

Q3 2009

Interim Consolidated Financial Statements
BELZBERG TECHNOLOGIES INC.
For The Three and Nine Months Ended September 30, 2009

BELZBERG TECHNOLOGIES INC.

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the periods ended September 30, 2009 and 2008

Pursuant to national Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company of the interim periods ended September 30, 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 September 30, 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)

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 12,863	\$ 19,452
Cash and cash equivalents segregated under regulations and other (note 3)	3,071	184
Cash and cash equivalents on deposit with clearing and depository organizations	2,524	1,989
Receivable from brokers, dealers and clearing organizations (note 4)	1,697	1,774
Accounts receivable	5,485	5,973
Prepaid expenses and other receivables	750	534
Other assets (note 5)	-	1,565
Income taxes receivable	95	89
Investment tax credits recoverable	34	84
	26,519	31,644
CAPITAL ASSETS	2,647	3,326
INVESTMENT	30	38
INVESTMENT TAX CREDITS RECOVERABLE	1,621	1,580
FUTURE INCOME TAX ASSETS	4,854	3,289
GOODWILL	1,608	1,608
OTHER INTANGIBLE ASSETS, NET (note 6)	315	473
	\$ 37,594	\$ 41,958
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 4,975	\$ 6,350
Payable to customers and correspondents	2,449	183
Payable to brokers, dealers and clearing organizations (note 4)	-	131
	7,424	6,664
FUTURE INCOME TAX LIABILITIES	513	244
	7,937	6,908
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 7)	23,898	23,930
CONTRIBUTED SURPLUS	3,904	3,686
RETAINED EARNINGS	1,855	7,434
	29,657	35,050
	\$ 37,594	\$ 41,958

Guarantees and contingencies (Note 13)

See accompanying notes to the consolidated financial statements

APPROVED ON BEHALF OF THE BOARD

"J. Cameron MacDonald"

..... Director

"Judith Robertson"

..... Director

Notice

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BELZBERG TECHNOLOGIES INC.

Consolidated Statements of Operations and Retained Earnings

(in thousands of Canadian dollars, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
REVENUE				
Transaction fees:				
Equity order flow and clearing	\$ 4,147	\$ 4,543	\$ 16,679	\$ 11,479
Options and futures contracts	2,437	4,253	8,623	11,541
	6,584	8,796	25,302	23,020
Subscription fees	1,214	1,764	3,832	5,404
Other revenue	363	403	1,135	1,103
TOTAL REVENUE	8,161	10,963	30,269	29,527
EXPENSES				
Exchange, clearing and brokerage fees	3,463	5,194	14,485	10,650
Compensation and related benefits	3,026	3,161	9,943	8,892
Telecommunication and datafeed services	1,815	1,721	5,932	4,937
Administrative and other expenses	872	1,259	3,114	3,768
Restructuring expenses (note 11)	-	-	839	-
Government assistance	-	-	(95)	-
Amortization of capital assets (note 2 (b))	522	469	1,579	1,397
Amortization of intangible assets (note 2 (b))	55	53	165	138
Foreign exchange (gain) loss	1,200	(30)	1,732	87
	10,953	11,827	37,694	29,869
LOSS BEFORE THE UNDERNOTED	(2,792)	(864)	(7,425)	(342)
Interest expense	4	3	22	3
Interest income	(40)	(129)	(171)	(465)
	(36)	(126)	(149)	(462)
EARNINGS (LOSS) BEFORE INCOME TAXES	(2,756)	(738)	(7,276)	120
PROVISION FOR (RECOVERY OF) INCOME TAXES				
Current	-	2	-	9
Future	(406)	(418)	(1,697)	(257)
	(406)	(416)	(1,697)	(248)
NET EARNINGS (LOSS)	(2,350)	(322)	(5,579)	368
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	4,205	8,006	7,434	(8,684)
REDUCTION OF STATED CAPITAL	-	-	-	16,000
RETAINED EARNINGS, END OF PERIOD	1,855	7,684	1,855	7,684
EARNINGS (LOSS) PER SHARE:				
Basic	\$ (0.16)	\$ (0.02)	\$ (0.38)	\$ 0.02
Diluted	\$ (0.16)	\$ (0.02)	\$ (0.38)	\$ 0.02
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (note 7(b)): (in thousands)				
Basic	14,822	14,841	14,828	14,827
Diluted	14,822	14,879	14,828	14,918

See accompanying notes to the consolidated financial statements

Notice

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BELZBERG TECHNOLOGIES INC.

