



GMP Capital Trust

Q3

Interim Report on the Results of GMP Capital Corp.
for the Three and Nine Months Ended October 31, 2005



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Fellow Unitholders,

The third quarter of GMP Capital Corp. represented another solid quarter in what has been an excellent year. Despite somewhat mixed capital market performance, particularly in October, we were able to deliver strong year-over-year revenue and profitability gains. Total revenue reached \$64.9 million, up 70% from the same quarter last year and up slightly from \$64.2 million in the previous quarter.

At GMP Securities, the investment banking division turned in another excellent quarter despite a 17% decline year over year in common equity underwritings in Canada. Once again led by oil and gas, investment banking revenue grew 85% to \$34.9 million, representing substantial market share gains. We moved to the number one position in Canada in common equity underwriting in the quarter, up from fourth position in the previous year. For the first nine months of calendar 2005, we have raised over \$1.5 billion, ranking first in common equity underwriting in Canada. In addition to oil and gas, strong gains were achieved in our technology investment banking business.

The firm's institutional equities business also had an exceptional quarter, with revenue increasing by 47% to \$22.9 million. The results were higher despite a 15.8% quarter-over-quarter decline in TSX volumes to 16.1 billion shares. GMP Securities moved to the number one position in volume of block trading on the TSX with over 1.2 billion shares traded. We continue to deepen our penetration of the North American institutional community and remain well positioned for the balance of this year.

The most significant advancements in the third quarter were the great strides taken in our wealth management operation at GMP Private Client. We added two high-quality advisory teams in the quarter and a further three teams subsequent to quarter end, two of which are in our Vancouver office which opened in November. We are optimistic about growth in that branch. The level of interest amongst high-end advisors continues to gain momentum as this business grows. GMP Private Client currently has 15 advisory teams and, on the completion of the transitioning of client accounts, assets under administration are expected to approach \$2.2 billion. Just as importantly, the revenue growth in GMP Private Client continues to exceed expectations, rising 127% quarter over quarter to \$3.4 million.

People remain GMP's core strength. We continued to add to our talented work force as we prudently manage our growth. As at the end of the third quarter, we added 42 people over the same period last year across both operating segments as a result of the implementation of our growth strategies. At the same time, we have managed to maintain our key expense ratios and continue to provide exceptional returns on our shareholders' equity, achieving a return on equity of 33.8% in the quarter and 41.8% for the first nine months of this year.

On November 18, the shareholders of GMP Capital Corp. overwhelmingly approved the conversion to an income trust and the transaction was completed on December 1, 2005. Our new structure provides us with a more efficient way to deliver on our promise to return excess cash to our unitholders. Our initial anticipated annual distribution of \$1.25 per unit should provide an attractive return to unitholders, allow us to maintain a disciplined capital structure and should best position us to continue to provide exceptional returns on our unitholders' equity.

Despite the change in structure, it will remain business as usual for our clients and our employees. Our approach to our business and our operating philosophies remain consistent. We continue to focus on the things we do well and rely on the resourcefulness and strong work ethic of our valuable employees to increase unitholder value.

We are pleased to deliver another strong quarter. We look forward to continuing to deliver strong returns under our new structure. We are confident that we are on the right track and are making positive strides toward our goal of being *top of mind with Canada's top entrepreneurs*. We look forward to updating you on our progress.



Kevin Sullivan
Chief Executive Officer



Management's Discussion and Analysis

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About this Management's Discussion and Analysis

This interim management's discussion and analysis ("MD&A") relates to the three and nine months ended October 31, 2005, time periods that predate the conversion of GMP Capital Corp. into GMP Capital Trust (the "Fund"), an income fund (the "Conversion").

This MD&A provides an update on the matters discussed in, and should be read in conjunction with, GMP Capital Corp.'s MD&A for the year ended January 31, 2005. In addition, this MD&A should be read in conjunction with GMP Capital Corp.'s unaudited interim consolidated financial statements for the three and nine months ended October 31, 2005, and the audited consolidated financial statements for the year ended January 31, 2005.

All references to the "Company" refer to GMP Capital Corp. All references to "we", "our", "us" and "GMP" refer to the Company, together with its consolidated operations, and where the context requires, the Fund. All references to "GMP Securities" refer to GMP Securities Ltd., a subsidiary of the Company. All references to "GMP Private Client" refer to GMP Private Client Ltd., a subsidiary of the Company.

All references to the "Partnership" refer to Griffiths McBurney & Partners and its subsidiaries prior to the completion of the reorganization and initial public offering on December 9, 2003. Unless specifically stated otherwise, all references to fiscal 2006, fiscal 2005 and fiscal 2004 refer to our fiscal years ended, or the dates, as the context requires, January 31, 2006, January 31, 2005, and January 31, 2004, respectively (e.g., fiscal 2005 refers to the 12 months ended January 31, 2005). Unless specifically stated otherwise, all references to "first quarter", "second quarter", "third quarter" and "fourth quarter" refer to the three months ended April 30, July 31, October 31 and January 31, respectively, in any given fiscal year.

This document has been prepared with an effective date of December 6, 2005, and all amounts are in Canadian dollars, unless otherwise stated.

Non-GAAP Measures

Certain non-generally accepted accounting principles ("non-GAAP") measures are used by GMP as measures of financial performance. Non-GAAP earnings measures do not have any standard meaning prescribed by generally accepted accounting principles ("GAAP") and are therefore unlikely to be comparable to similar measures presented by other issuers. GMP evaluates the performance of our consolidated operations using return on equity ("ROE"). Our quarterly ROE calculations are based on annualized quarterly net income available to common shareholders divided by total average common equity for the period. Assets under administration ("AUA") is a non-GAAP measure of client assets used by management to assess the performance of GMP Private Client. AUA is the market value of client assets administered by GMP Private Client in respect of which GMP Private Client earns commissions or fees. In addition, we have presented certain pro forma measures in the "Historical Quarterly Information", to assist in comparing our historical financial performance to our results due to the differences in accounting between the Company and the Partnership, a predecessor business to the Company. Such pro forma information is intended to reflect the financial results of the Partnership as if it had carried on business as a corporation.

Forward-Looking Statements, Risks and Uncertainties

This document contains "forward-looking statements" concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in this document. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For a description of risks that could cause our actual results to materially differ from our current expectations, please see "Description of the Business — Risk Management" and "— Risk Factors" in our Annual Information Form for fiscal 2005 and "Risk Factors" in our information circular prepared in connection with the special meeting of shareholders held on November 18, 2005.

