

Q1 2009

Management's Discussion And Analysis
BELZBERG TECHNOLOGIES INC.
For The Three Months Ended March 31, 2009

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations should be read in conjunction with the unaudited consolidated interim financial statements and related notes for the quarter ended March 31, 2009 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, 2008. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All amounts reported in this MD&A are in thousands of Canadian dollars unless otherwise specified. Additional information relating to the Company, including the Company's Annual Information Form is on SEDAR at www.sedar.com. The MD&A is as of May 11, 2009.

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 provider of technology-based brokerage services, trading equities and options through its wholly owned subsidiary, Electronic Brokerage Systems, a broker-dealer. Electronic Brokerage Systems is a member of most North American stock exchanges, options exchanges and clearing organizations, including the New York Stock Exchange ("NYSE"), Chicago Board Options Exchange ("CBOE"), National Securities Clearing Corporation ("NSCC"), Options Clearing Corporation ("OCC") and NASDAQ. Using Belzberg's suite of integrated trading tools and network connectivity, the Company's customers have direct access to North American equities and options markets. Belzberg's products enable traders to execute and manage large volumes of transactions with reliability and security.

Major financial institutions, broker-dealers, buy-side institutions, banks, and others use Electronic Brokerage Systems trade execution services and all or a subset of Belzberg

trading products to automate their order execution, algorithmic trading, basket trading, arbitrage, retail order management, and real-time inventory management, as demanded by each situation.

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

In 2002, the Company's wholly owned subsidiary, Electronic Brokerage Systems, became a member of both the NSCC and the NYSE. These memberships allowed the Company to become self-clearing, which significantly reduced the Company's clearing costs.

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

In 2008, the Company was approved by the Financial Industry Regulatory Authority ("FINRA") to provide full clearing services.

Financial Overview

Highlights of First Quarter 2009 Results

- Loss of \$1,824 (including restructuring charges of \$839 and an income tax recovery of \$933) or (\$0.12) per diluted share for the first quarter of 2009, as compared to a profit of \$1,118 or \$0.07 per diluted share in the same year-ago quarter.
- Total Revenues increased by 18% to \$11,286 for the first quarter of 2009 from \$9,590 in the same year-ago quarter. Revenues net of pass-throughs decreased by 11% to \$6,613 from \$7,458 in the same year-ago period.
- Working capital position of \$22,340 at March 31, 2009 as compared to \$24,980 at December 31, 2008.

The first quarter of 2009 was challenging with the negative trends identified in the fourth quarter of 2008 continuing. Both transaction based and subscription based revenues net of pass-throughs declined from the previous year's level due to the current difficult economic situation and the reduction in customer activity in the US and Canada through amalgamation, downsizing or choosing other technology and execution alternatives. Revenues were also affected negatively by a downward pressure on pricing as customers increased their emphasis on cost cutting. Notwithstanding this challenging environment, the Company did experience some positive results in the first quarter compared to the fourth quarter of 2008. The Company was successful in adding clients in every business segment, including clearing. These new relationships were the result of the Company's focused sales strategy and improvements made in the service and reliability of the Company's products. The Company continued to manage operating expenses to fit the environment in the first quarter, eliminating approximately \$1.9 million in annual costs through headcount and cost reductions. Employee headcount was reduced from 115 to 108 resulting in a restructuring charge of \$839.

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, CBOE, International Securities Exchange and the Options Clearing Corporation to determine the strength of the business.

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

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

Results of Operations

Revenues

Total Revenues for the three months ended March 31,

(\$000's)	2009			2008		
	Canada	USA	Total	Canada	USA	Total
Transaction fees - core						
Equity order flow and clearing	\$ 176	\$ 6,114	\$ 6,290	\$ 794	\$ 2,985	\$ 3,779
Electronic option and futures contracts	11	2,015	2,026	6	2,631	2,637
Total transaction fees - core	187	8,129	8,316	800	5,616	6,416
Transaction fees - brokerage	-	1,163	1,163	-	979	979
Subscription fees	1,339	56	1,395	1,729	124	1,853
Other revenue	285	127	412	244	98	342
Total	\$ 1,811	\$ 9,475	\$ 11,286	\$ 2,773	\$ 6,817	\$ 9,590

Total Revenues

Total revenue increased by 18% from \$9,590 for the quarter ended March 31, 2008 to \$11,286 for the quarter ended March 31, 2009. A strengthening US dollar accounted for approximately \$1.6 million of the total revenue increase. In the first quarter of 2009, the Company generated approximately 84% (first quarter of 2008 - 71%) of its revenues in the United States and 16% (first quarter of 2008 - 29%) 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 and clearing revenue from U.S. based customers.

