

Interim Consolidated Financial Statements

Power Tech Corporation Inc.

March 31, 2009

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

	March 31, 2009 [Unaudited] \$	September 30, 2008 [audited] \$
ASSETS		
Current assets		
Cash and cash equivalents	89,915	370,821
Accounts receivable	152,770	377,534
Tax credits receivable	94,000	70,000
Inventories	509,407	615,854
Prepaid expenses	12,136	20,354
Total current assets	858,228	1,454,563
Property, plant and equipment	163,463	212,175
Intangible assets	131,342	136,970
Deferred charges	6,464	31,147
	1,159,507	1,834,855
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	375,212	799,390
Deferred Revenues	110,686	131,928
Short term component of debenture	669,978	428,763
Short term component of long-term debt	17,751	17,751
Total current liabilities	1,173,627	1,377,832
Liability component of convertible debentures	2,803,697	2,658,628
Long-term debt	66,526	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]	1,924,889	1,830,160
Equity component of convertible debentures	289,102	289,102
Deficit	(12,814,235)	(12,033,008)
	(2,884,343)	(2,269,009)
	1,159,507	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 March 31,

Unaudited

	3 months		6 months	
	2009	2008	2009	2008
	\$	\$	\$	\$
Deficit, beginning of period	(12,325,178)	(9,537,989)	(12,033,008)	(8,966,479)
Net loss	(456,057)	(553,088)	(781,227)	(1,124,598)
Deficit, end of period	(12,814,235)	(10,091,077)	(12,814,235)	(10,091,077)

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 March 31

Unaudited

	3 months		6 months	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales	126,105	392,154	549,164	477,086
Cost of goods sold				
Direct	69,555	247,572	299,577	305,660
Indirect	26,320	82,688	46,910	102,722
	95,875	330,260	346,487	408,382
Gross margin	30,230	61,894	202,677	68,704
Expenses				
Administration expenses	205,898	263,338	412,183	496,889
Selling and commercialization expenses	26,905	173,124	122,671	331,395
Development expenses	8,466	9,851	51,490	35,180
Interest and financing charges	165,424	113,916	279,592	216,441
Stock based compensation	75,098	19,095	94,730	40,945
Amortization of property, plant and equipment	22,751	21,366	54,176	43,515
Amortization of other assets				
Development costs	1,063	49,653	31,289	81,825
Patents	2,912	2,652	5,726	5,284
Financing costs	4,453	-	11,133	-
Foreign exchange gain	(18,989)	(1,705)	(63,151)	(2,232)
	493,981	651,290	999,839	1,249,242
Operating loss	(463,751)	(589,396)	(797,162)	(1,180,538)
Other revenues <i>[note 8]</i>	7,694	36,308	15,935	55,940
Net and comprehensive loss	(456,057)	(553,088)	(781,227)	(1,124,598)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of shares outstanding during the period [in thousands]	39,569	36,991	39,569	36,828

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Power Tech Corporation Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three month period ended March 31

Unaudited

	3 months		6 months	
	2009	2008	2009	2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(456,057)	(553,088)	(781,227)	(1,124,598)
Adjustments for:				
Amortization of property, plant and equipment	22,751	21,366	54,176	43,515
Amortization of other assets	8,428	57,568	48,148	96,927
Accrued interest and financing charges on debentures	161,425	96,417	271,594	191,150
Accrued interest on long-term debt	3,999	2,802	7,998	5,143
Stock-based compensation expense	75,098	19,095	94,730	40,945
Loss (gain) on disposal of property, plant and equipment	—	(4,304)	—	(4,304)
	(184,356)	(360,144)	(304,581)	(751,222)
Net change in non-cash working capital items	60,460	(14,967)	(122,174)	(247,209)
Cash flows used for operating activities	(123,896)	(375,111)	(426,755)	(998,431)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	—	(25,999)	(5,383)	(54,919)
Proceeds from disposal of property, plant and equipment	—	11,000	—	11,000
Additions to intangible assets	—	(3,162)	—	(3,162)
Increase in deferred charges	—	(57,268)	(6,615)	(94,595)
Cash flows used for investing activities	—	(75,429)	(11,998)	(141,676)
FINANCING ACTIVITIES				
Issuance of a debenture	100,000	400,000	100,000	400,000
Financing income tax credits	66,723	—	66,723	—
Increase in long-term debt	—	14,191	—	14,191
Reimbursement of long-term debt and cash flows used by financing activities	(8,876)	(15,309)	(8,876)	(17,170)
	157,847	398,882	157,847	397,021
Net decrease in cash and cash equivalents	33,951	(51,658)	(280,906)	(743,086)
Cash and cash equivalents, beginning of period	55,964	566,596	370,821	1,258,024
Cash and cash equivalents, end of period	89,915	514,938	89,915	514,938
Additional Information				
Interest Paid	—	237	—	504
Issuance of shares to set off accumulated interests on convertible debenture	—	—	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**

March 31, 2009

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 \$456,057 during the three month period ended March 31, 2009 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 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**

March 31, 2009

Unaudited

3. 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.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

4. FINANCING

The Company obtained tax credit financing to finance research and development tax credits for FY2008-2009 in the amount of \$105,000 of which \$66,723 was received to date and the rest will be received as expenses are incurred. 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.

