

BELZBERG TECHNOLOGIES INC.

Consolidated Financial Statements (Revised)

Three and nine month periods ended September 30, 2004

(Unaudited)

BELZBERG TECHNOLOGIES INC.

Consolidated Balance Sheets

(in Canadian dollars)

	September 30, 2004 <u>(Unaudited)</u>	December 31, 2003 <u></u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,448,224	\$ 4,300,798
Deposits with and receivables from brokers, dealers and clearing organizations	788,036	1,075,769
Accounts receivable	2,753,864	3,262,955
Government assistance receivable	153,851	303,832
Prepaid expenses and other receivables	538,859	439,404
Other	533,783	602,410
	<u>9,216,617</u>	<u>9,985,168</u>
CAPITAL ASSETS	3,388,710	4,633,610
GOODWILL	755,239	755,239
	<u>\$ 13,360,566</u>	<u>\$ 15,374,017</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,134,569	\$ 3,616,986
Accrued restructuring charges (Note 5)	76,691	351,869
Bank loan	-	203,352
Current portion of obligations under capital lease	585,647	1,058,197
	<u>3,796,907</u>	<u>5,230,404</u>
OBLIGATIONS UNDER CAPITAL LEASE	112,449	465,388
	<u>3,909,356</u>	<u>5,695,792</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 3)	34,770,877	34,575,877
CONTRIBUTED SURPLUS (Note 4)	1,485,869	1,290,090
WARRANTS	1,665,700	1,665,700
DEFICIT	(28,471,236)	(27,853,442)
	<u>9,451,210</u>	<u>9,678,225</u>
	<u>\$ 13,360,566</u>	<u>\$ 15,374,017</u>

Commitments and contingencies (Note 9)

See accompanying notes to the consolidated financial statements

APPROVED ON BEHALF OF THE BOARD

"Sidney H. Belzberg"

..... Director

"Alicia Belzberg"

..... Director

BELZBERG TECHNOLOGIES INC.
Consolidated Statements of Operations and Deficit
(in Canadian dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
REVENUE	\$ 6,422,519	\$ 5,714,556	\$ 19,390,508	\$ 17,005,459
COST OF REVENUE	3,434,239	3,630,187	10,523,568	10,501,801
GROSS MARGIN	2,988,280	2,084,369	8,866,940	6,503,658
EXPENSES				
Sales and marketing	730,095	992,089	2,353,143	3,225,174
Research and development	541,208	911,707	1,670,659	2,883,347
Government assistance	(153,851)	-	(153,851)	-
Administration	1,252,460	1,230,518	3,669,295	3,917,394
Amortization of capital assets	531,089	682,337	1,669,681	2,152,285
Foreign exchange loss (gain)	753	-	62,970	(237,064)
Interest expense, net	11,920	21,071	32,172	93,021
Restructuring charges (Note 5)	-	254,232	180,665	527,516
	2,913,674	4,091,954	9,484,734	12,561,673
EARNINGS (LOSS) FOR THE PERIOD	74,606	(2,007,585)	(617,794)	(6,058,015)
DEFICIT, BEGINNING OF PERIOD	(28,545,842)	(24,390,706)	(27,853,442)	(20,340,276)
DEFICIT, END OF PERIOD	\$ (28,471,236)	\$ (26,398,291)	\$ (28,471,236)	\$ (26,398,291)
EARNINGS (LOSS) PER SHARE				
Basic	\$ 0.01	\$ (0.15)	\$ (0.04)	\$ (0.44)
Diluted	\$ 0.01	\$ (0.15)	\$ (0.04)	\$ (0.44)
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING:				
Basic	13,778,424	13,713,424	13,756,858	13,715,538
Diluted	13,791,519	13,713,424	13,756,858	13,715,538

