

CONFORMED SUBMISSION TYPE: 10QSB  
PUBLIC DOCUMENT COUNT:  
CONFORMED PERIOD OF REPORT: 20000930  
FILED AS OF DATE: 20001113

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME: STOCKGROUP COM HOLDINGS INC  
CENTRAL INDEX KEY: 0001054097  
STANDARD INDUSTRIAL CLASSIFICATION: SERVICES-COMPUTER PROCESSING  
& DATA PREPARATION [7374]  
IRS NUMBER: 841379282  
STATE OF INCORPORATION: CO  
FISCAL YEAR END: 1231

FILING VALUES:

FORM TYPE: 10QSB  
SEC ACT:  
SEC FILE NUMBER:  
FILM NUMBER:

BUSINESS ADDRESS:

STREET 1: Suite 500 - 750 W PENDER STREET  
STREET 2: VANCOUVER BRITISH COLUMBIA  
CITY: CANADA V6C 2T7  
STATE: A2  
BUSINESS PHONE: 6043310995

MAIL ADDRESS:

STREET 1: Suite 500 - 750 W PENDER STREET  
STREET 2: VANCOUVER BRITISH COLUMBIA  
CITY: CANADA V6C 2T7  
STATE: A2

FORMER COMPANY:

FORMER CONFORMED NAME: I TECH HOLDINGS INC  
DATE OF NAME CHANGE: 19990506

</SEC-HEADER>

<DOCUMENT>

<TYPE>10QSB

<SEQUENCE>1

<DESCRIPTION>QUARTERLY REPORT

<TEXT>

Form 10-QSB  
U.S. Securities and Exchange Commission  
Washington, D.C. 20549

(Mark One)

Quarterly report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2000.

Transition report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-23687

Stockgroup.com Holdings, Inc.  
(Exact name of small business issuer as specified in its charter)

Colorado  
(State or other jurisdiction of  
incorporation or organization)

84-1379282  
(I.R.S. Employer  
Identification No.)

SUITE 500 - 750 W PENDER STREET  
VANCOUVER BRITISH COLUMBIA CANADA V6C 2T7  
(Address of principal executive offices)

A2  
(Zip Code)

Issuer's telephone number, (604) 331-0995

Former address: Suite 1000 789 W Pender Street, Vancouver,  
British Columbia, Canada V6C 1H2  
(Former name or address, if changed since last report)

Check whether the issuer

(1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and

(2) has been subject to such filing requirements for the past 90 days.  
Yes:  No:

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by court. Yes  No

Applicable only to corporate issuers

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 8,411,935

Transitional Small Business Disclosure Format (check one); Yes:  No:

Stockgroup.com Holdings, Inc.  
FORM 10-QSB

INDEX

Part I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	Page
	Consolidated Balance Sheets	3
	Consolidated Statement of Loss and Deficit	4
	Consolidated Statement of Cash Flows	5
	Notes to Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Part II.	OTHER INFORMATION	
Item 2.	Changes in Securities and Use of Proceeds	16
Item 6.	Exhibits and Reports on Form 8K	16
	SIGNATURE PAGE	16
	FINANCIAL DATA SCHEDULE	17

Item 1. FINANCIAL STATEMENTS

Stockgroup.com Holdings, Inc.  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED - Expressed in U.S. Dollars)

	Unaudited September 30, 2000	Unaudited December 31, 1999
	-----	-----
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 740,710	\$ 1,658,822
Accounts receivable, net	534,237	855,170
Due from shareholder	3,153	31,973
Prepaid expenses	232,680	887,223
	-----	-----
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,510,870</b>	<b>\$ 3,433,188</b>
Property and equipment, net	\$ 605,790	\$ 440,368
Investments and advances	499,934	-
	-----	-----
	<b>\$ 2,616,594</b>	<b>\$ 3,873,556</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 15,737	\$ 21,004
Accounts payable	252,803	732,392
Accrued payroll liabilities	98,027	126,566
Deferred revenue	295,812	230,545
Notes payable	2,155,855	-
	-----	-----
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 2,818,234</b>	<b>\$ 1,110,507</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 2,818,234</b>	<b>\$ 1,110,507</b>
	-----	-----
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>COMMON STOCK, No Par Value</b>		
Authorized shares - 50,000,000		
Issued and Outstanding shares - 8,411,935	\$ 7,286,983	6,761,483
<b>PREFERRED STOCK, non-voting, no par value</b>		
Authorized shares - 5,000,000		
Issued and outstanding - nil	-	-
<b>ADDITIONAL PAID-IN CAPITAL</b>	914,444	261,277
<b>ACCUMULATED DEFICIT</b>	\$(8,403,067)	\$(4,259,711)
	-----	-----
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ (201,640)</b>	<b>\$ 2,763,049</b>
	-----	-----
	<b>\$ 2,616,594</b>	<b>\$ 3,873,556</b>
	=====	=====

The Accompanying Notes Are An Integral Part  
Of These Unaudited Financial Statements.

