

CAPITAL MARKETS TECHNOLOGIES, INC.

Form 10-Q

November 19, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT**

**COMMISSION FILE NUMBER: 0-27382**

**CAPITAL MARKETS TECHNOLOGIES, INC.**

(Name of small business issuer as specified in its charter)

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**FLORIDA**  
(State or other jurisdiction of  
incorporation or organization)

**65-0907899**  
(I.R.S. Employer  
Identification No.)

**340 E. Randolph Street, Suite 2701, Chicago, IL USA**  
(Address of principal executive offices)

**60610**  
(Zip Code)

**Issuer's Telephone Number: (312) 533-0230**

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 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes  No

DOCUMENTS INCORPORATED BY REFERENCE: none

Transitional Small Business Disclosure Format YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class                           | Outstanding at November 19, 2008 |
|---------------------------------|----------------------------------|
| Common stock, \$0.001 par value | 22,807,709                       |

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC.****INDEX TO FORM 10-Q****PART I FINANCIAL INFORMATION**

The Financial Statements of the Registrant required to be filed with this 10-Q Quarterly Report were prepared by management and commence on the following page, together with Related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Company.

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**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****(Development Stage Company)****CONSOLIDATED BALANCE SHEETS****As of September 30, 2008 and December 31, 2007**

|   | Sept. 30,<br>2008<br>(unaudited) | Dec. 31,<br>2007<br>(audited) |
|---|----------------------------------|-------------------------------|
| <b>ASSETS</b>   |                                  |                               |
| <b>CURRENT ASSETS</b>   |                                  |                               |
| Cash  | \$ 68,023                        | \$ 292,968                    |
| Prepaid Expenses  | 13,658                           |                               |
| Accounts Receivable   | 44,150                           | 9,005                         |
| Total Current Assets  | 125,831                          | 301,973                       |
| <b>OFFICE EQUIPMENT net of depreciation</b>   | 16,466                           | 20,265                        |
| <b>OTHER ASSETS</b>   |                                  |                               |
| Note Receivable   | 113,967                          |                               |
| Investment in The Sepa Consultancy Limited  | 1,993,350                        |                               |
| Investment in Strike IT   | 811,216                          | 202,180                       |
|   | \$ 3,060,830                     | \$ 524,418                    |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIENCY)</b>                                     |                                  |                               |
| <b>CURRENT LIABILITIES</b>  |                                  |                               |
| Accounts payable  | \$ 891,326                       | \$ 806,222                    |
| Due to Simplex Consulting Limited   | 35,966                           |                               |
| Due to related party  | 114,191                          |                               |
| Total Current Liabilities   | 1,041,483                        | 806,222                       |
| <b>Minority Interest</b>  | (169,205)                        | (38,037)                      |
| <b>STOCKHOLDERS EQUITY (DEFICIENCY)</b>   |                                  |                               |
| <b>Preferred stock</b>  |                                  |                               |
| 10,000,000 shares authorized at \$.001 par value; 2,286,000 outstanding                     | 2,286                            |                               |
| Capital in excess of par value  | 158,364                          |                               |
| <b>Common stock</b>   |                                  |                               |
| 250,000,000 shares authorized at \$.001 par value; 22,807,709 shares issued and outstanding | 22,808                           | 18,533                        |
| Capital in excess of par value  | 16,911,848                       | 13,097,102                    |
| Common Stock subscriptions received   | 491,500                          |                               |
| Accumulated deficit during development stage  | (15,392,972)                     | (13,347,202)                  |
| Comprehensive income (loss)   | (5,282)                          | (12,200)                      |

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|                    |                     |              |            |
|--------------------|---------------------|--------------|------------|
| Total Stockholders | Equity (Deficiency) | 2,188,552    | (243,767)  |
|                    |                     | \$ 3,060,830 | \$ 524,418 |

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

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****(Development Stage Company)****STATEMENTS OF OPERATIONS****For the three months ended September 30, 2008 and 2007****(unaudited)**

|  | Sept. 30,<br>2008 | Sept. 30,<br>2007 |
|--|-------------------|-------------------|
| <b>REVENUES</b>  | \$ 89,488         | \$                |
| <b>EXPENSES</b>  |                   |                   |
| Professional fees                                      | 86,920            |                   |
| Consulting fees  | 130,655           | 12,500            |
| Management fees  | 157,723           |                   |
| Advertising and Promotion                              | 309,496           | 133,477           |
| Administrative   | 129,418           | 10,759            |
| Commissions  | 49,150            |                   |
| Wages and Benefits                                     | 34,363            |                   |
| Software Development                                   | 95,567            |                   |
| Depreciation   | 1,267             |                   |
|  | 994,559           | 156,736           |
| <b>NET OPERATING LOSS FROM OPERATIONS</b>              | (905,071)         | (156,736)         |
| <b>OTHER INCOME (LOSSES)</b>                           |                   |                   |
| Interest income (expense)                              | 1,276             | (119)             |
| <b>NET LOSS BEFORE MINORITY INTEREST</b>               | (903,795)         | (156,855)         |
| <b>Less Minority Interest &amp; comprehensive loss</b> | 62,391            |                   |
| <b>NET LOSS</b>  | \$ (841,404)      | \$ (156,855)      |
| <b>NET LOSS PER COMMON SHARE</b>                       |                   |                   |
| Basic  | \$ (0.04)         | \$ (0.01)         |
| Diluted  | \$ (0.03)         | \$ (0.01)         |
| <b>AVERAGE OUTSTANDING SHARES</b> - stated in 1,000 s  |                   |                   |
| Basic  | 22,808            | 30,081            |
| Diluted  | 28,523            | 30,081            |

