

GREY HORSE CORPORATION
Management's Discussion and Analysis (MD&A)
Year Ended December 31, 2008

(all amounts, except per-share amounts, are in 000s unless otherwise stated)

This MD&A has been prepared with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators ("NI 51-102"), and should be read in conjunction with the Corporation's audited consolidated financial statements and notes for the year ended December 31, 2008. Except as otherwise indicated, all financial information in this MD&A is determined in accordance with Canadian Generally Accepted Accounting Principles (GAAP), and all dollar amounts referred to herein are in Canadian dollars. The information in this MD&A is current to March 11, 2009.

Forward-Looking Statements

This MD&A may contain forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements (if and when they are made) are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. The key risks that could cause actual outcomes and results to differ from those expressed in the forward-looking statements are listed on page 11. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

If and when forward-looking information is set out in this MD&A, the Corporation will also set out the material risk factors or assumptions used to develop the forward-looking information. Forward-looking information will be updated as required pursuant to the requirements of NI 51-102.

Overview

The Corporation offers a complementary, cohesive set of financial services to corporate and institutional clients. Its core business focuses on transfer agent and corporate trust services, mostly offered under ongoing contractual relationships. It also assists clients with trust and foreign exchange needs arising from corporate transactions (such as mergers and acquisitions, or other major contracts), and offers corporate secretarial and other support services. Through its subsidiary Toro FX Inc., the Corporation offers foreign exchange, payment and receipt services to a broad base of business, institutional and personal clients.

Overall Performance

In many ways, 2008 was a good year for the Corporation; although, clearly not as successful as 2007. Despite deteriorating economic conditions, the Corporation increased its revenue by 11% compared to 2007, to \$19,528, while also increasing the size and the diversity of its client base. The Corporation's performance in 2008 clearly demonstrates the increasing strength of its brand and its greater capacity to identify and obtain more complex opportunities.

The Corporation also remained solidly profitable during 2008. However, net income of \$2,855 was lower by 11% than in 2007. The extremely challenging economic climate did not allow the Corporation to profit as it hoped from its recent investments in senior staff and in other key aspects of its core infrastructure (such as rent and technology). Even so, given prevailing conditions, management is pleased with the overall results for the year.

The Corporation's results represent two distinct but related sources of activity. The first source is the ongoing revenues from the Corporation's core businesses - transfer agent and corporate trust services - which are relatively stable. However, they are affected by the level of capital market activity (such as the volume of equity-raising activities by clients) and, given market conditions, were lower in 2008 than in 2007.

The second source is comprised of large-volume margin income or foreign exchange transactions, related to one-off client events or requirements, which are highly variable. A small number of transactions of this kind, or their absence, can dramatically transform revenue and net income. During 2008, \$3,028 (2007: \$2,100) of revenue represents the impact of such large volume transactions.

Management is increasingly confident in its ability to maintain or increase the frequency of such transactions. However, this kind of activity is by its nature volatile, depending on fluctuations in capital market activities and other unpredictable factors.

Very little certainty exists about economic conditions in 2009. Prolonged poor market conditions would clearly pose a risk to the Corporation's activities, for example from a net loss in transfer agent clients. However, such conditions might also create offsetting opportunities - for example, to provide trust services relating to acquisitions or other corporate transactions. The Corporation also possesses some significant advantages that have so far mitigated the direct impact of the ongoing credit crisis. It does not have outstanding debt. It only uses derivative financial instruments in connection with Toro's core business activities, where their use and associated risks are carefully controlled and monitored (see **Risks** below). Its financial statements have not been subject to any additional valuation challenges.

In 2009, management will focus on maintaining the most systematic possible approach towards attracting and retaining clients and key relationships, while being vigilant over operating expenditures.

Key Performance Measures

Revenue increased \$1,889, or 11%, to \$19,528 (2007: 17,639). This total includes large volume transactions generating \$3,028 (2007: \$2,100), related to margin income and to foreign exchange.

Management had previously stated its target of achieving 25% annual growth in revenues to the end of 2008.¹ The Corporation met this target for the six-month fiscal period ended December 31, 2006 and for the year ended December 31, 2007. However, due to the significant change in market conditions, it did not ultimately meet the target for the year ended December 31, 2008.

Net income decreased \$342 or 11%, to \$2,855 (2007: \$3,197).

Management had previously stated its target of achieving 30% annual growth in net income to the end of 2008.² Again, the Corporation met this target for the six-month fiscal period ended December 31, 2006 and for the year ended December 31, 2007, but did not ultimately meet the target for the year ended December 31, 2008.

Basic earnings per share decreased by 7 cents or 14%, to 43 cents per share (2007: 50 cents per share). Diluted earnings per share decreased by 4 cents or 9% to 43 cents per share (2007: 47 cents per share).

Earnings before interest, taxes, depreciation and amortization (EBITDA)³ decreased by \$465 or 8%, to \$5,094 (2007: \$5,559).

Annualized return on Equity decreased from 22% to 16%.⁴ Return on Equity is a further measure commonly tracked by financial analysts and investors as a key indicator of the Corporation's efficient use of its capital resources.

The Corporation's performance for the year is discussed in detail starting on page 6. The acquisition of Toro during the year solidifies the Corporation's position in the foreign exchange market, but also extends its involvement in and exposure to a greater range of derivative assets

¹ This objective represents an incentive target for management in running the business and is not intended to represent prospective results of operations based on assumptions about future economic conditions and courses of action. This target is not in effect for 2009 or succeeding years.

² This objective represents an incentive target for management in running the business and is not intended to represent prospective results of operations based on assumptions about future economic conditions and courses of action. This target is not in effect for 2009 or succeeding years.

³ EBITDA (Earnings Before Income Taxes, Depreciation and Amortization) and Return on Equity (Net income divided by the average of opening and closing shareholders' equity) do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other issuers. However, the Corporation believes that these are viewed by financial analysts and investors as key measures of certain aspects of its performance. EBITDA is used as an indication of the Corporation's ability to invest in property, plant and equipment, and to raise and service debt; and Return on Equity is used as a key indicator of the Corporation's efficient use of its capital resources. They should not be considered as an alternative to cash flows from operating activities nor to any other measures of performance presented in accordance with Canadian GAAP.

