

Condensed Interim Consolidated Financial Statements
(In Canadian dollars)

FRONTLINE TECHNOLOGIES INC.
(FORMERLY BELZBERG TECHNOLOGIES INC.)

Three months ended March 31, 2011 and 2010
(Not audited or reviewed by the Company's external auditor)

Notice of disclosure of non-auditor review of consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2011 and 2010 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim consolidated financial statements.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Condensed Interim Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

(Not audited or reviewed by the Company's external auditor)

	March 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,482	\$ 8,319	\$ 15,670
Cash segregated under regulations and other	–	2,143	2,805
Cash and cash equivalents on deposit with clearing and depository organizations	–	1,630	1,363
Receivable from brokers, dealers and clearing organizations	–	168	947
Accounts receivable	625	1,718	2,405
Prepaid expenses and other receivables	217	346	468
Securities borrowed	–	6,186	–
Income taxes receivable	–	–	12
Assets held for sale (note 4)	6,208	–	–
	13,532	20,510	23,670
Property and equipment	888	1,075	2,233
Investments	–	30	30
Long-term investment tax credits recoverable	–	–	147
Intangible assets (note 5)	4	77	141
	892	1,182	2,551
Total assets	\$ 14,424	\$ 21,692	\$ 26,221
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,351	\$ 2,336	\$ 5,176
Payable to customers	–	1,733	1,948
Payable to brokers and clearing organizations	–	–	345
Securities loaned	–	6,186	–
Liabilities held for sale (note 4)	3,887	–	–
Total liabilities	5,238	10,255	7,469
Shareholders' equity:			
Share capital (note 6)	23,612	23,612	23,754
Contributed surplus	4,594	4,570	4,182
Deficit	(18,260)	(16,220)	(9,184)
Foreign currency translation reserve	(760)	(525)	–
Total equity	9,186	11,437	18,752
Total liabilities and shareholders' equity	\$ 14,424	\$ 21,692	\$ 26,221

The accompanying notes are an integral part of these condensed interim consolidated financial statements. The consolidated financial statements were approved by the Audit Committee on June 14, 2011 and were signed on its behalf.

"Hoss Astaraki" _____ Director "J. Cameron MacDonald" _____ Director

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(In thousands of Canadian dollars, except per share amounts)
(Not audited or reviewed by the Company's external auditor)

	Three months ended March 31,	
	2011	2010
Revenue	\$ 1,252	\$ 1,416
Operating expenses:		
Compensation and related benefits	922	1,184
Telecommunication and data-feed services	951	1,105
Administrative and other	1,184	1,002
	<u>3,057</u>	<u>3,291</u>
Loss before the undernoted	(1,805)	(1,875)
Foreign exchange loss	32	208
Interest expense	1	1
Interest income	–	(2)
	<u>33</u>	<u>207</u>
Loss before discontinued operations	(1,838)	(2,082)
Loss from discontinued operations (note 4)	(202)	(190)
Loss for the period	(2,040)	(2,272)
Other comprehensive income (loss):		
Change in accumulated foreign currency translation adjustment:		
Current operations	(946)	284
Discontinued operations	711	(835)
	<u>(235)</u>	<u>(551)</u>
Total comprehensive loss	\$ (2,275)	\$ (2,823)
Loss per share:		
Loss from continuing operations per common share - basic and diluted	\$ (0.13)	\$ (0.14)
Loss per common share - basic and diluted	(0.14)	(0.15)
Weighted average number of common shares outstanding (in thousands)	14,638	14,676

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Condensed Interim Consolidated Statements of Changes in Equity

(In thousands of Canadian dollars)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

	Common shares	Share capital	Deficit	Contributed surplus	Foreign currency translation reserve	Total equity
Balance, January 1, 2010	14,726	\$ 23,754	\$ (9,184)	\$ 4,182	\$ –	\$ 18,752
Stock-based compensation	–	–	–	93	–	93
Repurchased for cancellation of common shares	(88)	(142)	–	75	–	(67)
Loss for the period	–	–	(2,272)	–	–	(2,272)
Exchange differences arising on translation of foreign operations	–	–	–	–	(551)	(551)
Balance, March 31, 2010	14,638	23,612	(11,456)	4,350	(551)	15,955
Stock-based compensation	–	–	–	220	–	220
Loss for the period	–	–	(4,764)	–	–	(4,764)
Exchange differences arising on translation of foreign operations	–	–	–	–	26	26
Balance, December 31, 2010	14,638	23,612	(16,220)	4,570	(525)	11,437
Stock-based compensation	–	–	–	24	–	24
Loss for the period	–	–	(2,040)	–	–	(2,040)
Exchange differences arising on translation of foreign operations	–	–	–	–	(235)	(235)
Balance, March 31, 2011	14,638	\$ 23,612	\$ (18,260)	\$ 4,594	\$ (760)	\$ 9,186

