

Q3 2008

Management's Discussion And Analysis
BELZBERG TECHNOLOGIES INC.

For The Three and Nine Months Ended September 30, 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 September 30, 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"). The reporting currency in this MD&A is Canadian dollars. 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 November 5, 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, had become a member of the National Securities Clearing Corporation (“NSCC”). In November, 2002, the Company announced that Electronic Brokerage Systems, LLC 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 (“CBOE”).

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

Overview

Highlights of Third Quarter 2008 Results

- Loss of \$0.3 million or (\$0.02) per diluted share for the third quarter of 2008, compared to a profit of \$1.8 million or \$0.12 per diluted share in the same year-ago quarter;
- Revenue increased by 13% to \$11.0 million for the third quarter of 2008, up from \$9.7 million in the same year-ago quarter;
- Cash flow utilized by operations of \$3.5 million for the third quarter of 2008 compared to cash generated by operations of \$2.0 million in the same year-ago quarter;
- Working capital position of \$28.3 million at September 30, 2008 as compared to \$28.9 million at June 30, 2008.

The third quarter of 2008 showed increased revenues in both our U.S. equities and electronic options business over the prior year and over the sequential quarter. Trading volumes of our U.S. equity order flow increased by 109% year over year in the third quarter, and increased by 70% over the sequential quarter from both increased volatility in the financial markets and from a new high volume but low margin customer. The volume of option contracts executed (both electronic and non-electronic) increased by 9% year over year in the third quarter and increased by 13% over the sequential quarter. Volumes in our floor brokerage options business improved by 52% from the sequential quarter although were still 20% below those of the third quarter last year. Our Canadian share volume revenues decreased by 45% year over year mainly due to the loss of buy-side accounts.

On the expense side we experienced higher exchange clearing and brokerage costs from an unusual trading error of US\$0.8 million in our options floor brokerage operation. We also experienced higher compensation costs from payroll increases and from hiring additional salespeople while we have not yet seen the benefit of additional revenues from the new sales hires. Telecommunication costs have increased as we have had to significantly increase bandwidth to handle increased messaging and to handle ever increasing amounts of datafeed especially on the options side. We also experienced increased datafeed costs from the various exchanges from pricing increases and from connecting to the new Pure exchange. Our administration and general expenses have also increased mainly due to an additional provision for doubtful accounts, recruiting fees for new sales hires and amounts paid to various external consultants for strategic reviews and for internal control testing and documentation for 52-109 compliance.

The Company was approved by the regulators for full clearing services at the end of the third quarter.

The Company's financial position remained positive at September 30, 2008 with cash and cash equivalents of \$18.5 million (June 30, 2008 - \$22.6 million) and working capital of \$28.3 million (June 30, 2008 - \$28.9 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 NYSE, NASDAQ, Chicago Board of Options Exchange, International Securities Exchange and the Options Clearing Corporation ("OCC") 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 September 30,

(\$000's)	2008			2007		
	Canada	USA	Total	Canada	USA	Total
Transaction fees - core						
Equity order flow	\$ 402	\$ 4,141	\$ 4,543	\$ 729	\$ 2,667	\$ 3,396
Electronic option and futures contracts	5	3,260	3,265	4	2,632	2,636
Total transaction fees - core	407	7,401	7,808	733	5,299	6,032
Transaction fees - brokerage	-	988	988	-	1,487	1,487
Subscription fees	1,633	131	1,764	1,683	138	1,821
Other revenue	308	95	403	244	103	347
Total	\$ 2,348	\$ 8,615	\$ 10,963	\$ 2,660	\$ 7,027	\$ 9,687

Total Revenues

Total revenue increased by 13% from \$9.7 million for the quarter ended September 30, 2007 to \$11.0 million for the quarter ended September 30, 2008. In the third quarter of 2008, the Company generated approximately 79% (third quarter of 2007 - 73%) of its revenues in the United States and 21% (third quarter of 2007 - 27%) 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 increased by 34% to \$4.5 million in the third quarter of 2008 from \$3.4 million in the same year-ago quarter.

U.S. equity order flow revenue increased by 55% in the third quarter year over year. The increase in U.S. equity order flow revenue resulted from (i) the total volume of shares executed by our wholly owned U.S. broker-dealer increased by approximately 109% year over year, mainly from the addition of a high volume but low commission rate customer and from increased volatility in the financial markets and (ii) an increase in exchange royalty fee recoveries from higher volumes executed. Exchange fees are passed back to customers with no margin and an increase in exchange fee recoveries is offset by a corresponding increase in exchange fee expenses that are included in exchange clearing and brokerage expenses.

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 decreased by 45% in the third quarter year over year mainly as a result of the loss of buyside accounts year over year.

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

U.S Equity Order Flow	Three months ended September 30,			
	2008	2007	change	% change
Total trading volume (in billions of shares)	4.04	1.93	2.1	109%
Avg trading volume per day (in millions of shares)	63.1	30.7	32.5	106%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 64.7	\$ 42.3	\$ 22.4	53%
Avg transaction fee revenue per share	\$ 0.001025	\$ 0.001380	\$ (0.000355)	(26)%
U.S market trading days	64	63	1	

(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 increased by 24% to \$3.3 million in the third quarter of 2008 from \$2.6 million in the same year-ago quarter. This increase resulted from a 25% rise in the total volume of our electronic options contracts executed year over year mainly as the result of increased volatility in the financial markets.