⁴ Refer to the previous footnote for a discussion on Return on Equity. Return on Equity for the year is calculated as net income for the year of \$2,855, divided by the average of reported shareholders' equity at December 31, 2007, of \$17,908 and at December 31, 2008 of \$18,538.

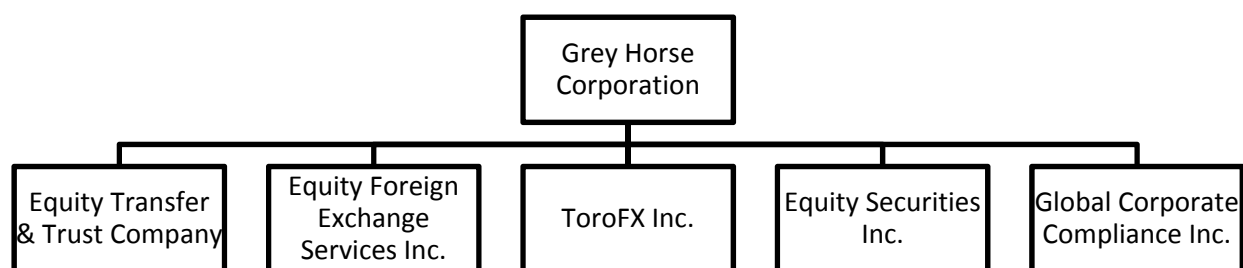
and liabilities. The overall appearance of the balance sheet as at December 31, 2008, compared to the previous year, has evolved to reflect this, as well as related matters such as client margin deposits held in association with foreign exchange contracts.

Description of the Business

Grey Horse is a Canadian financial services corporation serving the corporate and institutional market. Its mission is to become the leading corporate trust company in Canada. The Corporation's stock symbol is GHC.

The Corporation was incorporated in September 2001 as a Capital Pool Corporation ("CPC"). It began trading on the TSX Venture Exchange ("TSXV") in April 2004, completed its qualifying transaction in December 2004 and graduated to the Toronto Stock Exchange ("TSX") in March 2006.

Grey Horse operates five wholly owned operating subsidiaries. Its corporate structure is as follows:



Business basics	Operational Overview	Key Characteristics
<p>Equity Transfer & Trust Company ("ETT") (founded 1990; acquired by Grey Horse in 2004; continued as a federal trust company in 2006)</p> <p>ETT is an accepted transfer and escrow agent for companies listed on the TSX and the TSXV. With offices in Toronto, Calgary and Vancouver, ETT is licensed to operate as a trust corporation in the provinces of Ontario, Alberta, British Columbia and Saskatchewan. ETT is also registered as a transfer agent with the Securities and Exchange Commission ("SEC") and has been accepted as a qualified transfer agent and registrar with the New York Stock Exchange</p>	<p>ETT is the bedrock of the GHC group of companies.</p> <p>In respect of its registrar and transfer agent services offered to issuer clients, ETT maintains registers of registered shareholders and supports public market activities such as issuances of shares from treasury, mailings to shareholders, dividend distributions and transfers of securities. ETT also acts as scrutineer at shareholder meetings and as rights subscription agent, exchange agent and escrow agent under exchange and securities commission mandated escrows.</p> <p>Corporate trust services offered by ETT include acting as trustee for debt instruments, as depository for</p>	<p><i>Regulatory</i> TSX regulations require all TSX listed companies to retain transfer agents that effect transfers and maintain registration facilities in the City of Toronto.</p> <p>Pursuant to a bulletin issued by the TSXV in December 2005, an entity applying to become an acceptable transfer agent under TSXV policies must be a trust corporation in good standing under applicable Canadian provincial or federal legislation.</p> <p><i>Commercial</i> A new entrant into this business must build a substantial client base in short order that will generate sufficient revenue to attract and retain employees from a limited</p>

Business basics	Operational Overview	Key Characteristics
<p>("NYSE").</p> <p>Effective June 1, 2006, ETT was granted letters patent by the Minister of Finance and received an order from the Office of the Superintendent of Financial Institutions (OSFI) to commence and carry on business as a federal trust company under the <i>Trust and Loan Companies Act</i> (Canada). This allowed ETT to extend its transfer agent franchise across Canada and to add corporate trust services to its suite of services.</p>	<p>takeover offers, as warrant agent, as subscription receipt agent and as agent for voluntary escrow arrangements.</p> <p>While some of ETT's clients are private issuers, the majority are listed on North American capital markets such as the TSX, TSXV, NYSE, NASDAQ and AMEX</p>	<p>talent pool and to afford financial district office space, specialized computer systems, and insurance coverage.</p> <p><i>Competitive</i> ETT believes that quality of service, responsiveness and flexibility, attention to pricing and value-added services allow it to differentiate itself from competitors and deepen the business relationship with existing clients. The value-added services that ETT currently offers include discounted press releases, free and unlimited access to a SEDAR search engine and services designed to assist clients in meeting regulatory compliance obligations such as a Whistleblower service.</p>
<p>Global Corporate Compliance Inc. ("GCC") (acquired 2007), operating in Calgary and Vancouver.</p>	<p>GCC provides corporate secretary and regulatory compliance services to publicly traded issuers across Canada.</p>	<p>GCC extends Grey Horse's geographic reach to Western Canada and complements ETT's service offering.</p>
<p>Equity Foreign Exchange Services Inc. ("EFX") (launched 2007)</p> <p>Toro FX Inc. ("Toro") (acquired 2008)</p>	<p>EFX provides competitively priced foreign exchange services to ETT clients.</p> <p>During the year, the Corporation acquired Toro, a privately owned Canadian corporation providing foreign exchange services to a varied client base for a total agreed purchase price of \$4,580, subject to adjustments based on the achievement of certain financial performance conditions. The Corporation's initial investment on closing was \$1,297 consisting of cash, shares and related costs. Additional installments will comprise up to \$1,740 cash as well as 210 shares which will be valued when issued. See Note 8 to the Corporation's audited financial statements for the year ended December 31, 2008. This acquisition is expected to solidify the Corporation's position in the foreign exchange market, in large part through the quality and industry experience of Toro's management team.</p>	<p>Complements ETT's service offering.</p>

Business basics	Operational Overview	Key Characteristics
Equity Securities Inc. ("ESI") (launched 2007)	Registered as a limited market dealer ("LMD") under the Securities Act (Ontario), earns commissions for assisting ETT clients in obtaining equity and debt financing and placing investments, for which it earns a margin on investment income.	Complements ETT's service offering.

