THIRD QUARTER 2010 HIGHLIGHTS

- **Net earnings of $693,000 compared to $93,000 last year**
- **Consecutive record quarterly sales at $7.8 M**
- **61% increase in sales during the quarter**
- **66% sales growth for the first nine months**
- **446% improvement in adjusted EBITDA for the first nine months**
- **Quarterly operating profit of $1,043,000 compared to $128,000 last year**

MANAGEMENT REPORT

The management report was prepared in order to help understand the company's activities, performance, and financial position as of September 30, 2010. This management report compares the operating results and the cash position of the current period ended September 30, 2010, with those of the fiscal year ended December 31, 2009, and the quarter ended September 30, 2009. This analysis of the company's results of operations and financial position should therefore be read in conjunction with the audited and interim consolidated financial statements and related notes. The interim consolidated 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 November 10, 2010, the date of the Board's approval of this management report on the recommendation of the audit committee.

FORWARD-LOOKING STATEMENTS

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 business, dependence upon a limited number of clients contributing a significant percentage of income, inability to acquire new clients or new orders and the retention of key management, and technical personnel. 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. Accordingly, you should not place undue reliance on forward-looking statements.

NON-GAAP MEASURES

The company uses adjusted EBITDA (earnings before interest, income taxes, stock-based compensation costs, depreciation and amortization), a non-GAAP measure, to evaluate the company's performance. Securities regulators require that issuers caution readers that measures adjusted to a basis other than GAAP do not have standardized meaning under GAAP and are unlikely to be comparable to similar measures used by other companies. This non-GAAP measure is presented solely as supplemental disclosure because management believes they provide useful information regarding the company's liquidity and ability to generate funds to finance its activities.

OPERATING RESULTS

NOVIK INC. **for the periods ended September 30, 2010 and 2009** ***(in thousands of dollars, except data per share)***	**Period of three months**	Period of three months	**Period of nine months**	Period of nine months
	2010	2009	**2010**	2009
	$	$	**$**	$
Operating				
Revenue	**7,839**	4,872	**19,384**	11,688
Gross margin	**3,257**	1,993	**7,387**	4,493
Earnings before interest, stock-based compensation, taxes, depreciation and amortization	**1,637**	442	**2,687**	492
Net earnings (loss)	**693**	93	**432**	(99)
Basic and diluted net earnings (loss) per share	**0.014**	0.002	**0.009**	(0.002)

Revenue

During the course of the third quarter of fiscal year 2010, Novik recorded revenues of $7.8 M, compared to $4.9 M during the same quarter of the previous fiscal year. This level is a new quarterly sales record for Novik, surpassing the quarterly sales record of $7.7 M during the previous quarter. Novik has thus achieved two consecutive quarters of record sales. Novik's 61% sales growth in the third quarter compared to the same period of last fiscal year is still a great achievement, given our presence in an industry still facing significant challenges following the latest economic recession. Our industry has grown marginally since last year and remains far from the thresholds seen in the mid-2000s; Novik is thus gaining market share, given its greater pace of sales growth since the start of the current year.

The sales growth remains mainly in Canada and the United States. Just like the previous quarters of the current fiscal year, the presence of new large distributors in these two countries and especially the introduction of innovative covering products in 2009 explain this growth. Sales increased by nearly $3 M in the North American territory for the third quarter, a 76% increase compared to the same period of the previous year. The same surge in sales growth was observed on this market during the previous quarter. The efforts in marketing and developing new products in recent years have allowed Novik to generate this sales growth and stand out in a market where the opportunities are at a slow pace. This phenomenal growth in Novik's sales in a North American economic context considered very difficult positions the company advantageously in the face of a stronger economic recovery foreseen over the coming years.

On the other hand, European deliveries are constant compared to the last quarter. Access to credit for our distributors remains the main obstacle to bringing back the sales volumes seen in 2008, of nearly $9 M. It is difficult for us to predict the volume of sales for the coming year, but we know that Novik products still remain a viable, desired option on this continent. We are thus continuing discussions with our current distributors in order to maximize the opportunities offered on this continent.

