

**Corporation Technologies Wanted  
Inc.**

**Interim Financial Statements  
September 30, 2005**

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## Corporation Technologies Wanted inc. Earnings

	Three-month periods ended September 30,	
	2005 (unaudited) \$	2004 (unaudited) \$
<b>Sales</b>	<u>394 185</u>	<u>313 448</u>
Expenses		
Research and development expenses, net of tax credits	67 537	54 621
Marketing and selling expenses, net of subsidy	112 698	86 948
Administrative expenses	119 903	94 876
Net financial expenses	<u>43 643</u>	<u>34 976</u>
	<u>343 781</u>	<u>271 421</u>
Earnings before other items	50 404	42 027
Other items:		
Stock-based compensation	(303 600)	
Dividends on Class "C" shares	<u>(141 251)</u>	<u>(130 027)</u>
<b>Net loss</b>	<u><u>(394 447)</u></u>	<u><u>(88 000)</u></u>
Weighted average number of shares outstanding	<u>11 220 313</u>	<u>10 000 000</u>
Basic and diluted net loss per share	<u><u>(0,035)</u></u>	<u><u>(0,009)</u></u>

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

**Corporation Technologies Wanted inc.**  
**Deficit**  
**Contributed Surplus**

	Three-month periods ended September 30,	
	<b>2005</b>	2004
	<u>(unaudited)</u>	<u>(unaudited)</u>
	\$	\$
<b>DEFICIT</b>		
Balance, beginning of period	7 832 896	7 161 164
Net loss	394 447	88 000
Share acquisition and issue costs	599 930	
Reverse takeover and merger (Note 3)	<u>(173 682)</u>	
Balance, end of period	<u><u>8 653 591</u></u>	<u><u>7 249 164</u></u>
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	173 682	
Reverse takeover and merger (Note 3)		
Cancellation of options	(173 682)	
Stock-based compensation	433 840	
Gain on waiver of dividends (Note 3)	1 408 595	
Changes in accounting policies (Note 4)		<u>173 682</u>
Balance, end of period	<u><u>1 842 435</u></u>	<u><u>173 682</u></u>

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

## Corporation Technologies Wanted inc.

### Cash Flows

	Three-month periods ended September 30,	
	2005	2004
	(unaudited)	(unaudited)
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(394 447)	(88 000)
Non-cash items		
Amortization of property, plant and equipment	20 346	12 855
Amortization of software	889	1 269
Dividends on Class "C" shares	141 251	88 000
Stock-based compensation	303 600	
Debenture interest paid through share issue	21 603	20 498
Change in working capital items (Note 7)	(160 820)	(73 175)
Cash flows from operating activities	(67 578)	(38 553)
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment	(82 047)	
Corporate liquidity funds	48 408	
Cash flows from investing activities	(33 639)	—
<b>FINANCING ACTIVITIES</b>		
Long-term loan		43 200
Repayment of loans	(830)	(1 250)
Convertible notes payable issues		10 000
Reverse takeover and merger (Note 3)	14 822	
Cash flows from financing activities	13 992	51 950
<b>Net increase (decrease) in cash</b>	<b>(87 225)</b>	<b>13 397</b>
Cash, beginning of period	225 166	76 036
Cash, end of period	137 941	89 433

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

## Corporation Technologies Wanted inc. Balance Sheets

	2005-09-30 (unaudited) \$	2005-06-30 (audited) \$
<b>ASSETS</b>		
Current assets		
Cash	137 941	225 166
Corporate liquidity funds	750 815	
Subscriptions receivable	1 071 804	
Trade accounts receivable and other receivables	389 561	320 706
Tax credits for a company registered at CNNTQ and for research and development receivable	96 377	85 977
Prepaid expenses	37 544	35 772
	<u>2 484 042</u>	<u>667 621</u>
Property, plant and equipment (Note 8)	330 141	232 407
Software (Note 9)	10 970	11 859
Deferred expenses		139 452
	<u>2 825 153</u>	<u>1 051 339</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	318 865	605 300
Convertible notes payable (Note 3)		275 000
Convertible loans (Notes 3 and 11)	165 200	235 000
Dividends payable (Note 3)		1 570 494
Deferred income	79 288	64 952
Instalments on long-term debt	30 562	31 060
Class "C" shares (Notes 3 and 13)		2 791 667
	<u>593 915</u>	<u>5 573 473</u>
Long-term debt (Note 12)	29 962	30 294
Class "C" shares (Notes 3 and 13)		2 104 518
	<u>623 877</u>	<u>7 708 285</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Capital stock (Note 14)	8 674 482	1 002 268
Equity component of debenture (Note 11)	34 800	
Warrants (Note 3)	303 150	
Contributed surplus	1 842 435	173 682
Deficit	(8 653 591)	(7 832 896)
	<u>2 201 276</u>	<u>(6 656 946)</u>
	<u>2 825 153</u>	<u>1 051 339</u>

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

On behalf of the Board,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Corporation Technologies Wanted inc.

