

Wanted Technologies Corporation

Interim Financial Statements December 31, 2006

Notice from Management	2
Financial Statements	
Earnings	3
Deficit	4
Contributed surplus	4
Cash Flows	5
Balance Sheets	6
Notes to Financial Statements	7 to 10

NOTICE FROM MANAGEMENT

The attached financial statements have not been examined by the company's external auditors.

Wanted Technologies Corporation

Earnings

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited) \$	2005 (unaudited) \$	2006 (unaudited) \$	2005 (unaudited) \$
Revenues	758 643	447 635	1 414 988	841 820
Cost of good sold	9 314		9 314	
Gross margin	749 329	447 635	1 405 674	841 820
Expenses				
Research and development, net of tax credits	197 378	109 233	398 102	176 770
Marketing and selling	224 778	191 577	456 276	304 275
General and administrative	227 300	176 928	431 672	296 831
Financial, net amount	(1 493)	(3 551)	(2 069)	20 055
	647 963	474 187	1 283 981	797 931
Earnings (loss) before other items	101 366	(26 552)	121 693	43 889
Other items:				
Exchange gain (loss)	10 798	(2 088)	6 305	(22 125)
Stock-based compensation	(36 618)		(36 618)	(303 600)
Dividends on Class "C" shares				(141 251)
Net earnings (loss)	75 546	(28 640)	91 380	(423 087)
Basic and diluted net earnings (loss) per share	0,004	(0,001)	0,004	(0,027)
Weighted average number of shares outstanding	20 687 672	20 273 448	20 643 107	15 807 397

The accompanying notes are an integral part of the financial statements and Note 2 provides additional information on earnings.

Wanted Technologies Corporation
Deficit
Contributed Surplus

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006	2005	2006	2005
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
DEFICIT				
Balance, beginning of year	(9 094 661)	(8 827 273)	(9 110 495)	(7 832 896)
Net earnings (loss)	75 546	(28 640)	91 380	(423 087)
Share issue expenses		(5 828)		(605 758)
Balance, end of year	(9 019 115)	(8 861 741)	(9 019 115)	(8 861 741)
CONTRIBUTED SURPLUS				
Balance, beginning of year	1 663 520	1 589 563	1 589 563	173 682
Gain on waiver of dividends				1 408 595
Options cancelled			73 957	
Balance, end of year	1 663 520	1 589 563	1 663 520	1 589 563

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

Wanted Technologies Corporation

Cash Flows

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited) \$	2005 (unaudited) \$	2006 (unaudited) \$	2005 (unaudited) \$
OPERATING ACTIVITIES				
Net earnings (net loss)	75 546	(28 640)	91 380	(423 087)
Non-cash items				
Amortization of property, plant and equipment	36 020	26 620	68 092	46 966
Amortization of software	1 306	890	2 177	1 779
Dividends on Class "C" shares				141 251
Stock-based compensation	36 618		36 618	303 600
Interest on convertible debenture	4 000		8 000	
Debenture interest paid through share issue				21 603
Changes in working capital items(Note 3)	(48 914)	100 868	(125 920)	11 092
Cash flows from operating activities	104 576	99 738	80 347	103 204
INVESTING ACTIVITIES				
Property, plant and equipment	(12 191)	(92 889)	(177 931)	(245 980)
Software	(2 907)		(5 986)	
Corporate liquidity funds		750 815		799 223
Short-term investments		(1 632 600)		(1 632 600)
Cash flows from investing activities	(15 098)	(974 674)	(183 917)	(1 079 357)
FINANCING ACTIVITIES				
Long-term loan			171 000	
Repayment of loans	(20 738)	(1 188)	(34 927)	(2 018)
Convertible debenture		200 000		200 000
Issuance of shares		1 070 000	20 000	1 070 000
Share issue expenses		(335 538)		(335 538)
Reverse takeover and merger				14 822
Cash flows from financing activities	(20 738)	933 274	156 073	947 266
Net increase (decrease) in cash	68 740	58 338	52 503	(28 887)
Cash, beginning of year	88 034	137 941	104 271	225 166
Cash, end of year	156 774	196 279	156 774	196 279