Stockgroup.com Holdings, Inc.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED - Expressed in U.S. Dollars)

	Unaudited Three Months Ended Sept 30, 2000	Unaudited Three Months Ended Sept 30, 1999	Unaudited Nine Months Ended Sept 30, 2000	Unaudited Nine Months Ended Sept 30, 1999
	-----	-----	-----	-----
<b>REVENUE</b>				
Revenues	\$ 795,148	\$ 284,431	\$ 3,342,306	\$ 1,444,549
Cost of revenues	508,801	195,417	1,371,516	1,028,537
	-----	-----	-----	-----
Gross profit	\$ 286,347	\$ 89,014	\$ 1,970,790	\$ 416,012
<b>EXPENSES</b>				
Sales and marketing	\$ 724,097	\$ 407,275	\$ 2,306,862	\$ 661,696
Product development	20,604	138,464	643,983	208,398
General and administrative	1,047,867	431,073	2,993,270	1,647,850
	-----	-----	-----	-----
	\$ 1,792,568	\$ 976,812	\$ 5,944,115	\$ 2,517,944
	-----	-----	-----	-----
LOSS FROM OPERATIONS	\$ (1,506,221)	\$ (887,798)	\$ (3,973,325)	\$ (2,101,932)
Interest income	27,694	53,409	77,410	80,100
Other income (expense)	1,538	-	2,322	2,654
	-----	-----	-----	-----
LOSS BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	\$ (1,476,989)	\$ (834,389)	\$ (3,893,593)	\$ (2,019,178)
Income tax provision (recovery)	-	-	-	-
	-----	-----	-----	-----
NET LOSS BEFORE EXTRAORD. LOSS	\$ (1,476,989)	\$ (834,389)	\$ (3,893,593)	\$ (2,019,178)
Extraordinary loss on Redemption of debt, net of tax	249,764	-	249,764	-
	-----	-----	-----	-----
NET LOSS	\$ (1,726,753)	\$ (834,389)	\$ (4,143,357)	\$ (2,019,178)
	=====	=====	=====	=====
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>				
Net loss before extraordinary loss	(0.18)	(0.10)	(0.47)	(0.31)
Net loss	(0.21)	(0.10)	(0.50)	(0.31)
	=====	=====	=====	=====
Weighted average shares Outstanding for the period	8,291,143	8,023,261	8,227,282	6,536,667
	=====	=====	=====	=====

</TABLE>

Stockgroup.com Holdings, Inc.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED - Expressed in U.S. Dollars)

	Unaudited Nine Months Ended Sept 30, 2000	Unaudited Nine Months Ended Sept 30, 1999
	-----	-----
OPERATING ACTIVITIES		
Net Income (Loss)	\$ (4,143,357)	\$ (2,019,178)
Add (deduct) non-cash items		
Depreciation and amortization	103,094	40,443
Amortization of deferred debt costs	62,465	-
Extraordinary loss on debt redemption	249,764	-
Provision for doubtful accounts	52,890	-
Investment in AEIS and equivalents	(500,000)	-
Common stock issued for services	257,600	1,126,000
Compensation expense on stock options	102,521	220,790
	-----	-----
	(3,815,023)	(631,945)
Net changes in non-cash working capital		
Accounts receivable	195,953	(729,778)
Due from shareholder	28,820	(947)
Prepaid expenses	815,168	(1,251,096)
Accounts payable	(479,589)	(735,096)
Interest on note payable	131,058	-
Accrued payroll liabilities	(28,539)	(15,837)
Deferred revenue	65,266	61,288
	-----	-----
CASH FROM (FOR) OPERATIONS	\$ (3,086,886)	\$ (1,833,219)
	-----	-----
FINANCING ACTIVITIES		
Issuance of common stock (net)	435,000	5,634,714
Issuance of convertible debt and Warrants (net)	2,869,990	-
Convertible debt redemption	(862,500)	-
Bank indebtedness (net)	(5,267)	(77,302)
Long-term debt (net)	-	(8,260)
Shareholder debt (net)	-	(12,069)
	-----	-----
CASH FROM (FOR) FINANCING	\$ 2,437,223	\$ 5,537,083
	-----	-----
INVESTING ACTIVITIES		
Property and equipment (net)	(268,516)	(337,697)
Investments	65	-
Net cash from reverse acquisition	-	3,272
	-----	-----
CASH FROM (FOR) INVESTING	\$ (268,449)	\$ (334,425)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(918,112)	3,369,438
Cash and cash equivalents, beginning of period	1,658,822	-
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 740,710	\$ 3,369,438
	=====	=====