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 September 30,			
	2008	2007	change	% change
Total trading volume (in millions of contracts)	14.3	11.5	2.8	25%
Avg trading volume per day (in thousands of contracts)	224.2	182.7	41.4	23%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 51.0	\$ 41.8	\$ 9.2	22%
Avg transaction fee revenue per contract	\$ 0.228	\$ 0.229	\$ (0.001)	(1)%
U.S market trading days	64	63	1	

Transaction Fee Revenue – Brokerage

Transaction fee revenue from the brokerage segment (including the recovery of pass through costs) decreased by 34% to \$1.0 million in the third quarter of 2008 from \$1.5 million in the same year-ago quarter. Approximately \$0.2 million of the Brokerage revenue decline resulted from lower pass-through revenues on which the Company makes no mark-up. The balance of the Brokerage revenue decline resulted mainly from the loss of a large customer that suspended trading during the first quarter of 2008 but which resumed trading in the fourth quarter. It is uncertain whether this customer will execute the same volume of transactions that it did in the past. The Company also lost two smaller customers year over year due to merger and consolidation in the industry. 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 September 30,			
	2008	2007	change	% change
Total trading volume (in millions of contracts)	4.9	6.1	(1.2)	(20)%
Avg trading volume per day (in thousands of contracts)	76.4	97.0	(20.5)	(21)%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 15.4	\$ 23.6	\$ (8.2)	(35)%
Avg transaction fee revenue per contract	\$ 0.20	\$ 0.243	\$ (0.041)	(17)%
U.S market trading days	64	63	1	

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 3% to \$1.76 million in the third quarter of 2008 from \$1.82 million in the same year-ago quarter. This decrease resulted mainly from the cancellation of terminals and certain products by two customers.

Other Revenue

Other revenue, which includes revenue from information distribution, software development fees, installation fees and revenue from connectivity to the Belzberg Gateway, increased by 16% to \$403,000 in the third quarter of 2008 from \$347,000 in the same year-ago quarter. The increase related to higher communication line recoveries and increased datafeed recoveries mainly from the new Pure Exchange datafeed.

Revenues

Total Revenues for the nine months ended September 30,

(\$000's)	2008			2007		
	Canada	USA	Total	Canada	USA	Total
Transaction fees - core						
Equity order flow	\$ 1,704	\$ 9,775	\$ 11,479	\$ 2,170	\$ 9,577	\$ 11,747
Electronic option and futures contracts	17	8,879	8,896	8	8,640	8,648
Total transaction fees - core	1,721	18,654	20,375	2,178	18,217	20,395
Transaction fees - brokerage	-	2,645	2,645	-	4,702	4,702
Subscription fees	5,024	380	5,404	5,122	448	5,570
Other revenue	810	293	1,103	708	316	1,024
Total	\$ 7,555	\$ 21,972	\$ 29,527	\$ 8,008	\$ 23,683	\$ 31,691

Total Revenues

Total revenue decreased by 7% from \$31.7 million for the nine months ended September 30, 2007 to \$29.5 million for the nine months ended September 30, 2008. The Company generated approximately 74% (nine months of 2007 - 75%) of its revenues in the United States and 26% (nine months of 2007 - 25%) of its revenues in Canada.

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 2% to \$11.5 million in the nine months of 2008 from \$11.7 million in the same year-ago period. U.S. equity order flow revenue increased by 2% in the nine month period year over year mainly from the addition of a high volume but low commission rate customer. The Company also executed higher volumes from existing customers as a result of increased volatility in the financial markets. The volume of shares executed by our wholly owned U.S. broker-dealer increased by 66% on a year over year basis. A strengthening Canadian dollar adversely impacted U.S. order flow revenue by approximately \$0.7 million on a year over year basis.

Canadian equity order flow revenue decreased by 21% in the nine month period year over year mainly as a result of the loss of buy-side clients and a sell side customer internalizing certain of its orderflow.

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

U.S Equity Order Flow	Nine months ended September 30,			
	2008	2007	change	% change
Total trading volume (in billions of shares)	9.69	5.85	3.8	66%
Avg trading volume per day (in millions of shares)	51.7	31.3	20.4	65%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 51.7	\$ 51.2	\$ 0.5	1%
Avg transaction fee revenue per share	\$0.001009	\$ 0.001637	\$ (0.000628)	(38)%
U.S market trading days	189	187	2	

(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 increased by 3% to \$8.9 million in the nine months of 2008 from \$8.6 million in the same year-ago period. Although the total volume of our electronic options contracts executed increased by 16% on a year over year basis for the nine month period, we experienced a decrease in the average transaction fee revenue per contract as a result of receiving lower pricing and revenue for certain orderflow from the various options exchanges and from a specialist.

A strengthening Canadian dollar adversely impacted the transaction fee revenue from the electronic execution of options and futures contracts by approximately \$0.7 million on a year over year basis.

