



Management's Discussion and Analysis

Fiscal year ended September 30, 2009

The Management's Discussion and Analysis is intended to help the reader better understand the operating and key financial results of Power Tech Corporation Inc. ("Power Tech") (TSX-V: PWB). This analysis, prepared in accordance with National Instrument 51-102 (Continuous Disclosure Obligations), should be read in conjunction with the notes accompanying the Corporation's financial statements for the fiscal year ending September 30, 2009. These consolidated financial statements of the Corporation for the year ended September 30, 2009 have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and reported in Canadian dollars. Throughout this document, "we", "us", "Corporation", and "Power Tech" refer to Power Tech Corporation Inc. The financial statements and the MD&A have been reviewed by the Audit Committee and approved by the board of directors.

For more information on the Corporation, please consult the Corporation's SEDAR filings at www.sedar.com.

Corporation Overview

Power Tech is the only Corporation in the world that manufactures and commercializes a percussion bucket for the construction, demolition, aluminum, mining, tunnel digging, forestry and military industries. Power Tech's percussion technology, commercialized under the PicBucket[®] and PicHammer[®] brand names, is a technological breakthrough that combines the power of a hydraulic hammer with the stripping force and maneuverability of a conventional bucket.

The Corporation owns the intellectual property behind the technology used in its principal product, the PicBucket[®]. 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.

General Overview and Outlook

Power Tech began delivery on the OEM agreement signed in 2007 with NPK, although the integration took longer than expected and sales volume were lower than expected we were happy with the roll out. The Corporation decided to focus on supporting our OEM agreements rather than a direct sales model. Selected products will be sold directly by Power Tech. Due to the economic downturn and the impact on capital investments it will be difficult to predict the revenues for the upcoming year. The Corporation reduced its operating expenses in light of this and will secure and deliver on other OEM agreements and look for strategic partners.

Highlights

- Power Tech signed a letter of intent to acquire all issued and outstanding shares of a North-American Corporation (the “Target”) which supplies wear parts for construction, agricultural and other industries. The offered price is \$3,800,000, of which \$3,300,000 will be payable at the closing date and \$500,000 as holdback to cover closing adjustments, representation and warranty. Additionally, Power Tech will issue 1,500,000 common shares at closing and the equivalent of \$200,000 of common shares depending on the performance of the Target during the three fiscal years following the transaction. Given the nature of the proposed transaction, the name of the Target will only be announced at closing.
- During the year Power Tech sold its first units of the Series 5000 PicBuckets.
- New markets: Saudi Arabia and Europe, Power Tech shipped its first units to Saudi Arabia and to its OEM partner in Europe (Montabert).
- In July 2009, the Corporation closed a private placement by issuing 6,842,500 units for gross proceeds of \$648,250. The private placement proceeds were dedicated to the Corporation commercialization activities and working capital.
- The Corporation renegotiated an existing debenture for a total of \$600,000 compared to \$400,000 for the same period last year resulting in new capital of \$100,000 and the capitalization of interest of \$100,000.

Selected Financial Information

	2009	2008
	\$	\$
Revenues	951,551	1,455,279
Net Loss	(1,573,999)	(3,066,529)
Basic and Diluted loss per share	(0.04)	(0.08)
Total Assets	1,253,450	1,834,855
Total long term liabilities	3,785,382	2,743,783
Inventories	395,773	615,854
Cash and cash equivalents	329,944	370,821

Results of Operations

Total revenues generated during the 2009 fiscal year totaled \$951,551 from the sale of PicBuckets and their related tools and accessories compared to \$1,455,279 for fiscal 2008. Sales declined during the year compared to 2008 due to the significant decline in attachment sales in the United States.

