



**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**SECOND QUARTER OF FISCAL 2008**

**ENDED DECEMBER 31, 2007**

# WANTED TECHNOLOGIES CORPORATION

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Introduction

The following analysis concerns the consolidated financial situation, operating results and cash flow of Wanted Technologies Corporation (“Wanted” or the “Company”) for the quarter and the six-month period ended December 31, 2007, as compared to the quarter and the six-month period ended December 31, 2006. This management report, prepared as at February 20, 2008, should be read in conjunction with the unaudited consolidated financial statements and associated notes for the second quarter of fiscal 2008 ended December 31, 2007, along with the annual audited consolidated financial statements for the fiscal year ended June 30, 2007.

**The unaudited consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) as established by the Canadian Institute of Chartered Accountants. Unless otherwise specified, all of the financial information presented below is in Canadian dollars.**

### Overview

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WANTED Technologies Corporation is a leading provider of real-time sales and business intelligence solutions for the recruitment and media classified industries. Wanted’s proprietary technology and services deliver enriched market research and customer information, helping Wanted’s clients to optimize their advertizing sales performance.

### Q2 – 2008 Highlights

- **Revenue growth of 88% for the second quarter and 103 % increase for the first six months of fiscal 2008, compared with the same periods of the previous year.**
- **Sixth consecutive profitable quarter with a 41% increase in net earnings for the second quarter and 141 % increase for the first six months, compared with the same periods of the previous year.**
- **The integration of Corzen Inc., acquired on June 30, 2007, is substantially completed.**

### Key Performance Indicators

Wanted assesses the overall performance of the Company based on key financial indicators, including revenues and EBITDA\* before other items and net earnings. These items are described in the appropriate sections below. Management also monitors performance using a number of operating indicators, including growth of recurring monthly revenues.

## Main Quarterly Financial Data

(In Canadian dollars)	Q2 - 2008 12-31-2007	Q2 - 2007 12-31-2006	6 Mts -2008 12-31-2007	6 Mts -2007 12-31-2006
	\$	\$	\$	\$
Revenues	1,428,657	758,643	2,876,646	1,414,988
EBITDA* before other items	266,038	137,199	639,001	189,893
Net earnings	106,935	75,546	220,339	91,380
Net earnings per share (basic and diluted)	0.004	0.004	0.009	0.004
Total assets	5,775,748	2,986,320	5,775,748	2,986,320
Long-term liabilities	603,565	236,895	603,565	236,895

\* Definition of EBITDA: Earnings (loss) before interest, tax on earnings, depreciation, amortization and loss in value of physical assets. The EBITDA is provided as an additional measure to help readers assess the Company's ability to generate cash flow from its activities and to meet its financial obligations. This indicator is also generally used for valuation purposes. As the generally accepted accounting principles in Canada do not provide a standardized definition for this measure, it may not be comparable to similar measures used by other companies.

## Operating Results

### Revenues

In the second quarter of fiscal 2008, Wanted's revenues were \$1,428,657, compared to \$758,643 for the same quarter last year, an increase of \$670,014 or 88%. For the six-month period ended December 31, 2007, the Company's sales totalled \$2,876,646, compared to \$1,414,988 for the corresponding period in the previous fiscal year, an increase of \$1,461,658 or 103%. This significant growth in revenues is the result of joint marketing & selling the new WANTED-Corzen business solutions. These results continue to reflect the media and financial markets' appreciation for the new WANTED value proposition and marketplace leadership position for business and sales intelligence solutions.

Revenues in the second quarter of fiscal 2008 were also impacted by the unfavorable fluctuation of the US dollar versus the Canadian dollar compared to the same period last year. The average exchange rate went from 1.1384 for the quarter ended December 31, 2006 to an average of 0.9810 for the quarter ended December 31, 2007. Approximately 94% of the revenues in the second quarter of fiscal 2008 were in US dollars compared to 91% for the corresponding quarter of fiscal 2007. This unfavorable variance in the currency exchange impacted the total revenues for the second quarter of fiscal 2008 by approximately \$215,000\$.