Results of Operations for 2008

Revenue

Type of Financial Service	Three months ended December 31, 2008	Three months ended December 31, 2007	Qtr on Qtr Change	Year to Date December 31, 2008	Year to Date December 31, 2007	Year on Year Change
Transfer agent	2,313	2,803	(490)	11,682	11,971	(289)
Corporate trust	741	750	(9)	3,121	4,184	(1,063)
Corporate compliance	106	141	(35)	497	511	(14)
Foreign exchange	1,779	18	1,761	4,048	622	3,426
Limited market dealer	22	342	(320)	180	351	(171)
Total Grey Horse	4,961	4,054	907	19,528	17,639	1,889

The following factors explain the changes in revenue from year to year:

Transfer agent – decrease of \$289 or 2%

Client acquisitions in the core transfer agent business continued during the year with 68 net new additions (2007: 41 net new additions). At December 31, 2008, the Corporation provided services to 551 clients compared with 483 at December 31, 2007. Nevertheless, revenues from this source were lower overall, principally as a result of a lower volume of equity raising activities by clients.

Corporate trust – decrease of \$1,063 or 25%

Corporate trust revenues were also lower this year, reflecting the absence of large margin income transactions of the kind that occurred in 2007. Lower interest rates further reduced margins on cash balances. However, fee driven revenues from trust services increased 15%.

Foreign exchange – increase of \$3,426 or 551%

Foreign Exchange revenues increased as a result of large volume transactions with a total value of \$2,307 (2007: \$500), and the contribution from acquiring Toro on July 2, 2008. These revenues include \$55 for the unrealized fair market value gain on derivatives (see **Financial and Other Instruments** below).

The Corporation's corporate compliance and limited market dealer businesses remain a relatively minor part of operations overall, but management continues to believe in their strategic value.

Selling, general and administrative expenses

	Three months ended December 31, 2008	Three months ended December 31, 2007	Qtr on Qtr Change	Year to Date December 31, 2008	Year to Date December 31, 2007	Year on Year Change
Recoverable operating expenses	447	600	(153)	3,235	3,197	38
Staffing costs	1,945	1,381	564	6,719	5,277	1,442
Rent	235	158	77	818	552	266
Other selling, general and administration	1,183	870	313	3,662	3,055	607
Total selling, general and administrative expenses	3,810	3,009	801	14,434	12,081	2,353

Recoverable operating expenses – increase of \$38 or 1%

This category consists of expenses incurred primarily in providing transfer agent services. In the main, it consists of costs of stationery, mailing, courier services and the Company's cost of value added services, which are recovered from transfer agent clients.

Staffing costs – increase of \$1,442 or 27%

The Corporation had increased its number of staff by almost 68% during 2007 to strengthen its operations, to support the growth in operations and its various new lines of business and to plan for anticipated continued growth. This included a number of senior staff in key strategic positions. The Corporation added only a few additional staff during 2008 – the increase in the expense reflects a full year's expense for the increases during 2007 and the addition of Toro FX Inc. staff commencing July 2008.

Rent – increase of \$266 or 48%

This reflects the opening of the Vancouver office in December 2007, and of adding additional office space in Toronto during 2008.

Other selling, general and administrative expenses - increase of \$607 or 20%

Other expenses include costs associated with technology, insurance, professional services, marketing and general administrative matters. A substantial portion of the increase in the year is due to the addition of expenses related to Toro and the remainder reflects the growth in operations.

Net income and earnings per share

Net income decreased by \$342 or 11%. Although the Corporation's revenues increased overall, they did not increase sufficiently during 2008 to provide the anticipated return on its additional investment in its infrastructure.

Basic earnings per share decreased by 7 cents or 14%. Diluted earnings per share decreased by 4 cents or 9%. During the year, the Corporation issued 300 additional shares following the exercise of stock options and repurchased 450 shares (see **Normal Course Issuer Bid**).

Fourth Quarter

The Corporation's consolidated revenue and net income for the 2008 fourth quarter increased 22% and 2% respectively over the same three-month period in 2007, affected by margin income and foreign exchange of \$700 (2007: \$0) from a large volume transaction (see **Summary of Quarterly Results** below).

Financial Condition and Liquidity

	Three months ended December 31, 2008	Three months ended December 31, 2007	Qtr to Qtr Change	Year to date December 31, 2008	Year to date December 31, 2007	Year to Year Change
Cash flow from operating activities	1,301	948	353	4,172	5,009	(837)
Cash flow from investing activities	(627)	(228)	(399)	(3,061)	(855)	(2,206)
Cash flow from financing activities	(443)	5	(448)	(3,230)	2,919	(6,149)

	As at December 31, 2008	As at December 31, 2007	Change
Working capital	7,514	11,054	(3,540)
Cash and cash equivalents	10,160	12,278	(2,118)

Cash flows

Cash flow from operating activities – decrease in inflow of \$837 or 17%

The main elements underlying the decrease were the decrease in the Corporation's net income, its first quarter payment of the income taxes of \$1,233 accrued on 2007 net income, and decrease in accounts payable and accrued liabilities partly offset by an increase in customer margin deposits for foreign exchange contracts.

Cash flow from investing activities – increase in outflow of \$2,206 or 258%

The Corporation invested \$1,413 in capital assets, primarily investments in IT infrastructure and leasehold improvements relating to the additional office space acquired in Toronto and Vancouver at the beginning of the year. The acquisition of Toro provided a net inflow of cash during this year, of \$92. However, the Corporation placed an additional \$1,740 into escrow in connection with acquiring Toro, as described in Note 18 of the Corporation's consolidated financial statements for the year ended December 31, 2008.

Cash flow from financing activities – increase in outflow of \$6,149 or 211%

In 2008, the Corporation spent \$3,395 under the terms of its Normal Course Issuer Bid compared to \$2,919 raised in 2007 by issuing common shares. It also spent \$285 to repay loans assumed on acquiring Toro.

Working capital – decrease of \$3,540 or 32%

The factors discussed above resulted in the decrease in working capital.