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



**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****(Development Stage Company)****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Nine months ended September 30, 2008 and 2007 and the period****June 29, 1995 (date of inception) to September 30, 2008****(unaudited)**

|  | Sept. 30,<br>2008 | Sept. 30,<br>2007 | June 29, 1995<br>to<br>Sept. 30, 2008 |
|--|-------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>                                      | \$ 89,488         | \$                | \$ 166,856                            |
| <b>EXPENSES</b>                                      |                   |                   |                                       |
| Professional fees                                    | 146,545           | 27,750            | 210,307                               |
| Consulting fees                                      | 330,968           | 42,500            | 511,556                               |
| Management fees                                      | 157,723           |                   | 157,723                               |
| Advertising and Promotion                            | 1,028,434         | 198,734           | 1,570,873                             |
| Administrative                                       | 233,452           | 34,165            | 3,958,388                             |
| Commissions  | 106,650           |                   | 205,551                               |
| Wages and Benefits                                   | 84,819            |                   | 109,280                               |
| Amortization of web site                             |                   |                   | 1,789,800                             |
| Software Development                                 | 177,804           |                   | 177,804                               |
| Stock and options compensation expense               |                   |                   | 6,959,293                             |
|  | 2,266,395         | 303,149           | 15,650,575                            |
| <b>NET OPERATING LOSS FROM OPERATIONS</b>            | (2,176,907)       | (303,149)         | (15,483,719)                          |
| <b>OTHER INCOME (LOSS)</b>                           |                   |                   |                                       |
| Interest income (expense)                            | 5,438             | (722)             | (321,786)                             |
| Depreciation   | (3,799)           |                   | (8,865)                               |
| Gain on transfer of assets and liabilities           |                   |                   | 252,008                               |
| <b>NET LOSS BEFORE MINORITY INTEREST</b>             | \$ (2,175,268)    | \$ (303,871)      | \$ (15,562,362)                       |
| <b>Less Minority Interest and comprehensive loss</b> | 129,498           |                   | 169,390                               |
| <b>NET LOSS</b>                                      | \$ (2,045,770)    | \$ (303,871)      | \$ (15,392,972)                       |
| <b>NET LOSS PER COMMON SHARE</b>                     |                   |                   |                                       |
| Basic  | \$ (0.09)         | \$ (0.01)         |                                       |
| Diluted  | \$ (0.07)         | \$ (0.01)         |                                       |



**AVERAGE OUTSTANDING SHARES** - stated in 1,000 s

|         |        |        |
|---------|--------|--------|
| Basic   | 22,808 | 35,023 |
| Diluted | 28,523 | 35,023 |

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

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## CAPITAL MARKETS TECHNOLOGIES, INC.

## STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(Development Stage Company)

Period June 29, 1995 (date of inception) to September 30, 2008

(unaudited)

|   | Common Stock<br>Shares | Common Stock<br>Amount<br>\$ | Capital in<br>Excess of<br>Par Value<br>\$ | Accumulated<br>Deficit<br>\$ |
|---|------------------------|------------------------------|--|------------------------------|
| <b>Balance June 29, 1995</b>  |                        |                              |  |                              |
| Issuance of common stock for services                                   | 6,000                  | 6                            | 4,994                                      |                              |
| Net loss for period ended December 31, 1995                             |                        |                              |  | (5,000)                      |
| Net loss for year ended December 31, 1996                               |                        |                              |  |                              |
| Net loss for year ended December 31, 1997                               |                        |                              |  |                              |
| Net loss for year ended December 31, 1998                               |                        |                              |  | (900)                        |
| Issuance of common stock for cash                                       | 72,163                 | 72                           | 308,928                                    |                              |
| Issuance of common stock for services                                   | 133                    |                              | 288,000                                    |                              |
| Options granted for services  |                        |                              | 6,466,293                                  |                              |
| Contributions to capital - expenses                                     |                        |                              | 174,000                                    |                              |
| Net loss for year ended December 31, 1999                               |                        |                              |  | (6,819,904)                  |
| Issuance of common stock for services                                   | 100                    |                              | 200,000                                    |                              |
| Amortize deferred compensation discount on note payable - related party |                        |                              | 1,980,939                                  |                              |
| Net loss for year ended December 31, 2000                               |                        |                              |  | (3,323,139)                  |
| Issuance of common stock for cash                                       | 2,174                  | 2                            | 1,937,386                                  |                              |
| Issuance of common stock for expenses                                   | 173                    |                              | 132,000                                    |                              |
| Issuance of common stock for cash                                       | 374                    | 1                            | 279,999                                    |                              |
| Net loss for year ended December 31, 2001                               |                        |                              |  | (2,074,543)                  |
| Net loss for year ended December 31, 2002                               |                        |                              |  | (106,444)                    |
| Net loss for year ended December 31, 2003                               |                        |                              |  | (57,597)                     |
| Net loss for year ended December 31, 2004                               |                        |                              |  | (2,838)                      |
| Net loss for year ended December 31, 2005                               |                        |                              |  | (2,838)                      |
| Issuance of common stock for services                                   | 30,000,000             | 30,000                       |  |                              |
| Issuance of common stock for debt                                       | 2,160,000              | 2,160                        | 19,440                                     |                              |
| Net loss for year ended December 31, 2006                               |                        |                              |  | (34,727)                     |
| Issuance of common stock for debt                                       | 4,516,500              | 4,517                        | 40,649                                     |                              |
| Common Stock cancelled  | (20,000,000)           | (20,000)                     | 20,000                                     |                              |
| Issuance of Common Stock for cash                                       | 1,776,036              | 1,776                        | 1,244,474                                  |                              |
| Net loss for year ended December 31, 2007                               |                        |                              |  | (919,272)                    |
| Issuance of Common Stock for cash                                       | 2,549,056              | 2,549                        | 2,391,951                                  |                              |
| Conversion of preferred stock into common stock                         | 300,000                | 300                          | 29,700                                     |                              |
| Issuance of Common Stock for acquisition-Strike IT                      | 450,000                | 450                          | 403,770                                    |                              |
| Issuance of Common Stock for acquisition-SEPA                           | 975,000                | 975                          | 989,325                                    |                              |
| Net loss for period ended September 30, 2008                            |                        |                              |  | (2,045,770)                  |
| <b>Balance September 30, 2008</b>                                       | <b>22,807,709</b>      | <b>\$ 22,808</b>             | <b>\$ 16,911,848</b>                       | <b>\$ (15,392,972)</b>       |