Transaction Fee Revenue – Core

(i) Equity Order Flow and Clearing

Transaction fee revenue (including the recovery of pass through costs) from clearing, sponsored access and the routing of equity order flow through the Belzberg Gateway increased by 66% to \$6,290 in the first quarter of 2009 from \$3,779 in the same year-ago quarter.

Equity order flow and clearing executed on U.S. exchanges increased by 105% to \$6,114 in the first quarter of 2009 from \$2,985 in the same year-ago quarter. Approximately \$2,771 of the increase resulted from higher pass-through revenues on which the Company makes no mark-up while a strengthening US dollar accounted for approximately \$483 net of pass-throughs of the increase. The total volume of shares executed by our wholly owned U.S. broker-dealer increased by approximately 13% year over year but most of the increase was executed by very low commission rate customers. The Company continues to experience pricing pressure in the U.S. equity markets as a result of competition from electronic execution providers and traditional broker-dealers.

Equity order flow executed on Canadian exchanges decreased by 78% due to loss of buyside accounts and from a large sellside account internalizing its orderflow.

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

U.S Equity Order Flow	Three months ended March 31,		change	% change
	2009	2008		
Total trading volume (in billions of shares)	3.7	3.3	0.4	13%
Avg trading volume per day (in millions of shares)	60.4	53.7	6.7	13%
Avg transaction fee revenue per trading day including passthroughs (in thousands CDN\$)	\$ 100.2	\$ 48.9	\$ 51.3	105%
Avg transaction fee revenue per trading day before passthroughs (in thousands CDN\$)	\$ 40.4	\$ 34.5	\$ 5.9	17%
Avg transaction fee revenue per share including passthroughs	\$ 0.0017	\$ 0.0009	\$ 0.0008	89%
Avg transaction fee revenue per share before passthroughs	\$ 0.0007	\$ 0.0006	\$ 0.0001	17%
U.S market trading days	61	61	-	

(ii) Electronic Options and Futures Contracts

Transaction fee revenue (including the recovery of pass through costs) from the electronic execution of options and futures contracts through the Belzberg Gateway decreased by 23% to \$2,026 in the first quarter of 2009 from \$2,637 in the same year-ago quarter. Approximately \$121 of the decrease resulted from lower pass-through revenues on which the Company makes no mark-up while a strengthening US dollar accounted for an increase to option revenues of approximately \$279 net of passthroughs. The total volume of our electronic options contracts executed decreased by 44% on a year over year basis of which 33% related to the loss of one customer while the balance related to a slowdown of trading by US banks and brokerage houses affected by the financial crisis.

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

U.S Electronic Options Contracts Executed	Three months ended March 31,		change	% change
	2009	2008		
Total trading volume (in millions of contracts)	7.0	12.4	(5.4)	(44)%
Avg trading volume per day (in thousands of contracts)	114.7	203.4	(88.7)	(44)%
Avg transaction fee revenue per trading day including passthroughs (in thousands CDN\$)	\$ 33.0	\$ 43.1	\$ (10.1)	(23)%
Avg transaction fee revenue per trading day before passthroughs (in thousands CDN\$)	\$ 23.6	\$ 31.8	\$ (8.1)	(26)%
Avg transaction fee revenue per contract including passthroughs	\$ 0.29	\$ 0.21	\$ 0.08	38%
Avg transaction fee revenue per contract before passthroughs	\$ 0.21	\$ 0.16	\$ 0.05	31%
U.S market trading days	61	61	-	

Transaction Fee Revenue – Brokerage

Transaction fee revenue from the brokerage segment (including the recovery of pass through costs) increased by 19% to \$1,163 in the first quarter of 2009 from \$979 in the same year-ago quarter. The increased revenues resulted from higher trading volumes from new and existing customers.