Cash and cash equivalents – decrease of \$2,118 or 17%

The Corporation views cash as a source of safety during turbulent markets and as a source of flexibility in pursuing its key strategy of seeking out favourable acquisition opportunities. The Corporation is also mindful of its regulatory requirements related to ETT (see **Regulatory Requirements** below). Although, taking all the above factors into account, cash and cash equivalents decreased somewhat during the year, the amount on hand at December 31, 2008 remains more than adequate to address all these considerations.

Capital resources

Overall, the Corporation believes current resources are sufficient to execute its business plan. It may however require further capital from time to time to pursue strategic initiatives.

Bank credit facilities

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 bearing interest at bank prime plus 1% (4.50% at December 31, 2008). At both December 31, 2008 and 2007 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.

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

Bank of Montreal has made a credit facility of \$1,350 available to EFX, in respect of foreign exchange forward and option contracts with terms of one year or less. The first \$350 of this facility is guaranteed by Grey Horse, including a security agreement placing a charge over substantially all the Corporation's assets. To allow it to draw on the remaining \$1,000 of the facility, the Corporation has placed \$1,000 in a redeemable short term investment certificate with Bank of Montreal (classified as cash and cash equivalents on the Corporation's balance sheet). EFX can increase the available credit facility further, to a maximum of \$2,000 by placing a further hold on cash or cash equivalents in the amount of the additional credit requested.

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 December 31, 2008, the Company has provided cash security to its other foreign exchange providers in an amount equivalent to approximately \$200 Canadian dollars.

Foreign exchange contracts outstanding

At December 31, 2008, 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 \$18,300 Canadian dollars and sell the equivalent of approximately \$9,300 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 (see **Risks: Credit risk** below).

Contractual obligations

The following table summarizes Grey Horse's contractual obligations. The Corporation does not anticipate any difficulty in meeting these obligations from its current and future resources.

	Payments due, by period				
	Total	< 1 year 2009	1-3 years 2010-2011	4-5 years 2012-2013	After 5 years 2014-2017
Office space lease agreements	5,686	841	1,688	1,353	1,804
Long-term debt	0	0	0	0	0
Total contractual obligations	5,686	841	1,688	1,353	1,804

The Corporation also has obligations relating to contingent consideration on the acquisition of Toro. Contingent on Toro meeting certain financial performance targets, the Corporation will pay up to an additional \$1,740 in cash and issue up to 210 additional shares. On February 17, 2009, the Company made the first payment of this additional contingent consideration by releasing \$870 in cash and issuing 22 shares.

Regulatory Requirements

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 December 31, 2008, ETT was in compliance with all of the required ratios, which included maintaining tangible assets (i.e. total assets not including intangibles or goodwill) sufficient to meet a minimum regulatory capital balance of \$3,000. At December 31, 2008, ETT exceeded this minimum by \$1,777 compared with an excess of \$4,515 at December 31, 2007. This difference is primarily attributable to dividends totaling \$3,750 declared and paid by ETT to Grey Horse during the first and third quarters.

Normal Course Issuer Bid

On September 15, 2008, the Corporation filed with the Toronto Stock Exchange (the "TSX") a notice of its intention to amend the terms of its normal course issuer bid ("NCIB") for its common shares through the facilities of the TSX, to increase the maximum number of common shares that may be purchased pursuant to the NCIB by 117 common shares. The amended notice reflects management's belief that, from time to time, the market price of the Corporation's common shares may not fully reflect the underlying value of its business and its future business prospects.

The amended notice provided for Grey Horse, during the period which commenced on January 21, 2008 and ended in November 2008, to purchase on the TSX up to 450 common Shares. The price paid by Grey Horse for any such common shares was the market price at the time of acquisitions and any shares purchased under the NCIB were to be cancelled. The actual number and timing of any share purchases under the NCIB was subject to an automatic share purchasing plan between Grey Horse and its broker. As of December 31, 2008, 450 common shares had been purchased under the NCIB at an average price of \$7.54 per share.

Selected Annual Information

(all amounts in this section are in \$ 000s unless otherwise stated)

The following table sets out Grey Horse's financial performance for the last three fiscal periods. When ETT was granted a federal trust charter in 2006, it became necessary to change its year end from June 30 to December 31 in order to comply with legislation and regulations applicable

to federally regulated financial institutions. To simplify accounting procedures, Grey Horse also changed its fiscal year to match that of ETT. This shortened GHC's fiscal year commencing July 1, 2006 to a six-month period ending December 31, 2006.

Because of this change in year end, Grey Horse's results for the years ended December 31, 2008 and 2007, based on a full twelve months, are not readily comparable to those for the preceding fiscal period. Consequently, to provide a fuller perspective on its performance over the last three years, Grey Horse has compiled and included below additional comparative information showing the results for the twelve months to December 31, 2006. Although this was not an officially reported period, it has been compiled from the Corporation's previously issued annual and interim financial statements.

	Year ended December 31, 2008 Audited	Year ended December 31, 2007 Audited	Year on Year Change	Twelve months ended December 31, 2006 Unaudited
Revenue	19,528	17,639	1,889	11,257
Selling, general and administrative expenses (SGA)	14,434	12,081	2,353	7,963
EBITDA	5,094	5,559	(465)	3,294
Other expenses	607	438	169	1,234
Income before income taxes	4,487	5,121	(634)	2,060
Taxes (Current and Future)	1,633	1,924	(291)	722
Net income and comprehensive income	2,855	3,197	(342)	1,338
Earnings per share, basic	0.43	0.50	(0.07)	0.27
Earnings per share, diluted	0.43	0.47	(0.04)	0.23
Cash and cash equivalents, end of period	10,160	12,278	(2,118)	5,205
Assets	24,703	21,446	3,257	13,714
Long-term liabilities	461	432	29	436
Dividends	0	-	0	-
Return on Equity (ROE) (annualized)	16%	22%	-6%	19%

Segregated funds

Segregated funds, as disclosed in note 19 to the Corporation's audited financial statements for the fiscal periods ended December 31, 2008 and 2007, represent funds held in connection with various corporate trust services, as described on page 2. The Corporation held \$271,900 in such funds at the end of 2008 compared to \$93,998 at the end of 2007. As described above, the corporate trust business is highly variable and the volume of activity can vary significantly based on market conditions and on a small number of high value transactions. The Corporation earns margin income from administering these funds, which is included within corporate trust revenues.

