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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 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	**88-0422023**
(State or other jurisdiction of incorporation or organization)	(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 [X] No [ ]

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

The number of shares outstanding of each of the issuer's classes of common equity as of June 30, 2006:
22,432,434 shares of common stock

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Balance Sheet
(Unaudited)
June 30, 2006

Assets

Cash	$	275,154
Accounts receivable		601
GST receivable		6,513
Employee advance		11,612
Total current assets		293,880
Property and equipment, net of accumulated depreciation of $115,462		23,125
Total assets	$	317,005

Liabilities and Stockholders' Deficit

Liabilities:		
Accounts payable:		
Trade	$	53,817
Related party (Note 2)		89,599
Accrued expenses		3,269
Accrued interest		38,566
Notes payable (Note 3):		370,000
Total current liabilities		555,251
Long Term Debt:		
Notes payable (Note 3)		436,500
Total liabilities		991,751
Stockholders' deficit (Note 5):		
Common stock, $.001 par value; 100,000,000 shares authorized, 24,432,434 shares issued and outstanding		24,432
Additional paid-in capital		3,754,299
Accumulated deficit		(2,264,854)
Deficit accumulated during development stage		(1,826,933)
Accumulated other comprehensive loss:		
Cumulative translation adjustment		(361,690)
Total shareholders' deficit		(674,746)
Total liabilities and shareholders' deficit	$	317,005

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005	May 27, 2003 Through June 30, 2006
Revenues:					
Product sales	$ 1,417	$ -	$ 7,068	$ -	$ 7,068
Royalty revenue	2,215	1,095	2,637	$ 4,005	$ 27,642
Total revenues	3,632	1,095	9,705	4,005	34,710
Operating expenses:					
Stock based compensation (Note 5):					
Common stock options	389,076	33,000	593,064	110,000	779,408
Consulting services	-	-	-	-	68,909
Rent, related party (Note 2)	23,879	20,969	46,482	42,260	221,287
Selling, general and administrative (net of $389,076, $33,000, $593,064, $110,000 and $779,408, respectively, stock-based compensation)	158,513	124,364	300,920	291,763	1,479,389
Research and development	75,848	69,535	182,128	218,147	780,018
Total operating expenses	647,316	247,898	1,122,594	662,170	3,329,011
Loss from operations	(643,684)	(246,773)	(1,112,889)	(658,165)	(3,294,301)
Other income (expenses):					
Interest income	-	-	-	-	1,760
Interest expense:					
Related parties	-	-	-	-	(42,596)
Amortization of discount on convertible note	-	(10,501)	(9,757)	(26,849)	(145,243)
Other	(15,379)	(16,494)	(31,278)	(30,032)	(154,228)
Gain on derivative liability	19,758	18,887	17,986	39,680	143,035
Gain on settled payables	-	22,481	-	35,031	64,640
Loss before income taxes and extraordinary item	(639,305)	(232,400)	(1,135,938)	(640,335)	(3,426,933)
Income tax provision (Note 4)	-	-	-	-	-
Loss before extraordinary item	(639,305)	(232,400)	(1,135,938)	(640,335)	(3,426,933)
Net extraordinary gain on litigation settlement, less applicable income taxes of $-0-	-	-	-	-	1,600,000
Net loss	$ (639,305)	$ (232,400)	$ (1,135,938)	$ (640,335)	$ (1,826,933)
Basic and diluted loss per share	$ (0.03)	$ (0.03)	$ (0.05)	$ (0.03)	
Weighted average common shares outstanding	23,932,434	21,951,663	23,389,577	21,951,663	

See accompanying notes to condensed consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Deficit
(Unaudited)

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Accumulated Deficit	Deficit Accumulated During Development Stage	Cumulative Translation Adjustment Other Comprehensive Income/(Loss)	Total
Balance, May 27, 2003 (inception), prior to reverse merger	19,016,657	$ 19,017	$ 1,504,366	$ (2,264,854)	$ -	$ 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	-	-	-	-
Comprehensive loss:							
Net income	-	-	-	-	(408,027)	-	(408,027)
Cumulative translation adjustment	-	-	-	-	-	(270,371)	(270,371)
Comprehensive loss	-	-	-	-	-	-	(678,398)
Balance, December 31, 2003	21,863,664	$ 21,864	$ 1,501,519	$ (2,264,854)	$ (408,027)	$ (266,565)	$ (1,416,063)
Common stock issued in exchange for services and payables	88,000	88	47,369	-	-	-	47,457
Common stock options granted	-	-	10,344	-	-	-	10,344
Comprehensive income:							
Net income	-	-	-	-	938,596	-	938,596
Cumulative translation adjustment	-	-	-	-	-	(97,095)	(97,095)
Comprehensive income	-	-	-	-	-	-	841,501
Balance, December 31, 2004	21,951,664	$ 21,952	$ 1,559,232	$ (2,264,854)	$ 530,569	$ (363,660)	$ (516,761)
Sale of common stock ($0.65/share)	830,770	830	539,170	-	-	-	540,000
Common stock options granted	-	-	204,458	-	-	-	204,458
Comprehensive loss:							
Net income	-	-	-	-	(1,221,564)	-	(1,221,564)
Cumulative translation adjustment	-	-	-	-	-	(2,930)	(2,930)
Comprehensive income	-	-	-	-	-	-	(1,224,494)
Balance, December 31, 2005	22,782,434	$ 22,782	$ 2,302,860	$ (2,264,854)	$ (690,995)	$ (366,590)	$ (996,797)
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
Sale of common stock ($0.50/share)	1,000,000	1,000	499,000	-	-	-	500,000
Warrants awarded	-	-	187,375	-	-	-	187,375
Common stock options vested	-	-	201,726	-	-	-	201,726
Comprehensive loss:							
Net income	-	-	-	-	(1,135,938)	-	(1,135,938)
Cumulative translation adjustment	-	-	-	-	-	4,900	4,900
Comprehensive income	-	-	-	-	-	-	(1,131,038)
Balance, June 30, 2006	24,432,434	$ 24,432	$ 3,754,299	$ (2,264,854)	$ (1,826,933)	$ (361,690)	$ (674,746)

See accompanying notes to condensed consolidated financial statements.

WORDLOGIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005	May 27, 2003 Through June 30, 2006
Net cash used in operating activities	$ (683,302)	$ (423,415)	$ (1,675,979)
Cash flows from investing activities:			
Purchases of equipment	-	-	(18,892)
Net cash used in investing activities	-	-	(18,892)
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	-	44,013	933,926
Repayment of convertible promissory notes (Note 3)	(368,634)	(139,653)	(92,328)
Proceeds from other promissory note (Note 3)	436,500	370,000	370,000
Payments on capital lease obligation	-	-	(12,071)
Proceeds from sale of warrants	25	-	25
Proceeds from stock options exercised	30,000	-	36,300
Proceeds from sale of stock	830,000	-	1,370,000
Net cash provided by financing activities	927,891	274,360	2,330,185
Effect of exchange rate changes on cash	4,900	(95,779)	(361,690)
Net change in cash	249,489	(244,834)	273,624
Cash, beginning of period	$ 25,665	$ 262,061	1,530
Cash, end of period	$ 275,154	$ 17,227	$ 275,154
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ -	$ -	$ -
Cash paid for interest	$ 550	$ -	$ 170,502

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 June 30, 2006, the Company owed an affiliate $89,599 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 $46,482 for the six months ended June 30, 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 two 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.

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 two 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.

Note 3 – Notes Payable

Convertible Note Payable

As of December 31, 2005, the Company owed an unrelated third party for a convertible promissory note totaling $402,188, net of discount of $9,757. In March 2006, the due date was extended to March 31, 2008.

The note carried an eight percent interest rate. Principal and accrued interest were payable in any combination of cash and common stock of the Company at a rate of 85 percent of the stock’s market value on the date of advance. There was no accrued interest payable at June 30, 2006.

Because the value of the shares due upon conversion is fixed at 117.65% of the face value of the notes rather than indexed to the Company’s own common stock, the Company bifurcated the put option and classified it as a derivative liability pursuant to SFAS 133.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

The following table presents the allocation of proceeds of the financing:

Principal balance of the note	$ 81,641
Less fair value of put option	(23,407)
Balance at 5/27/03	58,234
Additional financing	500,975
Less fair value of put option	(119,795)
Amortization of discount (interest expense)	21,342
Carrying value at 12/31/03	460,756
Additional financing (net)	83,327
Less fair value of put option	(14,492)
Amortization of discount (interest expense)	65,099
Carrying value at 12/31/04	594,690
Less payments (net)	(253,998)
Plus fair value of put option	12,451
Amortization of discount (interest expense)	49,045
Carrying value at 12/31/05	402,188
Less payments	(43,311)
Less increase in fair value of put option due to extension of due date	(54,979)
Amortization of discount (interest expense)	9,757
Carrying value at 3/31/06	313,655
Plus decrease in fair value of put option due to repayment of loan	54,979
Less payments	(368,634)
Carrying value at 6/30/06	-

In June 2006, the company repaid the entire outstanding principal and accrued interest.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Promissory Notes

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 June 30, 2006. The note is unsecured, carries an eight percent interest rate and matures on March 1, 2007. Accrued interest payable on the note totaled $37,131 at June 30, 2006.

On June 15, 2006 the Company obtained $436,500 from an unrelated third party in exchange for a promissory note. No amounts were repaid as of June 30, 2006. The note is unsecured, carries an eight percent interest rate and matures on June 15, 2009. Accrued interest payable on the note totaled $1,435 at June 30, 2006.

Future maturities of the notes payable are as follows:

Year ended December 31,	
2006	$ -
2007	370,000
2008	-
2009	436,500
	$ 806,500

Note 4 – Derivative Financial Instruments

The Company generally does not use derivative instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of its financial instruments. However, certain other financial instruments, such as embedded conversion features, where there is a possible interest rate scenario under which the embedded derivative would at least double the investor's initial rate of return, are classified as derivative liabilities. Such financial instruments are initially recorded at fair value and subsequently adjusted to fair value at the close of each reporting period.

As of June 30, 2006, the Company had no derivative liability. A derivative gain in the amount of $17,986 was recognized in the six months ended June 30, 2006 and a derivative gain in the amount of $39,680 was recognized in the six months ended June 30, 2005.

Note 5 – 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.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 6 – 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 $110,000 was reflected during the six months ended June 30, 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 two quarters of 2005 would have been $479,500 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.

		Six months ended June 30, 2005		May 27, 2003 (Inception) Through June 30, 2006
Net income (loss), as reported	$	(640,335)	$	(1,826,933)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		110,000		110,000
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(479,500)		(1,155,690)
Pro forma net income	$	(1,009,835)	$	(2,872,623)
Basic and diluted earnings per share as reported:	$	(0.02)		
Basic and diluted earnings per share pro forma:	$	(0.05)		

During the six months ended June 30, 2006, options to purchase 390,000 shares of common stock granted under APB Opinion No. 25 vested. The Company recognized $325,230 of compensation cost under the modified prospective method in accordance with FASB Statement No. 123.

Additionally, options to purchase 141,668 shares of common stock granted to consultants vested. The company recognized $80,484 of compensation cost pursuant to FASB Statement No. 123.

On May 1, 2006, the Company granted options to purchase a total of 250,000 shares of the Company's common stock to a consultant. The options carry an exercise price of $0.50 per share and vested immediately. The options expire May 1, 2016. The Company's quoted price on the grant date was $0.75 per share. The Company calculated the fair value of the options at $0.709, or $187,375 which was recorded as stock-based compensation pursuant to FASB Statement No. 123.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Common Stock Awards

The following schedule summarizes the Company's stock awards activity for the six months ended June 30, 2006:

	Awards Outstanding		Awards Exercisable		Weighted Average
	Number of Shares	Exercise Price Per Share	Number of Shares	Exercise Price Per Share	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	-	-	781,668	$0.50 to $1.75	$ 1.01
Awards granted	1,550,000	$ 1.25	1,550,000	$ 1.25	$ 1.25
Awards exercised	(100,000)	$ 0.30	(100,000)	$ 0.30	$ 0.30
Awards expired	-	$ -	-	$ -	$ -
Balance at June 30, 2006	7,345,770	$0.30 to $1.75	6,405,367	$0.30 to $1.75	$ 1.10

Note 7 – Subsequent Events

On August 1, 2006, the Company granted options to purchase a total of 150,000 shares of the Company's common stock to a consultant. The options carry an exercise price of $0.50 per share and vest semi-annually commencing August 1, 2006 through August 1, 2007. The options expire August 1, 2011. The Company's quoted price on the grant date was $0.64 per share. The Company calculated the fair value of the options at $0.630, or $94,468 which will be recorded as stock-based compensation pursuant to FASB Statement No. 123 in the 3-months ending September 30, 2006.

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 Six-Months Ended June 30, 2006

The Company reports a net loss of $1,135,938 for the six-month period ending June 30, 2006 versus a net loss of $640,335 for the six-months ended June 30, 2005. For each six-month period, the net loss was primarily comprised of loss from operations; $1,112,889 for the six-month period ending June 30, 2006 compared to $658,165 for the six-month period ending June 30, 2005.

For the six-month period ending June 30, 2006, total revenues were $9,705 compared to $4,005 for the six-month period ending June 30, 2005. As the Company is a Development Stage Company its revenue streams are not established and are not impacted by economic or market trends. During the six-month period ending June 30, 2006 the Company sold 65 WordLogic Predictive Keyboards for Tablet PC to a Community College in Nevada which explains the increase in revenue.

Stock-based compensation for the six-month period ending June 30, 2006 was $593,064 compared to $110,000 for the six-month period ending June 30, 2005 which primarily accounts for the increase in the loss from operations between the two comparative periods. This increase is primarily attributable to the company adopting the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation effective December 15, 2005. Had the Company adopted FASB Statement No. 123 in the six-month period ending June 30, 2005, stock-based compensation for this period would have been $479,500. Stock-based compensation is not a use of cash flow.

Selling, general and administrative expenses were $300,920 for the six-month period ending June 30, 2006 and were relatively consistent compared to $291,763 for the six-month period ending June 30, 2005.

Research and development expenses were $182,128 for the six-month period ending June 30, 2006 compared to $218,147 for the six-month period ending June 30, 2005. This 16.5% decrease amounting to $36,019 is attributed a reduction in costs from third-party contractors.

Rent for the two periods remained relatively consistent; $46,482 for the six-month period ending June 30, 2006 compared to $42,260 for the six-month period ending June 30, 2005.

Other non-operating expenses were $23,049 for the for the six-month period ending June 30, 2006 compared to $17,830 for the six-month period ending June 30, 2005. Interest expense remained consistent between the two periods.

Results of Operations for the Three-Months Ended June 30, 2006

The Company reports a net loss of $639,305 for the three-month period ending June 30, 2006 versus a net loss of $232,400 for the three-months ended June 30, 2005. For each three-month period, the net loss was primarily comprised of loss from operations; $643,684 for the three-month period ending June 30, 2006 compared to $246,773 for the three-month period ending June 30, 2005.

For the three-month period ending June 30, 2006, total revenues were $3,632 compared to $1,095 for the three-month period ending June 30, 2005. As the Company is a Development Stage Company its revenue streams are not established and are not impacted by economic or market trends.

Stock-based compensation for the three-month period ending June 30, 2006 was $389,076 compared to $33,000 for the three-month period ending June 30, 2005 which primarily accounts for the increase in the loss from operations between the two comparative periods. This increase is primarily attributable to the company adopting the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation effective December 15, 2005. Had the Company adopted FASB Statement No. 123 in the three-month period ending June 30, 2005, stock-based compensation for this period would have been $143,850. Stock-based compensation is not a use of cash flow.

Selling, general and administrative expenses were $158,513 for the three-month period ending June 30, 2006 compared to $124,364 for the three-month period ending June 30, 2005. This increase can be attributed to costs associated with product development and sales and marketing expenses.

Research and development expenses were $75,848 for the three-month period ending June 30, 2006 and were relatively consistent compared to $69,535 for the three-month period ending June 30, 2005.

Rent for the two periods remained relatively consistent; $23,879 for the three-month period ending June 30, 2006 compared to $20,969 for the three-month period ending June 30, 2005.

Other non-operating income was $4,379 for the for the three-month period ending June 30, 2006 compared to $14,373 for the three-month period ending June 30, 2005. Interest expense remained consistent between the two periods.

Liquidity and Capital Resources

During the six-months ended June 30, 2006 the Company's cash position increased by $249,489. Net cash used in operating activities totaled $683,302; and, $927,891 was provided by financing activities, primarily through the sale of common stock. The effect of exchange rates on cash was an increase in cash of $4,900.

During the six-months ended June 30, 2005 the Company's cash position decreased by $244,834. Net cash used in operations totaled $423,415; and, $274,360 was provided through financing activities, primarily due to proceeds from a promissory note. The effect of exchange rates on cash was a decrease of $95,779.

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:

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.

On May 25, 2006 the Company announced that its WordLogic Predictive Keyboard(TM) supported the U3 smart drive computing platform, a new software platform that expands traditional USB flash drive capabilities beyond simple storage.

On July 11, 2006 the Company announced its technology team had commenced the development of voice-enabled solutions for the WordLogic Predictive Keyboard(TM) technology platform. By integrating voice technology into its patent-pending Predictive Keyboard platform, WordLogic expects to offer its customers voice-based interfaces with its text prediction software by the fourth quarter of 2006.

On August 14, 2006 the Company announced that its technology team had commenced a research and development project into the use of WordLogic technology in the area of deep search for retrieving information from the internet. WordLogic technology will allow the analysis of the context and classification of each section of a website allowing a much more efficient and deeper level of analysis to be completed.

The Company is currently developing a retail offering of its entire software line to be sold in traditional retail software stores including “big-box” retailers. It is expected that this retail offering will be launched in the fiscal quarter ending September 30, 2006.

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.

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None, for the period ending June 30, 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.

Item 3. Defaults Upon Senior Securities

None

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

None, for the period ending June 30, 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

May 18, 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.

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: August 21, 2006

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

Date: August 21, 2006

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