

Interim Condensed Consolidated Financial Statements of **FIERA CAPITAL CORPORATION**

For the periods ended March 31, 2015 and 2014
(unaudited)



FIERACAPITAL

Fiera Capital Corporation

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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings

For the three-month periods ended March 31,

(Unaudited)

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

	2015	2014
	\$	\$
Revenues		
Base management fees	56,181	47,717
Performance fees	108	498
Other revenues	1,772	1,748
	58,061	49,963
Expenses		
Selling, general and administrative expenses	40,556	36,030
External managers	1,585	1,085
Depreciation of property and equipment	442	387
Amortization of intangible assets	6,622	6,308
Acquisition costs	1,060	147
Restructuring and other integration costs (Note 5)	1,002	265
	51,267	44,222
Earnings before realized gain on investments, interest on long-term debt and other financial charges, accretion of purchase price obligations, gain on dilution of investments in joint ventures, changes in fair value of derivative financial instruments and share of earnings of joint ventures	6,794	5,741
Realized gain on investments	(55)	-
Interest on long-term debt and other financial charges	2,144	1,408
Accretion of purchase price obligations	635	697
Gain on dilution of investments in joint ventures	(51)	-
Changes in fair value of derivative financial instruments	1,152	539
Share of earnings of joint ventures	(214)	(386)
Earnings before income taxes	3,183	3,483
Income taxes	260	1,206
Net earnings for the period	2,923	2,277
Net earnings attributable to :		
Company's shareholders	3,712	2,678
Non-controlling interest	(789)	(401)
	2,923	2,277
Net earnings per share (Note 8)		
Basic and diluted	0.05	0.04

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-month periods ended March 31,
(Unaudited)

(In thousands of Canadian dollars)

	2015	2014
	\$	\$
Net earnings for the period	2,923	2,277
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain on available-for-sale financial assets (net of income taxes of \$69 in 2015 and nil in 2014)	438	95
Share of other comprehensive income (loss) of joint ventures	105	(3)
Unrealized exchange differences on translating financial statements of foreign operations	8,207	3,185
Other comprehensive income for the period	8,750	3,277
Comprehensive income for the period	11,673	5,554
Comprehensive income attributable to:		
Company's shareholders	12,462	5,955
Non-controlling interest	(789)	(401)
	11,673	5,554

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	As at
	March 31, 2015	December 31, 2014
	\$	\$
Assets		
Current assets		
Cash	12,941	16,880
Restricted cash	633	579
Investments	6,837	7,986
Accounts receivable	56,971	59,960
Prepaid expenses	4,792	2,908
Subscription receipts receivable	1,788	1,746
	83,962	90,059
Non-current assets		
Deferred charges	2,203	1,831
Long-term receivable	826	449
Deferred income taxes	730	483
Subscription receipts receivable	1,644	1,607
Investment in joint ventures	10,005	9,635
Property and equipment	5,175	5,120
Intangible assets	294,165	292,835
Goodwill	377,949	370,161
	776,659	772,180
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	22,619	41,034
Dividend payable	9,332	311
Restructuring provisions (Note 5)	1,118	904
Amount due to related companies (Note 13)	1,476	931
Purchase price obligations	10,432	8,500
Client deposits	155	155
Deferred revenues	39	99
Subscription receipts obligation	1,788	1,746
	46,959	53,680
Non-current liabilities		
Deferred lease obligations	508	519
Lease inducements	688	636
Deferred income taxes	18,578	20,091
Long-term restructuring provisions (Note 5)	979	979
Cash settled share-based liabilities	1,799	1,263
Long-term debt (Note 6)	234,091	222,081
Purchase price obligations	34,871	36,168
Derivative financial instruments	2,097	945
Subscription receipts obligation	1,644	1,607
	342,214	337,969
Equity		
Share capital, hold back shares, contributed surplus, (deficit) retained earnings and accumulated other comprehensive income	438,177	437,154
Non-controlling interest	3,566	4,355
Initial value of option granted to non-controlling interest	(7,298)	(7,298)
Total non-controlling interest	(3,732)	(2,943)
	434,445	434,211
	776,659	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 three-month periods ended March 31,