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

U.S Floor Options Contracts Executed	Three months ended March 31,		change	% change
	2009	2008		
Total trading volume (in millions of contracts)	6.7	3.6	3.1	86%
Avg trading volume per day (in thousands of contracts)	109.7	59.0	50.7	86%
Avg transaction fee revenue per trading day including passthroughs (in thousands CDN\$)	\$ 19.1	\$ 16.0	\$ 3.1	19%
Avg transaction fee revenue per trading day before passthroughs (in thousands CDN\$)	\$ 18.1	\$ 12.2	\$ 5.9	48%
Avg transaction fee revenue per contract including passthroughs	\$ 0.17	\$ 0.27	\$ (0.10)	(37)%
Avg transaction fee revenue per contract before passthroughs	\$ 0.17	\$ 0.21	\$ (0.04)	(19)%
U.S market trading days	61	61	-	

Subscription Fee Revenue

Subscription fee revenue in the core business, which is based on customers paying a fixed monthly fee for connectivity to the Belzberg Gateway on a per terminal or other contracted basis, decreased by 25% mainly as a result of the cancellation of terminals by customers either downsizing their trading desks or implementing alternative solutions.

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 20% mainly as a result of higher information distribution revenues and higher recovery of communication lines to customers from increases in capacity.

Expenses (Income)

(\$000's)	Core 2009	Brokerage 2009	Total 2009	% of Revenues	Core 2008	Brokerage 2008	Total 2008	% of Revenues
Exchange, clearing and brokerage fees	\$ 5,168	\$ 376	\$ 5,544	49 %	\$ 1,910	\$ 410	\$ 2,320	24 %
Compensation and related benefits	3,310	445	3,755	33 %	2,389	391	2,780	29 %
Telecommunication and datafeed services	1,981	69	2,050	18 %	1,508	46	1,554	16 %
Administrative and other expenses	1,132	58	1,190	11 %	1,042	51	1,093	11 %
Restructuring charges	839	-	839	7 %	-	-	-	-
Amortization of capital assets	519	4	523	5 %	462	1	463	5 %
Amortization of intangible assets	55	-	55	-	38	-	38	-
Foreign exchange loss(gain)	273	(105)	168	1 %	165	(106)	59	1 %
Interest expense	6	-	6	-	-	-	-	-
Interest income	(84)	(3)	(87)	(1)%	(177)	(10)	(187)	(2)%
	\$ 13,199	\$ 844	\$ 14,043	124%	\$ 7,337	\$ 783	\$ 8,120	85%

Exchange, Clearing and Brokerage Fees

Exchange, clearing and brokerage fees are comprised of:

- (i) The transaction fees we pay to the various exchanges, ECN's and clearing organizations for the execution and clearing of our customer equity and option orders. These transaction fees are recovered as part of the equity and options revenue;
- (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 139% to \$5,544 in the first quarter of 2009 from \$2,320 in the same year-ago quarter. This increase resulted mainly from:

- (i) Higher equity exchange fees in the core business of approximately \$3,010 resulting mainly from higher trading volumes of a specific customer that did not trade in the prior year. Increases also resulted from higher NYSE exchange fee pricing effective March 1, 2009 and from a strengthening US\$.
- (ii) Higher clearing fees of approximately \$208 as a result of a credit received in the prior year that did not recur to the same extent in the current year.
- (iii) Higher seat lease/trading license costs, third party technology costs, regulatory membership fees, trading errors and client compensation costs of \$300 mainly relating to price increases for seat leases, higher costs for our clearing system and client compensation for trading issues.

The above decreases were offset by (i) lower option exchange fees of approximately \$248 from lower trading volumes and (ii) lower commissions paid to other brokers of approximately \$77 for execution services and introducing broker commissions.

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 35% to \$3,755 in the first quarter of 2009 from \$2,780 in the same year-ago quarter. The year over year increase resulted mainly from (i) a strengthening US\$ that increased US\$ compensation reported in CDN\$ by approximately \$355; (ii) additional headcount of approximately 11 in the current year; and (iii) additional commissions paid to New York floor brokers on customers introduced.

