

Q1 2009

*Interim Consolidated Financial Statements*  
**BELZBERG TECHNOLOGIES INC.**  
*For The Three Months Ended March 31, 2009*

# **BELZBERG TECHNOLOGIES INC.**

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the periods ended March 31, 2009 and 2008

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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 March 31, 2009 and 2008, 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 March 31, 2009 and 2008 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)

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 7,567	\$ 19,452
Cash and cash equivalents segregated under regulations and other (note 3)	6,433	184
Cash and cash equivalents on deposit with clearing and depository organizations	5,038	1,989
Receivable from brokers, dealers and clearing organizations (note 4)	10,596	1,774
Accounts receivable	8,505	5,973
Prepaid expenses and other receivables	534	534
Other assets (note 5)	1,172	1,565
Income taxes receivable	104	89
Investment tax credits recoverable	-	84
	<u>39,949</u>	<u>31,644</u>
CAPITAL ASSETS (note 2 (b))	3,230	3,326
INVESTMENT	30	38
INVESTMENT TAX CREDITS RECOVERABLE	1,587	1,580
FUTURE INCOME TAX ASSETS	4,520	3,289
GOODWILL	1,608	1,608
OTHER INTANGIBLE ASSETS, NET (note 2 (b), 6)	425	473
	<u>\$ 51,349</u>	<u>\$ 41,958</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Clearing facility loan	\$ 4,099	\$ -
Accounts payable and accrued liabilities	6,987	6,350
Payable to customers and correspondents	5,781	183
Restructuring accrual	742	-
Payable to brokers, dealers and clearing organizations (note 4)	-	131
	<u>17,609</u>	<u>6,664</u>
FUTURE INCOME TAX LIABILITIES	461	244
	<u>18,070</u>	<u>6,908</u>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK	23,920	23,930
CONTRIBUTED SURPLUS	3,749	3,686
RETAINED EARNINGS	5,610	7,434
	<u>33,279</u>	<u>35,050</u>
	<u>\$ 51,349</u>	<u>\$ 41,958</u>

Guarantees and contingencies (Note 13)

See accompanying notes to the consolidated financial statements

APPROVED ON BEHALF OF THE BOARD

"Sidney H. Belzberg"

..... Director

"Alicia Belzberg"

..... Director

## Notice

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

### **BELZBERG TECHNOLOGIES INC.**

### **Consolidated Statements of Operations and Retained Earnings (Deficit)**

**For the three months ended March 31, 2009 and March 31, 2008**

(in thousands of Canadian dollars except per share amounts)

(Unaudited)

	2009	2008
REVENUE		
Transaction fees:		
Equity order flow and clearing	\$ 6,290	\$ 3,779
Options and futures contracts	3,189	3,616
	9,479	7,395
Subscription fees	1,395	1,853
Other revenue	412	342
<b>TOTAL REVENUE</b>	<b>11,286</b>	<b>9,590</b>
EXPENSES		
Exchange, clearing and brokerage fees	5,544	2,320
Compensation and related benefits	3,755	2,780
Telecommunication and datafeed services	2,050	1,554
Administrative and other expenses	1,190	1,093
Restructuring expenses (note 11)	839	-
Amortization of capital assets (note 2 (b))	523	463
Amortization of intangible assets (note 2 (b))	55	38
Foreign exchange loss	168	59
	14,124	8,307
EARNINGS (LOSS) BEFORE THE UNDERNOTED	(2,838)	1,283
Interest expense	6	-
Interest income	(87)	(187)
	(81)	(187)
EARNINGS (LOSS) BEFORE INCOME TAXES	(2,757)	1,470
PROVISION FOR (RECOVERY OF) INCOME TAXES		
Current	-	7
Future	(933)	345
	(933)	352
NET EARNINGS (LOSS)	(1,824)	1,118
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	7,434	(8,684)
RETAINED EARNINGS (DEFICIT), END OF PERIOD	\$ 5,610	\$ (7,566)
EARNINGS (LOSS) PER SHARE:		
Basic	\$ (0.12)	\$ 0.08
Diluted	\$ (0.12)	\$ 0.07
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (note 7(b)):		
(in thousands)		
Basic	14,835	14,791
Diluted	14,835	14,935

