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**GREY HORSE CORPORATION**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**Three and six months ended June 30, 2009 and 2008**

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(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.

**GREY HORSE CORPORATION**  
**INTERIM CONSOLIDATED BALANCE SHEETS**

As At:	June 30, 2009 (unaudited)	December 31, 2008 (audited)
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 16)	\$ 10,493,414	\$ 10,160,062
Accounts receivable	1,694,730	1,892,955
Derivative assets	1,401,251	863,649
Current income taxes receivable	106,018	-
Prepays and other current assets	428,661	301,965
	<b>14,124,074</b>	<b>13,218,631</b>
Cash in escrow (Note 13)	870,000	1,740,000
Fixed assets (Note 6)	1,291,704	1,390,342
Goodwill	6,979,681	5,981,288
Intangibles (Note 7)	2,352,995	2,373,043
	<b>\$ 25,618,454</b>	<b>\$ 24,703,304</b>
<b>Liabilities and Shareholders' Equity</b>		
Current		
Accounts payable and accrued liabilities	\$ 1,348,280	\$ 1,718,504
Derivative liabilities	1,400,719	808,992
Customer funds held (Note 4)	2,697,845	2,209,141
Current income taxes payable	-	705,406
Deferred revenue	326,106	259,606
Future income taxes	14,270	2,657
	<b>5,787,220</b>	<b>5,704,306</b>
Future income taxes	472,750	461,483
	<b>6,259,970</b>	<b>6,165,789</b>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	12,357,366	12,240,408
Contributed surplus	1,031,668	780,715
Retained earnings	5,969,450	5,516,392
	<b>19,358,484</b>	<b>18,537,515</b>
	<b>\$ 25,618,454</b>	<b>\$ 24,703,304</b>

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)**

Six months ended June 30, 2009 and 2008.

	Share	Capital	Contributed	Retained	Total
	Shares	Amount	Surplus	Earnings	Shareholders'
					Equity
<b>Balance December 31, 2007</b>	6,675,225	\$12,309,544	\$372,332	\$5,226,264	\$17,908,140
Share repurchases pursuant to normal course issuer bid	(333,700)	(615,364)	-	(2,073,881)	(2,689,245)
Shares issued pursuant to stock options exercised	300,000	491,280	(41,280)	-	450,000
Net income	-	-	-	926,015	926,015
Stock based compensation expense	-	-	189,818	-	189,818
<b>Balance June 30, 2008</b>	<b>6,641,525</b>	<b>\$12,185,460</b>	<b>\$520,870</b>	<b>\$4,078,398</b>	<b>\$16,784,728</b>
<b>Balance December 31, 2008</b>	<b>6,558,507</b>	<b>\$12,240,408</b>	<b>\$780,715</b>	<b>\$5,516,392</b>	<b>\$18,537,515</b>
Shares issued pursuant to acquisition of subsidiary	22,605	116,958	-	-	116,958
Net income	-	-	-	453,058	453,058
Stock based compensation expense	-	-	250,953	-	250,953
<b>Balance June 30, 2009</b>	<b>6,581,112</b>	<b>\$12,357,366</b>	<b>\$1,031,668</b>	<b>\$5,969,450</b>	<b>\$19,358,484</b>

**GREY HORSE CORPORATION**

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

**(unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 5,092,177	\$ 5,258,836	\$ 9,064,641	\$ 8,879,692
Expenses				
Selling, general and administration	4,502,204	4,072,673	7,941,526	7,091,747
Operating earnings before the undernoted items	589,973	1,186,163	1,123,115	1,787,945
Amortization of fixed assets	66,208	60,646	131,657	103,731
Loss on disposal of fixed assets	-	-	-	25,395
Amortization of intangible assets	95,987	73,811	190,011	151,470
Income before income taxes	427,778	1,051,706	801,447	1,507,349
Income taxes				
Current	168,336	387,203	325,511	579,230
Future	16,281	8,771	22,878	2,104
	184,617	395,974	348,389	581,334
Net income and comprehensive income	243,161	655,732	453,058	926,015
Retained earnings, beginning of period	5,726,289	4,043,813	5,516,392	5,226,264
Net income and comprehensive income	243,161	655,732	453,058	926,015
Excess of purchase price over stated capital of common shares purchased for cancellation	-	(621,147)	-	(2,073,881)
Retained earnings, end of period	\$ 5,969,450	\$ 4,078,398	\$ 5,969,450	\$ 4,078,398
Basic income per share (Note 10)	\$ 0.04	\$ 0.10	\$ 0.07	\$ 0.14
Diluted income per share (Note 10)	\$ 0.04	\$ 0.10	\$ 0.07	\$ 0.14