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

(Not audited or reviewed by the Company's external auditor)

	Three months ended March 31,	
	2011	2010
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (2,040)	\$ (2,272)
Loss from discontinued operations	202	190
Loss from continuing operations	(1,838)	(2,082)
Adjusted for:		
Depreciation of property and equipment	204	353
Amortization of intangible assets	4	23
Unrealized foreign exchange loss	(217)	(293)
Interest expense	1	1
Interest income	—	(2)
Stock-based compensation	24	93
Changes in non-cash working capital items	264	(425)
Interest paid	(1)	(1)
Interest received	—	2
	(1,559)	(2,331)
Financing activities:		
Repurchase of common shares	—	(67)
Investing activities:		
Purchase of property and equipment	(227)	(88)
Net decrease in cash and cash equivalents from continuing operations	(1,786)	(2,486)
Net decrease in cash and cash equivalents from discontinued operations (note 4)	(51)	(2,387)
Net change in cash and cash equivalents	(1,837)	(4,873)
Cash and cash equivalents, beginning of period	8,319	15,670
Cash and cash equivalents, end of period	\$ 6,482	\$ 10,797

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Notes to Condensed Interim Consolidated Financial Statements

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

1. Reporting entity:

Frontline Technologies Inc. (formerly Belzberg Technologies Inc.), is a company domiciled in Canada. The condensed interim consolidated financial statements of Frontline Technologies Inc. as at and for the three months ended March 31, 2011 comprise Frontline Technologies Inc. and its subsidiaries (together referred to as the "Company"). The Company is a leading provider of order management and routing software for the financial services industry. The Company's customers, who include both broker-dealers and their customers, use the Company's trading software to buy and sell equities and stock options on a variety of exchanges, electronic markets and market makers. The Company's products enable traders to execute and manage large volumes of transactions at high speed, with reliability and security.

The consolidated financial statements of the Company as at and for the year end December 31, 2010 were prepared under Canadian generally accepted accounting principles ("GAAP") and are available upon request from the Company's registered office at 40 King Street West, Suite 3400, Toronto, ON or at www.frontline.ca.

2. Basis of preparation:

(a) Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These are the Company's first International Financial Reporting Standards ("IFRS") condensed interim consolidated financial statements for part of the period covered by the first IFRS annual financial statements and do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported equity, financial position, financial performance and cash flows of the Company is provided in note 12.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 14, 2011.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

2. Basis of preparation (continued):

(b) Basis of measurement:

A summary of the Company's significant accounting policies under IFRS is presented in note 3. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1").

These condensed interim consolidated financial statements have been prepared under the historical cost convention.

(c) Going concern:

The Company's loss for the three months ended March 31, 2011 amounted to \$2,040, (year ended December 31, 2010 - \$7,036) and had available cash and cash equivalents of \$6,482 from continuing operations (year ended December 31, 2010 - \$8,319). The Company's ability to continue operations and fund its expenditures as they come due is dependent on management's ability to improve its operating results.

The financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred significant operating losses and negative cash flows from operations in recent years. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast doubt upon the Company's ability to continue as a going concern.

The Company has entered into an agreement during the three months ended March 31, 2011 to refer its list of U.S. execution clients of its wholly owned U.S. subsidiaries to a third party trade execution provider, ConvergEX Group. The total amount to be received cannot be determined and will be dependent on the amount of execution business referred to the ConvergEX Group during the 2011 year (note 4).

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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2. Basis of preparation (continued):

Subsequent to March 31, 2011, the Company acquired Frontline Technologies Corporation. Frontline Technologies Corporation is a technology service company servicing professional, financial and investment banking communities across Canada. Frontline Technologies Corporation provides IT infrastructure support, network managed services, VOIP services, ISO disaster recovery and other services. The Company believes that through the purchase of Frontline it will establish a larger, more diversified and competitive provider of services and technologies for the professional trading community. Combined, the Company will also benefit from cost savings and synergies in operations, infrastructure and administration (note 11).

3. Significant accounting policies:

(a) Principles of consolidation:

The consolidated financial statements of the Company include the accounts of Frontline Technologies Inc. and its subsidiaries, all wholly owned. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Functional and presentation currency and foreign currency translation:

The Company's presentation and functional currency is the Canadian dollar. The functional currency of the U.S. subsidiaries is the U.S. dollar. All financial information is presented in Canadian dollars and has been rounded to the nearest thousand.

The Company's foreign operating subsidiaries are translated into Canadian dollars using the period end exchange rates while revenue and expenses are translated using average rates over the period. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive income as a separate component of shareholders' equity. As of March 31, 2011, accumulated other comprehensive income is composed solely of foreign currency translation adjustments.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the statements of financial position dates. Revenue and expenses are translated at rates of exchange prevailing on the transaction dates. Any resulting foreign currency translation gains or losses are included in profit or loss in the current period.

