First Quarter Report ■ March 31, 2011

ENDURING STRENGTH

Quick Response

Superior Client Service

Experienced Management

International Services

Financial Strength

Long-Term Relationships

Innovative Solutions

ACCORD FINANCIAL
Keeping Business Liquid

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Keeping Business Liquid

Enduring Strength

Quick Response: Accord responds immediately to clients with reliable information and a clear indication of interest in providing funding. Accord's decision-makers provide most client credit decisions within 24 hours and have closed complex transactions in less than two weeks. Our quick response to support client opportunities and initiatives enables clients to improve their performance.

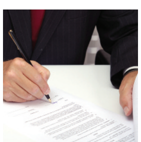
Long-term Relationships: At Accord, we build long-term relationships with clients by listening, understanding and being committed to their business and customers. Our management, staff, and partners also tend to be long-term members of the Accord team. Accord partners with the best and most respected industry-specific trade and credit bureaus and associations around the globe to position Accord for world-class service.

Experienced Management: Accord's people are seasoned professionals, and most have been with us for many years. Their in-depth knowledge of industry specific credit information allows us to deliver superior service to our clients and sets us apart from the competition.

International Services: Our international credit department specializes in overseas business, simplifying the management of export and import receivables for clients. Our alliance with Factors Chain International networks Accord with more than 250 factoring companies in over 65 countries to facilitate international trade.

Financial Strength: A reliable service provider with a strong balance sheet, Accord offers an array of financial services including factoring, financing, flexible credit guarantees, receivables purchase programs and management services, and asset-based lending. By helping businesses manage cash flow and maximize financial opportunities, Accord keeps businesses liquid and improves their financial well-being.

Superior Client Service: Accord's clients deal with decision-makers for credit and funding, using fast, simple and reliable procedures. Accord looks after credit investigations, record-keeping and collections. Our clients appreciate our high level of service, attention to detail and how we simplify doing business.



Innovative Solutions: Accord's management is innovative, thriving on finding creative solutions to clients' individual financial needs. By developing and adapting new and unique ideas to the clients' own circumstances, Accord delivers solutions that help keep businesses liquid and grow. Attention to clients' needs coupled with innovative solutions ensures strong client relationships.

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Keeping Business Liquid

Enclosed are the financial statements, as well as Management's Discussion and Analysis, for the first quarter ended March 31, 2011 together with comparative figures for the same period of 2010. The Company adopted International Financial Reporting Standards on January 1, 2011, with a transition date of January 1, 2010. The unaudited financial statements have not been reviewed by the Company's auditors, but have been reviewed and approved by its Audit Committee and Board of Directors.

Factoring volume decreased by 5% in the first quarter of 2011 to $482 million compared to last year's first quarter on lower non-recourse volume. Revenue declined by $112,000 or 2% to $6,867,000 compared to $6,979,000 last year on lower volume and the impact of a weaker U.S. dollar. Our interest cost increased to $496,000 compared to $385,000 a year ago, largely due to increased borrowings required to finance a rise in funds employed and higher Canadian interest rates. Overhead costs, comprising general and administrative expense and depreciation, decreased by $40,000 to $3,567,000 compared to last year's first quarter. The provision for credit and loan losses declined by 20% to $446,000 from $559,000 in the first quarter of 2010 on lower charge-offs.

Net earnings for the first quarter of 2011 declined slightly to $1,598,000 compared with $1,609,000 last year. Earnings per share for this year's first quarter came in higher at 18 cents, above the 17 cents earned last year on a lower share count as a result of shares repurchased under the Company's Issuer Bid. Income taxes declined by 7% to $760,000 on 3% lower pre-tax earnings and a reduction in Canadian income tax rates. Net earnings from our Canadian operations increased by $90,000 or 10% to $994,000 this quarter compared to last year on higher revenue and lower expenses. Net earnings in our U.S. operations declined by 14% to $604,000 compared to $705,000 in last year's first quarter on lower revenue, in part as a result of the weaker U.S. dollar.

The Company's gross factored receivables and loans, plus assets available for sale (that resulted from a foreclosed loan), were $112 million at March 31, 2011, 12% higher than the $100 million last March 31. Adding managed receivables to these figures, the Company's total portfolio was $261 million at March 31, 2011 compared with $263 million at March 30, 2010. Equity increased to $44 million at March 31, 2011 compared to $43 million at March 31, 2010. This is equivalent to a book value per share of $4.89 versus $4.60 a year ago; since last March 31 the Company has repurchased and cancelled 454,603 shares under its Issuer Bid.

The global economy had much to endure during the first quarter. Consider the unprecedented turmoil in the Middle East and North Africa, the resulting NATO mission in Libya along with the increase in oil prices. None of this was predictable at the beginning of the year. In addition, there was the earthquake and tsunami in Japan resulting in the very dangerous nuclear reactor problems that still are not resolved in a permanent fashion. Thousands lost their lives, the environment for human and animal health has been compromised and key Japanese manufacturing plants have curtailed production, producing parts shortages that are being felt across global supply chains.

The U.S. narrowly missed shutting down its government last month due to congressional squabbling over the size of budget cuts necessary to begin the longer term attack on crippling deficits. The already anemic U.S. economic recovery slowed in the first quarter and forecasts are now for full year growth of less than half the 4% that was the consensus forecast when the year started.

Especially significant to the operating performance of our business units has been the aggressive loan appetite of the U.S. regional banks and the resurgent risk appetite of the credit insurers in Canada. The result of the former is our U.S. business is seeing clients "graduate" earlier than expected to much less expensive financing. The effect of increased competition from the credit insurers is that we are seeing some clients switch their credit risk coverage from our non-recourse business to the various insurers. The net result of all this is lower business volumes and reduced margins for those two business units. These circumstances could remain for the balance of the year. It's too soon to tell. More positively, I'm pleased to say that our Canadian lending business is continuing to perform very nicely. Meanwhile, the operations of all three businesses are running smoothly with risk issues adequately controlled.

The first quarter also saw plenty of evidence that our businesses are increasingly cooperating and consulting with each other in the marketplace and in their marketing strategies. We have not yet seen the full positive effect of this intellectual integration but I am pleased with the progress.

At a recent Board of Directors meeting, the regular quarterly dividend of 7.5 cents per share was declared, payable June 1, 2011 to shareholders of record May 16, 2011.

Tom Henderson
President and Chief Executive Officer

Toronto, Ontario
May 4, 2011

Accord's Financial Services

1 Non-recourse factoring

In over 30 years of operations, Accord has emerged as a front-runner in Canadian non-recourse factoring. The industries we serve range from the old-world economy to the technology of today. We have one of the top-ranked credit departments in the country with an immense amount of experience and expertise.

2 Recourse factoring

Offered in both the Canadian and U.S. markets, Accord's recourse factoring services focus on small- to medium-sized companies which larger asset-based lenders overlook. Our extensive access to capital positions Accord as a very reliable source of funds at competitive rates. We strive to provide superior customer service, flexible solutions and rapid responses, combined with disciplined underwriting.

3 Asset-based lending

Combined with its factoring services, Accord provides financing against assets such as accounts receivable, inventory and equipment. Accord also provides purchase order financing and letters of credit and guarantees.

4 International trade financing

Our international department has received world-wide recognition and quality service awards. Our strong correspondent relationships and financing facilities allow Accord to provide superior service to a growing network of clients, domestic and foreign.

FCI A Member of
Factors Chain International

Management's Discussion and Analysis of Results of Operations and Financial Condition (MD&A)

Quarter ended March 31, 2011 compared with quarter ended March 31, 2010

Overview

The following discussion and analysis explains trends in Accord Financial Corp.'s ("Accord" or the "Company") results of operations and financial condition for the quarter ended March 31, 2011 compared with the quarter ended March 31, 2010 and, where presented, March 31, 2009. It is intended to help shareholders and other readers understand the dynamics of the Company's business and the factors underlying its financial results. Where possible, issues have been identified that may impact future results.

This MD&A, which has been prepared as at May 4, 2011, should be read in conjunction with the Company's condensed interim unaudited consolidated financial statements and notes for the quarters ended March 31, 2011 and 2010 (the "Statements"), which are included as part of this 2011 First Quarter Report, and as an update in conjunction with the discussion and analysis and fiscal 2010 audited consolidated financial statements and notes thereto included in the Company's 2010 Annual Report.

The Company adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011, with a transition date of January, 1, 2010. The Company's adoption of IFRS is discussed later in this MD&A. It is noted the 2010 audited financial statements included in the 2010 Annual Report were prepared in accordance with Canadian generally accepted accounting principles ("Previous GAAP"). The Company has restated its 2010 consolidated financial statements prepared in accordance with Previous GAAP to comply with IFRS, thereby effectively transitioning to IFRS on January 1, 2010. As a result, all 2010 comparative financial information presented in this First Quarter Report was prepared under IFRS. The adjustments made did not have a significant impact on the Company's financial position or results of operations. Selective financial information for 2009 has also been used in this MD&A for comparative purposes. The 2009 financial information was prepared in accordance with Previous GAAP. If equity, net earnings and comprehensive income had been prepared in accordance with IFRS for 2009 they would not have been significantly different than those that were reported under Previous GAAP, while revenue would be the same.

All amounts discussed in this MD&A are expressed in Canadian dollars unless otherwise stated. Please refer to note 3(b) to the Statements regarding the Company's use of accounting estimates in the preparation of its financial statements in accordance with IFRS.

Additional information pertaining to the Company, including its Annual Information Form, is filed under the Company's profile with SEDAR at www.sedar.com.

Non-GAAP Financial Measures

In addition to its IFRS prepared results and balances taken from the Statements, the Company uses a number of other financial measures to assess its performance and some of these are presented herein to help the reader better understand certain aspects of the Company's operating performance and financial position. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency and comparability between companies using these measures and are, therefore, considered to be non-GAAP measures. The Company derives these measures from amounts presented in its Statements which are prepared using IFRS. The Company's focus continues to be on IFRS measures and any other information presented herein is purely supplemental to help the reader better understand its business. The non-GAAP measures presented in this MD&A are defined as follows:

a) Book value per share - book value is the net asset value of the Company calculated as total assets minus total liabilities and, by definition, is the same as total equity. Book value per share is the net asset value divided by the number of shares outstanding as of a particular date.

