



MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly report to shareholders

Second Quarter ended February 28, 2009

The following comments are intended to provide an analysis, from the Management's perspective, of the consolidated financial situation of CORPORATION NUVOLT INC. / NUVOLT CORPORATION INC. (NUVOLT) and of its subsidiary AGRIVOLT INC., as at February 28, 2009, as well as operation results for the three month and six month periods ended at the same date, compared to corresponding periods ended February 29, 2008. Prepared in accordance with National instrument 51-102-Continuous Disclosure Obligations, this Report should be read in conjunction with the unaudited consolidated financial statements of the second quarter ended February 28, 2009, and related notes, as well as with the audited statements as at August 31, 2009 and related notes.

Unless otherwise indicated, financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP). All amounts in the tables of this analysis are expressed in thousands of Canadian dollars, with the exception of the amounts per share.

Some sections of this report present statements which are forward-looking and involve risks and uncertainties. Forward looking statements offer no guaranties of the future results of NUVOLT. Actual results may vary significantly from those of forward looking statements, due to numerous factors like capital investment in the measuring instrumentation sector, instability in currency exchange, hiring of qualified employees and NUVOLT's capacity to conduct business successfully in such uncertain conditions. Consequently, the reader should be fully aware of these forward looking statements. These statements are only valid as at the date of the report. There is no commitment to notify readers nor to revise or update these statements in order for them to reflect events or circumstances occurring after the date of this report, except as specifically required by law.

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ACTIVITY DESCRIPTION AND OVERVIEW

NUVOLT is specialized in monitoring electrical networks in livestock farm facilities and in manufacturing detection and correction devices. The company has developed a focused expertise in the management of the electrical network failures, leakage current detection and neutralization as well as in electrical network monitoring systems. It is considered as an emerging company in the technological sector with a strong growth potential worldwide.

Its main products are the "Potential Equalizer", the "Relax" ground fault detector and SVF-VSD filters to eliminate harmonics. They are presently in use on dairy and pig farms.

NUVOLT holds patents on products and technology serving its current markets and patents are pending on products aimed at serving not only farms but also electrical network monitoring of residential, commercial, institutional and industrial markets.

VISION AND STRATEGY

NUVOLT intends to become leader in electrical network monitoring systems and leakage current neutralization.

NUVOLT, through its subsidiary AGRIVOLT INC., is recognized as a North American leader for its expertise in electric network management in the agricultural market. The introduction of **SMARTSCAN**, a technology linked to an active sensor, makes it possible to transform this much focused expertise, from a case by case approach to a specialized "plug and play" product line, to be marketed through a network of dealers, first in North America, then in Europe, Asia and Oceania. Market diversification towards commercial real estate and industrial production sectors offers a much broader potential than the agricultural sector alone. Therefore, NUVOLT has centered its activities in the agricultural sector in a separate company, AGRIVOLT INC., in order to better focus on the development of these other markets.

Over the last few weeks, NUVOLT has been showing its technology to enterprises of international scope in all the targeted sectors. OEM or private labels distribution deals or licence agreements could be concluded with them.

The Company manufactures its products, which are CSA International and EC certified. Manufacture outsourcing is being considered; to that end, NUVOLT is currently discussing with companies offering manufacturing facilities.

NUVOLT CORPORATION can rely on a dynamic and experienced team in all sectors, to whom expert marketing specialists can also be added.

SITUATION ANALYSIS

SMARTSCAN, electric network management system

An important delay is anticipated in the marketing launch of **SMARTSCAN**. The Company is in discussions with the main consultant on the project, BBA on costs and timeframe to work completion. Alternatives are being considered to avoid overrunning planned cost and development time.

Cost and a longer timeframe are not associated with technological development but with the effort needed to prepare a validated commercial product, with quality control plan at the factory and, more specifically, adapting the current software from an engineering issue to a more user friendly expert system, better suited to the targeted clientele. It is clear that the target market is very focused and that no mistake will be tolerated. NUVOLT wants to make sure that **SMARTSCAN** will be a product meeting - and faultlessly delivering on - all expectations.