Wanted's revenues are primarily derived from renewable annual contracts that generate recurring revenues for the Company. As at December 31, 2007, contracts in hand represented approximately 4.6 million dollars in annualized recurring revenues while contracts in hand as at December 31, 2006 represented approximately 3.0 million dollars in annualized recurring revenues, for an increase of 53%. Note the concept of recurring annualized revenues assumes that all current customer contracts will be renewed as of the calculation date. The majority of Wanted's customers contracts are 12-month agreements.

## **Cost of goods sold**

The cost of goods sold corresponds to the cost of licensing company database information that Wanted sometimes enriches and resells to its customers. Wanted occasionally acts as a value added reseller of company records for specific client projects. For the second quarter of fiscal 2008, the cost of goods sold associated with this type of revenue amounted to \$123,817. No cost of goods sold were recorded in the first quarter of fiscal 2008. Cost of goods sold for the second quarter and first six months of fiscal 2007 amounted to \$9,314.

Sales related to this type of transaction totalled \$205,942 for the three-month and six-month periods ended December 31, 2007 while representing \$17,373 for the corresponding periods of fiscal 2007.

## **Research and development expenses**

Research and development costs, net of tax credits for a company established at the Centre national des nouvelles technologies de Québec (CNNTQ – Quebec Center for new technologies) and net of tax credits for research and development totalled \$409,544 for the second quarter of fiscal 2008, compared to \$197,378 for the same quarter of fiscal 2007, an increase of \$212,166 or 107%. For the six-month period ended December 31, 2007, the Company's net research and development costs totalled \$815,321, compared to \$398,102 for the corresponding period in the previous fiscal year, an increase of \$417,219 or 105%. The marked increase in these costs is mainly due to the hiring of new personnel dedicated to product upgrades and the integration of resources from the Corzen Inc. acquisition. These new upgrades will mostly include products for the recruitment market, all of which, supported by a technology infrastructure appropriately tailored to the Corporation's growth plan.

In the second quarter of fiscal 2008, Wanted recorded \$53,206 in tax credits for a company established at the Centre national des nouvelles technologies de Québec (CNNTQ) and for research and development, compared to \$67,105 for the same quarter of fiscal 2007. For the first six months of fiscal 2008, Wanted recorded tax credits of \$112,343 compared to \$103,410 for the corresponding period in the previous fiscal year.

## **Marketing and selling expenses**

For the second quarter of fiscal 2008, marketing and selling expenses totalled \$341,976, compared to \$224,778 for the same quarter of fiscal 2007, an increase of \$117,198 or 52%. For the six-month period ended December 31, 2007, the Company's marketing and selling expenses totalled \$725,055, compared to \$456,276 for the corresponding period in the previous fiscal year, an increase of \$268,779 or 59%. This increase is essentially due to marketing investments to support revenue growth, which led to the hiring of new personnel and greater participation in promotional activities as well as the integration of resources from Corzen Inc. The hiring of new personnel allowed Wanted to strengthen its position in the market and to generate the growth to date. Wanted will continue to add to its sales and marketing team in fiscal 2008 in order to support its continuing growth plan.

## **General and Administrative expenses**

General and administrative expenses totalled \$335,379 for the second quarter of fiscal 2008, compared to \$227,300 for the corresponding quarter in the previous fiscal year, an increase of \$108,079 or 48%. This increase is mostly due to the hiring of new personnel to support the growth of the Company and to an increase in professional fees.

For the six-month period ended December 31, 2007, the Company's general and administrative expenses totalled \$664,309, compared to \$431,672 for the corresponding period in the previous fiscal year, an increase of \$232,637 or 54%. This increase is mostly due to new hiring, additional consulting and professional fees resulting from the acquisition of Corzen Inc. combined with an increase in the audit fees recorded in the first quarter of fiscal 2008.

## **Financial expenses**

Net financial expenses mainly consist of interest income on short-term investments, interest expenses on long-term debt, and interest expenses on the convertible debenture.

