GMP Capital Inc.
Second Quarter
2019 Report

Q2/2019

GMP Capital Inc.

GMP CAPITAL INC. REPORTS SECOND QUARTER 2019 RESULTS

- On August 6, 2019, GMP's shareholders overwhelmingly approved the sale of substantially all of GMP's capital markets business to Stifel Financial Corp. (the Sale Transaction) and the reduction of stated capital to permit a one-time return of capital distribution in the amount of $0.275 per common share
- Upon closing of the Sale Transaction, GMP intends to redeploy considerable capital toward accelerating the growth of its wealth management business
- The Board of Directors appointed Kish Kapoor as Interim President and CEO of GMP Capital Inc.
- Harris Fricker will continue as CEO of the Capital Markets business until closing of the Sale Transaction
- Board of Directors approved a quarterly cash dividend of $0.025 per common share

For further information about GMP Capital Inc., our results for second quarter 2019 and the meaning of certain references, this earnings release should be read in conjunction with our unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2019 (Second Quarter 2019 Financial Statements) and our management's discussion and analysis for the three and six months ended June 30, 2019 (Second Quarter 2019 MD&A) and our annual information form, which can be accessed on our website at *gmpcapital.com* and on SEDAR at *sedar.com*. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and have been taken from our Second Quarter 2019 Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS).

FINANCIAL HIGHLIGHTS

Continuing Operations

Second Quarter 2019 vs. Second Quarter 2018

- Revenue of $26.5 million decreased from $37.5 million.
- Net loss of $3.8 million decreased from net income of $1.5 million.
- On an adjusted basis[1], net loss of $0.6 million decreased from net income of $5.0 million.
- Diluted loss per share of $0.07 decreased from diluted earnings per share (EPS) of $0.01.
- On an adjusted basis[1], diluted loss per share of $0.02 decreased from EPS of $0.06.

First Half 2019 vs. First Half 2018

- Revenue of $64.0 million decreased from $84.5 million.
- Non-cash goodwill impairment charge of $28.5 million recorded in first quarter 2019.
- Net loss of $26.7 million decreased from net income of $6.8 million.
- On an adjusted basis[1], net income of $6.2 million decreased from $13.6 million.
- Diluted loss per share of $0.41 decreased from EPS of $0.06.
- On an adjusted basis[1], EPS of $0.05 decreased from $0.15.

Toronto, August 9, 2019 — GMP Capital Inc. (GMP) (TSX: GMP) today reported a net loss from continuing operations of $3.8 million and revenue from continuing operations of $26.5 million in second quarter 2019. On an adjusted basis[1], net loss from continuing operations was $0.6 million in second quarter 2019 compared with net income of $5.0 million in second quarter 2018.

"The results for this quarter were impacted by the 35% industry wide decline in common equity underwriting transactions compared to the prior period, largely in the cannabis, blockchain and mining sectors, an uncertain market environment as well as costs incurred in connection with the sale of the Capital Markets business to Stifel," said Harris Fricker, CEO of the Capital Markets business. "With the overwhelming vote in support of the Sale Transaction earlier this week and the equally positive reception from our clients and employees regarding the prospect and opportunities that we expect to arise under the formidable Stifel platform, we are now busy preparing to seamlessly transition our Capital Market business to Stifel."

GMP reported a net loss of $26.7 million and a diluted loss per share of $0.41 in first half 2019 from continuing operations compared with net income of $6.8 million and EPS of $0.06 in first half 2018. The decline in performance reflects the $28.5 million non-cash goodwill impairment charge recorded in first quarter 2019.

Additionally, first quarter 2019 included an $8.3 million non-cash gain relating to reclassification of a cumulative foreign currency translation adjustment in connection with the sale of discontinued operation. On an adjusted basis[1], first half 2019 net income from continuing operations was $6.2 million and EPS was $0.05.

On a consolidated basis, GMP recorded a net loss of $19.3 million in first half 2019 compared with net income of $4.6 million in first half 2018. The decline in performance was primarily due to the non-cash goodwill impairment charge recorded in first quarter 2019. Additionally, first quarter 2019 included an $8.3 million non-cash gain relating to reclassification of cumulative foreign currency translation adjustments in connection with the sale of discontinued operation. On an adjusted basis[1], GMP recorded net income of $13.7 million in first half 2019 compared with net income of $11.4 million in first half 2018.

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. This data should be read in conjunction with the "Non-GAAP Measures" section at the end of this press release and the "Presentation of Financial Information and Non-GAAP Measures" section in the Second Quarter 2019 MD&A.

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2019

About this Management's Discussion and Analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess the financial condition and results of operations of GMP Capital Inc. (GMP or the Company) as at and for the three and six months ended June 30, 2019.

This MD&A has been prepared with an effective date of August 8, 2019, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes of GMP as at and for the three and six months ended June 30, 2019 (Second Quarter 2019 Financial Statements), GMP's MD&A for fiscal 2018 (2018 Annual MD&A) and GMP's audited consolidated financial statements and related notes as at and for the year ended December 31, 2018 (2018 Annual Financial Statements). These documents as well as additional information relating to GMP, including GMP's annual information form (AIF), can be accessed at *gmpcapital.com* and at *sedar.com*. Certain comparative amounts have been reclassified to conform to the current year's presentation.

In January 2019, GMP completed the sale of its U.S. fixed income business, which was conducted through its wholly owned U.S. subsidiary GMP Securities, LLC, to INTL FCStone Inc. As required under IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operation*, the operating results of the disposed U.S. fixed income business are reported as discontinued operation throughout this MD&A. Certain previously reported figures have been retrospectively restated to exclude the operating results of discontinued operation, as required. For further information relating to Discontinued Operation, please refer to Note 8 to the 2018 Annual Financial Statements and Note 5 to the Second Quarter 2019 Financial Statements.

On June 17, 2019, the Company and certain of its wholly-owned subsidiaries entered int a definitive agreement (the Purchase Agreement or Sale Transaction) to sell substantially all of its capital markets business to Stifel Financial Corp. (Stifel) in an all cash transaction, (as may be subsequently amended, supplemented or otherwise modified). Pursuant to the Purchase Agreement, Stifel has agreed to pay a cash purchase price to be determined at closing of the Sale Transaction based on the tangible book value of the acquired business at such time plus a premium of $45 million, subject to adjustment.

On August 6, 2019, GMP announced that, at a special meeting of the Company's common shareholders held that day, the Company's shareholders voted in favour of the Sale Transaction and the resolution approving a one-time return of capital distribution in the amount of $0.275 per common share.

All references to we, our, us and GMP Group refer to GMP, together with its consolidated operations controlled by it. All references to shareholders refer collectively to holders of common shares of GMP (Common Shares), holders of Cumulative 5-Year Rate Reset Preferred Shares, Series B of GMP (Series B Preferred Shares), and Cumulative Floating Rate Preferred Shares, Series C of GMP (Series C Preferred Shares). References to Preferred Shares refer to the Series B Preferred Shares and Series C Preferred Shares, collectively.

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

Certain numbers contained in this MD&A are subject to rounding.

Forward-Looking Information

This MD&A contains "forward-looking information" as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements made in "Second Quarter and First Half 2019 Financial Highlights", "Segment Results From Continuing Operations", "Liquidity and Capital Resources" and other statements concerning our objectives, our strategies to achieve those objectives as well as statements with respect to management's beliefs, plans, estimates, projections, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events or language suggesting an outlook. Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

The forward-looking statements included in this MD&A, including statements regarding the Sale Transaction, the receipt of necessary shareholder approvals and satisfaction of other closing conditions, completing the Sale Transaction, the nature of GMP's growth strategy going forward and execution on any of the potential plans (including the potential acquisition of 100% of Richardson GMP) are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements. In respect of the forward-looking statements and information concerning the completion of the Sale Transaction and the other conditions to the closing of the Sale Transaction, and the Company's strategy going forward, including in respect of the Richardson GMP business. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A.

Forward-looking information is not a guarantee of future performance and is subject to numerous risks and uncertainties, including those described in this MD&A. GMP's primary business activities are both competitive and subject to various risks. These risks include market, credit, liquidity, operational, legal, cyber and regulatory risks and other risk factors including, without limitation: variation in the market value of securities, volatility and liquidity of equity and debt trading markets, volume of new financings and mergers and acquisitions (M&A), dependence on key personnel, and sustainability of fees. Other factors, such as general economic conditions, including interest rate and exchange rate fluctuations and resource commodity prices, may also have an effect on GMP's results of operations. Many of these risks and uncertainties can affect GMP's actual results and could cause its actual results to differ materially from those expressed or implied in any forward-looking information disclosed by management or on its behalf.

Risks and uncertainties that may cause such differences include but are not limited to: the risk that the Sale Transaction may not be completed on a timely basis, if at all; the conditions to the consummation of the Sale Transaction may not be satisfied; the risk that the Sale Transaction may involve unexpected costs, liabilities or delays; the risk that, prior to the completion of the Sale Transaction, GMP's business may experience significant disruptions, including loss of clients or employees, due to transaction-related uncertainty or other factors; the possibility that legal proceedings may be instituted against GMP and/or others relating to the Sale Transaction and the outcome of such proceedings; the possible occurrence of an event, change or other circumstance that could result in termination of the Sale Transaction; risks related to the diversion of management's attention from GMP's ongoing business operations; risks relating to the failure to obtain necessary regulatory approvals; risks related to the Company's strategy going forward, risks related to the failure to satisfy the conditions to complete the Sale Transaction; other risks inherent in the financial industry. Failure to obtain the requisite approvals, or the failure of the parties to otherwise satisfy the conditions to or complete the Sale Transaction, may result in the Sale Transaction not being completed on the proposed terms, or at all. In addition, if the Sale Transaction is not completed, and GMP continues in its current form, the announcement of the Sale Transaction and the dedication of substantial resources of GMP to the completion of the Sale Transaction could have a material adverse impact on GMP's share price, its current business relationships (including with future and prospective employees, clients and partners) and on the current and future operations, financial condition and prospects of GMP and Richardson GMP. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect GMP's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (*www.sedar.com*). For a description of additional risks that could cause our actual results to differ materially from our current expectations, see "Risk Management" and "Risk Factors" in this MD&A and "Risk Factors" in GMP's AIF. These risks and uncertainties are not the only ones facing the GMP Group. Additional risks and uncertainties not currently known to us or that we currently consider immaterial, may also impair the operations of the GMP Group. Although forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws and, as such, the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing GMP's views as of any date subsequent to the date of this MD&A.

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

About GMP

GMP is a leading independent diversified financial services firm headquartered in Toronto, Canada, providing a wide range of financial products and services to a global client base that includes corporate clients, institutional investors and high-net-worth individuals.

Sale of substantially all of GMP's capital markets business
On June 17, 2019, the Company and certain of its wholly-owned subsidiaries entered into the Purchase Agreement with certain the Purchasers, pursuant to which the Purchasers have agreed, subject to the terms and conditions of the Purchase Agreement, to acquire substantially all of GMP's capital markets business. Pursuant to the Purchase Agreement, the Purchasers have agreed to pay a cash purchase price to be determined at closing of the Sale Transaction

based on the tangible book value of the acquired business at such time plus a premium of $45 million, subject to adjustment.

On August 6, 2019, GMP announced that, at a special meeting of the Company's common shareholders held that day, the Company's shareholders voted in favour of the Sale Transaction and the resolution approving a one-time return of capital distribution in the amount of $0.275 per common share.

Discontinued Operation
In January 2019, GMP completed the sale of its U.S. fixed income business, which was conducted through its wholly owned U.S. subsidiary GMP Securities, LLC to a third party. As required under IFRS 5 — *Non-Current Assets Held for Sale and Discontinued Operations* (IFRS 5), the operating results of the disposed U.S. fixed income business are reported as discontinued operation throughout this MD&A. Certain previously reported figures have been retrospectively restated to show the discontinued operation separately from continuing operations. GMP Securities, LLC no longer forms part of the Capital Markets business segment. For further information relating to Discontinued Operation, please refer to Note 8 to the 2018 Annual Financial Statements and Note 5 to the Second Quarter 2019 Financial Statements.