Our average headcount in the first quarter of 2009 was 105 full time employees and 5 part time employees as compared to 95 full time employees and 5 part time employees in the same year-ago quarter.

Telecommunication and Datafeed Services

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

Telecommunication and datafeed services increased by 32% to \$2,050 in the first quarter of 2009 from \$1,554 in the same year-ago quarter.

Datafeed and market access services increased by approximately \$164 mainly as a result of:

- (i) A strengthening US\$ which increased US\$ datafeed costs reported in CDN\$ by approximately \$130.
- (ii) Additional feedhandlers for ISE and CHI-X increased costs by \$13K.

- (iii) Additional datafeeds from NYSE, NYSE ARCA and Thompson offset by the cancellation of Iverson feeds and a reduction in other datafeeds increased costs by a net \$20.

Telecommunication costs increased by approximately \$332 mainly as a result of:

- (i) Connections to market data lines and trading connections increased by \$275 year over year of which approximately \$100 related to a strengthening US\$. The balance of the increase resulted from increased bandwidth for Activ connections, TSX, INET, NASDAQ, Alpha, Omega, Chi-X, Belzberg channelized T3 and ARCA connections. Also new T3's were installed between Chicago and New York and between Toronto and New York to handle increased load.
- (ii) Connections to customers increased by \$57 year over year of which approximately \$20 related to a strengthening US\$. The balance of the increase related to additional capacity installed for customers which is mostly recoverable from customers.

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 9% to \$1,190 in the first quarter of 2009 from \$1,093 in the same year-ago quarter. The year over year increase resulted mainly from:

- (i) Higher occupancy costs of \$86 of which \$32 related to a strengthening US\$. The balance of the increase related to additional space in our Chicago location and from a credit received in the prior year that did not recur in the current year.
- (ii) Higher consulting fees of \$54 for various consultants. Many of the consulting services were terminated at the end of the first quarter.
- (iii) Higher advertising and promotional costs of \$21.
- (iv) Higher software maintenance fees of \$19 and higher bank charges of \$21.

These increases were offset by lower professional fees for legal and accounting of \$33 and lower office and general expenses of \$66 for various items.

Restructuring Charges

Restructuring charges of \$839 relate mainly to the severance packages for employee terminations that occurred in the first quarter of 2009.

Amortization of Capital Assets

Amortization of capital assets increased by 13% to \$523 in the first quarter of 2009 from \$463 in the same year-ago quarter. The year over year first quarter increase resulted from the purchase of additional computer and network equipment to handle the increased capacity of datafeeds, servers for clearing, and general upgrades to datacentres.

Amortization of Intangible Assets

Amortization of intangible assets increased by 45% to \$55 in the first quarter of 2009 from \$38 in the same year-ago quarter. The increase relates mainly to amortization of computer software additions related to our clearing business now classified as intangible assets in accordance with the new CICA Handbook Section 3064, *Goodwill and Intangible Assets*. The intangibles are being amortized on a straight line basis over three to five years.

Foreign Exchange Loss (Gain)

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

The Company incurred a foreign exchange loss of \$168 (of which a gain of \$105 occurred in the brokerage segment and a loss of \$273 occurred in the core segment) for the quarter ended March 31, 2009. The foreign exchange loss resulted mainly from gains and losses incurred on foreign exchange option contracts, net of the foreign exchange impact of translating our integrated foreign subsidiaries. As at March 31, 2009, the Company had foreign exchange option contracts outstanding for the purchase of \$11,000 Canadian dollars at US\$.72 expiring in September 2009. The unrealized gain on these outstanding contracts was approximately \$132. The Company also realized losses in the first quarter of 2009 of approximately \$792 on foreign exchange option contracts that were settled in 2009. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

The Company incurred a foreign exchange loss of \$59 (of which a gain of \$106 occurred in the brokerage segment and a loss of \$165 occurred in the core segment) for the quarter ended March 31, 2008. The foreign exchange loss resulted mainly from gains and losses incurred on foreign exchange option contracts, net of the foreign exchange impact of translating our integrated foreign subsidiaries. As at March 31, 2008, the Company had foreign exchange option contracts outstanding for the purchase of \$13,000 Canadian dollars at US\$.94 expiring in June 2008. The unrealized loss on these outstanding contracts was approximately \$365. The Company also realized losses in the first quarter of 2008 of approximately \$104 on foreign exchange option contracts that were settled in 2008. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

Interest Expense

Interest expense increased to \$6 in the first quarter of 2009 from nil in the same year-ago quarter. The interest expense relates mostly to the utilization of the clearing facility during the quarter to cover clearing breaks.