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

U.S Electronic Options Contracts Executed	Nine months ended September 30,			
	2008	2007	change	% change
Total trading volume (in millions of contracts)	40.6	34.9	5.7	16%
Avg trading volume per day (in thousands of contracts)	214.8	186.5	28.3	15%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 47.1	\$ 46.2	\$ 0.8	2%
Avg transaction fee revenue per contract	\$ 0.219	\$ 0.248	\$ (0.029)	(12)%
U.S market trading days	189	187	2	

Transaction Fee Revenue – Brokerage

Transaction fee revenue from the brokerage segment (including the recovery of pass through costs) decreased by 44% to \$2.6 million in the nine months of 2008 from \$4.7 million in the same year-ago period. Approximately \$0.7 million of the Brokerage revenue decline in the nine-month period resulted from lower pass-through revenues on which the Company makes no mark-up. The balance of the Brokerage revenue decline resulted mainly from the loss of a large customer that suspended trading during the first quarter of 2008 but which resumed trading in the fourth quarter of 2008.

A strengthening Canadian dollar adversely impacted the transaction fee revenue from the brokerage segment by approximately \$0.2 million on a year over year basis.

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

U.S Floor Options Contracts Executed	Nine months ended September 30,			
	2008	2007	change	% change
Total trading volume (in millions of contracts)	11.7	18.1	(6.4)	(35)%
Avg trading volume per day (in thousands of contracts)	61.9	96.9	(35.0)	(36)%
Avg transaction fee revenue per trading day (in thousands CDN\$)	\$ 14.0	\$ 25.1	\$ (11.1)	(44)%
Avg transaction fee revenue per contract	\$ 0.226	\$ 0.260	\$ (0.033)	(13)%
U.S market trading days	189	187	2	

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 3% to \$5.4 million in the nine months of 2008 from \$5.6 million in the same year-ago period. This decrease resulted mainly from the cancellation of terminals and certain products by two customers.

Other Revenue

Other revenue, which includes revenue from information distribution, software development fees, installation fees and revenue from connectivity to the Belzberg Gateway, increased by 8% to \$1.1 million in the nine months of 2008 from \$1.0 million in the same year-ago period. The increase related mainly to higher information distribution revenues as a result of new datafeeds related to the Pure exchange and higher recovery of communication lines to customers which was offset by (i) lower installation revenues and (ii) the cancellation by customers of third party license fees on which the Company made little markup.

Expenses (Income) for the three months ended September 30,

(\$000's)	Core 2008	Brokerage 2008	Total 2008	% of Revenues	Core 2007	Brokerage 2007	Total 2007	% of Revenues
Exchange, clearing and brokerage fees	\$ 3,956	\$ 1,238	\$ 5,194	47 %	\$ 1,740	\$ 492	\$ 2,232	23 %
Compensation and related benefits	2,809	352	3,161	29 %	2,289	379	2,668	28 %
Telecommunication and datafeed services	1,672	49	1,721	16 %	1,488	43	1,531	16 %
Administrative and other expenses	1,165	94	1,259	11 %	965	24	989	10 %
Strategic process expenses	-	-	-	-	93	-	93	1 %
Amortization of capital assets	502	4	506	5 %	395	1	396	4 %
Amortization of intangible assets	16	-	16	-	16	-	16	-
Foreign exchange loss(gain)	61	(91)	(30)	-	(82)	240	158	2 %
Interest expense	3	-	3	-	1	-	1	-
Interest income	(123)	(6)	(129)	(1)%	(189)	(26)	(215)	(2)%
	\$ 10,061	\$ 1,640	\$ 11,701	107%	\$ 6,716	\$ 1,153	\$ 7,869	81%

Expenses (Income) for the nine months ended September 30,

(\$000's)	Core 2008	Brokerage 2008	Total 2008	% of Revenues	Core 2007	Brokerage 2007	Total 2007	% of Revenues
Exchange, clearing and brokerage fees	\$ 8,757	\$ 1,893	\$ 10,650	36 %	\$ 7,199	\$ 1,768	\$ 8,967	28 %
Compensation and related benefits	7,807	1,085	8,892	30 %	7,012	1,173	8,185	26 %
Telecommunication and datafeed services	4,789	148	4,937	17 %	4,486	124	4,610	15 %
Administrative and other expenses	3,472	296	3,768	13 %	3,200	111	3,311	10 %
Strategic process expenses	-	-	-	-	191	-	191	1 %
Amortization of capital assets	1,479	8	1,487	5 %	1,069	4	1,073	3 %
Amortization of intangible assets	48	-	48	-	48	-	48	-
Foreign exchange loss(gain)	261	(174)	87	-	177	512	689	2 %
Government assistance	-	-	-	-	-	-	-	-
Interest expense	3	-	3	-	6	2	8	-
Interest income	(444)	(21)	(465)	(2)%	(523)	(68)	(591)	(2)%
	\$ 26,172	\$ 3,235	\$ 29,407	100%	\$ 22,865	\$ 3,626	\$ 26,491	84%

Expenses (Income)

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 increased by 132% to \$5.2 million in the third quarter of 2008 from \$2.2 million in the same year-ago quarter. The increase resulted mainly from:

- (i) Higher equity exchange fees in the core business mainly as a result of higher trading volumes from a new high volume low margin customer and from an increase in NYSE exchange fees (year over year increase of \$1.3 million).
- (ii) Higher option exchange fees in the core business as a result of higher trading volumes and from a change in pricing structure from the various option exchanges including charging for removing liquidity and cancel fees (year over year increase of \$0.5 million).
- (iii) Higher trading errors of \$1.0 million resulting mainly from an unusual floor brokerage trading error of US\$0.8 million in the third quarter of 2008. Trading errors also increased as a result of significant volatility in the trading markets in the third quarter of the current year.
- (iv) Higher brokerage costs for seat leases and third party technology fees and higher commissions paid to other brokers for the introduction of business and for execution services. (year over year increase of \$0.2 million).

Exchange, clearing and brokerage fees increased by 19% to \$10.7 million in the nine months of 2008 from \$9.0 million in the same year-ago period. The increase resulted mainly from:

- (i) Higher equity exchange fees in the core business mainly as a result of higher trading volumes from a new high volume low margin customer and from an increase in NYSE exchange fees (year over year increase of \$0.2 million).
- (ii) Higher option exchange fees in the core business as a result of higher trading volumes and from a change in pricing structure from the various option exchanges including charging for removing liquidity and cancel fees. These were offset by lower option exchange fees in the brokerage segment from lower trading volumes (year over year increase of \$0.2 million).

- (iii) Higher trading errors of \$1.2 million resulting mainly from an unusual floor brokerage trading error of US\$0.8 million in the third quarter of 2008. Trading errors also increased as a result of significant volatility in the trading markets in the current year.
- (iv) Higher brokerage costs for seat leases and third party technology fees and higher commissions paid to other brokers for the introduction of business and for execution services. These increases were offset by lower clearing fees in the core business as a result of reduced pricing received from the National Securities Clearing Corporation effective in the 2008 year and from a credit received (year over year increase of \$0.1 million).

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 increased by 18% to \$3.2 million in the third quarter of 2008 from \$2.7 million in the same year-ago quarter. The year over year increase resulted mainly from (i) payroll increases that were granted at the beginning of the current year and (ii) additional salespeople that were hired in New York

Our average headcount in the third quarter of 2008 was 114 employees as compared to 103 employees in the same year-ago quarter.

Compensation and related benefits increased by 9% to \$8.9 million in the nine months of 2008 from \$8.2 million in the same year-ago period. The year over year increase resulted mainly from (i) payroll increases that were granted at the beginning of the current year and (ii) additional salespeople that were hired in New York

Our average headcount in the nine months of 2008 was 107 employees as compared to 100 employees in the same year-ago period.

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 12% to \$1.7 million in the third quarter of 2008 from \$1.5 million in the same year-ago quarter.

Datafeed and market access services increased by approximately \$77,000 mainly from connecting to the new Pure exchange and from price increases from the various exchanges.

Telecommunication costs increased by approximately \$113,000 mainly as a result of:

- (i) Connections to customers increased by \$54,000 for increased bandwidth requirements (mostly recoverable).
- (ii) Connections to market data lines and trading connections increased by \$59,000 year over year mostly as a result of increased bandwidth required to handle the increased volume of data provided by the exchanges.

Telecommunication and datafeed services increased by 7% to \$4.9 million in the nine-month period of 2008 from \$4.6 million in the same year-ago period.

Datafeed and market access services increased in the nine-month period by approximately \$192,000 mainly from connecting to the new Pure exchange and from price increases from the various exchanges.

Telecommunication costs increased in the nine-month period by approximately \$135,000 mainly as a result of:

- (i) Connections to customers increased by \$156,000 (mostly recoverable) offset by:
- (ii) Connections to market data lines and trading connections decreased by \$21,000 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.

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 increased by 27% to \$1.3 million in the third quarter of 2008 from \$1.0 million in the same year-ago quarter. The increase resulted mainly from:

- (i) Higher consulting fees of \$120,000 for various strategic reviews, recruiting fees for New York sales hires and for internal control testing performed for 52-109 compliance.
- (ii) An additional doubtful debt provision of \$50,000 in our floor brokerage operation as a result of a past due account and due to a current challenging financial environment.
- (iii) Increases in travel and promotional expenses and various office and general expenses of \$100,000.

Administrative and other expenses increased by 14% to \$3.8 million in the nine months of 2008 from \$3.3 million in the same year-ago period. For the nine-month period the increases resulted mainly from:

- (i) Higher consulting fees of \$125,000 made up of an executive compensation study, transfer pricing study update, recruiting fees for New York sales hires, strategic reviews, internal control testing performed for 52-109 compliance and installation of third party software.
- (ii) An additional doubtful debt provision of \$160,000 in our floor brokerage operation as a result of a past due account and due to a current challenging financial environment.
- (iii) Increases in travel and promotional expenses and various office and general expenses of \$285,000.

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 include the legal, investment banker and other costs related to the strategic process announced.

Amortization of Capital Assets

Amortization of capital assets increased by 28% in the third quarter of 2008 to \$0.5 million from \$0.4 million in the same year-ago quarter.

