



Revised Interim Report 3

Three-Month and Nine-Month Periods Ended
March 31, 2008

Revised Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the Company audited financial statements for the year ended June 30, 2007, and the related notes, which have been prepared in accordance with Canadian generally accepted accounting principles.

This revised Management's Discussion and Analysis of the financial condition and results of operations for the third quarter ended March 31, 2008 as submitted by Management from the information available to October 24, 2008, supersedes and replaces the Management Discussion and Analysis of the financial condition and results of operations for the third quarter ended March 31, 2008 dated May 29, 2008 as a result of the following restatements.

The refiling and restatement of the statements is intended to reflect revised methodology related to the calculation of stock-based compensation expenses and the timing of when such expenses must be recognized. With respect to methodology, the weighted average volatility to be used for the computation of the fair market value of the options granted should be increased from 60% to 95% and the expenses for the options to acquire 2,000,000 Class A Shares granted on October 25, 2007 at \$6.80 per share, should have been recognized not in the period where such options began to be vested (period ended March 31, 2008 as shown by the Company in its interim financial statements) but in the period where they were granted (period ended December 31, 2007) on a linear basis.

These revisions resulted in an increase of the stock-based compensation expenses of \$1,800,156 for the nine months period ended March 30, 2008, an increase in net loss of \$1,800,156 or \$0.04 per share, in comprehensive loss of \$1,800,156, in deficit of \$1,800,156 and in contributed surplus of \$1,800,156 respectively.

The stock-based compensation expense for the nine month period ended March 31, 2008 is increased by \$1,800,156. Consequently, net loss, comprehensive loss, and contributed surplus for the nine month period ended March 31, 2008, should be increased by \$1,800,156 to a total of \$9,001,539 or \$0.17 per share, to \$8,092,126 and to \$5,555,125 respectively.

Message to Shareholders

We hereby present our financial results for the third quarter and the first nine months ended March 31, 2008, as well as the key milestones achieved since January 2008.

As explained in the following Management's Report, our revenues reflect those of the subsidiaries ECM, BLI and SyMa, whereas Noveko Inc. began selling antimicrobial face masks and antimicrobial air filters toward the end of the third quarter,.

In regard to results, BLI achieved a satisfactory performance with a strong increase in revenues and net earnings in the third quarter. This subsidiary is well on its way to profitable growth, with an experienced and dynamic operational, sales and control team. For its part, ECM sustained a decline in revenues due mainly to a slowdown in the hog market as well as a loss also stemming

from the costs incurred for research and development and marketing of its new Imagyne™ and Imago™ products (32 channels). Nevertheless, the initial market reactions make ECM fully confident that its new ultrasound scanners will be well received by the veterinary and human medicine markets, especially emergency, worldwide.

Regarding our many advances since January 2008, they have been successful while involving expenses that led to an increase in the net loss for the period, during which Noveko Inc. was not yet recording any significant revenues. These advances have consisted primarily of offers to purchase in order to close three strategic acquisitions in the near term, several distribution agreements, new antimicrobial face mask and antimicrobial air filter orders and the issue of a patent in Taiwan. A brief review of some of these developments follows; for further details, we invite you to consult the *Salient Events* section of the Management's Report.

First, in anticipation of Noveko Inc.'s growth, we strengthened the subsidiary's management by creating the position of President and Chief Operating Officer, held by Gaston Lavallée.

Strategic Acquisitions in Progress: Purer Life (Taiwan), Magnum Pharmaceuticals Inc. (Ontario) and Unitam International Management Corporation

As mentioned in the last Interim Report, we are about to acquire **Purer Life Technology Co. Ltd.**, our Taiwan-based supplier of the three-dimensional filtration fibre used to manufacture our antimicrobial air filters. Although we would probably have been able to close this transaction within the previously announced time period, we decided to postpone the closing to June 30, 2008 at the latest, in order to meet all the requirements in regard to the transfer of the intellectual property rights, specifically more than 15 patents or patent applications.

In this regard, Noveko Inc.'s antimicrobial filtration technology was patented by the Ministry of Economic Affairs (Intellectual Property Office) of R.O.C. (Taiwan) in March 2008.

On April 29, 2008, we offered to buy all the issued and outstanding shares of **Magnum Pharmaceuticals Inc.**, with whom we have since February 2008 a business relationship through our subsidiary SyMa. This Ontario-based management services company specializes in the commercialization of pharmaceutical and related products in Canada and worldwide. Integrating Magnum into our Group provides us with very relevant expertise as we are developing various geographic markets. We see it as an excellent opportunity to benefit from Magnum's know-how and numerous contacts, while also ensuring the in-house cooperation of a marketing and distribution department with experienced professionals. The transaction is subject to the usual conditions and should close within the next few weeks.

We are also on track to acquire **Unitam International Management Corporation**, with whom we established a strategic partnership in January 2007. Unitam is an international business development service agency based in North America and Asia that has a multidisciplinary team of professionals and an extensive international network of business contacts. For over a year, Unitam has collaborated in promoting our antimicrobial technology in China and elsewhere in Asia and in establishing business ties with Asian manufacturers of face masks and air filters. Our goal being to open up new business opportunities and further develop various international markets, integrating Unitam into our Group will enable us to benefit from its knowledge of the target markets, its contacts and its expertise, while also ensuring the in-house cooperation of a business development team with experienced professionals. We expect to close this transaction by no later than July 15, 2008.

Distribution Agreements with A.R. Medicom Inc. and Formedica and First Orders

In January 2008, we entered into an exclusive agreement with **A.R. Medicom Inc.**, a North American leader also operating in Europe and Asia and specializing in the manufacture and distribution of disposable value-enhanced dental and medical professional-use products. Thus, Medicom now manufactures antimicrobial surgical masks using our patented technology and is already in a position to ensure the distribution of these face masks to the dental care market in Canada and the United States. Teaming up with this large-scale partner with major know-how is strategic for the intensive development of our antimicrobial face mask business in North America. The dental care face mask market offers strong revenue potential, especially since the application of our antimicrobial technology will now provide dental practices with a new generation of face masks that satisfies unmatched sanitation and prevention standards. The Canadian and U.S. professional dental care market requires some 360 million surgical masks per year, on a combined basis.

In April 2008, we also signed a distribution agreement with **Formedica** under which Noveko™ antimicrobial surgical face masks and antimicrobial respirator face masks will be distributed in substantially all Quebec drugstores and the 300 Wal-Marts across Canada. Following a first order of 250,000 antimicrobial face masks, we have started their delivery. This quantity of face masks allows us to reach the general public through the Quebec's drugstores and the 300 Wal-Marts across Canada. Once Formedica will have further penetrated the Canadian market, it intends to substantially increase its order on a gradual basis. The population is thus starting to have access to Noveko™ antimicrobial face masks. We are proud of this partnership with Formedica, a well-known company that is solidly positioned in marketing healthcare products not only through pharmacies and superstores, but also in hospitals and medical clinics.

Official Commissioning of Biosecured Demonstration Farm Buildings in China

Jointly with the Ma'anshan Agriculture Committee (Anhui Province, China), China National Service Corporation (CNSC) (Beijing) and our partner Monitrol Inc. with whom we signed a distribution agreement in April 2007, we recently proceeded with the official commissioning of two hog and poultry breeding buildings. These buildings have been fully biosecured, at the air intake level, by Noveko™ antimicrobial air filters, and equipped with automated ventilation systems installed by Monitrol. The design and execution of the work was carried out under the supervision of Mr. Francis Pouliot of the Centre de développement du porc du Québec. The two buildings will be used by CNSC as demonstrators to market Noveko™ air filters and Monitrol equipment to Chinese hog and poultry breeders. We were impressed with the enthusiasm and efficiency shown by all those involved in the project. China has considerable biosafety needs and we expect to begin selling our antimicrobial air filters in this market, as it is already the case in North America and Europe.

Outlook

Our four operating subsidiaries are actively pursuing their market development. We have started to sell our antimicrobial face masks and antimicrobial air filters in several markets, which should be reflected in our results in the fourth quarter and the coming periods. The acquisitions in progress are scheduled to close in the next few weeks and their contribution will have a positive effect on our results for the upcoming fiscal year beginning July 1, 2008.

The past few months have been more active than ever in regard to promising developments. We are currently looking into new opportunities to acquire innovative businesses complementary to our biomedical and environmental activities and are studying these various possibilities with interest. To that effect, our Board of Directors has decided to reduce the exercise period of the warrants issued on May 31, 2007 pursuant to a private placement of units, as allowed by the terms and conditions related to these warrants. As announced on May 23rd, the warrant expiry date has hence been advanced from May 31, 2009 to June 30, 2008. This equity contribution will increase our working capital in anticipation of a new growth phase.

