

October 19, 2007

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POWER TECH CORPORATION INC. 6









TODAY IN HISTORY

1982 - John De Lorean is arrested for trafficking in cocaine (later acquitted)

1983 - Maurice Bishop, Prime Minister of Grenada, is overthrown and executed in a military coup d'état led by Bernard Coard

1989 - Guildford Four convictions are quashed by the Court of Appeal - they had spent 15 years in prison through a miscarriage of justice

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Central Bank Rates				Prime Rates		Currency			
USD 		4.75%		GBP 5.75%		USD	7.75%	CAD/USD	\$1.0264
EUR 		4.00%		CAD 4.50%		CAD	6.25%	USD/JPY	¥115.7350
JPY 		0.50%		AUD 6.25%				USD/EUR	€0.6998
DATE	COUNTRY	EVENT	AS OF	CONSENSUS	ACTUAL	PRIOR			
10/12/2007 8:30	US	Producer Price Index (MoM)	SEP	0.50%	1.10%	-1.40%			
10/12/2007 8:30	US	PPI Ex Food & Energy (MoM)	SEP	0.20%	0.10%	0.20%			
10/12/2007 8:30	US	Producer Price Index (YoY)	SEP	3.70%	4.40%	2.20%			
10/12/2007 8:30	US	PPI Ex Food & Energy (YoY)	SEP	2.20%	2.00%	2.20%			
10/12/2007 8:30	US	Advance Retail Sales	SEP	0.20%	0.60%	0.30%			
10/12/2007 8:30	US	Retail Sales Less Autos	SEP	0.30%	0.40%	-0.40%			
10/12/2007 10:00	US	U. of Michigan Confidence	OCT P	84	82	83.4			
10/12/2007 13:00	US	Baker Hughes U.S. Rig Count	12-Oct	1767	--	1755			
10/15/2007 8:30	CA	Leading Indicators MoM	SEP	0.30%	0.40%	0.30%			
10/15/2007 8:30	CA	New Motor Vehicle Sales MoM	AUG	3.00%	2.80%	-2.70%			
10/16/2007 8:30	CA	Manufacturing Shipments MoM	AUG	-1.00%	-1.70%	2.30%			
10/16/2007 9:00	CA	Bank of Canada Rate	16-Oct	4.50%	4.50%	4.50%			
10/16/2007 9:15	US	Industrial Production	SEP	0.10%	0.10%	0.20%			
10/16/2007 9:15	US	Capacity Utilization	SEP	82.10%	82.10%	82.20%			
10/16/2007 17:00	US	ABC Consumer Confidence	14-Oct	--	-13	-13			
10/17/2007 7:00	US	MBA Mortgage Applications	12-Oct	--	0.70%	2.40%			
10/17/2007 8:30	US	Consumer Price Index (MoM)	SEP	0.20%	0.30%	-0.10%			
10/17/2007 8:30	CA	Wholesale Sales MoM	AUG	-0.50%	-2.00%	2.00%			
10/17/2007 8:30	US	CPI Ex Food & Energy (MoM)	SEP	0.20%	0.20%	0.20%			
10/17/2007 8:30	US	Consumer Price Index (YoY)	SEP	2.80%	2.80%	2.00%			
10/17/2007 8:30	US	CPI Ex Food & Energy (YoY)	SEP	2.10%	2.10%	2.10%			
10/17/2007 8:30	US	CPI Core Index SA	SEP	--	211.714	211.25			
10/17/2007 8:30	US	Consumer Price Index NSA	SEP	208.405	208.49	207.917			
10/17/2007 8:30	US	Housing Starts	SEP	1280K	1191K	1331K			
10/17/2007 8:30	US	Building Permits	SEP	1285K	1226K	1307K			
10/17/2007 10:30	US	DOE U.S. Crude Oil Inventories	12-Oct	750K	1784K	-1674K			
10/17/2007 10:30	US	DOE U.S. Gasoline Inventories	12-Oct	400K	2768K	1675K			
10/17/2007 10:30	US	DOE U.S. Distillate Inventory	12-Oct	-700K	994K	-563K			
10/17/2007 10:30	US	DOE U.S. Refinery Utilization	12-Oct	-0.25%	-0.50%	0.33%			
10/18/2007 8:30	US	Initial Jobless Claims	13-Oct	312K	337K	308K			
10/18/2007 8:30	US	Continuing Claims	6-Oct	2525K	2534K	2521K			
10/18/2007 10:00	US	Leading Indicators	SEP	0.30%	0.30%	-0.60%			
10/18/2007 10:30	US	EIA Natural Gas Storage Change	12-Oct	50	39	73			
10/19/2007 7:00	CA	Consumer Price Index MoM	SEP	0.20%	--	-0.30%			
10/19/2007 7:00	CA	Consumer Price Index YoY	SEP	2.50%	--	1.70%			
10/19/2007 7:00	CA	Bank Canada CPI Core MoM	SEP	0.20%	--	0.10%			
10/19/2007 7:00	CA	Bank Canada CPI Core YoY	SEP	1.90%	--	2.20%			
10/19/2007 13:00	US	Baker Hughes U.S. Rig Count	19-Oct	--	--	1767			
10/31/2007 14:15	US	FOMC Interest Rate Decision	31-Oct	4.50%		4.75%			
12/4/2007 9:00	CA	Bank of Canada Rate Decision	4-Dec	4.50%		4.50%			