Stockgroup.com Holdings, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Nine Months Ended September 30, 2000  
(UNAUDITED)

1. NATURE OF BUSINESS

Stockgroup.com Holdings, Inc. is an Internet based media and technology company that provides business to business corporate services (including advertising and media services), application service solutions (ASP), enterprise website development services, and financial news and information services. Stockgroup.com is incorporated under the laws of Colorado and is publicly traded on the NASD OTC Bulletin Board.

2. BASIS OF PRESENTATION AND COMPARATIVE AMOUNTS

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that no disclosures have been omitted that would make the information presented misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999.

The unaudited condensed consolidated financial statements included herein reflect all adjustments (which include only normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the nine month period ended September 30, 2000. The results for the nine-month period ended September 30, 2000 are not necessarily indicative of the results expected for the full fiscal year.

These consolidated financial statements are presented in U.S. dollars and are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Prior to year-end 1999, the Company reported its financial results using Canadian GAAP and Canadian Dollars. In this report comparative figures have been retroactively restated to conform to the U.S. GAAP presentation and have been recast into U.S. dollars in accordance with FASB Statement No. 52, Foreign Currency Translation.

3. REVENUE RECOGNITION

Revenues generated by the Company are recognized when all or substantially all of the effort required to generate the revenue has been completed and the collection of any remaining payments is relatively certain. For revenues generated from longer term website design and development arrangements requiring significant production, modification and customization, the Company follows the percentage of completion method of contract accounting in accordance with SOP 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts.

#### 4. NOTES PAYABLE AND WARRANTS

On April 3, 2000, Stockgroup.com entered into a Convertible Note Purchase Agreement pursuant to which it obtained \$3 million in a financing led by Deephaven Capital Management LLC, a subsidiary of Knight/Trimark. Amro International S.A., managed by Rhino Advisors was an additional lender in the funding. Jesup and Lamont Securities Corporation served as the placement agent for the transaction.

The funding included \$3 million of 8% Convertible Notes (the "Notes"), and 5-year Callable Warrants (the "Warrants"). The Notes mature on March 31, 2002 and are convertible into Stockgroup.com common shares only after July 31, 2000. The Notes may only be converted if Stockgroup.com does not make payment on a Noteholder's prepayment request, or if Stockgroup.com seeks to prepay the Notes. The initial conversion price (the "Initial Conversion Price") for the Notes is \$3.72, and the exercise price (the "Exercise Price") of the Warrants is \$3.30. The Initial Conversion Price and the Exercise Price are subject to adjustment upon the happening of certain events, such as the payment of a stock dividend, or the issuance of warrants at a below market price or at a price below the conversion price. Prepayments on the Notes are subject to a tiered prepayment schedule that increases as the number of days between the closing date and the prepayment date increases, being 105%, 110%, and 115% of principal from days 1-60, 61-120, and after 120 days, respectively. Interest accrues on the Notes at the rate of 8% per annum, and is payable on each conversion date and at maturity. Interest may be paid in the form of cash or registered stock, at Stockgroup.com's option. The lenders have the right to put back to Stockgroup.com up to 25% of the unconverted amount of the Notes during any 30-day period after July 31, 2000. Upon the lenders' exercise of such right, Stockgroup.com has the option of prepaying the portion of the Notes sought to be converted, such prepayment to be in accordance with the tiered prepayment schedule set forth above. If Stockgroup.com does not make such a prepayment within 10 days after its receipt of a "put" notice, the conversion rate of the Notes changes to the lesser of (a) the Initial Conversion Price, and (b) 88% of the average of the 5 lowest closing prices of Stockgroup.com's common shares during the 30 trading days prior to the date of conversion.

The Warrants permit the holders to acquire up to 181,818 common shares. Stockgroup.com has filed a registration statement covering these shares, and the shares underlying the Notes. The Warrants may be called by Stockgroup.com, at a purchase price of \$.01 per underlying share, if Stockgroup.com's common shares trade at the level of 175% of the Warrant exercise price of \$3.30 for any 20 consecutive trading days after the effective date of the registration statement, provided that the holders have the right to exercise the warrants within 30 days after their receipt of such a call.

