

LAMPERD LESS LETHAL INC  
Form 10QSB  
June 05, 2006  
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 000-50011

**LAMPERD LESS LETHAL INC.**

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

Nevada

(State or other jurisdiction of incorporation or organization)

1200 Michener Road, Sarnia, Ontario, Canada N7T 7H8

(Address of principal executive offices)

(519) 344-4445

(Issuer's telephone number)

Not Applicable

(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

**APPLICABLE ONLY TO CORPORATE REGISTRANTS**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 51,000,000 common shares issued and outstanding as of May 10, 2006

Transitional Small Business Disclosure Format (Check one): 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

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**LAMPERD LESS LETHAL INC.**

(Unaudited)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2006**

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**I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

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## LAMPERD LESS LETHAL INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Canadian Funds)

	As at March 31		As at December 31	
	2006		2005	
	(Unaudited)		(Audited)	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$	14,438	\$	310,610
Accounts receivable		26,668		17,928
Inventories (Note 3)		153,441		181,613
Sundry		119,942		111,299
<b>Total Current Assets</b>		<b>314,489</b>		<b>621,450</b>
<b>Property, Plant and Equipment</b> (Note 4)		<b>262,681</b>		<b>271,381</b>
<b>Intangibles</b> (Note 5)		<b>48,289</b>		<b>33,934</b>
<b>TOTAL ASSETS</b>	\$	<b>625,459</b>	\$	<b>926,765</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$	91,619	\$	76,602
Accrued liabilities		86,644		404,499
Deferred revenue		61,055		-
<b>Total Current Liabilities</b>		<b>239,318</b>		<b>481,101</b>
<b>STOCKHOLDERS EQUITY</b>				
<b>CAPITAL STOCK</b> (Note 9)				
AUTHORIZED				
1,000,000,000 Common shares, \$0.001(USD)				
per share par value				
ISSUED				
51,000,000 common shares (December 31, 2005	50,500,000)	63,000		62,416
Additional paid in capital		1,810,561		1,607,349
		1,873,561		1,669,765
<b>DEFICIT</b>		<b>(1,487,420)</b>		<b>(1,224,101)</b>
<b>TOTAL STOCKHOLDERS EQUITY</b>		<b>386,141</b>		<b>445,664</b>
	\$	<b>625,459</b>	\$	<b>926,765</b>
See accompanying notes				

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**LAMPERD LESS LETHAL INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**

**(Canadian Funds)**

**March 31 2006 and December 31 2005**

**(Unaudited)**

	Number of Common Shares	Common Shares	Additional Paid-in Capital	Deficit	Total Stockholders Equity
Balance January 1, 2006 (Audited)	50,500,000	\$ 62,416	\$ 1,607,349	\$ (1,224,101)	\$ 445,664
Issuance of Common shares (Note 9)	500,000	584	203,212		203,796
Net Loss for the period				(263,319)	(263,319)
Balance March 31, 2006	51,000,000	\$ 63,000	\$ 1,810,561	\$ (1,487,420)	\$ 386,141

See accompanying notes

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**LAMPERD LESS LETHAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Canadian Funds)****(Unaudited)**

	<b>For the Three Month Period Ended March 31, 2006</b>	<b>For the Three Month Period Ended March 31, 2005</b>
<b>REVENUE</b>	\$ 56,369	\$ 47,209
<b>COST OF GOODS SOLD</b>	71,518	62,945
<b>GROSS</b>	(15,149)	(15,736)
<b>EXPENSES</b>		
Selling, general and administrative	239,240	113,298
Amortization	8,930	3,620
	248,170	116,918
<b>NET LOSS</b>	(263,319)	(132,654)
<b>LOSS PER SHARE</b> (Note 8)		
	(0.01)	(0.00)
<b>WEIGHTED AVERAGE NUMBER OF COMMON</b>		
<b>SHARES OUTSTANDING</b> (Note 8)	50,661,111	49,000,000

See accompanying notes



## LAMPERD LESS LETHAL INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian Funds)

(Unaudited)

	<b>For the Three Month Period Ended March 31</b>	<b>For the Three Month Period Ended March 31,</b>
	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (263,319)	\$ (132,654)
Amortization	8,930	3,619
	(254,389)	(129,035)
Net change in non-cash operating assets and liabilities (Note 11)	(27,198)	(83,986)
	(281,587)	(213,021)
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment, net	-	(12,870)
Additions to intangibles	(14,585)	-
	(14,585)	(12,870)
<b>FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	305,131
	-	
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	(296,172)	79,240
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	310,610	-
<b>CASH AND CASH EQUIVALENTS, end of period</b>	\$ 14,438	\$ 79,240
Supplemental information see Note 11		
See accompanying notes		



**LAMPERD LESS LETHAL INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2006 and MARCH 31, 2005**

**(Canadian Funds)**

**(Unaudited)**

**1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS**

(a) These condensed unaudited consolidated financial statements of Lamperd Less Lethal Inc. (referred to herein as we, our, Lamperd or the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report Form 10-KSB for the year ended December 31, 2005.

**(b) REVERSE ACQUISITION TRANSACTION**

As described in Note 12, on April 14, 2005, the Company entered into a reverse acquisition with 1476246 Ontario Limited (1476246), a company incorporated pursuant to the laws of Ontario, Canada on November 22, 2001. These consolidated financial statements are a continuation of the operations of 1476246 and the comparative balance sheet and statement of operations presented in these financial statements are of 1476246.