GMP currently operates through the following two business segments and a Corporate segment:

CAPITAL MARKETS

Capital Markets' integrated capabilities consist of investment banking, institutional research and sales and trading serving corporate and institutional clients through offices in Canada, the United Kingdom and The Bahamas.

WEALTH MANAGEMENT

Wealth Management consists of GMP's non-controlling ownership interest in Richardson GMP, one of Canada's leading wealth management firms.

For further descriptions of our business segments and our Corporate segment, refer to "Segment Results From Continuing Operations" in the 2018 Annual MD&A.

GMP's Common Shares, Series B Preferred Shares, and Series C Preferred Shares are listed on the Toronto Stock Exchange (TSX) under the symbols GMP, GMP.PR.B, and GMP.PR.C, respectively.

Presentation of Financial Information and Non-GAAP Measures

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified herein, financial results, including related historical comparatives, contained in this MD&A, are based on our Second Quarter 2019 Financial Statements, which have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The Canadian dollar is our functional and reporting currency for purposes of preparing the Corporation's consolidated financial statements and accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

NON-GAAP MEASURES

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

Annualized Return on Common Equity
We evaluate the performance of our consolidated operations using annualized return on common equity (ROE) which we calculate based on net income attributable to common shareholders divided by total average common shareholder equity for the period, which are measures derived from information contained in our Second Quarter 2019 Financial Statements.

Adjusted Measures
Management believes adjusting certain results and measures by excluding the impact of specified items may be more reflective of ongoing operating results and provides readers with an enhanced understanding of how management views GMP's core performance. Management assesses performance on both a reported and an adjusted basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of the specified items on the results for the periods presented. Our adjusted measures exclude the following specified items:

Transaction Costs: In second quarter 2019, GMP recorded expenses of $2.8 million ($2.1 million after-tax) in connection with the Sale Transaction. Such costs were primarily related to legal and advisor fees.

Goodwill Impairment: In first quarter 2019, GMP recorded a non-cash goodwill impairment charge of $28.5 million to the Capital Markets cash generating unit. For further information, refer to "First Quarter 2019 Financial Highlights" in this MD&A.

Transaction Shares: In second quarter 2019 and 2018, GMP recorded $1.0 million and $3.3 million, respectively, in share-based compensation expense (Transaction Shares) related to its 2016 purchase of FirstEnergy Capital Holdings Corp. (GMP FirstEnergy). Management regards the Transaction Shares as part of the purchase price consideration; notwithstanding the accounting treatment that views the related expense as share-based compensation.

Amortization of intangible asset: In connection with the acquisition of GMP FirstEnergy, GMP recognized a non-competition intangible asset to be amortized over a five-year period. This asset relates to non-competition agreements with key GMP FirstEnergy professionals. Management views the amortization expense as relating to the purchase transaction and not reflective of ongoing operating results. Such expense was $0.2 million pre-tax, in second quarter 2019 and 2018.

The following table provides a reconciliation of GMP's reported results to its adjusted measures including the composition of the adjusted measures for the periods presented.

	Three months ended June 30,		Six months ended June 30,	
($000, except as otherwise noted)	**2019**	2018	**2019**	2018
Reported Results				
(Loss) income before income taxes from continuing operations	**(5,094)**	2,744	**(26,445)**	11,030
Net (loss) income from continuing operations	**(3,809)**	1,450	**(26,744)**	6,824
Net (loss) income	**(3,809)**	518	**(19,289)**	4,608
Net (loss) income attributable to common shareholders from continuing operations	**(4,908)**	383	**(28,941)**	4,713
Net (loss) income attributable to common shareholders	**(4,908)**	(549)	**(21,486)**	2,497
Reported Measures				
Net (loss) income per Common Share from continuing operations (dollars):				
Basic	**(0.07)**	0.01	**(0.41)**	0.07
Diluted	**(0.07)**	0.01	**(0.41)**	0.06
Net (loss) income per Common Share (dollars):				
Basic	**(0.07)**	(0.01)	**(0.31)**	0.04
Diluted	**(0.07)**	(0.01)	**(0.31)**	0.03
ROE[1] from continuing operations	**(13.2)%**	0.9%	**(37.0)%**	5.7%
Pre-Tax Impact of Adjusting Items:				
Sale Transaction costs	**2,828**	–	**2,828**	–
Goodwill impairment charge	**–**	–	**28,541**	–
Transaction Shares	**1,021**	3,344	**2,010**	6,444
Amortization of intangible asset	**217**	217	**434**	434
Impact of adjusting items on (loss) income before taxes	**4,066**	3,561	**33,813**	6,878
After-Tax Impact of Adjusting Items:				
Sale Transaction costs	**2,079**	–	**2,079**	–
Goodwill impairment charge	**–**	–	**28,541**	–
Transaction Shares	**1,021**	3,344	**2,010**	6,444
Amortization of intangible asset	**159**	159	**318**	318
Impact of adjusting items on net (loss) income	**3,259**	3,503	**32,948**	6,762
Adjusted Results[1]				
(Loss) income before income taxes from continuing operations	**(1,028)**	6,305	**7,368**	17,908
Net (loss) income from continuing operations	**(550)**	4,953	**6,204**	13,586
Net (loss) income	**(550)**	4,021	**13,659**	11,370
Net (loss) income attributable to common shareholders from continuing operations	**(1,649)**	3,886	**4,007**	11,475
Net (loss) income attributable to common shareholders	**(1,649)**	2,954	**11,462**	9,259
Adjusted Measures[1]				
Net (loss) income per Common Share from continuing operations (dollars):				
Basic	**(0.02)**	0.06	**0.06**	0.17
Diluted	**(0.02)**	0.06	**0.05**	0.15
Net (loss) income per Common Share (dollars):				
Basic	**(0.02)**	0.04	**0.16**	0.14
Diluted	**(0.02)**	0.04	**0.15**	0.12
ROE from continuing operations	**(3.7)%**	9.2%	**4.5%**	12.5%

1. Considered to be non-GAAP financial measures. These measures do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Second Quarter and First Half 2019 Financial Highlights

SELECTED FINANCIAL INFORMATION

	Three months ended June 30,			Six months ended June 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**26,526**	37,497	(29)	**64,007**	84,525	(24)
Investment banking	**17,395**	22,313	(22)	**28,337**	51,931	(45)
Commissions	**3,954**	8,854	(55)	**9,297**	16,193	(43)
Principal transactions	**(2,429)**	(300)	(710)	**10,180**	2,348	334
Interest	**4,314**	2,479	74	**8,354**	5,761	45
Other	**3,292**	4,151	(21)	**7,839**	8,292	(5)
Expenses	**31,757**	35,886	(12)	**91,534**	75,427	21
Employee compensation and benefits	**15,111**	23,131	(35)	**34,167**	51,197	(33)
Non-compensation expenses	**16,646**	12,755	31	**28,826**	24,230	19
Goodwill impairment charge	**–**	–	–	**28,541**	–	n.m.
Share of net income of associate	**137**	1,133	(88)	**1,082**	1,932	(44)
(Loss) income before income taxes	**(5,094)**	2,744	(286)	**(26,445)**	11,030	(340)
Net (loss) income from continuing operations	**(3,809)**	1,450	(363)	**(26,744)**	6,824	(492)
Net (loss) income from discontinued operation	**–**	(932)	100	**7,455**	(2,216)	436
Net (loss) income	**(3,809)**	518	(835)	**(19,289)**	4,608	(519)
Net (loss) income per Common Share (dollars) from continuing operations:						
Basic	**(0.07)**	0.01	(800)	**(0.41)**	0.07	(686)
Diluted	**(0.07)**	0.01	(800)	**(0.41)**	0.06	(783)
Net (loss) income per Common Share (dollars):						
Basic	**(0.07)**	(0.01)	(600)	**(0.31)**	0.04	(875)
Diluted	**(0.07)**	(0.01)	(600)	**(0.31)**	0.03	n.m.
Regular cash dividend declared per Common Shares (dollars):	**0.025**	–	n.m.	**0.05**	0.15	(67)
ROE[1] from continuing operations	**(13.2)%**	0.9%	n.m.	**(37.0)%**	5.7%	(749)
Adjusted results[1]						
(Loss) income before income taxes from continuing operations	**(1,028)**	6,305	(116)	**7,368**	17,908	(59)
Net (loss) income from continuing operations	**(550)**	4,953	(111)	**6,204**	13,586	(54)
Net (loss) income	**(550)**	4,021	(114)	**13,659**	11,370	20
Net (loss) income per Common Share (dollars) from continuing operations:						
Basic	**(0.02)**	0.06	(133)	**0.06**	0.17	(65)
Diluted	**(0.02)**	0.06	(133)	**0.05**	0.15	(67)
ROE from continuing operations	**(3.7)%**	9.2%	(140)	**4.5%**	12.5%	(64)

n.m. = not meaningful

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

GOODWILL IMPAIRMENT

Goodwill is tested for impairment annually on October 31 and more frequently if events or circumstances indicate that it may be impaired. When determining whether an impairment test is required at a given balance sheet date, GMP considers factors such as revenue performance compared with forecast and the relationship between the Company's market capitalization and its book value. As at March 31, 2019, following a review of these and other factors, including the Company's potential sale of substantially all of its capital markets business (refer to Note 16), management performed an impairment test for the Capital Markets operating segment, which is the only group of Cash Generating Units to which goodwill has been allocated.

An impairment is required if the recoverable amount of the Capital Markets operating segment, determined as the greater of the estimated fair value less cost to sell (FVLCS) or its value-in-use (VIU), is less than the carrying value. For purposes of the March 31, 2019 impairment test, the estimated recoverable amount of the Capital Markets operating segment was based on the FVLCS. The FVLCS was determined from internally developed valuation models which consider various factors and assumptions, including the estimated net consideration in connection with the potential sale of substantially all of the Company's capital markets business. While the use of different assumptions and estimates could influence the amount of the goodwill impairment charge, management believes that the assumptions and estimates used are reasonable. This FVLCS estimate is categorized as level 3 in the fair value hierarchy. The impairment test resulted in a goodwill impairment charge of $28.5 million to the Capital Markets operating segment, which reduced total goodwill and intangible assets to $22.6 million as at March 31, 2019 (December 31, 2018 — $51.4 million). As at June 30, 2019, the Capital Markets operating segment estimated recoverable amount exceeds the carrying value. However, any adverse change to key assumptions could result in a further impairment loss. The recoverable amount calculation for the Capital Markets operating segment is most sensitive to adjustments to the negotiated terms of the potential sale of substantially all of its capital markets business.

FINANCIAL PERFORMANCE

Second quarter 2019 vs Second quarter 2018

GMP recorded a net loss of $3.8 million in second quarter 2019 compared with net income of $0.5 million in second quarter 2018. The decline in performance was primarily due to lower revenue generation and costs incurred in second quarter 2019 in connection with the Sale Transaction. On an adjusted basis[1], GMP recorded a net loss of $0.6 million in second quarter 2019 compared with net income of $4.0 million in second quarter 2018.

Continuing Operations

GMP reported a net loss of $3.8 million in second quarter 2019 from continuing operations compared with net income of $1.5 million in second quarter 2018. The decline in performance reflects lower revenue generation and costs incurred in second quarter 2019 in connection with the Sale Transaction. On an adjusted basis, second quarter 2019 net income from continuing operations was $0.6 million compared with net income of $5.0 million in second quarter 2018.

Total revenues from continuing operations decreased 29% in second quarter 2019 compared with second quarter 2018 primarily due to lower investment banking revenue and lower commission revenue. Partly offsetting these decreases was higher interest revenue.

Investment banking revenue decreased 22% compared with the same period a year ago largely due to lower underwriting revenue, largely in the mining and cannabis sectors. Underwriting revenue decreased 28% compared with the same period a year ago. The dollar value of industry-wide common equity underwriting transactions was down 35% over the same period last year. M&A revenue was largely unchanged compared with second quarter 2018. Commission revenue decreased 55% compared with second quarter 2018 largely on lower client trading volumes.

