

Quarterly Report // **Q1** FOR THE THREE MONTHS
ENDED MARCH 31, 2006

Q1





Montréal Exchange – Press Release

THE MONTRÉAL EXCHANGE ANNOUNCES ITS FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2006

Highlights (Q1 2006 vs. Q1 2005)

- **Revenues of \$19.1 million compared to \$14.6 million**
- **Net earnings of \$4.9 million, up \$0.7 million**
- **Diluted earnings per share of \$0.58, up from \$0.49**

MONTRÉAL (Québec), April 27 2006 – Montréal Exchange Inc. (MX) announced today its financial results for the first quarter ending March 31, 2006.

Total revenues were \$19.1 million in the first quarter of 2006, an increase of 31% from \$14.6 million for the same quarter of 2005. This performance was driven primarily by strong growth in transaction revenues (up 43% to \$8.5 million), clearing revenues (up 37% to \$3.0 million) and revenues generated by information systems services (up 12% to \$4.0 million).

“The sustained increases in our trading volume – quarter after quarter – in recent years indicate the impressive growth potential of the Canadian market for financial derivatives and highlights the ability of the MX’s team to translate that potential into tangible results,” said Luc Bertrand, President and Chief Executive Officer of the Montréal Exchange.

“The 44% growth in trading volume in the first quarter was remarkable,” Mr. Bertrand added. “This result strengthens our determination to develop the full potential of MX markets. We are particularly happy about the strong growth in the equity options market, where we saw a 34% increase in trading activity. As well, we have seen continued growth in client demand for our core interest rate future products, mainly the BAX (volume up 52%) and the CGB (volume up 61%), during the first three months of 2006. This performance follows the year 2005, when both BAX and CGB experienced the fastest growth in their respective categories of the international derivatives market.”

The MX reported net earnings of \$4.9 million for the first quarter, up 55% compared to \$3.2 million in the same period of 2005 (excluding a one-time dilution gain of \$1.0 million). This increase is attributable mainly to strong growth in trading activity. Diluted earnings per share totalled \$0.58 in the quarter, compared to \$0.49 for the corresponding period of 2005.

During the first quarter, the Boston Options Exchange (BOX) announced its decision to adopt the new trading system developed by the MX. “The deployment of SOLA technology in coming months will strengthen MX’s position in the global market niche for information technology services designed specifically for financial exchanges,” said Mr. Bertrand.



In Europe, as previously announced, MX was formally recognized as a market by the French securities authority last February. With this regulatory approval in hand, the MX team is pursuing a marketing effort in France with the goals of recruiting new foreign approved participants, accessing new liquidity pools and raising foreign investors' interest in Canadian financial derivatives.

Finally, the MX has been pursuing discussions with the Chicago Climate Exchange with the aim of creating the Montréal Climate Exchange, which would be the first organised market for financial products linked to the environment in Canada. "This initiative is associated with political and regulatory conditions that continue to evolve," said Mr. Bertrand. "We have high hopes and confidence that we will play a leadership role in building this market of the future."

The financial report for the first quarter of 2006 is available on the web site of the Montréal Exchange, www.m-x.ca.

About the Montréal Exchange

The Montréal Exchange is Canada's oldest exchange and continues to be the leader in derivative products. The Montréal Exchange offers individual and institutional investors, both in Canada and abroad, a wide range of risk management products for protecting their investments and ensuring growth. The Montréal Exchange is fully electronic and its services include: trading, training, market information, market operations and regulations as well as information technology solutions. The Montréal Exchange, through its wholly-owned subsidiary, the Canadian Derivatives Clearing Corporation ("CDCC"), provides central counterparty clearing services for Montréal Exchange listed products. The Montréal Exchange is also a significant shareholder of the Boston Options Exchange (BOX), a US automated equity options exchange whose technical operations are ensured by the Montréal Exchange. For more information, please visit www.m-x.ca.

MANAGEMENT REPORT

FOR THE QUARTER ENDED MARCH 31, 2006

April 27, 2006

The Management Report of the Montréal Exchange Inc. (the Bourse) for the quarter ended March 31, 2006 should be read in conjunction with the Interim Unaudited Consolidated Financial Statements as well as the consolidated financial statements for the year ended December 31, 2005 and its related management report. The accounting policies are in accordance with Canadian generally accepted accounting principles, and all amounts are expressed in Canadian dollars.

