
GREY HORSE CORPORATION
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Three and nine months ended September 30, 2009 and 2008

(unaudited)

Responsibility for Financial Statements

The accompanying consolidated financial statements for Grey Horse Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2008 annual audited financial statements. Only accounting changes have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors' Involvement

The auditors of Grey Horse Corporation have not performed a review of the unaudited consolidated financial statements for the three and nine months ended September 30, 2009 and September 30, 2008.

GREY HORSE CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS

As At:	September 30, 2009 (unaudited)	December 31, 2008 (audited)
Assets		
Current		
Cash and cash equivalents (Note 16)	\$ 10,859,271	\$ 10,160,062
Accounts receivable	1,515,863	1,892,955
Derivative assets	1,752,873	863,649
Current income taxes receivable	-	-
Prepays and other current assets	392,345	301,965
	14,520,352	13,218,631
Cash in escrow (Note 13)	-	1,740,000
Fixed assets (Note 6)	1,442,615	1,390,342
Goodwill	8,777,886	5,981,288
Intangibles (Note 7)	2,287,742	2,373,043
	\$ 27,028,595	\$ 24,703,304
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 1,179,879	\$ 1,718,504
Derivative liabilities	1,752,873	808,992
Customer funds held (Note 4)	1,008,549	2,209,141
Current income taxes payable	621,833	705,406
Deferred revenue	378,043	259,606
Future income taxes	15,005	2,657
	4,956,182	5,704,306
Future income taxes	478,854	461,483
	5,435,036	6,165,789
Shareholders' Equity		
Share capital (Note 8)	13,113,859	12,240,408
Contributed surplus	1,134,162	780,715
Retained earnings	7,345,538	5,516,392
	21,593,559	18,537,515
	\$ 27,028,595	\$ 24,703,304

Commitments (Note 14)

Approved on Behalf of the Board of Directors

/signed/ - Kevin Reed

Director

/signed/ - Paul G. Smith

Director

GREY HORSE CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited)

Nine months ended September 30, 2009 and 2008.

	Share Capital		Contributed	Retained	Total
	Shares	Amount	Surplus	Earnings	Shareholders' Equity
Balance December 31, 2007	6,675,225	\$12,309,544	\$372,332	\$5,226,264	\$17,908,140
Share repurchases pursuant to normal course issuer bid	(375,900)	(693,184)	-	(2,266,793)	(2,959,977)
Shares issued pursuant to stock options exercised	300,000	491,280	(41,280)	-	450,000
Shares issued pursuant to acquisition of subsidiary	33,582	269,966	-	-	269,966
Net income	-	-	-	2,214,564	2,214,564
Stock based compensation expense	-	-	321,666	-	321,666
Balance September 30, 2008	6,632,907	\$12,377,606	\$652,718	\$5,174,035	\$18,204,359
Balance December 31, 2008	6,558,507	\$12,240,408	\$780,715	\$5,516,392	\$18,537,515
Share repurchases pursuant to normal course issuer bid	(79,800)	(147,930)	-	(259,483)	(407,413)
Shares issued pursuant to acquisition of subsidiary	210,219	1,021,381	-	-	1,021,381
Net income	-	-	-	2,088,629	2,088,629
Stock based compensation expense	-	-	353,447	-	353,447
Balance September 30, 2009	6,688,926	\$13,113,859	\$1,134,162	\$7,345,538	\$21,593,559

GREY HORSE CORPORATION

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME AND
RETAINED EARNINGS**

(unaudited)