**(c) GOING CONCERN**

These condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles that are applicable to a going concern, meaning that the company will be able to realize its assets and discharge its liabilities in the normal course of operations. Given the operating loss sustained in 2005 and in the three month period ended March 31, 2006 and the fact that the Company has not to the date of these condensed consolidated financial statements raised additional financing, the Company's ability to realize its assets and discharge its liabilities depends on continued support from the shareholders raising additional debt or equity. The use of United States generally accepted accounting principles that are applicable to a going concern therefore, may not be appropriate because there is doubt that the Company can operate as a going concern. These condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

**(d) DESCRIPTION OF BUSINESS**

The Company is a developer and manufacturer of civil defense products that are designed as a less lethal alternative to conventional weapons. In addition, The Company also manufactures shields, service equipment, training gear and accessories primarily designed for use by military and law enforcement organizations. The Company also provides less lethal training to police, military and private sector security personnel. The Company was incorporated under the laws of the State of Nevada under the name "Sinewire Networks Inc." on October 4, 2001. On March 21, 2005, the Company changed its name to "Lamperd Less Lethal Inc." The name change was recorded by the Secretary of State of the State of Nevada on March 21, 2005, and took effect with the National



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Association of Securities Dealers Inc. ( NASD ) Over-the-Counter Bulletin Board at the opening for trading on March 31, 2005 under the new stock symbol "LLLI".

### 2. SIGNIFICANT ACCOUNTING POLICIES

For further information regarding the Company's accounting policies, refer to the consolidated financial statements and footnotes related thereto included in the Company's annual report Form 10-KSB for the year ended December 31, 2005.

#### (a) REVENUE RECOGNITION AND DEFERRED REVENUE

Revenue is recognized and earned when all of the following criteria are met:

- Persuasive evidence of an arrangement exists,
- Delivery has occurred or services have been rendered,
- The price to the buyer is fixed or determinable, and
- Collectibility is reasonably assured.

Deferred revenue is recorded when customer deposits are received on future sales not meeting all the above criteria of revenue recognition

### 3. INVENTORIES

Consists of:

Descriptions	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Raw material	\$ 67,242	\$ 72,431
Work in process	37,666	50,647
Finished goods	48,533	58,535
<b>TOTAL</b>	<b>\$ 153,441</b>	<b>\$ 181,613</b>

### 4. PROPERTY, PLANT AND EQUIPMENT

<u>Description</u>	As at		As at	
	March 31, 2006		December 31, 2005	
	(Unaudited)		(Audited)	
<u>Cost</u>	<u>Accumulated</u>	<u>Net Carrying Value</u>	<u>Net Carrying Value</u>	
	<u>Amortization</u>			
Office Equipment	\$ 22,575	\$ 6,432	\$ 16,143	\$ 17,556
Manufacturing Equipment				
(i)	212,258	9,898	202,360	204,899
Protective & Demonstration Equipment				

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Computer Equipment	31,210	9,365	21,845	23,796
Leasehold Improvements	7,405	1,773	5,632	6,094
	<u>24,576</u>	<u>7,875</u>	<u>16,701</u>	<u>19,036</u>
TOTAL	<u>\$ 298,024</u>	<u>\$ 35,343</u>	<u>\$ 262,681</u>	<u>\$ 271,381</u>

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(i) Included in manufacturing equipment is \$98,223 related to equipment which was not put into commercial use as at March 31, 2006. Accordingly, no amortization has been recorded on this equipment in accordance with the Company's accounting policy.

5. INTANGIBLES

<u>Description</u>	<u>March 31, 2006</u>			<u>December 31, 2005</u>	
	<u>Cost</u>	<u>(Unaudited)</u>		<u>(Audited)</u>	
		<u>Accumulated</u>	<u>Net Carrying Value</u>	<u>Net Carrying Value</u>	
		<u>Amortization</u>			
Licenses	\$ 22,121	\$ 1,627	\$ 20,494	\$	20,714
Trademarks	715	10	705		822
Patents	<u>27,271</u>	<u>181</u>	<u>27,090</u>		<u>12,398</u>
TOTAL	<u>\$ 50,107</u>	<u>\$ 1,818</u>	<u>\$ 48,289</u>	<u>\$</u>	<u>33,934</u>

6. SUBSEQUENT EVENT

The Company entered into a Geographic Exclusive Distributorship Agreement with Jeung Woo Industry Co. Ltd. in May 2006, to become the distributor of LLLI products and services to South Korea, Morocco and Kenya markets for minimum annual sales of \$600,000.

7. FINANCIAL INSTRUMENTS

(a) Credit Risk

The Company is engaged in the sale of less lethal products, other protective gear, and accessories typically to a small number of major customers, although the composition of this group of customers changes from year to year. The Company performs ongoing credit evaluation of its customers' financial condition and, generally, requires no collateral.

(b) Currency Risk

The Company is subject to currency risk through its activities in the United States of America. Unfavorable changes in the exchange rate may affect the operating results of the Company.

The Company does not actively use derivative instruments to reduce its exposure to foreign currency risk. However, dependant on the nature, amount and timing of foreign currency receipts and payments, the Company may enter into forward exchange contracts to mitigate the associated risks. There were no forward exchange contracts outstanding at March 31, 2006.

(c) Fair Value of Financial Assets and Liabilities

The carrying amounts of the Company's financial assets and liabilities including cash and cash equivalents, accounts receivable, investment tax credit recoverable, accounts payable and accrued liabilities approximate fair value due to the short-term maturity of these items.

8. LOSS PER SHARE

Loss per share is calculated on the basis of the weighted average number of common shares outstanding for the three months ended March 31, 2006 totaling 50,661,111 shares (March 31, 2005 49,000,000).

Diluted loss per share is not calculated as the effect would be anti-dilutive.

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9. CAPITAL STOCK

Authorized:

1,000,000,000 voting common shares, par value US \$0.001

Issued and outstanding common shares at March 31, 2006 - 51,000,000 (December 31, 2005 - 50,500,000)

On March 2, 2006, 500,000 common shares of the Company were issued for services rendered in 2005. The value of the total consideration was accrued as a liability and charged to stockholders' equity at December 31, 2005 pending the stock issuance. When the shares were issued in 2006, capital stock was increased by \$584, equivalent to the par value of the common shares, paid up capital was increased by \$203,212 representing the remaining value based on the share value at March 2, 2006 and accrued liabilities were reduced.

On April 13, 2005 the company issued 1,500,000 units to an investor at a price of \$1 per unit. Each unit consisted of one treasury common share of Lamperd and two common shares purchase warrants. The resulting 3 million warrants are exercisable at a price per share of US 1.25 for twelve months following April 14, 2005 and US \$1.40 thereafter. No warrants were exercised in the quarter ended March 31, 2006.

10. INCOME TAXES

At March 31 2006, the Company had cumulative net operating loss carry-forward of approximately \$1,430,000 for the Canadian subsidiary and USD \$92,000 in the United States. These amounts will expire in various years through 2016 and 2017 in Canada and 2021 through 2024 in the U.S. The related deferred tax assets have been completely offset by a valuation allowance. The company has no deferred tax liabilities.

11. NET CHANGE IN NON-CASH OPERATING ASSETS AND LIABILITIES

Consists of:

	For the Three Month Period ended	
	March 31, 2006 Unaudited	March 31 2005 Unaudited
	\$	\$ (12,211)
Increase in accounts receivable	(8,740)	
(Increase) decrease in inventories	28,172	(36,102)
Increase in sundry	(8,643)	(15,676)
Increase (decrease) in accounts payable	15,104	(33,795)
Increase (decrease) in accrued liabilities	(114,146)	13,798
Increase in deferred revenue	61,055	-
TOTAL	\$ (27,198)	\$ (83,986)

Non cash transaction

During the period ended March 31, 2006, the Company issued 500,000 common shares for \$203,212 (Note 9).

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12. REVERSE ACQUISITION OF LAMPERD LESS LETHAL INC. (formerly Sinewire Networks Inc.)

On April 14, 2005, the Company (formerly known as Sinewire Networks Inc. ) entered into a reverse acquisition transaction ( transaction ) with privately held 1476246 Ontario Limited ( 1476246 ), an Ontario corporation. The transaction was effected pursuant to a Share Exchange Agreement dated March 18, 2005 (the Agreement ). Prior to the reverse takeover transaction 1476246 issued 99,996,000 common shares for nominal consideration. In accordance with the Agreement the Company acquired all 100,000,000 issued and outstanding common stock of 1476246 in exchange for the issuance by the Company of 26,000,000 shares of common stock to the shareholders of 1476246. Under the agreement, one share of the Company was issued for every 3.8461538 common stock of 1476246. As a result, 1476246 legally became a wholly owned subsidiary of the Company and the former shareholders of 1476246 hold greater than 50% of the Company s outstanding shares. Under the Agreement and as a result of the forward stock split, 44,516,000 outstanding common shares of the Company were exchanged for 222,580,000 common shares, 199,580,000 common shares of the Company were surrendered immediately for cancellation without consideration.

The transaction is recorded as a reverse acquisition in accordance with FAS 141 using the purchase method since the 1476246 stockholders became the controlling stockholders of the Company. Accordingly, the transaction is accounted for as the issuance of stock by 1476246 for the net monetary assets of the Company accompanied by a recapitalization of 1476246 and no goodwill or any other intangible assets are recorded. Prior period results and comparative are those of 1476246.

13. RELATED PARTY TRANSACTIONS

During 2005 the Company entered into various transactions with related parties as disclosed in note 14.

As explained in Note 15, the Company entered into an asset purchase agreement with Pinetree Law Enforcement Products of Canada Limited ( Pinetree ) on January 1, 2005 to acquire certain assets of Pinetree in exchange for assumption of liabilities and note payable. At the time of the agreement, a Director and Vice President of the Company was owed \$102,400 by Pinetree which was paid in full on April 22, 2005 when the Company retired the note payable. No amounts are owed to the related party at December 31, 2005.

A company controlled by a Director and Vice President of the Company is the primary subcontractor of parts for the Company s weapon launcher systems. The Company paid this corporation \$2,424 in the first quarter ended March 31, 2006 for the manufacturing of various components, and purchases for the Company. At March 31, 2006, \$2,967 is owed in this connection.

The company rents premises from a corporation controlled by a Director and Vice President of the Company. At March 31, 2006 \$8,988 is owed in this connection.

On April 23, 2005, the Company entered into separate consulting agreements with two Directors and Vice Presidents of the Company to provide services for a total of \$3,000 each per month. By waiver, the directors voluntarily reduced the amounts to \$2,000 per month each for January and February 2006 and NIL thereafter pending the commencement of future profitability and review by the Board.

14. PURCHASE OF ASSETS OF PINETREE LAW ENFORCEMENT PRODUCTS OF CANADA LIMITED

On January 1, 2005, the predecessor company prior to the reverse take over purchased the business assets of Pinetree Law Enforcement Products of Canada Limited ( Pinetree ), a company owned by the President and director of the Company. As a result this transaction is a related party transaction. The assets were transferred to the Company at their carrying value in Pinetree and the excess price paid has been charged to deficit in accordance with United States generally accepted accounting principles. The details of the transaction are as follows:

Cost of acquisition	
Assumption of accounts payable to the Receiver General of Canada	\$ 69,546
Debt in the form of note payable	102,400
Total cost of assets acquired	171,946
Carrying value of assets acquired	
Accounts receivable	\$ 9,112
Inventories	25,407
Manufacturing equipment	16,300
Office equipment	10,000
Computer equipment	1,000
Protective and demonstration equipment	25,000
Intangibles - licence agreement	22,122
Total allocations to Current, Property, plant and equipment and Other Intangible Assets	108,941
Excess of acquisition price over carrying value was charged to deficit	\$ 63,005

Subsequent to the above transaction, inventory worth \$15,500 was written off in 2005.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

**Introduction**

Our financial statements are stated in Canadian dollars (CDN\$) and are prepared in conformity with generally accepted accounting principles in the United States of America for interim financial statements.

As used in this quarterly report, the terms "we", "us", "our company", and "Lamperd" mean Lamperd Less Lethal Inc., unless otherwise indicated. All dollar amounts refer to CDN dollars unless otherwise indicated.

THE FOLLOWING DISCUSSION AND ANALYSIS PROVIDES INFORMATION WHICH OUR MANAGEMENT BELIEVES IS RELEVANT TO AN ASSESSMENT AND UNDERSTANDING OF OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION. THIS DISCUSSION SHOULD BE READ TOGETHER WITH OUR FINANCIAL STATEMENTS AND THE NOTES TO FINANCIAL STATEMENTS WHICH ARE INCLUDED IN THIS REPORT, AND WITH OUR COMPANY'S FORM 10-KSB.

**Forward-Looking Statements**

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

**Our Corporate History**

We were incorporated under the laws of the State of Nevada under the name Sinewire Networks Inc. on October 4, 2001. On March 21, 2005, we changed our name to Lamperd Less Lethal Inc. The name change was recorded by the Secretary of State of the State of Nevada on March 21, 2005, and took effect with NASD Inc.'s Over-the-Counter Bulletin Board at the opening for trading on March 31, 2005 under our new stock symbol LLLI .

**Our Business**

Our company is a developer and manufacturer of civil defense products that are designed as a less lethal alternative to conventional weapons. The products include weapon systems and munitions that are designed to incapacitate as opposed to kill opponents, and at the same time, ensure the safety of the personnel using the products. In addition, our company also manufactures shields, service equipment, training gear and accessories. The products are primarily designed for the use by military and law enforcement organizations. Our company also provides less lethal training to police, military and private sector security personnel. Training is provided by our experienced military and police contractors in addition to trained civilian contractors which are retained as required by our company with permission from their respective agencies. The training programs offered by our company incorporate the most current less lethal techniques and equipment, including our own products.



The launchers consist of a hand held model called the Defender I, a longer version called the Defender II, a revolving shotgun launcher called the RSG-20 and the Military Peace Keeper, or MPK version, that combines lethal and less lethal technologies in one launcher. The launchers fire 5 rounds. The five types of munitions developed for use by the launchers, as well as certain conventional weapons, consist of sock rounds, WASP synthetic rounds, distractionary rounds, liquid incapacitant rounds, and training rounds.

Our market is primarily comprised of military forces and law enforcement organizations in Canada and the United States. In Canada, our products are primarily sold to distributors who distribute its products to end users on an exclusive basis. We have been granted a Canadian Business Firearms License, which allows the company to manufacture, repair, store, import, export and sell its proprietary products.

Our products are sold in the United States through a network of distributors. Our munitions have been approved by the Joint Less-lethal Weapons program in the United States. The program was established in order to provide certain personnel with a variety of non-lethal weapons products. In furtherance of the marketing and sales of our products, we have been assigned a NATO Commercial and Government Entity Code which enables us to sell military supplies to NATO member countries.

It is our intention to expand into foreign markets by engaging in a series of geographically exclusive distributorship agreements with well established local companies as opportunities become available.

### **Our Products**

#### **Launchers**

We have developed four proprietary projectile launchers. Each of the launchers is compatible with our line of proprietary less lethal munitions including the WASP composite rounds, sock rounds, training rounds, distractionary rounds and liquid incapacitant rounds. The three launchers fire 5 rounds. The ability of an operator to fire more than a single round provides greater security in hostile situations.

1. **Defender I:** The Defender I is our standard launcher product. The launcher fires munitions from a cylinder that holds five rounds. The launcher is a compact and lightweight product that fires 20 gauge rounds.
2. **Defender II:** The Defender II is a longer version than the Defender I and also fires munitions from a cylinder that holds 5 rounds. The launcher fires 20 gauge rounds and has a longer barrel which provides for improved accuracy and greater effectiveness at longer ranges.
3. **RSG-20:** The RSG-20 is a revolving shotgun version developed for the United States market and designed to fire five 20 gauge cartridges.
4. **Military Peace Keeper:** The MPK version combines lethal and less lethal technologies in one launcher and fires five rounds. The launcher is lightweight and contains a laser system for increased accuracy.

#### **Munitions**

We manufacture five types of proprietary munitions used by the launchers. Each of the munitions is made in 20 gauge, 12 gauge, 37mm and 40mm sizes and the WASP Composite Round is also made in .50 caliber size. In addition, our munitions are compatible with other .50 caliber, 20 gauge, 12 gauge, 37mm and



40mm conventional weapons delivery systems. The munitions are designed to ensure the safety of the operator and incapacitate rather than kill an opponent.

#### WASP Composite Rounds

The WASP round is our most technologically advanced product. The round consists of a projectile made from a rubber composite material that does not harden in colder climates and possesses energy dissipation attributes, resulting in a safer and more accurate projectile. The composite material allows it to be used in temperatures ranging from minus 50 degrees Celsius to 100 degrees Celsius. The chemical composition of the projectile dissipates energy upon impact, thus inflicting a level of force that is sufficient to temporarily incapacitate but not kill the intended opponent. The projectile is patent pending in Canada and the United States. The projectile was developed in partnership with the University of Western Ontario. The University of Western Ontario granted us an exclusive world-wide license to the technology pursuant to a license agreement dated January 30, 2005. The license agreement is effective for the term the patent rights are protected, subject to certain conditions. In consideration for the grant of license, we've agreed to pay all out-of-pocket expenses incurred by the University of Western Ontario, assume responsibility for future patent prosecution and rights and pay the University a royalty commencing on April 1, 2006 of three percent of revenue directly attributable to the projectile. The royalty is subject to minimum royalty obligations of \$5,000 per year for each of the second and third years following the entry into the license agreement, \$10,000 per year for the fourth to sixth years, and \$20,000 thereafter.

#### Sock Rounds

The sock round fires a pouch or beanbag projectile filled with lead pellets. Each sock round contains a proprietary tail attached to the end of the round which stabilizes the round for increased accuracy. The composition of the projectile allows for the dissipation of energy upon impact which reduces the chances of injury of the intended target. The projectile is intended to be aimed at the abdomen and hits the intended target with sufficient force to knock the opponent down, but generally not enough to cause permanent injury.

#### Distractionary Rounds

The distractionary round is an alternative to conventional stun grenades and provides a bright flash combined with a 135 decibel noise, used to disorient and temporarily blind opponents without causing permanent damage.

#### Liquid Incapacitant Rounds

Incapacitant rounds fire either a liquid or powder form of pepper spray designed to temporarily blind and incapacitate opponents without the need for officer contact. Firing the incapacitant rounds from a launcher provides greater safety to the operator and provides more range than traditional spray delivery methods.

#### Training Rounds

Training rounds are non-lethal munitions used by military and law enforcement organizations to carry out training exercises amongst themselves in preparation for hostile or combat situations.

#### Additional Products

We manufacture and distribute products in addition to launchers and munitions, including the Specialized Mobil Armed Robot Technology System or SMART System which combines the Defender launcher technology with an integrated human-robot interface control platform. The SMART System is designed to deliver less lethal, lethal and chemical weapon systems. Communication is facilitated by a 360 degree camera and a proprietary sighting system mounted to the robotic platform. The product can also be customized in accordance with the requirements of the end-user.



**Results of Operations**

**Three months ended March 31, 2006 compared to the three month period ended March 31, 2005**

Our company posted losses of \$263,319 for the three months ended March 31, 2006 compared to losses of \$132,654 for the three month period ended March 31, 2005 and losses since inception to March 31, 2006 of \$1,362,987. The principal components of the losses were general, selling and administrative expenses.

Our operating expenses for the three months ended March 31, 2006 were \$239,240 compared to \$113,298 for the three month period ended March 31, 2005..

**Liquidity and Capital Resources**

From inception on October 4, 2001 to April 13, 2005 we were engaged as a start-up wireless internet service provider. Since April 14, 2005, we have been engaged in the business of developing and manufacturing of civil defence products that are designed as a less lethal alternative to conventional weapons. Our principal capital resources have been acquired through the issuance of common stock.

At March 31, 2006, we had a working capital surplus of \$75,171 compared to working capital surplus of \$445,664 at December 31, 2005.

At March 31, 2006, we had assets of \$625,459, compared to our assets at December 31, 2005 of \$926,765.

At March 31, 2006, our total liabilities were \$239,318, compared to our liabilities of \$481,101 as at December 31, 2005.

At March 31, 2006 we have cash and cash equivalents on hand of \$14,438 compared to cash and cash equivalents on hand of \$310,610 as at December 31, 2005.

Our company has no long-term debt as at March 31, 2006.

**Going Concern**

Our company has shown operating losses for the last five quarters since inception of \$1,362,987. Management is anticipating that sales of launcher and ammunitions will increase in the next quarter with volume growing in the next two quarters. While we expect to have sufficient funds to operate until the end of fiscal 2006, the continuation of our business is dependent upon obtaining further financing, a successful program of acquisition and development, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. As noted herein, we are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

**Research and Development**

Our company's research and development efforts are focused on enhancing our less lethal products including: (i) periodic re-design of products and incorporation of new technologies to improve performance and manufacturability; (ii) design of new product lines for additional specialized applications; and (iii)



expansion and adoption of existing products to accommodate the requirements of customer needs. Research and development efforts are conducted in-house.

Contingent on additional financing, we plan to spend approximately \$300,000 on research and development over the next twelve months.

**Purchase or Sale of Equipment**

Contingent on raising additional financing, we anticipate purchasing an investment casting machine for approximately \$500,000 to increase capacity and reduce the cost of producing the launchers, as well as approximately \$160,000 for automated filling machines to increase production capacity for munitions and one die cutting machine at a cost of approximately \$20,000.

**Personnel**

As of March 31, 2006, we had 4 full-time employees and 2 part-time employees. Of those employees, none are covered by collective bargaining agreements.

**Application Of Critical Accounting Policies**

Our unaudited consolidated condensed financial statements and accompanying notes have been prepared in conformity with generally accepted accounting principles in the United States of America for interim financial statements. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financials.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Basic loss per share has been calculated based on the weighted average number of shares of common stock outstanding during the period.

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements as at March 31, 2006.

**Payment related to share issue costs and capital stock**

At December 31, 2005, the Company accrued \$262,071 in the audited consolidated financial statements for costs related to financial advisory and business development services that were provided to the Company to secure financing in 2005. As satisfaction of this obligation, on March 2, 2006, the Company paid \$58,275 and also issued 500,000 common shares of the Company valued at \$ 203,796.

**Risk Factors**

In addition to other information in this current report, the following risk factors should be carefully considered in evaluating our business because such factors may have a significant impact on our business, operating results, liquidity and financial condition. As a result of the risk factors set forth below, actual



results could differ materially from those projected in any forward-looking statements. Additional risks and uncertainties not presently known to us, or that we currently consider to be immaterial, may also impact our business, operating results, liquidity and financial condition. If any of the following risks occur, our business, operating results, liquidity and financial condition could be materially adversely affected. In such case, the trading price of our securities could decline, and you may lose all or part of your investment.

**Risks Related To Our Business**

Our business plan calls for significant expenses necessary to continue the development of our business and expand our position in the market.

*We operate in a highly-competitive industry and our failure to compete effectively may adversely affect our ability to generate revenue.*

Management is aware of similar products which compete directly with our products and some of the companies developing these products have significantly greater financial, technical and marketing resources, larger distribution networks, and generate greater revenue and have greater name recognition than us. These companies may develop products superior to those of our company. Such competition will potentially affect our chances of achieving profitability, and ultimately adversely affect our ability to continue as a going concern. Some of our competitors conduct more extensive promotional activities and offer lower prices to customers than we do, which could allow them to gain greater market share or prevent us from increasing our market share. In the future, we may need to decrease our prices if our competitors continue to lower their prices. Our competitors may be able to respond more quickly to new or changing opportunities, technologies and customer requirements. To be successful, we must carry out our business plan, establish and strengthen our brand awareness through marketing, effectively differentiate our product line from those of our competitors and build our distribution network. To achieve this we may have to substantially increase marketing and research and development in order to compete effectively. Such competition will potentially affect our chances of achieving profitability, and ultimately adversely affect our ability to continue as a going concern.

*Rapid technological changes in our industry could render our products non-competitive or obsolete and consequently affect our ability to generate revenues.*

Currently, we derive substantially all of our revenues from the sale of civil defense products and related products using less lethal alternatives to conventional weapons, including launchers and munitions. Such products are characterized and affected by rapid technological change, evolving industry standards and regulations and changing client preferences. Our success will depend, in significant part, upon our ability to make timely and cost-effective enhancements and additions to our technology and to introduce new products and services that meet customer demands. We expect new products and services to be developed and introduced by other companies that compete with our products and services. The proliferation of new and established companies offering less lethal alternative products may reduce demand for our particular products. There can be no assurance that we will be successful in responding to these or other technological changes, to evolving industry standards or regulations or to new products and services offered by our current and future competitors. In addition, we may not have access to sufficient capital for our research and development needs in order to develop new products and services.

*We could lose our competitive advantages if we are not able to protect our proprietary technology and intellectual property rights against infringement, and any related litigation could be time-consuming and costly.*

Our success and ability to compete depends in part on our proprietary technology incorporated in our products. If any of our competitors copy or otherwise gain access to our proprietary technology or develop similar technologies independently, we would not be able to compete as effectively. We consider our technologies invaluable to our ability to continue to develop and maintain the goodwill and recognition associated with our brand. The measures we take to protect our technologies, and other intellectual property rights, which presently are based upon registered trade marks in addition to trade secrets, may not be

adequate to prevent their unauthorized use. Although we rely, in part, on contractual provisions to protect our trade secrets and proprietary know-how, there is no assurance that these agreements will not be breached, that we would have adequate remedies for any breach or that our trade secrets will not otherwise become known or be independently developed by competitors. Further, the laws of foreign countries may provide inadequate protection of intellectual property rights. We may need to bring legal claims to enforce or protect our intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and a diversion of corporate resources. In addition, notwithstanding any rights we have secured to our intellectual property, other persons may bring claims against us claiming that we have infringed on their intellectual property rights, including claims that our intellectual property rights are not valid. Adverse determinations in litigation in which we may become involved could subject us to significant liabilities to third parties, require us to grant licenses to or seek licenses from third parties and prevent us from manufacturing and selling our products. Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with our trademarks or require us to make changes to our technologies. Furthermore, we cannot assure you that any pending patent application made by us will result in an issued patent, or that, if a patent is issued, it will provide meaningful protection against competitors or competitor technologies.

*We may not be able to hire and retain qualified personnel to support our growth and if we are unable to retain or hire such personnel in the future, our ability to improve our products and implement our business objectives could be adversely effected.*

To continue our growth, we will need to recruit additional senior management personnel, including persons with financial and sales experience. In addition, we must hire, train and retain a significant number of other skilled personnel, including persons with experience in less lethal munitions engineering and manufacturing. We have encountered competition for these personnel. We may not be able to find or retain qualified personnel, which will have a material adverse impact on our business.

*Our growth could be impaired if we are not able to develop and maintain the relationships we need to implement our international strategy.*

Our growth will depend, in large part, on the success of our international distribution strategy. We have limited experience in marketing and selling our products outside of Canada and the United States. We will depend on partnerships and/or joint ventures in international markets to help us build our international operations and distribution networks. We will depend upon international partners to provide marketing and relationship building expertise, and a base of existing customers. If we are unable to develop and maintain these relationships, or to develop additional relationships in other countries, our ability to penetrate, and successfully compete in foreign markets will be adversely affected.

*We intend to expand our business internationally, and therefore, we are subject to additional financial and regulatory risks.*

Our current and future international operations are and will be subject to various risks, including: foreign import controls (which may be arbitrarily imposed and enforced and which could interrupt our supplies or prohibit customers from purchasing our products); exchange rate fluctuations; the necessity of obtaining government approvals for both new and continuing operations; and legal systems of decrees, laws, taxes, regulations, interpretations and court decisions that we are not familiar with. One component of our strategy is to expand our operations into selected international markets. Foreign countries in which we are actively marketing include the United States and we intend to commence marketing efforts in the United Kingdom in the near future. We, however, may be unable to execute our business model in this market or new markets. Further, foreign providers of competing products and services may have a substantial advantage over us in attracting consumers and businesses in their country due to earlier established businesses in that country, greater knowledge with respect to the cultural differences of consumers and businesses residing in that country and/or their focus on a single market. As a result, we expect to experience higher costs as a percentage of any revenues that we may generate in the future in connection

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with the development and maintenance of international sales. In pursuing our international expansion strategy, we face several additional risks, including:

-foreign laws and regulations, which may vary country by country, that may impact how we conduct our business;

-higher costs of doing business in foreign countries;

-potential adverse tax consequences if taxing authorities in different jurisdictions worldwide disagree with our interpretation of various tax laws or our determinations as to the income and expenses attributable to specific jurisdictions, which could result in our paying additional taxes, interest and penalties;

-technological differences that vary by marketplace, which we may not be able to support;

-longer payment cycles and foreign currency fluctuations; and

-economic downturns.

