



**WANTED TECHNOLOGIES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the First Quarter Ended September 30, 2009**

**NOVEMBER 13, 2009**

# WANTED TECHNOLOGIES CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter ended September 30, 2009

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# WANTED TECHNOLOGIES CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1) Introduction

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The following analysis concerns the financial situation, operating results and cash flow of WANTED Technologies Corporation ("WANTED" or the "Company") for the quarter ended September 30, 2009, as compared with the quarter ended September 30, 2008. This management report, prepared as at November 13<sup>th</sup>, 2009, is intended to complement and supplement the unaudited consolidated financial statements and should be read in conjunction with these unaudited consolidated financial statements and the related notes for the first quarter of fiscal 2010 ended September 30, 2009. The consolidated financial statements and the management report are designed to provide investors with a reasonable basis for evaluating the Company's operating results and financial performance.

**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.**

### Prospective Statements

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 assumptions. 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. More information on these risk factors is available in section "Risks and Uncertainties". Unless required by Canadian and Provincial securities legislation, the Company does not intend to revise these prospective statements on the basis of new information, future events, or others.

### Non GAAP Measures

EBITDA is one of the key financial indicators used by management to monitor the performance of the Company and assess the Company's ability to generate cash flows from its continued activities and to meet its financial obligations. This indicator is also generally used for valuation purposes. EBITDA represents earnings before interest, tax on earnings, depreciation, amortization and loss in value of physical assets and intangible assets. 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

## 2) Overview

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WANTED Technologies Corporation is the leading source of insight and analysis based on hiring demand in the United States and Canada. Clients in the Media, HR/Staffing, Government and Financial Services sectors use WANTED's online data and SaaS-based analytical solutions to identify economic trends, analyze competitive and market activities and prioritize sales opportunities. Clients include leading Media companies offering advertising-based recruiting services, Staffing agencies and career transition agencies, as well as governmental agencies. WANTED's products and services are delivered electronically via annual subscription, and its revenues are mostly based on recurring fees tied to the number of individual users or "seats" within the client's organization.

### Q1-2010 Highlights

- Revenue of \$1,135,462 for the first quarter of fiscal 2010, compared to \$1,410,537 in the first quarter of fiscal 2009, a 20% decrease.
- EBITDA of \$118,629, compared to \$388,071 in first quarter of fiscal 2009, a decrease of 69%.
- Net earnings of \$5,774, compared to \$224,749 in the first quarter of fiscal 2009, a decrease of \$218,975.
- Significant year-over-year increases in sales to new Government and Staffing clients as investments in Product Development and Sales gain traction.

### Selected Financial Information

WANTED monitors its overall performance using key financial indicators such as revenues, EBITDA before other revenue and expenses and net earnings.

### Main Annual Financial Data

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	Q1-2010 09-30-09 (unaudited) \$	Q1-2009 09-30-08 (unaudited) \$
Revenue	1,135,462	1,410,537
EBITDA before other revenue and expenses	185,484	339,715
Net earnings	5,774	224,749
Net earnings per share (basic and diluted)	0.0002	0.009
Total assets	6,225,629	6,133,448
Long-term liabilities	880	458,874

## **Business Outlook**

Fortunately, the worst of the economic crisis appears to have passed. However, the one sector of the economy that remains under a cloud of uncertainty is the employment sector. Because WANTED products serve this sector, the Company's outlook for the next six-nine months will be tied to the rate of recovery in employment in the United States.

Many economists predict the currently high unemployment rates in the US to continue through 2010. Employers are reluctant to add to their payrolls until it is clear that an economic recovery is fully underway. There is also data that indicates that there is excess capacity in the current workforce, based on the number of hours worked per week per employee. Before employers begin to hire again, this over capacity in the existing workforce will need to be eliminated.

WANTED's services are well-positioned in the sector to help clients rapidly identifying areas where demand for employees is beginning to pick-up. The WANTED *Analytics*<sup>TM</sup> platform enables clients to identify trends in hiring at a very detailed company level, and as demand picks up, these clients can begin to staff back up in their sales organizations. These staff additions we believe will lead to additional seat licenses for WANTED *Analytics*.