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2009	2008	2009	2008
Revenue	\$ 6,427,127	\$ 5,687,023	\$ 15,491,768	\$ 14,566,715
Expenses				
Selling, general and administration	3,779,626	3,531,525	11,721,149	10,623,271
Operating earnings before the undernoted items	2,647,501	2,155,498	3,770,619	3,943,444
Amortization of fixed assets	66,633	71,907	198,290	175,639
Loss on disposal of fixed assets	-	-	-	25,395
Amortization of intangible assets	92,926	69,192	282,938	220,662
Income before income taxes	2,487,942	2,014,399	3,289,391	3,521,748
Income taxes				
Current	845,532	729,093	1,171,043	1,308,323
Future	6,839	(3,243)	29,719	(1,139)
	852,371	725,850	1,200,762	1,307,184
Net income and comprehensive income	1,635,571	1,288,549	2,088,629	2,214,564
Retained earnings, beginning of period	5,969,450	4,078,398	5,516,392	5,226,264
Net income and comprehensive income	1,635,571	1,288,549	2,088,629	2,214,564
Excess of purchase price over stated capital of common shares purchased for cancellation	(259,483)	(192,912)	(259,483)	(2,266,793)
Retained earnings, end of period	\$ 7,345,538	\$ 5,174,035	\$ 7,345,538	\$ 5,174,035
Basic income per share (Note 10)	\$ 0.25	\$ 0.19	\$ 0.32	\$ 0.34
Diluted income per share (Note 10)	\$ 0.25	\$ 0.19	\$ 0.32	\$ 0.33

GREY HORSE CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2009	2008	2009	2008
Cash flows provided by (used in)				
Operating Activities				
Net income and comprehensive income	\$ 1,635,571	\$ 1,288,549	\$ 2,088,629	\$ 2,214,564
Adjustments for non-cash items:				
Amortization of fixed assets	66,633	71,907	198,290	175,639
Loss on disposal of assets	-	-	-	25,395
Amortization of intangible assets	92,926	69,192	282,938	220,662
Stock-based compensation	102,494	131,848	353,447	321,666
Net loss on derivative contracts	532	-	54,657	-
Future income taxes	6,839	(3,243)	29,719	(1,139)
Cash flow from operations	1,904,995	1,558,253	3,007,680	2,956,787
Changes in working capital				
Accounts receivable	178,867	757,138	377,092	279,504
Prepays and other current assets	36,316	146,650	(90,380)	(138,958)
Accounts payable and accrued liabilities	(182,978)	(334,697)	(553,202)	(541,472)
Customer funds held	(1,689,296)	206,957	(1,200,592)	206,957
Current income taxes payable/receivable	727,851	522,816	(83,573)	(340,649)
Deferred revenue	51,937	(14,559)	118,437	71,805
	1,027,692	2,842,558	1,575,462	2,493,974
Financing Activities				
Issue of common shares, net of share issue costs	-	-	-	450,000
Shares repurchased pursuant to normal course issue bid	(392,836)	-	(392,836)	(2,689,245)
Repayments of loans	-	(284,950)	-	(284,950)
	(392,836)	(284,950)	(392,836)	(2,524,195)
Investing Activities				
Acquisition of wholly-owned subsidiary (Note 5)	(893,783)	238,812	(1,775,217)	238,812
Funds released from / (placed into) escrow	870,000	(1,740,000)	1,740,000	(1,740,000)
Addition of fixed assets	(217,544)	(52,405)	(250,563)	(531,459)
Addition of intangibles	(27,672)	(45,056)	(197,637)	(286,864)
	(268,999)	(1,598,649)	(483,417)	(2,319,511)
Increase (decrease) in cash and cash equivalents	365,857	958,959	699,209	(2,349,732)
Cash and cash equivalents at the beginning of period	10,493,414	8,969,644	10,160,062	12,278,335
Cash and cash equivalents at the end of period	\$ 10,859,271	\$ 9,928,603	\$ 10,859,271	\$ 9,928,603

Supplemental cash flow information (Note 12)

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

1. Interim consolidated financial statements

These interim consolidated financial statements include the accounts, assets and operations of the Company and its wholly-owned subsidiaries, Equity Transfer & Trust Company ("Equity"), Equity Foreign Exchange Services Inc. ("EFX"), Equity Securities Inc. ("ESI") and Global Corporate Compliance Inc. ("Global")