**GREY HORSE CORPORATION**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Cash flows provided by (used in)				
<b>Operating Activities</b>				
Net income and comprehensive income	\$ 243,161	\$ 655,732	\$ 453,058	\$ 926,015
Adjustments for non-cash items:				
Amortization of fixed assets	66,208	60,646	131,657	103,731
Loss on disposal of assets	-	-	-	25,395
Amortization of intangible assets	95,987	73,811	190,011	151,470
Stock-based compensation	123,660	93,926	250,953	189,818
Net loss on derivative contracts	35,436	-	54,126	-
Future income taxes	16,281	8,771	22,878	2,104
Cash flow from operations	580,733	892,886	1,102,683	1,398,533
Changes in working capital				
Accounts receivable	(342,841)	(560,632)	198,225	(477,634)
Prepays and other current assets	(161,112)	(155,157)	(126,696)	(285,608)
Accounts payable and accrued liabilities	167,351	59,154	(370,224)	(206,775)
Customer funds held	16,053	-	488,704	-
Current income taxes payable/receivable	(17,510)	177,666	(811,424)	(863,465)
Deferred revenue	(114,233)	(77,704)	66,500	86,364
	128,441	336,213	547,768	(348,585)
<b>Financing Activities</b>				
Issue of common shares, net of share issue costs	-	450,000	-	450,000
Shares repurchased pursuant to normal course issue bid	-	(1,916,989)	-	(2,689,245)
	-	(1,466,989)	-	(2,239,245)
<b>Investing Activities</b>				
Acquisition of wholly-owned subsidiary (Note 5)	-	-	(881,434)	-
Funds released from escrow	-	-	870,000	-
Addition of fixed assets	(21,281)	(115,463)	(33,019)	(479,054)
Addition of intangibles	(56,129)	(154,815)	(169,963)	(241,807)
	(77,410)	(270,278)	(214,416)	(720,861)
Increase (decrease) in cash and cash equivalents	51,031	(1,401,054)	333,352	(3,308,691)
Cash and cash equivalents at the beginning of period	10,442,383	10,370,698	10,160,062	12,278,335
Cash and cash equivalents at the end of period	\$ 10,493,414	\$ 8,969,644	\$ 10,493,414	\$ 8,969,644

Supplemental cash flow information (Note 12)

## **GREY HORSE CORPORATION**

### **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

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#### **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 ("E TT"), Equity Foreign Exchange Services Inc. ("EFX"), Equity Securities Inc. ("ESI"), Global Corporate Compliance Inc. ("Global") and ToroFx Inc. ("Toro").

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 is no impact on previously reported net income and comprehensive income; however the change in classification impacts the Company's calculation of regulatory capital (see Note 14(a)).

#### **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") effective calendar year 2011. 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.

#### **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.

## GREY HORSE CORPORATION

### NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

#### 5. Acquisition

On February 17, 2009, in accordance with the terms of its share purchase agreement for the acquisition of ToroFX Inc. ("Toro") (as described further below), 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 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.

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

	July 2, 2008	February 17, 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 funds held	(1,101,497)	-	(1,101,497)
Deferred revenue	(20,732)	-	(20,732)
Loans payable	(284,950)	-	(284,950)
Goodwill	1,577,484	998,392	2,575,876
	\$ 1,296,680	\$ 998,392	\$ 2,295,072

Contingent on Toro meeting certain financial performance targets, the Company will pay up to an additional \$870,000 in cash (see note 13) and issue up to 187,614 additional shares that will be valued when issued. These amounts will be accounted for as an increase in goodwill, which in addition to the goodwill recognized initially, is not deductible for income tax purposes. The release of \$870,000 and issuance of 85,014 shares is scheduled to occur in August 2009 and the total value of this payment will increase goodwill by approximately \$1,300,000.

