

Novik Inc.

Interim Financial Statements (unaudited)
March 31, 2007

Notice from management:

The interim financial statements have not been subject to a review by the company's external auditors.

Novik Inc.

Interim Balance Sheets (unaudited)

| | As at March 31 | As at December 31 |
|---|-----------------------|--------------------------|
| | 2007 | 2006 |
| | \$ | \$ |
| | (unaudited) | |
| Assets | | |
| Current assets | | |
| Cash | - | 329,433 |
| Accounts receivable (note 3, 8 and 10) | 2,226,054 | 1,494,759 |
| Inventories (note 4, 8 and 10) | 2,949,090 | 2,839,502 |
| Refundable tax credits | 685,491 | 787,578 |
| Prepaid expenses | 231,019 | 215,538 |
| | <u>6,091,654</u> | <u>5,666,810</u> |
| Government assistance receivable | - | 112,500 |
| Tax credits recoverable | 214,914 | 194,638 |
| Future income tax assets | 519,018 | 453,063 |
| Property, plant and equipment (note 5) | 8,972,911 | 8,774,159 |
| Intangible assets (note 6) | 458,227 | 476,065 |
| Deferred charges (note 7) | 811,020 | 764,824 |
| | <u>17,067,744</u> | <u>16,442,059</u> |
| Liabilities | | |
| Current liabilities | | |
| Bank loan (note 8) | 848,772 | 806,573 |
| Accounts payable and accrued liabilities (note 9) | 1,773,258 | 1,408,801 |
| Current portion of long-term debt (note 10) | 1,253,872 | 1,248,496 |
| | <u>3,875,902</u> | <u>3,463,870</u> |
| Long-term debt (note 10) | 4,738,727 | 4,329,387 |
| | <u>8,614,629</u> | <u>7,793,257</u> |
| Shareholders' Equity | | |
| Capital stock (note 11) | 8,542,611 | 8,542,611 |
| Stock options, unit options and warrants (note 11b, c and d) | 1,207,579 | 1,199,521 |
| Conversion option | 41,233 | 48,051 |
| Contributed surplus | 183,603 | 167,311 |
| Deficit | <u>(1,521,911)</u> | <u>(1,308,692)</u> |
| | <u>8,453,115</u> | <u>8,648,802</u> |
| | <u>17,067,744</u> | <u>16,442,059</u> |
| Commitments (note 17) | | |

The accompanying notes are an integral part of these interim financial statements.

Approved by the Board of Directors

(signed) MICHEL GAUDREAU, director

(signed) LOUIS-ANDRÉ GAUDREAU, director

Novik Inc.

Interim Statements of Deficit (unaudited)

| | Three Months Ended March 31, | |
|--------------------------------------|-------------------------------------|----------------|
| | 20057 | 20046 |
| | \$ | \$ |
| Deficit – Beginning of period | 1,308,692 | 351,748 |
| Net loss for the period | 213,219 | 234,201 |
| Deficit – End of period | 1,521,911 | 585,949 |

Interim Statements of Contributed Surplus (unaudited)

| | Three Months Ended March 31, | |
|--------------------------------------|-------------------------------------|---------------|
| | 2007 | 20046 |
| | \$ | \$ |
| Balance – Beginning of period | 167,311 | 28,023 |
| Matured conversion option | 6,818 | 4,098 |
| Cancelled stock options (note 11b) | 9,474 | - |
| Balance – End of period | 183,603 | 32,121 |

Novik Inc.

Interim Statements of Operations and Comprehensive loss (unaudited)

