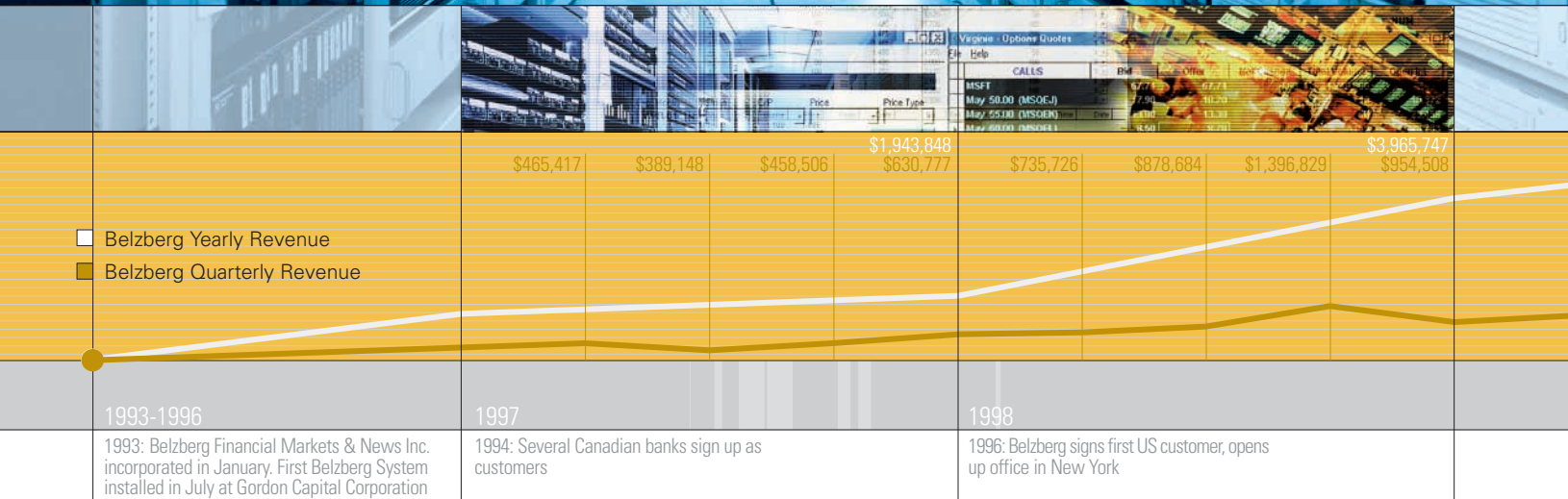


2000 ANNUAL REPORT



we make



Belzberg Yearly Revenue
 Belzberg Quarterly Revenue

1993-1996

1993: Belzberg Financial Markets & News Inc. incorporated in January. First Belzberg System installed in July at Gordon Capital Corporation

1997

1994: Several Canadian banks sign up as customers

1998

1996: Belzberg signs first US customer, opens up office in New York

BELZBERG TECHNOLOGIES:

Trade on any market from anywhere

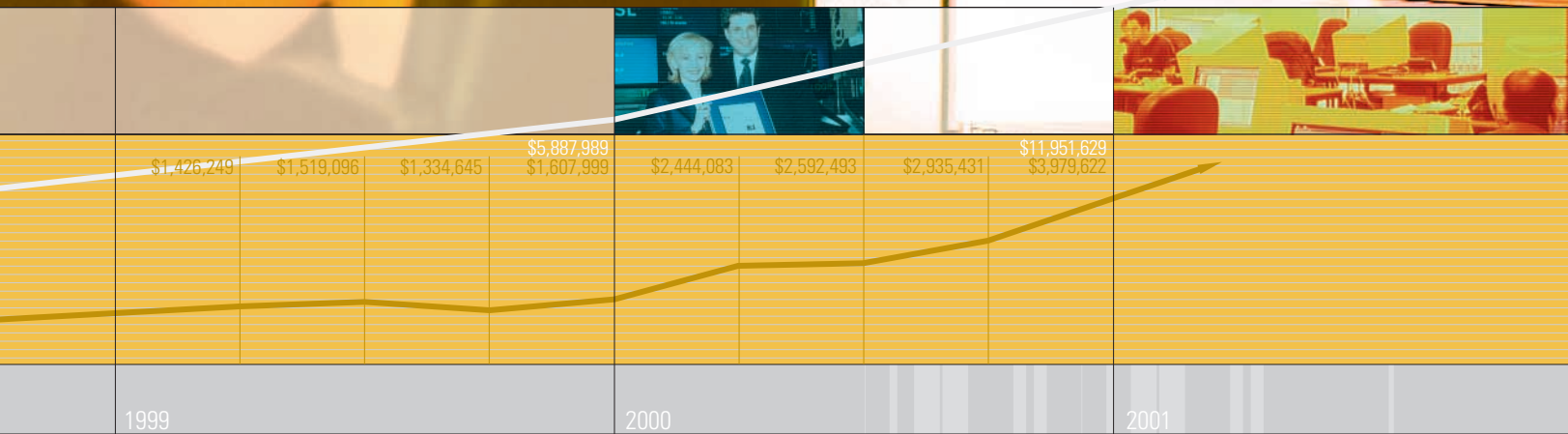
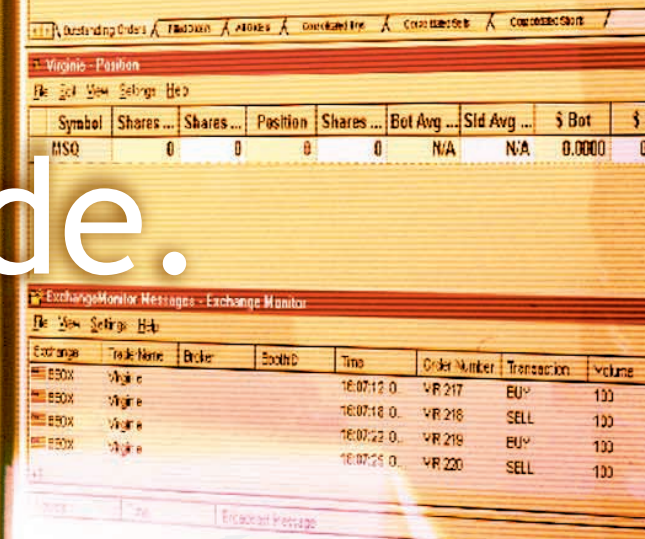
Belzberg Technologies is a leader in providing electronic trading systems to financial institutions in the United States, Canada, and Europe. Our real-time order routing system provides instant confirmation of executed transactions and connects to all North American stock and options exchanges, Electronic Communication Networks (ECNs), and major European equities exchanges.

Safe Harbor: Except for historical information, this annual report contains forward-looking statements that reflect the Company's current expectation regarding future events. These forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those statements. Those risks and uncertainties include, but are not limited to, changing market conditions, economic, competitive, governmental and technological factors affecting the Company's operations, markets, products and prices and other factors and other risks detailed from time-to-time in the Company's quarterly reports, annual reports and other publications. Although the Company believes that such statements contained in this report are reasonable, it can give no assurance that the Company's expectations are correct. All forward-looking statements are expressly qualified in their entirety by this Cautionary Statement.

Our core range of products includes:

- The **Belzberg Suite of Trading Applications** combines interactive order execution and fill reports with live market quotes and analysis, and can include:
 - Single Order Entry
 - Spreadsheets-based Basket Trading Software
 - Arbitrage Launcher
- The **Belzberg Gateway** processes incoming electronic orders from customers and routes them to the appropriate stock or options exchange.
- The **Belzberg Order Management System (OMS)** helps brokerage houses manage their retail order flow.
- The **Belzberg Options ECN**, the first of its kind, is an electronic matching service for options that presents the following innovations: a transparent order book, anonymous orders, and unprecedented speed of execution.

the trade.



1999	2000	2001
Belzberg awarded patent for protocol translation technology	Belzberg shares start trading on the Toronto Stock Exchange, symbol: BLZ Belzberg awarded patent for spreadsheet routing technology	Belzberg incorporates Electronic Brokerage Systems, opens up office in Chicago Shares split on a 5:1 basis Belzberg launches world's first Options Electronic Communications Network Acquires eContracts, a business-to-business marketplace

Our client base includes more than 90 brokerage houses and financial institutions, with over 3000 professional traders. We are a dominant player in North America, with prestigious clients including Merrill Lynch, State Street Brokerage, TD Securities, and CIBC World Markets. We serve our growing client base through offices in New York, Chicago, Toronto, and London.

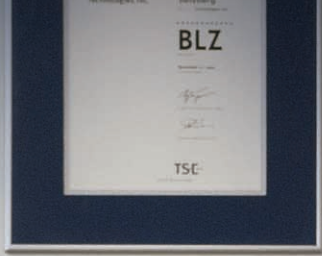
2000 has been a record year for Belzberg Technologies. We are pleased to report revenues of \$12.0 million in 2000, up from \$5.9 million in 1999—an increase of 102%. Earnings before other expenses, interest, taxes, depreciation and amortization (EBITDA), of \$1.3 million (10.5% of sales) in 2000 compare to a loss of \$2.6 million in 1999.

Our business plan is based upon a continually expanding core of recurring, monthly revenue. Traditionally, we have offered a service based on a monthly subscription fee. In 1999, we introduced a transaction fee model, thus ensuring a more rapid

growth of revenues. This will be part of a consistent pattern of growth: in the last four years our revenues have grown 600%.