NUVOLT is currently reviewing timeframe, aiming at September 2009 as a deadline for project completion and making sure to have all necessary resources not to postpone beyond this date. This will limit implications to a six months maximum. A cahier de charge to specify needs is being produced and we are currently sourcing sensor manufacturers.

Marketing of the product being postponed, hiring of marketing personnel to set up Agrivolt Centers and initially planned for Spring 2009, has been postponed to August 2009.

Financial institutions, clients and potential partners, upon seeing the product in a real environment, have all noticed a strong growth potential and that is why NUVOLT intends to put in the necessary efforts to bring **SMARTSCAN** to market before 2010.

It is an innovative product. It has been recognized as such at *World Ag Expo*, in February 2009 where it has been selected as one of the five top technological innovations of the year. *World Ag Expo* is the world largest agricultural trade show, presented every year in California. It attracts more than 1600 exhibitors and close to 100 000 visitors. **SMARTSCAN** has been showcased at a media presentation on February 9 making it the subject of many reviews in specialized magazines in United-States. This, in turn, has prompted the interest of several dairy farm equipment distributors and could translate into distribution deals.

Patents

United States Patents for the **Sensor** have been granted in February 2009. Filings for International (PCT) Patents are coming to a close and filings for targeted countries are now to be determined.

Finances

Financial needs could rise from \$1.5M to \$3M due to delays and anticipated cost increase to bring **SMARTSCAN** to completion. The Company is currently assessing its financial needs in this regard. Moreover, NUVOLT wants to have the necessary resources to set up its marketing plan for the new product, in an economic context which remains unpredictable, yet positive for the Company. Indeed, demands from potential distributors, in particular since *World Ag Expo* in California push the Company to quickly complete its financing.

Steps to secure interim financing, initiated over the last few weeks, are still going on. Interesting possibilities are showing up and could result in some financing agreement being secured by next summer.

On March 19, 2009, the provincial government has indicated in its budget the setting up of a new Stock Savings Plan (REA) intended to facilitate financing of SME. Very interesting tax deductions will be granted to individuals who will invest in some enterprises. NUVOLT will study the conditions of this program over the next few weeks, for its own financing.

Quarterly Earnings

Earnings for this quarter are more than satisfactory, considering economic slow down. Despite the drop in milk prices in United States, sometime reaching for a while a level lower than cost for producers, precarious profitability in the swine market and despite restraints to financing expansion, NUVOLT sales have increased by 17% in the last quarter, and by 58% since the beginning of the fiscal year, compared to similar periods in the previous year.

The increase was felt mostly in United States. Efforts towards major dairy farms in California have paid off and NUVOLT's reputation is now firmly established.

Education provided in various presentations, namely at *World Ag Expo* in California at the beginning of February has brought farmers to understand that the solutions proposed by NUVOLT have a direct impact on cost reduction. Moreover, setting up staff in United States has made it possible to demonstrate to the target clientele the credibility and commitment of the Company to get closer to it in order to provide improved service.

Delays in marketing **SMARTSCAN** has brought the sale force to implement an action plan to support the Company with traditional product lines so as to generate profits.

- In Quebec and Eastern Ontario, sale efforts will be focused on allies, that is complementary agents to NUVOLT in the agricultural sector. Sales in these geographical sectors are satisfactory so far, dairy producers are careful about investing but they are benefiting from a quota system which alleviates the unwanted effects of the economic slowdown. In the hog market, there seems to be positivism with the evolution of the Canadian currency.
- In United States, the two resources currently in place are developing a marketing plan for selling the "Potential Equalizer", the "Relax" ground fault detector and filters to distributors.
- For OEM, a new client could generate important orders for filters. A deal is about to be closed. Filters represent a sale potential to be developed and NUVOLT intends to develop the market intelligence and a marketing strategy over the next few weeks.