5. CONTRIBUTED SURPLUS

For the periods ended March 31, 2009	Three months \$	Six months \$
Balance, beginning of period	1,869,424	1,849,792
Stock-based compensation expense	75,098	94,730
Balance, end of period	1,944,522	1,944,522

Stock options

	March 31, [3 months] 2009		March 31, [6 months] 2009	
	Options	Weighted- average exercise price \$	Options	Weighted- average exercise price \$
Outstanding, beginning of period	1,900,600	0.53	1,994,265	0.56
Granted under the plan	435,000	0.20	435,000	0.20
Cancelled	—	—	(93,665)	0.52
Outstanding, end of period	2,335,600	0.47	2,335,600	0.47

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

5. CONTRIBUTED SURPLUS [Cont'd]

Stock options [Cont'd]

	March 31, [3 months] 2009		March 31, [6 months] 2009	
	Options	Weighted- average exercise price \$	Options	Weighted- average exercise price \$
Exercisable options, end of period	1,850,721	0.47	1,850,721	0.47
Weighted-average for value of options granted during the year		0.17		0.17
		Exercise price \$	March 31, 2009	
Date of grant	Maturity date		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	3,500
April 5, 2006	April 5, 2011	0.76	187,000	172,700
August 25, 2006	August 25, 2011	0.60	31,750	28,765
October 15, 2006	October 15, 2011	0.71	15,000	10,500
December 5, 2006	December 5, 2011	0.53	100,000	100,000
February 21, 2007	February 21, 2012	0.60	4,050	2,430
May 4, 2007	May 4, 2012	0.60	50,000	16,666
August 20, 2007	August 20, 2012	0.45	15,000	6,000
December 19, 2007	December 19, 2012	0.45	113,000	33,900
February 13, 2008	February 13, 2013	0.45	6,300	1,260
June 16, 2008	June 16, 2013	0.45	400,000	100,000
January 1, 2009	January 1, 2014	0.20	435,000	400,000
			2,335,600	1,850,721

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

6. MANAGEMENT OF CAPITAL

The Company maintains a capital structure 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 \$0.01 for the same period last year.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

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 March 31, 2009 and September 30, 2008. The fair value of long-term financial liabilities approximates their carrying value.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

7. FINANCIAL INSTRUMENTS [Cont'd]

Classification

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

	March 31 2009		September 30 2008	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
FINANCIAL ASSETS				
Held for trading:				
Cash and cash equivalents	89,915	89,915	370,821	370,821
Loans and receivables				
Accounts receivable	152,770	152,770	295,431	295,431
Total financial assets	242,685	242,685	666,252	666,252
FINANCIAL LIABILITIES				
Other financial liabilities:				
Accounts payable and accrued liabilities	368,794	368,794	741,678	741,678
Long-term debt	87,277	87,277	85,155	85,155
Debentures	3,406,952	3,406,952	3,133,111	3,133,111
Total financial liabilities	3,863,023	3,863,023	3,959,944	3,959,944

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

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 March 31, 2009, 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 March 31, 2009, one client represents 54% 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 \$
—	89,005	—	89,005

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.

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

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	
	March 31	September 30
	2009	2008
	\$	\$
Accounts receivable	38,236	266,219

Based on the above exposures as at March 31, 2009, 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 \$1,912 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 March 31, 2009:

	Maturities	
	Less than	1 to 5
	1 year	years
	\$	\$
Accounts payable and accrued liability	375,212	—
Long term debt	17,751	66,526
Debenture and convertible debentures	669,978	2,803,697
	1,062,941	2,870,223

Power Tech Corporation Inc.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009

Unaudited

8. OTHER REVENUES

	2009	2008
	\$	\$
Interest	—	11,547
Rental	7,694	8,085
Government subsidy	—	20,067
Gain (loss) on disposal of property, plant and equipment	—	4,304
	7,694	36,308

9. RELATED PARTY TRANSACTIONS

	2009	2008
	\$	\$
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.