Off-Balance Sheet Arrangements

Grey Horse has no off-balance sheet arrangements.

Risks

The following are the key risks relating to the Corporation and its business:

Credit risk

Financial instruments potentially exposed to credit risk include cash and accounts receivable. Management considers its exposure to credit risk over cash to be remote as the Corporation holds the majority of its cash deposits at Canadian Schedule I banks. Accounts receivable are not concentrated significantly with any individual clients. Management considers accounts receivable at risk when they reach 90 days, which represented 4% of accounts receivable at December 31, 2008 (December 31, 2007: 1%). The Corporation has recorded an allowance for doubtful accounts based on these factors and therefore the carrying amount of accounts receivable represents the maximum credit risk exposure.

The Corporation is exposed to settlement risk on foreign exchange transactions processed for clients in the event that either the client or the financial counterparty fails to settle. The risk of a financial counterparty failing to settle a transaction is considered remote as the Corporation deals only with reputable financial institutions including Canadian Schedule I banks and other institutions that specialize in foreign exchange products. The risk of a client failing to settle is mitigated by taking margin deposits sufficient to cover the expected foreign exchange volatility. The Corporation monitors market foreign exchange rates on a daily basis and requests additional margin from clients when required to maintain adequate risk coverage.

Foreign exchange rate risk

The majority of foreign currency amounts held by the Corporation are on account of client deposits for foreign exchange trades. Since these deposits will be returned to clients in the same currency, the foreign exchange rate risk to the Corporation nets to zero. The Company receives some operating cash flows in foreign currencies, and reduces this risk by purchasing foreign exchange forward contracts to guarantee the rate at which foreign currencies will be translated to Canadian dollars is aligned with the period in which cash flows are received.

Foreign exchange derivative contracts are subject to valuation gains or losses as a result of market foreign exchange rate volatility; however the Corporation's contracts with clients and covering financial institutions creates offsetting exposures to this volatility. At December 31, 2008, the fair values of derivative assets and derivative liabilities would change by offsetting amounts of \$90 each for a \$0.01 change in the foreign exchange rate between US and Canadian dollars.

Liquidity risk

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation maintains its working capital at a sufficient level to ensure it always has cash available to pay accounts payables and accrued liabilities and customer deposits, all of which fall due within twelve months of the balance sheet date.

Operating Risk

The Corporation operates several lines of business each with its own inherent risks.

By its nature, the transfer agent business is relatively stable and grows steadily in line with an increasing client base, but is affected by fluctuations in the economic cycle. Any significant downturn in capital markets or the economy as a whole could affect financial results.

The trust business comes primarily from entities that are already customers of the transfer agent business and therefore builds effectively on existing relationships. However, by its nature this is a more volatile operation than the core business. Revenues of the trust business, made up of fee driven services and of margin income on funds held on behalf of clients, can be skewed by a small number of large transactions, which in turn depend on fluctuations in capital market activities and other unpredictable factors.

Foreign Exchange is also a volatile operation for which revenue can be significantly skewed by a small number of transactions. Corporate compliance services are typically provided under short term contracts. There are also fewer barriers to entry than for the transfer agent business, and consequently much greater competition. Limited market dealer services are subject to a wide range of competition.

The ability to continue to grow revenues overall depends on the Corporation's ability to draw on its relationships with existing clients, and on skilful marketing to draw new clients; however, there can be no assurance that this will be achieved in the future.

Operational Processes

The services provided by Grey Horse to its clients encompass a large volume of tasks and processes demanding a high degree of precision and timeliness. Grey Horse may be financially responsible for any financial losses resulting from errors or omissions by the Corporation in providing these services. The Corporation continues to enhance its managerial and operational resources and controls, including its data processing systems and software, to minimize such errors or omissions, and has insurance coverage in place to mitigate the risk of loss to the Corporation should they occur. However, the impact of such losses, and of the resulting harm to the Corporation's reputation, could have a material adverse effect on Grey Horse's financial results.

Profits

Grey Horse's operating results have generally trended upwards in the last fiscal years, in some cases significantly, although the trend did not continue in 2008. There can also be no assurance that the trend will continue in future fiscal years. Factors responsible for revenue growth include an increase in Grey Horse's client base, an increase in the average revenue per client and new service lines that have been introduced. There can be no assurance that revenues generated to date will continue to be generated in the future.

Future Capital Needs

Grey Horse may need to raise funds through public or private debt financing in the event that it incurs operating losses or requires substantial capital investment, to respond to unanticipated competitive pressures, or to take advantage of unanticipated opportunities. There can be no assurance that additional financing will be available on terms favorable to Grey Horse, or at all. If adequate funds are not available or are not available on acceptable terms, Grey Horse may not be able to maintain its federal trust charter, to take advantage of market opportunities, to respond to competitive pressures or to continue to be viable. Such instability could have a material adverse effect on Grey Horse's business, financial condition and results of operations. If additional funds are raised through by issuing shares from the treasury of Grey Horse, control of Grey Horse may change and shareholders may suffer additional dilution to their holdings.

Reliance on Key Personnel

Grey Horse's success will depend upon the continued service of its senior management team and other key management and technical personnel. Grey Horse's employees may voluntarily terminate their employment with Grey Horse at any time and there can be no assurance that qualified management or technical personnel will be available to Grey Horse in the future. The loss of services of key personnel could have a material adverse effect upon Grey Horse's business, financial condition and results of operations.

Increasing Competition

The markets in which Grey Horse will operate and intends to operate are competitive and can be influenced by the marketing and pricing decisions of larger industry participants, including companies that have greater market presence or greater financial, technical, operational, marketing, experience or other resources than Grey Horse. Increased competition by larger industry participants could have a material adverse effect on Grey Horse's business, results of operations and financial condition.

Potential Fluctuations in Quarterly Operating Results

Grey Horse may be exposed to fluctuations in quarterly operating results caused by many factors, including changes in the demand for its products and services, business fluctuations in financial market activities, foreign currency exchange rates and general economic conditions.

Government Regulation

The financial services industry is highly regulated, and future regulatory decisions could have a material adverse effect on Grey Horse's business, results of operations, cash flow, financial condition and prospects.