Management's Report as at March 31, 2008

(Management's Discussion and Analysis of Operating Results, Cash Flows and Financial Position)

Description of Business as at March 31, 2008

Noveko International Inc. ("Noveko" or "the Company") has four operating subsidiaries: **S.A.S. ECM** (France) ("ECM"), **Bolduc Leroux Inc.** ("BLI"), **Noveko Inc.** and **Laboratoire SyMa Inc.** ("SyMa").

Through its subsidiaries, Noveko is involved in the following sectors:

- the development, manufacturing and marketing of medical equipment;
- the custom processing and distribution of steel products; and
- the development and marketing of products in the biomedical and environmental fields.

ECM specializes in the development and marketing of portable real-time ultrasound scanners for use in veterinary and human medicine. These devices are used to improve breeders' yield by facilitating the diagnosis of animal pathologies, the monitoring of gestation and the evaluation of animals' body fat to optimize meat quality. ECM has also developed a portable ultrasound technology for human applications including cardiovascular, gynecological, abdominal, organ and prostate examinations, which offers considerable potential in regard to ambulatory medicine and healthcare in developing countries. In addition to its products' innovative features and excellent quality/price value, ECM's main advantage lies in the fact that its scanners are portable, user-friendly and battery-powered, so they can be used both in clinics and in the field. These characteristics position ECM in specific market niches, including some developing countries, where major competitors are absent. Most component manufacturing is outsourced, product assembly is ensured by ECM and marketing is done primarily through independent agents and distributors around the world.

BLI specializes in the custom processing and distribution of steel products based on client specifications and designs. It has also developed and markets a line of downdraft particle extraction tables for various industrial, commercial and pharmaceutical markets.

Noveko Inc. owns an antimicrobial filtration technology, patented by the *United States Patent and Trademark Office* in May 2006, by the *Eurasian Patent Office*, located in Moscow, at the end of June 2007, and by the Ministry of Economic Affairs (Intellectual Property Office) of R.O.C. (Taiwan) in March 2008. In August 2007, Health Canada issued an establishment licence to Noveko Inc., allowing it to begin marketing its products in Canada. Finally, in March 2008, a "Notice of Allowance" was granted by the *Canadian Intellectual Property Office*, further to its June 2003 patent application for this same technology. Noveko Inc. has similar international patents pending.

Noveko Inc. has started marketing the two broad lines of the derivative products from its technology, specifically antimicrobial face masks for the healthcare sector, pharmaceutical companies and the general public, and antimicrobial air filters for farm buildings, healthcare institutions, commercial and office buildings and residential properties.

SyMa manufactures the Azuro™ product line, which currently includes a hand sanitizer with emollients that cleans without water and eliminates 99.9% of germs in 4.6 seconds – as well as three other products: Azuro™ Foot, a foot sanitizer, Azuro™ Vapo, a surface disinfectant, and Azuro™ Medical. Distributed primarily in Quebec, Azuro™ products are targeted to retail outlets and the corporate, governmental and healthcare sectors. They are also available under private labels as corporate gifts, for fund-raising, golf tournaments, etc.

The Company has been operating since September 2002, through its subsidiary Noveko Inc., and its shares (ticker symbol EKO) have been listed on the TSX Venture Exchange since February 3, 2004.

Development Stage of the Company

Since its inception, the Company has concentrated on setting up an operational structure and a team focused on growth, on elaborating and implementing a growth strategy, on carrying out its research and development (R&D) operations, on completing business acquisitions and establishing strategic alliances in North America and Asia for the manufacture and marketing of its new products, and on arranging financing by way of convertible debentures, bank financing agreements and private placements.

FOREWORD TO MANAGEMENT'S REPORT

Basis of Presentation

Management's Report is designed to assist investors in understanding the nature and the importance of the changes and trends, as well as the risks and uncertainties associated with Noveko's operations and financial position. This Management's Report presents an analysis of Noveko's operating results for the third quarter and the first nine months ended March 31, 2008 in comparison with the corresponding periods ended March 31, 2007, as well as its cash flows and changes in financial position between those dates. Management's Report should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the quarter and the nine-month period ended March 31, 2008. It is to be noted that these financial statements have not been reviewed by the external auditor.

Supplementary information about the Company, including interim reports and the Annual Report for the fiscal year ended June 30, 2007, previous annual reports and press releases, is available on SEDAR's website (www.sedar.com) and Noveko's website (www.noveko.com).

In this Management's Report, "Noveko International Inc.", "Noveko" or "the Company" designates, as the case may be, Noveko International Inc., or Noveko International Inc. and its subsidiaries and divisions.

The information contained in this Management's Report accounts for any major event occurring prior to May 29, 2008, the date on which the Board of Directors approved the unaudited financial statements and the Management's Report for the third quarter and the first nine months ended March 31, 2008. They present the Company's status and business context as they were, to management's best knowledge, at the time this report was written.

Unless otherwise indicated, the financial information presented in this report, including tabular amounts, is expressed in Canadian dollars. The Canadian dollar is also the Company's measurement currency. Unless otherwise indicated, the analysis of results for the reporting period is made in comparison with results for the equivalent period of the previous year.

Compliance with Canadian GAAP

Unless otherwise indicated, the financial information presented in this Management's Report, including tabular amounts, is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The information contained in Management's Report and certain other sections of this report also includes some figures that are not performance measures consistent with GAAP, such as earnings (loss) before amortization, financial expenses and income taxes ("EBITDA"). Noveko uses EBITDA because this measure enables management to assess the Company's operational performance. This measure is a widely accepted financial indicator of a company's ability to repay and assume debt. Investors should not regard it as an alternative to operating revenues or cash flows, or a measure of liquidity. As EBITDA is not established in accordance with GAAP, it might not be comparable to the EBITDA of other companies.

Use of Estimates and Forward-Looking Statements

The preparation of consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenue and expenses and the disclosure of contingent assets and liabilities.

Critical items of the financial statements that require the use of estimates include the determination of the allowance for doubtful accounts, the determination of the allowance for inventory obsolescence, the determination of the useful life of fixed and intangible assets for amortization calculation purposes, the assumptions used for fixed asset, intangible asset and goodwill impairment tests, the determination of the allowance for guarantees, the determination of the allowance for income taxes, the assumptions used for the purposes of calculating the stock-based compensation expense, the determination of the fair value of financial instruments, the determination of the fair value of the assets and liabilities acquired on business acquisitions and the implicit fair value of goodwill. Recoverable tax credits are also subject to certain estimates and assumptions. The recovery of such credits depends on the revision and approval of the admissibility of expenses by tax authorities. Actual results could differ from those estimates.

The statements set forth in this Management's Report and certain other sections of this report that describe Noveko's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of securities legislation. Positive or negative verbs such as "plan", "evaluate", "estimate" and "believe" as well as other related expressions are used to identify such forward-looking statements. Noveko's management would like to point out that, by their very nature, forward-looking statements involve a number of known and unknown risks and uncertainties such that the Company's actual and future results could differ materially from those indicated. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. Unless required to do so pursuant to applicable securities legislation, Noveko's management assumes no obligation as to the updating or revision of the forward-looking statements as a result of new information, future events or other changes. *(For further details, please refer to the "Risks and Uncertainties" section of the 2007 Annual Report.)*

Changes in Accounting Policies

Effective July 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3861, *Financial Instruments – Disclosure and Presentation*, and Section 3865, *Hedges*. Changes in accounting policies in conformity with these new accounting standards are as follows:

(a) Comprehensive Income

Section 1530, *Comprehensive Income*, introduces the concept of comprehensive income, which is calculated by including other comprehensive income with net income. Other comprehensive income represents changes in shareholders' equity arising from transactions and other events with non-owner sources, such as unrealized gains and losses in financial assets classified as available for sale, changes in translation adjustment of self-sustaining foreign operations, and changes in fair value of effective portion of cash flow hedging instruments. With the adoption of this section, the consolidated financial statements now include consolidated statements of comprehensive income. The comparative statements were restated solely to include the translation adjustment of self-sustaining foreign operations as provided by transition rules.

(b) Financial Instruments

Sections 3855, *Financial Instruments – Recognition and Measurement*, and Section 3861, *Financial Instruments – Disclosure and Presentation*, describe standards for the classification, recognition, measurement, disclosure and presentation of financial assets, financial liabilities and derivatives. Under this standard, financial instruments are now classified as: held for trading, financial assets available for sale, investments held to maturity, loans and receivables, or other financial liabilities. The financial assets and liabilities are initially recorded at fair value. Transaction costs are expensed as incurred for financial instruments classified as held for trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as a reduction of the underlying financial instruments. The measurement of financial instruments in subsequent periods depends on how they were classified.