| | Three Months Ended March 31, | |
|---|-------------------------------------|-------------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Revenues | <u>2,356,199</u> | <u>2,605,058</u> |
| Cost of sales | | |
| Direct costs | 1,347,469 | 1,536,649 |
| Depreciation and amortization of property, plant and equipment and intangible assets | <u>189,570</u> | <u>176,562</u> |
| | <u>1,537,039</u> | <u>1,713,211</u> |
| Gross margin | <u>819,160</u> | <u>891,847</u> |
| Operating expenses | | |
| Selling expenses | 599,803 | 658,206 |
| Administrative expenses | 271,749 | 323,253 |
| Research and development costs | 22,309 | 30,868 |
| Depreciation of property, plant and equipment | 6,017 | 7,106 |
| Amortization of intangible assets | 18,753 | 21,852 |
| Amortization of development expenses | <u>37,704</u> | <u>13,916</u> |
| | <u>956,335</u> | <u>1,055,201</u> |
| Loss from operations | <u>(137,175)</u> | <u>(163,354)</u> |
| Financial expenses | | |
| Interest and bank charges | 23,663 | 18,143 |
| Interest on long-term debt | 111,290 | 100,695 |
| Exchange loss (gain) | (4,219) | 14,120 |
| Amortization of financing expenses | <u>11,265</u> | <u>3,129</u> |
| | <u>141,999</u> | <u>136,087</u> |
| Loss before income taxes | <u>(279,174)</u> | <u>-</u> |
| Income tax recovery | | |
| Future income taxes | <u>(65,955)</u> | <u>(65,240)</u> |
| Net and comprehensive loss for the period | <u>(213,219)</u> | <u>(65,955)</u> |
| Basic and diluted net loss per share (note 12) | <u>(0,005)</u> | <u>(0,006)</u> |
| Basic and diluted weighted average number of shares outstanding (note 12) | <u>45,799,429</u> | <u>39,028,000</u> |

The accompanying notes are an integral part of these interim financial statements.

Novik Inc.

Interim Statements of Cash Flows (unaudited)

| | Three Months Ended March 31, | |
|---|-------------------------------------|--|
| | 2007 | 2006 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Net loss for the period | (213,219) | (234,201) |
| Items not affecting cash | | |
| Depreciation and amortization | 263,309 | 222,565 |
| Future income taxes | (65,955) | (65,240) |
| Unrealized gain on foreign currency forward contracts (note 14) | 18,819 | - |
| Stock-based compensation | 17,531 | 30,567 |
| | <u>20,485</u> | <u>(46,309)</u> |
| Net change in non-cash working capital items (note 13) | <u>(447,915)</u> | <u>(542,384)</u> |
| | <u>(427,430)</u> | <u>(588,693)</u> |
| Cash flows from financing activities | | |
| Variation in bank loan | 42,199 | 1,058,439 |
| Long-term debt contracted | 684,873 | 71,000 |
| Deferred financing expenses | (15,857) | - |
| Long-term debt redemption | (270,155) | (297,984) |
| | <u>441,060</u> | <u>831,455</u> |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (357,540) | (282,845) |
| Increase in intangible assets | (18,714) | (3,004) |
| Increase in deferred charges | (79,309) | (69,413) |
| Government assistance | 112,500 | 112,500 |
| | <u>329,433</u> | <u>329,433</u> |
| Net change in cash | (329,433) | !C42 Ne se trouve pas dans le tableau |
| Cash – Beginning of period | <u>329,433</u> | <u>-</u> |
| Cash – End of period | <u>-</u> | <u>-</u> |

The accompanying notes are an integral part of these interim financial statements.

Novik Inc.

Notes to Interim Financial Statements (unaudited)

1 Statutes and nature of activities

The company, incorporated under Part 1A of the Québec Companies Act, specializes in the design, manufacturing and marketing of new covers of polymer and of a wide variety of exterior and utility decorative products for residential and commercial construction and the home improvement industry.

2 Summary of significant accounting policies

Interim financial information

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the most recent annual financial statements of Novik Inc.

The financial information as at March 31, 2007 and for three-month periods ended March 31, 2007 and 2006 is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year. As well, the company's overall business cycle determines the evolution of its working capital.

Changes in accounting policies

Financial instruments, hedges and comprehensive income

On January 1, 2007, the company adopted new accounting standards of section 3855 – Financial instruments, 3865 – Hedges and 1530 – Comprehensive income issued by the Canadian Institute of Chartered Accountants. These new CICA standards require the company to account for those financial instruments at fair market value and to determine their appropriate classification. Management's decisions will impact any succeeding measurement of all financial instruments recorded on the balance sheet.

In addition, comprehensive income introduces a new financial statement which shows the change in equity of an enterprise from transactions and other events and circumstances from non-owner sources.

The adoption of the recommendations has no effect on the company's financial statements.

Novik Inc.

