



MANAGEMENT DISCUSSION AND ANALYSIS

Yearly report to shareholders

Fiscal year ended August 31 2008

The following comments are intended to provide an analysis, from the Management's perspective, of the consolidated financial situation of CORPORATION NUVOLT INC. / NUVOLT CORPORATION INC. (NUVOLT) and of its subsidiary AGRIVOLT INC., as at August 31 2008, as well as operation results for the three month periods ended August 31 2008 and 2007. Prepared in accordance with National instrument 51-102-Continuous Disclosure Obligations, this Report should be read in conjunction with the audited consolidated financial statements as at August 31, 2008, and related notes. Please note that compared results differ from those presented in the consolidated financial statements, so as to provide a better analysis by comparing two full years.

Unless otherwise indicated, financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP). All amounts in the tables of this analysis are expressed in thousands of Canadian dollars, with the exception of the amounts per share.

Some sections of this report present statements which are forward-looking and involve risks and uncertainties. Forward looking statements offer no guaranties of the future results of NUVOLT. Actual results may vary significantly from those of forward looking statements, due to numerous factors like capital investment in the measuring instrumentation sector, instability in currency exchange, hiring of qualified employees and NUVOLT's capacity to conduct business successfully in such uncertain conditions. Consequently, the reader should be fully aware of these forward looking statements. These statements are only valid as at the date of the report. There is no commitment to notify readers nor to revise or update these statements in order for them to reflect events or circumstances occurring after the date of this report, except as specifically required by law.

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ACTIVITY DESCRIPTION AND OVERVIEW

NUVOLT is specialized in monitoring electrical networks in livestock farm facilities and in manufacturing detection and correction devices. The company has developed a focused expertise in the management of the electrical network failures, leakage current detection and neutralization as well as in electrical network monitoring systems. It is considered as an emerging company in the technological sector with a strong growth potential worldwide.

Its main products are the "Potential Equalizer", the "Relax" ground fault detector and SVF-VSD filters to eliminate harmonics. They are presently in use on dairy and pig farms.

NUVOLT holds patents on products and technology serving its current markets and patents are pending on products aimed at serving not only farms but also electrical network monitoring of commercial real estate and industrial markets.

VISION AND STRATEGY

NUVOLT intends to become leader in electrical network monitoring systems and leakage current neutralization.

NUVOLT, through its subsidiary AGRIVOLT INC., is recognized as a North American leader for its expertise in electric network management in the agricultural market. The introduction of **SMARTSCAN**, a technology linked to an active sensor, makes it possible to transform this much focused expertise, from a case by case approach to a specialized "plug and play" product line, to be marketed through a network of dealers, first in North America, then in Europe, Asia and Oceania. Market diversification towards commercial real estate and industrial production sectors offers a much broader potential than the agricultural sector alone. Therefore, NUVOLT has centered its activities in the agricultural sector in a separate company, AGRIVOLT INC., in order to better focus on the development of these other markets.

Over the next few weeks, NUVOLT is to show its technology to enterprises of international scope in all the targeted sectors. OEM or private labels distribution deals or licence agreements could be concluded with them.

The Company manufactures its products, which are CSA International and EC certified. Manufacture outsourcing is being considered; to that end, NUVOLT is currently discussing with companies offering manufacturing facilities.

NUVOLT CORPORATION can rely on a dynamic and experienced team in all sectors, to whom expert marketing specialists can also be added.

FISCAL YEAR AND FOURTH QUARTER HIGHLIGHTS

SMARTSCAN, electrical network management system:

After nearly 1.2M\$ investment in Research & Development, the first generation of the NUVOLT SENSOR is a success and is now integrated in an electric network management system which will be marketed under the name **SMARTSCAN**.

The technological cooperation with BBA inc. has provided a recognized expertise and secured the success of the project.