Excellent products and excellent management-- Belzberg is well positioned to capitalize on the exploding demand for global trading solutions.

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Belzberg's mission is to provide the software, support and networks that allow people to trade on any exchange from any place. Over the past few years, our vision has guided us through a remarkable period of growth: from less than \$2 million in revenues in 1997 to almost \$12 million in 2000. This year alone, revenues grew by 102%.

The past and present: One connection, many markets

Since 1993, we have been bringing global markets to our clients' desk. Both brokers (sell-side) and their institutional customers (buy-side) use our trading software to buy and sell equities and stock options on a variety of stock exchanges, electronic markets known as Electronic Communications Networks (ECNs), and the major options exchanges.

Our business model is designed to generate income based on recurring revenue, and the net result in 2000 was that our balance sheet improved considerably. Liquidity (cash and receivables) increased in 2000 to \$10.5 million from \$1.5 million in 1999. Shortly after the end of the year, in January 2001, we raised an additional \$5 million. Before other expenses, interest, taxes, depreciation and amortization, our earnings in 2000 amounted to \$1.3 million, compared with a loss of \$2.6 million in 1999.

Our financial success arises from a number of factors:

- Our blue chip client base of more than 90 financial institutions, including Merrill Lynch, CIBC World Markets, State Street Brokerage, and TD Securities
- An eight year record of high quality service and reliability
- A strong management and employee team, who remain committed to the Company
- A significant cost advantage in the US market.

We have attracted such a strong client base because we are the one venue through which our customers can trade anywhere—for them, we are the market. The Question and Answer section explores in more detail why Belzberg’s trading solutions have been so well received and why the demand for electronic trading platforms is growing so rapidly.

In addition to attracting new clients, we strengthened our intellectual property position in 2000. In October, we received a patent for technology that allows traders to execute basket and automated arbitrage trades from within a spreadsheet. This is a core component of our integrated suite of advanced trading tools, and the flexibility of Belzberg’s spreadsheet-based technology allows the rapid creation of powerful, customized trading solutions.

Naturally, we will continue building our core business by expanding our presence with existing clients and by winning new ones. We will focus in particular on the growing demand for international trading, helping financial institutions gain full global market access through our innovative trading applications.

At the same time, we will continue to assess related technologies and determine if there is a synergy with our overall business strategy. This past year, we acquired eContracts, an online negotiations platform that allows individual, commercial, and government buyers and sellers to participate in real-time bidding sessions. Our expertise in developing robust securities trading technology will be instrumental in expanding the eContracts platform for executing large-scale electronic contracts for industrial, commercial, and other sectors.

Our plans for future growth are straightforward. We will build our business organically by expanding our presence with existing clients and by winning new ones.

We took a number of important steps relating to our stock. In November 2000, we listed our shares on the Toronto Stock Exchange, Canada’s preeminent stock market. In December, we began the process of registering our securities with the Securities and Exchange Commission by filing a Registration Statement on Form 20-F. This is an essential step prior to trading on any U.S. national exchange. We plan to apply for listing on Nasdaq over the course of the next 12 months, market conditions permitting.

The future: technological firsts introduce new revenue streams

Our plans for future growth are straightforward. The introduction of the Belzberg Options ECN, the world’s first, and our Options Routing Service, opens new revenue sources for the coming years because it operates on a transaction fee model. The ECN matches orders from a transparent order book and increases the speed at which orders can be executed. The Options Routing Service provides connectivity to major North American Options Exchanges.

This is Belzberg Technologies’ first published annual report – an important occasion in the life of our Company. We are proud of how far we have come in a relatively short time, and are very excited about our prospects in the dynamic and swiftly growing market.

I would like to thank our management, directors, and staff – a family of over one hundred talented and dedicated professionals – for all their efforts in bringing about our growth to date. We thank our customers for entrusting a crucial part of their operation to our technology. And a special thanks goes to those who have invested in our Company and our future. All of us at Belzberg Technologies look forward to reporting to you on our future success.

Sid Belzberg
Chairman and CEO
May 2001



BOARD OF DIRECTORS

Front Row: Alicia Belzberg, Sidney H. Belzberg, Don Wilson
 Back Row: Dr. William Gnam, Lawrence J. Cyna, Stephen Sadler

Board of directors

Sidney H. Belzberg

Chairman of the Board, President and Chief Executive Officer of the Corporation

Alicia Belzberg

Executive Vice President of the Corporation

Lawrence J. Cyna

Chief Financial Officer of the Corporation

Dr. William Gnam

Economist

Donald W. Wilson

Chief Operating Officer

Stephen Sadler

Chairman and CEO of Enhouse Systems Limited, a software developer

Officers

Sidney H. Belzberg

President and Chief Executive Officer

Alicia Belzberg

Executive Vice President

Lawrence J. Cyna

Chief Financial Officer

Donald W. Wilson

Chief Operating Officer

OPERATIONS REPORT Q&A

Q. What business is Belzberg Technologies in?

A. Belzberg Technologies, founded in 1993, is a leader in providing electronic trading systems to financial institutions in the United States, Canada, and Europe. Our real-time order routing system provides instant confirmation of executed transactions and connects to all North American stock and options exchanges, Electronic Communication Networks (ECNs), and major European equities exchanges. Our systems submit completed transactions to financial institutions' back-office systems for straight-through processing. Through our software-based solutions, we handle a large percentage of the total trading volume on the Toronto Stock Exchange (TSE) and a growing piece of volume on both the Nasdaq and the New York Stock Exchange.

trader who needs fast execution of baskets, an institutional trader who needs to track average prices for customers, or a liability trader who wants automated arbitrage, the need for multilateral connectivity in a manner that is secure, reliable, and confidential is essential.

Q. What unique advantages does Belzberg bring to its clients?

A. Belzberg offers both buy-side and sell-side a single connection point to all of North America's stock exchanges, ECNs, and options exchanges, as well as major European and, soon, Asian exchanges.

This connectivity enables clients to access markets with the greatest liquidity in order to exercise their trade quickly, efficiently, and at the lowest cost, effectively giving them more control over the trading process.

OPERATIONS REPORT - Q&A

Our newest initiative is the first-ever Options ECN that will allow traders to view a universal options market book. In addition to the ECN, the Belzberg System will provide a single point of access simultaneously to all major North American options exchanges. We expect to manage a large number of options contracts trading on both the Chicago Board Options Exchange (CBOE) and the International Securities Exchange.

Q. What is electronic trading and why is it so important?

A. Electronic trading seamlessly integrates all aspects of a trade through an electronic pipeline. This reduces the significant amounts of time and costly errors inherent in manual processing and, in turn, ensures greater efficiency and liquidity in capital markets.

The securities industry universally recognizes the need to develop innovative electronic trading systems to accommodate the rapid increase of volume in capital markets and the growing complexity of these transactions. Whether it is a professional

We offer a wide variety of user-oriented products, ranging from single order entry, automated arbitrage, basket trading, to spreadsheet trading. We also offer middle-office products as well as back-office integration products. In short, we offer turnkey electronic trading solutions for the financial industry that meet front to back needs.

Q. Who are Belzberg's clients?

A. Our client base includes more than 90 brokerage houses and financial institutions, representing more than 3000 professional traders. We are a dominant player in Canada, serving five major banks, and have successfully penetrated U.S. and international markets with prestigious clients including Merrill Lynch, State Street Brokerage, TD Securities, and CIBC World Markets. Our company serves this growing client base through offices in New York City, Chicago, Toronto, and London.

Q. How does Belzberg generate revenues?

A. We have established a recurring stream of revenue based on two primary sources:

1) A fee for transactions derived from:

- Equity trades
- Our Options ECN
- Options transaction processing

2) A subscription fee for accessing our patented routing technology to conduct equity trades.

The third, non-recurring revenue stream, is derived from custom software development.

This successful business model has resulted in revenue growth

Expanding our global reach: In addition to the North American and major European (London, Frankfurt) connectivity we now offer, we will launch connectivity to other exchanges in Europe (EuroNext, Zurich), Asia (Hong Kong and Singapore), and the South Pacific (Sydney), over the course of the next 12 to 18 months. The greater our global reach, the greater our ability to attract new customers and expand the relationships we currently enjoy with our clients.

The transaction fee model: Last year's switch from the subscription fee model (flat fee per terminal, per month), to the transaction fee model (per share or per trade) allows us to grow revenues faster as we sign on new clients.

The Options ECN: With its open market book and its connectivity to all on North American options exchanges, it is poised to increase Belzberg's presence on many traders' desks.

OPERATIONS REPORT - Q&A

of over 600% in four years of operations, generating sales of \$12 million in 2000.

Q. How closely is the Company's fortune tied to trading volumes?

A. Our products are sold to financial institutions and the professional trading desks of brokerages. Market conditions do not typically have a significant impact on their trading volumes. While retail trading may decrease during market downturns, this has not and is not likely going to have a significant impact on our revenue because this is not our customer base. We also continue to capture market share and thus increase the volume of shares traded through our systems.

Q. How does the Company expect to increase revenues?

A. Acquiring new customers and expanding our presence with existing clients: As well as targeting more financial institutions and brokerages, we will continue to offer our innovative technology both internally to existing clients' professional traders and externally to their institutional clients.

