



# Form 10-Q

MORTGAGEBROKERS.COM HOLDINGS, INC. - MBKR

Filed: May 15, 2009 (period: March 31, 2009)

Quarterly report which provides a continuing view of a company's financial position

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File #333-105778

**MORTGAGEBROKERS.COM HOLDINGS, INC.**  
(Exact name of registrant as specified in its charter)

<b>DELAWARE</b> (State or other jurisdiction of incorporation or organization)	<b>05-0554486</b> (I.R.S. Employer Identification No.)
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**260 Edgeley Boulevard, Suite 11, Concord, Ontario L4K 3Y4**  
(Address of principal executive offices and zip code)

**Registrant's telephone number, including area code: (877) 410-4848**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of "accelerated filer" and "large accelerated filer" in rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.

Yes  No

Indicate the number of shares outstanding of the Registrant's common stock as of the latest practicable date.

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Class	Outstanding at May 15, 2009
Common Stock, \$.0001 par value	42,976,548

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### **SIGNATURE**

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## **PART I: FINANCIAL INFORMATION**

### **ITEM 1. FINANCIAL STATEMENTS**

#### **Basis of Presentation**

The accompanying condensed and consolidated statements are presented in accordance with U.S. generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal occurring adjustments) considered necessary in order to make the financial statements not misleading, have been included. Operating results for the three months ended March 31, 2009 are not necessarily indicative of results that may be expected for the year ending December 31, 2009.

The financial statements of the Company appear at the end of this report beginning with the Index to Financial Statements on page F-1 and ending on F-21.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of the consolidated financial condition and results of operations of MortgageBrokers.com Holdings, Inc. for the periods ending March 31, 2009 and 2008. The following information should be read in conjunction with the consolidated financial statements for the periods ending March 31, 2009 and notes thereto appearing elsewhere in this form 10-Q.

### Overview

MortgageBrokers.com Holdings, Inc. (the "Company", "MortgageBrokers.com", "we", "our", or "us") was incorporated under the laws of Delaware on February 6, 2003 as MagnaData, Inc. ("MagnaData"). In February 2005, we filed articles of amendments with the State of Delaware changing the name of our Company to MortgageBrokers.com Holdings, Inc.

Over the past three year period, sales operations were conducted through our subsidiaries in Canada only:

1. MortgageBrokers.com Inc. - an Ontario Canada provincially incorporated company that currently holds our licensure for operating as a mortgage broker in the Province of Ontario;
2. MortgageBrokers.com Financial Group of Companies Inc. - a Canadian federally incorporated company, which currently holds our licensure for operating as a mortgage broker in the Provinces of Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island and Alberta; and,
3. MBKR Holdings Inc., a Canadian federally incorporated company, on November 24, 2008 for the intended centralization of back office services in Canada.

We established MBKR Franchising Inc., a Canadian federally incorporated company, on January 30, 2009 for the intended launch of MortgageBrokers.com as a franchisor in Canada.

As at March 31, 2009, we had 422 licensed mortgage agents operating across Canada. The number of mortgage agents in our national sales agency at the end of the reporting period represents a 14% increase over that of the same period in 2008.

As at March 31, 2009, our Company had 15 full-time employees and 2 full-time contract staff for a total of 17 full-time staff.

The Company's corporate offices are at 11-260 Edgeley Boulevard, City of Vaughan, Ontario, CANADA. Our current contact information for our Ontario office is telephone number: (877) 410-4848 and fax number: (877) 410-4845. Our internet website can be found under the domain name: [www.mortgagebrokers.com](http://www.mortgagebrokers.com). The Company also has a regional corporate office in Calgary, Alberta, Canada.

### Results of Operations

Three months ended March 31, 2009 Compared to Three months ended March 31, 2008

Gross revenue in our first quarter in 2009 increased by 8% from that of 2008 to \$2,581,556, which was directly related to increasing the number of sales agency mortgage agents by 14%, supporting our existing agent sales force to increase productivity and negotiating better lender commissions.

The Company's operating expenses increased in the first quarter of 2009 by 16% over the same period in 2007 to \$2,579,878 as we built our growing business. The consolidated comparative increase is smaller in part due to a 19% decrease in the rate of foreign exchange between our first quarter in 2008 to that of 2009. The primary components that comprise our operating expenses and contribute to this trend are stock-based compensation, agent commissions, salaries and benefits, general and administrative expenses, and occupancy costs:

- Due to decreases in our stock price between reporting periods, the Company reported negative charges reversing accruals in employee stock-based compensation accrued during the reporting period of \$26,179. The Company also reported negative charges reversing accruals for services associated with our agents, strategic alliances and consultants of a combined \$58,738. Stock-based compensation is a charge that is based on our stock pricing at the end of the period. The accrual is valued based on stock prices at the end of the period, for which the Company has no direct influence; therefore it is difficult to analyze related trends. In aggregate, these charges were approximately 3% of the reported total operating expenses and decreased our reported Net Loss accordingly. It is the intent of management to continue using our stock-based compensation programs to maximize working capital and align the interests of our employees and mortgage agents with those of our shareholders.



- 80% of the operating expenses in the reporting period were associated with agent commissions. Reported agent commission fees as a percent of revenues decreased by 4% from the first quarter 2008 as compared to that of 2009 likely associated with changes in the foreign exchange rate between the periods.
- 15% of the operating expenses in the reporting period were associated with salaries and benefits. Salaries and benefits increased by 13% from the first quarter 2008 as compared to that of 2009 as we invested into hiring a more seasoned sales management team.
- 6% of the operating expenses in the reporting period were associated with general and administrative expenses. General and administrative expenses decreased by 36% from the first quarter 2008 as compared to that of 2009 as we reduced travel expenses by 70%, reduced telephone expenses through long distance plans by 30%, and had a 23% reduction in professional fees.
- Occupancy costs this period were relatively flat compared to 2008 wherein they decreased 5% from the first quarter 2008 to \$37,283 in the first of 2009.

## Liquidity and Capital Resources

As at March 31, 2009, we had \$1,187,269 in cash; \$14,826 of referral fees held in trust (which are awaiting completion of administrative agreements prior to being transferred to a ManuLife administered RRSP account owned by referral source agents), \$40,775 in prepaid expenses, \$107,109 in equipment and equipment under capital leases for a total of \$1,349,979 in assets. Comparatively as at December 31, 2008, we had \$1,262,321 in cash; \$17,848 of referral fees held in trust, \$116,211 in prepaid expenses, \$114,608 in equipment and equipment under capital leases a total of \$1,510,988 in total assets.

As at March 31, 2009, we had \$1,060,397 in accounts payable, \$104,014 in accrued liabilities related to services received but not invoiced as of March 31, 2009 and employee vacation accrual, \$200,368 in loans payable to a related party, \$227,423 in employee tax deductions payable, \$225,191 in accrued stock-based compensation, \$99,190 in bank indebtedness related to an unsecured term loan, \$14,826 in trust liability associated with agent referral commissions payable awaiting transfer to the agent's Manulife RRSP account, capital lease obligations of \$971 and \$686,169 in accrued expenses associated with a legal judgment for a total of \$2,618,549 in liabilities. Comparatively as at December 31, 2008 at the beginning of the reporting period, the Company had \$1,190,905 in accounts payable, \$68,210 in accrued liabilities, \$129,425 in loans payable to a related party, \$275,317 in employee tax deductions payable, \$17,848 payable in a trust liability associated with agent referral commissions payable awaiting transfer to the agent's Manulife RRSP account, \$1,624 in obligations under capital leases, \$310,108 in stock-based compensation accrual, \$117,385 in bank indebtedness related to an unsecured term loan and \$688,894 in accrued expenses associated with a legal judgment for a total of \$2,799,716 in liabilities.

