

Interim Condensed Consolidated Financial Statements of FIERA CAPITAL CORPORATION

For the periods ended June 30, 2015 and 2014
(unaudited)



FIERACAPITAL

Fiera Capital Corporation

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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings

For the three and six-month periods ended June 30,

(Unaudited)

(In thousands of Canadian dollars, except per share data)

	Three-month periods		Six-month periods	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenues				
Base management fees	56,135	49,746	112,316	97,463
Performance fees	8,643	4,073	8,751	4,571
Other revenues	1,365	1,901	3,137	3,649
	66,143	55,720	124,204	105,683
Expenses				
Selling, general and administrative expenses	45,373	35,011	85,929	71,041
External managers	1,138	1,112	2,723	2,197
Depreciation of property and equipment	455	392	897	779
Amortization of intangible assets	6,619	6,326	13,241	12,634
Acquisition costs	187	546	1,247	693
Restructuring and other integration costs (Note 5)	118	1,034	1,120	1,299
	53,890	44,421	105,157	88,643
Earnings before realized (gain) loss on investments, interest on long-term debt and other financial charges, accretion of purchase price obligations, (gain) loss on dilution of investments in joint ventures, changes in fair value of derivative financial instruments and share of earnings of joint ventures	12,253	11,299	19,047	17,040
Realized (gain) loss on investments	(295)	1	(350)	1
Interest on long-term debt and other financial charges	2,595	2,123	4,739	3,531
Accretion of purchase price obligations	636	697	1,271	1,394
(Gain) loss on dilution of investments in joint ventures	(1)	25	(52)	25
Changes in fair value of derivative financial instruments	(276)	276	876	815
Share of earnings of joint ventures	(119)	(558)	(333)	(944)
Earnings before income taxes	9,713	8,735	12,896	12,218
Income taxes	2,664	1,404	2,924	2,610
Net earnings for the period	7,049	7,331	9,972	9,608
Net earnings attributable to :				
Company's shareholders	7,541	7,671	11,253	10,349
Non-controlling interest	(492)	(340)	(1,281)	(741)
	7,049	7,331	9,972	9,608
Net earnings per share (Note 9)				
Basic and diluted	0.11	0.11	0.16	0.15

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive Income

For the three and six-month periods ended June 30,

(Unaudited)

(In thousands of Canadian dollars)

	Three-month periods		Six-month periods	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net earnings for the period	7,049	7,331	9,972	9,608
Other comprehensive income:				
Items that may be reclassified subsequently to earnings:				
Unrealized (loss) gain on available-for-sale financial assets (net of income taxes of \$61 and (\$8) for the three and six-month periods ended June 30, 2015, respectively and nil in 2014)	(398)	(11)	40	84
Share of other comprehensive (loss) income of joint ventures	(29)	(25)	76	(28)
Unrealized exchange differences on translating financial statements of foreign operations	(1,576)	(2,941)	6,631	244
Other comprehensive (loss) income for the period	(2,003)	(2,977)	6,747	300
Comprehensive income for the period	5,046	4,354	16,719	9,908
Comprehensive income attributable to:				
Company's shareholders	5,538	4,694	18,000	10,649
Non-controlling interest	(492)	(340)	(1,281)	(741)
	5,046	4,354	16,719	9,908

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In thousands of Canadian dollars)

	As at June 30, 2015	As at December 31, 2014
	\$	\$
Assets		
Current assets		
Cash	12,222	16,880
Restricted cash	2,227	579
Investments	4,484	7,986
Accounts receivable	67,510	59,960
Prepaid expenses	4,400	2,908
Subscription receipts receivable	1,681	1,746
	92,524	90,059
Non-current assets		
Deferred charges	2,368	1,831
Long-term receivable	812	449
Deferred income taxes	868	483
Subscription receipts receivable	-	1,607
Investment in joint ventures	10,096	9,635
Property and equipment	5,027	5,120
Intangible assets (Note 6)	286,555	292,835
Goodwill (Note 6)	376,445	370,161
	774,695	772,180
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	35,072	41,034
Dividend payable	208	311
Restructuring provisions (Note 5)	642	904
Amount due to related companies	1,785	931
Purchase price obligations	10,432	8,500
Client deposits	155	155
Deferred revenues	39	99
Subscription receipts obligation	1,681	1,746
	50,014	53,680
Non-current liabilities		
Deferred lease obligations	611	519
Lease inducements	535	636
Deferred income taxes	16,817	20,091
Long-term restructuring provisions (Note 5)	944	979
Cash settled share-based liabilities	2,007	1,263
Long-term debt (Note 7)	230,084	222,081
Purchase price obligations	35,507	36,168
Derivative financial instruments	1,821	945
Subscription receipts obligation	-	1,607
	338,340	337,969
Equity		
Share capital, hold back shares, contributed surplus, (deficit) retained earnings and accumulated other comprehensive income	440,579	437,154
Non-controlling interest	3,074	4,355
Initial value of option granted to non-controlling interest	(7,298)	(7,298)
Total non-controlling interest	(4,224)	(2,943)
	436,355	434,211
	774,695	772,180

