

Interim Consolidated Financial Statements

Power Tech Corporation Inc.

December 31, 2008

Notice

These interims consolidated financial statements have not been reviewed by the Company's external auditors.

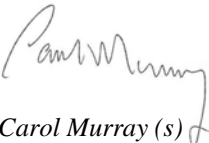
Power Tech Corporation Inc.

CONSOLIDATED BALANCE SHEETS

As at	December 31, 2008 [Unaudited] \$	September 30, 2008 [audited] \$
ASSETS		
Current assets		
Cash and cash equivalents	55,964	370,821
Accounts receivable	371,025	377,534
Tax credits receivable	70,000	70,000
Inventories	519,770	615,854
Prepaid expenses	12,309	20,354
Total current assets	1,028,068	1,454,563
Property, plant and equipment	186,133	212,175
Intangible assets	134,156	136,970
Deferred charges	7,536	31,147
	1,355,893	1,834,855
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	518,895	799,390
Deferred Revenues	114,153	131,928
Short term component of debenture	442,382	428,763
Short term component of long-term debt	17,751	17,751
Total current liabilities	1,093,181	1,377,832
Liability component of convertible debentures	2,694,692	2,658,628
Long-term debt	71,403	67,404
Shareholders' deficiency		
Capital stock [note 4]	6,409,805	6,338,641
Warrants	1,306,096	1,306,096
Contributed surplus [note 5]	1,849,792	1,830,160
Equity component of convertible debentures	289,102	289,102
Deficit	(12,358,178)	(12,033,008)
	(2,503,383)	(2,269,009)
	1,355,893	1,834,855

The accompanying notes are an integral part of these interim consolidated financial statements

On behalf of the Board


Carol Murray (s)
Director


Dany Girard (s)
Director

Power Tech Corporation Inc.

CONSOLIDATED STATEMENTS OF DEFICIT

For the three month period ended December 31,

Unaudited

	2008	2007
	\$	\$
Deficit, beginning of period	(12,033,008)	(8,966,479)
Net loss	(325,170)	(571,510)
Deficit, end of period	(12,358,178)	(9,537,989)

The accompanying notes are an integral part of these interim consolidated financial statements

Power Tech Corporation Inc.

**CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS**

For the three month period ended December 31

Unaudited

	2008	2007
	\$	\$
Sales	423,059	84,932
Cost of goods sold		
Direct	230,022	58,088
Indirect	20,590	20,034
	252,612	78,122
Gross margin	172,447	6,810
Expenses		
Administration expenses	225,917	255,401
Selling and commercialization expenses	95,765	158,271
Development expenses	43,024	25,329
Interest expenses	114,168	97,970
Amortization of property, plant and equipment	31,425	22,149
Amortization of other assets		
Development costs	30,226	32,172
Patents	2,814	2,632
Financing costs	6,680	4,555
Foreign exchange gain	(44,161)	(527)
	505,858	597,952
Operating loss	(333,411)	(591,142)
Other revenues <i>[note 8]</i>	8,241	19,632
Net and comprehensive loss	(325,170)	(571,510)
Basic and diluted loss per share	(0.01)	(0.02)
Weighted average number of shares outstanding during the period [in thousands]	39,436	36,663

The accompanying notes are an integral part of these interim consolidated financial statements

Power Tech Corporation Inc.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three month period ended December 31

Unaudited

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net loss	(325,170)	(571,510)
Adjustments for:		
Amortization of property, plant and equipment	31,425	22,149
Amortization of other assets	39,720	39,359
Accrued interest on convertible debentures	110,169	94,733
Accrued interest on long-term debt	3,999	2,341
Stock-based compensation expense	19,632	21,850
	(120,225)	(391,078)
Net change in non-cash working capital items	(182,634)	(232,242)
Cash flows used for operating activities	(302,859)	(623,320)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,383)	(28,920)
Increase in deferred charges	(6,615)	(37,327)
Cash flows used for investing activities	(11,998)	(66,247)
FINANCING ACTIVITIES		
Reimbursement of long-term debt and cash flows used by financing activities	—	(1,861)
Net decrease in cash and cash equivalents	(314,857)	(691,428)
Cash and cash equivalents, beginning of period	370,821	1,258,024
Cash and cash equivalents, end of period	55,964	566,596
Additional Information		
Interest Paid	—	267
Issuance of shares to set off accumulated interests on convertible debenture <i>[note 4]</i>	71,163	427,888

The accompanying notes are an integral part of these interim consolidated financial statements

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

December 31, 2008

Unaudited

1. PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements are in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and do not include all of the disclosures required for annual financial statements. They are also consistent with the accounting policies set forth in the Company's audited financial statements for the year ended September 30, 2008. The interim consolidated financial statements and accompanying notes should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2008. When required, the financial statements include amounts based on informed estimates and best judgements of management. The operating results for the interim period reported are not necessarily indicative of results to be expected for the year.

2. GOING CONCERN CONCEPT

The financial statements were prepared by management in conformity with Canadian generally accepted accounting principles based on the going concern concept, which assumes the Company will be able to generate sufficient funds to discharge its obligations during normal business operations for the foreseeable future.

The Company incurred a net loss of \$325,170 during the three month period ended December 31, 2008 and has an accumulated deficit of \$12,358,178 as at December 31, 2008. The Company expects to have future capital requirements, specifically for technology development, marketing initiatives, debenture and long-term debt servicing and potentially, depending upon the growth of sales in the coming periods, to service its obligations in the normal course of business. The Company wishes to fund its future capital requirements mainly by way of available cash and cash flows from operations and if necessary, through additional capital. The Company's future ability to generate sufficient short-term and long-term capital depends on their ability to raise capital to finance its operations and also on various factors, including general economic conditions, technological advancements, market acceptance of its products and competition.

These financial statements contain no restatement or reclassification of assets or liabilities that would be necessary if the Company demonstrated an inability to continue its operations.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

December 31, 2008

Unaudited

3. NEW ACCOUNTING POLICIES

ADOPTED IN 2009

Inventories

During the current quarter, the Company adopted the new section 3031 “inventories”, which will replace section 3030 “inventories”. The new section prescribes measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost, prohibits use in the future of the last-in, first-out (LIFO) method, and requires reversal of previous write-downs when there is a subsequent increase in the value of inventories. It also requires greater disclosure regarding inventories and the cost of sales. The adoption of these new standards had no impact on the interim consolidated financial statements of the Company.

Goodwill and intangible assets

Section 3064, “Goodwill and intangible assets”, is replacing Section 3062, “Goodwill and other intangible assets” and Section 3450, “Research and development costs”. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company does not expect that the adoption of this new Section will have a material impact on its interim and annual consolidated financial statements.

RECENTLY ISSUED

International financial reporting standards

The Accounting Standards Board of Canada has announced that accounting standards in Canada, as used by public companies, will converge to International Financial Reporting Standards (“IFRS”) over a transition period that is expected to be complete by 2011. On February 13, 2008, the CICA confirmed 2011 as the official changeover date from current Canadian GAAP to IFRS. The Company will convert to these new standards according to the timetable set with these new rules.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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4. CONVERSION OF ACCRUED INTEREST INTO SHARES

The Company's issued 295 133 common shares in payment of interest due on a debenture held by Fier Cap Diamant in the amount of \$71,163.

5. CONTRIBUTED SURPLUS

	December 31, 2008 \$	September 30, 2008 \$
Balance, beginning of period	1,830,160	590,616
Stock-based compensation expense	19,632	84,747
Expired warrants	—	1,154,797
Balance, end of period	1,849,792	1,830,160

Stock options

	December 31, [3 months] 2008		September 30, [12 months] 2008	
	Options	Weighted- average exercise price \$	Options	Weighted- average exercise price \$
Outstanding, beginning of period	1,994,265	0.53	1,702,900	0.56
Granted under the plan	—	—	538,200	0.45
Cancelled	(93,665)	0.59	(246,835)	0.52
Outstanding, end of period	1,900,600	0.53	1,994,265	0.53

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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December 31, 2008

Unaudited

5. CONTRIBUTED SURPLUS [Cont'd]

Stock options [Cont'd]

	December 31, [3 months] 2007		September 30, [12 months] 2008	
	Options	Weighted- average exercise price \$	Options	Weighted- average exercise price \$
Exercisable options, end of period	1,418,431	0.51	1,450,336	0.55
Weighted-average for value of options granted during the year		—		0.26
			December 31, 2008	
Date of grant	Maturity date	Exercise price \$	Outstanding options	Options exercisable
February 11, 2005	February 11, 2010	0.50	900,000	900,000
September 15, 2005	September 15, 2010	0.72	75,000	75,000
March 15, 2006	March 15, 2011	0.72	3,500	3,150
April 5, 2006	April 5, 2011	0.76	187,000	158,400
August 25, 2006	August 25, 2011	0.60	31,750	27,090
October 15, 2006	October 15, 2011	0.71	15,000	9,000
December 5, 2006	December 5, 2011	0.53	100,000	100,000
February 21, 2007	February 21, 2012	0.60	4,050	2,025
May 4, 2007	May 4, 2012	0.60	50,000	16,666
August 20, 2007	August 20, 2012	0.45	15,000	4,500
December 19, 2007	December 19, 2012	0.45	113,000	22,600
February 13, 2008	February 13, 2013	0.45	6,300	—
June 16, 2008	June 16, 2013	0.45	400,000	100,000
			1,900,600	1,418,431

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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December 31, 2008

Unaudited

6. MANAGEMENT OF CAPITAL

The Company maintains a capital level that enables it to meet the following objectives:

- To secure a sufficient quantity of capital to fulfill the Company's business plan, including the commercialization of its products.
- To give shareholders sustained growth of shareholder value by minimizing the loss per share and ultimately maximizing earnings per share.