Management makes the following comments regarding the most significant factors affecting Company liquidity and capital resources and their measured trends over the reporting period:

- Cash and cash equivalents did not materially change over the reporting period during the Company's seasonally slowest quarter.
- Accounts payable nominally decreased by 11% over the reporting period to \$1,060,397. The bulk of this payable amount is Work in Progress payable following completion of mortgage agent origination compliance procedures. Work in Progress mortgage agent commissions payable typically have an Average Days Payable of 10 business days.
- The Company has accrued in 2007 for the liability of a partial summary judgment to a claim to which the Company is a party. The calculated judgment liability along with interest over the three month reporting period is, as at the end of the reporting period, \$686,169. While the full amount of the judgment and associated interest was accrued, it is the expectation of management that only a portion, if any, of the liability will be satisfied by the Company in this multi-party judgment. See discussion below.
- Employee tax deductions payable decreased by 17% over the three months ending March 31, 2009 as the Company continues to pay this liability with monthly instalments. Company management has met with the government agency to whom the amount is payable and has established a working agreement whereby it is expected that this amount will be paid in full by July 2009. See discussion below.

The Company reported a Net Loss from operations for the first quarter of 2009, predominately associated with the period being the seasonally slowest period for our industry with respect to revenue while our costs remain relatively consistent. If we continue to grow at our current rate, it is expected by management that we will achieve consistent positive earnings from operations and should have adequate working capital for the near future to fund normal operations. In the event that we grow beyond our available working capital resources, experience a prolonged market down turn, are faced with a payout associated with the legal

judgement described here-in or experience adverse seasonality, we will likely need to rely upon the issuance of common stock and additional capital contributions from shareholders and/or loans from shareholders and third-party lenders to meet our working capital needs. It is expected by management that the Company will need to rely upon either new capital contributions or profits from 2009 operations to pay the employee tax liability described below.

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### ***Employee Tax Deductions Payable***

The Company is in arrears on the tax withholdings due to Canada Revenue Agency ("CRA") related to employee salaries. As at the end of the reporting period, the company had a tax liability with CRA of \$227,423. The Company has negotiated an agreement with CRA which, if certain conditions are met, allows the Company to pay down the balance in monthly instalments of \$10,000 through to June, 2009 with the remaining balance due in July, 2009. In the event that the Company secures further investment capital, the balance is to be paid off in full shortly after receipt of the funds. In addition, CRA has registered a Certificate in the Canadian Federal Court and the Property Register of Ontario for the amount owing to CRA. The liability currently bears interest at 9% annually.

### ***Judgment in Lawsuit***

On October 3, 2007 a partial summary judgment from the Ontario Superior Court ordered MortgageBrokers.com Inc., the Company's subsidiary, and other parties to pay the sum of CDN\$598,636 within 90 days, along with interest in the amount of CDN\$136,128 and legal expenses in the amount of CDN\$8,907. See Item 2 below for more details. This judgment was appealed, but the judgment was upheld on appeal by the Ontario Court of Appeal on March 31, 2008 with costs for the appeal fixed at CDN \$5,000. No decision has yet been made as to allocation of liability for the judgment among the parties, who are currently in settlement negotiations with a view to settling payment of the judgment as well as resolving all other claims outstanding between the parties. As at March 31, 2009, the Company has fully accrued for this lawsuit.

### ***Critical Accounting Policies***

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

### ***Revenue Recognition***

Revenue consists of mortgage brokerage fees, finders' fees and insurance commissions. The revenue from brokerage fees and finders' fees are recognized upon the funding of a customer's mortgage and when the collection is reasonably assured which typically occurs when the brokerage fee or finders fees from the lender has been advanced. Insurance commission revenues are recognized when collection is reasonably assured which typically occurs when the insurance commission fees from the insurance provider has been advanced.

### ***Share-based Payment***

The Company adopted the disclosure requirements of SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R") for stock options and similar equity instruments (collectively, "options") issued to employees. The Company applies the fair value base method of accounting as prescribed by SFAS No. 123R. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. For stock options, the fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock and the expected dividends on it, and the risk-free interest rate over the expected life of the option. SFAS No. 123R also applies to transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. Those transactions must be accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, as described in note 12.

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### ***Going Concern***

The Company's consolidated financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the three month reporting period ended March 31, 2009, the Company incurred a Net Loss of \$3,032 (as compared to Q1 2008, a Net Income of \$160,229). Certain conditions noted below raise doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional debt or equity financing, continue to grow sales of its services and continue to achieve profitable operations. Management's plan is to expand its sales force to increase its gross revenue, to carefully manage expenses and capital investment related to scalability to establish sustainable operational profitability through our rapid growth and to secure additional funds through future debt or equity financings. Current economic conditions may impact our ability to recruit mortgage agents or may result in changes by lenders to our commission fee schedules, both of which would have a negative impact on our revenue growth. Also, financing may not be available or may not be available on reasonable terms to the Company. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

### **Off-Balance Sheet Arrangements**

None.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is subject to certain market risks, including changes in interest rates and currency exchange rates. The Company does not undertake any specific actions to limit those exposures.

### **ITEM 4T. CONTROLS AND PROCEDURES**

#### ***Evaluation of Disclosure Controls and Procedures***

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial and Accounting Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

In the first calendar quarter of 2009 and as of March 31, 2009, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 and based on the criteria for effective internal control described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our financial disclosure controls and procedures were effective so as to timely identify, correct and disclose information required to be included in our Securities and Exchange Commission ("SEC") reports. Through the use of external consultants and the review process, management believes that the financial statements and other information presented herewith are materially correct.

The Company's management, including its Chief Executive Officer and Chief Financial and Accounting Officer, does not expect that its disclosure controls and procedures, or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

This report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this report.

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This report shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

(b) Changes in Internal Controls.

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

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## **PART II: OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

On October 27, 2006, Trisan Equitable Corporation (“Trisan”) commenced an action in the Ontario Superior Court in Ontario, Canada against several parties, including the Company, MortgageBrokers.com Inc (“MBI”), our Ontario subsidiary, and Alex Haditaghi, our principal shareholder, sole director and chief executive officer, and several corporate affiliates of Mr. Haditaghi. The statement of claim filed by Trisan asserted a number of claims in the aggregate amount of approximately CDN\$1.4 million, arising out of a loan agreement with Trisan dated January 27, 2005 pursuant to which Trisan agreed to loan all of the defendants except the Company (such defendants referred to hereinafter as the “Borrowing Parties”) the sum of CDN\$750,000, which funds were to be used by Mr. Haditaghi for the purpose of acquiring the shares of Magna Data, Inc. (the “Magna Data Shares”). Trisan alleged in its statement of claim, among other things, that:

- it ultimately loaned upwards of CDN\$550,000 pursuant to the loan agreement;
- the purchased Magna Data Shares were to be pledged as security for repayment of the loan to the Borrowing Parties,
- Trisan was to have been issued, upon certain conditions, 500,000 shares of the Company’s common stock;
- the funds advanced to Mr. Haditaghi and/or MBI were never repaid; and,
- Trisan obtained security for such repayment of the loan from a number of the Borrowing Parties, but not from MBI.