Overview and Strategy

The Company operates in two segments through GMP Securities and GMP Private Client. GMP Securities is a leading Canadian investment dealer that serves corporate clients and institutional investors. Its main revenue-generating activities are investment banking and institutional equities (which comprise sales, trading and research). The investment banking business consists primarily of public and private corporate financing activities and merger and acquisition advisory services. GMP Securities consistently ranks as one of the top lead underwriters and advisors on mergers and acquisitions in Canada. The equity sales and trading operations consist primarily of buying and selling securities as an agent on behalf of clients. An important element that differentiates GMP Securities from many other specialized investment dealers in Canada is its ability to provide institutional clients with strong and consistent execution of their trading needs. GMP Securities' trading desk has maintained a leading position in block trading in Canada and is the only independent dealer consistently ranked in the top 10 in the Toronto Stock Exchange ("TSX") block trading volumes.

GMP Private Client's goal is to become the premier, full-service, independent investment firm serving affluent private clients in Canada through some of the country's top performing investment advisors. With one of the most advanced technology platforms in the industry, combined with access to GMP Securities' expertise in sales and trading, research, and investment banking, GMP Private Client is well positioned to deliver superior investment management, independent advice and unparalleled client service. GMP Private Client has and will continue to attract high-quality advisors and high-net worth clients to, in our opinion, the best full-service platform in the country.

Across each of our business lines, GMP seeks to be the firm of choice for members of our target market at every stage of their development by offering a full complement of services through operating units that work closely together to build deep and long-term relationships with our clients. Through these strong relationships, exceptional execution and a trusted, independent brand, we will work toward our vision of being *top of mind and the top choice among Canada's top entrepreneurs*.

The Conversion, effective December 1, 2005, resulted in the shareholders of the Company exchanging their common shares for units of the Fund or, in prescribed circumstances, exchangeable limited partner units of Griffiths McBurney L.P., a limited partnership within the Fund group. Former shareholders also received \$1.00 for each share exchanged into units or exchangeable L.P. units. For more information on the Conversion please see the Company's information circular prepared in connection with the special meeting of shareholders held on November 18, 2005.

Third Quarter and Year-to-Date Highlights

(\$000s, except % and per share amounts)	Three months ended October 31			Nine months ended October 31		
	2005	2004	Year-over- year increase	2005	2004	Year-over- year increase
Revenue	64,888	38,115	70%	202,447	128,449	58%
Expenses	40,183	24,016	67%	118,087	76,058	55%
Income before income taxes	24,663	14,101	75%	84,346	52,309	61%
Net income	15,809	8,700	82%	54,312	32,743	66%
Basic earnings per share	0.56	0.31	81%	1.93	1.17	65%
Diluted earnings per share	0.54	0.31	74%	1.87	1.15	63%

Three-Month Highlights

Revenue increased by \$26.8 million (or 70.3%) to \$64.9 million, a record third quarter, up from \$38.1 million in the same period last year. This quarter we delivered strong results across all major business lines by successfully leveraging our sector expertise and our reputation as a leader in Canadian capital markets as well as by growing our brand awareness. Our strong results were aided by continuing strength in the capital markets led again by active energy markets, our achievement of continued market share gains in the oil and gas sector, and a notable increase in revenue from our technology sector that reflects our participation in a number of equity financings. GMP Securities ranked number one in block trade volume on the TSX (up from second position in the same period last year), increasing its market share to approximately 10.2% from 8.4%. The quarter also reflects the momentum building in our GMP Private Client segment.

Expenses for the third quarter increased \$16.2 million (or 67.5%) to \$40.2 million compared with \$24.0 million in the same period last year, primarily reflecting higher variable incentive-based compensation expense, which accounted for \$10.4 million of this increase. Included in expenses this quarter were \$4.1 million related to GMP Private Client, an increase of \$3.5 million over the same period last year, as GMP Private Client was not fully operational during the comparable period. This quarter also includes \$1.6 million in fees relating to legal, tax, accounting and advisory services provided in support of the Conversion.

Net income represented a record third quarter, increasing 81.6% to \$15.8 million (\$0.56 per common share) compared with \$8.7 million (\$0.31 per common share) in the same period last year.

For the third quarter of this year, annualized ROE was 33.8% compared with 23.0% in the comparable period last year.

Nine-Month Highlights

Revenue reached a record \$202.4 million in the first nine months of this year, up 57.6% from \$128.4 million in the same period last year, reflecting higher revenue in the majority of the industry sectors in which we concentrate, with a notable increase in oil and gas due to market share gains and increased activity in the sector over the comparable period last year.

Expenses for the nine months ended October 31, 2005 increased \$42.0 million (or 55.0%) to \$118.1 million compared with \$76.1 million in the same period last year. This increase was mainly due to higher variable incentive-based compensation costs, which increased \$30.7 million over the same period last year, and vary proportionally with revenue.

Net income for the first nine months of this year increased 65.5% to a record \$54.3 million (\$1.93 per common share) compared with \$32.7 million (\$1.17 per common share) in the same period last year.

Year-to-date annualized ROE was 41.8% compared with 30.8% in the same period last year.

Business Environment and Market Outlook

Results in the equity markets remained strong in the third quarter and the first nine months of this year despite the typical slower pace in activity during the summer months. Trading volume on the TSX increased 28% in the third calendar quarter compared with the same period last year, but dropped 16% from the previous quarter. Year-to-date trading volume was up 21% over the same calendar period last year. Activity on the TSX continued to be strong in October, up 12% in volume from October 2004. At \$5.3 billion, the total value of common equity financings completed in Canada was down 17% in the calendar quarter compared with the same period last year but up 28.8% from the previous quarter. For the first nine months of the year, common equity issuance was down 19% compared with the same period last year. Despite the industry decline in year-over-year activity in common equity financing, the resources sector remained strong, representing 45% of common equity issuance in the quarter. According to a Crosbie & Co. Inc. report, M&A transactions in Canada in the calendar quarter were valued at approximately \$49.9 billion, up 70% from \$29.4 billion in the same period last year and 67% from \$29.8 billion in the previous quarter. The number of M&A deals in the period increased to 304 from 207 in the same period last year and declined slightly from 309 in the previous quarter. Oil and gas continued to dominate Canadian M&A activity, accounting for one-third of the total M&A deal value in the quarter.

Our outlook for the remainder of the year is positive. On December 6, 2005, the Bank of Canada raised its overnight rate to 3¼%; however, interest rates continue to be relatively low. The Canadian economy has continued to grow at a solid pace and the Canadian dollar has continued to trade in a higher range against the U.S. dollar throughout this fiscal year. The near-term outlook is somewhat clouded by the upcoming Canadian Federal election and the uncertainty surrounding its outcome.