Amortization of capital assets increased by 39% in the nine month period of 2008 to \$1.5 million from \$1.1 million in the same year-ago period.

The increased amortization of capital assets relates mainly to datacentre improvements made in the 2008 year, additional hardware purchased for datafeeds, additional backup equipment purchased and the purchase of hardware and software related to the new clearing initiative. (Refer to investing activities below).

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 net foreign exchange gain of \$30,000 for the quarter ended September 30, 2008 as a result of a strengthening in the US dollar. Gains or losses on foreign exchange option and futures contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations. As at September 30, 2008 the Company had outstanding foreign exchange option contracts for the purchase of CDN\$12.5 million at an average price of US\$0.88 maturing in December 2008. The unrealized gain on these outstanding option contracts was approximately \$59,000 for the three month period ended September 30, 2008 and the realized losses on settled option contracts was approximately \$0.5 million.

For the nine month period ended September 30, 2008 the Company incurred a net foreign exchange loss of \$0.1 million as a result of a strengthening in the Canadian dollar. For the nine month period ended September 30, 2008 the Company realized losses of approximately \$0.9 million on foreign exchange option contracts that were settled and had unrealized gains of approximately \$59,000 on unsettled contracts. Gains or losses on foreign exchange option and futures 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 net foreign exchange gain of \$158,000 for the quarter ended September 30, 2007 as a result of a significant strengthening in the Canadian dollar. Gains or losses on foreign exchange option and futures contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations. As at September 30, 2007, the Company had outstanding foreign exchange futures contracts for the purchase of CDN\$10.2 million at an average price of US\$0.9302 maturing in December 2007. The unrealized gain on these outstanding futures contracts was approximately \$0.6 million for the three month period ended September 30, 2007.

For the nine month period ended September 30, 2007 the Company incurred a net foreign exchange loss of \$0.7 million as a result of a significant strengthening in the Canadian dollar. Gains or losses on foreign exchange option and futures contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations. For the nine- month period ended September 30, 2007 the Company realized gains of approximately \$0.6 million on foreign exchange option contracts that were settled and had unrealized gains of approximately \$0.8 million on futures contracts that were not settled. The above gains were netted against translation losses that occurred in the nine month period.

Interest Expense

Interest expense increased by \$2,000 to \$3,000 in the third quarter of 2008 from \$1,000 in the same year-ago quarter.

Interest expense decreased by \$5,000 to \$3,000 in the nine months of 2008 from \$8,000 in the same year ago period. The majority of the decrease resulted from the maturity of certain older capital lease obligations resulting in a lower interest expense.

Interest Income

Interest income decreased by \$86,000 to \$129,000 in the third quarter of 2008 from \$215,000 in the same year-ago quarter. This resulted mainly from lower yields on T/Bill and Bankers Acceptances (BA) investments.

Interest income decreased by \$126,000 to \$465,000 in the nine months of 2008 from \$591,000 in the same year-ago period. This resulted mainly from lower yields on T/Bill and Bankers Acceptances (BA) investments.

Income Taxes

For the three months ended September 30, 2008, the Company recorded a net income tax recovery of approximately \$0.4 million based upon its tax loss for the quarter by jurisdiction and a determination that the realization of certain tax assets, including available tax loss carryforwards and research and development tax pools, is more likely than not. For the nine-month period ended September 30, 2008, the Company recorded a net income tax recovery of \$0.2 million based upon its tax loss for the year to date by jurisdiction and a determination that the realization of certain tax assets, including available tax loss carryforwards and research and development tax pools, is more likely than not.

For the three months ended September 30, 2007, the Company reduced its valuation allowance from the 2006 fiscal year-end by approximately \$1.1 million (nine month period by approximately \$2.8 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 third quarter of 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.

Net Earnings (Loss)

The net loss for the quarter ended September 30, 2008 was \$0.3 million compared to net earnings of \$1.8 million for the same year-ago quarter. Diluted loss per share for the quarter ended September 30, 2008, was \$0.02 per share compared to diluted earnings of \$0.12 per share for the same year-ago quarter.

The net earnings for the nine months ended September 30, 2008 decreased to \$0.4 million from net earnings of \$5.2 million for the same year-ago period. Diluted earnings per share for the nine months ended September 30, 2008, decreased to \$0.02 per share from diluted earnings of \$0.34 per share for the same year-ago period.