See accompanying notes to the consolidated financial statements

## Notice

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### **BELZBERG TECHNOLOGIES INC.** **Consolidated Statements of Shareholders Equity** **For the three months ended March 31, 2009**

(in thousands of Canadian dollars)

(Unaudited)

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	Number of common shares (000's)	Amount	Contributed Surplus	Retained Earnings	Total
Balance, December 31, 2008	14,835	\$ 23,930	\$ 3,686	\$ 7,434	\$ 35,050
Stock-based compensation (note 7 (d))	-	-	63	-	63
Repurchase of common shares (notes 7 (a))	(6)	(10)	-	-	(10)
Net loss and comprehensive income	-	-	-	(1,824)	(1,824)
<b>BALANCE, MARCH 31, 2009</b>	<b>14,829</b>	<b>\$ 23,920</b>	<b>\$ 3,749</b>	<b>\$ 5,610</b>	<b>\$ 33,279</b>

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See accompanying notes to the consolidated financial statements

## Notice

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### BELZBERG TECHNOLOGIES INC.

#### Consolidated Statements of Cash Flows

For the three months ended March 31, 2009 and March 31, 2008

(in thousands of Canadian dollars)

(Unaudited)

	2009	2008
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net earnings (loss)	\$ (1,824)	\$ 1,118
Items not affecting cash		
Amortization of capital assets	523	463
Amortization of intangible assets	55	38
Unrealized foreign exchange gain	(18)	(275)
Gain on sale of investment	(5)	-
Stock-based compensation (note 7(d))	63	39
Future income taxes	(1,014)	312
Changes in non-cash working capital items (note 8)	(9,252)	1,589
	(11,472)	3,284
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(427)	(1,024)
Purchase of intangibles	(7)	(41)
Purchase of investment	(2)	-
Proceeds from sale of investment	15	-
	(421)	(1,065)
<b>FINANCING ACTIVITIES</b>		
Repayment of obligations under capital lease	-	(27)
Repurchase of common shares (note 7(a))	(10)	(236)
Proceeds from the exercise of stock options (note 7(a))	-	350
	(10)	87
Effect of exchange rate changes on cash and cash equivalents	18	275
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,885)	2,581
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	19,452	21,081
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 7,567	\$ 23,662
<b>CASH EQUIVALENTS:</b>		
Cash	\$ 1,016	\$ 5,048
Cash equivalents	6,551	18,614
	\$ 7,567	\$ 23,662
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	\$ 90	\$ 181
Interest paid	6	-
Income taxes paid	15	13

See accompanying notes to the consolidated financial statements

# **BELZBERG TECHNOLOGIES INC.**

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## **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, 2008.

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, 2008, 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 months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 2. Significant accounting policies (continued):

### (b) Changes in accounting policies:

On January 1, 2009, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets", which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. However, the section does not apply to the initial recognition of goodwill and intangible assets generated in connection with a business combination. This change has been adopted retrospectively and had the following effect on the consolidated financial statements for the three months ended March 31, 2009 and March 31, 2008:

- I. Reclassification of \$216 included in capital assets to other intangible assets, net, on the consolidated balance sheets at March 31, 2008 ( December 31, 2008 - \$263).
- II. Reclassification of \$22 from amortization of capital assets to amortization of intangible assets on the consolidated statements of operations and retained earnings (deficit) for the three months ended March 31, 2008.
- III. Reclassification of \$41 from purchase of capital assets to purchase of intangible assets within investing activities on the consolidated statement of cash flows for the three months ended March 31, 2008.

### (c) Recent accounting pronouncements

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 the Company 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 and at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

### 3. Cash and cash equivalents segregated under regulations and other:

Cash and cash equivalents segregated under U.S. federal and other regulations totaled \$6,433 at March 31, 2009, (December 31, 2008 – 184). Of this amount, \$126 was segregated for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission, against the requirement as of March 31, 2009 of \$126. The remaining balance of \$6,307 at March 31, 2009 relates to the Company's election to compute a reserve requirement for Proprietary Accounts of Introducing Broker –Dealers ("PAIB"), as defined against a requirement as of March 31, 2009, of \$5,655. The PAIB is completed in order for each correspondent firm that uses the Company as its clearing broker–dealer to classify its assets held by the Company as allowable assets in the correspondent's net capital calculation.