For the second quarter of fiscal 2008, net financial expenses were \$11,158 compared to net financial revenues of \$1,493 for the same quarter of fiscal 2007. This variation is mainly due to a decrease of \$8,488 in interest income in the first quarter of fiscal 2008 compared to the same quarter of the previous year. This decrease in interest income is mainly due to a reduction of short term investments converted into liquidities and used for the Corzen Inc. acquisition on June 30, 2007. Interest expenses on long term debts increased by \$13,923 mainly due to the signature of a mortgage loan of \$750,000 in the first quarter of fiscal 2008 as well as additional financing related to the acquisition of equipment.

For the six-month period ended December 31, 2007, the Company's net financial expenses totalled \$34,612, compared to net financial revenues of \$2,069 for the corresponding period in the previous fiscal year. Financing fees of \$20,753 related to a mortgage loan of \$750,000 concluded in the first quarter of fiscal 2008 contributed significantly to this increase. According to the Company's accounting policy, these costs are fully expensed immediately. However, the conversion of the convertible debenture on July 23, 2007 contributed to a reduction of the financial expenses for the six month period ended December 31, 2007 compared to the same period in the previous year.

## **Earnings before other items**

For the second quarter of fiscal 2008, earnings before other items totalled \$154,472 compared to earnings before other items of \$101,366 for the second quarter of fiscal 2007, an increase of \$53,106, or 52%. For the six-month period ended December 31, 2007, the Company's earnings before other items totalled \$408,909, compared to earnings before other items of \$121,693 for the corresponding six-month period in the previous fiscal year, an increase of 236%.

These consecutive quarterly increases are primarily due to the significant continuous growth in the revenues. The increase in revenues was however partially offset by investments in the operational, commercial and administrative structures and resources required to allow Wanted to continue to sustain future growth. For the six-month period ended December 31, 2007, earnings before other items were also reduced by expenses related to new financing concluded in the first quarter of fiscal 2008 as well as by

the amortization of the intangible assets acquired from Corzen Inc. on June 30, 2007. The amortization of the intangible assets totalled \$52,311 for the second quarter of fiscal 2008. For the six-month period ended December 31, 2007, the amortization of the intangible assets totalled \$104,623. No such charge was recorded in fiscal 2007.

## **Net earnings**

Net earnings for the second quarter of fiscal 2008 totalled \$106,935, compared to \$75,546 for the same quarter of fiscal 2007, an increase of \$31,389. Net earnings for the six-month period ended December 31, 2007 totalled \$220,339 compared to \$91,380 for the same period of fiscal 2007.

The following items contributed to the increase in net earnings for the second quarter and the first six months of fiscal 2008 in comparison to the corresponding periods of the previous year:

- Revenue growth of 88%, or \$670,014, for the second quarter of fiscal 2008 and 103%, or \$1,461,658, for the six-month period ended December 31, 2007. This growth in revenues was however compensated partially by an increase of 77.5%, or \$502,405 in operating expenses for the second quarter of fiscal 2008 and \$1,059,939 or 82% for the six-month period ended December 31, 2007. As a net result, the earnings before other items increased from \$101,366 for the second quarter of fiscal 2007 to \$154,472 for the second quarter fiscal 2008 and from \$121,693 to \$408,909 for the six-month period ended December 31, 2007;
- Currency exchange loss totalled \$8,561 for the second quarter of fiscal 2008 compared to exchange gain of \$10,798 for the same quarter last year, a variance of \$19,359. For the six-month period ended December 31, 2007, a currency exchange loss of \$42,589 was recorded compared to a \$6,305 gain for the corresponding period in previous year, a variation of \$48,894; and,
- For the second quarter of fiscal 2008, \$41,038 was recorded as stock-based compensation. For the six-month period ended December 31, 2007, a total of \$148,043 was recorded as stock-based compensation. A charge of \$36,618 was recorded for the corresponding six-month period of fiscal 2007.

Net earnings per share for the second quarter of fiscal 2008 was \$0.004, compared to \$0.004 for the corresponding period in fiscal 2007. For the six-month period ended December 31, the net earnings per share increased from \$0.004 in fiscal 2007 to \$0.009 in fiscal 2008.