(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	-	-	-	3,712	-	3,712	(789)	2,923
Other comprehensive income	-	-	-	-	8,750	8,750	-	8,750
Comprehensive income for the period	-	-	-	3,712	8,750	12,462	(789)	11,673
Share-based compensation expense	-	-	638	-	-	638	-	638
Performance share units settled	-	-	(3,450)	-	-	(3,450)	-	(3,450)
Stock options exercised	525	-	(131)	-	-	394	-	394
Dividends	-	-	-	(9,021)	-	(9,021)	-	(9,021)
As at March 31, 2015	437,413	5,677	6,288	(29,802)	18,601	438,177	(3,732)	434,445
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	-	-	-	2,678	-	2,678	(401)	2,277
Other comprehensive income	-	-	-	-	3,277	3,277	-	3,277
Comprehensive income for the period	-	-	-	2,678	3,277	5,955	(401)	5,554
Share-based compensation expense	-	-	1,791	-	-	1,791	-	1,791
Stock options exercised	26	-	(6)	-	-	20	-	20
Dividends	-	-	-	(7,510)	-	(7,510)	-	(7,510)
As at March 31, 2014	421,235	8,781	6,318	(25,188)	5,193	416,339	557	416,896

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 three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	2015	2014
	\$	\$
Operating activities		
Net earnings for the period	2,923	2,277
Adjustments for:		
Depreciation of property and equipment	442	387
Amortization of intangible assets	6,622	6,308
Amortization of deferred charges	99	68
Accretion of purchase price obligations	635	697
Lease inducements	48	(37)
Deferred lease obligations	(11)	(10)
Share-based compensation expense	638	1,791
Cash settled share-based compensation expense	808	-
Restructuring provisions	214	(330)
Interest on long-term debt and other financial charges	2,144	1,408
Changes in fair value of derivative financial instruments	1,152	539
Income tax expense	260	1,206
Income tax paid	(3,121)	(4,826)
Share of earnings of joint ventures	(214)	(386)
Gain on dilution of investments in joint ventures	(51)	-
Realized gain on investments	(55)	-
Changes in non-cash operating working capital items (Note 10)	(15,896)	(8,918)
Net cash (used) generated by operating activities	(3,363)	174
Investing activities		
Payment of purchase price obligations	-	(9,484)
Investments, net	1,775	5,229
Purchase of property and equipment	(576)	(101)
Purchase of intangible assets	(351)	(1)
Long-term receivable	(377)	-
Repayment from a related shareholder	-	472
Deferred charges	(359)	(36)
Restricted cash and clients deposits	-	(542)
Net cash generated (used) in investing activities	112	(4,463)
Financing activities		
Settlement of share-based compensation	(3,450)	-
Issuance of share capital	394	20
Long-term debt, net	3,216	-
Interest paid on long-term debt	(1,826)	(1,952)
Financing charges	(32)	(5)
Net cash used in financing activities	(1,698)	(1,937)
Net decrease in cash	(4,949)	(6,226)
Effect of exchange rate changes on cash denominated in foreign currencies	1,010	233
Cash – beginning of period	16,880	21,774
Cash – end of period	12,941	15,781

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-month periods ended March 31, 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 and Quebec. 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). In addition to the above, Bel Air Investment Advisors LLC, a subsidiary of Fiera Capital, is registered as an investment adviser with the United States Securities and Exchange Commission.

The Board of Directors approved the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2015 on May 12, 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-month periods ended March 31, 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 April 2015, the IASB tentatively decided to defer the effective date by one year. Application of IFRS 15 is currently mandatory for annual periods beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted. If the proposed deferral of the effective date is finalized, IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption still 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-month periods ended March 31, 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-month periods ended March 31, 2015 and 2014

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

5. Restructuring and other integration costs

With respect to the past business combinations, the Company recorded restructuring provisions and costs related to the termination of certain employees as part of the integration of the different businesses. During the three-month period ended March 31, 2015, the Company recorded a restructuring provision of \$839 (nil for the three-month period ended March 31, 2014) and other integration costs of \$163 (\$265 for the three-month period ended March 31, 2014) for an aggregate amount of \$1,002 (\$265 for the three-month period ended March 31, 2014). During the three-month period ended March 31, 2015, the Company paid \$625 of the restructuring provision (\$330 for the three-month period ended March 31, 2014).