In January 2007, the Company and the Borrowing Parties filed a statement of defense, crossclaim and counterclaim in response to Trisan’s statement of claim, in which the defendants alleged breach of the loan agreement by Trisan.

On October 3, 2007 a partial summary judgment from the Ontario Superior Court ordered that the Borrowing Parties pay Trisan the sum of CDN\$598,636 within 90 days, along with interest in the amount of CDN\$136,128 and legal expenses in the amount of CDN\$8,907. The court further ordered the dismissal of the counterclaim filed by the Company and the Borrowing Parties and ordered that the balance of Trisan’s claims contained in its statement of claim should proceed to trial. The Court further ordered that 500,000 unrestricted shares of the Company be deposited by the defendants with an escrow agent upon payment of the above ordered amounts, pending final disposition of Trisan’s other claims and that costs of the motion for summary judgment be fixed at CDN \$5,000 payable to Trisan within 90 days. Upon Payment of the judgment amount, the security provided for the loan would be released.

The October 3, 2007 partial summary judgment was appealed by the Company and the Borrowing Parties, but the judgment was upheld on appeal by the Ontario Court of Appeal on March 31, 2008 with costs for the appeal fixed at CDN \$5,000. The order bears interest at the rate of 10% per year commencing from the date of the judgment. Please see Note 8 in our financial statements here-in for further details.

No decision has yet been made as to allocation of liability for the judgment among the Borrowing Parties.

As at March 31, 2009, \$594,089 (CDN\$748,671) plus interest of \$92,080 (CDN\$116,039) was accrued by the Company.

The Company is party to various other claims and proceedings arising in the normal course of business. Management does not expect the disposition of these matters to have a material adverse effect on the Company’s results of operations or financial condition.

### **ITEM 1A. RISK FACTORS**

Not Applicable

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not Applicable.

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**ITEM 4: SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5: OTHER INFORMATION**

None.

**ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits

31.1 Certification of the CEO and CFO Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports of Form 8-K

None

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

**MORTGAGEBROKERS.COM HOLDINGS, INC.**

By: /s/ Alex Haditaghi

Alex Haditaghi  
Principal Executive Officer,  
Principal Accounting Officer,  
President, Secretary and Director

Dated: May 15, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>NAME</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Alex Haditaghi</u> Alex Haditaghi	President, Secretary and Director	May 15, 2009

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**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2009 AND 2008**

**UNAUDITED**

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**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2009 AND 2008**

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**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets

March 31, 2009 and December 31, 2008

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,187,269	\$ 1,262,321
Referral fees held in trust – restricted (note 3)	14,826	17,848
Prepaid expenses	40,775	116,211
<b>Total Current Assets</b>	<b>1,242,870</b>	<b>1,396,380</b>
<b>Equipment, net</b> (note 4)	<b>104,930</b>	<b>112,184</b>
<b>Equipment Under Capital Leases</b> (note 5)	<b>2,179</b>	<b>2,424</b>
<b>Total Assets</b>	<b>\$ 1,349,979</b>	<b>\$ 1,510,988</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Bank indebtedness – current portion (note 6)	\$ 59,514	\$ 61,244
Accounts payable	1,060,397	1,190,905
Accrued liabilities	104,014	68,210
Employee tax deductions payable (note 7)	227,423	275,317
Accrued legal judgment (note 8)	686,169	688,894
Advances from related party – current portion (note 9)	155,368	84,425
Trust liability (note 3)	14,826	17,848
Obligation under capital leases - current portion (note 10)	971	1,624
Stock-based compensation accrual - current portion (note 11a)	30,592	41,562
Employee stock-based compensation accrual (note 11b)	117,600	143,779
<b>Total Current Liabilities</b>	<b>2,456,874</b>	<b>2,573,808</b>
<b>Bank Indebtedness</b> (note 6)	<b>39,676</b>	<b>56,141</b>
<b>Advances from related party</b> (note 9)	<b>45,000</b>	<b>45,000</b>
<b>Stock-based Compensation Accrual</b> (note 11c)	<b>76,999</b>	<b>124,767</b>
<b>Total Liabilities</b>	<b>2,618,549</b>	<b>2,799,716</b>
<b>Commitments and Contingencies</b> (note 18)		
<b>STOCKHOLDERS' DEFICIT</b>		
<b>Capital Stock</b>		
Preferred stock, \$0.0001 par value; 5,000,000 shares authorized, none issued	-	-
Capital stock, \$0.0001 par value; 100,000,000 shares authorized; 42,976,548 (2008: 42,976,548) issued and outstanding (note 12)	4,298	4,298
<b>Additional Paid-in Capital</b>	<b>4,116,807</b>	<b>4,116,807</b>
<b>Additional Paid-in Capital - Warrants</b> (note 13)	<b>489,243</b>	<b>489,243</b>
<b>Subscription for Stock</b>	<b>8,240</b>	<b>8,240</b>
<b>Subscription Receivable</b> (note 14)	<b>(227,540)</b>	<b>(227,540)</b>
<b>Treasury Stock</b> (note 15)	<b>(25,234)</b>	<b>(25,234)</b>
<b>Accumulated Other Comprehensive Income</b>	<b>187,042</b>	<b>163,852</b>
<b>Accumulated Deficit</b>	<b>(5,821,426)</b>	<b>(5,818,394)</b>
<b>Total Stockholders' Deficit</b>	<b>(1,268,570)</b>	<b>(1,288,728)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 1,349,979</b>	<b>\$ 1,510,988</b>

(The accompanying notes are an integral part of these consolidated financial statements.)



**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**  
Condensed Consolidated Statements of Operations and Comprehensive Income  
For the Three Months Ended March 31, 2009 and 2008  
Unaudited

	2009	2008
<b>Revenue</b>	<u>2,581,556</u>	<u>2,399,402</u>
<b>Expenses</b>		
Commission and agent fees	2,069,992	1,986,185
Salaries and benefits	395,507	351,256
General and administrative expenses	155,707	242,224
Employee stock-based compensation (note 11b)	(26,179)	(268,462)
Stock-based compensation (note 18a, 18b, and 18c(i))	(47,768)	(96,223)
Stock-based compensation (note 18c(ii))	(10,970)	(31,229)
Stock-based compensation for services (note 12)	-	372
Occupancy costs (note 16)	37,283	39,444
Depreciation expense	<u>6,306</u>	<u>8,296</u>
<b>Total Operating Expenses</b>	<u>2,579,878</u>	<u>2,231,863</u>
<b>Income from Operations</b>	<u>1,678</u>	<u>167,539</u>
<b>Other Expenses</b>		
Interest, Finance and Other Expenses	<u>(4,710)</u>	<u>(7,310)</u>
<b>(Loss) Income Before Income Taxes</b>	<u>(3,032)</u>	<u>160,229</u>
Provision for income taxes (note 17)	<u>-</u>	<u>-</u>
<b>Net (Loss) Income</b>	<u>(3,032)</u>	<u>160,229</u>
<b>Foreign Currency Translation Adjustment</b>	<u>23,190</u>	<u>46,079</u>
<b>Total Comprehensive Income</b>	<u>20,158</u>	<u>206,308</u>
<b>Net (Loss) Income per Share - Basic and Diluted During the Period (note 19)</b>	<u>(0.00)</u>	<u>0.00</u>
<b>Weighted Average Number of Shares Outstanding - Basic During the Period</b>	<u>42,976,548</u>	<u>38,497,239</u>
<b>Weighted Average Number of Shares Outstanding - Diluted During the Period</b>	<u>42,976,548</u>	<u>44,135,088</u>

(The accompanying notes are an integral part of these consolidated financial statements.)