NUVOLT is therefore able to believe that the actual results, despite a difficult economic context and the postponement of the marketing of **SMARTSCAN** will clearly be superior to the previous year. In six months, 82% of the earnings of the previous year had already been reached. The Company does not have a backlog and each month is a challenge however, its position in its sector of operation is well known and this can only be beneficial to the earnings.

Cash Flow

NUVOLT's working capital does not allow it to fulfill its financial obligations in the short or mid term. The credit line makes it possible to meet obligations arising from the current operation of the Company. Funds are not sufficient to complete the development project and its related marketing. While waiting for the closing of an adequate funding round expected to take place this summer, the Company has set up the following components to allow it to have enough cash for its operation:

- Promissory note from directors in the amount of \$375,000. In March 009, the directors have agreed to transfer these promissory notes into longer term (18 month) debt, until the financing round. They will have the possibility to convert these notes at the same conditions as investors who will take part in the financing round.

- \$75,000 recallable loan from Caisse Populaire Desjardins was obtained in November 2008 and reimbursed when R&D tax credit were financed.
- Financing of the R&D tax credits in the amount of \$143,000 obtained in March 2009 from Caisse Populaire Desjardins and guaranteed by an Investment Quebec program. This amount is payable from the cashing of the tax credits*.
- Revision of a clause in a financial contribution contract with National research Council (NRC) which that will allow NUVOLT to receive \$25,000 in April 2009.
- Discussion with two financial institutions from whom the Company has obtained a moratorium postponing capital reimbursement until March 31, 2009, to postpone by one year the beginning of these reimbursements.
- Negotiation of an amount of \$558,000 owed to BBA, a major service provider in the development of **SMARTSCAN**, to obtain payment schedule to make it to the next financing round and this, without altering the technological collaboration between the two companies.
- Postponement of hiring originally planned for spring 2009 until August 2009.
- Postponement of outsourcing investments to complete development of **SMARTSCAN** to July 2009.
- Important emphasis on sales. The sales increase during the last semester has allowed NUVOLT to maintain cash flow levels allowing it to sustain operation expenses and maintain the team.

*An important note about R&D Tax credits: amounts claimed from the government authorities for fiscal year ended August 31, 2008 have yet to be analysed. Moreover, \$269,000 claimed as admissible expenses had not been paid to the supplier as of February 28, 2009. This is not in accordance with Canada Revenue admissibility standard which requires that admissible expenses be paid 180 days after the end of fiscal year. This will therefore affect by about \$62,000 the expected amount, which was \$277,824. The expense will be admissible during the year where it will have been paid. The Company intends to claim this amount in its fiscal year ending August 31, 2009.

CONSOLIDATED FINANCIAL INFORMATION

NUVOLT CORPORATION INC. Data from consolidated interim financial statements				
PROFIT AND LOSS <i>(In thousands of dollars except data per share)</i>	Second quarter ended		Six-month period ended	
	28/02/2009 (unaudited)	29/02/2008 (unaudited)	28/02/2009 (unaudited)	29/02/2008 (unaudited)
	\$	\$	\$	\$
Gross revenue	444	379	1.147	727
Cost of goods sold	219	279	534	504
Gross profit	225	100	613	223
Research and Development Expenses, net	-	-	-	-
Selling expenses	184	89	335	186
Administrative expenses	128	188	256	342
Financial expenses	48	47	87	90
	360	324	678	618
Other items	11	0	13	17
Net income (Net loss)	(124)	(224)	(52)	(378)
Net income (Net loss), non diluted and diluted per share	(0.0024)	(0.0042)	(0.0010)	(0.0072)

Note : Comparative Financial Statements at February 29, 2008 have been adjusted comparatively to the same statements as presented last year, due to an accounting mistake that has been corrected since. This allows for a better comparison and respects accounting principles.