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

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CAPITAL MARKETS TECHNOLOGIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' PREFERRED STOCK EQUITY

(Development Stage Company)

Period June 29, 1995 (date of inception) to September 30, 2008

(unaudited)

|   | Preferred Stock<br>Shares | Amount<br>\$ | Capital in<br>Excess of<br>Par Value<br>\$ |
|---|---------------------------|--------------|--|
| <b>Balance June 29, 1995</b>                      |                           |              |  |
| Issuance of preferred stock for services          | 120,000                   | 120          | 29,880                                     |
| Conversion of preferred into common stock         | (120,000)                 | (120)        | (29,880)                                   |
| Issuance of preferred stock for services          | 636,000                   | 636          | 158,364                                    |
| Issuance of preferred stock to officers and board | 1,650,000                 | 1,650        |  |
| <b>Balance September 30, 2008</b>                 | 2,286,000                 | \$ 2,286     | \$ 158,364                                 |

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****(Development Stage Company)****CONSOLIDATED STATEMENT OF CASH FLOWS****For the nine months ended September 30, 2008 and 2007 and the period****June 29, 1995 (date of inception) to September 30, 2008****(unaudited)**

|   | <b>Sept. 30<br/>2008</b> | <b>Sept. 30<br/>2007</b> | <b>Jun. 29, 1995<br/>to Dec. 31, 2007</b> |
|---|--------------------------|--------------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                          |                          |   |
| Net loss  | \$ (2,045,770)           | \$ (303,871)             | \$ (15,392,972)                           |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                          |                          |   |
| Depreciation of office equipment  | 3,799                    |                          | 8,865                                     |
| Amortization of web site  |                          |                          | 1,789,800                                 |
| Issuance of stock and options for services and expenses                         | 190,650                  |                          | 9,292,882                                 |
| Contributions to capital expenses   |                          |                          | 174,000                                   |
| Changes in current assets and liabilities                                       | 36,301                   | (3,368)                  | (889,517)                                 |
| <b>Net Cash Used in Operations</b>  | <b>(1,815,020)</b>       | <b>(307,239)</b>         | <b>(5,016,942)</b>                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                          |                          |   |
| Purchase of Office Equipment  |                          |                          | (25,331)                                  |
| Advance of Note Receivable  | (113,967)                |                          | (113,967)                                 |
| Advance from Simplex Solutions  | 35,966                   |                          | 35,966                                    |
| Advance from related party  | 114,191                  |                          | 114,191                                   |
| Investment in The Sepa Consultancy Limited                                      | (1,003,050)              |                          | (1,003,050)                               |
| Investment in Strike IT   | (204,816)                |                          | (406,996)                                 |
| <b>Net Cash Used in Investing Activities</b>                                    | <b>(1,171,676)</b>       |                          | <b>(1,399,187)</b>                        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |                          |                          |   |
| Common stock subscriptions received   | 491,501                  |                          | 491,501                                   |
| Proceeds from sale of common stock  | 2,394,500                | 651,665                  | 6,167,138                                 |
| <b>Net Cash From Financing</b>  | <b>2,886,001</b>         | <b>651,665</b>           | <b>6,658,639</b>                          |
| Comprehensive loss/translation adjustment and minority interest                 | (124,250)                |                          | (174,487)                                 |
| <b>Net Increase (decrease) in Cash</b>  | <b>(224,945)</b>         | <b>344,426</b>           | <b>68,023</b>                             |

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|                             |    |         |            |           |
|-----------------------------|----|---------|------------|-----------|
| Cash at Beginning of Period |    | 292,968 |            |           |
| Cash at End of Period       | \$ | 68,023  | \$ 344,426 | \$ 68,023 |

The accompanying notes are an integral part of these financial statements

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**1. ORGANIZATION**

The Company was incorporated under the laws of the State of Florida on June 29, 1995 with the name RLN Realty Associates, Inc with authorized common shares of 7,500 with a par value of \$1.00. The Company had several name changes and authorized common share changes and on September 14, 2006 changed its name to Fintech Group, Inc. and changed its authorized common shares to 250,000,000 at a par value of \$.001 and added authorized preferred shares of 10,000,000 at par value of \$.001. On February 7, 2007, the name was changed to Capital Markets Technologies, Inc.

The terms of the preferred shares were determined by the Board of Directors in April 2007. The shares were designated as Series A Convertible Preferred Stock at 1 for 2.5 Common shares. Each preferred share issued has 2.5 votes on all matters presented to be voted by the holders of common stock. The shares are convertible at the option of the Holder at any time from and after the Original Issue Date.

The principal business activity of the corporation was the development of an e-commerce web site and an e-commerce virtual department store. During 2001 the activity was discontinued and its remaining assets and related liabilities were transferred and the Company has remained inactive since that date.

The Company is a development stage company.

After 2001 the Company has been engaged in seeking viable business opportunities in the financial services sector.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Methods**

The Company recognizes income and expenses based on the accrual method of accounting.

**Dividend Policy**

The Company has not adopted a policy regarding payment of dividends.

**Income Taxes**

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recognized, when it is more likely than not, that such tax benefits will not be realized.

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

On September 30, 2008, the Company had a net operating loss for carry forward of approximately \$14,081,553.

Any income tax benefit has not been determined as there has been a substantial change in stockholders. The net operating loss will expire in 2029.

Financial Instruments

The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short term maturities.

Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any preferred share rights unless the exercise becomes antidilutive and then only the basic per share amounts are shown in the report.

Concentration of Credit Risk

There are no financial instruments that potentially subject the Company to significant concentration of credit risks except the accounts receivable which are considered to be fully collectible.