Financial assets and financial liabilities held for trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value or at cost, in the case of financial assets that do not have a quoted market price in an active market, and changes in fair value are recorded in comprehensive income. Financial assets held to maturity, loans and receivables, and other financial liabilities are measured at amortized cost, using the effective interest method amortization.

The new standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivative instruments embedded into host contracts must be separately recorded at fair value if the economic characteristics and risks of the embedded derivative instrument and the host contract are not closely related and if the host contract is not already recorded at fair value. This change had no impact on the Company's consolidated financial statements.

The adoption of these new standards resulted in the following changes in the classification and measurement of the Company's financial instruments:

- Cash and cash equivalents, short-term investments, investment in Canadian immigrant investor program and loans under Canadian immigrant investor program are classified as assets and liabilities held for trading. This change resulted in a decrease of \$19,105 in short-term investments and an increase of \$12,988, net of future income taxes in opening deficit;

- Accounts receivable are classified as loans and receivables. This change had no impact on the Company's consolidated financial statements;

- Bank overdraft, bank advances, bank loan, accounts payable and accrued liabilities, current portion of long-term debt, long-term debt and secured convertible debentures are classified as other financial liabilities. This change resulted in a decrease of \$163,096 in deferred financing costs previously included in other assets, an increase of \$23,755 in secured convertible debentures and a decrease of \$16,149, net of future income taxes in opening deficit.

(c) Equity

Section 3251, *Equity*, describes standards for the presentation of equity and changes in equity for the reporting period as a result of the application of Section 1530, *Comprehensive Income*.

(d) Hedges

Section 3855, *Hedges*, specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard had no impact on the Company's consolidated financial statements for the three-month and nine-month periods ended March 31, 2008.

Future Changes in Accounting Policies

(a) In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian Generally Accepted Accounting Principles ("GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period to be completed by 2011. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal year beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these rules and will closely monitor changes arising from this convergence.

(b) In December 2006, the CICA issued a new accounting standard, Section 1535, *Capital Disclosures*, which requires the disclosure of qualitative information on the capital of the Company. This new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company is currently evaluating the effects of adopting this standard.

(c) In December 2006, the CICA issued two new accounting standards, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, which require additional disclosures relating to financial instruments. These new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company is currently evaluating the effects of adopting these standards.

(d) In March 2007, the CICA issued a new accounting standard, Section 3031, *Inventories*, which provides more extensive guidance on the recognition and measurement of inventories, and related disclosures. This new standard applies to interim and annual financial statements relating to fiscal year beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

(e) In January 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, which provides guidance on the recognition of intangible assets and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effects of adopting this standard.

SELECTED CONSOLIDATED QUARTERLY INFORMATION

Three-Month and Nine-Month Periods Ended March 31, 2008 and 2007

(in thousands of \$, except per-share amounts) (unaudited)

	Three Months		Nine Months	
	2008	2007	2008	2007
Revenues	3,560	3,440	10,171	9,802
Gross margin	1,693	1,311	4,249	4,160
Loss before amortization, financial expenses and income taxes	(3,664)	(836)	(8,397)	(556)
Net loss	(3,844)	(1,602)	(9,002)	(2,301)
Loss per Class A share (basic and diluted)	(0.07)	(0.04)	(0.17)	(0.06)
Weighted average number of Class A shares outstanding (in thousands)	55,281	41,217	53,563	40,736

Balance Sheet Data

	March 31, 2008	June 30, 2007
Total assets	49,610	42,243
Shareholders' equity	37,060	27,351
Total interest-bearing debt ⁽¹⁾	7,387	8,367
Cash, cash equivalents and short-term investments	13,911	16,960

(1) Including long-term debt and its current portion, bank advances and bank loans, as well as convertible debentures.

SALIENT EVENTS OF THE PAST THREE FISCAL YEARS

Fiscal 2006

Bank Financing — On November 10, 2005, the Company completed a bank financing of a maximum of \$1.9 million (term loan: \$1.7 million and margin facility: \$0.2 million), guaranteed by various hypothecs on the universality of all current and future tangible and intangible assets of the Company and of its subsidiaries. Investissement Québec granted the lender a loan guarantee for a portion of the term loan. In consideration of such guarantee, the Company issued to Investissement Québec 365,625 Class A shares valued at \$117,000.

ECM's Products Sold in 50 Countries — In October 2005, ECM launched the Agrosan A14, a device designed for bovine, ovine and caprine scanning. That completed its line of Agrosan scanners, the broadest range of portable ultrasound scanners sold primarily in the European Union, Asia, and North and South America.

Acquisition of Lapjack (Canada) Ltd. — On April 28, 2006, Noveko announced the closing of the acquisition of 100% of Lapjack (Canada) Ltd. (“Lapjack”) and its subsidiary Bolduc Leroux Inc. (“BLI”)’s shares. The purchase price for all the shares of Lapjack was paid to Mr. Alain Bolduc, by way of \$0.5 million in cash and by the issue of 7,000,000 units, each unit being composed of one (1) Class A share and one fifth (1/5) of a warrant, each whole warrant giving the right to its holder to subscribe one (1) Class A share of the Company, at a subscription price of \$1.00 per share, until April 28, 2008. All Class A shares and all warrants so issued by Noveko to Mr. Alain Bolduc are subject to an Escrow Agreement as required by the Policies of the TSX Venture Exchange (the “Exchange”). These securities are now released. At the time, the Company also acquired the 300,000 Class E shares of BLI held by Mr. Alain Bolduc for \$300,000. Those 300,000 Class E shares were transferred to Noveko at the closing. Subsequent to the acquisition, Mr. Alain Bolduc was appointed as director and Vice-President, Business Development of Noveko.

Launch of a Line of Environmental Products by BLI — In May 2006, BLI launched a new line of environmental products designed and developed by its team: five downdraft extraction tables targeted to various industrial, commercial and pharmaceutical markets. This innovation, the result of three years of research and development, meets important needs for the recovery of industrial and commercial industrial wastes. BLI is further developing this high-potential market with the contribution of U.S. distributors.

Private Placement — Concurrently with the acquisition of Lapjack, Noveko concluded a private placement of a minimum of 4,000,000 units and a maximum of 6,000,000 units, each unit being composed of one (1) Class A share and one-fifth (1/5) of a warrant (each whole warrant entitling its holder to subscribe for one (1) Class A share of the Company, at a subscription price of \$1.00 per share, for a period of 24 months following its issuance). A total of 4,200,000 units were subscribed for a total consideration of \$2.1 million.

U.S. Patent for Antimicrobial Filtration Technology Obtained by Noveko — On May 16, 2006, the *United States Patent and Trademark Office* delivered to Noveko a patent for its antimicrobial filtration technology, titled “Microbicidal Air Filter”, the result of five years of research and development.

Fiscal 2007

Issuance of Units — In September 2006, pursuant to its private placement, Noveko issued 1,800,000 units for an amount of \$0.9 million. Each unit includes one Class A share and one-fifth of a warrant, each complete warrant allowing for the purchase of a single Class A share of the Company at a price of \$1.00 per share for a period of 24 months following its issuance.

Amendment to Stock Option Plan — On November 10, 2006, Noveko amended its stock option plan to increase the total number of Class A shares that may be acquired under the plan to 8,242,776 Class A shares. As at December 14, 2006, the amendment to the stock option plan was ratified by the Company’s shareholders at the Annual General Meeting, and this amendment was approved by the TSX Venture Exchange. During fiscal 2007, the Company also granted options to certain Company employees, consultants and directors to acquire 3,100,000 Class A shares, at a price of \$0.87 per share, 550,000 Class A shares, at a price of \$1.31 per share, and 600,000 Class A shares, at a price of \$2.75 per share.

100% Effectiveness of Noveko's Antimicrobial Technology Successfully Proven — On November 21, 2006, Noveko announced that it had successfully proven the 100% effectiveness of its antimicrobial filtration technology, usable in medical, biomedical, commercial, industrial and residential applications. The results of the latest testing phases executed in dynamic mode (reproducing human breathing) proved fully conclusive and pave the way for commercialization of these derivative products. Conducted under the supervision of Dr. Konstantin Goranov, PhD in Polymer Chemistry, by the Microbial-Resolution (Massachusetts), these latest testing phases proved the 100% effectiveness of the antimicrobial technology developed by Noveko on some 200 bacterial colonies tested. Besides providing 100% bioprotection against bacteria and viruses — such as clostridium difficile (C. difficile), escherichia coli (E. coli), the bacteria and viruses causing pneumonia, legionella pneumophila (cause of legionnaire's disease), streptococci, bacillus anthracis (cause of anthrax) and the influenza virus (flu), whatever the currently existing strain — this technology offers other distinct advantages. For instance, it allows the manufacturing of reusable washable face masks that retain their full antimicrobial property and can also be applied to produce conventional face masks meeting the N-95 standard, without changing current manufacturing methods. This technology therefore features major commercial advantages in a broad high-potential market. Furthermore, in view of using this technology in air filtration systems that can be installed in any healthcare institution as well as in any public, commercial, residential and agricultural building, BLI has obtained the certification of conformance with ASHRAE Standard 52.2-1999 for its prototype number B1F.AB1.150 BI-Antimicrobial.

