

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-QSB

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

COMMISSION FILE NUMBER: **000-32865**

WORDLOGIC CORPORATION

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

88-0422023

(IRS Employer Identification No.)

650 West Georgia Street, Suite 2400

Vancouver, British Columbia, Canada V6B 4N7

(Address of principal executive offices)

(604) 257-3600

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of each of the issuer's classes of common equity as of March 31, 2006:
23,432,434 shares of common stock

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

WORDLOGIC CORPORATION

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WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Balance Sheet
(Unaudited)
March 31, 2006

Assets

Current Assets:	
Cash	\$ 115,093
GST receivable	9,322
Employee advance	<u>10,282</u>
Total current assets	134,697
Property and equipment, net of accumulated depreciation of \$113,164	<u>25,423</u>
Total assets	<u><u>\$ 160,120</u></u>

Liabilities and Stockholders' Deficit

Current Liabilities:	
Accounts payable	
Trade	\$ 69,719
Related party (Note 2)	159,775
Accrued expenses	4,125
Accrued interest	98,439
Notes payable (Note 3)	<u>370,000</u>
Total current liabilities	702,058
Long Term Debt:	
Convertible note payable (Note 3)	<u>368,364</u>
Total liabilities	<u>1,070,692</u>
Shareholders' deficit (Note 5):	
Common stock, \$.001 par value; 100,000,000 shares authorized, 23,432,434 shares issued and outstanding	23,432
Additional paid-in capital	3,002,026
Accumulated deficit	(2,278,794)
Deficit accumulated during development stage	(1,287,550)
Accumulated other comprehensive loss:	
Cumulative translation adjustment	<u>(369,686)</u>
Total shareholders' deficit	<u>(910,572)</u>
Total liabilities and shareholders' deficit	<u><u>\$ 160,120</u></u>

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,		May 27, 2003 Through March 31, 2006
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Royalty revenue	\$ 6,073	\$ 2,910	\$ 31,078
Operating expenses:			
Stock based compensation (Note 5):			
Common stock options	203,988	77,000	459,241
Rent, related party (Note 2)	22,603	21,291	197,408
Selling, general and administrative (net of \$203,988, \$77,000, and \$459,241, respectively, stock-based compensation)	142,407	167,399	1,320,876
Research and development	<u>106,280</u>	<u>148,612</u>	<u>704,170</u>
Total operating expenses	<u>475,278</u>	<u>414,302</u>	<u>2,681,695</u>
Loss from operations	(469,205)	(411,392)	(2,650,617)
Other income (expenses):			
Interest income	-	-	1,760
Interest expense:			
Related parties	-	-	(42,596)
Beneficial conversion	-	-	(121,888)
Other	(15,899)	(13,538)	(138,849)
Gain on settled payables	<u>-</u>	<u>12,550</u>	<u>64,640</u>
Loss before income taxes and extraordinary item	(485,104)	(412,380)	(2,887,550)
Income tax provision (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>
Loss before extraordinary item	(485,104)	(412,380)	(2,887,550)
Net extraordinary gain on litigation settlement, less applicable income taxes of \$-0-	<u>-</u>	<u>-</u>	<u>1,600,000</u>
Net loss	<u>\$ (485,104)</u>	<u>\$ (412,380)</u>	<u>\$ (1,287,550)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	
Weighted average common shares outstanding	<u>23,107,434</u>	<u>21,951,663</u>	

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Consolidated Statement of Changes in Shareholders' Deficit