The information in this Management Report takes into account all major events that occurred prior to April 27, 2006, the date on which the Audit Committee, mandated by the Board of Directors, approved the financial statements and the interim Management Report for the quarter ended March 31, 2006; these statements present, to management's best knowledge, the Bourse's position at the time this report was prepared.

The interim consolidated financial statements contained in this report have not been subject to a review by the Bourse's auditors.

This Management Report includes the following sections:

Highlights
Main Activities
Operating Results
Liquidity and Financial Resources
Additional Financial Information
Main Assumptions
Risks and Uncertainties

Highlights

(in thousands of dollars, except per share amounts and volume)

	For the quarter ended March 31,	
	2006	2005
Average daily volume (contracts)	148,691	103,342
Revenues	\$ 19,077	\$ 14,599
Operating earnings	5,449	3,141
Net earnings	4,931	4,214
Basic earnings per share	0.58	0.52
Diluted earnings per share	0.58	0.49
Dividend paid per share	1.50	-
Total assets	153,500	119,032
Cash provided by (used in) operations	(938)	2,628
Financial ratios:		
Return on shareholders' equity	29%	22%
Operating earnings / Revenues	29%	22%
Net earnings / Total revenues	26%	29%

Main Activities

Derivatives Exchange

The Bourse acts as a Canadian derivatives exchange, offering a full range of equity, index and interest rate derivatives. The Bourse connects participants to its market, builds business relationships with them and works with them to ensure that its offering of derivatives meets investor needs. It also delivers market information services and manages a Training Service, the learning and training arm of the Bourse.

The Bourse has also developed a robust, scalable, reliable and exportable trading technology platform, thus eliminating its reliance on external vendors. The availability rate of the SAM platform was 100% during the first quarter of 2006 (99.7% in 2005). Its team has solid financial software expertise and a valuable pool of proprietary intellectual capital.

Clearing Services

This business unit provides central counterparty clearing services to participants. It reduces investor risk by guaranteeing all contractual commitments made between parties during transactions carried out on the Bourse.

Regulation

The Bourse is a self-regulatory organization that has a major stake in maintaining the transparency, credibility and integrity of the exchange-traded derivatives market in Canada.

The Regulatory Division is managed and overseen at arm's length from the Bourse and reports to the Regulatory Special Committee. The aim is to ensure neutrality and impartiality when the Division applies the ground rules that govern relationships between the Bourse and its market participants.

Operating Results

Revenues

The Bourse's total revenues amounted to \$19.1 million for the first quarter of 2006 compared to \$14.6 million for the same period in 2005, an increase of 31%. Transaction revenues grew by 43%, rising from \$5.9 million for the first quarter in 2005 to \$8.5 million for the same period in 2006. Average daily volume grew by 44%, rising from 103,342 contracts in 2005 to 148,691 contracts for the same period in 2006. Interest rate derivatives posted the most robust growth, with a 54% rise in average daily volume. Equity options also contributed to the Bourse's growth with a 34% increase in volume. Index derivatives were also on the rise, posting a 20% increase in average daily volume. The heightened level of activity on the Bourse's markets during the first quarter of 2006 resulted in a \$0.8 million or 37% increase in clearing and option exercise revenues when compared to the same period in 2005.

Revenues from market participants, mainly generated by the Regulatory Division, amounted to \$0.8 million during the first quarter of 2006 compared to \$0.6 million for the same period in 2005.

Revenues from information systems services rose by \$0.4 million, from \$3.6 million for the first quarter of 2005 to \$4.0 million for the same period in 2006. The Bourse is the principal shareholder of the Boston Options Exchange LLC (BOX), with a 31.4% interest, and is responsible for the technical operations and maintenance of the electronic trading platform used by BOX.

On March 14, 2006, BOX confirmed that it had chosen a new electronic trading platform—SOLA, a next generation technology solution developed by the Bourse.

At \$2.5 million for the first quarter of 2006, market data revenues grew by 28% from the same period in 2005. The increase is attributable to an approximate 10% increase in the number of screens and to the new prices in effect since January 1, 2006.

