Q3 2008

Interim Consolidated Financial Statements

BELZBERG TECHNOLOGIES INC.

For The Three and Nine Months Ended September 30, 2008

BELZBERG TECHNOLOGIES INC.

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the periods ended September 30, 2008 and 2007

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 September 30, 2008 and 2007, 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 September 30, 2008 and 2007 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 thousands of Canadian dollars)

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	$ 18,539	$ 21,081
Cash segregated under regulations and other	53	-
Cash and cash equivalents on deposit with clearing and depository organizations	3,677	2,971
Receivable from brokers, dealers and clearing organizations (note 3)	2,092	2,521
Accounts receivable	5,413	4,601
Prepaid expenses and other receivables	542	380
Other assets (note 4)	878	925
Investment tax credits recoverable	529	489
Future income tax assets	2,215	2,201
	33,938	35,169
CAPITAL ASSETS	3,658	2,955
INVESTMENT	38	38
INVESTMENT TAX CREDITS RECOVERABLE	1,112	972
FUTURE INCOME TAX ASSETS	446	290
GOODWILL	1,608	1,608
OTHER INTANGIBLE ASSETS, NET (note 5)	192	240
	$ 40,992	$ 41,272
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 4,954	$ 4,054
Payable to customers	53	-
Payable to brokers, dealers and clearing organizations (note 3)	338	1,915
Income taxes payable	-	13
Future income tax liabilities	273	439
Obligations under capital lease	-	27
	5,618	6,448
FUTURE INCOME TAX LIABILITIES	237	233
	5,855	6,681
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 6)	23,930	39,598
CONTRIBUTED SURPLUS	3,523	3,677
RETAINED EARNINGS (DEFICIT)	7,684	(8,684)
	35,137	34,591
	$ 40,992	$ 41,272

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

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

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
REVENUE				
Transaction fees:				
Equity order flow	$ 4,543	$ 3,396	$ 11,479	$ 11,747
Options and futures contracts	4,253	4,123	11,541	13,350
	8,796	7,519	23,020	25,097
Subscription fees	1,764	1,821	5,404	5,570
Other revenue	403	347	1,103	1,024
TOTAL REVENUE	10,963	9,687	29,527	31,691
EXPENSES				
Exchange, clearing and brokerage fees	5,194	2,233	10,650	8,967
Compensation and related benefits	3,161	2,668	8,892	8,185
Telecommunication and datafeed services	1,721	1,531	4,937	4,610
Administrative and other expenses	1,259	989	3,768	3,311
Strategic process expenses	-	93	-	191
Amortization of capital assets	506	396	1,487	1,073
Amortization of intangible assets	16	16	48	48
Foreign exchange (gain) loss	(30)	158	87	689
	11,827	8,084	29,869	27,074
EARNINGS (LOSS) BEFORE THE UNDERNOTED	(864)	1,603	(342)	4,617
Interest expense	3	1	3	8
Interest income	(129)	(215)	(465)	(591)
	(126)	(214)	(462)	(583)
EARNINGS (LOSS) BEFORE INCOME TAXES	(738)	1,817	120	5,200
PROVISION FOR (RECOVERY OF) INCOME TAXES				
Current	2	-	9	-
Future	(418)	-	(257)	-
	(416)	-	(248)	-
NET EARNINGS (LOSS)	(322)	1,817	368	5,200
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	8,006	(12,564)	(8,684)	(15,947)
REDUCTION OF STATED CAPITAL (Note 6(a))	-	-	16,000	-
RETAINED EARNINGS (DEFICIT), END OF PERIOD	7,684	(10,747)	7,684	(10,747)
EARNINGS (LOSS) PER SHARE:				
Basic	$ (0.02)	$ 0.12	$ 0.02	$ 0.35
Diluted	$ (0.02)	$ 0.12	$ 0.02	$ 0.34
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (note 6(b)):				
Basic	14,841	14,682	14,827	14,661
Diluted	14,879	15,125	14,918	15,211

See accompanying notes to the consolidated financial statements

Notice

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BELZBERG TECHNOLOGIES INC.
Consolidated Statements of Shareholders Equity
For the nine months ended September 30, 2008

(in thousands of Canadian dollars)
(Unaudited)

	Number of common shares (000's)	Amount	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, December 31, 2007	14,791	$ 39,598	$ 3,677	$ (8,684)	$ 34,591
Issue of common shares:					
Exercise of stock options (note 6 (a) and (c))	115	364		-	364
Stock compensation benefit on exercise of stock options		139	(139)		-
Stock-based compensation (note 6 (d))	-		120	-	120
Repurchase of common shares (notes 6 (a))	(71)	(171)	(135)	-	(306)
Reduction of stated capital (note 6(a))	-	(16,000)	-	16,000	-
Net earnings and comprehensive income	-	-	-	368	368
BALANCE, SEPTEMBER 30, 2008	14,835	$ 23,930	$ 3,523	$ 7,684	$ 35,137