Quarterly Financial Information*

(unaudited, in thousands of dollars except earnings per share)

Quarter ended	Revenue	Net Earnings	Basic and Diluted Earnings Per Share
2011 March 31	**$ 6,867**	**$ 1,598**	**$ 0.18**
2010 December 31	$ 8,217	$ 2,960	$ 0.32
September 30	8,141	1,367	0.15
June 30	8,069	2,307	0.25
March 31	6,979	1,609	0.17
Total	$ 31,406	$ 8,243	$ 0.88 **
2009 December 31	$ 6,633	$ 605	$ 0.06
September 30	5,664	709	0.08
June 30	5,677	494	0.05
March 31	6,071	1,280	0.14
Total	$ 24,045	$ 3,089 **	$ 0.33

* *2009 quarterly financial information was prepared in accordance with Previous GAAP. Had net earnings and earnings per share been prepared in accordance with IFRS for 2009 they would not be significantly different than those reported above under Previous GAAP. Revenue would be the same.*

** *Due to rounding the total of the four quarters does not agree with the total for the fiscal year.*

b) (i) Equity expressed as a percentage of total assets; and (ii) debt (bank indebtedness and notes payable) expressed as a percentage of equity. These percentages provide information on the Company's financial leverage.

The following discussion contains certain forward-looking statements that are subject to significant risks and uncertainties that could cause actual results to differ materially from historical results and percentages. Factors that may impact future results are discussed in the Risks and Uncertainties section below.

Accord's Business

Accord is a leading North American provider of factoring and other asset-based financial services to businesses, including financing, collection services, credit investigation and guarantees. The Company's financial services are summarized on page 2 of this First Quarter Report and are also discussed in its 2010 Annual Report. Its clients operate in a wide variety of industries, examples of which are set out in note 14(a) to the Statements.

The Company founded in 1978, operates three factoring companies in North America, namely, Accord Financial Ltd. ("AFL") and Accord Financial Inc. ("AFIC") in Canada and Accord Financial, Inc. ("AFIU") in the United States.

The Company's business principally involves: (i) recourse factoring by AFIC and AFIU, which entails financing or purchasing receivables on a recourse basis, as well as asset-based lending, namely, financing other tangible assets, such as inventory and equipment; and (ii) non-recourse factoring by AFL, which principally involves providing credit guarantees and collection services on a non-recourse basis, generally without financing.

Results of Operations

Quarter ended March 31, 2011 compared with quarter ended March 31, 2010

Net earnings for the quarter ended March 31, 2011 decreased slightly to $1,598,000 compared to $1,609,000 in last year's first quarter, but were 25% above 2009's first quarter net earnings of $1,280,000. The decrease in net earnings compared to 2010 principally resulted from a decline in revenue and a higher interest expense, while net earnings rose compared to 2009 largely as a result of higher revenue. Diluted earnings per common share for the first quarter increased to 18 cents, compared to 17 cents last year and 14 cents in 2009. Diluted earnings per share increased compared to 2010 despite slightly lower net earnings as a result of a lower share count (please see discussion of capital stock below), while they rose compared to 2009 on higher net earnings and a lower share count.

Factoring volume decreased by 5% to $482 million compared to $505 million in the first quarter of 2010. Non-recourse volume declined by 12%, while recourse volume increased somewhat. Non-recourse volume declined largely as a result of the cessation of certain low-rate international business and a number of client terminations.

Revenue declined by $112,000 or 2% to $6,867,000 in the current quarter compared with $6,979,000 last year, while it increased by 13% compared to $6,071,000 in the first quarter of 2009. Revenue principally declined compared to last year as a result of lower non-recourse volume and the impact of the weaker U.S. dollar this year on the translation of AFIU's U.S. dollar revenue into Canadian dollars. Revenue increased compared to the first quarter of 2009 principally as a result of higher factoring volume.

Total expenses for the first quarter of 2011 decreased by $42,000 to $4,509,000 compared to $4,551,000 last year. The provision for credit and loan losses declined by $113,000, while general and administrative ("G&A") expenses decreased by $37,000. Depreciation was $3,000 lower. Interest expense rose by $111,000.

Interest expense increased by 29% to $496,000 compared to $385,000 last year on a 14% rise in average borrowings and higher Canadian interest rates. Borrowings rose to finance increased factored receivables and loans.

G&A expenses comprise personnel costs, which represent the majority of G&A expenses, occupancy costs, commissions to third parties, marketing expenses, professional fees, data processing, travel, telephone and general overheads. G&A expenses declined by 1% to $3,538,000 in the first quarter of 2011. There was a $129,000 (2010 - $3,000) stock-based compensation expense related to the Company's share appreciation rights ("SARs") this quarter, while last year's G&A included severance costs of $109,000. The weaker U.S. dollar this year helped reduce G&A somewhat. The Company continues to manage its controllable expenses closely.

The provision for credit and loan losses declined by 20% to $446,000 in the first quarter of 2011 compared to $559,000 last year. The provision comprised:

	Quarter ended March 31	
(in thousands)	**2011**	2010
Net charge-offs	**$ 359**	$ 498
Charge related to increase in total allowances for losses	**87**	61
	$ 446	$ 559

Net charge-offs declined by $139,000 or 28% to $359,000 compared to $498,000 in last year's first quarter. The increase in the Company's allowances for losses is discussed below. While the Company manages its portfolio of factored receivables and loans and managed receivables closely, as noted in the Risks and Uncertainties section below, financial results can be adversely impacted by significant insolvencies. The Company continues to employ a conservative approach to determining its allowances for losses and providing for charge-offs.

Income tax expense declined by 7% to $760,000 in the current quarter compared to $819,000 in the first quarter of 2010 on a 3% decline in pre-tax earnings and a reduction in Canadian corporate tax rates this year.

Canadian operations reported a 10% increase in net earnings in the first quarter of 2011 compared to 2010 (see note 12 to the Statements). Net earnings increased by $90,000 to $994,000 on higher revenue and lower expenses. Revenue rose by $63,000 to $4,807,000, while expenses decreased by $19,000 to $3,400,000. Expenses decreased as the provision for credit and loan losses declined by $73,000 to $314,000, while G&A expenses decreased by $37,000 to $2,625,000. Interest expense increased by $96,000 to $438,000 for reasons noted above. Income tax expense declined by $8,000 or 2% to $413,000 despite a 6% increase in pre-tax earnings on lower Canadian corporate tax rates this year.

U.S. operations reported a 14% decline in net earnings in the first quarter of 2011 compared to 2010. Net earnings fell by $101,000 to $604,000 on lower revenue. In U.S dollars, AFI's net earnings decreased by 10%. Revenue declined by $175,000 or 8% to $2,060,000, in large part as a result of a weaker U.S. dollar this quarter, which declined by 5% compared to the first quarter of 2010. Expenses decreased by $23,000 or 2% to $1,109,000, principally as a result of the weaker U.S. dollar and a $40,000 reduction in the provision for credit and loan losses, which declined to $132,000. Interest expense increased by $15,000 to $58,000, while G&A expenses and depreciation were slightly higher at $913,000 and $6,000, respectively. Income tax expense declined by $51,000 or 13% to $347,000 on a 14% decline in pre-tax earnings.

Review of Balance Sheet

Equity at March 31, 2011 totalled $43,783,000, $525,000 higher than the $43,258,000 at March 31, 2010 but $777,000 below the $44,560,000 at December 31, 2010. Book value per common share rose to $4.89 at March 31, 2011 compared to $4.60 a year earlier but was slightly below the $4.92 at December 31, 2010. The increase in equity since March 31, 2010 principally resulted from a rise in retained earnings. The components of equity are discussed below.

Total assets were $114,990,000 at March 31, 2011 compared to $103,523,000 at March 31, 2010 and $113,124,000 at December 31, 2010. Total assets largely comprised factored receivables and loans ("Loans" or "funds employed"). Excluding inter-company balances, identifiable assets located in the United States were 43% of total assets at March 31, 2011 compared with 44% at March 31, 2010.

Gross Loans (funds employed), before the allowance for losses thereon, totalled $108,358,000 at March 31, 2011, 13% higher than the $95,582,000 at March 31, 2010 and 4% above the $104,042,000 at December 31, 2010. As detailed in note 4, the Company's Loans comprised:

(in thousands)	**Mar. 31, 2011**	Mar. 31, 2010	Dec. 31, 2010
Factored receivables	**$ 91,577**	$ 80,266	$ 86,911
Loans to clients	**16,781**	15,316	17,131
Factored receivables and loans, gross	**108,358**	95,582	104,042
Less allowance for losses	**1,801**	1,562	1,729
Factored receivables and loans, net	**$106,557**	$ 94,020	$102,313

The Company's factored receivables rose by 14% to $91,577,000 at March 31, 2011 compared to $80,266,000 at March 31, 2010 and were 5% higher than the $86,911,000 at December 31, 2010. Loans to clients increased by 10% to $16,781,000 at March 31, 2011 compared to $15,316,000 last March 31 but were 2% lower than the $17,131,000 at December 31, 2010. Net of the allowance for losses thereon, Loans totalled $106,557,000 at March 31, 2011, 13% higher than the $94,020,000 at March 31, 2010 and 4% higher than the $102,313,000 at December 31, 2010. Loans principally represent advances made by our recourse factoring and asset-based lending subsidiaries, AFIC and AFIU, to clients in a wide variety of industries. These businesses had approximately 120 clients at March 31, 2011. Four clients each comprised over 5% of gross Loans at March 31, 2011, of which the largest client comprised 7%.

In its non-recourse factoring business, the Company contracts with clients to assume the credit risk associated with respect to their receivables, usually without financing them. Since the Company does not take title to these receivables, they do not appear on its balance sheet. These non-recourse or managed receivables totalled $149 million at March 31, 2011 compared to $163 million at March 31, 2010 and $154 million at December 31, 2010. Managed receivables comprise the receivables of approximately 175 clients. The 25 largest clients generated 58% of non-recourse volume in the first quarter of 2011. Most of the clients' customers are "big box", apparel, home furnishings or footwear retailers in Canada and the United States. At March 31, 2011, the 25 largest customers accounted for 62% of total managed receivables, of which the largest two customers comprised 20%. The Company monitors the retail industry and the credit risk related to its managed receivables very closely. The managed receivables are regularly reviewed and continue to be well rated.

The Company's total portfolio, which comprises both gross Loans and managed receivables, totalled $257 million at March 31, 2011, just below the $258 million at March 31, 2010 and December 31, 2010.