(c) Business combinations:

For acquisitions on or after January 1, 2010, the Company measures goodwill as the fair value of consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs, other than those associated with issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with Company policies.

(d) Significant accounting estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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3. Significant accounting policies (continued):

In preparing these condensed interim consolidated financial statements, the significant judgements made by management applying the Company's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements is included in the revenue recognition note.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 6 - Stock-based compensation

Note 10 - Provisions and contingencies

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

(e) Revenue recognition:

The Company's revenue is derived primarily from:

- (i) Subscription fees for providing routing software and services, used for equity and options trading, on a flat fee per terminal or per month basis;
- (ii) Transaction fees for providing routing software and services, used for equity and options trading, on a per share/option or per trade basis and transaction fees for the execution of exchange-traded equity and index options from the floor brokerage; and
- (iii) Other revenue from the development and installation of software for equity and options trading and other revenue from the distribution of financial information and other services.

Revenue is recognized from subscription fees and transaction fees on a monthly basis as the services are provided. Transaction fees from both the broker-dealer and floor brokerage operations are recognized on a trade date basis once the trades have been executed and collectibility is assured. Revenue from the distribution of financial information and other services is recognized on a monthly basis as the services are provided once a contract has been signed and collectibility is assured.

(f) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Discontinued operations:

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

(h) Property and equipment:

(i) Cost:

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after January 1, 2010.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

(ii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Furniture and equipment	10 years
Computer equipment	3 years

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

(i) Intangible assets:

Computer software:

Software acquired by the Company has finite useful lives and is measured at cost less accumulated amortization and accumulated impairment losses. The estimated useful lives of the software acquired are between three and five years. Computer software is amortized on a straight-line basis over its estimated useful life of three to five years.

(j) Impairment of long-term assets:

The carrying value of long-term assets is reviewed for indicators that the carrying value of the asset may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset is estimated. If the carrying value of the asset exceeds the recoverable amount, the asset is written down with an impairment loss recognized in net earnings.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount of which the asset could be sold in an arm's length transaction.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The recoverable amount is limited to the original carrying amount less depreciation and amortization as if no impairment had been recognized for the asset for prior periods.

(k) Assets held for sale:

Non-current assets, or disposal groups consisting of assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sales transaction rather than through continued use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in profit or loss in the period

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

measured. Non-current assets and disposal groups held for sale are presented in current assets and liabilities in the condensed interim consolidated statements of financial position. Assets held for sale are not depreciated, depleted or amortized.

(l) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, as it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Contingencies:

When a contingency is substantiated by confirming events, can be readily measured and will likely result in an economic outflow, a liability is recognized in the condensed interim consolidated financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligations cannot be measured readily or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the condensed interim consolidated financial statements.

(n) Financial instruments:

(i) Non-derivative financial assets:

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

3. Significant accounting policies (continued):

financial assets that are created or retained by the Company are recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, and loans and receivables.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the condensed interim consolidated statements of cash flows.

(ii) Non-derivative financial liabilities:

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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3. Significant accounting policies (continued):

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the condensed interim consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: bank overdrafts, and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital:

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(o) Stock-based compensation:

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The Company records stock-based compensation related to stock options granted using the fair value based method estimated using the Black-Scholes model.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

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3. Significant accounting policies (continued):

Estimating fair value for stock-based compensation requires management to estimate the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield. Actual results could differ from these estimates.

The fair value of the stock options is measured at the grant date, and is recognized, together with a corresponding increase in contributed surplus in equity, over the period that the performance and/or service conditions are fulfilled. The cumulative expense recognized for stock options at each reporting date until the vesting date reflects the extent to which this vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in the condensed interim consolidated statements of comprehensive income.

When stock option awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to equity. The amount of cash received from participants is also credited to equity.

(p) Operating leases:

Operating lease payments are recognized as an expense in the condensed interim consolidated statements of comprehensive income on a straight-line basis over the term of the lease.

(d) Loss per share:

Basic loss per share is computed by dividing loss for the period by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, warrants and compensation options, if dilutive ("dilutive securities"). The number of additional shares is calculated by assuming that outstanding dilutive securities were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

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(Not audited or reviewed by the Company's external auditor)

4. Discontinued operations and assets and liabilities held for sale:

On February 23, 2011, the Company entered into an agreement to refer its list of U.S. execution clients of its wholly owned U.S. subsidiaries, Electronic Brokerage Systems, LLC. and R.C. Sheehan, LLC. ("RCS"), to a third party trade execution provider, ConvergEX Group.

