

Circa Reports Operating Results for the Quarter Ended September 30, 2010

CALGARY, Nov. 3 /CNW/ - Circa Enterprises Inc. (CTO-TSXV) (the "Company" or "Circa"), a manufacturer of equipment for the telecommunication, electrical utility, and construction industries, reports results of operations for the third quarter ended September 30, 2010.

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THIRD QUARTER RESULTS

Summary of third quarter operating results:

- Consolidated sales of \$6.9 million were 1% less than the third quarter 2009 sales of \$7.0 million
- Net income of \$0.4 million or \$0.05 per share, as compared to a net loss of \$85,000 or \$0.01 per share in the third quarter of 2009
- Cash flow from operations increased \$0.3 million to \$0.7 million compared to the third quarter of 2009
- Adjusted EBITDA of \$0.8 million for the quarter compared to \$0.7 million in the third quarter of 2009 (see below for calculation of Adjusted EBITDA)

Summary of year-to-date operating results:

- Consolidated sales of \$19 million for the nine-month period ended September 30, 2010, which were 5% lower than the nine-month period ended September 30, 2009, sales of \$19.9 million
- Net income of \$1 million or \$0.11 per share as compared to a net loss of \$1.1 million or \$0.11 per share for the first nine months of 2009
- Debt reduction of over \$1.2 million during the nine-month period ended September 30, 2010
- Adjusted EBITDA of \$1.8 million for the nine-month period ended September 30, 2010 compared to \$0.5 million for the nine-month period ended September 30, 2009 (see below for calculation of Adjusted EBITDA)

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Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and is adjusted for other non-recurring items and non-cash items, including asset impairment charges and restructuring costs. Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and is, therefore, unlikely to be comparable to similar measures presented by other issuers. Management believes that EBITDA is a useful supplemental measure, which provides an indication of the results generated by Circa's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that EBITDA should not be construed as an alternative to net earnings (loss) determined in accordance with GAAP as an indicator of the Company's financial performance. Adjusted EBITDA is calculated by the Company as follows:

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	(unaudited) Three months ended Sep 30, 2010 \$	(unaudited) Three months ended Sep 30, 2009 \$	(unaudited) Nine months ended Sep 30, 2010 \$	(unaudited) Nine months ended Sep 30, 2009 \$
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Net earnings (loss) and comprehensive earnings (loss)	447	(85)	1,021	(1,070)
Provision for (recovery of) income taxes	209	306	426	155
Interest	24	24	69	82
Depreciation and amortization	100	117	299	326

Foreign currency translation loss (gain)	29	251	(20)	454
Restructuring costs	-	126	-	576
	809	739	1,795	523

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Circa's consolidated sales in the third quarter of 2010 were \$19 million - \$0.1 million or 1% less than over the same period in 2009 - the decline in sales were attributable to a decrease in the surge protection division sales. The decrease in the quarter was largely driven by the exchange rate as the bulk of this division's sales are denominated in US dollars and the US dollar weakened compared to the Canadian dollar when compared to the prior year. Sales in the Circa Metals business increased in the quarter compared to the prior year as demand for the Company's Hydrel brand product increased in 2010.

The Company's gross profit, defined as sales less cost of sales, was slightly lower in the third quarter of 2010 at \$1.7 million compared to \$1.8 million in the prior year, despite a slightly different product mix compared to the prior year.

The cost reductions in 2009 from the Company's restructuring efforts, which involved streamlining operations, reductions in the cost of certain raw materials, moving select product manufacturing offshore and consolidating operations have allowed the Company to achieve positive earnings from operations for the third consecutive quarter. These restructuring changes improved net earnings from a loss of \$1.1 million in the first nine months of 2009 to positive net earnings of \$1.0 million in the first nine months of 2010. The Company was able to boost Adjusted EBITDA from \$0.7 million in Q3 2009 to \$0.8 million in Q3 2010 and from \$0.5 million in the nine month period ended September 30, 2009 to \$1.8 million in the same period in 2010.

Ivan Smith, Circa's President and Chief Executive officer, stated:

"Management is pleased that the Company has posted its third consecutive quarter of positive earnings and believes the Company has turned the corner from being unprofitable to having a sustainable and profitable business model. Management and staff are continuing to improve operations and the focus will now expand to increasing topline sales while achieving strong bottom line results."