Gross margin for the year totaled \$344,459 or 36.2% of revenues compared to \$471,291 or 32.4% in 2008. The margins improved due to a favorable impact from sales in foreign currency. Good margins were generated by the sales of Series 5000 units, as offset by a reduced volume. The direct cost of sales which is related to the manufacturing of PicBuckets and tools was \$547,663 for the year resulting in direct cost gross margins of 42.4% compared to \$904,146 or 37.9% for the same period last year. In 2008, a provision of \$192,322 for obsolete inventory was taken and reflected in cost of goods sold which reduced the gross margin.

The indirect costs of goods sold for the year are predominantly fixed and are made up of rent for the warehouse and related overhead expenses.

Revenues for the fourth quarter were \$171,549 versus \$438,188 for the same period last year. Decrease in volume is due to economic slowdown in the construction equipment sales.

Administrative and general expenses

Administrative and general expenses totaled \$966,506 for the 2009 fiscal year versus \$1,364,813 in 2008. The main categories are outlined below:

	2009	2008
Salaries and wages	\$ 268,710	\$ 572,603
Professional fees	\$ 227,441	\$ 314,900
Rent	\$ 114,472	\$ 177,654
Stock based compensation expense	\$ 128,313	\$ 84,747

Reduction in administration and general expenses came from the restructuring of operations which involved reducing office space and reducing overheads as well as management salary concessions.

Selling and Commercialization Expenses

Selling and commercialization expenses totaled \$235,168 for the 2009 fiscal year versus \$1,149,304 last year. The decrease in selling costs is due to restructuring in sales organization because of a change in sales strategy (sales through OEM dealers rather than direct). Also, in fiscal year 2008, there was a provision for obsolete inventory but none was necessary in the current year.

Selling and commercialization expenses totalled \$69,993 for the fourth quarter compared to \$643,890 for the same period last year. Last year included inventory provision and one-time restructuring costs.

Write-off and provision for obsolete inventory.

As part of its ongoing evaluation of inventory, the Corporation assessed if inventory values were properly reflected. Based on management's evaluation no inventory provision was necessary for fiscal year 2009. The Corporation took a provision for obsolete inventory of \$287,452 in 2008.

Development Expenses

For the year, total development expenses were \$75,147 (net of investment tax credit \$30,000) compared to \$113,027 (net of investment tax credit \$17,200) for the previous year. The Corporation continues to work on the Series 5000 and other versions. The Series 2000 and 3000 are now commercially available.

Development expenses were \$9,092 for the fourth quarter of 2009 compared to \$9,583 in 2008.

Financial expenses

Financial expenses totaled \$586,495 for the fiscal year compared to \$430,877 in 2008. The financial expenses increased due to the increase in debt compared to last year. The Corporation also obtained short term financing of purchase orders and research and development tax credits. Included in financial expenses was a renewal penalty for the non-convertible debenture.

Financial expenses in the fourth quarter were \$137,896 versus \$102,391 for the same period last year as explained in the previous paragraph.

Amortization of property, plant and equipment

Amortization of the Corporation's property, plant and equipment totaled \$90,616 for 2009 fiscal year versus \$82,892 for the same period last year. Similar levels as in the previous year with very few acquisitions.

Fourth quarter amortization totaled \$21,817 versus \$19,791 for the same period last year as very similar amount of purchases in the current year.

Amortization of other Assets

The amortization of other assets, comprised of development costs and patents, totaled \$49,228 for the 2009 fiscal year versus \$186,839 in 2008. The vast majority of this change is related to development costs that are amortized on a straight-line basis over a period of three years from the beginning of commercialization activities. Most of series 2000 and 3000 related projects are now completely amortized reducing the current year expense.

Amortization of other assets in the fourth quarter was \$7,734 compared to \$32,770 for the same period last year. Very few additions to other assets in the current quarter and previously capitalized assets have been completely amortized.

Other Revenues and Expenses

Net other revenues totaled \$84,901 for 2009, compared to \$77,384 for last year. Interest revenue of \$323 (\$17,440 in 2008) was earned from cash deposits. In addition, \$18,457 (\$31,891 in 2008) was earned as rental revenue for a portion of the Corporation's building being subleased to a third party. The reduction in the current year sublease revenue is due to the termination of the sublease. The revenue component of a government contribution from Canada Economic Development totaled \$21,388 (\$20,067 in 2008).

