SALES INCREASED BY 52%

SECOND QUARTER 2008 HIGHLIGHTS

- **Sales increase by 52% to $6,772,000**
- **Net income increase of 160% to $811,000 compared with $311,000**
- **EBITDA increased in excess of 85% to $1,734,000**
- **Fifth consecutive year-over-year quarter of sales growth**
- **Six months sales growth of 49% to $10,154,000**
- **9% return on sales for the first six months compared with 1%**

MANAGEMENT REPORT

The management report was prepared in order to help understand the company's activities, performance, and financial position as of June 30, 2008. This management report compares the operating results and the cash position of the current period ended June 30, 2008, with those of the fiscal year ended December 31, 2007, and the quarter ended June 30, 2007. This analysis of the company's results of operations and financial position should therefore be read in conjunction with the audited and interim financial statements and related notes. The interim financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

The following information takes into account any significant event that occurred up until August 27, 2008, the date of the Board's approval of this management report on the recommendation of the audit committee.

OPERATING RESULTS

NOVIK INC. **for the periods ended June 30, 2008 and 2007** ***(in thousands of dollars, except data per share)***	**Period of three months**	Period of three months	**Period of six months**	Period of six months
	2008	2007	**2008**	2007
	$	$	**$**	$
Operating				
Revenue	**6,772**	4,470	**10,154**	6,826
Gross earnings	**2,868**	1,825	**4,098**	2,644
Earnings before interest, stock-based compensation, taxes, depreciation and amortization	**1,734**	932	**2,154**	932
Net income	**811**	311	**916**	98
Basic and diluted net income per share	**0.018**	0.007	**0.020**	**0.002**

Revenue

During the course of the second quarter of fiscal year 2008, Novik recorded $6.8M in revenue compared with $4.5M during the same quarter of the previous fiscal year. This strong growth of 52% can be attributed to Novik's international success. Novik is experiencing great success in several countries outside Canada and the United States. International shipments amounted to nearly $3.6M during second quarter 2008, compared with $0.7M for the same period of the previous fiscal year. Deliveries of our new cedar plank to a major European distributor began during the second quarter. These deliveries are part of the contract signed with this distributor providing sales on the order of $7M during the next twelve months starting in June 2008. In addition, the presence of distributors in new countries has allowed Novik to grow more significantly. This success is explained by the wide variety of exterior wall covering and roofing products and their innovative character. Given Novik's current success on the international market, the company is continuing to explore new territories in order to maximize product potential on a global scale. As of today, new distributors are already in place in new countries, and deliveries have been made to them, resulting in additional sales for the third quarter.

Sales on the North American market decreased by nearly $600,000 during second quarter 2008, compared with the same quarter of the previous fiscal year. This drop in sales is explained by the slowdown of the American economy. It is worth noting that Canadian sales were stable during this period compared with the same period last year. Despite the decreased sales on the American market, Novik is continuing its efforts for better recognition on this market. Novik has hired a new vice president of sales for the United States who has more than 25 years of experience in the field of exterior coverings. He is an American who has a large network of contacts inside potential distributors and knows people who can help us during the coming years. He is currently building a powerful team combining Novik employees and sales agents. Novik's management is positive that hiring this person will allow the company to gain a good position on the American market and therefore be ready when this market returns to an economic cycle of growth.

This growth during the second quarter of fiscal year 2008 has enabled Novik to post a fifth consecutive year-over-year quarter of increased sales. The diversification of Novik's sales on a global level is an important contributor to this success, and this growth is expected to continue for the coming quarters. As mentioned in a recent press release, Novik expects to post growth of more than 40% in 2008 compared with the previous fiscal year.

Novik's cumulative sales for the six-month period amounted to $10.2M, compared with $6.8M for the same period of the previous year. This 50% growth is explained by the aforementioned items.

Gross earnings

The company's gross earnings for the second quarter of the current fiscal year amounted to $2.9M, or a gross margin of 42%, compared with 41% for the same period of the previous fiscal year. This 1% improvement in the gross margin was minimized by the appreciation of the Canadian dollar in relation to the American dollar by approximately 9% for the second quarter compared with the same period of the previous year. With a constant exchange rate between the two periods, this improvement in gross margin percentage would have been greater. This improvement is directly related to the following factors:

- The success of our cost reduction program initiated in the second quarter of fiscal year 2006 and finalized in spring 2007;
- The introduction of innovative products, such as our new cedar plank as well as our two slate and clay roof polymer covering products;
- The company’s significant increase in sales, promoting better use of resources and therefore benefiting from rewarding economies of scale.