Equity Transfer & Trust Company is regulated as a Canadian financial institution by the Office of the Superintendent of Financial Institutions and as a transfer agent by the US Securities Exchange Commission. As such, the company is subject to regular supervisory reviews and required to file annual reports from independent auditors on its internal controls. The company is required to track and resolve any material issues which arise from these reviews or reports. Any failure to remedy material issues could have a material adverse effect on Grey Horse's business, results of operations and financial condition.

Risk of Future Terrorist Attacks or Related Disasters

The terrorist attacks of September 11, 2001, had an adverse impact on various regions of North America and on a wide range of industries. In the future, civil unrest, war or additional acts of terrorism may adversely impact the North American and global economies and financial markets and could adversely affect Grey Horse's business, results of operations and financial condition.

Costs Associated with Compliance with Securities Laws

Grey Horse is a publicly traded corporation subject to all of the obligations of a reporting issuer under applicable securities laws and all of the obligations applicable to a listed Corporation under stock exchange rules. Direct and indirect costs associated with public Corporation status have escalated dramatically in recent years and regulatory initiatives under consideration may further increase the cost of being a public issuer in Canada and could have a material adverse

effect on Grey Horse's business, results of operations and financial condition. If Grey Horse is unable to generate significant revenue from business operations, the cost of complying with the applicable regulatory requirements will represent a financial burden to Grey Horse and may have a material adverse effect on Grey Horse's business, results of operations and financial condition.

Stock Market Volatility

Stock markets have recently experienced extreme price and volume fluctuations. These fluctuations are often unrelated to the operating performance of particular companies. The broad market fluctuations may adversely affect the market price of Grey Horse's common shares. When the market price of a Corporation's stock drops significantly, shareholders sometimes institute class action lawsuits against that Corporation. A lawsuit against Grey Horse, even if without merit, could cause it to incur substantial costs and could divert the time and attention of Grey Horse's management and other resources. Further, the revenues earned by Grey Horse are dependent on the buoyancy of the economy and the public financial markets, and the requirement for the maintenance and creation of small and mid-cap issuers. If financial market activity is low, an increase in transaction-based fees may be difficult to achieve. However, if the financial markets are active, fees based on market activity may increase.

Failure of Computer and Data Processing Systems and Software

Grey Horse is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure of these systems could interrupt operations or materially impact Grey Horse's ability to deliver its services. If sustained or repeated, a system failure could negatively affect the operating results of Grey Horse.

Grey Horse maintains confidential information regarding customers in their computer systems. This infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of computer systems could disrupt operations, damage customers' reputations or result in liability.

Reputational Risk

Reputational risk is the potential that negative publicity - whether true or not - regarding an institution's business practices, actions or inactions will or may cause a decline in its value, liquidity or customer base. An institution's reputation is a valuable business asset in its own right, essential to optimizing shareholder value, and as such is constantly at risk. Reputational risk cannot be managed in isolation from other forms of risk since all risks have an impact on reputation, which in turn can impact the brand, earnings and capital. All of the Corporation's risks must be managed effectively in order to safeguard its reputation.

Ultimate responsibility for the Corporation's reputation lies with senior management and the board of directors and its committees, which examine reputational risk as part of their ongoing duties. In addition, every employee and representative of the Corporation has a responsibility to contribute in a positive way to the Corporation's reputation by ensuring that ethical practices are followed at all times. The Corporation also has specific policies and procedures that consider reputational risk and include the following:

- Anti-Money Laundering and Terrorist Financing
- Code of Conduct
- Disclosure Control

- Complaint Handling
- Related Party Transactions
- Receiving Concerns Regarding Financial, Internal Accounting Controls or Auditing Matters
- Insider Trading

Transactions with Related Parties

During the year ended December 31, 2008, the Corporation was charged \$293 by a law firm, a partner of which is a director of the Corporation. Included in accounts payable and accrued liabilities are \$93 owing to this firm. The Corporation was also charged approximately \$36 by directors or companies related to directors for consulting services and brokerage commissions on insurance premiums. Included in accounts payable and accrued liabilities are \$0 related to these charges. The Corporation was charged by a company controlled by a senior manager approximately \$440 for IT consulting services. Included in accounts payable and accrued liabilities are \$70 related to these charges. The Corporation charged to directors or companies related to directors and officers approximately \$36 for transfer agency and other fees.

Transactions with related parties were conducted on terms that approximate market value and are measured at the exchange amounts. Further information is provided in note 15 to the Corporation's audited financial statements for the year ended December 31, 2008.

Proposed Transactions

There is no imminent decision by the board of directors of Grey Horse regarding any material transactions.

Critical Accounting Estimates

The following are the Corporation's critical accounting estimates. For each, the following section describes i) the methodology used in determining the estimate; ii) the assumptions underlying the estimate; iii) any known trends, commitments, events or uncertainties that might materially affect the methodology or the assumptions described; and iv) whether or why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation.

Allowance for Doubtful Accounts:

i) The allowance for doubtful accounts is derived on a specific identification basis by evaluating the credit worthiness of each customer account receivable at the end of each reporting period; ii) The Corporation must make assumptions about the ability of customers to pay and estimates of amounts considered collectible; iii) Given the seasonality of the Corporation's operating results, the estimate will fluctuate over a fiscal year; iv) Historical experience has shown that the percentage of accounts receivable deemed doubtful has not fluctuated materially from one quarter to the next.

Fair Value of Foreign Exchange Derivative Contracts

i) The fair values of derivative assets and liabilities are measured in Canadian dollars by calculating gains and losses on foreign exchange derivative contracts relative to established market rates, primarily foreign exchange rates at the end of the appropriate period. ii) The significant assumptions in this estimate are the market rates selected in the calculation of

derivative gains and losses. The Corporation uses market rates provided by the financial institutions with which it books the related derivative contracts. iii) Volatility in foreign exchange rates can significantly impact the underlying calculations iv) The fair value of derivative assets and corresponding fair value of derivative liabilities recorded on the Corporation's balance sheet will be revalued every period as the underlying foreign exchange derivative contracts change and the foreign exchange market rates change. While the balance sheet assets and liabilities are therefore subject to potentially material changes each period, the impact on income is expected to be insignificant as contract gains and losses offset.