The Corporation also realized a foreign exchange gain of \$44,733 (\$3,682 in 2008) due to the depreciation of the Canadian dollar versus the US dollar over the last year.

For the fourth quarter other revenues were \$22,085, versus \$10,000 for the same period last year, made up mostly of the government contribution from Canada Economic Development received in September.

Net Loss

The net loss for the 2009 year is \$1,573,799 compared to \$3,066,529 in 2008. The decrease in loss is due to restructuring our operations through a reduction in personnel, office and warehouse space and reduction in sales and administration expenses.

Loss for the fourth quarter was \$375,203 versus \$1,378,268 for the same period last year. Apart from the reduction in operating expenses in the quarter, a provision for inventory was taken in FY2008 as well as a write-down of demo units.

Summary of Quarterly Results

Before restatement

Quarter ended	Revenues \$	Net Loss \$	Net loss per share	
			Basic \$	Diluted \$
September 30, 2009	171,549	(375,203)	(0.01)	(0.01)
June 30, 2009	230,838	(417,369)	(0.01)	(0.01)
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	(1,378,268)	(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)

As of September 30, the Corporation's capital structure was as follows:

	2009	2008
Common shares outstanding	46,687,541	39,409,908
Stock options outstanding ⁽¹⁾	2,495,600	1,994,265
Share warrants outstanding ⁽¹⁾	5,910,450	5,957,574
Fully diluted shares outstanding	55,093,591	47,361,747

⁽¹⁾ Stock options and share warrants were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

(a) *Private Placement*

The Corporation concluded a private placement by issuing 6,482,500 units (each unit consisting of a share and a half warrant) for gross proceeds of \$648,250, comprising of \$434,629 for the shares and \$213,621 for the warrants attached to the unit. The subscription warrants entitle the holders, at any time during the 12-month period after the closing date, to subscribe to a common share at a price of \$0.20. In addition, the Agent received 500,000 units in conjunction with the private placement. The units had the same conditions as the private placement and were valued at \$32,251 and the warrants at \$17,749. Warrants were valued using the Black-Scholes model.

(b) *Conversion of accrued interest on convertible debentures*

The Corporation issued 295,133 common shares in payment of an amount of \$71,164 in accumulated interest on the convertible debenture issued on September 29, 2006. Regarding the terms of the debenture, the price of shares issued was determined according to the weighted average price of the Corporation's common shares traded during the 20-day period preceding the interest payment resulting in a conversion price of \$0.2411.

Balance Sheet

Cash and cash equivalents

As at September 30, 2009, cash and cash equivalents were \$329,944 compared to \$370,821 at September 30, 2008. Decrease in cash is mainly due to the continued operating loss, delay in obtaining additional financing and the economic slowdown in all construction sectors.

Current Assets

Current assets have decreased to \$990,822 at September 30, 2009 from \$1,454,563 at September 30, 2008. This change is driven mainly from the decrease in accounts receivable over last year, a reduction in inventory through better management of leads times.

Current Liabilities

Current liabilities have increased from \$1,377,832 at September 30, 2008 to \$3,053,944 at September 30, 2009. The increase is due to the increase in short term debenture and the convertible debentures which come due in the next fiscal year. The reduction in accounts payable and accrued liabilities offset part of this increase.

In addition, the Corporation received a deposit from NPK treated as deferred revenues for \$107,943. The decrease over last is due to the delivery of NPK version of Picbuckets.

Once the Picbuckets are available commercially, these amounts are offset against units delivered.

Property, plant and equipment

Fixed assets were of \$127,427 at September 30, 2009 compared to \$212,175 at September 30, 2008. Investment in fixed assets only totaled \$5,868 during this past fiscal year. This increase though was offset by amortization of \$90,615.