At the end of the fourth quarter, **SMARTSCAN** is in a pre-commercial prototype format and validation tests in a real environment have begun in September 2008. Onsite visits are planned in November 2008 in order to raise interest of clients, partners and investors. After a few weeks of break-in and tests, we can disclose that the **NUVOLT SENSOR** performs all expected functions, detecting any anomaly on the electric network, at all frequencies, from the very start of a problem, so as to prevent fire hazards and equipment breakdowns. Linked to the management software, it analyses parameters and informs user with appropriate directives.

Compared to the project as initially planned, the product development is behind schedule and shows important over budget expenses. The budget submitted with the IPO forecasted expenses of 1.3M\$ to complete three modules, namely the Management System, the Monitoring System and the Neutralization System, the schedule going from September 2007 to December 2008.

The system development complexity has increased the budget. This is closely related to technological choices the Company made in order to reduce product cost, allow use in a large number of applications and making it an Expert System.

Budget overruns, delays in product development schedule and the current economic context have brought NUVOLT to reposition its investments in Research & Development, its marketing steps and its fundraising.

The strategy is now to bring **SMARTSCAN** to the final product stage and to market it to the agricultural sector, in early 2009. NUVOLT has launched a fundraising campaign to that effect. When properly deployed in the agricultural sector and after having demonstrated profitability, the same Management System will be adapted to the commercial real estate and industrial sectors. Discussions on OEM distribution agreements are underway with major companies in these sectors.

The two other integrated systems, namely the Monitoring System and the Neutralization System, will be developed starting in Spring 2009. Each of these systems will require four months of development before marketing.

We believe the bulk of development expenses have been invested in this first system, **SMARTSCAN**. The other development projects, using the same technology should require significantly lower investments. Moreover, we have received a financing offer from National research Council (NRC) for \$350,000 within the Industrial Research Assistance Program (IRAP).

In order to support the cash flow needed for the last part of the SMARTSCAN development and for the implementation of the marketing strategy, NUVOLT has negotiated debentures with its directors in the amount of \$225,000. The Company also plans to finance its R&D tax credits with Investissement Quebec, through their loan guarantees program. Some additional financing is also being negotiated with a financial institution.

Patents

The main part of the request filed with regards to United States Patents has been granted. The Management as well as the Patent Agent are confident we will receive a positive final response within the next few months.

As for the International (PCT) patent, filing in the following countries has been confirmed: Japan, China, Israel, Norway, Australia, Europe, New-Zealand and India.

Finally, the provisory patent application in United States, for the Patent of the software linked to the electric network management has been filed in April 2008.

Development of the marketing strategies and recruiting for the sales department:

In January 2008, Mr. Bill Thompson was appointed vice president sales of the American subsidiary company AGRIVOLT INC. His contribution as a former Sales President for DeLaval as well as his thorough knowledge of the market is extremely important to develop the sales of the new system in the United States. His mandate is to set up a distribution network for the marketing of **SMARTSCAN** in the agricultural sector.

A contract of employment with a Regional Manager for Western United States was signed in the fourth quarter of 2007-2008. He will operate from the first Agrivolt Center, in California. The contribution of this resource will make it possible for the company to approach its target customers and to develop close connections with them.

Much time was devoted, over the last few months, to meetings intended to interest major companies to OEM selling in the agricultural sector, for both dairy and hog farms, as well as in the commercial real estate sector. The interest is such that visits are already planned in order to present the **SMARTSCAN** in real situation on a commercial site and this, as soon as November 2008.

Other recruiting

- Two people came to supplement the team of R & D in quarters 1 and 2 of the exercise.
- A technician was added to the technical service department to carry out, among other tasks, preventive maintenance.
- An accounting assistant has been hired in November 2007.

NUVOLT's business plan envisaged some more recruiting for the fiscal year. Due to the Company's economic reality as well as to delay in product development, such recruiting was delayed and reviewed. No new recruiting is thus envisaged before January 2009.

Economic context

In the agricultural sectors, both for dairy and hog farms, constant increases in the price of feed, due to energy use, increased the production costs in these sectors. Capital expenditures in these markets were much reduced. Moreover, the force of the Canadian dollar compared to the American dollar has reduced the competitiveness of the porcine producers of Canada.