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)	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Revenue:								
Transaction fees:								
Equity order flow	\$ 4,543	\$ 3,157	\$ 3,779	\$ 3,455	\$ 3,395	\$ 4,142	\$ 4,209	\$ 4,515
Options and futures contracts	4,253	3,672	3,616	3,295	4,123	4,778	4,449	3,457
	8,796	6,829	7,395	6,750	7,518	8,920	8,658	7,972
Subscription fees	1,764	1,787	1,853	1,885	1,821	1,863	1,885	1,872
Other	403	358	342	328	347	322	355	344
Total Revenue	10,963	8,974	9,590	8,963	9,686	11,105	10,898	10,188
Expenses (Income)								
Exchange, clearing and other brokerage fees	5,194	3,136	2,320	2,236	2,232	3,504	3,230	3,464
Compensation and related benefits	3,161	2,951	2,780	2,598	2,668	2,715	2,801	2,654
Telecommunication and datafeed services	1,721	1,662	1,554	1,460	1,531	1,553	1,525	1,370
Administrative and other expenses	1,259	1,416	1,093	1,293	989	1,107	1,215	1,001
Strategic process expenses	-	-	-	-	93	10	88	34
Amortization of capital assets	506	496	485	434	396	347	330	322
Amortization of intangible assets	16	16	16	16	16	16	16	16
Foreign exchange loss (gain)	(30)	58	59	156	158	344	188	(93)
Government assistance	-	-	-	(936)	-	-	-	(778)
Interest expense	3	-	-	2	2	2	5	20
Interest income	(129)	(149)	(187)	(221)	(215)	(194)	(181)	(154)
	11,701	9,586	8,120	7,038	7,870	9,404	9,217	7,856
Net earnings (loss) before taxes	\$ (738)	\$ (612)	\$ 1,470	\$ 1,925	\$ 1,816	\$ 1,701	\$ 1,681	\$ 2,332
Provision for (recovery of) income taxes								
Current	2	-	7	123	-	-	-	247
Future	(418)	(184)	345	(263)	-	-	-	(1,796)
	(416)	(184)	352	(140)	-	-	-	(1,549)
Net earnings (loss)	\$ (322)	\$ (428)	\$ 1,118	\$ 2,065	\$ 1,816	\$ 1,701	\$ 1,681	\$ 3,881
Earnings (loss) per share:								
Basic	\$ (0.02)	\$ (0.03)	\$ 0.08	\$ 0.14	\$ 0.12	\$ 0.12	\$ 0.11	\$ 0.27
Diluted	(0.02)	(0.03)	0.07	0.14	0.12	0.11	0.11	0.25
Weighted avg number of common and common equivalent shares outstanding:								
Basic	14,841	14,846	14,791	14,786	14,682	14,665	14,635	14,596
Diluted	14,879	14,938	14,935	14,964	15,125	15,208	15,275	15,414
Capital asset expenditures	736	389	1,065	469	576	756	365	422
Total assets	40,992	39,816	41,121	41,272	35,804	35,360	33,837	31,103
Long term lease obligations	-	-	-	-	-	-	9	32
Shareholders' equity	35,137	35,450	35,862	34,592	32,459	30,083	28,298	26,412

Options and futures contracts revenue in the first and second quarters of 2007 increased mainly from higher trading volumes in our floor brokerage segment and from receiving additional revenue 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 September 30, 2008, the Company's subsidiary, Electronic Brokerage Systems, LLC, paid seat lease expenses at market rates of approximately \$35,000 (period ended September 30, 2007 - \$15,000) and paid for execution services in the amount of \$43,000 (period ended September 30, 2007 - Nil) to a company controlled by the president of Electronic Brokerage Systems, LLC. For the nine month period Electronic Brokerage Systems, LLC paid seat lease expenses at market rates of approximately \$85,000 (nine month period ended September 30, 2007 - \$38,000) and paid for execution services in the amount of \$130,000 (nine month period ended June 30, 2007 - Nil) to a company controlled by the president of Electronic Brokerage Systems, LLC. In addition, Electronic Brokerage Systems, LLC recorded transaction fee revenues for the third quarter of approximately \$11,000 (third quarter ended September 30, 2007 - \$3,000) from the same company. For the nine month period Electronic Brokerage Systems, LLC recorded transaction fee revenues of approximately \$18,000 (nine months ended September 30, 2007 - \$8,000) from the same company.

Liquidity and Capital Resources

Financial Position

At September 30, 2008 the Company had cash and cash equivalents of \$18.5 million, a decrease of \$4.1 million from the \$22.6 million of cash and cash equivalents at June 30, 2008. The change in cash and cash equivalents related to (i) the Company opened a new prime brokerage account with a broker and deposited \$1.0 million in cash into this new account, (ii) a trade break at quarter end that resulted in approximately \$1.7 million of additional cash flowing to the clearing corporation as a margin deposit. The trade break cleared after quarter end and the cash was returned, and (iii) an additional \$0.3 million deposited with the options clearing corporation as margin for increased options business.

The Company's working capital was \$28.3 million at the end of September 30, 2008 a decrease of \$0.6 million from the \$28.9 million at the end of June 30, 2008.

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 September 30, 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, LLC 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 RCS 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 September 30, 2008, Electronic Brokerage Systems, LLC and RCS had net capital of US\$12.2 million and US\$1.8 million and a net capital requirement of US\$500,000 and US\$100,000 respectively.

Electronic Brokerage Systems, LLC is currently required by the Options Clearing Corporation (“OCC”) to maintain minimum net capital of US\$2.0 million. At September 30, 2008, Electronic Brokerage Systems, LLC had net capital of US\$12.2 million.