The convertible notes and callable warrants have been accounted for in accordance with APB 14, Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants and EITF 98-5, Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios. APB 14 requires that the gross proceeds be allocated to the notes and warrants based on the relative fair value of each security at the time of issuance. Accordingly, \$2.7 million of the gross proceeds was allocated to the notes and \$300,000 was allocated to the 181,818 warrants. The financing costs, consisting of \$130,000 in cash and the fair value of additional warrants to purchase 90,909 common shares granted to the placement agent on the same terms as the warrants issued to the lenders, were allocated to the notes and 181,818 warrants in the same relative fair value manner.

In August 2000, the note holders exercised their right to put 25% of the notes, or \$750,000. The Company paid this put in cash in August 2000, with the total amount paid equal to \$750,000 plus the 15% prepayment penalty of \$112,500 and accrued interest of \$22,339, for a total of \$884,839.

On September 25, 2000, Amro International, S.A. exercised their right to put an additional 25% of their portion, or \$250,000. On October 5, 2000, the Company served Amro International, S.A., with a Notice of Intention Not to Pay Put Notice according to the terms of the agreement. Under the agreement, Amro International, S.A. now has the right to convert \$250,000 plus accumulated interest into shares of the Company. As of the date of this filing, no such conversion has occurred, and no Conversion Notice has been received by the Company from Amro International, S.A.

#### 5. SHAREHOLDERS' EQUITY

The Company is authorized to issue up to 50,000,000 shares of common stock and 5,000,000 shares of preferred stock. On April 3, 2000, the Company issued warrants to purchase 272,727 common shares as described in Note 4. The fair value of the warrants issued, net of financing costs, amounted to \$455,546 and was recorded as an increase to additional paid-in capital. On August 17, a private placement of 116,935 restricted shares was issued at \$3.72 per share for proceeds of \$435,000. On August 24, 100,000 restricted shares and 100,000 options were issued in exchange for services with the aggregate amounts of \$162,500 and \$81,000 representing the fair market value of the shares and options, respectively. The total cost of \$243,500 has been accounted for as an increase to additional paid-in capital and an increase to third quarter general and administrative expense. During the third quarter, 12,000 shares have been repurchased and returned to treasury at a value of \$6.00 per share. The shares will be cancelled in the fourth quarter.

#### 6. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed based on the weighted average number of common shares outstanding during each year. Diluted earnings (loss) per share is computed based on the weighted average number of common shares outstanding during each year, plus the dilutive potential of convertible securities during the year, in accordance with FASB Statement No. 128, Earnings Per Share.

For the nine months ended September 30, 2000, all of the Company's common shares issuable upon the exercise of stock options, convertible debentures, or warrants were excluded from the determination of diluted earnings (loss) per share as their effect would be anti-dilutive.

#### 7. COMPREHENSIVE INCOME

The Company follows FASB Statement No. 130, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. For the nine months ended September 30, 2000 and September 30, 1999, the Company did not have any components of comprehensive income.

#### 8. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Investments and Hedging Activities" ("SFAS No. 133") as amended by SFAS No. 137 and SFAS No.138, which establish accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statements also require that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133, as amended by SFAS No. 137 and SFAS No. 138, is effective for fiscal years beginning after June 15, 2000. Management has not determined the impact, if any, that the adoption of the new statement will have on the consolidated results of operations or financial position of the Company

On December 3, 1999, the SEC staff released Staff Accounting Bulletin (SAB) No. 101 - Revenue Recognition in Financial Statements, which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements. The SAB required adoption for the first fiscal quarter of fiscal years beginning after December 15, 1999, however, based on requests for additional time to consider the implications, the SEC has issued SAB 101A and SAB 101B that further delays the effective date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company is presently evaluating the impact, if any, that SAB No. 101 will have on the company's financial position or results of operations.

#### 9. SEGMENTED INFORMATION

SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, requires a public business enterprise to report financial and descriptive information about its reportable operating segments. The Company has concluded that its business activities fall into one identifiable industry segment with the following sources of revenue:

	For the nine months ended	
	Sept 30, 2000	Sept 30, 1999
Business to Business (B2B)/Advertising	\$ 1,733,049	\$ 1,444,549
ASP Financial tools/Enterprise financial Development	1,609,257	-
	-----	-----
	\$ 3,342,306	\$ 1,444,549
	=====	=====

During the first nine months 2000, the Company had two customers from whom revenue received by the Company represented approximately 50% of total revenue. No other customers represented greater than 10% of revenue.

#### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

##### RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 2000

During the three months ended September 30, 2000, the Company generated revenues of \$795,148 that represent a 180% increase over the \$284,431 generated in the three months ended September 30, 1999. The growth in revenues was primarily due to Enterprise financial Website development, and higher sales of Business to Business (B2B) corporate services. The Company also significantly increased its sales force from 5 in quarter three 1999 to 14 at the end of quarter three 2000. Growth in sales staff was spread across all offices, and a new sales office was opened in Dallas Texas.

The Company incurred a net loss of \$(1,726,753) for the three months ended September 30, 2000. This compared with a net loss of \$(834,389) for the same three months of 1999. The ordinary losses are a function of implementation of the Company's strategic plans and had been anticipated. The \$249,764 extra-ordinary loss was recorded due to the early redemption of outstanding notes.

Sales and marketing expenses increased from \$407,275 in the three months ended September 30, 1999 to \$724,097 in the same period in 2000. The factors that contributed to this increase are increases in sales staff and expenses relating to sales plans and initiatives.

General and administrative expenses increased from \$431,073 in the three months ended September 30, 1999 to \$1,047,867 over the same three months of 2000. During the third quarter management took a one time charge to reduce the number of employees from 98 to 77 and streamline the company. In addition the company incurred investor relations expenses of \$243,500 which were paid in common stock of the company. Without these one time expenses, management reduced the operating expenses of the business by over 25% from the second quarter of 2000. Management expects that the streamlining of operating expenses will be reflected through decreased operating costs in the fourth quarter and in the first quarter of 2001. Other costs related to expansion are not expected to grow as rapidly in the future, as the Company believes sales growth can now be achieved without a further significant investment in infrastructure.

#### RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 2000

During the nine months ended September 30, 2000, the Company generated revenues of \$3,342,306 that represents a 131% increase over the \$1,444,549 generated in the nine months ended September 30, 1999. The growth in revenues was primarily due to major Website development projects in Singapore, Texas, and Canada, and higher sales of core Business to Business products to publicly traded companies. The Company also significantly increased its sales force from 5 in quarter three 1999 to 14 in quarter three 2000. Growth in sales staff was spread across all offices, as well as the new sales office in Dallas.

The Company incurred a net loss of \$(4,143,357) for the nine months ended September 30, 2000. This compared with a net loss of \$(2,019,178) for the first nine months of 1999. The \$249,764 extra-ordinary loss was recorded due to the early redemption of outstanding notes. The ordinary losses are a function of implementation of the Company's strategic plans and had been anticipated. The Company expects that quarterly losses will be lower going forward, as the major expenditures of the current strategic plans have been incurred.

Sales and marketing expenses increased from \$661,696 in the first nine months of 1999 to \$2,306,862 in the same period in 2000. The factors that contributed to this increase are increased advertising purchases and an increase in sales staff. Advertising purchases were for the purpose of establishing brand in the marketplace and are expected to have long-term residual effects. The size of the staff, particularly in sales, increased significantly quarter over quarter in line with our strategic plans to position the company for future growth. The additional cost of this staff is reflected in the increased expense numbers.

General and administrative expenses increased from \$1,647,850 in the first nine months of 1999 to \$2,993,270 over the first nine months of 2000. Items accounting for a majority of the increases in general and administrative included higher office rent expenses due to an expansion of our branch network, increased staffing costs, costs related to temporary data entry staff used for site development, increased public relations and increased investor relations. Investor relations costs due to equity awards were expensed fully in the quarter. The Company also experienced significant costs in the year due to an infrastructure expansion into Europe that was started early in the year and put on hold during the third quarter. Other costs related to expansion are not expected to grow as rapidly in the future, as the Company believes sales growth can now be achieved without a further significant investment in infrastructure.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash used in operations for the third quarter of 2000 was \$1,001,861, compared to \$605,243 in the second quarter 2000, \$1,479,781 in the first quarter 2000, and \$1,577,294 in the fourth quarter 1999. The lower cash usage in the second quarter resulted from higher revenues during the quarter received from enterprise projects. The cash usage in the third quarter is higher partly due to non-recurring charges taken when the Company took steps to streamline operating expenditures and accelerate the Company's profitability. This indicates that the Company has been consistently reducing quarterly cash usage over the last four quarters. As a result of expense reductions made during the third quarter of 2000, and ongoing expense controls, the Company has significantly reduced its monthly cash usage, and expects cash usage in the fourth quarter to continue this trend. When combined with growing revenues, the Company is anticipating that positive cash flow will be achieved during the first quarter of 2001. However, there can be no guarantee that this will happen. The company may be required to raise additional financing through equity or debt issues.

## FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "intends," "will," or similar terms. These statements appear in a number of places in this report and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) trends affecting the Company's financial condition or results of operations, (ii) the Company's business and growth strategies, (iii) the Internet and Internet commerce and (iv) the Company's financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. The preceding discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and notes related thereto included elsewhere in this report.

## CORPORATE DEVELOPMENTS DURING THE PERIOD

### Completion of AsiaXIS enterprise site in Asia

On January 18<sup>th</sup>, 2000, Stockgroup.com began its global expansion by entering into an arrangement with two Singapore publicly listed companies to build an enterprise financial site for Asia Exchange Information Service Pte Ltd., called [www.asiaXIS.com](http://www.asiaXIS.com). This site was launched on June 28, 2000, and all significant work on the site was completed in the third quarter.

### Streamlining of expenses

Management reduced staff from 98 to 72 during the third quarter beginning the execution of its strategy of streamlining expenses and achieving cash flow positive by the end of the first quarter 2001. The company took a one-time expense charge and has seen its operational expenses lowered on a monthly basis beginning late in the third quarter.

## Strategic direction

During the quarter the company redefined components of its strategic direction to include greater emphasis on its Business to Business and Asp and Enterprise site development segments. In its Business to Business segment new disclosure and investor information plug-in tools for public companies were developed and tested. The resulting sales and research obtained have subsequently caused the company to emphasize and accelerate the development and marketing infrastructure for this product.

In its Enterprise Site Development / ASP segment the company was awarded development agreements for preliminary design and development of product in the financial leasing industry. Subsequent to the end of the quarter this resulted in the company being awarded one of the largest enterprise site development contracts in its history. The company also began licensing its ASP financial tools and applications. These proprietary tools and applications developed by the company are hosted and maintained on Stockgroup's servers and are served on other companies' sites. The products are marketed both by Stockgroup's own sales force and through syndication channels.

## Investor relations and Public relations team hired

Stockgroup hired Rubinstein Public Relations, New York to implement a strategy of communicating information about the company's business and products through the media. This includes raising the profile of the company and helping to build a greater recognition for the company's core competencies. In addition, the company hired Continental Capital, Orlando and Pinnacle Group, NY to begin raising the awareness of the company with the financial community.

## Syndication strategy launched

During the first half of the year, Stockgroup.com began the implementation of its syndication strategy, signing agreements with web content distributors. Major syndication agreements established include I-Syndicate, (which reaches over 600,000 web users) audiobasket.com, which disseminates Stockgroup.com audio content; Cybersurf, an Internet Service Provider (ISP) which features content from the smallcapcenter web site and data feeds from Stockgroup to its extensive base of subscribers; Screaming Media, a content syndicator; and AvantGo and ThunderWAP, wireless application providers.

## New sales office opened in Dallas

A sales office was opened in Dallas and staffed with two sales people.

## CORPORATE OVERVIEW AND BACKGROUND

Stockgroup.com has offices in New York, San Francisco, Toronto, Calgary, and Dallas and maintains its corporate headquarters in Vancouver. Stockgroup.com is a provider of Business-to-Business corporate services, Application Service Provider solutions, enterprise financial website development and develops unbiased, comprehensive financial information on small cap and micro cap stocks on the Internet. Revenues from these segments comprise of development and customization fees, ongoing licensing fees for the Company's technology, maintenance fees, advertising fees.

There are thousands of financial services companies that require enterprise solutions to interact and display information over the Internet for their customers. Stockgroup.com provides a full ASP solution and licenses its proprietary enterprise financial web sites. There are an estimated 28 million small cap investors in North America and another 22 million worldwide who receive their smallcap financial information from a variety of news sources. The market place is highly fragmented, consisting of newsletters, specialty publications, brokerage research reports, and limited coverage by the large media companies. Stockgroup.com offers these investors the ability to receive real time, unbiased, detailed information on thousands of small cap and micro cap companies.

The Company also provides online Business to Business services to hundreds of publicly traded companies, from New York Stock Exchange companies to Bulletin Board companies, that enable them to provide current, detailed financial information and effectively reach current and prospective shareholders efficiently.

