

Q1 2008

Management's Discussion And Analysis
BELZBERG TECHNOLOGIES INC.
For The Three Months Ended March 31, 2008

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations should be read in conjunction with the unaudited consolidated interim financial statements and related notes for the quarter ended March 31, 2008 of Belzberg Technologies Inc. (referred to in this MD&A as the "Company", "Belzberg", "our" and "we") and the MD&A, audited consolidated financial statements and the notes thereto for the year ended December 31, 2007. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All amounts reported in this MD&A are in Canadian dollars unless otherwise specified. Additional information relating to the Company, including the Company's Annual Information Form is on SEDAR at www.sedar.com. The MD&A is as of May 2, 2008.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking statements that reflect Management's expectations, estimates, forecasts and projections about future performance, opportunities for growth and the Company's future plans and intentions. Forward-looking statements are typically identified by words such as "believe", "expect", "may", "intend" and "plan." Forward-looking statements involve significant risk, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by these forward-looking statements. Some of the factors that could cause such differences include: the regulations governing the securities industry, competition for global trading solutions and intelligent order routing systems, customer dependence, ability to attract and retain key employees, technological changes, uncertainty of the ability to protect proprietary technology and product and service liability. The preceding list is not exhaustive of all possible factors. Other factors could also affect the Company's results. For a more detailed discussion of these factors refer to the section titled "Risks and Uncertainties" in the Company's annual MD&A filed on Sedar. All factors should be considered carefully when making decisions with respect to the Company and undue reliance should not be placed on the Company's forward-looking statements. The Company does not undertake to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Nature of Business

Belzberg Technologies Inc. is a leading provider of exchange connectivity, trade execution, order management and routing software for the financial industry. In addition to its technology, through one of its wholly owned subsidiaries, an agency-only broker-dealer, the Company offers low cost trade execution. 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, 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.

In September, 2002, Belzberg announced that its wholly owned subsidiary, Electronic Brokerage Systems, LLC (“EBS”), had become a member of the National Securities Clearing Corporation (“NSCC”). In November, 2002, the Company announced that EBS also became a member of the New York Stock Exchange (“NYSE”). These memberships allowed the Company to become self-clearing, which significantly reduced the Company’s clearing costs.

In 2001, the Company expanded its business by acquiring a broker-dealer that provides the execution of exchange-traded equity and index options on the Chicago Board Options Exchange.

In 2006, the Company acquired the business and assets of a direct access New York floor broker.

Overview

Highlights of First Quarter 2008 Results

- Profitability of \$1.1 million or \$0.07 per diluted share for the first quarter of 2008, as compared to a profit of \$1.7 million or \$0.11 per diluted share in the same year-ago quarter;
- Revenue decreased by 12% to \$9.6 million for the first quarter of 2008 from \$10.9 million in the same year-ago quarter;
- Positive cash flow from operations of \$3.3 million for the first quarter of 2008 compared to cash flow from operations of \$1.7 million in the same year-ago quarter;
- Working capital position of \$29.3 million at March 31, 2008 as compared to \$28.7 million at December 31, 2007.

The first quarter of 2008 showed lower revenues than the prior year primarily as a result of a strengthening CDN\$ that accounted for approximately \$1.1 million of the decline. U.S. equity orderflow revenue decreased by \$0.7 million from lower pass-through revenues on which the Company makes no mark-up. Although trading volumes of our U.S. equity orderflow business increased by 73% year over year, these volumes were executed by very low commission rate customers. Options trading volumes traded both electronically and non-electronically decreased by 7% year over year primarily due to one large customer in the floor brokerage segment that suspended trading during the first quarter as a result of changing clearing firms. This large floor brokerage customer may resume trading in the future once they resolve their clearing issues. The average transaction fee revenue per option contract decreased as a result of receiving lower pricing for certain options order-flow from the various options exchanges and from a specialist as options move toward penny-pricing spreads. The Company has recruited a number of additional sales people in the first quarter to drive revenue growth and is currently waiting for regulatory approval to hold customer accounts on its books.

The Company’s financial position improved at March 31, 2008 with cash and cash equivalents (including on deposit with clearing and depository organizations) of \$26.0 million (December 31, 2007 - \$24.0 million) and working capital of \$29.3 million (December 31, 2007 - \$28.7 million).

Key Performance Indicators

Management regularly reviews the following key performance indicators to measure our progress and success:

- Average daily volumes of U.S. equity order flow and electronic option contracts executed;
- Average daily revenue of U.S. equity order flow and electronic option contracts executed;
- Days sales outstanding.

