

# **Wanted Technologies Corporation**

## **Interim Financial Statements March 31, 2007**

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## **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 March 31,		Nine-month periods ended March 31,	
	2007 (unaudited) \$	2006 (unaudited) \$	2007 (unaudited) \$	2006 (unaudited) \$
<b>Revenues</b>	<b>843,064</b>	469,813	<b>2,258,052</b>	1,311,633
Cost of good sold			<b>9,314</b>	
Gross margin	<b>843,064</b>	469,813	<b>2,248,738</b>	1,311,633
<b>Expenses</b>				
Research and development, net of tax credits	<b>247,968</b>	142,664	<b>646,070</b>	319,434
Marketing and selling	<b>269,822</b>	239,620	<b>726,098</b>	543,895
General and administrative	<b>182,946</b>	252,091	<b>614,618</b>	548,922
Financial, net amount	<b>(1,989)</b>	(7,826)	<b>(4,058)</b>	12,229
	<b>698,747</b>	626,549	<b>1,982,728</b>	1,424,480
Earnings (loss) before other items	<b>144,317</b>	(156,736)	<b>266,010</b>	(112,847)
Other items:				
Exchange gain (loss)	<b>(8,110)</b>	(2,256)	<b>(1,805)</b>	(24,381)
Stock-based compensation	<b>(10,584)</b>	(37,960)	<b>(47,202)</b>	(341,560)
Dividends on Class "C" shares				(141,251)
<b>Net earnings (loss)</b>	<b>125,623</b>	(196,952)	<b>217,003</b>	(620,039)
Basic and diluted net earnings (loss) per share	<b>0.006</b>	(0.010)	<b>0.011</b>	(0.036)
Weighted average number of shares outstanding	<b>20,687,672</b>	20,606,150	<b>20,657,745</b>	17,304,688

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 March 31,		Nine-month periods ended March 31,	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
	\$	\$	\$	\$
<b>DEFICIT</b>				
Balance, beginning of year	<b>(9,019,115)</b>	(8,861,741)	<b>(9,110,495)</b>	(7,832,896)
Net earnings (loss)	<b>125,623</b>	(196,952)	<b>217,003</b>	(620,039)
Share issue expenses				(605,758)
Balance, end of year	<b><u>(8,893,492)</u></b>	<u>(9,058,693)</u>	<b><u>(8,893,492)</u></b>	<u>(9,058,693)</u>
<b>CONTRIBUTED SURPLUS</b>				
Balance, beginning of year	<b>1,663,520</b>	1,589,563	<b>1,589,563</b>	173,682
Gain on waiver of dividends				1,408,595
Options cancelled			<b>73,957</b>	
Balance, end of year	<b><u>1,663,520</u></b>	<u>1,589,563</u>	<b><u>1,663,520</u></b>	<u>1,589,563</u>

