



Management's Discussion and Analysis

Second quarter ended March 31, 2009

The following Management Discussion and Analysis (MD&A) covers the results of operations and consolidated financial results of PowerTech Corporation. ("PowerTech" or "the Company").

The following MD&A should be read in conjunction with the Company's audited consolidated financial statements and related note disclosure for the year ended September 30, 2008, and the Company's unaudited interim consolidated financial statements for the quarter ended March 31, 2009, which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and depict values that are in Canadian currency unless otherwise noted.

Additional information relating to the Company can be found on the Company's website, www.powertechci.com and/or on SEDAR at www.sedar.com.

Forward-looking Statements disclaimer

Certain statements included herein, including those that express management's expectations or estimates of our future performance, constitute "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Investors are cautioned not to put undue reliance on forward-looking statements. We disclaim any intent or obligation to update publicly these forward looking statements, whether as a result of new information, future events or otherwise.

Description of Business

PowerTech is the only company in the world that manufactures and commercializes percussion technology with interchangeable tools and accessories for the construction, demolition and military industries.

PowerTech's percussion technology is a technological breakthrough that combines the power of a hydraulic hammer with the stripping force and manoeuvrability of a conventional bucket. Powertech's products are marketed under the PicBucket[®] and PicHammer[®] names as well as under world renowned private label brands thru OEM agreements with large manufacturers.

The trademarks PicBucket[®], PicHammer[®] and the Powertech logo are registered trademarks of Powertech Canada Inc.

The company owns the intellectual property behind the technology used in the PicBucket[®] and the PicHammer[®]. The PicBucket[®] is an excavation bucket integrated with a hydraulic cell that holds tools that are interchangeable depending on the desired application. This innovative combination has the opportunity to revolutionize the excavation industry where, up until now, no product could offer the combined performance characteristics offered by this unique technology.

Selected Financial Information

For the three months periods ended March 31,

	2009	2008
	\$	\$
Revenues	126,105	392,154
Net Loss	(456,057)	(553,088)
Basic and Diluted loss per share	(0.01)	(0.01)
Total Assets	1,159,507	2,341,148
Total long term liabilities	2,870,223	2,995,250
Inventories	509,407	933,450
Cash on Hand	89,915	514,938

Results of Operations

Sales and Commercialization Strategy

During the quarter, total revenues generated totaled \$126,105 from the sale of PicBuckets[®] and their related tools and accessories. Total sales for the same period last year totaled \$392,154. Revenues decreased due to the slowdown in the US markets and the delay in the European and overseas markets.

Gross Margin and Supply Chain Strategy

Gross margin for the three month period ended March 31, 2009 was 24.0% of sales versus 15.8% for the same period last year. In prior years some operating costs were included in indirect costs. The direct cost of sales margins were 44.8% compared to 36.9% for the same period last year. Indirect costs for the current period are for overhead costs related with the warehouse. The improvement in margins is due to the supply chain

effort started in previous periods and the strengthening of the US dollar, most of our sales are in USD.

Gross margins for the six month period ended March 31, 2009 was 36.9% versus 14.4% for the same period last year, the improvement is partially due to the US dollar and the indirect costs. Direct cost of sales margins were 45.4% for the current period versus 35.9% for fiscal year 2008.

Administrative expenses

For the three month period ended March 31, 2009, administrative expenses totaled \$205,898 for the 2009 fiscal year versus \$263,338 in 2008. These expenses include management salary concessions in order to get through the expected down turn in the marketplace. The major portions of administrative costs remain to be the following:

	For the three months periods ended March 31,	
	2009	2008
Salaries and wages	\$ 74,816	\$ 155,744
Professional fees	\$ 21,334	\$ 32,548
Rent	\$ 44,618	\$ 42,908

Even though the above accounts show a reduction over last year, the increase is due to the Company changing its business model resulting in indirect costs being included in administration and general expenses rather than in indirect cost of goods sold. The Company outsources production and manages work in progress and finished goods in our warehouse and in some cases the customer will perform final assembly.

Administrative expenses for the six month periods ended March 31, 2009 were \$412,183 versus \$496,889, the current period expenses include operating expenses previously included in indirect costs.