Expenses

Total expenses for the first quarter of 2006 amounted to \$13.6 million, a 19% increase over the \$11.5 million posted during the same period in 2005. There was a \$1.0 million increase in the compensation and benefits expense due to an increase in information technology resources, and there was a non-recurring expense of \$0.8 million incurred due to settlements made with 16 of the 70 claimants in the legal action brought against the Bourse in connection with the closing of the physical trading floor in 2001 (see Note 5 to the Interim Consolidated Financial Statements for more information).

Operating Earnings

(Before Investment Income, Other Items and Income Taxes)

Operating earnings stood at \$5.4 million for the first quarter of 2006 compared to \$3.1 million in 2005 and represented 29% of total revenues versus 22% in 2005.

Other Items

Investment income increased compared to the same period in 2005, from \$0.3 million as at March 31, 2005 to \$0.5 million as at March 31, 2006.

The Bourse's investment in BOX, included on an equity basis in accordance with Canadian and U.S. generally accepted accounting principles, produced \$0.6 million equity in net earnings for the first quarters of 2005 and 2006. A gain on dilution of \$1.0 million was recorded during the first quarter of 2005 when two new shareholders injected funds in exchange for shares.

Net Earnings

Net earnings for the first quarter of 2006 stood at \$4.9 million compared to \$4.2 million, including a gain on dilution of \$1.0 million, for the same period in 2005. Net earnings represented 26% of total revenues as at March 31, 2006 and 29% (22% excluding a gain on dilution) for the same period in 2005. Basic earnings per share were \$0.58 for the first quarter of 2006, versus \$0.52 the previous year. Diluted earnings per share were \$0.58 in 2006 compared to \$0.49 in 2005.

Liquidity and Financial Resources

Financial Position

As at March 31, 2006, the Bourse had total liquidities of \$43.5 million, net of a \$13.9 million dividend payment in February 2006, compared to \$41.0 million as at March 31, 2005 and \$58.5 million as at December 31, 2005.

Cash Flows

Cash Flows from (Used in) Operating Activities

Cash flows from operating activities required the use of \$0.9 million in cash resources whereas, during the same quarter of the previous year, cash flows from operating activities were a source of cash resources of \$2.6 million. Cash flows from operating activities, except for the net change in non-cash operating assets and liabilities, generated net cash resources of \$6.2 million compared to \$4.7 million during the first quarter of 2005. Operating assets and liabilities required the use of \$7.1 million in cash resources during the first quarter of 2006. This is attributable, on one hand, to an increase in receivables resulting from higher trading volumes and, on the other hand, to the payment of the 2005 income tax balance following the complete usage, in the previous year, of the tax losses carried forward from previous years.

Cash Flows from (Used in) Investing Activities

Cash flows from investing activities stood at \$7.4 million compared to \$3.1 million for the same period in 2005. The resulting cash flows are due to the disposal of \$8.7 million of investments during the first quarter of 2006. The Bourse also invested \$1.3 million to acquire capital assets and intangible assets during the first quarter of 2006 for purposes of further developing its SOLA software.

MANAGEMENT REPORT (continued)

Cash Flows from (Used in) Financing Activities

Cash flows from financing activities required the use of \$12.7 million in funds in first quarter 2006 compared to \$0.7 million in the same period in 2005, owing primarily to the dividend payment of February 2006 that saw a cash outflow of \$13.9 million. In addition, during the first quarter of 2006, a share issuance generated \$2.1 million, owing primarily to the exercising of options (see Note 4 to the Interim Consolidated Financial Statements). During the first quarter of 2006, the Bourse also paid an amount of \$0.9 million in capital lease repayments.

Capital Stock

Between January 1 and February 6, 2006, 792,000 of the 835,000 stock options granted were exercised at an average exercise price of \$5.09. The Bourse has granted loans bearing interest at 5% on 595,000 shares. Any dividend payable on these shares will be applied against the loans. The loans are repayable at the latest in February 2009 and interest is payable annually in February (see Note 4 to the Interim Consolidated Financial Statements).

Data on outstanding shares and options

	As at March 31, 2006	As at December 31, 2005
Shares outstanding (issued and paid)	8,701,174	8,293,508
Options outstanding	43,000	835,000

Contractual Obligations

The Bourse rents its premises and equipment under operating lease agreements expiring between 2006 and 2015 and is committed under service and licence agreements until 2007.