The assets and liabilities related to Electronic Brokerage Systems LLC and RCS are presented as held for sale in the condensed interim consolidated financial statements as follows:

Assets of disposal group classified as held for sale:

Cash and cash equivalents segregated under regulations and other	\$ 3,277
Cash and cash equivalents on deposit with clearing and depository organizations	1,128
Receivable from brokers, dealers and clearing organizations	164
Accounts receivable	1,306
Prepaid expenses and other receivables	57
Property and equipment	193
Investment	30
Intangible assets	53
Total assets	\$ 6,208

Liabilities of disposal group classified as held for sale:

Accounts payable and accrued liabilities	\$ 1,053
Payable to customers and correspondents	2,834
Total liabilities	\$ 3,887

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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4. Discontinued operations (continued):

The results of discontinued operations are as follows:

	Three months ended March 31,	
	2011	2010
Revenue	\$ 1,469	\$ 3,697
Expenses	(1,671)	(3,887)
Loss for the period from discontinued operations	\$ (202)	\$ (190)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)

	Three months ended March 31,	
	2011	2010
Cash flows from discontinued operations:		
Net cash from (used in) operating activities	\$ 10	\$ (2,382)
Net cash used in investing activities	(61)	(5)
Effect on cash flows	\$ (51)	\$ (2,387)

5. Intangible assets:

	March 31, 2011	December 31, 2010	January 1, 2010
Computer software	\$ 280	\$ 508	\$ 448
Less accumulated amortization	276	431	307
	\$ 4	\$ 77	\$ 141

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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6. Share capital:

The following summarizes changes to capital stock during 2011:

(a) Authorized:

Unlimited common shares

(b) Issued:

	Number of common shares (In thousands)	Amount
Balance, January 1, 2010	14,726	\$ 23,754
Common shares repurchased and cancelled	(88)	(142)
Balance, December 31, 2010 and March 31, 2011	14,638	\$ 23,612

(c) Loss per share:

The following table sets forth the computation of loss per share:

	Three months ended March 31,	
	2011	2010
Numerator:		
Loss for the period available to common shareholders	\$ (2,040)	\$ (2,272)
Denominator (in thousands):		
Weighted average number of common shares outstanding - basic and diluted	14,638	14,676
Loss per share:		
Basic and diluted	\$ (0.14)	\$ (0.15)

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6. Share capital (continued):

During the three months ended March 31, 2011, options to purchase 1,328,000 common shares (2010 - 1,048,000) were excluded from the computation of diluted loss per share as the exercise price exceeded the average market price of common shares for the period.

- (d) A summary of the Company's stock option activity for the period ended March 31, 2011 is as follows:

	Number of options (In thousands)	Weighted average exercise price
Outstanding, January 1, 2010	1,563	\$ 2.11
Granted	203	0.61
Forfeited	(135)	2.04
Expired	(103)	2.97
Outstanding, December 31, 2010	1,528	1.86
Forfeited and expired	(200)	(1.38)
Outstanding, March 31, 2011	1,328	1.93
Options exercisable at March 31, 2011	778	\$ 2.61

- (e) Options granted to employees and directors:

The Company recorded compensation expense for the three months ended March 31, 2011 of \$24 (2010 - \$93). These amounts are included in compensation and related benefits.

There were no options granted in the three months ended March 31, 2011. The weighted average grant date fair value for employee and director options granted during the three months ended March 31, 2010 was \$0.30 per share.

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6. Share capital (continued):

These options were valued using the following weighted average assumptions:

	2011	2010
Risk-free interest rate	—	2.70%
Expected life of the options in years	—	5
Expected volatility	—	57.2%

7. Capital disclosures:

The Company's objectives when managing capital are to efficiently provide for the funding of its 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, 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, buy back 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, which were classified as discontinued, 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. \$1,000 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.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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7. Capital disclosures (continued):

As at March 31, 2011, Electronic Brokerage Systems, LLC and Robert C. Sheehan & Associates, LLC had net capital of U.S. \$3,942 and U.S. \$352 and a net capital requirement of U.S. \$1,000 and U.S. \$100 respectively.

8. Financial instruments:

(a) 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, receivable from brokers, dealers and clearing organization, accounts payable and accrued liabilities, payable to customers and correspondents, payable to brokers, dealers and clearing organization and securities loaned. The Company designated its cash and cash equivalents, cash segregated under regulations and other, cash and cash equivalents on deposit with clearing and depository organizations, receivables from brokers, dealers and clearing organization and other asset 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. Accounts receivable are classified as loans and receivables, which are stated at amortized cost. Accounts payable and accrued liabilities, payable to customers and correspondents, payables to brokers, dealers and clearing organization and securities loaned 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.

(b) 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 condensed interim consolidated statements of financial position for accounts receivable are net of allowance 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

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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8. Financial instruments (continued):

limiting exposure to any one financial institution, commercial issuer or investment type and limits the term to maturity to less than one year.