Operating Activities

The Company utilized \$3.5 million of cash flow from operations for the quarter ended September 30, 2008 as compared to generating \$2.0 million of cash from operations for the quarter ended September 30, 2007. The decrease in the third quarter year over year cash flow from operations was due to the turn from profitability in the prior year to a loss in the current year and a negative change in non-cash working capital items. Non-cash working capital items decreased in the third quarter on a year over year basis by \$2.2 million mainly as a result of the following:

- (i) The Company’s deposits with clearing organizations increased by \$2.0 million for the quarter ended September 30, 2008 due to (a) an additional \$1.7 million margin deposit required at the NSCC to cover trades that had not cleared at quarter end and (b) an increase of \$0.3 million in deposits required by the OCC for an increased volume of options business. This compared to a reduction in deposits at clearing organizations of \$0.4 million for the quarter ended September 30, 2007 for trades that had cleared and for deposits no longer required at the OCC. (negative third quarter year over year change of \$2.5 million).
- (ii) An increase in receivables from brokers, dealers and clearing organizations of \$1.6 million for the quarter ended September 30, 2008 due to (a) the opening of a new prime brokerage account requiring a deposit of \$1.0 million, (b) a receivable of \$0.4 million for trades that had not cleared at quarter end and (c) an increase in deposits at a broker of \$0.2 million. This compared to a reduction in receivables from brokers, dealers and clearing organizations of \$0.3 million for the quarter ended September 30, 2007 mainly due to cash returned that was being used as margin for a futures account. (negative third quarter year over year change of \$1.9 million).
- (iii) An increase in accounts receivable balances for the quarter ended September 30, 2008 of \$0.7 million as compared to an decrease in accounts receivable balances of \$0.9 million for the quarter ended September 30, 2007. (negative third quarter year over year change of \$1.6 million).

These negative cash outflows for the third quarter were offset by:

- (iv) The Company’s accounts payable balances increased for the quarter ended September 30, 2008 by \$1.2 million as a result of capital asset purchases not yet paid for and higher exchange fee bills at the end of the third quarter. This compared to a decrease in accounts payable balances for the quarter ended September 30, 2007 of \$1.9 million as a result of payments made for capital asset purchases of \$0.9 million in the third quarter for the new clearing

initiative and lower exchange fee bills at the end of the third quarter. (positive third quarter year over year change of \$3.1 million).

- (v) An increase in other current assets for the quarter ended September 30, 2008 of \$0.3 million from the unrealized profit on option foreign exchange contracts compared to an increase in other current assets for the quarter ended September 30, 2007 of \$0.6 million from the unrealized profit on futures foreign exchange contracts due to a strengthening Canadian dollar (positive third quarter year over year change of \$0.3 million).
- (vi) An increase in payables to brokers, dealers and clearing organizations of \$0.3 million for the quarter ended September 30, 2008 from trades that had not cleared. There were no uncleared trades in the prior year. (positive third quarter year over year change of \$0.3 million).

The Company utilized cash flow for operations of \$0.7 million for the nine months ended September 30, 2008 as compared to generating \$5.4 million of cash from operations for the nine months ended September 30, 2007. The year over year change was due to (i) a decline in profitability of the company of \$4.8 million, (ii) an increase in future tax assets resulting in a negative change of \$0.6 million, (iii) a foreign exchange gain on cash and cash equivalents in the current year as compared to a foreign exchange loss in the prior year resulting in a negative change of \$1.6 million. These negative changes were offset by (i) an increase in non cash amortization of capital assets of \$0.4 million and (ii) a positive change to non-cash working capital items of \$0.4 million. The change in non-cash working capital items mainly resulted from the following:

- (i) A decrease in other current assets for the nine month period ended September 30, 2008 of \$0.1 million as compared to an increase of \$0.6 million for the nine month period ended September 30, 2007 resulting from the unrealized profit on futures foreign exchange contracts due to a strengthening Canadian dollar (positive nine month year over year change of \$0.7 million).
- (ii) The Company's accounts payable balances increased for the nine months ended September 30, 2008 by \$0.9 million as compared to a decrease of \$1.3 million for the nine month period ended September 30, 2007 (positive nine month year over year change of \$2.1 million).
- (iii) A decrease in receivables from brokers, dealers and clearing organizations of \$0.4 million for the nine months ended September 30, 2008 as compared to a decrease of \$0.1 million for the for the nine month period ended September 30, 2007 (positive nine month year over year change of \$0.3 million).
- (iv) An increase in cash and cash equivalents on deposit with clearing and depository organizations of \$0.7 million for the nine months ended September 30, 2008 as compared to an increase of \$0.9 million for the for the nine month period ended September 30, 2007 (positive nine month year over year change of \$0.2 million).

These positive cash inflows for the nine month period were offset by:

- (v) An increase in accounts receivable balances for the nine months ended September 30, 2008 by \$0.8 million as compared to a decrease for the nine month period ended September 30, 2007 of \$0.2 million (negative nine month year over year change of \$1.0 million).
- (vi) A decrease in payables to brokers, dealers and clearing organizations for the nine months ended September 30, 2008 by \$1.6 million. There were no payables to brokers, dealers and clearing organizations at September 30, 2007. (negative nine month year over year change of \$1.6 million).
- (vii) An increase in investment tax credits recoverable of \$0.2 million for the nine month period ended September 30, 2008 from alternative minimum tax payments as compared to a decrease of \$0.1 million in the nine month period ended September 30, 2007 from receiving a refund (negative nine month year over year change of \$0.2 million).

Investing Activities

The Company utilized \$0.7 million of cash for investing activities in the quarter ended September 30, 2008 as compared to utilizing \$0.6 million of cash for investing activities in the quarter ended September 30, 2007. Investing activities consist 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 year over year increase in capital expenditures is primarily related to hardware upgrades for datafeeds and additional backup equipment purchased.

The Company utilized \$2.2 million of cash for investing activities in the nine months ended September 30, 2008 as compared to utilizing \$1.7 million of cash for investing activities in the nine months ended September 30, 2007. Investing activities consist 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 year over year increase in capital expenditures is primarily related to improvements made to the datacenters during 2008, upgrades to hardware for datafeeds and additional backup equipment purchased.

Financing Activities

The Company utilized \$33,000 of cash for financing activities in the quarter ended September 30, 2008 as compared to generating \$0.5 million of cash from financing activities in the quarter ended September 30, 2007. Financing activities in the quarter ended September 30, 2008 included \$33,000 for the repurchase of common shares under a normal course issuer bid. Financing activities in the quarter ended September 30, 2007 included repayment of capital lease obligations of \$31,000 and proceeds from the exercise of employee stock options of \$0.5 million.

The Company generated \$31,000 of cash from financing activities in the nine months ended September 30, 2008 as compared to generating \$0.6 million of cash from financing activities in the nine months ended September 30, 2007. Financing activities in the nine months ended September 30, 2008 included proceeds from the exercise of employee stock options of \$0.4 million, the repurchase of common shares under a normal course issuer bid of \$0.3 million and repayment of capital lease obligations of \$27,000. Financing activities in the nine months ended September 30, 2007 included repayment of capital lease obligations of \$0.1 million and proceeds from the exercise of employee stock options of \$0.7 million.

Liquidity and Sources of Financing

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 September 30, 2008.

The Company's wholly owned U.S. broker-dealer, Electronic Brokerage Systems, LLC, 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. During the quarter ended September 30, 2008, the Company deposited an additional \$0.3 million with the OCC as a result of the growth in the Company's options business.

The Company is dependant upon Electronic Brokerage Systems, LLC 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 cash flow generated from operations together with its clearing credit facility 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 option foreign exchange 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 September 30, 2008 and September 30, 2007 was based upon quoted market prices.

As at September 30, 2008, the Company had outstanding foreign exchange option contracts for the purchase of CDN\$12.5 million at an average price of U.S.\$0.88 maturing in December 2008. For the three month period ended September 30, 2008, the unrealized gain on these outstanding option contracts was approximately \$59,000 and the realized losses on settled option contracts was approximately \$496,000. For the nine month period ended September 30, 2008 the Company realized losses of approximately \$940,000 on foreign exchange option contracts that were settled and had unrealized gains of approximately \$59,000 on unsettled contracts. Gains or losses on foreign exchange option and futures contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

As at September 30, 2007, the Company had outstanding foreign exchange futures contracts for the purchase of CDN\$10.2 million at an average price of U.S.\$0.9302 maturing in December 2007. The unrealized gain on these outstanding futures contracts was approximately \$620,000 for the three month period ended September 30, 2007. For the nine month period ended September 30, 2007 the Company realized gains of approximately \$586,000 on foreign exchange option contracts that were settled and had unrealized gains of approximately \$819,000 on futures contracts that were not settled. Gains or losses on foreign exchange option and futures 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 including IFRS update:

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 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.

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.

Reduction of Stated Capital

At the annual general meeting of shareholders held on May 15, 2008, a Special Resolution was carried by the shareholders of the Company reducing the stated capital account maintained in respect of the common shares of the Company by \$16.0 million. The Company’s board of directors discussed the realizable value of the Company’s assets, its liabilities and its stated capital at a meeting held on December 13, 2007. In order to give the Company’s board of directors flexibility in managing the Company’s capital structure going forward, the board decided to submit the Special Resolution to the Shareholders for their approval of the reduction of the stated capital of the Common Shares to address

limitations under the *Ontario Business Corporations Act* which result from the historically high stated capital amount of the Common Shares. By reducing the stated capital of the Common Shares of the Company by \$16.0 million and by reducing the deficit of the Company by the corresponding amount, the Company would have flexibility for purchases of shares or payment of dividends.

Normal Course Issuer Bid

During the quarter ended September 30, 2008 the Company repurchased 9,300 common shares under its normal course issuer bid for a gross cost of \$33,000. (quarter ended September 30, 2007 –Nil). For the nine-month period ended September 30, 2008 the Company repurchased 70,710 common shares under its normal course issuer bid for a gross cost of \$306,000. (nine-month period ended September 30, 2007 –Nil).

Outstanding Share Data

Set out below is the outstanding share data for the Company as at November 5, 2008.

Common Shares:	14,835,139
Options to Purchase Common Shares:	
Issued and Outstanding	587,542

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 September 30, 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.

Internal Controls Over Financial Reporting

There were no changes over the Company's internal controls over financial reporting during the period ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.