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

For the six-month periods ended June 30,

(Unaudited)

(In thousands of Canadian dollars)

	Share Capital	Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other compre- hensive income	Total	Related to Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2014	436,888	5,677	9,231	(24,493)	9,851	437,154	(2,943)	434,211
Net earnings for the period	-	-	-	11,253	-	11,253	(1,281)	9,972
Other comprehensive income	-	-	-	-	6,747	6,747	-	6,747
Comprehensive income for the period	-	-	-	11,253	6,747	18,000	(1,281)	16,719
Issuance of shares	1,830	-	-	-	-	1,830	-	1,830
Conversion of hold back shares	2,959	(2,959)	-	-	-	-	-	-
Share-based compensation expense	-	-	3,766	-	-	3,766	-	3,766
Performance share units settled	-	-	(3,450)	-	-	(3,450)	-	(3,450)
Stock options exercised	1,704	-	(377)	-	-	1,327	-	1,327
Dividends	-	-	-	(18,048)	-	(18,048)	-	(18,048)
As at June 30, 2015	443,381	2,718	9,170	(31,288)	16,598	440,579	(4,224)	436,355
As at December 31, 2013	421,209	8,781	4,533	(20,356)	1,916	416,083	958	417,041
Net earnings for the period	-	-	-	10,349	-	10,349	(741)	9,608
Other comprehensive income	-	-	-	-	300	300	-	300
Comprehensive income for the period	-	-	-	10,349	300	10,649	(741)	9,908
Issuance of shares	1,830	-	-	-	-	1,830	-	1,830
Conversion of hold back shares	3,104	(3,104)	-	-	-	-	-	-
Share-based compensation expense	-	-	2,112	-	-	2,112	-	2,112
Stock options exercised	616	-	(154)	-	-	462	-	462
Dividends	-	-	-	(15,112)	-	(15,112)	-	(15,112)
As at June 30, 2014	426,759	5,677	6,491	(25,119)	2,216	416,024	217	416,241

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the six-month periods ended June 30,

(Unaudited)

(In thousands of Canadian dollars)

	2015	2014
	\$	\$
Operating activities		
Net earnings for the period	9,972	9,608
Adjustments for:		
Depreciation of property and equipment	897	779
Amortization of intangible assets	13,241	12,634
Amortization of deferred charges	239	151
Accretion of purchase price obligations	1,271	1,394
Lease inducements	(74)	(74)
Deferred lease obligations	63	(19)
Share-based compensation expense	3,766	2,112
Cash settled share-based compensation expense	1,097	-
Restructuring provisions	(297)	(330)
Interest on long-term debt and other financial charges	4,739	3,531
Changes in fair value of derivative financial instruments	876	815
Income tax expense	2,924	2,610
Income tax paid	(7,236)	(9,584)
Share of earnings of joint ventures	(333)	(944)
(Gain) loss on dilution of investments in joint ventures	(52)	25
Realized (gain) loss on investments	(350)	1
Changes in non-cash operating working capital items (Note 11)	(14,029)	(302)
Net cash generated by operating activities	16,714	22,407
Investing activities		
Payment of purchase price obligations	-	(9,484)
Investments, net	3,228	880
Purchase of property and equipment	(899)	(310)
Purchase of intangible assets	(816)	(1,696)
Long-term receivable	(363)	-
Repayment from a related shareholder	-	1,211
Deferred charges	(624)	(250)
Restricted cash and clients deposits	(728)	(534)
Net cash used in investing activities	(202)	(10,183)
Financing activities		
Settlement of share-based compensation	(3,450)	-
Dividends	(18,151)	(14,934)
Issuance of share capital	3,157	462
Long-term debt, net	1,109	-
Interest paid on long-term debt	(3,721)	(3,905)
Financing charges	(1,093)	(17)
Net cash used in financing activities	(22,149)	(18,394)
Net decrease in cash	(5,637)	(6,170)
Effect of exchange rate changes on cash denominated in foreign currencies	979	(72)
Cash – beginning of period	16,880	21,774
Cash – end of period	12,222	15,532

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

1. Description of Business

Fiera Capital Corporation (“Fiera Capital” or the “Company”) was incorporated as Fry Investment Management Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a full-service, multi-product investment firm, providing investment advisory and related services to institutional investors, private wealth clients and retail investors. Its head office is located at 1501 Avenue McGill College, office 800, Montreal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol “FSZ”.