INFORMATION ON THE SUBSIDIARY

The Company has an American subsidiary (AGRIVOLT INC) incorporated in Wisconsin under Chapter 180 of the Wisconsin Statutes. This unit was born of the buying out of an American partner during the first quarter of 2004-2005.

Except for OEM Sales, direct sales of products and services in American territory go through AGRIVOLT. It bills clients and pays royalties to NUVOLT for each device sold.

Services related to diagnosis, warranty or device start ups are provided by NUVOLT technicians.

OPERATING RESULTS

Consolidated Revenues

NUVOLT has recorded net revenues of \$444,000 for the second quarter of fiscal year 2008-2009, comparatively to \$379,000 for the corresponding period of fiscal year 2007-2008, representing a 17.3% increase. For the six

month period ended February 28, 2009, consolidated revenues is \$1,147,000, compared to \$727,000 for the six month period ended February 29, 2008, an increase of nearly 58%.

There is therefore an important revenue increase over the previous year. We even recognize that we are only \$251,000 from reaching the total of last year and this in only six months.

This increase comes mainly from higher sale of systems. Indeed, 9 systems have been sold during the quarter, compared to 7 during the same quarter last year. For the semester, that is 23 systems sold compared to 14 for the same semester of the previous year. It's in United States that system sales have been the most important. Elite farms now acknowledge NUVOLT's expertise and are convinced of the return on their investment on its products. In US dollars system sales in United States have reached US\$97,800 for the quarter ended February 28, 2009 compared to US\$20,000 for the quarter ended February 29, 2008. For the semester, it is US\$392,000 system sales in United States, compared to US\$20,000 for the same semester of the previous year.

Impact of currency exchange

The average currency exchange rate for the quarter has been \$1.24 CAD for \$1 USD, compared to \$1 CAD for \$1 USD for the same quarter of the previous year. For the semester, the average currency exchange rate has been \$1.19 CAD for \$1 USD for the semester of the previous year. This currency exchange rate difference is favourable for the sales of the first semester of 2008-2009. The impact is a \$40,500 gain for the quarter and \$113,000 for the semester. Without considering the currency rate, the sale increase of the quarter compared to the sales of the same quarter of the previous year is 6% and the sale increase of the semester compared to the same semester of the previous year is 42%.

Revenues split

NUVOLT's revenues are of two types, product sales and the service sales. Product sales include direct sales to users and sales to OEM. Selling products for detection and correction of electrical networks failures is done in two steps, first the electric network diagnosis, then the installation and launching of the equipment. To this base revenue are added revenues from spare parts, various services and preventive maintenance.

These revenues are split as follows:

NUVOLT CORPORATION INC.				
Data from consolidated interim financial statements				
	Second quarter ended		Six-month period ended	
	28/02/2009 (unaudited)	29/02/2008 (unaudited)	28/02/2009 (unaudited)	29/02/2008 (unaudited)
<i>(In thousands of dollars)</i>				
	\$	\$	\$	\$
Products	315	270	906	530
Services	129	109	241	197
Total	444	379	1.147	727

Sales of products have represented the same percentage of total sale for the quarter compared to the same quarter of the previous year. For the semester, the percentage of sales of product on total sale represents 79% compared to 73% for the same semester of the previous year.

The following table shows the geographical distribution of NUVOLT sales:

NUVOLT CORPORATION INC.				
Data from consolidated interim financial statements				
	Second quarter ended		Six-month period ended	
	28/02/2009 (unaudited)	29/02/2008 (unaudited)	28/02/2009 (unaudited)	29/02/2008 (unaudited)
<i>(In thousands of dollars)</i>				
	\$	\$	\$	\$
Canada	231	244	452	535
USA	213	135	695	192
Total	444	379	1.147	727

The sales in the United States for the quarter and semester ended at February 28, 2009 show an increase comparatively to the same periods of the previous year. There is a sale decrease in Canada. The economic context inspires Quebec farmers to exercise a lot of prudence in their investments.