Novik's cumulative sales, for the first nine months of 2010, total $19.4 M compared to $11.7 M for the same period of the previous year. This strong 66% increase in sales is also explained by the items mentioned above.

Gross margin

The company's gross margin for the third quarter of the current fiscal year totals $3.3 M, or a gross margin of 42% compared to 41% for the same period of the previous fiscal year.

This increase in gross margin as a percentage in this quarter is even more positive given the significant increase in the price of raw materials since the beginning of 2010 compared to the previous year and the Canadian dollar's appreciation in relation to the US dollar. The higher price in raw materials in 2010 decreased the margin by nearly 6%, and the appreciation of the Canadian dollar in relation to the US dollar of 6% put pressure on our gross margin for the third quarter. However, the significant sales growth observed during the quarter in relation to stable operating costs made it possible to benefit from economies of scale of nearly 10% as well as the announced increase in the price of our products last spring managed to offset these negative external impacts.

It is also worth pointing out that the gross margin improved by 4% compared to the previous quarter. Sales price adjustments, the sharp decrease in introductory price discounts offered at the start of the year to major distributors, the increase in sales volume, as well as the contribution of sales of new products explain this improvement. Note that the lower level of sales in the final quarter of the fiscal year usually generates a potentially lower gross margin.

The cost of raw materials was relatively stable over the last three months, and we are in discussions with our suppliers in order to evaluate our options offered for the coming months. Given the significance of raw materials in the cost of our products, we must remain alert to any significant fluctuations. As for the Canadian dollar, it still remains high in relation to the US dollar. Foreign exchange contracts obtained at the beginning of 2009 and in the second quarter of the current fiscal year at a weighted average rate of 1.10 have allowed Novik to be better positioned to face this exchange risk for the next fiscal year.

For the nine-month period ending on September 30, 2010, gross margin totals $7.4 M, or 38% on revenues, the same percentage for the same period of the previous fiscal year.

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

NOVIK INC. **for the periods ended September 30, 2010 and 2009** ***(in thousands of dollars)***	**Period of three months**	Period of three months	**Period of nine months**	Period of nine months
	2010	2009	**2010**	2009
	$	$	**$**	$
Adjusted EBITDA	**1,637**	442	**2,687**	492
Stock-based compensation costs	**-**	-	**(116)**	(152)
Depreciation and amortization	**(509)**	(415)	**(1,383)**	(1,296)
Financial expenses	**(85)**	101	**(542)**	788
Income before income taxes	**1,043**	128	**646**	(168)

For the third quarter of fiscal year 2010, adjusted EBITDA is $1,637,000 compared to $442,000 for the same period of the previous fiscal year.

Novik's large sales growth during the third quarter explains this increase. This level of adjusted EBITDA, with a ratio of 21% on sales, represents a threshold more comparable to that seen in fiscal year 2008, when Novik had generated an annual return of 20%. This ratio demonstrates Novik's potential to generate attractive levels of liquidities in a context of profitability.

For the nine-month period ended on September 30, 2010, adjusted EBITDA totals $2,687,000 compared to $492,000 for the same period of the previous fiscal year. It is important for Novik to post a suitable adjusted EBITDA threshold during the second and third quarters, given that the next two quarters will be periods of lower sales combined with the production of Novik products in order to respond to strong sales during second quarter next year.

Selling expenses

The increase in selling expenses observed in third quarter 2010 on the order of $191,000 is explained by higher transport costs, given the higher level of sales during the third quarter of fiscal year 2010 compared to 2009. An increase in expenditures on our sales team also partly explains this increase in selling expenses. New players were added in new markets where Novik finds the future opportunities to be attractive.

Cumulative selling expenses total $4.4 M compared to $3.7 M for the nine-month period ended in the previous fiscal year.

Administrative expenses

Administrative expenses for the third quarter 2010 as well as for the first nine months of 2010 are stable compared to the same periods of the previous fiscal year, despite the increase in sales.