Fiera Capital is registered in the categories of exempt market dealer and portfolio manager in all provinces and territories of Canada. Fiera Capital is also registered in the category of investment fund manager in the provinces of Ontario, Quebec and Newfoundland and Labrador. In addition, as Fiera Capital manages derivatives portfolios, it is registered as a commodity trading manager pursuant to the *Commodity Futures Act* (Ontario), as an adviser under the *Commodity Futures Act* (Manitoba) and, in Quebec, as derivatives portfolio manager pursuant to the *Derivatives Act* (Quebec).

Following its acquisition of Bel Air Investment Advisors LLC (“Bel Air”), Bel Air Securities LLC (“Bel Air Securities”) and Wilkinson O’Grady & Co. Inc. (“Wilkinson”), Fiera Capital terminated its registration as an investment advisor with the U.S. Securities and Exchange Commission (“SEC”). As a result, Fiera Capital is not permitted to provide investment advisory services directly to U.S. clients.

Fiera Capital does not provide investment advisory services, or offer investment funds, in the United States or to U.S. persons. Investment advisory services for U.S. persons are provided by Fiera Capital’s U.S. affiliates, Bel Air and Wilkinson (together referred to as the “U.S. Advisors”). Fiera Capital Global Asset Management is currently a trade name of Wilkinson. Any investment advisory services of Fiera Capital provided to U.S. persons are (or were) provided by either Wilkinson doing business as Fiera Capital Global Asset Management or Bel Air doing business as Fiera Asset Management USA, in each case pursuant to a “participating affiliate” arrangement with Fiera Capital as that term is used in relief granted by the staff of the SEC. The U.S. Advisors are SEC-registered investment advisors.

The Board of Directors approved the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2015 on August 4, 2015.

2. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board (“IASB”) and accordingly, do not include all disclosures required under International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2014, except for the impact of the adoption of the standards, interpretations and amendment described in Note 3. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014.

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

3. Adoption of new IFRS

The following revised standards are effective for annual periods beginning on January 1, 2015 and their adoption has not had any impact on the amounts reported or disclosures made in these financial statements but may affect the accounting for future transactions, arrangements, or disclosures in the Company's 2015 annual financial statements.

Annual improvements to IFRS (2010-2012) and (2011-2013) cycles

In December 2013, the IASB published annual improvements on the 2010-2012 and the 2011-2013 cycles which included narrow-scope amendments to a total of nine standards. Modifications of standards that may be relevant to the Company include amendments made to clarify items including the definition of vesting conditions in IFRS 2 – *Share-Based payment*, disclosure on the aggregation of operating segments in IFRS 8 – *Operating segments*, measurement of short-term receivables and payables under IFRS 13 – *Fair value measurement*, definition of related party in IAS 24 – *Related party disclosures*, and other amendments. Most of the amendments were effective for annual periods beginning on or after July 1, 2014.

4. IFRS issued but not yet adopted

IFRS 9 – *Financial Instruments*

In July 2014, the IASB finalized IFRS 9, bringing together the financial asset and financial liability classification and measurement, impairment of financial assets and hedge accounting phases of the IASB project. IFRS 9 provides a single model for financial asset classification and measurement that is based on contractual cash flow characteristics and on the business model for holding financial assets. IFRS 9 also introduces a new impairment model for financial assets not measured at fair value through profit or loss. This version adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets and liabilities. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is mandatorily effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption permitted.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. In July 2015, the IASB affirmed its proposal to defer the effective date by one year. Application of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted.

Amendments to IFRS 11 – *Joint Arrangements*

In May 2014, the IASB issued an amendment to this standard requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendment is effective for annual periods beginning on or after January 1, 2016.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

4. IFRS issued but not yet adopted (continued)

Amendments to IAS 38 – *Intangible Assets* and IAS 16 – *Property, Plant and Equipment*

In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendment is effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Amendments to IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*

In September 2014, the IASB issued amendments to these standards to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The extent of gains and losses arising on the sale or contribution of assets depends on whether the assets sold or contributed constitute a business. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption permitted.

