

REVENUES INCREASED BY 42%

FIRST QUARTER 2008 HIGHLIGHTS

- Revenues increase by 42% to \$3,400,000
- Net income of \$105,000 compared with a net loss of \$213,000
- EBITDA increase in excess of 210% to \$420,000
- Fourth consecutive year-over-year quarter of sales growth
- Subsequent to Q1 2008, Novik received a \$7,000,000 order from Europe

MANAGEMENT REPORT

The management report was prepared in order to help understand the company's activities, performance, and financial position as of March 31, 2008. This management report compares the operating results and the cash position of the current period ended March 31, 2008, with those of the fiscal year ended December 31, 2007, and the quarter ended March 31, 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 May 29, 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 March 31, 2008 and 2007 <i>(in thousands of dollars, except data per share)</i>	Three-month period	Three-month period
	2008	2007
	\$	\$
Operating		
Revenues	3,382	2,356
Gross earnings	1,229	819
Earnings before interest, stock-based compensation, taxes, depreciation and amortization	420	133
Net income (loss)	105	(213)
Basic and diluted net income (loss) per share	0.002	(0.005)

Revenues

During the course of the first quarter of fiscal year 2008, Novik recorded revenues of \$3.4M, compared with \$2.4M during the same quarter of the previous fiscal year. This 42% increase can be attributed to two important factors. First, Novik's success on the international market has continued to grow significantly. Shipments amounted to nearly \$2M during the first quarter of 2008, compared with \$0.5M for the same period of the previous fiscal year.

These international sales, which mainly come from European distributors, confirm the soundness of our marketing strategy to extend our horizons to new markets. The wide variety of exterior wall covering and roof products offered, and their innovative character, allow Novik to stand out on a global level. It is worth pointing out that our international prospecting efforts are continuing and should bring new distributors in new countries in the short term. In addition, following the signing of a strategic alliance with a major American manufacturer that has a solid distribution network in the United States, an initial order of approximately \$150,000 was shipped during the first quarter of fiscal year 2008.

Sales on the North American market decreased by nearly \$650,000 during first quarter 2008, compared with the same quarter of the previous fiscal year. This decrease in sales is explained by the slow-down of the North American economy, the late start of construction sites due to precipitation during winter 2008, and the strength of the Canadian dollar.

This growth during the first quarter of fiscal year 2008 has enabled Novik to post a fourth 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.

Gross earnings

The company's gross earnings for the first quarter of the current fiscal year amounted to \$1.2M, or a gross margin of 36%, compared with a threshold of 35% 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 on the order of 15% for the first quarter compared with the same period of the previous year. With a constant exchange rate between the two periods, this improvement in the gross margin percentage would have been greater. This improvement is directly linked to the success of our cost reduction program initiated in the second quarter of fiscal year 2006 and finalized in spring 2007.

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

For the first quarter of fiscal year 2008, adjusted EBITDA amounts to \$420,000 compared to \$133,000 for the same period of previous fiscal year. EBITDA is greater than the first quarter of 2007 on the order of 216%. This significant increase is explained in large part by the company's increased sales.

NOVIK INC. for the periods ended March 31, 2008 and 2007 <i>(in thousands of dollars)</i>	Period of	Period of
	three months	three months
	2008	2007
	\$	\$
Adjusted EBITDA	420	133
Stock-based compensation costs	0	(18)
Depreciation and amortization	(276)	(263)
Financial expenses	0	(131)
Income (loss) before income taxes	144	(279)

Selling expenses

The increase in selling expenses observed in the first quarter of 2008 on the order of 8% was much less than our increase in sales on the order of 42%, caused by tighter control over selling expenses. Another important element, 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.

Administrative expenses

Administrative expenses for first quarter 2008 increased by \$44,000 compared with the first quarter of the previous fiscal year. This increase is due mainly to increased salaries of administrative employees in place.

Financial expenses

Financial expenses for first quarter 2008 decreased by nearly \$125,000 compared with first quarter 2007, which can be attributed to the decrease in the Canadian dollar as of March 31, 2008, compared with December 31, 2007. As the company is still in monetary asset position, the decrease in the dollar allowed the company to record an exchange gain. Interest expenses for bank and long-term debt remained more or less unchanged compared with the same period of the previous fiscal year.

Net income

The company's net income for the first quarter of fiscal year 2008 amounted to \$105,000, compared with a net loss of \$213,000 for the same quarter of the previous fiscal year. This significant improvement is directly linked to the increased sales during the first quarter. The company generally shows a net loss in its first quarter of each fiscal year. This situation is explained by cyclical fluctuations, as the first quarter is normally a quarter indicating a slow-down in sales compared with the second and third quarter. Reaching a positive profitability threshold in the first quarter of a fiscal year is a very promising result, which supports Novik's expectation for a significant increase in its profit for fiscal year 2008.

SUMMARY OF RESULTS FROM RECENT QUARTERS

(in thousands of dollars except amounts per share)	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	Q 2 June 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	3,382	3,303	5,056	4,469	2,356	1,809	4,052	3,704
Net earnings (net loss)	105	(2)	304	311	(213)	(644)	106	(185)
Basic and diluted net earnings (net loss) per share	0.002	0.000	0.008	0.007	(0.006)	(0.015)	0.003	(0.006)

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 first quarter of the current fiscal year, as explained above, excluding items not affecting cash, increased cash flows from operating activities during the first quarter of the current fiscal year, which is nearly \$440,000 more than the first quarter of the previous fiscal year. Operating activities used an amount of nearly \$550,000 during the first 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.

Financing activities

For the first quarter of the current fiscal year, financing activities increased by \$903,000 compared with the first quarter of the previous fiscal year. This increase is mainly explained by an increase in the use of the bank loan. The greater use of the credit facility is justified by the acquisition of moulds not financed by long-term debt and the higher increase in monetary assets than monetary liabilities.