6. Long-term debt

	March 31, 2015	December 31, 2014
	\$	\$
Term facility	182,257	177,756
Revolving facility	52,683	45,244
Deferred financing charges	(849)	(919)
	234,091	222,081

Credit facilities

During the first quarter of 2015, the Company increased the drawings under the revolving facility by CA\$1,824 and by US\$1,100. As at March 31, 2015, the total amount of long-term debt included US\$41,597 outstanding on the term facility and US\$40,100 on the revolving facility (US\$41,597 was outstanding on the term facility and US\$39,000 on the revolving facility 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.

During the first quarter of 2015, the Company amended the terms of the loan agreement to modify the maximum funded debt to EBITDA ratio applicable for the period between March 30, 2015 and June 29, 2015. As at March 31, 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 \$108,000, to exchange its monthly variable interest rate payments for fixed interest payments at the rate of 1.835% until March 2017.

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

7. 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
Stock options exercised	46,676	525	-	-	46,676	525
Transfer from Class B Shares to Class A Shares	17,112	27	(17,112)	(27)	-	-
As at March 31, 2015	48,779,661	405,551	20,022,638	31,862	68,802,299	437,413
As at December 31, 2013	46,639,057	388,113	20,798,008	33,096	67,437,065	421,209
Stock options exercised	2,370	26	-	-	2,370	26
Transfer from Class B Shares to Class A Shares	162,095	258	(162,095)	(258)	-	-
As at March 31, 2014	46,803,522	388,397	20,635,913	32,838	67,439,435	421,235

Transfers

During the three-month period ended March 31, 2015, 17,112 Class B Shares were converted into 17,112 Class A Shares on a one-for-one basis (162,095 Class B Shares were converted into 162,095 Class A Shares for the three-month period ended March 31, 2014).

Dividends

During the three-month period ended March 31, 2015, the Company declared dividends of \$8,949 (\$0.13 per share) on Class A Shares and Class B Shares (\$7,418 for the three-month period ended March 31, 2014 (\$0.11 per share)) and \$72 on hold back shares (\$92 for the three-month period ended March 31, 2014).

The components of accumulated other comprehensive income include:

	March 31, 2015	December 31, 2014
	\$	\$
Unrealized gain on available-for-sale financial assets	991	553
Share of other comprehensive income of joint ventures	459	354
Unrealized exchange differences on translating financial statements of foreign operations	17,151	8,944
	18,601	9,851

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

8. 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 March 31,	
	2015	2014
	\$	\$
Net earnings attributable to shareholders for the periods	3,712	2,678
Weighted average shares outstanding – basic	69,320,490	68,271,095
Effect of dilutive share-based awards	927,400	1,053,660
Weighted average shares outstanding – diluted	70,247,890	69,324,755
Basic and diluted earnings per share	0.05	0.04

For the three-month period ended March 31, 2015, the calculation of hypothetical conversions does not include 1,150,427 stock options (448,000 for the three-month period ended March 31, 2014) with an anti-dilutive effect.

9. Share-based payments

(a) Stock option plan:

The following table presents transactions that occurred during the three-month period ended March 31, 2015 in the Company's stock option plans.

	Number of Class A Share options	March 31, 2015 Weighted-average exercise price
		\$
Outstanding – December 31, 2014	3,346,037	9.32
Granted	25,000	13.83
Exercised	(46,676)	8.44
Forfeited	(32,783)	10.79
Outstanding – March 31, 2015	3,291,578	9.35
Options exercisable – March 31, 2015	1,352,896	6.78

The following table presents the weighted average assumptions used during the three-month period ended March 31, to determine the share-based compensation expense using the Black-Scholes option pricing model:

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

9. Share-based payments (continued)

	For the three-month periods ended March 31,	
	2015	2014
Dividend yield (%)	3.80	-
Risk-free interest rate (%)	1.09	-
Expected life (years)	7.50	-
Expected volatility for the share price (%)	42.53	-
Weighted-average fair values (\$)	3.92	-

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 \$235 was recorded during the three-month period ended March 31, 2015 for the stock option plan (\$298 for the three-month period ended March 31, 2014)

(b) Performance share unit ("PSU") plan:

The following table presents transactions that occurred during the three-month period ended March 31, 2015 in the Company's PSU plans.

Date of grant	October 30, 2013 Wilkinson O'Grady	October 30, 2013 Bel Air	January 1, 2014	September 2, 2014
Outstanding – December 31, 2014	147,404	1,172,917	307,692	107,692
Granted	-	8,333	-	-
Settled	-	(234,583)	-	-
Forfeited	-	-	-	-
Outstanding – March 31, 2015	147,404	946,667	307,692	107,692

Equity-settled PSU Plan

October 30, 2013 grant

During the three-month period ended March 31, 2015, 234,583 PSUs vested. The Company settled the vested PSUs by paying \$3,450 in cash in lieu of issuing 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 \$403 was recorded during the three-month period ended March 31, 2015 for this PSU grant (\$1,260 for the three-month period ended March 31, 2014).