On July 11, 2009, the Company combined the foreign exchange operations of EFX and ToroFx Inc. ("Toro") through a legal amalgamation. The Company's foreign exchange segment continues to operate under the name Equity Foreign Exchange Services Inc.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to interim consolidated financial statements. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim consolidated financial statements. Such adjustments consist of normal recurring accruals. The interim consolidated financial statements follow the same accounting policies and methods of application as the December 31, 2008 annual audited consolidated financial statements, except for changes as outlined in Note 2. These interim consolidated financial statements do not include all of the information and notes required by Canadian generally accepted accounting principles for annual consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

2. Changes in accounting policies

On January 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets". This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. As required by this standard, the Company retroactively reclassified computer software assets from fixed assets to intangible assets. The Company has also reclassified computer software amortization from amortization of fixed assets to amortization of intangible assets. There was no impact on previously reported net income and comprehensive income.

3. New accounting pronouncements

In December 2008, the CICA issued Handbook Section 1582 "Business Combinations" which replaces Section 1581 "Business Combinations". Also in December 2008, the CICA issued Handbook Section 1601 "Consolidated Financial Statements" and 1602 "Non Controlling Interests" to replace Section 1600 "Consolidated Financial Statements". The new Section 1582 shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. If an entity applies this Section before January 1, 2011, it shall disclose that fact and apply Consolidated Financial Statements, Section 1601, and Non-Controlling Interests, Section 1602, at the same time. The Company is currently evaluating the potential impacts and developing its plan accordingly.

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS"). The conversion to IFRS will be required for the Company for interim and annual financial statements beginning on January 1, 2011 and the Company is currently evaluating the potential impacts and developing its plan accordingly.

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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4. Customer funds held

Customer funds held are non-interest bearing and are comprised of cash and cash equivalent amounts held for foreign exchange transactions not settled by period end and margin deposits on foreign exchange forward contracts and foreign exchange options.

5. Acquisition

On July 2, 2008 the Company acquired 100% of the shares of Toro, a company operating out of Toronto that provides foreign exchange services. The acquisition was accounted for using the purchase method and accordingly these consolidated financial statements include the assets and results of operations for Toro since the date of acquisition. The initial purchase price consisted of cash of \$880,134 and shares valued at \$269,966 plus \$146,580 reclassified from deferred acquisition costs. The 33,582 shares issued were valued based on the market price of the GHC shares over a reasonable period before and after the date the terms of the business combination were agreed to and announced. On closing, in accordance with the terms of the share purchase agreement, the Company also loaned \$319,900 to Toro to be used for working capital and to repay shareholder loans and notes payable.

Contingent on Toro meeting certain financial performance targets and in accordance with the terms of the original and subsequently amended share purchase agreement for the acquisition of Toro, the company paid the following amounts on the dates specified below:

On February 17, 2009, the Company paid additional consideration consisting of \$870,000 cash released from escrow, 22,605 issued shares valued at \$116,958 plus costs of \$11,434 for a total of \$998,392 which increased goodwill.

On August 14, 2009, the Company paid additional consideration consisting of \$870,000 cash released from escrow, 85,014 issued shares valued at \$412,148 plus costs of \$15,535 for a total of \$1,297,683 which increased goodwill.

On September 23, 2009, in order to complete all aspects of the Toro acquisition, the Company negotiated an arrangement with the former owners of Toro to settle the remaining contingency pertaining to financial performance targets to be met on July 2, 2010. Under the terms of the settlement, the Company issued into escrow 102,600 common shares valued at \$492,275 based on the quoted market price of the Company's common shares at the time of settlement. The shares will be released from escrow on August 15, 2010. The fair market value of the shares plus costs of \$8,248 resulted in an increase to goodwill of \$500,523.