\$2.2 Million Financing — On December 29, 2006, Noveko concluded a \$2.2 million financing arrangement with the Quorum Group, by way of secured convertible debentures bearing interest at a rate of 8% per annum. These debentures are convertible, totally or partially, at the holder's option, into Class A shares on the basis of one Class A share for \$1.25 debenture stock until December 29, 2008, for \$1.38 until December 29, 2009, for \$1.52 until December 29, 2010 and for \$1.67 until their due date on December 29, 2011.

Partnership for Development of the Asian Market — On January 16, 2007, the Company entered into a strategic partnership with Unitam, a consulting company with offices in Montreal, Taipei and Beijing whose mission is to introduce North American companies to Asian markets. This partnership was established for the manufacture and distribution of Noveko's antimicrobial face masks and air filters in countries such as China, Taiwan, Japan, Korea, Thailand and other Asian countries.

Initial Production of Antimicrobial Face Masks — On February 26, 2007, Noveko Inc. started to produce antimicrobial face masks. In partnership with key American suppliers, Noveko Inc. successfully completed its manufacturing tests and produced fabrics for the manufacture of bioactive filtering products. This initial production allowed the manufacturing of some 50,000 face masks for clinical trials and marketing. The tests conducted on these fabrics demonstrated that these face masks provide 100% bioprotection (superior to N-99-approved products) and reduce weight by over 40%, thereby greatly facilitating breathing and offering more comfortable skin contact. This initial production of antimicrobial face masks was ensured by Suzhou Fangtian Industries Co. (www.chinamasks.com), a major Chinese manufacturer and distributor of a wide range of face masks across the United States, Asia, the Middle East and Africa. It should be specified that Noveko Inc. retains all the intellectual property rights to its patented antimicrobial technology. Part of this production was also used for the needs of the FDA 510(K) certification application file, under the supervision of Dr. Goranov, who joined Noveko Inc.'s team on an exclusive, full-time basis as Chief Technical Officer in February 2007. Moreover, CIBA® Experts Services (www.cibasc.com) is assisting Noveko Inc. in this process.

Management Changes — On April 2, 2007, Noveko announced several changes to the Company's management in the context of its international developments and in anticipation of its future growth. Thus, Mr. André Leroux, founder and Chairman of the Board, President and Chief Executive Officer, continues to act as Chairman of the Board and Chief Executive Officer of Noveko International Inc. Mr. Alain Bolduc, formerly Vice-President, Business Development and Industrial Division of Noveko and President of the subsidiary BLI, was promoted to the position of President and Chief Operating Officer of Noveko International Inc. Mr. Gaston Lavallée joined Noveko International Inc.'s team as Vice-President, Business Development. On May 28, 2007, Mr. Jacques Tessier was appointed as Vice-President and Chief Financial Officer.

Exclusive Distribution Agreement — On April 11, 2007, Noveko announced its exclusive distribution agreement with Monitrol Inc. (Boucherville, Quebec), a North American leader in ventilation management software and hardware for farm buildings with a North American network of 300 distributors and 1,500 sales agents. Under this agreement, Monitrol Inc. acts as the exclusive distributor of Noveko's patented antimicrobial air filters for the hog and poultry breeding markets in North America. This market currently represents some 125 million linear feet of air filters and potential revenues of approximately US\$1.3 billion that could come from the sale of these filters in North America. Noveko is confident it will achieve a significant breakthrough in the North American hog and poultry breeding market over the next two years.

FDA 510(K) Certification — In May 2007, Noveko Inc. filed a preliminary application with the FDA for the 510(K) certification of its two Noveko™ 3xEZ and 5dEZR antimicrobial face masks and obtained a pre-IDE (investigational device exemption) number to complete its submission with the latest data. Noveko Inc. completed the final test protocols in cooperation with Ciba Expert Services and FDA-accredited Nelson Laboratories (Utah, U.S.A.) and received FDA approval on these protocols.

\$23 Million Private Placement — On May 31, 2007, Noveko issued 9,200,000 units for a total cash consideration of \$23.0 million. Each unit includes one Class A share and one-half of a warrant, each complete warrant allowing for the purchase of a single Class A share of the Company at a price of \$3.35 per share for a period of 24 months following its issuance, unless the Company exercises its prerogative to reduce the exercise period. These funds will be used for the marketing of antimicrobial face masks and air filters, new product development and various other projects focused on driving the Company's growth.

Eurasian Patent Obtained — At the end of June 2007, the Eurasian Patent Office, located in Moscow, delivered a patent for Noveko's antimicrobial filtration technology. With almost double the population of the United States, Eurasia represents an important market for Noveko's antimicrobial face masks and antimicrobial air filters.

Fiscal 2008

Acquisition of a Building — In July 2007, Noveko acquired a building from a company whose shareholders exercise significant influence on the Company. This acquisition was recorded at fair market value and settled by a cash consideration of \$1.2 million.

Acquisition of Laboratoire SyMa Inc. — In July 2007, Noveko acquired all the shares of SyMa, which specializes in the manufacture of sanitizers, more specifically the antimicrobial products sold under the Azuro trademark. The acquisition was settled by a cash consideration of \$0.5 million and by the issue of 745,156 Class A shares of the Company.

Establishment Licence Granted by Health Canada — In August 2007, Noveko was granted an establishment licence by Health Canada, giving it the green light for the Canadian marketing of its antimicrobial face masks to healthcare institutions (hospitals, medical clinics, dental clinics, etc.), government organizations, civil relief units and the general public.

First Order of Antimicrobial Air Filters — In August 2007, Noveko announced its first order of \$0.4 million of antimicrobial air filters from large hog breeding farms in Ontario and the United States.

First Canadian Sales of Antimicrobial Face Masks — In August 2007, Noveko won its first order of \$2.3 million of antimicrobial face masks from Medi-Select, a leader in the distribution of medical equipment and supplies.

Conversion of Debentures — In July and September 2007 and January 2008, convertible debentures for an amount of \$2,124,586 were converted into 2,347,729 Class A shares.

Noveko Head Office Move — In September 2007, Noveko moved its head office from Lachine, Quebec to a recently acquired building located in Terrebonne, Quebec in order to achieve efficiency gains and to better accommodate its future growth.

Agreement with China National Service Corporation — In October 2007, Noveko signed an agreement with China National Service Corporation ("CNSC"), one of China's most prominent state-owned companies, dealing with the businesses of international cooperation, service and Chinese government sponsored projects worldwide. This agreement aims to promote Noveko's antimicrobial filtration technology to all levels of Chinese government and its related food and health organizations, to obtain the government authorizations required for the marketing of Noveko's antimicrobial face masks and antimicrobial air filters, and to develop the supporting sales and distribution channels in China. CNSC is also responsible for providing Noveko with monitoring and enforcement services in the Chinese market to prevent any infringement of Noveko's intellectual property rights and trademarks.

First Pig Farm in China Equipped with Noveko's Antimicrobial Air Filters — In October 2007, Noveko signed a cooperation agreement with the Ma'anshan Agriculture Committee (Anhui Province, China) to equip a first pig farm with Noveko's antimicrobial air filters in order to demonstrate this technology's performance and to market it on a larger scale.

Grant of Stock Options — On October 25, 2007 stock options were granted to directors, consultants and employees, entitling them to purchase 2,000,000 Class A shares at a price of \$6.80 per share. On December 12, 2007, the Board of Directors approved the grant of 200,000 stock options to employees, entitling them to purchase Class A shares at a price of \$9.68 per share. On February 27, 2008, stock options were granted to a consultant, entitling him to purchase 100,000 Class A shares at a price of \$6.25 per share. All these options can only be exercised on the basis of one-sixth (1/6) of the total number of options per every completed three-month period following their grants and will expire in five years.

Amendment to Stock Option Plan — On November 20, 2007, the TSX Venture Exchange approved the amendment to the stock option plan adopted by the Company's Board of Directors increasing the number of Class A shares that may be issued followed the exercise of options granted or to be granted under the plan from 8,242,776 to 10,698,780 Class A shares. This amendment to the stock option plan was approved by Noveko's shareholders at the Annual General and Special Meeting of Shareholders held on December 12, 2007.