Financial expenses

Financial expenses increased by $186,000 for third quarter 2010 compared to third quarter 2009. The appreciation of the Canadian dollar in relation to the US dollar on the order of 6% in the same period of the previous fiscal year had allowed Novik to experience an exchange gain of nearly $300,000. This exchange gain was explained by the recording of an exchange gain on foreign exchange contracts and the revaluation of the net monetary liabilities denominated in US currencies as at September 30, 2009. Interest expenses on the bank loan and long-term debt remained stable compared to the same period of the previous year.

Financial expenses for the nine-month period ended on September 30, 2010, also increased by more than $1,300,000 compared to the same period of the previous year. The presence of exchange gains in the previous year explained above also justifies this change.

Net profit

The company’s net profit for the third quarter of fiscal year 2010 amounts to $693,000, compared to a net profit of $93,000 for the same quarter of the previous fiscal year. It is important to understand that the net profit generated during the second quarter of the previous fiscal year was made possible through the recording of an exchange gain of $300,000 as explained above. Considering the level of earnings coming from operations, Novik shows an operating profit of $1,128,000 in the current third quarter compared to an operating profit of $27,000. Novik’s large sales growth in this third quarter made this significant improvement possible.

In addition, the net profit for the third quarter improved greatly compared to the previous quarter. The net profit for the previous quarter was $51,000. Despite a comparable level of sales, this profitability was improved thanks to the increase in the gross margin as a percentage of sales and better monitoring of selling expenses.

For the nine-month period ended on September 30, 2010, the net profit is $432,000 compared to a net loss of $99,000 for the same period of the previous fiscal year. Novik generated an operating profit of $1,187,000 after the first nine months of 2010 compared to an operating loss of $956,000 last year. A marked increase can thus been seen in the company's profitability in only one year.

SUMMARY OF RESULTS FROM RECENT QUARTERS

(in thousands of dollars except amounts per share)	**Q 3 Sept. 2010**	Q 2 June 2010	Q 1 March 2010	Q 4 Dec. 2009	Q 3 Sept. 2009	Q 2 June 2009	Q 1 March 2009	Q 4 Dec. 2008
	$	$	$	$	$	$	$	$
Revenue	**7,839**	7,691	3,854	3,372	4,872	4,172	2,645	2,723
Net earnings (net loss)	**693**	51	(312)	(678)	93	436	(627)	(958)
Basic and diluted net earnings (net loss) per share	**0.014**	0.001	(0.006)	(0.014)	0.002	0.009	(0.013)	(0.021)

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

For the three-month period ended on September 30, 2010, the cash flows generated by operating activities decreased by $842,000 compared to the same period of the previous year, given the significant increase in sales with uncollected revenue combined with the production of the products necessary for these sales.

The cash flows generated by operating activities total $450,000 for the first nine months of the current year, compared to $1,299,000 for the same period of the previous year. This decrease is also explained by items mentioned in the previous paragraph.

Financing activities

For the third quarter of the current fiscal year, financing activities increased by $624,000 compared to the same period of the previous fiscal year. This increase is explained primarily by the greater use of the bank loan in order to finance Novik's current growth. However, the use of the bank loan will decrease by the end of the fiscal year, given that the next period will have greater receipts than disbursements.

At the cumulative level, financing activities decreased by $887,000 compared to the same period of the previous year, given the long-term debts contracted last year to finance the construction of new moulds aiming to offer new innovative products. As previously explained, these new products have allowed Novik to make significant breakthroughs on the North American market compared to the competition.

Investing activities

Investing activities used $217,000 less in the third quarter of the current fiscal year compared to the previous fiscal year, given the lower level of fixed asset acquisition.

At the cumulative level, investing activities used approximately $1,737 less for the same reasons listed above.

Financial position

NOVIK INC. ***(in thousands of dollars, except data per share)***	**September 30 2010**	December 31 2009
	$	$
Financial position		
Total assets	**26,287**	25,314
Working capital	**962**	1,457
Total long-term financial liabilities	**9,519**	10,450
Total liabilities	**14,921**	14,496
Shareholders' equity	**11,366**	10,818
Shareholders' equity per share	**0.23**	0.22
Number of outstanding shares	**48,470,858**	48,470,858

Total assets

Total assets showed a rise for the period ended September 30, 2010, compared to December 31, 2009. This rise of nearly $975,000 is in large part attributable to the increase in accounts receivable, given that sales for the current period were higher than in the last quarter of the previous fiscal year. In addition, the level of inventories of raw materials is currently higher compared to December 31, 2010, given the purchase of more raw materials in recent months because of the decrease in prices observed on the market.