See accompanying notes to the consolidated financial statements

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BELZBERG TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(Unaudited)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Net earnings (loss)	$ (322)	$ 1,817	$ 368	$ 5,200
Items not affecting cash				
Amortization of capital assets	506	396	1,487	1,073
Amortization of intangible assets	16	16	48	48
Unrealized foreign exchange loss (gain)	(219)	495	(358)	1,201
Stock-based compensation (note 6(d))	42	46	120	132
Future income taxes	(466)	99	(332)	239
Changes in non-cash working capital items (note 7)	(3,095)	(852)	(2,074)	(2,496)
	(3,538)	2,017	(741)	5,397
INVESTING ACTIVITIES				
Purchase of capital assets	(736)	(575)	(2,190)	(1,696)
	(736)	(575)	(2,190)	(1,696)
FINANCING ACTIVITIES				
Repayment of obligations under capital lease	-	(31)	(27)	(96)
Repurchase of common shares (note 6(a))	(33)	-	(306)	-
Proceeds from the exercise of stock options (note 6(a))	-	513	364	715
	(33)	482	31	619
Effect of exchange rate changes on cash and cash equivalents	219	(495)	358	(1,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,088)	1,429	(2,542)	3,119
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	22,627	18,126	21,081	16,436
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 18,539	$ 19,555	$ 18,539	$ 19,555
CASH AND CASH EQUIVALENTS:				
Cash	$ 4,834	$ 5,780	$ 4,834	$ 5,780
Cash equivalents	13,705	13,775	13,705	13,775
	$ 18,539	$ 19,555	$ 18,539	$ 19,555
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	$ 119	$ 194	$ 464	$ 540
Interest paid	3	1	3	8
Income taxes paid	67	55	197	55

See accompanying notes to the consolidated financial statements

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, 2007.

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, 2007, 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 nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year.

2. Significant accounting policies (continued):

(b) Changes in accounting policies:

On 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). 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).

(c) 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.

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

3. Receivable from and payable to brokers, dealers and clearing organization:

	September 30, 2008	December 31, 2007
Receivable from:		
Clearing organization	$ 392	$ 1,915
Brokers and dealers	1,700	606
	$ 2,092	$ 2,521
Payable to clearing organization	$ 338	$ 1,915

Receivables from/payable to brokers, dealers and clearing organization include amounts relating to open transactions, unsettled trades and margin deposits.

4. Other assets:

	September 30, 2008	December 31, 2007
Fair value of foreign exchange option contracts	$ 878	$ 925

5. Other intangible assets:

	September 30, 2008	December 31, 2007
Customer list	$ 320	$ 320
Accumulated amortization	128	80
	$ 192	$ 240

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

6. Capital stock:

The following summarizes changes to capital stock during 2008:

(a) Authorized:

Unlimited common shares

Issued:

(thousands)	Number of common shares	Amount
Balance at December 31, 2007	14,791	$ 39,598
Exercise of stock options	111	350
Stock compensation benefit on exercise of stock options	–	135
Common shares repurchased and cancelled	(54)	(143)
Balance at March 31, 2008	14,848	$ 39,940
Exercise of stock options	4	14
Stock compensation benefit on exercise of stock options	–	4
Common shares repurchased and cancelled	(7)	(13)
Reduction of stated capital		(16,000)
Balance at June 30, 2008	14,845	$ 23,945
Common shares repurchased and cancelled	(10)	(15)
Balance at September 30, 2008	14,835	$ 23,930

In November 2007, the Toronto Stock Exchange approved a Normal Course Issuer Bid for the Company to repurchase up to 739 thousand of its common shares over the period from November 30, 2007 to November 29, 2008. As at September 30, 2008 the Company has repurchased and cancelled 70.7 thousand common shares for total consideration of approximately $306. Of the amount paid $171 was charged to share capital and $135 was charged to contributed surplus.

On May 15, 2008 at the Company's annual general meeting a special resolution was approved by the shareholders to reduce the stated capital of the common shares of the Company by $16,000.