Health Canada Establishment Licence and DIN Delivered for SyMa's Azuro™ Products — FDA Authorization to Market its Products in the United States — Signature of Two Agreements with New Clients — In November 2007, SyMa was issued a Health Canada establishment licence and DIN (drug identification number) for the Azuro™ Medical, allowing it to sell this product in healthcare institutions in Canada. It also received FDA authorization to market its Azuro™ products in the United States. In addition, SyMa entered into an agreement with METRO INC., under which it supplies its line of Azuro™ products to the METRO and METRO Plus supermarkets as well as the Super C discount supermarkets, representing more than 280 stores operating in Quebec. It also signed a three-year agreement with the Fédération des Caisses Desjardins du Québec, whereby it will supply its line of Azuro™ products to the network of Desjardins credit unions and their service centres, representing more than 1,400 Desjardins branches across Canada.

Conclusive Results of the Effectiveness Tests of the Noveko™ Antimicrobial Air Filter for Hog Farms — In December 2007, Noveko announced the results of a complete series of tests jointly conducted by Dr. Laura Batista of the Faculty of Veterinary Medicine of the Université de Montréal and the Centre de développement du porc du Québec inc. (CDPQ). This study proved that the Noveko™ antimicrobial air filter can prevent airborne introduction to swine facilities of the virus causing the porcine reproductive and respiratory syndrome (PRRS) — a virus that infects up to 90% of swine herds in certain regions having a large animal population, according to the Faculty of Veterinary Medicine of the Université de Montréal (2007), and causing annual losses of several hundred million dollars for the North American swine industry. Thus, the subsidiary Noveko Inc. has developed a new means of defence against porcine viruses that can be incorporated into a global biosafety protocol for hog and poultry breeding farms.

Strengthening of the Subsidiary Noveko Inc.'s Management — In January 2008, Gaston Lavallée, Vice-President, Business Development of Noveko International Inc., was appointed to the position of President and Chief Operating Officer of Noveko Inc. The major developments over the past year and the subsidiary's anticipated future growth required the creation of this position. Formerly, the senior management of the subsidiary Noveko Inc. was fully assumed by André Leroux, Chairman of the Board and Chief Executive Officer of Noveko International Inc. Consequently, Noveko Inc. is now headed by André Leroux, who acts as the subsidiary's Chairman of the Board and Chief Executive Officer, and Gaston Lavallée.

Exclusive Agreement Between Noveko Inc. and A.R. Medicom Inc. — In January 2008, Noveko Inc. signed an exclusive agreement with A.R. Medicom Inc., pursuant to which Medicom manufactures antimicrobial surgical masks using Noveko Inc.'s patented antimicrobial technology and ensures the distribution of these face masks to the dental care market in Canada and the United States. With offices in North America, Europe and Asia, Medicom benefits from a leading share of the dental professional-use disposables market and the support of distribution network consisting of some 300 distribution partners who include world-renowned companies specializing in supplies, equipment and services for dental care professionals. This agreement should yield significant royalties and growth in the future.

Definitive Offer for the Strategic Acquisition of Purer Life in Taiwan — Further to the execution on January 10, 2008 of a letter of intent to acquire Purer Life, a Taiwan-based company specializing in the manufacture of filtration fabric, Noveko announced on February 4, 2008 that it had agreed with Purer Life and its shareholders on the terms and conditions of such a transaction by way of a Definitive Offer. Noveko will purchase, directly or through a subsidiary, all the issued and outstanding shares of Purer Life and those of a firm of the same group (collectively "Purer") for a total consideration of CA\$2,500,000 plus the issue of 1,100,000 Class "A" Shares of Noveko. The shares of the Company to be issued pursuant to this transaction will be subject to a mandatory four-month hold period. The transaction should close by June 30, 2008, subject to a full satisfactory due diligence, particularly, in connection with the transfer, in full ownership, to Purer of all patents and patent applications linked with the business of Purer, the applicable approvals, if any, of the Taiwan investment authorities, and the approval of the TSX Venture Exchange. Purer Life has developed an original patented weaving technology for the manufacture of a three-dimensional fibre featuring a filtration effectiveness, solidity and durability that make it a unique base material.

Exclusive Agreement Between the Subsidiary Laboratoire SyMa Inc. and Magnum Pharmaceuticals Inc. – In February 2008, SyMa signed an exclusive agreement with Magnum Pharmaceuticals Inc., a management services company specializing in the commercialization of pharmaceutical and related products with operations in Canada and worldwide. This agreement will allow the marketing of Azuro™ products throughout the Canadian pharmacy market with the support of Magnum’s services, primarily in sales and distribution.

New Order for 5,000 Antimicrobial Air Filters for Hog Farms – In February 2008, pursuant to its distribution agreement with Monitrol Inc., the subsidiary Noveko Inc. received an additional order for 5,000 Noveko™ antimicrobial air filters.

Issue of a Taiwan Patent and “Notice of Allowance” Granted by the Canadian Intellectual Property Office – In March 2008, Noveko Inc. was issued a patent for antimicrobial filtration technology, titled “Microbicidal Air Filter”, by the Ministry of Economic Affairs (Intellectual Property Office) of R.O.C. (Taiwan). Furthermore, it was granted a “Notice of Allowance” by the *Canadian Intellectual Property Office*, after its June 2003 filing of a patent application for this same technology. The Canadian patent should therefore be issued to Noveko Inc. in the near term.

Noveko Becomes a Tier 1 Issuer – In March 2008, the TSX Venture Exchange approved the reclassification of Noveko from Tier 2 to Tier 1 Issuer. This reclassification is effective as of March 24, 2008. Tier 1 is the Exchange’s premier tier and is reserved for its most advanced issuers with the most significant financial resources. Pursuant to the Exchange’s Policy 2.5, this graduation notably changed the release schedule for the Company’s escrowed securities to a Tier 1 Issuer release schedule. Consequently, all the 3,150,000 Class A shares and 630,000 warrants not yet released from escrow were released within 10 days of the Exchange Bulletin confirming the Issuer’s listing as a Tier 1 Issuer.

Events Subsequent to March 31, 2008

Out-of-Court Settlement in Favour of Noveko – On April 7, 2008, Noveko announced that the lawsuit in the amount of \$1,972,017 brought in 2003 by Mr. Karim Menassa and the companies 2849674 Canada Inc. and 170751 Canada Inc. (the “plaintiffs”), against Mr. André Leroux, Gestion André Leroux Inc. (“GAL”) and Noveko Inc. (the “defendants”), had been settled out of court through the discontinuance of the action by the plaintiffs. This discontinuance of the action was accepted in consideration of a \$30,000 compensation payable by the plaintiffs to the defendants. The parties mutually granted the other party full and final discharge from all claims for all facts alleged in the proceedings. This lawsuit had been brought before the Court by the plaintiffs allegedly for the appropriation of a contract and had been regularly reported as unfounded in Noveko’s financial filings. In 2004, GAL had committed to indemnify Noveko for any damages Noveko could have sustained if an unfavourable judgment had been rendered and had put Class A Shares of the Company valued at \$2.0 million in escrow to secure this commitment. Further to this settlement, such shares were released.

Agreement with Formedica for the Distribution of Noveko™ Antimicrobial Face Masks in Quebec Drugstores and the 300 Wal-Marts across Canada – In April 2008, Noveko signed a distribution agreement with Formedica under which Noveko™ antimicrobial surgical face masks and antimicrobial respirator face masks are distributed in substantially all Quebec drugstores and the 300 Wal-Marts across Canada. Formedica is positioned as a one-stop shop in medical products since it markets some 800 different items in several categories, mainly in Quebec in approximately 1,500 healthcare institutions and about 8,000 drugstores and specialty shops.

Offer to Purchase all the Issued and Outstanding Shares of Magnum Pharmaceuticals Inc. – In April 2008, Noveko offered to buy all the issued and outstanding shares of Magnum Pharmaceuticals, with whom it signed an exclusive agreement for the distribution of Azuro™ products in February 2008. Under this offer to purchase, accepted by Magnum, the purchase price to be paid at the closing will be the equivalent of CA\$3.0 million, payable by a number of Class A shares of Noveko equal to CA\$3.0 million divided by the closing price of the Noveko Class A shares on the trading day immediately preceding the transaction closing date; all such Class A shares will be subject to a standard four-month holding period in which they may not be traded in accordance with the Policies of the TSX Venture Exchange; the closing of such acquisition is subject to several conditions, including thorough due diligence of Magnum to Noveko's satisfaction and the consent of the TSX Venture Exchange. This transaction is scheduled to close prior to June 30, 2008.