Financial liabilities

Total liabilities increased by $425,000 as at September 30, 2010, compared to December 31, 2009, given the greater use of its bank loan in order to finance the growth of Novik's sales since the beginning of 2010.

Capital stock

Shares

No movement occurred in the third quarter of fiscal year 2010 on the company's Class A shares.

DATA ON THE SHARES	
Issued and outstanding as of September 30, 2010	**Issued**
Class A shares	**48,470,858**
Outstanding stock options as of September 30, 2010	
Options issued under the stock option plan	**3,280,500**

CLASS A SHARES	**Nine-month period ended September 30, 2010**
	$
Volume traded	**949,100**
Average price	**0.20**
Closing price	**0.19**
Price range	**0.15 - 0.29**

Stock options

On May 27, 2010, the company granted 705,000 stock options to its directors and certain officers at an exercise price of $0.20, which will mature on May 27, 2015. A compensation expense of $116,000 has been accounted for in the consolidated statement of earnings 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.

Note 13 related to the company's audited consolidated financial statements at December 31, 2009, 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 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 also has contractual obligations on long-term financing agreements, rental/use agreements, and storage spaces. Note 16 pertaining to the interim consolidated financial statements provides a status of these commitments.

Related-party transactions

Since the beginning of fiscal year 2010, Novik made no related-party transactions.

FOREIGN CURRENCY FORWARD CONTRACTS

As at September 30, 2010, foreign currency forward contracts not designated as cash flow hedges and maturing in the current year totalled US$3,411,500 at an average conversion rate of 1.10 for the sale of US dollars.

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 consolidated financial statements as of December 31, 2009.

FUTURE ACCOUNTING CHANGES

The company is currently assessing the impacts on the consolidated financial statements of the following recently issued standards:

a) Financial Reporting Framework

In 2008, the Accounting Standards Board ("AcSB") announced that all Canadian reporting entities, subject to certain exceptions, will adopt IFRS as Canadian generally accepted accounting principles (GAAP) for fiscal years beginning on or after January 1, 2011. Therefore, publicly accountable enterprises, like the company, must adopt IFRS for the preparation of their interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The company has developed a plan for the conversion of its consolidated financial statements to IFRS. An analysis of the differences between IFRS and the company's accounting standards is underway. This analysis is being conducted by taking into account the potential impacts, among others, on accounting policies, financial reporting, and information technologies.

The company has not yet determined the full effects of adopting IFRS. The company's preliminary view of the key areas where changes in accounting policies may impact the company's consolidated financial statements are listed below. The list and comments below should not be regarded as a complete list of changes that will result from the transition to IFRS. This information is intended to highlight those effects the company believes to be most significant; however, analysis of the changes is still in progress, and not all decisions have been made where choices of accounting policies are available. At this stage, the company has not quantified the expected impacts on its consolidated financial statements from these differences.

Note that most adjustments required upon transition to IFRS will be made retrospectively against opening retained earnings in the first comparative balance sheet. Transitional adjustments relating to those standards where comparative figures are not required to be restated because they are applied prospectively will only be made as at the first day of the year of transition.

IFRS 1, “First-Time Adoption of International Financial Reporting Standards,” provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain cases, to the general requirements for full retrospective application of IFRS. The company is analyzing the various accounting policy choices available and will implement those determined to be most appropriate for the company’s circumstances.

Property, Plant, and Equipment

International Accounting Standard (IAS) 16, “Property, Plant, and Equipment,” and Canadian GAAP contain the same basic principles, but there are some differences. IFRS requires that significant parts of an asset be depreciated separately and that depreciation must commence when the asset is available for use. IFRS also permits property, plant, and equipment to be valued using the fair value model of the historical cost model. The company is not planning on adopting the fair value model for its property, plant, and equipment.