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

Wanted Technologies Corporation

Balance Sheets

	2006-12-31 (unaudited)	2006-06-30 (audited)
	\$	\$
ASSETS		
Current assets		
Cash	156 774	104 271
Short-term investments (Note 4)	1 700 000	1 700 000
Trade accounts receivable and other receivables	417 203	254 506
Tax credits for a company registered at CNNTQ and for research and development receivable	229 296	125 886
Prepaid expenses	31 475	57 622
	<u>2 534 748</u>	<u>2 242 285</u>
Property, plant and equipment	439 234	329 395
Software	12 338	8 529
	<u>2 986 320</u>	<u>2 580 209</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	332 857	276 766
Deferred revenue	114 126	56 177
Current portion of long-term debt	112 955	30 294
	<u>559 938</u>	<u>363 237</u>
Convertible debenture (Note 5)	183 483	175 483
Long-term debt (Note 6)	53 412	
	<u>796 833</u>	<u>538 720</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	9 118 156	9 090 446
Equity component of the convertible debenture (Note 5)	34 800	34 800
Warrants (Note 7)	303 150	303 150
Stock options (Note 8)	88 976	134 025
Contributed surplus	1 663 520	1 589 563
Deficit	(9 019 115)	(9 110 495)
	<u>2 189 487</u>	<u>2 041 489</u>
	<u>2 986 320</u>	<u>2 580 209</u>

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

On behalf of the Board,

Jan Oosterwaal
Chairman of the Board

David Tanguay
President and Chief Executive Officer

Wanted Technologies Corporation

Notes to Financial Statements

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The interim unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and are presented in Canadian dollars. They are consistent with the policies used in the preparation of the annual audited financial statements. These interim unaudited financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2006.

2 - INFORMATION INCLUDED IN THE STATEMENT OF EARNINGS

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited) \$	2005 (unaudited) \$	2006 (unaudited) \$	2005 (unaudited) \$
Research and development expenses	264 483	130 049	501 512	207 986
Tax credits for a company registered at CNNTQ and for research and development	67 105	20 816	103 410	31 216
Amortization of property, plant and equipment	36 020	26 620	68 092	46 966
Amortization of software	1 306	890	2 177	1 779
Government subsidies		14 500		24 250
Financial, net amount				
Interest on long-term debt	4 090	279	6 665	571
Interest on convertible notes payable and loans	9 046	4 987	18 143	26 590
Other financial expenses	6 000	2 608	11 674	4 320
	19 136	7 874	36 482	31 481
Less: Interest income	20 629	11 425	38 551	11 426
	<u>(1 493)</u>	<u>(3 551)</u>	<u>(2 069)</u>	<u>20 055</u>

Revenue generated from the Company's most important client represents approximately 17% of the revenues of the Company during the six-month period ended as at December 31, 2006 (11 % during the six-month period ended as at December 31, 2005).

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

Changes in working capital items are as follows:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited) \$	2005 (unaudited) \$	2006 (unaudited) \$	2005 (unaudited) \$
Accounts receivable	(100 913)	(8 726)	(162 697)	31 072
Tax credits for a company registered at CNNTQ and for research and development receivable	(67 105)	(20 816)	(103 410)	(31 216)
Prepaid expenses	28 748	18 871	26 147	19 027
Accounts payable and accrued liabilities	(21 183)	75 236	56 091	(58 430)
Deferred revenue	111 539	36 303	57 949	50 639
	<u>(48 914)</u>	<u>100 868</u>	<u>(125 920)</u>	<u>11 092</u>

As at December 31, 2006, there was no accounts payable and accrued liabilities regarding purchases of property, plant and equipment (\$- as at December 31, 2005).

Wanted Technologies Corporation

Notes to Financial Statements

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS (Continued)

Cash flows from interest on operating activities are as follows:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited)	2005 (unaudited)	2006 (unaudited)	2005 (unaudited)
	\$	\$	\$	\$
Interest paid	13 191	3 623	24 808	3 915

4 - SHORT-TERM INVESTMENTS

	2006-12-31 (unaudited)	2006-06-30 (audited)
	\$	\$
Bonds, 4.25% to 4.54%, maturing in January 2007 and June 2007, at cost (market value \$1,527,392)	1 500 000	1 500 000
Term deposit, 4.25%, maturing in June 2007	200 000	200 000
	<u>1 700 000</u>	<u>1 700 000</u>

5 - CONVERTIBLE DEBENTURE

On September 20, 2005, the Company issued a convertible debenture to Société Innovatech Québec for \$200,000 in cash. This convertible debenture matures in September 2008 and bears interest at 10% annually. This debenture is convertible into class "A" shares on the basis of one Class "A" share of the Company for each \$0.60 in capital of the debenture until its maturity. Interest is payable quarterly.

The debenture is presented in its components. The liability component, representing the obligation to make interest payments at a rate equivalent to that on a non-convertible loan with similar terms and risks (18%), is presented under liabilities and the equity component, representing the holder's conversion option and the settlement option for shares held by the Company is presented under shareholders' equity.