Our business performance is closely related to the performance of the capital markets, which are cyclical by nature and affected by both political and economic conditions in Canada and the rest of the world. The markets are currently experiencing an unusually high level of oil and gas investment banking activity compared with historical norms as a result of record high oil prices. We have been able to benefit from the favourable market conditions given our leadership in oil patch financing. Our business model is based on a sectoral approach with a focus on seven industry groups. We have shown an ability to be profitable through all market cycles, validating the strength of our business model and the flexibility inherent in being an independent investment firm, which allows us to adapt quickly to changes in the markets.

Results of Business Segments

The following tables highlight the results of GMP Securities and GMP Private Client for the three- and nine-month periods ending October 31, 2005.

Three months ended October 31, 2005

(\$000s, unless otherwise indicated)	GMP Securities	GMP Private Client	Inter- segment	Total
Revenue	61,735	3,397	(244)	64,888
Expenses	36,332	4,095	(244)	40,183
Net income (loss)	16,294	(485)	—	15,809
Number of employees as at October 31	187	35	—	222
Number of investment advisors as at October 31	—	14	—	14
Assets under administration as at October 31 (\$mm)	—	1,101	—	1,101

Nine months ended October 31, 2005

(\$000s)	GMP Securities	GMP Private Client	Inter- segment	Total
Revenue	197,964	4,930	(447)	202,447
Expenses	110,810	7,724	(447)	118,087
Net income (loss)	55,745	(1,433)	—	54,312

GMP Securities

Revenue

Revenue within GMP Securities is comprised primarily of investment banking and sales and trading revenue. GMP Securities also earns revenue from its principal activities and earns interest income on client balances and its own cash position.

The following table shows investment banking revenue by sector for the three and nine months ended October 31, 2005.

(\$000s)	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
Oil and gas	24,318	11,988	79,546	33,560
Mining	3,597	4,677	24,394	24,386
Industrials/special situations	601	410	7,407	5,617
Technology and healthcare	6,400	1,500	10,945	8,000
Non-bank financial services	—	286	790	1,542
Telecommunications, cable and media	30	—	1,000	930
Revenue	34,946	18,861	124,082	74,035

Three Months Ended October 31, 2005, compared with Three Months Ended October 31, 2004

Revenue from GMP Securities increased 61.9% to \$61.7 million in the quarter versus \$38.1 million in the same period last year. This increase was due mainly to another solid quarter's performance by our investment banking business and strong market share gains in our institutional equities business.

Investment banking revenue this quarter increased 84.7% to \$34.9 million from \$18.9 million in the comparable period last year, and declined 15.1% from \$41.1 million in the quarter ended July 31, 2005 (see "Historical Quarterly Information"). The increase over last year is largely attributable to gains in market share in M&A and equity underwriting activity, as well as to the strength in the oil and gas sector. Oil and gas financing represented 69.6% of investment banking revenue this quarter compared with 63.6% in the same period last year. Technology and healthcare represented 18.3% of investment banking revenue compared with 8.0% in the same period last year. The increase in technology and healthcare revenue was driven by a resurgence in technology financings.

GMP Securities ranked number one among Canadian investment dealers in value of common equity issuance in the calendar quarter, up from fourth position in the same period last year.¹ GMP Securities' total value of common equity underwriting transactions increased 16.6% due, in part, to the continued robustness of the resources sector, which represented 45% of all common equity issuance in Canada during the quarter. While the sectors that we focus on performed well, capital markets as a whole experienced a decline of 17% in the value of common equity underwriting in Canada over the comparable periods. In the third calendar quarter of 2005, GMP Securities ranked sixth in number of completed and/or announced M&A transactions compared with second position in the same period last year.² The value of GMP Securities' Canadian M&A transactions in the quarter increased 184% to approximately US\$2.6 billion, reflecting an increase in market share to 15.1% from 6.8% in the same period last year.²

Sales and trading revenue for the third quarter of this year increased 46.8% to \$22.9 million from \$15.6 million in the same period last year. The increase is largely attributable to gains in market share in block trading volume and lower facilitation losses, which fell to 12% of gross commissions from 15% in the third quarter of fiscal 2005. Increased market share provided higher liquidity, which translated into lower-than-normal facilitation trading losses. For the third calendar quarter this year, GMP Securities ranked number one in block trade volume on the TSX (up from second position in the same period last year), increasing its market share to approximately 10.2% from 8.4%, and achieving volume of approximately 1.24 billion shares (compared with approximately 752.2 million in the third calendar quarter of 2004). In October 2005, GMP Securities maintained the number one position in terms of block trade volume on the TSX, achieving a market share of approximately 12.8%.

1. Source: Financial Post Data Group. Data is ranked by value of transactions and is presented on a "Full Credit to Book" basis whereby the entire transaction value is allocated to the bookrunner. For these purposes, "equity" includes the following: private placements with a \$1.5 million minimum; special warrants, irrespective of whether the issuer has received the total proceeds; common shares and units; convertible debt; and exercise of over allotment option of original transaction launched during the period reported on. For these purposes, "equity" excludes the following: preferred shares, preferred hybrids, income trusts, rights offerings and other derivatives.
2. Source: Bloomberg. Data contains both announced and completed Canadian transactions in the specified period; includes target or seller and acquirer.

Revenue from principal activities decreased 42.9% to \$1.1 million for the third quarter of this year versus \$2.1 million in the same period last year. Principal trading activity is not a significant focus in current operations and consists largely of securities that have been acquired incidental to the core business.

Interest and dividend income increased to \$2.9 million for the three months ended October 31, 2005, up 70.6% from \$1.7 million in the same period last year. The increase is mainly the result of higher client receivable balances compared to the prior year.

Nine Months Ended October 31, 2005, compared with Nine Months Ended October 31, 2004

Revenue from GMP Securities totalled \$198.0 million in the first nine months of the year, up 54.2% from \$128.4 million in the same period last year.

Investment banking revenue reached a record \$124.1 million for the nine months ended October 31, 2005, up 67.7% from \$74.0 million in the comparable period last year. The growth is largely attributable to increased revenue in the majority of the industry sectors in which we concentrate, with a considerable increase in oil and gas due to market share gains over the comparable period last year. In the first nine months of calendar 2005, our total value of M&A transactions announced and/or completed in Canada increased 291% to US\$6.4 billion, significantly increasing our market share to 15.9% from 5.3% in the same period last year. While the number of deals remained flat, the value of deals increased significantly. Our involvement in increasingly larger deals is a testament to our growing franchise and distribution capabilities. The largest contribution to this increase was as a result of our role as advisor to Goldcorp Inc. on its US\$2.0 billion acquisition of Wheaton River Minerals Ltd., which was completed in the first quarter of this year.² We ranked number one among Canadian investment dealers in value of common equity issuance in the first nine months of this calendar year, up from fifth position in the same period last year. The total value of our common equity underwriting transactions increased 23.9% to approximately \$1.5 billion despite an overall industry decline of 19% in value of common equity underwriting in Canada in the comparable period.¹

Sales and trading revenue for the first nine months of this year increased 43.8% to \$63.4 million versus \$44.1 million in the same period last year. The increase is attributable to gains in market share in block trading volume and lower facilitation losses which fell to 9.1% of gross commissions generated from 21.0% in the first nine months of fiscal 2005. For the first nine months of calendar 2005, we ranked number one on the TSX (up from sixth position in the same period last year) and increased our market share to approximately 10.8% from 7.9%, achieving block trading volume of approximately 3.85 billion shares (compared with approximately 2.59 billion in the first nine months of calendar 2004).