Coming regulatory changes: Prospective pension and social security reforms in Europe and the United States could inject billions of dollars into capital markets and place unprecedented demand on current trading systems, fuelling the demand for powerful trading solutions such as Belzberg's.

As well, the requirement to settle financial transactions within one day of a trade (T+1) will result in the need for more sophisticated trading software that allows all aspects of a transaction to be computerized.

Q. What expertise does Belzberg's management team bring to the Company?

A. The management team brings together many years of experience in the high-tech industry and high-level management.

Sidney H. Belzberg, Chairman and Chief Executive Officer of Belzberg Technologies Inc., was president of Eastern Datacom Systems from 1987-1992, prior to co-founding the Company in 1993 with Alicia Belzberg.



Alicia Belzberg, Executive Vice-President of Belzberg Technologies Inc., was General Manager of Eastern Datacom Systems from 1989-1992, before co-founding the Company in 1993.

Donald Wilson was a Manager of Information Systems at Gordon Capital Corporation from 1991-1993, where he managed the implementation of the first real-time back-office system in Canada. In 1993, he worked with Sid Belzberg and Gordon Capital traders to develop Canada's first PC-based basket trading system. After successfully deploying the Belzberg trading system at Gordon in 1994, he joined Belzberg Technologies Inc. as Chief Operating Officer.

Lawrence J. Cyna, Chief Financial Officer of Belzberg Technologies Inc., is a Chartered Accountant and a Certified Public Accountant. Prior to joining the company in 1999, he was a Senior Partner at Cyna & Co. Chartered Accountants in Toronto, Canada.

Glenn McSkimming, Vice President, Sales and Marketing, of Belzberg Financial Markets and News, has over 10 years of experience in the financial industry in leadership positions at

Instinet, Versus Brokerage Services, Deutsche Bank, and most recently as a Management Consultant at PricewaterhouseCoopers.

Walter V. Fitzgerald, General Manager of Belzberg Financial Markets (USA), has over 20 years experience in banking, brokerage, and insurance industries, including a position of Chief Information Officer at Yamaichi Industries.

Robert C. Sheehan, Chief Executive Officer of Electronic Brokerage Systems, (a wholly owned subsidiary of Belzberg Technologies), ran his own brokerage house that provided institutional brokerage services to the investment banking community. Mr. Sheehan is a member of the Chicago Board of Trade, Chicago Board Options Exchange, and the Chicago Mercantile Exchange.

The Company's founders and management have made a significant commitment to Belzberg's success with an ownership position of about 32%.

Q. Does Belzberg have any other lines of business?

A. Our core focus is electronic trading solutions for financial institutions. However, we applied our expertise in trading solutions to develop eContracts, an online negotiations platform that allows individuals, commercial, and government buyers and sellers to participate in real-time bidding sessions for industrial parts, raw materials and services.

We also own Electronic Brokerage Systems (EBS), a brokerage firm that is a member of the Chicago Board Options Exchange (CBOE), the Nasdaq and the International Securities Exchange. EBS has the ability to transact and settle securities trades on most North American Securities Exchanges and ECNs. In the near future, it will connect to European, Asian, and single stock futures markets.

Q. How can Belzberg compete in key markets such as New York and London when its head office is located in Toronto?

A. We have offices in New York, Chicago, and London and, as such, are in close day-to-day contact with our current and potential customers.

Belzberg Technologies has inter-office video conferencing for daily face-to-face meetings; and we have established data networks with remote access where all offices have instant access to all servers and networks, as security permits. All locations act as one team to capitalize on our combined strengths.

It is important to note, however, that we have developed considerable cross-border expertise due to our Canadian origins. Our Canadian clients demanded connectivity to the U.S. exchanges. As a result, early in the existence of our

OPERATIONS REPORT - Q&A

Q. Who are Belzberg's competitors?

A. We have many competitors in various aspects of the products and services we offer, but very few competitors that offer a full turnkey solution from front to back.

This is a difficult market to enter because of the extensive technical requirements necessary to effectively serve a time-sensitive, regulated clientele. In short, there is no room for errors. As a result, customers must be extremely demanding and they look to established names to provide them with the software they need. We have successfully penetrated this market by demonstrating our technical know-how and by our user-friendly interfaces that makes the trader's job easier.

company, we have developed leading, innovative technology that allows for cross-border transactions, including a foreign exchange component. Our origins, in part, have provided us with an added competitive advantage.

Q. What makes Belzberg an attractive investment?

A. Belzberg has built solid fundamentals and has a record of strong growth. We have a successful business model that has resulted in an operation that is now break-even on a cash flow basis. We have experienced revenue growth of over 600% in four years of operations. We have successfully developed a business model that generates a diversified and recurring revenue stream and we are well positioned to serve the growing demand for global electronic trading solutions.

General

Belzberg Technologies Inc. is a leading provider of trade execution, order management, and routing software for the financial industry. The Company's customers, who include both broker-dealers and their customers, use Belzberg trading software to buy and sell equities and stock options on a variety of stock exchanges, electronic markets known as Electronic Communications Networks (ECNs), or Nasdaq market maker trade management systems. Belzberg products enable traders to execute and manage large volumes of transactions at high speed, and with great reliability and security.

Major financial institutions, broker-dealers, buy-side institutions, banks, and others use all, or a subset, of Belzberg trading products to automate their order execution, basket trading, arbitrage, retail order management, and real-time inventory management, as demanded by each situation.

Overview of Year 2000

In 2000, the Company experienced significant growth in many areas, including a doubling of revenue, a large increase in staff and facilities, the acquisition of eContracts Inc., and the acquisition of the remaining minority interest in Electronic Brokerage Systems Inc. All companies in the group are now 100% owned subsidiaries.

Revenue increased by 102.4% over the previous year to \$12.0 million from \$5.9 million in 1999. Operating expenses on a percentage basis were 108.1% of sales in 1999 (\$6.4 million) and dropped to 60.5% of sales in 2000 (\$7.2 million). Research and development expenses dropped from 30.4% of sales (\$1.8 million) in 1999 to 16.8% of sales in 2000 (\$2.0 million).

Earnings before other expenses, interest, taxes, depreciation and amortization, of \$1.3 million (10.5% of sales) in 2000 compare to a loss of \$2.6 million in 1999. The Company's balance sheet also improved over the year. Liquid assets (cash and receivables) increased in 2000 to \$10.5 million from \$1.5 million in 1999. An additional \$4.8 million was added to this amount by a private placement, which closed in January 2001, subsequent to the year-end.

Following shareholder approval at the Company's 2000 Annual and Special Meeting, the Company changed its name to Belzberg Technologies Inc. to better reflect the diversity of its

operations. In addition, the common shares of the Company were split on a 5:1 basis to bring greater liquidity to its shareholders, and a formal stock option plan was approved.

In November 2000, the Company's shares began trading on the Toronto Stock Exchange under the symbol BLZ. In December 2000, the Company filed a Registration Statement on Form 20-F with the Securities and Exchange Commission (SEC). This is the first step necessary to have the Company's securities registered with the SEC and have its securities listed on a U.S. national exchange.

Shareholders' equity was increased through private placements and the exercise of options by management and staff totaling \$10.8 million and an additional private placement of \$4.8 million, completed in January 2001.

Acquisitions

eContracts Inc.: In July 2000, the Company acquired all of the outstanding shares of eContracts Inc. for cash consideration of \$150,000, and the issuance of 46,500 common shares from Treasury at a price of \$9.00 per share. The shares are to be issued in four separate installments by December 31, 2002. The first two installments were issued by December 31, 2000 and the remaining two are conditional upon key management remaining. They will be recorded, when issued, as 'employee compensation' and amortized over the period until the shares are actually issued. For the period up to December 31, 2000, this compensation expense amounted to \$56,940 and was recorded as an addition to share capital and as an employee expense.

eContracts is a business-to-business (B2B) marketplace and developer of online procurement and supply chain integration solutions. It provides an internet-based, online negotiations platform allowing buyers and sellers to participate in real-time bidding sessions for industrial parts, raw materials, and services.

Electronic Brokerage Systems, Inc.: In July 2000, the Corporation acquired the remaining 25% minority interest in this Company for the sum of \$450,000 paid by the issuance of 50,000 common shares from Treasury at a price of \$9.00 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly Information

[Fig. 1] For the three-month periods ended (unaudited)
(in thousands of dollars, except per share amounts)

2000	March	June	September	December	Year
REVENUES	2,487	2,655	2,987	3,823	11,952
Trading Fees	1,073	1,402	1,703	2,049	6,226
Order Flow	517	662	625	1,472	3,276
COST OF REVENUE	1,004	922	1,011	1,594	4,531
GROSS MARGIN	1,483	1,733	1,976	2,229	7,420
EXPENSES					
Research and Development	384	448	528	650	2,011
R&D Recovery				(1,150)	(1,150)
Sales and Marketing	415	695	715	976	2,801
Administration	517	689	642	945	2,793
Other	132	153	307	719	1,312
EARNINGS (LOSS)	35	(251)	(217)	88	(346)
Earnings (Loss) per share	\$0.02	\$(0.03)	\$(0.03)	\$0.01	\$(0.04)

1999

REVENUES	1,429	1,520	1,354	1,601	5,904
Trading Fees	1,318	970	805	1,434	4,526
Order Flow	15	64	166	399	644
COST OF REVENUE	408	80	647	1,038	2,173
GROSS MARGIN	1,022	1,440	707	563	3,731
EXPENSES					
Research and Development	378	261	312	843	1,794
Sales and Marketing	256	456	443	719	1,874
Administration	314	453	402	1,301	2,469
Other	73	41	25	115	254
EARNINGS (LOSS)	1	230	(475)	(2,415)	(2,659)
Earnings (Loss) per share	\$0.00	\$0.03	\$(0.07)	\$(0.38)	\$(0.38)

Electronic Brokerage Systems (EBS) gives Belzberg Technologies greater connectivity in the North American equity and options markets and is a key component of the Company's strategy. EBS is a broker-dealer and is a member of the Chicago Board Options Exchange (CBOE) and, subsequent to year-end, the National Association of Securities Dealers (NASD).