As at September 30, 2009 the assigned fair values of the underlying assets and liabilities acquired by the Company are summarized as follows:

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

5. Acquisition (continued)

	July 2, 2008	February 17, 2009	August 14, 2009	September 23, 2009	Total
Cash	\$ 1,118,846	\$ -	\$ -	\$ -	\$ 1,118,846
Fixed Assets	73,923	-	-	-	73,923
Future income tax asset	100,000	-	-	-	100,000
Derivative assets	170,000	-	-	-	170,000
Current liabilities	(166,394)	-	-	-	(166,394)
Derivative liabilities	(170,000)	-	-	-	(170,000)
Customer deposits	(1,101,497)	-	-	-	(1,101,497)
Deferred revenue	(20,732)	-	-	-	(20,732)
Loans payable	(284,950)	-	-	-	(284,950)
Goodwill	1,577,484	998,392	1,297,683	500,523	4,374,082
	\$ 1,296,680	\$ 998,392	\$ 1,297,683	\$ 500,523	\$ 4,093,278

6. Fixed assets

	Cost	Accumulated Amortization	September 30 2009 Book Value
Furniture	\$ 701,423	\$ 287,698	\$ 413,725
Computer equipment & infrastructure	962,776	345,509	617,267
Leasehold improvements	507,253	95,630	411,623
	\$ 2,171,452	\$ 728,837	\$ 1,442,615

	Cost	Accumulated Amortization	December 31, 2008 Book Value
Furniture	\$ 675,822	\$ 215,830	\$ 459,992
Computer equipment & infrastructure	738,988	265,824	473,164
Leasehold improvements	506,079	48,893	457,186
	\$ 1,920,889	\$ 530,547	\$ 1,390,342

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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7. Intangibles

	September 30, 2009	December 31, 2008
Intangibles with definite life		
Customer relationships	\$ 1,830,000	\$ 1,830,000
Less accumulated amortization	(649,112)	(537,611)
	<u>1,180,888</u>	<u>1,292,389</u>
Intangibles with indefinite life		
License costs	464,143	464,143
Computer Software		
Purchased computer software	894,317	867,508
Internally developed computer software	522,591	351,763
Less accumulated amortization	(774,197)	(602,760)
	<u>642,711</u>	<u>616,511</u>
	<u>\$ 2,287,742</u>	<u>\$ 2,373,043</u>

8. Share capital

The authorized capital of the Company consists of an unlimited number of no par value common shares.

	Number of Shares	Amount
Issued and outstanding at December 31, 2008	6,558,507	\$ 12,240,408
Issued as consideration for purchase of Toro (Note 5)	210,219	1,021,381
Purchase of shares for cancellation (a)	(79,800)	(147,930)
Issued and outstanding at September 30, 2009	<u>6,688,926</u>	<u>13,113,859</u>

(a) In September 2009, the Company initiated a normal course issuer bid that allowed for a maximum of 333,306 of the total outstanding common shares to be purchased for cancellation during the period from September 11, 2009 to September 10, 2010. During the nine months ending September 30, 2009, the Company has repurchased for cancellation 79,800 common shares at an average price of \$5.11 for total costs of \$407,413, resulting in an excess of \$259,483 over the carrying value of the share capital, which was charged to retained earnings.

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

9. Stock options

A summary of the Company's stock options is presented below:

	Number of Stock Options		Weighted Average Exercise Price	
	Sept.30, 2009	December 31, 2008	Sept.30, 2009	December 31, 2008
Opening balance	523,422	737,422	\$ 7.36	\$ 4.94
Options granted	67,500	103,000	4.92	7.55
Options exercised	-	(300,000)	-	(1.50)
Options expired	(15,166)	(17,000)	(6.40)	(7.00)
Ending balance	575,756	523,422	\$ 7.10	\$ 7.36

The following table reflects the stock options outstanding at September 30, 2009:

Number of Exercisable Options	Number of Options	Exercise Price	Expiry Date
2,000	2,000	\$ 2.25	May 24, 2015
10,000	10,000	\$ 5.35	September 25, 2016
294,842	339,162	\$ 6.95	March 6, 2012
4,000	6,000	\$ 6.69	May 15, 2012
10,705	14,750	\$ 8.30	June 8, 2012
6,778	9,748	\$ 10.00	September 18, 2012
22,994	40,762	\$ 10.25	November 12, 2012
6,667	20,000	\$ 8.50	February 26, 2013
3,334	10,000	\$ 6.25	May 22, 2013
50,000	50,000	\$ 7.35	August 19, 2013
5,834	10,834	\$ 8.04	August 19, 2013
-	2,500	\$ 4.75	December 5, 2013
-	7,500	\$ 5.26	March 12, 2014
12,500	42,500	\$ 4.90	August 11, 2014
2,500	10,000	\$ 4.75	August 20, 2014
432,154	575,756		

The Black-Scholes option pricing model was used to value the options on the date of grant and the related assumptions used by management are outlined in the table below. Management uses the option term to estimate expected life, Bank of Canada government bond rates to estimate the risk-free interest rate and past share price data to judgmentally estimate expected volatility.

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

9. Stock options(continued)

Stock options granted in the nine months ended September 30, 2009:

Number of Options	Date Granted	Recipient(s)	Fair Value	Vesting Period (years)	Black-Scholes assumptions			
					Risk-free interest rate (%)	Expected life (years)	Expected volatility (%)	Dividend yield (%)
10,000	August 20	Director	\$14,731	1 year	2.5%	5 years	30%	-
50,000	August 11	Directors	\$79,683	1 year	2.6%	5 years	30%	-
7,500	March 12	Employee	\$14,867	3 years	1.9%	5 years	40%	-

Stock options granted in the year ended December 31, 2008:

Number of Options	Date Granted	Recipient(s)	Fair Value	Vesting Period (years)	Black-Scholes assumptions			
					Risk-free interest rate (%)	Expected life (years)	Expected volatility (%)	Dividend yield (%)
2,500	December 5	Employee	\$4,979	3 years	2.2%	5 years	45%	-
17,500	August 19	Employees	\$42,018	3 years	3.1%	5 years	35%	-
50,000	August 19	Directors	\$131,888	1 year	3.1%	5 years	35%	-
10,000	May 22	Employee	\$25,050	3 years	3.3%	5 years	40%	-
23,000	February 26	Employees	\$71,474	3 years	3.4%	5 years	35%	-

The weighted average grant date fair value of options granted during the nine months ended September 30, 2009 was \$1.62 (year ended December 31, 2008 - \$2.65).

GREY HORSE CORPORATION**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

10. Per share amounts

The following table sets out the computation of basic and diluted earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Numerator				
Earnings - basic	\$ 1,635,571	\$ 1,288,549	\$ 2,088,629	\$ 2,214,564
Earnings - diluted	\$ 1,635,571	\$ 1,288,549	\$ 2,088,629	\$ 2,214,564
Denominator				
Weighted average number of common shares outstanding - basic	6,644,915	6,661,346	6,600,046	6,599,116
Effect of dilutive shares	1,753	21,437	1,905	155,190
Weighted average number of common shares outstanding - diluted	6,646,668	6,682,783	6,601,951	6,754,306
Basic earnings per share	\$ 0.25	\$ 0.19	\$ 0.32	\$ 0.34
Diluted earnings per share	\$ 0.25	\$ 0.19	\$ 0.32	\$ 0.33

11. Related party transactions

During the three and nine month periods ended September 30, 2009, the Company was charged \$19,117 and \$67,245 respectively (2008 - \$77,567 and \$200,014) by a law firm, a partner of which is a director of the Company. Included in accounts payable and accrued liabilities are \$9,347 (December 31, 2008 - \$92,717) owing to this firm.