1. Source: Financial Post Data Group. Data is ranked by value of transactions and is presented on a "Full Credit to Book" basis whereby the entire transaction value is allocated to the bookrunner. For these purposes, "equity" includes the following: private placements with a \$1.5 million minimum; special warrants, irrespective of whether the issuer has received the total proceeds; common shares and units; convertible debt; and exercise of over allotment option of original transaction launched during the period reported on. For these purposes, "equity" excludes the following: preferred shares, preferred hybrids, income trusts, rights offerings and other derivatives.
2. Source: Bloomberg. Data contains both announced and completed Canadian transactions in the specified period; includes target or seller and acquirer.

Expenses

The following table shows employee compensation and benefit expenses for GMP Securities for the three and nine months ended October 31, 2005. These expenses represent the largest component of GMP Securities' total expenses.

(\$000s, except %)	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
Fixed salaries and benefits	3,152	2,578	9,366	7,964
Variable incentive-based compensation	23,798	14,986	77,250	48,905
Stock-based compensation	1,438	391	4,215	1,109
Total employee compensation and benefits	28,388	17,955	90,831	57,978
Ratio of total compensation and benefits to revenue	46.0%	47.1%	45.9%	45.1%

Three Months Ended October 31, 2005, compared with Three Months Ended October 31, 2004

Total expenses for GMP Securities during the third quarter of fiscal 2006 were \$36.3 million, an increase of \$12.9 million (or 55.4%) from the same period last year. Higher expenses reflect higher employee compensation and benefits costs of \$28.4 million, up \$10.4 million from the same period last year. This increase was mainly due to higher variable incentive-based compensation costs, which increased \$8.8 million due to stronger business performance. Variable incentive-based compensation as a percentage of revenue remains relatively unchanged at 38.5% versus 39.3% in the comparable period last year. Fixed salaries and benefits of \$3.2 million this quarter were up 22.2%, reflecting our strategy of investing and building on our core competencies and also reflect an increase in staffing levels. Stock-based compensation costs, which include the executive lending program and stock option plan, have increased primarily due to bonus expenses of \$0.8 million recognized this quarter in connection with the executive lending program. The executive lending program was introduced in the last quarter of fiscal 2005; therefore, there were no bonus expenses recognized in the third quarter of last year in connection with this program.

Non-compensation expenses, which include selling, general and administrative expenses, interest and amortization, were \$7.9 million this quarter, up \$2.5 million or 46.3% over the same period last year. The increase is largely due to \$1.3 million in legal, tax, accounting and advisory services provided in support of the Conversion. The remaining increase in non-compensation expenses reflects higher levels of business activity resulting in higher amounts spent on clearing fees, ticket processing charges and communication expenses. Interest and amortization expenses have remained relatively unchanged from the prior period levels.

Nine Months Ended October 31, 2005, compared with Nine Months Ended October 31, 2004

Total expenses for GMP Securities for the first nine months of this year were \$110.8 million, up \$35.4 million from the same period last year. This increase was largely due to employee compensation and benefits costs, which rose by \$32.9 million as a result of higher variable incentive-based compensation. Variable incentive-based compensation increased by \$28.3 million over the comparable period, reflecting higher revenue generation.

The total compensation and benefits expense was \$90.8 million for the first nine months of this year compared with \$58.0 million in the same period last year. The ratio of total compensation and benefits to revenue for the first nine months of this year was 45.9% compared with 45.1% in the same period last year. This ratio compares favourably to our peer group in both Canada and the United States. Variable incentive-based compensation as a percentage of revenue remains unchanged this year at 39.0%.

Total non-compensation expenses for the nine months of this year increased 14.7% (or \$2.5 million) for the reasons discussed in the three months ended October 31, 2005.

Net Income

Net income of \$16.3 million was recorded for the three months ended October 31, 2005, compared with net income of \$9.3 million in the same period last year. For the nine months ended October 31, 2005, GMP Securities recorded revenue of \$198.0 million, expenses of \$110.8 million and net income of \$55.8 million.

GMP Private Client

GMP Private Client has a total of 15 advisory teams in Calgary, Toronto and Vancouver as at December 6, 2005. The Vancouver office was opened subsequent to October 31, 2005. Collectively, these teams have 18 investment advisors (up from 14 investment advisors as at October 31, 2005). GMP Private Client is in the process of transitioning client assets that are expected to be approximately \$2.2 billion, in total. Advisors typically transfer in assets from other institutions over a three-month period.

Investment advisors recognize the tremendous potential in owning a stake in this new enterprise, and we continue to generate exceptional interest among top professionals across the country. We have reached this year's target of 15 advisory teams and we expect to add more investment advisors across the country as we continue to grow this business.

Revenue

Revenue within the GMP Private Client segment is comprised primarily of commission revenue. GMP Private Client also earns interest income on client balances and its own cash position. Revenue this quarter of \$3.4 million was up \$1.9 million (or 126.7%) compared with the second quarter of fiscal 2006, reflecting the addition of four new investment advisors in the quarter, the continued strength of equity market, and growth in AUA of \$0.2 billion to \$1.1 billion as at October 31, 2005, from \$0.9 billion as at July 31, 2005.

Expenses

Expenses for the third quarter of \$4.1 million were up \$1.1 million from the second quarter of this year and up \$3.5 million from the same period last year. Last year's expenses represented \$0.6 million in costs incurred during the pre-operating period, which were not capitalized. Total compensation and benefits expenses were \$2.4 million in the third quarter and included variable incentive-based compensation expenses of \$1.5 million. Compensation includes salary and benefits, commissions, bonuses and costs associated with the investment advisor transition

assistance program and the stock option plan. Non-compensation related expenses were \$1.7 million, up from \$1.5 million recorded in the second quarter of this year. Included in non-compensation expenses were \$0.3 million in amortization expenses related to \$3.2 million in capitalized pre-operating costs incurred by the Company in developing the GMP Private Client business, which are being amortized over three years. Non-compensation related expenses also included \$0.3 million recognized in GMP Private Client this quarter for legal, tax, accounting and advisory services provided in support of the Conversion. Operating expenses are expected to grow in support of our successful build out of this business.