6 - LONG-TERM DEBT

	Current	2006-12-31 (unaudited)	2006-06-30 (audited)
		\$	\$
Refundable contribution under the Innovation Program, Développement de l'Entrepreneurship et Exportation for SMEs, without interest, payable in annual instalments of \$27,150, maturing in January 2007.	27 150	27 150	27 150
Note payable, secured by computer equipment, 18,0 %, payable in monthly instalments of \$374, principal and interest, maturing in March 2007.	1 110	1 110	3 144
Obligation under a capital lease, bearing interest of 8,3 %, payable in monthly instalments of \$7,757, principal and interest, maturing in July 2008.	84 695	138 107	
		<u>166 367</u>	<u>30 294</u>
Instalments due within one year	<u>112 955</u>	<u>112 955</u>	<u>30 294</u>
		<u>53 412</u>	<u>-</u>

Wanted Technologies Corporation

Notes to Financial Statements

7 - CAPITAL STOCK

The Company's capital stock is as follows:

Authorized

Unlimited number of class "A" shares, voting and participating, without par value.

Unlimited number of class "B" shares, non voting, non participating, issuable in series, term of each series determined by the time of issuance, without par value.

Issued and fully paid

The following table illustrates changes in the capital stock of the Company :

	Number of shares	Amount \$
Balance, as at June 30, 2006	20 587 672	9 090 446
Share issuance following exercise of options	<u>100 000</u>	<u>27 710</u>
Balance, as at December 31, 2006	<u>20 687 672</u>	<u>9 118 156</u>

As at December 31, 2006, 1,350,321 warrants were outstanding (1,350,321 as at June 30, 2006). Each warrant allows the holder to purchase one Class "A" share at a price of \$0.40 per share. These warrants, which may be exercised at any time until September 20, 2007, have been valued at \$303,150 which was recorded in the warrants account.

8 - STOCK OPTION PLAN

Stock option plan

The Company has established a stock option plan for directors, executives, employees and consultants. All options granted under the plan may be exercised within a maximum of five years from the grant date. The Board of Directors will designate the beneficiaries and determine the number of common shares subject to the options, the vesting period, exercise price, expiration date, acquisition terms and restrictions on the exercise of the options. The stock acquisition price must not be less than 75% of the closing price on the day prior to the date of grant of these shares.

The maximum number of shares issued under the terms of the plan was established to 10% of the issued and outstanding shares of capital stock. The maximum number that may be granted to a director, officer and employee of the company shall not exceed 5% of all the outstanding stock options. As for a consultant the maximum shall not exceed 2%.

Vesting occurs in stages, i.e., 20% upon signing and the remaining 80% vests gradually at 20% per annum over a period of 48 months. For underwriter, vesting is upon the signing of contracts.

The underwriter received options to subscribe to 762,500 class "A" shares of which 500,000 were given out by Corporation Pamerica before September 20, 2006 and 262,500 on September 20, 2005.

Wanted Technologies Corporation

Notes to Financial Statements

8 - STOCK OPTION PLAN (Continued)

Outstanding options are detailed as follows:

	Number of options outstanding	Weighted average exercise price \$	Stock options \$
As at June 30, 2006	2 262 500	0,34	134 025
Stock-based compensation			36 618
Exercised	(100 000)	0,20	(7 710)
Cancelled	(732 500)	0,27	(73 957)
As at December 31, 2006	<u>1 430 000</u>	<u>0,38</u>	<u>88 976</u>

The characteristics of the outstanding stock options as at December 31, 2006 are as follows:

Outstanding and exercisable options			
Exercise Price \$	Number of options outstanding	Weighted average term	Number of options exercisable
0,20	130 000	30 months	130 000
0,40	1 300 000	41 months	260 000
	<u>1 430 000</u>		<u>390 000</u>

9 - COMMITMENTS

The Company has entered into long-term lease agreements expiring in September 2007 and September 2010, which call for lease payments of \$206,400 for premises. Minimum lease payments for the next five years are \$71,540 in 2007, \$49,040 in 2008, \$49,040 in 2009 and \$36,780 in 2010.

The Company has entered into long-term lease agreements expiring in November 2007 and February 2008, which call for lease payments of \$53,314 for equipment rental. Minimum lease payments for the next years are \$51,195 in 2007 and \$2,119 in 2008.

10 - GEOGRAPHIC INFORMATION

The Company's sales in Canada and the U.S. are broken down as follows:

	Three-month periods ended December 31,		Six-month periods ended December 31,	
	2006 (unaudited) \$	2005 (unaudited) \$	2006 (unaudited) \$	2005 (unaudited) \$
Canada	71 230	47 476	151 190	80 911
United States	687 413	400 159	1 263 798	760 909
	<u>758 643</u>	<u>447 635</u>	<u>1 414 988</u>	<u>841 820</u>

There are no capital assets outside of Canada.

Revenues are attributed to various countries based on location of customer.