Additionally, during the three and nine month periods ended September 30, 2009, the Company charged to directors or companies related to directors and officers approximately \$5,300 and \$40,500 respectively (2008 - \$13,000 and \$21,600) for transfer agency and other fees.

Transactions with related parties were measured at the exchange amounts.

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

12. Supplemental cash flow information

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income taxes paid	\$ 117,680	\$ 206,277	\$ 1,254,615	\$ 1,648,972
Non-cash transactions:				
Shares issued on acquisition of subsidiary	\$ 904,423	\$ 269,966	\$ 1,021,381	\$ 269,966
Amounts unpaid for shares repurchased pursuant to normal course issuer bid	\$ 14,577	\$ 270,731	\$ 14,577	\$ 270,731

13. Cash in escrow

During the nine month period ended September 30, 2009, the Company released \$1,740,000 from cash in escrow as described in Note 5 This was in accordance with the terms of the share purchase agreement for Toro, under which the Company had originally placed the \$1,740,000 in escrow using the Company's subsidiary, Equity Transfer & Trust Company as escrow agent.

14. Commitments

(a) Regulatory requirements

On June 1, 2006 the Company's subsidiary, ETT, was continued as a federal trust company. As part of the regulatory requirements of its trust status, ETT must maintain certain capital adequacy ratios, which are regularly reviewed by the Office of the Superintendent of Financial Institutions (OSFI). At September 30, 2009, ETT was in compliance with all of the required ratios. This included maintaining tangible assets (i.e. total assets not including intangibles or goodwill) sufficient to meet a minimum regulatory capital balance of \$3 million and at September 30, 2009 ETT exceeded this minimum by \$2.4 million.

(b) Bank credit facility

The Company has entered into an agreement related to credit facilities providing for an operating line of credit in an amount of up to \$750,000 bearing interest at bank prime plus 1% (3.25% at September 30, 2009). At both September 30, 2009 and December 31, 2008 no amounts were outstanding against the line of credit. The Company's Bank Credit Facility is secured by a first floating charge over substantially all of the assets of the Company.

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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14. Commitments (continued)

(c) Foreign exchange credit facilities

The Company has entered into agreements for foreign exchange trading credit facilities as follows:

- (i) Bank of Montreal has made a credit facility of \$2,000,000 available to EFX, in respect of foreign exchange forward and option contracts with terms of one year or less. The first \$350,000 of this facility is guaranteed by the Company, including a security agreement placing a charge over substantially all the Corporation's assets. To allow it to draw on the remaining \$1,650,000 of the facility, the Corporation has placed \$1,650,000 in a redeemable short term investment certificate with Bank of Montreal.
- (ii) The Company has foreign exchange trading agreements with other providers under which it is required to provide cash margin as required on a per transaction basis. At September 30, 2009, the Company has provided cash security to its other foreign exchange providers in an amount equivalent to approximately \$690,000 Canadian dollars.

(d) Foreign exchange credit facilities

At September 30, 2009, the Company has entered into foreign exchange forward and option contracts with settlement dates in less than one year to buy the equivalent of approximately \$29 million Canadian dollars and sell the equivalent of approximately \$48.4 million Canadian dollars on behalf of clients. These obligations are offset by corresponding foreign exchange forward and option contracts with clients and the Company holds client margin deposits until contracts are settled.

Foreign exchange derivative contracts are subject to valuation gains or losses as a result of market foreign exchange rate volatility; however the Company's contracts with clients and covering financial institutions creates offsetting exposures to this volatility. For the three and nine month period ended September 30, 2009, the Company has recognized a \$500 and \$55,000 (2008 - \$nil) unrealized fair market value loss on derivatives respectively. At September 30, 2009, the fair values of derivative assets and derivative liabilities would change by offsetting amounts of \$195,000 each for a \$0.01 change in the foreign exchange rate between US and Canadian dollars.

(e) Software license and maintenance agreement

In August 2009, the Company entered into a license and maintenance agreement for transaction processing software, for an initial term projected to end in December 2014. Under the agreement, the Company will pay minimum annual fees of \$270,000 US dollars.