See accompanying notes to the consolidated financial statements

BELZBERG TECHNOLOGIES INC.
Consolidated Statements of Cash Flows

(in Canadian dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Earnings (Loss) for the period	\$ 74,606	\$ (2,007,585)	\$ (617,794)	\$ (6,058,015)
Items not affecting cash and cash equivalents				
Amortization of capital assets	531,089	682,337	1,669,681	2,152,285
Amortization of gain on sale and leaseback of capital assets	-	-	-	(9,200)
Unrealized foreign exchange loss	121,418	7,132	65,474	287,782
Stock-based compensation	37,648	18,538	199,654	65,249
Changes in non-cash working capital items (Note 6)	(316,841)	864,649	388,799	1,079,988
	447,920	(434,929)	1,705,814	(2,481,911)
INVESTING ACTIVITIES				
Purchase of capital assets	(120,347)	(262,511)	(659,073)	(737,931)
	(120,347)	(262,511)	(659,073)	(737,931)
FINANCING ACTIVITIES				
Repayment of obligations under capital lease	(251,499)	(349,378)	(825,489)	(1,191,240)
Repayment of bank loan	(19,908)	(88,118)	(203,352)	(260,866)
Proceeds from the exercise of stock options	-	-	195,000	-
Repurchase of common shares	-	-	-	(75,375)
	(271,407)	(437,496)	(833,841)	(1,527,481)
Effect of exchange rate changes on cash and cash equivalents	(121,418)	(7,132)	(65,474)	(287,782)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,252)	(1,142,068)	147,426	(5,035,105)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,513,476	6,854,895	4,300,798	10,747,932
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4,448,224	\$ 5,712,827	\$ 4,448,224	\$ 5,712,827
CASH AND CASH EQUIVALENTS:				
Cash	\$ 2,588,057	\$ 2,108,140	\$ 2,588,057	\$ 2,108,140
Cash equivalents	1,860,167	3,604,687	1,860,167	3,604,687
	\$ 4,448,224	\$ 5,712,827	\$ 4,448,224	\$ 5,712,827
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	\$ 21,717	\$ 52,618	\$ 89,255	\$ 201,161
Interest received	9,798	31,540	57,084	108,140
Acquisition of capital assets with leases	-	49,173	-	49,173

See accompanying notes to the consolidated financial statements

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

1. Description of business:

Belzberg Technologies Inc. and its wholly owned subsidiaries (the "Company" or "Belzberg") 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 ECNs, and NASDAQ market makers. Belzberg products enable traders to execute and manage large volumes of transactions at high speed, with reliability and security.

The Company also operates a floor brokerage that provides the execution of exchange-traded equity and index options on the Chicago Board Options Exchange.

2. Summary of significant accounting policies:

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles (GAAP) for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2003.

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the Company as at September 30, 2004 and the results of operations and deficit and cash flows for the three months and nine months ended September 30, 2004 and 2003.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated financial statements, except for the following:

(i) Revenue recognition:

Effective January 1, 2004, the Company adopted the CICA Emerging Issues Committee Abstract 142 issued in December 2003, regarding the timing of revenue recognition and the classification of certain items as revenue or expense. Adoption did not have an impact on the consolidated financial statements.

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

2. Summary of significant accounting policies (continued):

(ii) Hedging relationships:

In November 2001, the CICA issued Accounting Guidelines 13, "Hedging Relationships" (AcG-13), and in November 2002, amended the effective date of the guideline. AcG-13 established new criteria for hedge accounting and applies to all hedging relationships in effect on or after January 1, 2004. Effective January 1, 2004, the Company determined that it would not treat its derivative instruments as hedges for accounting purposes. Accordingly, the Company is continuing its previous policy of recognizing changes in the fair value of the derivative instruments into income each period.

3. Capital stock:

Authorized:

Unlimited number of common shares

Issued:

	Number of common shares	Amount
Balance at December 31, 2003	13,713,424	\$ 34,575,877
Exercise of stock options	65,000	195,000
Balance at September 30, 2004	13,778,424	\$ 34,770,877

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

4. Stock based compensation and other stock-based payments:

A summary of the Company's stock option activity for the period ended September 30, 2004 is as follows:

	Number	Weighted average exercise price
Outstanding, December 31, 2003	4,599,700	\$ 6.10
Options granted	15,000	3.70
Options exercised	(29,600)	3.00
Options cancelled/expired	(37,000)	5.60
Outstanding, March 31, 2004	4,548,100	6.12
Options granted	85,000	3.75
Options exercised	(35,400)	3.00
Options cancelled/expired	(394,000)	7.52
Outstanding, June 30, 2004	4,203,700	5.97
Options granted	—	—
Options exercised	—	—
Options cancelled/expired	(381,000)	5.35
Outstanding, September 30, 2004	3,822,700	\$ 6.03
Options exercisable at September 30, 2004	3,302,117	\$ 6.37

(a) Options granted to non-employees:

For stock options granted to consultants in 2002, the Company recorded compensation expense as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Stock-based compensation expense included in administration	\$ —	\$ 3,875	\$ 3,875	\$ 11,625

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

4. Stock based compensation and other stock-based payments (continued):

(b) Options granted to employees and directors on or after January 1, 2003:

For stock options granted to employees and directors on or after January 1, 2003, the Company recorded compensation expense as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Stock-based compensation expense included in:				
Cost of revenue	\$ 6,747	\$ 83	\$ 20,578	\$ 83
Sales and marketing	865	6,132	32,874	11,402
Research and development	3,345	—	9,722	—
Administration	26,691	8,448	132,605	42,139
	<u>\$ 37,648</u>	<u>\$ 14,663</u>	<u>\$ 195,779</u>	<u>\$ 53,624</u>

There were no options granted in the three month period ended September 30, 2004. During the three month period ended September 30, 2004 the Company cancelled the options of a terminated employee that resulted in a cumulative reversal of sales and marketing compensation expense of approximately \$14,000 in the quarter. The weighted average estimated fair value at the date of the grants for employee options granted for the three months ended September 30, 2003 was \$1.18 per share. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions at the measurement dates:

	Three months ended	
	September 30,	
	2004	2003
Risk-free interest rate	—	3.5%
Expected life of the options	—	3 years
Expected volatility	—	52.0%
Expected dividend yield	—	—%

The estimated fair value of the options is amortized to expense over their vesting period on a straight-line basis.

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

4. Stock based compensation and other stock-based payments (continued):

(c) Options granted to employees for the period January 1, 2002 to December 31, 2002:

For stock options granted in 2002, revised CICA HB Section 3870 requires the disclosure of pro forma earnings (loss) and earnings (loss) per share information as if the Company had accounted for employee stock options under the fair value method. The pro forma disclosure related to options granted in 2002 using a weighted average grant date fair value of \$2.07 based on the following weighted average assumptions: risk-free interest rate - 4.4%; expected life of options - 4.6 years; expected volatility - 48%; expected dividend yield - 0%, is as follows:

	Three months ended September 30, 2004		Nine months ended September 30, 2004		2003	
Earnings (loss) for the period:						
As reported	\$ 74,606	\$ (2,007,585)	\$ (617,794)	\$ (6,058,015)		
Pro forma	55,350	(2,063,210)	(747,728)	(6,223,312)		
Earnings (loss) per share:						
Basic:						
As reported	\$ 0.01	\$ (0.15)	\$ (0.04)	\$ (0.44)		
Pro forma	0.00	(0.15)	(0.05)	(0.45)		
Diluted:						
As reported	0.01	(0.15)	(0.04)	(0.44)		
Pro forma	0.00	(0.15)	(0.05)	(0.45)		

The estimated pro forma fair value of the options is amortized to expense over their vesting period on a straight-line basis.

5. Accrued restructuring charges:

In the fourth quarter of 2002 in response to a slow down of trading volumes experienced by the Company and the industry, the Company reviewed all departments for areas of improved efficiency and reduced research and development projects with longer payback periods to focus instead on those areas to maximize revenue in the shorter term with fewer staff as a means to minimize losses at the time. In the first quarter of 2003 in response to a slowdown of trading volumes that began in late 2002 and that continued into the early part of 2003, the Company completed a restructuring and recorded a restructuring charge of \$273,284 for the severances and benefits of 27 employees across all departments of the Company.

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

5. Accrued restructuring charges (continued):

In the third quarter of 2003 the Company again reduced research and development projects with longer payback periods to focus on projects to maximize revenue in the shorter term with fewer staff and recorded a restructuring charge of \$254,232 for the severances and benefits of employees in the R&D department.

In the fourth quarter of 2003 the Company again reviewed all departments in its core and brokerage operations for areas of improved efficiency as a means to improve the profitability of the Company and recorded a restructuring charge of \$218,625 for the severances and benefits of 18 employees across all departments of the Company.

In the second quarter of 2004, the Company restructured its broker dealer operation as management believed that the operation could continue to be reorganized for increased efficiencies and improved future profitability and as a result recorded a restructuring charge of \$180,665 for employee severances and benefits.

There were no restructuring charges in the third quarter of 2004. The Company made cash payments of \$119,752 in the third quarter of 2004 (\$96,054 in the third quarter of 2003) toward the restructuring accruals.

	January 1, 2004	Provision	Cash payment	Adjustments	September 30, 2004
Accrued restructuring charges:					
2002 restructuring	\$ 26,846	\$ -	\$ -	\$ -	\$ 26,846
2003 restructuring:					
Quarter ended:					
September 30	158,317	-	150,779	(2,156)	5,382
December 31	166,706	-	170,126	5,005	1,585
2004 restructuring:					
Quarter ended:					
June 30	-	180,665	134,938	(2,849)	42,878
	\$ 351,869	\$ 180,665	\$ 455,843	\$ -	\$ 76,691

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

6. Changes in non-cash working capital items:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Accounts receivable	\$ 338,182	\$ 102,985	\$ 509,091	\$ 351,938
Deposits with and receivables from brokers, dealers and clearing organizations	126,023	77,631	287,733	846,694
Government assistance receivable	(153,851)	52,706	149,981	52,706
Prepaid expenses and other receivables	(3,823)	152,305	(103,330)	32,878
Other	(174,724)	–	68,627	(8,491)
Accounts payable and accrued liabilities	(328,896)	320,844	(248,125)	56,371
Accrued restructuring charges	(119,752)	158,178	(275,178)	(242,908)
Deferred revenue	–	–	–	(9,200)
	\$ (316,841)	\$ 864,649	\$ 388,799	\$ 1,079,988

7. Financial instruments:

The Company uses foreign currency futures and options contracts to manage a portion of its exposure to fluctuations in foreign exchange rates. During the three-month period ended September 30, 2004, the Company recorded a mark-to-market unrealised gain of \$199,000 on the outstanding March 2005 call option contract (three month period ended September 30, 2003 - Nil). As at September 30, 2004, the Company has an outstanding March 2005 call option for the purchase of Cdn. \$4.5 million at U.S. \$0.72.

8. Segmented information:

The Company operates and manages its business in one industry – the financial services sector. The Company has two reportable operating segments being the Core business and the Brokerage business. In the Core business the Company creates and provides to institutional customers trade execution software and a network for connecting to various exchanges and other markets in North America. The Brokerage business involves the execution of exchange-traded equity and index options on the Chicago Board Options Exchange.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance of the Core business and the Brokerage business based on several factors, of which the primary financial measures are revenue and earnings (loss) from operations. The Company defines earnings (loss) from operations as earnings (loss) from operations before amortization, net interest expense, income taxes and other non-recurring items.

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

8. Segmented information (continued):

	Three months ended September 30,					
	2004			2003		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenues:						
Transaction based fees	\$ 3,619,547	\$ 600,460	\$ 4,220,007	\$ 2,729,456	\$ 825,930	\$ 3,555,386
Subscription fees	1,840,940	–	1,840,940	1,849,584	–	1,849,584
Other	361,572	–	361,572	309,586	–	309,586
	<u>\$ 5,822,059</u>	<u>\$ 600,460</u>	<u>\$ 6,422,519</u>	<u>\$ 4,888,626</u>	<u>\$ 825,930</u>	<u>\$ 5,714,556</u>
Earnings (loss) before undemoted items	\$ 867,976	\$ (250,361)	\$ 617,615	\$ (883,330)	\$ (166,615)	\$ (1,049,945)
Amortization	524,155	6,934	531,089	674,656	7,681	682,337
Interest expense, net	11,920	–	11,920	19,675	1,396	21,071
Restructuring charges	–	–	–	254,232	–	254,232
Earnings (loss) for the period	<u>331,901</u>	<u>(257,295)</u>	<u>\$ 74,606</u>	<u>(1,831,893)</u>	<u>(175,692)</u>	<u>\$ (2,007,585)</u>
Total assets	\$ 12,009,091	\$ 1,351,475	\$ 13,360,566	\$ 14,374,965	\$ 1,825,796	\$ 16,200,761
Capital asset expenditures	\$ 120,348	\$ –	\$ 120,348	\$ 311,684	\$ –	\$ 311,684

The following is a breakdown of operations by significant geographic region:

	Three months ended September 30,					
	2004			2003		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction based fees	\$ 405,731	\$ 3,814,276	\$ 4,220,007	\$ 337,188	\$ 3,218,198	\$ 3,555,386
Subscription fees	1,525,990	314,950	1,840,940	1,529,376	320,208	1,849,584
Other	271,908	89,664	361,572	270,136	39,450	309,586
	<u>\$ 2,203,629</u>	<u>\$ 4,218,890</u>	<u>\$ 6,422,519</u>	<u>\$ 2,136,700</u>	<u>\$ 3,577,856</u>	<u>\$ 5,714,556</u>
Total assets	\$ 4,189,234	\$ 9,171,332	\$ 13,360,566	\$ 7,194,461	\$ 9,006,300	\$ 16,200,761
Capital assets	\$ 2,135,921	\$ 1,252,789	\$ 3,388,710	\$ 3,386,363	\$ 1,428,179	\$ 4,814,542

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

8. Segmented information (continued):

	Nine months ended September 30,					
	2004			2003		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenues:						
Transaction based fees	\$10,437,452	\$ 2,220,451	\$12,657,903	\$ 7,278,838	\$ 2,831,492	\$10,110,330
Subscription fees	5,577,435	–	5,577,435	6,115,452	–	6,115,452
Other	1,155,170	–	1,155,170	779,677	–	779,677
	<u>\$17,170,057</u>	<u>\$ 2,220,451</u>	<u>\$19,390,508</u>	<u>\$14,173,967</u>	<u>\$ 2,831,492</u>	<u>\$17,005,459</u>
Earnings (loss) before underrated items	\$ 1,595,889	\$ (331,165)	\$ 1,264,724	\$ (2,976,335)	\$ (308,858)	\$ (3,285,193)
Amortization	1,647,883	21,798	1,669,681	2,128,496	23,789	2,152,285
Interest expense, net	32,172	–	32,172	91,838	1,183	93,021
Restructuring charges	176,317	4,348	180,665	527,516	–	527,516
Loss for the period	<u>(260,483)</u>	<u>(357,311)</u>	<u>\$ (617,794)</u>	<u>(5,724,185)</u>	<u>(333,830)</u>	<u>\$ (6,058,015)</u>
Total assets	\$12,009,091	\$ 1,351,475	\$13,360,566	\$14,374,965	\$ 1,825,796	\$16,200,761
Capital asset expenditures	\$ 659,073	\$ –	\$ 659,073	\$ 787,104	\$ –	\$ 787,104

The following is a breakdown of operations by significant geographic region:

	Nine months ended September 30,					
	2004			2003		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction based fees	\$ 1,316,217	\$11,341,686	\$12,657,903	\$ 1,109,895	\$ 9,000,435	\$10,110,330
Subscription fees	4,620,435	957,000	5,577,435	4,541,627	1,573,825	6,115,452
Other	770,292	384,878	1,155,170	686,421	93,256	779,677
	<u>\$ 6,706,944</u>	<u>\$12,683,564</u>	<u>\$19,390,508</u>	<u>\$ 6,337,943</u>	<u>\$10,667,516</u>	<u>\$17,005,459</u>
Total assets	\$ 4,189,234	\$ 9,171,332	\$13,360,566	\$ 7,194,461	\$ 9,006,300	\$16,200,761
Capital assets	\$ 2,135,921	\$ 1,252,789	\$ 3,388,710	\$ 3,386,363	\$ 1,428,179	\$ 4,814,542

BELZBERG TECHNOLOGIES INC.

Notes to the Interim Consolidated Financial Statements (continued)
(Expressed in Canadian dollars)

Three months and nine months ended September 30, 2004 and 2003
(Unaudited)

9. Commitments and contingencies:

The Company has no guarantees that are required to be disclosed under Accounting Guideline 14 "Disclosure of guarantees".

In the normal course of operations the Company may be subject to litigation and claims. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

10. Related party transactions:

The Company ("BTI") leases its corporate premises on a month-to-month basis from a company ("The Related Company") controlled by certain members of senior management of BTI who are also directors of BTI. The Related Company leases the corporate premises from an unrelated third party. BTI pays the monthly corporate premises rental directly to the unrelated third party and there is no mark-up received by the Related Company.

11. Subsequent events:

Subsequent to the quarter ended September 30, 2004, the Options Clearing Corporation ("OCC") increased the minimum clearing fund deposit for clearing members that provide execution services for clearance of other members from \$150,000 to \$150,000 plus a value based upon the average daily executed volume for the previous calendar month. As a result of this change, the Company's subsidiary, Electronic Brokerage Systems, LLC ("EBS"), deposited an additional \$1,125,000 at the OCC.

12. Comparative figures:

Certain of the comparative figures have been reclassified to conform with the current period's financial statement presentation.