Interest Income

Interest income decreased by \$100 to \$87 in the first quarter of 2009 from \$187 in the same year-ago quarter. This resulted from significantly lower yields in the current year as well as lower cash balances invested.

Income Taxes

For the three months ended March 31, 2009, the Company recorded an income tax recovery of \$933 based upon management's best estimate of losses that will be utilized against future taxable income. Any change in management's estimates could result in an additional income tax expense or recovery in the future.

For the three months ended March 31, 2008, the Company recorded an income tax expense of \$352 of which \$345 was non-cash from the utilization of tax benefits previously recognized.

Net Earnings (Loss)

The net loss for the quarter ended March 31, 2009 was to \$1,824 as compared to net earnings of \$1,118 for the same year-ago quarter. Diluted loss per share for the quarter ended March 31, 2009, decreased to (\$0.12) per share from diluted earnings of \$0.07 per share for the same year-ago quarter.

Summary of Quarterly Results

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

Belzberg Technologies Inc.

Summary of Quarterly Results

(Unaudited)	FY 2009		FY 2008			FY 2007		
(\$000's except per share amounts)	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07
Revenue:								
Transaction fees:								
Equity order flow and clearing	\$ 6,290	\$ 6,463	\$ 4,543	\$ 3,157	\$ 3,779	\$ 3,455	\$ 3,396	\$ 4,142
Options and futures contracts	3,189	3,679	4,253	3,672	3,616	3,294	4,123	4,778
	9,479	10,142	8,796	6,829	7,395	6,749	7,519	8,920
Subscription fees	1,395	1,683	1,764	1,787	1,853	1,885	1,821	1,864
Other	412	409	403	358	342	328	347	322
Total Revenue	11,286	12,234	10,963	8,974	9,590	8,962	9,687	11,106
Expenses (Income)								
Exchange, clearing and other brokerage fees	5,544	5,371	5,194	3,136	2,320	2,236	2,233	3,504
Compensation and related benefits	3,755	3,610	3,161	2,951	2,780	2,598	2,668	2,716
Telecommunication and datafeed services	2,050	2,051	1,721	1,662	1,554	1,459	1,531	1,554
Administrative and other expenses	1,190	1,511	1,259	1,416	1,093	1,294	989	1,107
Strategic process expenses	-	-	-	-	-	-	93	10
Amortization of capital assets (note 1)	523	507	469	465	463	416	379	347
Amortization of intangible assets (note1)	55	60	53	47	38	34	33	16
Foreign exchange loss (gain)	168	(814)	(30)	58	59	156	158	343
Government assistance	-	(60)	-	-	-	(936)	-	-
Interest expense	6	1	3	-	-	2	1	2
Interest income	(87)	(117)	(129)	(149)	(187)	(220)	(215)	(195)
Restructuring charges	839	1,052	-	-	-	-	-	-
	14,043	13,172	11,701	9,586	8,120	7,039	7,870	9,404
Net earnings (loss) before taxes	\$ (2,757)	\$ (938)	\$ (738)	\$ (612)	\$ 1,470	\$ 1,923	\$ 1,817	\$ 1,702
Provision for (recovery of) income taxes								
Current	-	(9)	2	-	7	123	-	-
Future	(933)	(679)	(418)	(184)	345	(263)	-	-
	(933)	(688)	(416)	(184)	352	(140)	-	-
Net earnings (loss)	\$ (1,824)	\$ (250)	\$ (322)	\$ (428)	\$ 1,118	\$ 2,063	\$ 1,817	\$ 1,702

Note 1: Restated for change in accounting policy related to Handbook Section 3064, *Goodwill and Intangible Assets*. Refer to note 2(b) in the Interim Consolidated Financial Statements for the quarter ended March 31, 2009.