Notes to Interim Financial Statements (unaudited)

3 Accounts receivable

| | <u>As at March 31,</u> 2007 | <u>As at December 31,</u> 2006 |
|---|---------------------------------------|--|
| | \$ | \$ |
| Trade | 1,923,031 | 1,132,315 |
| Government assistance receivable | 112,500 | 112,500 |
| Commodity taxes receivable | 79,257 | 189,480 |
| Unrealized gain on foreign exchange forward contracts | 18,819 | - |
| Deposits and others | 92,447 | 60,464 |
| | <u>2,226,054</u> | <u>1,494,759</u> |

4 Inventories

| | <u>As at March 31,</u> 2007 | <u>As at December 31,</u> 2006 |
|----------------|---------------------------------------|--|
| | \$ | \$ |
| Raw materials | 681,709 | 739,950 |
| Finished goods | 2,267,381 | 2,099,552 |
| | <u>2,949,090</u> | <u>2,839,502</u> |

Novik Inc.

Notes to Interim Financial Statements
(unaudited)

5 Property, plant and equipment

| | As at March 31, 2007 | | As at December 31, 2006 | |
|-----------------------------|-------------------------|-----------------------------------|----------------------------|-----------------------------------|
| | Cost \$ | Accumulated depreciation \$ | Cost \$ | Accumulated depreciation \$ |
| Land | 180,659 | - | 180,659 | - |
| Plant | 2,685,062 | 274,196 | 2,685,062 | 249,844 |
| Equipment | 4,223,122 | 998,568 | 3,915,138 | 916,536 |
| Molds | 4,105,233 | 1,023,712 | 4,038,977 | 957,488 |
| Office furniture | 62,939 | 34,768 | 62,939 | 33,286 |
| Computer equipment | 123,029 | 75,889 | 120,729 | 72,191 |
| | 11,380,044 | <u>2,407,133</u> | 11,003,504 | <u>2,229,345</u> |
| Less: | | | | |
| Accumulated depreciation | <u>2,407,133</u> | | <u>2,229,345</u> | |
| Net amount | <u>8,972,911</u> | | <u>8,774,159</u> | |

6 Intangible assets

| | As at March 31, 2007 | | As at December 31, 2006 | |
|-----------------------------|-------------------------|-----------------------------------|----------------------------|-----------------------------------|
| | Cost \$ | Accumulated amortization \$ | Cost \$ | Accumulated amortization \$ |
| Software | 799,645 | 353,195 | 780,932 | 317,599 |
| Web site | 15,130 | 8,014 | 15,130 | 7,437 |
| Trademark | 7,897 | 3,236 | 7,896 | 2,857 |
| | 822,672 | <u>364,445</u> | 803,958 | <u>327,893</u> |
| Less: | | | | |
| Accumulated amortization | <u>364,445</u> | | <u>327,893</u> | |
| Net amount | <u>458,227</u> | | <u>476,065</u> | |

Novik Inc.

Notes to Interim Financial Statements (unaudited)

7 Deferred charges

| | As at March 31, 2007 | | As at December 31, 2006 | |
|--------------------------|-------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | Cost \$ | Accumulated amortization \$ | Cost \$ | Accumulated amortization \$ |
| Development expenses | 865,539 | 120,007 | 786,230 | 82,303 |
| Financing expenses | 127,415 | 61,927 | 111,558 | 50,661 |
| | 992,954 | 181,934 | 897,788 | 132,964 |
| Less: | | | | |
| Accumulated amortization | 181,934 | | 132,964 | |
| Net amount | 811,020 | | 764,824 | |

During the period ended March 31, 2007, the company applied research and development tax credits amounting to \$38,895 (\$202,926 in 2006) against deferred development expenses.

8 Credit Facilities

The company has an available authorized line of credit of \$4,000,000 bearing interest at prime rate plus 0.75% and renewable annually. Accounts receivable and inventories have been given as security for the line of credit. As at March 31, 2007, a balance of \$1,445,000 (\$1,092,000 as at December 31, 2006) was unused.

9 Accounts payable and accrued liabilities

| | As at March 31, 2007 \$ | As at December 31, 2006 \$ |
|--|-------------------------------|----------------------------------|
| Trade payable | 1,050,381 | 692,714 |
| Salaries and employee benefits payable | 201,025 | 114,823 |
| Accrued liabilities | 521,852 | 592,208 |
| Unrealized liability on foreign exchange forward contracts | - | 9,056 |
| | 1,773,258 | 1,408,801 |

Novik Inc.