Principal transactions generated net losses of $2.4 million in second quarter 2019 compared with net losses of $0.3 million in second quarter 2018. The lower returns from principal transactions was largely due to unrealized losses on securities acquired in connection with investment banking mandates, partly offset by lower losses in connection with client trade facilitation. Interest revenue increased by 74% in second quarter 2019 compared with second quarter 2018 in connection with increased stock borrowing and lending activity.

Total expenses decreased 12% in second quarter 2019 compared with the same period last year largely due to lower employee compensation and benefits expense, which decreased 35% compared with second quarter 2018. This decrease was led largely by lower variable compensation which was commensurate with lower revenue generation this quarter and lower share-based compensation. The Transaction Shares added $1.0 million and $3.3 million, respectively, to share-based compensation in second quarter 2019 and second quarter 2018.

Non-compensation expenses increased 31% compared with second quarter 2018 largely due to costs incurred in second quarter 2019 in connection with the Sale Transaction and higher interest expense in connection with increased stock borrowing and lending activity.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's second quarter 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

Discontinued Operation

Net income from discontinued operation was nil in second quarter 2019 compared with a net loss of $0.9 million in second quarter 2018. For further information relating to Discontinued Operation, please refer to Note 5 to the Second Quarter 2019 Financial Statements.

First half 2019 vs. First half 2018

GMP recorded a net loss of $19.3 million in first half 2019 compared with net income of $4.6 million in first half 2018. The decline in performance was primarily due to a $28.5 million non-cash impairment charge to the carrying value of goodwill in our Capital Markets segment recorded in first quarter 2019. Additionally, first quarter 2019 included an $8.3 million non-cash gain relating to reclassification of cumulative foreign currency translation adjustments in connection with the sale of discontinued operation. On an adjusted basis[1], GMP recorded net income of $13.7 million in first half 2019 compared with net income of $11.4 million in first half 2018.

Continuing Operations

GMP reported a net loss of $26.7 million in first half 2019 from continuing operations compared with net income of $6.8 million in first half 2018. The decline in performance reflects the $28.5 million non-cash goodwill impairment charge recorded in first quarter 2019. On an adjusted basis[1], first half 2019 net income from continuing operations was $6.2 million compared with net income of $13.6 million in first half 2018.

Total revenues from continuing operations decreased 24% in first half 2019 compared with first half 2018 primarily due to lower investment banking revenue and lower commission revenue. Partly offsetting these decreases were higher returns on principal inventories and higher interest revenue.

Investment banking revenue decreased 45% compared with the same period a year ago. Underwriting revenue in first half 2019 decreased 59% compared with the same period last year. First half 2018 benefited from stronger revenue generation in the cannabis and blockchain sectors. Partly offsetting this decrease was higher M&A revenue, which rose 4% in first half 2019 compared with first half 2018. Commission revenue decreased 43% compared with first half 2018 largely on lower client trading volumes.

Principal transactions generated net gains of $10.2 million in first half 2019 compared with net gains of $2.3 million in first half 2018. This increase was largely due to higher gains on principal inventories and lower losses in connection with client trade facilitation. Interest revenue increased by 45% in first half 2019 compared with first half 2018 in connection with increased stock borrowing and lending activity.

Total expenses increased 21% in first half 2019 compared with the same period last year largely due to the $28.5 million non-cash goodwill impairment charge recorded in first quarter 2019, higher non-compensation expenses reflecting cost incurred in second quarter 2019 in connection with the Sale Transaction, and higher interest expense in connection with increased stock borrowing and lending activity.

Employee compensation and benefits expense decreased 33% compared with the same period last year. This decrease was led largely by lower variable compensation which was commensurate with lower revenue generation this quarter and lower share-based compensation. The Transaction Shares added $2.0 million and $6.4 million, respectively, to share-based compensation in first half 2019 and first half 2018.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's first half 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

Discontinued Operation

Net income from discontinued operation was $7.5 million in first half 2019 compared with a net loss of $2.2 million in first half 2018. The improvement reflects an $8.3 million non-cash gain in connection with the sale of discontinued operation in the first quarter of 2019. For further information relating to Discontinued Operation, please refer to Note 5 to the Second Quarter 2019 Financial Statements.

Segment Results from Continuing Operations

The following section highlights the financial results of our two business segments and the Corporate segment, on a continuing basis, for second quarter and first half 2019 compared with second quarter and first half 2018. These segments are based upon the products and services provided and the types of customers served and reflect the manner in which financial information is evaluated by management.

CAPITAL MARKETS

The following table shows the financial results of the Capital Markets segment for the periods presented.

	Three months ended June 30,			Six months ended June 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**23,108**	33,765	(32)	**57,256**	77,005	(26)
Investment banking	**17,395**	22,313	(22)	**28,337**	51,931	(45)
Commissions	**3,954**	8,854	(55)	**9,297**	16,193	(43)
Principal transactions	**(2,508)**	(357)	(603)	**10,009**	2,215	352
Interest	**4,273**	2,420	77	**8,274**	5,639	47
Other	**(6)**	535	(101)	**1,339**	1,027	30
Expenses	**22,323**	27,389	(18)	**76,263**	58,907	29
Employee compensation and benefits	**12,843**	18,448	(30)	**29,664**	42,112	(30)
Selling, general and administrative	**5,871**	6,941	(15)	**10,987**	12,955	(15)
Interest	**2,693**	1,504	79	**5,246**	2,888	82
Depreciation and amortization	**916**	496	85	**1,825**	952	92
Goodwill impairment charge	**–**	–	–	**28,541**	–	n.m.
Income (loss) before income taxes – reported	**785**	6,376	(88)	**(19,007)**	18,098	(205)
Pre-tax impact of adjusting items						
Amortization of intangible asset	**217**	217	–	**217**	217	–
Goodwill impairment charge	**–**	–	–	**28,541**	–	n.m.
Income (loss) before income taxes – adjusted[1]	**1,002**	6,593	(85)	**9,751**	18,315	(47)

n.m. = not meaningful

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

FINANCIAL PERFORMANCE

Second quarter 2019 vs Second quarter 2018

Capital Markets reported net income before income taxes of $0.8 million in second quarter 2019 compared with net income before income taxes of $6.4 million in second quarter 2018.

On an adjusted basis[1], Capital Markets generated net income before income taxes of $1.0 million in second quarter 2019 compared with net income before income taxes of $6.6 million in second quarter 2018.

Revenue

The following tables provide breakdowns of Capital Markets' revenue for the periods presented.

Investment banking revenue breakdown:

	Three months ended June 30,			Six months ended June 30,		
($000)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Underwriting	**12,772**	17,645	(28)	**16,734**	40,823	(59)
Advisory	**4,623**	4,668	(1)	**11,603**	11,108	4
Total investment banking revenue	**17,395**	22,313	(22)	**28,337**	51,931	(45)

Investment banking revenue by sector:

	Three months ended June 30,			Six months ended June 30,		
($000)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Cannabis/Healthcare	**7,876**	10,107	(22)	**14,880**	22,168	(33)
Energy	**4,963**	3,039	63	**5,811**	7,634	(24)
Technology/Blockchain	**1,494**	519	188	**1,826**	6,525	(72)
Mining	**712**	5,285	(87)	**1,157**	8,580	(87)
Special Situations	**2,350**	3,363	(30)	**4,663**	7,024	(34)
Total investment banking revenue	**17,395**	22,313	(22)	**28,337**	51,931	(45)

Capital Markets' revenues decreased 32% in second quarter 2019 compared with second quarter 2018 primarily driven by lower investment banking revenue, lower commission revenue and lower returns on principal inventories. Partly offsetting these decreases was higher interest revenue.

Investment banking revenue was $17.4 million in second quarter 2019, down 22% compared with second quarter 2018. Underwriting revenue decreased 28% compared with the same period a year ago. Second quarter 2018 benefited from stronger revenue generation in the mining and cannabis sectors. This decrease was partly offset by improved underwriting activity in the energy sector. The dollar value of industry-wide common equity underwriting transactions was down 35% over the same period last year. M&A revenue was largely unchanged this quarter compared with second quarter 2018. Commission revenue decreased 55% compared with the same period last year on weaker client trading activity.

Principal transactions generated net losses of $2.5 million in second quarter 2019 compared with net losses of $0.4 million in second quarter 2018. This decrease was primarily driven by lower returns on principal inventories acquired in connection with investment banking mandates, partly offset by lower losses in connection with client trade facilitation. Interest revenue increased by 77% in second quarter 2019 compared with second quarter 2018 in connection with increased stock borrowing and lending activity.

Expenses

The following table provides a breakdown of Capital Markets' employee compensation and benefits expenses for the periods presented:

	Three months ended June 30,			Six months ended June 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Fixed salaries and benefits	**4,459**	5,531	(19)	**9,071**	11,411	(21)
Variable incentive-based compensation	**7,788**	12,637	(38)	**19,464**	29,891	(35)
Share-based compensation	**596**	280	113	**1,129**	810	39
Total employee compensation and benefits	**12,843**	18,448	(30)	**29,664**	42,112	(30)
Ratio of total compensation and benefits to revenue	**55.6%**	54.6%		**51.8%**	54.7%	

Total expenses decreased 18% in second quarter 2019 compared with second quarter 2018 led largely by lower employee compensation and benefits expense and lower selling, general and administrative expense. Partly offsetting these decreases was higher interest expense.

Employee compensation and benefits expenses decreased 30% compared with second quarter 2018 led largely by lower variable compensation expense, which decreased 38% in second quarter 2019 compared with the same period a year ago. This decrease is commensurate with the 32% decline in revenue over the comparable period. Decreased fixed salaries and benefits reflects lower headcount.

Interest expense increased 79% in second quarter 2019 compared with second quarter 2018 in connection with increased stock borrowing and lending activity this quarter.

Selling, general and administrative expenses decreased 15% in second quarter 2019 compared with second quarter 2018 largely due to lower deal-related costs commensurate with the decreases in investment banking and client trading activity.

First half 2019 vs. First half 2018

Capital Markets reported a net loss before income taxes of $19.0 million in first half 2019 compared with net income before income taxes of $18.1 million in first half 2018. The decline in performance reflects the $28.5 million non-cash goodwill impairment charge recorded in first quarter 2019. On an adjusted basis[1], Capital Markets generated net income before income taxes of $9.8 million in first half 2019 compared with net income before income taxes of $18.3 million in first half 2018.

Capital Markets' revenue decreased 26% in first half 2019 compared with first half 2018 primarily driven by lower investment banking revenue and lower commission revenue. Partly offsetting these decreases were higher returns on principal inventories and higher interest revenue.

Investment banking revenue was $28.3 million in first half 2019, down 45% compared with first half 2018. Underwriting revenue decreased 59% compared with the same period a year ago largely due to weaker revenue generation in the cannabis, blockchain and mining sectors. Partly offsetting this decrease was higher M&A revenue, which increased 4% compared with first half 2018 largely due to higher revenue generation in the cannabis sector. Commission revenue decreased 43% compared with the same period last year on weaker client trading activity.

Principal transactions generated net gains of $10.0 million in first half 2019 compared with net gains of $2.2 million in first half 2018. This increase was primarily driven by higher returns on principal inventories acquired in connection with investment banking mandates and lower losses in connection with client trade facilitation. Interest revenue increased by 47% in first half 2019 compared with first half 2018 in connection with increased stock borrowing and lending activity.

Total expenses increased 29% in first half 2019 compared with first half 2018 led largely by the non-cash goodwill impairment charge recorded in first quarter 2019 and higher interest expense. Partly offsetting these increases were lower employee compensation and benefits expense and lower selling, general and administrative expense.

Employee compensation and benefits expenses decreased 30% compared with first half 2018 led largely by lower variable compensation expense, which decreased 35% in first half 2019 compared with first half 2018. This decrease compares favourably with the 26% decline in revenue over the comparable period. Decreased fixed salaries and benefits reflects lower headcount.

