

Wanted Technologies Corporation

Consolidated Financial Statements June 30, 2008 and 2007

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Auditor's Report

To the Shareholders of
Wanted Technologies Corporation

We have audited the consolidated balance sheets of Wanted Technologies Corporation as at June 30, 2008 and 2007 and the consolidated statements of earnings and comprehensive income, deficit, contributed surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants

Québec City
August 18, 2008

Wanted Technologies Corporation

Consolidated Earnings and Comprehensive Income

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
	\$	\$
Revenues	5,676,077	3,093,115
Cost of goods sold	<u>247,375</u>	<u>9,314</u>
Gross margin	<u>5,428,702</u>	<u>3,083,801</u>
Expenses		
Research and development, net of tax credits	1,607,885	892,530
Marketing and selling	1,517,467	975,363
Administrative	1,432,424	808,436
Amortization of intangible assets	209,244	
Financial expenses (revenue), net amount	<u>67,005</u>	<u>(9,368)</u>
	<u>4,834,025</u>	<u>2,666,961</u>
Earnings before other revenue (expenses)	<u>594,677</u>	<u>416,840</u>
Other revenue (expenses)		
Exchange loss	(13,895)	(51,923)
Severance premium	(225,000)	(135,000)
Gain on disposal of property, plant and equipment	<u>4,412</u>	
Net earnings and comprehensive income	<u><u>360,194</u></u>	<u><u>229,917</u></u>
Basic and diluted net earnings per share (Note 19)	0.015	0.011

The accompanying notes are an integral part of the consolidated financial statements and Note 5 provides additional information on consolidated earnings.

Wanted Technologies Corporation
Consolidated Deficit
Consolidated Contributed Surplus

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
	\$	\$
DEFICIT		
Balance, beginning of year	(8,880,578)	(9,110,495)
Net earnings	<u>360,194</u>	<u>229,917</u>
Balance, end of year	<u><u>(8,520,384)</u></u>	<u><u>(8,880,578)</u></u>
CONTRIBUTED SURPLUS		
Balance, beginning of year	1,663,520	1,589,563
Stock options forfeited (Note 14)	<u>138,558</u>	<u>73,957</u>
Balance, end of year	<u><u>1,802,078</u></u>	<u><u>1,663,520</u></u>

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

Wanted Technologies Corporation

Consolidated Cash Flows

Years ended June 30, 2008 and 2007

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net earnings	360,194	229,917
Non-cash items		
Amortization of property, plant and equipment	199,785	157,950
Amortization of intangible assets	209,244	
Stock-based compensation	205,220	57,786
Gain on disposal of property, plant and equipment	(4,412)	
Interest on convertible debenture		16,000
Changes in working capital items (Note 6)	(557,447)	133,144
Cash flows from operating activities	<u>412,584</u>	<u>594,797</u>
INVESTING ACTIVITIES		
Business acquisition, net of cash	(187,876)	(2,134,689)
Acquisition of property, plant and equipment	(81,838)	(58,874)
Disposal of property, plant and equipment	4,412	7,500
Short-term investments	(479,341)	1,175,205
Cash flows from investing activities	<u>(744,643)</u>	<u>(1,010,858)</u>
FINANCING ACTIVITIES		
Long-term debt	750,000	
Repayment of long-term debt	(292,642)	(127,902)
Issuance of shares following exercise of warrants		540,128
Issuance of shares following exercise of options	16,000	20,000
Cash flows from financing activities	<u>473,358</u>	<u>432,226</u>
Net increase in cash	141,299	16,165
Cash, beginning of year	120,436	104,271
Cash, end of year	<u>261,735</u>	<u>120,436</u>

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

Wanted Technologies Corporation

Consolidated Balance Sheets

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
	\$	\$
ASSETS		
Current assets		
Cash	261,735	120,436
Short-term investments (Note 7)	1,004,136	524,795
Trade accounts receivable and other receivables	1,114,907	662,456
Tax credits for a company registered at CNNTQ and for research and development receivable	197,883	204,511
Prepaid expenses	<u>114,289</u>	<u>182,189</u>
	2,692,950	1,694,387
Property, plant and equipment (Note 8)	543,937	540,831
Intangible assets (Note 9)	1,152,337	1,361,581
Goodwill	<u>1,415,997</u>	<u>1,407,801</u>
	<u>5,805,221</u>	<u>5,004,600</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	685,782	930,712
Deferred revenue	186,006	300,280
Instalments on long-term debt (Note 12)	<u>216,377</u>	<u>116,505</u>
	1,088,165	1,347,497
Convertible debenture (Note 11)		191,483
Long-term debt (Note 12)	<u>505,973</u>	<u>27,434</u>
	<u>1,594,138</u>	<u>1,566,414</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 13)	10,756,962	10,510,300
Equity component of debenture (Note 11)		34,800
Stock options (Note 14)	172,427	110,144
Contributed surplus	1,802,078	1,663,520
Deficit	<u>(8,520,384)</u>	<u>(8,880,578)</u>
	<u>4,211,083</u>	<u>3,438,186</u>
	<u>5,805,221</u>	<u>5,004,600</u>

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

On behalf of the Board,

(s) Jean Énault

Jean Énault
Administrator

(s) Bruce Murray

Bruce Murray
President and Chief Executive Officer

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company, incorporated under the Canada Business Corporations Act, regularly monitors and provides access to various databases.

2 - CHANGES IN ACCOUNTING POLICIES

Accounting changes (Note 20)

On July 1, 2007, in accordance with applicable transitional provisions, the Company adopted the new recommendations of the *Canadian Institute of Chartered Accountants Handbook* (CICA), Section 1506, "Accounting Changes". This section establishes the criteria for changing accounting policies together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The recommendations also require the Company to disclose the new primary sources of Canadian generally accepted accounting principles (GAAP) published but not yet applied. The new standard has no impact on the Company's financial results.

Financial instruments

On July 1, 2007, in accordance with applicable transitional provisions, the Company adopted retroactively, without restatement of the financial statements of the previous years, the new recommendations of *CICA Handbook*, Section 1530, "Comprehensive Income", 3855, "Financial Instruments – Recognition and Measurement", and Section 3861, "Financial Instruments – Disclosure and Presentation". These sections describe standards for the classification, recognition, measurement, disclosure and presentation of financial instruments (including financial derivatives) and non-financial derivatives in the financial statements.

The adoption of these new standards resulted in the following changes in the classification and measurement of the Company's financial instruments, previously recorded at cost:

- Cash is classified as a financial asset held for trading. This change had no impact on the Company's consolidated financial statements.
- Banker's acceptances presented in short-term investments are classified as held to maturity and are initially measured at cost, which at initial measurement corresponds to fair value. Subsequent revaluations are recorded at amortized cost using the effective interest method. This change had no significant impact on the Company's consolidated financial statements.
- Term deposits presented in short-term investments are classified as financial assets held for trading and are measured at fair value. All changes in fair value are recognized in earnings. This change had no impact on the Company's consolidated financial statements as the fair market value does not differ materially from the cost.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

2 - CHANGES IN ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

- Trade accounts receivable and other receivables are classified as loans and receivables and are recorded at cost, which at initial measurement corresponds to fair value. Subsequent revaluations of accounts receivable and other receivables are recorded at amortized cost which generally corresponds to the initially measured amount less any allowance for doubtful accounts. This change had no impact on the Company's consolidated financial statements.
- Accounts payable and accrued liabilities, long-term debt and the convertible debenture are classified as other financial liabilities. They are initially measured at cost value and subsequent revaluations are recorded at amortized cost using the effective interest method. This change had no impact on the Company's consolidated financial statements.

The Company also adopted the following accounting policy:

- Transaction costs related to financial instruments are recognized in earnings and presented in financial expenses.

3 - BUSINESS ACQUISITION

On June 30, 2007, the Company acquired 100% of the issued and outstanding shares of Corzen Inc., located in New York City, New York. The total consideration of \$2,898,783 consists of the payment of \$2,138,994 (US\$2,008,196) cash, the issuance of 1,750,000 class "A" shares of the Company and \$210,923 in acquisition costs. The balance of the unallocated acquisition cost is recorded under goodwill.

Corzen Inc. specializes in the sale of analyses and data pertaining to the classified ad industry and its clients consists of various companies in the media, finance and staffing service fields.

The value attributed to the net assets acquired as at June 30, 2007 are detailed as follows:

	\$
Assets acquired	
Accounts receivable and other receivables	427,880
Prepaid expenses	124,318
Property, plant and equipment	67,936
Client list	1,223,079
Non-competition agreements	138,502
Goodwill, not deductible for tax purposes	1,415,997
	<u>3,397,712</u>
Liabilities assumed	
Accounts payable and accrued liabilities	301,814
Deferred revenue	224,467
	<u>526,281</u>
Cash situation at acquisition	27,352
Net assets acquired	<u><u>2,898,783</u></u>

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

3 - BUSINESS ACQUISITION (Continued)

Consideration	\$
Cash (a)	2,138,994
Acquisition costs (b)	210,923
Issue of class "A" shares (c)	548,866
	2,898,783

- (a) During the year ended June 30, 2008, pursuant to a purchase price adjustment, the Company paid to the former shareholders of Corzen Inc., an additional amount of \$8,196. Goodwill has been increased by the same amount.
- (b) Of these transaction costs, \$179,680 were included in accounts payable and accrued liabilities as at June 30, 2007. Transaction costs payable include an amount of \$9,300 to a company controlled by a director of the Company. This transaction was measured at the exchange amount, which is the amount established and accepted by the parties.
- (c) The value of the securities issued was established based on the average market price published a few days before and after the date on which the terms of the acquisition were agreed to and announced while taking into account the possible effects of price fluctuations, the number of securities issued and other relevant items, if any.

4 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with GAAP 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 these estimates.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Corzen Inc.

Revenue recognition

The Company recognizes revenue as services are rendered, and when there is persuasive evidence an arrangement exists and collection is reasonably assured. Revenue from database access contracts are recognized on a straight-line basis over the term of the contracts. Amounts received that do not yet satisfy revenue recognition criteria are recorded as deferred revenue.

Investment transactions are recorded on the settlement date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized based on the number of days the investment was held during the year.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

4 - ACCOUNTING POLICIES (Continued)

Amortization

Property, plant and equipment and intangible assets are amortized over their estimated useful lives according to the following methods, annual rates and periods:

	<u>Methods</u>	<u>Rates and periods</u>
Property, plant and equipment		
Furniture and equipment	Diminishing balance	20%
Computer equipment and software	Diminishing balance	30%
Intangible assets		
Client list	Straight-line	7.5 years
Non-competition agreements	Straight-line	3 years

Share issue expenses

Share issue expenses are recorded in the statement of deficit.

Foreign currency translation

Monetary assets and liabilities in foreign currency of Canadian corporations and integrated foreign operations are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the 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.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

4 - ACCOUNTING POLICIES (Continued)

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.

Stock-option plan

The Company offers a stock-option plan, which is described in Note 14. The Company uses the fair-value method for the stock options granted to management, directors, employees and consultants. This method consists of recording expenses to earnings based on the exercise terms and conditions of the options granted. The fair value is calculated using on the Black-Scholes option pricing model. When stock options are exercised, any consideration paid and any amount recorded under Stock options are credited to Capital stock. When options are forfeited, any amount recorded under Stock options related to the forfeited options is credited to Contributed surplus.

Earnings per share

The basic net earnings per share is calculated based on the weighted average number of shares outstanding during the year. The diluted net earnings per share is calculated giving effect to the potential dilution that could occur if securities or other contracts to issue shares were exercised at the later of the beginning of the year or the issuance date. The "if-converted" method is used to determine the dilutive effect of a convertible debenture. The treasury stock method is used to determine the dilutive effect of options and warrants.

Impairment of long-lived assets

Long-lived assets are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

4 - ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill is the excess of the cost of an acquired enterprise over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is impaired. Any impairment of goodwill will be recorded in earnings. The impairment test determines whether the fair value of the reporting unit exceeds the net carrying amount of this reporting unit at the valuation date. If the fair value exceeds the carrying amount, there is no impairment. If the carrying amount exceeds the fair value, the reporting unit is subject to a second impairment test to calculate the estimated value of the goodwill to determine whether it is lower than the carrying amount. The estimated fair value of goodwill is calculated using the same method used to determine the fair value of goodwill at the acquisition date at the time of a business combination, i.e., the excess fair value of the reporting unit over the value of identifiable assets acquired from the

5 - INFORMATION INCLUDED IN EARNINGS

	2008	2007
	\$	\$
Research and development expenses	1,784,174	1,135,016
Tax credits for a company registered at CNNTQ and for research and development	176,289	242,486
Government grants		5,050
Amortization of property, plant and equipment		
Research and development expenses	194,176	152,961
Marketing and selling expenses	4,127	2,436
Administrative expenses	1,482	2,553
	<u>199,785</u>	<u>157,950</u>
Financial expenses (revenue), net amount		
Interest on long-term debt <i>(Other financial liabilities)</i>	56,461	14,292
Interest on convertible debenture <i>(Other financial liabilities)</i>	1,205	36,061
	<u>57,666</u>	<u>50,353</u>
Transaction costs related to "Other financial liabilities"	32,770	
Other financial expenses	19,859	22,953
	<u>52,629</u>	<u>22,953</u>
Interest income		
Financial assets held for trading	(28,666)	
Held-to-maturity investments	(14,624)	(82,674)
	<u>(43,290)</u>	<u>(82,674)</u>
	<u>67,005</u>	<u>(9,368)</u>

Following the departure of the Company's president and chief executive officer on March 31, 2008, the Company recorded severance premium of \$225,000. As at June 30, 2007, following the departure of the former president and chief executive officer, the Company had committed to pay an amount of \$135,000 as a severance premium. The severance premiums are recorded in other expenses. As at June 30, 2008, an amount of \$183,683 related to the severance premiums is included in accounts payable and accrued liabilities (\$135,000 as at June 30, 2007).

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

6 - INFORMATION INCLUDED IN CASH FLOWS

Changes in working capital items are detailed as follows:

	2008	2007
	\$	\$
Trade accounts receivable and other receivables	(452,451)	19,930
Tax credits for a company registered at CNNTQ and for research and development receivable	6,628	(78,625)
Prepaid expenses	67,900	(249)
Accounts payable and accrued liabilities	(65,250)	172,452
Deferred revenue	(114,274)	19,636
	<u>(557,447)</u>	<u>133,144</u>

Cash flows relating to interest from operating activities are detailed as follows:

	2008	2007
	\$	\$
Interest paid	54,898	34,353

7 - SHORT-TERM INVESTMENTS

	2008	2007
	\$	\$
Banker's acceptances, 2.84%, maturing in August 2008, at cost (market value of \$500,669)	500,000	
Bonds, 5.3%, maturing in December 2007, at cost (market value of \$349,728)		350,000
Term deposit, 3.12% (4% in 2007), maturing in June 2009	504,136	174,795
	<u>1,004,136</u>	<u>524,795</u>

8 - PROPERTY, PLANT AND EQUIPMENT

	2008		
	Cost	Accumulated amortization	Amortized cost
	\$	\$	\$
Furniture and equipment	145,267	107,611	37,656
Computer equipment	1,001,779	741,356	260,423
Software	112,151	87,474	24,677
Assets under capital leases			
Computer equipment	355,100	133,919	221,181
	<u>1,614,297</u>	<u>1,070,360</u>	<u>543,937</u>

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	2007		
	Cost	Accumulated amortization	Amortized cost
	\$	\$	\$
Furniture and equipment	149,470	104,073	45,397
Computer equipment	925,958	651,673	274,285
Software	129,637	89,411	40,226
Assets under capital leases			
Computer equipment	234,047	53,124	180,923
	<u>1,439,112</u>	<u>898,281</u>	<u>540,831</u>

During the year, the Company acquired \$121,053 (\$241,547 in 2007) in property, plant and equipment by way of capital leases. During the year ended June 30, 2007, the Company disposed of certain property, plant and equipment having a cost of \$7,500 to officers.

9 - INTANGIBLE ASSETS

	2008		
	Cost	Accumulated amortization	Amortized cost
	\$	\$	\$
Client list	1,223,079	163,076	1,060,003
Non-competition agreements	138,502	46,168	92,334
	<u>1,361,581</u>	<u>209,244</u>	<u>1,152,337</u>

	2007		
	Cost	Accumulated amortization	Amortized cost
	\$	\$	\$
Client list	1,223,079		1,223,079
Non-competition agreements	138,502		138,502
	<u>1,361,581</u>		<u>1,361,581</u>

10 - BANK LOANS

A Canadian bank loan for an authorized amount of \$500,000 (\$40,000 in 2007), bearing interest at the prime rate plus 1% (prime rate plus 3% in 2007) (5.75%; 9% in 2007), is secured by the accounts receivable. The bank loan is renewable in October 2008 and is subject to certain restrictive covenants which, as at June 30, 2008, are not in default. As at June 30, 2007, the accounts receivable were also assigned as security to cover a U.S. bank loan of an authorized amount of \$75,000, bearing interest at the prime rate plus 1.5% (5.5%). This bank loan matured in October 2007.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

11 - 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 the annual rate of 10%. This debenture is convertible into class "A" shares on the basis of one class "A" share of the Company for every \$0.60 in capital for this debenture and up until it matures. Interest is payable every quarter.

The debenture is presented according to its components. The liability component, representing the obligation to make interest payments using a rate equal to that of a non-convertible security loan with terms and a similar degree of risk (18%), is reported as a liability, and the equity component, representing the holder's conversion option and the option to settle in shares of the Company, is classified under equity.

On July 23, 2007, Société Innovatech Québec asked that the total principal amount of \$200,000 be converted at a price of \$0.60 per share. The conversion value increased the total number of shares by 333 333 class "A" shares and the value of capital stock by \$226,283.

12 - LONG-TERM DEBT

	<u>2008</u>	<u>2007</u>
	\$	\$
Term loan, 6.65%, secured by movable hypothec of \$750,000 on all of the Company's assets, payable in monthly instalments of \$14,727, principal and interest, maturing in July 2010 (a)	630,608	
Obligations under capital leases, interest rate varying between 7.4% and 10.6%, payable in monthly instalments maturing on different dates until October 2009	<u>91,742</u>	<u>143,939</u>
	722,350	143,939
Instalments due within one year	<u>216,377</u>	<u>116,505</u>
	<u>505,973</u>	<u>27,434</u>

(a) The credit agreement includes restrictive covenants. As at June 30, 2008, the Company is not in default of any of these restrictive covenants.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

12 - LONG-TERM DEBT (Continued)

The instalments on long-term debt for the next years are detailed as follows:

	Instalments on capital leases	Other loans
	\$	\$
2009	81,517	138,982
2010	14,555	148,510
2011		343,116
	<u>96,072</u>	
Interest expenses included in payments	<u>4,330</u>	
	<u>91,742</u>	

13 - CAPITAL STOCK

The Company's capital stock is detailed as follows:

Authorized

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

Unlimited number of class "B" shares without par value, non-voting, non-participating, issued in series, the terms of each series to be determined on the issue date

Issued and fully paid

The following table presents the changes in the Company's capital stock during the last two years:

	Number of class "A" shares	Amount \$
Balance as at June 30, 2006	20,587,672	9,090,446
Share issuance following a business acquisition (Note 3)	1,750,000	548,866
Share issuance following exercise of warrants	1,350,321	843,278
Share issuance following exercise of options (Note 14)	100,000	27,710
Balance as at June 30, 2007	<u>23,787,993</u>	10,510,300
Share issuance following conversion of convertible debenture (Note 11)	333,333	226,283
Share issuance following the exercise of options (Note 14)	<u>40,000</u>	20,379
Balance as at June 30, 2008	<u>24,161,326</u>	<u>10,756,962</u>

As of June 30, 2008 and June 30, 2007, no warrants were outstanding. All 1,350,321 warrants outstanding as at June 30, 2006 were exercised during the year ended June 30, 2007. Each warrant entitled holders to acquire one class "A" share of the Company at a price of \$0.40 per share. At issuance, these warrants had been valued at \$303,150 on issuance, an amount that was recorded under Warrants at that time.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

14 - STOCK OPTIONS

Stock option plan

The Company has established a stock option plan for directors, officers, 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 designates the beneficiaries and determines the number of class "A" shares subject to these options, the vesting period, exercise price, expiration date, acquisition terms and restrictions on the exercise of these options. The share 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 class "A" shares issued under the terms of the plan was established at 10% of the issued and outstanding class "A" shares. The maximum number that may be granted to a director, officer or employee of the Company cannot exceed 5% of all the outstanding class "A" shares. As for a consultant, the maximum cannot 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 underwriters, vesting is upon the signing of contracts.

The following table presents information on stock options outstanding and exercisable at the end of the years ended June 30, 2008 and 2007:

	2008		2007	
	Number of options outstanding	Weighted average exercise price \$	Number of options outstanding	Weighted average exercise price \$
Outstanding, beginning of year	1,430,000	0.38	2,262,500	0.34
Granted during the year	1,060,000	0.68		
Exercised during the year	(40,000)	0.40	(100,000)	0.20
Forfeited during the year	(935,000)	0.58	(732,500)	0.27
Outstanding, end of year	1,515,000	0.46	1,430,000	0.38

The options outstanding as at June 30, 2008 are detailed as follows:

Options outstanding and exercisable			
Exercise price \$	Number of options outstanding	Weighted average life	Number of options exercisable
0.20	130,000	12 months	130,000
0.40	1,050,000	37 months	480,000
0.76	335,000	49 months	67,000
	1,515,000		677,000

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Notes to Consolidated Financial Statements

June 30, 2008 and 2007

14 - STOCK OPTIONS (Continued)

The options outstanding as at June 30, 2007 are detailed as follows:

Exercise price	Options outstanding and exercisable		
	Number of options outstanding	Weighted average life	Number of options exercisable
\$			
0.20	130,000	24 months	130,000
0.40	1,300,000	43 months	520,000
	<u>1,430,000</u>		<u>650,000</u>

The following table presents the changes in stock options for the years ended June 30, 2008 and 2007:

	2008	2007
	\$	\$
Balance, beginning of year	110,144	134,025
Stock-based compensation	205,220	57,786
Exercised during the year	(4,379)	(7,710)
Forfeited during the year	(138,558)	(73,957)
Balance, end of year	<u>172,427</u>	<u>110,144</u>

For the year ended June 30, 2008, the Company recorded \$205,220 (\$57,786 in 2007) in stock-based compensation for options granted to directors and officers.

The weighted average fair value of options granted during the year ended June 30, 2008 is \$0.49 per option. The weighted average fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The valuation was carried out using the following weighted average assumptions: expected volatility of 100%, risk-free interest rate of 4.21%, expected life of 60 months and no expected dividend.

The following table presents information on stock options issued the year ended June 30, 2008:

Exercise price compare to market price of the stock on the grant date	Number of options issued	Weighted average exercise price per option	Weighted average fair value per option
		\$	\$
Exceeds	125,000	0.76	0.50
Equals	250,000	0.40	0.19
Is less than	685,000	0.76	0.60
	<u>1,060,000</u>		<u>0.49</u>

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15 - COMMITMENTS

The Company has entered into long-term lease agreements expiring in September 2010, which call for minimum lease payments of \$258,967 for the rental of offices. The minimum lease payments for the next twelve-month periods are \$109,877 in 2009, \$119,271 in 2010 and \$29,819 in 2011.

Pursuant to an agreement signed on March 19, 2008, the Company has committed to purchase, for re-sale US\$225,000 of data and information from a vendor. These purchases must be concluded over a twelve-month period ending March 18, 2009. As at June 30, 2008, the Company has purchased US\$143,504 of data and information from that vendor.

16 - INCOME TAXES

The Company's effective income tax rate differs from the combined federal and provincial income tax rate in Canada. This difference arises from the following items:

	2008	2007
	\$	\$
Net earnings	360,194	229,917
Income taxes calculated using the combined federal and provincial income tax rate in Canada	31.46%	32.02%
	113,317	73,619
Decrease in income taxes resulting from the following:		
Unrecognized future income tax assets	(207,163)	(51,264)
Undeductible accounting amortization of property, plant and equipment and intangible assets	74,176	19,322
Undeductible stock-based compensation	64,562	18,503
Deductibility of share issue expenses	(47,994)	(31,544)
Other	3,102	(28,636)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

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Notes to Consolidated Financial Statements

June 30, 2008 and 2007

16 - INCOME TAXES (Continued)

Future income tax assets of approximately \$408,928 (\$1,201,189 in 2007) are not reflected in the financial statements. The components of this amount are summarized as follows:

	<u>2008</u>	<u>2007</u>
	\$	\$
Future income tax assets		
Non-capital losses	308,087	799,351
Research and development costs	143,974	177,843
Temporary differences attributable to amortization of property, plant and equipment and intangible assets	(140,250)	141,419
Temporary differences attributable to amortization of share issue expenses and financing expenses	<u>97,117</u>	<u>82,576</u>
	408,928	1,201,189
Unrecorded net future income tax assets	<u>(408,928)</u>	<u>(1,201,189)</u>
Net future income tax assets	<u><u> </u></u>	<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:

	<u>Federal</u>	<u>Provincial</u>
	\$	\$
Amount of the loss carry-forwards for tax purposes expiring within the following years:		
2009	822,937	885,577
2013	25,975	89,870
2014	109,342	109,342
2015	75,102	78,932
2026	<u>78,275</u>	<u>24,027</u>
	1,111,631	1,187,748
Eligible research and development costs that can be carried over an indefinite period	<u>528,617</u>	<u>543,536</u>
	<u><u>1,640,248</u></u>	<u><u>1,731,284</u></u>

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Notes to Consolidated Financial Statements

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17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Fair value

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

The fair value of the term deposit, the trade accounts receivable and other receivables and the accounts payable and accrued liabilities approximates their carrying amount given that they will mature shortly.

The fair value of the banker's acceptances and bonds is based on the published market price.

The fair value of the term loan and the obligations under capital leases 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 long-term debt, assuming an interest rate of 7%, does not differ significantly from the carrying amount.

Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows.

Exchange risk

The Company is exposed to exchange risk because of its sales and expenses in the United States.

As at June 30, 2008, the Company has accounts receivable denominated in U.S. dollars amounting to US\$974,126 (US\$529,952 as at June 30, 2007), accounts payable denominated in U.S. dollars amounting to US\$122,931 (US\$224,719 as at June 30, 2007) and cash denominated in U.S. dollars amounting to US\$188,081 (US\$81,392 as at June 30, 2007).

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

17 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (Continued)

Financial risks (Continued)

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 June 30, 2008, the amounts receivable from two customers represented 26% (one customer represented 22% as at June 30, 2007) of total accounts receivable.

The other financial instruments that potentially expose the Company to credit risk are cash and a term deposit. As at June 30, 2008, the Company had \$230,216 in cash (\$74,153 in 2007), \$500,000 in banker's acceptances and a term deposit of \$504,136 (\$174,795 in 2007) with a well-known financial institution, that management considers to be low risk of loss.

Interest rate risk

The short-term investments and the long-term debt bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The bank loan bears interest at a variable rate and the Company is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations.

The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

June 30, 2008 and 2007

18 - SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates in only one reportable industry segment.

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

Geographic information

	2008			
	Revenues	Property, plant and equipment	Intangible assets	Goodwill
	\$	\$	\$	\$
Canada	333,786	500,369		
United States	5,342,291	43,568	1,152,337	1,415,997
	<u>5,676,077</u>	<u>543,937</u>	<u>1,152,337</u>	<u>1,415,997</u>
	2007			
	Revenues	Property, plant and equipment	Intangible assets	Goodwill
	\$	\$	\$	\$
Canada	299,920	472,894		
United States	2,793,195	67,936	1,361,581	1,407,801
	<u>3,093,115</u>	<u>540,830</u>	<u>1,361,581</u>	<u>1,407,801</u>

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

For the year ended June 30, 2008, the Company had no client that represented more than 10% of total revenue. During the year ended June 30, 2007, the revenue from one client, for an amount of \$483,138, represented about 16% of total revenue.

19 - NET EARNINGS PER SHARE

The following table compares earnings per share with diluted earnings per share:

	2008	2007
	\$	\$
Numerator		
Net earnings	<u>360,194</u>	<u>229,917</u>
Denominator		
Weighted average number of shares outstanding	24,127,847	20,705,761
Dilutive effect of stock options and warrants (a)	<u>262,809</u>	<u>260,452</u>
Diluted weighted average number of shares outstanding	<u>24,390,656</u>	<u>20,966,213</u>

Wanted Technologies Corporation

Notes to Consolidated Financial Statements

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19 - NET EARNINGS PER SHARE (Continued)

	2008	2007
	\$	\$
Amount per share		
Net earnings per share		
Basic	0.015	0.011
Diluted	0.015	0.011

- (a) Securities that were not included in the calculation of diluted earnings per share, given their antidilutive effect, entitled holders to purchase the following number of class "A" shares:

	2008	2007
Stock options (i)	1,060,000	562,500
Convertible debenture		333,333

- (i) Only 585,000 (300,000 in 2007) of these stock options were outstanding at the end of the year.

20 - EFFECT OF NEW ACCOUNTING STANDARDS NOT YET IMPLEMENTED

The CICA issued the following new recommendations. The Company is currently evaluating the impact of adopting of these new sections on its consolidated financial statements.

Financial Instruments – Disclosures and Presentation

In December 2006, the CICA published new Sections 3862, "Financial Instruments – Disclosures", and 3863, "Financial Instruments – Presentation", which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Company will implement it as of July 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Company's financial results.

Capital disclosures

In December 2006, the CICA published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Company will implement it as of July 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Company's financial results.

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Notes to Consolidated Financial Statements

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20 - EFFECT OF NEW ACCOUNTING STANDARDS NOT YET IMPLEMENTED (Continued)

Goodwill and intangible assets

In February 2008, the CICA published new Section 3064, "Goodwill and Intangible Assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted, in the withdrawal of Section 3450, as well as a number of consequential amendments to certain recommendations of the CICA Handbook. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement it as of July 1, 2009. The Company's management is not able to assess the impact that application of this new section will have on the financial statements.

21 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.