In its capital structure, the Company considers its stock option plan for key employees, officers and suppliers. The Company is not subject to any capital requirements imposed by a regulator.

The Company's loss per share was limited to \$0.01 for the quarter versus \$0.02 for the same period last year.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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Unaudited

7. FINANCIAL INSTRUMENTS

Fair value

Fair value is subjective in nature, requiring valuation techniques and assumptions. Fair value amounts disclosed in these interim consolidated financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors.

i) Short-term financial assets and liabilities

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short term component of debenture are a reasonable estimate of their fair values, because of the short maturity of these instruments.

ii) Long-term financial liabilities

The fair values of the debt component of the convertible debentures and long-term debt are estimated using discount rates of 18% at December 31, 2008 and September 30, 2008. The fair value of long-term financial liabilities approximates their carrying value.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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7. FINANCIAL INSTRUMENTS [Cont'd]

Classification

The classification of financial instruments and their respective carrying values and fair values are as follows:

	December 31 2008		September 30 2008	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
FINANCIAL ASSETS				
Held for trading:				
Cash and cash equivalents	55 964	55 964	370 821	370 821
Loans and receivables				
Accounts receivable	326 616	326 616	295 431	295 431
Total financial assets	382 580	382 580	666 252	666 252
FINANCIAL LIABILITIES				
Other financial liabilities:				
Accounts payable and accrued liabilities	518 895	518 895	741 678	741 678
Long-term debt	89 154	89 154	85 155	85 155
Debentures	3 176 115	3 176 115	3 133 111	3 133 111
Total financial liabilities	3 784 164	3 784 164	3 959 944	3 959 944

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
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7. FINANCIAL INSTRUMENTS [Cont'd]

Interest rate risk

The Company is not exposed to interest rate fluctuation, which arises from the degree of volatility of interest rates, since the debentures and the long-term debt bear interest at fixed rates. The Company does not use any derivative financial instruments to reduce its exposure to interest rate risk.

Credit risk

Credit risk is the risk that an unexpected loss occurs if a counterparty to a financial instrument fails to meet its contractual obligations.

This risk may affect cash and cash equivalents and is mitigated by the Company's compliance with its investment policy objectives. These objectives are focused on return, safety of capital and liquidity. As at December 31, 2008, cash and cash equivalents are held with Canadian banks.

This risk may also affect accounts receivable. In the normal course of business, the Company reviews new customers' credit history and conducts regular reviews of its existing customers' financial positions. Provisions are established and maintained with regards to potential losses. As at December 31, 2008, one client represents 98% of the accounts receivable [one client represented 96% as at September 30, 2008]. The trade receivable distribution of the Company is listed below:

Current \$	30-89 days \$	90 days and more \$	Total \$
177 781	148 835	—	326 616

The Company's maximum credit risk exposure corresponds to the carrying values of its cash and cash equivalents and accounts receivable.

Over the past years, the Company has not suffered any material losses related to credit risk.

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**NOTES TO INTERIM CONSOLIDATED
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7. FINANCIAL INSTRUMENTS [Cont'd]

Currency risk

In the normal course of business, the Company is exposed to currency risk related to sales concluded in foreign currency. The Company does not use any derivative financial instruments to reduce its exposure to currency risk.

The Company is exposed to currency risk denominated in U.S. dollars as shown in the table above:

	U.S. dollars	
	December 31 2008	September 30 2008
	\$	\$
Accounts receivable	263,898	266,219

Based on the above exposures as at December 31, 2008, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in a decrease or increase in the Company's net loss and comprehensive loss of approximately \$13,195 applicable to the U.S. dollar exposure.

Liquidity risk

Liquidity risk is the risk that an entity may not be able to meet its financial obligations as they fall due. The following are the contractual undiscounted cash flows of financial liabilities at December 31, 2008:

	Maturities	
	Less than 1 year	1 to 5 years
	\$	\$
Accounts payable and accrued liability	518,895	—
Long term debt	—	134,054
Debenture and convertible debentures	400,000	2,500,000
	918,895	2,634,054

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

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Unaudited

8. OTHER REVENUES

	2008	2007
	\$	\$
Interest	306	11,547
Rental	7,935	8,085
	8,241	19,632

9. RELATED PARTY TRANSACTIONS

	2008	2007
	\$	\$
Companies controlled by shareholders and directors		
Rent	64,344	63,369

These transactions were in course normal of business and were measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

10. SUBSEQUENT EVENTS

The Company obtained tax credit financing to finance research and development tax credits for FY2008-2009 in the amount of \$105,000 (\$52,500) available immediately and the rest as expenses are incurred. The Company also obtained sales order financing of \$175,000 to finance production of sales orders.