial statements have been prepared using the continuity of interest method of accounting for the assets, liabilities and operations of GMP and reflect GMP as a corporation subsequent to May 14, 2009 and as an income trust prior to the Conversion. These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the Corporation’s audited annual consolidated financial statements as at and for the year ended December 31, 2008 (“2008 Annual Financial Statements”). The Corporation’s unaudited interim consolidated financial statements do not include all disclosures required by GAAP for annual consolidated financial statements and, accordingly, should be read in conjunction with the 2008 Annual Financial Statements. All defined terms used herein are consistent with those terms as defined in the 2008 Annual Financial Statements, unless otherwise noted. Certain comparative amounts have been reclassified to conform to the current period’s presentation.

Changes in accounting policies

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants (“CICA”) issued a new accounting standard, Handbook Section 3064, *Goodwill and Intangible Assets*, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as incurred. The new standard is effective for the Corporation beginning January 1, 2009. The CICA’s Emerging Issues Committee (“EIC”) Abstract No. 27, *Revenues and Expenditures During the Pre-operating Period*, is no longer applicable once Handbook Section 3064 was adopted. As a result of adopting Handbook Section 3064, the Corporation reclassified \$991 of application software from Equipment and leasehold improvements to Goodwill and other intangible assets on its unaudited interim consolidated balance sheet (\$1,121 at December 31, 2008). The Corporation also decreased opening retained earnings during the period to account for the adopted accounting policy change of Handbook Section 3064, resulting in a write-down of \$438 in deferred pre-operating costs at December 31, 2008.

Credit Risk and the Fair Value of

Financial Assets and Financial Liabilities

In January 2009, the EIC issued Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* (“EIC-173”). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(ies) when determining the fair value of the financial assets and financial liabilities, including derivative instruments. EIC-173, which was effective for the Corporation on January 1, 2009, had no material impact on the Corporation’s unaudited interim consolidated balance sheet or unaudited interim consolidated statements of income.

Future accounting changes

Business Combinations, Consolidated Financial Statements, and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards: Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling Interests*. Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. Acquisition-related costs must be accounted for as an expense in the period they are incurred, except for costs incurred to issue debt or share capital. This new standard will be applicable for acquisitions we complete on or after January 1, 2011 although adoption in 2010 is permitted to facilitate the transition to International Financial Reporting Standards (“IFRS”) in 2011. Section 1601 establishes standards for preparing consolidated financial statements after the acquisition date; Section 1602 establishes standards for the accounting and presentation of non-controlling interest. These new standards must be adopted concurrently with Section 1582.

Financial Instruments – Disclosures

The CICA’s Accounting Standards Board (“AcSB”) amended the CICA Handbook Section 3862, *Financial Instruments – Disclosures*, to enhance the disclosure requirements regarding fair value measurements and the liquidity risk of financial instruments. The amendments will be effective for the Corporation’s fiscal year ending December 31, 2009. The Corporation is currently assessing the impact of the amendments on the consolidated financial statements.

International Financial Reporting Standards

The AcSB has confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS. The new standards will be effective for the Corporation beginning January 1, 2011 and the Corporation will be required to provide information that conforms to IFRS for the

comparative periods presented. The Corporation is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on the Corporation's future financial position and results of operations cannot be reasonably determined or estimated.

Note 2. Trading Securities and Obligations Related to Securities Sold Short

Trading securities and obligations related to securities sold short consist of the following:

As at,	September 30, 2009		December 31, 2008	
	Trading securities	Securities sold short	Trading securities	Securities sold short
Equity securities	165,940	19,150	61,446	2,076
Designated as held-for-trading	21,024	-	15,734	-
Corporate bonds and Government of Canada debt	6,223	2,257	5,834	4,233
Broker warrants	2,626	-	-	-
	195,813	21,407	83,014	6,309

Corporate bonds and Government of Canada debt maturities range from 2009 to 2108 and bear interest ranging from 3.875% to 10.75%.

Valuation of securities

During the three and nine months ended September 30, 2009, the Corporation recorded an unrealized gain on its \$20,000 investment in the Alpha Domestic Fund of \$1,250 and \$5,289, respectively. This unrealized gain is recorded in principal activities in the unaudited interim consolidated statements of income.