Revenue Recognition

Revenue will be recognized on the sale and delivery of a product or the completion of services provided.

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.





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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Other Recent Accounting Pronouncements**

The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

**3. ACCOUNTS PAYABLE**

The Statute of Limitations has run out on \$557,323 of the accounts payable.

**4. NOTE RECEIVABLE**

The Company's subsidiary, iBase Solutions Limited, has entered into a credit facility agreement with Simplex Consulting Limited (a potential acquisition target of Capital Markets Technologies, Inc.) The Company has agreed to provide a loan due on demand with interest calculated a 4% per annum calculated on a daily basis. Upon completion of the acquisition of Simplex Consulting this receivable will eliminate upon consolidation. See subsequent event note 9.

**5. OFFICE EQUIPMENT**

Office equipment is being depreciated on a straight line basis over a 5 year period. The original cost of the office equipment, acquired during 2007, was \$25,332 and \$8,866 dollars has been depreciated to date for a net book value of \$16,466.

**6. SUBSIDIARIES**

On September 28, 2007 the Company acquired 55% of iBase Solutions Limited, a private company incorporated in England. The Company paid \$227 for the common shares. The minority shareholders are individuals residing in England.

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**6. SUBSIDIARIES (continued)**

iBase's principal product is software which provides a pay-as-you-go service which automates interest and dividend claims between financial institutions and their counter parties. Principal target markets are key financial centers. The Company will pursue global custodian banks and their asset management and hedge fund clients. The service is asp-enabled and sits on top of a swift service bureau belonging to a prospective acquisition target of Capital Markets Technologies, Inc.

In January 2008, Capital Markets Technologies Inc. acquired 100% of the shares of a private company, CMT Europe Limited, incorporated in England for \$254 (£125). The purpose of the company is to function as a holding company for all UK acquisitions.

On December 17, 2007 the Company entered into a Letter of Intent with Strike IT Services Limited, a private company incorporated and registered in England and Wales, to purchase 100% of their

outstanding common shares. Strike IT will become a 100% wholly owned subsidiary of the Company. The terms are as follows: \$202,180 (£100,000) payable immediately, the balance of \$202,180 (£100,000) pounds to be paid on closing of the transaction. The Company, in addition, will issue the principal shareholders of Strike IT 450,000 common shares. The Company has satisfied the first payment of \$202,180 (£100,000) on December 20, 2007 and has also issued the 450,000 common shares on March 12, 2008. The final payment of \$204,186 (£100,000) was paid on March 18, 2008 and upon completion of Strike IT audits this transaction will be finalized. The financial statements have not been presented with the consolidation as it has not been finalized. Refer to the pro formas included in the notes to the financial statements.

Strike IT Services is an IT consultancy and recruitment company which has a number of corporate

customers for whom it provides resources around SAP (SAP is the world's largest business software company) and the treasury operations. The company has offices which it leases in Weybridge, Surrey on a month to month tenancy. They currently employ 5 full-time employees.

During May 2008 the Company entered into a Letter of Intent with The SEPA Consultancy Limited, a private company incorporated and registered in England and Wales to purchase 100% of their outstanding common shares. SEPA will become a 100% wholly owned subsidiary of the Company. The terms are as follows: \$1,003,050 (£500,000) and the issuance of the Company's stock to a value equal to £500,000 (975,000 shares) immediately. The Company has satisfied the first payment of \$1,003,050 (£500,000) during May and June of 2008 as well as issued 975,000 common shares on May 28, 2008. The terms call for further payments as follows:

First anniversary: the sum of £500,000 in cash and the issue of common stock of the Company to a value equal to £500,000 based upon the market price of the Company at the date of payment and the £Sterling/£US dollar exchange rate prevailing at such time (this was satisfied during May and June, 2008)

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Second anniversary: the sum of £500,000 in cash and the issue of common stock of the Company to a value equal to £500,000 based upon the market price of the Company at the date of payment and the £Sterling/£US dollar exchange rate prevailing at such time. Refer to the pro formas included in the notes to the financial statements.

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**6. SUBSIDIARIES (continued)**

The SEPA Consultancy Ltd. is a specialist consultancy company to support the payments industry in realizing the Single Euro Payments Area and in complying with the related legislation - The Payment Services Directive. The SEPA Consultancy has been founded by prominent figures in the Payments and Cash Management industry, and its services are targeted primarily at payment service providers, be they banks, non-bank financial companies, or clearing systems. The SEPA Consultancy combines in-depth industry expertise with proven programmed management techniques, the latter derived from successful approaches towards the adoption of the Euro in the first place. Our services are based on Best-Practice approaches for SEPA and PSD Programs as compiled by the company's experts. SEPA has leased offices in London, England. They currently employ 6 full-time employees and use outside consultants as required.

During November 2007 the Company entered into a Letter of Intent with Simplex Solutions Inc. to purchase its wholly owned subsidiary Simplex Consulting Limited (Simplex), a company incorporated in England and Wales. The Company intends to purchase 100% of their outstanding common shares in exchange for 5,000,000 shares of the Company issued from Treasury. Refer to the pro formas included in the notes to the financial statements.

Simplex is a UK-based consulting firm specializing in wholesale payments and post-trade processing technologies and services in the banking and securities markets. The Company is aiming to finalize the transaction this year, although no assurances can be made that such transaction will be finalized. Simplex is one of only three SWIFT Service Partners in the UK, Ireland and Nordic territories and runs a SWIFT Service Bureau providing outsourced connectivity to the SWIFT Network and other value-added services. Simplex's customer base includes a number of the world's leading financial institutions as well as asset managers, hedge funds and large corporations.

Simplex Consulting Ltd. is one of Europe's leading financial technology consultancies focusing on business change, systems implementation and STP within the Banking, Securities and corporate treasury marketplaces. Simplex was established in 1997 to provide a high quality systems implementation service focusing on the middleware and evolving STP and exception based processing requirements of financial institutions. Simplex is an accredited SWIFT Service Partner, and operates a SWIFT Service Bureau, offering an outsourced SWIFTNet connectivity service, and a range of value added outsourced applications.