	Common Stock		Additional	Accumulated	Equity (Deficit) Accumulated During Development Stage	Cumulative Translation Adjustment Other Comprehensive Income/(Loss)	Total
	Shares	Par Value	Paid-In Capital	Deficit			
Balance, May 27, 2003 (inception), prior to reverse merger	19,016,657	19,017	1,518,306	(2,278,794)	-	3,806	(737,665)
Reverse merger with The American West.com, Inc. (Note 1)	2,907,007	2,907	(2,907)	-	-	-	-
Cancelled shares	(60,000)	(60)	60	-	-	-	-
Beneficial conversion on convertible note payable	-	-	83,721	-	-	-	83,721
Comprehensive loss:							
Net income	-	-	-	-	(472,914)	-	(472,914)
Cumulative translation adjustment	-	-	-	-	-	(270,371)	(270,371)
Comprehensive loss	-	-	-	-	-	-	(743,285)
Balance, December 31, 2003	21,863,664	\$ 21,864	\$ 1,599,180	\$ (2,278,794)	\$ (472,914)	\$ (266,565)	\$ (1,397,229)
Common stock issued in exchange for services and payables	88,000	88	47,369	-	-	-	47,457
Common stock options granted	-	-	10,344	-	-	-	10,344
Beneficial conversion on convertible note payable	-	-	29,718	-	-	-	29,718
Comprehensive income:							
Net income	-	-	-	-	934,608	-	934,608
Cumulative translation adjustment	-	-	-	-	-	(97,095)	(97,095)
Comprehensive income	-	-	-	-	-	-	837,513
Balance, December 31, 2004	21,951,664	\$ 21,952	\$ 1,686,611	\$ (2,278,794)	\$ 461,694	\$ (363,660)	\$ (472,197)
Sale of common stock (\$0.65/unit)	830,770	830	539,170	-	-	-	540,000
Common stock options granted	-	-	204,458	-	-	-	204,458
Beneficial conversion on convertible note payable	-	-	8,449	-	-	-	8,449
Comprehensive loss:							
Net income	-	-	-	-	(1,264,140)	-	(1,264,140)
Cumulative translation adjustment	-	-	-	-	-	(2,930)	(2,930)
Comprehensive income	-	-	-	-	-	-	(1,267,070)
Balance, December 31, 2005	22,782,434	\$ 22,782	\$ 2,438,688	\$ (2,278,794)	\$ (802,446)	\$ (366,590)	\$ (986,360)
Sale of common stock (\$0.60/share)	550,000	550	329,450	-	-	-	330,000
Common stock options exercised (Note 5)	100,000	100	29,900	-	-	-	30,000
Common stock options vested	-	-	203,988	-	-	-	203,988
Comprehensive loss:							
Net income	-	-	-	-	(485,104)	-	(485,104)
Cumulative translation adjustment	-	-	-	-	-	(3,096)	(3,096)
Comprehensive income	-	-	-	-	-	-	(488,200)
Balance, March 31, 2006	23,432,434	\$ 23,432	\$ 3,002,026	\$ (2,278,794)	\$ (1,287,550)	\$ (369,686)	\$ (910,972)

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,		May 27, 2003 Through March 31, 2006
	<u>2006</u>	<u>2005</u>	
Net cash used in operating activities	\$ (224,165)	\$ (304,088)	\$ (848,208)
Cash flows from investing activities:			
Purchases of equipment	<u>-</u>	<u>-</u>	<u>(18,892)</u>
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>(18,892)</u>
Cash flows from financing activities:			
Proceeds from related party advances	-	-	368,278
Repayment of related party advances	-	-	(400,398)
Proceeds from promissory notes issued to related parties	-	-	250,394
Repayment of related party promissory notes	-	-	(493,941)
Proceeds from convertible promissory note	-	-	933,926
Repayment of convertible promissory notes (Note 3)	(43,311)	(139,653)	(572,139)
Proceeds from other promissory note (Note 3)	-	240,000	370,000
Payments on capital lease obligation	-	-	(12,071)
Proceeds from stock options exercised	30,000	-	36,300
Proceeds from sale of common stock	<u>330,000</u>	<u>-</u>	<u>870,000</u>
Net cash provided by financing activities	<u>316,689</u>	<u>100,347</u>	<u>1,350,349</u>
Effect of exchange rate changes on cash	<u>(3,096)</u>	<u>(10,867)</u>	<u>(369,686)</u>
Net change in cash	89,428	(214,608)	113,563
Cash, beginning of period	\$ <u>25,665</u>	\$ <u>262,061</u>	<u>1,530</u>
Cash, end of period	\$ <u>115,093</u>	\$ <u>47,453</u>	\$ <u>115,093</u>
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Cash paid for interest	\$ <u>550</u>	\$ <u>-</u>	\$ <u>170,502</u>