Selling, general and administrative expenses decreased 15% in first half 2019 compared with first half 2018 largely due to lower deal-related costs commensurate with the decreases in investment banking and client trading activity.

WEALTH MANAGEMENT

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

	Three months ended June 30,			Six months ended June 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**598**	596	–	**1,199**	1,188	1
Expenses	**16**	11	45	**22**	36	(39)
Share of net income of associate[2]	**137**	1,133	(88)	**1,082**	1,932	(44)
Income before income taxes	**719**	1,718	(58)	**2,259**	3,084	(27)

2. GMP's non-controlling ownership interest in Richardson GMP as at June 30, 2019, was approximately 33% (December 31, 2018 – 33%). Richardson GMP is considered an associate of GMP under IFRS and, accordingly, GMP's share of Richardson GMP's results are accounted for using the equity method.

FINANCIAL PERFORMANCE

Second quarter and First half 2019 vs Second quarter and First half 2018

Wealth Management reported income before income taxes of $0.7 million in second quarter 2019 compared with income before income taxes of $1.7 million in second quarter 2018. First half 2019 income before income taxes of $2.3 million compared with income before income taxes of $3.1 million in first half 2018. Results in second quarter 2019 and first half 2019 included $0.6 million and $1.2 million, respectively, in dividends received on our preferred share investments in Richardson GMP, compared with $0.6 million in second quarter 2018 and $1.1 million in first half 2018.

Share of net income of associate reflects our share of Richardson GMP's net income attributable to common shareholders. For more information on Richardson GMP's second quarter and first half 2019 financial performance, refer to the "Supplemental Information" section within this MD&A.

CORPORATE

The Corporate segment primarily comprises enterprise-wide items and revenue received in relation to carrying broker and other administrative support services provided by GMP Securities L.P. (GMP Securities) to Richardson GMP. Additionally, related employee compensation and benefits, clearing and execution costs and other expenses associated with providing such services to Richardson GMP are included in this segment.

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

	Three months ended June 30,			Six months ended June 30,		
($000, except as otherwise noted)	**2019**	2018	**% increase/ (decrease)**	**2019**	2018	**% increase/ (decrease)**
Revenue	**2,820**	3,136	(10)	**5,552**	6,332	(12)
Expenses	**9,418**	8,486	11	**15,249**	16,484	(7)
Employee compensation and benefits	**2,268**	4,683	(52)	**4,503**	9,085	(50)
Non-compensation expenses	**7,150**	3,803	88	**10,746**	7,399	45
Loss before income taxes – reported	**(6,598)**	(5,350)	(23)	**(9,697)**	(10,152)	4
Pre-tax impact of adjusting items						
Transaction Shares	**1,021**	3,344	(69)	**2,010**	6,444	(69)
Sale Transaction Costs	**2,828**	–	n.m.	**2,828**	–	n.m.
Loss before income taxes – adjusted[1]	**(2,749)**	(2,006)	(37)	**(4,859)**	(3,708)	(31)

n.m. = not meaningful

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

FINANCIAL PERFORMANCE

Second quarter and First half 2019 vs Second quarter and First half 2018

Total revenues from continuing operations include fees in connection with carrying broker and other administrative services provided to Richardson GMP. Expenses from continuing operations primarily relate to costs incurred in connection with carrying broker and other administrative support services provided to Richardson GMP as well costs associated with GMP's corporate functions. Second quarter 2019 included $2.8 million in costs in connection with the Sale Transaction. Second quarter 2019 and first half 2019 expenses also include the Transaction Shares, which added $1.0 million and $2.0 million, respectively, to employee compensation and benefits compared with $3.3 million and $6.4 million in second quarter 2018 and first half 2018, respectively.

Quarterly Results

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

($000, except as otherwise noted)	**2019**		2018				2017	
	Q2	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**26,526**	**37,481**	38,327	54,953	37,497	47,027	52,766	28,137
Investment banking	**17,395**	**10,942**	35,473	35,156	22,313	29,618	32,646	13,392
Commissions	**3,954**	**5,343**	5,729	4,919	8,854	7,339	8,841	6,197
Principal transactions	**(2,429)**	**12,609**	(11,024)	8,175	(300)	2,648	4,732	(2,310)
Interest	**4,314**	**4,040**	3,703	2,804	2,479	3,282	2,273	2,479
Other	**3,292**	**4,547**	4,446	3,899	4,151	4,140	4,274	8,379
Expenses	**31,757**	**59,777**	37,032	47,384	35,886	39,540	41,494	29,885
Impairment charge	**–**	**28,541**	–	–	–	–	–	–
Share of income of associate	**137**	**945**	540	476	1,134	799	916	118
(Loss) income before income taxes from continuing operations	**(5,094)**	**(21,351)**	1,835	8,045	2,744	8,286	12,188	(1,630)
Net (loss) income from continuing operations	**(3,809)**	**(22,935)**	3,727	4,622	1,450	5,374	7,988	(1,250)
Net income (loss) from discontinued operation	**–**	**7,455**	(8,679)	(1,733)	(932)	(1,284)	(1,565)	(1,539)
Net (loss) income	**(3,809)**	**(15,480)**	(4,952)	2,889	518	4,090	6,423	(2,789)
Net (loss) income per Common Share (dollars) from continuing operations:								
Basic	**(0.07)**	**(0.34)**	0.04	0.05	0.01	0.06	0.10	(0.03)
Diluted	**(0.07)**	**(0.34)**	0.03	0.05	–	0.06	0.09	(0.03)
Net (loss) income per Common Share (dollars):								
Basic	**(0.07)**	**(0.24)**	(0.09)	0.03	(0.01)	0.04	0.08	(0.06)
Diluted	**(0.07)**	**(0.24)**	(0.09)	0.02	(0.01)	0.04	0.07	(0.06)

QUARTERLY TREND AND ANALYSIS

GMP's revenues and expenses are generated primarily by our Capital Markets segment and can be impacted significantly by global economic conditions, investor appetite for equity products, and levels of M&A activity in the sectors that we participate in.

Specified items affecting our reported results from continuing operations

- Second quarter 2019 expenses include $2.8 million in Sale Transaction costs.
- First quarter 2019 expenses include a $28.5 million non-cash goodwill impairment charge in our Capital Markets business segment.
- Third quarter 2018 expenses include a $5.5 million cost rationalization charge in our Capital Markets business segment.
- Transaction Shares added approximately $1.0 million in costs in the first quarter and second quarters of 2019. Prior to that, Transaction Shares amounts added between $3.1 million to $4.3 million in quarterly expenses.

A pullback in client activity resulting from a challenging underwriting environment. The dollar value of industry-wide common equity underwriting transactions in Canada was down 35% in second quarter 2019 compared with second quarter 2018. Lower returns from principal inventories also contributed to weaker revenues in second quarter 2019. The Canadian capital markets experienced a surge in listings for cannabis and blockchain companies in 2018, and, given GMP's leadership in these two sectors, our investment banking revenue in 2018 benefited from this increased business activity. Third quarter 2018 also benefited from notable advisory deals in energy and mining. Prior to that, persistent challenging market conditions in the small- to mid-cap resources sectors in Canada, GMP's traditional area of strength, contributed to subdued investment banking and client trading activity levels. Commission revenues continue to face downward pressure which is consistent with the declining trend in client trading activity over the last several years reflecting structural changes in the industry, namely technological disintermediation, and electronic trading. Second quarter 2019 commissions are the lowest quarterly results in the firm's history. Principal transactions add volatility to our results as they include gains and losses on principal investments held, facilitation of client-related transactions and gains/losses recorded in connection with proprietary trading. First quarter 2019 and third quarter 2018 benefited from gains on principal inventories acquired in connection with investment banking mandates. Third quarter 2017 revenues include $5.6 million in dividends received in connection with our preferred share investments in Richardson GMP, recorded in other revenue.

Share of net income (loss) of associate reflects our share of Richardson GMP's net income (loss) attributable to common shareholders.

Financial Condition

The table below sets forth select consolidated balance sheet items as at the dates presented and is followed by a discussion of the change in these balances from December 31, 2018 to June 30, 2019.

($000)	**June 30, 2019**	December 31, 2018	**$ increase/ (decrease)**	**% increase/ (decrease)**
TOTAL ASSETS	**1,667,211**	1,723,420	(56,209)	(3)
Selected asset balances:				
Cash and cash equivalents	**491,029**	515,955	(24,926)	(5)
Assets held for sale	**–**	18,042	(18,042)	(100)
Securities owned	**95,174**	110,392	(15,218)	(14)
Receivable from:				
Clients	**360,352**	421,902	(61,550)	(15)
Brokers	**189,582**	70,494	119,088	169
Other assets	**406,703**	446,097	(39,394)	(9)
Goodwill and intangible assets	**22,430**	51,416	(28,986)	(56)
TOTAL LIABILITIES	**1,409,419**	1,433,390	(23,971)	(2)
Selected liability balances:				
Payable to:				
Clients	**1,104,989**	1,216,385	(111,396)	(9)
Brokers	**199,024**	113,565	85,459	75
Issuers	**7,690**	7,736	(46)	(1)

Total assets decreased $56.2 million or 3% during first half 2019. The decrease primarily relates to lower client receivables compared with December 31, 2018, lower other assets related to a decrease in funds deposited in trust and lower cash and cash equivalent balances. Securities owned decreased $15.2 million in first half 2019 largely reflecting lower principal inventory, which was partly offset by an increase in securities acquired in connection with client trade facilitation. First half 2019 included a $28.5 million non-cash goodwill impairment charge recorded in our Capital Markets business segment. The assets of discontinued operation were re-classified as assets held-for-sale as at December 31, 2018, and were recorded at the lesser of their carrying value amount and their FVLCS. Partly offsetting these decreases was higher broker receivables. As at June 30, 2019, receivable from clients included loans receivable from clients of $236.9 million (December 31, 2018 — $335.6 million) and open security transactions of $123.4 million (December 31, 2018 — $86.3 million). The level of open security transactions pending settlement with clients may fluctuate significantly on a day-to-day basis based on client trading activity and the balance represents the level of unsettled transactions outstanding. Outstanding balances associated with trading assets may fluctuate significantly on a day-to-day basis based on client-driven and proprietary activities.

Total liabilities decreased $24.0 million or 2% during first half 2019 compared with first half 2018. Amounts payable to clients decreased 9% compared with December 31, 2018. As at June 30, 2019, amounts payable to clients included client deposits of $1.0 billion (December 31, 2018 — $1.1 billion) and open security transactions of $0.1 billion (December 31, 2018 — $0.1 billion). The level of open security transactions pending settlement with brokers and clients may fluctuate significantly on a day-to-day basis based on trading activity and the balance represents the level of unsettled transactions outstanding.

Liquidity and Capital Resources

GMP requires capital and liquidity to fund existing and future operations, future cash payments to shareholders and to satisfy regulatory requirements. GMP's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources, at reasonable cost. This serves to maintain balance sheet strength under normal market conditions and through periods of financial stress. Capital and balance sheet strength are always key priorities for GMP.

GMP currently derives liquidity from its working capital and its credit facilities. As at June 30, 2019, GMP has credit facilities with Canadian Schedule I banks and banks in the U.S. of approximately $724 million (December 31, 2018 — $754 million) that are used to facilitate the day-to-day securities settlement process primarily for client transactions. These facilities are collateralized by either unpaid client securities and/or securities owned and do not represent a source of cash to GMP for payment of dividends or funding of business initiatives. There were no amounts outstanding under these facilities as at June 30, 2019, and December 31, 2018.

GMP holds its cash and cash equivalent balances with a number of financial institutions with high credit ratings. All cash and cash equivalent balances are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. GMP considers Canadian federal government debt (such as treasury bills) with original maturities from three to six months as highly liquid investments. Although these securities are not classified as cash equivalents on the consolidated balance sheets, they form an important part of GMP's overall cash management practices to address liquidity risk. There were no significant changes made to GMP's cash management practices during first half 2019. GMP's inventory of trading assets is recorded at market value. Receivables and payables from brokers and dealers represent open transactions which generally settle within the normal two-day settlement cycle and also include collateralized securities borrowing and/or lending transactions that can be closed on demand within a few days. Client receivables are secured by securities and are reviewed on an ongoing basis for impairment in value and collectability.