Credit risk relating to both the Company's recourse and non-recourse factored receivables and asset-based loans is managed in a variety of ways. This is discussed in detail in note 14(a) to the Statements.

After the customary detailed quarter-end review of the Company's $257 million portfolio, all problem loans and accounts were identified and provided for. The Company maintains separate allowances for credit and loan losses on both its Loans and its guarantee of managed receivables, at amounts, which, in management's judgment, are sufficient to cover losses thereon. The allowance for losses on Loans increased by $239,000 or 15% to $1,801,000 at March 31, 2011 compared to $1,562,000 at March 31, 2010 and was 4% above the $1,729,000 at December 31, 2010 on higher Loans. The allowance for losses on the guarantee of managed receivables increased slightly to $1,138,000 at March 31, 2011 compared to $1,129,000 at March 31, 2010 and was the same as the $1,138,00 at December 31, 2010. This allowance represents the fair value of estimated payments to clients under the Company's guarantees to them. As these managed receivables are off-balance sheet, this allowance is included in the total of accounts payable and other liabilities. The activity in both allowance for losses accounts for the first quarter of 2011 and 2010 is set out in note 4 to the Statements. The estimates of both allowance for losses are judgmental. Management considers them to be adequate.

Assets held for sale are stated at their net realizable value and totalled $3,548,000 at March 31, 2011 compared to $4,868,000 at March 31, 2010 and $3,482,000 at December 31, 2010. They comprise certain assets securing a defaulted loan upon which the Company foreclosed and obtained title in 2009. The assets continue to be actively marketed for sale and will be sold as market conditions permit. During the current quarter, there were additions to the assets of $159,000 (2010 - $52,000) relating to improvements made to assist in the sale thereof, while assets held for sale totalling $2,000 (2010 - $12,000) were disposed of.

No impairment charges were booked in respect of the assets in the first quarter of 2011 and 2010. The decrease in net realizable value since March 31, 2010 largely relates to impairment charges booked in the second half of 2010.

Cash totalled $2,135,000 at March 31, 2011 compared with $2,090,000 at March 31, 2010 and $4,541,000 at December 31, 2010. The Company endeavors to minimize cash balances as far as possible when it has bank indebtedness outstanding. However, due to the large volume of cash being processed daily it is necessary that a certain amount of cash be held to fund daily requirements. Fluctuations in cash balances are normal.

Changes in income taxes receivable, other assets, capital assets and goodwill compared to March 31, 2010 and December 31, 2010 were not significant.

Future income tax assets totalled $1,100,000 at March 31, 2011 compared to $568,000 at March 31, 2010 and $1,065,000 at December 31, 2010. The increase since March 31, 2010 largely pertains to the future income tax benefit of certain charges incurred subsequent to that date, principally impairment charges against assets held for sale, that are not currently deductible for income tax purposes but which will be in the future.

Total liabilities increased by $10,942,000 to $71,207,000 at March 31, 2011 compared to $60,265,000 at March 31, 2010 and were $2,643,000 higher than the $68,564,000 at December 31, 2010. The increases principally resulted from a rise in bank indebtedness.

Bank indebtedness totalled $52,868,000 at March 31, 2011, a 20% increase compared to $44,070,000 at March 31, 2010 and 19% above the $44,596,000 at December 31, 2010. The $8,798,000 increase since last March 31 principally resulted from helping finance a $12,776,000 rise in gross Loans. Bank indebtedness usually fluctuates with the quantum of Loans outstanding. The Company has approved credit lines with a number of banks totalling $100 million and was in compliance with all loan covenants thereunder at the above dates. The Company's major credit lines are typically renewed for a period of one or two years at a time as circumstances, such as pricing, dictate. The Company has no term debt outstanding.

Amounts due to clients totalled $4,299,000 at March 31, 2011 compared to $2,421,000 at March 31, 2010 and $5,113,000 at December 31, 2010. Amounts due to clients principally consist of collections of receivables not yet remitted to clients. Contractually, the Company remits collections within a few days of receipt. Fluctuations in amounts due to clients are not unusual.

Accounts payable and other liabilities totalled $2,706,000 at March 31, 2011 compared to $3,011,000 at March 31, 2010 and $6,468,000 at December 31, 2010. The balance at December 31, 2010 included an amount of $2,515,000 settled in early January 2011 in respect of shares repurchased in December 2010 under the Company's Normal Course Issuer Bid (the "Bid") and a full year's profit sharing liability. As noted above, accounts payable and other liabilities include the allowance for losses on the guarantee of managed receivables.

Income taxes payable totalled $495,000 at March 31, 2011 compared to $356,000 at March 31, 2010 and $1,421,000 at December 31, 2010. Higher income taxes were payable at December 31, 2010 as the Company's 2010 record earnings were significantly higher than 2009's earnings upon which the Company's 2010 tax installments were based. The balance of 2010's income taxes was paid in the first quarter of 2011.

Changes in deferred income were not significant.

Notes payable totalled $9,771,000 at March 31, 2011, 3% higher than the $9,475,000 at March 31, 2010 but 4% below the $10,142,000 at December 31, 2010. The increase since March 31, 2010 represents new notes issued, net of redemptions, and accrued interest. Please see Related Party Transactions section below.

Capital stock decreased to $6,575,000 at March 31, 2011 compared to $6,908,000 at March 31, 2010 and $6,656,000 at December 31, 2010. There were 8,954,368 common shares outstanding at March 31, 2011 compared to 9,408,871 a year earlier and 9,065,571 at December 31, 2010. The Consolidated Statements of Changes in Equity on page 14 of this report provides details of changes in the Company's issued and outstanding common shares and capital stock. Details of the Company's Bid are provided in note 9. During the quarter ended March 31, 2011, the Company repurchased and cancelled 111,203 common shares acquired under the Bid at a cost of $847,675 (for an average price of $7.62). Since March 31, 2010, the Company has repurchased 454,603 shares under its Bid. This 5% decrease in outstanding shares and the related reduction in weighted average number of shares outstanding in the quarter was the reason the Company's basic and diluted earnings per share rose this quarter compared to the first quarter of 2010 despite slightly lower net earnings. At the date of this MD&A, May 4, 2011, 8,950,368 common shares were outstanding.

Retained earnings totalled $39,851,000 at March 31, 2011 compared to $37,398,000 at March 31, 2010 and $39,692,000 at December 31, 2010. In the first quarter of 2011, retained earnings increased by $159,000, which comprised net earnings of $1,598,000 less dividends paid of $673,000 (7.5 cents per common share) and the $766,000 premium paid on the shares repurchased under the Bid. In the first quarter of 2010, retained earnings increased by $997,000, which comprised of net earnings of $1,609,000 less dividends paid of $612,000 (6.5 cents per common share). Please see the Consolidated Statements of Changes in Equity on page 14 of this report for details of changes in retained earnings. It is noted that the Company's retained earnings were reduced by $7,378,890 on January 1, 2010 upon transition to IFRS (see discussion of accumulated other comprehensive loss and adoption of IFRS below and notes 10 and 17 to the Statements).

Accumulated other comprehensive loss ("AOCL") solely comprises the unrealized foreign exchange loss arising on the translation of assets and liabilities of the Company's self-sustaining U.S. subsidiary. The Company elected to reset its cumulative translation loss account balance at January 1, 2010 of $7,378,890 to zero upon transition to IFRS. This resulted in a corresponding reduction in retained earnings. The accumulated loss was $2,686,000 at March 31, 2011 compared to $1,092,000 at March 31, 2010 and $1,832,000 at December 31, 2010. These balances represent the accumulated translation losses arising as a result of the weakening of the U.S. dollar since January 1, 2010. Please refer to note 10 to the Statements and see the Consolidated Statements of Changes in Equity on page 14 of this report. The $854,000 increase in the unrealized loss position in 2011 resulted from the decrease in value of the U.S. dollar against the Canadian dollar in the first quarter of 2011. The U.S. dollar declined against the Canadian dollar from $0.995 at December 31, 2010 to $0.970 at March 31, 2011. This decreased the Canadian dollar equivalent of the Company's net investment in its U.S. subsidiary of approximately US$34 million by $854,000.

Liquidity and Capital Resources

The Company considers its capital resources to include equity and debt, namely, its bank indebtedness and notes payable. The Company has no term debt outstanding. The Company's objectives when managing its capital are to: (i) maintain financial flexibility in order to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company manages its capital resources and makes adjustments to them in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital resources, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay debt. Amongst other things, the Company monitors the ratio of its debt to equity and its equity to total assets, principally Loans. These ratios are set out in the table below.

(as a percentage)	**Mar. 31, 2011**	Mar. 31, 2010	Dec. 31, 2010
Equity / Assets	**38%**	42%	39%
Debt* / Equity	**143%**	124%	123%

**bank indebtedness & notes payable*

The ratios above indicate the Company's continued financial strength and overall low degree of leverage.

The Company's financing and capital requirements generally increase with the level of Loans outstanding. The collection period and resulting turnover of outstanding receivables also impact financing needs. In addition to cash flow generated from operations, the Company maintains bank lines of credit in Canada and the United States. The Company can also raise funds through its notes payable program.

The Company had credit lines totalling $100 million at March 31, 2011 and had borrowed $53 million against these facilities. Funds generated through operating activities, notes payable and share issuances decrease the usage of, and dependence on, these lines.

As noted in the Review of Balance Sheet section above, the Company had cash balances of $2,135,000 at March 31, 2011 compared to $2,090,000 at March 31, 2010. As far as possible, cash balances are maintained at a minimum and surplus cash is used to repay bank indebtedness.

Management believes that current cash balances and existing credit lines together with cash flow from operations will be sufficient to meet the cash requirements of working capital, capital expenditures, operating expenditures, dividend payments and share repurchases, and will provide sufficient liquidity and capital resources for future growth over the next twelve months.

Cash flows for the quarter ended March 31, 2011 compared with the quarter ended March 31, 2010

Cash inflow from net earnings before changes in operating assets and liabilities totalled $1,924,000 in the first quarter of 2011 compared to $1,918,000 in 2010. After changes in operating assets and liabilities are taken into account, there was a net cash outflow from operating activities of $6,587,000 in the first quarter of 2011 compared to $5,487,000 last year. The net cash outflow in the current quarter largely resulted from financing a $5,419,000 increase in gross Loans. In the first quarter of 2010, the net cash outflow principally resulted from financing gross Loans of $5,461,000. Changes in other operating assets and liabilities are discussed above and are set out in the Company's Consolidated Statements of Cash Flows on page 15 of this report.