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

**6. Fixed assets**

	Cost	Accumulated Amortization	June 30, 2009 Book Value
Furniture	\$ 698,102	\$ 263,361	\$ <b>434,741</b>
Computer equipment	748,553	318,790	<b>429,763</b>
Leasehold improvements	507,253	80,053	<b>427,200</b>
	<b>\$ 1,953,908</b>	<b>\$ 662,204</b>	<b>\$ 1,291,704</b>

	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
	<b>\$ 1,920,889</b>	<b>\$ 530,547</b>	<b>\$ 1,390,342</b>

**7. Intangibles**

	June 30, 2009	December 31, 2008
<b>Intangibles with definite life:</b>		
Customer relationships	<b>\$ 1,830,000</b>	\$ 1,830,000
Less accumulated amortization	<b>(611,945)</b>	(537,611)
	<b>1,218,055</b>	1,292,389
<b>Intangibles with indefinite life:</b>		
License costs	<b>464,143</b>	464,143
<b>Computer software:</b>		
Purchased computer software	<b>885,160</b>	867,508
Internally developed computer software	<b>504,074</b>	351,763
Less accumulated amortization	<b>(718,437)</b>	(602,760)
	<b>670,797</b>	616,511
	<b>\$ 2,352,995</b>	\$ 2,373,043

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

**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 partial consideration for purchase of Toro (Note 5)	22,605	116,958
Issued and outstanding at June 30, 2009	6,581,112	\$ 12,357,366

**9. Stock options**

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

	Number of Stock Options		Weighted Average Exercise Price	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Opening balance	523,422	737,422	\$ 7.36	\$ 4.94
Options granted	7,500	103,000	5.26	7.55
Options exercised	-	(300,000)	-	(1.50)
Options expired	(1,000)	(17,000)	(6.69)	(7.00)
Ending balance	529,922	523,422	\$ 7.34	\$ 7.36

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

Number of Exercisable Options	Number of Options	Exercise Price	Expiry Date
2,000	2,000	\$ 2.25	May 24, 2015
6,666	10,000	\$ 5.35	September 25, 2016
268,250	339,162	\$ 6.95	March 6, 2012
4,000	6,000	\$ 6.69	May 15, 2012
10,063	14,750	\$ 8.30	June 8, 2012
5,968	9,748	\$ 10.00	September 18, 2012
20,432	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
-	17,500	\$ 8.04	August 19, 2013
-	2,500	\$ 4.75	December 5, 2013
-	7,500	\$ 5.26	March 12, 2014
377,380	529,922		

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

**9. Stock options(continued)**

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.

**Stock options granted in the six months ended June 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 (%)
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 05	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 six months ended June 30, 2009 was \$1.98 (year ended December 31, 2008 - \$2.65).

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 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 June 30,		Six months ended June 30,	
	2009 (unaudited)	2008 (unaudited)	2009 (unaudited)	2008 (unaudited)
<b>Numerator</b>				
Earnings - basic	\$ 243,161	\$ 655,732	\$ 453,058	\$ 926,015
Earnings - diluted	\$ 243,161	\$ 655,732	\$ 453,058	\$ 926,015
<b>Denominator</b>				
Weighted average number of common shares outstanding - basic	6,581,112	6,571,734	6,577,240	6,567,659
Effect of dilutive shares	1,248	110,974	1,297	221,896
Weighted average number of common shares outstanding - diluted	6,582,360	6,682,708	6,578,537	6,789,555
Basic earnings per share	\$ 0.04	\$ 0.10	\$ 0.07	\$ 0.14
Diluted earnings per share	\$ 0.04	\$ 0.10	\$ 0.07	\$ 0.14

**11. Related party transactions**

During the three and six month periods ended June 30, 2009, the Company was charged \$25,311 and \$48,128 respectively (2008 - \$78,770 and \$122,447) by a law firm, a partner of which is a director of the Company. Included in accounts payable and accrued liabilities are \$12,217 (December 31, 2008 - \$92,717) owing to this firm.

During the three and six month periods ended June 30, 2009, the Company was charged by a company controlled by a senior manager approximately \$79,000 and \$200,000 respectively (2008 - \$176,000 and \$235,000) for IT consulting services. Included in accounts payable and accrued liabilities are \$1,298 (December 31, 2008 - \$70,032) related to these charges.

Additionally, during the three and six month periods ended June 30, 2009, the Company charged to directors or companies related to directors and officers approximately \$20,500 and \$35,000 respectively (2008 - \$6,000 and \$8,300) 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 SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

**12. Supplemental cash flow information**

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Income taxes paid</b>	<b>\$ 185,847</b>	<b>\$ 209,537</b>	<b>\$ 1,136,935</b>	<b>\$ 1,442,695</b>
Non-cash transactions:				
Shares issued on acquisition of subsidiary	\$ -	\$ -	\$ 116,958	\$ -

**13. Cash in escrow**

During the six month period ended June 30, 2009, the Company released \$870,000 from cash in escrow as described in Note 5. In accordance with the terms of the share purchase agreement for Toro, the Company originally placed \$1,740,000 in escrow using the Company's subsidiary, Equity Transfer & Trust Company as escrow agent. Provided Toro meets certain financial targets the cash in escrow will be released to the former shareholders as additional consideration for their shares of Toro. To the extent financial targets are not met the escrowed funds will be returned to the Company on a pro rata basis. The second release of \$870,000 is scheduled for August 2009 as described in note 5.