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Basis of Presentation

The financial statements presented herein have been prepared by the Company in accordance with the accounting policies in its Form 10-KSB dated December 31, 2005, and should be read in conjunction with the notes thereto.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Financial data presented herein are unaudited.

Note 2 - Related Party Transactions

As of March 31, 2006, the Company owed an affiliate \$159,775 for administrative services provided to the Company. This obligation is included in the accompanying condensed consolidated financial statements as "Accounts payable, related party".

The Company rents office space from an affiliate on a month-to-month basis. Monthly lease payments vary based on the amount of office space utilized by the Company. Office rent incurred by the Company totaled \$22,603 for the three months ended March 31, 2006.

Common Stock Sales

In February 2006, the Company conducted a private placement offering whereby it sold 550,000 units to an officer at a price of \$.60 per unit. Each unit consisted on one share of the Company's common stock and one warrant to purchase another share of common stock at \$1.25 per share. The warrants may be exercised over a period of three years. The Company received proceeds of \$330,000. The offering was made in reliance on exemptions from registration contained in Rule 506 of Regulation D under the Securities Act of 1933, as amended.

In February 2006, the Company received \$30,000 in proceeds from an officer exercising options to purchase 100,000 shares of common stock at a price of \$0.30 per share.

Note 3 - Notes Payable

As of December 31, 2005, the Company owed an unrelated third party for a convertible promissory note totaling \$411,945. During the three months ended March 31, 2006, no additional amounts were advanced and the Company repaid \$43,311, which reduced the balance owed on the note to \$368,634 at March 31, 2006. The note carries an eight percent interest rate and matures on March 31, 2008. Principal and accrued interest are payable in any combination of cash and common stock of the Company. The Company can repay principal and interest with common stock at a rate of 85 percent of the stock's market value on the date of advance. Accrued interest payable on the note totaled \$66,905 at March 31, 2006.

As of December 31, 2005, the Company owed an unrelated third party for a promissory note totaling \$370,000. No amounts were repaid as of March 31, 2006. The note is unsecured, carries an eight percent interest rate and matures on March 1, 2007. Accrued interest payable on the note totaled \$31,535 at March 31, 2006.

Future maturities of the notes payable are as follows:

Year ended December 31,	
2006	\$ -
2007	370,000
2008	411,945
	<u>\$ 781,945</u>

Note 4 - Income Taxes

The Company records its income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". The Company incurred net operating losses for all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0- income taxes.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 5 – Shareholders’ Deficit

Stock options - employees

Prior to 2006, the Company accounted for its stock based compensation plans under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Stock-based employee compensation cost of \$77,000 was reflected during the three months ended March 31, 2005 net income, as some, but not all, options granted under those plans had an exercise price less than the market value of the underlying common stock on the date of grant. Effective December 15, 2005, the company adopted the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation. Under the modified prospective method of adoption selected by the company under the provisions of FASB Statement No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure, compensation cost recognized in the first quarter of 2005 would have been \$339,750 had the recognition provisions of Statement 123 been applied from its original effective date. Results for prior years have not been restated. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period.

	Three Months Ended March 31, 2005	May 27, 2003 (Inception) Through March 31, 2006
Net income (loss), as reported	\$ (412,309)	\$ (1,287,550)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	77,000	186,344
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	<u>(339,750)</u>	<u>(921,490)</u>
Pro forma net income	<u>\$ (675,059)</u>	<u>\$ (2,022,696)</u>
Basic and diluted earnings per share as reported	\$ (0.02)	
Basic and diluted earnings per share pro forma	\$ (0.03)	

During the three months ended March 31, 2006, options to purchase 195,000 shares of common stock granted under APB Opinion No. 25 vested. The Company recognized \$162,615 of compensation cost under the modified prospective method in accordance with FASB Statement No. 123.