Future Income Tax Assets and Liabilities:

i) As indicated in Note 2(i) of the Corporation's annual financial statements, future income taxes are calculated using the asset and liability method of accounting for temporary differences. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not, based on expected cash flow and projected profitability; ii) The expected cash flows and projected profitability are based on various assumptions. The Corporation is required to make estimates and assumptions regarding its ability to generate taxable income and to implement tax planning strategies that will allow it to make use of losses and deductions; iii) The Corporation is currently profitable and expects to remain profitable so the estimate of the valuation allowance is not deemed critical at this time. Profitability is the main factor that would affect the estimate; iv) Based on current and expected future profitability, this estimate will likely not fluctuate from period to period.

Estimated Useful Lives of Fixed Assets:

i) As indicated in Note 2(e) of the Corporation's annual financial statements, assets are recorded at cost with the useful life estimated in order to derive a charge for amortization. There are six asset classes for which the corresponding amortization policy is as follows:

- Furniture: 20% declining balance basis
- Computer equipment: 30% declining balance basis
- Computer infrastructure: Straight line over 7 years
- Computer software: Straight line over 2 years
- Internally developed computer software: Straight line over 2 to 10 years
- Leasehold improvements: Straight line over term of lease

ii) The Corporation estimates the useful life of each asset class; iii) The Corporation periodically reviews the assumptions related to the useful life of its assets and the amortization policies chosen. However, the Corporation does not consider that there is a material degree of uncertainty with these estimates, nor does it consider that there are trends and uncertainties that could materially affect the assumptions used in deriving its estimates; iv) Except as noted above, these estimates are not likely to fluctuate from period to period and there is no indication that the useful lives of assets is materially different from those set by the Corporation's accounting policies.

Valuation and Amortization of Intangibles:

i) As indicated in Note 2(f) of the Corporation's annual financial statements, intangible assets consist of costs incurred to obtain a federal trust license and customer relationships acquired with the purchase of Equity Transfer Services Inc. (later continued as Equity Transfer & Trust

Corporation) and with the purchase of Global Corporate Compliance Inc. The trust licence granted to Equity under the federal Trust and Loans Companies Act is considered to have an indefinite life and therefore not subject to amortization. The value of the customer relationships acquired with the purchase of Global Corporate Compliance was estimated by the Corporation. The value of the relationships acquired with the purchase of Equity Transfer Services remains material to the Corporation's financial results although less so than at the time of acquisition as a result of the Corporation's significant growth since then. Given the importance of this estimate, the Corporation procured the services of a certified business valuator to assist in deriving the value of the intangible assets and of the goodwill associated with this transaction. The estimated useful life of the customer relationships is monitored and compared to historical data to identify any changes in circumstances that could lead to impairment; ii) The most critical assumption for the valuation of customer relationships acquired with the purchase of Equity Transfer Services Inc. was the determination of the estimated useful life. The valuator reviewed the underlying economic attributes of the existing ETT customer base and determined these to have a remaining useful life of 15 years. His and the Corporation's rationale for the 15-year useful life and, therefore, for the related amortization period related to the length of time customers remain with ETT where, historically, average attrition has been lower than for other industries; iii) In subsequent annual reviews of impairment, if the life of the acquired customer relationships were deemed to be materially less from what is currently assumed, the resulting impact on the Corporation's financial statements would be material. However, reviews to date have indicated that the 15-year useful life assumption remains sound. The Corporation continues to value the trust license as an intangible asset with an indefinite life and there is no expectation that this asset will ever require a write-down in value; iv) The amortization of customer relationships is not expected to change from period to period as these amounts are amortized on a straight-line basis and there is no indication that the estimated useful lives require revision.

Valuation of Goodwill:

i) As discussed in Note 2(h) of the Corporation's annual financial statements, Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable net assets acquired. Within the context of the acquisition of both Equity Transfer Services Inc., Global Corporate Compliance Inc., and Toro FX Inc., the Corporation undertook an exercise to determine the value of the intangible assets acquired after which goodwill was then derived. Given the importance of this estimate for the acquisition of Equity Transfer Services Inc., the Corporation procured the services of a chartered business valuator to assist in deriving both the intangible assets and the goodwill associated with this transaction. ii) Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary, which has been the case to date. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination, using the fair value of the reporting unit as if it was the purchase price. iii) No trends, commitments, events or uncertainties are presently known that would lead the Corporation to believe there is a risk of

Goodwill impairment; iv) The estimated value of Goodwill is not expected to change from period to period.

Accounting Changes

Changes during the year

On January 1, 2008, the Corporation adopted four new CICA Handbook Sections - Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures*, Section 3863, *Financial Instruments – Presentation*. CICA 1535 requires disclosing an entity's objectives, policies and processes for managing capital; information about what the entity regards as capital; whether the entity has complied with any capital requirements; and the consequences of not complying with these capital requirements. CICA 3862 and 3863 replace CICA 3861, *Financial Instruments - Disclosure and Presentation* and require enhanced financial instrument disclosures focusing on the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Also on January 1, 2008, the Corporation adopted the amended provisions of CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*. The amendments include new requirements for an entity's management to assess and disclose the entity's ability to continue as a going concern.

International Financial Reporting Standards (IFRS)

In February 2008, the AcSB confirmed that Canadian publicly accountable entities must adopt IFRS for fiscal years beginning on January 1, 2011. Preparing interim and annual financial statements for 2011 under IFRS will require restating, for comparative purposes, amounts reported by the Corporation under Canadian GAAP for the year ended December 31, 2010.

The Corporation has started to assess the impact of the transition from Canadian GAAP to IFRS, including making a preliminary identification of key aspects of the financial statements that might be affected, but it has not yet developed a formal changeover plan. It will develop a formal plan, and carry out a detailed scoping exercise, in the first half of 2009. The scope of this formal plan will include, among other areas, information technology and data systems, internal control over financial reporting, disclosure controls and procedures, and other business activities that might be influenced by the change to IFRS. The Corporation is also considering the sufficiency of its financial reporting expertise, relative to IFRS.

Financial and Other Instruments

The Corporation's financial instruments include cash, derivative assets and liabilities, accounts receivable, accounts payable and accrued liabilities, and customer deposits. In management's opinion, the Corporation is not exposed to significant credit, foreign exchange rate or liquidity risk arising from these financial instruments. The fair values of accounts receivable, accounts payable and accrued liabilities and customer deposits approximate their carrying values at December 31, 2008 because of their short term nature. The fair value of derivative assets and liabilities at December 31, 2008 was measured in Canadian dollars based on a market approach using third-party pricing services. The Company has recognized \$55 in revenue for the unrealized fair market value gain on derivatives.