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Currency Corner

US Dollar at Record Low

The greenback continues to get pummeled in currency markets, reaching a record 1.4310 against the euro yesterday. Reflecting the currency's broad-based decline, the DXY index – which measures the value of the US\$ against six major currencies – touched a record low of 77.478 (Figure 1). The greenback's drop has picked up momentum since September 18, after the Fed unexpectedly cut the federal funds rate by 50 basis points. Currency speculators continue to short the US\$ in the belief that the housing slump in the US will continue to weigh on the economy and force the Fed to lower rates yet again, depriving the greenback of much-needed yield support. From the chart below, it is evident that the greenback is now in uncharted territory, and where (or when) its slide will end is anyone's guess.

Figure 1: DXY Index – 2000 to Present



Source: Bloomberg

Life Sciences

Aspreva Snapped Up by Swiss Firm Galenica

Victoria-based **Aspreva Pharmaceuticals (TSX:ASV \$24.95)** gained 16% after it agreed to be acquired by Galenica Group of Switzerland for US\$915 million or US\$26 per share. Aspreva has emerged as one of the biggest life sciences companies in British Columbia since its IPO in March 2005. The company has been going through a rough patch lately, as disappointing results from a couple of product candidates in recent months resulted in it trading at a 52-week low of \$16.69 in August. This has been a very short – and possibly lucrative – assignment for the company's current Chairman & CEO, Dr. J William Freytag, who succeeded Aspreva co-founder, Richard Glickman, at the helm only in July. Aspreva's acquisition also marks the second huge deal for Dr. Freytag in less than a year. He was formerly President, CEO and Chairman of Myogen Inc., which was acquired by Gilead Sciences for \$2.15 billion in November 2006.

QLT at 11-Year Low as Visudyne Sales Continue to Plummet

QLT Inc. (TSX:QLT \$4.74) is trading at its lowest levels since 1996, after the company said yesterday that, according to its marketing partner Novartis, global sales of Visudyne were US\$48.7 million for Q3 ended September 30. This represents a decrease of 35.1% from a year ago and a sequential decline of 17.9%.

Nektar Knocked Down by Pfizer Termination of Exubera Sales

Nektar Therapeutics (NASDAQ:NKTR \$6.67) fell 17% to its lowest in over four years as Pfizer said it decided to halt sales of Exubera – the first inhaled version of insulin – after sales failed to meet expectations. Pfizer's CEO said that despite the company's best efforts, Exubera had failed to gain acceptance from patients and physicians. The news also led to declines in Consort Medical, a UK-based maker of inhalers, and Mannkind Corp, which is developing a rival inhaled insulin product.

Gains Envisioned for Bioenvision?

It's down to the wire for **Bioenvision Inc. (NASDAQ:BIVN \$5.55)**, the subject of a contentious takeover bid from **Genzyme Corp. (NASDAQ:GENZ \$72.83)**. Genzyme unveiled its offer for Bioenvision on May 29, offering \$345 million in an all-cash transaction that valued it at \$5.60 per common share and \$11.20 per preferred share. Some of Bioenvision's biggest shareholders, including SCO Capital Partners and Elliott Associates, have opposed the Genzyme bid on the grounds that it is too low and undervalues the company. Advisory firm, Institutional Shareholder Services, also recommended that Bioenvision investors reject the bid. On October 4, Bioenvision said holders of 47% of its common and preferred stock supported the Genzyme offer. However, the next day, shareholders adjourned a special meeting with no final tally after a 384,000-share miscalculation was discovered after balloting had ended. On October 10, Bioenvision and Genzyme won court approval to hold a special meeting on October 22 to reopen voting on their merger. So will the two companies attempt to push the deal through despite shareholder opposition, or will Genzyme sweeten the bid at the last minute to placate irate shareholders? There may be a slim chance of the latter, even though Genzyme said late last month that, "\$5.60 per (Bioenvision) share is our best and final offer." At stake in this tussle is highly promising and potential blockbuster oncology drug clofarabine, which was co-developed by Bioenvision and Genzyme in Europe. Genzyme is up 15% since our last update on this situation on September 7, putting it in an even better position to raise its bid for Bioenvision if it chooses to do so.

Metals & Mining

Xstrata To Begin Construction of New Caledonia Nickel Project

Xstrata's (LON:XTA GBP34.54) board has given the go ahead to develop New Caledonia's rich Koniambo nickel project, located in the South Pacific Ocean, just north of New Zealand. Resources at the massive nickel deposit will support a low-cost, open pit mine for at least 25 years, Xstrata says, with the potential to extend the mine life well in excess of 50 years of economic production. The deposit contains 142.1 million tonnes of measured and indicated saprolite resources grading 2.13% nickel at a 1.5% nickel cut-off grade, 140.7 million tonnes of inferred saprolite resource grading 2.16% nickel (1.5% cut-off) and 104 million tonnes of inferred limonite resources at 1.5% nickel (1.2% cut-off). Xstrata will invest US\$3.8 billion in the project to own 49% of the nickel project. Its joint-venture partner, Societe Miniere du Sud Pacifique, will own the remaining 51%.

Oil & Gas

DOE Releases Natural Gas Storage Numbers

The US Department of Energy (DOE) released its weekly report showing natural gas storage numbers for the week ended October 12. The report, released Thursday at 10:30 a.m. in Washington, showed natural gas supplies increased by 39 billion cubic feet (bcf) last week, below the 50-bcf increase expected by analysts surveyed by Bloomberg. Total natural gas in storage now stands at approximately 3.38 trillion cubic feet (tcf). Natural gas closed Thursday at US\$7.35 on the New York Mercantile Exchange.

Workers Protest Proposed Royalty Increase

Nearly 800 angry oilpatch workers descended on the grounds of the Alberta Legislature Wednesday to protest a government report that recommends an annual increase of \$2 billion in royalty fees charged to oil companies. The workers are afraid their jobs may be in jeopardy if the government adopts the proposed royalty regime. There was also a small group of protestors from Greenpeace on hand urging the government to move forward with the royalty hike. Last week, **Canadian Natural Resources Ltd. (TSX:CNQ \$77.79)** announced it would cancel its \$7 billion investment in oil projects in the province if the government adopts the proposed recommendation.

Technology

Google Profit Swells 46%

Google Inc. (NASDAQ:GOOG \$639.62) reported Thursday a 46% rise in profit that topped Wall Street expectations, fuelled by recent accelerating market share gains and tightened cost controls. Third-quarter net income rose to \$1.07 billion, or \$3.38 per diluted share, compared with the year-earlier quarter's \$733.3 million, or \$2.36 per diluted share. Excluding one-time items, profit was \$3.91 in the latest quarter. Gross revenue rose 57% to \$4.23 billion. Wall Street was looking for a net profit of \$3.22 per share. Excluding one-time items and stock compensation costs, the average analyst estimate was \$3.77 per share. Analysts expected quarterly revenue to grow 54% from a year ago to \$4.13 billion.

Gartner Says HP Still Tops In Worldwide PC Sales

Technology research firm **Gartner Inc. (NYSE:IT \$25.94)** said Thursday that **Hewlett-Packard Co. (NYSE:HPO \$52.87)** put more space between itself and its top PC rival, **Dell Inc. (NASDAQ:DELL \$29.13)** during the third quarter, and that the consumer market continues to drive worldwide demand for PCs. Gartner said that during the third quarter, HP shipped 12.8 million PCs worldwide, good enough for 18.8% of the market and a 33% increase from the same period a year ago. It was the fifth consecutive quarter that HP has been in the top spot since surpassing Dell a year ago. For its part, Dell shipped 9.8 million PCs and claimed 14.4% of the market, but its shipments rose only 3.5% from the third quarter of 2006. Total worldwide shipments came to 68.5 million units, up 14.4% from last year. The remaining top five worldwide spots were filled by **Acer (TPE:2353 TWD67.00)**, **Lenovo Group (OTC:LNVGY \$18.20)** and **Toshiba (OTC:TOSBF \$9.20)**. Acer's shipments rose by 58% from a year ago, and more growth is expected due to its recent acquisition of Gateway Inc.

POWER TECH CORPORATION INC.

Equity Research | Special Situations

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSXV:PWB
\$0.40

SPEC. BUY
(unchanged)

\$0.89
(unchanged)

Power Distributors

October 19, 2007

Market Data

52-week High-Low	\$0.76-\$0.40
Shares Outstanding	
– Basic	36.0 million
– Fully diluted	47.1 million
Market Capitalization	\$14.4 million
Cash (Jun 30/07)	\$1.7 million
Long Term Debt (Jun 30/07)	\$0.07 million
Fiscal Year End	September 30
Major shareholders	Insiders: 44.0%

Financial Data

<i>(’000s, except EPS)</i>	FY06A	FY07E	FY08E
Revenue	\$419.7	\$710.2	\$2,769.0
EBITDA	(\$1,822.8)	(\$2,047.2)	(\$513.8)
Net Earnings	(\$2,219.7)	(\$2,828.0)	(\$1,370.6)
CFO	(\$2,054.5)	(\$2,101.2)	(\$259.9)
EPS (basic)	(\$0.08)	(\$0.09)	(\$0.04)

Investor Risk Tolerance Scale



Company Description

Power Tech Corporation Inc. designs, manufactures and markets specialized and, literally, groundbreaking technologies aimed at improving the performance, productivity and functionality of excavation equipment and industrial excavation systems. The Company presently has one product on the market, the PicBucket 2000, which attaches to conventional backhoes made by all manufacturers and combines the percussive power of a hydraulic hammer with the stripping force and maneuverability of the conventional bucket found on original equipment. The PicBucket can be used in the construction, demolition, forestry and mining industries, as well as by the military.

Event

On Thursday October 18, Power Tech Corporation Inc. (“PowerTech” or the “Company”) announced that it had reached two new distribution agreements with companies servicing the Ontario construction market.

Highlights

The Distributors: The two distributors operate in the Ontario construction machinery market: Creighton Rock and Drill Ltd. (“Creighton”) and Champion Road Machinery Sales, both of which are located in Toronto. Creighton is an Atlas Copco dealer. This brings the total number of distributors of the Picbucket to eight.

The Order Book: The Company’s order book for fiscal 2008 now stands at \$550,000. The 2008 fiscal year started 19 days ago.

Investment Conclusion

A little good news from PowerTech is always welcome. Two new distributors in Ontario, and an order book for its Series 2000 Picbuckets that is growing steadily, if not exponentially...yet. Powertech is poised for a good year this year and next year...look out. The Picbucket could become a household word, at least in the construction machinery business. **We are reiterating our SPECUTLATIVE BUY rating on the stock and our 12-month target of \$0.89.**

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IMPORTANT DISCLOSURES

October 19, 2007

Company	Ticker	Ex	Rating	Price Target	Last Price	Market Cap (millions)	Shares o/s (millions)	Previous Volume	52 Week		Applicable Disclosures
									High	Low	
Power Tech Corporation Inc.	PWB	V	SpecB	\$0.89	\$0.40	\$14	36.0	5,000	\$0.76	\$0.40	1,8

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