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

Three Months Ended March 31, 2009 and 2008

Unaudited

	2009	2008
<b>Cash Flows from Operating Activities</b>		
Net (Loss) Income	\$ (3,032)	\$ 160,229
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	6,306	8,296
Stock issued for services	-	372
Employee stock-based compensation	(26,179)	(268,462)
Stock-based compensation accrual	(58,738)	(105,902)
(Increase) decrease in net assets:		
Referral fees held in trust	3,022	27,861
Prepaid expenses	75,436	34,057
Accounts payable	(130,508)	(192,059)
Accrued liabilities	35,804	131,643
Employee tax deduction payable	(47,894)	(36,237)
Accrued legal judgment	(2,725)	(27,548)
Trust liability	(3,022)	(27,861)
<b>Net Cash from Operating Activities</b>	<b>(151,530)</b>	<b>(295,611)</b>
<b>Cash Flows from Investing Activities</b>		
(Purchase) Disposal of equipment, net	(1,986)	5,426
<b>Net Cash From Investing Activities</b>	<b>(1,986)</b>	<b>5,426</b>
<b>Cash Flows from Financing Activities</b>		
Repayments of obligations under capital leases	(653)	(766)
Advances from related party	70,943	9,848
Decrease in bank indebtedness	(14,879)	(5,387)
<b>Net Cash from Financing Activities</b>	<b>55,411</b>	<b>3,695</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(98,105)</b>	<b>(286,490)</b>
<b>Foreign Exchange on Balances</b>	<b>23,053</b>	<b>46,079</b>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<b>1,262,321</b>	<b>830,852</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 1,187,269</b>	<b>\$ 590,441</b>
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ 4,710	\$ 2,602
Income taxes paid	\$ -	\$ -

(The accompanying notes are an integral part of these consolidated financial statements.)

# MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

## 1. Nature of Business and Going Concern

### Nature of Business

MortgageBrokers.com Holdings, Inc., and Subsidiaries (the "Company") was organized under the laws of the State of Delaware on February 6, 2003.

Mortgage brokerage operations are presently conducted through the Company's subsidiaries, Mortgagebrokers.com Inc. (an Ontario, Canada company), MortgageBrokers.com Financial Group of Companies, Inc., MBKR Holdings Inc. and MBKR Franchising Inc. (Canadian federal companies), in Canada only. The planned operations of the Company consist of becoming a financial services company centered around mortgage finance, brokerage, sales and consulting in Canada, the United States and the European Union ("E.U.").

### Going Concern

The Company's consolidated financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the period ended March 31, 2009, the Company generated a net loss of \$3,032 (2008 a net income of - \$160,229). Certain conditions noted below raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional debt or equity financing, continue to grow sales of its services and achieve profitable operations. Management's plan is to secure additional funds through future debt or equity financings. Such financings may not be available or may not be available on reasonable terms to the Company. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

The Company has devoted substantially all of its efforts to establishing its current business. Management continues to develop and execute its business model, business plans and strategic marketing plans which includes: organization of the Company and divisions; identification of the Company's sales channels and associated supply chain; development of marketing strategic plans and sales execution strategies; preparation of a financial plan, risk and capital structure planning models, and mortgage origination 'book of business' models; hiring mortgage sales agents to build its national sales force and continuing to develop our referral relationship; developing cash flow forecasts and an operating budget; identifying markets to raise additional equity capital and debt financing; embarking on research and development activities; performing employment searches and preparing agent contracts; and, recruiting and hiring technicians, management and industry specialists.

# MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

## 1. Nature of Business and Going Concern (cont'd)

Going Concern (cont'd)

The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

## 2. Summary of Significant Accounting Policies

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America, and their basis of application is consistent. Outlined below are those policies considered particularly significant:

### a) Interim Financial Statements

The accompanying interim unaudited financial information has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The interim financial statements should be read in conjunction with the Company's annual financial statements, notes and accounting policies included in the Company's annual report on form 10 K for the year ended December 31, 2008 as filed with the SEC. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, are necessary to present fairly the financial position of the Company as of March 31, 2009 and the related operating results and cash flows for the interim period presented have been made. The results of operations of such interim period are not necessarily indicative of the results of the full year.

### b) Basis of Consolidation and Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company, its wholly-owned subsidiaries Mortgagebrokers.com Inc., Mortgagebrokers.com Financial Group of Companies, Inc., MBKR Holdings, Inc., and MBKR Franchising Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

### c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on account and short-term investments with remaining maturities at acquisition of three months or less.

### d) Equipment, net

Equipment is stated at cost. Depreciation is calculated using the following annual rates and methods based on the estimated useful lives of the assets:

Furniture and equipment	20% declining
Computer equipment	30% declining
Computer software	30% declining
Leasehold improvements	Over the remaining term of the lease

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

### 2. Summary of Significant Accounting Policies (cont'd)

#### e) Revenue Recognition

Revenue consists of mortgage brokerage fees, finders' fees and insurance commissions. The revenue from brokerage fees and finders' fees are recognized upon the funding of a customer's mortgage and when the collection is reasonably assured which typically occurs when the brokerage fee or finders fees from the lender has been advanced. Insurance commission revenues are recognized when collection is reasonably assured which typically occurs when the insurance commission fees from the insurance provider has been advanced.

#### f) Use of Estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from estimates, although management does not believe such changes will materially affect the consolidated financial statements in any individual year.

#### g) Financial Instruments

In accordance with Statement of Financial Accounting Standards ("SFAS") SFAS No. 107, "Disclosures About Fair Value of Financial Instruments" ("SFAS No. 107"), the estimated fair value of financial instruments has been determined by the Company using available market information and valuation methodologies. Considerable judgment is required in estimating fair value. Accordingly, the estimates may not be indicative of the amounts the Company could realize in a current market exchange. As of March 31, 2009, the carrying value of accounts payable and accrued liabilities, advances from related party, and all other current liabilities and long term debt approximate their fair value because of the limited terms of these instruments. The Company is exposed to interest rate risk on its bank loan as the interest charged on the loan fluctuates with the bank's prime rate.

In accordance with Statement of Financial Accounting Standards ("SFAS") SFAS No. 157, "Defining Fair Value Measurement" ("SFAS No. 157"), the Company adopted the standard which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements.

