GMP Capital Inc.

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GMP CAPITAL INC. SECOND QUARTER 2012 REPORT

GMP Capital Inc. Reports Second Quarter 2012 Results

Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been taken from our Second Quarter 2012 Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The following contains forward-looking statements. Please also see the "Forward-Looking Information" section on page 2 of this report.

Second Quarter 2012 versus Second Quarter 2011

- Net loss of $0.4 million compared with net income of $5.1 million
- Net loss attributable to common shareholders of $4.1 million compared with net income attributable to common shareholders of $2.7 million
- Net loss per basic share of $0.06 compared with earnings per basic share of $0.04
- Annualized return on common shareholders' equity ("ROE")[1] was negative 6.8% compared with positive 3.7%
- Excluding the share-based compensation expense (the "Retention Shares") recorded in second quarter 2012 in connection with the common shares issued to certain key employees of GMP Securities, LLC, adjusted net income[1] was $0.6 million, adjusted net loss per basic share[1] was $0.05 and adjusted annualized ROE[1] was negative 5.2%

First Half 2012 versus First Half 2011

- Net loss of $0.2 million compared with net income of $31.3 million
- Net loss attributable to common shareholders of $6.4 million compared with net income attributable to common shareholders of $25.1 million
- Net loss per basic share of $0.10 compared with earnings per basic share of $0.37
- Annualized ROE[1] was negative 5.2% compared with positive 16.6%
- Excluding the expense related to the Retention Shares recorded in first half 2012, adjusted net income[1] was $1.8 million, adjusted net loss per basic share[1] was $0.07 and adjusted annualized ROE[1] was negative 3.6%
- Excluding costs recorded in connection with the redemption of our long term debt in first half 2011, adjusted net income[1] was $35.2 million, adjusted net income per basic share[1] was $0.42 and adjusted annualized ROE[1] was 19.0%

TORONTO, August 3, 2012 – GMP Capital Inc. ("**GMP**") (TSX: GMP) today reported revenue of $62.7 million in second quarter 2012, representing a 7% decrease compared with the same period a year ago. GMP recorded a net loss of $0.4 million and a net loss attributable to common shareholders of $4.1 million ($0.06 net loss per basic share) in second quarter 2012 compared with net income of $5.1 million and net income attributable to common shareholders of $2.7 million ($0.04 per basic share) in second quarter 2011. This quarter's results continued to be affected by the adverse market conditions.

"The fragility of the capital markets environment has been exacerbated by ongoing European sovereign debt concerns and an anaemic global economic outlook. The resulting negative market sentiment has led to a significant retrenchment of risk among investors contributing to a sharp contraction in capital markets activity," said Harris Fricker, Chief Executive Officer, GMP. "Not surprisingly, the pace of client trading and equity underwriting activity has slowed considerably with the severity of this downturn. Despite the unfavourable market conditions, we are pleased with the performance of our M&A franchise, which delivered solid results this quarter, and our new high yield business which continued to gain momentum as we married our traditionally strong origination ability with a first-rate distribution network via GMP Securities, LLC."

Commenting further, Mr. Fricker said, "In light of the prolonged downturn in the capital markets and uncertainty as to timing of sustained global economic recovery, we remain focused on preserving our considerable capital strength, closely monitoring and managing risk and limiting costs. Despite market conditions, we continue to invest in our franchise and we believe we have the people, platform and product capabilities that will allow us to excel in normalized markets."

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by generally accepted accounting principles ("GAAP") under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Non-GAAP Measures" section on page 4 of this report.

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Forward-Looking Information

This MD&A contains "forward-looking information" as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements made in "Business Environment and Market Outlook", "Second Quarter and First Half 2012 Financial Highlights", "Segment Results", "Liquidity and Capital Resources" and other statements concerning our 2012 objectives, our strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, projections, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

Forward-looking information is not a guarantee of future performance and is subject to numerous risks and uncertainties, including those described in this MD&A. GMP's primary business activities are both competitive and subject to various risks. These risks include market, credit, liquidity, operational and legal and regulatory risks and other risk factors including, without limitation, variations in the market value of securities, the volatility and liquidity of equity and fixed income trading markets, the volume of new financings and mergers and acquisitions ("M&A"), dependence on key personnel and sustainability of fees. Other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, may also have an effect on GMP's results of operations. Many of these risks and uncertainties can affect GMP's actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking information disclosed by management or on its behalf. For a description of additional risks that could cause our actual results to materially differ from our current expectations, see "Risk Management" in this MD&A and "Risk Factors" in GMP's AIF dated March 13, 2012. These risks and uncertainties are not the only ones facing the GMP Group. Additional risks and uncertainties not currently known to us or that we currently consider immaterial, may also impair the operations of the GMP Group. Material assumptions or factors underlying the forward-looking information contained in this document are set out in "Business Environment and Market Outlook" in this MD&A and include, without limitation: further escalation of the sovereign debt crisis in Europe, slowing growth in emerging markets, the increasing debt burden in the U.S., and the ongoing fragile prospects for global economic recovery. Although forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing GMP's views as of any date subsequent to the date of this MD&A.

Except as required by applicable law, management and the Board of Directors undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

About this Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") relates to the three and six months ended June 30, 2012, which reflects the three-month period from April 1, 2012 to June 30, 2012 ("second quarter 2012"), and the first half of fiscal 2012, which reflects the six-month period from January 1, 2012 to June 30, 2012 ("first half 2012"). All references to "second quarter 2011" refer to the three-month period from April 1, 2011 to June 30, 2011, and all references to "first half 2011" refer to the six-month period from January 1, 2011 to June 30, 2011.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of GMP Capital Inc. ("GMP" or the "Corporation") as at and for the three and six months ended June 30, 2012 ("Second Quarter 2012 Financial Statements"), GMP's MD&A for fiscal 2011 ("2011 Annual MD&A") and GMP's audited consolidated financial statements for the year ended December 31, 2011 ("2011 Annual Financial Statements"). These documents, as well as additional information about GMP, including our annual information form dated March 13, 2012 ("AIF"), can be accessed at *gmpcapital.com* and at *sedar.com*. Certain comparative amounts have been reclassified to conform to the current period's presentation.

This MD&A has been prepared with an effective date of August 2, 2012. Unless the context otherwise requires, all references to "GMP" and the "Corporation" refer to GMP Capital Inc. All references to "we", "our", "us" and "GMP Group" refer to the Corporation, together with its consolidated operations controlled by it and its predecessor. All references to "shareholders" refer collectively to holders of common shares of GMP (the "Common Shares") and holders of Cumulative 5-Year Rate Reset Preferred Shares, Series B of GMP (the "Series B Preferred Shares"). All references to "management" refer to the directors, senior officers and other officers of the GMP Group, unless otherwise stated.

The Corporation's audit committee has reviewed this document and prior to its release the GMP board of directors (the "Board of Directors") approved it, on the audit committee's recommendation.

Overview

Through its principal subsidiaries, GMP is a leading Canadian independent diversified financial services firm headquartered in Toronto, Canada, providing a wide range of financial products and services to a client base that includes corporate clients, institutional investors and high-net-worth individuals through the following three business segments and the Corporate segment: Capital Markets, Wealth Management and Alternative Investments. The Capital Markets segment consists of GMP's investment banking, including advisory and underwriting services, institutional research and sales and trading capabilities, which are conducted through the Corporation's subsidiaries: GMP Securities L.P. ("GMP Securities"), GMP Securities, LLC ("GMP USA", and formerly Miller Tabak Roberts Securities, LLC), Griffiths McBurney Corp., GMP Securities Europe LLP ("GMP Europe") and GMP Securities Australia Pty Limited ("GMP Australia"). The Wealth Management segment consists of GMP's non-controlling ownership interest in Richardson GMP Limited ("Richardson GMP"), a full-service wealth management firm with offices located in 15 cities across Canada. Also included within the Wealth Management segment is dividend revenue recognized by GMP on its investment in Richardson GMP Class A and Class B preference shares following dividend declarations made by Richardson GMP from time to time. The Alternative Investments segment provides investment management and advisory services and offers alternative investment products primarily through private funds managed by GMP Investment Management L.P. ("GMP Investment Management"). Until November 30, 2011, Alternative Investments also included the results of EdgeStone Capital Partners, L.P. ("EdgeStone"). During fourth quarter 2011 an arrangement was reached with the principals of EdgeStone which resulted in them assuming responsibility for all aspects of the EdgeStone business (the "EdgeStone Arrangements"). For further descriptions of our business segments and our Corporate segment, refer to "Segment Results" in our 2011 Annual MD&A.

Presentation of Financial Information and Non-GAAP Measures

Presentation of Financial Information

Financial results, including related historical comparatives, contained in this MD&A, unless otherwise specified herein, are based on our Second Quarter 2012 Financial Statements, which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The Canadian dollar is our functional and reporting currency for purposes of preparing the Corporation's consolidated financial statements, given that we conduct more of our operations in that currency than any other single currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

Non-GAAP Measures

Consistent with our management framework, we use certain measures to assess our financial performance which are not generally accepted accounting principle ("GAAP") measures under IFRS. These measures do not have any standardized meaning prescribed by GAAP, and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of GMP's performance, liquidity, cash flows and profitability.

Return on Common Equity

The GMP Group evaluates the performance of its consolidated operations using annualized return on common equity ("ROE"). Our ROE calculation is based on net (loss) income attributable to common shareholders divided by total average common shareholder equity for the period, which are measures derived from information contained in our Second Quarter 2012 Financial Statements, which were prepared in accordance with IFRS.

Assets under Administration/Management

Assets under administration ("AUA") is a measure of the market value of client assets administered by Richardson GMP and in respect of which Richardson GMP earns commissions or fees. AUA is used by management in assessing the performance of the Wealth Management segment because such commissions or fees earned by Richardson GMP impact the performance of GMP's Wealth Management segment through GMP's proportionate share of Richardson GMP's net income. Assets under management ("AUM") is a measure of the net asset value of funds (the "GMP IM Funds") managed by GMP Investment Management and in respect of which GMP Investment Management earns management fees and may also earn performance fees. Up until November 30, 2011, AUM also included the amount of committed and/or invested capital in the funds managed by EdgeStone in respect of which EdgeStone earned management fee income or received general partner distributions. The amount of management fees earned by GMP is directly related to the level of AUM in the Alternative Investments segment. The amount of performance fees earned is related to both the investment performance and the level of AUM of the GMP IM Funds. AUM is used by management in assessing the performance of GMP's Alternative Investments segment because it is a key driver of revenue for the segment. AUA and AUM are not included in GMP's Consolidated Balance Sheets.

Adjusted Measures

Management believes that presenting certain results and measures on an adjusted basis which excludes the impacts of specified items may be more reflective of ongoing operating results and provides readers with an enhanced understanding of how management views GMP's core performance. Management assesses performance on both a reported and an adjusted basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of the specified items on the results for the periods presented. We exclude the following to arrive at our adjusted measures:

(i) from second quarter and first half 2012 financial results, the share-based compensation expense recorded in connection with the Common Shares issued to certain key employees of GMP USA in connection with our acquisition of GMP USA in third quarter 2011 (the "Retention Shares"). Management regards these shares as part of the purchase price consideration, notwithstanding the accounting treatment which treats these shares as share-based compensation due to the obligations imposed on key employees to forfeit their unvested shares in the event they cease to be an employee of the GMP Group.

(ii) from first half 2011 financial results, the impact of the one-time redemption costs (the "Redemption Costs") recorded in connection with the redemption of all of the outstanding senior unsecured notes (the "Notes") issued by Griffiths McBurney L.P. ("Griffiths McBurney"), an indirect, wholly-owned subsidiary of GMP, which was completed in first quarter 2011. Management has excluded the Redemption Costs as they are not expected to re-occur and therefore unlikely to be reflective of GMP's core performance.