Investing activities

Investing activities used more funds during the first quarter of the current fiscal year compared with the same quarter of the previous fiscal year of \$447,000. This increase is explained by the acquisition of a new press as well as a robot for its automation and new moulds.

Financial position

NOVIK INC.	March 31	December 31
<i>(in thousands of dollars, except data per share)</i>	2008	2007
Financial position	\$	\$
Total assets	18,102	16,250
Working capital	1,863	2,186
Total debt, excluding accounts payable and accrued expenses	6,641	5,291
Total liabilities	8,808	7,062
Shareholders' equity	9,294	9,188
Shareholders' equity per share	0.20	0.20
Number of outstanding shares	45,799,429	45,799,429

Total assets

Total assets showed a rise for the period ended March 31, 2008, compared with December 31, 2007. This rise of \$1.9M is partially attributable to the increased accounts receivable due to higher sales observed in the first quarter of the current fiscal year in relation to the last quarter of the previous fiscal year. In addition, the presence of a sales booking program, more popular with customers for the first quarter of the fiscal year, increased accounts receivable. This program allowed customers to benefit from better customer terms up to 90 days and is usually offered only on the current quarter's deliveries. This arrangement allows Novik to spread out production over the entire fiscal year, thus reducing the risk of an excessively large increase in its inventories. The acquisition of new equipment and new moulds greater than the recorded depreciation also explains the increased total assets.

Financial liabilities

Total liabilities increased by \$1.7M as of March 31, 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.

Financial ratios

Novik is required by its financial institutions to meet specific financial ratios. As of March 31, 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 March 31, 2008	Issued
Class A shares	45,799,429
Outstanding stock options as of March 31, 2008	
Options issued under the stock option plan	1,610,000
CLASS A SHARES	Three-month period ended March 31, 2008
Volume traded	468,500
Average price	0.20
Closing price	0.27
Price range	0.17 - 0.27

Stock options

During the quarter ended March 31, 2008, the company granted no stock options.

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 13 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 \$185,000 for the acquisition of equipments and molds as well as purchases of raw materials.

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 provides a status of these commitments.

Subsequent events

On May 5, 2008, the company changed its financial partner responsible for the authorized line of credit and a note payable. The new financial partner authorized a line of credit of \$4,000,000 bearing interest at prime rate plus 0.25% and renewable annually. Accounts receivable and inventories have been given as security for the line of credit. Note payable bears interest at prime rate plus 0.4% and matures in January 2011. An immovable hypothec on equipment, molds and all tangible assets has been given as security for the amount outstanding. This new operating credit facility requires the company to achieve financial objectives. This credit facility was used to fully repay, as at May 5, 2008, all borrowings under the existing bank loan agreements.

Related party transactions

During the first 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.

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:

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

The company defines its capital as follows:

- shareholders' equity;
- long-term debt, including the current portion;
- bank loan;
- 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 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:

- long-term debt to net tangible value
- 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 March 31, 2008.

Credit Risk

The company's principal financial assets are accounts receivable, inventories and property plant and equipment.

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 77% of trade receivables is outstanding for less than 60 days.
- Though 52.8% of the company's gross income in the first quarter of fiscal 2008 is coming from its top two clients, the company believes that the credit risk associated with these clients is limited. Generally, the company does not require collateral or other security from clients for trade receivables; however credit is extended to clients following an evaluation of creditworthiness. In addition, the company performs periodic credit reviews of its clients.
- 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 March 31, 2008 was \$15,000 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 March 31, 2008:

	Carrying Amount	Contractual Cash Flows	0 à 6 months	6 à 12 months	12 à 24 months	After 24 months
Accounts payable and accrued liabilities	2,167,558	2,167,558	2,167,558	-	-	-
Long-term debt	5,032,939	5,032,939	505,383	525,965	978,654	3,090,466
	<u>7,200,497</u>	<u>7,200,497</u>	<u>2,672,941</u>	<u>525,965</u>	<u>978,654</u>	<u>3,090,466</u>

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 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 1.0259
- 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.

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.

RISK FACTORS

The company's risk factors are presented in the management report for the fiscal year ending 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 Filings) as of March 31, 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 March 31, 2008 that have materially affected, or are reasonably likely to materially affect, its IFCR. No such changes were identified through their evaluation.

OUTLOOK

The financial results for the first quarter of the current fiscal year are very encouraging. The increased in international sales contributed significantly to the resulting 42% growth in overall sales realized in the first quarter.

The international marketing efforts have been justified by the increased sales and the signing of a new exclusivity contract with a European partner announced at the beginning of May 2008. This contract includes an initial order, for the new cedar plank, valued at more than \$7 million, more than 45% of its sales in fiscal year 2007. These deliveries are planned for the next 12 months. As previously discussed, Novik is continuing discussions with potential distributors located throughout the world to promote the continuation of its international growth plan.

The signing of such a contract, as well as the anticipated sales with new global distributors, will allow the company to double the size of its current facility. This expansion will allow Novik to not only store more products but also to improve the productivity of our painting shop, currently functioning at full capacity. Also, the purchase of new equipment and moulds is necessary to support the projected growth. With a projected investment of \$5.5M in the facility and equipment, the new production capacity will double compared with the current total production.

Despite the downturn in the North American economy, Novik is continuing to invest in its marketing plan for this territory in order to be ready for when the economy recovers. A new American vice president of sales has just joined Novik. This individual has more than 25 years of experience in exterior wall coverings and has the necessary networking to sign new distributors. Novik’s management is confident in his sales leadership capacity in order to bring both greater growth from the American market and greater recognition of Novik products.

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

May 29, 2008