Intangible Assets

The Corporation's intangible assets are the intellectual property, specifically patents related to the intellectual property behind the PicBucket and PicHammer. In recent months, the Corporation has begun a formal demand in a number of countries for its third, and most recent, patent. Beginning in the second quarter of 2007, we began paying the fees associated with these formal applications which will be amortized over the useful life of the new patents (expiration in July of 2025).

The capitalized value of these intangible assets totals \$135,201 at September 30, 2009 versus \$136,970 at September 30, 2008. The intangible assets remained at the same level due to costs associated with a third patent.

Deferred Charges

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

Long-Term Debt

During the year the Corporation renegotiated an existing debenture for a total of \$600,000 compared to \$400,000 for the same period last year resulting in new capital of \$100,000, the capitalization of accrued interest of \$59,737 and additional interest for non-payment of \$40,263. This debenture is due March 2010.

One of the holders of the convertible debenture accepted to capitalize interest due on August 2, 2009 which covered the period of August 3, 2007 to August 2, 2009 in the amount of \$427,888. Interest will be paid on August 2, 2010. On March 23, 2009, the interest rate on the convertible debenture was increased from 11% to 13%. Interest of an amount of \$71,164 due on September 29, 2008 was converted into shares of the Corporation.

During the year the Corporation received \$45,932 from Canada Economic Development. The long term loan bears no interest and is repayable 24 months, after the project is

completed, in 10 semi-annual payments. The two loans with Canada Economic Development are valued at \$105,282.

Statement of Cash Flows

Cash used for Operating Activities

Cash used for operating activities for the year was \$795,128. The majority of these cash outflows are explained by the ongoing sales, marketing and business development activities as well as the Corporation's administrative expenses.

Cash used by Investing Activities

Investing activities for the 2009 fiscal year consumed \$22,180, consisting of the acquisition of capital assets (\$5,868), intangible assets (\$9,696) and development costs (\$6,616).

In 2008, cash used by investing activities consumed \$269,022.

Cash provided by Financing Activities

Financing activities during the year generated \$776,431 compared to \$1,298,588 last year. In the current year the Corporation issued a debenture of \$600,000, resulting in new capital of \$100,000, and issued 6,482,500 units for \$648,250 gross proceeds. In the previous year, the Corporation issued units as part of the private placement which generated \$890,000.

Financial Position

As of September 30, 2009, the corporation had negative working capital of \$2,063,122 including \$329,944 of cash and cash equivalents compared to a positive working capital of \$76,731 for the same period last year. The decrease in working capitals is due the non-convertible and convertible debentures issued by SIPAR which come due in the next fiscal year for an amount of \$2,573,044 and ongoing losses incurred by the Corporation.

While the Corporation expects to generate an increasing amount of revenues in the short and medium term, it must be considered that the corporation has incurred significant losses since its inception. The Corporation is working on restructuring its current financial structure and will attempt to secure new financing to support its previously announced acquisition. This would 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 Corporation is seeking financing from different government sources as well as, equity and debt. The Corporation 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".

Contractual Obligations

As of September 30, 2009, the Corporation contracted obligations for equipment leases, vehicle leases and one for a building lease. The Corporation also has obligations for its long term financings.

Commitments	\$
2010	83,360
2011	82,861
2012	72,144
2013	60,000
2014	35,000
Minimum payments on long term debts	\$
2010	2,117,751
2011	1,026,875
2012	35,997
2013	35,997
2014	18,246
2015	9,123

Related Party Transactions

Commitment

The building lease agreement is with 6316123 Canada Inc., a Corporation that was 20% owned by Carol Murray, President and Chief Executive Officer (CEO) of Power Tech Corporation Inc and Pierre Gagnon, Vice President Technology of Power Tech Corporation Inc., who are also shareholders of the Corporation. On April 30, 2009, Carol Murray and Pierre Gagnon sold their holding in 6316123 Canada Inc. to an unrelated party. For the year ended September 30, 2009 a total of \$173,023 was paid by Power Tech to this Corporation versus \$288,331 for the year ended September 30, 2008. This lease occurred in the normal course of business and is valued at the fair market value of a lease of this kind.