Notes to Interim Financial Statements (unaudited)

10 Long-term debt

| | As at March 31, 2007 \$ | As at December 31, 2006 \$ |
|--|-------------------------------|----------------------------------|
| Immoveable hypothec, at prime rate plus 0,6%, payable in monthly principal instalments of \$13,940 plus interest, maturing in May 2019 * | 2,049,180 | 2,091,000 |
| Note payable, at prime rate plus 0.75%, payable in monthly principal instalments of \$27,237 maturing in November 2007. A moveable hypothec on equipment, molds and all tangible assets has been given as security for this loan | 215,295 | 297,005 |
| Note payable, at prime rate plus 0.75%, payable in monthly principal instalments of \$9,443 maturing in January 2011. A moveable hypothec on equipment, molds and all tangible assets has been given as security for this loan | 472,142 | 500,471 |
| Notes payable for which a moveable hypothec on equipment, molds, office furniture, computer system and software has been given as security | | |
| Bankers' acceptance rate plus 2.65%, payable in monthly instalments of \$6,203 including principal and interest, maturing in October 2010 | 248,449 | 260,301 |
| 9.25%, payable in monthly instalments of \$4,976 including principal and interest, until January 2008 and of \$4,536 until January 2010 | 135,819 | 147,541 |
| Prime rate plus 0.5%, payable in monthly instalments of \$11,905 plus interest, maturing in August 2011 | 630,951 | 666,666 |
| Prime rate plus 2.90%, payable in monthly instalments of \$20,900 including principal and interest, until August 2009 and in instalments of \$10,455 including principal and interest, maturing in July 2011 | 729,873 | 782,329 |
| Prime rate plus 0.8%, payable in monthly principal instalments of \$2,250, plus interest, maturing in September 2008 | 38,700 | 45,250 |
| | <hr/> | <hr/> |
| (forward) | 4,520,409 | 4,790,563 |

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Notes to Interim Financial Statements (unaudited)

| | <u>As at March 31,</u> <u>2007</u> | <u>As at December 31,</u> <u>2006</u> |
|--|---------------------------------------|--|
| | \$ | \$ |
| (brought forward) | 4,520,409 | 4,790,563 |
| Note payable to a shareholder, 12% payable since November 2004 in monthly principal instalments of \$1,410 for the first 24 months, \$2,340 for the following 22 months and \$1,347 for the last instalment, plus interest, convertible into shares in case of default, maturing in September 2008 | 48,147 | 48,147 |
| Note payable to a shareholder, 12% payable since November 2004 in monthly principal instalments of \$3,910 for the first 24 months, \$6,510 for the following 23 months and \$2,263 for the last instalment, plus interest, convertible into shares in case of default, maturing in October 2008 | 138,973 | 138,973 |
| Note payable to Canada Economic Development, non-interest bearing, payable in five equal and consecutive annual instalments, the first payment being due 24 months after the end of the project, that is July 1, 2007 | 182,200 | 182,200 |
| Note payable, bearing interest at prime rate plus 1% payable in monthly principal instalments of \$12,963 plus interest, starting in June 2007 and maturing in December 2011. A moveable hypothec on molds has been given as security. | 700,000 | 325,000 |
| Note payable, bearing interest at prime rate plus 1.9% payable in monthly principal instalments of \$3,125 starting in August 2007 and maturing in March 2014. A moveable hypothec on equipment has been given as security. | 250,000 | 93,000 |
| Note payable to Canada Economic Development, non-interest bearing, payable in five equal and consecutive annual instalments, the first payment being due 24 months after the end of the project, that is October 1, 2007 | 152,870 | - |
| | <u>5,992,599</u> | <u>5,577,883</u> |
| Less: Current portion | <u>1,253,872</u> | <u>1,248,496</u> |
| | <u>4,738,727</u> | <u>4,329,387</u> |

* The company has committed to meeting certain financial ratios in connection with these loans. As at March 31, 2007, all financial ratios have been met. As at December 2006, the liquidity ratio has not been met. However, the company obtained a waiver from the financial institution in that regard.

The annual principal instalments required over the next five years are as follow: \$1,036,564 in 2007, \$1,039,032 in 2008, \$937,047 in 2009, \$825,472 in 2010 and \$584,909 in 2011.