The Company also began an effort in 2008 to diversify its client base beyond the Media sector to include Staffing, Government and Financial Services. As of the end of the first quarter, WANTED has secured agreements with ten new Staffing firms and, through our collaboration with The Conference Board, secured agreements with two US state government agencies. These initial agreements, particularly in an uncertain economic environment, provide important validation of the Company's strategy of diversifying its client base.

One of WANTED's strengths is that it provides market intelligence and sales productivity tools. These services provide clients with valuable insight during both positive and negative periods in economic cycles. Because we have recently been through the most severe economic down-turn since the Great Depression, we believe that we have been able sustain the Company's value proposition to its clients under the most demanding conditions. We have spent the last eighteen months establishing a foundation in new market sectors, and we believe that as the economy improves, our investments in product, sales and marketing will begin to pay off.

## **3) Operating results**

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### **Revenues**

WANTED's business model is largely focused on building its recurring revenue base through annual subscriptions to its leading employment market intelligence platform, *Analytics*<sup>TM</sup> 2.0.

For the first quarter of fiscal 2010, WANTED posted revenues of \$1,135,462, compared to \$1,410,537 for the first quarter of fiscal 2009, a decrease of \$275,075 or 20%. Revenue derived from recurring revenue contracts amounted to \$1,032,153 for the first quarter ended September 30, 2009, a decrease of \$270,514, or 21%, over the \$1,302,667 registered in the first quarter ended September 30, 2008. Non-recurring revenues amounted, for the first quarter of fiscal 2010, to \$103,309, representing a decrease of \$4,561 over the corresponding quarter of the previous year.

As of September 30, 2009, contracts in hand represented approximately 4.3 million dollars in annualized recurring revenues while contracts in hand represented, as of September 30, 2008, approximately 5.2 million dollars in annualized revenues, a decrease of 17%.

	Q1-2010 \$	Q1-2009 \$	Change \$	Change %
Recurring revenue	1,032,153	1,302,667	(270,514)	(21%)
Non-recurring revenue	103,309	107,870	(4,561)	(4%)
Total revenue	1,135,462	1,410,537	(275,075)	(20%)
Book of recurring revenue - end	\$4,3 M	\$5,2 M	(\$0,9 M)	(17%)

This contraction in WANTED'S base of recurring revenues stems from cutbacks largely among WANTED's Media clients, some of whose revenues in the employment category have declined 50 percent during the past year. In spite of this challenging environment in 2009, WANTED was able to secure subscription renewal agreements with its 10 largest media clients, although at reduced levels due to the reductions made in their own sales forces.

WANTED's recurring revenue base appears to have stabilized. The recurring revenue base of \$4.3 million as of September 30 is only 2% lower than the recurring revenue base of \$4.4 million as of June 30, 2009. The cutbacks among the Company's Media clients appear to be over, and at the same time, the Company is replacing some of the lost recurring revenues in Media with revenues in Staffing and Government.

The concept of recurring annualized revenues assumes that all recurring revenue contracts, as of the calculation date, will be renewed and is calculated based on the average exchange rate of the last month of the quarter. For the first quarter ended September 30, 2009, recurring revenues represented approximately 91% of total revenues compared to 92% for the first quarter ended September 30, 2008.

	USA \$	Canada \$	Total \$
Revenue - Q1- 2010	1,075,562 95 %	59,900 5%	1,135,462 100%
Revenue - Q1- 2009	1,300,456 92%	110,081 8%	1,410,537 100%
Variation	(224,894) (17%)	(50,181) (46%)	(275,075) (20%)

Ninety-five per cent (95%) of WANTED's revenues, for the quarter ended September 30, 2009, came from sales denominated in US dollars compared to ninety-two per cent (92%) for the quarter ended September 30, 2008. The fluctuations in the U.S. dollar versus the Canadian dollar had a significant impact on the revenues of the Company in the first quarter of fiscal 2010. The average exchange rate went from 1.0411 for the first quarter ended September 30, 2008 to an average of 1.0979 for the first quarter ended September 30, 2009. Had the average exchange rate remained the same from the first quarter ended September 30 2008, total revenue, for the first quarter ended September 30, 2009 would have been lower by approximately \$56,000 and the recurring revenue base, as of September 30, 2009, would have been amounted to approximately 4.1 million dollars.