Additionally, options to purchase 70,830 shares of common stock granted to consultants vested. The company recognized \$41,373 of compensation cost pursuant to FASB Statement No. 123.

Common Stock Awards

The following schedule summarizes the Company’s stock awards activity for the three months ended March 31, 2006:

	<u>Awards Outstanding</u>		<u>Awards Exercisable</u>		Weighted Average Exercise Price Per Share
	Number of Shares	Exercise Price Per Share	Number of Shares	Exercise Price Per Share	
Balance at January 1, 2006	5,895,770	\$ 0.30 to \$ 1.75	4,173,699	\$ 0.30 to \$ 1.75	\$ 1.04
Awards vested	-	-	265,830	\$ 0.50 to \$ 1.75	
Awards granted	550,000	\$ 1.25	-	\$ 1.25	\$ 1.25
Awards exercised	(100,000)	\$ 0.30	(100,000)	\$ 0.30	\$ 0.30
Awards expired	-	\$ -	-	\$ -	\$ -
Balance at March 31, 2006	<u>6,345,770</u>	\$ 0.30 to \$ 1.75	<u>4,339,529</u>	\$ 0.30 to \$ 1.75	\$ 1.56

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 6 – Subsequent Events

Stock Sales – Related Parties

In May 2006, the Company conducted a private placement offering whereby it sold 1,000,000 units to an officer at a price of \$.50 per unit. Each unit consisted on one share of the Company's common stock and one warrant to purchase another share of common stock at \$1.25 per share. The warrants may be exercised over a period of three years. The Company received proceeds of \$500,000. The offering was made in reliance on exemptions from registration contained in Rule 506 of Regulation D under the Securities Act of 1933, as amended.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement may include projections of future results and “forward looking statements” as that term is defined in Section 27A of the Securities Act of 1933 as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Financial Summary

Results of Operations for the Three-Months Ended March 31, 2006

The Company reports a net loss of \$485,104 for the three-month period ending March 31, 2006 versus a net loss of \$412,380 for the three-months ended March 31, 2005. For each three-month period, the net loss was primarily comprised of loss from operations; \$469,205 for the three-month period ending March 31, 2006; and, \$411,392 for the three-month period ending March 31, 2005.

For each three-month reporting period, loss from operations was comprised of stock-based compensation; selling, general and administrative expenses; research and development expenses; and rent. Comparatively, stock-based compensation for the period ending March 31, 2006 was \$203,988 versus \$77,000 for the period ending March 31, 2005 primarily due to the Company’s adoption of the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation. For the period ending March 31, 2006; selling, general and administrative expenses were \$142,407 and research and development costs were \$106,280; whereas, for the period ending March 31, 2005 each of these expenses were greater at \$167,399 and \$148,612, respectively. Rent for the two periods remained relatively consistent

Liquidity and Capital Resources

During the three-months ended March 31, 2006 the Company’s cash position increased by \$89,428. Net cash used in operating activities totaled \$224,165; and, \$316,689 was provided by financing activities, primarily through the sale of common stock. The effect of exchange rates on cash was a decrease of \$3,096.

During the three-months ended March 31, 2005 the Company’s cash position decreased by \$214,608. Net cash used in operations totaled \$304,088; \$100,347 was provided through financing activities, primarily due to proceeds from a promissory note. The effect of exchange rates on cash was a decrease of \$10,867.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Management Plan of Operations

WordLogic Corporation is a technology company that delivers predictive interface solutions for computing devices ranging from small hand-held devices to conventional desktop computers. Incorporated in the United States, the company's research, testing and marketing facilities are located in Vancouver, British Columbia, Canada.