As a result of this acquisition, the Company is embarking upon a significant upgrading of the EBS facilities, thereby adding a third major component to the Company's seamless Toronto and New York (and now Chicago) network.

Revenues

Revenues by Country [Fig. 2]

Revenues by Country (For the years ended December 31)					
(\$ 000s)	2000	% Change	1999	% Change	1998
Canada	\$6,135	147.5%	\$2,479	62.5%	\$1,526
USA	\$5,817	69.8%	\$3,425	39.8%	\$2,450

Gross revenue increased from \$4.0 million in 1998 to \$5.9 million in 1999 (an increase of 48%), and to \$12.0 million in 2000 (an increase of 102%). Revenue growth occurred in both US and Canadian operations, as illustrated in the chart above.

Revenues by Segment [Fig. 3]

Revenues by Segment (For the years ended December 31)								
(\$ 000s)	2000	% of Total Revenues	% Change	1999	% of Total Revenues	% Change	1998	% of Total Revenues*
Recurring Subscription Fees	\$6,227	52%	38%	\$4,526	77%	44.5%	\$3,132	79%
Transaction Fees	\$3,276	27%	408%	\$644	11%	--	\$0	0%
Software Dev. & Installation	\$1,909	16%	186%	\$668	11%	45%	\$460	12%
Other	\$540	5%	718%	\$66	1%	(83%)	\$384	10%
Totals	\$11,952		102%	\$5,904		48%	\$3,976	

*Columns may total over 100 due to rounding

Belzberg derives its revenues from three primary sources. Beginning in the second half of 1999, the Company established a transaction-based fee model with a number of its clients, in addition to its subscription service. In the subscription service model, clients pay a monthly fee to be connected to the Belzberg Gateway. In 2000, 52% of the Company's revenue originated from subscription based fees as compared to 1999, when 77% of its revenue was received on this basis. This trend, evidenced in a growing market, reflects the increasing acceptance and success of the transaction-based model, which is rapidly overtaking subscription-based revenues. In 2000, the first full year of operation for the transaction model, the Company earned \$3.3 million, or 27% of its annual revenues, from this revenue source. This percentage should increase as the Company's new Options ECN, based upon the transaction fee model, begins to generate revenues. Other activities,

which include custom software development and related services, accounted for approximately 23% of revenue in 1999 and 21% in 2000. The Company expects this revenue stream to be a significantly smaller percentage of the overall business in future years.

Since acquiring the eContracts division in the second half of the year, the Company's focus was on integrating it into the overall operation of the Company. This required initial upgrading and revision of its Internet platform to Belzberg standards. The Company is implementing a number of technical improvements to eContracts, which should add a great deal of flexibility and ease of use for both bidders and purchasers. This effort will continue through 2001. Sales efforts will commence in 2001.

Revenues by Country and Segment [Fig. 4]

(For the years ended December 31)						
(\$ 000s)	2000		1999		1998	
	Subscription Fee Revenue	Transaction Fee Revenue	Subscription Fee Revenue	Transaction Fee Revenue	Subscription Fee Revenue	Transaction Fee Revenue
Canadian Operations	\$3,358	\$558	\$2,012	\$203	\$1,115	\$0
US Operations	\$2,869	\$2,781	\$2,514	\$441	\$2,017	\$0
Totals	\$6,227	\$3,276	\$4,526	\$644	\$3,132	\$0

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Revenues

Gross Profit and Gross Margin [Fig. 5]

(For the years ended December 31)

	2000	1999	1998
Revenue	\$11,952	\$5,904	\$3,976
Cost of Revenue	\$4,531	\$2,173	\$1,164
Gross Profit	\$7,420	\$3,731	\$2,812
Gross Profit%	62%	63%	71%

In 1997, the Company created the initial platform of the infrastructure that exists today. This resulted in a large increase in capacity and in revenues in 1998, resulting in an unusually high gross profit in 1998.

In mid-1999, the transaction fee model was established which resulted initially in an increase in direct costs and a lower gross margin over the year because of the increase in capacity. Transaction fees were first recorded in the third quarter of 1999.

In the third quarter of 1999, the Company established operations in Chicago, which again necessitated an increase in direct costs and a lower gross margin over the year. A meaningful increase in order flow through Chicago started in the fourth quarter.

As the Company continues to expand its markets and capacity, direct costs are also expected to stabilize.

The change in the Company's revenue mix, with an increasing proportion being generated by transaction fees, is not expected to have a significant effect on the gross margin. Costs do not vary in relation to the change in mix of recurring revenues, as the different core revenue sources do not have directly attributable costs.

Selling, General and Administrative Expense as a Percentage of Revenue [Fig. 6]

(For the years ended December 31)

	2000	1999	1998
Revenue	\$11,952	\$5,904	\$3,976
Sales and Marketing Admin. Expenses	\$5,593	\$4,343	\$2,705
% of Sales	47%	74%	68%

The Company's rapid expansion is also reflected in the increases in Sales and Marketing expenses, and in Administrative expenses. These expenses are increasing as the Company establishes infrastructure to support its sales efforts and the administrative overhead necessary for a larger enterprise.

However, the rate of growth of these expenses is not significant in comparison to the growth in sales and size of the Company.

The number of employees of the Company grew from 32 in 1998, to 48 in 1999, to 78 in 2000.

Research and Development

Table of Research and Development as a Percentage of Revenues [Fig. 7]

(For the years ended December 31)			
	2000	1999	1998
Revenue	\$11,952	\$5,904	\$3,976
R&D Expenditures	\$2,010	\$1,794	\$1,092
% of Sales	17%	30%	28%

In order to continue to expand the connectivity to markets and increase its customer base, the Company is committed to continuing its research and development program and continues to employ more people in this area. Expenditures rose from \$1.1 million in 1998 to \$1.8 million in 1999 and to \$2.0 million in year 2000. This is an increase of 64% and 12%, respectively. However, as indicated in Figure 7, as a percentage of revenue, research and development has dropped from 28% of revenues in 1998 to 17% of revenues in 2000.

The excellence of the Company's products is a result of this commitment. As the revenues of the Company increase, although the expenditures on research and development will grow, the amount spent will decrease as a percentage of revenues.

Research and development is conducted at the Company's offices in Toronto, Canada. The Canadian federal and provincial governments support research and development through a series of refunds based on a percentage of expenditures and/or credits against income taxes payable. The Company follows the policy of not recording such benefits until the amount and timing of such refunds are reasonably determined. In 2000, this meant recording \$1.2 million as a reduction in research and development expenses. As the Company is now listed on the Toronto Stock Exchange, future reimbursements will only be obtainable as a credit against income taxes payable in Canada.

Capital Assets & Amortization

Capital asset acquisitions were \$151,000 in 1998, \$583,000 in 1999, and \$3.4 million in 2000. These expenditures included infrastructure and connectivity improvements for our customers, to the Company's offices in Chicago, New York, and Toronto. Other expenditures were for leasehold improvements and furniture.

Belzberg operates a large enterprise network providing connectivity between its clients, its offices, and high-speed access to a multitude of destinations for live trade execution. The Company's core network consists of a high-speed triangle formed between Toronto, New York, and Chicago. From this network, the Company's customers can reach any other node of the network as required.

Amortization of these assets is usually on a three year straight-line basis, except for leasehold improvements and certain furniture. The increase in amortization expense from \$106,000 in 1998, to \$220,000 in 1999, and to \$842,000 in 2000 is a reflection of these expenditures.

Capital Leasing and Interest on Obligations Under Capital Lease

Interest on capital leases in 1998 was \$30,000, in 1999 was \$25,000, and in 2000 was \$166,000. Because of the significant amount of expenditures on capital assets necessitated by expansion of its infrastructure, the Company decided in the fourth quarter of 2000 to finance the acquisition of capital assets through a capital leasing program instead of paying cash. This change in policy resulted in an increase in assets acquired under capital lease from \$432,000 at the end of 1999 to \$3.2 million at the end of 2000.

Capital lease obligations increased from \$409,000 at the end of 1999 to \$2.9 million at the end of 2000. The term of these lease obligations closely parallels the amortization policy on these assets, thereby matching the payment for these assets against their use.

MANAGEMENT DISCUSSION AND ANALYSIS

Stock Exchange Listing Costs

The costs of the Company's listing on the Toronto Stock Exchange in November 2000 and the filing of its Registration Statement on Form 20 with the Securities and Exchange Commission (SEC) have been shown as a separate line item, as they are non-recurring. The Company's application to the SEC as a Foreign Private Issuer is proceeding in 2001 but no significant additional costs are expected.

Foreign Exchange

The Company is based in Canada and operates in both Canada and the US. It earns revenues, therefore, in both the Canadian and American dollar and incurs expenses in both, depending on the source and location of the subsidiary engaging in the transaction. The Company reports its financial results in Canadian dollars.