Net Income

A net loss of \$0.5 million was recorded for the three months ended October 31, 2005, compared with a net loss of \$0.6 million in the same period last year, representing our performance in the early execution phase as we continue to implement our aggressive growth strategy for GMP Private Client. For the nine months ended October 31, 2005, GMP Private Client recorded revenue of \$4.9 million, expenses of \$7.7 million and a net loss of \$1.4 million.

Income Taxes

Income taxes this quarter were \$8.9 million, representing an effective tax rate of 35.9% compared with 38.3% in the comparable period last year. The rate reduction is mainly attributable to future tax savings associated with losses that have been recognized this quarter in GMP Private Client compared with the previous period where the future tax benefit associated with losses incurred as a result of pre-operating period expenditures had not been recognized.

Liquidity, Capital Resources and Financial Instruments

The Board of Directors of GMP Capital Corp. declared common share dividends of \$0.15 per share and \$0.45 per share for the three- and nine-month periods ended October 31, 2005, respectively, based on the dividend policy adopted at fiscal 2005 year end, which set the monthly dividend at five cents (\$0.05) per common share. This resulted in dividend payments to common shareholders of \$4.2 million and \$12.7 million, for the three- and nine-month periods ended October 31, 2005, which represented 26.8% and 23.4% of net income for the three- and nine-month periods, respectively.

Effective December 1, 2005, with the conversion of the Company to an income trust, the Board of Directors of the general partner of each of GMP Securities L.P. and GMP Private Client L.P. (collectively, the "Operating Partnerships") informed by the senior management team of Griffiths McBurney Canada Corp. and Griffiths McBurney PC Corp. (collectively, the "General Partners"), respectively, are charged with the responsibility and discretion to ensure the Operating Partnerships retain sufficient cash to meet current and anticipated regulatory capital requirements and other requirements of the business. Management believes the conversion to an income trust affords us an efficient way to deliver on our goal of returning excess cash to unitholders without impeding our future growth or our need to meet operating and regulatory capital requirements. We believe that our current holdings of cash and cash equivalents, revenue from operations and our existing credit facilities provide us with a sufficient and appropriate level of capital and cash for both operating and regulatory purposes for the foreseeable future. Pursuant to the

Conversion, each shareholder received \$1.00 for each common share exchanged, resulting in a cash payment of \$28.3 million in December 2005 based on 28.268 million common shares outstanding as at December 1, 2005. Under the Conversion, common shares were exchanged for two units of the Fund or, in prescribed circumstances, two exchangeable limited partner units of Griffiths McBurney L.P., a limited partnership within the Fund group. It is expected the Fund will make initial regular monthly distributions of approximately \$0.1042 per unit (\$1.25 per annum). The holders of exchangeable limited partner units will be entitled to equivalent distributions.

Total cash and cash equivalents were \$44.7 million at October 31, 2005, compared with \$111.1 million at January 31, 2005, a decline of \$66.4 million. Significant sources and uses of cash since January 31, 2005, include cash provided by operations before changes in non-cash operating items of \$55.7 million, a change in non-cash operating items that resulted in a use of cash of \$107.6 million and the payment of dividends of \$12.7 million. Non-cash operating items include changes in client balances, broker balances, issuer balances and securities owned. These balances are determined on a trade-date basis and include balances related to unsettled trades and may vary significantly on a day-to-day basis, reflecting changes in the volume of trading. Such variances do not necessarily represent any change in our financial position.

We borrow money primarily to facilitate the securities settlement process for both client and proprietary securities transactions. To this end, we have arranged various credit facilities with Canadian chartered banks in an aggregate maximum amount of approximately \$350 million. These call loans and daylight overdraft facilities are collateralized by either unpaid client securities and/or securities owned by us. Amounts drawn on these credit facilities will vary from day to day. As at October 31, 2005, nothing had been drawn on these facilities. Other than these facilities, we currently have no material indebtedness.

Outstanding Share Data

The authorized capital of the Company as at October 31, 2005, consisted of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which 28.235 million common shares and no preferred shares were issued and outstanding as at the date hereof. As of October 31, 2005, 2.192 million options to acquire common shares on a one-for-one basis were outstanding. Under the Conversion on December 1, 2005, the shareholders of the Company exchanged their common shares for units of the Fund or, in prescribed circumstances, exchangeable limited partner units of Griffiths McBurney L.P., resulting in the issuance of 35.852 million units and the issuance of 20.684 million exchangeable limited partner units as at December 1, 2005.

Related-Party Transactions

Related-party transactions include trading accounts for employees, officers and directors, and loans associated with the Executive Lending Program and the Investment Advisor Transition Assistance Program (the "employee loans"). Commission income on related-party trading accounts, in the aggregate, was not material in relation to our overall operations. The employee loans are described in notes 12 and 13 to our unaudited interim consolidated financial statements as at and for the three and nine months ended October 31, 2005.

Critical Accounting Policies and Estimates

Our unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP and are reported in Canadian dollars. All amounts in this interim MD&A have been derived from financial statements prepared in accordance with GAAP. Our significant accounting policies are disclosed in note 2 of the audited consolidated financial statements as at and for the year ended January 31, 2005. Certain of these accounting policies, as well as estimates made by management in applying such policies, are critical because they require management to make estimates or assumptions about matters that are inherently uncertain. Our critical accounting policies that require management's judgment and estimates are discussed in the MD&A in our 2005 Annual Report.

We did not adopt any new significant accounting policies during the quarter for purposes of preparing our financial statements under Canadian GAAP.

Historical Quarterly Information

The following table provides selected quarterly financial information for the eight most recently completed fiscal quarters ended October 31, 2005.

	Three Months Ended							
	2006			2005				2004
	Oct 31, 2005	Jul 31, 2005	Apr 30, 2005	Jan 31, 2005	Oct 31, 2004	Jul 31, 2004	Apr 30, 2004	Jan 31, 2004
(\$000s, except shares and per share amounts)								
Revenue	64,888	64,151	73,407	59,498	38,115	48,218	42,116	39,560
Net income	15,809	17,395	21,107	16,429	8,700	14,267	9,776	9,452
Pro forma net income ^a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11,232
Basic earnings per share	0.56	0.62	0.75	0.58	0.31	0.51	0.35	0.30
Diluted earnings per share	0.54	0.60	0.73	0.58	0.31	0.50	0.34	0.30
Pro forma basic and diluted earnings per share ^a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.40

a. This data is considered to be non-GAAP earnings measures. See "Non-GAAP Measures". The selected pro forma data has been derived from and should be read in conjunction with "Selected Financial Data - Quarterly Review" and "Pro forma Net Income Reconciliation" in the MD&A for the year ended January 31, 2005.