### 4. Receivable from and payable to brokers, dealers and clearing organizations:

	March 31, 2009	December 31, 2008
Receivable from:		
Clearing organization	\$ 8,717	\$ 124
Brokers and dealers	1,879	1,650
	<u>\$10,596</u>	<u>\$ 1,774</u>
Payable to clearing organization	<u>\$ -</u>	<u>\$ 131</u>

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

### 5. Other assets:

	March 31, 2009	December 31, 2008
Fair value of foreign exchange option contracts	\$ 1,172	\$ 1,565

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

## 6. Other intangible assets:

	March 31, 2009	December 31, 2008
Customer lists	\$ 341	\$ 341
Computer software	447	440
Accumulated amortization	(363)	(308)
	\$ 425	\$ 473

## 7. Capital stock:

The following summarizes changes to capital stock during 2009:

(a) Authorized:

Unlimited common shares

Issued:

	Number of common shares	Amount
Balance at December 31, 2008	14,835	\$ 23,930
Common shares repurchased and cancelled	(6)	(10)
Balance at March 31, 2009	14,829	\$ 23,920

In November 2008, the Toronto Stock Exchange approved a Normal Course Issuer Bid ("NCIB") for the Company to repurchase up to 742 thousand of its common shares over the period from December 1, 2008 to November 30, 2009. As at March 31, 2009 the Company has repurchased and cancelled 6.2 thousand common shares for total consideration of approximately \$10. Of the amount paid \$9.8 was charged to share capital and \$0.3 was charged to contributed surplus.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

## 7. Capital stock (continued):

### (b) Earnings per share:

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

<i>(thousands except per share amounts)</i>	Three months ended	
	2009	March 31, 2008
Numerator:		
Net earnings (loss) available to common shareholders	\$ (1,824)	\$ 1,118
Denominator:		
Weighted average number of common shares outstanding - basic	14,835	14,791
Effect of dilutive securities:		
Employee stock options	–	144
Weighted average number of common shares outstanding - diluted	14,835	14,935
Earnings (loss) per share:		
Basic	\$ (0.12)	\$ 0.08
Diluted	(0.12)	0.07

During 2009, options to purchase 937 common shares (2008 – 303 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 March 31, 2009 is as follows:

<i>(thousands except share price)</i>	Number	Weighted average exercise price
Outstanding, December 31, 2008	937	\$3.59
Granted	–	–
Exercised	–	–
Forfeited/expired	–	–
Outstanding, March 31, 2009	937	3.59
Options exercisable at March 31, 2009	494	\$ 3.67

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 7. Capital stock (continued):

(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 March 31, 2009 of \$63 (three months ended March 31, 2008 - \$39). These amounts are included in compensation and related benefits.

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

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	Three months ended March 31,	
	2009	2008
Cash and cash equivalents segregated under regulations and other	\$ (6,249)	\$ -
Accounts receivable	(2,532)	304
Investment tax credits recoverable	77	(40)
Prepaid expenses and other receivables	-	(74)
Other assets	393	398
Cash and cash equivalents on deposit with clearing and depository organizations	(3,049)	606
Receivable from brokers, dealers, and clearing organizations	(8,822)	1,675
Income tax receivable	(15)	-
Clearing facility loan	4,099	-
Accounts payable and accrued liabilities	637	405
Payable to brokers, dealers and clearing organization	(131)	(1,679)
Restructuring accrual	742	-
Payable to customers and correspondents	5,598	-
Income taxes payable	-	(6)
	<u>\$ (9,252)</u>	<u>\$ 1,589</u>

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# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 9. 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 utilize 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 6-2/3% of aggregate indebtedness, 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 March 31, 2009, Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC had net capital of U.S.\$9,533 and U.S.\$360 and a net capital requirement of U.S.\$614 thousand and U.S.\$100 thousand respectively.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 10. 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 organizations, other assets, investment, clearing facility loan, accounts payable and accrued liabilities, payable to customers and correspondents, restructuring accrual and payable to brokers, dealers and clearing organization. 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 organizations 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. Clearing facility loan, accounts payable and accrued liabilities, payable to customers and correspondents 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 months ended March 31, 2008 and 2009 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.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 10. Financial instruments (continued):

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 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 March 31, 2009, \$569 of the Company's accounts receivable are past due. Subsequent to the quarter end \$73 of the past due was collected and the remaining past due balances have been fully provided for. All the Company's receivables have been reviewed for indicators of impairment.