Note 3. Securities Lending and Borrowing

Securities lending and borrowing consist of the following:

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
As at September 30, 2009	96,948	475	443	97,399
As at December 31, 2008	25,632	1,670	1,408	24,955

Note 4. Other Assets

Other assets consist of the following:

As at,	September 30, 2009	December 31, 2008
Funds deposited in trust	74,123	53,225
Accounts receivable	19,096	17,442
Prepaid expenses	3,052	3,080
Income taxes receivable	2,169	4,573
	98,440	78,320

Note 5. Share Loan Plans

As at September 30, 2009, the value of common shares pledged by the executives to a Schedule I bank and/or the Corporation under the GMP Capital share loan plan and the GMP Securities share loan plan (collectively, the "Share Loan Plans") was \$37,603 (December 31, 2008 – \$15,494). As at September 30, 2009, there were no financial guarantees outstanding in relation to the obligations of any executives in the GMP Capital share loan plan. Terms and conditions under which future advances will be made by the Schedule I bank under the GMP Capital share loan plan include certain financial tests and negative covenants customary for transactions of this kind. As at September 30, 2009, the Corporation was in compliance with all covenants and financial tests established in connection with the GMP Capital share loan plan.

Included in accounts payable and accrued liabilities as at September 30, 2009 is a bonus accrual of \$11,823 (December 31, 2008 – \$4,226) in connection with the Corporation's obligation to pay cash bonuses, which will be allocated to the full or partial repayment of loans under the plans. The bank and the Corporation earn interest at rates of prime to prime plus 0.5%. As at September 30, 2009, amounts owing to the Corporation related to these loans were \$23,199 (December 31, 2008 – \$25,019) and are included in share/unit loan receivables in shareholders'/unitholders' equity. Interest earned by the Corporation for the nine months ended September 30, 2009 related to these loans is \$189 and is recorded as an adjustment to retained earnings.

Note 6. Investment Advisor Transition Assistance Program

During the three and nine months ended September 30, 2009, the Corporation recorded \$807 and \$2,314, respectively (three and nine months ended September 30, 2008 – \$789 and \$2,183, respectively), in compensation expense for transition

assistance provided to investment advisors, with a corresponding reduction to loans outstanding. As at September 30, 2009, the amount owing to GMP Private Client related to these loans was \$7,449 (December 31, 2008 – \$8,564) and is included in employee loans receivable.

Note 7. Option Plans and Warrants

In connection with the Conversion, the Fund's unitholders approved the adoption of a common share option plan by the Corporation (the "Share Option Plan"). Under the Share Option Plan, the Corporation may grant options to acquire up to 10% of the issued and outstanding common shares to directors, officers, employees, partners and consultants of GMP or any of its affiliates. Following the Conversion, no further option-based awards will be granted under the New Plan and the Replacement Plan.

Pursuant to the Conversion, all Fund options and Fund incentive options of GMP Capital Trust outstanding on May 14, 2009 were exchanged for common share options of GMP Capital Inc. based on the following terms:

- i) Fund unit options with an exercise price greater than \$19.44 were eligible to be exchanged for common share options at a ratio of 2.66 Fund options to 1 common share option with an exercise price equal to the closing price of Fund units on the last trading day prior to the Conversion.

These common share options have an exercise price of \$8.09, a new four-year vesting period and an expiry date equal to the seventh anniversary of the Conversion date. This 2.66-to-1 option exchange resulted in a reduction in the number of options outstanding of 1,258. The revised terms and conditions of these common share options resulted in incremental fair value to the option holders of \$366 which the Corporation will recognize as share-based compensation expense over the new vesting period.

The incremental fair value of these options was determined using the Black-Scholes option pricing model on the Conversion date.

- ii) Fund unit options with an exercise price of \$19.44 or less and option holders with Fund unit options with an exercise price greater than \$19.44 that chose not to participate in the 2.66-to-1 option exchange were exchanged at a ratio of 1 Fund option to 1 common share option with the same terms and conditions as the original Fund unit options.