Official Commissioning of Biosecured Demonstration Farm Buildings in China – On May 14, 2008, Noveko proceeded, jointly with the Ma'anshan Agriculture Committee (Anhui Province, China), China National Service Corporation (CNSC) (Beijing) and Monitrol Inc., with the official commissioning of two hog and poultry breeding buildings. These farm buildings have been fully biosecured, at the air intake level, by Noveko™ antimicrobial air filters, and equipped with automated ventilation systems installed by Monitrol. The design and execution of the work was carried out under the supervision of Mr. Francis Pouliot of the Centre de développement du porc du Québec. The two buildings will be used by CNSC as demonstrators to market Noveko™ air filters and Monitrol equipment to Chinese hog and poultry breeders.

Exercise Period for Warrants Issued May 31, 2007 Reduced – The Board of Directors of Noveko has deemed it opportune to reduce the exercise period for the warrants issued on May 31, 2007 pursuant to a private placement of units, as allowed by the terms and conditions relating to these warrants. The unexercised warrants, including the broker warrants, will hence expire on June 30, 2008 at 5:00 p.m. (Montreal time), rather than on May 31, 2009. The conditions relating to these warrants provided that the Company could accelerate the warrant expiry date if the weighted average trading price of its Class A shares was or exceeded \$4.00 per share for a period of 20 consecutive trading days. This condition has been fulfilled. As of May 23, 2008, 554,000 warrants out of a total of 4,600,000 public warrants had been exercised, and 394,000 broker warrants out of a total of 644,000 had also been exercised. Any warrant not exercised by 5:00 p.m. on June 30, 2008 will expire and will no longer be exercisable. This equity contribution will increase the Company's working capital, primarily for eventual acquisitions.

Offer to Purchase all the Issued and Outstanding Shares of Unitam International Management Corporation – On May 27, 2008, Noveko announced that it had offered to buy all the issued and outstanding shares of Unitam International Management Corporation ("Unitam"), with whom it had established a strategic partnership in January 2007. The offer to purchase was accepted on May 26, 2008 and stipulates that the purchase price to be paid will be CA\$250,000, plus 500,000 Class A shares of Noveko. All such Class A shares will be subject to a standard four-month holding period in which they may not be traded. The closing of such acquisition is subject to several conditions, including thorough due diligence of Unitam to Noveko's satisfaction and the consent of the TSX Venture Exchange. This transaction is scheduled to close by no later than July 15, 2008.

Principal Quarterly Financial Information (Unaudited)

(in thousands of \$, except per-share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2008				
Revenues	2,802	3,809	3,560	
Net loss	(2,195)	(2,962)	(3,844)	
Comprehensive loss	(2,298)	(2,795)	(2,999)	
Loss per Class A share (basic and diluted)	(0.04)	(0.06)	(0.07)	
Fiscal 2007				
Revenues	2,887	3,474	3,440	3,044
Net loss	(358)	(340)	(1,602)	(2,323)
Loss per Class A share (basic and diluted)	(0.01)	(0.01)	(0.04)	(0.05)
Fiscal 2006				
Revenues	1,293	1,809	1,807	2,757
Net loss	(300)	(568)	(354)	(1,274)
Loss per Class A share (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.04)

OPERATING RESULTS

Analysis of Consolidated and Segmented Operating Results for the Third Quarter and Nine-Month Period Ended March 31, 2008 Compared to the Third Quarter and First Nine Months Ended March 31, 2007

Consolidated and Segmented Revenues

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
Revenues (\$)				
Manufacturing and distribution of medical equipment (segment primarily comprising the subsidiary ECM)	1,531,426	1,942,809	4,803,622	5,260,458
Custom processing and distribution of steel products (segment comprising the subsidiary BLI)	1,789,434	1,497,167	4,923,804	4,541,376
Development of biomedical and environmental activities (segment comprising the subsidiaries Noveko Inc. and SyMa)	89,084	-	293,601	-
Other (Noveko International Inc.)	150,000	-	150,000	-
Total	3,559,944	3,439,976	10,171,027	9,801,834

For the third quarter ended March 31, 2008, consolidated revenues grew by 3.5% to \$3.6 million. This growth is due mainly to an increase in BLI's revenues, royalties received by the Company (related to existing mining operations at the time of the reverse takeover in 2004) and SyMa's contribution, whereas ECM's revenues decreased from the comparable quarter of 2007.

BLI continued to achieve growth and recorded a strong third-quarter performance with a 19.5% increase in revenues, reflecting the orders won from new clients by its dynamic and strengthened sales teams and its increased capacity to execute larger contracts. For its part, ECM posted a \$0.4 million decline in revenues due mainly to a slowdown in the hog market. Furthermore, at the beginning of the third quarter, it started marketing its new ultrasound scanners, targeting an important market in veterinary and human medicine. It expects to return to growth during 2008-2009 as the marketing of its new product platforms gradually intensifies. As indicated in the *Salient Events* section, Noveko Inc. has received orders for antimicrobial air filters and antimicrobial face masks, the delivery of which began in the third quarter of the year.

For the first nine months of the year, consolidated revenues totaled \$10.2 million, up by 3.8% due to an 8.4% increase in BLI's revenues, the receipt of royalties by Noveko as previously indicated, and SyMa's contribution for its first eight months within the Noveko Group.

Third-quarter selling and administrative expenses increased by 51.2% to \$2.8 million, due to the following main factors:

- the expenses related to the accelerated marketing of the derivative products from the antimicrobial filtration technology, specifically antimicrobial face masks and antimicrobial air filters, whereas these initiatives were just beginning in the third quarter of the previous year; and
- the increase in total payroll subsequent to the strengthening of the team at different levels of responsibility over the past 12 months.

Stock-based compensation represented an expense of approximately \$2.5 million for the third quarter, compared with \$0.3 million for the corresponding period of 2007, due to the number of stock options granted and the increase in the share price over the third quarter of 2007.

For the first nine months of the year, selling and administrative expenses increased by 74.0% to \$7.7 million as a result of the aforementioned factors, specifically the antimicrobial face mask and antimicrobial air filter marketing initiatives and the increase in total payroll subsequent to the strengthening of the team.

Stock-based compensation represented an expense of \$4.8 million for the first nine months of the year, compared with \$0.3 million for the same period of 2007, due to the number of stock options granted and the increase in the share price. During the period ended March 31, 2008, the Company granted 2,300,000 stock options allowing the acquisition of 2,300,000 Class A shares at a weighted average exercise price of \$7.02 per share with a vesting period extending over 18 months.

Operating Results Before Amortization, Financial Expenses and Income Taxes

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
Earnings (loss) before amortization, financial expenses and income taxes (\$)				
Manufacturing and distribution of medical equipment (segment primarily comprising the subsidiary ECM)	(243,512)	520,613	(195,312)	1,282,044
Custom processing and distribution of steel products (segment comprising the subsidiary BLI)	261,594	34,055	530,372	205,398
Development of biomedical and environmental activities (segment comprising the subsidiaries Noveko Inc. and SyMa)	(1,122,069)	(612,581)	(2,890,947)	(683,784)
Other (Noveko International Inc.)	(2,560,467)	(777,652)	(5,840,864)	(1,359,845)
Total	(3,664,454)	(835,565)	(8,396,751)	(556,187)

For the third quarter, considering the aforementioned factors, Noveko incurred an **operating loss before amortization, financial expenses and income taxes** of \$3.7 million, compared with an operating loss of \$0.8 million for the third quarter ended March 31, 2007. ECM recorded an operating loss of more than \$0.2 million, as opposed to EBITDA of close to \$0.5 million for the third quarter of the previous year, due to a decrease in its revenues, the hiring of human resources in anticipation of future growth and the costs incurred for research and development and the marketing of its new Imagyne™ and Imago™ products (32 channels). For its part, BLI more than tripled its EBITDA, which grew from \$34,055 in the third quarter of 2007 to approximately \$0.3 million for the period, reflecting its significant revenue increase and strict operating cost control. As previously mentioned, Noveko Inc. remained at the production preparation stage in anticipation of filling its first orders in the near term, while pursuing its marketing initiatives; as a result, the loss of the biomedical activities totaled approximately \$1.1 million, compared with \$0.6 million for the third quarter of 2007. Noveko International Inc. incurred a loss before amortization, financial expenses and income taxes of \$2.6 million, compared with \$0.8 million for the third quarter of the previous year; this increase is due mainly to the greater stock-based compensation expense, as aforementioned, as well as the various initiatives and traveling done by management in connection with business acquisition transactions and developments under way.

For the first nine months, the **operating loss before amortization, financial expenses and income taxes** totaled \$8.4 million, compared with an operating loss of \$0.6 million for the first nine months of the previous year. This change is due to the various aforementioned factors.