For the six-month period ended June 30, 2008, gross earnings amounted to $4.1M, 40% on sales, compared with 39% for the same period of the previous fiscal year. Despite the pressure generated on the gross margin with the appreciation of the Canadian dollar in relation to the American dollar and the increased cost of raw materials, Novik is continuing to post impressive margins. It is worth pointing out that a second price increase on the company’s products was communicated to its customers, informing them of an average increase in product cost of approximately 8% starting September 1.

Earnings before interest, stock-based compensation costs, taxes, depreciation and amortization (adjusted EBITDA)

For the second quarter of fiscal year 2008, adjusted EBITDA amounted to $1.7M, compared with $0.9M for the same period of previous fiscal year. EBITDA is around 90% greater than in second quarter 2007. This significant increase is explained in large part by the growth in sales, allowing Novik to benefit from a better distribution of its resources. A $2.3M increase in sales during the second quarter compared with the same period of the previous fiscal year brought about a $0.8M increase in adjusted EBITDA, i.e. a return of 35%. This return is proof that the company is showing great potential if the growth continues at the current pace.

For the six-month period ended June 30, 2008, the adjusted EBITDA amounted to $2.2M compared with $1.1M for the same period of previous fiscal year.

NOVIK INC. **for the periods ended June 30, 2008 and 2007** ***(in thousands of dollars)***	**Period of three months**	Period of three months	**Period of six months**	Period of six months
	2008	2007	**2008**	2007
	$	$	**$**	$
Adjusted EBITDA	**1,734**	932	**2,154**	1,066
Stock-based compensation costs	**(165)**	(59)	**(165)**	(77)
Depreciation and amortization	**(291)**	(271)	**(567)**	(534)
Financial expenses	**(170)**	(195)	**(170)**	(325)
Income before income taxes	**1,108**	407	**1,252**	128

Selling expenses

The increase in selling expenses observed during second quarter 2008, representing 14% of sales, is much less than the same period of the previous year, which was 17%. International sales generated lower selling expenses than Canadian or American sales, which explains why our increase in selling expenses is not comparable to our increase in sales.

Cumulative selling expenses totalled $1.6M compared with $1.3M for the six-month period of the previous fiscal year. This increase in selling expenses was caused by the increase in sales and remains lower as a percentage of sales, i.e. 16% compared with 20% for the same period of the previous year.

Administrative expenses

Administrative expenses for second quarter 2008 increased by nearly $200,000 compared with the second quarter of the previous fiscal year. This increase is due mainly to the increase in administrative salaries of the staff in place as well as the allocation of stock options granted to the directors and certain offices of the company in May 2008. These stock options generated non-cash stock-based compensation expenses of nearly $115,000 compared with those granted during the previous year. This increase is explained mainly by the greater volatility of the Novik share price observed since the start of the fiscal year, thus increasing this compensation expense.

Administrative expenses increased by nearly $250,000 for the six-month period ended June 30, 2008, compared with the same period of the previous fiscal year. These higher expenses are explained by the aforementioned items.

Financial expenses

Financial expenses for second quarter 2008 versus second quarter 2007 decreased by nearly $25,000, which can be attributed to weaker appreciation of the Canadian dollar in relation to the American dollar during this period than in the previous year. As the company is still in net monetary asset position, the increase in the dollar forced the company to record an exchange loss. The presence of foreign currency forward contracts diminished this exchange loss. Interest expenses for bank and long-term debt remained more or less unchanged compared with the same period of the previous fiscal year.

Financial expenses for the six-month period ended June 30, 2008, amounted to $195,000, compared with $349,000 for the same period of the previous fiscal year. This decrease in expenses is mainly explained by the change in the Canadian dollar in relation to the American dollar. The presence of monetary net assets in the company, combined with a depreciation of the Canadian dollar in relation to the American dollar for the period between January 1, 2008, and June 30, 2008, allowed an exchange gain to be recorded for this period. The situation was different for the same period last year: the Canadian dollar appreciated in relation to the American dollar.

Net income

The company's net income for the second quarter of fiscal year 2008 amounted to $811,000, compared with a net income of $311,000 for the same quarter of the previous fiscal year. This significant improvement is directly linked to the increased sales. A 12% return on sales after taxes is an excellent result, especially in a more difficult North American industry.

For the six-month period ended June 30, 2008, net earnings were $916,000, compared with net earnings of $98,000 for the same period of the previous fiscal year. These earnings constitute an increase of more than $800,000 compared with the same period of the previous year versus an increase in sales of $3,300,000 by comparing the same periods. These financial results are extremely encouraging for the company's future.

SUMMARY OF RESULTS FROM RECENT QUARTERS

(in thousands of dollars except amounts per share)	**Q 2 June 2008**	Q 1 March 2008	Q 4 Dec. 2007	Q 3 Sept. 2007	Q 2 June 2007	Q 1 March 2007	Q 4 Dec. 2006	Q 3 Sept. 2006
	$	$	$	$	$	$	$	$
Revenue	**6,772**	3,382	3,303	5,056	4,469	2,356	1,809	4,052
Net earnings (net loss)	**811**	105	(2)	304	311	(213)	(644)	106
Basic and diluted net earnings								
(net loss) per share	**0.018**	0.002	0.000	0.008	0.007	(0.006)	(0.015)	0.003

Considering the seasonality of the residential and commercial construction and home improvement industry, Novik's second and third quarters are often characterized by a higher demand, whereas the first and fourth quarters show a slight slowdown.

LIQUIDITY, FINANCIAL POSITION, AND COMMITMENTS

Liquidity

Operating activities

The profit during the second quarter of the current fiscal year, as explained above, excluding items not affecting cash, increased cash flows from operating activities during the second quarter of the current fiscal year, which is nearly $850,000 more than the second quarter of the previous fiscal year. Operating activities used nearly $950,000 during the second quarter of the current fiscal year, given that the change in the company’s accounts receivable and inventories were greater than accounts payable compared with December 31, 2007.

Cash flows generated by operating activities amounted to nearly $2,000,000 for the first six months of the current year, compared with nearly $675,000 for the same period of the previous year. Operating activities used almost the same amount as the cash flows generated by operating activities during the first six month of fiscal year 2008, compared with nearly $400,000 for the same period of the previous year.

Financing activities

For the second quarter of the current fiscal year, financing activities increased by $1,900,000 compared with the second quarter of the previous fiscal year. This increase is explained mainly by an increase in the use of the bank loan as well as new debts contracted to finance the company’s fixed asset acquisition plan during fiscal year 2008. To support Novik’s current growth as well as the anticipated growth, the company must expand the current plant in order to have additional production capacity as well as an upper storage level. In addition, the acquisition of new presses with robots as well as new product moulds rounds out a strategic investment plan of nearly $7,000,000 for the current fiscal year.

Cumulatively, financial activities increased by $2,800,000 compared with the same period of the previous year for the same reasons explained above.

Investing activities

Investing activities used more funds during the second quarter of the current fiscal year compared with the same quarter of the previous fiscal year of $1,800,000. This increase is explained by the strategic investment plan explained above. These investment activities increased by $2,200,000 for the cumulative six-month period in 2008 compared with 2007. It is worth mentioning that this strategic investment plan has received the backing of the company's financial partners. This investment plan, valued at $7,000,000, will be financed by the company's working capital and through long-term debt.

Financial position

NOVIK INC. *(in thousands of dollars, except data per share)*	**June 30 2008**	December 31 2007
	$	$
Financial position		
Total assets	**21,191**	16,250
Working capital	**2,272**	2,186
Total debt, excluding accounts payable and accrued expenses	**8,222**	5,291
Total liabilities	**10,921**	7,062
Shareholders' equity	**10,270**	9,188
Shareholders' equity per share	**0.22**	0.20
Number of outstanding shares	**45,799,429**	45,799,429

Total assets

Total assets showed a rise for the period ended June 30, 2008, compared with December 31, 2007. This rise of nearly $5.0M is partially attributable to the increased accounts receivable resulting from higher sales observed in the second quarter of the current fiscal year in relation to the first quarter of the same fiscal year. Inventory levels also increased, which is explained by the company's current sales growth. Lastly, the current extension of the plant and acquisition of new equipment and new moulds, which total more than the recorded depreciation, also explain the increased total assets.

Financial liabilities

Total liabilities increased by $3.9M as of June 30, 2008, compared with December 31, 2007, given the greater use of its bank loan explained above, the increase in accounts payable and accrued liabilities caused by greater sales volume, and the financing of new equipment through long-term debt for the extension of the current plant and the purchase of new equipment and moulds.

Financial ratios

Novik is required by its financial institutions to meet specific financial ratios. As of June 30, 2008, all of the financial ratios were met, as well as on December 31, 2007.

Capital stock

Shares

No movement occurred in the first quarter of fiscal year 2008 on the company's Class A shares.

DATA ON THE SHARES	
Issued and outstanding as of June 30, 2008	**Issued**
Class A shares	**45,799,429**
Outstanding stock options as of June 30, 2008	
Options issued under the stock option plan	**2,030,000**

CLASS A SHARES	**Six-month period ended June 30, 2008**
	$
Volume traded	**3,739,400**
Average price	**0.29**
Closing price	**0.45**
Price range	**0.17 - 0.50**

Stock options

During the quarter ended June 30, 2008, the company granted 425,000 stock options to its directors and certain officers at an exercise price of $0.40 under the existing plan, which will mature on May 29, 2013. Stock-based compensation costs of $141,490 have been accounted for in this regard. A cost of $141,490 has been accounted for in the second quarter of current fiscal year, as these new stock options are exercisable immediately.

As of the date of this management report, no change has occurred regarding the exercise of stock options under the plan.

Warrants

As of the date of this management report, no change has occurred regarding warrants since the end of fiscal year 2007.

Note 12 related to the company's audited financial statements at December 31, 2007, also provides other information relating to capital stock.

Commitments

The company offers a limited, transferable warranty on its products which reduces proportionally with the number of years. The typical warranty terms require that the company to replace defective material during the warranty period at its own expense. The company posts a warranty provision when the products are shipped based on the estimated incurred costs of the warranty.

The company has agreed to pay an approximate amount of $1,225,000 for the purchases of raw materials.

In addition, the company has initiated an important capital expenditure project in 2008 in the amount of approximately $7,000,000. This project includes the extension of the current plant and the acquisition of equipment and moulds in order for the company to support the current and anticipated sales growth. This project will be financed by the company’s working capital and long-term debt. The necessary financing has been agreed with the various financial partners.

Finally, the company also has contractual obligations on long-term financing agreements, rental/use agreements, and storage spaces. Note 18 pertaining to the interim financial statements provide a status of these commitments.

Related-party transactions

During the second quarter of fiscal year 2008, Novik made no related-party transactions.

SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported on the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include the allowance for doubtful accounts receivable, provisions for obsolete inventories, refundable tax credits, the useful lives and recoverable amount of property, plant, and equipment and intangible assets, future income taxes, capitalized development costs, warranty provisions, certain accrued liabilities, and the fair value of options granted to employees, officers, and directors. Management believes that these estimations are adequate; however, actual results could differ from those estimates.

The main accounting policies are described in note 2 to the audited financial statements as of December 31, 2007.

NEW ACCOUNTING POLICIES

Effective October 1, 2007, the company adopted Sections 1506 “Accounting Changes”, 1535 “Capital Disclosures”, 3862 “Financial Instruments – Disclosures”, and 3863 “Financial Instruments – Presentation” issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1506 “Accounting Changes” establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. In particular, this Section allows for voluntary changes in accounting policies only when they result in the financial statements providing reliable and more relevant information. Furthermore, this Section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective.

The company has applied these new accounting standards prospectively in note 15 – Capital disclosures for Section 1535 “Capital Disclosures” and in note 16 – Financial instruments for Sections 3862 “Financial Instruments – Disclosures” and 3863 “Financial Instruments – Presentation”.

Capital disclosures

The company's objectives when managing capital are to:

1. maintain financial flexibility in order to preserve its ability to meet financial obligations; and
2. deploy capital to provide an appropriate investment return to its shareholders; and
3. maintain a capital structure that allows multiple financing options to the Company should a financing need arise.

The company defines its capital as follows:

1. shareholders' equity;
2. long-term debt, including the current portion;
3. bank loan;
4. cash and cash equivalents.

The company's financial strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments), or refinance existing debt with different characteristics.

The company periodically monitors capital using a number of financial metrics comprised of financial metrics comprised of the following ratios:

1. long-term debt to net tangible value
2. coverage ratio of fixed costs.

Total long-term debt, a non-GAAP measure, is calculated as the sum of the long-term debt including the current portion.

Net tangible value, a non-GAAP measure, is calculated as the sum of shareholders' equity less future income tax assets, intangible assets and deferred charges.

Coverage ratio of fixed costs, a non-GAAP measure is calculated as the sum of earnings from operations plus depreciation and amortization and stock-based compensation (EBITDA) to the current portion of the long-term debt and interest on bank charges and long-term debt.

The company's financial objectives and strategy as described above have remained substantially unchanged over the last two completed fiscal years. These objectives and strategy are reviewed on an annual basis. The company believes that its ratios are within reasonable limits, in light of the relative size of the company and its capital management objectives.

The company is also subject to financial covenants in its operating credit facility agreement, which are measured on a monthly basis. The company is in compliance with all financial covenants.

Financial instruments

Risk Management Policies

The company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date of June 30, 2008.

Fair value

The financial instruments that the company has included in the balance sheet are accounts receivable, the bank loan, accounts payable and accrued expenses, as well as long-term debt. The fair value of these financial instruments is close to their accounting value because of their short-term maturity. The fair value of the long-term debt totalled around $6,007,584 as of March 31, 2008 ($4,879,375 as of December 31, 2007).

Credit Risk

The company's principal financial assets are accounts receivable, inventories, and fixed assets.

The company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the balance sheet are net of allowances for bad debts, estimated by the company's management based on prior experience and their assessment of the current economic environment. The company believes that the credit risk of accounts receivable is limited for the following reasons:

- A broad client base dispersed across varying industries and geographic locations.
- Just above 96% of trade receivables is outstanding for less than 60 days.
- Although 67% of the company's gross income in the first six months of fiscal 2008 is coming from its top three customers, the company believes that the credit risk associated with these customers is limited. In addition, the company performs periodic credit reviews of its customers.
- The company accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable.

- In the past three fiscal years, the company has not recorded bad debt expenses in excess of its provision for bad debts. The allowance for bad debts as at June 30, 2008, was $20,282 and was $15,000 as at December 31, 2007. All bad debt write-offs are charged to administrative expenses.

Liquidity Risk

The company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

The following are the contractual maturities of financial liabilities as at June 30, 2008:

	Carrying Amount	Contractual Cash Flows	0 to 6 months	6 to 12 months	12 to 24 months	After 24 months
Accounts payable and accrued liabilities	2,659,549	2,659,549	2,659,549	-	-	-
Long-term debt	6,007,584	6,007,584	468,847	511,658	809,836	4,217,243
	8,667,133	8,667,133	3,128,396	511,658	809,836	4,217,243

Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

Based on historic movements and volatilities in the above market variables and management's current assessment of the financial markets, the company believes the following variations are reasonably possible over a 12-month period, net of income taxes using an estimated effective tax rate of 32%:

- Proportional foreign exchange rate variation of -10% (depreciation of Canadian dollar (CAD)) and +10% (appreciation of CAD) against the US dollar (USD), from a period-end rate of 1.019.

- Proportional variation of +1% / -1% in the prime interest rates applicable in the company's respective regional reporting units.

If these variations were to occur, the impact on net earnings and equity for each category of financial instruments held at the balance sheet date is presented in note 16 to our unaudited interim financial statements.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Going concern

The CICA amended Section 1400, “General Standards of Financial Statement Presentation” to include requirements to assess and disclose an entity’s ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The company does not expect any effects on its financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, “Goodwill and intangible assets”, which supersedes Section 3062, “Goodwill and other intangible assets”, and Section 3450, “Research and Development Costs”. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation, and disclosure of intangible assets. The proposed changes specify that only costs associated with an item meeting the definition of an asset can be carried forward. The concept of linking expenses to income remains appropriate only to spread the cost of an asset over various periods in which it is consumed to generate periods. Standards relating to goodwill are unchanged from those included in Section 3062. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The company is currently evaluating the impact of the adoption of this new standard on its financial statements.

International Financial Reporting Standards (“IFRS”)

In February 2008, the AcSB confirmed that Canadian generally accepted accounting principles for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption possibly allowed starting in calendar year 2009. The conversion to IFRS will be required, for the company, for interim and annual financial statements beginning on January 1, 2012. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences regarding recognition, measurement and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS, such as IAS 2 “Inventories” and IAS 38 “Intangible Assets”, thus mitigating the impact of adopting IFRS at the mandatory transition date. The company is currently evaluating the impact of the adoption of IFRS on its financial statements.

RISK FACTORS

The company's risk factors are presented in the management report for the fiscal year ended December 31, 2007.

DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Financial Officer assessed the disclosure controls and procedures (as defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Fillings) as of June 30, 2008, and concluded that the controls and procedures gave reasonable assurance that the material information with respect to the company is communicated to management.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting ("IFCR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. The President and Chief Financial Officer have evaluated whether there were changes to its IFCR during the three months ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect, its IFCR. No such changes were identified through their evaluation.

OUTLOOK

Novik continues to demonstrate excellent growth at all financial levels: sales, gross margin as a percentage of sales, adjusted EBITDA, and net earnings. This success is explained in large part by the growing popularity of Novik products in new territories. The marketing strategy has been successful on the international level: not only because new distributors in new countries are signing on, but also because of the volume of orders received from these customers. Given this success, Novik is continuing to put heavy emphasis on the promotion of its innovative products in new markets. Sales trips are already currently planned to visit potential distributors and to foster the continuation of our growth.

This rapid growth also explains the important strategic fixed asset acquisition plan set for the current fiscal year. This strategic plan, valued at $7,000,000, is essential for continuing the current rate of growth and meeting the demand of our customers. The extension of the plant will allow Novik to bring sales capacity to an estimated $100,000,000. Future investments should then be restricted to new injection and painting equipments as well as moulds for new innovative products. The new section of the plant is already operational, while most of the equipment and moulds are at work.

Achieving the current financial results is only the beginning, as the current order book is already anticipating a sixth consecutive quarter of sales growth compared with the same period of the previous fiscal year. The current marketing efforts, not only on the international market but also on the Canadian and American territories, are part of our focus. The development of new innovative products and the constant improvement of our current products are also priorities. Our research and development team are working with Novik's president to finalize two products: a new stone exterior covering and a new cedar roof covering. These two promising products will be offered by the end of 2008.

FORWARD-LOOKING STATEMENTS AND WARNING

This MD&A may contain statements that are forward-looking in nature. These forward-looking statements may involve, but are not limited to, comments with respect to the company's business or financial objectives, its strategies or future actions, its targets, expectations for financial condition or outlook for operations and future earn-out and additional equity interest obligations. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements as a result of various factors, including downturns in general economic conditions and resulting changes in client or prospect business, the greater resources available to much larger competitors, dependence upon a limited number of clients contributing a significant percentage of income, inability to acquire new clients or new orders from existing clients as well as the retention of key management. Assumptions relating to the foregoing involve judgments and risks, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the company. Although management believes that the expectations reflected in the forward-looking statements are reasonable based on information currently available, it cannot assure that the expectations will prove to have been correct. The company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason, unless required by applicable laws. In the event the company does update any forward-looking statements, no inference should be made that the company will make additional updates with respect to that statement, related matters, or any other forward-looking statement. Accordingly, undue reliance should not be placed on forward-looking statements.

Earnings before interest, stock-based compensation costs, taxes, depreciation, and amortization (adjusted EBITDA) is a measure that has no standardized meaning prescribed by Canadian generally accepted accounting principles. It is therefore considered to be a non-GAAP measure in Canada. Accordingly, the measure may not be comparable to similar measures presented by other issuers. This measure is presented and described in this management report in order to provide shareholders and potential investors with additional information regarding the company's liquidity and ability to generate funds to finance its activities.

OTHER INFORMATION

Additional information about Novik is available on the Company's website at the address www.novik.com. The documents produced by Novik as part of its obligation of continuous disclosure, in particular its annual and quarterly management reports and its annual and quarterly financial statements, its 2007 annual report, its management proxy circular, as well as the company's various press releases can also be obtained directly through SEDAR at the following Internet address: www.sedar.com.

(s) Michel Gaudreau
Michel Gaudreau
President

(s) Pascal Bouthot
Pascal Bouthot, CA
Chief Financial Officer

August 27, 2008