**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 June 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 June 30, 2009 ETT exceeded this minimum by \$1.6 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 June 30, 2009). At both June 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**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

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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 June 30, 2009, the Company has provided cash security to its other foreign exchange providers in an amount equivalent to approximately \$600,000 Canadian dollars.

(d) Foreign exchange contracts outstanding

At June 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 \$30.2 million Canadian dollars and sell the equivalent of approximately \$16.6 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 six month period ended June 30, 2009, the Company has recognized a \$54,000 (2008 - \$nil) unrealized fair market value loss on derivatives. At June 30, 2009, the fair values of derivative assets and derivative liabilities would change by offsetting amounts of \$164,000 each for a \$0.01 change in the foreign exchange rate between US and Canadian dollars.

**15. Segregated funds**

At June 30, 2009, ETT held, as segregated funds on behalf of its clients, cash and short-term deposits in the amount of approximately \$190,000,000 (December 2008 - \$271,900,000).

**16. Cash and cash equivalents**

Included in cash and cash equivalents at June 30, 2009 is the equivalent of \$2.3 million Canadian dollars in US dollars and the equivalent of approximately \$110,000 Canadian dollars in other foreign currencies.

Cash and cash equivalents includes a total of \$2.25 million Canadian dollars which is restricted under the terms of foreign exchange trading agreements per note 14 (c).

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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**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.

<b>Period ended June 30, 2009</b>	<b>Transfer Agent &amp; Trust</b>	<b>Foreign Exchange</b>	<b>Total all Segments</b>	<b>Reconciling Amounts (a)</b>	<b>Consolidated Total</b>
Revenues from transfer agent services	\$ 6,005,671	\$ -	\$ 6,005,671	\$ -	\$ 6,005,671
Revenues from trustee services	859,292	99,515	958,807	-	958,807
Revenues from other services	229,861	1,841,975	2,071,836	-	2,071,836
Interest revenue	10,275	16,168	26,443	1,884	28,327
Total revenue	\$ 7,105,099	\$ 1,957,658	\$ 9,062,757	\$ 1,884	\$ 9,064,641
Amortization of fixed and intangible assets	\$ 316,840	\$ 4,828	\$ 321,668	\$ -	\$ 321,668
Segment net income	\$ 363,434	\$ 104,701	\$ 468,135	\$ (15,077)	\$ 453,058
Segment assets	\$ 14,255,298	\$ 9,817,174	\$ 24,072,472	\$ 1,545,982	\$ 25,618,454
Expenditures for segment fixed and intangible assets	\$ 199,218	\$ 3,764	\$ 202,982	\$ -	\$ 202,982

<b>Period ended June 30, 2008</b>	<b>Transfer Agent &amp; Trust</b>	<b>Foreign Exchange</b>	<b>Total all Segments</b>	<b>Reconciling Amounts (a)</b>	<b>Consolidated Total</b>
Revenues from transfer agent services	\$ 6,799,906	\$ -	\$ 6,799,906	\$ -	\$ 6,799,906
Revenues from trustee services	1,392,074	126,614	1,518,688	-	1,518,688
Revenues from other services	396,728	-	396,728	-	396,728
Interest revenue	100,185	10,155	110,340	54,030	164,370
Total revenue	\$ 8,688,893	\$ 136,769	\$ 8,825,662	\$ 54,030	\$ 8,879,692
Amortization of fixed and intangible assets	\$ 255,201	\$ -	\$ 255,201	\$ -	\$ 255,201
Segment net income	\$ 864,776	\$ (4,645)	\$ 860,132	\$ 65,883	\$ 926,015
Segment assets	\$ 14,128,365	\$ 552,619	\$ 14,680,984	\$ 4,649,320	\$ 19,330,304
Expenditures for segment fixed and intangible assets	\$ 720,861	\$ -	\$ 720,861	\$ -	\$ 720,861

**GREY HORSE CORPORATION**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE AND SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(unaudited)

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**18. Segment information (continued)**

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

	June 30, 2009	June 30, 2008
Cash balances at corporate headquarters	\$ 1,327,917	\$ 4,424,227
Other unallocated assets	<u>218,065</u>	<u>225,093</u>
Consolidated assets	<u>\$ 1,545,982</u>	<u>\$ 4,649,320</u>

**19. Subsequent event**

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