Annual improvements to IFRS (2012-2014) cycle

In September 2014, the IASB published annual improvements on the 2012-2014 cycle which included narrow-scope amendments to a total of four standards. Modifications of standards that may be relevant to the Company include amendments made to provide: (1) specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution and vice versa in IFRS 5 – *Non-current assets held for sale*, (2) additional guidance on whether a servicing contract is continuing involvement in a transferred asset and clarification on offsetting disclosures in condensed interim financial statements in IFRS 7 – *Financial Instruments: Disclosures*, (3) clarification that the high quality bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits paid under IAS 9 – *Employee Benefits*, (4) clarification of the term “elsewhere in the interim report” in IAS 34 – *Interim Financial Reporting*. Most of the amendments are effective for annual periods beginning on or after July 1, 2016. Early adoption is permitted.

Amendments to IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB issued amendments to this standard to clarify materiality, aggregation and disaggregation of items presented on the statement of financial position, statement of earnings and statement of comprehensive income as well as the order of notes to the financial statements. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Early adoption permitted.

The Company is still evaluating the impact of these standards on its consolidated financial statements.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

5. Restructuring and other integration costs

During the three and six-month periods ended June 30, 2015, the Company recorded a restructuring provision of \$224 and \$1,063, respectively (nil for the three and six-month periods ended June 30 2014, respectively) and other integration costs of (\$106) and \$57 for the three and six-month periods ended June 30 2015, respectively (\$1,034 and \$1,299 for the three and six-month periods ended June 30, 2014, respectively) for an aggregate amount of \$118 and \$1,120 for the three and six-month periods ended June 30, 2015, respectively (\$1,034 and \$1,299 for the three and six-month periods ended June 30, 2014, respectively). The restructuring charges are mostly composed of severance costs due to corporate reorganizations following business combinations or as a result of the normal evolution of the business.

	Severance
	\$
Balance, December 31, 2014	1,883
Addition during the period	1,063
Paid during the period	(1,360)
Balance, June 30, 2015	1,586

6. Goodwill and intangible assets

	Goodwill	Finite-life				Total
		Indefinite life Asset management contracts	Asset management contracts	Customer relationships	Other	
	\$	\$	\$	\$	\$	\$
For the six-month period ended June 30, 2015						
Opening net book value	370,161	8,375	61,480	215,138	7,842	292,835
Additions	-	-	-	-	869	869
Foreign exchange difference	6,284	166	-	5,667	259	6,092
Amortization for the period	-	-	(4,240)	(8,063)	(938)	(13,241)
Closing net book value	376,445	8,541	57,240	212,742	8,032	286,555
Balance, June 30, 2015						
Cost	363,713	8,154	84,800	245,798	14,166	352,918
Accumulated amortization and impairment	(1,918)	-	(27,560)	(46,561)	(6,832)	(80,953)
Foreign exchange difference	14,650	387	-	13,505	698	14,590
Net book value	376,445	8,541	57,240	212,742	8,032	286,555

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Long-term debt

	June 30, 2015	December 31, 2014
	\$	\$
Term facility	-	177,756
Revolving facility	231,169	45,244
Deferred financing charges	(1,085)	(919)
	230,084	222,081

Credit facility

On June 26, 2015, the Company amended the terms of its credit agreement to include, amongst others, the following changes:

- Conversion of the previous facility consisting of a CA\$75 million senior unsecured revolving facility maturing in April 2017 and a CA\$175 million term facility maturing in April 2017 into a CA\$300 million senior unsecured revolving facility that can be drawn in Canadian or U.S. dollar equivalent at the discretion of the Company, and is repayable in full in March 2020.
- Revised financial covenants applicable for the different test periods including in periods after certain acquisitions.
- Inclusion of Fiera US Holding Inc. as a borrower.

The Company evaluated the amendments and concluded that the revised terms were substantial and constituted an extinguishment of the previous facility. As a result, unamortized deferred financing charges of \$718 relating to the previous facility were written off in the interim condensed consolidated financial statements on the date of the amendment.

The Company plans to use the additional amounts available under the amended credit facility to finance future acquisitions and for general corporate purposes, if needed.

As at June 30, 2015, the total amount of long-term debt was comprised of CA\$134,500 and US\$77,497 (CA\$96,669) (CA\$129,500 and US\$80,597 (CA\$93,500) was outstanding as at December 31, 2014).