Net cash inflow from financing activities totalled $4,216,000 in the current quarter compared to $7,275,000 last year. The net cash inflow in the current quarter resulted from bank borrowings of $8,612,000. Offsetting this inflow were outflows of $3,363,000 relating to the repurchase of shares under the Bid, dividend payments of $673,000, and the redemption of $360,000 of notes payable, net. In the first quarter of 2010, bank indebtedness rose by $7,649,000, while notes payable, net, of $238,000 were issued. Partly offsetting these inflows was a dividend payment of $612,000.

Cash outflows from investing activities and the effect of exchange rate changes on cash were not significant in the quarters ended March 31, 2011 and 2010.

Overall, there was a $2,406,000 decrease in cash balances in the current quarter compared to a $1,751,000 increase in the first quarter of 2010.

Contractual Obligations and Commitments at March 31, 2011

	Payments due in				
(in thousands of dollars)	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	**Total**
Operating lease obligations	$ 318	$ 316	$ 239	$ 115	**$ 988**
Purchase obligations	145	—	—	—	**145**
Total	$ 463	$ 316	$ 239	$ 115	**$ 1,133**

Related Party Transactions

The Company has borrowed funds (notes payable) on an unsecured basis from shareholders, management, employees, other related individuals and third parties. These notes are repayable on demand and bear interest at the bank prime rate less one half of one percent per annum, which is below the rate of interest charged by the Company's banks. Notes payable increased by $296,000 to $9,771,000 at March 31, 2011 compared with $9,475,000 at March 31, 2010. Of these notes payable, $8,381,000 (2010 - $8,014,000) was owing to related parties and $1,390,000 (2010 - $1,461,000) to third parties. Interest expense on these notes increased to $61,000 in the current quarter compared to $40,000 in the first quarter of 2010 largely as a result of higher interest rates this year.

Financial Instruments

All financial assets and liabilities, with the exception of cash, derivative financial instruments, the allowance for losses on the guarantee of managed receivables and the Company's SARs liability, are recorded at amortized cost. The exceptions noted are recorded at fair value.

At March 31, 2011, the Company had an outstanding forward foreign exchange contract with a financial institution that was exercisable between April 1, 2011 and April 29, 2011 and which obliged the Company to sell Canadian dollars and buy US$1,000,000 at an exchange rate of 1.0056. This contract was entered into on behalf of a client and a similar contract was entered into between the Company and the client to sell US$1,000,000 to and buy Canadian dollars from the client, thereby offsetting most risks to the Company. These contracts are discussed further in note 13 to the Statements.

Critical Accounting Policies and Estimates

Critical accounting estimates represent those estimates that are highly uncertain and for which changes in those estimates could materially impact the Company's financial results. The following are accounting estimates that the Company considers critical to the financial results of its business segments:

i) the allowance for credit and loan losses on both its Loans and its guarantee of managed receivables. The Company maintains a separate allowance for losses on each of the above items at amounts, which, in management's judgment, are sufficient to cover losses thereon. The allowances are based upon several considerations including current economic trends, condition of the loan and receivable portfolios and typical industry loss experience. These estimates are particularly judgmental and operating results may be adversely affected by significant unanticipated credit or loan losses, such as occur in a bankruptcy or insolvency.

   The Company's allowances on its Loans and managed receivables may comprise specific and general components. A specific allowance may be established against loans that are identified as impaired, or non-performing, when the Company determines, based on its review, identification and evaluation of problem loans, that the timely collection of interest and principal payments is no longer assured and that the estimated net realizable value of the Company's loan collateral has fallen below its book value. Similarly, a specific allowance may be established against managed receivables when a debtor becomes insolvent and the Company's guarantee is called upon. In such cases, the Company will estimate the fair value of the required payments to the clients under their guarantees, net of any estimated recoveries resulting from the insolvent customer's estate.

   A general allowance on both its Loans and managed receivables is established to reserve against losses that are estimated to have occurred but cannot be specifically identified as impaired on an item-by-item or group basis at a particular point in time. In establishing its general allowances, the Company applies percentage formulae to its Loans and managed receivables. The formulae are based on historic loss experience and are reviewed for adequacy on an ongoing basis. The Company has always been prudent in establishing its general allowances such that they have normally been sufficient to absorb substantial charge-offs. Management believes that its allowances for losses are sufficient and appropriate and does not consider it reasonably likely that the Company's material assumptions will change. The Company's allowances are discussed above and are set out in note 4 to the Statements.

ii) the extent of any provisions required for outstanding claims. In the normal course of business there is outstanding litigation, the results of which are not normally expected to have a material effect upon the Company. However, the adverse resolution of a particular claim could have a material impact on the Company's financial results. Management is not aware of any claims currently outstanding upon which significant damages could result.

Changes in Accounting Policies

Adoption of International Financial Reporting Standards ("IFRS")

Canadian public companies are required to prepare their financial statements in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), for financial years beginning on or after January 1, 2011. Accordingly, effective January 1, 2011, the Company adopted IFRS as the basis for preparing its financial statements, with a transition date of January 1, 2010. The Statements for the quarter ended March 31, 2011 and 2010 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. These Statements are the Company's first condensed interim unaudited consolidated financial statements prepared since the adoption of IFRS and, accordingly, IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied. Previously, the Company prepared its annual and interim consolidated financial statements in accordance with Previous GAAP. The Company has restated its 2010 Previous GAAP financial statements to comply with IFRS and the 2010 comparative information presented herein is in accordance with IFRS.

The IFRS accounting policies used in preparing the Statements are set out in note 3 thereto. These policies have been applied in preparing under IFRS:

- the Statements, which are for the three months ended March 31, 2011 and the comparative three months ended March 31, 2010; and

- the opening Statement of Financial Position on the transition date, January 1, 2010, and the Statement of Financial Position at December 31, 2010.

In preparing the opening Statement of Financial Position at January 1, 2010, comparative information for the three months ended March 31, 2010 and the financial statements for the year ended December 31, 2010 under IFRS, the Company has restated amounts previously reported in financial statements prepared in accordance with Previous GAAP to arrive at the IFRS results and balances. These adjustments had a negligible impact on the Company's equity, net earnings and comprehensive income for the periods noted above (please see note 17 to the Statements).

Guidance for first time adopters of IFRS is set out in IFRS 1, which provides for certain optional exemptions from full retrospective application of IFRS. In preparing these Statements, the Company has elected to exercise the following optional exemptions available upon transition to IFRS:

a) Business combinations – IFRS 1 allows a first-time adopter to elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen to exercise this election and has not restated business combinations that occurred prior to January 1, 2010;

b) Cumulative translation differences – IFRS 1 allows first-time adopters to elect to reset the cumulative translation adjustment to zero at the date of transition to IFRS. The Company has chosen to exercise this election. Accordingly, the Company's AOCL account, whose only component was the cumulative translation adjustment loss balance of $7,378,890 at January 1, 2010, was reset to zero on that date, with a corresponding debit to retained earnings; and

c) Share-based payment transactions – IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, Share-based Payment, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested or settled prior to the transition to IFRS. The Company has elected to exercise the IFRS 1 exemption to not apply IFRS 2 retrospectively to awards that vested prior to its January 1, 2010 transition date.

The only change in the Company's accounting policies upon adoption of IFRS related to the measurement of its SARs liability. Under Previous GAAP, the Company measured its SARs liability using an intrinsic value based method, while under IFRS the Company now measures its SARs liability at fair value. The impact of this change on the Company's net earnings and financial position has been negligible (please see note 17(d) to the Statements).

The Company has not been affected by any changes in its financial reporting obligations under contractual arrangements or financial covenants as a result of adopting IFRS. Moreover, there have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures.

Risks and Uncertainties That Could Affect Future Results

Past performance is not a guarantee of future performance, which is subject to substantial risks and uncertainties. Management remains optimistic about the Company's long-term prospects. Factors that may impact the Company's results include, but are not limited to, the factors discussed below. Please refer to note 14 to the Statements, which discusses the Company's financial risk management practices.

Competition

The Company operates in an intensely competitive environment and its results could be significantly affected by the activities of other industry participants. The Company expects competition to persist in the future as the markets for its services continue to develop and as additional companies enter its markets. There can be no assurance that the Company will be able to compete effectively with current and future competitors. If these or other competitors were to engage in aggressive pricing policies with respect to competing services, the Company would likely lose some clients or be forced to lower its rates, both of which could have a material adverse effect on the Company's business, operating results and financial condition. The Company will not, however, compromise its credit standards.

Economic slowdown

The Company operates in Canada and the United States. Economic weakness in either of the Company's markets can affect its ability to do new business as quality prospects become limited, although in a weak economy competition may be lessened, which could result in the Company seeing more prospects. Further, the Company's clients and their customers are often adversely affected by economic slowdowns and this can lead to increases in its provision for credit and loan losses.

Credit risk

The Company is in the business of factoring its clients' receivables and making asset-based loans. The Company's portfolio totalled $257 million at March 31, 2011. Operating results can be adversely affected by large bankruptcies and/or insolvencies. Please refer to note 14(a) to the Statements.

Interest rate risk

The Company's agreements with its clients (impacting interest revenue) and lenders (impacting interest expense) usually provide for rate adjustments in the event of interest rate changes so that the Company's spreads are protected to some degree. However, as the Company's floating rate Loans substantially exceed its borrowings, the Company is exposed to some degree to interest rate fluctuations. Please refer to note 14(c)(ii) to the Statements.

Foreign currency risk

The Company operates internationally. Accordingly, a portion of its financial resources are held in currencies other than the Canadian dollar. The Company's policy is to manage financial exposure to foreign exchange fluctuations and attempt to neutralize the impact of foreign exchange movements on its operating results where possible. In recent years, the Company has seen the weakening of the U.S. dollar against the Canadian dollar adversely affect its operating results when its U.S. subsidiary's results are translated into Canadian dollars. It has also caused a significant decrease in the value of the Company's net Canadian dollar investment in its U.S. subsidiary, which has reduced the accumulated other comprehensive income or loss component of equity to a loss position. Please see above and refer to notes 10 and 14(c)(i) to the Statements.