IFRS Changeover

The Corporation has developed a plan for the changeover to IFRS. We completed the initial phase of the plan which consists of identifying the differences between Canadian GAAP and IFRS. At this point, the transition to IFRS is not expected to have a major impact on our business processes and systems. During the current fiscal year the Corporation expects to complete its evaluation of the major differences between Canadian GAAP and IFRS and adjust the opening balance sheet on October 1, 2010. IFRS on the date of adoption may differ from the current IFRS standards since there are amendments to the current recommendations. We will prepare our financial statements in accordance with IFRS effective October 1, 2012.

New accounting policies

ADOPTED IN 2009

Inventories

During the year, the Corporation adopted the new Section 3031, “Inventories”, which replace Section 3030, “Inventories”. The new Section prescribes measurement of inventories at the lower of cost and net realizable value 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 recommendations only required additional disclosures.

Goodwill and Intangible Assets

During the year, the Corporation adopted Section 3064 “Goodwill and Intangible Assets”. The new section states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. As for subsequent measurement of intangible assets, goodwill and disclosure, Section 3064 carries forward the requirements of the old Section 3062 “Goodwill and Other Intangible Assets”. The adoption of these recommendations did not have any material effect on the Corporation’s consolidated financial statements.

Financial Instruments

During the year, the Corporation adopted EIC-713 Credit Risk and the Fair value of Financial Assets and Financial Liabilities”. Under this new standard, an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of these recommendations did not have any material effect on the Corporation’s consolidated financial statements.

RECENTLY ISSUED

Financial Instruments

Section 3862 “Financial Instruments – Disclosures” had amendments which resulting adding enhanced disclosure requirements about fair value measurements and liquidity risk of financial instruments for publicly accountable enterprises. The amendments will be effective for annual financial statements ending September 30, 2010. In the management expect that these amendments will not have material effect on its consolidated financial statements.

ADOPTED IN 2008

Capital

Section 1535 “Capital Disclosures” establishes standards for disclosing information about an entity’s capital and how it is managed. These standards require entity to disclose the following:

- its objectives, policies and processes for managing as capital;
- summary quantitative data about what it manages capital;
- whether during the year it complied with any externally imposed capital requirements to which it is subject;
- when the entity has not complied with such requirements, these consequences of such non-compliance.

Financial Instruments

Section 3862 “Financial Instruments – Disclosures” modifies the disclosure requirements for financial instruments that were included in Section 3861 “Financial Instruments – Disclosure and Presentation”. The new standards require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity’s financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the balance sheet date, and how the entity manages those risks.

Section 3863 “Financial Instruments – Presentation” carries forward the presentation requirements of the old Section 3861 “Financial Instruments – Disclosure and Presentation”, which remains unchanged.

With the exception of the disclosures required under these sections previously described, the adoption of these recommendations did not have any material effect on the Corporation’s consolidated financial statements.

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, 2009 for a description of significant accounting policies. More precisely, the management of Power Tech 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 Corporation will be able to generate sufficient funds to discharge its obligations during normal business operations for the foreseeable future. The use of these principles could be inappropriate since, as at September 30, 2009, there was significant uncertainty as to the Corporation's ability to continue as a going concern without securing additional financing.

The Corporation incurred a net loss of \$1,573,799 during the current year [\$3,066,529 in 2008] and has an accumulated deficit of \$13,656,807 as at September 30, 2009 [\$12,033,008 in 2008]. The Corporation expects to have future capital requirements, specifically for technology development, completion of the acquisition described in note 22, 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 Corporation 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 Corporation's future ability to generate sufficient short-term and long-term capital depends on various factors, including general economic conditions, technological advancements, market acceptance of its products and competition. There can be no assurance that the Corporation will generate short and long-term capital under terms and conditions satisfactory to the Corporation.