At March 31, 2009, two customers accounted for approximately 45% of total accounts receivable (December 31, 2008 - two customers for 22%). For the three months ended March 31, 2009, one customer accounted for 21% of total revenue (3 months ended March 31, 2008 – one customer accounted for 8%). The loss of this significant customer may have a material and adverse effect on the Company's 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 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 March 31, 2009 and March 31, 2008 is based on quoted market prices and information available at that time. As at March 31, 2009, the Company has entered into foreign exchange option contracts for the purchase of Cdn. \$11.0 million at U.S. \$0.72 maturing in September 2009 (March 31, 2008 - foreign exchange option contracts for the purchase of Cdn.\$13 million at US\$0.94 that matured in June 2008). For the three month period ended March 31, 2009, the Company has recorded an unrealized gain on the outstanding foreign exchange option contracts of approximately \$132 and recorded a realized loss on the foreign exchange option contracts that were settled of approximately \$792 (Three months ended March 31, 2008 - unrealized mark-to-market loss of approximately \$365 on foreign exchange option contracts that were not settled and realized losses of approximately \$104 on foreign exchange option contracts that were settled during the year).

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 10. Financial instruments (continued):

Realized and unrealized gains or losses on foreign exchange option 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 March 31, 2009, 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

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## **10. 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.

## **11. Restructuring charges:**

During the three months end March 31, 2009 the Company restructured its operations through the terminations of various employees. Restructuring charges include the severance payments and legal expenses related to the terminations.

## **12. 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 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.

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

## 12. Segmented information (continued):

	Three months ended March 31,					
	2009			2008		
	Core	Brokerage	Total	Core	Brokerage	Total
External revenue:						
Transaction fees	\$ 8,316	\$ 1,163	\$ 9,479	\$ 6,415	\$ 980	\$ 7,395
Subscription fees	1,395	–	1,395	1,853	–	1,853
Other	412	–	412	342	–	342
	\$ 10,123	\$ 1,163	\$ 11,286	\$ 8,610	\$ 980	\$ 9,590
Earnings (loss) before the undernoted	\$ (1,687)	\$ 260	\$ (1,427)	1,644	\$ 140	\$ 1,784
Restructuring charges	839	–	839	–	–	–
Amortization of:						
Capital assets	519	4	523	461	2	463
Intangible assets	55	–	55	38	–	38
Interest expense	–	–	–	–	–	–
Interest income	(84)	(3)	(87)	(177)	(10)	(187)
Net earnings (loss) before tax	\$ (3,016)	\$ 259	\$ (2,757)	\$ 1,322	\$ 148	\$ 1,470
Total assets	\$ 49,960	\$ 1,389	\$ 51,349	\$ 39,574	\$ 1,547	\$ 41,121
Capital asset expenditures	\$ 427	\$ –	\$ 427	\$ 1,023	\$ 1	\$ 1,024

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

	Three months ended March 31,					
	2009			2008		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction fees	\$ 187	\$ 9,292	\$ 9,479	\$ 800	\$ 6,595	\$ 7,395
Subscription fees	1,339	56	1,395	1,729	124	1,853
Other	285	127	412	244	98	342
	\$ 1,811	\$ 9,475	\$ 11,286	\$ 2,773	\$ 6,817	\$ 9,590
Total assets	\$ 11,492	\$ 39,857	\$ 51,349	\$ 14,550	\$ 26,571	\$ 41,121
Capital assets	\$ 1,636	\$ 1,594	\$ 3,230	\$ 1,878	\$ 1,441	\$ 3,319
Goodwill	\$ –	\$ 1,608	\$ 1,608	\$ –	\$ 1,608	\$ 1,608
Other intangible assets	\$ 47	\$ 378	\$ 425	\$ 55	\$ 385	\$ 440

# BELZBERG TECHNOLOGIES INC.

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

Three months ended March 31, 2009 and 2008  
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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## 13. Guarantees and Contingencies:

(a) Guarantees:

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

(b) Contingencies

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

## 14. Comparative figures:

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