A summary of the status of the Corporation's Share Option Plan as at September 30, 2009, and the changes during the nine months then ended is as follows:

Unit option plans

	New Plan		Replacement Plan	
	Fund unit options #	Weighted average exercise price \$	Fund unit options #	Weighted average exercise price \$
Balance, December 31, 2008	3,721	19.10	798	9.33
Forfeitures	(75)	20.34	(4)	15.03
Balance, May 14, 2009	3,646	19.07	794	9.30
Unit options exchanged pursuant to Conversion	(3,646)		(794)	
Unit options outstanding subsequent to Conversion	-		-	

Share option plan

	Common share options #	Weighted average exercise price \$
Unit options exchanged pursuant to Conversion	4,440	17.32
Common share options – 1:1 exchange	2,425	12.79
Common share options – 2.66:1 exchange	757	8.09
Common share options issued	42	8.09
Exercise of common share options	(6)	7.05
Forfeitures	(47)	10.21
Balance, September 30, 2009	3,171	11.66

Notes to Unaudited Interim Consolidated Financial Statements

(\$000 and 000 shares/units, except per share/unit amounts)

Options outstanding and vested under the Share Option Plan as at September 30, 2009:

Range of exercise prices	Outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Vested #
\$5.50 to \$7.85	195	5.53	4.20	195
\$8.09	765	8.09	6.62	–
\$8.65 to \$11.01	497	9.80	5.07	497
\$12.15	960	12.15	8.86	240
\$14.12 to \$17.50	672	17.08	6.27	483
\$18.45 to \$23.25	82	20.57	7.20	40
Balance, September 30, 2009	3,171			1,455

As at September 30, 2009, the number of outstanding options under the Share Option Plan as a percentage of common shares outstanding was 4.95% (December 31, 2008 – 7.05%).

Share/unit-based compensation expense and contributed surplus

During the three and nine months ended September 30, 2009, the Corporation recorded \$1,089 and \$3,427, respectively (three and nine months ended September 30, 2008 – \$1,219 and \$3,714, respectively), in share/unit-based compensation expense with a corresponding increase to contributed surplus. The weighted-average fair value of options issued during the nine months ended September 30, 2009 was \$2.74 per common share option (nine months ended September 30, 2008 – \$3.10 per Fund unit option).

The Corporation follows the fair value method of accounting recommended by CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. The weighted-average fair value of the options granted during the nine months ended September 30, 2009 and 2008 was

calculated using the Black-Scholes option pricing model assuming the following weighted-average assumptions:

	2009	2008
Risk-free interest rate	1.83%	3.13%
Dividend/distribution yield ^a	2.47%	2.39%
Expected volatility	49.80%	29.50%
Expected option life (years)	4	5

^a For valuation purposes, the weighted-average distribution yield for options granted prior to May 15, 2009, was reduced on a percentage basis by an equivalent amount of the anticipated distributions less a base distribution.

Warrants

Pursuant to the Conversion, 6,154 warrants to acquire units of the Fund at a price of \$6.50 per unit became exercisable, on a one-for-one basis, for common shares of GMP. During the three months ended September 30, 2009, 5 warrants were exercised for 5 common shares of GMP and as at September 30, 2009, 6,149 warrants to acquire common shares of GMP are outstanding.

Note 8. Related-Party Transactions

The following balances arose from transactions with related parties:

As at,	September 30, 2009	December 31, 2008
Current assets		
Receivable from clients	65,691	43,200
Employee loans receivable	9,546	11,221
Trading securities	21,024	15,734
Available-for-sale securities	7,247	5,465
Other assets	728	9,298
Current liabilities		
Payable to clients	79,236	57,081
Other liabilities	10,853	6,208
Shareholders'/Unitholders' equity		
Share/unit loan receivables	23,199	25,019

The Corporation's policies and procedures for related-party transactions and the nature of the Corporation's related-party transactions have not changed materially from December 31, 2008. For further details, refer to Note 11 to the 2008 Annual Financial Statements.

Note 9. Bank Loans and Long-Term Debt

GMP Securities has a \$17,500 subordinated loan facility outstanding with a Schedule I Canadian chartered bank at September 30, 2009 (December 31, 2008 – \$17,500). The subordinated loan bears interest at prime plus 4% and prior to February 3, 2009 bore interest at prime plus 2%. GMP Securities was in compliance with the financial covenants associated with the subordinated loan as at September 30, 2009. There have been no significant changes to the Corporation's credit facilities during the three and nine months ended

September 30, 2009. As at September 30, 2009, the Corporation had no amounts outstanding under these credit facilities (December 31, 2008 – \$6,834).

As at September 30, 2009, the Corporation was in compliance with all financial covenants associated with the senior, unsecured notes issued by GMP Holding Partnership, as described in Note 16 to the 2008 Annual Financial Statements.