As at March 31, 2006, total minimum lease payments and minimum payments required for each of the forthcoming years under these commitments are as follows:

<u>(in thousands of dollars)</u>	
2006	\$ 5,400
2007	6,385
2008	1,896
2009	1,544
2010	1,542
2011 and thereafter	5,991
Total minimum payments required	<u>\$ 22,758</u>

MANAGEMENT REPORT (continued)

Additional Financial Information

Main Quarterly Financial Data (unaudited)

(in thousands of dollars, except per share amounts and volume)

	2006	2005				2004		
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Average daily volume (contracts)	148,691	120,548	125,147	107,265	103,342	92,638	77,654	84,721
Revenues	\$ 19,077	\$ 16,512	\$ 16,569	\$ 15,484	\$14,599	\$ 14,064	\$ 13,160	\$ 12,828
Operating earnings	5,449	3,320	4,735	3,925	3,141	2,575	2,188	2,089
% operating margin	29%	20%	29%	25%	22%	18%	17%	16%
Net earnings	4,931	2,484	4,570	3,867	4,214	2,148	1,252	613
Basic earnings per share	0.58	0.30	0.56	0.47	0.52	0.25	0.16	0.08
Diluted earnings per share	0.58	0.27	0.53	0.45	0.49	0.25	0.15	0.07
Cash provided by (used in) operations	(938)	7,418	7,797	7,296	2,628	3,460	5,689	4,916

Main Assumptions

Changes in Accounting Policies

The Bourse did not make any accounting changes during the first quarter of 2006 or during the year 2005.

Critical Accounting Estimates

In preparing its financial statements, the Bourse did not make any significant changes to the critical accounting estimates described in the management report of the Bourse's annual report for the year ended December 31, 2005.

Risks and Uncertainties

The Bourse did not observe any significant changes in the risks and uncertainties to which it is exposed and that are described in the management report of the Bourse's annual report for the year ended December 31, 2005.



Luc Bertrand
President and Chief Executive Officer



Louise Laflamme
Executive Vice-President and
Chief Financial Officer

CONSOLIDATED BALANCE SHEET

As at March 31, 2006
with comparative figures as at December 31, 2005
(in thousands of dollars)

	March 31, 2006 (unaudited)	December 31, 2005 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,671	\$ 25,923
Temporary investments	23,874	32,577
Receivables	8,535	6,272
Daily settlements due from clearing members	57,144	22,006
Clearing members' cash margin deposits	4,864	1,041
Clearing fund cash deposits	12,260	4,005
Prepaid expenses	1,133	1,525
	127,481	93,349
Long-term investment (Note 2)	10,476	9,798
Capital assets	13,531	14,208
Future income taxes	749	705
Goodwill and other intangible assets	1,263	972
	\$ 153,500	\$ 119,032
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accruals (Note 3)	\$ 8,095	\$ 10,297
Dividends payable	-	12,721
Daily settlements due to clearing members	57,144	22,006
Clearing members' cash margin deposits	4,864	1,041
Clearing fund cash deposits	12,260	4,005
Income taxes payable	436	3,484
Current portion of obligations under capital leases	2,709	3,239
	85,508	56,793
Obligations under capital leases	649	1,022
Future income taxes	351	245
Shareholders' equity:		
Capital stock (Note 4)	48,027	45,405
Contributed surplus	434	825
Retained earnings	20,274	16,532
Cumulative translation adjustment	(1,743)	(1,790)
	66,992	60,972
Contingencies (Note 5)		
	\$ 153,500	\$ 119,032

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF EARNINGS

(in thousands of dollars, except per share amounts and number of shares)
(unaudited)

	Quarter ended	
	March 31, 2006	March 31, 2005
Revenues:		
Transactions	\$ 8,454	\$ 5,904
Participants	810	559
Clearing and option exercise	3,043	2,214
Information systems services	4,057	3,624
Market data	2,499	1,945
Other	214	353
Total revenues	19,077	14,599
Expenses:		
Compensation and benefits (Note 3)	5,802	4,741
Occupancy	691	676
Computer licences and maintenance	1,622	1,568
Amortization of capital assets and intangible assets	1,690	1,597
General and administrative	2,610	1,725
Telecommunications	538	747
Public affairs	617	301
Interest on obligations under capital leases	58	103
Total expenses	13,628	11,458
Earnings before investment income, other items and income taxes	5,449	3,141
Investment income	454	306
Equity in results of companies subject to significant influence	631	650
Gain on dilution	-	1,042
Earnings before income taxes	6,534	5,139
Income taxes	1,603	925
Net earnings	\$ 4,931	\$ 4,214
Basic earnings per share	\$ 0.58	\$ 0.52
Diluted earnings per share	\$ 0.58	\$ 0.49
Weighted average number of shares outstanding - basic	8,528,495	8,109,947
Weighted average number of shares outstanding - diluted	8,562,989	8,540,569