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of funded debt to EBITDA and a minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the revolving facility on a consolidated basis, as earnings of the Borrower before interest, taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at June 30, 2015, all debt covenant requirements were met.

On May 1, 2012, the Company entered into an interest rate swap agreement for a notional amount of CA\$108,000, to exchange its monthly variable interest rate payments for fixed interest payments at the rate of 1.835% until March 2017. The amendments to the credit facility had no impact on the interest rate swap agreements.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

8. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")		Total	
	Number	\$	Number	\$	Number	\$
As at December 31, 2014	48,715,873	404,999	20,039,750	31,889	68,755,623	436,888
Issuance of shares	149,469	1,830	-	-	149,469	1,830
Conversion of hold back shares	277,578	2,959	-	-	277,578	2,959
Stock options exercised	216,923	1,704	-	-	216,923	1,704
Transfer from Class B Shares to Class A Shares	48,323	77	(48,323)	(77)	-	-
As at June 30, 2015	49,408,166	411,569	19,991,427	31,812	69,399,593	443,381
As at December 31, 2013	46,639,057	388,113	20,798,008	33,096	67,437,065	421,209
Issuance of shares	149,469	1,830	-	-	149,469	1,830
Conversion of hold back shares	277,578	3,104	-	-	277,578	3,104
Stock options exercised	87,232	616	-	-	87,232	616
Transfer from Class B Shares to Class A Shares	758,258	1,207	(758,258)	(1,207)	-	-
As at June 30, 2014	47,911,594	394,870	20,039,750	31,889	67,951,344	426,759

Issuance of shares and conversion of hold back shares

As part of the acquisition of Bel Air, the Company committed to issue in three tranches over a 32-month period following closing, 832,755 Class A Shares worth US\$9,760. This commitment was considered an equity component and was recorded at a discounted value of US\$8,419 (CA\$8,781) under the caption: Hold back shares. During the second quarter of 2015, the second tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and a value of \$2,959 was transferred from the caption hold back shares to share capital.

On the same day as the conversion of the second tranche of the hold back shares into share capital in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank of Canada ("National Bank") for cash proceeds of \$1,830. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement.

Transfers

During the six-month period ended June 30, 2015, 48,323 Class B Shares were converted into 48,323 Class A Shares on a one-for-one basis (758,258 Class B Shares were converted into 758,258 Class A Shares for the six-month period ended June 30, 2014).

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three and six-month periods ended June 30, 2015 and 2014

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

8. Share capital and accumulated other comprehensive income (continued)

Dividends

During the six-month period ended June 30, 2015, the Company declared dividends of \$17,903 (\$0.26 per share) on Class A Shares and Class B Shares (\$14,845 for the six-month period ended June 30, 2014 (\$0.22 per share)) and \$145 on hold back shares (\$267 for the six-month period ended June 30, 2014).

The components of accumulated other comprehensive income include:

	June 30, 2015	December 31, 2014
	\$	\$
Unrealized gain on available-for-sale financial assets	593	553
Share of other comprehensive income of joint ventures	430	354
Unrealized exchange differences on translating financial statements of foreign operations	15,575	8,944
	16,598	9,851

9. Earnings per share

Earnings per share as well as the reconciliation of the number of shares used to calculate basic and diluted earnings per share are as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net earnings attributable to shareholders for the periods	7,541	7,671	11,253	10,349
Weighted average shares outstanding – basic	69,411,693	68,311,698	69,366,344	68,291,608
Effect of dilutive share-based awards	899,920	1,026,963	913,797	1,049,596
Weighted average shares outstanding – diluted	70,311,613	69,338,661	70,280,141	69,341,204
Basic and diluted earnings per share	0.11	0.11	0.16	0.15

For the three and six-month periods ended June 30, 2015, the calculation of hypothetical conversions does not include 1,045,427 stock options (548,000 for the three and six-month periods ended June 30, 2014) with an anti-dilutive effect.

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10. Share-based payments

(a) Stock option plan:

The following table presents transactions that occurred during the six-month period ended June 30, 2015 in the Company's stock option plans.