Selling and Commercialization Expenses

Selling and commercialization expenses totaled \$26,905 for the three months ended March 31, 2009 versus \$173,124 for the same period last year. There has been some significant changes year over year in the sales and marketing department that explain this decrease and the reversal of warranty provisions.

For the six month period ended March 31, 2009 sales and marketing expenses were \$122,671 versus \$331,395 for the same period, the reduction is due to the change in sales structure, sales through distributors.

Development Expenses

For the three months period ended on March 31 of this fiscal year, total development expenses were \$8,466 compared to \$9,851 for last year's second quarter. We continue to develop the series 5000 and other series for commercial use. The development expense is net of development credit of \$24,000.

For the six month period ended on March 31, 2009 development expenses were \$51,490 versus \$35,180 as we continue to commercialize our products.

Financial expenses

Financial expenses totaled \$165,424 for the second quarter of 2009 compared to \$113,916 for the same period last year. The financial expenses are made up predominantly of the interest related to two outstanding convertible debentures and a debenture. In the current period there was also a penalty of \$40,263 related to the renewal of the non convertible debenture.

For the six month period ended on March 31, 2009 the interest expenses are \$279,592 versus \$216,441 for the same period last year, increase is due to the penalty and increase in the amount of debt outstanding.

Amortization of property, plant and equipment

Amortization of the company's property, plant and equipment totaled \$22,751 for the three months period ended March 31, 2009 compared to \$21,366 for the same period last year. Increase is due to the amortization of a MRP system implemented in fiscal year 2008.

For the six month period ended March 31, 2009 amortization expense was \$54,176 versus \$43,515 for the same period last year. Increase is due to the amortization of the MRP system.

Amortization of other Assets

The amortization of other assets, comprised of development costs and patents, totaled \$8,428 for the second quarter of the 2009 fiscal year versus \$57,568 for the same period last year. Most of the projects are now being expensed as incurred and very little capitalized development costs remain.

For the six month period ended March 31, 2009, amortization was \$48,148 compared to \$96,927 for the same period last year.

Foreign exchange gain

Foreign exchange gain is the result of the strengthening American dollar, gain for the quarter was \$18,989 compared to \$1,705 for the same period last year. Year to date the foreign exchange gain was \$63,151 compared to \$2,232 for the same period last year.

Other Revenues

Other revenues totaled \$7,694 for the quarter, compared to \$36,308 for last year; decrease is due to the reduction of interest revenue on cash held and government subsidy received.

For the six month period ended March 31, 2009 other revenues were \$15,935 versus \$55,940 for the same period last year due to the government subsidy and interest revenue.

Net Loss

The net loss for the second quarter of the 2009 fiscal year is \$456,057 compared to \$553,088 for the same period last year. Net loss to date was \$781,227 compared to \$1,124,598 for last year. The reduction in net loss is due to the continued effort to reduce operating expenses.

Summary of Quarterly Results

Quarter ended	Revenues	Net Loss	Net loss per share	
			Basic	Diluted
	\$	\$	\$	\$
March 31, 2009	126,105	(456,057)	(0.01)	(0.01)
December 31, 2008	423,059	(325,170)	(0.01)	(0.01)
September 30, 2008	438,188	(1,378,267)	(0.03)	(0.03)
June 30, 2008	542,005	(563,663)	(0.02)	(0.02)
March 31, 2008	392,154	(553,088)	(0.01)	(0.01)
December 31, 2007	84,932	(571,510)	(0.02)	(0.02)
September 30, 2007	77,254	(1,354,759)	(0.03)	(0.03)
June 30, 2007	125,977	(686,573)	(0.02)	(0.02)

Summary of Capital Structure

As of the publishing date of this report, Power Tech has 39,705,041 outstanding common shares and an additional 2,335,600 stock options and 2,419,200 warrants outstanding. Therefore, the total number of fully diluted shares outstanding is 44,459,841. However, these options and warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

The Company's capital structure was as follows:

	2009	2008
Common shares outstanding	39,705,041	36,990,708
Stock options outstanding	2,335,600	1,841,100
Share warrants outstanding	2,419,200	4,325,488
Fully diluted shares outstanding	44,459,841	43,157,296

Balance Sheet

Cash and cash equivalents

As at March 31, 2009, cash and cash equivalents were \$89,915 compared to \$370,821 at September 30, 2008. The Company has a \$50,000 line of credit which is unused and also obtained tax credit financing for FY2008-2009 which makes available \$105,000 of which \$66,723 has been used. The Company also obtained sales order financing of \$175,000 to finance production of sales orders.