## Notes to Financial Statements

### **1 - GOVERNING STATUTES AND NATURE OF OPERATIONS**

The Company, incorporated under the Canada Business Corporations Act, provides access to various database that it updates regularly.

### **2 - BASIS OF PRESENTATION**

The accompanying unaudited financial statements are in accordance with Canadian generally accepted accounting principles applicable for interim financial statements and do not include all of the information required for complete financial statements. These financial statements are also consistent with the accounting policies described in the Company's financial statements for the year ended June 30, 2005.

These financial statements and the notes thereto should be read in connection with the audited financial statements for the year ended June 30, 2005. The results of operations for the interim periods presented are not necessarily representative of expected results for the full year.

### **3- REVERSE TAKEOVER AND MERGER**

#### **3 (a) Reorganization**

As at September 20, 2005, Wanted Technologies inc. finished conversion of all of the following into class "A" shares:

- (i) \$275,000 of convertible notes
- (ii) \$235,000 of convertible loans
- (iii) \$176,607 in accrued interest on the convertible notes and loans
- (iv) \$403,600 in outstanding and unpaid compensation and directors' fees
- (v) 31,780,743 class "C" shares with a stated capital of \$4,896,185.

In connection with the conversion of the class "C" shares into class "A" shares of Wanted Technologies inc., the shareholders waived the accrued and unpaid dividends on the conversion date. As consideration, certain shareholders of Société Innovatech Québec and Desjardins Venture Capital inc. received 1,350,321 warrants to acquire 1,350,321 class "A" shares of the Company at a price of \$0.40 per share. These warrants, which may be exercised at any time during the 24-month period starting on the closing date, have been valued at \$303,150, which was recorded in the warrants account. A \$1,408,595 gain on the waiver of dividends was recorded in the contributed

In addition, all stock options and warrants granted by Wanted Technologies inc. were cancelled before the transaction closing date.

## Corporation Technologies Wanted inc. Notes to Financial Statements

### 3 - REVERSE TAKEOVER AND MERGER (Continued)

#### 3 (b) Reverse takeover

On September 20, 2005, Corporation Pamérica acquired 7,041,898 shares of Wanted Technologies inc. for 605,193 class "A" treasury shares.

Corporation Pamérica and Wanted Technologies inc. then merged. Immediately after the merger, the shareholders of Wanted Technologies inc. acquired control of the merged entity.

The share acquisition and merger were recorded as a reverse takeover, in accordance with Canadian generally accepted accounting principles as though Wanted Technologies inc. had acquired Corporation Pamérica.

Since, for accounting purposes, the shareholders of Wanted Technologies inc. are considered the buyer, the net assets of Corporation Pamérica were recorded on the balance sheet at the carrying amount, as follows:

	\$
Assets acquired	974 626
Liabilities assumed	75 184
Net assets acquired at market value	<u>899 442</u>
Consideration	
7,000,000 class "A" shares	806 922
1,200,000 stock options at fair value	92 520
	<u>899 442</u>

The shareholders of Wanted Technologies inc. received a total of 9,394,807 class "A" shares of the merged entity for the shares they held in Wanted Technologies inc.

The shareholders of Corporation Pamérica received a total of 7,605,193 class "A" shares of the merged entity for the shares they held in Corporation Pamérica.

The 1,200,000 stock options of Corporation Pamérica were exchanged for 1,200,000 stock options of the merged entity. The terms and conditions of these stock options are unchanged.

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

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#### **3 - REVERSE TAKEOVER AND MERGER (Continued)**

##### **3 (c) Public Offering**

On September 20, 2005, the Company completed its eligible transaction and closed a public offering in Québec for a total of 2,625,000 class "A" shares at a price of \$0.40 per share for total gross proceeds of \$1,050,000. The underwriter's commission of \$60,000 and the transaction costs of \$118,196 were added to the deficit.

In addition, the Company issued 262,500 options to the underwriter for the acquisition of 262,500 class "A" shares at a price of \$0.40 per share. These options may be exercised at any time, expire in September 2006 and were valued at \$37,720, which was added to the deficit and contributed surplus.