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

6. Capital stock (continued):

(b) Earnings per share:

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

(thousands except per share amounts)	Three months ended September 30, 2008	2007
Numerator:		
Net earnings (loss) available to common shareholders	$ (322)	$ 1,817
Denominator:		
Weighted average number of common shares outstanding - basic	14,841	14,682
Effect of dilutive securities:		
Employee stock options	38	443
Weighted average number of common shares outstanding - diluted	14,879	15,125
Earnings (loss) per share:		
Basic	$ (0.02)	$ 0.12
Diluted	(0.02)	0.12

(thousands except per share amounts)	Nine months ended September 30, 2008	2007
Numerator:		
Net earnings available to common shareholders	$ 368	$ 5,200
Denominator:		
Weighted average number of common shares outstanding - basic	14,827	14,661
Effect of dilutive securities:		
Employee stock options	91	550
Weighted average number of common shares outstanding - diluted	14,918	15,211
Earnings per share:		
Basic	$ 0.02	$ 0.35
Diluted	0.02	0.34

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

6. Capital stock (continued):

During 2008, options to purchase 303 thousand common shares (2007 – 145 thousand 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 September 30, 2008 is as follows:

	Number *(thousands)*	Weighted average exercise price
Outstanding, December 31, 2007	593	$ 6.11
Options exercised	(111)	3.15
Outstanding, March 31, 2008	482	4.70
Options granted	115	4.60
Options exercised	(4)	3.25
Outstanding, June 30, 2008	593	4.69
Options forfeited	(5)	7.10
Outstanding, September 30, 2008	588	4.67
Options exercisable at September 30, 2008	399	$ 4.21

(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 September 30, 2008 of $42 (three months ended September 30, 2007 - $46) and for the nine months ended September 30, 2008 of $120 (nine months ended September 30, 2007 - $132). These amounts are included in compensation and related benefits.

The weighted average grant date fair value for director options granted in the nine months ended September 30, 2008 was $1.86 per share (nine months ended September 30, 2007 - $2.34 per share). There were no options granted in the three months ended September 30, 2008 and September 30, 2007

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

6. Capital stock (continued):

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 September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Risk-free interest rate	–%	–%	3.1%	4.4%
Expected life of the op	–	–	5 years	3 years
Expected volatility	–%	–%	40.9%	43.5%
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 September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Accounts receivable	$ (692)	$ 865	$ (812)	$ 178
Investment tax credits recoverable	(63)	–	(180)	67
Prepaid expenses and other receivables	35	(17)	(162)	(123)
Receivables from brokers, dealers and clearing organizations	(1,611)	316	429	111
Other assets	(281)	(586)	47	(605)
Cash and cash equivalents on deposit with clearing and depository organizations	(1,990)	471	(706)	(874)
Cash segregated under regulations and other	(53)	–	(53)	–
Payable to brokers, dealers and clearing organizations	338	–	(1,577)	–
Accounts payable and accrued liabilities	1,176	(1,901)	900	(1,250)
Payable to customers	53	–	53	–
Income taxes payable	(7)	–	(13)	–
	$ (3,095)	$ (852)	$ (2,074)	$ (2,496)

8. Capital disclosures:

The Company's objectives when managing capital are to efficiently provide for the funding of its clearing and settlement operations, capital expenditures, and working capital while ensuring adequate liquidity and solvency and complying with its regulatory capital requirements. The Company aims to provide a platform to effectively fund new growth initiatives, and ensuring flexibility in raising capital from multiple sources and markets.

The Company's capital structure consists of shareholders' equity, and cash and cash equivalents and a clearing credit facility. The Company makes adjustments to the capital structure depending on economic conditions and the financial position and performance of the Company. In order to maintain or adjust the capital structure, the Company may issue new shares, buyback shares, or issue debt. The Company does not presently utililze any quantitative measures to monitor its capital.

The Company's investment policy is to invest its cash in high grade investment securities with varying terms to maturity, selected with regards to the expected timing of expenditures from continuing operations.

The Company's subsidiaries Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC 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, LLC is required to maintain "net capital" equal to the greater of U.S.$500 thousand or 2% of aggregate debit balances arising from customer transactions, as defined, and Robert C. Sheehan & Associates, LLC is required to maintain net capital equal to the greater of U.S.$100 thousand or 6-2/3% of aggregate indebtedness", as defined.

As at September 30, 2008, Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC had net capital of U.S.$12.2 million and U.S.$1.8 million and a net capital requirement of U.S.$500 thousand and U.S.$100 thousand respectively.