Current Assets

Current assets have decreased to \$858,228 at March 31, 2009 from \$1,454,563 at September 30, 2008. Decrease is mainly due to the reduction of cash and cash equivalents to pay down current liabilities.

Current Liabilities

Current liabilities have decreased from \$1,377,832 at September 30, 2008 to \$1,173,627 at March 31, 2009. Accounts payable and accrued liabilities have decreased significantly since the end of the fiscal year. In addition, the Company received a deposit from NPK treated as deferred revenues for \$110,686. As part of the agreement, NPK finances part of the modifications of the PicBuckets[®]. Once the PicBuckets[®] are available commercially, these amounts will be offset against units delivered.

Property, plant and equipment

Investment in fixed assets totaled \$nil during the second quarter of the fiscal year. Amortization was \$22,751 compared to \$21,366 last year, mostly due to amortization of a new MRP system implemented in 2008.

Intangible Assets

The company's intangible assets are the intellectual property, specifically patents related to the intellectual property behind the PicBucket[®] and PicHammer[®]. The capitalized

value of these intangible assets totals \$131,342 at March 31, 2009 versus \$136,970 on September 30, 2008.

Deferred Charges

Deferred development costs totaled \$6,464 at March 31, 2009 compared to \$31,147 at September 30, 2008. As previously mentioned, the major development projects focusing on the currently commercially available Series 1000 and 2000, and their associated tools, are now fully amortized. Currently, development efforts continue to focus primarily on the development of new product lines.

Debt

The majority of the long-term debt is made up of the two convertible debentures and the liability component of these debentures is valued at \$2,803,697 at March 31, 2009 compared to \$2,658,628 as of September 30, 2008. Interest is being paid through issuance of shares. The Company also renegotiated its \$400,000 debenture due on March 18, 2009, the new debenture includes accrued interest of \$59,747, a penalty of \$40,263 for non-repayment, and new injection of \$100,000. The new debenture is for \$600,000 at an interest rate of 18% per annum compounded quarterly due March 19, 2010.

There is also long term debt composed of two interest free loans from Canada Economic Development valued at \$84,277 (of which \$17,751 is short-term).

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the quarter was \$123,896. The majority of these cash outflows are explained by the ongoing sales, marketing and business development activities as well as the company's administrative expenses. For the same three month period last year, operating activities used \$375,111.

Cash used by Investing Activities

Investing activities for the quarter consumed \$nil compared to \$75,429 for the same period last year.

Cash provided by Financing Activities

The Company obtained tax credit financing for FY2008-2009 which makes available \$105,000 of which \$66,723 has been used to date, the loan is reimbursable upon receipt of the tax credits. The loan bears an interest rate of 10% per annum.

The Company also renegotiated its \$400,000 debenture due on March 18, 2009, the new debenture includes accrued interest of \$59,747, a penalty of \$40,263 for non-repayment,

and new injection of \$100,000. The new debenture is for \$600,000 at an interest rate of 18% per annum compounded quarterly due March 19, 2010.

Financial Position

As of March 31, 2009, the Company has negative working capital of \$315,399 including \$89,915 of cash and cash equivalents. The Company has a \$50,000 line of credit which is unused and also obtained tax credit financing for FY2008-2009 which makes available \$105,000 (\$52,500 available immediately and the rest as SR&ED expenses are incurred). The Company also obtained sales order financing of \$175,000 to finance production of sales orders.

The Company renegotiated its \$400,000 debenture due on March 18, 2009, the new debenture includes accrued interest of \$59,747, a penalty of \$40,263 for non-repayment, and new injection of \$100,000. The new debenture is for \$600,000 at an interest rate of 18% per annum compounded quarterly due March 19, 2010.

While the Company expects to generate an increasing amount of revenue in the short and medium term, it must be considered that the corporation has incurred significant losses since its inception. The Company is working on acquiring additional financing that will provide financial resources for an additional 12-24 months. Due to the current financial and economic conditions it may be very difficult to raise additional capital. The Company is seeking financing from different government sources such as financing SR&ED credits and purchase orders. The Company has also taken steps to reduce its overall cash burn till it can secure additional financing.