At December 31, 2008, 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 \$18,300 Canadian dollars and sell the equivalent of approximately \$9,300 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.

Summary of Quarterly Results

The following tables set out financial performance highlights for the past eight quarters (all amounts in this section are in \$ 000s unless otherwise stated):

	3 months Dec. 31, 2008 Unaudited	3 months Sep. 30, 2008 Unaudited	3 months Jun. 30, 2008 Unaudited	3 months Mar. 31, 2008 Unaudited
Revenue	4,961	5,687	5,259	3,621
Selling, general and administrative expenses	3,810	3,532	4,073	3,019
EBITDA	1,151	2,155	1,186	602
Interest, amortization expenses and loss on disposal of assets	186	141	134	146
Income before income taxes	965	2,014	1,052	456
Taxes (current and future)	326	726	396	185
Net income and comprehensive income	640	1,288	656	271
Earnings per share, basic	0.10	0.19	0.10	0.04
Earnings per share, diluted	0.10	0.19	0.10	0.04
Cash and cash equivalents, end of period	10,160	9,929	8,970	10,371
Assets	24,703	22,583	19,330	19,891
Long-term liabilities	461	317	424	426
Dividends	-	-	-	-

	3 months Dec. 31, 2007 Unaudited	3 months Sep. 30, 2007 Unaudited	3 months Jun. 30, 2007 Unaudited	3 months Mar. 31, 2007 Unaudited
Revenue	4,054	3,576	6,504	3,505
Selling, general and administrative expenses	3,009	2,660	4,000	2,412
EBITDA	1,045	916	2,504	1,093
Interest, amortization expenses and loss on disposal of assets	88	106	126	118
Income before income taxes	957	810	2,378	975
Taxes (current and future)	327	319	889	389
Net income and comprehensive income	630	491	1,489	586
Earnings per share, basic	0.09	0.08	0.24	0.09
Earnings per share, diluted	0.09	0.07	0.23	0.09
Cash and cash equivalents, end of period	12,278	11,554	7,754	5,667
Assets	21,446	20,409	17,350	14,585
Long-term liabilities	432	454	453	455
Dividends	-	-	-	-

The only significant factor, in addition to those discussed earlier in this MD&A, causing variations between the quarters is the inherent seasonality of the transfer agent business. Most client entities have fiscal year ends in December and therefore hold their annual general meetings between April and June, during Grey Horse's second quarter. Grey Horse earns a significant portion of its revenue from services provided in connection with such meetings and therefore

tends to experience a peak of revenue from this source in this quarter. Other sources of revenue are not subject to this inherent seasonality and might be greater in other quarters.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DCP") within Grey Horse are designed to provide reasonable assurance that all relevant information is identified to the Corporation's Disclosure Committee so as to ensure that appropriate and timely decisions are made regarding public disclosure.

An evaluation of the effectiveness of Grey Horse's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration (CSA), was conducted at December 31, 2008 by and under Grey Horse management, including the Chief Executive Officer and the Chief Financial Officer.

Based on this evaluation, and except regarding Toro Inc. as noted in the next section, the Chief Executive Officer and the Chief Financial Officer have concluded that Grey Horse's disclosure controls and procedures are effective.

Internal Controls over Financial Reporting

Internal control over financial reporting ("ICFR") has been designed, based on the framework established in Internal Control over Financial Reporting -- Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of our internal control over financial reporting using this framework. Based on this evaluation, and except regarding Toro Inc. as noted below, the CEO and CFO have concluded that internal control over financial reporting was effective as of December 31, 2008.

Because of its inherent limitations, ICFR can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projecting an evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As previously reported, management continued during the year to upgrade various aspects of the Corporation's technology platform, in particular by completing the transition of control over its information technology operations from an external supplier. Other than these ongoing enhancements, there were no changes in the Corporation's internal control over financial reporting that occurred during the three months or the year ended December 31, 2008 that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

The Corporation acquired Toro in July 2008 and is well advanced on ensuring that the controls and procedures applying to Toro are fully integrated with and comparable to those applying to the Corporation as a whole. Although the CEO and CFO have not identified any material weaknesses relating to Toro's controls and procedures, they have not formally completed and documented all aspects of this work as at December 31, 2008. Therefore they have concluded it is appropriate to apply the provision in National Instrument 52-109 whereby acquisitions made within 365 days of the year end may be excluded from the scope of the design of DCP and ICFR, provided appropriate disclosure is made. Accordingly, the CEO and CFO have limited the scope of the design of DCP and ICFR at December 31, 2008 to exclude controls and procedures of Toro. These will be included within the design of DCP and ICFR during 2009.

Summary financial information of Toro included in Grey Horse's consolidated financial statements is as follows:

Revenues	1,563
Net income	187
Current assets	2,945
Non-current assets	66
Current liabilities	3,105

Disclosure of Outstanding Share Data

Grey Horse shares trade on the Toronto Stock Exchange under the symbol GHC. The Corporation is authorized to issue an unlimited number of no par value common shares. On March 11, 2009, GHC had 6,581 shares outstanding and 523 stock options with a weighted average exercise price of \$7.36 expiring from 2012 to 2016.

Outlook

Grey Horse's people, infrastructure, and increased market awareness and sophistication have greatly increased its capability to compete for more complex revenue opportunities. Management is confident about the Corporation's capacities and outlook. However, Canada is in a recession, facing widespread economic challenges, and there is no consensus about prospects for the market over the coming year. The Corporation will strive to maintain a systematic market approach, focusing on increasing its visibility to potential clients and on proactively retaining its current relationships. The current climate will certainly cause opportunities for the Corporation – for example to provide acquisition-related trust services, or to attract additional cost-conscious clients. Continued development of its foreign exchange business represents another significant opportunity. However, prolonged economic challenges would plainly pose risks for the Corporation, as for any other financial services entity.

Additional Information

Additional information relating to Grey Horse, including the Corporation's most recent Annual Information Form, is available on its website at www.greyhorsecapital.com and on the SEDAR website at www.sedar.com.