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2008**

**(unaudited)**

**7. CAPITAL STOCK**

During the third quarter of 2008 the Company issued 200,000 units in a private placement for \$210,000. Each unit consists of one share of common stock, par value \$.001 per share, and one Common Stock Purchase Warrant. The Common Stock Purchase Warrants may be redeemed for one additional share of common stock at a price of \$1.50 per share, beginning two years from date of purchase. The warrants have been determined to have no value at the issuance date.

During the second and third quarter the company has accepted deposits of \$491,500 for common shares subscribed for. The number of shares and warrants is yet to be determined, based on the current market trading price.

On May 28, 2008 the Company issued 975,000 common shares to the principals of The SEPA Consultancy Limited for the acquisition of their company.

On April 25, 2008 the Company issued 1,650,000 preferred shares to the Board of Directors and Officers of the Company as Compensation for services at a value of \$1,650. The Chairman of the Board received 1,200,000 preferred shares that if converted into common shares would result in holdings of 3,000,000 common shares or 12.4% of the current outstanding shares.

During May 2008 the Company issued 636,000 preferred shares to various individuals and companies for consulting services valued at \$159,000.

During the second quarter of 2008 the Company issued 449,048 units in a private placement for \$459,500. Each unit consists of one share of common stock, par value \$.001 per share, and one Common Stock Purchase Warrant. The Common Stock Purchase Warrants may be redeemed for one additional share of common stock at a price of \$1.50 per share, beginning two years from date of purchase. The warrants have been determined to have no value at the issuance date.

On March 12, 2008 the Company issued 450,000 common shares to the principals of Strike IT for the acquisition of their company.

During March 2008 the company issued 120,000 preferred shares for consulting services valued at \$30,000 which were subsequently converted into 300,000 common shares.

During the first quarter of 2008 the Company issued 1,900,008 units in a private placement for \$1,725,000. Each unit consists of one share of common stock, par value \$.001 per share, and one Common Stock Purchase Warrant. The Common Stock Purchase Warrants may be redeemed for one additional share of common stock at a price of \$1.50 per share, beginning two years from date of purchase. The warrants have been determined to have no value at the issuance date.

During 2007 the Company issued 4,516,500 common shares as full payment on a note payable.

During 2007 the Company issued 1,776,036 units in a private placement for \$1,246,250. Each unit consists of one share of common stock, par value \$.001 per share, and one Common Stock Purchase Warrant. The

Common Stock Purchase Warrants may be redeemed for one additional share of common stock at a price of \$1.50 per share, beginning two years from date of purchase. The warrants have been determined to have no value at the issuance date.



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**8. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

An officer controls a company that owns the property which the Company leases its office space from. The terms of the lease are \$6,500 per month and the lease is month to month with no deposit paid.

The Company has incurred promotional expenses of \$124,555 (2007-\$155,475) with an affiliate company.

The Company has incurred management and administrative expenses totaling \$278,989 (£143,275) in their 100% wholly owned subsidiary, CMT Europe Inc. There is a balance owing at September 30, 2008 of \$114,191 (£63,500). The company providing the services is owned by the Directors of CMT Europe Inc.

The Company earned \$89,488 in management fee revenue in CMT Europe Inc. These fees were billed to the Company's potential target acquisition Strike IT.



**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2008

(unaudited)

**9. SUBSEQUENT EVENTS (continued)**

As Capital Markets Technologies, Inc. is anticipating the closing of the acquisition of Strike IT during 2008, the following unaudited pro forma balance sheets are provided. The statement includes the following assumptions:

The goodwill arising from the purchase of Strike IT is assumed to not be impaired nor has it been amortized

The acquisition was finalized on January 1, 2008

|   | Capital Markets<br>Technologies, Inc.<br>Sept. 30, 2008 | Strike IT<br>Services Ltd.<br>Sept. 30, 2008 | Adjustments |         | Ref | Consolidated<br>Sept. 30, 2008 |
|---|---|--|-------------|---------|-----|--------------------------------|
|   |   |  | Debit       | Credit  |     |                                |
| <b>ASSETS</b>   |   |  |             |         |     |                                |
| Prepaid Expenses                                      | \$ 13,658   | \$   |             |         |     | \$ 13,658                      |
| Accounts Receivable                                   | 44,150  | 1,651,194                                    |             |         |     | 1,695,345                      |
| Note Receivable - Simplex                             | 113,967   |  |             |         |     | 113,967                        |
| Office equipment-net of depreciation                  | 16,466  | 20,679                                       |             |         |     | 37,145                         |
| Goodwill  |   |  | 532,470     |         | 1   | 532,470                        |
| Investment in SEPA                                    | 1,993,350   |  |             |         |     | 1,993,350                      |
| Investment in Strike IT                               | 811,216   |  |             | 811,216 | 1   |                                |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 2,992,807</b>                                     | <b>\$ 1,671,873</b>                          |             |         |     | <b>\$ 4,385,935</b>            |
| <b>LIABILITIES &amp; STOCKHOLDERS DEFICIENCY</b>      |   |  |             |         |     |                                |
| Bank Overdraft (Cash)                                 | \$ (68,023)   | \$ 573,472                                   |             |         |     | \$ 505,449                     |
| Accounts Payable                                      | 891,326   | 819,655                                      |             |         |     | 1,710,982                      |
| Due to Simplex Consulting Limited                     | 35,966  |  |             |         |     | 35,966                         |
| Due to related party                                  | 114,191   |  |             |         |     | 114,191                        |
| Deposits on common shares                             | 491,500   |  |             |         |     | 491,500                        |
| Minority Interest                                     | (169,205)   |  |             |         |     | (169,205)                      |
| Stockholders' equity & comprehensive<br>Income (loss) | 1,697,052   | 278,746                                      | 278,746     |         | 1   | 1,697,052                      |
|   | <b>\$ 2,992,807</b>                                     | <b>\$ 1,671,873</b>                          |             |         |     | <b>\$ 4,385,935</b>            |

|  | Debit | Credit     |
|--|-------|------------|
| <b>Adjustments explained:</b>                                  |       |            |
| <b>1. Consolidation entry</b>                                  |       |            |
| <b>Goodwill calculated as follows:</b>                         |       |            |
| Total Cash and Common shares paid to Shareholders of Strike IT |       | \$ 811,216 |
| Net assets of Strike IT  |       | 278,746    |
| Good will on Purchase  |       | \$ 532,470 |