15. Segregated funds

At September 30, 2009, ETT held, as segregated funds on behalf of its clients, cash and short-term deposits in the amount of approximately \$96,000,000 (December 2008 - \$271,900,000).

GREY HORSE CORPORATION

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16. Cash and cash equivalents

Included in cash and cash equivalents at September 30, 2009 is the equivalent of approximately \$967,000 (December 2008 - \$1.5 million) Canadian dollars denominated in US dollars and the equivalent of approximately \$165,000 (December 2008 – \$250,000) Canadian dollars denominated in other foreign currencies.

Cash and cash equivalents includes a total of \$2.34 million (December 2008 - \$1.2 million) Canadian dollars which is restricted under the terms of foreign exchange trading agreements per note 14 (c).

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

18. Segment information

The Company has two reportable segments: transfer agent & trust, and foreign exchange. The transfer agent & trust segment includes the operations of ETT, GCC and ESI and the foreign exchange segment includes the operations of EFX and Toro. These segments are managed separately because they are subject to different regulatory environments, have different technology requirements and serve different client needs. The accounting policies of the segments are the same as those described in the summary of significant accounting policies and segment performance is evaluated based on net income. The Company's corporate head office is not considered a reportable segment as its operations are administrative in nature and do not include substantive revenue-generating activities.

Nine months ended September 30, 2009	Transfer Agent & Trust	Foreign Exchange	Total all Segments	Reconciling Amounts (a)	Consolidated Total
Revenue	\$ 10,693,568	\$ 4,760,308	\$ 15,453,876	\$ -	\$ 15,453,876
Interest revenue	11,291	24,717	36,008	1,884	37,892
Total revenue	\$ 10,704,859	\$ 4,785,025	\$ 15,489,884	\$ 1,884	\$ 15,491,768
Amortization of fixed and intangible assets	\$ 473,714	\$ 7,514	\$ 481,228	\$ -	\$ 481,228
Segment net income	\$ 1,027,675	\$ 1,161,738	\$ 2,189,413	\$ (100,784)	\$ 2,088,629
Segment assets	\$ 15,041,527	\$ 11,050,262	\$ 26,091,789	\$ 936,806	\$ 27,028,595
Expenditures for segment fixed and intangible assets	\$ 422,793	\$ 25,407	\$ 448,200	\$ -	\$ 448,200

GREY HORSE CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(unaudited)

18. Segment information (continued)

Nine months ended September 30, 2008	Transfer Agent & Trust	Foreign Exchange	Total all Segments	Reconciling Amounts (a)	Consolidated Total
Revenue	\$ 12,091,570	\$ 2,266,694	\$ 14,358,264	\$ -	\$ 14,358,264
Interest revenue	128,968	12,977	141,945	66,506	208,451
Total revenue	\$ 12,220,538	\$ 2,279,671	\$ 14,500,209	\$ 66,506	\$ 14,566,715
Amortization of fixed and intangible assets	\$ 386,301	\$ 10,000	\$ 396,301	\$ -	\$ 396,301
Segment net income	\$ 1,194,467	\$ 1,063,244	\$ 2,257,711	\$ (43,147)	\$ 2,214,564
Segment assets	\$ 13,476,003	\$ 4,824,336	\$ 18,300,339	\$ 4,283,027	\$ 22,583,366
Expenditures for segment fixed and intangible assets	\$ 818,323	\$ -	\$ 818,323	\$ -	\$ 818,323

(a) Reconciling amounts relate to corporate head office income and expense. Significant reconciling items for total consolidated assets are detailed below.

	Sept.30, 2009	Sept.30, 2008
Cash balances at corporate headquarters	\$ 904,929	\$ 4,291,833
Other unallocated assets or adjustments	31,877	(8,806)
Consolidated assets	\$ 936,806	\$ 4,283,027