##### **3 (d) Expense related to the share acquisition, merger and reverse takeover**

At the time of the reverse takeover, \$232,500 was paid as solicitation fees. These fees were paid through the issuance of 581,250 class A shares valued at \$0.40 each.

In addition, legal and accounting fees of \$151,514 relating to the transactions were paid from cash and cash equivalents on the statement of deficit.

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#### **4 - CHANGES IN ACCOUNTING POLICIES**

##### **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 Mandatorily Redeemable Shares, which in particular, provides guidance on circumstances where it is possible to classify retractable or mandatorily 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 described in Note 9 and the Class "C" shares entirely as liabilities. Moreover, dividends on Class "C" shares must be recorded in the statement of earnings.

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 4 - CHANGES IN ACCOUNTING POLICIES (Continued)

The Company has adopted these new standards retroactively, which resulted in an increase (decrease) in the following financial statement items:

	June 30,	
	2005	2004
	\$	\$
Balance sheet		
Liabilities		
Class "C" shares	933 830	933 850
Equity		
Equity component of convertible loans, convertible notes payable and Class "C" shares	(807 525)	(807 525)
Contributed surplus	(190 726)	(190 726)
Deficit	(64 421)	(28 231)
Earnings		
Interest on convertible notes payable		(19 550)
Interest on convertible loans		(16 640)
Dividends on the liability component of Class "C" shares	46 753	63 651
Net loss	46 753	27 461
Statement of deficit		
Dividends on the equity component of Class "C" shares	(46 753)	(63 651)

#### 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.

# Corporation Technologies Wanted inc.

## Notes to Financial Statements

### 5 - ACCOUNTING POLICIES

#### Accounting estimates

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 and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those

#### Revenue recognition

The Company recognizes revenue as services are rendered, and when there is persuasive evidence of an arrangement and recovery is reasonably assured.

#### Amortization

Property, plant and equipment and software are amortized over their estimated useful lives according to the diminishing balance method at the following annual rates:

	<u>Rate</u>
Furniture and equipment	20%
Computer equipment and software	30%

#### Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at exchange rates in effect at transaction dates. Revenue and expenses in foreign currency are translated at the average monthly rate in effect at the time of the transactions. Gains and losses are included in earnings for the year.

#### Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company recognizes future income tax assets only when it is more likely than not that some or all the future income tax assets will be realized.

#### Research and development costs and tax credits for a company registered at the Centre National des Nouvelles Technologies de Québec (CNNTQ) and for research and development

Research and development costs are expensed as they are incurred. However, development costs are deferred when they meet the generally accepted criteria to the extent that their recovery can reasonably be regarded as assured.

Tax credits for a company registered at CNNTQ and for research and development are applied against research and development costs during the year in which the costs are incurred, provided that the Company is reasonably certain that the credits will be received. These tax credits must be examined and approved by the tax authorities and it is possible that the amounts granted will differ from the amounts recorded.

## Corporation Technologies Wanted inc. Notes to Financial Statements

### 6 - INFORMATION INCLUDED IN THE STATEMENT OF EARNINGS

	Three-month periods ended September 30,	
	2005	2004
	(unaudited)	(unaudited)
	\$	\$
Research and development costs	77 937	72 282
Tax credits for a company registered at CNNTQ and for research and development	10 400	17 661
Amortization of property, plant and equipment	20 346	12 855
Government subsidies	9 750	
Interest on long-term debt	292	720
Interest on convertible notes payable and loans	21 603	20 498
Other financial expenses	1 712	3 602
Interest income	354	98
Exchange loss	20 037	10 253
Amortization of software	889	1 269

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

The changes in working capital items are detailed as follows:

	Three-month periods ended September 30,	
	2005	2004
	(unaudited)	(unaudited)
	\$	\$
Accounts receivable	39 798	(105 243)
Tax credits for a company registered at CNNTQ and for research and development receivable	(10 400)	(17 661)
Prepaid expenses	156	3 242
Accounts payable and accrued liabilities	(204 710)	3 973
Dividends payable		42 027
Deferred revenue	14 336	487
	<u>(160 820)</u>	<u>(73 175)</u>

As at September 30, 2005, the accounts payable and accrued liabilities include \$80,049 (\$44,056 as at June 30, 2005) regarding purchases of property, plant and equipment.