Consolidated Statements of Shareholders Equity

For the three and nine months ended September 30, 2009

(in thousands of Canadian dollars)

(Unaudited)

	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))	-	-	143	-	143
Repurchase of common shares (notes 7 (a))	(6)	(10)	-	-	(10)
Net loss and comprehensive income	-	-	-	(3,229)	(3,229)
BALANCE, June 30, 2009	14,829	\$ 23,920	\$ 3,829	\$ 4,205	\$ 31,954
Stock-based compensation (note 7 (d))	-	-	75	-	75
Repurchase of common shares (notes 7 (a))	(19)	(22)	-	-	(22)
Net loss and comprehensive income	-	-	-	(2,350)	(2,350)
BALANCE, SEPTEMBER 30, 2009	14,810	\$ 23,898	\$ 3,904	\$ 1,855	\$ 29,657

See accompanying notes to the consolidated financial statements

Notice

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BELZBERG TECHNOLOGIES INC. Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Net earnings (loss)	\$ (2,350)	\$ (322)	\$ (5,579)	\$ 368
Items not affecting cash				
Amortization of capital assets	522	469	1,579	1,397
Amortization of intangible assets	55	53	165	138
Unrealized foreign exchange loss (gain)	664	(219)	1,026	(358)
Gain on sale of investment	-	-	(5)	-
Stock-based compensation (note 7(d))	75	42	218	120
Future income taxes	(171)	(466)	(1,296)	(332)
Changes in non-cash working capital items (note 8)	1,348	(3,095)	(745)	(2,074)
	143	(3,538)	(4,637)	(741)
INVESTING ACTIVITIES				
Purchase of capital assets	(58)	(736)	(900)	(1,978)
Purchase of intangibles	-	-	(7)	(212)
Purchase of investment	-	-	(2)	-
Proceeds from sale of investment	-	-	15	-
	(58)	(736)	(894)	(2,190)
FINANCING ACTIVITIES				
Repayment of obligations under capital lease	-	-	-	(27)
Repurchase of common shares (note 7(a))	(22)	(33)	(32)	(306)
Proceeds from the exercise of stock options (note 7(a))	-	-	-	364
	(22)	(33)	(32)	31
Effect of exchange rate changes on cash and cash equivalents	(664)	219	(1,026)	358
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(601)	(4,088)	(6,589)	(2,542)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,464	22,627	19,452	21,081
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 12,863	\$ 18,539	\$ 12,863	\$ 18,539
CASH AND CASH EQUIVALENTS:				
Cash	\$ 4,679	\$ 4,834	\$ 4,679	\$ 4,834
Cash equivalents	8,184	13,705	8,184	13,705
	\$ 12,863	\$ 18,539	\$ 12,863	\$ 18,539
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	\$ 40	\$ 119	\$ 179	\$ 464
Interest paid	4	3	22	3
Income taxes paid	3	67	18	197

See accompanying notes to the consolidated financial statements

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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 and nine months ended September 30, 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 and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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 and nine months ended September 30, 2009 and September 30, 2008:

- I. Reclassification of \$320 included in capital assets to other intangible assets, net, on the consolidated balance sheets at September 30, 2008 (December 31, 2008 - \$283).
- II. Reclassification of \$37 from amortization of capital assets to amortization of intangible assets on the consolidated statements of operations and retained earnings for the three months ended September 30, 2008 and \$90 for the nine months ended September 30, 2008.
- III. Reclassification of \$nil 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 September 30, 2008 and \$212 for the nine months ended September 30, 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. Refer to the MD&A for an update on the Company's IFRS change-over plan.

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 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 \$3,071 at September 30, 2009, (December 31, 2008 – 184). Of this amount, \$600 was segregated for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission, against the requirement as of September 30, 2009 of \$334. The remaining balance of \$2,471 at September 30, 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 September 30, 2009, of \$2,115. 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:

	September 30, 2009	December 31, 2008
Receivable from:		
Clearing organization	\$ 177	\$ 124
Brokers and dealers	1,520	1,650
	<u>\$ 1,697</u>	<u>\$ 1,774</u>
Payable to clearing organization	\$ –	\$ 131

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

5. Other assets:

	September 30, 2009	December 31, 2008
Fair value of foreign exchange option contracts	\$ –	\$ 1,565

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

6. Other intangible assets:

	September 30, 2009	December 31, 2008
Customer lists	\$ 341	\$ 341
Computer software	447	440
Accumulated amortization	(473)	(308)
	\$ 315	\$ 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
Balance at June 30, 2009	14,829	\$ 23,920
Common shares repurchased and cancelled	(19)	(22)
Balance at September 30, 2009	14,810	\$ 23,898