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(in thousands of dollars)
(unaudited)

	Quarter ended	
	March 31, 2006	March 31, 2005
Retained earnings, beginning of period	\$ 16,532	\$ 14,118
Net earnings	4,931	4,214
Dividends (Note 4)	(1,189)	-
Retained earnings, end of period	\$ 20,274	\$ 18,332

See accompanying Notes to the Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of dollars)
(unaudited)

	Quarter ended	
	March 31, 2006	March 31, 2005
Cash flows from (used in) operating activities:		
Net earnings	\$ 4,931	\$ 4,214
Adjustments for:		
Amortization of capital assets and intangible assets	1,690	1,597
Equity in results of companies subject to significant influence	(631)	(650)
Gain on dilution	-	(1,042)
Amortization of premium on investments	16	44
Interest income on discount investments	20	(135)
Future income taxes	62	110
Costs of stock option plan	95	27
Costs of deferred share unit plan	-	575
Net change in non-cash operating assets and liabilities:		
Receivables	(2,263)	1,674
Prepaid expenses	392	333
Accounts payable, accruals and income taxes payable	(5,250)	(4,119)
	(938)	2,628
Cash flows from (used in) investing activities:		
Purchase of capital assets	(954)	(327)
Purchase of intangible assets	(350)	-
Sale of capital assets	-	14
Purchase of investments	(68,605)	(41,178)
Sale of investments	77,272	44,589
	7,363	3,098
Cash flows from (used in) financing activities:		
Decrease in obligations under capital leases	(903)	(859)
Share issuance	2,136	119
Dividends	(13,910)	-
	(12,677)	(740)
Net (decrease) increase in cash and cash equivalents	(6,252)	4,986
Cash and cash equivalents, beginning of period	25,923	15,177
Cash and cash equivalents, end of period	\$ 19,671	\$ 20,163

See accompanying Notes to the Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

Quarter ended March 31, 2006

(in thousand of dollars, except per share amounts and number of shares)
(unaudited)

1. Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), using the same accounting policies as outlined in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2005. These financial statements and the accompanying notes should be read in conjunction with the consolidated financial statements for the year ended December 31, 2005.

Consolidation and long-term investments

The consolidated financial statements include the accounts of the Montréal Exchange Inc. (the Company), those of its wholly owned subsidiary, the Canadian Derivatives Clearing Corporation (CDCC) and, until December 19, 2005 of Clearco Inc., a joint venture. The Company uses the proportionate consolidation method to account for its 50% ownership interest in the assets, liabilities, revenues, expenses and cash flows of the joint venture.

Long-term investments consist of the Company's 31.4% interest in the capital stock of the Boston Options Exchange LLC (BOX) and of the Company's 8% interest in the capital stock of Oxen Inc. until December 19, 2005, both investments being in companies subject to significant influence. These investments are accounted for under the equity method, according to which the initial cost of the investment is adjusted to include the Company's proportionate share of post-acquisition earnings or losses, less dividends.

2. Long-term investment

	March 31, 2006	December 31, 2005
31.4% interest in the capital stock of BOX	\$ 12,523	\$ 12,523
Share in accumulated losses	(2,989)	(3,620)
Gain on dilution	2,685	2,685
Cumulative translation adjustment	(1,743)	(1,790)
Long-term investment	\$ 10,476	\$ 9,798

3. Employee future benefits

For the quarter ended March 31, 2006, the total retirement benefit cost was \$85 (\$63 in 2005).