Management believes GMP's working capital provides it with an appropriate level of liquidity and capital for existing operating and regulatory purposes for the reasonably foreseeable future assuming no significant adverse changes in the markets in which we operate. We continually assess our dividend policy, initiatives and expense structure. If capital markets deteriorate, adversely impacting our ability to generate cash flow, we will need to assess and potentially make changes to our dividend policy, initiatives and expense structure. We may also seek borrowings and/or equity financing to maintain or increase our productive capacity. There can be no assurance that such borrowings and/or equity financing will be available to GMP or available on terms and in an amount sufficient to meet our needs.

On August 6, 2019, GMP announced that, at a special meeting of the Company's common shareholders held that day, the Company's shareholders voted overwhelmingly in favour of the resolution approving the sale of substantially all of the capital markets business carried on by the Company and its subsidiaries to certain affiliates of Stifel Financial Corp. and the resolution approving a one-time return of capital distribution in the amount of $0.275 per Common Share. During third quarter 2019, subject to the successful closing of the Sale Transaction, GMP expects to pay a one-time return of capital distribution of approximately $20.7 million. In addition, the completion of the Sale Transaction will give rise to certain contractual obligation payments of approximately $11.0 million to members of senior management, including the Company's CEO. For further information please refer to Note 16 to the Second Quarter 2019 Financial Statements.

SUBORDINATED LOANS

GMP's capital resources include a $17.5 million committed standby subordinated loan facility. The facility is repayable on demand subject to certain conditions. Financial covenants require that regulatory risk adjusted capital be a minimum of $45 million on the day prior to the draw down request date and a minimum of $50 million, including the drawdown amount, on the drawdown date and each day thereafter. Also, the required shareholder capital to subordinated debt ratio is 3.25:1 in GMP Securities. The facility was undrawn as at June 30, 2019, and December 31, 2018.

Subsidiary Capital Requirements

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the relevant regulatory authority of possible liquidity concerns. Regulatory capital levels fluctuate daily based on margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements. Compliance with these requirements may require GMP to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of a cash dividend. During second quarter 2019 and as at June 30, 2019, GMP's subsidiaries were in compliance with all regulatory capital requirements.

Cash Flow Summary

The following table summarizes the consolidated statements of cash flows as presented within our Second Quarter 2019 Financial Statements.

	Six months ended June 30,	
($000)	**2019**	2018
Operating activities	**(25,531)**	(162,746)
Financing activities	**(6,690)**	(26,423)
Investing activities	**5,990**	557
Effect of foreign exchange on cash balances	**(464)**	432
Net decrease in cash and cash equivalents	**(26,695)**	(188,180)

Operating Activities

Cash used by operating activities was $25.5 million in first half 2019 compared with cash used by operations of $162.7 million in first half 2018. Excluding non-cash operating items, cash provided by operations was $1.7 million in first half 2019 and $13.9 million in first half 2018. For further detail on non-cash operating items, please refer to Note 15 of the Second Quarter 2019 Financial Statements.

Financing Activities

Financing activities consumed $6.7 million and $26.4 million of cash in first half 2019 and first half 2018, respectively. Financing activities in first half 2019 included $3.8 million in dividends paid on Common Shares and $2.2 million in dividends paid on the Preferred Shares. Financing activities in first half 2018 included an $11.9 million repayment on the current portion of the promissory note related to the acquisition of GMP FirstEnergy, $7.8 million in dividends paid on Common Shares, and $2.2 million in dividends paid on Preferred Shares. Additionally, $4.6 million of cash was used to purchase Common Shares under approved normal course issuer bids during first half 2018. During first half 2019, GMP did not purchase for cancellation any Common Shares under its approved normal course issuer bid programs.

Investing Activities
First half 2019 investing activities provided $6.0 million of cash largely due to proceeds from the sale of discontinued operation of $10.8 million and a common share dividend of $1.3 million on our equity investment in Richardson GMP. First half 2018 investing activities provided $0.6 million of cash largely due to a common share dividend of $3.9 million on our equity investment in Richardson GMP. These amounts were partly offset by additional equity investments made in Richardson GMP in first half 2019 and first half 2018 of $4.4 million and $2.9 million, respectively.

Outstanding Share Data and Dividends

GMP is authorized to issue an unlimited number of Common Shares. GMP is also authorized to issue an unlimited number of preferred shares (other than the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares), issuable at any time and from time to time in one or more series.

The following table shows GMP's outstanding equity and securities convertible into equity as of the dates presented.

(# 000)	**June 30, 2019**	December 31, 2018
Common Shares	**72,721**	72,721
Common Shares held by the SIP Trust	**2,725**	2,725
Common Share options — vested	**788**	1,684
Series B Preferred Shares	**3,565**	3,565
Series C Preferred Shares	**1,035**	1,035

There have been no changes to the above table since June 30, 2019.

NORMAL COURSE ISSUER BIDS

During first half 2019, GMP did not purchase for cancellation any Common Shares under its approved normal course issuer bid (NCIB) programs. GMP's NCIB expired on May 4, 2019, and was not renewed by the Company.

DIVIDENDS

The declaration and payment of dividends is at the sole discretion of the Board of Directors. The Board of Directors reviews GMP's dividend policy periodically in the context of the firm's overall profitability, free cash flow, regulatory capital requirements, legal requirements and other such factors that the Board of Directors determines to be relevant.

On August 8, 2019, the Board of Directors approved the payment of regular quarterly cash dividend of $0.025 per Common Share, payable on October 1, 2019, to common shareholders of record on September 16, 2019.

Dividends, when declared on the Common Shares and Preferred Shares, are designated as "eligible dividends" for purposes of the Income Tax Act (Canada) and any similar provincial and territorial legislation unless indicated otherwise.

Related-Party Transactions

Our related parties include the following persons and/or entities: associates, or entities which are controlled or significantly influenced by GMP, which currently include Richardson GMP; and key management personnel, which are comprised of directors and/or officers of GMP and those persons having authority and responsibility for planning, directing and controlling the activities of GMP. Our policies and procedures and the nature of our related-party transactions have not changed materially since December 31, 2018, as described under "Related-Party Transactions" in the 2018 Annual MD&A.

Critical Accounting Policies and Estimates

The preparation of the Second Quarter 2019 Financial Statements in accordance with IFRS required management to make estimates and exercise judgment that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are made based on information available as at the date of issuance of financial statements. Accordingly, actual results may differ from these amounts. Accounting policies that require management's estimates and judgments have not changed during second quarter 2019 and are discussed under "Critical Accounting Policies and Estimates" in our 2018 Annual MD&A and Note 1 to the Second Quarter 2019 Financial Statements.

Financial Instruments

A significant portion of the GMP Group's assets and liabilities are composed of financial instruments. There have been no significant changes in GMP's use of financial instruments, or types of financial instruments employed in its trading and non-trading activities during first half 2019.

Refer to "Financial Instruments" in the 2018 Annual MD&A and Notes 1 and 13 to the Second Quarter 2019 Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to the "Critical Accounting Policies and Estimates" section in the 2018 Annual MD&A.

Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to GMP is accumulated and communicated to GMP's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in GMP's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein. As of June 30, 2019, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of, GMP's CEO and CFO. Based on the evaluation conducted as at June 30, 2019, the CEO and CFO concluded that GMP's disclosure controls and procedures were effective as of June 30, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

To the best of the knowledge and belief of GMP's CEO and CFO, no changes were made in GMP's internal control over financial reporting in first half 2019 that have materially affected, or are reasonably likely to affect materially, GMP's internal control over financial reporting.

Risk Management

The securities business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets. Management believes that effective risk management is of primary importance to the ongoing success of the GMP Group. We have risk management processes in place to monitor, evaluate and manage the principal risks related to the conduct of our activities. These risks include market, credit, liquidity, operational, legal, cyber and regulatory risk.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and compliance processes. GMP's exposure to, and management of, risk has not changed significantly from that described in the "Risk Management" section of the 2018 Annual MD&A and Note 25 to the 2018 Annual Financial Statements.

Supplemental Information – Richardson GMP

The following supplemental information reflects how Richardson GMP's management assesses the financial performance of Richardson GMP.

Richardson GMP's management assesses performance on both a reported and an adjusted Non-GAAP basis and considers both bases to be useful in assessing underlying, ongoing business performance. Presenting results on both bases also permits readers to assess the impact of specified items on financial results. Richardson GMP presents earnings before interest, income tax, depreciation and amortization (EBITDA) which excludes:

- Interest expense recorded primarily in connection with subordinated loan financing arrangements.
- Income tax expense (benefit) recorded.
- Depreciation and amortization expense recorded primarily in connection with equipment and leasehold improvements.
- Transition assistance loan amortization in connection with investment advisor loan programs. Richardson GMP views these loans as an effective recruiting and retention tool, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

Richardson GMP also presents an adjusted EBITDA[1] which excludes the following (adjusted EBITDA):

- Share-based compensation costs recorded in connection with awards granted to employees and investment advisors of Richardson GMP.

EBITDA and adjusted EBITDA do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with IFRS as indicators of Richardson GMP's performance, liquidity, cash flows and profitability. Richardson GMP's management believes adjusting results by excluding the impact of the specified items is more reflective of ongoing financial performance and cash generating capabilities and provides readers with an enhanced understanding of how management views Richardson GMP's core performance.

The following table shows the consolidated financial results of Richardson GMP for the periods indicated.

($000, except as otherwise noted)	Three months ended June 30, 2019	2018	% increase/ (decrease)	Six months ended June 30, 2019	2018	% increase/ (decrease)
Revenue	**68,798**	74,748	(8)	**136,783**	150,047	(9)
Expenses	**66,069**	68,164	(3)	**128,201**	138,483	(7)
Employee compensation and benefits	**46,568**	48,337	(4)	**90,575**	98,923	(8)
Non-compensation expenses	**19,501**	19,827	(2)	**37,626**	39,560	(5)
Income before income tax	**2,729**	6,584	(59)	**8,582**	11,564	(26)
Net income – reported	**1,620**	4,601	(65)	**5,650**	8,203	(31)
Pre-tax impact of adjusting items						
Interest	**2,004**	1,856	8	**4,038**	3,718	9
Income tax	**1,109**	1,983	(44)	**2,932**	3,361	(13)
Depreciation and amortization	**3,282**	1,316	149	**6,503**	2,629	147
Transition assistance loan amortization	**1,933**	2,625	(26)	**3,984**	5,378	(26)
EBITDA[1]	**9,948**	12,381	(20)	**23,107**	23,289	(1)
Share-based compensation	**1,081**	778	39	**1,541**	1,055	46
Adjusted EBITDA[1]	**11,029**	13,159	(16)	**24,648**	24,344	1
Number of advisory teams	**161**	172	(6)			
AUA at period-end ($ millions)	**28,514**	30,231	(6)			

1. Considered to be a non-GAAP financial measure. This measure does not have any standardized meaning prescribed by GAAP under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers.

FINANCIAL PERFORMANCE

Second quarter and First half 2019 vs Second quarter and First half 2018

Richardson GMP reported net income of $1.6 million in second quarter 2019 compared with net income of $4.6 million in second quarter 2018. The decrease in performance was largely driven by weaker commission and new issues revenue. First half 2019 net income was $5.7 million compared with net income of $8.2 million in first half 2018.

Richardson GMP reported adjusted EBITDA[1] of $11.0 million and $24.6 million in second quarter 2019 and first half 2019, respectively. Adjusted EBITDA[1] in second quarter and first half 2019 includes the favourable impact of adopting IFRS 16. Net income attributable to common shareholders was $0.4 million and $3.4 million in second quarter 2019 and first half 2019, respectively, compared with $3.5 million and $6.0 million in second quarter 2018 and first half 2018, respectively.