The Company has one wholly-owned subsidiary, 602531 British Columbia that was incorporated under the laws of British Columbia on March 2, 2000. This subsidiary holds WordLogic Corporation's intellectual property including its patents and trademarks.

Recent Business Activities:

During the year ended December 31, 2004 the Company commenced with the development of a desktop version of its Predictive Keyboard™. On February 15, 2005 the company announced the availability of a preview version of Predictive Keyboard™ for Desktop PCs and on March 31, 2005 the Company commercially released the new software via download on its website and also on a USB Flash Drive through its e-commerce engine.

In July 2005 the Office of Rehabilitation Services for the State of Rhode Island selected WordLogic Predictive Keyboard™ as an Assistive Technology solution for persons with disabilities. This has resulted in the sale of 11 licenses and the Company expects increased sales as the product becomes endorsed by other Assistive Technology agencies.

On December 8, 2005 the Company released the Tablet PC version of its software v4.2

On January 10, 2006 the Company announced it has retained Pfeiffer High Investor Relations, Inc., to develop an investor relations program for the Company.

On January 25, 2006 the Company made its first foray into the educational field by shipping 65 WordLogic Predictive Keyboards for Tablet PC to a Community College in Nevada.

On March 6, 2006 the Company released v4.3 of its WordLogic Predictive Keyboard for tablet, notebook and desktop PCs.

On March 13, 2006 the Company announced it had been chosen by the Bureau of Rehabilitation Services for the State of Connecticut to provide the WordLogic Predictive Keyboard™ as an Assistive Technology solution for persons with disabilities. To date, the Company has received two orders and expects more.

Since inception, management has been confident that its product portfolio would generate an increasing market demand and sales revenue sufficient to cover its operating expenses. To date, sales have not met management's expectations; however, the Company is now marketing its products in more specific industries. Management has found that the Assistive Technology market for persons with disabilities to be one where its products are extremely compelling to users and rehabilitation-providers. Additionally, its products are compelling for person that English is their second language and the Company will be targeting this market in 2006. Similar marketing opportunities exist in specialized professions such as legal, medical and geological where specialized dictionaries are presently being developed by the Company. Management feels that the industry-specific marketing of its products will ultimately generate the sales revenues it requires to cover its operating expenses.

WordLogic has and may continue to supplement cash flows from sales with additional equity and debt financing. Expanded operations are expected to require additional capital, either from a future offering of equity or the company pursuing other methods of financing, as appropriate.

The Company's management has historically and continues to satisfy cash requirements through cash infusions from officers and affiliates in exchange for debt and/or common stock. No officer or affiliate has made any commitment or is obligated to continue to provide cash through loans or purchases of equity. There is no assurance the Company will achieve profitable operations.

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate enough positive internal operating cash flow until such time as we can generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

WORDLOGIC CORPORATION
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Patents & Trademarks

Six individual Patent applications have been filed for “Method, system and media for entering data in a personal computing device” in the United States, Canada and Europe.

On January 12, 2005 the Company filed patent applications for “Method, system, apparatus and computer readable media for directing input associated with a keyboard-type device” in the United States and internationally under the PCT treaty.

On March 4, 2004 European Patent No. 1171813 entitled "Data Entry for Personal Computing Devices" was granted to the Company by the European Patent Office. There are over 7,000 claims allowed under the Patent which are directed to methods and systems for entering data on a personal computing device using a search list, a digital keyboard and a pointing device. Examples of “Pointing Devices” are provided for illustration in the Patent specifications and include a pen, stylus, finger, mouse, trackball or the like. The Patent also indicates that the invention may be used with a variety of “personal computing devices” including personal digital assistants (“PDAs”) and other hand-held devices, personal computers including tablets, mobile phones, internet appliances and embedded devices having a graphical display and an input interface using a Pointing Device. In addition, the Patent states the invention may be applied to several different types of digital keyboards and keyboard layouts including traditional keyboards. In the methods and systems claimed, a digital keyboard is displayed on a user interface when a user is entering text. The user-input signal activates an automated search to obtain a list of complete words based on a partial text entry, and then a search list is provided containing completion candidates for the user to select from. Although not specifically defined in the Patent, this process is commonly known as “word completion” or “word prediction”. Preferred embodiments in the Patent include the activation of automated search when a character on the digital keyboard remains selected by the Pointing Device; the automated search is terminated when the Pointing Device is lifted from the surface of the digital keyboard; and the digital keyboard and the search list are displayed simultaneously while the keyboard is in use.