GMP's revenue and operating results may fluctuate from quarter to quarter and from year to year because of a combination of factors, including economic, political and market conditions that, in turn, affect the level of public offerings, M&A and securities trading activities in the marketplace, and ultimately affect GMP's revenue and operating results. This section should be read in conjunction with "Significant Fluctuations in Quarterly Results" in the MD&A as at and for the year ended January 31, 2005.

Fiscal 2005 reflected strong market activity in the first quarter, with investment banking revenue up and equity sales and trading reporting stable revenue compared with the preceding quarter. Investors and issuers continued to be very active in the second quarter of fiscal 2005. Seasonal slowness in market activity was the main driver for the decline in revenue in the third quarter of fiscal 2005, which mainly affected our investment banking revenue. Market activity increased in the fourth quarter of fiscal 2005 resulting in higher revenue in both investment banking and sales and

trading compared with the third quarter of fiscal 2005. Revenue and operating results for the first quarter of fiscal 2006 represented a record quarter for GMP as markets were buoyed by the low interest rate environment, record oil prices and increased financings by income trusts. Corporate finance revenue experienced moderate declines in both the second and third quarters of fiscal 2006 compared with first quarter levels, while equity sales and trading revenue in the third quarter almost matched the record results in the first quarter. Growth in the GMP Private Client business has resulted in a positive and growing contribution to revenue since the second quarter of fiscal 2006. Overall market activity in our current quarter was impressive given the slowness typically experienced in the summer months.

Other Information

Additional information relating to GMP Capital Corp. and GMP Capital Trust is available on our website and on SEDAR at sedar.com. This information includes our unaudited interim consolidated financial statements for the quarters ended April 30, 2005, and July 31, 2005, as well as our annual report, annual information form, audited consolidated financial statements, MD&A for the year ended January 31, 2005, and the information circular for the special meeting of shareholders held on November 18, 2005.



Unaudited Interim Consolidated Financial Statements

Q3

Interim Report on the Results of GMP Capital Corp.
for the Three and Nine Months Ended October 31, 2005

Interim Consolidated Balance Sheet

(\$000s)	As at October 31, 2005	As at January 31, 2005
Assets		
Current		
Cash and cash equivalents	44,699	111,101
Funds deposited in trust	17,264	7,654
Securities owned, at market (note 5)	59,236	107,329
Receivable from		
Clients (notes 3, 7)	341,174	246,931
Brokers (note 4)	45,697	88,021
Commission and other assets	5,856	6,944
Total Current Assets	513,926	567,980
Employee loans receivable (notes 2, 12, 13)	6,667	3,049
Pre-operating costs, net	2,643	2,246
Future tax asset	3,612	1,878
Capital assets, net	1,970	1,908
	528,818	577,061
Liabilities and Shareholders' Equity		
Current		
Bank loan and overdraft	—	1,122
Securities sold short, at market (note 5)	8,534	9,516
Payable to		
Clients (note 7)	232,519	220,438
Brokers (note 4)	13,452	12,845
Issuers	30,214	144,608
Accounts payable and accrued liabilities	40,390	30,403
Income taxes payable	10,076	8,814
Total Current Liabilities	335,185	427,746
Non-controlling interest	163	135
Shareholders' equity		
Share capital (note 8)	124,006	122,544
Contributed surplus (note 8)	2,715	1,505
Retained earnings	66,749	25,131
Total Shareholders' Equity	193,470	149,180
	528,818	577,061

See accompanying "Notes to Unaudited Interim Consolidated Financial Statements."

Interim Consolidated Statement of Income and Retained Earnings

	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
(\$000s, except per share amounts)				
Revenue				
Investment banking	34,946	18,861	124,082	74,035
Sales and trading	22,867	15,559	63,406	44,102
Wealth management	3,126	—	4,448	--
Principal activities	1,142	2,145	3,360	4,718
Interest and dividends	2,865	1,743	7,267	5,445
Other	(58)	(193)	(116)	149
	64,888	38,115	202,447	128,449
Expenses				
Employee compensation and benefits	30,815	18,436	95,147	58,459
Selling, general and administrative	8,278	4,961	20,271	15,512
Interest	623	418	1,589	1,576
Amortization	467	201	1,080	511
	40,183	24,016	118,087	76,058
Income before the undernoted	24,705	14,099	84,360	52,391
Non-controlling interest	(42)	2	(14)	(82)
Income before income taxes	24,663	14,101	84,346	52,309
Income taxes	8,854	5,401	30,034	19,566
Net income for the period	15,809	8,700	54,312	32,743
Retained earnings, beginning of period	55,173	26,738	25,131	8,295
Dividends paid	(4,233)	(2,800)	(12,694)	(8,400)
Retained earnings, end of period	66,749	32,638	66,749	32,638
Earnings per common share (note 9)				
Basic	0.56	0.31	1.93	1.17
Diluted	0.54	0.31	1.87	1.15

See accompanying "Notes to Unaudited Interim Consolidated Financial Statements."

Interim Consolidated Statement of Cash Flow

(\$000s, except per share amounts)	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
Operating Activities				
Net income for the period	15,809	8,700	54,312	32,743
Add (deduct) items not involving cash				
Amortization	467	201	1,080	511
Future income taxes	(277)	172	(1,734)	518
Stock option-based compensation	640	391	1,808	1,109
Investment advisor transition assistance program	135	—	202	—
Non-controlling interest	42	(2)	14	82
	16,816	9,462	55,682	34,963
Net change in non-cash operating items (note 10)	(38,415)	9,211	(107,605)	(2,301)
Cash provided by (used in) operating activities	(21,599)	18,673	(51,923)	32,662
Financing Activities				
Decrease in bank loan and overdraft	—	—	(1,122)	—
Issuance of common shares, net of issue costs	272	—	864	—
Increase in non-controlling interest	13	—	13	—
Dividends paid	(4,233)	(2,800)	(12,694)	(8,400)
Cash used in financing activities	(3,948)	(2,800)	(12,939)	(8,400)
Investing Activities				
Purchase of capital assets	(422)	(250)	(615)	(1,229)
Pre-operating costs	—	—	(925)	—
Cash used in investing activities	(422)	(250)	(1,540)	(1,229)
Net increase (decrease) in cash and cash equivalents during the period				
	(25,969)	15,623	(66,402)	23,033
Cash and cash equivalents, beginning of period	70,668	104,612	111,101	97,202
Cash and cash equivalents, end of period	44,699	120,235	44,699	120,235
Supplemental cash flow information				
Interest paid	756	426	1,870	1,584
Income taxes paid	7,134	8,264	30,707	20,520

See accompanying "Notes to Unaudited Interim Consolidated Financial Statements."