Richardson GMP's revenues decreased 8% and 9% in second quarter 2019 and first half 2019, respectively, compared with second quarter 2018 and first half 2018, primarily due to lower commission revenue and lower investment management fees on lower client asset balances. Total expenses decreased 3% and 7% in second quarter 2019 and first half 2019, respectively, compared with second quarter 2018 and first half 2018, respectively, largely reflecting lower variable compensation expense commensurate with weaker revenue generation, and lower selling, general and administrative expense.

Unaudited Interim Condensed Consolidated Balance Sheets

As at, (thousands of Canadian dollars)	Note	**June 30, 2019**	December 31, 2018
ASSETS			
Cash and cash equivalents		**491,029**	515,955
Assets held for sale	5	**–**	18,042
Securities owned	3	**95,174**	110,392
Receivable from:			
Clients		**360,352**	421,902
Brokers		**189,582**	70,494
Employee and other loans receivable		**2,346**	2,408
Other assets	4	**406,703**	446,097
Investment in associate		**83,070**	78,953
Equipment and leasehold improvements		**3,921**	2,681
Right of use assets	1	**5,502**	–
Goodwill and intangible assets		**22,430**	51,416
Deferred tax assets		**7,102**	5,080
Total assets		**1,667,211**	1,723,420
LIABILITIES			
Liabilities directly associated with assets held for sale	5	**–**	7,625
Obligations related to securities sold short	3	**11,364**	11,131
Lease liabilities	1	**6,241**	–
Payable to:			
Clients		**1,104,989**	1,216,385
Brokers		**199,024**	113,565
Issuers		**7,690**	7,736
Accounts payable and accrued liabilities		**49,160**	41,510
Other liabilities	7	**1,640**	6,521
Promissory note	8	**29,093**	28,699
Deferred tax liabilities		**218**	218
Total liabilities		**1,409,419**	1,433,390
EQUITY			
Shareholders' equity		**257,792**	290,030
Total liabilities and equity		**1,667,211**	1,723,420

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

Unaudited Interim Condensed Consolidated Statements of (Loss) Income

		Three months ended June 30,		Six months ended June 30,	
(thousands of Canadian dollars, except as noted)	Note	**2019**	2018	**2019**	2018
Continuing Operations	5		(Restated)		(Restated)
REVENUE					
Investment banking		**17,395**	22,313	**28,337**	51,931
Commissions		**3,954**	8,854	**9,297**	16,193
Principal transactions		**(2,429)**	(300)	**10,180**	2,348
Interest		**4,314**	2,479	**8,354**	5,761
Other income		**3,292**	4,151	**7,839**	8,292
		26,526	37,497	**64,007**	84,525
EXPENSES					
Employee compensation and benefits		**15,111**	23,131	**34,167**	51,197
Selling, general and administrative		**12,489**	10,224	**20,644**	19,255
Interest		**3,236**	2,031	**6,346**	4,013
Depreciation and amortization		**921**	500	**1,836**	962
Goodwill impairment	11	**–**	–	**28,541**	–
		31,757	35,886	**91,534**	75,427
Share of net income of associate		**137**	1,133	**1,082**	1,932
(Loss) income before income taxes from continuing operations		**(5,094)**	2,744	**(26,445)**	11,030
Income tax expense (recovery)					
Current		**1,397**	1,678	**2,321**	1,647
Deferred		**(2,682)**	(384)	**(2,022)**	2,559
		(1,285)	1,294	**299**	4,206
Net (loss) income from continuing operations		**(3,809)**	1,450	**(26,744)**	6,824
Net (loss) income from discontinued operation	5	**–**	(932)	**7,455**	(2,216)
NET (LOSS) INCOME		**(3,809)**	518	**(19,289)**	4,608
Weighted-average number of common shares outstanding (in thousands):	12				
Basic		**69,793**	67,437	**69,788**	67,732
Diluted		**75,446**	67,437	**75,446**	77,807
Net (loss) income per common share (dollars) from continuing operations:	12				
Basic		**(0.07)**	0.01	**(0.41)**	0.07
Diluted		**(0.07)**	0.01	**(0.41)**	0.06
Net (loss) income per common share (dollars):	12				
Basic		**(0.07)**	(0.01)	**(0.31)**	0.04
Diluted		**(0.07)**	(0.01)	**(0.31)**	0.03

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

Unaudited Interim Condensed Consolidated Statements of Comprehensive (Loss) Income

(thousands of Canadian dollars)	Three months ended June 30, **2019**	Three months ended June 30, 2018	Six months ended June 30, **2019**	Six months ended June 30, 2018
		(Restated)		(Restated)
NET (LOSS) INCOME	**(3,809)**	518	**(19,289)**	4,608
Other comprehensive income:				
Item that may be subsequently reclassified to net (loss) income:				
Foreign currency translation (loss) gain from continuing operations	**(299)**	69	**(434)**	1,302
Foreign currency translation gain from discontinued operation	**–**	782	**–**	1,175
Total other comprehensive (loss) income	**(299)**	851	**(434)**	2,477
TOTAL COMPREHENSIVE (LOSS) INCOME	**(4,108)**	1,369	**(19,723)**	7,085
Total comprehensive (loss) income attributable to GMP shareholders				
Continuing operations	**(4,108)**	1,519	**(27,178)**	8,126
Discontinued operation	**–**	(150)	**7,455**	(1,041)

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

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(thousands of Canadian dollars and thousands of shares)	Note	Preferred shares #	Preferred shares $	Common shares #	Common shares $	Share purchase loans $	Deferred share-based awards $	Contributed surplus $	Accumulated other comprehensive income $	Accumulated deficit $	Shareholders' equity $
Balance, December 31, 2017		4,600	112,263	75,451	334,972	(1,375)	(36,146)	54,225	14,228	(184,741)	293,426
Net foreign currency translation loss		–	–	–	–	–	–	–	2,477	–	2,477
Share-based compensation		–	–	–	–	382	–	7,265	–	7	7,654
Common shares purchased for cancellation		–	–	(1,537)	(6,795)	–	–	–	–	2,207	(4,588)
Common share dividends		–	–	–	–	–	–	–	–	(7,812)	(7,812)
Series B Preferred Share dividends		–	–	–	–	–	–	–	–	(1,609)	(1,609)
Series C Preferred Share dividends		–	–	–	–	–	–	–	–	(502)	(502)
Net income		–	–	–	–	–	–	–	–	4,608	4,608
Balance, June 30, 2018		4,600	112,263	73,914	328,177	(993)	(36,146)	61,490	16,705	(187,842)	293,654
Balance, December 31, 2018		4,600	112,263	72,721	322,848	(327)	(14,598)	48,818	18,395	(197,369)	290,030
Change in accounting policy	1	–	–	–	–	–	–	–	–	(32)	(32)
Restated balance at January 1, 2019		**4,600**	**112,263**	**72,721**	**322,848**	**(327)**	**(14,598)**	**48,818**	**18,395**	**(197,401)**	**289,998**
Net foreign currency translation loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(434)**	**–**	**(434)**
Reclassification of cumulative currency translation		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,661)**	**–**	**(9,661)**
Share-based compensation	9	**–**	**–**	**–**	**–**	**9**	**–**	**3,138**	**–**	**–**	**3,147**
Common share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,772)**	**(3,772)**
Series B Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,609)**	**(1,609)**
Series C Preferred Share dividends		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(588)**	**(588)**
Net loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(19,289)**	**(19,289)**
Balance, June 30, 2019		**4,600**	**112,263**	**72,721**	**322,848**	**(318)**	**(14,598)**	**51,956**	**8,300**	**(222,659)**	**257,792**

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

Unaudited Interim Condensed Consolidated Statements of Cash Flows

		Six months ended June 30,	
(thousands of Canadian dollars)	Note	**2019**	2018
OPERATING ACTIVITIES			
Net (loss) income		**(19,289)**	4,608
Add (deduct) items not involving cash:			
Depreciation and amortization		**1,836**	1,157
Goodwill impairment		**28,541**	–
Change in accounting policy		**(32)**	–
Reclassification of cumulative foreign currency translation		**(9,661)**	–
Lease inducement amortization		**(99)**	(146)
Deferred tax expense		**(2,022)**	2,559
Share-based compensation expense		**3,138**	7,265
Accretion expense		**394**	394
Share of net income of associate		**(1,082)**	(1,932)
		1,724	13,905
Net change in non-cash operating items	15	**(27,255)**	(176,651)
Cash provided by (used in) operating activities		**(25,531)**	(162,746)
FINANCING ACTIVITIES			
Partial repayment of promissory note		**–**	(11,912)
Dividends paid on common shares		**(3,772)**	(7,812)
Dividends paid on Series B Preferred Shares		**(1,609)**	(1,609)
Dividends paid on Series C Preferred Shares		**(588)**	(502)
Common shares purchased for cancellation		**–**	(4,588)
Principal elements of lease payments		**(721)**	–
Cash used in financing activities		**(6,690)**	(26,423)
INVESTING ACTIVITIES			
Proceeds from sale of discontinued operation		**10,792**	–
Common share dividend received from associate		**1,346**	3,948
Equity investment in associate		**(4,382)**	(2,874)
Equipment and leasehold improvements, net expenditures		**(1,766)**	(517)
Cash provided by investing activities		**5,990**	557
Effect of foreign exchange on cash balances		**(464)**	432
Net decrease in cash and cash equivalents		**(26,695)**	(188,180)
Cash and cash equivalents, beginning of period[1]		**517,724**	642,075
Cash and cash equivalents, end of period		**491,029**	453,895
Supplemental cash flow information			
Interest paid		**4,825**	3,248
Interest received		**7,726**	5,573
Taxes paid		**7,121**	(416)

1. Cash and cash equivalents, beginning of period include $1,769 classified as held for sale at December 31, 2018, refer to Note 5.

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

Note 1. Basis of Preparation

A. BASIS OF PREPARATION

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with GMP's audited annual financial statements as at and for the year ended December 31, 2018 (2018 Annual Financial Statements). All defined terms used herein are consistent with those terms as defined in the 2018 Annual Financial Statements. Certain comparative amounts have been reclassified to conform to the current period's presentation. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousand.

These unaudited interim condensed consolidated financial statements were authorized for issuance by GMP's board of directors (Board of Directors) on August 8, 2019.

B. NEW STANDARDS ADOPTED BY THE COMPANY

These unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the accounting policies and methods used and as disclosed in the 2018 Annual Financial Statements, except for the adoption of the following standard effective as of January 1, 2019:

IFRS 16, Leases (IFRS 16)
IFRS 16 was issued in January 2016 replacing the previous lease standard, *IAS 17, Leases*, and related interpretations. The new standard requires lessees to recognize right-of-use assets and lease liabilities for most leases and recognize the associated expenses to depreciation and interest expense respectively.

GMP elected to apply IFRS 16 using the modified retrospective approach using the following practical expedients:

- the election is being taken to not reassess whether a contract is or contains a lease at the date of initial application, and instead to only apply IFRS 16 to contracts that were in the scope of IAS 17;
- the election is being taken to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the election is being taken to rely on the IAS 37 assessment of whether leases are onerous instead of performing an impairment review;
- the election is being taken to exclude leases for which the term ends within 12 months from January 1, 2019;
- the election is being taken to exclude initial direct costs from the measurement of the right of use asset on January 1, 2019;
- the election is being taken to use hindsight to determine lease terms;
- the election is being taken, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The following table reconciles the aggregate future minimum lease payments pertaining to continuing operations as disclosed in Note 22 of the 2018 Annual Financial Statements.

Future minimum annual lease payments as at December 31, 2018	**8,431**
Lease payments for renewal options not contractually obligated	1,075
Lease payments for leases not yet commenced	(1,597)
Short-term leases	(260)
Gross lease liabilities as at January 1, 2019	**7,649**
Discount at weighted average rate of 3.87%	(471)
Net lease liabilities as at January 1, 2019	**7,178**

During the three months ended June 30, 2019, GMP recorded $62 in interest expense related to lease liabilities. During the six months ended June 30, 2019 GMP recorded $126 in such expenses.

The following table shows the right of use assets balance on transition to IFRS 16 and depreciation recorded during the period.