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2006

(in thousand of dollars, except per share amounts and number of shares)
(unaudited)**4. Capital stock**

	March 31, 2006	December 31, 2005
Authorized:		
An unlimited number of shares, without face value:		
Common, voting and participating		
Preferred, non-voting, dividend to be determined upon issuance		
Total issued, including in guarantee:		
9,273,155 common shares		
(8,481,155 as at December 31, 2005)	\$ 51,532	\$ 47,019
Held in guarantee for loans under share purchase plan:		
156,516 common shares		
(187,647 as at December 31, 2005)	(1,378)	(1,614)
Held in guarantee for loans under stock option plan:		
415,465 common shares	(2,127)	-
Issued:		
8,701,174 common shares		
(8,293,508 as at December 31, 2005)	\$ 48,027	\$ 45,405

a) Stock Option Plan

Between January 1 and February 6, 2006, 792,000 of the 835,000 stock options granted were exercised at an average exercise price of \$5.09. The Company has granted loans bearing interest at 5% on 595,000 shares. The exercise of these options gave rise to an additional dividend payment of \$1,189 on February 7, 2006. Any dividend payable on these shares will be applied against the loans. The loans are repayable at the latest in February 2009 and interest is payable annually in February. The total loan payment is secured by a first hypothec with delivery in favour of the Company on all shares acquired by way of loan. These loans are recorded as a reduction of capital stock. Loans granted for the purchase of these shares are repayable in all circumstances regardless of the variation in share value.

The following table summarizes information on outstanding and exercisable options as at March 31, 2006:

	Three months ended March 31, 2006		Twelve months ended December 31, 2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	835,000	\$ 5.09	838,000	\$ 5.09
Granted	-	-	-	-
Exercised	(792,000)	5.09	-	-
Cancelled	-	-	(3,000)	5.09
Options, end of period	43,000	\$ 5.15	835,000	\$ 5.09

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2006

(in thousand of dollars, except per share amounts and number of shares)
(unaudited)

5. Contingencies

During the first quarter of 2006, an amount of \$6,285 of the legal actions taken against the Company was settled for \$737 in addition to \$68 in fees. The remaining, unsettled legal actions amounted to \$33,809 as at March 31, 2006, and the Company intends to defend itself vigorously. The outcome of these remaining actions cannot be determined at this time, and consequently, no provision was recorded as at March 31, 2006.

6. Segmented information

The Company operates in two industry segments. The commercial activities of these segments are undertaken in Canada and are defined as follows:

Exchange (Bourse):

This sector acts as the exclusive financial derivatives exchange in Canada, providing a complete range of equity, index and interest rate derivatives.

Clearinghouse (CDCC):

This sector acts as a clearinghouse and guarantor of equity, index and interest rate derivatives.

Quarter ended March 31

	Bourse		CDCC		Consolidated	
	2006	2005	2006	2005	2006	2005
Revenues from exchange and clearing	\$ 11,915	\$ 8,631	\$ 3,105	\$ 2,344	\$ 15,020	\$ 10,975
Revenues from information systems services	4,057	3,624	-	-	4,057	3,624
Investment income	304	205	150	101	454	306
Amortization of capital assets and intangible assets	1,669	1,499	21	98	1,690	1,597
Equity in results of companies subject to significant influence	631	650	-	-	631	650
Net earnings	3,463	3,400	1,468	814	4,931	4,214
Purchase of capital assets and intangible assets	1,297	309	7	18	1,304	327
Assets	66,170	62,494	87,330	93,886	153,500	156,380

Regulatory Division:

Pursuant to a decision rendered by the AMF on November 24, 2000, the Company created a separate regulatory division responsible for approved participants and market regulation and operating on a cost recovery basis. The AMF accepted that, effective January 1, 2005, the Regulatory Division shall perform its regulatory functions exclusively in the area of derivatives. Also, at that date, the Division transferred its functions and delegated authority regarding securities dealers in order to bring all these dealers and their representatives and officers under the jurisdiction of one self-regulatory organization in Québec, the Investment Dealers Association of Canada (IDA).

Notes to the Interim Consolidated Financial Statements (continued)

Quarter ended March 31, 2006

(in thousand of dollars, except per share amounts and number of shares)
(unaudited)

6. Segmented information (continued)

For the first quarter ended March 31, 2006, the Division generated revenues of \$746 (\$538 in 2005) and incurred direct expenses of \$355 (\$191 in 2005) and indirect expenses of \$198 (\$152 in 2005). The surplus of the Division at March 31, 2006 totals \$938 and is presented in accounts payable and accruals, of which \$800 results from to the excess of fines and penalties over related expenses and will be used for special projects for the purposes of the financial industry. The balance of the surpluses, if any, will be repaid to the approved participants after the end of the fiscal year.



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