Third-quarter amortization expenses amounted to approximately \$0.3 million, compared with \$0.2 million for the corresponding period of the previous year. ECM's amortization expenses increased by approximately \$9,000 to \$38,651, due mainly to the expansion of its facilities in 2007. BLI's amortization expenses decreased by \$44,170 to \$137,364 due to the fact that it had previously enhanced its manufacturing and processing capacity but has not subsequently upgraded its facilities. Biomedical activities incurred amortization expenses of \$69,589, related primarily to the subsidiary SyMa.

Financial expenses posted a negative balance of \$50,727, as opposed to a positive balance of \$0.6 million for the third quarter of the previous year. This change is due mainly to investment income of \$105,000 for the period, the reduction in indebtedness, the conversion of convertible debentures into shares and exchange gains.

For the first nine months, amortization expenses amounted to \$0.8 million, compared with \$0.7 million for the corresponding period of the previous year. This change is due notably to the factors referred to for the third quarter.

Financial expenses posted a negative balance of \$11,505, as opposed to a positive balance of \$1.1 million for the first nine months of the previous year. This change is due mainly to investment income of close to \$0.5 million for the period, the reduction in indebtedness, the conversion of convertible debentures into shares and exchange gains.

Net Earnings (Loss)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
Net earnings (loss) (\$)				
Manufacturing and distribution of medical equipment (segment primarily comprising the subsidiary ECM)	(243,583)	302,881	(322,117)	654,073
Custom processing and distribution of steel products (segment comprising the subsidiary BLI)	21,290	(191,777)	(84,884)	(298,626)
Development of biomedical and environmental activities (segment comprising the subsidiaries Noveko Inc. and SyMa)	(1,117,270)	(627,004)	(2,928,907)	(727,055)
Other (Noveko International Inc.)	(2,504,496)	(1,086,286)	(5,665,631)	(1,929,281)
Total	(3,344,059)	(1,602,186)	(9,001,539)	(2,300,889)
Comprehensive loss	(2,998,730)	(1,549,403)	(8,092,126)	(1,758,399)

The third-quarter net loss totaled \$3.8 million, compared with a net loss of \$1.6 million for the corresponding quarter of the previous year. It should be pointed out that BLI recorded a net profit of \$21,290, as opposed to a net loss of \$191,777 for the third quarter ended March 31, 2007. Considering a net change in unrealized gains on translation of financial statements of self-sustaining foreign operations of over \$0.8 million for the third quarter, compared with \$52,783 for the same quarter of the previous year, a net loss of \$3.0 million represented the comprehensive loss for the third quarter of the current fiscal year, compared with \$1.5 million for the third quarter of the previous year (the reader is referred to note 2(a) *Comprehensive Income* accompanying the financial statements contained in this Interim Report).

The loss per Class A share (basic and diluted) amounted to \$0.07 on a weighted average of 55,281,253 outstanding shares, compared with a loss per share of \$0.04 on 41,216,726 shares for the third quarter of the previous year. The increased weighted average number of outstanding shares is due to the various share issues over the past 12 months, as described in detail in note 9 (*Capital Stock*) accompanying the financial statements.

For the first nine months, the net loss totaled \$9.0 million, compared with a net loss of \$2.3 million for the first nine months a year earlier. Considering a net change in unrealized gains on translation of financial statements of self-sustaining foreign operations of \$0.9 million for the first nine months of the current fiscal year, as opposed to more than \$0.5 million for the same period of the previous year, a net loss of \$8.1 million represented the comprehensive loss for the first nine months of the current fiscal year, compared with \$1.8 million for the corresponding period a year earlier (the reader is referred to note 2(a) *Comprehensive Income* accompanying the financial statements contained in this Interim Report).

The loss per Class A share (basic and diluted) amounted to \$0.17 on a weighted average of 53,562,687 outstanding shares, compared with a loss per share of \$0.06 on 40,735,583 shares for the first nine months of the previous year. The increased weighted average number of outstanding shares is due to the various share issues over the past 12 months, as described in detail in note 9 (*Capital Stock*) accompanying the financial statements.

FINANCIAL POSITION

Analysis of Principal Cash Flows for the Third Quarter and First Nine Months Ended March 31, 2008

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2008	2007	2008	2007
Operating activities (\$)				
Net loss	(3,844,059)	(1,602,186)	(9,001,539)	(2,300,889)
Adjustments for future taxes, accreted interest on debentures, stock-based compensation, amortization, foreign exchange loss (gain) and loss on fair value of short-term investments	2,836,670	816,262	5,830,597	1,256,533
Net change in non-cash working capital	(1,286,977)	(20,211)	(3,464,063)	(287,925)
Total	(2,294,366)	(806,135)	(6,635,005)	(1,332,281)
Financing activities	3,298,693	260,071	6,400,677	2,935,012
Investing activities	(1,280,976)	(324,043)	(2,341,497)	(1,010,978)
Foreign exchange loss on cash in foreign currencies	89,219	6,097	89,941	52,871
Increase (decrease) in cash and cash equivalents	(187,430)	(864,010)	(2,485,884)	644,624
Cash and cash equivalents, end of period	182,610	1,270,718	182,610	1,270,718

Third-quarter operating activities, after net change in non-cash working capital, used cash flows of \$2.3 million, compared with a cash outflow of \$0.8 million in the third quarter ended March 31, 2007. This change is explained primarily by the increase in the net loss, less the adjustments in stock-based compensation, accreted interest on secured convertible debentures, amortization, loss on fair value of short-term investments and net change in non-cash working capital. Net change in non-cash working capital represented a cash outflow of \$1.3 million, compared with a cash outflow of \$20,211 in the third quarter of the previous year. This variation is due mainly to an increase in accounts receivable and a growth in inventories, especially ECM's new ultrasound scanners and BLI's products in progress.

Financing activities provided cash flows of \$3.3 million, up from approximately \$0.3 million in the equivalent quarter of the previous year. This change is due mainly to the issue of Class A shares for a consideration of about \$2.7 million. The Company paid interest of \$64,832 on secured convertible debentures, compared with close to \$0.2 million for the same period of the previous year; this change reflects the conversion of an amount of \$2.1 million in debentures into Class A shares. In addition, the change in bank advances and the increase in bank loans totaled \$0.6 million, compared with \$18,948 in the third quarter of the previous year; this amount was used primarily to finance material for ECM and BLI orders in progress. Finally, long-term debt increased by \$0.2 million, compared with \$0.8 million in the third quarter of the previous year, and the Company made a net principal repayment on long-term debt of \$0.2 million, compared with \$0.4 million in the third quarter ended March 31, 2007.

Investing activities used cash flows of approximately \$1.3 million, including some \$0.4 million for fixed assets, \$49,505 related to the acquisition in progress of Taiwan-based Purer Life, and \$0.1 million in capitalized development costs. The Company also received short-term investments of \$18.4 million and acquired short-term investments of \$19.2 million, representing an actual investment of \$0.8 million for the third quarter.

Also considering an \$89,219 foreign exchange loss on cash in foreign currencies, the period's aggregate cash inflows and outflows used net cash flows of \$0.2 million, down from \$0.9 million in the third quarter of the previous year.

For the first nine months, operating activities, after net change in non-cash working capital, used cash flows of \$6.6 million, compared with a cash outflow of more than \$1.3 million in the nine-month period ended March 31, 2007. This change is explained primarily by the increase in the net loss, less the adjustments in stock-based compensation, accreted interest on secured convertible debentures, amortization, loss on fair value of short-term investments and net change in non-cash working capital. Net change in non-cash working capital represented a cash outflow of \$3.5 million, compared with a cash outflow of \$0.3 million for the first nine months of the previous year. This variation is due mainly to an increase in accounts receivable and a growth in inventories, especially ECM's new ultrasound scanners and BLI's products in progress.

Financing activities provided cash flows of \$6.4 million, up from \$2.9 million in the equivalent period of the previous year. This change is due mainly to the issue of Class A shares for a consideration of approximately \$6.1 million. The year-to-date increase in bank indebtedness and net change in bank advances represented a total of over \$1.0 million; this amount was used primarily to finance material for ECM and BLI orders in progress. The Company paid interest of more than \$0.2 million on secured convertible debentures, compared with more than \$0.3 million in the same period of the previous year; this change reflects the conversion of an amount of \$2.1 million in debentures into Class A shares. Finally, the Company made a net principal repayment on long-term debt of \$0.7 million during the first months of the current fiscal year.