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2008

(unaudited)

**9. SUBSEQUENT EVENTS (continued)**

As Capital Markets Technologies, Inc. is anticipating the closing of the acquisition of The SEPA Consultancy Limited (SEPA) during 2008, the following unaudited pro forma balance sheets are provided. The statement includes the following assumptions:

The goodwill arising from the purchase of SEPA is assumed to not be impaired nor has it been amortized

The acquisition was finalized on January 1, 2008

|   | Capital Markets<br>Technologies, Inc.<br>Sept. 30, 2008 | The SEPA<br>Consultancy Ltd.<br>Sept. 30, 2008 | Adjustments |           | Ref   | Consolidated<br>Sept. 30, 2008 |
|---|---|--|-------------|-----------|-------|--------------------------------|
|   |   |  | Debit       | Credit    |       |                                |
| <b>ASSETS</b>   |   |  |             |           |       |                                |
| Prepaid Expenses                                      | 13,658  |  |             |           |       | 13,658                         |
| Accounts Receivable                                   | 44,150  | 258,781  |             |           |       | 302,931                        |
| Note Receivable - Simplex                             | 113,967   |  |             |           |       | 113,967                        |
| Office equipment-net of depreciation                  | 16,466  | 18,076   |             |           |       | 34,542                         |
| Goodwill  |   |  | 3,504,993   |           | 3     | 3,504,993                      |
| Investment in SEPA                                    | 1,993,350   |  | 899,145     |           | 1     |                                |
|   |   |  | 899,145     | 3,791,640 | 2 & 3 |                                |
| Investment in Strike IT                               | 811,216   |  |             |           |       | 811,216                        |
| <b>TOTAL ASSETS</b>                                   | \$ 2,992,807  | \$ 276,857                                     |             |           |       | \$ 4,781,307                   |
| <b>LIABILITIES &amp; STOCKHOLDERS DEFICIENCY</b>      |   |  |             |           |       |                                |
| Bank Overdraft (Cash)                                 | \$ (68,023)   | \$ (401,001)                                   |             | 899,145   | 2     | 430,121                        |
| Accounts Payable                                      | 891,326   | 391,211  |             |           |       | 1,282,537                      |
| Due to Simplex Consulting Limited                     | 35,966  |  |             |           |       | 35,966                         |
| Due to related party                                  | 114,191   |  |             |           |       | 114,191                        |
| Deposits on common shares                             | 491,500   |  |             |           |       | 491,500                        |
| Minority Interest                                     | (169,205)   |  |             |           |       | (169,205)                      |
| Stockholders' equity & comprehensive<br>Income (loss) | 1,697,052   | 286,647  | 286,647     | 899,145   | 1 & 3 | 2,596,197                      |

\$ 2,992,807 \$ 276,857

\$ 4,781,307

|   | Debit   | Credit       |
|---|---------|--------------|
| <b>Adjustments explained:</b>                               |         |              |
| <b>1. Record issuance of shares for SEPA acquisition</b>    |         |              |
| Investment in SEPA  | 899,145 |              |
| Share Capital   |         | 899,145      |
| <b>2. Record final cash payment to SEPA for acquisition</b> |         |              |
| Investment in SEPA  | 899,145 |              |
| Cash  |         | 899,145      |
| <b>3. Goodwill calculated as follows:</b>                   |         |              |
| Total Cash and Common shares paid to Shareholders of SEPA   |         | \$ 3,791,640 |
| Net assets of SEPA  |         | (286,647)    |
| Goodwill on Purchase  |         | \$ 3,504,993 |

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2008

(unaudited)

**9. SUBSEQUENT EVENTS (continued)**

As Capital Markets Technologies, Inc. is anticipating the closing of the acquisition of Simplex Consulting Limited (Simplex) during 2008, the following unaudited pro forma balance sheets are provided. The statement includes the following assumptions:

The goodwill arising from the purchase of Simplex is assumed to not be impaired nor has it been amortized

The acquisition was finalized on January 1, 2008

|  | Capital Markets<br>Technologies, Inc.<br>Sept. 30, 2008 | Simplex<br>Consulting Ltd.<br>Sept. 30, 2008 | Adjustments |           | Ref   | Consolidated<br>Sept. 30, 2008 |
|--|---|--|-------------|-----------|-------|--------------------------------|
|  |   |  | Debit       | Credit    |       |                                |
| <b>ASSETS</b>                                    |   |  |             |           |       |                                |
| Cash   | \$ 68,023   | \$ 360,917                                   |             |           |       | 428,940                        |
| Prepaid Expenses                                 | 13,658  |  |             |           |       | 13,658                         |
| Accounts Receivable                              | 44,150  | 1,451,856                                    |             |           |       | 1,496,006                      |
| Note Receivable - Simplex Consulting             | 113,967   |  |             | 113,967   | 1     |                                |
| Receivable - CMT Europe                          |   | 35,966                                       |             | 35,966    | 1     |                                |
| Office equipment-net of depreciation             | 16,466  | 30,604                                       |             |           |       | 47,070                         |
| Inventory and work in process                    |   | 79,235                                       |             |           |       | 79,235                         |
| Goodwill   |   |  | 4,646,426   |           | 3     | 4,646,426                      |
| Investment in SEPA                               | 1,993,350   |  |             |           |       | 1,993,350                      |
| Investment in Simplex                            |   |  | 2,750,000   | 2,750,000 | 2 & 3 |                                |
| Investment in Strike IT                          | 811,216   |  |             |           |       | 811,216                        |
| <b>TOTAL ASSETS</b>                              | <b>\$ 3,060,830</b>                                     | <b>\$ 1,958,578</b>                          |             |           |       | <b>\$ 9,515,901</b>            |
| <b>LIABILITIES &amp; STOCKHOLDERS DEFICIENCY</b> |   |  |             |           |       |                                |
| Accounts Payable                                 | 891,326   | 3,741,037                                    |             |           |       | 4,632,363                      |
| Due to Simplex Consulting Limited                | 35,966  |  | 35,966      |           | 1     |                                |
| Due to related party                             | 114,191   |  |             |           |       | 114,191                        |
| Payable to Ibase                                 |   | 113,967                                      | 113,967     |           | 1     |                                |
| Deposits on common shares                        | 491,500   |  |             |           |       | 491,500                        |
| Minority Interest                                | (169,205)   |  |             |           |       | (169,205)                      |