#### h) Impairment of Long-lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less cost to sell. As described in note 1, the long-lived assets have been valued on a going concern basis, however, substantial doubt exists as to the ability of the Company to continue as a going concern. If the Company ceases operations, the asset values may be materially impaired.

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

### 2. Summary of Significant Accounting Policies (cont'd)

#### i) Share-based Payment

The Company adopted the disclosure requirements of SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R") for stock options and similar equity instruments (collectively, "options") issued to employees. The Company applies the fair value base method of accounting as prescribed by SFAS No. 123R. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. For stock options, the fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock and the expected dividends on it, and the risk-free interest rate over the expected life of the option. For restricted stock, the fair value is determined based on the quoted market price. SFAS No. 123R also applies to transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. Those transactions must be accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, as described in note 12.

#### j) Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". Deferred tax assets and liabilities are recorded for differences between the consolidated financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

#### k) Earnings or Loss Per Share

The Company accounts for earnings per share pursuant to SFAS No. 128, Earnings per Share, which requires disclosure in the financial statements of basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to stock options and warrants for each period.

#### l) Foreign Currency Translation

The Company accounts for foreign currency translation pursuant to SFAS No. 52, "Foreign Currency Translation". The Company's functional currency is the Canadian dollar. All assets and liabilities are translated into United States dollars using the exchange rates prevailing at the end of the period. Revenues and expenses are translated using the average exchange rates prevailing throughout the period.

Unrealized foreign exchange amounts resulting from translations at different rates according to their nature are included in accumulated other comprehensive income.

Realized foreign currency transaction gains and losses are recognized in operations.

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

### 2. Summary of Significant Accounting Policies (cont'd)

#### m) Comprehensive Income or Loss

The Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income is presented in the statements of stockholders' deficit, and consists of net loss and unrealized gains (loss) on available for sale marketable securities; foreign currency translation adjustments and changes in market value of future contracts that qualify as a hedge; and negative equity adjustments recognized in accordance with SFAS No. 87. SFAS No. 130 requires only additional disclosures in the financial statements and does not affect the Company's financial position or results of operations.

#### n) Concentration of Credit Risk

SFAS No. 105, "Disclosure of Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk", requires disclosure of any significant off-balance sheet risk and credit risk concentration. The Company does not have significant off-balance sheet risk or credit concentration.

#### o) Recent Accounting Pronouncements

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." Management believes the adoption of this pronouncement will not have a material impact on the Company's results of operations, financial position or cash flows.

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

**3. Referral Fees Held in Trust and Trust Liability**

Pursuant to service agreements, a portion of RE/MAX referral fees charged to the Company will be payable to RE/MAX agents and will be paid into a Registered Retirement Savings Plan ("RRSP") account on behalf of the respective agent, administered as the RE/MAX Agent Retirement Plan by Manulife Financial. The aforementioned referral fees to date have been deposited into a temporary in-trust account that has signing officers from both the Company & RE/MAX, until the Manulife Financial administered program is fully established for new entrants to the program. It is expected that these funds will be deposited into the respective agents' RRSP's during 2009.

**4. Equipment, net**

			Net Book	Net Book
	Cost	Accumulated Depreciation	Value March 31, 2009	Value December 31, 2008
Furniture and equipment	\$ 145,494	\$ 64,314	\$ 81,180	\$ 87,936
Computer equipment	26,393	13,035	13,358	12,751
Leasehold improvements	16,368	5,976	10,392	11,497
	<u>\$ 188,255</u>	<u>\$ 83,325</u>	<u>\$ 104,930</u>	<u>\$ 112,184</u>

**5. Equipment Under Capital Leases**

	March 31, 2009	December 31, 2008
Computer equipment	\$ 5,655	\$ 5,819
Less: accumulated depreciation	(3,476)	(3,395)
	<u>\$ 2,179</u>	<u>\$ 2,424</u>

The equipment under the capital leases is depreciated on a 30% declining balance.

**6. Bank Indebtedness**

On November 22, 2005, the Company obtained a line of credit in the amount of \$150,000 CDN. The line of credit bears interest at Royal Bank of Canada's prime plus 0.5% per annum, and is secured by a general security agreement in all assets except real property. On November 20, 2008, the credit facility was converted to a 24 month term loan whereby the Company pays principal of CDN \$6,250 per month plus interest at the Royal Bank of Canada prime plus 1.5% per annum.

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

### 7. Employee Tax Deductions Payable

The Company is in arrears on the tax withholdings due to Canada Revenue Agency ("CRA") related to employee salaries. The Company has negotiated an agreement with CRA which, if certain conditions are met, allows the Company to pay down the balance in monthly payments of \$10,000 between February 28, 2008 and June 1, 2009 with the remaining balance due in July, 2009. In the event that the Company secures funding, the balance is to be paid off in full shortly after receipt of the funds. In addition, CRA has registered a Certificate in the Canadian Federal Court and the Property Register of Ontario for the amount owing to CRA. These afore-mentioned conditions are related to paying all ongoing collected employee payroll tax deductions to CRA in a timely manner on a go forward basis as well as communicating with CRA on a regular and ongoing basis with respect to the Company's financial condition via forwarding copies of our quarterly and year end financial reports as well as keeping CRA informed with respect to our efforts in securing financing. To date, the company has maintained in good standing the terms of its agreement with CRA. The liability currently bears interest at 9% annually.

### 8. Accrued Legal Judgment

On October 27, 2006, Trisan Equitable Corporation ("Trisan") commenced an action in the Ontario Superior Court in Ontario, Canada against several parties, including the Company, MortgageBrokers.com Inc ("MBI"), our Ontario subsidiary, and Alex Haditaghi, our principal shareholder, sole director and chief executive officer, and several corporate affiliates of Mr. Haditaghi. The statement of claim filed by Trisan asserted a number of claims in the aggregate amount of approximately CDN\$1.4 million, arising out of a loan agreement with Trisan dated January 27, 2005 pursuant to which Trisan agreed to loan all of the defendants except the Company (such defendants referred to hereinafter as the "Borrowing Parties") the sum of CDN\$750,000, which funds were to be used by Mr. Haditaghi for the purpose of acquiring the shares of Magna Data, Inc. (the "Magna Data Shares"). Trisan alleged in its statement of claim, among other things, that:

- (i) it ultimately loaned upwards of CDN\$550,000 pursuant to the loan agreement,
- (ii) the Magna Data Shares were to be pledged as security for repayment of its loan to Haditaghi
- (iii) it was to have been issued, upon certain conditions, upwards of 500,000 shares of the Company's common stock, and
- (iv) the funds advanced to Mr. Haditaghi and/or MBI were never repaid; and,
- (v) Trisan obtained security for such repayment of the loan from a number of the Borrowing Parties, but not from MBI.

In January 2007, the Company and the Borrowing Parties filed a statement of defense, crossclaim and counterclaim in response to Trisan's statement of claim, in which the defendants alleged breach of the loan agreement by Trisan.

On October 3, 2007 a partial summary judgment from the Ontario Superior Court ordered that the Borrowing Parties pay Trisan the sum of CDN\$598,636 within 90 days, along with interest in the amount of CDN\$136,128 and legal expenses in the amount of CDN\$8,907. The court further ordered the dismissal of the counterclaim filed by the Company and the Borrowing Parties and ordered that the balance of Trisan's claims contained in its statement of claim should proceed to trial. The Court further ordered that 500,000 unrestricted shares of the Company be deposited by the defendants with an escrow agent upon payment of the above ordered amounts, pending final disposition of Trisan's other claims and that costs of the motion for summary judgment be fixed at CDN\$5,000 payable to Trisan within 90 days. Upon Payment of the judgment amount, the security provided for the loan would be released.

The October 3, 2007 partial summary judgment was appealed by the Company and the Borrowing Parties, but the judgment was upheld on appeal by the Ontario Court of Appeal on March 31, 2008 with costs for the appeal fixed at CDN\$5,000. The order bears interest at the rate of 10% per year commencing from the date of the judgment. Please see note 18 for further details.

No decision has yet been made as to allocation of liability for the judgment among the Borrowing Parties.

As at March 31, 2009, \$594,089 (CDN\$748,671) plus interest of \$92,080 (CDN\$116,039) was accrued by the Company.

**9. Advances from Related Party**

As of March 31, 2009, the controlling shareholder and Chief Executive Officer of the Company had advanced \$200,368 (December 31, 2008 - \$129,425) to fund the working capital of the Company. The advances are unsecured, non-interest bearing, with \$155,368 due on demand, \$25,000 due in 2010, and \$20,000 due in 2011.

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

**10. Obligation Under Capital Leases**

The obligation under capital leases bear interest at approximately 30% per annum. Future minimum lease payments under the capital leases expiring December 31, 2009 together with the balance of the obligation under capital leases is as follows:

	<b>March 31, 2009</b>	December 31, 2008
<u>2009</u>	<u><b>1,094</b></u>	<u>2,212</u>
Total minimum lease payments	<b>1,094</b>	2,212
<u>Less: amount representing interest at approx. 30%</u>	<u><b>(123)</b></u>	<u>(588)</u>
Total obligation under capital leases	<b>971</b>	1,624
<u>Less: current portion</u>	<u><b>(971)</b></u>	<u>(1,624)</u>
<u>Long-term portion</u>	<u><b>\$ -</b></u>	<u>-</u>

**11. Stock-based Compensation Accrual**

The Company has accrued expenses for stock-based compensation:

- a) As of March 31, 2009, the Company has accrued, as stock-based compensation payable, 509,867 (December 31, 2008 – 377,838) common shares at a price of \$0.06 (December 31, 2008 - \$0.11) per share for a total of \$30,592 (December 31, 2008 - \$41,562) payable to the parties referred to in note 18c (ii).
- b) As of March 31, 2009, the Company has accrued, as employee stock-based compensation, \$117,600 (December 31, 2008 - \$143,779) under its Equity Compensation Plan referred to in note 12.
- c) As of March 31, 2009, the Company has accrued, as stock-based compensation, 1,283,321 (December 31, 2008 – 1,134,242) common shares at a price of \$0.06 (December 31, 2008 - \$0.11) per share for a total of \$76,999 (December 31, 2008 - \$124,767) payable to the parties referred to in note 18a, 18b, and 18c (i).

**12. Capital Stock****Preferred Stock**

The Company has 5,000,000 shares authorized of preferred stock with a par value of \$0.0001. The Company has issued none of these shares as of March 31, 2009.

**Common Stock**

On June 9, 2006, the Company completed an offering in which it issued a total of 2,112,470 shares of its common stock to accredited investors including RE/MAX Ontario-Atlantic Canada Inc., its executives and franchisees, at a price per unit of \$1.00 for an aggregate offering price of \$2,112,470. Purchasers of these securities receive the following additional rights and privileges:

- i) the purchaser received a warrant (1 warrant = 1 share) to further purchase up to the total number of shares of common stock purchased through the private placement exercisable at a rate of 20% each year following the anniversary date of the private placement closure. The warrants are exercisable at a price 30% below the 30 day fair market price preceding the date such warrants are exercised. Warrants expire if not exercised within 30 days of such anniversary date; and

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

The following summarizes the warrants issued, outstanding, exercisable, expired and exercised related to the company's private placement that closed on June 9, 2006:

	<b>March 31, 2009</b>	March 31, 2008
Number of Warrants Outstanding at Beginning of Period:	1,267,482	1,682,976
Number of Warrants Exercised:	-	-
Warrants Expired:	-	-
Number of Warrants Outstanding and Exercisable at End of Period:	1,267,482	1,682,976

- ii) further, pursuant to the execution of a service level agreement, on the anniversary date of the private placement closure, the Company has agreed to issue a number of shares of common stock equal to 25% of the number of common shares purchased in the private placement for ten consecutive anniversary dates. The receipt of such shares is dependent on the execution and maintenance in good standing of the terms of a service level agreement for each of the ten years. The service level agreement included the provisions of marketing, servicing and promotional services.

The following is a summary of stock-based compensation issuances associated with our January 30, 2006 agreement with RE/MAX which was modified on May 25, 2006:

<b>YEAR</b>	<b>Date of Issue</b>	<b>Anniversary Stock Issued</b>	<b>Price</b>	<b>Value</b>
2007	July 7, 2007	478,000	\$ 0.42	\$ 200,760
2008	September 11, 2008	490,500	\$ 0.11	\$ 53,955
Subtotal		968,500		

Based upon the sale of 2,112,470 shares in our placement which closed on June 9, 2006, and pursuant to the January 30, 2006 agreement with RE/MAX which was modified on May 25, 2006, a maximum number of 528,117 shares could be issued each anniversary of the placement closing date for a total of 5,281,170 shares over 10 years. As at March 31, 2009, the Company has issued 968,500 of these common shares. The issuance of the anniversary shares is subject to the good standing of the RE/MAX January 30, 2006 and amended May 25, 2006 agreements for RE/MAX affiliates as well as the continued good standing of a one year renewable service level agreement for the RE/MAX Franchisee.

The potential issuance of the shares to the June 9, 2006 private placement offering participants is accrued for quarterly and issued annually. The annual issuances are recorded at the market value of the share on the date of issuance.

On July 7, 2007, the Company issued 125,000 restricted (Rule 144) common shares at a price of \$1 per share and having similar rights and obligations pursuant to the terms of the 2006 Private Placement offered to executives and franchisees of RE/MAX Ontario-Atlantic Canada Inc. These shares rights were assigned to the new subscribers by the initial subscribers of the 2006 PPM. These shares were issued in anticipation of the initial participants shares being cancelled. The shares were issued at \$1.00 per share, the offered price in the private placement which closed on June 9, 2006.

#### Equity Compensation Plan

On February 6, 2003 and as amended on February 14, 2003, the Company adopted the 2003 Equity Compensation Plan to attract and retain high quality personnel. The adequacy of this plan is evaluated annually by Company management. As of March 31, 2009, no options had been issued under this plan. The disclosures made in the 2005 Audited Financial Statements (10-KSB - Item 10. Executive Compensation) and the 'Amendment to License Agreement between RE/MAX and Mortgagebrokers.com Holding Inc.' dated May 25, 2006 (8-K - Schedule 'A' 1. Outstanding Options) documenting the equity compensation of employees has not been implemented as of May 15, 2009. The Company is currently in the process of amending the existing employment agreements which are expected

to be executed in 2009. Until the new employment contracts have been formally and legally executed, the existing employment contracts of the Company are still in effect.

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

**12. Capital Stock (cont'd)**

Service Compensation Plan

On March 1, 2005 the Board of Directors approved the Service Compensation Plan ("the Service Plan"), the purpose of which is to enhance the Company's stockholder value and maximize the available capital resources of the company through allowing non monetary transactions whereby the issuance of stock is granted for services rendered. This program is expected to support the Company in building a long term sustainable revenue pipeline, a national sales agency and referral program as well as provide incentive to service providers to establish long term relationships with the Company and to encourage stock ownership by such individuals by providing them with a means to acquire a proprietary interest in the Company's success through stock ownership. Under the Service Plan, service providers, consultants, mortgage agents and strategic alliance partners who provide services to the Company may be granted options or warrants to acquire restricted stock of the Company. The total number of shares reserved for issuance under the Service Plan is 5,000,000, the adequacy of which will be evaluated annually.

## **MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

Unaudited

### **13. Additional Paid-in Capital - Warrants**

On June 9, 2006, accredited investors including RE/MAX Ontario-Atlantic Canada Inc., its executives and franchisees purchased 2,112,470 units of the Company for aggregate proceeds of \$2,112,470 as a part of private placement (note 12). Each unit consisted of one common share and one common share purchase warrant. The warrants are exercisable at a price 30% below the 30 day fair market price preceding the date such warrants are exercised. One-fifth of such warrants must be exercised (executed to purchase shares) within 30 days following each successive anniversary date of the private placement closing of the offering. Warrants expire if not exercised within 30 days of such anniversary date. The warrants were relatively valued at \$732,605. The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: expected dividend yield of 0%, expected stock volatility of 64.7%, risk-free interest rate of 4.00% and an expected warrant life of 1 year. The expiry date of the warrants was extended for the first year only, to September 30, 2007. As of March 31, 2009, 233,078 of the warrants were exercised at an average price of \$0.28. As of March 31, 2009, 611,910 warrants expired, 233,078 warrants were exercised and 1,267,482 warrants remain outstanding and exercisable.

### **14. Subscription Receivable**

On June 9, 2006, the Company completed an offering in which it issued a total of 2,112,470 shares of its common stock to accredited investors including executives and franchisees of RE/MAX Ontario-Atlantic Canada Inc., at a price per unit of \$1.00 for an aggregate offering price of \$2,112,470. Payment of \$1,870,169 was received during the year ended December 31, 2006 and promissory notes were executed for the balance of \$242,301. As of March 31, 2009, \$155,000 of the original promissory notes remains outstanding. Due to the lack of fulfilling the terms of the promissory notes, two of the original participants' shares, for a total of 125,000 shares, are in the process of being cancelled. As of March 31, 2009 two new participants subscribed for 125,000 shares under the private placement and as of March 31, 2009, \$60,000 of the new participants' promissory notes have been paid and \$65,000 remains outstanding. In addition, as of March 31, 2009, 233,078 warrants issued under the private placement were exercised for a total value of \$64,786, see note 13. During the fourth quarter of 2008, the Company issued 197,078 shares in relation to the warrants exercised and paid. The un-issued warrants exercised are included in subscription for stock in the equity section of the balance sheet. As of March 31, 2009, \$7,540 receivable on the exercise of the warrants was outstanding and is included in subscriptions receivable in the equity section of the balance sheet. The shares underlying some of the warrants exercised have not been issued to date due to non receipt of payment from the exerciser of the warrant.

### **15. Treasury Stock**

During 2007, the Company acquired 12,500 common shares of the Company, on the open market, at an average price of \$0.60 per share for a total of \$7,455. In 2006, the Company acquired 31,600 common shares of the Company, on the open market, at an average value of \$0.56 per common share, for a total of \$17,779.

### **16. Occupancy Costs - Related Party**

For the period of September 2006 to March 2007, the Company operated from a property owned by a related party and did not incur any rent expenses during this period. The estimated value of this un-incurred rent expense is \$2,500 per month during the rent free period. The estimated amount is based on the cost of renting a similar sized property in the surrounding area.

On August 1, 2007, the Company's current office space was sold to a related party of the Chief Executive Officer, the Company's majority shareholder. The Company's lease agreement obligation was extended from two to five years. Please see note 18 for further details.

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

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**17. Income Taxes**

The Company has paid no federal or state income taxes. As of March 31, 2009, the Company had net operating loss carry forwards for federal income tax reporting purposes of \$3,513,485 which, if unused, will expire in various years. The tax effect of the operating loss carry forwards and temporary differences at March 31, 2009 and 2008 are as follows:

	2009	2008
<b>Deferred Income Tax Assets:</b>		
Net Operating loss carry forward	\$ 1,194,585	\$ 1,301,835
Net book value and tax value differences	<u>(35,434)</u>	<u>(35,434)</u>
Valuation allowance for deferred income tax assets	<u>(1,159,151)</u>	<u>(1,266,401)</u>
<b>Total deferred tax effect</b>	<b>\$ -</b>	<b>\$ -</b>

The following is a reconciliation of the income tax benefit computed using the combined Canadian federal and provincial statutory rate of 34% (2008 - 34%) rate to the provision for income taxes:

	2009	2008
<b>Deferred Tax Provision:</b>		
Expected income tax benefit (expense)	\$ 1,031	\$ (54,478)
Stock based compensation	<u>28,872</u>	<u>134,484</u>
Valuation allowance	<u>(29,903)</u>	<u>(80,006)</u>
<b>Provision for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Current Tax Provision:</b>		
Federal and Provincial income tax	<u>\$ -</u>	<u>\$ -</u>

Due to the losses incurred since inception and expected future operating results, management has determined that the Company does not meet the 'more likely than not' criteria that the deferred tax assets resulting from the tax losses available for carry forward and the differences in tax bases of assets will be realized through the reduction of future income tax payments, accordingly a 100% valuation allowance has been recorded for deferred income tax assets.

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

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### 18. Commitments and Contingencies

#### Commitments

The Company has entered into agreements with various parties, whereby the Company is committed to issue compensatory warrants and stock as part of the "Service Compensation Plan" to mortgage agents and strategic alliance partners.

The effective date ("Effective Date"), when mentioned below, is the date the independent mortgage agent entered into a Mortgage Agent Agreement with the Company; or, is the date the RE/MAX Ontario-Atlantic Canada Inc. ("RE/MAX") or Maxwell Realty Inc. ("Maxwell") Franchisee entered into a Service Level Agreement with the Company and is also the date that the strike price ("Strike Price") of the warrants is established. The strike price is the greater of \$1 per share or the twenty day average closing price following the Effective Date.

Since the conversion ratio of dollar value of warrants into shares is fixed, but the share price fluctuates, the accrual to expense the value of the warrants earned by the mortgage agents and strategic alliance partners will fluctuate with the share price at the end of each period.