Gross profit

The gross profit for the second quarter of fiscal year 2008-2009 amounts to \$225,000 or 50.7%, compared to \$100,000 or 26.4% for the same period of 2007-2008. For the semester ended February 28, 2009 it is \$614,000 or 53.5%, compared to \$222,000, or 30.6%. This increase is in direct relation to the sale increase.

The Cost of Goods Sold has decreased for the quarter ended at February 28, 2009, compared to the same period of the previous year and has slightly increased for the semester ended February 28, 2009 compared to the same semester of the previous year.

Gross profit, on product sales only, represent 63% for the quarter and 65% for the semester ended February 28, 2009, compared to 52% for the quarter and 55% for the semester ended February 29, 2008. This is explained in part by currency exchange rate. What's more, resources for direct manpower have been less, for an increased productivity. Efficiency rate for these resources has gone from 75% for the year 2007-2008 to 100% so far this year. Finally, the general manufacturing expenses have decreased. This comes, among other factors, from amortization of development costs which are less.

Service expenses for the quarter and the semester ended February 28, 2009 have diminished compared to the same periods of the previous years. Salaries have been less as some resources were affected to R&D. Amortization expenses have diminished, the value of many immobilisations allocated to technical service having run out.

Research and development expenses

Capitalized research and development expenses amounted to \$78,000 for the three month period ended February 28, 2009, compared to \$102,000 for the same period the previous year. They amounted to \$304,000 for the semester ended February 28, 2009 and to \$167,000 for the semester ended February 29, 2008. These amounts have been capitalized in full. They meet the criteria for capitalization of chapter 3064 of the CICA handbook.

At the time of presentation of the results for the first quarter last year, the reserve for tax credit had been subtracted from the R&D expenses, thus showing revenue. The correction has been made for a better comparison and to respect accounting standards. Instead, the reserve was carried against the deferred development expenses on the balance sheet.

From the **SMARTSCAN** development project inception, four NUVOLT staff members have been used on a full time basis. During the last quarter, no outsourcing fee has been recorded. However, production and technical services staff has been involved, mainly assembling prototypes and validating them in real situations.

Selling Expenses

Selling expenses have reached \$184,000 for the second quarter of fiscal year 2008-2009, compared to \$89,000 for the same quarter of fiscal year 2007-2008. For the semester ended February 28, 2009, they have reached \$335,000 compared to \$186,000 for the semester ended February 29, 2008.

This represents an important increase. From the beginning of the current fiscal year, marketing expenses have been incurred to start implementing the **SMARTSCAN** sale strategy. Compared to last year, two resources are in place in United-States to promote the new product and close distribution deals. Mr Bill Thompson, Vice-President Sales for the American subsidiary Agrivolt Inc. has been hired in February 2008. A development manager for Western United States has also joined the team since September 2008.

Administrative expenses

The administrative expenses amounted to \$129,000 for the quarter ended February 28, 2009, comparatively to \$188,000 for the quarter ended February 29, 2008. For the six month period ended February 28, 2009, they have been \$256,000 comparatively to \$342,000 for the six month period ended February 29, 2008.

This reduction for the fiscal year 2008-2009 over the previous one is mainly explained by the fact that no share based remuneration expenses have been recorded and that professional fees were less.

Financial expenses

The financial expenses add up to \$48,000 \$ for the three month period ended February 28, 2009, about the same amount as the same period of the previous year. For the six month period ended February 28, 2009, financial expenses have reached \$87,000, compared to \$90,000 for the same period of the previous year.

Other revenues

The \$11,000 amount for the second quarter of fiscal year 2008-2009 and the \$13,000 for the semester of the same fiscal year represents payments on a contribution from National Research Council (NCR) through its Industrial Research Assistance Program (IRAP) internship program. The agreement totals \$15,000.

Net loss

For the second quarter of fiscal year 2008-2009, the net loss amounts to \$124,000\$ (\$0.0024/share) against \$224,000 (\$0.0042/share) for the same period of previous year. For the semester ended February 28, 2009, net loss has been \$52,000 (\$0.0010/share) compared to \$378,000 (\$0.0072/share) for the same semester of the previous year.

Tax on Consolidated Earnings

NUVOLT has no payable tax for the quarters and semesters ended February 28, 2009 and February 29, 2008 respectively. Thus, no future tax on temporary discrepancies between accounting value and tax value was ever accounted for.

Earnings Before Interest Depreciation Tax and Amortization

The calculation of the EBIDTA corresponds to revenues minus operating costs, before interest charges, depreciation and losses in value of the fixed assets, and tax on earnings. Its result allows for better assessing the financial performance of the Company. It is not used for any other purpose than internal analysis.

For the quarter ended February 28, 2009, the EBIDTA posts a negative amount of (\$90,000) comparatively to (\$189,000) for the quarter ended February 29, 2008. For the semester ended February 28, 2009, the EBIDTA is positive at \$17,000 compared to (\$210,000) for the semester ended February 29, 2008.

The EBIDTA is not a measurement of result defined in accordance with the Generally Accepted Accounting Principles (GAAP). Thus it does not have a normalized meaning as prescribed by GAAP. The financial measurement most directly comparable and in accordance with GAAP is the net loss.

CASH FLOWS

NUVOLT CORPORATION INC.				
Data from consolidated interim financial statements				
CASH FLOW	Second quarter ended		Six-month period ended	
	28/02/2009 (unaudited)	29/02/2008 (unaudited)	28/02/2009 (unaudited)	29/02/2008 (unaudited)
<i>(In thousands of dollars)</i>				
	\$	\$	\$	\$
Operating activities	-	(235)	161	(367)
Investing activities	(104)	(172)	(413)	(240)
Financing activities	95	(44)	262	(89)
Increase (Reduction)	(9)	(451)	10	(696)
Cash flow at beginning	10	1.016	(9)	1.261
Cash flow at the end	1	565	1	565

Cash flows related to operating activities

The operating activities for this second quarter of 2008-2009 have not changed cash flows compared to activities generating a negative amount (\$235,000) for the same period of the previous year. They have been positive for \$161,000 for the semester ended February 28, 2009 comparatively to (\$367,000) for the semester ended February 29, 2008. This increase in cash flow related to operating activities for the last semester is due mainly to increase of creditors.

Cash flows related to investing activities

Investing activities decreased cash for an amount of (\$104,000) for the quarter ended February 28, 2009, comparatively to a cash decrease of (\$172,000) for the quarter ended February 29, 2008. For the semesters ended February 28, 2009 and February 29, 2008, there are cash decreases of (\$413,000) and (\$240,000) respectively.

The development of **SMARTSCAN**, and its related intellectual property protection are the activities having used the cash flows with regards to investments.

Cash flows related to financing activities

Financing activities increased cash flows by \$95,000 for the second quarter of fiscal year 2008-2009, comparatively to a cash decrease of (\$45 000) for the same quarter of fiscal year 2007-2008. For the semester ended February 28, 2009, they have increased cash flows by \$262,000 comparatively to a cash flow reduction of (\$89,000) for the semester ended February 29, 2008.

The quarter financing activities are \$150,000 contributions for promissory note from NUVOLT directors came from the Qualified Transaction and private placement. The financing activities for the quarter ended February 29, 2008 had been limited to reimbursement of debts.

FINANCIAL SITUATION

NUVOLT CORPORATION INC.		
Data from consolidated interim financial statements		
BALANCE SHEETS	As at	As at
<i>(In thousands of dollars)</i>	February 28, 2009	August 31, 2008
	(unaudited)	(audited)
	\$	\$
Current Assets	1.190	1.134
Total Assets	2.684	2.306
Current Liabilities	1.724	1.282
Long-Term Debt	296	320
Debenture	213	213
Total liabilities	2.233	1.815
Capital Stock	5.378	5.378
Stock options	171	159
Warrants	718	718
Contributed surplus	657	657
Deficit	(6,473)	(6,421)
Shareholders' Equity	451	492

Short Term

NUVOLT has short term assets of \$1,190,000 and short term liability of \$1,724,000, as at February 28 2009, compared to short term assets of \$1,134,000 and short term liability of \$1,282,000, as at August 31 2008.

The increase of the short-term assets comes mainly from the receivables which are higher than at August 31, 2008, because of the important sales of the quarter. The receivable tax credit amount is also higher.

Inventory has decreased compared to August 31, 2009. Inventory level that Management wanted to keep ended up being depleted given the unexpected number of orders received. Orders to suppliers were requested to increase inventory and they were just in time not to create delays in delivery for the next clients.

Short term liabilities have increased compared to August 31, 2008. This is due to higher accounts payable attributed to investments in R&D, to a loan from Caisse Populaire Desjardins and to a promissory note from contributions by directors.

It should be noted that Nuvolt has been authorised by the directors, in March 2009, to convert these promissory notes into long term, 18 month debt. They could be renegotiated at the closing of the next financing round so that the directors, should they wish to, could receive the same treatment as other investors.

The short term loan from Caisse Populaire Desjardins has been reimbursed in March 2009 upon reception of financing for R&D.

An important amount is due to a supplier, BBA. Negotiations are under way to obtain a postponement until the next financing.

As well, negotiations are under way with two financing institutions, with who Nuvolt had concluded a moratorium postponing capital reimbursement until March 31, 2009, to extend by one year the beginning of these reimbursements.

At February 28, 2009, NUVOLT shows a working capital ratio of 0.69 compared to 0.88 at August 31 2008. The debt/equity ratio is not respected. The creditor has not indicated his intolerance in this regard.

Long term

The total asset went from \$2,306,000 at August 31, 2008 to \$2,684,000 at February 28, 2009. The long term portion of the assets went from \$1,172,000 at August 31, 2008 to \$1,494,000 at February 28, 2009. The variation of \$322,000 is mainly due to a \$12,000 investment for patents and to an increase of deferred development expenses since the beginning of the fiscal year. \$382,000 have been invested in R&D during the last semester. An amount of \$88,000 for R&D tax credits on these investments reduces capitalization of deferred cost.

The long-term debt including short term portion, shows a slight variation of (\$3,000) compared to August 31, 2008. Capitalization of interests has reduced the variation caused by the reimbursement of loans.

Capital Stock

Common Shares	52 810 329
Warrants	15 866 666
Stock Purchase Options	3 290 656
Total	71 967 651

CHANGES IN ACCOUNTING POLICIES

Financial instruments

Canadian Institute of Chartered Accountants has published Section 3862 «Financial instruments –Disclosures» and 3863 «Financial instruments-Presentation». These standards must be applied for fiscal year beginning from October 1st, 2007. Consequently, the Company has adopted them for the current fiscal year ending August 31, 2009. Section 3862 establishes new standards regarding information to disclose for financial instruments and its adoption has had no incidence on the amounts recorded in the financial statements of the Company. Section 3863 revises presentation standards already established in Section 3861 «Financial Instruments: Presentation and Disclosures» and, consequently, has had no impact on the financial statements of the Company.

Capital disclosures

Canadian Institute of Chartered Accountants has published Section 1535 «Capital Disclosures». These standards must be applied for fiscal year beginning from October 1st, 2007. Consequently, the Company has adopted them for the current fiscal year ending August 31, 2009. Section 1535 requires disclosure of information about the Company's objectives, policies and processes for managing capital. Application of these new standards has had no impact on the amounts recorded in the financial statements of the Company, as they relate mainly to information to be disclosed.