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|                                      |              |              |           |   |              |
|--------------------------------------|--------------|--------------|-----------|---|--------------|
| Stockholders' equity & comprehensive |              |              | 2,750,000 | 2 |              |
| Income (loss)                        | 1,697,052    | (1,896,426)  | 1,896,426 | 3 | 4,447,052    |
|                                      | \$ 3,060,830 | \$ 1,958,578 |           |   | \$ 9,515,901 |

|   | Debit     | Credit    |
|---|-----------|-----------|
| <b>Adjustments explained:</b>                               |           |           |
| <b>1. Eliminate intercompany balances</b>                   |           |           |
| Note Payable Ibase  | 113,967   |           |
| Note Receivable Ibase                                       |           | 113,967   |
| Receivable CMT Europe                                       | 35,966    |           |
| Note payable to Simplex Consulting                          |           | 35,966    |
| <b>2. Record issuance of shares for Simplex acquisition</b> |           |           |
| Investment in Simplex                                       | 2,750,000 |           |
| Share Capital   |           | 2,750,000 |

**3. Goodwill calculated as follows:**

|                            |              |
|----------------------------|--------------|
| Total Common Shares issued | \$ 2,750,000 |
| Net deficit of Simplex     | 1,896,426    |
| Goodwill on Purchase       | \$ 4,646,426 |

**Table of Contents****CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****September 30, 2008****(unaudited)****9. SUBSEQUENT EVENTS (continued)**

When completion of all three acquisitions close (Strike IT Limited, The SEPA Consultancy Limited and Simplex Consulting Limited) the following unaudited summarized pro-forma balance sheet is anticipated to read as follows:

|  | <b>Capital Markets<br/>Technologies, Inc.<br/>And Subsidiaries<br/>Sept. 30, 2008</b> |
|--|---|
| <b>ASSETS</b>                                      |   |
| Prepaid Expenses                                   | \$ 13,658   |
| Accounts Receivable                                | 3,405,981   |
| Office equipment-net of depreciation               | 85,825  |
| Inventory and work in process                      | 79,235  |
| Goodwill   | 8,683,889   |
| <b>TOTAL ASSETS</b>                                | <b>\$ 12,268,588</b>  |
| <b>LIABILITIES &amp; STOCKHOLDERS DEFICIENCY</b>   |   |
| Bank Overdraft                                     | 642,676   |
| Accounts Payable                                   | 5,843,229   |
| Due to related party                               | 114,191   |
| Deposits on common shares                          | 491,500   |
| Minority Interest                                  | (169,205)   |
| Stockholders' equity & comprehensive Income (loss) | 5,346,197   |
|  | <b>\$ 12,268,588</b>  |

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### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Management's Discussion and Analysis contains various forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding future events or the future financial performance of the Company that involve risks and uncertainties. Certain statements included in this Form 10-Q, including, without limitation, statements related to anticipated cash flow sources and uses, and words including but not limited to anticipates, believes, plans, expects, future and similar statements or expressions, identify forward looking statements. Any forward-looking statements herein are subject to certain risks and uncertainties in the Company's business, including but not limited to, reliance on key customers and competition in its markets, market demand, product performance, technological developments, maintenance of relationships with key suppliers, difficulties of hiring or retaining key personnel and any changes in current accounting rules, all of which may be beyond the control of the Company. The Company adopted at management's discretion, the most conservative recognition of revenue based on the most stringent guidelines of the SEC in terms of recognition of software licenses and recurring revenue. Management will elect additional changes to revenue recognition to comply with the most conservative SEC recognition on a forward going accrual basis as the model is replicated with other similar markets (i.e. SBDC). The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth therein.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those identified in the section titled Risk Factors in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007, as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may affect generally our business, results of operations and financial position. Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

### **OVERVIEW**

Capital Markets Technologies, Inc. ( CMT ) was incorporated in the State of Florida on June 29, 1995 under the name RLN Realty Associates, Inc. During 2002, we closed our business operations due to lack of funding.

### **NET REVENUES**

Of \$89,488 earned from management fees for the nine months ended September 30, 2008.

### **PROFESSIONAL FEES**

Professional fees \$146,945 were incurred for the for the nine months ended September 30, 2008 resulting from the costs associated with preparation and audit of the our financial statements and legal fees from potential acquisitions of subsidiaries

### **ADMINISTRATION**

During for the nine months ended September 30, 2008, our administrative expenses were \$233,452, as a result of transfer agent fees, telephone, rent and costs associated with filing financial statements for pursuant to the Securities Act of 1934, as amended.



