

# Q2 2007

*Interim Consolidated Financial Statements*  
**BELZBERG TECHNOLOGIES INC.**  
*For The Three and Six Months Ended June 30, 2007*

# **BELZBERG TECHNOLOGIES INC.**

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the period ended June 30, 2007 and 2006

---

Pursuant to national Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company of the interim periods ended June 30, 2007 and 2006, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, KPMG LLP, have not performed a review of the interim financial statements for June 30, 2007 and 2006 in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## Notice

The consolidated financial statements have not been reviewed by an external auditor

## BELZBERG TECHNOLOGIES INC.

### Consolidated Balance Sheets

(in Canadian dollars)

	June 30, 2007 (Unaudited)	December 31, 2006 (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 18,126,307	\$ 16,435,704
Deposits with and receivables from brokers, dealers and clearing organizations (note 3)	4,291,090	2,741,562
Accounts receivable	5,392,061	4,704,665
Prepaid expenses and other receivables	512,075	406,349
Other current assets (note 4)	195,053	176,034
Investment tax credits recoverable	530,880	597,835
Future income tax asset	1,655,754	1,795,754
	<u>30,703,220</u>	<u>26,857,903</u>
<b>CAPITAL ASSETS</b>	2,740,758	2,296,813
<b>INVESTMENT</b>	35,978	35,978
<b>GOODWILL</b>	1,608,471	1,608,471
<b>OTHER INTANGIBLE ASSETS, NET (note 5)</b>	271,973	303,970
	<u>\$ 35,360,400</u>	<u>\$ 31,103,135</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 5,193,320	\$ 4,542,478
Current portion of obligations under capital lease	83,533	116,473
	<u>5,276,853</u>	<u>4,658,951</u>
<b>OBLIGATIONS UNDER CAPITAL LEASE</b>	-	32,059
	<u>5,276,853</u>	<u>4,691,010</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK (note 6)</b>	39,055,657	38,840,032
<b>CONTRIBUTED SURPLUS</b>	3,591,640	3,518,871
<b>DEFICIT</b>	(12,563,750)	(15,946,778)
	<u>30,083,547</u>	<u>26,412,125</u>
	<u>\$ 35,360,400</u>	<u>\$ 31,103,135</u>

Guarantees and contingencies (note 11)

See accompanying notes to the consolidated financial statements

APPROVED ON BEHALF OF THE BOARD

"Sidney H. Belzberg"

..... Director

"Alicia Belzberg"

..... Director

## Notice

The consolidated financial statements have not been reviewed by an external auditor

## BELZBERG TECHNOLOGIES INC. Consolidated Statements of Operations

(in Canadian dollars)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
<b>REVENUE</b>				
Transaction fees:				
Equity order flow	\$ 4,142,364	\$ 3,869,833	\$ 8,351,288	\$ 7,466,260
Options and futures contracts	4,777,912	3,362,476	9,227,139	6,479,664
	8,920,276	7,232,309	17,578,427	13,945,924
Subscription fees	1,863,312	1,848,334	3,748,718	3,673,160
Other revenue	321,864	408,658	676,686	761,352
<b>TOTAL REVENUE</b>	<b>11,105,452</b>	<b>9,489,301</b>	<b>22,003,831</b>	<b>18,380,436</b>
<b>EXPENSES</b>				
Exchange, clearing and brokerage fees	3,504,387	2,965,525	6,734,503	5,434,224
Compensation and related benefits	2,715,295	2,097,012	5,516,817	4,308,451
Telecommunication and datafeed services	1,553,266	1,238,585	3,078,544	2,517,158
Administrative and other expenses	1,106,644	926,293	2,321,799	1,769,400
Strategic process expenses	10,000	-	97,652	-
Amortization of capital assets	346,921	333,295	676,729	657,271
Amortization of intangible assets	15,999	-	31,997	-
Government assistance	-	(107,009)	-	(107,009)
Foreign exchange loss	343,818	97,581	531,482	83,874
	9,596,330	7,551,282	18,989,523	14,663,369
<b>EARNINGS BEFORE THE UNDERNOTED</b>	<b>1,509,122</b>	<b>1,938,019</b>	<b>3,014,308</b>	<b>3,717,067</b>
Interest expense	1,680	5,877	6,937	13,607
Interest income	(194,402)	(71,368)	(375,657)	(102,041)
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>1,701,844</b>	<b>2,003,510</b>	<b>3,383,028</b>	<b>3,805,501</b>
PROVISION FOR INCOME TAXES (note 9)	-	-	-	-
<b>NET EARNINGS</b>	<b>1,701,844</b>	<b>2,003,510</b>	<b>3,383,028</b>	<b>3,805,501</b>
<b>EARNINGS PER SHARE:</b>				
Basic	\$ 0.12	\$ 0.14	\$ 0.23	\$ 0.27
Diluted	\$ 0.11	\$ 0.13	\$ 0.22	\$ 0.26
<b>WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (note 6(b)):</b>				
Basic	14,665,419	14,051,827	14,650,155	13,980,854
Diluted	15,208,185	14,861,733	15,245,309	14,695,337

See accompanying notes to the consolidated financial statements

## Notice

The consolidated financial statements have not been reviewed by an external auditor

## **BELZBERG TECHNOLOGIES INC.** **Consolidated Statements of Shareholders Equity** **For the six months ended June 30, 2007**

(in Canadian dollars)

(Unaudited)

	Number of common shares	Amount	Contributed Surplus	Deficit	Total
Balance, December 31, 2006	14,627,974	\$ 38,840,032	\$ 3,518,871	\$ (15,946,778)	\$ 26,412,125
Issue of common shares:					
Exercise of Stock options (note 6 (a) and (c))	47,500	202,442	-	-	202,442
Stock-based compensation (note 6 (d))	-	-	85,952	-	85,952
Stock compensation benefit on exercise of stock options (note 6 (a))	-	13,183	(13,183)	-	-
Net earnings and comprehensive income	-	-	-	3,383,028	3,383,028
<b>BALANCE, JUNE 30, 2007</b>	<b>14,675,474</b>	<b>\$ 39,055,657</b>	<b>\$ 3,591,640</b>	<b>\$ (12,563,750)</b>	<b>\$ 30,083,547</b>

See accompanying notes to the consolidated financial statements

## Notice

The consolidated financial statements have not been reviewed by an external auditor

## BELZBERG TECHNOLOGIES INC. Consolidated Statements of Cash Flows

(in Canadian dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
<b>CASH PROVIDED BY (USED FOR)</b>				
<b>OPERATING ACTIVITIES</b>				
Net earnings	\$ 1,701,844	\$ 2,003,510	\$ 3,383,028	\$ 3,805,501
Items not affecting cash				
Amortization of capital assets	346,921	333,295	676,729	657,271
Amortization of intangible assets	15,999	-	31,997	-
Unrealized foreign exchange loss	620,072	304,985	695,148	277,790
Stock-based compensation (note 6(d))	43,407	56,481	85,952	125,040
Future income taxes	124,880	-	140,000	-
Changes in non-cash working capital items (note 7)	(1,522,651)	(187,071)	(2,003,376)	(515,816)
	1,330,472	2,511,200	3,009,478	4,349,786
<b>INVESTING ACTIVITIES</b>				
Purchase of capital assets	(391,504)	(388,248)	(761,170)	(619,881)
Purchase of investment	-	-	-	(35,978)
	(391,504)	(388,248)	(761,170)	(655,859)
<b>FINANCING ACTIVITIES</b>				
Repayment of obligations under capital lease	(35,571)	(41,555)	(64,999)	(158,851)
Proceeds from the exercise of stock options (note 6(a))	40,542	202,238	202,442	761,426
	4,971	160,683	137,443	602,575
Effect of exchange rate changes on cash and cash equivalents	(620,072)	(304,985)	(695,148)	(277,790)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	323,867	1,978,650	1,690,603	4,018,712
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	17,802,440	9,092,703	16,435,704	7,052,641
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 18,126,307	\$ 11,071,353	\$ 18,126,307	\$ 11,071,353
<b>CASH AND CASH EQUIVALENTS:</b>				
Cash	\$ 4,824,075	\$ 5,557,375	\$ 4,824,075	\$ 5,557,375
Cash equivalents	13,302,232	5,513,978	13,302,232	5,513,978
	\$ 18,126,307	\$ 11,071,353	\$ 18,126,307	\$ 11,071,353
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Interest paid	\$ 1,680	\$ 5,877	\$ 6,937	\$ 13,607
Interest received	164,516	69,212	346,237	97,263
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES</b>				
Acquisition of capital assets included in accounts payable and accrued liabilities	\$ 561,951	\$ 148,336	\$ 561,951	\$ 148,336

See accompanying notes to the consolidated financial statements

# **BELZBERG TECHNOLOGIES INC.**

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

Three and six months ended June 30, 2007 and 2006  
(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:**

### **(a) Basis of presentation:**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed to include only the notes related to elements which have significantly changed in the interim period. As a result, these interim financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2006.