## Corporation Technologies Wanted inc. Notes to Financial Statements

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

In addition, the following transactions that do not impact cash flows were carried out:

	\$
Issue of shares not received	1 050 000
Issue of convertible debenture not received	200 000
Share acquisition and issue costs	599 230
Waiver of dividends	1 711 745
Issue of shares in connection with reorganization	5 582 792

Cash flows from interest on operating activities are as follows:

	2005	2004
	(unaudited)	(unaudited)
	\$	\$
Interest paid	292	720

### 8 - PROPERTY, PLANT AND EQUIPMENT

		2005-09-30
		(unaudited)
	Cost	Accumulated amortization
	\$	\$
Furniture and equipment	143 387	84 344
Computer equipment	731 342	460 244
	<u>874 729</u>	<u>544 588</u>
		2005-06-30
	Cost	Accumulated amortization
	\$	\$
Furniture and equipment	140 287	81 317
Computer equipment	616 362	442 925
	<u>756 649</u>	<u>524 242</u>
		Net
		\$
		59 043
		271 098
		<u>330 141</u>
		58 970
		173 437
		<u>232 407</u>

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 9 - SOFTWARE

	<b>2005-09-30</b> <b>(unaudited)</b>	2005-06-30
	<u>\$</u>	<u>\$</u>
Cost	<b>78 165</b>	78 165
Accumulated amortization	<b>67 195</b>	66 306
	<b><u>10 970</u></b>	<b><u>11 859</u></b>

#### 10 - BANK LOAN

The bank loan for an authorized amount of \$10,000 is secured by book debts, bears interest at the prime rate plus 3.75% (8.25%), prime rate plus 3.75% (7.25%) as at June 30, 2005 and is renegotiable annually.

A \$30,000 letter of guarantee secured by a first ranking movable hypothec on receivables has been issued to a lender.

#### 11- CONVERTIBLE LOANS

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.

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 12 - LONG-TERM DEBT

	Current portion	2005-09-30 (unaudited)	2005-06-30
	\$	\$	\$
Refundable contribution under the Innovation Program, Développement de l'Entrepreneurship et Exportation for SMEs, without interest, payable in annual instalments of \$27,148, maturing in January 2007	27 148	54 647	54 647
Note payable, secured by computer equipment, 17.99%, payable in monthly instalments of \$374, principal and interest, maturing in March 2007	3 414	5 877	6 707
		<u>60 524</u>	<u>61 354</u>
Instalments due within one year	<u>30 562</u>	<u>30 562</u>	<u>31 060</u>
		<u><u>29 962</u></u>	<u><u>30 294</u></u>

The instalments on long-term debt in the next two years are \$30,562 in 2006 and \$29,962 in 2007.

#### 13 - CLASS "C" SHARES

	2005-09-30 (unaudited)	2005-06-30
	\$	\$
<b>Issued and fully paid</b>		
31,780,743 Class "C" shares		4 896 185
Current portion		<u>2 791 667</u>
	<u>-</u>	<u><u>2 104 518</u></u>

Class "C", voting, non-participating shares, annual cumulative dividend of 13% of the redemption value, starting in the 19th month following the issuance of these shares, ranking prior to the Class "A" and "B" shares, redeemable or retractable at the paid-up capital amount as of the 4th anniversary of their issuance, exchangeable for Class "A" shares on a share-for-share basis, between the share issuance date and the 4th anniversary date.

As described in Note 3, these shares were converted into class "A" shares during the period.

## Corporation Technologies Wanted inc. Notes to Financial Statements

### 14 - CAPITAL STOCK

Following the filing of articles of amalgamation, the Company's capital stock is as follows:

#### Authorized

Unlimited number of common shares, voting and participating, without par value

#### Issued and fully paid

The following table illustrates changes in the capital stock of the Company subsequent to the reorganization, merger and reverse takeover.

	<u>Number of shares</u>	<u>Amount</u>
Balance, as at June 30, 2005	15 480 490	1 002 268
Reorganization of Wanted Technologies inc. (Note 3(a))	100 877 353	5 582 792
Adjustment to reflect the reverse takeover	#####	
Reverse takeover (Note 3)	<u>17 000 000</u>	<u>806 922</u>
	<u>17 000 000</u>	<u>7 391 982</u>
Public share issue (Note 3 (c))	<u>2 625 000</u>	<u>1 050 000</u>
Shares issued for solicitation (Note 3(d))	<u>581 250</u>	<u>232 500</u>
	<u><b>20 206 250</b></u>	<u><b>8 674 482</b></u>

### 15 - 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.

In addition, the underwriter received options to subscribe to 762,500 class A shares.