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CIRCA ENTERPRISES INC.
Consolidated Balance Sheets
(000's of Canadian dollars)

Unaudited

As at	September 30, 2010	December 31, 2009
	\$	\$
ASSETS		
Current		
Cash	266	350
Accounts receivable	4,629	3,588
Income taxes recoverable	-	58
Inventory	6,213	5,842
Prepaid expenses	257	295
	11,365	10,133
Property, plant and equipment	959	1,086
Assets held for sale	105	105
Deferred charges	203	286
Intangible assets	19	17
Future income taxes	441	782
	13,092	12,409
LIABILITIES		
Current		
Bank indebtedness	2,187	3,391
Accounts payable and accrued liabilities	3,257	2,476
Current income taxes	90	-
	5,534	5,867
Future income taxes	8	38

	5,542	5,905

SHAREHOLDERS' EQUITY		
Share capital	2,735	2,710
Contributed surplus	2	2
Retained earnings	4,813	3,792

	7,550	6,504

	13,092	12,409

CIRCA ENTERPRISES INC.
Consolidated Statements Operations and Retained Earnings
(000's of Canadian dollars, except per share amounts)

Unaudited

	Three months ended Sep 30, 2010	Three months ended Sep 30, 2009	Nine months ended Sep 30, 2010	Nine months ended Sep 30, 2009
	\$	\$	\$	\$

SALES	6,900	6,978	18,988	19,882
COST OF SALES				
Direct costs	5,148	5,181	14,358	15,577
Depreciation and amortization	40	43	115	133

	1,712	1,754	4,515	4,172

EXPENSES				
Selling, general and administrative	943	1,049	2,825	3,772
Depreciation and amortization	60	74	184	193
Restructuring costs	-	126	-	576
Interest	24	24	69	82
Loss on disposal of assets	-	9	10	10
Foreign currency translation (gain) loss	29	251	(20)	454

	1,056	1,533	3,068	5,087

EARNINGS (LOSS) BEFORE INCOME TAXES	656	221	1,447	(915)

PROVISION FOR (RECOVERY OF) INCOME TAXES				
Current	38	203	115	11
Future	171	103	311	144

	209	306	426	155

NET EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)	447	(85)	1,021	(1,070)
RETAINED EARNINGS, BEGINNING OF PERIOD	4,366	4,038	3,792	5,023

RETAINED EARNINGS, END OF PERIOD	4,813	3,953	4,813	3,953

EARNINGS (LOSS) PER SHARE				

Basic and diluted	0.05	(0.01)	0.11	(0.11)
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CIRCA ENTERPRISES INC.
Consolidated Statements of Cash Flows
(000's of Canadian dollars)

Unaudited

	Three months ended Sep 30, 2010	Three months ended Sep 30, 2009	Nine months ended Sep 30, 2010	Nine months ended Sep 30, 2009
	\$	\$	\$	\$

CASH FLOWS RELATED TO
THE FOLLOWING
ACTIVITIES:

OPERATING

Net earnings (loss)	447	(85)	1,021	(1,070)
Adjustments for:				
Depreciation and amortization	100	117	299	326
Loss on disposal of assets	-	9	10	10
Stock compensation expense	25	6	25	11
Future income taxes	171	103	311	144
	743	150	1,666	(579)
Changes in non-cash working capital	(7)	226	(451)	616
	736	376	1,215	37

FINANCING

Decrease in bank indebtedness	(562)	(898)	(1,204)	(107)
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INVESTING

Purchase of property, plant and equipment	(48)	-	(98)	(32)
Proceeds from sale of property, plant and equipment	-	-	-	6
Additions to deferred charges	-	1	-	(40)
Additions to intangible assets	-	(2)	(3)	(8)
Changes in non-cash working capital	(13)	-	6	(24)
	(61)	(1)	(95)	(98)

NET INCREASE (DECREASE)

IN CASH	113	(523)	(84)	(168)
CASH, BEGINNING OF PERIOD	153	610	350	255
CASH, END OF PERIOD	266	87	266	87

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Circa Enterprises Inc. is a public company with operations in Alberta, Ontario and Florida. The outstanding common shares of Circa Enterprises Inc. are listed and trade on the TSX Venture Exchange under the trading symbol CTO. Neither the TSX Venture

Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The Company's third quarter financial statements and related management's discussion and analysis have been filed with certain securities regulatory authorities in Canada and may be accessed electronically through the SEDAR website at www.sedar.com and the Company's website at www.circaent.com.

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CO: Circa Enterprises Inc.

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