Note 10. Dividends and Distributions

Common share dividends

Subsequent to the Conversion, the Board of Directors adopted a dividend policy for fiscal 2009 with expected quarterly dividend payments of \$0.05 per common share. The Corporation declared the following common share dividends in 2009:

Record date	Payment date	Cash dividend per common share	Total dividend amount
June 30, 2009	July 15, 2009	\$0.05	\$3,203

On November 4, 2009, the Board of Directors declared a cash dividend of \$0.05 per common share with reference to the three months ended September 30, 2009, with a record date of November 16, 2009, and a payment date of November 25, 2009.

Notes to Unaudited Interim Consolidated Financial Statements

(\$000 and 000 shares/units, except per share/unit amounts)

Preferred share dividends

The Corporation has declared the following preferred share dividends in 2009:

Record date	Payment date	Cash dividend per preferred share	Total dividend amount
June 30, 2009	July 20, 2009	\$0.1625	\$1,000
September 30, 2009	October 20, 2009	\$0.1625	\$1,000

Unit distributions

Prior to the Conversion, the Fund made the following distributions to its holders of Fund units and Exchangeable L.P. units during 2009:

Record date	Payment date	Cash distribution per Fund and Exchangeable L.P. unit	Total distribution amount
January 30, 2009	February 20, 2009	\$0.05	\$3,203
February 27, 2009	March 20, 2009	\$0.05	\$3,203

Note 11. Other Liabilities

Other liabilities consist of the following:

As at,	September 30, 2009	December 31, 2008
Amounts payable to EdgeStone Funds and its investors	12,926	6,548
Deferred fee income	4,883	4,705
Income taxes payable	11,343	420
Deferred lease inducements	3,411	3,308
Other	2,559	3,169
	35,122	18,150

Note 12. Net Income per Common Share/Unit

Net income per common share/unit consists of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net income	8,413	6,947	23,632	43,680
Less: Dividends declared on Series A preferred shares	(1,000)	-	(2,000)	-
Net income available to common shareholders	7,413	6,947	21,632	43,680
Weighted average number of shares/units outstanding				
Basic				
Common shares/units	64,066	46,689	64,062	46,252
Exchangeable L.P. units	-	17,368	-	17,789
Common shares pledged on share purchase loans	(2,812)	-	(2,919)	-
	61,254	64,057	61,143	64,041
Dilutive effect of common share/unit options and Warrants	3,048	239	1,802	344
Dilutive effect of shares pledged on share purchase loans	2,812	-	2,919	-
Diluted	67,114	64,296	65,864	64,385
Net income per common share/unit				
Basic	\$0.12	\$0.11	\$0.35	\$0.68
Diluted	\$0.11	\$0.11	\$0.33	\$0.68

For the three and nine months ended September 30, 2009, the calculation of diluted net income per share/unit excluded 1,719 and 2,194, respectively, weighted average options (December 31, 2008 – 2,895 weighted average options) outstanding having a weighted average exercise price of \$14.49 and \$13.51, respectively (December 31, 2008 – \$21.35), as the exercise price of these options was greater than the average market price of GMP's shares/units.

Note 13. Capital Transactions

Conversion

On May 15, 2009, concurrent with the closing of the Conversion, the Corporation acquired the remaining 13.13% ownership interest in its subsidiary, GMP Holding Partnership, for total non-cash preferred share consideration of \$38,093. The purchase generated goodwill of \$5,838 which relates primarily to the Capital Markets business. In addition, non-controlling interest of \$32,255 was eliminated in the unaudited interim consolidated balance sheet upon the consolidation of GMP Preferred.

Pursuant to the Conversion, holders of Fund units and holders of Exchangeable L.P. units received one common share of the Corporation for each Fund unit and/or Exchangeable L.P. unit held. Holders of Preferred units of GMP Preferred received one Series A preferred share of the Corporation for each Preferred unit held.

Normal course issuer bid ("NCIB")

During the three and nine months ended September 30, 2009, GMP did not repurchase any common shares and/or units under its NCIB, which expires on November 30, 2009.

Note 14. Commitments and Contingencies

A full description of the commitments and contingencies outstanding as of December 31, 2008, can be found in Note 24 to the 2008 Annual Financial Statements. There have been no significant changes to these commitments and contingencies during the three and nine months ended September 30, 2009.

Note 15. Financial Instruments and Risk Management

Financial instruments have been classified on a basis consistent with the presentation in Note 19 to the 2008 Annual Financial Statements. The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risk. Key measures as at September 30, 2009, are outlined in the “Risk Management” and “Off-Balance Sheet Arrangements” sections of GMP’s management’s discussion and analysis for the three and nine months ended September 30, 2009.