We propose to operate in areas where local government policies regarding foreign entities and the regulation of less lethal products are often uncertain. We cannot, therefore, be certain that we are in compliance with, or will be protected by, all relevant local laws and taxes at any given point in time. A subsequent determination that we failed to comply with relevant local laws and taxes could have a material adverse effect on our business, financial condition, results of operations and liquidity. One or more of these factors could adversely affect our future international operations and, consequently, could have a material adverse effect on our business, financial condition, results of operation and liquidity.

*Many of our customers have fluctuating budgets, which may cause substantial fluctuations in our results of operations.*

The potential customers for our products may include federal, state, municipal, foreign and military, law enforcement and other governmental agencies. Government tax revenues and budgetary constraints, which fluctuate from time to time, can affect budgetary allocations from these customers. Many domestic and foreign government agencies have in the past experienced budget deficits that have led to decreased spending in defense, law enforcement and other military and security areas. Any future revenues that our company may generate may be subject to substantial periodic fluctuations because of these and other factors affecting military, law enforcement and other governmental spending. A reduction of funding for federal, state, municipal, foreign and other governmental agencies could have a material adverse effect on any future revenues that we may generate.

*Our WASP synthetic round is difficult and costly to manufacture, and our company may not be able to find other subcontractors who will supply our company with this component.*

The WASP synthetic round is made from a proprietary rubber compound and is difficult to manufacture. The material causes high wear-rates on both tooling and machinery. Currently, the compound is moulded by subcontractors. It may be difficult, however, to find subcontractors willing to mould and supply this component. If we are unable to find subcontractors willing to manufacture and deliver the product, our revenues will be reduced.

#### Risks Related To Our Industry

*The products we sell are inherently risky and could give rise to product liability and other claims.*

The products that we manufacture are typically used in applications and situations that involve a high level of risk of personal injury. Failure to use our products for their intended purposes, failure to use or care for them properly, or their malfunction, or, in some limited circumstances, even correct use of our products,



could result in serious bodily injury or death. Given this potential risk of injury, proper maintenance of our products is critical. Our products consist of less lethal products such as launchers, munitions, pepper sprays and distraction devices. The manufacture and sale of less-lethal products may be the subject of product liability claims arising from the design, manufacture or sale of such goods. If these claims are decided against our company and we are found liable, we may be required to pay substantial damages and our insurance costs, if any, may increase significantly as a result. Also, a significant or extended lawsuit could also divert significant amounts of management's time and energy. We cannot assure you that our insurance coverage, if any, would be sufficient to cover the payment of any potential claim. In addition, we cannot assure you that this or any other insurance coverage will continue to be available or, if available, that we will be able to obtain it at a reasonable cost. Any material uninsured loss could have a material adverse effect on our business, financial condition and results of operations.

*We are subject to extensive government regulation, and our failure or inability to comply with these regulations could materially restrict our operations and subject us to substantial penalties.*

We are subject to many requirements with respect to the sale in foreign and/or domestic countries of certain of our products. In addition, we are obligated to comply with a variety of federal, state and local regulations, both domestically and abroad, governing certain aspects of our operations and workplace. The inability of our company to comply with such regulations may limit our operations and subject us to substantial penalties and fines.

#### Risks Related To Our Common Stock

*A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.*

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If the stock price declines, there can be no assurance that we can raise additional capital or generate funds from operations sufficient to meet our obligations. We believe the following factors could cause the market price of our common stock to continue to fluctuate widely and could cause our common stock to trade at a price below the price at which you purchase your shares:

- actual or anticipated variations in our quarterly operating results;
- announcements of new services, products, acquisitions or strategic relationships by us or our competitors;
- trends or conditions in the less lethal products industry;
- changes in accounting treatments or principles;
- changes in earnings estimates by securities analysts and in analyst recommendations;
- changes in market valuations of other less lethal product companies; and
- general political, economic, regulatory and market conditions.

The market price for our common stock may also be affected by our ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, could materially adversely affect the market price of our common stock.



*If we issue additional shares in the future, it will result in the dilution of our existing shareholders.*

Our certificate of incorporation authorizes the issuance of 1,000,000,000 shares of common stock. Our board of directors has the authority to issue additional shares up to the authorized capital stated in the certificate of incorporation. Our board of directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares will result in a reduction of the book value or market price of the outstanding shares of our common stock. If we do issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change of control of our corporation.

*If a market for our common stock does not develop, shareholders may be unable to sell their shares.*

There is currently a limited market for our common stock, which trades through the Over-the-Counter Bulletin Board quotation system. Trading of stock through the Over-the-Counter Bulletin Board is frequently thin and highly volatile. There is no assurance that a sufficient market will develop in the stock, in which case it could be difficult for shareholders to sell their stock.

*Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.*

The Securities and Exchange Commission has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term accredited investor refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of, our common stock.