Earnings (loss) per share:

Basic	\$ (0.12)	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ 0.08	\$ 0.14	\$ 0.12	\$ 0.12
Diluted	(0.12)	(0.02)	(0.02)	(0.03)	0.07	0.14	0.12	0.11

Weighted avg number of common and common equivalent shares outstanding:

Basic	14,835	14,835	14,841	14,846	14,791	14,786	14,682	14,665
Diluted	14,835	14,835	14,879	14,938	14,935	14,964	15,125	15,208
Capital asset expenditures (note 1)	427	495	736	218	1,024	453	366	756
Total assets	51,349	41,958	40,992	39,816	41,121	41,272	35,804	35,360
Long term lease obligations	-	-	-	-	-	-	-	-
Shareholders' equity	33,279	35,050	35,137	35,450	35,862	34,592	32,459	30,083

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

Transactions with Related Parties

During the quarter ended March 31, 2009, the Company's subsidiary, Electronic Brokerage Systems, LLC ("EBS"), paid seat lease expenses at market rates of approximately \$38 (period ended March 31, 2008 - \$21) and paid for execution services in the amount of \$54 (period ended March 31, 2008 - \$44) to a company controlled by the president of EBS. In addition, EBS recorded transaction fee revenues of approximately \$104 (period ended March 31, 2008 - \$4) from the same company for the period ended March 31, 2009.

Liquidity and Capital Resources

Financial Position

At March 31, 2009 the Company had cash and cash equivalents of \$7,567, a decrease of \$11,885 from the \$19,452 of cash and cash equivalents at December 31, 2008. The majority of the decrease in cash and cash equivalents resulted from a trade-break at quarter end that resulted in cash flowing to the clearing corporation. The trade break cleared up after quarter end and the cash was returned. The Company's working capital was \$22,340 at the end of March 31, 2009 compared to \$24,980 at the end of December 31, 2008.

The Company's subsidiary, Electronic Brokerage Systems, LLC has a secured credit facility of US\$25,000 that may only be utilized to facilitate clearing and settlement activities. The facility when utilized is collateralized by marketable securities ("the pledged securities") that are held at the Depository and Trust Company ("DTC") as a result of a clearing break. As at March 31, 2009, there was \$4,099 outstanding under this facility.

The Company's subsidiaries Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC ("RCS") are subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934 which requires the maintenance of minimum net capital. Under this rule, Electronic Brokerage Systems is required to maintain net capital equal to the greater of US\$500 or 6-2/3 of aggregate indebtedness, as defined, and Robert C. Sheehan & Associates is required to maintain net capital equal to the greater of US\$100 or 6-2/3% of aggregate indebtedness, as defined. As at March 31, 2009, EBS and RCS had net capital of US\$9,533 and US\$360 and a net capital requirement of US\$614 and US\$100, respectively.

Electronic Brokerage Systems is currently required by the Options Clearing Corporation ("OCC") to maintain minimum net capital of US\$2,000 and a margin deposit of approximately \$1,400. At March 31, 2009, Electronic Brokerage Systems had net capital of US\$9,533.

Operating Activities

The Company utilized cash flow from operations of \$11,472 for the quarter ended March 31, 2009, as compared to generating \$3,284 of cash from operations for the quarter ended March 31, 2008. The year over year decrease in cash flow generated by operations is mainly attributable to the \$2,942 decline in the profitability of the Company and to a decrease in net cash flows from non-cash operating working capital. Net cash flows from non-cash operating working capital decreased by \$10,841 year over year mainly from:

- (i) The Company's cash and cash equivalents segregated under regulations and other to cover customer and correspondent deposits and amounts owed back to proprietary accounts of introducing brokers (PAIB) increased by \$6,249 at March 31, 2009. There was no corresponding amount at March 31, 2008. (negative year over year change of \$6,249);
- (ii) The Company's cash and cash equivalents on deposit with clearing and depository organizations increased by \$3,049 at March 31, 2009 as a result of a trade-break as compared to a reduction of \$606 at March 31, 2008 as a result of trades clearing and margin deposits returned to the Company. (negative year over year change of \$3,655);
- (iii) The net receivable/payable from/to brokers, dealers and clearing organizations increased by \$8,953 at March 31, 2009 as a result of securities failed to deliver and from a clearing receivable owing as compared to an increase of 4 at March 31, 2008. (negative year over year change of \$8,949);
- (iv) The Company's accounts receivable balance increased by \$2,532 at March 31, 2009 as compared to a decrease of \$304 at March 31, 2008. (negative year over year change of \$2,836);
- (v) The other asset relating to the Company's foreign exchange option contracts decreased by \$393 at March 31, 2009 as compared to a decrease of \$398 at March 31, 2008. (negative year over year change of \$5);
- (vi) Income taxes receivable increased by \$15 at March 31, 2009 as compared to a reduction in income taxes payable of \$9 at March 31, 2008. (negative year over year change of \$9);