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 September 30, 2009 the Company has repurchased and cancelled 25.4 common shares for total consideration of approximately \$32.3. Of the amount paid \$32 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 and nine months ended September 30, 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:

	Three months ended September 30,	
<i>(thousands except per share amounts)</i>	2009	2008
Numerator:		
Net loss available to common shareholders	\$ (2,350)	\$ (322)
Denominator:		
Weighted average number of common shares outstanding - basic	14,822	14,841
Effect of dilutive securities: Employee stock options	–	38
Weighted average number of common shares outstanding - diluted	14,822	14,879
Loss per share:		
Basic	\$ (0.16)	\$ (0.02)
Diluted	(0.16)	(0.02)
	Nine months ended September 30,	
<i>(thousands except per share amounts)</i>	2009	2008
Numerator:		
Net earnings (loss) available to common shareholders	\$ (5,579)	\$ 368
Denominator:		
Weighted average number of common shares outstanding - basic	14,828	14,827
Effect of dilutive securities: Employee stock options	–	91
Weighted average number of common shares outstanding - diluted	14,828	14,918
Earnings (loss) per share:		
Basic	\$ (0.38)	\$ 0.02
Diluted	(0.38)	0.02

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

7. Capital stock (continued):

During 2009, options to purchase 1,187 common shares (2008 – 260 common shares) were excluded from the computation of diluted earnings per share as the exercise price exceeded the average market price of common shares for the period.

(c) A summary of the Company's stock option activity for the period ended September 30, 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
Granted	325	1.29
Exercised	–	–
Forfeited/expired	75	3.72
Outstanding, June 30, 2009	1,187	2.95
Granted	–	–
Exercised	–	–
Forfeited/expired	–	–
Outstanding, September 30, 2009	1,187	2.95
Options exercisable at September 30, 2009	502	\$4.11

(d) Options granted to employees and directors on or after January 1, 2003:

For stock options granted to employees and directors on or after January 1, 2003, the Company recorded compensation expense for the three months ended September 30, 2009 of \$75 (three months ended September 30, 2008 - \$42) and for the nine months ended September 30, 2009 of \$218 (nine months ended September 30, 2008 - \$120). These amounts are included in compensation and related benefits.

The weighted average grant date fair value for employee and director options granted in the three and nine months ended September 30, 2009 was \$0.43 per share (nine months ended September 30, 2008 - \$1.86 per share). There were no options granted in the three months ended September 30, 2009 and 2008.

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

7. Capital stock (continued):

The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended		Nine months ended	
	2009	September 30, 2008	2009	September 30, 2008
Risk-free interest rate	–%	–%	3.1%	3.1%
Expected life of the options	–	–	3.3 years	5 years
Expected volatility	–%	–%	44.4%	40.9%
Expected dividend yield	–%	–%	–%	–%

The estimated fair value of the options is amortized to expense over their vesting period on a straight-line basis.

8. Changes in non-cash working capital items:

	Three months ended		Nine months ended	
	2009	September 30, 2008	2009	September 30, 2008
Cash and cash equivalents segregated under regulations and other	\$ (181)	\$ (53)	\$ (2,887)	\$ (53)
Accounts receivable	(508)	(692)	488	(812)
Investment tax credits recoverable	13	(63)	9	(180)
Prepaid expenses and other receivables	(35)	35	(216)	(162)
Receivables from brokers, dealers and clearing organizations	241	(1,611)	77	429
Other assets	823	(281)	1,565	47
Cash and cash equivalents on deposit with clearing and depository organizations	2,576	(1,990)	(535)	(706)
Payable to brokers, dealers and clearing organizations	(26)	338	(131)	(1,577)
Payable to customers and correspondents	(175)	53	2,266	53
Clearing facility loan	–	–	–	–
Accounts payable and accrued liabilities	(1,389)	1,176	(1,375)	900
Income taxes receivable	9	–	(6)	–
Income taxes payable	–	(7)	–	(13)
	\$ 1,348	\$ (3,095)	\$ (745)	\$ (2,074)

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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 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 or 6-2/3% of aggregate indebtedness", as defined.

As at September 30, 2009, Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC had net capital of U.S.\$8,978 and U.S.\$714 and a net capital requirement of U.S.\$500 and U.S.\$100 respectively.

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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 and nine months ended September 30, 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 and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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 September 30, 2009, \$560 of the Company's accounts receivable are past due. Subsequent to the quarter end \$87 of the past due was collected. Of the remaining past due balances \$455 have been fully provided for and the \$18 balance is estimated to be fully recoverable. All the Company's receivables have been reviewed for indicators of impairment.