IFRS 1 contains an elective exemption according to which an entity may elect to reset the fair value at the date of transition as the new cost basis for property, plant, and equipment. The company is not planning on adopting this exemption and will continue to value its property, plant, and equipment at cost.

Impairment of Assets

Impairments under IAS 36, “Impairment of Assets,” are based on discounted cash flows. Under Canadian GAAP, if an asset’s estimated undiscounted future cash flows are below its carrying amount, a write-down is required, as determined by the amount by which the carrying amount exceeds the discounted cash flows. There is no undiscounted test under IFRS. This may result in more frequent write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis but could not be supported on a discounted cash flow basis.

In addition, under IAS 36, a favourable change in the circumstances that resulted in an impairment of an asset, other than goodwill, would trigger the requirement for a re-determination of the amount of the impairment, with any reversal being recognized in earnings to the extent the asset had previously been impaired. Under Canadian GAAP, impairments may not be reversed.

Provisions, Contingent Liabilities, and Contingent Assets

IAS 37, “Provisions, Contingent Liabilities, and Contingent Assets,” requires a provision to be recognized when there is a present obligation as a result of a past transaction or event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation. “Probable” in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is “likely”, which is a higher threshold than “probable.” Therefore, it is possible that there may be some contingent liabilities that would meet the recognition criteria under IFRS that were not recognized under Canadian GAAP.

Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate when there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low-end of the range) and the requirement under IFRS for provisions to be discounted when they are significant.

b) Business Combinations, Consolidated Financial Statements, and Non-Controlling Interests

In January 2009, the AcSB issued Section 1582, “Business Combinations,” Section 1601, “Consolidated Financial Statements,” and Section 1602, “Non-Controlling Interests.” Section 1582, which replaces Section 1581, “Business Combinations,” establishes standards for accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, “Business Combinations” (January 2008). Sections 1601 and 1602, taken together, replace the former Section 1600, “Consolidated Financial Statements.” Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, “Consolidated and Separate Financial Statements” (January 2008).

These new sections apply to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted; however, the three new sections must be adopted simultaneously. The company does not expect to apply these new standards, because it does not plan to elect an early adoption date and instead plans to adopt IFRS as at January 1, 2011.

RISK FACTORS

The company's risk factors are presented in the management report for the fiscal year ending December 31, 2009.

RISKS AND UNCERTAINTIES

The company is confident in its medium- and long-term prospects. However, the reader should take into account the risks and uncertainties described in the 2009 annual report. They could impact the Company's ability to fulfill its strategic vision and growth objectives. The reader is therefore invited to take them into account.

OUTLOOK

During the previous quarter, Novik had announced a record quarter in its sales with disappointing profitability. The high cost of raw materials combined with introductory discounts offered to large North American distributors explained this lower profitability.

The current quarter presents better financial results. Novik has again set a new sales record but with much greater operational profitability. The increase in the price of our products, a decrease in the price of raw materials on the market, the significant decrease in introductory discounts offered, as well as tighter monitoring of our operating costs contributed to these more positive financial results.

Achieving profitability in 2010 remains an important focus for Management by the end of the fiscal year. Despite a more difficult fiscal year in 2009, Management insisted on, and still insists, on action plans in order to encourage this return to profitability. The level of orders and current discussions with customers encourages us to maintain focus in order to achieve this profitability goal.

We are also preparing the goals for next fiscal year. Having already received the support of most of our large North American distributors for 2011, we are building the foundation of our marketing strategy with regard to Novik's various markets and products. We have already put forward certain projects to improve our products and our range of colours, bringing a strong positive view from of our distributors. We are thus working internally to ensure that these opportunities are ready for the first quarter of fiscal year 2011. We are also aiming to continue our organizational agility in our manufacturing operations in order to be ready to adequately support the growth foreseen for the coming years.

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 consolidated financial statements, its 2009 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	*(s) Pascal Bouthot*
Michel Gaudreau	Pascal Bouthot, CA
President	Chief Financial Officer

November 10, 2010