The Company has entered into agreements with the following parties:

a) Independent Mortgage Agents/Loan Officers

Pursuant to a 5 year Mortgage Agent Agreement, the Company is committed to issuing warrants, at no cost, for common stock of the Company in two series to mortgage agents licensed with the Company based on their annual mortgage origination sales volume, which are summarized as follows based on current formulae:

#### Series I Warrants

"Average Volume":	defined as the average best three out of five years in funded mortgage origination volume
Number of Warrants:	\$8,257 worth of warrants divided by the Strike Price, per CDN \$10 million in Average Volume, adjusted on a pro rata basis, no minimum or maximum thresholds. The warrants are convertible in common shares on a 1:1 basis.
Earnings Period:	Series I warrants are earned in the first 5 years following the Effective Date;
Additional Vestment:	all SERIES I warrants are fully vested on the 5th anniversary of the Effective Date
Determination Date:	5 year anniversary of Effective Date

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

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Unaudited

**18. Commitments and Contingencies (cont'd)**

Commitments (cont'd)

a) Independent Mortgage Agents/Loan Officers (cont'd)

Series II Warrants

“Annual Volume”: defined as the total mortgage origination volume executed per 12 month period following the Effective Date and subsequent 12 month periods following the anniversary dates of the Effective Date

Number of Warrants: \$1,651 worth of warrants divided by the Strike Price per CDN \$10 million in Annual Volume, adjusted on a pro rata basis, no minimum or maximum thresholds. The warrants are convertible in common shares on a 1:1 basis.

Earnings Period: Series II warrants are earned in the first 5 years following the Effective Date

Additional Vestment: All SERIES II Warrants fully vest 3 years following the Determination Date

Determination Date: The Annual Volume is determined on the fifth year anniversary of the Effective Date

b) Maxwell Realty Inc.

Per a three year renewable agreement dated April 12, 2006 and pursuant to the execution of a service level agreement by the Maxwell Franchisee, the Company is committed to issuing to Maxwell at no cost, warrants for common stock of the Company based on referrals leading to funded mortgage origination volume. The Maxwell Warrant-Based Compensation Program, which issue warrants (“SERIES III Warrants”) that are divided amongst the Maxwell Franchisor, Franchisee and referring Sales Agent.

Annual Volume: defined as the total funded mortgage origination volume from Maxwell lead referral executed per 12 month period following the Effective Date and subsequent 12 month periods following the anniversary dates of the Effective Date

Number of Warrants: \$3,000 worth of warrants divided by the Strike Price per CDN \$10 million in Annual Volume, adjusted on a pro rata basis, no minimum or maximum thresholds. The warrants are convertible in common shares on a 1:1 basis.

Earnings Period: Series III warrants are earned in the first 5 years following the Effective Date

Additional Vestment: SERIES III warrants are fully vested on the fifth anniversary of the Effective Date

**MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Financial Statements

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**18. Commitments and Contingencies (cont'd)**

Commitments (cont'd)

## c) RE/MAX

- i) Pursuant to a ten year licensing agreement dated January 30, 2006 and amended May 25, 2006, and pursuant to the execution of a one year renewable service level agreement by the RE/MAX Franchisee, the Company is committed to issuing to RE/MAX at no cost, warrants for common stock of the Company based on referrals leading to funded mortgage origination volume. The RE/MAX Warrant-Based Compensation Program issues warrants ("SERIES IV Warrants") as follows based on current formulae:

Annual Volume: defined as the total funded mortgage origination volume from RE/MAX lead referral executed per 12 month period following the Effective Date and subsequent 12 month periods following the anniversary dates of the Effective Date

Number of Warrants: \$3,000 worth of warrants divided by the Strike Price per \$10 million dollars CDN in Annual Volume, adjusted on a pro rata basis, no minimum or maximum thresholds. The warrants are convertible in common shares on a 1:1 basis.

Earnings Period: Series IV warrants are earned in the first 3 years following the Effective Date

Additional Vestment: SERIES IV warrants are fully vested on the 5th anniversary of the Effective Date

- ii) Pursuant to the ten year licensing agreement dated January 30, 2006 and amended May 25, 2006, the Company has committed to issuing, at no cost, an aggregate of 528,118 common shares of the Company on each of the 10 year anniversary dates of the licensing agreement to those RE/MAX executives and franchisees that participated in the company's private placement which closed on June 9, 2006.

- d) The Company has signed lease agreements for computer and office equipment. Committed annual payments are as follows:

2009	\$ 5,555
2010	\$ 4,749
2011	\$ 3,381
2012	\$ 2,990

- e) On February 8, 2007, the Company entered into a lease to rent office space in Calgary, Alberta, Canada for maintaining the Company's western Canada operations. The agreement is effective commencing May 1, 2007 for a five year term.

Annual minimum lease payments (excluding utilities, taxes and common area maintenance expenses) are as follows:

2009	\$ 7,194
2010	\$ 7,194
2011	\$ 8,633
2012	\$ 2,878

## MORTGAGEBROKERS.COM HOLDINGS, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

March 31, 2009

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### 18. Commitments and Contingencies (cont'd)

Commitments (cont'd)

f) On March 27, 2007, the Company entered into a lease to rent office space in Concord, Ontario, Canada for maintaining the Company's Canadian head office. The agreement was effective commencing April 1, 2007 for a two year term.

The Company had the option to renew this lease, for amounts to be determined, for two additional one year terms. The Company also had the option to purchase the office space, by May 31, 2007, for \$986,815. The Company did not exercise its option to purchase the office space. On August 1, 2007 the office space was sold to a related party of the CEO and majority shareholder (note 16) and the lease commitment period was extended from 2 to 5 years on similar terms and conditions as was originally negotiated with a third party.

Annual minimum lease payments (excluding utilities, taxes and common area maintenance expenses) are as follows:

2009	\$ 86,509
2010	\$ 86,509
2011	\$ 86,509
2012	\$ 50,463

Contingencies

Note 8 describes a series of events which results in a continuing legal matter. Given that the judgment further allows additional matters in the original Statement of Claim to proceed to trial the Company may incur additional costs and liabilities. An estimate of the contingent liability to which the Company is party to by way of this continued action cannot reasonably be determined at this time and could be as much as the difference between partial summary judgment and the original claim amount plus interest.

The Company is party to various other claims and proceedings arising in the normal course of business. Management does not expect the disposition of these matters to have a material adverse effect on the Company's results of operations or financial condition.

### 19. Earnings or Loss Per Share

Basic earnings per shares (EPS) and Diluted EPS for the periods ended March 31, 2009 and 2008 have been computed by dividing the net income or loss available to common stockholders for each respective period by the weighted average shares outstanding during that period. All outstanding warrants and non-vested restricted stock, representing approximately 5,030,664 incremental shares, have not been included in the March 31, 2009 computations of Diluted EPS as they are anti-dilutive due to the loss generated. All outstanding warrants and non-vested restricted stock, representing approximately 5,637,849 incremental shares, have been included in the March 31, 2008 computations of Diluted EPS as they are dilutive due to the income generated.

### 20. Comparative Figures

Certain figures for the previous period have been reclassified to conform to the current period's financial statement presentation.

**Exhibit 31.1**

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex Haditaghi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mortgagebrokers.com Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 15, 2009

*/s/ Alex Haditagli*

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Alex Haditagli

Chief Executive Officer,

Chief Financial Officer