Inventories

Canadian Institute of Chartered Accountants has published Section 3031 «Inventories» to replace the previous Section 3030 bearing the same title. These standards must be applied for fiscal year beginning from October 1st, 2007. Consequently, the Company has adopted them for the current fiscal year ending August 31, 2009. This section establishes standards for the measurement and disclosure of inventories. Application of these new standards has had no impact on the amounts recorded in the financial statements of the Company.

Goodwill and Intangible Assets

Canadian Institute of Chartered Accountants has published Section 3064 «Goodwill and Intangible Assets», to replace Section 3062 «Goodwill and Other Intangibles» and Section 3450 «Research and Development». These standards must be applied for Fiscal years beginning October 1st 2008. Consequently, the Company will have to adopt them for its fiscal year ending August 2010. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company is currently assessing the incidence of these new standards on its financial statements.

International Financial Reporting Standards (IFRS)

An Exposure Draft on adopting International Financial Reporting Standards (IFRS) has been published by the Accounting Standards Board (AcSB), in relation with accounting and presentation of financial information for

publicly accountable enterprises. These standards would replace the current Generally Accepted Accounting Principles (GAAP) and would come into effect for fiscal years beginning on or after January 1st 2011.

NUVOLT considers setting up a plan of convergence towards IFR standards as of the second quarter of 2008-2009. This transition plan will make it possible to analyze the expected effects on financial and non - financial information which will have to be presented in the annual financial statements of the fiscal year ending at 31 August 2009.

RISK FACTORS

Currency Risk

The Company does a significant part of its purchases and sales in foreign currency, US dollars. Therefore some assets and liabilities are exposed to currency variations. As at February 28, 2009, the net assets in American currency, converted into Canadian dollars represents \$27,424. The Company does not use any financial instrument to manage its currency risk.

Credit Risks

In the normal course of business, the Company monitors the financial situation of its clients. The Company does not believe to be exposed to a higher than normal credit risk with regards to its clients. The Company has several clients spread over various geographical sectors. It monitors credit of new clients and records a reserve for bad debt whenever Management considers there is a high risk of not collecting an amount recorded in the receivables. The maximum risk is equal to the book value of the financial instruments.

Interest Rate Risk

The Company has long term loans bearing interest at variable rates. Therefore, the Company is exposed to a risk related to interest rates based on variation of the prime rate. However, a 1% preferential rate variation would have no significant effect on results or on the financial situation of the Company.

Cash Flow Risk

The Company has a line of credit allowing it to have sufficient funds to meet short term financial needs with regards to its regular operation. Available cash is not currently sufficient to pursue its development project and related marketing.

The Company monitors its cash flows weekly, allowing it to look for additional cash in a timely manner, if needs be. Necessary financing comes mainly from debt and allows the Company to operate. It is currently seeking cash for its development project and related marketing. Despite the fact it has succeeded in the past there is no guarantee for the future.

Other Risks

The Company's business is subject to some risks, namely the following: proprietary technology, need for capital, non-respect of financial ratios, competition and technology obsolescence, growth management and market development, conflicts of interest, manpower, acquisitions, product errors, stock price variations and the securities market. These risks are known but do not jeopardize future activities of the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at February 28, 2009, the design of a final document on internal controls was not completed. However, the management is of the opinion that it has implemented adequate and sufficient procedures to provide reasonable assurance that:

- i) the financial statements of the Company as at February 28, 2009 established in accordance with GAAP, together with the other financial information included in the interim filings fairly present in all material respects the financial condition of the Company as well as results of operations and cash flows as at February 28, 2009; and
- ii) the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

OTHER INFORMATION

For further information, please note that you can consult the Internet site of SEDAR at: <http://www.sedar.com>

Levis, March 27, 2009

(S) Dominique Dion

Dominique Dion

CFO