For details relating to the Common Shares issued to certain key employees of GMP USA, refer to "Outstanding Share Data and Dividends – Common Shares Issued in Connection with the MTR Acquisition" in the 2011 Annual MD&A. For information regarding the redemption of the Notes, refer to "Liquidity and Capital Resources – Redemption of Long-Term Debt" in the 2011 Annual MD&A.

The following table provides a reconciliation of GMP's reported results to its adjusted measures:

($000, except as otherwise noted)	**Three months ended June 30, 2012**	**Six months ended June 30, 2012**	Six months ended June 30, 2011
Reported Results			
(Loss) income before income taxes	**(809)**	**(942)**	42,415
Income tax (benefit) expense	**(433)**	**(777)**	11,092
Net (loss) income	**(376)**	**(165)**	31,323
Net (loss) income attributable to common shareholders	**(4,087)**	**(6,375)**	25,120
Reported Measures			
Net (loss) income per common share			
Basic	**$(0.06)**	**$(0.10)**	$0.37
Diluted[1]	**$(0.06)**	**$(0.10)**	$0.33
Average common equity	**240,248**	**243,787**	302,311
Return on common equity[2]	**(6.8%)**	**(5.2%)**	16.6%
Pre-tax Impact of Adjusting Items			
Corporate Segment			
Charges to Interest expense – Redemption of senior unsecured notes	**–**	**–**	5,466
Capital Markets Segment			
Charges to Employee compensation and benefits – Deferred share-based awards	**1,758**	**3,502**	–
Impact of adjusting items on income before income taxes	**1,758**	**3,502**	5,466
After-Tax Impact of Adjusting Items			
Redemption costs associated with senior unsecured notes	**–**	**–**	3,908
Cost of deferred share-based awards	**981**	**1,956**	–
Impact of adjusting items on:			
Net income	**981**	**1,956**	3,908
Net income attributable to common shareholders	**981**	**1,956**	3,908
Net income per common share:			
Basic	**$0.01**	**$0.03**	$0.06
Diluted	**$0.01**	**$0.03**	$0.05
Adjusted Results[2]			
Income before income taxes	**949**	**2,560**	47,881
Income tax expense	**344**	**769**	12,650
Net income	**605**	**1,791**	35,231
Net (loss) income attributable to common shareholders	**(3,106)**	**(4,419)**	29,028
Adjusted Measures[2]			
Net (loss) income per common share			
Basic	**$(0.05)**	**$(0.07)**	$0.42
Diluted[1]	**$(0.05)**	**$(0.07)**	$0.38
Average common equity	**240,738**	**244,764**	305,242
Return on common equity	**(5.2%)**	**(3.6%)**	19.0%

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.
2. Return on common equity and adjusted results and measures are considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. The table above outlines adjusted results and adjusted measures with their closest GAAP counterparts.

Business Environment and Market Outlook

Business Environment

Ongoing concerns over European sovereign debt continued to threaten the global economic recovery during second quarter 2012. Slowing economic expansion in China and the increasing debt burden and tepid employment growth in the U.S. has added to the uncertain economic outlook and investor retrenchment from risk. The bleak economic prospects have generally reduced demand for resource commodities and combined with increased supply levels has resulted in downward pressure on prices. In Canada this is reflected in the 10.8% drop in the S&P/TSX Capped Energy Index during second quarter 2012. Given these headwinds, the level of underwriting activity in the Canadian mid-market resource sectors continues to be negatively impacted with the aggregate dollar value of common equity oil & gas and mining underwriting deals completed in Canada decreasing 56%[1] and 40%[1], respectively, in second quarter 2012 compared with second quarter 2011. The challenging market conditions have also contributed to a considerable decline in trading activity in Canada in recent quarters. Equity volumes on the Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSXV") dropped 18%[2] and 42%[2], respectively, in first half 2012, compared with first half 2011.

Market Outlook

The global economy continues to face significant uncertainty and risks. Further escalation of the sovereign debt crisis in Europe and slowing growth in emerging markets would be damaging to the already fragile prospects for global economic recovery and could promote further aversion from risk by investors which would be a detriment to capital market activity in the second half of 2012.

1. Source: FPinfomart as at July 9, 2012.
2. Source: TMX Group Inc. as at July 9, 2012.

Second Quarter and First Half 2012 Financial Highlights

Selected Financial Information

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Revenue	**62,701**	67,567	(7)	**128,787**	182,907	(30)
Investment banking	**46,784**	41,095	14	**87,162**	104,581	(17)
Commissions	**12,889**	23,059	(44)	**31,752**	54,265	(41)
Investment management and fee income	**2,299**	3,869	(41)	**4,808**	9,396	(49)
Client facilitation and principal activities	**(5,888)**	(8,285)	29	**(7,491)**	(2,446)	(206)
Interest	**1,971**	3,586	(45)	**3,769**	7,141	(47)
Other	**4,646**	4,243	9	**8,787**	9,970	(12)
Expenses	**62,807**	60,286	4	**128,899**	142,164	(9)
(Loss) income before income taxes	**(809)**	7,821	(110)	**(942)**	42,415	(102)
Net (loss) income	**(376)**	5,072	(107)	**(165)**	31,323	(101)
Net (loss) income per common share:						
Basic	**$(0.06)**	$0.04	(250)	**$(0.10)**	$0.37	(127)
Diluted[1]	**$(0.06)**	$0.04	(250)	**$(0.10)**	$0.33	(130)
Cash dividends declared per common share	**$0.05**	$0.10	(50)	**$0.15**	$0.18	(17)
Return on common equity[2]	**(6.8%)**	3.7%	n.m.	**(5.2%)**	16.6%	n.m.
Total assets	**1,469,896**	1,523,914	(4)			
Total headcount (#)	**455**	386	18			
Adjusted measures[2]						
Income before income taxes	**949**	7,821	(88)	**2,560**	47,881	(95)
Net income	**605**	5,072	(88)	**1,791**	35,231	(95)
Net (loss) income per common share:						
Basic	**$(0.05)**	$0.04	(225)	**$(0.07)**	$0.42	(117)
Diluted[1]	**$(0.05)**	$0.04	(225)	**$(0.07)**	$0.38	(118)
Return on common equity	**(5.2%)**	3.7%	n.m.	**(3.6%)**	19.0%	n.m.

n.m. = not meaningful

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.
2. Considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section in this MD&A.

Second Quarter 2012 vs. Second Quarter 2011

Total revenue declined $4.9 million in second quarter 2012 compared with second quarter 2011 largely reflecting lower revenue in the Capital Markets segment. Commission revenue decreased $10.2 million or 44% as a result of the difficult market conditions partly offset by higher investment banking revenue which rose $5.7 million or 14% due to higher advisory revenue recorded in the period. Losses relating to client facilitation and principal activities were lower in second quarter 2012 compared with the same period last year reflecting higher client facilitation losses which were partly offset by net gains recorded by GMP USA in connection with its fixed income trading activities with clients. Wealth Management reported a loss before income taxes of $0.7 million in second quarter 2012 compared with income before income taxes of $0.5 million in second quarter 2011 as the challenging market environment and lower client trading volumes adversely impacted Richardson GMP's financial performance. We recorded lower revenue in Alternative Investments primarily due to lower investment management and fee income following the entering into of the EdgeStone Arrangements.

Total expenses increased $2.5 million or 4% in second quarter 2012 compared with second quarter 2011 primarily due to the incremental costs associated with GMP USA which we acquired in third quarter 2011 and GMP Australia which we launched in second quarter 2011 as well as $1.0 million in restructuring charges recorded during second quarter 2012. Non-compensation expenses decreased $3.8 million in second quarter 2012 largely due to lower transaction-related expenses in line with the decline in capital markets activity.

GMP recorded a net loss of $0.4 million and a net loss attributable to common shareholders of $4.1 million ($0.06 net loss per basic share) in second quarter 2012. Second quarter 2012 net loss attributable to common shareholders takes into account preferred share dividends of $1.6 million and payments to minority interest holders, primarily partners of GMP Europe, of $2.1 million. This compares with net income of $5.1 million and net income attributable to common shareholders of $2.7 million ($0.04 per basic share) in second quarter 2011. ROE[3] in second quarter 2012 was negative 6.8% compared with a ROE[3] of 3.7% in second quarter 2011. GMP's second quarter 2012 adjusted net income[3] was $0.6 million, adjusted net loss per basic share[3] was $0.05, and adjusted ROE[3] was negative 5.2%.

First Half 2012 vs. First Half 2011

Total revenue declined $54.1 million or 30% in first half 2012 compared with first half 2011 largely reflecting lower revenue generated in the Capital Markets segment which reported a significant decrease in commission and investment banking revenue.

Losses on client facilitation and principal activities increased in first half 2012 compared with first half 2011 primarily due to losses recorded on certain security positions acquired in connection with investment banking mandates, lower returns on broker warrant inventories held and higher client facilitation losses, partially offset by net gains recorded by GMP USA in first half 2012. Wealth Management reported a loss before income taxes of $0.8 million in first half 2012 compared with income before income taxes of $1.7 million in first half 2011.

Total expenses decreased $13.3 million or 9% in first half 2012 compared with first half 2011 primarily due to lower variable compensation expense which declined $15.6 million commensurate with lower revenue generation in first half 2012. Total employee compensation and benefits expense includes $5.5 million (pre-tax) in charges primarily incurred in connection with the previously announced management changes and other restructuring initiatives undertaken during first half 2012. Fixed salaries and benefits also reflect the incremental costs associated with GMP USA and GMP Australia. Non-compensation expenses decreased $10.2 million in first half 2012 largely due to lower interest expense following the redemption of the Notes and the recording of $5.5 million in Redemption Costs in first half 2011.

GMP recorded a net loss of $0.2 million and a net loss attributable to common shareholders of $6.4 million ($0.10 net loss per basic share) in first half 2012. First half 2012 net loss attributable to common shareholders takes into account preferred share dividends of $3.2 million and payments to minority interest holders, primarily partners of GMP Europe, of $3.0 million. This compares with net income of $31.3 million and net income attributable to common shareholders of $25.1 million ($0.37 per basic share) in first half 2011. ROE[3] in first half 2012 was negative 5.2% compared with a ROE[3] of 16.6% in first half 2011. GMP's first half 2012 adjusted net income[3] was $1.8 million, adjusted net loss per basic share[3] was $0.07, and adjusted ROE[3] was negative 3.6%. GMP's adjusted net income[3] for first half 2011 was $35.2 million, adjusted earnings per basic share[3] was $0.42, and adjusted ROE[3] was 19.0%.

Segment Results

The following section highlights the results of our three business segments and the Corporate segment for second quarter 2012 and first half 2012 compared with second quarter 2011 and first half 2011. These segments are based upon the products and services provided and the types of customer served, and reflect the manner in which financial information is currently evaluated by management. The key methodologies and assumptions used in our management reporting framework remain unchanged from December 31, 2011.

3. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" in this MD&A.

Capital Markets

The following table sets forth an overview of the financial results of the Capital Markets segment for the periods presented.