Potential acquisitions and investments

The Company seeks to acquire or invest in businesses that expand or complement its current business. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisitions or investments will generate additional earnings or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

Personnel significance

Employees are a significant asset of the Company. Market forces and competitive pressures may adversely affect the ability of the Company to recruit and retain key qualified personnel. The Company mitigates this risk by providing a competitive compensation package, which includes profit sharing, SARs, and medical benefits, as it continuously seeks to align the interests of employees and shareholders.

Outlook

The Company's principal objective is managed growth – putting quality new business on the books while maintaining high underwriting standards. Although it will be a challenge this year to repeat the record levels of business achieved in 2010, the Company has started 2011 out solidly; first quarter net earnings were similar to last year, while earnings per share increased somewhat. Our Canadian recourse factor, AFIC, is seeing an increased number of prospects and had a good first quarter. On the other hand, our U.S. recourse factoring operation is encountering increased competition for new and existing business and the Company may see a migration of clients or reduced yields as a result. Meanwhile, our non-recourse factoring business, AFL, is facing renewed competition from the credit insurance companies this year. This competition may lead to some client losses and rate compression. Accordingly, 2011 will continue to be a year of challenges.

Accord, with its substantial capital and borrowing capacity, is well positioned to capitalize on market opportunities. With experienced management and staff, coupled with its financial resources, the Company is able to meet increased competition and develop new opportunities. It continues to look to introduce new financial and credit services to fuel growth in a very competitive and challenging environment.

Stuart Adair

Stuart Adair
Vice President, Chief Financial Officer
May 4, 2011

Consolidated Statements of Financial Position
(unaudited)

	March 31 2011	March 31 2010	December 31 2010	January 1 2010
Assets				
Factored receivables and loans, net (note 4)	**$ 106,557,454**	$ 94,019,998	$ 102,313,077	$ 89,906,633
Assets held for sale (note 5)	**3,548,022**	4,867,811	3,481,686	4,996,716
Cash	**2,134,916**	2,090,061	4,541,155	339,267
Income taxes receivable	**102,075**	90,073	179,861	606,689
Other assets	**218,142**	408,016	148,433	302,742
Future income taxes	**1,099,542**	568,415	1,064,636	577,375
Capital assets	**397,416**	501,265	438,547	520,129
Goodwill (note 6)	**932,462**	976,892	956,503	1,010,744
	$ 114,990,029	$ 103,522,531	$ 113,123,898	$ 98,260,295
Liabilities				
Bank indebtedness	**$ 52,867,814**	$ 44,070,167	$ 44,595,863	$ 36,798,397
Due to clients	**4,298,518**	2,420,968	5,113,304	4,517,282
Accounts payable and other liabilities	**2,705,680**	3,011,283	6,467,674	3,270,823
Income taxes payable	**495,150**	356,098	1,421,460	321,803
Deferred income	**1,069,434**	931,212	824,120	746,273
Notes payable (note 7)	**9,770,703**	9,475,115	10,141,916	9,253,501
	71,207,299	60,264,843	68,564,337	54,908,079
Equity				
Capital stock (note 9)	**6,574,696**	6,908,481	6,656,345	6,908,481
Contributed surplus	**42,840**	42,840	42,840	42,840
Retained earnings	**39,851,291**	37,398,136	39,692,340	36,400,895
Accumulated other comprehensive loss (note 10)	**(2,686,097)**	(1,091,769)	(1,831,964)	—
	43,782,730	43,257,688	44,559,561	43,352,216
	$ 114,990,029	$ 103,522,531	$ 113,123,898	$ 98,260,295
Common shares outstanding	**8,954,368**	9,408,971	9,065,571	9,408,971

Notice to Reader

Management has prepared these condensed interim unaudited consolidated financial statements and notes and is responsible for the integrity and fairness of the financial information presented therein. They have been reviewed and approved by the Company's Audit Committee and Board of Directors. Pursuant to National Instrument 51-102, Part 4, Subsection 4.3(3)(a), the Company advises that its independent auditor has not performed a review or audit of these condensed interim unaudited consolidated financial statements.

Consolidated Statements of Earnings
(unaudited)

Three months ended March 31	2011	2010
Revenue		
Factoring commissions, discounts, interest and other income	$ 6,867,277	$ 6,978,924
Expense		
Interest	495,634	385,316
General and administrative	3,537,506	3,574,264
Provision for credit and loan losses	446,401	558,959
Depreciation	29,268	32,561
	4,508,809	4,551,100
Earnings before income tax expense	2,358,468	2,427,824
Income tax expense (note 15)	760,000	819,000
Net earnings	$ 1,598,468	$ 1,608,824
Basic and diluted earnings per common share	$ 0.18	$ 0.17
Basic and diluted weighted average number of common shares	9,002,340	9,408,971

Consolidated Statements of Comprehensive Income
(unaudited)

Three months ended March 31	2011	2010
Net earnings	$ 1,598,468	$ 1,608,824
Other comprehensive loss: unrealized foreign exchange loss on translation of self-sustaining foreign operation	(854,133)	(1,091,769)
Comprehensive income	$ 744,335	$ 517,055

Consolidated Statements of Changes in Equity
(unaudited)

	Capital Stock					
	Number of outstanding shares	Amount	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (note)	Total
Balance at January 1, 2010	9,408,971	$ 6,908,481	$ 42,840	$ 36,400,895	$ —	$ 43,352,216
Comprehensive income	—	—	—	1,608,824	(1,091,769)	517,055
Dividends paid	—	—	—	(611,583)	—	(611,583)
Balance at March 31, 2010	9,408,971	$ 6,908,481	$ 42,840	$ 37,398,136	$ (1,091,769)	$ 43,257,688
Balance at January 1, 2011	9,065,571	$ 6,656,345	$ 42,840	$ 39,692,340	$(1,831,964)	$ 44,559,561
Comprehensive income	—	—	—	1,598,468	(854,133)	744,335
Dividends paid	—	—	—	(673,491)	—	(673,491)
Shares repurchased for cancellation	(111,203)	(81,649)	—	(766,026)	—	(847,675)
Balance at March 31, 2011	8,954,368	$ 6,574,696	$ 42,840	$ 39,851,291	$(2,686,097)	$ 43,782,730

Note: The Company elected to reset its cumulative translation loss account, the only component of its accumulated other comprehensive loss account, to zero upon transition to IFRS on January 1, 2010 with a corresponding reduction in retained earnings of $7,378,890, being the debit balance of the accumulated other comprehensive loss account at that date.

Consolidated Statements of Cash Flows
(unaudited)

Three months ended March 31	2011	2010
Cash provided by (used in)		
Operating activities		
Net earnings	$ 1,598,468	$ 1,608,824
Items not affecting cash		
Allowance for losses, net of charge-offs and recoveries	87,125	95,557
Deferred income	249,892	189,071
Loss on disposal of capital assets	17,753	—
Depreciation	29,268	32,561
Future income tax recovery	(58,862)	(8,038)
	1,923,644	1,917,975
Changes in operating assets and liabilities		
Factored receivables and loans, gross	(5,418,810)	(5,460,751)
Due to clients	(788,701)	(2,074,015)
Income taxes payable/receivable	(839,851)	548,557
Other assets	(70,923)	(113,592)
Accounts payable and other liabilities	(1,237,258)	(266,064)
Addition to assets held for sale	(158,598)	(51,748)
Sale of assets held for sale	3,547	12,353
	(6,586,950)	(5,487,285)
Investing activities		
Additions to capital assets, net	(7,302)	(15,536)
Financing activities		
Bank indebtedness	8,612,202	7,649,448
Notes payable (redeemed) issued, net	(360,456)	237,416
Repurchase and cancellation of shares	(3,362,618)	—
Dividend paid	(673,491)	(611,583)
	4,215,637	7,275,281
Effect of exchange rate changes on cash	(27,624)	(21,666)
(Decrease) increase in cash	(2,406,239)	1,750,794
Cash at beginning of period	4,541,155	339,267
Cash at end of period	$ 2,134,916	$ 2,090,061
Supplemental cash flow information		
Interest paid	$ 428,232	$ 329,754
Income taxes paid	$ 1,673,588	$ 296,277

Notes to Consolidated Financial Statements
(unaudited)
Three months ended March 31, 2011 and 2010

1. Description of the business

Accord Financial Corp. (the "Company") is incorporated by way of Articles of Continuance under the Ontario Business Corporations Act and, through its subsidiaries, is engaged in providing asset-based financial services, including factoring, financing, credit investigation, guarantees and receivables collection to industrial and commercial enterprises, principally in Canada and the United States.

2. Basis of presentation and statement of compliance

The Company adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011, with a transition date of January 1, 2010. These condensed interim unaudited consolidated financial statements (the "Statements") are expressed in Canadian dollars and have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). They have been prepared using the accounting policies that the Company expects to utilize in its consolidated financial statements for the year ending December 31, 2011 as detailed in note 3. These accounting policies are based on IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that the Company expects to be applicable at that time. These Statements are the Company's first condensed interim unaudited consolidated financial statements prepared under IFRS and IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied. These Statements do not include all of the information and footnotes required for full annual financial statements prepared in accordance with IFRS.

The Company's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Previous GAAP"). Previous GAAP differs in some areas from IFRS. The Company has made only one change in accounting policy from those being followed by it under Previous GAAP, namely, that relating to stock-based compensation (please see note 3(k)). In preparing these Statements, the Company has taken this change into account, as well as certain exemptions available under IFRS 1 (see note 17(a)). In accordance with the transition rules, the Company has retroactively applied IFRS to restate the comparative financial information presented herein for 2010 from that reported last year in accordance with Previous GAAP.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 17. Note 17 includes reconciliations of equity at January 1, 2010, March 31, 2010 and December 31, 2010, as well as reconciliations of net earnings and total comprehensive income for the three months ended March 31, 2010, and the comparative fiscal year ended December 31, 2010, as reported under previous GAAP to those now being reported under IFRS.

The preparation of these Statements and the accompanying unaudited notes in accordance with IAS 34 requires management to make estimates and assumptions that affect the amounts reported (see note 3(b)). In the opinion of management, these Statements reflect all adjustments necessary to fairly state the Company's financial results for the periods presented. Actual amounts could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of the financial results expected for the full year.