The impact on the annual results of NUVOLT was nevertheless rather negligible. Soon after the end of the fourth quarter of 2007-2008, a progression of the sales of the agricultural sector in the United States could be noted. The reduction of feed cost improves their profitability. Moreover, the positive results which the NUVOLT expertise and equipment generate are ever more recognized.

ANNUAL CONSOLIDATED FINANCIAL INFORMATION

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS						
(In thousands of dollars, except data per share)	Year ended August 31, 2008 (audited)		Year ended August 31, 2007 (unaudited)		Year ended August 31, 2006 (unaudited)	
	\$	%	\$	%	\$	%
Gross revenue	1,398		1,472		1,541	
Cost of goods sold	937		876		870	
Gross profit	461	33%	596	40%	671	44%
Research and development expenses	1,197	86%	19	1%	106	7%
Capitalized portion	(1,197)		(9)		(111)	
Net amount	0	0%	10	1%	(5)	0%
Selling expenses	440	31%	283	19%	266	17%
Administrative expenses	568	41%	261	18%	347	23%
Financial expenses	149	11%	245	17%	258	17%
	1,157	83%	799	54%	866	56%
Other items	7		17		10	
Income taxes	3					
Net loss	(692)	-49%	(186)	-13%	(185)	-12%
Net loss, non-diluted and diluted per share	(0.013)		(0.005)		(0.006)	

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2008										
(In thousands of dollars, except data per share)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%
Gross revenue	348		379		371		300		1,398	
Cost of goods sold	226		279		252		180		937	
Gross profit	122	35%	100	26%	119	32%	120	40%	461	33%
Research and development expenses	65	19%	102	27%	510	137%	520	173%	1,197	86%
Capitalized portion	(97)		(70)		(510)		(520)		(1,197)	
Net amount	(32)	-9%	32	9%	0	0%	0	0%	0	0%
Selling expenses	97	29%	89	25%	114	32%	140	33%	440	30%
Administrative expenses	154	45%	188	52%	121	34%	105	25%	568	39%
Financial expenses	42	12%	48	13%	36	10%	23	5%	149	10%
	261	75%	357	94%	271	73%	268	89%	1,157	83%
Other items	17				5		(15)		7	
Income taxes							3		3	
Net loss	(122)	-35%	(257)	-68%	(147)	-40%	(163)	-54%	(692)	-49%
Net loss, non-diluted and diluted per share	(0.002)		(0.0005)		(0.003)		(0.003)		(0.013)	

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2007										
(In thousands of dollars, except data per share)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%
Gross revenue	339		361		353		419		1,472	
Cost of goods sold	220		229		203		224		876	
Gross profit	119	35%	132	37%	150	42%	195	47%	596	40%
Research and development expenses, net	5	1%		0%	5	1%		0%	10	1%
Selling expenses	74	22%	73	20%	77	22%	59	14%	283	19%
Administrative expenses	79	23%	46	13%	78	22%	58	14%	261	18%
Financial expenses	54	16%	51	14%	80	23%	60	14%	245	17%
	212	63%	170	47%	240	68%	177	42%	799	54%
Other items							17		17	
Net income (Net loss)	(93)	-27%	(38)	-11%	(90)	-25%	35	8%	(186)	-13%
Net income (Net loss), non-diluted and diluted per share	(0.002)		(0.001)		(0.003)		0.001		(0.005)	

INFORMATION ON THE SUBSIDIARY

The Company has an American subsidiary (AGRIVOLT INC) incorporated in Wisconsin under Chapter 180 of the Wisconsin Statutes. This unit was born of the buying out of an American partner during the first quarter of 2005-2006.

Except for OEM Sales, direct sales of products and services in American territory go through AGRIVOLT. It bills clients and pays royalties to NUVOLT for each device sold.

Services related to diagnosis, warranty or device start ups have been temporarily provided by NUVOLT technicians.

OPERATING RESULTS

Consolidated Revenues

NUVOLT has recorded net revenues of \$1,398,000 for the fiscal year ended August 31 2008, comparatively to \$1,472,000, (-5%) during the fiscal year ended August 31 2007 and \$1,541,000\$ (-9%) for the fiscal year ended August 31, 2006.

We note an even more pronounced reduction in the last quarter of 2007-2008 compared to other quarters.

A fall of the sales revenues has thus been noticed for two (2) years. This reduction comes mainly from lower sales of systems compared to the last years. Indeed, 30 systems were sold this year compared to 34 the previous year and 45 in 2005-2006. This means a variation in monetary terms of -16% compared to 2006-2007 and -22% compared to 2005-2006. The economic context of the agricultural sector is the main reason.

Impact of currency exchange

The increase of the Canadian dollar during the fiscal year 2007-2008 has had a negative monetary impact of \$60,000 if compared with the average currency exchange rate of the previous year. In this context, the difference of revenues between 2007-2008 and 2006-2007 is less than 1%. Considering that the emphasis has been put mainly on Research and Development activities, the yearly performance in terms of decreased sales is, as such, not that significant.

Revenues split

NUVOLT's revenues are of two types, product sales and the service sales. Product sales include direct sales to users and sales to OEM. Selling products for detection and correction of electrical networks failures is done in two steps, first the electric network diagnosis, then the installation and launching of the equipment. To this base revenue are added revenues from spare parts, various services and preventive maintenance.

These revenues are split as follows:

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS						
(In thousands of dollars)	Year ended August 31, 2008 (audited)		Year ended August 31, 2007 (unaudited)		Year ended August 31, 2006 (unaudited)	
	\$	%	\$	%	\$	%
Products	967	69,2%	1,092	74,2%	1,152	74,8%
Services	431	30,8%	380	25,8%	389	25,2%
Total	1,398	100,0%	1,472	100,0%	1,541	100,0%

The revenues from service sales make up a larger part of the total revenues compared to the previous fiscal years. The revenues from sales of diagnoses were more important this year. Larger farms, having equipment requiring a better defined and better managed electrical supply network, have requested the service of diagnosis. The average price of service activities was \$3,500 this year, compared to \$2,220 in 2006-2007 and \$2,400 in 2005-2006.

In the fourth quarter of the exercise, we note also an increase in the percentage of the revenues from service compared to the total of the sales. Indeed, 41% of the incomes were from rendered services compared to an average of 28% for the other quarters of the same exercise and an average of 26% for quarters of the previous year. NUVOLT is particularly proud to have developed customers among elite farms in the United States. Several electrical network analyses were carried out in this last quarter of the exercise.

The sales of filters to OEM represented, for the fiscal year ended at August 31, 2008, nearly 15% of the net total income, compared to 11% and 12% for the two preceding years. These products thus have known a rise. The principal customer, a world leader of the dairy farm equipment industry, integrates the filters in its products sold in the United States and now envisages introducing them in Europe.

The following table shows the geographical distribution of NUVOLT sales:

NUVOLT CORPORATION INC.
DATA FROM CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of dollars)	Year ended August 31, 2008 (audited)		Year ended August 31, 2007 (unaudited)		Year ended August 31, 2006 (unaudited)	
	\$	%	\$	%	\$	%
Canada	867	62,0%	847	57,5%	894	58,0%
United States	531	38,0%	620	42,1%	644	41,8%
Israel	-	0,0%	5	0,3%	3	0,2%
Total	1,398	100,0%	1,472	99,9%	1,541	100,0%

The sales in the United States for the year ended at August 31, 2008 show a decrease comparatively to the two previous years. It is mainly caused by the difficult economic context.

However, we can affirm that the sales in the United States tend to grow. Already, with the fourth quarter of the exercise, the percentage of sales in the United States saw an improvement, that is to say 61% of total incomes, compared with a quarterly average of 31%. In September and October 2008, orders for systems in the United States, from elite farms, represent nearly \$400,000. This leads us to believe that, in spite of a rather precarious economic situation but which tends to be stabilized, the larger farms continue to invest in technological equipment which will enable them to manage their costs and to improve their performance.

Gross profit

The gross profit for 2007-2008 amounts to \$461,000 or 33%, compared to \$596,000 or 40% for that of 2006-2007 and to \$671,000 or 44% for 2005-2006.

This decrease comes from the fact that product sales, as opposed to service sales, compared to both previous years, were less. The gross margin on the sales of products is more important than that on the sales of services. Moreover, the service expenses have increased. A technician, affected mainly to preventive maintenance, joined the technical department team in the first quarter of the year 2007-2008. This addition of resource allows for a tighter management of our equipment at our customers' location, thus making it possible to react quickly at the time of various problems.

Research and development expenses

Research and development expenses amounted to \$1,197,000 for the year ended at August 31, 2008 compared to \$19,000 for the year ended at August 31, 2007 and to \$106,000 for the year ended at 31 August 2006. The totality of these expenses was capitalized.

Investments connected to product development have been little in the previous years. Waiting for an adequate financing made so that little funds were invested during the year 2006-2007.

The development of the **Nuvolt Sensor** mobilizes, since the beginning of 2007-2008, three people on a full time basis, in addition to the Vice-president technology. Two people were hired during the first and second quarter of the year ended at August 31, 2008. A consultant in project management was added to the R & D team in May 2008. He acts as adviser to the Vice-president technology on the development project of the electric network Monitoring System. The project is being developed in technological collaboration with BBA, an engineering

consultant firm. The amount invoiced by BBA in 2007-2008 was \$836,000. This amount is less than if the company had decided to hire in-house resources. Required competences are practically unavailable on the market and the cost to obtain them would have been superior to subcontracting.

Selling Expenses

Selling expenses have reached \$440,000 for the fiscal year 2007-2008, compared to \$283,000 for the year 2006-2007 and to \$266,000 for 2005-2006.

The gradual increase for the last two (2) years has come from more frequent displacements to the United States, in particular to California, where sales development has grown. Strategy to direct the efforts towards geographical sectors including a stronger concentration of elite farms increases costs but its benefits have been felt since the end of the fiscal year.

A vice president, sales for the subsidiary company AGRIVOLT Inc., based in Kansas City, was hired in February 2008. The arrival of Mr Thompson is a major investment to develop the marketing strategy and distribution network of the **SMARTSCAN**.

Administrative expenses

The administrative expenses amounted to \$568,000 for the year ended at August 31, 2008, comparatively to \$261,000 for the year ended at August 31, 2007 and to \$347,000 for the year ended at August 31, 2006.

The admission to the Stock Exchange in July 2007 involves higher professional fees than the previous years. These fees are composed of the expenses for accounting audit, legal advisers, Stock Exchange transfer agents, director liability insurance and attendance fees.

They account for approximately 28% of the total administrative expenses. Moreover, an expense for share based remuneration is recorded since September 2007 to include Stock Options granted to directors and employees. Lastly, an accounting assistant has been hired during the first quarter of 2007-2008.

Decrease in the last quarter of each year compared to the other quarters can be especially explained by the fact that these months are those where personnel vacation time takes place. Our accounting policies bring us to record the expenditure for vacation in the previous quarters.

Financial expenses

The financial expenses add up to \$149,000 for 2007-2008, compared to \$245,000 for the previous year and \$258,000 for 2005-2006.

This decrease is explained by lower interests on the long term debt due to the payment of some of it in August 2007. Furthermore, factoring of receivables was not used this year, compared to previous years where factoring expenses represented nearly 25% of the financial expenses.

The financial expenses have shown a more pronounced decrease in the fourth quarter.

Net loss

For 2007-2008, the net loss after taxes amounts to \$692,000 (\$0,013/share) against \$186,000 (\$0,005/share) for 2006-2007 and \$195,000 (\$0,006/share) for 2005-2006. This increased loss is mainly ascribable to the increases of expenses connected to the requirements of a public company, payroll and selling expenses.

Tax on Consolidated Earnings

NUVOLT has payable tax for the year ended at August 31, 2008 in the amount of \$3,000. It has had no payable tax during any of the quarters of fiscal years 2007 and 2006. Thus, no future tax on temporary discrepancies between accounting value and tax value was ever accounted for.

Earnings Before Interest Depreciation Tax and Amortization

The calculation of the EBIDTA corresponds to revenues minus operating costs, before interests charges, depreciation and losses in value of the fixed assets, and tax on earnings.

For the year ended at August 31, 2008, the EBITA posts a negative amount of (\$477,000) comparatively to positive amounts of \$70,000 for 2006-2007 and \$59,000 for 2005-2006.

The EBIDTA is not a measurement of result defined in accordance with the Generally Accepted Accounting Principles.

CASH FLOWS

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS			
(In thousands of dollars)	Year ended August 31, 2008 (audited)	Year ended August 31, 2007 (unaudited)	Year ended August 31, 2006 (unaudited)
Operating activities	(610)	(172)	8
Investing activities	(828)	(50)	(115)
Financing activities	168	1,492	79
Increase (Reduction)	(1,270)	1,270	(28)
Cash flow at beginning	1,261	(9)	19
Cash flow at the end	(9)	1,261	(9)

Cash flows related to operating activities

The operating activities for 2007-2008 were negative for an amount of (\$610,000) compared to (\$172,000) for 2006-2007 and with a positive value of \$8,000 for the year 2005-2006.

The increase in receivable and stocks are the main elements having reduced cash over the last two years.

Cash flows related to investing activities

Investing activities decreased cash for an amount of (\$828,000) for the year ended at August 31, 2008 comparatively to (\$50,000) for the year ended at August 31, 2007 and to (\$115,000) for the year 2005-2006. The development of **NUVOLT SENSOR** and **SMARTSCAN**, and their related intellectual property protection are the activities having used the cash flows with regards to investments.

Cash flows related to financing activities

Financing activities increased cash flows by \$168,000 for 2007-2008 compared to \$1,492,000 for 2006-2007 and to \$79,000 for 2005-2006. The 2006-2007 financing activities came from the Qualified Transaction and private placement. The 2007-2008 financing activities have included an advance from a director, debt reimbursement and the use of the credit margin.

FINANCIAL SITUATION

NUVOLT CORPORATION INC. DATA FROM CONSOLIDATED FINANCIAL STATEMENTS			
(In thousands of dollars)	As at August 31, 2008 (audited)	As at August 31, 2007 (unaudited)	As at August 31, 2006 (unaudited)
	\$	\$	\$
Current Assets	1,134	1,965	688
Total Assets	2,306	2,186	989
Current Liabilities	1,282	416	1,209
Long-Term Debt	320	346	418
Debenture	213	324	361
Total Liabilities	1,815	1,086	1,989
Capital Stock	5,378	5,362	3,454
Stock Options	159	83	-
Warrants	718	718	114
Contributed Surplus	657	655	655
Deficit	(6,421)	(5,719)	(5,109)
Shareholder's Equity	491	1,100	(1,000)

Short term

NUVOLT has short term assets of \$1,134,000 and short term liability of \$1,282,000 as at August 31 2008, compared to short term assets of \$1,965,000 and short term liability of \$416 000 as at August 31 2007 and short term assets of \$688,000 and short term liability of \$1,209,000 as at August 31 2006.

The short-term assets at August 31, 2007 had increased considerably and the short term liabilities decreased by as much, compared to the previous year. These variations came from the conclusion of the Qualified Transaction and private placement which had made it possible to increase the working capital.

The reduction in the short-term assets at August 31, 2008 compared to August 31, 2007 comes particularly from the reduction of available cash due to the following financial commitments: Research & Development expenses, professional fees, recruitment and hiring fees, communications with shareholders as well as director liability insurance. The debtors on the other hand increased. They are mainly receivable tax credits which were recorded following important Research and Development investments. They account for \$278,000.

The short-term liability increased compared to August 31, 2007. This is explained by the use of the credit margin, by the important invoicing of the supplier BBA as well as by the short term portion of debenture which is higher, according to a negotiated reimbursement schedule. Terms of refunding of capital of debenture were renegotiated in September 2008 in order to make it possible for NUVOLT to improve its working capital. The new reimbursement schedule is conditional to securing the financing of the Research and Development tax credit

through an Investissement Quebec program. The effects of this negotiation should show at the time of the financial statement of the first quarter of the year 2008-2009.

At August 31, 2008, NUVOLT shows a working capital ratio of 0.88 compared to 4.7 at August 31 2007 and 0.6 at August 31, 2006. The debt/equity ratio is not respected. The creditor has confirmed its tolerance in this regard.

Long term

The total asset went from \$989,000 at August 31, 2006 to \$2,186,000 at August 31, 2007 and to \$2,306,000 at August 31 2008. The long term portion of the assets went from \$301,000 at August 31, 2006 to \$221,000 at August 31, 2007 and to \$1,172,000 at August 31, 2008. The variation of the last year is mainly due to an increase in intangible assets (patents) as well as deferred expenses. Investments of \$1,083,000 in R&D for 2007-2008 were recorded in the balance sheet as deferred development expenses. From these deferred expenses, refundable tax credits, in the amount of \$278,000, have been subtracted, which gives a capitalized net value of \$805,000 for the year ended at August 31, 2008.

The long-term debt shows a decrease since 2006-2007. This decrease is mainly caused by the reimbursement on the capital of debenture.

Shareholder's equity

Data on shares and issued stock options:

Common Shares	52 810 329
Warrants	15 866 666
Stock Purchase Options	3 840 656
Total	72 517 651

On September 17, 2007, within the framework of its Stock Purchase Option Regime, the Company granted its directors and its employees 2,504,000 stock options. The true value of the options was estimated at \$82,632 at the date of the granting, using Black & Scholes evaluation model.

On February 11, 2008, the Company granted an employee 500,000 stock options. The true value of options was estimated at \$25,000 at the date of the granting, using Black & Scholes evaluation model.

On February 25, 2008, the Company granted an employee 50,000 stock options. The true value of options was estimated at \$550 at the date of the granting, using Black & Scholes evaluation model.

CHANGES IN ACCOUNTING POLICIES

An Exposure Draft on adopting International Financial Reporting Standards (IFRS) has been published by the Accounting Standards Board (AcSB), in relation with accounting and presentation of financial information for publicly accountable enterprises. These standards would replace the current Generally Accepted Accounting Principles (GAAP) and would come into effect for fiscal years beginning on or after January 1st 2011.

NUVOLT considers setting up a plan of convergence towards IFR standards as of the second quarter of 2008-2009. This transition plan will make it possible to analyze the expected effects on financial and non - financial information which will have to be presented in the annual financial statements of the fiscal year ending at 31 August 2009.

RISK FACTORS

Currency Risk

The Company does a significant part of its purchases and sales in foreign currency, US dollars. Therefore some assets and liabilities are exposed to currency variations.

Credit Risks

In the normal course of business, the Company monitors the financial situation of its clients. The Company does not believe to be exposed to a higher than normal credit risk with regards to its clients.

Interest Rate Risk

The Company has long term loans bearing interest at variable rates. Therefore, the Company is exposed to a risk related to interest rates based on variation of the prime rate. However, a 1% preferential rate variation would have no significant effect on results or on the financial situation of the Company.

Other Risks

The Company's business is subject to some risks, namely the following: proprietary technology, need for capital, non-respect of financial ratios, competition and technology obsolescence, growth management and market development, conflicts of interest, manpower, acquisitions, product errors, stock price variations and the securities market. These risks are known but do not jeopardize future activities of the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As at August 31, 2008, the design of a final document on internal controls was not completed. However, the management is of the opinion that it has implemented adequate and sufficient procedures to provide reasonable assurance that:

- i) the financial statements of the Company as at August 31, 2008 established in accordance with GAAP, together with the other financial information included in the annual filings fairly present in all material respects the financial condition of the Company as well as results of operations and cash flows as at August 31, 2008; and
- ii) the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

OTHER INFORMATION

For further information, please note that you can consult the Internet site of SEDAR at: <http://www.sedar.com>

Levis, November 20, 2008

Dominique Dion
CFO