The corporation's future ability to generate sufficient medium and long-term capital depends on various factors, including general economic conditions, technological advancements, market acceptance of its technologies and competition over and above other risks described in the section "risks and uncertainties".

New Accounting Policies

ADOPTED IN 2009

Inventories

During the first 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.

Related Party Transactions

Commitment

The building lease agreement is with 6316123 Canada Inc., a company which is 20% owned by two officers which are also shareholders of PowerTech Corporation Inc. For the quarter ended March 31, 2009 a total of \$64,344 was paid by PowerTech to this company versus \$63,369 for the same period last year. This lease occurred in the normal course of business and is valued at the fair market value of a lease of this kind.

In addition, the company has guaranteed, to a maximum of 25%, the mortgage loan contracted with 6316123 Canada Inc. for the above mentioned building totalling \$1,200,000. This guarantee was evaluated at \$12,300.

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

Significant accounting policies and estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the

reporting period. These estimates are based on management's experience and other assumptions considered reasonable under the circumstances. Readers are encouraged to refer to the note 4 of the audited annual financial statements as of September 30, 2008 for a description of significant accounting policies. More precisely, the management of PowerTech has identified the following critical accounting policies:

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 \$456,057 for the quarter and has an accumulated deficit of \$12,814,235 as at March 31, 2009. 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 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.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method and includes raw materials, direct labour and manufacturing overhead costs.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when significant events or circumstances indicate that costs may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, which is the excess of net carrying value over fair value, is charged to income for the year.

As of March 31, 2009, management did not perform an impairment test because no events occur supporting such test.

Stock-based compensation and other stock-based payments

The company has adopted a stock based compensation plan to use as a tool in effectively remunerating employees, directors, consultants and suppliers of the company.

The Company recognizes a compensation expense in respect of the stock options granted under the plan that does not provide for a cash settlement. These options are measured at fair value using the Black-Scholes option pricing model at the grant date, and this fair value is expensed over the expected term of the award. These expenses are included in the stock-based compensation expense and credited to the contributed surplus. When options are exercised, the proceeds received by the Company, together with the fair value amount in contributed surplus, are credited to capital stock.

Management has to consider different assumptions that may affect the value of stock options. The company based its assumptions on historical data, industry data and other sources of available information.

Financial instruments

The company has used different financial instruments since its inception. The evaluation of those financial instruments requires assumptions established by management using careful judgment.

Evaluation of disclosure controls

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of the quarter ended March 31, 2009 and have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, was made known to them and reported as required, particularly during the period in which the annual filings were being prepared. Management has made no material changes to the Company's internal controls over financial reporting during the Company's most recent interim period. Due to the size of the company and limited staff, there are limitations to completely segregating a number of duties that are part of a typical control environment.

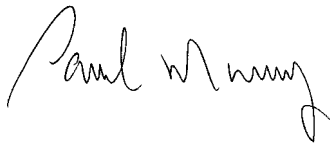
Outlook

The Company's continues to focus on the expansion of its distribution network, including the deployment of the series 5000 PicBucket[®] for applications in the concrete recycling industry. Despite the challenging business conditions currently prevailing in North-America and abroad, PowerTech believes that it stands to benefit from an increase in infrastructure spending and from the need for the industry to increase its productivity. The Company is working on acquiring additional financing that will provide financial resources for an additional 12-24 months. Due to the current financial and economic conditions it may be very difficult to raise additional capital or other sources of financing. As mentioned previously the Company has obtained some short term financing from

different government sources such as financing SR&ED credits and purchase orders. The Company has also reduced its overall cash burn until it can secure additional financing.

Risks and Uncertainties

We operate in an industry subject to various risks and uncertainties. The following are not the only risks and uncertainties that could affect the Corporation. Further risks and uncertainties currently unknown to or deemed insignificant by the Corporation could potentially hinder its operations. The materialization of any of the following risks may adversely affect the Corporation's activities and have a significant negative effect on its financial position and operating results. In that event, the price of its common shares may decrease. A list of risks and uncertainties are described in the management discussion and analysis for the year ended September 30, 2008 available on SEDAR (www.sedar.com) or on the Company's website (www.powertechci.com).



Carol Murray
President and Chief Executive Officer



Nick Cristiano
Chief Financial Officer

Terrebonne, Québec, May 28, 2009