3. Significant accounting policies

a) Basis of consolidation

These financial statements consolidate the accounts of the Company and its wholly owned subsidiaries, namely, Accord Financial Ltd. ("AFL") and Accord Financial Inc. ("AFIC") in Canada and Accord Financial, Inc. ("AFIU") in the United States. Intercompany balances and transactions are eliminated upon consolidation.

b) Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Estimates that are particularly judgmental relate to the determination of the allowance for losses relating to factored receivables and loans and to the guarantee of managed receivables (note 4). Management believes that both allowances for losses are adequate.

c) Revenue recognition

Revenue principally comprises factoring commissions from the Company's recourse and non-recourse factoring businesses and is measured at the fair value of the consideration received. Factoring commissions are calculated as a discount percentage of the gross amount of the factored invoice. These commissions are recognized as revenue at the time of factoring. A portion of the revenue is deferred and recognized over the period when costs are being incurred in collecting the receivables. In its recourse factoring business, additional factoring commissions are charged if the invoice is not paid by the end of the initial discount period. Interest charges on loans and factored receivables are recognized as revenue on an accrual basis. Other revenue, such as due diligence fees, documentation fees and commitment fees, is recognized as revenue when earned.

d) *Allowances for losses*

The Company maintains a separate allowance for losses on both its factored receivables and loans and its guarantee of managed receivables. The Company maintains these allowances for losses at amounts which, in management's judgment, are sufficient to cover losses thereon. The allowances are based upon several considerations including current economic trends, condition of the loan and customer receivable portfolios and typical industry loss experience.

Credit losses on managed receivables are charged to the respective allowance for losses account when debtors are known to be bankrupt or insolvent. Losses on factored receivables and loans are charged to the allowance for losses when collectibility becomes questionable and the underlying collateral is considered insufficient to secure the loan balance. Recoveries of previously written off accounts are credited to the respective allowance for losses account. The allowance for losses on factored receivables and loans is recorded at amortized cost, while the allowance for losses on the guarantee of managed receivables is recorded at fair value.

e) *Capital assets*

Capital assets are stated at amortized cost. Depreciation is provided annually over the estimated useful lives of the assets as follows:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Automobiles	Declining balance	30%
Leasehold improvements	Straight line	Over remaining lease term

Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the accounts and any gain or loss is recorded in income or expense. The Company reviews capital assets on a regular basis to determine that their carrying values have not been impaired.

f) *Goodwill*

Goodwill is not amortized, but tested for impairment annually, or more frequently if impairment indicators arise, to ensure that its fair value remains greater than, or equal to, its book value. If its book value exceeds fair value, the excess will be charged against earnings in the period in which the impairment is determined.

g) *Income taxes*

The Company follows the asset and liability method of accounting for income taxes, whereby future income tax assets and liabilities are recognized based on temporary differences between the tax and accounting bases of assets and liabilities, as well as losses available to be carried forward to future years for income tax purposes. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be in effect when the temporary differences are expected to reverse and are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment. To the extent that the realization of future income tax assets is not considered to be more likely than not, a valuation allowance is provided.

h) *Foreign subsidiary*

The assets and liabilities of the Company's self-sustaining foreign subsidiary are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date. Revenue and expenses are translated into Canadian dollars at the average monthly exchange rate then prevailing. Resulting translation gains and losses are credited or charged to other comprehensive income or loss.

i) *Foreign currency translation*

Assets and liabilities denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date. Revenue and expenses are translated into Canadian dollars at the prevailing average monthly exchange rates. Translation gains and losses are credited or charged to earnings.

j) *Earnings per common share*

Earnings per common share are calculated using the treasury stock method to compute the dilutive effect of common share equivalents.

k) *Stock-based compensation*

The Company accounts for stock options and share appreciation rights ("SARs") issued to directors and employees using fair value-based methods. Under Previous GAAP, the Company measured its SARs liability using an intrinsic value-based method. The impact of this change on the Company's net earnings has been negligible.

l) *Derivative Financial instruments*

The Company records derivative financial instruments on its balance sheet at their respective fair values. Changes in the fair value of these instruments are reported in earnings unless all of the criteria for hedge accounting are met, in which case, changes in fair value would be recorded in other comprehensive income or loss.

m) *Financial assets and liabilities*

Financial assets and liabilities, with the exception of cash, derivative financial instruments, the allowance for losses on the guarantee of managed receivables and the Company's SARs liability, are recorded at amortized cost. Financial assets and liabilities not measured at amortized cost are recorded at fair value.

n) *Assets held for sale*

Assets acquired on realizing security on defaulted loans are held for sale and are stated at the lower of cost or net realizable value (fair value less costs of disposal).

o) *Financial instruments – disclosures*

IFRS 7, Financial Instruments – Disclosures, details disclosure requirements in respect of financial instruments that are based on a three-level fair value hierarchy that prioritizes the quality and reliability of information used in estimating the fair value of financial instruments. The fair values for the three levels are based on:

- Level 1 – quoted prices in active markets;
- Level 2 – models using observable inputs other than quoted market prices included within Level 1; and
- Level 3 – models using inputs that are not based on observable market data.

4. Factored receivables and loans

	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2010
Factored receivables	**$ 91,577,422**	$ 86,910,839	$ 80,266,042
Loans to clients	**16,781,032**	17,131,238	15,315,956
Factored receivables and loans, gross	**108,358,454**	104,042,077	95,581,998
Less allowance for losses	**1,801,000**	1,729,000	1,562,000
Factored receivables and loans, net	**$ 106,557,454**	$102,313,077	$ 94,019,998

The Company's allowance for losses on factored receivables and loans at the above noted dates comprised only a general allowance. The activity in the allowance for losses on factored receivables and loans account during the three months ended March 31, 2011 and 2010 was as follows:

	2011	2010
Allowance for losses at January 1	**$ 1,729,000**	$ 1,528,000
Provision for credit and loan losses	**347,594**	448,702
Charge-offs	**(287,454)**	(454,629)
Recoveries	**26,985**	61,483
Foreign exchange adjustment	**(15,125)**	(21,556)
Allowance for losses at March 31	**$ 1,801,000**	$ 1,562,000

The Company has entered into agreements with clients whereby it has assumed the credit risk with respect to the majority of the clients' receivables. At March 31, 2011, the gross amount of these managed receivables was $148,866,247, while it was $153,861,677 at December 31, 2010 and $162,834,711 at March 31, 2010. At March 31, 2011 and December 31, 2010, management provided an amount of $1,138,000 as a general allowance for losses on the guarantee of these managed receivables, while it provided an amount of $1,129,000 at March 31, 2010. These amounts represent the estimated fair value of the guarantees at those dates. As these managed receivables are off-balance sheet, this allowance is included in the total of accounts payable and other liabilities. The activity in the allowance for losses on the guarantee of managed receivables account during the three months ended March 31, 2011 and 2010 was as follows:

	2011	2010
Allowance for losses at January 1	**$ 1,138,000**	$ 1,089,000
Provision for credit losses	**98,807**	110,258
Charge-offs	**(126,424)**	(104,973)
Recoveries	**27,617**	34,715
Allowance for losses at March 31	**$ 1,138,000**	$ 1,129,000

The nature of the Company's business involves funding or assuming the credit risk on receivables offered to it by its clients.

The Company controls the credit risk associated with its factored receivables and loans and managed receivables in a variety of ways. For details of the Company's policies and procedures in this regard, please refer to note 14(a).

5. Assets held for sale

During 2009, the Company obtained title to certain long-lived assets securing a defaulted loan. The assets are recorded at their net realizable value and are being actively marketed for sale and will be sold as market conditions permit. During the three months ended March 31, 2011, there were additions to the assets totalling $158,598 (2010 - $51,748) relating to improvements made to assist in the sale thereof, while assets of $2,145 were disposed of (2010 - $12,353). No impairment charges were taken in respect of the assets during the three months ended March 31, 2011 and 2010.

6. Goodwill

Goodwill is tested for impairment annually or more frequently if impairment indicators arise. During 2010 the Company conducted an annual impairment review and determined there was no impairment to the carrying value of goodwill. The goodwill is carried in the Company's U.S. operations and the differences in the goodwill balances reported in the Consolidated Statements of Financial Position relate to the translation of the goodwill balance of US$961,697 into Canadian dollars at different prevailing period-end exchange rates.

7. Related Party Transactions (notes payable)

Notes payable are to individuals or entities and consist of advances from shareholders, management, employees, other related individuals and third parties. The notes are unsecured, due on demand and bear interest at the bank prime rate less one half of one percent per annum. Notes payable were as follows:

	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2010
Related parties	$ 8,380,754	$ 8,157,537	$ 8,014,020
Third parties	1,389,949	1,984,379	1,461,094
	$ 9,770,703	$10,141,916	$ 9,475,114

Interest expense on the notes payable for the three months ended March 31, 2011 and 2011 was as follows:

	2011	2010
Related parties	$ 50,746	$ 33,185
Third parties	10,591	7,015
	$ 61,337	$ 40,200

8. Stock-based compensation

The Company accounts for stock-based compensation, in respect of its SARs and stock option grants, using fair value-based methods. The Company's SARs and stock option plans are discussed in more detail in notes 10(e) and 10(f), respectively, to its Previous GAAP prepared audited financial statements for the fiscal year ended December 31, 2010 included in its 2010 Annual Report. The following SARs were outstanding at the following dates:

SARs grant price	Grant Date	Mar. 31, 2011 & Dec 31, 2010	Mar. 31, 2010
$ 7.25	May 7, 2008	65,000	95,000
$ 6.03	July 28, 2009	70,000	100,000
$ 5.50	May 7, 2010	140,000	—
SARs outstanding		275,000	195,000
SARs vested		155,000	112,500

Changes in the fair value of outstanding SARs are calculated at each balance sheet date and are recorded in general and administrative expenses over the awards vesting period, or immediately if fully vested. The Company recorded a stock-based compensation expense of $129,247 (2010 – $2,921) in the three months ended March 31, 2011 in respect of its outstanding SARs. The Company has not granted any stock options since May 2004 and no options were outstanding as at March 31, 2011 (2010 – 42,000). There has been no stock-based compensation in respect of stock options since 2007.

9. Capital stock

a) *Share repurchase program*

On August 5, 2009, the Company received approval from the TSX to commence a normal course issuer bid (the "2009 Bid") for up to 471,183 of its common shares at prevailing market prices on the TSX. The 2009 Bid commenced August 8, 2009 and terminated on August 7, 2010. Under the 2009 Bid, the Company repurchased and cancelled 15,100 shares at an average price of $5.32 per share for total consideration of $80,591. This amount was applied to reduce share capital by $11,063 and retained earnings by $69,528.