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Notes to Interim Financial Statements (unaudited)

11 Capital stock

(a) On September 20, 2005, the company's capital stock, which was made up of an unlimited number of Class A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T and U shares, all of them without par value except for Class H, I, J, M, N, O, R, S, T and U which had a par value of \$1, has been modified as follows:

- cancellation of Class B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T and U shares, authorized but not issued;
- redesignation of Class A shares as common shares; and
- reformulation of the rights, privileges, conditions and restrictions inherent to common shares.

The company's authorized capital stock is now made up of an unlimited number of common shares, without par value, voting and participating.

Issued and fully paid

| | <u>As at March 31,</u> <u>2007</u> | <u>As at December 31,</u> <u>2006</u> |
|--------------------------|---------------------------------------|--|
| | \$ | \$ |
| 45,799,429 common shares | 8,542,611 | 8,542,611 |
| | <u>8,542,611</u> | <u>8,542,611</u> |

(b) Stock options

On March 29, 2006, the company granted 185,000 stock options at an exercise price of \$0.46 under the existing plan. These options will generate aggregate stock-based compensation costs of \$51,800 over their vesting period and will mature on March 29, 2011. For the period ended March 31, 2007, stock-based compensation costs of \$2,800 have been accounted for in this regard. Stock options were granted to officers and a consultant and are exercisable at a rate of 33% on an annual basis commencing on the first anniversary of the date of grant for the officers and at a rate of 33% commencing at the date of grant for the consultant. The related stock-based compensation costs are amortized using the straight-line method.

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Notes to Interim Financial Statements (unaudited)

The following table summarizes information about outstanding and exercisable stock options under of the plan since January 1, 2007:

| | Number | Carrying value \$ | Weighted average exercise price \$ |
|-----------------------------------|------------------|------------------------------|---|
| Outstanding – Beginning of period | 1,806,500 | 336,036 | 0.48 |
| Granted during prior fiscal years | - | 17,531 | - |
| Cancelled during the period | (107,000) | (9,474) | - |
| Outstanding – End of period | <u>1,699,500</u> | <u>344,094</u> | <u>0.48</u> |
| Exercisable – End of period | <u>1,191,500</u> | | <u>0.48</u> |

(c) Unit options

The following table summarizes information about unit options outstanding and exercisable since January 1, 2007:

| | Number | Carrying value \$ | Weighted average exercise price \$ | Weighted average remaining contractual life (years) |
|--|----------------|------------------------------|---|--|
| Outstanding and exercisable – Beginning and End of period | <u>634,240</u> | <u>88,541</u> | <u>0.50</u> | <u>0.34</u> |

(d) Warrants

The following table summarizes information about warrants outstanding since January 1, 2007:

| | Number | Carrying value \$ | Weighted average exercise price \$ | Weighted average remaining contractual life (years) |
|--|-------------------|------------------------------|---|--|
| Outstanding – Beginning and End of period | <u>12,313,715</u> | <u>774,944</u> | <u>0.80</u> | <u>0.71</u> |
| Exercisable – End of period | <u>12,313,715</u> | | <u>0.80</u> | <u>0.71</u> |

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Notes to Interim Financial Statements (unaudited)

12 Earnings per share

For the periods ended March 31, 2007 and 2006, the potentially dilutive weighted average number of shares outstanding was the same as the basic weighted average number of shares outstanding, since the effect of the warrants, stock options and unit options would have been anti-dilutive. Accordingly, diluted net earnings for those periods were calculated using the basic weighted average number of shares outstanding.

A weighted average number of warrants corresponding to 12,313,715 shares for the period ended March 31, 2007 (8,928,000 in March 31, 2006) has been excluded from the calculation of diluted earnings per share because the exercise prices of these warrants were greater than or equal to the average market price of the common shares.