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Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

9. Share-based payments (continued)

January 1, 2014 grant

As at March 31, 2015 and similarly to December 31, 2014, the Company does not believe these PSUs will vest. As such, the Company did not record an expense for this PSU plan during the three-month period ended March 31, 2015 (\$233 for the three-month period ended March 31, 2014).

Cash-settled PSU Plan

September 2, 2014 grant

The Company recorded an expense of \$33 during the three-month period ended March 31, 2015 for this grant (nil for the three-month period ended March 31, 2014). As at March 31, 2015, the Company had a liability totalling \$76 related to this grant (\$43 as at December 31, 2014).

(c) Restricted share unit (“RSU”) plan:

The Company recorded an expense of \$775 during the three-month period ended March 31, 2015 for the RSU Plan (\$488 for the three-month period ended March 31, 2014). As at March 31, 2015, the Company had a liability totalling \$3,006 related this plan (\$2,231 as at December 31, 2014). As at March 31, 2015 and December 31, 2014, there were 540,508 RSUs outstanding.

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

	For the three-month periods ended March 31,	
	2015	2014
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	4,308	4,768
Prepaid expenses	(1,647)	(965)
Accounts payable and accrued liabilities	(19,042)	(13,126)
Amount due to related companies	545	535
Deferred revenues	(60)	(130)
	(15,896)	(8,918)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of \$2,589 (2014 – \$2,406) and income taxes paid of \$3,121 (2014 – \$4,826) for a net impact of (\$532) (2014 – (\$2,420)).

Fiera Capital Corporation

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

11. 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 March 31, 2015, all regulatory requirements and exemptions were met.

12. 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.

The cost of mutual fund investments and pool funds is \$4,814 as at March 31, 2015 and \$6,492 as at December 31, 2014, while the fair value is \$5,957 as at March 31, 2015 and \$7,128 as at December 31, 2014. The unrealized gain of \$991 (net of income taxes of \$152) as at March 31, 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 investments and pool funds using level 2 inputs in the fair value hierarchy.

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.

Fiera Capital Corporation

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(Unaudited)

For the three-month periods ended March 31, 2015 and 2014

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

12. Fair value of financial instruments (continued)

The Company measured the initial fair value of the subscription receipts receivable of \$3,432 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.

As part of the acquisition of 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. 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 value of the option is calculated 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 value of the option is recalculated at the end of each reporting period. As at March 31, 2015 and December 31, 2014, the Company determined that the value of the option was nil.

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 \$1,152 (\$427 for three-month period ended March 31, 2014) and the changes in the fair value of the option granted to non-controlling interest of nil (\$112 for the three-month period ended March 31, 2014) for a total of \$1,152 for the three-month period ended March 31, 2015 (\$539 for the three-month period ended March 31, 2014).

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

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For the three-month periods ended March 31, 2015 and 2014

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

13. Related party transactions

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

	For the three-month periods ended March 31,	
	2015	2014
	\$	\$
Base management and performance fees	11,630	10,511
Interest on long-term debt	1,826	1,952

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. The derivative financial instrument liability is due to a related company.

14. 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 March 31,	
	2015	2014
	\$	\$
Canada	39,885	36,872
United States of America	18,176	13,091

Non-current assets:

	As at March 31,	As at December 31,
	2015	2014
	\$	\$
Canada	511,775	515,443
United States of America	180,192	166,195

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

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For the three-month periods ended March 31, 2015 and 2014

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

15. Commitments and contingent liabilities

Commitments

During the three-month period ended March 31, 2015, the Company entered into a new non-cancellable operating lease for office space in New York City until 2026. The estimated future lease payments for the new lease total \$41,150 over the duration of the lease.

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.

16. 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\$14,300 worth of Fiera Capital Class A Shares. In addition, the purchase price includes an amount of up to US\$5,000 payable over three years if certain targets are achieved.

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

On May 12, 2015, the Board of Directors declared a dividend of \$0.13 per share to shareholders of record as of May 25, 2015 and payable on June 22, 2015.