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

## Wanted Technologies Corporation

### Cash Flows

	Three-month periods ended March 31,		Nine-month periods ended March 31,	
	<b>2007</b> <b>(unaudited)</b> \$	2006 <b>(unaudited)</b> \$	<b>2007</b> <b>(unaudited)</b> \$	2006 <b>(unaudited)</b> \$
<b>OPERATING ACTIVITIES</b>				
Net earnings (net loss)	<b>125,623</b>	(196,952)	<b>217,003</b>	(620,039)
Non-cash items				
Amortization of property, plant and equipment	<b>40,090</b>	17,576	<b>108,182</b>	64,542
Amortization of software	<b>1,900</b>	920	<b>4,077</b>	2,698
Dividends on Class "C" shares				141,251
Stock-based compensation	<b>10,584</b>	37,960	<b>47,202</b>	341,560
Interest on convertible debenture	<b>4,000</b>		<b>12,000</b>	
Changes in working capital items(Note 3)	<b>159,096</b>	250,355	<b>33,176</b>	186,120
Cash flows from operating activities	<b>341,293</b>	109,859	<b>421,639</b>	116,132
<b>INVESTING ACTIVITIES</b>				
Property, plant and equipment	<b>(66,056)</b>	(13,023)	<b>(243,987)</b>	(162,072)
Software	<b>(22,699)</b>		<b>(28,685)</b>	
Corporate liquidity funds				799,223
Short-term investments	<b>(100,000)</b>	(117,400)	<b>(100,000)</b>	(1,750,000)
Cash flows from investing activities	<b>(188,755)</b>	(130,423)	<b>(372,672)</b>	(1,112,849)
<b>FINANCING ACTIVITIES</b>				
Long-term loan	<b>57,407</b>		<b>228,407</b>	
Repayment of loans	<b>(59,451)</b>	(27,987)	<b>(94,378)</b>	(30,005)
Convertible debenture				200,000
Issuance of shares		61,100	<b>20,000</b>	1,131,100
Share issue expenses				(335,538)
Reverse takeover and merger				14,822
Cash flows from financing activities	<b>(2,044)</b>	33,113	<b>154,029</b>	980,379
<b>Net increase (decrease) in cash</b>	<b>150,493</b>	12,549	<b>202,996</b>	(16,338)
Cash, beginning of year	<b>156,774</b>	196,279	<b>104,271</b>	225,166
Cash, end of year	<b>307,267</b>	208,828	<b>307,267</b>	208,828

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

## Wanted Technologies Corporation

### Balance Sheets

	2007-03-31 (unaudited) \$	2006-06-30 (audited) \$
<b>ASSETS</b>		
Current assets		
Cash	307,267	104,271
Short-term investments (Note 4)	1,800,000	1,700,000
Trade accounts receivable and other receivables	293,967	254,506
Tax credits for a company registered at CNNTQ and for research and development receivable	247,827	125,886
Prepaid expenses	26,941	57,622
	<u>2,676,002</u>	<u>2,242,285</u>
Property, plant and equipment	465,200	329,395
Software	33,137	8,529
	<u>3,174,339</u>	<u>2,580,209</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	400,058	276,766
Deferred revenue	96,782	56,177
Current portion of long-term debt	110,125	30,294
	<u>606,965</u>	<u>363,237</u>
Convertible debenture (Note 5)	187,483	175,483
Long-term debt (Note 6)	54,198	
	<u>848,645</u>	<u>538,720</u>
<b>SHAREHOLDERS' EQUITY</b>		
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)	99,560	134,025
Contributed surplus	1,663,520	1,589,563
Deficit	(8,893,492)	(9,110,495)
	<u>2,325,694</u>	<u>2,041,489</u>
	<u>3,174,339</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 March 31,		Nine-month periods ended March 31,	
	2007 (unaudited)	2006 (unaudited)	2007 (unaudited)	2006 (unaudited)
	\$	\$	\$	\$
Research and development expenses	308,647	171,241	810,159	379,227
Tax credits for a company registered at CNNTQ and for research and development	(60,679)	(28,577)	(164,089)	(59,793)
Amortization of property, plant and equipment	40,090	17,576	108,182	64,542
Amortization of software	1,900	920	4,077	2,698
Government subsidies		5,500		29,750
<b>Financial, net amount</b>				
Interest on long-term debt	3,731	282	10,396	853
Interest on convertible notes payable and loans	8,932	4,978	27,075	31,568
Other financial expenses	8,626	2,186	20,300	6,506
	21,289	7,446	57,771	38,927
Less: Interest income	23,278	15,272	61,829	26,698
	<u>(1,989)</u>	<u>(7,826)</u>	<u>(4,058)</u>	<u>12,229</u>

Revenue generated from the Company's most important client represents approximately 16% of the revenues of the Company during the nine-month period ended as at March 31, 2007 (14 % during the nine-month period ended as at March 31, 2006).

#### 3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

Changes in working capital items are as follows:

	Three-month periods ended March 31,		Nine-month periods ended March 31,	
	2007 (unaudited)	2006 (unaudited)	2007 (unaudited)	2006 (unaudited)
	\$	\$	\$	\$
Accounts receivable	123,236	87,333	(39,461)	118,405
Tax credits for a company registered at CNNTQ and for research and development receivable	(18,531)	25,059	(121,941)	(6,157)
Prepaid expenses	4,534	4,682	30,681	23,709
Accounts payable and accrued liabilities	67,201	161,783	123,292	28,026
Deferred revenue	(17,344)	(28,502)	40,605	22,137
	<u>159,096</u>	<u>250,355</u>	<u>33,176</u>	<u>186,120</u>

As at March 31, 2007, there was no accounts payable and accrued liabilities regarding purchases of property, plant and equipment (\$- as at March 31, 2006).

## 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 March 31,		Nine-month periods ended March 31,	
	2007 (unaudited)	2006 (unaudited)	2007 (unaudited)	2006 (unaudited)
	\$	\$	\$	\$
Interest paid	12,718	5,213	37,471	9,732

#### 4 - SHORT-TERM INVESTMENTS

	2007-3-31 (unaudited)	2006-06-30 (audited)
	\$	\$
Bonds, 4.12% to 4.54%, maturing in April 2007 and June 2007 at cost (market value \$1,550,048)	1,500,000	1,500,000
Term deposits, 4.0 to 4.25%, maturing in June 2007 and January 2008	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	2007-3-31 (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
Note payable, secured by computer equipment, 18.0 %, payable in monthly instalments of \$374, principal and interest, maturing in March 2007.			3,144
Obligation under a capital lease, bearing interest of 8.3 %, payable in monthly instalments of \$7,785, principal and interest, maturing in July 2008.	86,836	117,734	
Obligation under a capital lease, bearing interest of 9.2 %, payable in monthly instalments of \$2,216, principal and interest, maturing in February 2009.	23,289	46,589	
		<u>164,323</u>	30,294
Instalments due within one year	<u>110,125</u>	<u>110,125</u>	30,294
		<u>54,198</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	100,000	27,710
Balance, as at March 31, 2007	<u>20,687,672</u>	<u>9,118,156</u>

As at March 31, 2007, 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			47,202
Exercised	(100,000)	0.20	(7,710)
Cancelled	(732,500)	0.27	(73,957)
As at March 31, 2007	<u>1,430,000</u>	<u>0.38</u>	<u>99,560</u>

The characteristics of the outstanding stock options as at March 31, 2007 are as follows:

Outstanding and exercisable options			
Exercise Price \$	Number of options outstanding	Weighted average term	Number of options exercisable
0.20	130,000	27 months	130,000
0.40	1,300,000	38 months	520,000
	<u>1,430,000</u>		<u>650,000</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 \$186,640 for premises. Minimum lease payments for the next five years are \$64,040 in 2007/2008, \$49,040 in 2008/2009, \$49,040 in 2009/2010 and \$24,520 in 2010.

The Company has entered into long-term lease agreements expiring in November 2007 and February 2008, which call for lease payments of \$39,027 for equipment rental. Minimum lease payments for the next year are \$39,027.

#### 10 - GEOGRAPHIC INFORMATION

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

	Three-month periods ended March 31,		Nine-month periods ended March 31,	
	2007 (unaudited) \$	2006 (unaudited) \$	2007 (unaudited) \$	2006 (unaudited) \$
Canada	79,960	56,960	225,555	154,011
United States	763,104	412,853	2,032,497	1,157,622
	<u>843,064</u>	<u>469,813</u>	<u>2,258,052</u>	<u>1,311,633</u>

There are no capital assets outside of Canada.

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

#### 11 - SUBSEQUENT EVENT

On April 11, 2007, the Company has entered into a letter of intent to acquire all of the issued and outstanding shares of Corzen Inc.. Under the terms of the letter of intent, WANTED will pay US\$2,000,000 in cash and issue 1,750,000 common shares to Corzen's stockholders, subject to certain conditions. The completion of the transaction, which is expected to be on June 15, 2007, is subject to customary due diligence and approval by the TSX Venture Exchange.