## **Cost of goods sold**

Some WANTED services are based on enriching the content of business databases which are licensed from third parties and re-sold to WANTED's clients. The licensing costs of these business databases represent the majority of WANTED's cost of goods sold. For the first quarter of fiscal 2010, the cost of goods sold associated with this type of revenue amounted to \$243 compared to \$7,743 for the first quarter of fiscal 2009.

For the first quarter of fiscal 2010, revenues related to this type of transaction totalled \$831. For the first quarter of fiscal 2009, the revenues related to these cost of goods sold totalled \$38,645.

## **Research and development expenses**

Research and development costs, net of CNNTQ (Centre National des Nouvelles Technologies de Québec) and research tax credits totalled \$338,853 for the first quarter of fiscal 2010, compared with \$323,506 for the first quarter of fiscal 2009, a net increase of \$15,347 or 5%. This increase mostly results from continuing investment in staff to support new products and services in new targeted market sectors.

Tax credits recorded for the quarter ended September 30, 2009 totalled \$56,899 compared to \$59,171 in the quarter ended September 30, 2008.

## **Marketing and selling expenses**

For the quarter ended September 30, 2009, marketing and selling expenses totalled \$409,631, compared with \$477,823 for the quarter ended September 30, 2008, a decrease of \$68,192 or 14%. This decrease mostly results from sales and marketing initiatives related to the launches, in the first quarter of fiscal 2009, of the new version of *Analytics™ 2.0* and the new Website. Lower professional fees and travelling expenses in the first quarter of fiscal 2010 also contributed to this decrease in marketing and selling expenses.

## **Administrative expenses**

For the first quarter of fiscal 2010, administrative expenses totalled \$247,034, compared with \$304,009 for the first quarter of fiscal 2009, a decrease of \$56,975, or 19%. This decrease is mostly the result of lower professional fees and traveling expenses in the first quarter of fiscal 2010 compared to the corresponding quarter of fiscal 2009.

## **Financial expenses**

Net financial expenses mainly consist of interest expenses on long-term debt, net of interest income on temporary investments.

For the first quarter ended September 30, 2009, net financial expenses totalled \$9,782, compared with net financial expenses of \$8,871 for the quarter ended September 30, 2008. This increase of \$911 is mainly due to a decrease in interest revenue in the first quarter of fiscal 2010 resulting from lower available interest rates, partially offset by decreases in both interests expenses related to long-term debt and other financial expenses.

## Earnings before other revenue and expenses

For the first quarter ended September 30, 2009, earnings before other revenue and expenses totalled \$89,149, compared with earnings before other revenue and expenses of \$236,273 for the first quarter ended September 30, 2008, a decrease of \$147,124, or 62%. This decrease is primarily due to a decrease of \$267,575, or 19% in gross margin resulting from lower revenues. This decrease in gross margin was however partially offset by decreases in marketing, selling and administrative expenses, which contributed to a decrease of \$120,451, or 10%, in operating expenses. A decrease of \$11,542 in the amortization expenses recorded on intangible assets also contributed to this reduction in operating expenses. This decrease of \$11,542 results from the fact that non-competition agreements were fully amortized as of June 30, 2009.

## Net earnings

Net earnings, for the first quarter of fiscal 2010, were \$5,774, compared to net earnings of \$224,749 recorded in the first quarter of fiscal 2009, a decrease of \$218,975. This decrease mostly results from the combination of a decrease of \$147,124 in earnings before other revenue and expenses and a negative variation of \$115,211 related to foreign exchange. For the first quarter ended September 30, 2009, WANTED recorded a foreign exchange loss of \$66,855, compared with a foreign exchange gain of \$48,356 recorded in the corresponding quarter of prior year. A decrease of \$43,360 in the provision for income taxes contributed positively to the variation in net earnings.

## Main Quarterly Financial Data

	Second quarter \$ 12-31-08	Third quarter \$ 03-31-09	Fourth quarter \$ 06-30-09	First quarter \$ 09-30-09
Revenues	1,610,643	1,641,587	1,452,660	1,135,462
EBITDA before other revenue and expenses	155,400	226,285	382,561	185,484
Net earnings	113,599	90,086	140,374	5,774
Net earnings per share (basic and diluted)	0.005	0.004	0.006	0.0002
	12-31-07	03-31-08	06-30-08	09-30-08
Revenues	1,428,657	1,334,141	1,465,290	1,410,537
EBITDA before other revenue and expenses	225,000	307,959	271,794	339,715
Net earnings	106,935	7,281	132,574	224,749
Net earnings per share (basic and diluted)	0.004	0.0003	0.006	0.009

Net earnings per share (basic and diluted) totalled \$0.0002 for the quarter ended September 30, 2009, compared with net earnings per share (basic and diluted) of \$0.009 for the quarter ended September 30, 2008.

## **4) Cash Flows**

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As at September 30, 2009, the cash position totalled \$1,703,422, compared with \$1,742,970 at the beginning of the fiscal year, a decrease of \$39,548.

### **Operating activities**

During the first quarter of fiscal 2010, cash flows generated from operating activities were \$23,074, compared to \$563,500 in the first quarter of the previous year, a decrease of \$540,426.

This variation is mostly explained by a negative variance of \$316,248 in the changes in working capital items for the first quarter of fiscal 2010 as compared with the first quarter of fiscal 2009. This negative variation in changes in working capital items mostly results from negative variations of \$182,316 and \$118,524 related to deferred revenues and income taxes payable respectively. A decrease of \$218,975 in the Company's profitability for the first quarter of fiscal 2010 compared to the first quarter of fiscal 2009 also impacted negatively the cash flows generated from operating activities.

### **Investing activities**

For the first quarter of fiscal 2010, investing activities used \$9,974 in cash flows, compared with \$76,409 for the first quarter of fiscal 2009, a decrease of \$66,435 mostly resulting from a reduction of \$63,439 in the liquidities used for the purchase of property, plant and equipment. In the first quarter ended September 30, 2010, \$9,974 were used for purchase of property, plant and equipment compared to \$73,413 for the corresponding quarter of prior year.

Note that during the first quarter of fiscal 2010, the Company purchased for a total value of \$94,999 in property, plant and equipment by way of capital leases with no impact on consolidated cash flows.

### **Financing activities**

Financing activities used \$52,648 in cash flows during the first quarter of fiscal 2010, compared to \$60,790 during the first quarter of fiscal 2009, decrease of \$8,142 resulting from lower capital repayments required on long term debts.

## **5) Balance Sheet and Financial Situation**

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### **Assets**

As at September 30, 2009, WANTED had \$2,223,287 in cash and temporary investments, compared with \$2,262,835 as at June 30, 2009. This decrease of \$39,548 in the Company's liquidity is mainly the result of cash flows of \$9,974 and \$52,648 used for investing and financing activities respectively. These decreases were however partially offset by positive cash flows of \$23,074 generated by the operating activities.

As at September 30, 2009, short-term assets totalled \$3,393,554, compared with \$3,444,441 as at June 30, 2009, a decrease of \$50,887. This decrease is mainly attributable to decreases of \$57,883 in accounts

receivables, \$10,355 in prepaid expenses and \$39,548 in cash and temporary investments. These decreases were partially offset by an increase of \$56,899 in tax credits receivable.

As at September 30, 2009, property, plant and equipment totalled \$559,923, compared with \$500,733 as at June 30, 2009. This increase of \$59,190 is the result of the acquisition of \$104,973 in property, plant and equipment to be able to maintain adequate user response times within new and more complex user applications. This increase was partially offset by an amortization charge of \$45,783 recorded in the first quarter of fiscal 2010. Note that \$94,999 of the total investment of \$104,973 in property, plant and equipment were made by way of capital leases payable over a period of 12 months, free of interest charges.

As at September 30, 2009, intangible assets stood at \$856,155 compared to \$896,925 as at June 30, 2009. This decrease is attributable to the recording of an amortization expense of \$40,770 during the first quarter of fiscal 2010. Intangible assets consist of the value allocated to the clients list acquired through the Corzen transaction.

As at September 30, 2009, total assets stood at \$6,225,629, compared with \$6,258,096 as at June 30, 2009, a decrease of \$32,467. This variance is mainly due to decreases in short-term assets and intangible assets, partially offset by an increase in property, plant and equipment,

## Liabilities

As at September 30, 2009, total liabilities were \$1,362,965, compared with \$1,421,695 as at June 30, 2009, a decrease of \$58,730 mostly resulting from decreases of \$151,615 in deferred revenues and \$58,644 in income taxes payable. These decreases were partially offset by increases of \$109,178 in accounts payable and accrued liabilities and \$42,351 in long-term debt. The increase in long-term debt (including short-term instalments) results from the purchase of \$94,999 of property, plant and equipment acquired by way of capital leases, offset by \$52,648 in capital repayments during the first quarter of fiscal 2010. The total long-term debt (including short-term installments) stood at \$548,310 as at September 30, 2009.

## Contractual obligations

### Required payments by period

	Total \$	Less than 1 year \$	2 years \$
<b>(In Canadian dollars)</b>			
Long-term debt	548,310	547,430	880
Use of office space	121,571	121,571	-
<b>(In American dollars)</b>			
Purchases of data and information	184,778	-	184,778

## 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.

<u>Issued and fully paid</u>	<u>September 30, 2009</u>	<u>June 30, 2009</u>
	\$	\$
24,011,326 class "A" shares	10,690,212	10,690,212

The Company announced, on November 24, 2008, the filing with the TSX Venture Exchange (the "Exchange"), which was accepted, of a notice of intention to proceed with a normal course issuer bid. Under its normal course issuer bid, the Company intends to purchase, for cancellation, a maximum of 1,200,000 common class "A" shares of WANTED, representing approximately 5% of the public float of the Class "A" shares issued and outstanding on November 13, 2008. These repurchases of shares by WANTED might occur until November 30, 2009, or will end on such earlier date as WANTED will have completed its purchases or otherwise decided not to proceed with other acquisitions. Purchases are made on the open market through the facilities of the Exchange in accordance with the Exchange requirements. The Company pays the market price for common shares on the Exchange at the time of purchase and no purchases are made other than open-market purchases. Desjardins Securities is conducting the normal course issuer bid on behalf of WANTED. No repurchase of shares were made during the first quarter ended September 30, 2009.

As at September 30, 2009, shareholders' equity totalled \$4,862,664 compared with shareholders' equity of \$4,836,401 as at June 30, 2009. This increase of \$26,263 in the Company's shareholders' equity is mainly due to an increase of \$20,489 in the value assigned to stock options resulting from a stock-based compensation expense. Also contributing to the increase in shareholders' equity is a reduction in the accumulated deficit subsequent to net earnings of \$5,774 for the first quarter ended September 30, 2009.

### Stock options

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

<u>Quantity</u>	<u>September 30, 2009</u>	<u>June 30, 2009</u>
Stock options	1,760,000	1,890,000

During the first quarter of fiscal 2010, 130 000 stock options were cancelled after reaching the maturity date. This resulted in an increase of \$10,023 in contributed surplus and a corresponding decrease in stock options.

Additional information on capital stock and stock options can be found in notes 11 and 12 of the Company's unaudited consolidated financial statements for the quarter ended September 30, 2009.

## **6) 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, provisions for bad debt expenses, evaluation of certain accrued liabilities, evaluation of receivable tax credits for a company established at the Centre national des nouvelles technologies de Québec (CNNTQ) and for research and development and depreciation tests pertaining to the long-lived assets and goodwill. Though actual results may differ from these estimates, management does not consider that they will differ significantly from the announced results.

### **Changes in Accounting Policies**

On July 1<sup>st</sup>, 2009, in accordance with applicable transitional provisions, the Company adopted the new recommendation of Section 3064, "Goodwill and Intangible Assets" of the *Canadian Institute of Chartered Accountants Handbook (CICA)*. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The application of the new accounting standard had no impact on the Company's financial results.

### **Future Accounting Policies**

#### Business combinations

In January 2009, the CICA published Section 1582, "Business Combinations", that replaces Section 1581 of the same title. On the same date, the CICA also published new Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests". These two new sections replace Section 1600, "Consolidated Financial Statements".