Right of use assets as at January 1, 2019	**6,398**
Accumulated depreciation	896
Right of use assets as at June 30, 2019	**5,502**

Note 2. Revenue from Contracts with Customers

The following table presents disaggregated revenue information for each reportable segment.

	Capital Markets		Wealth Management		Corporate		Total	
Three months ended June 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Investment banking:								
Underwriting	**12,772**	17,645	**–**	–	**–**	–	**12,772**	17,645
Advisory	**4,623**	4,668	**–**	–	**–**	–	**4,623**	4,668
Commissions	**3,954**	8,854	**–**	–	**–**	–	**3,954**	8,854
Carrying broker fees	**–**	–	**–**	–	**2,324**	2,645	**2,324**	2,645
Revenue – contracts with customers	**21,349**	31,167	**–**	–	**2,324**	2,645	**23,673**	33,812
Timing								
Point in time	**21,349**	31,167	**–**	–	**–**	–	**21,349**	31,167
Over time	**–**	–	**–**	–	**2,324**	2,645	**2,324**	2,645
Other revenue	**1,759**	2,598	**598**	596	**496**	491	**2,853**	3,685
Total revenue	**23,108**	33,765	**598**	596	**2,820**	3,136	**26,526**	37,497

	Capital Markets		Wealth Management		Corporate		Total	
Six months ended June 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Investment banking:								
Underwriting	**16,734**	40,823	**–**	–	**–**	–	**16,734**	40,823
Advisory	**11,603**	11,108	**–**	–	**–**	–	**11,603**	11,108
Commissions	**9,297**	16,193	**–**	–	**–**	–	**9,297**	16,193
Carrying broker fees	**–**	–	**–**	–	**4,541**	5,229	**4,541**	5,229
Revenue – contracts with customers	**37,634**	68,124	**–**	–	**4,541**	5,229	**42,175**	73,353
Timing								
Point in time	**37,634**	68,124	**–**	–	**–**	–	**37,634**	68,124
Over time	**–**	–	**–**	–	**4,541**	5,229	**4,541**	5,229
Other revenue	**19,622**	8,881	**1,199**	1,188	**1,011**	1,103	**21,832**	11,172
Total revenue	**57,256**	77,005	**1,199**	1,188	**5,552**	6,332	**64,007**	84,525

Note 3. Securities Owned and Obligations Related to Securities Sold Short

As at,	**June 30, 2019**		December 31, 2018	
	Trading assets	**Securities sold short**	Trading assets	Securities sold short
Debt securities:				
Canadian and U.S. federal government debt	**46,646**	**5,884**	59,169	5,317
Canadian provincial and municipal government debt	**7,559**	**3,949**	8,278	3,938
Corporate and other debt	**17,847**	**1,324**	10,575	1,876
Equity securities	**18,859**	**207**	26,751	–
Derivative financial instruments	**4,263**	**–**	5,619	–
	95,174	**11,364**	110,392	11,131

Note 4. Other Assets

As at,	**June 30, 2019**	December 31, 2018
Accounts receivable	**14,923**	15,146
Income taxes recoverable	**76**	–
Funds deposited in trust	**389,132**	429,211
Prepaid deposits and other	**2,008**	1,740
Finance lease receivable	**564**	–
	406,703	446,097

Note 5. Discontinued Operation

In December 2018, GMP announced that it had entered into a definitive agreement in respect of a transaction that subsequently resulted in the sale of GMP USA, GMP's institutional fixed income trading operations (the transaction). The transaction was completed in January 2019 and allows GMP to sharpen its focus on its Canadian business. A non-cash gain of $8,310 was realized, comprising the reclassification of cumulative foreign currency translation adjustments to net income, recorded in discontinued operation.

The following tables present the financial performance and cash flow information of the discontinued operation:

Six months ended June 30,	**2019**	2018
Revenues	**292**	11,846
Expenses	**1,147**	14,062
Cumulative foreign currency translation adjustments	**8,310**	–
Income (loss) from discontinued operation	**7,455**	(2,216)

The following table shows the assets and liabilities of GMP USA that were classified as held for sale:

As at,	December 31, 2018
Assets held for sale:	
Cash and cash equivalents	1,769
Trading assets	5,012
Receivable from broker	11,236
Other assets	25
Total assets	18,042
Liabilities associated with assets held for sale:	
Obligations related to securities sold short	1,231
Accounts payable and accrued liabilities	6,287
Other liabilities	107
Total liabilities	7,625

Six months ended June 30,	**2019**	2018
Cash used in operating activities	**(12,561)**	(526)
Cash from investing activities	**10,792**	–
Effects of foreign exchange on cash balance	**–**	(94)
Net decrease in cash and cash equivalents	**(1,769)**	(620)

Note 6. Securities Borrowed and Lent

	Borrowed			Lent		
	Cash delivered as collateral	Securities delivered as collateral	Securities borrowed	Cash received as collateral	Securities received as collateral	Securities lent
As at June 30, 2019	**116,364**	**–**	**114,249**	**118,169**	**–**	**107,238**
As at December 31, 2018	43,430	–	42,733	62,239	–	56,395

Note 7. Other Liabilities

As at,	**June 30, 2019**	December 31, 2018
Income taxes payable	**1,211**	5,915
Deferred lease inducements	**153**	252
Other	**276**	354
	1,640	6,521

Note 8. Promissory Note

In connection with the acquisition of FirstEnergy Capital Holdings Corp. (FirstEnergy), GMP issued to former FirstEnergy shareholders an unsecured promissory note bearing interest at 3.61% compounded annually. The promissory note is subject to adjustments and is to be repaid based upon certain financial metrics over a maximum five-year period pursuant to the terms of the purchase agreement. During the six months ended June 30, 2019, GMP recorded accretion expense of $394 (June 30, 2018 — $394). During the six months ended June 30, 2019, there were no payments of principal on the promissory note (June 30, 2018 — $11,912).

Note 9. Deferred Share-Based Awards

SHARE INCENTIVE PLAN (SIP)

GMP adopted the SIP to provide eligible employees (Participants) with compensation opportunities to encourage ownership of common shares, to attract, retain and motivate key personnel and reward officers and employees of GMP for significant performance. Pursuant to the terms of the SIP, GMP may award restricted share units (RSUs) and performance share units (PSUs) to certain Participants. The RSUs awarded are subject to service vesting conditions. The PSUs awarded are subject to market and non-market performance vesting conditions including both absolute and relative shareholder return, return on equity, and adjusted net income (loss) per common share with a minimum performance factor of zero and maximum performance factor of 150% of the original grant. The expense related to the PSUs varies based on GMP's performance and is determined based on a probability-weighted average of outcomes at each reporting date. During the vesting period, dividend equivalents accrue to the Participants in the form of additional share units.

The fair value of the RSUs is determined based on the five-day average of the closing price of GMP's common shares on the grant date and is amortized over the vesting period of generally three years. There were no RSUs awarded to Participants during each of the six months ended June 30, 2019 and 2018. The compensation expense relating to the RSUs recorded during the six months ended June 30, 2019, was $1,129 (June 30, 2018 — $816).

The fair value of the PSUs is determined in accordance with IFRS 2, *Share-based Payments*, and is amortized over the vesting period of generally three years. There were no PSUs awarded to Participants during each of the six months ended June 30, 2019 and 2018. The compensation expense relating to the PSUs recorded during the period was nil (June 30, 2018 — nil).

A summary of the status of GMP's SIP as at June 30, 2019, and the changes during the six months then ended is as follows:

	Number of RSUs (thousands) #	Number of PSUs (thousands) #
Balance, December 31, 2018	2,224	–
Dividends credited	26	–
Forfeited	–	–
Balance, June 30, 2019	**2,250**	**–**

OTHER SHARE-BASED AWARDS

Other share-based awards represent the unamortized value of share awards granted to certain employees of GMP in connection with the acquisition of FirstEnergy. In 2016, GMP issued 11,162 common shares of which 7,442 were subject to vesting conditions with a fair value of $37,433 to former shareholders of FirstEnergy. Holders of these shares are entitled to receive dividends as and when declared by the Board of Directors and have voting rights consistent with those of other common shareholders. Such shares are subject to an escrow agreement with vesting occurring over a four-year period ending in September 2020. The fair value of the common shares issued is expensed over the vesting period with a corresponding increase to contributed surplus. During the six months ended June 30, 2019, GMP recorded $2,010 (June 30, 2018 — $6,444) in share-based compensation expense with a corresponding increase to contributed surplus.

Note 10. Share Capital

A. SIP TRUST

In connection with the SIP, GMP has established an employee benefit plan trust (the SIP Trust) for the purpose of purchasing GMP common shares in the open market and delivering the common shares to the SIP Participants upon vesting. GMP consolidates the SIP Trust in accordance with IFRS 10, *Consolidated Financial Statements*. Consideration paid for GMP common shares held by the SIP Trust is deducted from shareholders' equity and the common shares are treated as cancelled in GMP's basic income per share calculation.

During the six months ended June 30, 2019, there was no activity related to common shares in the SIP Trust. As at June 30, 2019, the SIP Trust held 2,725 common shares (December 31, 2018 — 2,725).

B. DIVIDENDS

Common Share Dividends

Record date	Payment date	Cash dividend per common share	Total dividend amount
March 15, 2019	April 1, 2019	**$ 0.025**	**$ 1,886**
June 15, 2019	July 2, 2019	**$ 0.025**	**$ 1,886**

On August 8, 2019, the Board of Directors approved a cash dividend of $0.025 per common share payable on October 1, 2019, to common shareholders of record on September 16, 2019.

Preferred Share Dividends

The dividend rate for the 3,565 Series B Preferred Shares is $0.2257 for the five-year period commencing April 1, 2016 and ending on March 31, 2021. The quarterly floating dividend rate on the 1,035 Series C Preferred Shares is reset every quarter.

Record date	Payment date	Cash dividend per Series B Preferred Share	Cash dividend per Series C Preferred Share	Total dividend amount
March 15, 2019	April 1, 2019	**$ 0.2257**	**$ 0.2837**	**$ 1,098**
June 15, 2019	July 2, 2019	**$ 0.2257**	**$ 0.2850**	**$ 1,099**

On August 8, 2019, the Board of Directors approved a cash dividend of $0.2257 per Series B Preferred Share and $0.288414 per Series C Preferred Share payable on October 1, 2019, to preferred shareholders of record on September 16, 2019.

Note 11. Goodwill Impairment

Goodwill is tested for impairment annually on October 31 and more frequently if events or circumstances indicate that it may be impaired. When determining whether an impairment test is required at a given balance sheet date, GMP considers factors such as revenue performance compared with forecast and the relationship between the Company's market capitalization and its book value. As at March 31, 2019, following a review of these and other factors, including the Company's potential sale of substantially all of its capital markets business (refer to Note 16), management performed an impairment test for the Capital Markets operating segment, which is the only group of Cash Generating Units to which goodwill has been allocated. An impairment is required if the recoverable amount of the Capital Markets operating segment, determined as the greater of the estimated fair value less cost to sell (FVLCS) or its value-in-use (VIU), is less than the carrying value. For purposes of the March 31, 2019 impairment test, the estimated recoverable amount of the Capital Markets operating segment was based on the FVLCS. The FVLCS was determined from internally developed valuation models which consider various factors and assumptions, including the estimated net consideration in connection with the potential sale of substantially all of the Company's capital markets business. While the use of different assumptions and estimates could influence the amount of the goodwill impairment charge, management believes that the assumptions and estimates used are reasonable. This FVLCS estimate is categorized as level 3 in the fair value hierarchy. The impairment test resulted in a goodwill impairment charge of $28,541 to the Capital Markets operating segment, which reduced total goodwill and intangible assets to $22,645 as at March 31, 2019 (December 31, 2018 – $51,416). As at June 30, 2019, the Capital Markets operating segment estimated recoverable amount exceeds the carrying value. However, any adverse change to key assumptions could result in a further impairment loss. The recoverable amount calculation for the Capital Markets operating segment is most sensitive to adjustments to the negotiated terms of the potential sale of substantially all of its capital markets business.