Investing activities used cash flows of \$2.3 million, including a cash payment of \$0.5 million for the acquisition of SyMa at the end of July 2007. In addition, a consideration of \$1.4 million was allocated to the purchase of a building housing the head office as well as office equipment and information technology, plus amounts of approximately \$0.3 million for the acquisition in progress of Taiwan-based Purer Life and more than \$0.2 million in capitalized development costs. The Company also received short-term investments of \$38.7 million and acquired short-term investments of \$38.2 million, representing an actual divestment of \$0.5 million in the first nine months of the year.

Aggregate cash inflows and outflows used net cash flows of \$2.5 million during the first nine months of the year, whereas cash inflows and outflows for the first nine months of the previous year had provided cash flows of \$0.6 million. Noveko ended the first nine months of the year with cash and cash equivalents of approximately \$0.2 million.

Balance Sheet Analysis as at March 31, 2008

Summary Balance Sheet (\$)

	As at March 31, 2008	As at June 30, 2007
Current assets	25,021,723	26,321,742
Long-term assets	24,588,517	15,921,281
Total	49,610,240	42,243,023
Current liabilities	5,234,625	6,329,012
Long-term liabilities	7,315,977	8,562,832
Shareholders' equity	37,059,638	27,351,179
Total	49,610,240	42,243,023

The changes in Noveko's financial position between June 30, 2007 and March 31, 2008 notably reflect the period's results, the purchase of a building for a consideration of \$1.2 million and the acquisition of all the issued and outstanding shares of Laboratoire SyMa Inc., concluded on July 26, 2007. In addition to a cash consideration of \$0.5 million, this acquisition was settled by the issue of 745,156 Class A shares for an amount of \$4.9 million.

These transactions explain the increase in fixed assets, intangible assets and goodwill over June 30, 2007, as detailed in note 3 accompanying the financial statements contained in this Interim Report.

As at March 31, 2008, **total assets** amounted to \$49.6 million, up by 17.4% or \$7.4 million over June 30, 2007. **Working capital** stood at \$19.8 million for a current ratio of 4.8:1 as at March 31, 2008, compared with \$20.0 million and a 4.2:1 ratio as at June 30, 2007.

As at March 31, 2007, **shareholders' equity** totaled \$37.1 million, compared with \$27.4 million as at June 30, 2007, primarily reflecting the increase of \$15.5 million in capital stock subsequent to the Class A share issues, the unrealized gain on translation of financial statements of self-sustaining foreign operations of about approximately \$1.0 million and the increase in contributed surplus of \$4.2 million, less the \$9.0 million increase in the period's deficit.

Indebtedness (\$)

	As at March 31, 2008	As at June 30, 2007
Bank advances and bank loans	1,125,432	18,287
Current portion of long-term debt	634,877	801,029
Long-term debt	3,197,417	3,158,442
Secured convertible debentures	2,428,835	4,389,576
Total debt	7,386,561	8,367,334

Considering the period's debt repayments, **long-term debt including the current portion** totaled \$3.8 million as at March 31, 2008, compared with \$4.0 million as at June 30, 2007. **Total interest-bearing debt** (consisting of bank advances and bank loans, current portion of long-term debt, long-term debt and secured convertible debentures) amounted to \$7.4 million as at March 31, 2008, compared with \$8.4 million as at June 30, 2007, a reduction of \$1.0 million reflecting the decrease of approximately \$2.0 million in convertible debentures from June 30, 2007, due mainly to the conversion of an amount of \$2.1 million in debentures into Class A shares, whereas bank advances and bank loans increased by \$1.1 million.

Capital Stock Information

During the first nine months ended March 31, 2008 the Company issued 745,156 Class A shares for a total of \$4,932,933 in consideration of the acquisition of all the issued and outstanding shares of Laboratoire Syma Inc.

Noveko also issued 913,407 Class A shares subsequent to the exercise of 913,407 stock options for a cash consideration of \$921,133 and a transfer of \$619,119 from contributed surplus, as well as 3,038,500 Class A shares subsequent to the exercise of 3,038,500 warrants for a cash consideration of \$5,225,175 and a transfer of \$1,612,539 from warrants.

In addition, the Company issued 2,347,729 Class A shares subsequent to the exercise of the conversion of \$2,124,586 of convertible debenture. Amounts of \$1,894,533 and \$307,198 were transferred from the secured convertible debentures and from the secured convertible debentures included in equity, respectively.

Considering these issues, Noveko's capital stock consisted of 57,660,673 Class A shares as at March 31, 2008, compared with 50,615,881 as at June 30, 2007.

Other Contractual Commitments

As at March 31, 2008, the balance of contractual commitments under the terms of operating leases for premises maturing in 2016 amounted to \$1.1 million. Minimum lease payments over each of the next five years are as follows:

2009: \$406,063	2011: \$85,898	2013: \$69,823
2010: \$289,385	2012: \$69,823	

The Company is also committed to pay to a corporate shareholder exercising significant influence a quarterly royalty which represents the lower of \$45,000 or 25% of consolidated cash flows from operating activities if these cash flows exceed \$6.0 million. Under the terms of the agreement, the Company will continue to pay the royalties up to a maximum of \$520,000.

Finally, the Company is committed to pay a quarterly royalty of 1% of the gross revenues generated by the patent obtained in connection with the acquisition of BLI.

Related-Party Transactions

During the period ended March 31, 2008, the Company paid interest in the amount of \$829 (\$13,746 for the nine-month period ended March 31, 2007) to a corporate shareholder exercising significant influence. This amount was charged to financial expenses in the statement of operations. These transactions were concluded in the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

On July 17, 2007, the Company acquired a building from a company whose shareholder directors exercise significant influence on the Company. This acquisition, not in the normal course of business, was recorded at the market value determined by an independent real estate appraiser. The acquisition was settled by a cash consideration of \$1.2 million.

During the first nine months of the current fiscal year, the Company sold medical equipment for an amount of \$350,262 to a company whose shareholder directors exercise significant influence on the Company. These sales were charged to revenues in the statement of operations. These transactions were concluded in the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

Requirements and Sources of Funds in 2007-2008

Noveko focuses significant efforts on arranging the financing needed for its growth by way of several issues and private placements. It has expanded its investor base and increased its market capitalization more than tenfold, to \$317.1 million as at March 31, 2008. In addition, if all the warrants and broker warrants issued on May 31, 2007 that have not yet been exercised were to be exercised prior to June 30, 2008, their exercises should generate total funds of \$17.6 million (the reader is referred to the section titled *Events Subsequent to March 31, 2008 – Exercise Period for Warrants Issued May 31, 2007 Reduced*). Management is currently identifying and studying various potential acquisitions complementary to its biomedical and environmental activities, while accelerating its product marketing. The funds derived from the exercise of warrants will contribute to finance an upcoming growth phase.

The Company plans to actively pursue its revenue growth, to improve its net earnings and to generate increased cash flows. The subsidiaries ECM and BLI should make a satisfactory contribution to internal growth in upcoming periods, considering the sustained market development efforts and planned marketing of new products that will meet existing demand. For its part, Noveko Inc. has started to conclude its first sales of air filters and face masks, while developing selling synergies with SyMa. These two subsidiaries are pursuing a targeted marketing strategy and their initiatives to establish solid distribution networks and new alliances in order to benefit from their antimicrobial product lines' considerable global potential.

Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chairman of the Board and Chief Executive Officer and the Vice-President and Chief Financial Officer have assessed the effectiveness of the Company's disclosure controls and procedures as at March 31, 2008, in accordance with the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators. They have concluded that, considering the Company's rapid development, there are certain deficiencies in the disclosure controls and procedures at the level of information technology and access control management. The Company intends to efficiently manage its accesses and to see to the adequate breakdown of tasks in the review of its new financial reporting processes. Furthermore, the Company is continuing to strengthen its internal accounting team.

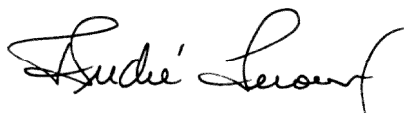
Internal control over financial reporting is designed to provide assurance as to the reliability of financial reporting and the preparation of financial statements. The Chairman of the Board and Chief Executive Officer and the Vice-President and Chief Financial Officer are nevertheless of the opinion that the design of these controls and procedures currently in place always provides reasonable assurance that material information relating to the Company is made known to them, particularly during the periods in which the financial information is prepared for the publication and filing of annual documents.

Risks and Uncertainties

The risks and uncertainties described in the Annual Report as at June 30, 2007 remain unchanged. The reader is requested to refer thereto for the complete statement.

Supplementary Information

Supplementary information about the Company is available on SEDAR's website at www.sedar.com.



(signed) **ANDRÉ LEROUX**
Chairman of the Board and Chief Executive Officer



(signed) **ÉRIC FAVREAU**
Vice-President and Chief Financial Officer

October 24, 2008