These negative operating cash inflows were offset by:

- (vii) The Company's accounts payable and accrual balances including accrued restructuring increased by \$1,379 at March 31, 2009, compared to an increase of \$405 at March 31, 2008. (positive year over year change of \$974);
- (viii) The Company's payable to customers and correspondents relating to customer and correspondent deposits and amounts owed back to proprietary accounts of introducing brokers (PAIB) increased by \$5,598 at March 31, 2009. There was no corresponding amount at March 31, 2008. (positive year over year change of \$5,598);
- (ix) The Company had an outstanding clearing facility loan of \$4,099 at March 31, 2009 to cover trade breaks with no corresponding amount outstanding at March 31, 2008. (positive year over year change of \$4,099);
- (x) Investments tax credits recoverable decreased by \$77 at March 31, 2009, from receipt of the 2006 R&D claim as compared to an increase of \$40 at March 31, 2008. (positive year over year change of \$117);

- (xi) Prepaid and other receivables remained unchanged at March 31, 2009 compared to an increase of \$74 at March 31, 2008. (positive year over year change of \$74);

The cash flow from operations was also impacted by the following non cash items:

- (i) The provision for future income taxes reduced the reconciliation of net income (loss) to cash provided by (used for) operating activities by \$1,014 at March 31, 2009 which was \$1,326 higher than at March 31, 2008.
- (ii) Amortization of capital assets and intangibles increased the reconciliation of net income (loss) to cash provided by (used for) operating activities by \$578 at March 31, 2009 which was \$77 higher than at March 31, 2008.
- (iii) Foreign exchange gains reduced the reconciliation of net income (loss) to cash provided by (used for) operating activities by \$18 at March 31, 2009 which was \$257 lower than at March 31, 2008.
- (iv) Stock based compensation increased the reconciliation of net income (loss) to cash provided by (used for) operating activities by \$63 at March 31, 2009 which was \$24 higher than at March 31, 2008.

Investing Activities

The Company utilized \$421 of cash for investing activities in the quarter ended March 31, 2009 as compared to utilizing \$1,065 of cash for investing activities in the quarter ended March 31, 2008. Investing activities in the quarter ended March 31, 2009 included the purchase of capital assets of \$427, the purchase of intangibles of \$7 (related to computer software), proceeds from the sale of an investment of \$15 and the purchase of an investment of \$2. Investing activities in the quarter ended March 31, 2008 included the purchase of intangibles of \$41 and the purchase of capital assets of \$1,024 required to maintain high-speed connectivity between customers, the Company and a multitude of exchanges and other markets for live trade execution. The Company also made improvements to its datacentres in the first quarter of 2008.

Financing Activities

The Company utilized \$10 of cash for financing activities in the quarter ended March 31, 2009 as compared to generating \$87 of cash from financing activities in the quarter ended March 31, 2008. Financing activities in the quarter ended March 31, 2009 included the repurchase of common shares under a Normal Course Issuer Bid of \$10. Financing activities in the quarter ended March 31, 2008 included proceeds from the exercise of stock options of \$350, the repurchase of common shares under a Normal Course Issuer Bid of \$236 and repayment of capital lease obligations of \$27.

Liquidity and Sources of Financing

The Company's subsidiary, Electronic Brokerage Systems, LLC has a secured credit facility of US\$25,000 that may only be utilized to facilitate clearing and settlement activities. The facility when utilized is collateralized by marketable securities ("the pledged securities") that are held at the Depository and Trust Company ("DTC") as a result of a clearing break. As at March 31, 2009, \$4,099 was outstanding under this facility.