*The National Association of Securities Dealers Inc., or NASD, has adopted sales practice requirements, which may limit a stockholder's ability to buy and sell our shares.*

In addition to the penny stock rules described above, the NASD has adopted rules requiring that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult



for broker-dealers to recommend that their customers buy our common stock, which may limit our shareholders' ability to buy and sell our stock and which may have an adverse effect on the market for our shares.

*Most of our assets and a majority of our directors and officers are outside the United States, with the result that it may be difficult for investors to enforce within the United States any judgments obtained against us or any of our directors or officers.*

Although we are organized under the laws of the State of Nevada, our principal executive office is located in Sarnia, Ontario, Canada. Outside the United States, it may be difficult for investors to enforce judgments against us obtained in the United States in any such actions, including actions predicated upon civil liability provisions of federal securities laws. In addition, some of our officers and directors reside outside the United States, and a majority of the assets of these persons and our assets are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against us or such persons judgments predicated upon the liability provisions of the United States securities laws. There is substantial doubt as to the enforceability against us or any of our directors and officers located outside the United States in original actions or in actions of enforcement of judgments of United States courts or liabilities predicated on the civil liability provisions of United States federal securities laws.

### **ITEM 3. CONTROLS AND PROCEDURES.**

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this report, being March 31, 2006, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our president and chief executive officer. Based upon that evaluation, our president and chief executive officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report. There have been no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Disclosure controls and procedures are controls that are designed to ensure that information required to be disclosed in our company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our president and chief executive officer as appropriate, to allow timely decisions regarding required disclosure.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

We know of no material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered beneficial shareholder are an adverse party or has a material interest adverse to us.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

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**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

The following exhibits, required by Item 601 of Regulation S-B, are being filed as part of this quarterly report, or are incorporated by reference where indicated:

**3. *Articles of Incorporation and By-laws:***

- 3.1 Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2, filed on March 27, 2002).
- 3.2 Restated Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2, filed on March 27, 2002).
- 3.3 Bylaws (incorporated by reference from our Registration Statement on Form SB-2, filed on March 27, 2002).
- 3.4 Certificate of Amendment filed with the Nevada Secretary of State on January 31, 2005. (incorporated by reference from our Current Report on Form 8-K, filed on February 1, 2005).
- 3.5 Certificate of Amendment filed with the Nevada Secretary of State on March 21, 2005 (incorporated by reference from our Current Report on Form 8-K, filed on March 31, 2005).

**10. *Material Contracts***

- 10.1 Wireless Service Provider Agreement (incorporated by reference from our Registration Statement on Form SB-2, filed on March 27, 2002).
- 10.2 Promissory Note (incorporated by reference from our Registration Statement on Form SB-2, filed on March 27, 2002).
- 10.3 Share Exchange Agreement dated March 18, 2005, among our company under our former name Sinewire Networks Inc., 1476246 Ontario Limited doing business as Lamperd Less Lethal, Patrick Ward, Hani Zabaneh and the principal shareholders as set out in the share exchange agreement (incorporated by reference from our Current Report on Form 8-K, filed on March 31, 2005).
- 10.4 Employment Agreement dated January 1, 2005 between 1476246 Ontario Limited and Barry Lamperd (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.5 Addendum to Employment Agreement made January 1, 2005 between 1476246 Ontario Limited and Barry Lamperd (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.6 Asset Transfer Agreement dated January 1, 2005 between 1476246 Ontario Limited and Pinetree Law Enforcement Products Ltd. (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.7 License Agreement dated January 20, 2005 between 1476246 Ontario Limited and The University of Western Ontario (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).



- 10.8 Voting Agreement dated March 1, 2005 between Barry Lamperd, D Arcy Bell, Dominic DiCarlo, Bruce Strebinger, Mercer Investments Inc. and 1476246 Ontario Limited (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.9 Consulting Agreement dated April 23, 2005 between 1476246 Ontario Limited and Dominic DiCarlo (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.10 Consulting Agreement dated April 23, 2005 between 1476246 Ontario Limited and 1476232 Ontario Limited (incorporated by reference from our Current Report on Form 8-K, filed on May 13, 2005).
- 10.11 Letter of Intent dated May 18, 2005 between Lamperd Less Lethal Inc. and Taylor s & Co. Inc. (incorporated by reference from our Current Report on Form 8-K filed on May 27, 2005).
- 10.12 Geographic Exclusive Commissioned Sales Agent Agreement dated as of August 2, 2005 (incorporated by reference from our Current Report on Form 8-K filed on August 8, 2005).
- 10.13 Exclusive Distributor Agreement dated September 30, 2005 between Lamperd Less Lethal Inc. and Laser Shot, Inc. (incorporated by reference from our Current Report on Form 8-K filed on October 5, 2005).
- 14. Code of Ethics**
- 14.1 Code of Business Conduct and Ethics (incorporated by reference from our Annual Report on Form 10-KSB, filed on March 30, 2004).
- 31. 302 Certification**
- 31.1\* Section 302 Certification under Sarbanes-Oxley Act of 2002 of Barry Lamperd.
- 31.2\* Section 302 Certification under Sarbanes-Oxley Act of 2002 of Jeffrey Kinsella.
- 32. 906 Certification**
- 32.1\* Section 906 Certification under Sarbanes-Oxley Act of 2002 of Barry Lamperd.
- 32.2\* Section 906 Certification under Sarbanes-Oxley Act of 2002 of Jeffrey Kinsella.
- \* *Filed herewith.*

**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.

**LAMPERD LESS LETHAL INC.**

By: /s/ Barry Lamperd

Barry Lamperd

President and Director

(Principal Executive Officer)

Date: June 5, 2006

By: /s/ Jeffrey Kinsella

Jeffrey Kinsella, Chief Financial Officer

(Principal Financing Officer and

Principal Accounting Officer)

Date: June 5, 2006

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