On August 5, 2010, the Company received approval from the TSX to commence a new normal course issuer bid (the "2010 Bid") for up to 470,373 of its common shares at prevailing market prices on the TSX. The 2010 Bid commenced on August 8, 2010 and will terminate on August 7, 2011 or the date on which a total of 470,373 common shares have been repurchased pursuant to its terms. All shares repurchased pursuant to the 2010 Bid will be cancelled. To March 31, 2011, the Company repurchased and cancelled 452,903 common shares acquired under the 2010 Bid at an average price of $7.52 per common share for total consideration of $3,406,864. This amount was applied to reduce share capital by $332,542 and retained earnings by $3,074,322.

During the three months ended March 31, 2011, the Company repurchased and cancelled 111,203 shares acquired under the 2010 Bid at an average price of $7.62 per common share for a total consideration of $847,675. This amount was applied to reduce share capital by $81,649 and retained earnings by $766,026. The Company did not repurchase any common shares during the three months ended March 31, 2010.

b) *Dividends*

Dividends in respect of the Company's common shares are declared in Canadian dollars. During the three months ended March 31, 2011, dividends per common share of $0.075 were declared and paid, while during the three months ended March 31, 2010 dividends per common share of $0.065 were declared and paid. Dividends paid during the three months ended March 31, 2011 totalled $673,491 (2010 - $611,583).

10. Accumulated other comprehensive loss

Accumulated other comprehensive loss comprises the unrealized foreign exchange loss arising on translation of the assets and liabilities of the Company's self-sustaining U.S. subsidiary, which are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date.

The Company elected to reset its cumulative translation loss account, the only component of its accumulated other comprehensive loss account, to zero upon transition to IFRS on January 1, 2010. This required a reduction in retained earnings of $7,378,890, being the debit balance of the accumulated other comprehensive loss account on that date.

11. Contingent liabilities

a) In the normal course of business there is outstanding litigation, the results of which are not expected to have a material effect upon the Company.

b) The Company was contingently liable with respect to letters of credit issued on behalf of clients in the amount of $1,461,967 at March 31, 2011, $1,127,947 at December 31, 2010 and $1,023,463 at March 31, 2010. These amounts have been considered in determining the allowance for losses on factored receivables and loans.

12. Segmented information

The Company operates and manages its businesses in one dominant industry segment – providing asset-based financial services to industrial and commercial enterprises, principally in Canada and the United States. There were no significant changes to capital assets and goodwill during the periods under review.

Three months ended March 31, 2011

(in thousands)	Canada	United States	Total
Identifiable assets	$ 65,964	$ 49,026	$ 114,990
Revenue	$ 4,807	$ 2,060	$ 6,867
Expenses			
Interest	438	58	496
General and administrative	2,625	913	3,538
Provision for credit and loan losses	314	132	446
Depreciation	23	6	29
	3,400	1,109	4,509
Earnings before income tax expense	1,407	951	2,358
Income tax expense	413	347	760
Net earnings	$ 994	$ 604	$ 1,598

Three months ended March 31, 2010

(in thousands)	Canada	United States	Total
Identifiable assets	$ 57,457	$ 45,973	$ 103,430
Revenue	$ 4,744	$ 2,235	$ 6,979
Expenses			
Interest	342	43	385
General and administrative	2,662	912	3,574
Provision for credit and loan losses	387	172	559
Depreciation	28	5	33
	3,419	1,132	4,551
Earnings before income tax expense	1,325	1,103	2,428
Income tax expense	421	398	819
Net earnings	$ 904	$ 705	$ 1,609

13. Derivative financial instruments

At March 31, 2011 and December 31, 2010, the Company had an outstanding forward foreign exchange contract with a financial institution that was exercisable by the Company between April 1, 2011 and April 29, 2011 and which obliged the Company to sell Canadian dollars and buy US$1,000,000 at an exchange rate of

1.0056. This contract was entered into by the Company on behalf of a client and a similar forward foreign exchange contract was entered into between the Company and the client, whereby the Company will buy Canadian dollars from and sell US$1,000,000 to the client.

As at March 31, 2010, the Company had entered into forward foreign exchange contracts with a financial institution that matured between April 1, 2010 and May 28, 2010 and obliged the Company to sell Canadian dollars and buy US$415,000 at exchange rates ranging from 1.0691 to 1.0908. These contracts were entered into by the Company on behalf of clients and similar forward foreign exchange contracts were entered into between the Company and the clients, whereby the Company would buy Canadian dollars from and sell US$415,000 to the clients.

The favorable and unfavorable fair values of these contracts have been recorded on the Company's Statement of Financial Position in other assets and accounts payable and other liabilities, respectively. The contracts have all been classified as Level 2.

14. Financial risk management

The Company is exposed to credit, liquidity and market risks related to the use of financial instruments in its operations. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework through its Audit Committee. The Company's risk management policies are established to identify, analyze, limit, control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

a) *Credit risk*

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. In the Company's case, credit risk arises with respect to its loans to and other financial transactions with clients, managed receivables and any other counterparty the Company deals with. The carrying amount of these loans and managed receivables represents the Company's maximum credit exposure and is the most significant measurable risk that it faces. The nature of the Company's factoring and asset-based lending business involves funding or assuming credit risk on the receivables offered to it by its clients, as well as financing other assets, such as inventory and equipment. Typically, the Company takes title to the factored receivables and collateral security over the other assets that it lends against and does not lend on an unsecured basis. It does not take title to the managed receivables as it does not lend against them, but it assumes the credit risk from the client in respect of these receivables.

Credit is approved by a staff of credit officers, with larger amounts being authorized by supervisory personnel, management and, in the case of credit in excess of $1.0 million, by the Company's President and the Chairman of its Board. Credit in excess of $2.5 million is approved by the Company's Credit Committee, which comprises three independent members of its Board. The Company monitors and controls its risks and exposures through financial, credit and legal systems and, accordingly, believes that it has in place procedures for evaluating and limiting the credit risks to which it is subject. Credit is subject to ongoing management review. Nevertheless, for a variety of reasons, there will inevitably be defaults by clients or their customers.
The Company's primary focus continues to be on the creditworthiness and collectibility of its clients' receivables.

Monitoring and communicating with its clients' customers is measured by, amongst other things, an analysis which indicates the amount of receivables current and past due. The clients' customers have varying payment terms depending on the industries in which they operate, although most customers have payments terms of 30 to 60 days from invoice date. Of the total managed receivables for which the Company guarantees payment, 3.0% (2010 – 2.5%) were past due more than 60 days at March 31, 2011. In the Company's recourse factoring business, receivables become "ineligible" for lending purposes when they reach a certain pre-determined age, usually 75 to 90 days from invoice date, and are usually charged back to clients, thereby eliminating the Company's credit risk on such older receivables.

The Company employs a client rating system to assess credit risk in its recourse factoring business, which identifies, amongst other things, the financial strength of each client and the Company's underlying security, principally its clients' receivables, while in its non-recourse factoring business it employs a customer credit scoring system to assess the credit risk associated with those client receivables (managed receivables) that it guarantees. Credit risk is primarily managed by ensuring that, as far as possible, the receivables factored are of the highest quality and that any inventory, equipment or other assets securing loans are appropriately appraised. The Company assesses the financial strength of its clients' customers and the industries in which they operate on a regular and ongoing basis. For a factoring company, the financial strength of its clients' customers is often more important than the financial strength of the clients themselves. The Company also minimizes credit risk by limiting the maximum amount it will lend to any one client, enforcing strict advance rates, disallowing certain types of receivables, and charging back or making receivables ineligible for lending purposes as they become older. The Company will also confirm the validity of the receivables that it purchases. In its non-recourse business, each customer is provided with a credit limit up to which the Company will guarantee that customer's total receivables. All customer credit in excess of $2.5 million is approved by the Company's Credit Committee on a case by case basis. At March 31, 2011, the Company had guaranteed accounts receivable in excess of $10 million in respect of one customer.

The following table summarizes the Company's credit exposure relating to its factored receivables and loans by industrial sector at March 31, 2011:

Industrial sector	Gross factored receivables and loans	% of total
	(in thousands)	
Manufacturing	$ 54,111	50
Wholesale and distribution	20,485	19
Financial and professional services	16,506	15
Transportation	11,605	11
Other	5,651	5
	$ 108,358	100

The following table summarizes the Company's credit exposure relating to its managed receivables by industrial sector at March 31, 2011:

Industrial Sector	Managed receivables	% of total
	(in thousands)	
Retail	$ 141,730	95
Other	7,136	5
	$ 148,866	100

As set out in notes 3(d) and 4, the Company maintains an allowance for credit and loan losses on its factored receivables and loans and its guarantee of managed receivables. The Company maintains a separate allowance for losses on each of the above items at amounts, which, in management's judgment, are sufficient to cover losses thereon. The allowances are based upon several considerations including current economic trends, condition of the loan and receivable portfolios and typical industry loss experience.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal obligations are its bank indebtedness, notes payable, due to clients, and accounts payable and other liabilities. Revolving credit lines totalling $100,000,000 have been established at a number of banking institutions bearing interest varying with the bank prime rate or LIBOR. At March 31, 2011, the Company had borrowed $52,868,000 (2010 - $44,070,000) against these facilities. These lines of credit are collateralized primarily by factored receivables and loans to clients. The Company was in compliance with all loan covenants under these lines of credit as at March 31, 2011. Notes payable are due on demand and are to individuals or entities and consist of advances from shareholders, management, employees, other related individuals and third parties. As at March 31, 2011, 86% of these notes were due to related parties and 14% to third parties. Due to clients principally consist of collections of receivables not yet remitted to the Company's clients. Contractually, the Company remits collections within a few days of receipt. Accounts payable and other liabilities comprise a number of different obligations, the majority of which are payable within six months.