Certain of the Corporation’s subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. Regulatory capital requirements fluctuate daily based on margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements. At September 30, 2009, the Corporation’s subsidiaries were in compliance with their local regulatory capital requirements.

Capital management

The Corporation’s capital structure is comprised of share capital, contributed surplus and retained earnings, and is further complemented by subordinated loans and long-term debt. The following table summarizes the Corporation’s capital as at September 30, 2009:

Type of capital	Carrying amount
Common shares	205,611
Preferred shares	36,438
Contributed surplus	14,319
Retained earnings	33,573
Subordinated bank loans	17,500
Long-term debt	60,000
	<u>367,441</u>

Note 16. Segmented Information

The following table presents selected financial results for the three business segments and the Corporate segment for the three and nine months ended September 30, 2009 and 2008:

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Three months ended September 30,										
Revenue	51,266	58,020	11,086	11,998	10,436	5,858	(1,307)	(1,077)	71,481	74,799
Employee compensation and benefits	28,264	34,270	8,158	7,867	3,051	3,060	847	1,095	40,320	46,292
Selling, general and administrative	8,381	11,060	3,653	3,540	1,409	1,179	(663)	(551)	12,780	15,228
Interest	532	441	31	911	7	37	1,397	1,252	1,967	2,641
Depreciation and amortization	533	779	341	336	60	88	3,222	3,271	4,156	4,474
Operating earnings (loss)	13,556	11,470	(1,097)	(656)	5,909	1,494	(6,110)	(6,144)	12,258	6,164

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Nine months ended September 30,										
Revenue	184,120	204,019	31,841	38,641	27,945	18,768	(4,158)	(3,331)	239,748	258,097
Employee compensation and benefits	94,188	109,384	23,288	24,319	9,266	9,550	2,544	2,320	129,286	145,573
Selling, general and administrative	27,932	29,225	11,019	10,691	4,215	3,362	(258)	(1,166)	42,908	42,112
Interest	1,404	2,003	420	3,673	60	127	4,457	3,870	6,341	9,673
Depreciation and amortization	1,635	2,232	1,002	1,205	181	233	9,706	9,741	12,524	13,411
Operating earnings (loss)	58,961	61,175	(3,888)	(1,247)	14,223	5,496	(20,607)	(18,096)	48,689	47,328

Revenue by geographic location

For geographic reporting purposes, the Corporation's segments are grouped into Canada, the United States and Europe. Transactions are primarily recorded in the location that corresponds with the geographic location of the client. The following table presents the revenue of the Corporation by geographic location.

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Canada	65,440	66,459	221,298	225,825
United States	2,767	5,319	8,018	19,191
Europe	3,274	3,021	10,432	13,081
	71,481	74,799	239,748	258,097

Note 17. Net Change in Non-Cash Operating Items

The net change in non-cash operating items consists of the following for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Trading securities	(80,725)	36,303	(112,799)	68,657
Available-for-sale securities	(2,978)	(4)	(2,962)	305
Receivable from clients	(107,585)	370,130	(225,301)	(85,109)
Receivable from brokers	(38,887)	(58,939)	(87,768)	(84,091)
Employee loans receivable	1,410	(13,717)	695	(16,950)
Other assets	(2,489)	28,589	(20,120)	(1,998)
Deferred costs	(690)	(4,093)	615	(4,083)
Obligations related to securities sold short	753	(8,635)	15,098	(7,005)
Payable to clients	76,848	(213,346)	141,056	183,125
Payable to brokers	(904)	(62,741)	34,619	15,848
Payable to issuers	135,561	(44,680)	131,697	(56,936)
Accounts payable and accrued liabilities	(9,363)	(9,927)	10,007	(244)
Future income taxes	(1,777)	530	(1,780)	1,298
Agency fee obligation	-	(341)	(414)	(789)
Other liabilities	11,332	220	16,145	(83,492)
	(19,494)	19,349	(101,212)	(71,464)

Note 18. Wealth Management Transaction

On July 23, 2009, the Corporation entered into a definitive agreement with Richardson Partners Financial Limited, a private wealth management firm controlled by Richardson Financial Group (“RFG”), a subsidiary of James Richardson & Sons, Limited (“JRSL”), in respect of transactions that

will result in the combination of their respective wealth management businesses (the “Transaction”).

Closing of the Transaction is expected to occur on November 12, 2009, pending receipt of all corporate and regulatory approvals.