## Main Quarterly Financial Data

(In Canadian dollars)

	Third Quarter \$	Fourth Quarter \$	First Quarter \$	Second Quarter \$
<b>Quarter ended</b>	<b>31-3-2007</b>	<b>30-6-2007</b>	<b>30-9-2007</b>	<b>31-12-2007</b>
Revenues	843,064	835,063	1 447,989	1,428,657
EBITDA* before other items	184,318	248,997	372,963	266,038
Net earnings	125,623	12,914	113,404	106,935
Net earnings per share (basic and diluted)	0.006	0.001	0.005	0.004
<b>Quarter ended</b>	<b>31-3-2006</b>	<b>30-6-2006</b>	<b>30-9-2006</b>	<b>31-12-2006</b>
Revenues	469,813	597,662	656,345	758,643
EBITDA* before other items	(146,066)	5,687	52,694	137,199
Net earnings (Net loss)	(196,952)	(51,802)	15,834	75,546
Net earnings (Net loss) per share (basic and diluted)	(0.010)	(0.003)	0.001	0.004

\* Definition of EBITDA: Earnings (loss) before interest, tax on earnings, depreciation, amortization and loss in value of physical assets. The EBITDA is provided as an additional measure to help readers assess the Company's ability to generate cash flow from its activities and to meet its financial obligations. This indicator is also generally used for valuation purposes. As the generally accepted accounting principles in Canada do not provide a standardized definition for this measure, it may not be comparable to similar measures used by other companies.

## Cash Flow

As at December 31, 2007, the cash position totalled \$140,729, compared to \$120,436 at the beginning of the fiscal year.

### Operating activities

During the second quarter of fiscal 2008, the Company used \$135,847 in operating activities, compared to the second quarter of fiscal 2007 where the operating activities generated \$104,576, an unfavorable variation of \$240,423. This variation is mainly due to a negative variance in the working capital items of \$333,252 mostly caused by an increase in the accounts receivable attributable to a significant increase in sales in the last month of the second quarter of fiscal 2008. This negative variation was however partially offset by an increase in the Company's profitability.

For the six-month period ended December 31, 2007, operating activities used \$32,605 compared to the same period of the previous year where the operating activities generated \$80,347, an unfavorable variation of \$112,952. The following items largely contributed to this variation:

- Improvement in the Company's profitability by \$128,959 (net earnings of \$220,339 for the six-month period ended December 31, 2007 compared to net earnings of \$91,380 for the corresponding period in the previous year);
- Amortization expenses for property, plant and equipment totalling \$90,857 for the six-month period ended December 31, 2007 compared to \$70,269 for the corresponding period in the previous year, an increase of \$20,588;
- Amortization of intangible assets acquired from Corzen Inc. on June 30, 2007 resulting in an expense of \$104,623 for the six-month period ended December 31, 2007. No such expenses were recorded during the previous year;
- Stock-based compensation totalling \$148,043 for the six-month period ended December 31, 2007 compared to \$36,618 for the corresponding period of the previous year; and,
- A negative variance of \$468,485 in the working capital items for the six-month period ended December 31, 2007 compared to the same period last year that was mostly due to important sales in December 2007, increasing significantly the accounts receivable as of this date, and to a decrease in accounts payable.

## **Investing activities**

For the second quarter of fiscal 2008, investing activities used \$17,402 in cash, compared to \$15,098 for the corresponding quarter of fiscal 2007, a variation of \$2,304.

For the six month period ended December 31, 2007, investing activities used \$586,387 in cash, compared to \$12,917 for the corresponding period of fiscal 2007. Key contributors to this variation were:

- Investments of \$385,000 in short-term investments in the six-month period ended December 31, 2007. No liquidity was invested in short term investments in the corresponding period of the prior year;
- Disbursements in the amount of \$179,680 related to costs incurred for the acquisition of Corzen Inc. These unpaid costs were presented in the accounts payable and accrued liabilities as at June 30, 2007; and,
- Liquidities used for the purchase of property, plant and equipment were higher for the six-month period ended December 31, 2007 where they totalled \$23,769 compared to \$12,917 for the corresponding period of fiscal 2007.