The Company had gross factored receivables and loans totalling $108,358,000 at March 31, 2011, which substantially exceeded its total liabilities of $71,207,000 at that date. The Company's receivables normally have payment terms of 30 to 60 days from invoice date. Together with its unused credit lines, management believes that current cash balances and liquid short-term assets are more than sufficient to meet its financial obligations as they fall due.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

i) *Currency risk*

The Company is exposed to currency risk primarily in its self-sustaining U.S. subsidiary, which operates exclusively in U.S. dollars, to the full extent of the U.S. subsidiary's net assets of approximately US$34,000,000 at March 31, 2011 (2010 - $31,000,000). The Company's investment in its U.S. subsidiary is not hedged as it is long-term in nature. Unrealized foreign exchange gains or losses arise on translation of the assets and liabilities of the Company's self-sustaining U.S. subsidiary into Canadian dollars each period end. Resulting foreign exchange gains or losses are credited or charged to other comprehensive income or loss with a corresponding entry to the accumulated other comprehensive income or loss component of equity. See note 10. The Company is also subject to foreign currency risk on the earnings of its U.S. subsidiary, which are unhedged. Based on the U.S. subsidiary's results for the three months ended March 31, 2011, a one cent change in the U.S. dollar against the Canadian dollar would change the Company's annual net earnings by approximately $24,000. It would also change other comprehensive income or loss and the accumulated other comprehensive income or loss component of equity by approximately $340,000.

The Company's Canadian operations have some assets and liabilities denominated in foreign currencies, principally factored receivables and loans, cash, bank indebtedness and due to clients. These assets and liabilities are usually economically hedged, although the Company enters into foreign exchange contracts from time-to-time to hedge its currency risk when there is no economic hedge. At March 31, 2011, the Company's unhedged foreign currency positions in its Canadian operations totalled $509,000 (2010 - $145,000). The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies on a spot or forward basis when necessary to address short-term imbalances. The impact of a one percent change in the value of its unhedged foreign currency position against the Canadian dollar would not have a material impact on the Company's net earnings.

ii) *Interest rate risk*

Interest rate risk pertains to the risk of loss due to the volatility of interest rates. The Company's lending and borrowing rates are usually based on bank prime rates of interest or LIBOR and are typically variable. The Company actively manages its interest rate exposure where possible.

The Company's agreements with its clients (impacting interest revenue) and lenders (impacting interest expense) usually provide for rate adjustments in the event of interest rate changes so that the Company's spreads are protected to a large degree. However, as the Company's factored receivables and loans substantially exceed its borrowings, the Company is exposed to interest rate risk as a result of the difference, or gap, between interest sensitive assets and liabilities. This gap largely exists because of, and fluctuates with, the quantum of the Company's equity.

The following table shows the interest rate sensitivity gap at March 31, 2011:

(in thousands)	Floating rate	0 to 12 months	1 to 3 years	Non-rate sensitive	Total
Assets					
Factored receivables and loans, net	$104,386	$ 970	$ 1,930	$ (729)	$106,557
Assets held for sale	—	—	—	3,548	3,548
Cash	1,046	—	—	1,089	2,135
All other assets	—	75	—	2,675	2,750
	105,432	1,045	1,930	6,583	114,990
Liabilities					
Bank indebtedness	42,396	10,472	—	—	52,868
Due to clients	—	—	—	4,298	4,298
Notes payable	9,771	—	—	—	9,771
All other liabilities	—	2	—	4,268	4,270
Equity	—	—	—	43,783	43,783
	52,167	10,474	—	52,349	114,990
	$ 53,265	$ (9,429)	$ 1,930	$(47,766)	$ —

Based on the Company's interest rate positions as at March 31, 2011, a sustained 100 basis point rise in interest rates across all currencies and maturities would increase net earnings by approximately $440,000 over a one year period. A decrease of 100 basis points in interest rates would reduce net earnings to a somewhat lesser extent.

15. Income taxes

The Company provides for income taxes in its condensed interim unaudited consolidated financial statements based on the estimated effective tax rate for the full fiscal year in those jurisdictions in which it operates.

16. Capital disclosure

The Company considers its capital structure to include equity and debt, namely, its bank indebtedness and notes payable. The Company's objectives when managing capital are to: (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may, from time to time, change the amount of dividends paid to shareholders, return capital to shareholders by way of normal course issuer bid, issue new shares, or reduce liquid assets to repay other debt. The Company monitors the ratio of its debt to equity and its equity to total assets. As a percentage, these ratios totalled 38% (2010 - 42%) and 143% (2010 - 124%), respectively, at March 31, 2011 indicating the Company's continued financial strength and overall low degree of leverage. The Company's debt, and leverage, will usually rise with an increase in factored receivables and loans and vice-versa. The Company's share capital is not subject to external restrictions. However, the Company's credit facilities include debt to tangible net worth ("TNW") covenants. Specifically, at March 31, 2011, AFIC is required to maintain a debt to TNW ratio of less than 4.0, while AFIU is required to maintain a minimum TNW of US$18,000,000 and a ratio of total liabilities to TNW of less than 3.0. The Company was fully compliant with its banking covenants at March 31, 2011. There were no changes in the Company's approach to capital management from the previous year.

17. Transition to International Financial Reporting Standards

a) Adoption of IFRS

As detailed in note 2, these Statements are the Company's first condensed interim unaudited consolidated financial statements prepared upon adoption of IFRS on January 1, 2011, with a transition date of January 1, 2010. The IFRS accounting policies set out in note 3 and the elections made under IFRS 1 noted below have been applied in preparing:

(i) the condensed interim unaudited consolidated financial statements for the three months ended March 31, 2011 and March 31, 2010;

(ii) the opening Statement of Financial Position on the transition date, January 1, 2010; and

(iii) the Statement of Financial Position at December 31, 2010.

In preparing these Statements, comparative financial results for the three months ended March 31, 2010 and the Consolidated Statements of Financial Position at January 1, 2010, March 31, 2010 and December 31, 2010 have been restated from amounts previously reported in accordance with Previous GAAP to arrive at the comparative IFRS balances for 2010. An explanation of how the transition from Previous GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in 17(d) below.

Guidance for first time adopters of IFRS is set out in IFRS 1, which provides for certain optional exemptions from full retrospective application of IFRS. In preparing these Statements, the Company has elected to exercise the following optional exemptions:

i) Business combinations – IFRS 1 allows a first-time adopter to elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has chosen to exercise this election and has not restated business combinations that occurred prior to January 1, 2010;

ii) Cumulative translation differences – retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, The Effect of Changes in Foreign Currency Rates, from the date of acquisition or from the date the subsidiary was formed. IFRS 1 allows a first-time adopter to reset the cumulative translation adjustment to zero at the date of transition to IFRS. The Company has chosen to exercise this election. Accordingly, the Company's accumulated other comprehensive loss ("AOCL") account, whose only component is the cumulative translation adjustment loss balance, was reset to zero at the Company's January 1, 2010 transition date, with a corresponding debit to retained earnings. As set out in note 10, the impact of this was to credit the AOCL account and debit retained earnings by $7,378,890 on January 1, 2010; and

iii) Share-based payment transactions – IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, Share-based Payment, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested or settled before the Company's transition to IFRS on January 1, 2010. The Company has elected to exercise the IFRS 1 exemption to not apply IFRS 2 retrospectively to awards that vested or settled prior to January 1, 2010; and

(iv) IFRS mandatory exception respecting estimates – hindsight is not used to create or revise estimates. Estimates previously made by the Company under Previous GAAP were not revised upon adoption of IFRS except where necessary to reflect any differences in accounting policies.

b) *Change in accounting policy*

The only change in accounting policy upon adoption of IFRS was a change relating to the measurement of the Company's SARs liability. Under Previous GAAP, the Company's outstanding cash settled SARs were measured at intrinsic value, while under IFRS they are now measured at fair value (see note 3(k)). The impact of this change on the Company's net earnings and comprehensive income has been negligible (see 17(d) below.)

c) *Income tax receivable or payable reclassification*

Under Previous GAAP, income taxes receivable or payable by the Company were netted off against each other to show a net income tax receivable or payable position in the Company's Consolidated Statements of Financial Position. Under IFRS, however, the netting of income taxes receivable or payable is only allowed if the income taxes are receiveable or payable to the same tax authority. These Statements, including comparatives, do not reflect any netting off of income taxes receivable or payable. Accordingly, comparative amounts for income taxes receivable or payable prepared under Previous GAAP have been restated whereby the amount previously netted off is now shown separately under IFRS as either income taxes receivable or payable. The impact of this immaterial adjustment on the Company's Consolidated Statements of Financial Position results in both income taxes receivable and payable balances being reported.

d) *Reconciliation of Previous GAAP balances and results to IFRS balances and results*

IFRS 1 requires the first interim financial statements to contain certain reconciliations to the most recent annual Previous GAAP financial statements. The required reconciliations require an entity to reconcile equity under Previous GAAP to equity under IFRS at:

(i) the date of transition, January 1, 2010;
(ii) the end of the comparative interim period, March 31, 2010; and
(iii) the end of the comparative annual period, December 31, 2010.

Reconciliations of total comprehensive income under Previous GAAP to IFRS are also required for:
(i) the comparative three month interim period ended March 31, 2010; and
(ii) the comparative annual period ended December 31, 2010.

In addition, a reconciliation of cash flows needs to be presented if there are any material adjustments between Previous GAAP and IFRS for the same comparative periods noted above. However, it is noted that the Company's adoption of IFRS did not have any impact on its operating, investing or financing cash flows and, accordingly, there is no reconciliation to present.

The following tables present the Company's reconciliations from Previous GAAP account balances and results to IFRS account balances and results for the respective periods for equity, net earnings and comprehensive income:

Reconciliation of Equity

(in thousands of dollars)	Dec. 31, 2010	Mar. 31, 2010	Jan. 1, 2010
Equity under Previous GAAP	$ 44,575	$ 43,263	$ 43,355
Difference decreasing reported equity: stock-based compensation expense, net of tax	(15)	(5)	(3)
Equity under IFRS	$ 44,560	$ 43,258	$ 43,352

Reconciliation of Net Earnings

(in thousands of dollars)	Year ended Dec. 31, 2010	Three months ended Mar. 31, 2010
Net earnings under Previous GAAP	$ 8,255	$ 1,611
Difference decreasing reported net earnings: stock-based compensation expense, net of tax	(12)	(2)
Net earnings under IFRS	$ 8,243	$ 1,609

Reconciliation of Comprehensive Income

(in thousands of dollars)	Year ended Dec. 31, 2010	Three months ended Mar. 31, 2010
Comprehensive income under Previous GAAP	$ 6,423	$ 519
Difference decreasing reported comprehensive income: difference in net earnings	(12)	(2)
Comprehensive income under IFRS	$ 6,411	$ 517

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