9. Financial instruments:

Financial Risk Management:

Financial instruments of the Company consist primarily of cash and cash equivalents, cash segregated under regulations and other, cash and cash equivalents on deposit with clearing and depository organizations accounts receivable, receivables from brokers, dealers and clearing organization, other asset, investment, accounts payable and accrued liabilities, payable to customers, payable to brokers, dealers and clearing organization and taxes payable . The Company designated its cash and cash equivalents, cash segregated under regulations and other, cash and cash equivalents on deposit with clearing and depository organizations, receivables from brokers, dealers and clearing organization and other asset (that includes foreign exchange future and option contracts) as held-for-trading. The carrying value of the held for trading financial instruments approximates their fair value because of the relatively short periods to maturity of these instruments. The investment is classified as available-for-sale, which is stated 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 stated at amortized cost. Accounts payable and accrued liabilities, payable to customers, income taxes payable and payables to brokers, dealers and clearing organization are classified as other financial liabilities. The carrying value of the other financial liabilities approximates their fair value because of the relatively short periods to maturity of these instruments. The Company had no other comprehensive income or loss transactions during the three and nine months ended September 30, 2008 and no opening or closing balances for accumulated other comprehensive income or loss.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligation and arises principally from the Company's cash and cash equivalents and accounts receivable. The amounts reported in the balance sheet for accounts receivable are net of allowances for bad debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The Company minimizes the credit risk of cash and cash equivalents by depositing only with reputable financial institutions, investing in only high grade investment securities and limiting exposure to any one financial institution, commercial issuer or investment type and limits the term to maturity to less than one year.

The Company believes that its credit risk with respect to accounts receivable is limited for a number of reasons including dealing primarily with large Canadian and U.S. banks and

9. Financial instruments (continued):

brokerage houses. The Company manages its risk through credit policies in the U.S., which includes the analysis of the financial position of its customers, subscribing to an outside credit bureau and account monitoring procedures. As at September 30, 2008, $505 of the Company's accounts receivable are past due. Subsequent to the quarter end $167 of the past due was collected. Of the remaining past due balances $330 have been fully provided for and the $8 balance is estimated to be fully recoverable. All the Company's receivables have been reviewed for indicators of impairment.

At September 30, 2008, two customers accounted for approximately 13% of total accounts receivable (December 31, 2007 - two customers for 19%). For the three months ended September 30, 2008, three customers accounted for 25% of total revenue (3 months ended September, 2007 – three customers accounted for 17%) For the nine months ended September 30, 2008 three customers accounted for approximately 17% of total revenue (nine months ended September 30, 2007 – three customers for approximately 22%). The loss of either of these significant customers would have a material and adverse effect on our revenues and results of operations

The Company does not have reason to believe the balances on these accounts are impaired.

Currency risk

The Company is exposed to the risk that future earnings and cash flows will fluctuate as a material amount of the Company's revenues and accounts receivable and related expenses are denominated in U.S. dollars and financial results are reported in Canadian dollars. The Company uses foreign currency option and forward contracts to partially mitigate its U.S. dollar denominated net asset exposure which is translated into Canadian dollars for reporting purposes. The fair value of these financial instruments as at September 30, 2008 and September 30, 2007 is based on quoted market prices and information available at that time. As at September 30, 2008, the Company has entered into foreign exchange option contracts for the purchase of Cdn. $12.5 million at U.S. $0.88 maturing in December 2008 (September 30, 2007 - foreign exchange futures contracts for the purchase of Cdn.$10.2 million at US$0.9302 that matured in December 2007). For the three month period ended September 30, 2008, the Company has recorded an unrealized gain on the outstanding foreign exchange option contracts of approximately $59 and recorded a realized loss on the foreign exchange option contracts that were settled of approximately $496 (Three months ended September 30, 2007 - unrealized mark-to-market gain of approximately $620 on the outstanding foreign exchange futures).

9. Financial instruments (continued):

For the nine month period ended September 30, 2008 the Company realized losses of approximately $940 on foreign exchange option contracts that were settled and had unrealized gains of approximately $59 on unsettled contracts (nine-month period ended September 30, 2007 – realized gains of approximately $586 on foreign exchange option contracts that were settled and had unrealized gains of approximately $819 on futures contracts that were not settled). Realized and unrealized gains or losses on foreign exchange option and future contracts are netted against gains or losses on the translation of the Company's integrated foreign subsidiaries in the consolidated statement of operations.

The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to that of the United States dollar. If the Canadian dollar appreciated by 1 cent against the US dollar at September 30, 2008, with all other variables held constant, the impact of the foreign currency change on the U.S. denominated financial instruments would lead to an additional foreign exchange loss of approximately $116 without factoring any gains on the foreign currency option contracts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due over the next 12 to 24 months, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal cash requirements are for clearing and settlement operations, capital expenditures and working capital needs. The Company uses its operating cash flows, clearing facility and cash balances to maintain its liquidity.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash and cash equivalents of the Company are invested at interest rates at varying rates and mature at various dates over the current operating period and whereby the Company is exposed in the event of a fluctuation of the prime rate. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents is limited

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

9. Financial instruments (continued):

because these cash equivalents, although held-for-trading, are generally held to maturity. The Company does not use financial instruments to mitigate this risk.