These interim financial statements are prepared following accounting policies consistent with the Company's audited annual financial statements and notes thereto for the year ended December 31, 2006, except as described in note 2 (b). The financial information included herein reflects all adjustments, consisting only of normal recurring adjustments, which in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the three and six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year.

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

---

## 2. Significant accounting policies (continued):

(b) Changes in accounting policies:

Financial instruments:

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments-Recognition and Measurement; and, Section 3865, Hedges, retroactively without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents, deposits with and receivables from brokers, dealers and clearing organizations and other current assets (that include foreign exchange future and option contracts) as held-for-trading, which are measured at fair value. The investment is classified as available-for-sale, which is measured at cost as it does not have a quoted market price in an active market. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, are classified as other financial liabilities. The Company had no "other comprehensive income or loss" transactions during the three and six months ended June 30, 2007 and no opening or closing balances for accumulated other comprehensive income or loss.

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

### 3. Deposits with and receivables from brokers, dealers and clearing organizations:

The Company is required to maintain certain deposits and has certain receivables with brokers, dealers and clearing organizations to facilitate its clearing and settlement activities. These amounts are made up as follows:

	June 30, 2007	December 31, 2006
Cash equivalents on deposit with clearing organization, at market	\$ 2,800,492	\$ 2,004,691
Deposits with and receivables from:		
Clearing organizations	617,678	29,020
Brokers and dealers	872,920	707,851
	\$ 4,291,090	\$ 2,741,562

### 4. Other current assets:

	June 30, 2007	December 31, 2006
Fair value of foreign exchange option contracts	\$ –	\$ 176,034
Fair value of foreign exchange futures contract	195,053	–
	\$ 195,053	\$ 176,034

### 5. Other intangible assets:

	June 30, 2007	December 31, 2006
Customer list	\$ 319,968	\$ 319,968
Accumulated amortization	47,995	15,998
	\$ 271,973	\$ 303,970

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

---

## 6. Capital stock:

The following summarizes changes to capital stock during 2007:

(a) Authorized:

Unlimited common shares

Issued:

---

	Number of common shares	Amount
Balance at December 31, 2006	14,627,974	\$ 38,840,032
Exercise of stock options	35,000	161,900
Balance at March 31, 2007	14,662,974	\$ 39,001,932
Exercise of stock options	12,500	40,542
Stock compensation benefit on exercise of stock options	—	13,183
Balance at June 30, 2007	14,675,474	\$ 39,055,657

---

The stock compensation benefit on exercise of stock options has been transferred from contributed surplus to capital stock.

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

## 6. Capital stock (continued):

### (b) Earnings per share:

The following table sets forth the computation of diluted earnings per share:

	Three months ended June 30, 2007		2006	
Numerator:				
Net earnings available to common shareholders	\$	1,701,844	\$	2,003,510
Denominator:				
Weighted average number of common shares outstanding - basic		14,665,419		14,051,827
Effect of dilutive securities:				
Employee stock options		542,766		809,906
Weighted average number of common shares outstanding - diluted		15,208,185		14,861,733
Earnings per share:				
Basic	\$	0.12	\$	0.14
Diluted		0.11		0.13
	Six months ended June 30, 2007		2006	
Numerator:				
Net earnings available to common shareholders	\$	3,383,028	\$	3,805,501
Denominator:				
Weighted average number of common shares outstanding - basic		14,650,155		13,980,854
Effect of dilutive securities:				
Employee stock options		595,154		714,483
Weighted average number of common shares outstanding - diluted		15,245,309		14,695,337
Earnings per share:				
Basic	\$	0.23	\$	0.27
Diluted		0.22		0.26

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

## 6. Capital stock (continued):

During 2007, options to purchase 470,000 common shares (2006 – 575,000 common shares) were excluded from the computation of diluted earnings per share as the exercise price exceeded the average market price of common shares for the period.

(c) A summary of the Company's stock option activity for the period ended June 30, 2007 is as follows:

	Number	Weighted average exercise price
Outstanding, December 31, 2006	1,860,417	\$ 6.11
Options exercised	(35,000)	4.63
Outstanding, March 31, 2007	1,825,417	6.14
Options granted	70,000	6.85
Options exercised	(12,500)	3.24
Outstanding, June 30, 2007	1,882,917	6.19
Options exercisable at June 30, 2007	1,670,750	\$ 6.25

(d) 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 for the three months ended June 30, 2007 of \$43,407 (three months ended June 30, 2006 - \$56,481) and for the six months ended June 30, 2007 of \$85,952 (six months ended June 30, 2006 - \$125,040). These amounts are included in compensation and related benefits.

The weighted average grant date fair value for employee and director options granted in the three months ended June 30, 2007 was \$2.34 per share (three months ended June 30, 2006 - \$3.04 per share) and for the six months ended June 30, 2007 of \$2.34 per share (six

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

## 6. Capital stock (continued):

months ended June 30, 2006 - \$3.00). The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Risk-free interest rate	4.4%	4.25%	4.4%	4.2%
Expected life of the options	3 years	3 years	3 years	3 years
Expected volatility	43.5%	45.5%	43.5%	45.5%
Expected dividend yield	—%	—%	—%	—%

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

## 7. Changes in non-cash working capital items:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Accounts receivable	\$ 549,489	\$ 199,083	\$ (687,396)	\$ (237,398)
Investment tax credits recoverable	—	(107,009)	66,955	(107,009)
Deposits with and receivables from brokers, dealers and clearing organizations	(1,503,644)	(176,462)	(1,549,528)	(399,365)
Prepaid expenses and other receivables	(40,822)	(83,405)	(105,726)	(163,508)
Other current assets	63,173	(370,014)	(19,019)	(233,791)
Accounts payable and accrued liabilities	(590,847)	350,736	291,338	625,255
	\$ (1,522,651)	\$ (187,071)	\$ (2,003,376)	\$ (515,816)

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

---

## 8. Financial instruments:

### (a) Foreign currency risk:

The Company operates internationally and, as such, is exposed to fluctuations in foreign exchange rates. The Company uses foreign exchange futures and options contracts to limit its exposure to fluctuations in foreign exchange rates. The fair value of these financial instruments as at June 30, 2007 and June 30, 2006 is based on quoted market prices and information available at that time.

As at June 30, 2007, the Company has entered into foreign exchange futures contracts for the purchase of Cdn.\$9,200,000 at US\$0.9242 maturing in December 2007 (June 30, 2006 - foreign exchange option contracts for the purchase of Cdn.\$9,500,000 at US\$0.85 maturing in September 2006).

For the three-month period ended June 30, 2007 the Company recorded an unrealized mark-to-market gain of approximately \$199,000 on the foreign exchange futures contracts and a realized mark-to-market gain of approximately \$615,000 on foreign exchange option contracts that were settled. (three-month period ended June 30, 2006 – unrealized mark-to-market loss of approximately \$25,000 on outstanding foreign exchange option contracts and a realized mark-to-market gain of approximately \$287,000 on foreign exchange option contracts that were settled).

For the six-month period ended June 30, 2007 the Company recorded an unrealized mark-to-market gain of approximately \$199,000 on the foreign exchange futures contracts and a realized mark-to-market gain of approximately \$586,000 on foreign exchange option contracts that were settled. (six-month period ended June 30, 2006 – unrealized mark-to-market loss of approximately \$25,000 on outstanding foreign exchange option contracts and a realized mark-to-market gain of approximately \$257,000 on foreign exchange option contracts that were settled). Realized and unrealized gains or losses on foreign exchange futures and options contracts are netted against gains or losses on the translation of the Company's integrated foreign subsidiaries in the consolidated statement of operations.

### (b) Credit risk:

The Company is subject to risk of non-payment of accounts receivable. The Company mitigates this risk by monitoring the creditworthiness of its customers monthly as subscription and transaction fees are generated. At June 30, 2007, two customers accounted for approximately 22% of total accounts receivable (December 31, 2006 - two customers for 21%). For the six months ended June 30, 2007, one customer accounted for approximately 11% of total revenue and three customers accounted for approximately 25% of total revenue (Six months ended June 30, 2006 – one customer accounted for 7% of total revenue and 3 customers accounted for approximately 16% of total revenue).

# BELZBERG TECHNOLOGIES INC.

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

---

## **9. Income taxes:**

For the three months ended June 30, 2007, the Company reduced its valuation allowance from the 2006 fiscal year-end by approximately \$1.0 million and for the six months ended June 30, 2007 the Company reduced its valuation allowance by approximately \$1.7 million based upon a number of factors, including forecasted profitability for the Company and estimated taxable income by jurisdiction. This reduction in the valuation allowance offset the non-cash future income tax expense in the three and six-month periods ended June 30, 2007 arising from the utilization of tax benefits previously recognized. Any change in management's estimates could result in an additional income tax recovery or expense in the future.

## **10. Segmented information:**

The Company operates and manages its business in one industry - the financial services sector. The Company has two reportable segments: the Core business and the Brokerage business. In the Core business, the Company creates and provides to institutional customers trade execution software, trade execution services through its agency only broker-dealer 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 floor of 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 from operations. The Company defines earnings from operations as earnings 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 and six months ended June 30, 2007 and 2006  
(Unaudited)

## 10. Segmented information (continued):

	Three months ended June 30,					
	2007			2006		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenue:						
Transaction fees	\$ 7,282,358	\$ 1,637,918	\$ 8,920,276	\$ 5,919,873	\$ 1,312,436	\$ 7,232,309
Subscription fees	1,863,312	–	1,863,312	1,848,334	–	1,848,334
Other	321,864	–	321,864	408,658	–	408,658
	<u>\$ 9,467,534</u>	<u>\$ 1,637,918</u>	<u>\$ 11,105,452</u>	<u>\$ 8,176,865</u>	<u>\$ 1,312,436</u>	<u>\$ 9,489,301</u>
Earnings before the undernoted	\$ 1,654,176	\$ 227,866	\$ 1,882,042	\$ 1,964,514	\$ 306,800	\$ 2,271,314
Strategic process expenses	10,000	–	10,000	–	–	–
Amortization of:						
Capital assets	345,336	1,585	346,921	332,390	905	333,295
Intangible assets	15,999	–	15,999	–	–	–
Interest expense	1,680	–	1,680	5,877	–	5,877
Interest income	(170,992)	(23,410)	(194,402)	(65,602)	(5,766)	(71,368)
Net earnings	<u>\$ 1,452,153</u>	<u>\$ 249,691</u>	<u>\$ 1,701,844</u>	<u>\$ 1,691,849</u>	<u>\$ 311,661</u>	<u>\$ 2,003,510</u>
Total assets	\$ 31,577,162	\$ 3,783,238	\$ 35,360,400	\$ 19,709,313	\$ 2,008,320	\$ 21,717,633
Capital asset expenditures	\$ 391,504	\$ –	\$ 391,504	\$ 388,248	\$ –	\$ 388,248

	Six months ended June 30,					
	2007			2006		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenue:						
Transaction fees	\$ 14,363,194	\$ 3,215,233	\$ 17,578,427	\$ 11,737,807	\$ 2,208,117	\$ 13,945,924
Subscription fees	3,748,718	–	3,748,718	3,673,160	–	3,673,160
Other	676,686	–	676,686	761,352	–	761,352
	<u>\$ 18,788,598</u>	<u>\$ 3,215,233</u>	<u>\$ 22,003,831</u>	<u>\$ 16,172,319</u>	<u>\$ 2,208,117</u>	<u>\$ 18,380,436</u>
Earnings before the undernoted	\$ 3,197,586	\$ 623,100	\$ 3,820,686	\$ 3,992,814	\$ 381,524	\$ 4,374,338
Strategic process expenses	97,652	–	97,652	–	–	–
Amortization of:						
Capital assets	673,795	2,934	676,729	655,507	1,764	657,271
Intangible assets	31,997	–	31,997	–	–	–
Interest expense	4,231	2,706	6,937	13,607	–	13,607
Interest income	(333,517)	(42,140)	(375,657)	(94,952)	(7,089)	(102,041)
Net earnings	<u>\$ 2,723,428</u>	<u>\$ 659,600</u>	<u>\$ 3,383,028</u>	<u>\$ 3,418,652</u>	<u>\$ 386,849</u>	<u>\$ 3,805,501</u>
Total assets	\$ 31,577,162	\$ 3,783,238	\$ 35,360,400	\$ 19,709,313	\$ 2,008,320	\$ 21,717,633
Capital asset expenditures	\$ 756,932	\$ 4,238	\$ 761,170	\$ 619,881	\$ –	\$ 619,881



# **BELZBERG TECHNOLOGIES INC.**

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

Three and six months ended June 30, 2007 and 2006  
(Unaudited)

---

## **11. Guarantees and Contingencies:**

(a) Guarantees:

- (i) The Company has no guarantees that are required to be disclosed under Accounting Guideline 14 "Disclosure of guarantees".
- (ii) The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. Historically, the Company has made no payments relating to these indemnifications and the Company is not subject to any pending litigation on this matter.

(b) Contingencies

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.

## **12. Comparative figures:**

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