The gain/loss on any currency conversions has not been a significant factor in the Company's profit or loss nor is it expected to be in the future.

Analysis of Operations [Fig. 8]

(For the years ended December 31)

(\$ 000s)	2000	% of Revenues	1999	% of Revenues	1998	% of Revenues
Revenue	\$11,952	-	\$5,904	-	\$3,976	-
Gross Profit	\$7,420	62.1%	\$3,731	63.2%	\$2,812	71%
Operating Expense	\$7,236	60.5%	\$6,381	108.1%	\$3,934	99%
Sales and Marketing	\$2,801	23.4%	\$1,874	31.7%	\$1,316	8%
Administrative	\$2,793	23.4%	\$2,469	41.8%	\$1,388	35%
Research & Development	\$2,011	16.8%	\$1,794	30.4%	\$1,092	27%

As can be seen from this chart, the Company's revenues continue to increase at significant rates, while the cost of sales and all other expenses are decreasing as a percentage of sales, although increasing in absolute amounts.

Earnings Before Other Expenses, Interest, Taxes, and Amortization [Fig. 9]

(For the years ended December 31)

	2000	1999	1998
Net Profit / Loss	(\$346,062)	(\$2,659,068)	(\$1,152,057)
Interest on Long Term Debt	\$166,393	\$25,123	\$30,154
Income Taxes	\$5,063	\$9,019	\$244
Amortization	\$842,276	\$219,591	\$106,238
Deferred Stock Compensation Expense	\$56,940	\$0	\$0
Stock Exchange Listing Costs	\$525,198	\$0	\$0
Earnings Before Other Expenses, Interest, Taxes and Amortization	\$1,249,808	(\$2,647,537)	(\$1,015,421)

Comparison of 2000 to 1999

Earnings Before Other Expenses, Interest, Taxes and Amortization in 2000 is \$1.25 million, as compared to a 1999 loss of \$2.65 million. The Company is very confident about our future growth even while absorbing the costs of a rapid expansion.

Comparison of 1999 to 1998

Earnings Before Other Expenses, Interest, Taxes and Amortization in year 1999 is a negative of \$2.7 million, and in 1998 is a negative \$1.0 million as a result of the large expansions in those years, in comparison to the revenues of the Company. Increases in revenues in 2000 were made possible by these large expenditures.

Liquidity and Capital Resources

In 2000, the Company achieved a significant improvement in liquidity. As at December 31, 2000 the Company had over \$5.6 million in cash and short-term investments, as compared to bank

indebtedness at December 31, 1999 of \$17,000. Accounts receivable of \$3.8 million and amounts receivable of \$1.2 million for a total of \$4.9 million at December 31, 2000 compare to \$1.5 million a year earlier.

Subsequent to year-end, a private placement netting \$4.8 million was completed through the issuance of 333,334 shares from Treasury.

As at December 31, 2000, a new bank line of credit of \$1.0 million plus \$1.0 million for letters of credit (if required), has been arranged, but not utilized. The Company arranged this credit facility for contingencies.

The Company is debt-free except for capital lease obligations.

Improvement in Shareholders' Equity

Shareholder's equity as at December 31, 2000 is \$10.7 million compared to a deficiency at December 31, 1999 of \$2.5 million.

In 1999, the Company issued 825,000 common shares upon the exercise of share options by employees and directors for proceeds of \$775,000. In 2000, the Company issued 899,000 common shares upon the exercise of share options by employees and directors for proceeds of \$3.2 million.

In 2000, the Company issued 2,088,800 common shares from Treasury for net proceeds of \$8.3 million in private placements.

Stock Based Compensation

The Company has a policy of granting employees and management stock options. Stock options are not issued as employee compensation but rather are considered as an inducement by the Company to its employees to share in the future growth of the Company. Stock options serve as a powerful tool to attract and retain key employees and help to align the interests of employees with shareholders.

Stock options are issued at the fair market value or greater at the date of their issuance. Granting, vesting, and expiry of options are governed by the company's stock option plan adopted at the Company's Annual and Special General meeting in June 2000. Vesting for new options issued is usually over a three year period, and is usually contingent on the employee remaining employed by the Company.

As at December 31, 2000, the Company had 3,889,500 options outstanding to all parties with exercise prices ranging from \$3.00 to \$18.00 per share. 3,130,500 of those options were

vested. This compares to 3,397,500 options outstanding at December 31, 1999 of which 3,247,000 were vested.

Warrants

The Company has 1,800,000 warrants outstanding that were issued in conjunction with the private placements received in 2000, each warrant allowing the holder to purchase one common share at a weighted average price of \$6.38.

Compensation Expense

Under US GAAP, options issued to persons who are not employees or directors of the Company are valued under the Black-Scholes method. The valuation obtained is considered as additional deferred stock compensation, and is amortized over the life of the option as an additional expense. This adjustment for 2000 was \$460,841.

The foregoing discussion of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and accompanying notes. All figures are in Canadian dollars except as otherwise noted. This discussion contains certain forward-looking statements including, among others, anticipated trends in our financial condition and results of operations and our business strategy. These forward-looking statements are based largely on our current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from these forward-looking statements. Important factors to consider in evaluating such forward-looking statements include (i) changes in external competitive market factors or in our internal budgeting process which might impact trends in our results of operations; (ii) unanticipated working capital or other cash requirements; (iii) changes in our business strategy or an inability to execute our strategy due to unanticipated changes in the industries in which we operate; and (iv) various competitive factors that may prevent us from competing successfully in the marketplace.

Management's Responsibility for Financial Reporting

Management of Belzberg Technologies (the Company) is responsible for the preparation and integrity of the financial statements as well as the information contained in this report. The following financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and have been audited in accordance with Canadian and United States generally accepted auditing standards that involve management's best estimates and judgments based on available information.

The Company's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. In recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that the financial statements have been prepared according to and within reasonable limits of materiality and that the financial information throughout this report is consistent with these.

The Audit Committee is appointed by the Board and consists of three directors of which two are independent. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues, to satisfy itself that each party is discharging its responsibilities effectively, and to review the annual report, the consolidated financial statements, and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

Deloitte and Touche LLP have been appointed Belzberg Technologies' auditors. The Board of Directors of Belzberg Technologies and the management team have reviewed and approved the financial statements and information contained in this report. The auditors' report on the accompanying financial statements follows.

Auditors' Report

December 31, 2000 and 1999 (in Canadian dollars)

To the Shareholders of Belzberg Technologies Inc. (formerly Belzberg Financial Markets & News International Inc.)

We have audited the consolidated balance sheets of Belzberg Technologies Inc. (formerly Belzberg Financial Markets & News International Inc.) (the "Corporation") as at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and of cash flows for each of the years in the three-year period ended December 31, 2000. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants



Toronto, Ontario
February 23, 2001

NOTES TO FINANCIAL STATEMENTS

[1] DESCRIPTION OF BUSINESS

Belzberg Technologies Inc. and its wholly-owned subsidiaries ("the Corporation") is a supplier of global internet trading solutions, intelligent order routing systems, e-commerce gateways and business-to-business integration solutions with revenues to date primarily from the financial sector. The Corporation's name was changed from Belzberg Financial Markets & News International Inc. in July, 2000.

[2] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies. A reconciliation of the differences between Canadian GAAP and GAAP in the United States of America ("U.S. GAAP") is presented in Note 17.

Principle of consolidation

The consolidated financial statements of the Corporation include the accounts of Belzberg Technologies Inc. and its wholly-owned subsidiaries, Belzberg Financial Markets & News Inc., Belzberg Financial Markets (USA) Inc., eContracts Inc. and Electronic Brokerage Systems, Inc. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents

Cash includes cash equivalents, which are investments having an original term to maturity of less than or equal to 90 days.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates:

Furniture and equipment	-	10 year straight-line
Computer equipment	-	3 year straight-line
Computer equipment under capital lease	-	3 year straight-line
Leasehold improvements	-	lesser of straight-line over term of lease and useful life

The gain on sale and lease-back of computer equipment is recorded as deferred revenue and is amortized on a straight-line basis over the term of the lease.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in business combinations accounted for as purchases. Amortization is recorded on a straight-line basis over seven years.

The Corporation reviews the carrying value of goodwill for potential impairment on an ongoing basis. In order to determine if such a permanent impairment exists, management considers projected future earnings before income taxes, cash flows and market-related values of the acquired businesses. A permanent impairment in the value of goodwill is written off against earnings in the year such impairment occurs.

Revenue recognition and deferred revenue

The Corporation recognizes revenue from recurring software routing fees and from transaction fees in accordance with American Institute of Certified Public Accountants Statement of Position 97-2, *Software Revenue Recognition* as amended. Revenue is recognized on a monthly basis as services are provided once a contract has been signed, the software has been delivered and accepted, and collectibility is assured.

The Corporation on occasion enters into contracts which require significant production, modification, customization and installation of software. These contracts are accounted for using the percentage of completion revenue recognition method.

Deferred revenue represents billings in advance of the provision of services.

Research and development and government assistance

The Corporation expenses research and development costs as incurred. Government assistance for research and development is recognized when earned and when the amount and timing of realization is reasonably determinable.

At December 31, 2000, the Government of Canada completed their assessment of the Corporation's claims for assistance comprised of scientific research and experimental development tax credits and agreed to refund \$1,149,779 related to the taxation years 1996 to 1999. Accordingly, this recoverable amount was recorded in fiscal 2000.