European Patent No. 1171813 has also been nationalized in Germany, France, The United Kingdom, Italy Finland, Spain, The Netherlands and Portugal.

On October 21, 2003 The Company received Trademark approval for the mark “WordLogic” under Reg. No. 2,774,468 pending. A similar trademark application has been approved and registered in Canada under TMA576,700.

Item 3. Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None, for the period ending March 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 08, 2006, we sold 1,000,000 shares of our common stock at a price of \$0.50 per share for a total of \$500,000 in proceeds. Each of the shares sold includes a warrant. Each Warrant entitles the Subscriber to purchase one additional common share of the Company for a period of 36 months from the date of issuance, at a price of \$1.25 per share.

These shares were sold to Frank R. Evanshen our CEO and Director. Mr. Evanshen is a beneficial holder of our common stock who directly and indirectly controls 37.6% (inclusive of this purchase) of the issued and outstanding common stock. We had previously disclosed that Mr. Evanshen had secured personal financing and may to invest up to an additional \$640,000 in WordLogic Corporation. No formal agreements or commitments exist that would require Mr. Evanshen to invest additional funds.

This private offering we believe to be exempt from registration under Regulation D promulgated under Section 4(2) of the Securities Act. We also believe this private offering to be exempt from registration under Regulation S, as the purchaser is domiciled and transaction occurred outside the United States. The sales of stock were strictly limited to individuals and entities, each of whom was an accredited investor, as that term is defined in Rule 501 of Regulation D promulgated under Section 4(2) of the Securities Act and had adequate access to information pertaining to our Company. Furthermore, no advertisements were made, no commissions were paid and the securities are restricted pursuant to Rule 144.

On February 23, 2006, we sold 550,000 shares of our common stock at a price of \$0.60 per share for a total of \$330,000 in proceeds. Each of the shares sold includes a warrant. Each Warrant entitles the Subscriber to purchase one additional common share of the Company for a period of 36 months from the date of issuance, at a price of \$1.25 per share. We also received \$30,000 in proceeds from the exercise of 100,000 options at a price of \$0.30 per share of common stock. These shares were sold to Frank R. Evanshen our CEO and Director. The transactions were previously reported on our Form 8-K filed on February 28, 2006.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None, for the period ending March 31, 2006.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

Exhibits

WordLogic Corporation includes herewith the following exhibits:

- 31.1 Certification of Principal Executive Officer (Rule 13a-14(a)/15(d)-14(a))
- 31.2 Certification of Principal Accounting Officer (Rule 13a-14(a)/15(d)-14(a))
- 32.1 Certification of Principal Executive Officer (18 U.S.C. 1350)
- 32.2 Certification of Principal Accounting Officer (18 U.S.C. 1350)

Reports on Form 8-K

February 28, 2006

WordLogic Corporation filed a Report on Form 8-K with the Securities and Exchange Commission; re: Section 3 -Securities and Trading Markets, Item 3.02 – Unregistered Sales of Equity Securities.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WordLogic Corporation

Date: May 12, 2006

By: /s/ Frank R. Evanshen, President
Frank R. Evanshen, President
Principal Executive Officer

Date: May 12, 2006

By: /s/ T. Allen Rose, CFO
T. Allen Rose, Chief Financial Officer
Principal Accounting Officer