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 15 - STOCK OPTION PLAN (Continued)

Outstanding options are detailed as follows:

	Fixed price options	Weighted average exercise price	Estimated weighted average term
	_____	_____	_____
Granted			
Directors and executives	700 000	0,20 \$	21 months
Underwriter	762 500	0,27 \$	6 months
	<u>1 462 500</u>		

#### 16 - COMMITMENTS

The Company has entered into long-term lease agreements expiring in September 2007, which call for lease payments of \$129,015 for premises. Minimum lease payments for the next twelve-month period are \$64,508 in 2006

#### 17 - INCOME TAXES

The Company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada as a result of the following:

	Three-month periods ended		Years ended June 30,	
	September 30,	September 30,	September 30,	September 30,
	2005	2004	2005	2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
Net loss	<b>(394 447)</b>	(88 000)	<b>(498 050)</b>	(516 890)
Income taxes based on combined federal and provincial tax rates in Canada	<b>31,02%</b>	31,02%	<b>31,02%</b>	32,03%
	<b>(122 357)</b>	(27 298)	<b>(154 495)</b>	(165 560)
Increase in income taxes resulting from the following items:				
Dividends on Class "C" shares	<b>43 816</b>	40 334	<b>188 011</b>	127 282
Unrecognized future income tax assets (use of tax losses)	<b>(17 429)</b>	(14 960)	<b>(40 775)</b>	32 259
Stock-based compensation	<b>94 177</b>			
Other	<b>1 793</b>	1 924	<b>7 259</b>	6 019
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 17 - INCOME TAXES (Continued)

Future income tax assets of approximately \$1,994,036 (\$1,796,738 as at June 30, 2005) are not recorded in the financial statements. The components of the amount are as follows:

	2005-09-30 (unaudited)	2005-06-30
	\$	\$
Future income tax assets		
Non-capital losses	1 686 806	1 594 364
Research and development costs	39 656	42 882
Temporary differences attributable to amortization of property, plant and equipment	166 080	159 492
Temporary differences attributable to amortization of share issue and acquisition costs	101 494	
	<u>1 994 036</u>	<u>1 796 738</u>
Unrecorded net future income tax assets	<u>(1 994 036)</u>	<u>(1 796 738)</u>
Net future income tax assets	<u>—</u>	<u>—</u>

Tax losses which are available to reduce income taxes in future years and eligible research and development costs are detailed as follows:

	Federal	Provincial
	\$	\$
Amount of the loss carry-forwards for tax purposes expiring within the following years:		
2008	665 530	645 809
2009	2 023 896	2 015 036
2010	1 477 792	1 497 006
2011	822 937	885 577
2015	400 975	464 870
2016	13 815	11 163
	<u>5 404 945</u>	<u>5 519 461</u>
Amount of temporary differences that can be carried over an indefinite period	<u>866 241</u>	<u>853 494</u>
	6 271 186	6 372 955
Eligible research and development costs that can be carried over an indefinite period	<u>114 304</u>	<u>161 479</u>
	<u>6 385 490</u>	<u>6 534 434</u>

## Corporation Technologies Wanted inc.

### Notes to Financial Statements

#### 18 - FINANCIAL INSTRUMENTS

The fair value of short-term financial assets and liabilities approximates their carrying amount given the short-term to maturity.

The fair value of the refundable contribution from Economic Development Canada could not be determined because time and cost constraints do not allow the fair value to be determined with sufficient reliability because there are conditions attached to it that represent a type of government assistance and it is practically impossible to find a financial instrument on the market having substantially the same economic characteristics.

The fair value of the convertible loan is determined by discounting future cash flows using rates that the Company could use for loans with similar terms and conditions and maturity dates. The fair value of this convertible loan does not differ significantly from the carrying amount.

#### Exchange risk

The Company is exposed to exchange risks because of its sales in the United States.

As at September 30, 2005, the Company has accounts receivable denominated in U.S. dollars amounting to US\$255,494 (US\$235,505 as at June 30, 2005), no accounts payable denominated in U.S. dollars (nil as at June 30, 2005) and cash denominated in U.S. dollars amounting to US\$75,325 (US\$39,533 as at June 30, 2005).

#### Credit risk

In the normal course of its operations, the Company evaluates the financial condition of its customers on an ongoing basis and reviews the credit history of any new customer.

As at September 30, 2005, the amount receivable from two customers represented 20% of total accounts receivable.

#### 19 - GEOGRAPHIC INFORMATION

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

	Three-month periods ended September 30,	
	2005	2004
	(unaudited)	(unaudited)
	\$	\$
Canada	33 435	17 975
Unites States	360 750	295 473
	<b>394 185</b>	<b>313 448</b>

There are no capital assets or goodwill outside of Canada.

Revenues are attributed to various countries based on the country of domicile of the client.