The Company believes that its credit risk with respect to accounts receivable is limited for a number of reasons, including dealing primarily with large Canadian and U.S. banks and 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, 2011, \$214 of the Company's accounts receivable are past due. Subsequent to March 31, 2011, \$49 of the past due amount was collected and the remaining past due balances have been fully provided for. All of the Company's receivables have been reviewed for indicators of impairment.

At March 31, 2011, two customers of accounted for approximately 59% of total accounts receivable in continuing operations (March 31, 2010 - two customers for 52%). For the three months ended March 31, 2011, three customers accounted for 45% of total revenue for continuing operations (March 31, 2010 - three customers for 39%).

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

(c) Currency risk:

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 U.S. dollar. Based on the balance of net assets carried in the balance sheet of the U.S. operations as at March 31, 2011, if the Canadian dollar appreciated by 1 cent against the U.S. dollar with all other variables held constant, the impact of the foreign currency change on the U.S. denominated financial instruments would lead to a negative effect on other comprehensive income for the three months ended March 31, 2011 and foreign currency translation reserve as at March 31, 2011 of approximately \$88.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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Three months ended March 31, 2011 and 2010

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8. Financial instruments (continued):

(d) 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 has sufficient liquidity to meet its liabilities when due over the next 12 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 for discontinued operations, capital expenditures and working capital needs. The Company uses its operating cash flows, clearing facility and cash balances to maintain its liquidity.

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

9. Segmented information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Executive Team who are considered to be the Company's "chief-operating decision maker". The Executive Team has determined that the Company operates and manages its continuing operations in a single operating segment. Continuing operations are located in Canada and the United States of America. All of the Company's continuing operating revenue is derived from Canada.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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10. Guarantees and contingencies:

(a) Guarantees:

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:

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 \$4,500 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 its customer limits the Company's liability for the services and software provided.

There exist certain other claims and potential claims against the Company, none of which is expected to have a material adverse effect on the consolidated financial position of the Company.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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11. Subsequent event:

- (a) On April 13, 2011, the Company announced the completion of the acquisition of Frontline Technologies Corporation for a purchase price of \$3,916 payable in cash and Class A restricted shares. The acquisition, including transaction costs, was funded with issuance of approximately \$2,916 million new equity and the balance from excess cash. The Company obtained control by acquiring 100% of the shares and voting interests in the company. At the same time of the acquisition the Company also announced a change in name from Belzberg Technologies Inc. to Frontline Technologies Inc.

Frontline Technologies Corporation is located in Toronto and is a technology service company serving the professional, financial and investment banking communities across Canada. Frontline Technologies Corporation provides outsourced IT infrastructure management, technical support, managed email and file hosting, disaster recovery planning and network sales; a suite of services designed to comprehensively meet the technology needs of, and offer "one stop shopping" for, its clients.

The Company believes that the proposed Frontline Technologies Corporation acquisition offers substantial opportunities for both companies to achieve success faster. The evolution of the technology industry and the challenging economic climate have highlighted the need for scale and operating efficiencies. By combining two businesses of similar size and scope, the Company expects to enhance the Frontline Technologies Corporation's operations and gain a larger base from which to build.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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11. Subsequent event (continued):

The estimated net assets acquired and consideration transferred are estimated as follows:

<hr/>	
Net assets acquired, at fair value:	
Current assets	\$ 565
Property and equipment	783
Payables and other current liabilities	(422)
Deferred income tax liability	(73)
Deferred revenue	(299)
Loan payable	(237)
Long-term debt	(1,900)
Total net identifiable assets	(1,583)
Goodwill	5,499
	<hr/>
	\$ 3,916
<hr/>	
Consideration transferred:	
Cash	\$ 1,000
Equity instruments (7,881,926 shares at \$0.37 per share)	2,916
	<hr/>
	\$ 3,916
<hr/>	

Goodwill is attributable to the purchase price in excess of the amounts allocated to the identifiable assets and liabilities acquired. Goodwill arose because the consideration paid effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the business.

The Company has not completed its assessment and valuation of the assets acquired and liabilities assumed for this acquisition which includes a valuation of intangible assets related to computer software technology, customer relationships and customer contracts. As a result, the amount of the purchase price in excess of the carrying value of the acquired assets and liabilities has not been fully allocated to the acquired assets and liabilities and may be subject to adjustment pending completion of the final valuations.

- (b) On February 23, 2011 the company entered into an agreement to refer its list of U.S. execution clients (see note 4). As at June 14, 2011 all clients of RCS have been migrated to ConvergEx Group and no payments have been received by the Company.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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12. Explanation of transition to IFRS:

The condensed interim consolidated financial statements for the three months ended March 31, 2011 are the Company's first condensed interim consolidated financial statements prepared under IFRS. For all accounting periods prior to this, the Company prepared its consolidated financial statements under Canadian GAAP. In accordance with IFRS 1, certain disclosures relating to the transition to IFRS are given in this note. These disclosures are prepared under IFRS as set out in the basis of preparation in note 2.