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars at the exchange rate at the balance sheet date and non-monetary items are translated at their historical exchange rates. Revenues and expenses are translated at the average rate of exchange in effect during the fiscal period, except for amortization of non-monetary assets, which is translated at the same historical rates as the related assets. Translation gains and losses are included in income in the period in which they occur.

Income taxes

In fiscal year 2000, the Corporation implemented the recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3465, *Accounting for Income Taxes*. Under these recommendations, the liability method of tax allocation is used in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocation. Deferred tax expense was based on items of income and expense reported in different years in the financial statements and tax returns and measured at the rate in effect in the year the difference originated. There is no material impact on the financial statements resulting from this change either in the current year or in the prior years presented.

Stock-based compensation

The Corporation has a stock-based compensation plan, as described in Note 10. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on the exercise of stock options is credited to share capital.

Warrants issued for services are valued at fair value using the Black Scholes pricing model. Fair value, as represented by the most recent stock price at which shares are exchanged in the market place, is used as the basis for recording stock issued as compensation.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

[3] RESTRICTED CASH

The Corporation is required to maintain a term deposit of \$81,000 with its bank in order to secure any balance which may be outstanding from time to time on credit cards issued to employees.

[4] CAPITAL ASSETS

	2000		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$343,894	\$77,671	\$266,223
Computer equipment	968,520	393,056	575,464
Computer equipment under capital lease	3,160,393	510,935	2,649,458
Leasehold improvements	294,493	34,456	260,037
	\$4,767,300	\$1,016,118	\$3,751,182

	1999		
	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$241,711	\$46,994	\$194,717
Computer equipment	604,842	173,769	431,073
Computer equipment under capital lease	432,906	82,399	350,507
Leasehold improvements	179,049	10,148	168,901
	\$1,458,508	\$313,310	\$1,145,198

In 2000, the Company sold and leased-back certain computer equipment. The gain on sale of approximately \$170,000 was recorded as deferred revenue and is amortized on a straight-line basis over the thirty-month period of the leases. The Corporation recognized \$28,370 of the gain in 2000.

Amortization of computer equipment under capital lease amounted to \$428,536 for the year ended December 31, 2000 (December 31, 1999 - \$59,356).

Included in administration expenses in the year ended December 31, 1999 is \$112,500 of leasehold improvements related to the Corporation's previous premises that were written off in 1999.

[5] ACQUISITIONS

On July 7, 2000, the Corporation acquired all of the outstanding common shares of eContracts Inc. for consideration of \$150,000 cash plus the issuance of up to 46,500 common shares at \$9.00 per share. Of the share consideration, 25,000 shares have been issued to December 31, 2000, with the remaining to be issued contingent upon the vendor remaining employed by the Corporation, as follows:

	Common shares
December 31, 2001	12,500
July 31, 2002	9,000

The acquisition was recorded as follows:

Office furniture and equipment	\$9,989
Goodwill	398,061
Cost of acquisition	\$408,050
Consideration paid	
Cash	\$150,000
25,000 common shares	225,000
Acquisition costs	33,050
	\$408,050

The issuance of common shares on December 31, 2001 and July 31, 2002 will result in compensation expense. The Corporation will record the compensation expense over the period of the employment agreement. As of December 31, 2000, the Company recorded compensation expense of \$56,940. As a result, operating expenses and share capital increased by \$56,940 respectively (Note 10).

On July 17, 2000, the Corporation acquired the remaining 25% minority interest in Electronic Brokerage Systems, Inc. from an individual, who holds options in Belzberg Technologies Inc., in return for the issuance of 50,000 common shares having a market value of \$9.00 per share. The exchange amount represents the value agreed to by the Corporation and the

shareholder. Allocation of the purchase price based on the fair values of the net assets acquired resulted in the recording of goodwill of \$450,000.

[6] BANK INDEBTEDNESS

At December 31, 2000, the Corporation had arranged for a line of credit of \$1 million and letters of credit for \$1 million. The new banking facility is to be secured by a general security agreement covering the assets of the Corporation. In prior years, the Corporation had a facility of \$500,000, secured by Corporation assets.

[7] ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 1999, the Corporation had a line of credit of \$750,000 through a factoring company, secured by assets of the Corporation, which facility was cancelled in 2000. Included in accounts payable and accrued liabilities at December 31, 1999 is \$267,011 relating to this line of credit.

[8] OBLIGATIONS UNDER CAPITAL LEASE

The Corporation is committed to the following minimum payments under capital lease obligations:

	2000	1999
2000	\$ —	\$211,437
2001	1,210,542	198,769
2002	1,065,510	66,369
2003	577,479	19,811
	2,853,531	496,386
Less interest portion at average annual rates of approximately 11%	573,154	87,220
	2,280,377	409,166
Less current portion	862,286	170,689
	\$1,418,091	\$238,477

Interest expense on capital lease obligations amounted to \$166,393 for the year ended December 31, 2000 (December 31, 1999 - \$25,123).

[9] NOTE PAYABLE

The note payable is unsecured, bears interest at 10% per annum, and matured in February, 2000. Interest on the loan for the year ended December 31, 2000 amounted to \$12,459 (December 31, 1999 - \$79,242).

[10] CAPITAL STOCK AND STOCK OPTIONS

The following is a summary of capital stock:

	2000	1999
Share capital	\$17,900,241	\$6,227,000
Compensation expense (Note 5)	56,940	-
	\$17,957,181	\$6,227,000

All references to common shares reflect a five for one split which occurred in July, 2000. The following summarizes authorized and issued capital stock:

Authorized

Unlimited number of common shares

	Number of Common Shares	Amount
Balance, January 1, 1999	6,815,485	\$5,129,468
Issued during 1999 (a)	888,105	1,097,532
Balance, December 31, 1999	7,703,590	6,227,000
Issued during 2000 (c)	3,027,800	11,673,241
Balance, December 31, 2000	10,731,390	\$17,900,241

(a) During 1999, the Corporation issued 825,000 common shares upon the exercise of share options by officers and directors of the Corporation for total proceeds of \$775,757. A further 63,105 shares were issued to third parties for total consideration of \$321,775.

(b) During 2000, the Corporation adopted a stock option plan under which the board of directors can grant to employees, officers, directors and consultants stock options to purchase from Treasury up to 6,000,000 common shares of the Corporation, of which 4,789,000 have been granted.

(c) During 2000, the Corporation issued a total of 3,027,800 shares, of which 2,088,800 shares were issued from Treasury for proceeds of \$8,263,241, 899,000 shares were issued to employees who exercised options for proceeds of \$3,210,000 and 40,000 were issued as compensation expense representing a cost of \$200,000. Of the shares issued from Treasury, 25,000 shares were issued at \$9.00 per share as partial consideration for the acquisition of eContracts Inc.; and 50,000 shares at \$9.00 per share for the remaining interest in Electronic Brokerage Systems Inc. (Note 5).

There was a total of 1,800,000 share purchase warrants issued for proceeds of \$1,782,900 in relation to the private placements as follows:

Number of Warrants	Price of Common Share to be Purchased Per Warrant	Expiry Date
650,000	\$ 4.00	February 10, 2005
600,000	\$ 10.00	February 14, 2003
500,000	\$ 5.00	February 14, 2005
50,000	\$ 7.76	March 31, 2002
1,800,000	\$ 6.38 (weighted avg.)	

The following table summarizes information about stock options outstanding at December 31, 2000 and 1999:

Exercise Price	2000		
	Number Outstanding	Weighted Average Contractual Life Remaining (Years)	Options Exercisable
\$ 3.00	350,000	5.86	350,000
\$ 4.48	20,000	6.75	20,000
\$ 5.00	2,130,000	6.09	2,048,000
\$ 7.00	210,000	4.40	87,500
\$ 7.50	98,000	6.63	-
\$ 7.60	27,000	4.58	-
\$ 8.00	125,000	6.59	125,000
\$ 8.50	27,500	4.58	-
\$ 9.00	125,000	6.50	125,000
\$ 10.00	175,000	6.75	50,000
\$ 12.00	250,000	6.59	125,000
\$ 14.75	150,000	4.71	-
\$ 15.00	200,000	5.21	200,000
\$ 18.00	2,000	4.88	-
\$ 6.83 (weighted avg.)	3,889,500		3,130,500

Exercise Price	1999		
	Number Outstanding	Weighted Average Contractual Life Remaining (Years)	Options Exercisable
\$ 3.00	820,000	6.89	815,000
\$ 3.60	250,000	6.67	250,000
\$ 4.48	20,000	7.75	20,000
\$ 5.00	2,307,500	7.05	2,162,000
\$ 4.38 (weighted avg.)	3,397,500		3,247,000

Changes for the stock option plan during the years ended December 31, 2000 and 1999 were as follows:

	2000		1999	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of year	3,397,500	\$ 4.38	1,725,000	\$ 2.48
Options granted	1,391,000	10.58	2,497,500	4.84
Options exercised	(899,000)	3.57	(825,000)	1.00
Options outstanding, end of year	3,889,500	\$ 6.83	3,397,500	\$ 4.38
Options exercisable, end of year	3,130,500	\$ 6.11	3,247,000	\$ 4.35

[11] INCOME TAXES

The provision for income taxes reported differs from the amount computed by applying the Canadian statutory rate to income before taxes for the following reasons:

	2000	1999
Loss before income taxes	\$(340,999)	\$(2,650,049)
Combined basic federal and provincial rates	43.90%	44.62%
Benefit based on statutory income tax rate	\$(149,700)	\$(1,182,450)
Decrease in tax benefit resulting from:		
Losses and temporary differences incurred in the year not tax affected	124,900	1,182,450
Permanent differences	24,800	-
U.S. corporate and minimum tax	5,063	9,019
	\$5,063	\$9,019

The Corporation has accumulated income tax losses of approximately \$7,629,000 as at December 31, 2000 that may be used to reduce future taxable income. The benefit of these losses has not been reflected in these financial statements.

The loss carryforwards expire as follows:

	Canada	United States	Total
2003	\$56,000	\$ -	\$56,000
2004	122,000	-	122,000
2005	130,000	-	130,000
2006	1,945,000	-	1,945,000
2007	315,000	-	315,000
2011	-	270,000	270,000
2012	-	2,022,000	2,022,000
2018	-	228,000	228,000
2019	-	489,000	489,000
2020	-	2,052,000	2,052,000
	\$2,568,000	\$5,061,000	\$7,629,000

Under the asset and liability method to recognize future tax assets and liabilities adopted January 1, 2000, the tax effect of loss carryforwards and significant temporary differences representing future tax assets at December 31, 2000, 1999 and 1998 are as follows:

	2000	1999	1998
Tax benefit of losses carryforward	\$3,189,600	\$2,400,000	\$3,481,000
Capital assets	94,900	218,000	96,000
Share issue costs	268,000	116,000	61,000
Total deferred tax asset	3,552,500	2,734,000	3,638,000
Valuation allowance	3,552,500	2,734,000	3,638,000
Deferred tax asset or liability	\$ -	\$ -	\$ -

The Corporation has determined that realization of the future income tax asset does not meet the "more likely than not" criteria for recognition and therefore a valuation allowance has been recorded against this future income tax asset.

[12] CHANGES IN NON-CASH WORKING CAPITAL ITEMS

The changes in non-cash working capital items consist of the following:

	2000	1999	1998
Accounts receivable	\$(2,340,535)	\$(250,386)	\$(757,016)
Government assistance receivable	(1,023,706)	-	114,422
Prepaid and sundry assets	(177,772)	79,076	(83,252)
Accounts payable and accrued liabilities	(1,284,786)	713,230	1,171,343
Deferred revenue	(139,136)	356,464	584,295
	\$(4,965,935)	\$898,384	\$1,029,792

[13] RELATED PARTY TRANSACTIONS

During 1999, the Corporation paid rent to a company controlled by certain directors and officers of the Corporation in the amount of \$165,996. No rent was paid to these companies in the year ended December 31, 2000.

[14] COMMITMENTS

The Corporation's commitments, primarily for occupancy costs, require future minimum payments as summarized below at December 31, 2000:

2001	\$1,088,439
2002	929,234
2003	909,800
2004	925,682
2005	959,101
Thereafter	3,031,003
	\$7,843,259

[15] SEGMENTED INFORMATION

The Corporation operates and manages its business in one industry – the financial services sector. The Corporation designs and markets trade execution software primarily for the financial sector. The following information for each revenue stream is reviewed by management:

	2000	1999	1998
Revenue			
Recurring software routing fees	\$6,226,461	\$4,526,190	\$3,132,090
Transaction fees	3,276,096	643,912	-
Software development and installation	1,909,349	667,876	459,584
Other	539,723	66,121	384,446
	\$11,951,629	\$5,904,099	\$3,976,120

The Corporation operates internationally with a portion of its business conducted in the United States.

Information about the Corporation's geographic operations is given below:

	2000	1999	1998
Revenues			
Canada	\$6,134,517	\$2,479,425	\$1,526,052
United States	5,817,112	3,424,674	2,450,068
	\$11,951,629	\$5,904,099	\$3,976,120
Total assets			
Canada	\$11,831,898	\$2,067,073	\$1,506,263
United States	3,627,627	802,181	536,520
	\$15,459,525	\$2,869,254	\$2,042,783
Capital assets			
Canada	\$3,112,179	\$958,500	\$394,482
United States	639,003	186,698	95,555
	\$3,751,182	\$1,145,198	\$490,037

[16] FINANCIAL INSTRUMENTS

Fair value of financial instruments

Bank indebtedness, accounts receivable, government research and development incentives, accounts payable and accrued liabilities, and notes payable are all short-term in nature and, as such, their carrying values approximate fair value. Other financial instruments are recorded at amounts which approximate fair value.

Foreign currency risk

The Corporation has significant sales and expenditures denominated in U.S. dollars and is therefore exposed to currency fluctuations.

Credit risk

The Corporation is subject to risk of non-payment of accounts receivable. The Corporation mitigates this risk by monitoring the credit worthiness of its clientele monthly as software and data fees are generated. At December 31, 2000, amounts due from two customers accounted for 26.8% of total accounts receivable (December 31, 1999 – three customers for 64%).

[17] UNITED STATES ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with Canadian GAAP, which conform in all material respects applicable to the Corporation with those in the United States during the periods presented except with respect to the following:

- (a) Under Canadian GAAP, there is no requirement to record compensation expense on the issue of stock options to employees or directors.

Under U.S. GAAP Statements of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-based Compensation", establishes financial accounting and reporting standards for stock-based employee compensation plans as well as transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. As permitted by the Statement, the Corporation has elected to follow the intrinsic value method of accounting for stock-based compensation arrangements with employees, as provided for in APB Opinion No. 25. During the year ended December 31, 2000, certain

compensatory stock options were issued to consultants at option prices less than the estimated market price. The estimated fair market value of the option is recorded as deferred stock compensation expense and is amortized to earnings over the life of the option.

For purposes of reconciliation to U.S. GAAP, the estimated fair market value of \$5,398,607 would be recorded as additional paid-in capital and deferred stock compensation and the related amortization of the deferred stock compensation expense of \$460,841, for the year ended December 31, 2000 would be recorded as an expense in the statement of operations. The fair value of the options was estimated at December 31, 2000 using the Black Scholes option pricing model with the following weighted average assumptions for the period: risk-free interest rate of 5.94%, expected life of the options of 5 years; expected volatility of 35% and a dividend yield of zero. Fair value determinations in the first quarter of 2001 resulted in a substantial recovery of this compensation expense subsequent to the year-end.

(b) In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133 *"Accounting for Derivative Instruments and Hedging Activities"*. The statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that the entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The statement is effective for the fiscal quarters of the Corporation's fiscal year beginning January 1, 2001. The Corporation has determined that none of its contractual arrangements falls within the scope of SFAS No. 133.

(c) In June 2000, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101B (SAB 101B), Amendment: Revenue Recognition in Financial Statements. SAB 101B amends Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements, to defer the implementation until the fourth quarter of the fiscal year beginning after December 15, 1999. SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements of all public registrants. Changes in the

Corporation's revenue recognition policy resulting from the implementation of SAB 101 would be reported as a change in accounting principle. The change in revenue recognition policy could result in a cumulative adjustment in the quarter the Corporation adopts SAB 101. The Corporation has assessed the implications of SAB 101 and concluded that there are no significant cumulative adjustments.

- (d) In March, 2000, the FASB issued Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation, an interpretation of APB Opinion No. 25, which, among other things, would require variable-award accounting for repriced options from the date the option is repriced until the date of exercise. This Interpretation was effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. The Corporation has determined that no events have occurred that would be affected by this Interpretation.
- (e) Under SFAS No. 128, *"Earnings Per Share"*, basic earnings per share are calculated in a similar manner to Canadian GAAP except that under Canadian GAAP, diluted earnings per share is computed in accordance with the imputed interest method while U.S. GAAP calculates diluted earnings per share in accordance with the Treasury stock method. Diluted earnings per share do not differ from basic earnings per share under Canadian and U.S. GAAP as the effect on the loss per share of the exercise of the potentially dilutive securities is not dilutive for all periods presented.
- (f) SFAS 130 *"Reporting Comprehensive Income"*, requires that a statement of comprehensive income be displayed with the same prominence as other financial statements. Comprehensive income, which incorporates net income, includes all changes in equity during a period except those resulting from investments by and distributions to owners. The Corporation has determined that there is no other comprehensive income to report during the periods presented under U.S. GAAP. There is no requirement to disclose comprehensive income under Canadian GAAP.
- (g) The principal difference between U.S. and Canadian GAAP with respect to the determination of the fair value of a long-

CONSOLIDATED FINANCIAL STATEMENTS - NOTES

lived asset that has been impaired, is the requirement under U.S. GAAP to discount the future net cash flows of the asset at an appropriate interest rate. Canadian GAAP requires net cash flows to be determined without discounting. There was no difference to net income reported under U.S. or Canadian GAAP as result of applying these policies in the years in which write-offs of long-lived assets were reported.

(h) Under U.S. GAAP, government research and development assistance would be recorded as a reduction of the income tax provision. Canadian GAAP requires the assistance to be recorded as a reduction of research and development expense.

In 2000, the Corporation recorded government research and development assistance of \$1,149,779. There was no research and development assistance recorded during the years ended December 31, 1999 and 1998.

(i) The Corporation has presented the costs incurred in the stock exchange listing as an other item in the income statement because of its non-recurring nature. Under U.S. GAAP, these costs would be included in administrative expenses within operating expenses.

(j) The following table reconciles the net loss for the year ended December 31, 2000 with that which would have been reported had the financial statements been presented in accordance with U.S. GAAP. There were no material adjustments to report for the other periods presented in these financial statements.

Net loss in conformity with Canadian GAAP	\$346,062
Stock compensation expense, included in administrative expenses [Note 17(a)]	460,841
Net loss in conformity with U.S. GAAP	\$806,903
Basic and diluted loss per common share – U.S. GAAP	\$(0.09)

Had the financial statements been prepared in accordance with U.S. GAAP, the amounts on the balance sheet as at December 31, 2000 which differ from those reported under Canadian GAAP would be as follows:

	Canadian GAAP	Adjustment	U.S. GAAP
Shareholders Equity			
Capital stock	\$17,957,181	\$ -	\$17,957,181
Warrants	1,782,900	-	1,782,900
Deferred stock compensation	-	(4,937,766)	(4,937,766)
Additional paid in capital	-	5,398,607	5,398,607
Deficit	(9,075,468)	(460,841)	(9,536,309)
	\$10,664,613	\$ -	\$10,664,613

(k) Under U.S. GAAP the statement of cash flows for the year ended December 31, 2000 would report the same amount for cash used in operating activities as reported under Canadian GAAP as follows:

Operating Activities	
Net loss	\$(806,903)
Items not affecting cash	
Amortization of capital assets	794,565
Amortization of goodwill	47,711
Amortization of gain on disposal of capital assets	(28,370)
Services rendered for capital stock consideration	200,000
Compensation expense (Note 5)	56,940
Amortization of stock based compensation	460,841
Change in non-cash working capital items	(4,965,935)
	\$(4,241,151)

(l) Under U.S. GAAP, Consolidated Statements of Shareholders' Equity are also presented as follows:

	Common Shares and Warrants		Additional Paid-in Capital	Deferred Stock Compensation	Deficit	Total
	Number	Amount				
BALANCE, January 1, 1999	6,815,485	\$5,129,468			\$(6,070,338)	\$(940,870)
Issuance of common shares	888,105	1,097,532				1,097,532
Net loss					(2,659,068)	(2,659,068)
BALANCE, December 31, 1999	7,703,590	6,227,000			(8,729,406)	(2,502,406)
Issuance of common shares						
For cash	2,912,800	10,798,241				10,798,241
For acquisition of subsidiaries	75,000	675,000				675,000
As compensation expense	40,000	200,000				200,000
As compensation expense (Note 5)	-	56,940				56,940
BALANCE, December 31, 2000	10,731,390	17,957,181				
Issuance of warrants						
For cash	1,800,000	1,782,900				1,782,900
Issuance of compensatory options			\$5,398,607	\$(5,398,607)	-	
Amortization of deferred stock compensation				460,841	-	460,841
Net loss					(806,903)	(806,903)
BALANCE, December 31, 2000		\$19,740,081	\$5,398,607	\$(4,937,766)	\$(9,536,309)	\$10,664,613

[18] COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current financial statement presentation.

[19] SUBSEQUENT EVENTS

On January 26, 2001, the Corporation received a private placement of \$5 million for the issuance of 333,334 common shares from Treasury.

CONSOLIDATED FINANCIAL STATEMENTS - FINANCIALS

CONSOLIDATED BALANCE SHEETS

BELZBERG TECHNOLOGIES INC.
(formerly Belzberg Financial Markets & News International Inc.)
(in Canadian dollars)

	2000	1999
ASSETS		
CURRENT		
Cash	\$5,641,924	\$ -
Accounts receivable	3,749,620	1,409,085
Government assistance receivable	1,149,779	126,073
Prepaid and sundry assets	285,670	107,898
	10,826,993	1,643,056
RESTRICTED CASH (Note 3)	81,000	81,000
CAPITAL ASSETS (Note 4)	3,751,182	1,145,198
GOODWILL, net of accumulated amortization of \$47,711 (Note 5)	800,350	-
	\$15,459,525	\$2,869,254
LIABILITIES		
CURRENT		
Bank indebtedness (Note 6)	\$ -	\$17,044
Accounts payable and accrued liabilities (Note 7)	1,370,967	2,655,753
Deferred revenue	1,031,144	1,135,057
Current portion of obligations under capital lease (Note 8)	862,286	170,689
Note payable (Note 9)	-	1,154,640
	3,264,397	5,133,183
DEFERRED REVENUE	112,424	-
OBLIGATIONS UNDER CAPITAL LEASE (Note 8)	1,418,091	238,477
	4,794,912	5,371,660
COMMITMENTS (Note 14)		
SHAREHOLDERS' EQUITY (DEFICIENCY)		
CAPITAL STOCK (Note 10)	17,957,181	6,227,000
WARRANTS (Note 10)	1,782,900	-
DEFICIT	(9,075,468)	(8,729,406)
	10,664,613	(2,502,406)
	\$15,459,525	\$2,869,254

APPROVED ON BEHALF OF THE BOARD

..... Director
 Director

BELZBERG TECHNOLOGIES INC.

Consolidated Statements of Operations and Deficit
(in Canadian dollars)

	2000	1999	1998
REVENUE	\$11,951,629	\$5,904,099	\$3,976,120
COST OF REVENUE	4,531,421	2,172,738	1,164,429
GROSS PROFIT	7,420,208	3,731,361	2,811,691
OPERATING EXPENSES			
Sales and marketing	2,800,675	1,874,096	1,316,526
Administrative	2,792,774	2,468,519	1,388,518
Research and development			
Expenditures	2,010,663	1,794,081	1,092,068
Government assistance	(1,149,779)	-	-
Amortization	842,276	219,591	106,238
Interest on long-term debt	166,393	25,123	30,154
Interest income	(226,993)	-	-
	7,236,009	6,381,410	3,933,504
EARNINGS (LOSS) BEFORE OTHER ITEMS	184,199	(2,650,049)	(1,121,813)
STOCK EXCHANGE LISTING COSTS	525,198	-	-
INCOME TAXES (Note 11)	5,063	9,019	244
NET LOSS	(346,062)	(2,659,068)	(1,122,057)
DEFICIT, BEGINNING OF YEAR	(8,729,406)	(6,070,338)	(4,948,281)
DEFICIT, END OF YEAR	\$(9,075,468)	\$(8,729,406)	\$(6,070,338)
BASIC LOSS PER SHARE	\$(0.04)	\$(0.38)	\$(0.17)
WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES	9,635,780	7,015,635	6,795,575

CONSOLIDATED FINANCIAL STATEMENTS - FINANCIALS

BELZBERG TECHNOLOGIES INC. Consolidated Statements of Cash Flows (in Canadian dollars)

	2000	1999	1998
CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES			
Net loss	\$(346,062)	\$(2,659,068)	\$(1,122,057)
Items not affecting cash			
Amortization of capital assets	794,565	219,591	106,238
Amortization of goodwill	47,711	-	-
Amortization of gain on disposal of capital assets	(28,370)	-	-
Write-down of leasehold improvements	-	112,500	-
Services rendered for capital stock consideration (Note 10)	200,000	-	-
Compensation expense (Note 5)	56,940	-	-
	724,784	(2,326,977)	(1,015,819)
Changes in non-cash working capital items (Note 12)	(4,965,935)	898,384	1,029,792
	(4,241,151)	(1,428,593)	13,973
INVESTING ACTIVITIES			
Purchase of capital assets	(1,295,030)	(582,592)	(151,547)
Proceeds from disposal of capital assets	767,020	-	-
Acquisitions (Note 5)	(183,050)	-	-
	(711,060)	(582,592)	(151,547)
FINANCING ACTIVITIES			
Note payable	-	1,154,640	-
Repayment of note payable	(1,154,640)	-	-
Repayment of obligations under capital lease	(815,322)	(146,213)	(127,578)
Proceeds on issuance of common shares	10,798,241	1,097,532	119,460
Proceeds on issuance of warrants	1,782,900	-	-
	10,611,179	2,105,959	(8,118)
INCREASE (DECREASE) IN CASH POSITION DURING THE YEAR	5,658,968	94,774	(145,692)
(BANK INDEBTEDNESS) CASH, BEGINNING OF YEAR	(17,044)	(111,818)	33,874
CASH (BANK INDEBTEDNESS), END OF YEAR	\$5,641,924	\$(17,044)	\$(111,818)
SUPPLEMENTAL CASH FLOW INFORMATION			
Value of share capital issued for acquisitions of subsidiaries	\$675,000	\$ -	\$ -
Value of share capital issued for services	\$200,000	\$ -	\$ -
Value of share capital recorded for compensation expense (Note 5)	\$56,940	\$ -	\$ -
Acquisition of capital assets with debt	\$2,686,533	\$ -	\$ -
Interest paid	\$166,393	\$104,365	\$30,154
Income taxes paid	\$ -	\$9,019	\$244

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Market Toronto Stock Exchange
 Symbol: BLZ

Under the rules of the Toronto Stock Exchange (TSE), every listed company must disclose its approach to corporate governance with reference to the guidelines set out by the TSE. The guidelines address matters such as the constitution and independence of the Board of Directors, functions to be performed by each member of the Board, and effectiveness of the Board. The Board of Directors of Belzberg Technologies believes that sound corporate governance practices are essential to the well-being of Belzberg Technologies, and have addressed each of the TSE's guidelines in the Information Circular.

where the trade is made



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