Notes to Unaudited Interim Consolidated Financial Statements

(\$000s, except shares and per share amounts)

1. Basis of Presentation

These unaudited interim consolidated financial statements of GMP Capital Corp. (the “Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in note 2 to the Company’s audited consolidated financial statements as at and for the year ended January 31, 2005 (“2005 Audited Financial Statements”), except as described below in note 2. The Company’s unaudited interim consolidated financial statements do not include all disclosures required by Canadian GAAP for annual consolidated financial statements and, accordingly, should be read in conjunction with the 2005 Audited Financial Statements. Certain comparative amounts have been reclassified to conform to the current period’s presentation.

2. Significant Accounting Policies

Change in financial statement presentation

During the quarter, we reclassified loans receivable from our employees as a separate line on the consolidated balance sheet. These amounts were previously classified as Commission and other assets. We also revised our segmented information to show amounts between operating segments separately as this presentation better reflects the individual segment’s operating performance.

3. Client Receivables

Client security transactions are entered into on either a cash or margin basis and are recorded on the trade date of the transaction. Amounts are due from clients on the settlement date of the transaction for cash accounts. For margin accounts, the Company may extend credit to a client to purchase securities. Margin loans are due on demand and are collateralized by the financial instruments in the client’s account. Amounts loaned to any client are limited by margin requirements of the Investment Dealers Association of Canada and are subject to the Company’s credit review and daily monitoring procedures.

As at October 31, 2005, client receivables included a margin loan receivable from one client of \$49,782 which was collateralized by a diversified portfolio of financial instruments with a market value of \$122,485.

4. Securities Lending and Borrowing

Securities lending and borrowing activity consists of the following:

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
	\$	\$	\$	\$
As at October 31, 2005	23,918	—	—	22,533
As at January 31, 2005	36,739	—	—	36,271

5. Securities Owned and Securities Sold Short

Securities owned and sold short consist of the following:

	As at October 31, 2005		As at January 31, 2005	
	Securities owned	Securities sold short	Securities owned	Securities sold short
	\$	\$	\$	\$
Equities and convertible debentures	59,236	8,534	107,329	9,516
	59,236	8,534	107,329	9,516

As at October 31, 2005, there are no convertible debentures outstanding. Convertible debentures outstanding at January 31, 2005, had maturity dates between 2006 and 2010 at interest rates from 6.0% to 9.875%.

Included in equities and convertible debentures are restricted or non-public securities amounting to \$3,951 (January 31, 2005 - \$8,484).

6. Financial Instruments

Foreign exchange

Financial instruments are entered into to minimize regulatory capital requirements and to manage and hedge foreign exchange risk on pending settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The following table presents the notional amounts of our foreign exchange forward contracts:

	As at October 31, 2005		As at January 31, 2005	
	Canadian	U.S.	Canadian	U.S.
	\$	\$	\$	\$
Foreign exchange forward contracts	1,871	(1,600)	7,435	(6,000)

(\$000s, except shares and per share amounts)

7. Related-Party Transactions

The Company executes security trades for employees, officers and directors who may also be shareholders. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Company.

The following balances arose from security trades with related parties:

	As at October 31, 2005 \$	As at January 31, 2005 \$
Current assets		
Receivable from clients	43,368	59,861
Current liabilities		
Payable to clients	50,013	47,936

Related-party transactions also include loans receivable from employees in connection with the Executive Lending Program (note 11) and loans receivable from employees in connection with the Investment Advisor Transition Assistance Program (note 12).

8. Shareholders' Equity

Share capital

Authorized

Unlimited preferred shares, issuable in series

Unlimited common shares

Issued

	Common shares #	Capital stock \$	Contributed surplus \$
Balance at January 31, 2005	28,164	122,544	1,505
Issuance on exercise of options	71	1,462	(598)
Stock option-based compensation	—	—	1,808
Balance at October 31, 2005	28,235	124,006	2,715

Option plan

All directors, officers and employees of the Company and its subsidiaries are eligible to be granted options under the option plan (the "Plan"). The aggregate number of shares that may be issued under the Plan is limited to 10% of the outstanding common shares.

Options granted under the Plan may be exercised during a term not exceeding 10 years from the date of grant, subject to earlier termination if the optionee ceases to be an officer, director or employee of the Company. Options granted under the Plan vest over a four-year period and are non-transferable.

(\$000s, except shares and per share amounts)

A summary of the status of the Company's share option plan as at October 31, 2005 and the changes during the nine-month period then ended are as follows:

	Share options #	Weighted average exercise price \$
Balance at January 31, 2005	2,178	14.51
Options issued	101	29.27
Exercise of stock options	(71)	12.35
Stock option forfeiture	(16)	12.14
Balance at October 31, 2005	2,192	15.29

Stock options outstanding and vested at July 31, 2005:

Range of exercise price	Outstanding #	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Vested #
\$11.00	1,151	11.00	8.10	136
\$14.00 to \$19.70	930	19.01	8.86	60
\$19.75 to \$35.40	111	28.52	9.75	—
	2,192			196

Stock option-based compensation and contributed surplus

During the three-month and nine-month periods ended October 31, 2005, the Company recorded \$640 and \$1,808, respectively (2004 - \$391 and \$1,109) in stock option-based compensation expense for options issued to employees, with a corresponding increase to contributed surplus. The weighted average fair value of options issued during the nine-month period ended October 31, 2005 was \$7.99 (2004 - \$5.28) per option.

The Company follows the fair value method of accounting recommended by the Canadian Institute of Chartered Accountants in Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. The fair value of the stock options granted during the last quarter was calculated using the Black-Scholes option pricing model assuming the following weighted-average assumptions:

October 31, 2005	
Risk-free interest rate (weighted average)	4.15%
Dividend yield (weighted average)	1.98%
Expected volatility	25%
Expected option life	7 years

(\$000s, except shares and per share amounts)

9. Earnings Per Common Share

Earnings per common share are calculated as follows:

	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
Net income available to common shareholders	15,809	8,700	54,312	32,743
Weighted-average number of common shares outstanding				
Basic	28,226	28,000	28,203	28,000
Effect of stock options	1,006	313	780	387
Diluted	29,232	28,313	28,983	28,387
Earnings per common share				
Basic	0.56	0.31	1.93	1.17
Diluted	0.54	0.31	1.87	1.15

10. Non-Cash Operating Items

The net change in non-cash operating items consists of the following:

	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
Funds deposited in trust	(4,361)	(419)	(9,609)	(1,257)
Securities owned and sold short	15,892	(53,575)	47,111	(48,998)
Receivable from clients	(45,488)	26,392	(94,243)	(79,819)
Commission and other assets	989	(354)	1,088	(577)
Employee loans receivable	(779)	—	(3,821)	—
Payable to clients	(12,833)	55,896	12,081	15,340
Payable to brokers	1,992	19,099	608	19,179
Payable to issuers	(27,479)	(37,292)	(114,393)	80,593
Accounts payable and accrued liabilities	(621)	(2,774)	9,987	(2,911)
Income taxes payable	1,838	(2,718)	1,262	(1,595)
	(38,415)	9,211	(107,605)	(2,301)

11. Segmented Information

The Company operates in two segments organized on the basis of product offerings for high net worth retail clients and institutional investors and corporate clients:

GMP Private Client — provides full-service investment brokerage services to high net worth retail clients.

GMP Securities — includes investment banking, sales and trading, research and principal trading.

(\$000s, except shares and per share amounts)

	Three months ended October 31, 2005				Three months ended October 31, 2004
	GMP Securities	GMP Private Client	Inter- segment	Total	Total
	\$	\$	\$	\$	\$
Revenue	61,735	3,397	(244)	64,888	38,115
Expenses	36,332	4,095	(244)	40,183	24,016
Net income (loss)	16,294	(485)		15,809	8,700
Total assets	521,578	15,162	(7,922)	528,818	569,909

	Nine months ended October 31, 2005				Nine months ended October 31, 2004
	GMP Securities	GMP Private Client	Inter- segment	Total	Total
	\$	\$	\$	\$	\$
Revenue	197,964	4,930	(447)	202,447	128,449
Expenses	110,810	7,724	(447)	118,087	76,058
Net income (loss)	55,745	(1,433)		54,312	32,743

Results of business segments for the three- and nine-month periods ended October 31, 2004 have not been disclosed because GMP Private Client became fully operational in the second quarter of fiscal 2006.

Revenue by geographic location is as follows:

	Three months ended October 31		Nine months ended October 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
Canada	59,326	34,186	186,823	116,303
United States	5,562	3,929	15,624	12,146
	64,888	38,115	202,447	128,449

12. Executive Lending Program

In December 2004, management developed an executive lending program designed to encourage share ownership, executive retention and succession planning. Under the program (implemented through the establishment of one or more plans), the Company advances funds to participating executives and arranges for a Schedule I bank to advance further funds to such executives. These funds represent, in the aggregate, no more than 80% of the purchase price of common shares of the Company to be acquired in the market under the program or no more than 80% of the purchase price of common shares of the Company then owned by the executives and transferred into the program. Shares acquired using the proceeds of such advances are pledged to the Schedule I bank and/or the Company as collateral for the repayment of the advances and cannot in any event be sold prior to the first anniversary of the relevant advance.

(\$000s, except shares and per share amounts)

Under the terms of the plan, all parties agree that the principal amount of the loan owing to the bank must be repaid in full prior to the Company's loan being repaid. Once certain conditions are met, the Company is obligated to pay cash bonuses to the executives on the second, third and fourth anniversaries of an advance sufficient in the aggregate and after all applicable income and withholding taxes to repay 50% of the total loans. The executive must redirect these bonuses paid by the Company to the repayment of the bank loan. Included in accounts payable and accrued liabilities is a bonus accrual of \$2,498 in connection with this obligation.

Under the terms of the loan agreement with the Company, the executive is required to repay the loan on the earlier of:

- a. seven years from the date of the advance;
- b. the date the shares are sold (or a portion of the loan if a portion of the shares are sold); or
- c. termination of employment.

The loans bear interest at the rate of prime plus 0.5% and interest charged to employees related to these loans for the three- and nine-month periods ended October 31, 2005, was \$46 and \$131, respectively. At October 31, 2005, amounts owing to the Company related to these loans were \$3,720 (January 31, 2005 - \$3,049).

13. Investment Advisor Transition Assistance Program

A transition assistance program was introduced during the first quarter of fiscal 2006 to provide for retention and transition assistance to investment advisors joining GMP Private Client Ltd. ("GMP PC"). Under the program, GMP PC advances funds to participating investment advisors in the form of a forgivable interest free loan on commencement of employment. Once certain conditions are satisfied, the principal amount of the loan is forgiven over a prearranged term on each of the applicable anniversary dates. GMP PC records a corresponding reduction in the principal loan balance over the term of the loan. All shares of GMP PC held by the investment advisor while the loan is outstanding are pledged to GMP PC as collateral for the obligations of the investment advisor under the loan. On the occurrence of certain default conditions, all obligations of the investment advisor under the loan become immediately due and payable and interest is charged and accrued on the outstanding principal and unpaid interest. During the three- and nine-month periods ended October 31, 2005, GMP PC recorded \$135 and \$202 in compensation expense for transition assistance provided to investment advisors, with a corresponding reduction to loans outstanding. At October 31, 2005, amounts owing to GMP PC related to these loans were \$2,947 (January 31, 2005 - nil).

14. Subsequent Event

Effective December 1, 2005, the Company converted, by way of plan of arrangement, to an income trust known as "GMP Capital Trust" (the "Conversion"). Under the Conversion, the shareholders of the Company exchanged their common shares for units of GMP Capital Trust or, in certain circumstances, exchangeable limited partner units of Griffiths McBurney L.P., a subsidiary of GMP Capital Trust.

The Conversion into an income trust will cause changes to assets or liabilities in the subsequent period that have not been reflected in these financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the unaudited pro forma consolidated balance sheet and unaudited pro forma consolidated statements of income for the year ended January 31, 2005, and the six months ended July 31, 2005, of GMP Capital Trust, which are included in the information circular prepared in connection with the special meeting of shareholders held on November 18, 2005.

In particular, the financial statements have not been adjusted to reflect a writedown of future tax assets pertaining to GMP Private Client Ltd. resulting from a change in the probability of realizing certain tax losses under the new corporate structure. The estimated financial effect is a charge to net income of approximately \$1,361 in the subsequent period.

Unitholder Information

Transfer Agent and Registrar

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario, M5C 2W9
Telephone: (416) 643-5500
Toll Free: (800) 387-0825

To change unit registration or address or to advise of duplicate mailings, please call our Transfer Agent and Registrar at CIBC Mellon.

Auditors

Ernst & Young LLP

Legal Counsel

Goodmans LLP

Stock Listing

Toronto Stock Exchange
Symbol: GMP.UN

CUSIP

362017105

Fiscal Year End

December 31

Subsidiaries

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GMP Securities L.P.
Griffiths McBurney Corp.

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