The Company's wholly owned U.S. broker-dealer, Electronic Brokerage Systems, is required by the SEC and OCC to maintain specific levels of net capital (refer to financial position above) defined as assets minus liabilities less deductions for certain types of assets. Any changes in such net capital rules or the maintenance of the existing levels of net capital or any additional fund deposits required by the OCC may restrict the Company's ability to withdraw capital from its brokerage subsidiary to fund its working capital requirements.

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

The Company believes that its cash and cash equivalents together with its clearing facility is sufficient to fund its cash requirements for the 2009 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, 2008.

Off-Balance Sheet Arrangements

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

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

Derivative Financial Instruments

Derivative financial instruments are utilized by the Company in the management of its foreign currency exposures (primarily U.S. and Canadian dollars). The Company has from time to time, entered into forward and foreign exchange option contracts intended to manage portions of this risk. The Company's financial derivative instruments are marked to market and are carried at fair value as assets or liabilities, as appropriate, with changes in fair value recognized in the statement of operations in the period in which they occur. The fair value of outstanding derivative financial instruments at March 31, 2009 and March 31, 2008 was based upon quoted market prices.

As at March 31, 2009, the Company had outstanding foreign exchange option contracts for the purchase of CDN\$11,000 at U.S.\$0.72 maturing in September 2009. The unrealized gain on these outstanding contracts was approximately \$132. The Company also realized losses in the first quarter of 2009 of approximately \$792 on foreign exchange option contracts that were settled in 2009. Gains or losses on foreign exchange option contracts

are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

As at March 31, 2008, the Company had outstanding foreign exchange option contracts for the purchase of CDN\$13,000 at U.S.\$0.94 maturing in June 2008. The unrealized loss on these outstanding contracts was approximately \$365. The Company also realized losses in the first quarter of 2008 of approximately \$104 on foreign exchange option contracts that were settled in 2008. Gains or losses on foreign exchange option contracts are netted against gains or losses on the translation of our integrated foreign subsidiaries in the consolidated statement of operations.

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, 2008 except for the following:

Changes in accounting policies:

Effective January 1, 2009, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which replaced Handbook Section 3062, *Goodwill and other Intangible Assets* and Handbook Section 3450, *Research and Development Costs*. This revision aligns Canadian GAAP with International Financial Reporting Standards and establishes standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Refer to note 2(b) in the Interim Consolidated Financial Statements for the quarter ended March 31, 2009 for the effect of this change in accounting policy.

Future accounting changes:

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement, presentation and disclosures. During 2008 the Company's finance team completed a stage 1 diagnostic and scoping phase for the adoption of IFRS which identified the main differences between the accounting treatments applied by the Company under Canadian GAAP and IFRS as well as the practical implications related to the measure. While the adoption of IFRS is not expected to have a material impact on the reported cash flows of the Company, it is expected to have a material impact on the Company's consolidated balance sheets and consolidated statements of operations and deficit. (Refer to the MD&A for the year ended December 31, 2008 for a discussion of the expected changes). The Company is currently in stage 2 of its IFRS conversion whereby it is examining potential accounting policy choices under IFRS and the required changes to our accounting system. Further disclosure will be provided once available.

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, 2008 except for the following:

Customer Dependence: For the quarter ended March 31, 2009, one customer accounted for approximately 21% of total revenue including passthroughs (but only 1% of revenue excluding passthroughs). The three largest customers accounted for approximately 17% of revenue before passthroughs. The loss of these significant customers may have a material and adverse effect on our revenue and results of operations.

Patent Information

The Company is actively considering a process to realize the value of its patents through an arrangement with a third party. Under this arrangement the Company would incur no costs to prosecute the patent and would share in any returns the third party was able to generate. The arrangement has not been finalized and further disclosure will be made once available.

Outstanding Share Data

Set out below is the outstanding share data for the Company as at May 11, 2009.

Common Shares:	14,829
Options to Purchase Common Shares:	
Issued and Outstanding	932

During the quarter ended March 31, 2009, the Company repurchased and cancelled six thousand common shares for a total consideration of \$10 under its Normal Course Issuer Bid.

Internal Controls Over Financial Reporting

There were no changes over the Company's internal controls over financial reporting during the period ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2009, 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.