In addition, smallcapcenter.com provides unbiased original financial news content on small cap companies and markets. These news features are produced throughout the trading day by Stockgroup.com's staff of professional financial journalists and editors and this News Service is a significant draw for the investor viewers who use smallcapcenter.com. Smallcapcenter.com also disseminates information about Stockgroup.com's corporate clients but does not make any recommendations or provide special news coverage related to these clients.

The company is also a provider of website design, Internet financial products and marketing services for Small Cap companies, a market segment that traditionally has not had the same market profile as larger public companies. Some of the specialty products we produce include private label quotes and charts, database tools for building relationships with shareholders, traffic reports that allow a company's management to assess the impact of website use by its viewers, design services and maintenance contracts.

Rapid technological change, new product development and evolving industry standards characterize our industry. Inherent in our business are various risks and uncertainties, including a limited operating history, a new and unproven business model and the limited history of commerce on the Internet. Our success may depend in part upon the emergence of the Internet as a communications medium, prospective product development efforts and the acceptance of our products and services by the marketplace. As part of our strategic development plans, we invest significant resources in research and development of new products and services.

As of September 30, 2000 the company had 72 employees, all of which were full time.

#### DESCRIPTION OF BUSINESS MODEL

##### Business to Business Services to Corporations

Stockgroup.com provides publicly traded companies with a suite of financial information and marketing products. The company provides a software solution which automates the updating of a public company's important financial information on its web site, including stock quotes, charts, and news releases. Customers license this application from Stockgroup.com. Stockgroup.com also provides Internet marketing services to these customers. Stockgroup.com does not act as a public relations or investor relations firm but rather provides a suite of advertising products and services.

Stockgroup.com offers to link clients' sites to Stockgroup.com's proprietary information Community and offer access to Stockgroup.com's proprietary Email listing of smallcap investors.

Stockgroup.com also derives revenue from corporate advertisers who see benefit in presenting their products and services to smallcapcenter.com's Internet audience. Many advertisers seek and are willing to pay premium rates to advertise on smallcapcenter.com due to its highly specific demographics. The investor demographic profile, which consists of well-educated, technically savvy, mid to high-income level earners and higher risk investors, is very attractive to numerous advertisers. In addition, as a part of Stockgroup.com's Business to Business product offering, Stockgroup.com provides advertising management services, essentially acting as an on-line advertising agency providing advertisement design and placement services for its clients. Stockgroup.com also places ads, as a function of client budgets, on other web sites it believes will provide the client with the greatest exposure to the investment community.

## Application Service Provider Solutions and Syndication

Stockgroup has developed a wide array of quality financial tools and applications that provide its customers the ability to provide financial news, data, information and tools on a private labeled basis on their web sites. Tools and applications include interactive charting, portfolio management, real time quotes, news releases, analyst reports, technical analysis, fundamental screens and others. In addition Stockgroup has developed databases that include news releases, financials, analyst reports, analyst consensus, regulatory filings, and other financial information.

The ASP market generates an initial fee and ongoing monthly fees to stream current data and content to customer's tools that they license from Stockgroup. Stockgroup began selling these tools and applications in the third quarter.

## Enterprise Financial Website Development

Stockgroup.com develops, sells, and maintains private label news and financial web sites. Target companies include brokerage firms, financial services companies, media companies, and entrepreneurial firms. Stockgroup.com is expanding through sales of its expertise in the development of enterprise financial website platforms. The company's ongoing effort in designing and maintaining smallcapcenter.com and our many corporate client websites has built a strong expertise in website design, programming, and project management. To date, projects have been completed in Asia (AsiaXIS.com and eDepositCenter.com) and Texas (eStockAnalyst.com), and are in progress with a fourth project in Eastern Canada.

## Editorial News Products

Stockgroup.com is a proprietary developer and distributor of professional, unbiased, on-line news and information focused on small cap and micro-cap stocks. Investors have historically had difficulty obtaining timely, accurate investment information on Small Cap companies due to a lack of objective news sources. Most other media organizations, investment firms and brokerage houses tend to focus a significant majority of their attention on larger public companies. As a result, Small Cap investors have not had access to the level of non-biased third party information or traditional sources of company research reports they desire. This lack of information is coupled with the increasing shift of investors from traditional retail brokerages to discount and on-line alternatives. This shift has created an increased interest in personal investment research on the part of individual investors. However, investor interest in the Small Cap sectors has not been accompanied by an increased coverage of the small and micro cap sectors by traditional media, traditional brokerage firms or alternative on-line and discount investment service providers. As a result, investors have turned to other resources on the Internet as a method of obtaining the timely financial information needed to make small cap investment decisions. The Company licenses and sells content to other financial sites.