At September 30, 2009, two customers accounted for approximately 40% of total accounts receivable (December 31, 2008 - two customers for 22%). For the three months ended September 30, 2009, one customer accounted for 20% of total revenue (three months ended September 30, 2008 - three customers accounted for 25%). For the nine months ended September 30, 2009, one customer accounted for 23% of total revenue (Nine months ended September 30, 2008 - three customers accounted for 17%). 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. During the second quarter of 2009 the Company decided to no longer mitigate its US dollar net asset exposure and sold its remaining foreign currency option contracts. The Company used 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 September 30, 2009 and 2008 is based on quoted market prices and information available at that time. As at September 30, 2009, the Company has nil option contracts (September 30, 2008 - foreign exchange option contracts for the purchase of Cdn.\$12.5 million at US\$0.88 that matured in December 2008). For the three month period ended September 30, 2009, the Company has recorded a realized gain on the foreign exchange option contracts that were settled of approximately \$253 (Three months ended September 30, 2008 - unrealized gain of approximately \$59 on

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

10. Financial instruments (continued):

foreign exchange option contracts that were not settled and a realized loss of approximately \$496 on foreign exchange option contracts that were settled). For the nine-month period ended September 30, 2009 the Company recorded a realized gain of approximately \$368 on foreign exchange option contracts that were settled. (nine month period ended September 30, 2008 – unrealized mark-to-market loss of approximately \$59 on the foreign exchange option contracts and a realized mark-to-market loss of approximately \$940 on foreign exchange option contracts that were settled). 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 September 30, 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 \$156.

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.

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

10. Financial instruments (continued):

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 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:

For the nine months ending September 30, 2009 \$839 was incurred in restructuring charges through the terminations of various employees (Three and nine months ended September 30, 2008 – nil). 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 and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

12. Segmented information (continued):

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

	Three months ended September 31,					
	2009			2008		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction fees	\$ 217	\$ 6,367	\$ 6,584	\$ 407	\$ 8,389	\$ 8,796
Subscription fees	1,148	66	1,214	1,633	131	1,764
Other	289	74	363	308	95	403
	\$ 1,654	\$ 6,507	\$ 8,161	\$ 2,348	\$ 8,615	\$ 10,963
Total assets	\$ 9,636	\$ 27,958	\$ 37,594	\$ 13,990	\$ 27,002	\$ 40,992
Capital assets	\$ 1,359	\$ 1,288	\$ 2,647	\$ 1,875	\$ 1,463	\$ 3,338
Goodwill	\$ –	\$ 1,608	\$ 1,608	\$ –	\$ 1,608	\$ 1,608
Other intangible assets	\$ 33	\$ 282	\$ 315	\$ 54	\$ 458	\$ 512

	Nine months ended September 30,					
	2009			2008		
	Canada	United States	Total	Canada	United States	Total
External revenues:						
Transaction fees	\$ 660	\$ 24,642	\$ 25,302	\$ 1,721	\$ 21,299	\$ 23,020
Subscription fees	3,644	188	3,832	5,024	380	5,404
Other	840	295	1,135	810	293	1,103
	\$ 5,144	\$ 25,125	\$ 30,269	\$ 7,555	\$ 21,972	\$ 29,527
Total assets	\$ 9,636	\$ 27,958	\$ 37,594	\$ 13,990	\$ 27,002	\$ 40,992
Capital assets	\$ 1,359	\$ 1,288	\$ 2,647	\$ 1,875	\$ 1,463	\$ 3,338
Goodwill	\$ –	\$ 1,608	\$ 1,608	\$ –	\$ 1,608	\$ 1,608
Other intangible assets	\$ 33	\$ 282	\$ 315	\$ 54	\$ 458	\$ 512

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

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.

The Company and a customer of the Company have jointly been named as defendants in an action filed by a client of the customer in relation to alleged deficiencies in services and software provided. As a result of the alleged deficiencies, along with direct claims asserted against the Company's customer, the plaintiffs are seeking to recover damages from trading losses, commissions levied, loss of opportunity, loss of profit, loss of fees, audit costs and loss of goodwill and damage to business reputation in the amount of \$4.5 million plus unspecified special damages. As the suit names both the Company and its customer, the Company has no basis to estimate its portion of the claim. The Company does not believe that it is liable for these claims and has engaged legal counsel to vigorously defend the claim. The Company has no direct contractual relationship with the party who filed the suit. In addition, the Company's contract with the customer limits its liability for the services and software provided.

BELZBERG TECHNOLOGIES INC.

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

Three and nine months ended September 30, 2009 and 2008
(Unaudited and in thousands of Canadian dollars, except where otherwise stated)

14. Comparative figures:

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