The objective of Section 1582 is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. Section 1601 establishes standards for the preparation of consolidated financial statements following a business combination that involves a purchase of an equity interest by one company in another. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Section 1582 must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and Sections 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011. The Company will apply these new sections as of July 1, 2011. The Company's management is not able to measure the impact that the application of these new standards will have on the financial statements.

#### International Financial Reporting Standards ("IFRS")

The CICA has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. Consequently, the Company will apply IFRS beginning July 1, 2011 and will be required, at this date, to prepare financial statements in accordance with IFRS. Although IFRS uses a conceptual

framework similar to Canadian GAAP, some significant differences exist on recognition, measurement and disclosures.

The Company has developed its IFRS conversion plan and has completed an initial review of IFRS, which includes an analysis of the IFRS standards, with priority being placed on those that have been identified as possibly having a significant impact on the Company's financial statements. The Company has made a preliminary classification of the IFRS standards into those that could have a significant, moderate or no impact on the Company's financial reporting. While the effects of IFRS have not yet been fully determined, the Company has identified a number of key areas where it is likely to be impacted by changes in accounting policy. These include: impairment of assets, foreign currency translation, share-based payments, business combination, property, plant & equipment, intangible assets and the presentation of the financial statements.

During the first quarter ended September 30, 2009, WANTED has initiated the work on some of the areas that could have a significant impact on the financial statements, could require significant amount of work or could require modifications to the business processes or information systems of the Company.

## **7) Information Communication Controls and Procedures**

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In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a "Venture Issuer Basic Certificate" with respect to the financial information contained in the unaudited consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

## **8) Risks and Uncertainties**

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### **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, particularly within the new markets of recruiting services, governments and financial services which WANTED is entering. Though the Company has proven that its products can meet the needs of clients in the media market, it is difficult to assess the precise potential of its solutions for other targeted markets.

## **Economy**

Leading economist agrees that the worst of the recession in the US and Canada has passed and that a significant contributor to this improvement was the \$787 billion Stimulus package passed by the US Congress in February, 2009. Economists agree that in the absence of this stimulus, the depth and duration of the recession would have been extended.

No consensus currently exists regarding the need for an additional economic stimulus. Many economists believe the Depression in the 1930s was prolonged by the failure to sustain Federal spending as a level to continue the recovery. These same economists caution that a failure to continue to use Federal funds to stimulate the economy could cause the country to fall back into recession. This so-called “double-dip” recession would have a negative effect on employment conditions and on WANTED’s clients.

## **Credit risk**

The financial instruments that could expose the Company to a credit concentration risk mainly include: cash, term deposit and trade accounts receivable and other receivables. Cash and term deposit are held by top-rated financial institutions. As at September 30, 2009, the Company had, concentrated with a well-known financial institution, \$1,485,205 in cash and a term deposit of \$519,865. Management considers this financial institution to be at very low risk. 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. The Company assesses the credit of its clients on an ongoing basis and, should an account be deemed irrecoverable, a bad debt provision is established.

As at September 30, 2009, the accounts receivable from two customers represented 39% of total trade and other receivables. As at June 30, 2009, two clients represented 36% of total trade and other receivables.

Additional information on credit risk is available in note 15 of the Company’s unaudited consolidated financial statements for the first quarter ended September 30, 2009.

## **Exchange risk**

Due to the significant portion of the revenues generated from the US, to the accounts receivable associated with these revenues, and the cash position in U.S. dollars, the Company is significantly exposed to exchange risk. The vast majority (95%) of the Company’s revenue for the first quarter of fiscal 2010 were in US dollars.

As at September 30, 2009, the Company has accounts receivable denominated in U.S. dollars amounting to US\$780,966, accounts payable denominated in U.S. dollars amounting to US\$467,943 and cash denominated in U.S. dollars amounting to US\$332,145.

Additional information on exchange risk is available in note 15 of the Company’s unaudited consolidated financial statements for the first quarter ended September 30, 2009.

## **Interest risk**

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

## **Liquidity risk**

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Additional information on liquidity risk is available in note 15 of the Company's unaudited consolidated financial statements for the first quarter ended September 30, 2009.

The Company feels that it vigorously monitors these risks and uncertainties.

## **9) 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