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, interest expense, interest income, income taxes and other non-recurring items.

	Three months ended September 30,					
	2008			2007		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenue:						
Transaction fees	$ 7,808	$ 988	$ 8,796	$ 6,032	$ 1,487	$ 7,519
Subscription fees	1,764	–	1,764	1,821	–	1,821
Other	403	–	403	347	–	347
	$ 9,975	$ 988	$ 10,963	$ 8,200	$ 1,487	$ 9,687
Earnings (loss) before the undernoted	$ 357	$ (699)	$ (342)	$ 1,841	$ 267	$ 2,108
Strategic process expenses	–	–	–	93	–	93
Amortization of:						
Capital assets	502	4	506	395	1	396
Intangible assets	16	–	16	16	–	16
Interest expense	3	–	3	1	–	1
Interest income	(123)	(6)	(129)	(189)	(26)	(215)
Net earnings (loss) before tax	$ (41)	$ (697)	$ (738)	$ 1,525	$ 292	$ 1,817
Total assets	$ 38,457	$ 2,535	$ 40,992	$ 31,983	$ 3,821	$35,804
Capital asset expenditures	$ 719	$ 17	$ 736	$ 575	$ –	$ 575

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

10. Segmented information (continued):

	Nine months ended September 30,					
	2008			2007		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenue:						
Transaction fees	$ 20,375	$ 2,645	$ 23,020	$ 20,395	$ 4,702	$ 25,097
Subscription fees	5,404	–	5,404	5,570	–	5,570
Other	1,103	–	1,103	1,024	–	1,024
	$ 26,882	$ 2,645	$ 29,527	$ 26,989	$ 4,702	$ 31,691
Earnings (loss) before the undernoted	$ 1,940	$ (747)	$ 1,193	$ 5,038	$ 891	$ 5,929
Strategic process expenses	–	–	–	191	–	191
Amortization of:						
Capital assets	1,479	8	1,487	1,068	5	1,073
Intangible assets	48	–	48	48	–	48
Interest expense	3	–	3	5	3	8
Interest income	(444)	(21)	(465)	(523)	(68)	(591)
Net earnings(loss) before taxes	$ 854	$ (734)	$ 120	$ 4,249	$ 951	$ 5,200
Total assets	$ 38,457	$ 2,535	$ 40,992	$ 31,983	$ 3,821	$35,804
Capital asset expenditures	$ 2,153	$ 37	$ 2,190	$ 1,696	$ –	$ 1,696

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

	Three months ended September 30,					
	2008			2007		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction fees	$ 407	$ 8,389	$ 8,796	$ 733	$ 6,786	$ 7,519
Subscription fees	1,633	131	1,764	1,683	138	1,821
Other	308	95	403	244	103	347
	$ 2,348	$ 8,615	$ 10,963	$ 2,660	$ 7,027	$ 9,687
Total assets	$ 13,990	$ 27,002	$ 40,992	$ 11,927	$ 23,877	$ 35,804
Capital assets	$ 1,929	$ 1,729	$ 3,658	$ 1,728	$ 1,192	$ 2,920
Goodwill	$ –	$ 1,608	$ 1,608	$ –	$ 1,608	$ 1,608
Other intangible assets	$ –	$ 192	$ 192	$ –	$ 256	$ 256

(Expressed in Canadian dollars)
(Unaudited and in thousands of dollars, except where otherwise stated)

10. Segmented information (continued):

	Nine months ended September 30,					
	2008			2007		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction fees	$ 1,721	$ 21,299	$ 23,020	$ 2,178	$ 22,919	$ 25,097
Subscription fees	5,024	380	5,404	5,122	448	5,570
Other	810	293	1,103	708	316	1,024
	$ 7,555	$ 21,972	$ 29,527	$ 8,008	$ 23,683	$31,691
Total assets	$ 13,990	$ 27,002	$ 40,992	$ 11,927	$ 23,877	$ 35,804
Capital assets	$ 1,929	$ 1,729	$ 3,658	$ 1,728	$ 1,192	$ 2,920
Goodwill	$ –	$ 1,608	$ 1,608	$ –	$ 1,608	$ 1,608
Other intangible assets	$ –	$ 192	$ 192	$ –	$ 256	$ 256

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.

11. Guarantees and Contingencies (continued):

(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.