		June 30, 2015
	Number of Class A Share options	Weighted-average exercise price
		\$
Outstanding – December 31, 2014	3,346,037	9.32
Granted	25,000	13.83
Exercised	(216,923)	6.12
Forfeited	(149,638)	12.72
Outstanding – June 30, 2015	3,004,476	9.42
Options exercisable – June 30, 2015	1,182,649	6.96

The following table presents the weighted average assumptions used during the three and six-month periods ended June 30, to determine the share-based compensation expense using the Black-Scholes option pricing model:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
Dividend yield (%)	-	2.93	3.80	2.93
Risk-free interest rate (%)	-	2.09	1.09	2.09
Expected life (years)	-	7.5	7.50	7.5
Expected volatility for the share price (%)	-	44	42.53	44
Weighted-average fair values (\$)	-	4.71	3.92	4.71

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

An expense of \$274 and \$509 was recorded during the three and six-month periods ended June 30, 2015, respectively for the stock option plan (\$291 and \$589 for the three and six-month periods ended June 30, 2014, respectively)

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10. Share-based payments (continued)

(b) Performance share unit (“PSU”) plan:

PSU plan applicable to business units

On September 3, 2013, the Company adopted a PSU plan applicable to business units (“PSU plan applicable to BU”) for the purposes of attracting persons to become employees of the Company or to retain key employees and officers by allowing them to participate in the growth and development of the Company and the unit in which they directly contribute. Under the terms of the PSU plan applicable to BU, the Company is allowed to grant PSUs at a value determined by reference to the value of a specific business unit rather than by reference to the price of the Class A Shares of the Company.

At the time of grant of any PSUs, the Company determines (i) the award value, (ii) the number of PSUs which are being granted, (iii) the value of each PSU granted, (iv) the formula used to determine the value of the applicable business unit, (v) the vesting terms and conditions of the PSUs, and (vi) the applicable vesting date(s). The method of settlement with respect to the vested PSUs shall be determined upon each particular granting of PSU. Such methods may include all or a portion of the value of the vested PSUs payable in Class A Shares. The choice of the method of settlement may be at the option of either the Company or the participant.

The PSU compensation expense is recognized on a straight-line basis over the vesting period only when it is probable that the performance targets will be met. When a participant commences rendering services before the grant date of an award, the Company recognizes a compensation expense from the service commencement date until the grant date based on the estimated grant date fair value of the PSUs.

The following table presents transactions that occurred during the six-month period ended June 30, 2015 in the Company's PSU plan applicable to BU.

	June 30, 2015	
	Number of PSUs outstanding	Weighted average value of PSU
Outstanding – December 31, 2014	1,735,705	11.43
Granted	258,940	12.30
Settled	(234,583)	12.00
Forfeited	(60,000)	12.00
Outstanding – June 30, 2015	1,700,062	11.47

During the six-month period ended June 30, 2015, the Company granted 258,940 PSUs which will vest in equal tranches in either the next 4 or 5 years. The formula to determine the value of the PSUs upon vesting is based on a multiple of the revenues applicable to the business unit while the performance condition is based on a revenue growth objective. The PSUs granted are anticipated to be equity-settled.

The weighted-average grant date fair value of the PSUs awarded is \$9.40 per share. The fair value of the PSUs granted was determined at inception using a discounted cash flow model which values the underlying PSUs using different long-term projections such as the expected revenue growth rate, client retention rate and discount rate. The Company determined that it is currently probable that only the first two years of the awards granted during the period will vest.

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10. Share-based payments (continued)

During the six-month period ended June 30, 2015, 234,583 PSUs vested and were settled. The Company settled the vested PSUs by paying \$3,450 in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of \$3,450 in contributed surplus. The settling of these PSUs in cash was due to unique circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

An expense of \$2,244 and \$2,680 was recorded during the three and six-month periods ended June 30, 2015, respectively for the PSU plan applicable to BU (\$17 and \$1,510 for the three and six-month periods ended June 30, 2014, respectively). For the three-month period ended June 30, 2015, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of \$2,320 and (\$76), respectively (\$17 and nil for the three-month period ended June 30, 2014). For the six-month period ended June 30, 2015, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of \$2,723 and (\$43), respectively (\$1,510 and nil for the six-month period ended June 30, 2014).

PSU plan

On May 23, 2013, the Company adopted a PSU plan ("PSU plan") for the purposes of retaining key employees and officers by allowing them to participate in the growth and development of the Company. Under the terms of the PSU plan, the Company is allowed to grant PSUs based on the price of the Class A Shares of the Company on the date of the award.