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### **ADVERTISING AND PROMOTION EXPENSES.**

Our advertising and promotion expenses were \$1,028,434 for the nine months ended September 30, 2008, an increase of \$894,957 for the same period in 2007 in which our advertising and promotion expenses were \$133,477. Our advertising and promotion expenses consist of travel, event marketing and entertainment. The Company has had extensive travel this year for the purpose of acquisitions of subsidiaries and marketing the Company.

### **NET LOSS**

Our net loss for the nine months ended September 30, 2008 was \$2,045,770, as a result of our extensive advertising and promotion which includes the company's travel costs associated with our potential acquisitions in the United Kingdom.

### **NET LOSS PER SHARE**

Net loss per share was \$(0.09) basic and fully diluted was \$(0.07) for the nine months ended September 30, 2008.

### **LIQUIDITY AND CAPITAL RESOURCES**

During 2006, we changed our name to Fintech Group, Inc. and subsequently in February of 2007 to Capital Markets Technologies, Inc. to reflect our current focus. We are a financial technology solutions company providing innovative solutions to global financial institutions and major corporations. We are currently operating in Chicago, and with our proposed acquisition of Simplex Consulting, we will also operate out of London, England. We were founded initially to capitalize on the estimated US\$30 billion financial technology market opportunity which management believes exists within Europe between 2007 through 2010. Our management has an aggressive acquisitions strategy focusing on companies which are well positioned to take advantage of the paradigm shift occurring in the financial technology markets under the European Union regulatory directives: MiFID ( Markets in Financial Instruments Directive ) and SEPA ( Single Euro Payments Area ).

### **Other Considerations**

There are numerous factors that affect the business and the results of its operations. Sources of these factors include general economic and business conditions, federal and state regulation of business activities, the level of demand for product services, the level and intensity of competition and the ability to develop new services based on new or evolving technology and the market's acceptance of those new services, the Company's ability to timely and effectively manage periodic product transitions, the services, customer and geographic sales mix of any particular period, and our ability to continue to improve our infrastructure including personnel and systems to keep pace with the Company's anticipated rapid growth.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We do not hold any derivative instruments and do not engage in any hedging activities.

### **Item 4. Controls and Procedures.**

*(a) Evaluation of Disclosure Controls and Procedures.* Our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with a company have been detected.

*Management's Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

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external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

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Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting as of September 30, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Based on this evaluation, our management, with the participation of the Chief Executive Officer and Chief Financial Officer, concluded that, as of September 30, 2008, our internal control over financial reporting was effective.

*(b) Changes in Internal Control over Financial Reporting.* There was no change in our internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed pursuant to the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules, regulations and related forms, and that such information is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

There are no material currently pending legal proceedings to which the Company is a party and, to the Company's knowledge, no proceedings are contemplated against the Company.

**Item 1A. Risk Factors.**

We have reviewed the risk factors previously disclosed in our Annual Report on Form 10-KSB for the year ended December 31, 2007, which was filed with the Securities and Exchange Commission on April 15, 2008 (the "Fiscal 2007 10-KSB") and our registration statement on Form S-1/A, filed on October 23, 2008 (the "S-1"). We believe there are no changes that constitute material changes from the risk factors previously disclosed in the Fiscal 2007 10-KSB and the S-1.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

During the third quarter of 2008 the Company issued 200,000 units in a private placement for consideration of \$210,000 to U.S. persons and entities and to non-U.S. persons and entities. Each unit consisted of one share of common stock, par value \$.001 per share, and one Common Stock Purchase Warrant. The Common Stock Purchase Warrants may be redeemed for one additional share of common stock at a price of \$1.50 per share, beginning two years from date of purchase. The warrants have been determined to have no value at the issuance date.

The offer and sale of such shares of our common stock to U.S. persons and entities were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the investors confirmed to us that they were accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were restricted securities for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificated representing each such security stating that it was restricted and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

The offer and sale of such securities to non-U.S. citizens or entities were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Regulation S promulgated under the Securities Act. The Investor acknowledged the following: Subscriber is not a United States Person, nor is the Subscriber acquiring the Shares directly or indirectly for the account or benefit of a United States Person. None of the funds used by the Subscriber to purchase the Units have been obtained from United States Persons. For purposes of this Agreement, United States Person within the meaning of U.S. tax laws, means a citizen or resident of the United States, any former U.S. citizen subject to Section 877 of the Internal Revenue Code, any corporation, or partnership organized or existing under the laws of the United States of America or any state, jurisdiction, territory or possession thereof and any estate or trust the income of which is subject to U.S. federal income tax irrespective of its source, and within the meaning of U.S. securities laws, as defined in Rule 902(o) of Regulation S, means:

(i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) any trust of which any trustee is a U.S. person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if organized under the laws of any foreign jurisdiction, and formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

**Item 3. Defaults Upon Senior Securities.**

There were no defaults upon senior securities during the period covered by this report.

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**Item 4. Submission of Matters to a Vote of Security Holders.**

There were no matters submitted to the vote of securities holders during the period ended September 30, 2008.

**Item 5. Other Information.**

There is no information with respect to which information is not otherwise called for by this form.

**Item 6. Exhibits.**

**Exhibit No. Description**

- |      |  |
|------|--|
| 31.1 | Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008. |
| 31.2 | Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008. |
| 32.1 | Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.   |
| 32.2 | Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.   |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

(Date)

CAPITAL MARKETS TECHNOLOGIES, INC.  
(Registrant)

November 19, 2008

By: /s/ Hagop J. Bouroudjian  
Hagop J. Bouroudjian  
Chief Executive Officer

November 19, 2008

/s/ Edward Arana  
Edward Arana  
Chief Financial Officer

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**CAPITAL MARKETS TECHNOLOGIES, INC. AND SUBSIDIARIES**

**INDEX TO EXHIBITS**

| <b>Exhibit</b> | <b>Description</b>   |
|----------------|--|
| 31.1           | Certification of the Chairman, and Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.           |
| 31.2           | Certification of the President and Chief Accounting Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.          |
| 32.1           | Certification of Chairman and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 32.2           | Certification of President and Chief Accounting Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |