

CORPORATION WANTED TECHNOLOGIES

MANAGEMENT COMMENTS AND ANALYSES

Introduction

The following analysis concerns the financial situation, operating results and cash flow of Corporation Wanted Technologies (“Wanted” or the “Company”) for the second quarter of 2006 and for the six-month period ended December 31, 2005. It was prepared by the management of Wanted and should be read in conjunction with the information in the unaudited financial statements and related notes for the second quarter ended December 31, 2005 and 2004, as well as the audited financial statements for the year ended June 30, 2005.

The unaudited interim consolidated financial statements for the second quarter ended December 31, 2005 were prepared according to Canadian generally accepted accounting principles (GAAP), and have not been examined by the Company’s auditors. Unless otherwise stated, the accounting principles and procedures used for these financial statements are identical to those used to prepare the Company’s most recent financial statements. However, they do not include all the information required for preparation of the annual financial statements. All the financial information presented below is in Canadian dollars.

Overview

Wanted is a provider of business intelligence services and software concerning online recruitment for the human resources industry, in areas such as recruitment and staffing agencies, recruitment media such as newspapers and electronic bulletin boards, career transition agencies and recruitment advertising agencies. Wanted is also the exclusive data provider for the Conference Board’s (US) Help-Wanted Online Data Series™, a monthly economic indicator of employment availability.

Wanted has reached new heights with sales of over \$447 635 for the second quarter ended December 31, 2005 characterized by the positive impact of the recruitment of new clients, including Gannet, the largest newspaper group in the United States.

Also, the company has collected \$64 300 following the exercise of 321 500 options by the underwriter in the second quarter ended December 31, 2005.

On December 31, 2005 the Company had over \$1 800 000 in cash and short-term investments to support growth and product development.

Quarterly results

Data relating to income statement:	For the quarter ended December 31, 2005 Q2 (unaudited) (\$)	For the quarter ended September 30, 2005 Q1 (unaudited) (\$)	For the quarter ended December 31, 2004 Q2 (unaudited) (\$)	For the quarter ended September 30, 2004 Q1 (unaudited) (\$)	For the year ended June 30, 2005 (audited) (\$)
Sales	\$447 635	\$394 185	\$360 077	\$313 448	\$1 467 413
Operating costs	\$476 275	\$343 781	\$311 925	\$271 421	\$1 359 366
Earnings (loss) before other items	(\$28 640)	\$50 404	\$48 152	\$42 027	\$108 047
Other items:					
Stock based compensation		(\$303 600)			
Dividend on class "C" shares		(\$141 251)	(\$162 178)	(\$130 027)	(\$606 097)
(Net loss)	(\$28 640)	(\$394 447)	(\$114 026)	(\$88 000)	(\$498 050)
Balance sheet data:					
Total assets	\$2 813 822	\$2 825 153	\$780 980	\$791 877	\$1 051 339
Total liabilities	\$582 714	\$623 877	\$7 141 902	\$7 038 773	\$7 708 285

Sales

Sales for the second quarter ended December 31, 2005 totalled \$447 635, which is an increase of \$87 558 or 24% compared to the second quarter ended December 31, 2004. The main factor influencing this marked increase was the recruitment of new clients including Gannet, the largest newspaper group in the United States. The sales increase is also attributable to our investments in marketing and the fact that our products are gaining more and more recognition by the industry.

Over eighty-nine per cent (89%) of sales by Wanted are from the United States and are in US dollars. The exchange rate loss between the US and the Canadian dollar has been negligible: \$2 088 during the second quarter ended December 31, 2005.

During the six-month period ended December 31, 2005, sales totalled \$841 820, which is an increase of \$168 295 or 25% compared to the corresponding period of the preceding year. This strong growth is due

to the same factors explained above. It should be noted that disregarding an adjustment for exchange rate fluctuation of \$22 125, this sales increase would be 27.5%.

Gross margin

For the second quarter ended December 31, 2005, the gross margin reached 76% compared to 79% for the same period ended December 31, 2004. This decrease is mainly due to the addition of new employees in product development. The gross margin percentage is defined as the difference between sales and research and development costs free of tax credits divided by the sales. Similarly, for the six-month period ended December 31, 2005 the gross margin reached 79% compared to 80% for the corresponding period in 2004.

This stability of gross margin during the second quarter and the first half-year of the 2006 and 2005 financial years is due to cost control, the low employee turnover rate in the research and development department and to the maintenance of costs generated by the automation of some internal systems where quality control of data acquisition is concerned.

Research and development expenses

Research and development expenses, net of tax credits for a company established at the Centre national des nouvelles technologies de Québec (CNNTQ – Quebec centre for new technologies), and costs relating to research and development of new products, totalled \$109 233, which is an increase of \$33 772 or 45% for the second quarter ended December 31, 2005 compared to the second quarter ended December 31, 2004. This increase is due to the hiring of new resources dedicated to product development, renting of a site to house company servers, and an increase in the tax credit assigned for research and development activities.

For the six-month period ended December 31, 2005, research and development expenses totalled \$176 770 compared to \$130 082 for the same period the previous year. This increase of \$46 688 or 36% is essentially due to the same factors explained above.

Marketing and sales expenses

During the second quarter ended December 31, 2005, marketing and sales expenses totalled \$191 577, compared to \$93 015 for the second quarter ended December 31, 2004, which is an increase of \$98 562 or 105%. This increase is essentially the result of hiring new employees for product marketing and sales, as well as increased investments in advertising and marketing activities.

For the six-month period ended December 31, 2005, marketing and sales expenses increased by \$124 312 or 69% to reach \$304 275 compared to \$179 963 in the corresponding period of the previous year. This increase is essentially due to the same factors explained above.

Administrative expenses

Administrative expenses increased by \$78 451 or 80% to reach \$176 928 during the second quarter ended December 31, 2005, compared to the corresponding quarter of the previous year. This increase is mainly due to the hiring of personnel in the finance department as well as professional fees relating to the eligible transaction.

For the first six-month period of 2006, administrative expenses increased by \$103 478 or 54% to reach \$296 831, compared to the same period of the 2005 financial year. This increase is essentially due to the same factors explained above.

Interest expenses

Interest expenses have dropped from \$44 972 to an income of \$1 463 in the second quarter of 2006 compared to the same period ended December 31, 2005, which is a decrease of \$46 435. Interest expenses consist mainly of interest on the long-term debt, interest on notes payable, and convertible loans and exchange losses and gains. This decrease is due mainly to the following:

- ✍✍ The conversion of Wanted loans and convertible notes into Class “A” Shares, from Wanted share capital while the qualifying transaction was being completed dated September 20, 2005, reducing interest expenses.

- ✍✍ Via the qualifying transaction, Wanted has become a public company listed on the TSX stock exchange under the symbol WAN. This allowed Wanted to obtain financing for a net product of \$1 883 270, so that interest income can be generated.

A decrease in exchange loss in the sum of \$20 363 for the second quarter ended December 31, 2005 compared to the same period the previous year. The exchange loss represents the difference in exchange between entry of sales in US dollars and their receipt.

For the six-month period ended December 31, 2005, interest expenses were \$42 180 compared to \$79 948 for the six-month period ended December 31, 2004, which is a decrease of \$37 768. This is essentially due to a decrease in interest expenses on loans and convertible notes following the conversion into Class “A” Shares, from Wanted capital stock at the time of the qualifying transaction, and an increase in revenue from interest.

Earnings (loss) before other items

During the second quarter of 2006, bss before other items was \$28 640 compared to earnings before other items of \$48 152 in the second quarter of 2005, which is a decrease of \$76 792. This decrease, despite the increase in sales, is due mainly to hiring new employees for marketing and development as well as for the finance department in order to accelerate and maintain sales growth in the upcoming quarters.

For the same reasons, earnings before other items was at \$21 764 for the six-month period ended December 31, 2005, compared to \$90 179 for the same period the previous year, which is a reduction of \$68 415.

Net loss

Net loss was at \$28 640 for the second quarter of 2006 compared to \$114 026 for the same period of the previous year. This improvement in net loss in the amount of \$85 386 is essentially due to dividends on class "C" shares of \$162 178 that were entered in the second quarter of 2005. Following the completion of the qualifying transaction, all class "C" shares of Wanted capital stock were converted into class "A" shares of Wanted capital stock.

Cash flow

On December 31, 2005, the cash balance totalled \$196 279\$ compared to \$225 166 at the beginning of the year. Wanted had no bank debt.

In the second quarter ended December 31, 2005, the cash flow related to operating activities totalled \$99 738 compared to a deficit of \$40 316 for the second quarter ended December 31, 2004, an increase of \$140 054. This difference is essentially caused by the variation of working capital items going from a negative amount of \$125 729 in the second quarter of 2005 to a positive amount of \$100 868 in the second quarter of 2006, and by a net loss of \$114 026 in the second quarter of 2005 going to a net loss of \$28 640 in the second quarter of 2006.

For the first six-month period of 2006, the cash flow related to operating activities totalled \$103 204 compared to a negative amount of \$78 869 for the same period the previous year, an increase of \$182 073. This variation is essentially caused by the net loss increase of \$221 061, the reduction of dividends on class "C" shares to \$150 954, the increase share compensation to \$303 600 and the decrease in positive variation of working capital items to \$252 023.

Cash flow related to investment activities necessitated cash of \$974 674 for the second quarter of 2006 compared to \$20 349 for the same period of the previous year, an increase of \$954 325. This increase can be attributed to the acquisition of fixed assets to meet the company's technical needs, in the amount of \$92 889, receipt of corporate liquidity funds assets in the amount of \$750 815 and the investment of \$1 632 600 in a short-term investment.

For the first six-month of the 2006, cash flow related to investment activities necessitated cash of \$1 079 357 compared to \$20 349 for the same period the previous year. This difference is due mainly to the reasons given above.

Cash flow from financing activities was \$933 274 during the second quarter ended December 31, 2005 compared to \$20 751 for the same period the previous year, a variation of \$944 025. This variation can be attributed to the issue of convertible notes payable in the amount of \$200 00, the issue of shares via the qualifying transaction and the exercise of options in the amount of \$1 070 000 and share issue costs in the amount of \$335 538.

For the first six-month period of 2006, cash flow related to financing activities was \$947 266 compared to \$31 199 for the corresponding period last year, an increase of \$916 067, attributable to the items mentioned above.

Financial Situation

Assets

As at December 31, 2005, Wanted had a total of \$1 828 879 in cash and short-term investment compared to \$225 166 as at June 30, 2005. This increase mainly comes from money resulting from the qualifying transaction completed on September 20, 2005.

Short term assets rose from \$667 621 on June 30, 2005 to \$2 407 332 on December 31, 2005, an increase of \$1 739 711. This significant rise is attributable to the sums received following completion of the qualifying transaction.

Fixed assets totalled \$396 410 on December 31, 2005 compared to \$232 407 on June 30, 2005, an increase of \$164 003. This is attributable to investments in IT equipment to sustain growth and improve customer service.

Deferred expenses of \$139 452 posted on June 30, 2005 consisted of professional fees relating to completion of the qualifying transaction. These expenses were entered as allowance upon share issuance when the shares were issued.

On December 31, 2005, total assets were at \$2 813 822 compared to \$1 051 339 on June 30, 2005, an increase of \$1 762 483. As mentioned above, this increase mainly comes from money received from the qualifying transaction.

Liabilities

On December 31, 2005, liabilities totalled \$582 714 compared to \$7 708 285 on June 30, 2005, a decrease of \$7 125 571, explained mainly by the following:

- ✂✂ A decrease in supplier accounts and accrued liabilities of \$362 713 on December 31, 2005 compared to June 30 2005. This decrease is mainly due to the conversion into the company's class "A" shares, when the qualifying transaction was completed, interest accrued on loans and convertible notes in the amount of \$176 607 and directors' fees and remuneration in the amount of \$403 600.
- ✂✂ Convertible notes payable, convertible loans, class "C" Shares presented in the liabilities and totalling \$5 406 185 on June 30, 2005 were entirely converted into Wanted class "A" shares on the date of completion of the qualifying transaction.
- ✂✂ Accumulated dividends dated June 30, 2005 totalling \$1 570 494 as well as dividends for the period from September 1 to 20, 2005 totalling \$141 251 presented in the results of the first quarter of 2006 were cancelled and offset on the date the qualifying transaction was completed, via the issue of one million three hundred and fifty thousand three hundred and twenty-one (1 350 321) warrants convertible into 1 350 321 of the company's class "A" shares at the price of \$0.40 per share.

Shareholders' equity

Shareholders' equity totalled \$2 231 108 on December 31, 2005 compared to shareholders' deficiency of \$6 656 946 in June 30 2005. This increase in the company's Stockholder equity in the amount of \$8 888 054 is mainly attributable to the increase in capital stock in the amount of \$7 761 302, the increase in the contributed surplus in the amount of \$1 842 435 and the entering of warrants totalling \$303 150 offset by a deficit increase of \$1 028 845.

The increase in capital stock comes mainly from the conversion of notes payable, convertible loans and Class "C" Shares into Wanted Class "A" Shares during completion of the qualifying transaction for a total amount of \$5 406 185 and from the issue of Class "A" Shares made possible by qualifying transaction for a net amount of \$1 883 270. The increase in the contributed surplus comes mainly from gain on waived dividends on Class "C" Shares and the posting of stock-based compensation. The company also accrued share acquisition and issue costs totalling \$599 930, which were charged to the deficit over the three-month period ended September 30, 2005.

Modification of accounting agreements

Class « C » shares, convertible notes payable and loans

On November 5, 2004, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants (CICA) released Abstract 149 Accounting for Retractable or Mandatory Redeemable Shares, which in particular, provides guidance on circumstances where it is possible to classify retractable or mandatory redeemable shares as equity rather than liability instruments. In order to comply with these new standards, the Company has presented the convertible notes payable and convertible loans and the Class "C" shares entirely as liabilities. Moreover, dividends on Class "C" shares must be recorded in the statement of earnings.

Stock-based compensation and other stock-based payments

In 2003, the CICA amended its position regarding stock-based compensation requiring Companies to measure and expense any equity instruments attributed to employees and directors for years beginning on or after January 1, 2004 using the fair value method. The fair value of stock options awarded to employees and directors is computed on the award date using an option pricing method and the compensation expense is recognized over the option vesting period. Effective July 1, 2004, the Company retroactively adopted the new standards for all stock options awarded since July 1, 2002 without restating prior periods. Previously, the Company did not recognize any stock-based compensation expense. This change led to a \$173,682 increase in contributed surplus and deficit.

Principal accounting policies

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. Items in the financial statements requiring more use of estimates include the costing of options and warrants, provision for bad debt expenses, and the evaluation of some accrued

liabilities. Actual results could be different from these estimates, but management does not consider that they will entail major changes in terms of divulged results.

Risks and uncertainties

The Company has sustained operating losses over the current financial year and preceding financial years. The Company's ability to discharge its obligations by the dates set and to finance future activities depends on its ability to reach a profitable level or on the support of its shareholders and creditors. These financial statements were prepared in virtue of the assumption of the continuity of operation.

The Company is of the opinion that it is rigorously monitoring these risks and uncertainties. The Company is constantly reviewing its competitive environment and the evolution of its market, as well as constantly improving and developing its products by investing in research and development.

Perspectives

Increasing sales is essential to the Company's profitability. To reach this goal, Wanted has begun hiring new employees for product research and development, marketing and sales, finance, in order to maintain its growth effectively over the coming quarters.

Prospective statements

Apart from historical data, the financial analysis by management contains information and statements concerning the future results of the Company that should be considered as prospective. These statements reflect the current vision of the Company concerning future events, and are based on information currently available to the Company and on reasonable assumptions. These prospective statements are subject to risks, uncertainties and other factors likely to influence the results, performance and achievements of the Company such that they could be substantially different from the results, performance and achievements that such prospective statements might imply. The Company has no intention and no obligation to update or revise these prospective statements if new information is discovered, or in light of future events etc.

Information communication controls and procedures

The Company has set up controls and procedures for the presentation of information, so that the financial information divulged in this analysis by management, in the consolidated financial statements and in the relevant quarterly documents, is properly recorded, processed, summarized and reported to the audit committee and the Board of Directors. Company management has a procedure for checking the effectiveness of these controls and procedures, and is satisfied, at the end of the quarter ended December 31, 2005, that they ensure that the financial information is full and reliable. All the documents can be consulted on the Sédar website at www.sedar.com.

Information on shares outstanding and stock options

Below is the breakdown of shares outstanding and stock options awarded by the Company, as of December 31, 2005.

Class "A" shares	20 527 750
Stock options issued within Wanted's share option plan	700 000
Compensatory share purchase options issued to the underwriter	441 000

At the close of the qualifying transaction, on September 20, 2005, 10 593 284 class "A" shares were escrowed and cannot be transferred, hypothecated, pledged or otherwise alienated without the consent of the regulatory authorities. These shares will be released in several stages over a period of maximum 36 months counting from September 20, 2005.

Further information

The Company is an issuer in accordance with the regulations governing securities; consequently it is obliged to submit financial statements, an information circular and an annual information form to the various bodies regulating securities. A copy of said documents can be obtained on request to the Company or via the Internet at www.sedar.com.

February 28, 2006