Management analyzes the average daily volumes in relation to volumes traded on major exchanges and ECN's including but not limited to the New York Stock Exchange, NASDAQ, Chicago Board of Options Exchange, International Securities Exchange and the Options Clearing Corporation to determine the strength of the business.

Management reviews average daily revenues to assist it in determining customer mix for forecasting the profitability of the Company.

Management reviews days sales outstanding of its receivables on a quarterly basis as a tool to improve its cash flow from operations.

Results of Operations

Revenues

Total Revenues for the three months ended March 31,

(\$000's)	2008			2007		
	Canada	USA	Total	Canada	USA	Total
Transaction fees - core						
Equity order flow	\$ 794	\$ 2,985	\$ 3,779	\$ 751	\$ 3,456	\$ 4,207
Electronic option and futures contracts	6	2,631	2,637	2	2,872	2,874
Total transaction fees - core	800	5,616	6,416	753	6,328	7,081
Transaction fees - brokerage	-	979	979	-	1,577	1,577
Subscription fees	1,729	124	1,853	1,724	161	1,885
Other revenue	244	98	342	246	109	355
Total	\$ 2,773	\$ 6,817	\$ 9,590	\$ 2,723	\$ 8,175	\$ 10,898

Total Revenues

Total revenue decreased by 12% from \$10.9 million for the quarter ended March 31, 2007 to \$9.6 million for the quarter ended March 31, 2008. A strengthening Canadian dollar accounted for approximately \$1.1 million of the total revenue decline. In the first quarter of 2008, the Company generated approximately 71% (first quarter of 2007 - 75%) of its revenues in the United States and 29% (first quarter of 2007 - 25%) of its revenues in Canada. The Company expects that revenues from the United States will increase at a greater rate than revenues from Canada as the direct sales force focuses on attracting order flow revenue from U.S. based customers.

Transaction Fee Revenue – Core

(i) Equity Order Flow

Transaction fee revenue (including the recovery of pass through costs) from the routing of equity order flow through the Belzberg Gateway decreased by 10% to \$3.8 million in the first quarter of 2008 from \$4.2 million in the same year-ago quarter. U.S. equity order flow revenue decreased by 14% in the first quarter year over year. Approximately \$0.7 million of the U.S. equity revenue decline resulted from lower pass-through revenues on which the Company makes no mark-up. A strengthening Canadian dollar accounted for approximately \$0.5 million of the U.S. equity revenue decline. The total volume of shares executed by our wholly owned U.S. broker-dealer increased by approximately 73% year over year but most of the increase was executed by very low commission rate customers. The Company continues to experience pricing pressure in the U.S. equity markets as a result of competition from electronic execution providers and traditional broker-dealers.

Canadian equity order flow revenue increased by 6% year over year for the first quarter. This resulted mainly from higher trading volumes from new buyside accounts and from our existing customers.

The following table summarizes key performance indicators relating to our U.S. equity order flow:

U.S Equity Order Flow	Three months ended March 31,		change	% change
	2008	2007		
Total trading volume (in billions of shares)	3.3	1.9	1.4	73%
Avg trading volume per day (in millions of shares)	53.7	31.0	22.6	73%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 48.9	\$ 56.7	\$ (7.7)	(14)%
Avg transaction fee revenue per share	\$ 0.000912	\$ 0.001826	\$ (0.000914)	(50)%
U.S market trading days	61	61	-	

(ii) Electronic Options and Futures Contracts

Transaction fee revenue (including the recovery of pass through costs) from the electronic execution of options and futures contracts through the Belzberg Gateway decreased by 8% to \$2.6 million in the first quarter of 2008 from \$2.9 million in the same year-ago quarter. A strengthening Canadian dollar accounted for approximately \$0.4 million of the option revenue decline. Although the total volume of our electronic options contracts executed increased by 9% on a year over year basis, we experienced a decrease in the average transaction fee revenue per contract as a result of receiving lower pricing for certain orderflow from the various options exchanges and from a specialist.

The following table summarizes key performance indicators relating to our U.S. electronic options contracts executed:

U.S Electronic Options Contracts Executed	Three months ended March 31,		change	% change
	2008	2007		
Total trading volume (in millions of contracts)	12.4	11.4	1.0	9%
Avg trading volume per day (in thousands of contracts)	203.4	187.1	16.3	9%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 43.2	\$ 47.1	\$ (3.9)	(8)%
Avg transaction fee revenue per contract	\$ 0.213	\$ 0.252	\$ (0.039)	(16)%
U.S market trading days	61	61	-	

Transaction Fee Revenue – Brokerage

Transaction fee revenue from the brokerage segment (including the recovery of pass through costs) decreased by 38% to \$1.0 million in the first quarter of 2008 from \$1.6 million in the same year-ago quarter. The declining revenues resulted from lower trading volumes from existing customers and from one large customer that suspended trading during the first quarter as they moved clearing firms. The Company expects that the large customer will resume trading once they have resolved their clearing issues.

The following table summarizes key performance indicators relating to our U.S. floor brokerage options contracts executed:

U.S Floor Options Contracts Executed	Three months ended March 31,		change	% change
	2008	2007		
Total trading volume (in millions of contracts)	3.6	5.9	(2.3)	(39)%
Avg trading volume per day (in thousands of contracts)	59.0	96.1	(37.1)	(39)%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 16.0	\$ 25.9	\$ (9.8)	(38)%
Avg transaction fee revenue per contract	\$ 0.272	\$ 0.269	\$ 0.003	-
U.S market trading days	61	61	-	

Subscription Fee Revenue

Subscription fee revenue in the core business, which is based on customers paying a fixed monthly fee for connectivity to the Belzberg Gateway on a per terminal or other contracted basis, decreased by 2% mainly as a result of a strengthening Canadian dollar and the cancellation of a small number of terminals in the U.S.

Other Revenue

Other revenue, which includes revenue from information distribution, software development fees, installation fees and revenue from connectivity to the Belzberg Gateway, decreased by 4% mainly as a result of lower install fees and lower license redistribution revenues (on which the Company made little mark-up). These reductions were offset by higher information distribution revenues as a result of new datafeeds related to the Pure exchange.

Expenses (Income)

Expenses (Income) for the three months ended March 31,

(\$000's)	Core 2008	Brokerage 2008	Total 2008	% of Revenues	Core 2007	Brokerage 2007	Total 2007	% of Revenues
Exchange, clearing and brokerage fees	\$ 1,910	\$ 410	\$ 2,320	24 %	\$ 2,611	\$ 619	\$ 3,230	30 %
Compensation and related benefits	2,389	391	2,780	29 %	2,395	407	2,802	26 %
Telecommunication and datafeed services	1,508	46	1,554	16 %	1,484	41	1,525	14 %
Administrative and other expenses	1,042	51	1,093	11 %	1,168	47	1,215	11 %
Strategic process expenses	-	-	-	-	88	-	88	1 %
Amortization of capital assets	484	1	485	5 %	345	1	346	3 %
Amortization of intangible assets	16	-	16	-	16	-	16	-
Foreign exchange loss(gain)	165	(106)	59	1 %	159	29	188	2 %
Interest expense	-	-	-	-	5	-	5	-
Interest income	(177)	(10)	(187)	(2)%	(162)	(19)	(181)	(2)%
	\$ 7,337	\$ 783	\$ 8,120	85%	\$ 8,109	\$ 1,125	\$ 9,234	85%

Exchange, Clearing and Brokerage Fees

Exchange, clearing and brokerage fees are comprised of:

- (i) the transaction fees we pay to the various exchanges, ECN's and clearing organizations for the execution and clearing of our customer equity and option orders;
- (ii) the commissions we pay to other brokers and specialists for execution services and/or for the introduction of orderflow;
- (iii) the cost of our exchange and clearing organization memberships;
- (iv) the cost of seat leases, trading licenses and other brokerage fees;
- (v) the cost of any trading errors that may arise.

Exchange, clearing and brokerage fees decreased by 28% to \$2.3 million in the first quarter of 2008 from \$3.2 million in the same year-ago quarter. This decrease resulted mainly from:

- (i) lower equity exchange fees in the core business of approximately \$0.7 million mainly as a result of a certain customer electing to receive exchange fees directly from the exchanges instead of being passed through from the Company. Equity exchange fees also decreased as a result of certain customers generating rebates that did not occur in the first quarter of the prior year. The above decreases were partially offset by higher NYSE exchange fees from higher exchange fee pricing implemented on the NYSE.
- (ii) lower option exchange fees in the brokerage business of approximately \$0.2 million as a result of the significantly reduced volumes of option contracts executed by our floor brokerage segment. This decrease was offset by an increase in option exchange fees in the core business of approximately \$0.1 million from higher volumes executed and from option exchanges increasing fees for removing liquidity and for cancel fees.

- (iii) lower clearing fees in the core business of approximately \$0.2 million as a result of a refund received in the first quarter of 2008.

The above decreases were offset by higher technology fees in the core business of approximately \$50,000 for the new clearing system and higher introducing broker commissions of approximately \$0.1 million for business introduced offset by lower commissions paid for execution services of \$72,000.

Compensation and Related Benefits

Compensation and related benefits comprise the payroll cost of our headcount, incentive compensation to employees and any stock based compensation related to the grant of stock options to employees and directors.

Compensation and related benefits decreased by 1% to \$2.78 million in the first quarter of 2008 from \$2.8 million in the same year-ago quarter. The year over year decrease resulted mainly from (i) the departure of certain highly compensated employees in the 2007 year and (ii) a strengthening CDN\$ that reduced US\$ compensation reported in CDN\$.

These payroll decreases were offset by payroll increases that were granted at the beginning of the current year.

Our average headcount in the first quarter of 2008 was 100 employees as compared to 98 employees in the same year-ago quarter.

Telecommunication and Datafeed Services

Telecommunication services comprise of the cost of the communication lines to connect our customers and our offices to each other and to the various exchanges, ECN's and datafeed suppliers. Datafeed service costs comprise of the cost of receiving datafeeds from the various exchanges and other providers to redistribute to our customers.

Telecommunication and datafeed services increased by 2% to \$1.55 million in the first quarter of 2008 from \$1.53 million in the same year-ago quarter.

Datafeed and market access services increased by approximately \$57,000 mainly as a result of:

- (i) Increased datafeed costs from the TSX of \$16,000.
- (ii) New datafeed and gateway access costs for the Pure Exchange of \$30,000 (recoverable from customers).
- (iii) Additional cost of Bloomberg terminals for an upstairs trading desk of \$10,000.
- (iv) Additional cost for smart router license fees of \$22,000.

These increases were offset by lower NYSE datafeed costs of \$6,000 from cancellations, and lower costs of \$18,000 for other datafeed cancellations. A strengthening CDN\$ also reduced datafeed costs year over year.

Telecommunication costs decreased by approximately \$28,000 mainly as a result of:

- (i) Connections to market data lines and trading connections decreased by \$66,000 year over year mostly as a result of a strengthening CDN\$. The Company also renegotiated certain contracts for internet connections and cancelled certain connections that were not being used for some cost savings.
- (ii) Connections to customers increased by \$40,000 (mostly recoverable)

Administrative and Other Expenses

Administrative and other expenses comprise of our occupancy costs, professional fees for legal and audit services, insurance costs and other office and general expenses.

Administrative and other expenses decreased by 10% to \$1.1 million in the first quarter of 2008 from \$1.2 million in the same year-ago quarter. The year over year decrease resulted mainly from

- (i) Lower legal fees of \$98,000 related to the review of its patent partially offset by higher general legal fees of \$26,000.
- (ii) Lower costs of \$114,000 paid to a third party in 2007 for development of a smart router
- (iii) Lower occupancy costs of \$57,000 from operating expense recoveries of \$37 and from termination of a short-term office space lease.
- (iv) Lower advertising and promotional costs of \$20,000.
- (v) Lower consulting fees paid of \$26,000.

These decreases were offset by higher bank charges of \$18,000 for the clearing facility, higher recruiting fees of \$31,000, higher repairs and maintenance charges of \$12,000 and higher office and general expenses of \$72,000 for various items.

Strategic Process Expenses

On August 9, 2006, the Company announced that its Board of Directors had formed a special committee ("Special Committee") of its independent directors with a mandate of pursuing strategic alternatives to maximize the value of the Company's common shares, including seeking proposals involving the purchase or other acquisition of all of the Company's outstanding common shares.

On September 19, 2007, the Company's Board of Directors ended the strategic process as it believed that there were no indications of interest that reflected a value that was fair and equitable to the Company's shareholders. The Company may revisit a similar process at some point in the future.

The strategic process expenses included the legal, investment banker and other costs.

Amortization of Capital Assets

Amortization of capital assets increased by 47% to \$0.5 million in the first quarter of 2008 from \$0.3 million in the same year-ago quarter. The year over year first quarter increase resulted from the purchase of additional computer and network equipment and upgrades made to the datacentres.

Amortization of Intangible Assets

Amortization of the intangible asset relates to the amortization of the portion of the Nandra purchase price allocated to a customer list. The intangible is being amortized on a straight line basis over 5 years.

Foreign Exchange Loss (Gain)

The Company uses foreign currency futures and options contracts to manage a portion of its exposure to fluctuations in foreign exchange rates. The Company recognizes changes in the fair value of the derivative instruments into income each period.

The Company incurred a foreign exchange loss of \$59,000 (of which a gain of \$106,000 occurred in the brokerage segment and a loss of \$165,000 occurred in the core segment)

for the quarter ended March 31, 2008. The foreign exchange loss resulted mainly from gains and losses incurred on foreign exchange option contracts, net of the foreign exchange impact of translating our integrated foreign subsidiaries. As at March 31, 2008, the Company had foreign exchange option contracts outstanding for the purchase of \$13 million Canadian dollars at US\$.94 expiring in June 2008. The unrealized loss on these outstanding contracts was approximately \$0.4 million. The Company also realized losses in the first quarter of 2008 of approximately \$0.1 million on foreign exchange option contracts that were settled in 2008. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

The Company incurred a foreign exchange loss of \$188,000 (of which \$29,000 occurred in the brokerage segment) for the quarter ended March 31, 2007. The foreign exchange loss resulted mainly from gains and losses incurred on foreign exchange option contracts, net of the foreign exchange impact of translating our integrated foreign subsidiaries. As at March 31, 2007, the Company had foreign exchange option contracts outstanding for the purchase of \$10.5 million Canadian dollars at US\$.85 expiring in June 2007. These outstanding foreign exchange option contracts had an unrealized gain of approximately \$133,000 at the quarter ended March 31, 2007. The Company also realized losses on the settlement of foreign exchange option contracts of \$162,000 in the quarter ended March 31, 2007.

Interest Expense

Interest expense decreased to nil in the first quarter of 2008 from \$5,000 in the same year-ago quarter. The Company bought out its remaining capital lease obligation in the first quarter of 2008.

Interest Income

Interest income increased by \$6,000 to \$187,000 in the first quarter of 2008 from \$181,000 in the same year-ago quarter. This resulted from investing higher cash balances in the current period.

Income Taxes

For the three months ended March 31, 2008, the Company recorded an income tax expense of \$352,000 of which \$345,000 is non-cash from the utilization of tax benefits previously recognized. The effective tax rate differs from the combined federal and statutory tax rate of 33.5% mainly due to the effect of translation gains arising on consolidation from integrated foreign subsidiaries not tax effected as well as other non deductible expenses or items treated as capital gains or losses in the period. Any change in management's estimates could result in an additional income tax expense or recovery in the future.

For the three months ended March 31, 2007, the Company reduced its valuation allowance from the 2006 fiscal year-end by approximately \$730,000 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 first quarter of 2007 arising from the utilization of tax benefits previously recognized.

Net Earnings

The net earnings for the quarter ended March 31, 2008 decreased to \$1.1 million from net earnings of \$1.7 million for the same year-ago quarter. Diluted earnings per share for the quarter ended March 31, 2008, decreased to \$0.07 per share from diluted earnings of \$0.11 per share for the same year-ago quarter.

Summary of Quarterly Results

The table below sets out selected quarterly information for the Company.

Belzberg Technologies Inc.
Summary of Quarterly Results

(Unaudited)	FY 2008		FY 2007			FY 2006		
(\$000's except per share amounts)	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06	Q3 06	Q2 06
Revenue:								
Transaction fees:								
Equity order flow	\$ 3,779	\$ 3,455	\$ 3,395	\$ 4,142	\$ 4,209	\$ 4,515	\$ 3,709	\$ 3,870
Options and futures contracts	3,616	3,295	4,123	4,778	4,449	3,457	2,918	3,362
	7,395	6,750	7,518	8,920	8,658	7,972	6,627	7,232
Subscription fees	1,853	1,885	1,821	1,863	1,885	1,872	1,846	1,848
Other	342	328	347	322	355	344	324	409
Total Revenue	9,590	8,963	9,686	11,105	10,898	10,188	8,797	9,489
Expenses (Income)								
Exchange, clearing and other brokerage fees	2,320	2,236	2,232	3,504	3,230	3,464	2,700	2,966
Compensation and related benefits	2,780	2,598	2,668	2,715	2,801	2,654	2,040	2,097
Telecommunication and datafeed services	1,554	1,460	1,531	1,553	1,525	1,370	1,224	1,239
Administrative and other expenses	1,093	1,293	989	1,107	1,215	1,001	894	926
Strategic process expenses	-	-	93	10	88	34	214	-
Amortization of capital assets	485	434	396	347	330	322	326	333
Amortization of intangible assets	16	16	16	16	16	16	-	-
Foreign exchange loss (gain)	59	156	158	344	188	(93)	35	97
Government assistance	-	(936)	-	-	-	(778)	-	(107)
Interest expense	-	2	2	2	5	20	5	6
Interest income	(187)	(221)	(215)	(194)	(181)	(154)	(121)	(71)
	8,120	7,038	7,870	9,404	9,217	7,856	7,317	7,486
Net earnings before taxes	\$ 1,470	\$ 1,925	\$ 1,816	\$ 1,701	\$ 1,681	\$ 2,332	\$ 1,480	\$ 2,003
Provision for (recovery of) income taxes								
Current	7	123	-	-	-	247	-	-
Future	345	(263)	-	-	-	(1,796)	-	-
	352	(140)	-	-	-	(1,549)	-	-
Net earnings	\$ 1,118	\$ 2,065	\$ 1,816	\$ 1,701	\$ 1,681	\$ 3,881	\$ 1,480	\$ 2,003
Earnings per share:								
Basic	\$ 0.08	\$ 0.14	\$ 0.12	\$ 0.12	\$ 0.11	\$ 0.27	\$ 0.10	\$ 0.14
Diluted	0.07	0.14	0.12	0.11	0.11	0.25	0.10	0.13
Weighted avg number of common and common equivalent shares outstanding:								
Basic	14,791	14,786	14,682	14,665	14,635	14,596	14,278	14,052
Diluted	14,935	14,964	15,125	15,208	15,275	15,414	15,075	14,862
Capital asset expenditures	1,065	469	576	756	365	422	235	388
Total assets	41,121	41,272	35,804	35,360	33,837	31,103	26,445	21,718
Long term lease obligations	-	-	-	-	9	32	76	111
Shareholders' equity	35,862	34,592	32,459	30,083	28,298	26,412	22,260	18,047

Options and futures contracts revenue in the first quarter of 2007 increased mainly from higher trading volumes in our floor brokerage segment and from receiving additional amounts for certain options orderflow from the various options exchanges and from a specialist. Equity order flow revenue in the fourth quarter of 2006 increased by

approximately \$0.6 million from the acquisition of the business and assets of the Nandra Group, Inc.

Compensation and related benefits in the fourth quarter of 2006 increased by approximately \$0.4 million from additional headcount related to the acquisition of the business and assets of the Nandra Group, Inc.

Government assistance in the fourth quarters of 2006 and 2007 relates to the recording of federal SR&ED tax credits not previously recognized based upon management's best estimate of federal ITC's that would be utilized to offset future Canadian federal income tax liabilities.

Transactions with Related Parties

During the quarter ended March 31, 2008, the Company's subsidiary, Electronic Brokerage Systems, LLC ("EBS"), paid seat lease expenses at market rates of approximately \$21,000 (period ended March 31, 2007 - \$11,000) and paid for execution services in the amount of \$44,000 (period ended March 31, 2007 - Nil) to a company controlled by the president of EBS. In addition, EBS recorded transaction fee revenues of approximately \$4,000 (period ended March 31, 2007 - \$2,000) from the same company for the period ended March 31, 2008.

Liquidity and Capital Resources

Financial Position

At March 31, 2008 the Company had cash and cash equivalents of \$23.7 million, an increase of \$2.6 million from the \$21.1 million of cash and cash equivalents at December 31, 2007. The Company's working capital improved to \$29.3 million at the end of March 31, 2008 from \$28.7 million at the end of December 31, 2007.

The Company's subsidiary Electronic Brokerage Systems has a US\$25 million clearing facility that is collateralized by an equivalent amount of cash and cash equivalents or securities held at the Bank. There were no amounts outstanding under this facility at March 31, 2008.

The Company's subsidiaries Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC ("RCS") are subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934 which requires the maintenance of minimum net capital. Under this rule, Electronic Brokerage Systems is required to maintain net capital equal to the greater of US\$500,000 or 2% of aggregate debit balances arising from customer transactions, as defined, and Robert C. Sheehan & Associates is required to maintain net capital equal to the greater of US\$100,000 or 6-2/3% of aggregate indebtedness, as defined. As at March 31, 2008, EBS and RCS had net capital of US\$12.3 million and US\$900,000 and a net capital requirement of US\$500,000 and US\$100,000, respectively.

Electronic Brokerage Systems is currently required by the Options Clearing Corporation ("OCC") to maintain minimum net capital of US\$2.0 million. At March 31, 2008, Electronic Brokerage Systems had net capital of US\$12.3 million.

Operating Activities

The Company generated positive cash flow from operations of \$3.3 million for the quarter ended March 31, 2008, as compared to generating \$1.7 million of cash from operations for the quarter ended March 31, 2007. The year over year increase in cash flow generated by operations is mainly attributable to the profitability of the Company and to an increase in net cash flows from non-cash operating working capital. Net cash flows from non-cash operating working capital increased by \$2.1 million year over year mainly from:

- (i) The Company's accounts receivable balances decreased at March 31, 2008 from cash collections as compared to a large increase in accounts receivable at March 31, 2007 from higher revenues. (positive year over year change of \$1.5 million)
- (ii) The other asset relating to the Company's foreign exchange option contracts decreased by \$0.4 million at March 31, 2008, from a weakening CDN\$ as compared to an increase of \$0.1 million at March 31, 2007 from a strengthening CDN\$. (positive year over year change of \$0.5 million)
- (iii) Cash and cash equivalents on deposit with clearing and depository organizations decreased by \$0.6 million at March 31, 2008, as a result of trades clearing and margin deposits being returned to the Company. This compared to an increase of \$46,000 in margin deposits required at March 31, 2007 for unsettled trades. (positive year over year change of \$0.6 million)

These positive operating cash inflows were offset by:

- (iv) The Company's accounts payable and accrual balances increased by \$0.4 million at March 31, 2008, compared to an increase of \$0.9 million at March 31, 2007. (negative year over year change of \$0.5 million)
- (v) Investments tax credits recoverable increased by \$40,000 at March 31, 2008, from additional US alternative minimum tax payments as compared to a decrease of \$67,000 at March 31, 2007 from cash receipts. (negative year over year change of \$0.1 million)
- (vi) The net amount of payables and receivables from brokers, dealers and clearing organizations increased by \$4,000 at March 31, 2008. There was no corresponding amount at March 31, 2007. (negative year over year change of \$4,000)

Investing Activities

The Company utilized \$1.1 million of cash for investing activities in the quarter ended March 31, 2008 as compared to utilizing \$0.4 million of cash for investing activities in the quarter ended March 31, 2007. Investing activities consisted primarily of the acquisition of network equipment required to maintain high-speed connectivity between customers, the Company and a multitude of exchanges and other markets for live trade execution. The Company also made improvements to its datacentres in the first quarter of 2008.

Financing Activities

The Company generated \$0.1 million of cash from financing activities in the quarter ended March 31, 2008 as compared to generating \$0.1 million of cash from financing activities in the quarter ended March 31, 2007. Financing activities in the quarter ended March 31, 2007 included proceeds from the exercise of stock options of \$0.4 million, the repurchase of common shares under a Normal Course Issuer Bid of \$0.2 million and repayment of capital lease obligations of \$27,000. Financing activities in the quarter

ended March 31, 2007, included proceeds from the exercise of stock options of \$0.2 million and repayment of capital lease obligations of \$30,000.

Liquidity and Sources of Financing

The Company's subsidiary, Electronic Brokerage Systems, LLC has available a secured credit facility of US\$25 million that may be utilized to facilitate clearing and settlement activities. The facility is collateralized by an equivalent amount of cash or cash equivalents held at the bank. At March 31, 2008, no amounts were outstanding under this credit facility.

The Company is currently generating positive cash flow from operations that it is using to fund working capital requirements, purchase capital assets and pay off its capital lease obligations. The Company's wholly owned U.S. broker-dealer, Electronic Brokerage Systems, is required by the SEC and OCC to maintain specific levels of net capital (refer to financial position above) defined as assets minus liabilities less deductions for certain types of assets. Any changes in such net capital rules or the maintenance of the existing levels of net capital or any additional fund deposits required by the OCC as a result of the growth in the Company's options business may restrict the Company's ability to withdraw capital from its brokerage subsidiary to fund its working capital requirements.

The Company is dependant upon Electronic Brokerage Systems to fund a certain portion of its working capital requirements and to fund a certain amount of its capital asset expenditures.

The Company believes that the positive cash flow generated from operations together with its operating credit facility and its lease line of credit is sufficient to fund its cash requirements for the 2008 year.

Commitments and Contractual Obligations

These items are substantially unchanged from those disclosed in Company's annual MD&A for the year ended December 31, 2007.

Off-Balance Sheet Arrangements

The Company does not enter into off-balance sheet financing as a matter of practice except for the use of operating leases for office space and certain nominal equipment. In accordance with GAAP, neither the lease liability nor the underlying asset is carried on the balance sheet, as the terms of the leases do not meet the criteria for capitalization.

The Company typically agrees in its sales contracts to indemnify its customers for any expenses or liability resulting from claimed infringements of patents, trademarks or copyrights of third parties. The terms of these indemnification agreements are generally perpetual any time after execution of the agreement. The maximum amount of potential future indemnification is generally limited as specified on a contract by contract basis. To date, the Company has not paid any amounts to settle claims or defend lawsuits.

Derivative Financial Instruments

Derivative financial instruments are utilized by the Company in the management of its foreign currency exposures (primarily U.S. and Canadian dollars). The Company has from

time to time, entered into forward and foreign exchange option contracts intended to manage portions of this risk. The Company's financial derivative instruments are marked to market and are carried at fair value as assets or liabilities, as appropriate, with changes in fair value recognized in the statement of operations in the period in which they occur. The fair value of outstanding derivative financial instruments at March 31, 2008 and March 31, 2007 was based upon quoted market prices.

As at March 31, 2008, the Company had outstanding foreign exchange option contracts for the purchase of CDN\$13 million at U.S.\$0.94 maturing in June 2008. The unrealized loss on these outstanding contracts was approximately \$0.4 million. The Company also realized losses in the first quarter of 2008 of approximately \$0.1 million on foreign exchange option contracts that were settled in 2008. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

As at March 31, 2007, the Company had outstanding foreign exchange option contracts for the purchase of CDN\$10.5 million at U.S.\$0.85 maturing in June 2007. The unrealized gain on these outstanding contracts was approximately \$0.1 million. The Company also realized losses in the first quarter of 2007 of approximately \$0.2 million on foreign exchange option contracts that were settled in 2007. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

Critical Accounting Policies and Estimates

These items are unchanged from those discussed in the Company's annual MD&A for the year ended December 31, 2007 except for the following:

Changes in accounting policies:

Effective January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

- "Financial Instruments – Presentation", Section 3863 and "Financial Instruments – Disclosures", Section 3862. The new disclosure standard increases Belzberg Technologies' disclosure regarding the nature and extent of the risks associated with financial instruments and how those risks are managed (See Note 9 to the interim consolidated financial statements). The new presentation standard carries forward the former presentation requirements.
- "Capital Disclosures", Section 1535. The new standard requires Belzberg to disclose its objectives, policies and processes for managing its capital structure (See Note 8 to the interim consolidated financial statements).

Recent accounting pronouncements:

As of January 1, 2009, Belzberg will be required to adopt the CICA Handbook Section 3064, "Goodwill and Intangible Assets", which will replace the existing Goodwill and Intangible Assets standard. The new standard revises the requirement for

recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard should not have a material impact on Belzberg's consolidated financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan the AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As Belzberg will be required to report its results in accordance with IFRS starting in 2011, the Company is assessing the potential impacts of this changeover and developing its plan accordingly.

Risks and Uncertainties

The primary risks affecting the Company are substantially unchanged from those discussed in the Company's annual MD&A for the year ended December 31, 2007 except for the following:

Customer Dependence: For the quarter ended March 31, 2008, one customer accounted for approximately 8% of total revenue and three customers accounted for approximately 18% of total revenue. The loss of either of these significant customers would have a material and adverse effect on our revenue and results of operations.

Patent Information

The Company announced on May 19, 2006, that it had retained Donald E. Stout as a strategic advisor to handle the Company's patent portfolio. The Company submitted the terms of a potential licensing arrangement with a firm that it believes is infringing on its patent. The Company has not to date received a response to the potential licensing arrangement submitted and is currently reviewing with its counsel on how to proceed.

Outstanding Share Data

Set out below is the outstanding share data for the Company as at May 2, 2008.

Common Shares:	14,849,349
Options to Purchase Common Shares:	
Issued and Outstanding	480,542

During the quarter ended March 31, 2008, the Company repurchased and cancelled 53,500 common shares for a total consideration of \$236,000 under its Normal Course Issuer Bid.

Internal Controls Over Financial Reporting

There were no changes over the Company's internal controls over financial reporting during the period ended March 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2008, Belzberg's management, with the participation of the President and CEO and the CFO, evaluated the effectiveness of Belzberg's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and concluded that such controls and procedures were effective.