PSUs awarded to participants vest on the third anniversary of the date of the grant or as determined by the Board of Directors at the time of the grant, provided that the PSU participants have satisfied the performance conditions determined at the time of the grant. These performance conditions are expressed as performance criteria objectives and may be set at different aggregate levels: from individual to corporate level. PSU participants have the right to receive up to 50% of the vested PSUs in cash. A PSU participant's account will be credited with dividend equivalents in the form of additional PSUs as of each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

An expense of \$534 was recorded during the three and six-month periods ended June 30, 2015 for this PSU plan (\$13 for the three and six-month periods ended June 30, 2014).

(c) Restricted share unit ("RSU") plan:

The Company recorded an expense of \$365 and \$1,140 during the three and six-month periods ended June 30, 2015, respectively for the RSU Plan (\$272 and \$760 for the three and six-month periods ended June 30, 2014, respectively). As at June 30, 2015, the Company had a liability totalling \$3,371 related this plan (\$2,231 as at December 31, 2014). As at June 30, 2015 and December 31, 2014, there were 672,456 and 540,508 RSUs outstanding, respectively. During the six-month period ended June 30, 2015, 120,133 RSUs were granted and 11,815 RSUs were reinvested in lieu of dividends.

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11. Additional information relating to interim condensed consolidated statement of cash flows

	For the six-month periods ended June 30,	
	2015	2014
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	(6,268)	4,029
Prepaid expenses	(1,317)	(470)
Accounts payable and accrued liabilities	(7,237)	(4,618)
Amount due to related companies	854	1,019
Deferred revenues	(61)	(262)
	(14,029)	(302)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of \$6,725 (2014 – \$4,122) and income taxes paid of \$7,236 (2014 – \$9,584) for a net impact of (\$511) (2014 – (\$5,462)).

The following are non-cash items: conversion of hold back shares of \$2,959 (\$2014 – \$3,014) and conversion of the amounts outstanding under the previous credit facility into the amended facility of CA\$129,500 and US\$73,159.

12. Capital management

The Company's capital comprises share capital, (deficit) retained earnings and long-term debt, including the current portion thereof, less cash. The Company manages its capital to ensure adequate capital resources while maximizing return to shareholders through optimization of the debt and equity mix and to maintain compliance with regulatory requirements and certain restrictive debt covenants.

To maintain its capital structure, the Company may issue additional shares, incur additional debt, repay existing debt and acquire or sell assets to improve its financial performance and flexibility.

To comply with Canadian Securities Administrators' regulations, the Company is required to maintain minimum capital of \$100 as defined in Regulation 31-103 respecting *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. As at June 30, 2015, all regulatory requirements and exemptions were met.

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13. Fair value of financial instruments

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

The Company presents a fair value hierarchy with three levels that reflects the significance of inputs used in determining the fair value assessments. The fair value of financial assets and liabilities classified in these three levels is evaluated as follows:

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

The fair value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, dividend payable, amount due to related companies and client deposits is approximately equal to their carrying values due to their short-term maturities.

Investments are composed of mutual fund and pooled fund investments. The cost of mutual fund and pooled fund investments is \$3,800 as at June 30, 2015 and \$6,492 as at December 31, 2014, while the fair value is \$4,484 as at June 30, 2015 and \$7,128 as at December 31, 2014. The unrealized gain of \$593 (net of income taxes of \$91) as at June 30, 2015 and \$553 (net of income taxes of \$83) as at December 31, 2014, is reflected in accumulated other comprehensive income. The Company measures the fair value of the mutual fund and pooled fund investments using level 2 inputs in the fair value hierarchy. As at December 31, 2014, the Company also had \$858 of other securities and investments recorded within the investments caption. These securities were valued using the level 1 inputs in the fair value hierarchy. The Company does not have similar investments at June 30, 2015.

The fair value of long-term debt approximates its carrying amount, given that it is subject to terms and conditions, including variable interest rates, similar to those currently available to the Company for instruments with comparable terms. The Company measured the initial fair value of the subscription receipts receivable of \$1,681 and subscription receipts obligation of the same amount using level 2 inputs in the fair value hierarchy. The Company determined the fair value by using observable market inputs such as the discount rate.

Derivative financial instruments consist only of interest rate swap contracts and are presented at fair value on the statement of financial position. The Company measures the fair value of the interest rate swaps using level 2 inputs in the fair value hierarchy. The Company determines the fair value of its interest rate swap contracts by applying valuation techniques, using observable market inputs such as interest rate yield curves as well as available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. The Company ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that is consistent with accepted economic methods for pricing financial instruments.