Note 12. Net (Loss) Income Per Common Share

Net (loss) income per common share consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Net (loss) Income from continuing operations	**(3,809)**	1,450	**(26,744)**	6,824
Less: Dividends on Series B Preferred Shares	**(804)**	(804)	**(1,609)**	(1,609)
Less: Dividends on Series C Preferred Shares	**(295)**	(262)	**(588)**	(502)
Net (loss) income attributable to common shareholders from continuing operations	**(4,908)**	383	**(28,941)**	4,713
Net income (loss) from discontinued operation	**–**	(932)	**7,455**	(2,216)
Net (loss) income attributable to common shareholders	**(4,908)**	(549)	**(21,486)**	2,497
Weighted-average number of common shares outstanding				
Basic				
Common shares	**75,446**	77,484	**75,446**	77,807
Common shares pledged on share purchase loans	**(35)**	(142)	**(35)**	(170)
Common shares held by the SIP Trust	**(2,725)**	(2,725)	**(2,725)**	(2,725)
Contingently returnable common shares awarded to employees	**(2,893)**	(7,180)	**(2,898)**	(7,180)
	69,793	67,437	**69,788**	67,732
Diluted				
Dilutive effect of common share options	**–**	–	**–**	–
Dilutive effect of common shares pledged on share purchase loans	**35**	–	**35**	170
Dilutive effect of shares held by the SIP Trust	**2,725**	–	**2,725**	2,725
Dilutive effect of contingently returnable common shares awarded to employees	**2,893**	–	**2,898**	7,180
	75,446	67,437	**75,446**	77,807
Net (loss) income per common share – Basic				
Continuing operations	**$ (0.07)**	$ 0.01	**$ (0.41)**	$ 0.07
Discontinued operation	**$ –**	$ (0.01)	**$ 0.11**	$ (0.03)
Total	**$ (0.07)**	$ (0.01)	**$ (0.31)**	$ 0.04
Net (loss) income per common share – Diluted[1]				
Continuing operations	**$ (0.07)**	$ 0.01	**$ (0.41)**	$ 0.06
Discontinued operation	**$ –**	$ (0.01)	**$ 0.10**	$ 0.04
Total	**$ (0.07)**	$ (0.01)	**$ (0.31)**	$ 0.03

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

Note 13. Financial Assets and Liabilities

A. FINANCIAL INSTRUMENTS

IFRS 13, *Fair Value Measurement*, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or a liability as of the measurement date.

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange, as well as certain Canadian and U.S. Treasury bills that are highly liquid and are actively traded in over-the-counter markets.

Level 2. Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange.

Level 3. Inputs for the asset or liability that are not based on observable market data.

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

As at June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal government debt	**45,054**	**1,592**	**–**	**46,646**
Provincial and municipal government debt	**–**	**7,559**	**–**	**7,559**
Corporate and other debt	**118**	**17,729**	**–**	**17,847**
Equity securities	**16,770**	**2,089**	**–**	**18,859**
Derivatives financial assets	**–**	**–**	**4,263**	**4,263**
Financial Assets at FVPL	**61,942**	**28,969**	**4,263**	**95,174**
Preferred share investments in associate				
Class B Preferred Shares	**–**	**–**	**30,422**	**30,422**
Special preference shares	**–**	**–**	**683**	**683**
Financial Assets at FVOCI	**–**	**–**	**31,105**	**31,105**
Financial assets carried at fair value	**61,942**	**28,969**	**35,368**	**126,279**
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal government debt	**67**	**5,817**	**–**	**5,884**
Provincial and municipal government debt	**–**	**3,949**	**–**	**3,949**
Corporate and other debt	**–**	**1,324**	**–**	**1,324**
Equity securities	**205**	**2**	**–**	**207**
Financial liabilities at FVPL	**272**	**11,092**	**–**	**11,364**
Financial liabilities carried at fair value	**272**	**11,092**	**–**	**11,364**

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

Balance, December 31, 2018	36,724
Net unrealized gain before income taxes	**1,795**
Dispositions	**(3,151)**
Balance, June 30, 2019	**35,368**

B. CAPITAL MANAGEMENT

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

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

As at,	**June 30, 2019**	December 31, 2018
Preferred shares	**112,263**	112,263
Common shares	**322,848**	322,848
Share purchase loans	**(318)**	(327)
Deferred share-based awards	**(14,598)**	(14,598)
Contributed surplus	**51,956**	48,818
Accumulated deficit	**(222,659)**	(197,369)
	249,492	271,635

Certain of GMP's subsidiaries are subject to regulatory capital requirements designed to provide notice to the regulatory authorities of possible liquidity concerns. As at and during the six months ended June 30, 2019, GMP's subsidiaries were in compliance with their respective capital requirements.

Note 14. Segmented Information

GMP's operating results are categorized into two business segments, Capital Markets and Wealth Management, and a Corporate segment. The business segments are based upon the products and services provided and the types of clients served. The following table presents selected financial results of continuing operations by segment:

	Capital Markets		Wealth Management		Corporate		Total	
Three months ended June 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**23,108**	33,765	**598**	596	**2,820**	3,136	**26,526**	37,497
Expenses								
Employee compensation and benefits	**12,843**	18,448	**–**	–	**2,268**	4,683	**15,111**	23,131
Selling, general and administrative	**5,871**	6,941	**16**	11	**6,602**	3,272	**12,489**	10,224
Interest	**2,693**	1,504	**–**	–	**543**	527	**3,236**	2,031
Depreciation and amortization	**916**	496	**–**	–	**5**	4	**921**	500
	22,323	27,389	**16**	11	**9,418**	8,486	**31,757**	35,886
Share of net income of associate	**–**	–	**137**	1,133	**–**	–	**137**	1,133
Income (loss) before income taxes	**785**	6,376	**719**	1,718	**(6,598)**	(5,350)	**(5,094)**	2,744

	Capital Markets		Wealth Management		Corporate		Total	
Six months ended June 30,	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**57,256**	77,005	**1,199**	1,188	**5,552**	6,332	**64,007**	84,525
Expenses								
Employee compensation and benefits	**29,664**	42,112	**–**	–	**4,503**	9,085	**34,167**	51,197
Selling, general and administrative	**10,987**	12,955	**22**	36	**9,635**	6,264	**20,644**	19,255
Interest	**5,246**	2,888	**–**	–	**1,100**	1,125	**6,346**	4,013
Depreciation and amortization	**1,825**	952	**–**	–	**11**	10	**1,836**	962
Goodwill impairment	**28,541**	–	**–**	–	**–**	–	**28,541**	–
	76,263	58,907	**22**	36	**15,249**	16,484	**91,534**	75,427
Share of net income of associate	**–**	–	**1,082**	1,932	**–**	–	**1,082**	1,932
(Loss) income before income taxes	**(19,007)**	18,098	**2,259**	3,084	**(9,697)**	(10,152)	**(26,445)**	11,030

REVENUE BY GEOGRAPHIC LOCATION

For geographic reporting purposes, GMP's segments are grouped into Canada and International. Transactions are recorded in the location that frequently corresponds with the location of the legal entity through which the business is conducted. The following table presents GMP's revenue by geography:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
Canada	**21,576**	33,604	**56,487**	77,126
International	**4,950**	3,893	**7,520**	7,399
	26,526	37,497	**64,007**	84,525

Note 15. Net Change in Non-Cash Operating Items

Six months ended June 30,	**2019**	2018
Securities owned	**15,222**	(40,936)
Receivable from clients and brokers	**(57,527)**	(119,522)
Employee and other loans receivable	**62**	763
Other assets	**39,890**	17,983
Obligations related to securities sold short	**231**	(430)
Payable to clients, brokers and issuers	**(25,982)**	(28,886)
Net assets held for sale	**(1,903)**	–
Accounts payable and accrued liabilities and other liabilities	**2,752**	(5,623)
	(27,255)	(176,651)

Note 16. Subsequent Event

On June 17, 2019, the Company announced that it had entered into a definitive agreement (the Agreement) to sell substantially all of its capital markets business to Stifel Financial Corp. (Stifel) in an all cash transaction (the Sale Transaction). In a special meeting held on August 6, 2019, the Company's common shareholders voted to approve the Sale Transaction which is expected to close in fourth quarter 2019.

Pursuant to the Agreement, Stifel will pay cash consideration to be determined at closing of the Sale Transaction based on the then tangible book value of the capital markets business plus $45 million, subject to adjustment. The Agreement includes customary non-solicitation covenants and provides that GMP will be required to pay a break fee of $2,625 in the event the Agreement is terminated in certain circumstances. Effective at the closing of the Sale Transaction, Harris Fricker, President and CEO of GMP, and other key personnel have agreed to join Stifel.

Costs associated with the transaction will include certain payments to executive officers in excess of $11,000 in addition to legal, advisory and other professional fees, some of which are contingent on the closing of the Sale Transaction. During the three months ended June 30, 2019, transaction costs of $2,828 were recognized, primarily related to legal and other professional fees.

The Sale Transaction is structured as an asset sale of substantially all of the Capital Markets operating segment. The Capital Markets segment has historically represented the vast majority of the Company's operating business. Immediately following the closing of the Sale Transaction, GMP will continue to hold its 33% interest in Richardson GMP Limited (Richardson GMP). The Board of Directors is currently engaged in discussions with Richardson Financial Group Limited, management of Richardson GMP and the representatives of the investment advisors on Richardson GMP's board to acquire 100% of Richardson GMP. Any such acquisition would be undertaken in accordance with the shareholders agreement governing Richardson GMP. Richardson GMP is one of Canada's leading independent wealth management firms.

Shareholder Information

TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada)
1 Toronto Street
Suite 1200
Toronto, ON
M5C 2VC

Toll Free: (800) 387-0825
Email:
inquiries@astfinancial.com
Website: *www.astfinancial.com*

CORPORATE HEAD OFFICE

GMP Capital Inc.
145 King Street West
Suite 300
Toronto, ON
M5H 1JB

Toll Free: (888) 301-3422
Email:
investorrelations@gmpcapital.com

SHAREHOLDER INQUIRIES

For all other shareholder inquiries or to request a copy of GMP's 2018 annual report, please contact GMP Investor Relations at *investorrelations@gmpcapital.com* or call (416) 941-0894.

REGULATORY FILINGS

With the Canadian Securities Administrators at *www.sedar.com*.

INDEPENDENT AUDITORS

Ernst & Young LLP

LEGAL COUNSEL

Goodmans LLP

FISCAL YEAR-END

December 31

WEBSITE

www.gmpcapital.com

STOCK EXCHANGE LISTINGS

STOCK	LISTING	TICKER	CUSIP
Common Shares	Toronto Stock Exchange	GMP	380134106
Preferred Shares, Series B	Toronto Stock Exchange	GMP.PR.B	380134205
Preferred Shares, Series C	Toronto Stock Exchange	GMP.PR.C	380134304

Office Locations

GMP CAPITAL INC.

TORONTO
145 King Street West
Suite 300
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 367-8600

RICHARDSON GMP LIMITED[1]

TORONTO (HEAD OFFICE)
145 King Street West
Suite 500
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 943-6696
Toll Free: (866) 263-0818

GMP SECURITIES

CANADA

TORONTO (HEAD OFFICE)
145 King Street West
Suite 300
Toronto, Ontario
Canada, M5H 1J8

Telephone: (416) 367-8600
Toll Free: (888) 301-3244

CALGARY
311 – 6th Avenue S.W.
Suite 1100
Calgary, Alberta
Canada, T2P 3H2

Telephone: (403) 262-0600

MONTREAL
1250 Rene Levesque Blvd
West
Suite 1500
Montreal, Quebec
Canada, H3B 4W8

Telephone: (514) 288-7774

INTERNATIONAL

LONDON
85 London Wall
London, United Kingdom
EC2M 7A6

Telephone:
+44 (0) 207 448 0200

GMP SECURITIES EMERGING MARKETS CORP.
Nassau, Bahamas
P.O. Box N 1812

Telephone: (416) 943-6101

1. GMP has a non-controlling ownership interest in Richardson GMP Limited.