13 Additional disclosures on the statements of cash flows

(a) Net change in non-tresorery working capital items

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|------------------|
| | 2007 | 2005 |
| | \$ | \$ |
| Accounts receivable | (750,114) | (830,863) |
| Inventories | (109,588) | (371,274) |
| Refundable tax credits | 81,811 | 126,824 |
| Prepaid expenses | (15,481) | (114,366) |
| Accounts payable and accrued liabilities | 345,457 | 647,295 |
| | <u>(447,915)</u> | <u>(542,384)</u> |

(b) Items not affecting cash related to:

i) Operating and investing activities

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|-------------|
| | 2007 | 2005 |
| | \$ | \$ |
| Acquisition of property, plant and equipment included in accounts payable and accrued liabilities | 19,000 | - |

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Notes to Interim Financial Statements (unaudited)

ii) Financing activities

| | <u>Three Months Ended March 31,</u> | |
|---|-------------------------------------|-------------|
| | 2007 | 2005 |
| | \$ | \$ |
| Transfer of a portion of the conversion option to the contributed surplus | 6,818 | 4,098 |
| Cancelled stock options accounted for as an increase of the contributed surplus | 9,474 | - |
| Tax credits receivable applied against deferred charges | 38,895 | 51,121 |

(c) Additional information

| | <u>Three Months Ended March 31,</u> | |
|---------------|-------------------------------------|-------------|
| | 2007 | 2005 |
| | \$ | \$ |
| Interest paid | 111,290 | 100,695 |

14 Related party transactions

The transactions entered into by the company with related parties are reflected in the financial statements as follows:

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|-------------|
| | 2007 | 2006 |
| | \$ | \$ |
| With a company owned at 50% by a shareholder | | |
| Rent | - | (1,212) |
| Travel expenses | | 594 |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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Notes to Interim Financial Statements (unaudited)

15 Financial instruments

Fair value

The company's financial instruments recognized in the balance sheet are cash, accounts receivable, bank loan, accounts payable and accrued liabilities and long-term debt. The fair values of these financial instruments approximate their carrying values due to their short-term maturity or to current market rates of government assistance receivable amounts to approximately \$112,500 as at March 31, 2007 (\$220,000 in 2006) and the fair value of long-term debt amounts to approximately \$5,929,000 as at March 31, 2007 (\$5,538,000 in 2006).

Interest rate risk

Cash bears interest at a floating rate. Accounts receivable and accrued liabilities bear no interest. The interest rates of bank loan and long-term debt are mentioned in notes 8 and 10, respectively.

Credit risk

The company continuously reviews, in the normal course of its operations, the financial position of its customers and examines the credit continuity schedule of all new customers. There is no existing account that represents a substantial risk for the company. The company establishes an allowance for doubtful accounts while keeping in mind the specific credit risk of customers, their historical tendencies and the economic situation.

Currency risk

Since a part of the company's revenues is denominated in US dollars, the company is exposed to currency risk. These risks are partially hedged by its purchases in US dollars and by foreign currency forward contracts.

The fair value of foreign currency forward contracts at the end of the year is as follows as at March 31, 2007:

| Purchasing currency | Selling currency | Par value in selling currency \$ | Maturity | Fair value as at March 31, 2007 (a) \$ | Average rate \$ |
|--------------------------------|-----------------------------|---|-----------------|---|--------------------------------|
| CAN\$ | US\$ | 1,200,000 | 2007 | 18,819 | 1.1704 |

(a) Fair value of foreign currency forward contracts generally reflects the estimated amounts that the company would receive by way of settlement of favourable contracts or would be required to pay to terminate unfavourable contracts at the balance sheet date.

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Notes to Interim Financial Statements (unaudited)

16 Segment information

The company is organized under one single operating segment, as described in note 1.

Revenues by geographic region are detailed as follows:

| | <u>Three Months Ended March 31,</u> | |
|---------------|-------------------------------------|------------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Canada | 753,372 | 881,873 |
| United States | 1,179,017 | 1,660,961 |
| Others | 432,810 | 62,224 |
| | <u>2,365,199</u> | <u>2,605,058</u> |

Revenues have been allocated based on the country of residence of the customer. All of the company's long-lived assets are located in Canada.

Major customers

Customers representing 10% or more of revenues are allocated as follows:

| | <u>Three Months Ended March 31,</u> | |
|------------|-------------------------------------|-------------|
| | 2007 | 2006 |
| | % | % |
| Customer 1 | 25.07 | 31.92 |
| Customer 2 | 11.54 | 15.38 |

17 Commitments

As at March 31, 2007, the company's minimum aggregate commitments under long-term equipment and vehicle lease agreements amount to \$71,580. Minimum lease payments required over the next four years amount to \$37,444 in 2007, \$17,943 in 2008, \$14,551 in 2009 and \$1,642 in 2010. The company has also agreed to pay an approximate amount of \$200,000 for the acquisition of equipment and molds.