## **Financing activities**

Cash flow used by financing activities totalled \$50,621 for the second quarter of fiscal 2008, compared with \$20,738 for the second quarter of fiscal 2007, an increase of \$29,883. During the second quarter of fiscal 2008, \$66,621 in liquidities was used for the repayment of loans compared to \$20,738 in the same quarter of last year, an increase of \$45,883. Also, the Company received \$16,000 in liquidity during the second quarter of fiscal 2008 following the exercise of stock options.

For the first six months of fiscal 2008, financing activities generated \$639,285 compared to \$156,073 for the same period in fiscal 2007. This variation is largely due to a mortgage loan of \$750,000 obtained in the first quarter of fiscal 2008.

For the second quarter of fiscal 2008, the net decrease in the cash position was \$203,870, compared to a net increase of \$68,740 for the corresponding quarter of fiscal 2007, an unfavorable variance of \$272,610. For the six-month period ended December 31, 2007, the cash position increased by \$20,293 compared to an increase of \$52,503 for the corresponding period in the previous year.

## **Financial Situation**

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### **Assets**

As at December 31, 2007, Wanted had \$1,050,524 in cash and short-term investments compared to \$645,231 on June 30, 2007, an increase of \$405,293. This increase is mainly due to a long-term financing of \$750,000 obtained in the first quarter of fiscal 2008. This increase was however partially offset by the payment of accounts payable and accrued liabilities related to the acquisition of Corzen Inc.

As at December 31, 2007, short-term assets totalled \$2,534,252, compared to \$1,694,387 on June 30, 2007. This increase of \$839,865 is mainly due to an increase in short term investments, accounts receivable and tax credits receivable.

As at December 31, 2007, property, plant and equipment totalled \$576,737, compared to \$540,831 on June 30, 2007, for an increase of \$35,906. This increase is mainly due to the purchase of \$126,763 in computer equipment to support growth and to improve customer service which was partially offset by an amortization charge of \$90,857 for the six month period ended December 31, 2007.

As at December 31, 2007, intangible assets stood at \$1,256,958 compared to \$1,361,581 as of June 30, 2007. This decrease is attributable to the recording of an amortization expense of \$104,623 during the first six months of fiscal 2008.

As at December 31, 2007, total assets were \$5,775,748, compared to \$5,004,600 on June 30, 2007, an increase of \$771,148. As mentioned above, this increase is essentially due to the increase in the short term investments and accounts receivable.

## Liabilities

As at December 31, 2007, total liabilities were \$1,761,697, compared with \$1,566,414 on June 30, 2007, an increase of \$195,283. The increase is mostly explained by the following factors:

- A decrease of \$242,343 in accounts payable and accrued liabilities, which totalled \$688,369 as at December 31, 2007, compared with \$930,712 as at June 30, 2007. This decrease is primarily due to payment of costs related to the acquisition of Corzen Inc.;
- A \$97,170 decrease in deferred revenues as at December 31, 2007 compared to June 30, 2007;
- An increase in long-term debt (including short-term instalments) of \$726,279 for a total of \$870,218 as at December 31, 2007, compared with \$143,939 as of June 30, 2007. This increase is mainly due to a mortgage loan of \$750,000 obtained in the first quarter of fiscal 2008; and,
- The conversion in total of the convertible debenture held by Innovatech Quebec on July 23, 2007, resulting in a decrease of \$191,483 in liabilities. The conversion increased the total number of Class “A” shares by 333,333 and increased the value of the capital stock by \$226,283.

## Contractual obligations

### Required payments, by period

	Total \$	Less than 1 year \$	2 to 3 years \$	4 to 5 years \$
(In Canadian dollars)				
Long-term debt	870,218	266,661	338,546	265,011
Use of office space	250,492	91,088	159,404	-
Equipment rental	2,119	2,119	-	-

## Shareholders' equity

### Capital stock

Authorized capital stock is distributed as follows:

- Unlimited number of class “A” non-par value, voting and participating shares.
- Unlimited number of class “B” non-par value, non-voting and non-participating shares, issued by series, where the terms and conditions of each series are determined on the issue date.

Issued and fully paid	December 31, 2007	June 30, 2007
	\$	\$
23,787,993 class A shares as at June 30, 2007		10,510,300
24,161,326 class A shares as at December 31, 2007	10,756,962	

As at December 31, 2007, shareholders' equity totalled \$4,014,051 compared to \$3,438,186 as at June 30, 2007. This increase of \$575,865 in the Company's shareholders' equity is mainly due to the following items:

- A \$246,662 increase in capital stock resulting from the conversion in total of the convertible debenture held by Innovatech Quebec for an amount of \$226,283 as well as from the exercise of stock options for an amount of \$20,379;
- A decrease of \$34,800 in the equity component of the convertible debenture following its conversion;
- An increase of \$108,166 in the value assigned to stock options. This increase is due to an expense of \$148,043 partially offset by the cancellation of 310,000 stock options having a total value of \$35,498 and the exercise of 40,000 stock options having a value of \$4,379;
- A \$35,498 increase in the amounts recorded to the contributed surplus subsequent to the cancellation of 310,000 stock options; and,
- A reduction in the accumulated deficit subsequent to net earnings of \$220,339 for the first six months of fiscal 2008.

Upon the closing of the qualifying transaction on September 20, 2005, 10,593,284 class "A" shares were escrowed and could not be transferred, hypothecated, pledged or otherwise disposed of without the authorization of the regulatory authorities. These shares are being released in stages over a period not exceeding 36 months beginning on September 20, 2005. As at December 31, 2007, 3,221,316 of these shares were still escrowed.

## Stock options

Each stock option entitles the bearer to acquire one class "A" share of capital stock.

Quantity	December 31, 2007	June 30, 2007
Stock options	1,890,000	1,430,000

Additional information on this item can be found in note 13 of the Company's consolidated unaudited financial statements for the quarter ended December 31, 2007.

On July 4<sup>th</sup>, 2007, the Company issued 685,000 stock options to directors and officers of the company. On October 18, 2007, an additional 125,000 stock options were issued to an officer of the company. The exercise price of all these new stock options is 0.76\$ per share.



## **Significant Accounting Policies**

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The Company's unaudited consolidated financial statements are prepared in accordance with Canadian GAAP, which require management to make estimates and assumptions that affect the amounts of the assets and liabilities, the information provided regarding contingent assets and liabilities as of the date of the financial statements, as well as revenue and expense amounts for the periods in question. Items in the financial statements that require a greater use of estimates include: costing of options and warrants, provisions for bad debt expenses, evaluation of certain accrued liabilities and evaluation of receivable tax credits for a company established at the Centre national des nouvelles technologies de Québec (CNNTQ) and for research and development. Though actual results may differ from these estimates, management does not consider that they will differ significantly from the announced results.

### **Financial instruments**

Starting on July 1, 2007, in accordance with applicable transitional provisions, the Company retroactively adopted without restatement of prior period financial statements the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook - Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*. The new recommendation describes standards for the classification, recognition, measurement, disclosure and presentation of financial instruments (including derivatives) and non-financial derivatives in the financial statements. The adoption of these new standards resulted in some changes in the classification and measurement of the Company's financial instruments, previously recorded at cost. The details of these changes and their impact on the financial statements are described in note 2 of the unaudited consolidated financial statements.

The Company also adopted as an accounting policy to record the transaction costs related to other financial liabilities immediately in the statement of earnings. These costs are presented with the financial expenses.

## **Information Communication Controls and Procedures**

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In accordance with *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, the Wanted Technologies information disclosure controls and procedures have been evaluated. Based on this evaluation, the President and Chief Executive Officer and Vice President Finance and Chief Financial Officer, have concluded that the disclosure controls and procedures were effective at the end of the period ended December 31, 2007 and, more specifically, that the design of said controls and procedures provides a reasonable assurance that material information pertaining to Wanted Technologies Corporation, including its consolidated subsidiary, is communicated to them by others within these entities, particularly during the period in which the annual documents are produced.