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Revenue	**56,408**	60,565	(7)	**115,292**	164,170	(30)
Investment banking	**46,784**	41,095	14	**87,162**	104,877	(17)
Commissions	**12,889**	23,059	(44)	**31,752**	54,265	(41)
Client facilitation and principal activities	**(5,394)**	(7,263)	26	**(7,581)**	(2,124)	(257)
Interest	**1,769**	3,400	(48)	**3,381**	6,702	(50)
Other	**360**	274	31	**578**	450	28
Expenses	**53,356**	48,438	10	**110,367**	111,385	(1)
Employee compensation and benefits	**39,550**	32,728	21	**82,340**	83,657	(2)
Selling, general and administrative	**12,501**	13,375	(7)	**25,354**	22,983	10
Interest	**610**	1,505	(59)	**1,255**	3,096	(59)
Depreciation and amortization	**695**	830	(16)	**1,418**	1,649	(14)
Income before income taxes – reported	**3,052**	12,127	(75)	**4,925**	52,785	(91)
Income before income taxes – adjusted[1]	**4,810**	12,127	(60)	**8,427**	52,785	(84)
Total headcount (#)	**349**	266	31			

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Total revenue by geographic distribution:

($000)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Canada	**31,649**	49,909	(37)	**67,954**	138,348	(51)
United States[1]	**10,431**	3,566	193	**22,331**	7,482	198
Europe and Australia[2]	**14,328**	7,090	102	**25,007**	18,340	36
Total Revenue	**56,408**	60,565	(7)	**115,292**	164,170	(30)

1. Includes revenue generated by GMP USA which was acquired in the third quarter of 2011.
2. Includes revenue generated by GMP Australia which was established in second quarter 2011.

The following tables set forth investment banking revenue by sector and type of revenue generated.

Revenue by sector:

($000)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Mining	**15,849**	17,380	(9)	**37,836**	47,458	(20)
Oil and gas	**9,139**	10,057	(9)	**21,658**	24,437	(11)
Industrials and special situations	**14,237**	3,262	336	**15,909**	4,518	252
Technology and healthcare	**–**	892	(100)	**41**	4,170	(99)
Non-bank financial services	**7,469**	7,054	6	**11,625**	21,844	(47)
Telecommunications, cable and media	**90**	2,450	(96)	**93**	2,450	(96)
Total Investment Banking Revenue	**46,784**	41,095	14	**87,162**	104,877	(17)

Revenue by type:

($000)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Total Investment Banking Revenue	**46,784**	41,095	14	**87,162**	104,877	(17)
Underwriting	**19,426**	33,776	(42)	**46,388**	80,611	(42)
M&A advisory	**27,358**	7,319	274	**40,774**	24,266	68

Second Quarter 2012 vs. Second Quarter 2011

The Capital Markets segment reported a decrease in total revenue in second quarter 2012 compared with second quarter 2011, primarily due to lower commission revenue. Sales and trading commissions decreased $10.2 million or 44% in second quarter 2012 compared with second quarter 2011, reflecting lower client trading volumes. This decline follows the broader decline in industry trading volumes over recent quarters in addition to our strategy to focus trading activity on our core relationships. This has led to a decline in GMP Securities' market share of equity block trading volume to 5.0%[4] in second quarter 2012 compared with the 7.1%[4] achieved in second quarter 2011. Investment banking revenue in second quarter 2012 reflects increased advisory activity compared with second quarter 2011 largely driven by a significant transaction recorded in second quarter 2012 in the special situations sector. The increase in advisory revenue was tempered by lower underwriting revenue which decreased 42% in second quarter 2012 compared with second quarter 2011, reflecting the ongoing slowdown in common equity underwriting activity in Canada, particularly within the oil & gas and mining sectors which have traditionally been key sources of activity for the Capital Markets segment. Notably, however, the aggregate dollar value of debt underwriting transactions we led or co-led increased to $0.7 billion[5] in second quarter 2012 compared with $0.4 billion[5] in second quarter 2011 as we continue to grow our fixed income franchise.

Client facilitation and principal activities generated a net loss of $5.4 million in second quarter 2012 compared with a net loss of $7.3 million in second quarter 2011. Second quarter 2012 results primarily reflect higher losses recorded in connection with client facilitation activities, moderately higher losses on broker warrants held and the inclusion of $6.3 million in net gains recorded by GMP USA in connection with its fixed income trading activities with clients.

The following table sets forth employee compensation and benefits expenses for the Capital Markets segment for the periods presented.

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Fixed salaries and benefits	**9,199**	5,294	74	**21,997**	11,042	99
Variable incentive-based compensation	**24,944**	23,616	6	**50,137**	65,805	(24)
Share-based compensation	**5,407**	3,818	42	**10,206**	6,810	50
Total Employee Compensation and Benefits	**39,550**	32,728	21	**82,340**	83,657	(2)
Adjusting item: Retention Shares	**1,758**	–	n.m.	**3,502**	–	n.m.
Total Employee Compensation and Benefits, adjusted[1]	**37,792**	–	n.m.	**78,838**	–	n.m.
Ratio of Total Compensation and Benefits to Revenue	**70.1%**	54.0%		**71.4%**	51.0%	
Ratio of Total Compensation and Benefits to Revenue, adjusted[1]	**67.0%**			**68.4%**		

n.m. = not meaningful

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Total expenses increased $4.9 million or 10% in second quarter 2012 compared with second quarter 2011, primarily reflecting the incremental costs associated with GMP USA and GMP Australia and the $1.0 million in restructuring charges recorded during second quarter 2012. Excluding the Retention Shares and the restructuring charges, the ratio of total compensation and benefits to revenue for the Capital Markets segment was 65.3% in second quarter 2012. Selling, general and administrative costs decreased in second quarter 2012 primarily due to lower transaction-related costs in line with reduced activity, which were partially offset by incremental costs associated with GMP USA.

The decrease in interest expense and interest income reflects reduced securities borrowing and lending activities in second quarter 2012 compared with second quarter 2011.

Capital Markets' income before income taxes of $3.1 million decreased $9.1 million or 75% in second quarter 2012 compared with second quarter 2011, largely driven by lower revenue generation and the inclusion of the incremental costs associated with GMP USA and GMP Australia. Adjusted income before income taxes[3] was $4.8 million in second quarter 2012 and excludes the Retention Shares.

4. Source: CanadaEquity.com as at July 9, 2012.
5. Source: GMP Capital Inc. internal reports as at July 9, 2012.

During second quarter 2012, Horizons Exchange Traded Funds Inc. and its affiliate Horizons ETFs Management (Canada) Inc. announced it will be terminating the Horizons GMP® Junior Oil and Gas Index™ ETF on August 10, 2012 (the "Termination Date"). As a result, GMP has decided to cease maintaining and calculating the GMP Junior Oil and Gas Index™ on the Termination Date.

First Half 2012 vs. First Half 2011

First half 2012 revenue decreased significantly compared with first half 2011, primarily due to lower commission and investment banking revenue. Sales and trading commissions decreased primarily due to lower client trading volumes. The decline in investment banking revenue reflects a slowdown in underwriting activity partially offset by higher advisory revenue.

Client facilitation and principal activities generated a net loss of $7.6 million in first half 2012 compared with a net loss of $2.1 million in first half 2011. First half 2012 results reflect higher losses recorded in connection with client facilitation activities as a result of the challenging market conditions. First half 2012 results were also affected by losses on certain security positions acquired in connection with investment banking mandates, compared with significant gains on broker warrant inventories recorded in the prior period. First half 2012 also includes $14.7 million in net gains recorded by GMP USA in connection with its fixed income trading activities with clients.

Total expenses were relatively unchanged in first half 2012 compared with first half 2011 as lower variable compensation expense commensurate with lower revenue generation was largely offset by increased fixed salaries and benefits expense and share-based compensation. Such increases include incremental costs associated with GMP USA and GMP Australia and the $5.5 million (pre-tax) in restructuring charges recorded in first half 2012. Excluding the restructuring charges and the Retention Shares, the ratio of total compensation and benefits to revenue for the Capital Markets segment was 63.7% in first half 2012 primarily reflecting lower revenue generation over this period. Selling, general and administrative costs increased in first half 2012 primarily due to the inclusion of incremental costs associated with GMP USA partly offset by lower transaction-related costs in line with reduced activity.

The decrease in interest expense and interest income reflects reduced securities borrowing and lending activities in first half 2012 compared with first half 2011.

Capital Markets' income before income taxes of $4.9 million decreased $47.9 million or 91% in first half 2012 compared with first half 2011, largely driven by lower revenue generation. Adjusted income before income taxes[3] was $8.4 million in first half 2012 and excludes the Retention Shares.

Wealth Management

The following table sets forth the financial results of the Wealth Management segment. GMP's non-controlling ownership interest in Richardson GMP as at June 30, 2012, was 32.7%, compared with 33.9% as at December 31, 2011, which reflects an increase in equity ownership by investment advisors over this time. Richardson GMP is considered an associate of GMP under IFRS and, accordingly, GMP's share of Richardson GMP's results is recorded as an equity accounted investment.

	Three months ended June 30			Six months ended June 30		
($000)	**2012**	2011	% decrease	**2012**	2011	% decrease
Share of (loss) income of associate	**(703)**	540	(230)	**(830)**	1,672	(150)

Wealth Management reported a loss before income taxes of $0.7 million and $0.8 million for the three and six months ended June 30, 2012, respectively, compared with income before income taxes of $0.5 million and $1.7 million, respectively, for the same periods last year. Results for the three and six months ended June 30, 2012, reflect lower financial performance by Richardson GMP compared with the same periods in 2011.

The following is supplemental financial information and discussion regarding Richardson GMP's financial results.

Supplemental Financial Information – Richardson GMP

The following table sets forth an overview of the financial results of Richardson GMP for the periods indicated, on a 100% basis; noting, however, that GMP owns only a 32.7% non-controlling interest of Richardson GMP, as at June 30, 2012.

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Revenue	**35,050**	39,518	(11)	**73,914**	82,562	(10)
Commissions and investment management and fee income	**31,332**	36,084	(13)	**65,267**	74,600	(13)
Other	**3,718**	3,434	8	**8,647**	7,962	9
Expenses	**36,576**	37,244	(2)	**75,185**	76,448	(2)
Employee compensation and benefits	**22,931**	24,438	(6)	**48,073**	50,647	(5)
Selling, general and administrative	**12,308**	11,735	5	**24,311**	23,583	3
Depreciation and amortization	**937**	669	40	**2,001**	1,373	46
Interest	**400**	402	(1)	**800**	845	(5)
Net (loss) income	**(1,526)**	2,274	(167)	**(1,271)**	6,114	(121)
Cumulative preferred share dividends	**628**	628	–	**1,256**	1,250	–
Net (loss) income attributable to common shareholders	**(2,154)**	1,646	(231)	**(2,527)**	4,864	(152)
Total headcount (#)	**431**	430	–			
Number of investment advisors	**150**	155	(3)			
Number of advisory teams	**111**	109	2			
AUA at period-end ($ millions)[1]	**13,712**	13,864	(1)			

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Second Quarter and First Half 2012 vs. Second Quarter and First Half 2011 (100% Basis)

Total revenue decreased in second quarter and first half 2012 compared with the same periods last year primarily due to lower commission revenue, as ongoing difficult market conditions have led to lower client trading volumes. Fee income in 2012 is largely consistent with levels generated in 2011 due to relatively unchanged AUA levels.

Employee compensation and benefits expenses decreased in second quarter and first half 2012 primarily reflecting lower variable compensation commensurate with the weaker revenue generation in 2012. Non-compensation expenses increased in second quarter and first half 2012 compared with the same periods last year primarily due to higher depreciation expense and premises costs due to additional office space assumed in Toronto and Calgary in first half 2012.

Richardson GMP reported a net loss of $1.5 million and a net loss attributable to common shareholders of $2.2 million in second quarter 2012 compared with net income of $2.3 million and net income attributable to common shareholders of $1.6 million recorded in second quarter 2011. For the six months ended June 30, 2012, Richardson GMP reported a net loss of $1.3 million and a net loss attributable to common shareholders of $2.5 million compared with net income of $6.1 million and net income attributable to common shareholders of $4.9 million for the six months ended June 30, 2011.

Alternative Investments

The following table sets forth an overview of the financial results of the Alternative Investments segment for the periods presented.

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Revenue	**2,019**	2,810	(28)	**5,090**	10,568	(52)
Investment management and fee income	**2,331**	3,897	(40)	**4,869**	9,446	(48)
Principal activities	**(516)**	(1,158)	55	**16**	(455)	104
Interest	**2**	1	100	**4**	4	–
Other	**202**	70	189	**201**	1,573	(87)
Expenses	**3,211**	3,885	(17)	**6,168**	7,990	(23)
Employee compensation and benefits	**1,953**	2,297	(15)	**4,098**	5,340	(23)
Selling, general and administrative	**1,219**	1,491	(18)	**1,988**	2,462	(19)
Interest	**–**	8	(100)	**–**	14	(100)
Depreciation and amortization	**39**	89	(56)	**82**	174	(53)
(Loss) income before income taxes	**(1,192)**	(1,075)	(11)	**(1,078)**	2,578	(142)
AUM GMP Investment Management ($ millions)[1]	**578**	600	(4)			
AUM EdgeStone ($ millions)[1]		382	(100)			
Headcount – GMP Investment Management (#)	**18**	19	(5)			
Headcount – EdgeStone (#)		13	(100)			

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

The following table sets forth the employee compensation and benefits expenses for the Alternative Investments segment.

($000)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Fixed salaries and benefits	**1,233**	1,770	(30)	**2,651**	4,227	(37)
Variable incentive-based compensation	**720**	514	40	**1,442**	1,071	35
Share-based compensation	**–**	13	(100)	**5**	42	(88)
Total Employee Compensation and Benefits	**1,953**	2,297	(15)	**4,098**	5,340	(23)

Second Quarter 2012 vs. Second Quarter 2011

Total revenue decreased in second quarter 2012 compared with second quarter 2011 primarily due to the EdgeStone Arrangements which resulted in the deconsolidation of EdgeStone from our financial results. GMP Investment Management reported lower investment management and fee income in second quarter 2012 due to lower AUM levels compared with second quarter 2011. Principal activities reflect valuation adjustments recorded on GMP's investments in the GMP IM Funds. Total expenses decreased in second quarter 2012 compared with second quarter 2011 primarily due to the entering into of the EdgeStone Arrangements. GMP Investment Management reported higher expenses driven primarily by higher non-compensation expenses and higher variable compensation amounts which represent costs recognized in the period associated with GMP Investment Management's deferred compensation arrangements. Alternative Investments reported a loss before income taxes of $1.2 million in second quarter 2012 compared with a loss before income taxes of $1.1 million in second quarter 2011.

First Half 2012 vs. First Half 2011

Total revenue decreased in first half 2012 compared with first half 2011 primarily due to the EdgeStone Arrangements. Other revenue for first half 2011 reflects $1.5 million in performance fees received by GMP Investment Management following a distribution by the Genesis Partners Fund L.P. during first quarter 2011. GMP Investment Management reported marginally higher investment management and fee income in first half 2012 and positive mark-to-market returns on GMP's investments in the GMP IM Funds compared with negative valuation adjustments recorded in the prior year period. Total expenses decreased in first half 2012 compared with first half 2011 primarily due to the EdgeStone Arrangements, partly offset by higher variable compensation amounts recognized by GMP Investment Management, as discussed above. Alternative Investments reported a loss before income taxes of $1.1 million in first half 2012 compared with income before income taxes of $2.6 million in first half 2011.

Corporate

The Corporate segment includes enterprise-wide items and the impact of consolidating certain private funds over which GMP has determined it has control. The Corporate segment also includes third-party revenue received in relation to carrying broker and other administrative support services provided by GMP Securities to Richardson GMP. Additionally, related employee compensation and benefits, clearing and execution costs and other expenses associated with providing such services to Richardson GMP are included in this segment.

The following table sets forth the financial results for the Corporate segment for the periods presented.

($000, except as otherwise noted)	Three months ended June 30 **2012**	2011	% increase/ (decrease)	Six months ended June 30 **2012**	2011	% increase/ (decrease)
Revenue	**4,274**	4,192	2	**8,405**	8,169	3
Expenses	**6,240**	7,963	(22)	**12,364**	22,789	(46)
Employee compensation and benefits	**3,327**	3,533	(6)	**6,678**	7,212	(7)
Selling, general and administrative	**2,775**	3,452	(20)	**5,399**	7,353	(27)
Interest	**43**	–	n.m.	**88**	6,590	(99)
Depreciation and amortization	**95**	978	(90)	**199**	1,634	(88)
Loss before income taxes – reported	**(1,966)**	(3,771)	48	**(3,959)**	(14,620)	73
Loss before income taxes – adjusted[1]				**(3,959)**	(9,154)	57
Total headcount (#)	**88**	88	–			

n.m. = not meaningful

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section of this MD&A.

Second Quarter and First Half 2012 vs. Second Quarter and First Half 2011

Revenue is comprised primarily of revenue received in support of carrying broker and other administrative support services provided to Richardson GMP, the dollar value of which is largely unchanged from second quarter and first half 2011. Total expenses decreased in second quarter 2012 compared with second quarter 2011 primarily due to lower amortization expense recorded following the entering into of the EdgeStone Arrangements. In addition, second quarter 2011 and first half 2011 included $0.6 million and $1.5 million, respectively, in professional fees incurred in connection with the acquisition of GMP USA and our activities related to establishing GMP Australia. Total expenses for first half 2012 reflect lower interest costs compared with first half 2011 as the prior year period included the Redemption Costs of $5.5 million.

The loss before income taxes was $2.0 million in second quarter 2012 compared with $3.8 million in second quarter 2011. The loss before income taxes was $4.0 million in first half 2012 compared with $14.6 million in first half 2011. Adjusted loss before income taxes[3] was $9.2 million in first half 2011 and excludes the Redemption Costs.

Historical Quarterly Information

The following table sets forth selected quarterly financial information for the eight most recently completed fiscal quarters.

	Fiscal 2012			Fiscal 2011			Fiscal 2010	
($000, except as otherwise noted)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**62,701**	66,086	72,654	46,282	67,567	115,340	153,448	102,831
Investment banking	**46,784**	40,378	43,862	19,024	41,095	63,486	69,384	55,917
Commissions	**12,889**	18,863	15,604	19,211	23,059	31,206	32,108	22,854
Investment management and fee income	**2,299**	2,509	3,030	3,952	3,869	5,527	5,555	5,200
Client facilitation and principal activities	**(5,888)**	(1,603)	2,994	(5,289)	(8,285)	5,839	27,751	11,655
Interest	**1,971**	1,798	2,008	3,126	3,586	3,555	3,701	2,934
Other	**4,646**	4,141	5,156	6,258	4,243	5,727	14,949	4,271
Share of (loss) income of associate	**(703)**	(127)	(689)	99	540	1,132	852	(108)
(Loss) income before income taxes	**(809)**	(133)	3,773	(5,773)	7,821	34,594	61,149	33,280
Net (loss) income	**(376)**	211	2,390	(4,594)	5,072	26,251	45,992	23,056
Net (loss) income per common share:								
Basic	**$(0.06)**	$(0.04)	$0.02	$(0.09)	$0.04	$0.32	$0.55	$0.32
Diluted[1]	**$(0.06)**	$(0.04)	$0.02	$(0.09)	$0.04	$0.29	$0.50	$0.30

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of common shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

The following table sets forth certain quarterly results and measures adjusted to exclude the impacts of specified items. Such measures are considered Non-GAAP under IFRS and do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" section in this MD&A.

($000, except as otherwise noted)	**Q2 2012**	Q1 2012	Q4 2011	Q3 2011	Q1 2011	Q4 2010
(Loss) Income before income taxes – reported	**(809)**	(133)	3,773	(5,773)	34,594	61,149
Pre-tax Impact of Adjusting Items						
Corporate Segment						
Redemption costs associated with senior unsecured notes	**–**	–	–	–	5,466	–
Goodwill and intangible asset impairment charges	**–**	–	1,317	–	–	481
Capital Markets Segment						
Cost of deferred share-based awards	**1,758**	1,744	1,749	78	–	–
Income (Loss) before income taxes – adjusted	**949**	1,611	6,839	(5,695)	40,060	61,630
Net (loss) income – reported	**(376)**	211	2,390	(4,594)	26,251	45,992
After-Tax Impact of Adjusting Items						
Redemption costs associated with senior unsecured notes	**–**	–	–	–	3,908	–
Goodwill and intangible asset impairment charges	**–**	–	974	–	–	481
Cost of deferred share-based awards	**981**	975	976	44	–	–
Net income (loss) – adjusted	**605**	1,186	4,340	(4,550)	30,159	46,473
Net (loss) income attributable to common shareholders – reported	**(4,087)**	(2,288)	1,435	(6,010)	22,455	38,417
Net (loss) income attributable to common shareholders – adjusted	**(3,106)**	(1,313)	3,385	(5,966)	26,363	38,898
Net (loss) income per common share:						
Basic – adjusted	**$(0.05)**	$(0.02)	$0.05	$(0.09)	$0.38	$0.55
Diluted – adjusted[1]	**$(0.05)**	$(0.02)	$0.05	$(0.09)	$0.34	$0.51

1. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

Quarterly Earnings Trends and Analysis

Our quarterly results are moderately affected by seasonal factors. The third quarter months of July and August typically experience lower levels of capital markets activity, which may affect the results in the Capital Markets and Wealth Management segments.

GMP's results reflect the general deterioration in business conditions which began following the first quarter of 2011, as noted particularly in our Capital Markets segment, which has consistently represented the bulk of our revenue. Commission revenue and returns from our client facilitation and principal activities have generally trended lower since the first quarter of 2011 reflecting the ongoing challenging market conditions. Investment banking revenue, which remained somewhat stable over most of the last five quarters due to stronger advisory revenue, continues to be affected by lower underwriting revenue in many of our core sectors. First half 2012 and the fourth quarter of 2011 include the revenue and expenses of GMP USA, which we acquired in fiscal 2011. GMP Australia has contributed to revenue and expenses since it was established in second quarter 2011.

Investment management and fee income has trended lower over the last several quarters primarily due to declines in EdgeStone's contributions during fiscal 2011 as a result of restructuring activities. The Alternative Investments segment included EdgeStone up until November 30, 2011. Investment management and fee income at GMP Investment Management has experienced declines over recent quarters as AUM has been negatively affected by declining valuations

and redemptions during this time. GMP's investments in the GMP IM Funds are marked-to-market which adds volatility to the Alternative Investment segment's revenue stream as reported under principal activities. Other revenue includes performance fees recorded by GMP Investment Management and its affiliates and the fourth quarter of 2010 includes notable performance fees earned of $9.6 million.

Share of (loss) income of associate reflects our share of net losses in recent quarters at Richardson GMP primarily driven by lower commission revenue recorded by Richarson GMP over this time. In third quarter 2011, other revenue includes $1.5 million in dividend revenue recognized on our preferred share investments in Richardson GMP.

Financial Condition

The table below sets forth select consolidated balance sheet items as at the dates presented and is followed by a discussion of the change in these balances from December 31, 2011 to June 30, 2012:

($000)	**June 30, 2012**	December 31, 2011	$ increase/ (decrease)	% increase/ (decrease)
Cash and cash equivalents	**333,839**	384,212	(50,373)	(13)
Trading assets	**79,936**	95,840	(15,904)	(17)
Receivable from clients	**513,835**	352,689	161,146	46
Payable to clients	**821,603**	689,643	131,960	19
Receivable from brokers	**178,210**	77,868	100,342	129
Payable to brokers	**156,624**	68,770	87,854	128
Total equity	**357,553**	370,210	(12,657)	(3)

Cash and Cash Equivalents

During first half 2012, cash and cash equivalents decreased $50.4 million or 13%. For details relating to cash and cash equivalents, refer to GMP's consolidated statements of cash flows in the Second Quarter 2012 Financial Statements.

Trading Assets

Outstanding balances associated with trading assets may fluctuate significantly on a day-to-day basis based on client-driven and proprietary activities. The decrease in trading assets at June 30, 2012 compared with December 31, 2011 primarily reflects lower inventory levels related to our client facilitation activities and the termination of our exchange-traded funds business which we exited in first quarter 2012 due to the ongoing difficult market conditions.

Receivable from Clients and Payable to Clients

As at June 30, 2012, the receivable from clients included loans receivable from clients of $270.8 million (December 31, 2011 – $279.3 million) and open security transactions of $243.0 million (December 31, 2011 – $73.4 million). Amounts payable to clients included client deposits of $606.1 million (December 31, 2011 – $645.7 million) and open security transactions of $215.5 million (December 31, 2011 – $43.9 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis based on client trading activity and the balance represents the level of unsettled transactions outstanding. At June 30, 2012, the level of open security transactions was higher than at December 31, 2011.

Receivable from Brokers and Payable to Brokers

The receivable from brokers and the payable to brokers reflect the level of open securities transactions with brokers, including cash received or delivered as collateral in conjunction with securities lending and borrowing activity. As at June 30, 2012, the amounts receivable from /payable to brokers are higher than amounts at December 31, 2011, due to higher levels of open security transactions at June 30, 2012, compared with levels at December 31, 2011.

Total Equity

The decrease in total equity reflects a net loss of $0.2 million in first half 2012 and aggregate common and preferred share dividends declared in first half 2012 of $13.7 million. Total equity also reflects a $2.3 million net increase in share purchase loans arising primarily from loans advanced to participating executives to fund purchases of Common Shares under the GMP Securities 2011 executive common share loan plan, net of repayments during first half 2012. Total equity also reflects a $4.5 million increase in contributed surplus relating to the GMP common share option plan and the Retention Shares.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to our shareholders and to satisfy regulatory requirements. GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources under normal market conditions and through periods of financial stress. Capital and balance sheet strength remain a key priority in light of continued uncertain market conditions.

Capital Resources

The following table sets forth GMP's capital resources for the periods indicated. GMP's capital resources also include a $17.5 million committed standby subordinated loan facility. During first half 2012, there were no changes to the terms or covenants associated with the facility and the facility remains undrawn as at June 30, 2012. For information regarding the terms of the standby subordinated loan facility, refer to the "Liquidity and Capital Resources – Subordinated Loans" section of the 2011 Annual MD&A.

($000)	**Carrying amount as at June 30, 2012**	Carrying amount as at December 31, 2011
Share capital:		
Series B Preferred Shares	**112,263**	112,263
Common Shares	**291,817**	291,961
Treasury shares[1]	**–**	(144)
Deferred share-based awards	**(13,970)**	(13,970)
Contributed surplus	**30,567**	26,054
Accumulated deficit	**(35,378)**	(18,894)
Total	**385,299**	397,270

1. As at December 31, 2011, 0.02 million Common Shares had been purchased by the Corporation under its normal course issuer bid but had not yet been cancelled.

Liquidity

GMP currently derives liquidity from its working capital and its credit facilities. There have been no changes to GMP's credit facilities during first half 2012 and no amounts were outstanding under these facilities as at June 30, 2012. There were no significant changes made to GMP's cash management practices during first half 2012.

Management believes the GMP Group's working capital provides it with an appropriate level of cash for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which we operate. In light of the ongoing challenging market conditions we continue to assess GMP's dividend policy, our initiatives and our expense structure. If capital market conditions deteriorate further or if the anticipated market recovery takes longer than expected, having a further negative impact on our ability to generate cash flow and our financial performance, we will need to make further assessments and potentially implement additional changes. We may also seek borrowings and/or equity financing to maintain or increase our productive capacity. There can be no assurance that such borrowings and/or equity financing will be available to GMP or available on terms and in an amount sufficient to meet our needs.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the relevant regulatory authority of possible liquidity concerns. During first half 2012, GMP's subsidiaries were subject to regulatory capital requirements as described in the "Liquidity and Capital Resources – Subsidiary Capital Requirements" section in the 2011 Annual MD&A; and, throughout first half 2012 and as at June 30, 2012, GMP's subsidiaries were in compliance with all minimum regulatory capital requirements.

Operating Activities

Cash used in operating activities was $27.0 million and $70.1 million in first half 2012 and first half 2011, respectively. Excluding non-cash operating items, cash provided by operations decreased to $2.0 million in first half 2012 compared with cash provided by operations of $5.3 million in first half 2011 primarily due to weaker earnings generation in the Capital Markets segment in first half 2012 compared with first half 2011.

Financing Activities

Financing activities consumed $15.5 million and $29.9 million of cash in first half 2012 and first half 2011, respectively. Aggregate cash dividends paid on outstanding share capital in first half 2012 and first half 2011 were $13.7 million and $15.1 million, respectively. Financing activities in first half 2011 primarily included the issuance of the Series B Preferred Shares, the redemption of the Notes, distributions made to partners of GMP Investment Management and GMP Europe and Common Shares purchased and cancelled under our normal course issuer bid.

Investing Activities

Investing activities used cash of $8.5 million in first half 2012 compared with cash provided by investing activities of $2.6 million in first half 2011. Cash used in investing activities in first half 2012 was primarily related to restricted cash on deposit pursuant to a cash collateral security agreement entered into in first quarter 2012 in connection with a standby letter of credit. First half 2011 includes cash received of $3.0 million from Richardson GMP in respect of subordinated loan amounts repaid by Richardson GMP.

Contractual Obligations

In the normal course of business, the GMP Group enters into contracts that give rise to commitments that affect our liquidity. The following is a summary of significant changes at the date hereof to our contractual obligations as specified in the "Liquidity and Capital Resources – Contractual Obligations" section of our 2011 Annual MD&A and in Note 23 to the 2011 Annual Financial Statements:

On July 4, 2012, GMP agreed to withdraw as an investor in Maple Group Acquisition Corporation ("Maple") in order to allow GMP's Deputy Chairman to serve as the independent investment dealer community representative on the Maple board of directors and satisfy a requirement in the final Ontario Securities Commission and Autorité des marchés financiers recognition orders that the Maple board of directors include no more than 50% representation from the original Maple shareholder group. Subsequent to June 30, 2012, GMP's interest in Maple and all obligations of GMP associated with the Maple transaction, including its investment commitment of up to $19.3 million, were assumed and/or taken up by the other investors in Maple.

During first half 2012, the following changes were made to the guarantees which GMP provides to certain European banks in connection with GMP Europe's operations: a) the guarantees in favour of European banks were reduced from £15.0 million to £3.3 million; and b) the Corporation arranged for a £5.0 million irrevocable standby letter of credit in favour of GMP Europe's trade and settlement service provider.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of Common Shares. GMP is also authorized to issue an unlimited number of preferred shares, issuable in series: (i) the first series of which consists of up to 6,923,050 Series A preferred shares; (ii) the second series of which consists of up to 4,600,000 Series B Preferred Shares; and (iii) the third series of which consists of up to 4,600,000, Cumulative Floating Rate Preferred Shares, Series C. The following table sets forth GMP's outstanding equity and securities convertible into equity as of June 30, 2012 and December 31, 2011:

(000)	**June 30, 2012 (#)**	December 31, 2011 (#)
Common Shares	**70,020**	70,020
Share options – vested	**2,557**	2,511
Share options – non-vested	**2,884**	1,147
Warrants	**5,795**	5,795
Series B Preferred Shares	**4,600**	4,600

During first half 2012, 2.0 million options to acquire Common Shares were issued under GMP's common share option plan and GMP advanced $4.6 million in loans to participating executives under the GMP Securities 2011 executive common share loan plan. For information on certain of our Common Shares which are subject to escrow and/or contractual restrictions on transfer as well as our share-based compensation arrangements, refer to "Outstanding Share Data and Dividends" in our 2011 Annual MD&A. As of the date hereof, there are 2.876 million non-vested share options outstanding and there have been no changes to the number of Common Shares, Series B Preferred Shares, vested share options and warrants outstanding since June 30, 2012.

GMP believes that the purchase of outstanding Common Shares may at certain times enhance value to shareholders and, in these circumstances, represents an appropriate use of funds. On March 13, 2012, the Board of Directors approved the renewal, for a 12-month period, of GMP's normal course issuer bid, which has been accepted by the TSX (the "2012 NCIB"). Refer to "Outstanding Share Data and Dividends – Normal Course Issuer Bid" in the 2011 Annual MD&A for information on our 2012 NCIB. During first half 2012, we have not purchased any Common Shares under the 2012 NCIB.

On March 13, 2012, the Board of Directors declared cash dividends of $0.10 per Common Share and $0.3438 per Series B Preferred Share, which were paid on March 31, 2012, to shareholders of record on March 22, 2012. On May 3, 2012, in response to the ongoing difficult market conditions, the Board of Directors approved a 50% reduction in our quarterly Common Share dividend from $0.10 to $0.05 per share. Concurrently, the Board of Directors approved a quarterly cash dividend of $0.3438 per Series B Preferred Share. Both dividends were payable on June 30, 2012, to shareholders of record on June 8, 2012. On August 2, 2012, the Board of Directors declared cash dividends of $0.05 per Common Share and $0.3438 per Series B Preferred Share, payable on September 30, 2012 to shareholders of record on September 10, 2012. The declaration and payment of dividends is subject to the discretion of the Board of Directors and may vary depending on, among other things, the Corporation's earnings, financial requirements, dividends on the issued and outstanding Series B Preferred Shares being paid preferentially and cumulatively and other relevant conditions and factors. Dividends declared on GMP's common shares and preferred shares are designated as "eligible dividends" for purposes of the *Income Tax Act* (Canada) and any similar provincial and territorial legislation unless indicated otherwise. For more information on dividends, refer to Note 8 to the Second Quarter 2012 Financial Statements.

Off-Balance Sheet Arrangements

In the normal course of business, the GMP Group engages in certain financial transactions and carries out certain business activities with entities that, under IFRS, are not recorded on the consolidated balance sheet. During first quarter 2012, we exited our trading activities in connection with exchange-traded funds and as a result no longer utilize futures contracts. There have been no material changes to the nature of our off-balance sheet arrangements from December 31, 2011, as described under "Off-Balance Sheet Arrangements" in our 2011 Annual MD&A. As at June 30, 2012, the GMP Group's off-balance sheet transactions continue to include certain business activities conducted with private funds, forward foreign exchange contracts, forward purchase and sale agreements utilized by the GMP IM Funds, in addition to guarantees provided to support the ongoing operations of GMP Europe. Refer to "Market Risk" under Note 13 to the Second Quarter 2012 Financial Statements for notional amounts and fair values associated with these contracts at June 30, 2012.

GMP also receives broker warrants as consideration, or partial consideration, for services it provides in connection with certain investment banking mandates. At June 30, 2012, the fair value of broker warrants outstanding was $1.7 million.

Related-Party Transactions

The Corporation's related parties include the following persons and/or entities: (a) associates, or entities which are controlled or significantly influenced by GMP, which currently include Richardson GMP; (b) private funds managed by the Corporation's subsidiaries; and (c) key management personnel, which are comprised of directors and/or officers of the Corporation and those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Other than as described below, our policies and procedures and the nature of our related party transactions have not changed materially from December 31, 2011, as described under "Related-Party Transactions" in our 2011 Annual MD&A.

During first quarter 2012, GMP announced a series of senior management changes aimed at enhancing the strategic linkages among GMP's global product offerings, business

and clients. Concurrent with these announcements, GMP also expanded the mandate and membership of its Executive Committee to ensure the tactical decision-making and implementation of the Corporation's strategic objectives is vested more broadly in the leadership of the firm. These changes resulted in an increase in the number of executives designated as key management personnel.

Critical Accounting Policies and Estimates

The preparation of the Second Quarter 2012 Financial Statements in accordance with IFRS required management to make estimates and exercise judgment that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgments are made based on information available as at the date of issuance of financial statements. Accordingly, actual results may differ from these amounts. Accounting policies that require management's estimates and judgments have not changed during first half 2012 and are discussed under "Critical Accounting Policies and Estimates" in our 2011 Annual MD&A.

Financial Instruments

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. During first quarter 2012 we exited our trading activities in exchange-traded funds and as a result no longer utilize futures contracts. There have been no other significant changes in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first half 2012. Refer to "Financial Instruments" in the 2011 Annual MD&A and Note 13 to the Second Quarter 2012 Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2011 Annual MD&A.

Future Changes in Accounting Policies or Estimates

Future changes in accounting policies or estimates which may affect GMP have not changed significantly during first half 2012 and are discussed under "Future Changes in Accounting Policies or Estimates" in our 2011 Annual MD&A. The Corporation is currently evaluating the impact that these standards will have on its consolidated financial statements and assessing whether to early adopt any of the new requirements.

Controls and Procedures

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Chief Executive Officer and Chief Financial Officer to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

As of June 30, 2012, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of, GMP's Chief Executive Officer and Chief Financial Officer. Based on the evaluation conducted as at June 30, 2012, the Chief Executive Officer and Chief Financial Officer concluded that GMP's disclosure controls and procedures were effective as of June 30, 2012.

Changes in Internal Control over Financial Reporting

To the best of the knowledge of GMP's Chief Executive Officer and Chief Financial Officer, no changes were made in GMP's internal control over financial reporting in second quarter 2012 that have materially affected, or are reasonably likely to materially affect, GMP's internal control over financial reporting.

Risk Management

The securities business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets. Management believes that effective risk management is of primary importance to the ongoing success of the GMP Group. We have risk management processes in place to monitor, evaluate and manage the principal risks we assume in conducting our activities. These risks include market, credit, liquidity, operational, legal and regulatory risk. GMP's approach to the management of risk has not changed significantly from that described in the "Risk Management" section of the 2011 Annual MD&A and Note 27 to the 2011 Annual Financial Statements.

Market Risk

Market risk represents the risk of loss from changes in interest rates, equity and fixed income security prices, currency exchange rates and commodity prices. GMP segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair Value Risk

The following table includes GMP's significant financial instruments recorded on the interim consolidated balance sheet as at June 30, 2012, at fair value and demonstrates the sensitivity of GMP's net income and other comprehensive income to reasonable changes in the fair value of those instruments.

($000)	Carrying value	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Trading assets, net of obligations related to securities sold short	71,631	5,278	(5,278)
Available-for-sale investments[1]	24,463	n/a	(1,804)
Interest of others in private funds	8,754	(875)	875

1. Changes in the fair value of investments are recorded through other comprehensive income. Impairment charges are recognized in net income, and the table indicates the impact on net income as a result of a 10% impairment of the investments.

Interest Rate Risk

The table below provides the potential impact of an immediate and sustained 100 basis point ("bp") increase or 50 bp decrease in interest rates on net income applied to the balances outstanding at June 30, 2012. This analysis assumes that all other variables remain constant.

($000)	Carrying value	Effect of a 100 bp increase in market interest rates on net income	Effect of a 50 bp decrease in market interest rates on net income
Cash and cash equivalents	333,839	2,461	(1,231)
Restricted cash	8,048	59	(30)
Available-for-sale investments	20,500	151	(76)
Employee and other loans receivable	6,118	45	(23)
Loans and other receivables	5,000	37	(19)
Payable to clients, net	307,768	(2,269)	1,135
Securities borrowing and lending, net	3,065	23	(12)

Currency Risk

The table below summarizes the effects on net income and other comprehensive income as a result of a 10% change in the value of foreign currencies against the Canadian dollar where GMP has significant exposure as at June 30, 2012. The analysis assumes that all other variables remain constant.

($000)	Effect of a 10% strengthening in foreign exchange rates on net income	Effect of a 10% weakening in foreign exchange rates on net income	Effect of a 10% increase in foreign exchange rates on other comprehensive income	Effect of a 10% decrease in foreign exchange rates on other comprehensive income
British pound sterling	90	(90)	992	(992)
United States dollar	(222)	222	370	(370)
Australian dollar	34	(34)	286	(286)

Other Risks

For additional details regarding our policies and processes to monitor, evaluate and manage GMP's other principal risks, including credit, liquidity, operational, legal and regulatory risks, see the "Risk Management" section of the 2011 Annual MD&A and Note 27 to the 2011 Annual Financial Statements.

Unaudited Interim Consolidated Balance Sheets

As at, (thousands of Canadian dollars)	**June 30, 2012**	December 31, 2011
Assets		
Cash and cash equivalents	**333,839**	384,212
Trading assets (NOTE 3)	**79,936**	95,840
Receivable from		
Clients	**513,835**	352,689
Brokers	**178,210**	77,868
Employee and other loans receivable	**11,081**	10,303
Other financial assets (NOTE 4)	**262,897**	254,794
Investment in associate	**18,902**	19,734
Equipment and leasehold improvements	**14,075**	15,460
Goodwill and intangible assets	**46,826**	46,733
Deferred tax assets	**10,295**	10,120
Total assets	**1,469,896**	1,267,753
Liabilities		
Obligations related to securities sold short (NOTE 3)	**8,305**	9,814
Payable to		
Clients	**821,603**	689,643
Brokers	**156,624**	68,770
Issuers	**10,451**	11,343
Accounts payable and accrued liabilities	**91,405**	90,097
Other liabilities (NOTE 7)	**23,955**	27,876
Total liabilities	**1,112,343**	897,543
Equity		
Shareholders' equity	**349,817**	363,975
Non-controlling interests	**7,736**	6,235
Total equity	**357,553**	370,210
Total liabilities and equity	**1,469,896**	1,267,753

Commitments (NOTE 10)

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

Unaudited Interim Consolidated Statements of (Loss) Income

	Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian dollars, except for per share amounts)	**2012**	2011	**2012**	2011
Revenue				
Investment banking	**46,784**	41,095	**87,162**	104,581
Commissions	**12,889**	23,059	**31,752**	54,265
Investment management and fee income	**2,299**	3,869	**4,808**	9,396
Client facilitation and principal activities	**(5,888)**	(8,285)	**(7,491)**	(2,446)
Interest	**1,971**	3,586	**3,769**	7,141
Other	**4,646**	4,243	**8,787**	9,970
	62,701	67,567	**128,787**	182,907
Expenses				
Employee compensation and benefits	**44,830**	38,558	**93,116**	96,209
Selling, general and administrative	**16,495**	18,318	**32,741**	32,798
Interest	**653**	1,513	**1,343**	9,700
Depreciation and amortization	**829**	1,897	**1,699**	3,457
	62,807	60,286	**128,899**	142,164
Share of net (loss) income of associate	**(703)**	540	**(830)**	1,672
(Loss) income before income taxes	**(809)**	7,821	**(942)**	42,415
Income tax (benefit) expense				
Current	**179**	6,825	**(565)**	17,177
Deferred	**(612)**	(4,076)	**(212)**	(6,085)
	(433)	2,749	**(777)**	11,092
Net (loss) income	**(376)**	5,072	**(165)**	31,323
Net (loss) income attributable to:				
GMP Capital Inc. shareholders	**(2,506)**	4,246	**(3,213)**	27,342
Non-controlling interests	**2,130**	826	**3,048**	3,981
Weighted average number of common shares outstanding in thousands (NOTE 12)				
Basic	**64,494**	67,244	**64,738**	68,428
Diluted	**70,033**	74,453	**70,533**	75,640
Net (loss) income per common share (NOTE 12)				
Basic	**$(0.06)**	$0.04	**$(0.10)**	$0.37
Diluted	**$(0.06)**	$0.04	**$(0.10)**	$0.33
Dividends per common share	**$0.05**	$0.10	**$0.15**	$0.18

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

Unaudited Interim Consolidated Statements of Comprehensive (Loss) Income

	Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian dollars)	**2012**	2011	**2012**	2011
Net (loss) income	**(376)**	5,072	**(165)**	31,323
Other comprehensive (loss) income:				
Net foreign currency translation (loss) gain	**(7)**	(93)	**94**	(42)
Net unrealized (loss) gain on available-for-sale investments, before tax	**–**	(42)	**64**	35
Deferred tax benefit (expense) relating to available-for-sale investments	**–**	92	**(7)**	81
Other comprehensive (loss) income	**(7)**	(43)	**151**	74
Comprehensive (loss) income	**(383)**	5,029	**(14)**	31,397
Comprehensive (loss) income attributable to:				
GMP Capital Inc. shareholders	**(2,513)**	4,203	**(3,062)**	27,416
Non-controlling interests	**2,130**	826	**3,048**	3,981

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

Unaudited Interim Consolidated Statements of Changes in Equity

(thousands of Canadian dollars and thousands of shares)	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Treasury shares #	Treasury shares $	Share purchase loans $	Deferred share-based awards $	Contributed surplus $	Accumulated other comprehensive income (loss) $	(Accumulated) deficit) Retained earnings $	Shareholders' equity $	Non-controlling interests $	Total equity $
Balance, December 31, 2010	–	–	73,050	294,135	–	–	(24,868)	–	22,774	(705)	36,594	327,930	3,701	331,631
Net foreign currency translation loss	–	–	–	–	–	–	–	–	–	(42)	–	(42)	–	(42)
Common shares issued under share option plan	–	–	297	4,061	–	–	–	–	(978)	–	–	3,083	–	3,083
Issuance of preferred shares	4,600	115,000	–	–	–	–	–	–	–	–	–	115,000	–	115,000
Preferred share issue costs, net of taxes	–	(2,743)	–	–	–	–	–	–	–	–	–	(2,743)	–	(2,743)
Exercise of warrants	–	–	289	1,968	–	–	–	–	(90)	–	–	1,878	–	1,878
Share-based compensation	–	–	–	–	–	–	977	–	1,345	–	–	2,322	–	2,322
Share incentive arrangements	–	–	–	–	–	–	(11,158)	–	–	–	52	(11,106)	–	(11,106)
Common shares repurchased and cancelled	–	–	(4,442)	(18,013)	–	–	–	–	–	–	(46,563)	(64,576)	–	(64,576)
Common share repurchased, not yet cancelled	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Unrealized gain on available-for-sale investments, net of tax	–	–	–	–	–	–	–	–	–	116	–	116	–	116
Common share dividends declared and paid	–	–	–	–	–	–	–	–	–	–	(12,901)	(12,901)	–	(12,901)
Preferred share dividends declared and paid	–	–	–	–	–	–	–	–	–	–	(2,222)	(2,222)	–	(2,222)
Issuance of subsidiary equity	–	–	–	–	–	–	–	–	–	–	–	–	1,158	1,158
Net income	–	–	–	–	–	–	–	–	–	–	27,342	27,342	3,981	31,323
Balance, June 30, 2011	4,600	112,257	69,194	282,151	–	–	(35,049)	–	23,051	(631)	2,302	384,081	8,840	392,921
Balance, December 31, 2011	4,600	112,263	70,040	291,961	(20)	(144)	(32,969)	(13,970)	26,054	(326)	(18,894)	363,975	6,235	370,210
Net foreign currency translation gain	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**94**	**–**	**94**	**–**	**94**
Share-based compensation	**–**	**–**	**–**	**–**	**–**	**–**	**1,082**	**–**	**4,513**	**–**	**–**	**5,595**	**–**	**5,595**
Share incentive arrangements (NOTE 6)	**–**	**–**	**–**	**–**	**–**	**–**	**(3,420)**	**–**	**–**	**–**	**394**	**(3,026)**	**–**	**(3,026)**
Common shares repurchased and cancelled	**–**	**–**	**(20)**	**(144)**	**20**	**144**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Unrealized gain on available-for-sale investments, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57**	**–**	**57**	**–**	**57**
Common share dividends declared and paid (NOTE 8)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,503)**	**(10,503)**	**–**	**(10,503)**
Preferred share dividends declared and paid (NOTE 8)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,162)**	**(3,162)**	**–**	**(3,162)**
Distributions declared and return of capital to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,547)**	**(1,547)**
Net (loss) income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,213)**	**(3,213)**	**3,048**	**(165)**
Balance, June 30, 2012	**4,600**	**112,263**	**70,020**	**291,817**	**–**	**–**	**(35,307)**	**(13,970)**	**30,567**	**(175)**	**(35,378)**	**349,817**	**7,736**	**357,553**

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

Unaudited Interim Consolidated Statements of Cash Flows

Six months ended June 30, (thousands of Canadian dollars)	**2012**	2011
Operating Activities		
Net (loss) income	**(165)**	31,323
Add (deduct) items not involving cash		
Depreciation and amortization	**1,699**	3,457
Amortization of private placement costs	**–**	115
Amortization of lease inducements	**(137)**	(137)
Deferred tax benefit	**(212)**	(6,085)
Share-based compensation expense	**5,595**	2,322
Loan amortization	**1,616**	1,138
Share of net loss (income) of associate	**830**	(1,672)
Effect of foreign exchange on cash balances	**(563)**	(225)
Income taxes paid, net of refunds received	**(6,648)**	(24,904)
	2,015	5,332
Net change in non-cash operating items (NOTE 15)	**(28,984)**	(75,441)
Cash used in operating activities	**(26,969)**	(70,109)
Financing Activities		
Repayment of long-term debt	**–**	(60,000)
Proceeds from share option and warrant exercises	**–**	4,961
Proceeds from issuance of preferred shares	**–**	115,000
Preferred share issue costs	**–**	(3,820)
Dividends paid on common shares	**(10,503)**	(12,901)
Dividends paid on preferred shares	**(3,162)**	(2,222)
Distributions and return of capital on subsidiary equity	**(1,847)**	(7,489)
Proceeds from subsidiary equity issued	**–**	1,158
Common shares repurchased and cancelled	**–**	(64,576)
Cash used in financing activities	**(15,512)**	(29,889)
Investing Activities		
Loan repayment from associate	**–**	3,000
Increase in restricted cash	**(8,048)**	–
Proceeds from disposals of equipment and leasehold improvements	**1,123**	–
Purchase of equipment and leasehold improvements	**(1,315)**	(407)
Purchase of application software	**(215)**	(4)
Cash (used in) provided by investing activities	**(8,455)**	2,589
Effect of foreign exchange on cash balances	**563**	225
Net decrease in cash and cash equivalents during the period	**(50,373)**	(97,184)
Cash and cash equivalents, beginning of period	**384,212**	375,792
Cash and cash equivalents, end of period	**333,839**	278,608
Supplemental cash flow information		
Interest paid	**1,343**	10,555
Interest received	**3,740**	6,961

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

Note 1. Basis of Preparation

(a) Statement of Compliance

These unaudited interim condensed consolidated financial statements of GMP Capital Inc. ("GMP") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in compliance with International Accounting Standard 34, *Interim Financial Reporting.* Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

GMP's interim financial statements should be read in conjunction with GMP's audited annual financial statements as at and for the year ended December 31, 2011 ("2011 Annual Financial Statements"). All defined terms used herein are consistent with those terms as defined in the 2011 Annual Financial Statements.

These interim financial statements were authorized for issuance by GMP's Board of Directors on August 2, 2012.

(b) Basis of presentation

GMP's unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies and methods used and as disclosed in the 2011 Annual Financial Statements.

Certain comparative amounts have been reclassified to conform to the current period's presentation. The reclassification affected the presentation of the net change in non-cash operating items and cash used in operating activities on the consolidated statements of cash flows and had no impact on (loss) income before income taxes, net (loss) income, total assets and total liabilities, the statements of comprehensive (loss) income and statements of changes in equity.

These interim financial statements are presented in thousands of Canadian dollars and all financial information presented has been rounded to the nearest thousand.

Note 2. Significant Accounting Policies

Significant changes in accounting policies

There were no significant changes in accounting policies during the three and six months ended June 30, 2012.

Note 3. Trading Assets and Obligations Related to Securities Sold Short

As at,	**June 30, 2012**		December 31, 2011	
	Trading assets	**Securities sold short**	Trading assets	Securities sold short
Equity securities	**36,408**	**1,306**	53,820	6,563
Debt securities				
Canadian government debt				
Federal	**29,967**	**1,040**	29,936	1,048
Provincial and municipal	**148**	**–**	444	–
Non-Canadian government debt	**–**	**–**	159	159
Corporate debt	**8,400**	**5,959**	7,026	2,044
Derivative financial assets	**5,013**	**–**	4,455	–
	79,936	**8,305**	95,840	9,814

Canadian government, corporate and other debt maturities range from 2012 to 2039 and bear interest ranging from 2.0% to 11.6%. Certain securities owned have been pledged as collateral for securities borrowing transactions.

(thousands of Canadian dollars, except where noted and per share information)

Note 4. Other Financial Assets

As at,	**June 30, 2012**	December 31, 2011
Accounts receivable and other	**24,824**	23,624
Loans and other receivables	**5,114**	5,037
Income taxes recoverable	**5,144**	459
Funds deposited in trust	**191,102**	197,531
Available-for-sale investments	**24,463**	24,086
Prepaid deposits and other	**4,202**	4,057
Restricted cash	**8,048**	–
	262,897	254,794

Restricted cash represents cash on deposit pursuant to a cash collateral security agreement entered into in connection with a standby letter of credit arrangement as discussed further in note 11.

Note 5. Securities Borrowing and Lending

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
As at June 30, 2012	**32,969**	**29,904**	**72,468**	**79,121**
As at December 31, 2011	43,932	27,629	84,496	102,416

Note 6. Share Purchase Loans

For the six months ended June 30, 2012, GMP advanced a total of $5,624 in share purchase loans to certain employees under the GMP Securities 2011 executive common share loan plan and other loan arrangements, the terms of which are described in note 12 to the 2011 Annual Financial Statements.

Note 7. Other Liabilities

As at,	**June 30, 2012**	December 31, 2011
Income taxes payable	**2,279**	4,404
Deferred lease inducements	**2,086**	1,590
Earn-out obligation	**8,880**	8,723
Interest of others in private funds[1]	**8,754**	10,439
Other	**1,956**	2,720
	23,955	27,876

1. Interest of others in private funds represents financial liabilities designated at fair value through income or loss.

Note 8. Share Capital

Normal course issuer bid ("NCIB")

During the three and six months ended June 30, 2012, GMP did not purchase for cancellation any of its common shares under its NCIB.

Dividends

Common share dividends

GMP declared the following common share dividends during the six months ended June 30, 2012:

Record date	Payment date[1]	Cash dividend per common share	Total dividend amount
March 22, 2012	March 31, 2012	**$0.10**	**7,002**
June 8, 2012	June 30, 2012	**$0.05**	**3,501**

1. In the event that the payment date is not a business day, such dividend shall be paid on the next succeeding day that is a business day.

On August 2, 2012, the Board of Directors approved a cash dividend of $0.05 per common share payable on September 30, 2012 to common shareholders of record on September 10, 2012.

Preferred share dividends

GMP declared the following preferred share dividends during the six months ended June 30, 2012:

Record date	Payment date[2]	Cash dividend per preferred share	Total dividend amount
March 22, 2012	March 31, 2012	**$0.3438**	**1,581**
June 8, 2012	June 30, 2012	**$0.3438**	**1,581**

2. In the event that the payment date is not a business day, such dividend shall be paid on the next succeeding day that is a business day.

On August 2, 2012, the Board of Directors approved a cash dividend of $0.3438 per preferred share payable on September 30, 2012 to preferred shareholders of record on September 10, 2012.

(thousands of Canadian dollars, except where noted and per share information)

Note 9. Share Options

During March 2012, GMP granted 2,000 share options under the common share option plan (the "Share Option Plan") to certain employees. The terms of the Share Option Plan are described in note 22 to the 2011 Annual Financial Statements. The weighted average fair value of the options granted and principal assumptions applied for options granted during March 2012 are as follows:

Weighted average fair value	$1.87
Weighted average of key assumptions:	
Common share price on grant date	$7.45
Exercise price	$7.45
Risk-free interest rate[1]	1.55%
Dividend yield[2]	5.37%
Expected volatility[3]	47.10%
Expected option life (years)[4]	4

1. Determined using the yield on Government of Canada benchmark bonds with a remaining term equal to the expected option life
2. Based on the annual dividend yield on the date of grant
3. Estimated by considering historic average share price volatility
4. Estimated based upon historical data for the holding period of options between the grant and exercise dates, together with the assumption that a certain percentage of options will lapse due to forfeitures

As at June 30, 2012, the number of outstanding options under the Share Option Plan as a percentage of common shares outstanding was 7.77% (December 31, 2011 – 5.22%).

Note 10. Commitments

On July 4, 2012, GMP agreed to withdraw as an investor in Maple Group Acquisition Corporation ("Maple") in order to allow GMP's Deputy Chairman to serve as the independent investment dealer community representative on the Maple board of directors and satisfy a requirement in the final Ontario Securities Commission and Autorité des marchés financiers recognition orders that the Maple board of directors include no more than 50% representation from the original Maple shareholder group. Subsequent to June 30, 2012, GMP's interest in Maple and all obligations of GMP associated with the Maple transaction, including its investment commitment of up to $19,300, were assumed and/or taken up by the other investors in Maple.

Note 11. Financial Guarantees

The following changes to GMP's guarantee arrangements were implemented in support of GMP Securities Europe LLP's ("GMP Europe") operations: a) in April 2012, the guarantees in favour of European banks were reduced from £15,000 to £3,300; and b) in February 2012, GMP arranged for a £5,000 irrevocable standby letter of credit in favour of GMP Europe's trade and settlement service provider. As at June 30, 2012, the letter of credit is secured by $8,048 of cash on deposit pursuant to a cash collateral security agreement entered into in connection with this arrangement.

Note 12. Net (Loss) Income per Common Share

Net (loss) income per common share is calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Net (loss) income attributable to shareholders of GMP Capital Inc.	**(2,506)**	4,246	**(3,213)**	27,342
Less: Dividends declared on Series B preferred shares	**(1,581)**	(1,581)	**(3,162)**	(2,222)
Net (loss) income attributable to common shareholders	**(4,087)**	2,665	**(6,375)**	25,120
Weighted average number of common shares outstanding				
Basic				
Common shares	**70,020**	70,618	**70,020**	71,688
Common shares pledged on share purchase loans	**(3,673)**	(3,374)	**(3,429)**	(3,260)
Contingently returnable common shares awarded to employees	**(1,853)**	–	**(1,853)**	–
Basic	**64,494**	67,244	**64,738**	68,428
Diluted				
Dilutive effect of common share options[1] and warrants[2]	**13**	3,835	**513**	3,952
Dilutive effect of shares pledged on share purchase loans	**3,673**	3,374	**3,429**	3,260
Dilutive effect of contingently returnable common shares awarded to employees	**1,853**	–	**1,853**	–
Diluted	**70,033**	74,453	**70,533**	75,640
Net (loss) income per common share				
Basic	**$(0.06)**	$0.04	**$(0.10)**	$0.37
Diluted[3]	**$(0.06)**	$0.04	**$(0.10)**	$0.33

1. *Dilutive effect of common share options outstanding*
   For the three and six months ended June 30, 2012, the calculation of the weighted average number of common shares outstanding on a diluted basis excluded 5,351 and 4,436, respectively, weighted average options outstanding with a weighted average exercise price of $10.69 and $11.42, respectively, as the exercise price of these options was greater than the average market price of GMP's common shares. For the three and six months ended June 30, 2011, the calculation of the weighted average number of common shares outstanding on a diluted basis excluded 805 and 808, respectively, weighted average options outstanding with a weighted average exercise price of $17.23 as the exercise price of these options was greater than the average market price of GMP's common shares.
2. *Dilutive effect of common share warrants outstanding*
   For the three months ended June 30, 2012, the calculation of the weighted average number of common shares outstanding on a diluted basis excluded 5,795 weighted average warrants outstanding with a weighted average exercise price of $6.50 as the exercise price of these warrants was greater than the average market price of GMP's common shares.
3. In the case of a net loss, the effect of common share options and warrants potentially exercisable and the impact of shares pledged on share purchase loans and other common shares subject to vesting conditions under stock-based compensation programs on diluted net loss per common share will be anti-dilutive; therefore, basic and diluted net loss per common share will be the same.

(thousands of Canadian dollars, except where noted and per share information)

Note 13. Financial Risk Management

Fair value estimation

IFRS 7, "*Financial Instruments: Disclosures*", as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date.

The following tables present the level within the fair value hierarchy for GMP's financial assets and liabilities carried at fair value:

As at June 30, 2012	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trading assets				
Equity securities	**33,931**	**2,477**	**–**	**36,408**
Debt securities				
Canadian government debt				
Federal	**29,935**	**32**	**–**	**29,967**
Provincial and municipal	**–**	**148**	**–**	**148**
Corporate debt	**299**	**8,101**	**–**	**8,400**
Derivative financial assets	**–**	**–**	**5,013**	**5,013**
Total trading assets	**64,165**	**10,758**	**5,013**	**79,936**
Available-for-sale investments	**–**	**–**	**24,463**	**24,463**
Financial assets carried at fair value	**64,165**	**10,758**	**29,476**	**104,399**
Financial liabilities				
Obligations related to securities sold short				
Equity securities	**1,282**	**24**	**–**	**1,306**
Debt securities				
Canadian federal government debt	**–**	**1,040**	**–**	**1,040**
Corporate debt	**294**	**5,665**	**–**	**5,959**
Total obligations related to securities sold short	**1,576**	**6,729**	**–**	**8,305**
Interest of others in private funds	**–**	**8,754**	**–**	**8,754**
Financial liabilities carried at fair value	**1,576**	**15,483**	**–**	**17,059**

The following tables presents the changes in fair value measurements for financial assets included in Level 3 of the fair value hierarchy:

Balance, December 31, 2011	28,526
Net unrealized gain before income taxes	**2,451**
Purchases during the period	**323**
Sales during the period	**(1,888)**
Net unrealized gain in other comprehensive income	**64**
Balance, June 30, 2012	**29,476**

Market risk

GMP and its subsidiaries selectively utilize derivative financial instruments to manage financial risks, including foreign exchange and fair value risks, and to meet client needs. During March 2012, GMP exited its trading activities in exchange-traded funds and as a result no longer utilize futures contracts. As at June 30, 2012, the notional amount of foreign exchange forward contracts outstanding was $10,867 (December 31, 2011 – $2,047) and the fair value of the foreign exchange forward contract assets and liabilities were $3 (December 31, 2011 – $4) and $4 (December 31, 2011 – $6), respectively.

In addition, the GMPIM Equity Funds have invested the net subscription proceeds from the sale of their units in a portfolio of common shares of Canadian public companies and have entered into forward purchase and sale agreements with a Schedule I bank, as part of their investment objective to provide exposure to the return of the GMPIM Equity Opportunities Master Fund (the "Forward Agreements"). The Forward Agreements have a maturity date of January 14, 2016, an aggregate notional value of $18,990 and a positive fair value of $3,237 as at June 30, 2012.

Capital management

GMP requires capital to fund existing and future operations, future dividends and regulatory capital requirements. The liquidity of GMP's main operating subsidiaries is continually evaluated, factoring in business requirements, market conditions and regulatory capital requirements. GMP's policy is to maintain sufficient and appropriate levels of capital through a variety of sources.

The following table sets forth GMP's capital resources at the dates indicated:

	Carrying value	
Type of capital	**June 30, 2012**	December 31, 2011
Preferred shares	**112,263**	112,263
Common shares	**291,817**	291,961
Treasury shares	**–**	(144)
Deferred share-based awards	**(13,970)**	(13,970)
Contributed surplus	**30,567**	26,054
Accumulated deficit	**(35,378)**	(18,894)
	385,299	397,270

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. As at and during the three and six months ended June 30, 2012, GMP's subsidiaries were in compliance with their respective capital requirements.

(thousands of Canadian dollars, except where noted and per share information)

Note 14. Segmented Information

GMP's operating results are categorized into three business segments and a Corporate segment. The three business segments are as follows: Capital Markets, Wealth Management and Alternative Investments. The business segments are based upon the products and services provided and the types of clients served. The financial reporting of GMP's three business segments is consistent with the manner in which management currently evaluates the operating segment performance.

The following tables present selected financial results for the three business segments and the Corporate segment for the three and six months ended June 30, 2012 and 2011:

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
Three months ended June 30,	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**56,408**	60,565	**–**	–	**2,019**	2,810	**4,274**	4,192	**62,701**	67,567
Employee compensation and benefits	**39,550**	32,728	**–**	–	**1,953**	2,297	**3,327**	3,533	**44,830**	38,558
Selling, general and administrative	**12,501**	13,375	**–**	–	**1,219**	1,491	**2,775**	3,452	**16,495**	18,318
Interest	**610**	1,505	**–**	–	**–**	8	**43**	–	**653**	1,513
Depreciation and amortization	**695**	830	**–**	–	**39**	89	**95**	978	**829**	1,897
	3,052	12,127	**–**	–	**(1,192)**	(1,075)	**(1,966)**	(3,771)	**(106)**	7,281
Share of net (loss) income of associate	**–**	–	**(703)**	540	**–**	–	**–**	–	**(703)**	540
(Loss) income before income taxes	**3,052**	12,127	**(703)**	540	**(1,192)**	(1,075)	**(1,966)**	(3,771)	**(809)**	7,821

	Capital Markets		Wealth Management		Alternative Investments		Corporate		Total	
Six months ended June 30,	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**115,292**	164,170	**–**	–	**5,090**	10,568	**8,405**	8,169	**128,787**	182,907
Employee compensation and benefits	**82,340**	83,657	**–**	–	**4,098**	5,340	**6,678**	7,212	**93,116**	96,209
Selling, general and administrative	**25,354**	22,983	**–**	–	**1,988**	2,462	**5,399**	7,353	**32,741**	32,798
Interest	**1,255**	3,096	**–**	–	**–**	14	**88**	6,590	**1,343**	9,700
Depreciation and amortization	**1,418**	1,649	**–**	–	**82**	174	**199**	1,634	**1,699**	3,457
	4,925	52,785	**–**	–	**(1,078)**	2,578	**(3,959)**	(14,620)	**(112)**	40,743
Share of net (loss) income of associate	**–**	–	**(830)**	1,672	**–**	–	**–**	–	**(830)**	1,672
(Loss) income before income taxes	**4,925**	52,785	**(830)**	1,672	**(1,078)**	2,578	**(3,959)**	(14,620)	**(942)**	42,415

Revenue by geographic location

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	**2012**	2011
Canada	**37,942**	56,911	**81,449**	157,085
Europe and Australia	**14,328**	7,090	**25,007**	18,340
United States	**10,431**	3,566	**22,331**	7,482
	62,701	67,567	**128,787**	182,907

Note 15. Net Change in Non-Cash Operating Items

Six months ended June 30,	**2012**	2011
Trading assets	**15,904**	44,037
Receivable from clients	**(161,146)**	(148,385)
Receivable from brokers	**(100,342)**	(53,359)
Employee and other loans receivable	**(5,420)**	(14,267)
Other financial assets	**2**	(18,172)
Deferred tax assets	**37**	(82)
Obligations related to securities sold short	**(1,509)**	4,817
Payable to clients	**131,960**	52,465
Payable to brokers	**87,854**	85,929
Payable to issuers	**(892)**	(21,197)
Accounts payable and accrued liabilities	**8,352**	(5,593)
Other liabilities	**(3,784)**	(1,634)
	(28,984)	(75,441)

Transfer Agent and Registrar:

CIBC Mellon Trust Company[1]
c/o: Canadian Stock Transfer Company Inc.
P.O. Box 700, Postal Station B
Montreal, Quebec H3B 3K3
Toll Free: (800) 387-0825

Auditors: Ernst & Young LLP
Legal Counsel: Goodmans LLP
Listing: Toronto Stock Exchange

Stock Symbols:

Stock	Ticker	CUSIP No.
Common Shares	GMP	380134106
Preferred Shares, Series B	GMP.PR.B	380134205

Fiscal Year End: December 31

Operating Subsidiaries:

GMP Securities L.P.
GMP Securities, LLC
Griffiths McBurney Corp.
GMP Securities Europe LLP
GMP Securities Australia Pty Limited
GMP Investment Management L.P.

GMP CAPITAL INC.

Toronto

145 King Street West, Suite 300
Toronto, Ontario, Canada M5H 1J8
Telephone: (416) 367-8600
Fax: (416) 367-8164

Web: *gmpcapital.com*

GMP SECURITIES L.P.

Toronto (Head Office)

145 King Street West, Suite 300
Toronto, Ontario, Canada M5H 1J8
Telephone: (416) 367-8600
Toll Free: (888) 301-3244
Fax: (416) 367-8164

Calgary

525 – 8th Avenue South West
Suite 4800
Calgary, Alberta, Canada T2P 1G1
Telephone: (403) 543-3030
Fax: (403) 543-3038

Montreal

1250 Rene Levesque Boulevard
15th Floor
Montreal, Quebec, Canada H3B 4W8
Telephone: (514) 288-7774
Fax: (514) 288-1574

Web: *gmpsecurities.com*

GMP SECURITIES, LLC

New York (Head Office)

331 Madison Avenue, 12th Floor
New York, NY, USA 10017
Telephone: (212) 692-5100
Toll Free: (800) 452-4528
Fax: (212) 692-5174

Dallas

5601 Granite Parkway, Suite 660
Plano, TX, USA 75024
Telephone: (214) 387-0255
Toll Free: (800) 388-6826

Miami

19495 Biscayne Boulevard, Suite 408
Aventura, FL, USA 33180
Telephone: (305) 792-4221
Toll Free: (800) 360-6442

Web: *gmpsecuritiesllc.com*

GMP SECURITIES EUROPE LLP

London

Stratton House
5 Stratton Street
London, England, W1J 8LA
Telephone: +44 (0) 207 647 2800
Fax: +44 (0) 207 647 2801

Web: *gmpeurope.com*

GMP SECURITIES AUSTRALIA PTY LIMITED

Perth

Level 9, 190 St. Georges Tce
Perth, WA, Australia 6000
Telephone: +(618) 6141 6300
Fax: +(618) 9226 1370

Sydney

Level 9, Aurora Place
88 Phillip Street
Sydney, NSW, Australia 2000
Telephone: +(612) 9435 3200
Fax: +(612) 9251 0861

GMP INVESTMENT MANAGEMENT L.P.

Toronto

145 King Street West, Suite 1000
Toronto, Ontario, Canada M5H 1J8
Telephone: (416) 941-0892
Fax: (416) 941-0891

Web: *gmpim.com*

RICHARDSON GMP LIMITED[2]

Toronto (Head Office)

145 King Street West, Suite 500
Toronto, Ontario, Canada M5H 1J8
Telephone: (416) 943-6696
Toll Free: (866) 263-0818
Fax: (416) 941-6710

Web: *richardsongmp.com*

1. Effective November 2010, shareholder records are maintained by Canadian Stock Transfer Company Inc. as administrative agent for CIBC Mellon Trust Company.
2. GMP has a non-controlling ownership interest in Richardson GMP Limited.