## CORPORATE GROWTH STRATEGY

Focusing on its core competencies of building technology and solutions to deliver financial information and tools, Stockgroup.com intends to grow revenues through internal growth of its existing businesses, including B2B corporate services, application service provider solutions (ASP), and enterprise financial website development. The company intends to expand its sales team and establish additional reseller channels for its products, technology and services.

THE SMALLCAPCENTER.COM INTERNET INVESTMENT INFORMATION COMMUNITY

Stockgroup.com has created and continually maintains and improves www.smallcapcenter.com, an Internet information Community that provides a wide range of services to investors interested in Small Cap companies and markets. In addition to our quality tools and content for investors, a significant feature that differentiates smallcapcenter.com from other financial Websites is its on-line news reporting. Stockgroup.com employs a staff of professional journalists who produce breaking stories throughout the trading day on topics of interest to Small Cap investors. A goal of our Internet business model is to license this news service to media and financial services firms.

SHARE PRICE AND VOLUME DATA

The Company's Common Stock has been quoted for trading on the OTC Bulletin Board since March 17, 1999. The following table sets forth high and low bid prices for the Common Stock for the three-month periods ending March 31, 2000, June 30, 2000, and September 30, 2000. These prices represent quotations between dealers without adjustment for retail markup, markdown or commission and may not represent actual transactions.

Quarter Ending:	High	Low	Volume
March 31, 2000	\$ 5.031	\$ 1.562	2,623,600
June 30, 2000	\$ 4.000	\$ 0.719	1,737,100
September 30, 2000	\$ 2.813	\$ 0.875	4,983,800

On March 31, 2000, the Company had 29 registered shareholders owning 8,195,000 shares. On June 30, 2000, the Company had 34 registered shareholders owning 8,195,000 shares. On September 30, 2000, the Company had 32 registered shareholders owning 8,411,935 shares.

DIVIDENDS

The Company has not declared any dividends since inception, and has no intention of paying any cash dividends on its Common Stock in the foreseeable future. The payment by the Company of dividends, if any, in the future, rests with the discretion of its Board of Directors and will depend, among other things, upon the Company's earnings, its capital requirements and its financial condition, as well as other relevant factors.

Part II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On April 3, 2000, Stockgroup.com entered into a Convertible Note Purchase Agreement pursuant to which it obtained \$3 million in a financing led by Deephaven Capital Management LLC, a subsidiary of Knight/Trimark. This transaction is fully described in Note 4 to the financial statements, included herein. Other equity transactions for the period are fully described in Note 5 to the financial statements, included herein.

Item 6. Exhibits and Reports on Form 8K

(a) Exhibits

27.1 Financial Data Schedule

(b) Reports on Form 8-K

No Reports were filed on Form 8-K during the quarter ended September 30, 2000

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused This report to be signed on its behalf by the undersigned, thereunto duly authorized.

STOCKGROUP.COM HOLDINGS, INC.  
(Registrant)

Date: November 13, 2000

By: /s/ Lindsay Moyle, CGA

-----  
Chief Financial Officer, Secretary & Treasurer

Financial Data Schedule

<S>	<C>	
<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		DEC-31-2000
<PERIOD-START>		JUL-01-2000
<PERIOD-END>		SEP-30-2000
<CASH>		740,710
<SECURITIES>		0
<RECEIVABLES>		534,327
<ALLOWANCES>		0
<INVENTORY>		0
<CURRENT-ASSETS>		1,510,870
<PP&E>		605,790
<DEPRECIATION>		0
<TOTAL-ASSETS>		2,616,594
<CURRENT-LIABILITIES>		2,818,234
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		7,286,983
<OTHER-SE>		(7,488,623)
<TOTAL-LIABILITY-AND-EQUITY>		2,616,594
<SALES>		795,148
<TOTAL-REVENUES>		824,380
<CGS>		508,801
<TOTAL-COSTS>		1,792,568
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		0
<INCOME-PRETAX>		(1,476,989)
<INCOME-TAX>		0
<INCOME-CONTINUING>		0
<DISCONTINUED>		0
<EXTRAORDINARY>		249,764
<CHANGES>		0
<NET-INCOME>		(1,726,753)
<EPS-BASIC>		(0.21)
<EPS-DILUTED>		(0.21)

17

</TABLE>  
 </TEXT>  
 </DOCUMENT>  
 </SEC-DOCUMENT>  
 -----END PRIVACY-ENHANCED MESSAGE-----