(a) Voluntary exemptions:

IFRS 1 allows first time adopters to IFRS to take advantage of a number of voluntary exemptions from the general principle of retrospective restatement. The Company has taken the following exemptions:

(i) Business combinations:

IFRS 1 provides the option to apply IFRS 3, Business Combinations ("IFRS 3"), retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company has elected not to apply IFRS 3 retrospectively to business combinations that occurred prior to the transition date and such business combinations will not be restated. As a result of applying this exemption, except as required under IFRS 1, any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying value previously determined under previous GAAP.

(ii) Fair value as deemed cost:

IFRS 1 permits measuring, at the date of transition, an item of property and equipment or intangible assets that meet the criteria specified in IAS 38, Intangible Assets, at either its fair value at the transition date and using those amounts as deemed cost, or using the historical valuation under previous Canadian GAAP. The Company will continue to apply the historical cost model to property and equipment and intangible assets and will not restate to fair value under IFRS. The Company will use the historical basis under previous Canadian GAAP as deemed cost under IFRS at the transition date.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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12. Explanation of transition to IFRS (continued):

(iii) Cumulative Translation Account ("CTA"):

IFRS 1 provides the option to elect translation gains or losses in accumulated other comprehensive loss to be reclassified to retained earnings. The Company has reset the current CTA balance to zero as at January 1, 2010.

(iv) Share-based payment transactions:

IFRS 1 does not require first-time adopters to apply the requirements of IFRS 2, Share-Based Payment ("IFRS 2"), to equity instruments that were granted on or prior to November 7, 2002 or to equity instruments that were granted after November 7, 2002 and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to stock options issued on or prior to November 7, 2002 nor to liabilities arising from share-based payment transactions that were settled prior to the date of transition to IFRS.

(b) IFRS mandatory exceptions:

Set forth below is the applicable mandatory exceptions in IFRS 1 applied in the conversion from Canadian GAAP to IFRS:

Estimates:

An entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous Canadian GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

(c) Reconciliation of Canadian GAAP to IFRS:

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The restatement from Canadian GAAP to IFRS had no significant impact on the reported cash flows generated by the Company for the three months ended March 31, 2010 or the year ended December 31, 2010. The reconciling items between Canadian GAAP presentation and IFRS have no significant effect on the cash flows generated.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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12. Explanation of transition to IFRS (continued):

The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods:

Reconciliation of Equity and Financial Position

	Note	December 31, 2010			March 31, 2010			January 1, 2010		
		Canadian GAAP	IFRS adjustments	IFRS	Canadian GAAP	IFRS adjustments	IFRS	Canadian GAAP	IFRS adjustments	IFRS
Assets										
Current assets:										
Cash and cash equivalents		\$ 8,319	\$ -	\$ 8,319	\$ 10,797	\$ -	\$ 10,797	\$ 15,670	\$ -	\$ 15,670
Cash segregated under regulations and other		2,143	-	2,143	2,863	-	2,863	2,805	-	2,805
Cash and cash equivalents on deposit with clearing and depository organizations		1,630	-	1,630	1,647	-	1,647	1,363	-	1,363
Receivable from brokers, dealers and clearing organizations		168	-	168	622	-	622	947	-	947
Accounts receivable		1,718	-	1,718	2,842	-	2,842	2,405	-	2,405
Prepaid expenses and other receivables		346	-	346	487	-	487	468	-	468
Securities borrowed		6,186	-	6,186	-	-	-	-	-	-
Income taxes receivable		-	-	-	12	-	12	12	-	12
		20,510	-	20,510	19,270	-	19,270	23,670	-	23,670
Property and equipment	(i)	1,096	(21)	1,075	1,884	(264)	1,620	2,233	-	2,233
Investments		30	-	30	30	-	30	30	-	30
Long-term investment tax credits recoverable		-	-	-	142	-	142	147	-	147
Intangible assets		77	-	77	104	-	104	141	-	141
		\$ 21,713	\$ (21)	\$ 21,692	\$ 21,430	\$ (264)	\$ 21,166	\$ 26,221	\$ -	\$ 26,221
Liabilities and Shareholders' Equity										
Current liabilities:										
Accounts payable and accrued liabilities		\$ 2,336	\$ -	\$ 2,336	\$ 3,146	\$ -	\$ 3,146	\$ 5,176	\$ -	\$ 5,176
Payable to customers		1,733	-	1,733	2,065	-	2,065	1,948	-	1,948
Payable to brokers, dealers and clearing organization		-	-	-	-	-	-	345	-	345
Securities loaned		6,186	-	6,186	-	-	-	-	-	-
		10,255	-	10,255	5,211	-	5,211	7,469	-	7,469
Shareholders' equity:										
Share capital		23,612	-	23,612	23,612	-	23,612	23,754	-	23,754
Contributed surplus	(ii)	4,391	179	4,570	4,198	152	4,350	4,044	138	4,182
Deficit	(i), (ii)	(16,545)	325	(16,220)	(11,591)	135	(11,456)	(9,046)	(138)	(9,184)
Foreign currency translation reserve	(i)	-	(525)	(525)	-	(551)	(551)	-	-	-
		11,458	(21)	11,437	16,219	(264)	15,955	18,752	-	18,752
		21,713	\$ (21)	\$ 21,692	\$ 21,430	\$ (264)	\$ 21,166	\$ 26,221	\$ -	\$ 26,221

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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12. Explanation of transition to IFRS (continued):

Reconciliation of Loss and Comprehensive Loss

December 31, 2010	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
Revenue:					
Transaction fees:					
Equity order flow and clearing	(v)	\$ 847	\$ –	\$ (847)	\$ –
Options and futures contracts	(v)	84	–	(84)	–
Subscription fees	(v)	3,348	–	(3,348)	–
Other	(v)	1,092	–	(1,092)	–
		5,371	–	(5,371)	5,371
Operating expenses:					
Compensation and related benefits	(iii)	3,804	41	–	3,845
Telecommunication and datafeed services		4,086	–	–	4,086
Administrative and other	(iv)	3,818	(32)	–	3,786
		11,708	9	–	11,717
Loss before the undernoted		(6,337)	(9)	–	(6,346)
Foreign exchange loss (gain)	(iv)	(434)	658	–	224
Interest expense		4	–	–	4
Interest income		(2)	–	–	(2)
		(432)	658	–	226
Loss for the period before discontinued operations		(5,905)	(667)	–	(6,572)
Loss from discontinued operations	(iv)	1,594	(1,130)	–	464
Loss for the period		(7,499)	463	–	(7,036)
Other comprehensive loss:					
Change in accumulated foreign currency translation adjustment:					
Continuing operations	(iv)	–	(632)	–	(632)
Discontinued operations	(iv)	–	1,157	–	1,157
		–	525	–	525
Total comprehensive loss		\$ (7,499)	\$ (62)	\$ –	\$ (7,561)

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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12. Explanation of transition to IFRS (continued):

Reconciliation of Loss and Comprehensive Loss

March 31, 2010	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
Revenue:					
Transaction fees:					
Equity order flow and clearing	(v)	\$ 215	\$ –	\$ (215)	\$ –
Options and futures contracts	(v)	10	–	(10)	–
Subscription fees	(v)	935	–	(935)	–
Other	(v)	256	–	(256)	–
		1,416	–	(1,416)	1,416
Operating expenses:					
Compensation and related benefits	(iii)	1,170	14	–	1,184
Telecommunication and datafeed services		1,105	–	–	1,105
Administrative and other	(iv)	1,009	(7)	–	1,002
		3,284	7	–	3,291
Loss before the undernoted		(1,868)	(7)	–	(1,875)
Foreign exchange loss (gain)	(iv)	(229)	437	–	208
Interest expense		1	–	–	1
Interest income		(2)	–	–	(2)
		(230)	437	–	207
Loss for the period before discontinued operations		(1,638)	(444)	–	(2,082)
Loss from discontinued operations	(iv)	907	(717)	–	190
Loss for the period		(2,545)	273	–	(2,272)
Other comprehensive loss:					
Change in accumulated foreign currency translation adjustment:					
Continuing operations	(iv)	–	(284)	–	(284)
Discontinued operations	(iv)	–	835	–	835
		–	551	–	551
Total comprehensive loss		\$ (2,545)	\$ (278)	\$ –	\$ (2,823)

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Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

12. Explanation of transition to IFRS (continued):

Notes to the reconciliations:

(i) Foreign currency translation:

Under Canadian GAAP, the Company classified its foreign operations as integrated foreign operations and the temporal method of translation whereby monetary items on the balance sheet were translated at prevailing exchange rate at end of the reporting period and non-monetary items were translated at the exchange rates prevailing at the applicable transaction dates. Foreign exchange gains and losses were charged to the statement of income for the period. Under IAS 21, The Effects of Changes in Foreign Currency Rates ("IAS 21"), an entity's functional currency is the currency of the primary economic environment in which it operates. The functional currency for the Company's U.S. operations is U.S. dollars and the translation to Canadian dollars on consolidation occurs using the current method whereby all assets and liabilities are translated at the closing rate at the end of the period. For the reporting periods, translation gains and losses resulting from the consolidation of foreign operations in the U.S. results in translation gains or losses being recognized in other comprehensive loss in the statement of loss and other comprehensive loss and a foreign currency translation loss being recognized as a separate component of shareholders' equity on the balance sheet.