These financial statements contain no restatement or reclassification of assets or liabilities that would be necessary if the Corporation 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. Net realizable value equals the replacement cost with respect to raw material.

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 September 30, 2009, management did an impairment test and no loss was identified.

Stock-based compensation and other stock-based payments

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

The Corporation 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 Corporation, 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, taking in account that the Corporation has few historical data on its title and that there is a weak transactions volume on its title on the market. The Corporation based its assumptions on historical data, industry data and other sources of available information.

Financial instruments

As discussed previously, the Corporation has applied new standards issued by CICA regarding financial instruments. The Corporation has used different financial instruments since its inception. The evaluation of those financial instruments requires assumptions established by management using careful judgment.

Disclosure controls and procedures

The President and Chief Executive Officer and the Chief Financial Officer assessed the disclosure controls and procedures (as defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings) as at September 30, 2009, and concluded that the controls and procedures gave reasonable assurance that the material information with respect to the Corporation is communicated to management, in particular during the period where annual documents are prepared.

Internal controls over financial reporting

Internal control over financial reporting (“ICFR”) is designed to provide reasonable assurance regarding the reliability of the Corporation’s financial reporting and its compliance with GAAP in its financial statements. The President and Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to its ICFR during the year ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.

Due to the size of the Corporation and limited staff count, including the fact that the CFO is the only finance and accounting employee, there are limitations to completely segregating a number of duties that are part of a typical control environment.

Risks and uncertainties

There are a number of risks and uncertainties the Corporation is subject to due to the nature of its technology and its associated products and the Corporation’s current stage of development. They include, but are not necessarily limited to, the following:

Vulnerability of exclusive technology – the Corporation owns the intellectual property behind its technology but there is the possibility of competitive imitation.

Additional capital needs – In the event that the current business plans change or revenue growth is slower than anticipated, it is possible additional financing will be necessary. There is no guarantee this financing will be available at conditions that are acceptable to the Corporation and with terms that facilitate its growth.

Competition and technology obsolescence – there is a risk that competitors will launch a technology that diminishes the potential of the Corporation’s technology or makes it obsolete.

Managing growth and market development – there is no guarantee the Corporation will be able to successfully develop its market or, in the case of rapid growth, not successfully manage the requirements this type of growth demands.

Demand fluctuation – the Corporation’s success is based on the demand in the heavy equipment and attachment industry. If there is a general slowdown in the demand for these types of products, there will be an impact on the Corporation’s results.

Price fluctuation – given the competitive nature of the industry and the unknown reaction of competitors to the introduction of the Corporation’s products, there may be pressures for the Corporation to reduce its prices which will affect its projected profitability.

Foreign currencies – the Corporation sells its product outside of the country and its revenue and profitability on sales outside of the country are sometimes subject to fluctuations in foreign currency evaluation.

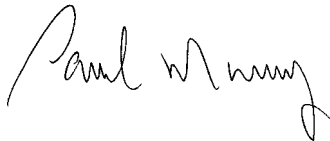
Importance of workforce – the Corporation relies heavily on its management team and technical personnel. The loss of one of these employees may have an unfavourable impact on the Corporation.

Acquisitions – it is possible the Corporation could acquire companies or products that complement its own and help it achieve its goals. There is a risk that the benefits of synergy are not realized or integration of the new Corporation or product is not successful.

Product anomalies and imperfections – the products being developed by the Corporation are complex and, as a result, may contain anomalies or weaknesses that may slow growth and harm its reputation.

Forward-looking information

Certain sections of this management’s discussion and analysis may contain forward-looking information. Statements based on current management expectations involve inherent risks and uncertainties, both known and unknown. Actual results may be different from forecasts.



Carol Murray
President and Chief Executive Officer



Nick Cristiano CA
Chief Financial Officer

Terrebonne, Québec, January 21, 2010