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13. Fair value of financial instruments (continued)

As part of the acquisition of the selected alternative asset management funds of GMP Investment Management from GMP Capital Inc. ("GMP"), the key members of the GMP Investment Management's team have the option to sell all but not less than all of their interest in Fiera Quantum Limited Partnership on or after December 31, 2015. The value of the option granted to non-controlling interest is based on a formula that was agreed upon by all parties during the acquisition of the selected alternative asset management funds of GMP. The fair value of the option is determined using the present value of the sum of a multiple of the forecasted earnings before income taxes, depreciation, amortization ("EBITDA") and forecasted performance fees. The actual performance of the subsidiary directly impacts the value of the option. Forecasts are monitored and updated on a monthly basis, and the fair value of the option is recalculated at the end of each reporting period. As at June 30, 2015 and December 31, 2014, the Company determined that the value of the option was nil. The Company measures the fair value of the option granted to non-controlling interest using level 3 inputs in the fair value hierarchy.

In addition, the Company has the option to purchase the 45% interest owned by the key member of the GMP Investment Management team at any time following December 31, 2015. This option can be settled in cash or by the issuance of Class A Shares at the option of Fiera Capital. The formula to determine the purchase price of the remaining 45% is the same that is used to calculate the value of the option granted to non-controlling interest, which considers the sum of a multiple of the forecasted EBITDA and forecasted performance fees.

Changes in fair value of derivative financial instruments presented in the statement of earnings include changes in the fair value of the interest rate swap contracts described above of (\$276) and \$876 for the three and six-month periods ended June 30, 2015, respectively (\$84) and \$343 for three and six-month periods ended June 30, 2014, respectively) and the changes in the fair value of the option granted to non-controlling interest of nil for the three and six-month periods ended June 30, 2015 (\$360 and \$472 for the three and six-month periods ended June 30, 2014) for a total of (\$276) and \$876 for the three and six-month periods ended June 30, 2015, respectively (\$276 and \$815 for the three and six-month periods ended June 30, 2014, respectively).

There was no transfer between the three levels of the fair value hierarchy during these periods.

14. Related party transactions

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Base management and performance fees	12,062	11,494	23,692	22,005
Interest on long-term debt	1,895	1,953	3,721	3,905

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms. The amounts due under the Company's credit facility, presented as long-term debt are amounts due to a syndicate of lenders which includes two related parties of the Company. During the second quarter of 2015, the Company paid \$1,034 to the syndicate of lenders for different transaction-related fees in relation to the amendment of the credit facility. These amounts are recorded as deferred financing costs (see Note 7). The derivative financial instrument liability is due to a related company.

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15. Segment reporting

The chief operating decision-maker of the Company has determined that the Company's reportable segment is investment management services in Canada and the United States of America.

Geographical information:

Revenues:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Canada	48,532	42,469	88,417	79,341
United States of America	17,611	13,251	35,787	26,342

Non-current assets:

	As at June 30,	As at December 31,
	2015	2014
	\$	\$
Canada	505,709	515,443
United States of America	175,594	166,195

Revenues are attributed to countries on the basis of the customer's location. Non-current assets exclude deferred income taxes.

16. Commitments and contingent liabilities

Commitments

During the six-month period ended June 30, 2015, the Company entered into new or amended non-cancellable operating leases for office space in New York City and Los Angeles. The estimated future lease payments for the new leases total \$55,523 over the duration of the leases. The new or amended non-cancellable operating leases expire in 2026.

Contingent liabilities

In the normal course of business, the Company is party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

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17. Pending acquisition and subsequent events

On February 11, 2015, the Company announced that it had reached an agreement to acquire all of the outstanding shares of Samson Capital Advisors LLC ("Samson"), a prominent New York-based investment management firm which specializes in global fixed income and currency investment. The acquisition will enable the Company to create a full-fledged global asset manager in the United States, adding strong leadership and investment talent in order to further expand the Company's presence in the market.

Under the terms of the agreement, the purchase price for Samson includes US\$19,200 payable in cash to the sellers and US\$12,300 worth of Fiera Capital Class A Shares that will be either issued upon closing or over a period of time (Hold back shares). In addition, the purchase price includes an amount of up to US\$4,175 payable over three years if certain targets are achieved. Other compensation mechanisms were agreed upon at the time the agreements were signed including retention bonuses, PSUs, and restricted shares.

The transaction is expected to close during the third quarter of 2015 and is subject to customary conditions, including regulatory approvals and approval of the TSX.

On August 4, 2015, the Board of Directors declared a dividend of \$0.14 per share to shareholders of record as of August 17, 2015 and payable on September 14, 2015.