The application of IAS 21 as at March 31, 2010 results in a \$264 decrease in property and equipment, a \$287 decrease to deficit and a \$551 negative addition to the foreign currency translation reserve.

The application of IAS 21 as at December 31, 2010 results in a \$21 decrease in property and equipment, a decrease to deficit of \$504 and a \$525 negative addition to the foreign currency translation reserve.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

12. Explanation of transition to IFRS (continued):

(ii) Stock-based compensation:

Under IFRS 2, each stock option grant must be accounted for as a separate arrangement with its own distinct fair value measurement. Compensation cost for each vesting tranche is recognized over its own distinct vesting period. Under Canadian GAAP, share based awards were permitted to be valued using a pooled approach and the expense could be amortized on a straight-line basis over the pooled vesting period of the awards.

The Company has adopted the option under IFRS 1, to apply IFRS 2 only to equity instruments granted after November 7, 2002 and that were unvested as at January 1, 2010. The application of IFRS 2 as at January 1, 2010 results in a \$138 increase to contributed surplus and a corresponding decrease to opening deficit.

The application of IFRS 2 during the three months ended March 31, 2010 results in a \$152 increase in contributed surplus and corresponding increase to deficit.

The application of IFRS 2 during the 2010 fiscal year end results in a \$179 increase in contributed surplus and corresponding increase to deficit.

(iii) Stock-based compensation adjustment:

The application of IFRS 2 during the three months ended March 31, 2010 results in a \$14 increase to stock-based compensation.

The application of IFRS 2 during the year ended December 31, 2010 results in a \$41 increase to stock-based compensation.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

12. Explanation of transition to IFRS (continued):

(iv) Change in foreign exchange rates:

The application of IAS 21 for the year ended December 31, 2010 results in a decrease of \$32 to depreciation of property and equipment, a \$658 increase to foreign exchange loss, a \$1,130 decrease to loss from discontinued operations, a \$1,157 addition to foreign currency translation loss for continuing foreign operations and a \$632 negative addition to foreign currency translation loss for discontinued foreign operations.

The application of IAS 21 for the three months ended March 31, 2010 results in a decrease of \$7 to depreciation of property and equipment, a \$437 increase to foreign exchange loss, a \$717 decrease to loss from discontinued operations, a \$835 addition to foreign currency translation loss for continuing foreign operations and a \$284 negative addition to foreign currency translation loss for discontinued foreign operations.

(v) Presentation and other:

Financial statement presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP. The Company reclassified its disclosure of revenue to comply with IFRS requirements.

FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Notes to Condensed Interim Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010

(Not audited or reviewed by the Company's external auditor)

Shareholder Information

Investor Contact

David Evans	
Telephone:	416.360.1812
e-mail:	investorinfo@frontline.ca
website:	www.frontline.ca/ www.belzberg.com

Corporate Offices

Canada:

Toronto (Head Office)	40 King St. West, Suite 3400 Toronto, ON M5H 3Y2	
	Telephone:	416.360.1812

Montreal	360 St. Jacques West, Ste 415 Montreal, Quebec H2Y 1P5	
	Telephone:	514.380.8558

United States:

New York	55 Broad Street 28th Floor New York, NY 10004	
	Telephone:	212.646.5022

Chicago	141 West Jackson Blvd., Suite 35510 Chicago Board of Trade Building Chicago, IL 60604	
	Telephone:	312.986.6250

Transfer Agent	Valiant Trust – Canadian Western Bank Group Suite 1800, 130 King Street West, Toronto, ON M5X 1A9	
	Telephone:	416.360.1481
	website:	www.valianttrust.com

Auditors	KPMG LLP Toronto, ON	
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Legal Counsel	Gardiner Roberts LLP Toronto, ON	
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Market	Toronto Stock Exchange	Symbol: FLC
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FRONTLINE TECHNOLOGIES INC.

(FORMERLY BELZBERG TECHNOLOGIES INC.)

Notes to Condensed Interim Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except per share amounts and where otherwise stated)

Three months ended March 31, 2011 and 2010
(Not audited or reviewed by the Company's external auditor)

Board of Directors

Hoss Astaraki

Chairman and Chief Executive Officer of the Company

Justin Hughes

Managing Member of Philadelphia Financial of San Francisco

J. Cameron MacDonald

President and CEO of Goodwood Inc.

Stephen Sadler

Chairman and CEO of Enghouse Systems Limited

Keith R. Harris

Private Investor

Deborah Robinson

Managing Director and founder of Bay Street HR

Rick Ness

Managing Partner of Tactico Inc.

OFFICERS

Hoss Astaraki

Chairman and Chief Executive Officer of the Corporation

David Evans

Chief Financial Officer