Internal control over financial information is intended to provide a reasonable assurance as to the reliability of the Company's financial information and the preparation of the financial statements in accordance with Canadian GAAP. The President and Chief Executive Officer and Vice President Finance and Chief Financial Officer, have carried out an assessment to determine whether, during the quarter ended December 31, 2007, the Company made changes to the internal control mechanism which had or may have had a material impact on it. Their evaluation identified no such change.

## **Risks and Uncertainties**

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### **History of recent losses**

The Company experienced operating losses during previous years. Although the Company has generated net earnings for the last six consecutive quarters, the Company's ability to meet its obligations by the established due dates and to finance its future activities depends on its ability to reach a level of profitability or on the support of shareholders and creditors. These financial statements were prepared based on the continuity of operations assumption.

### **Competition**

The Company is pursuing its growth in a relatively new and competitive field. New players, new alliances and new technological solutions may very well emerge in this market. In order to maintain its competitive edge, the Company must retain its key employees and continue to invest in research and development.

Wanted provides state-of-the-art products. However, nothing can guarantee the speed with which clients will embrace these products. Though the Company has proven that its products can meet the needs of the recruitment media market, such as newspapers and electronic bulletin boards, it is difficult to assess the precise potential of these solutions for other targeted markets.

### **Economy**

Adverse changes in the economy, both in Canada and the United States, could have a negative impact on Wanted financial results.

### **Credit risk**

The financial instruments that could expose the company to a credit concentration risk mainly include: cash, obligations, term deposits, bonds and accounts receivable. Cash, obligations, term deposits and bonds are held by top-rated financial institutions. Consequently, management believes that the risk of non-performance associated with these instruments is very low.

There is no specific concentration of the credit risk. Generally speaking, in terms of accounts receivable, the Company does not require additional guarantees from its clients. However, credit is granted to clients only following an assessment of their solvency. The Company reassesses the credit of its clients on an ongoing basis and, should an account be deemed irrecoverable, a bad debt provision would then be established.

## **Exchange risk**

Due to its U.S. revenues and the accounts receivable associated with these revenues, the Company is exposed to exchange risk. The vast majority (94%) of the Company's revenues for the six-month period ended December 31, 2007 were in US dollars.

The Company feels that it vigorously monitors these risks and uncertainties. It invests in research and development with the aim to ensure constant product improvement and development. Wanted continually monitors its competitive market environment.

## **Outlook**

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The integration of the commercial activities and products of Corzen, Inc., acquired on June 30, 2007, were substantially completed in the second quarter of fiscal 2008. This important step should enable Wanted to accelerate its growth strategy and maximize value for its shareholders. To reach this goal, Wanted plans on recruiting new employees in product management, marketing and sales.

As previously mentioned, the majority of Wanted's revenues primarily comes from renewable annual contracts generating recurring revenues for the Company. Based on all of the contracts with current clients and the renewal of these contracts over the next 12 months, Wanted had, as at December 31, 2007, contracts representing annualized recurring revenues of approximately 4.6 million dollars.

## **Prospective statements**

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Apart from historical data, the financial analysis by management contains information and statements concerning the future results of the Company which should be considered as prospective. These statements reflect the current vision of the Company concerning future events. They are based on information currently available to the Company and on reasonable hypotheses. These prospective statements are subject to risks, uncertainties and other factors likely to influence the results, the performance and the achievements of the Company such that they could differ substantially from the results, performance and achievements prospective statements of this nature might imply. The Company is in no way obliged nor does it intend to revise these prospective statements on the basis of new information, future events, etc.

## **Further information**

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The Company is an issuer under the legislation governing securities. Consequently, the Company is required to submit financial statements, a proxy circular, as well as an annual information form to the various regulatory authorities governing securities. These documents can be obtained by sending a request to the Company or from the Internet at [www.sedar.com](http://www.sedar.com).

Martin Auclair, CA  
VP Finance and Chief Financial Officer