

Bestar Inc. : Results for the Third Quarter, ended September 30, 2011

Lac-Mégantic, November 7, 2011 Turnover for the third quarter, ended September 30 2011, amounts to \$8,223,141, a decrease of 7.3% relative to \$8,873,890 for the same period last year. The sales decrease for the quarter spreads approximately as 1/3 in Canada, 1/3 in the United States, and 1/3 caused by the significant falling value of the American currency.

The net loss for the third quarter reaches \$198,192, or \$(0.02) per share, compared to a net profit of \$3,348, or \$(0.00) \$ per share for the same period in 2010. The decline in turnover, as well as the unrealized foreign exchange loss, totaling \$195,464, are responsible for this decrease.

On August 15, Bestar Inc.'s Board of Directors nominated Mr. François Giroux as a company Administrator. Mr. Giroux is Executive Vice-President and Chief Executive Officer for Novik inc. (TSX: NVK), a manufacturer of exterior polymer siding products. He previously held the positions of President and Chief Executive Office at Allianz Madvac inc. and that of President at Haworth/Groupe Lacasse inc. for eight years. With over 30 years of experience in upper management positions, Mr. Giroux demonstrates proven competence in strategic planning. During the course of his career, some of his outstanding achievements have been his active role in the internal reorganization programs and the significant growth of the businesses where he worked. He holds a Master's Degree in Business Administration from Sherbrooke University and a Bachelor's Degree in Science from Laval University. He sits on other councils for businesses and organizations such as Trévi Inc. and Dawson College.

Moreover, today the Board of Directors accepted Mr. René Héту's resignation as a company Administrator. Since 1999, Bestar certainly gained from Mr. Héту experience and business acumen. Throughout those years, Mr. Héту has been considered a valued colleague and advisor. On behalf of all board members, I wish to thank him for his invaluable services and support to our business during his mandate as Bestar's Administrator.

During this meeting, the Board members also nominated Mrs. Francine Turmel as Bestar Administrator, in replacement for Mr. Héту. Mrs. Turmel currently holds the position of Dean for Sherbrooke University's Administration Faculty, and has a Doctorate in Administration, from Laval University. After working in the auditing arena for important Canadian accounting firms in the early 80s, in 1985, she moved on to different functions related to the teaching of accounting at Sherbrooke University. Mrs. Turmel contributed to the production of many professional publications targeting particularly the business world. She is an active member of the "Ordre des Comptables agréés du Québec", and serves as on the Canadian federation of business school deans as a regional manager. She has served on Bishop's College School Council, and has been a member of both the Canadian Academic Accounting Association, and the American Accounting Association.

Cash Flow Position

For the first nine months of the year, operating activities generated a positive cash flow of \$528,846, caused mainly by a reduction of the finished goods' inventory.

Investment activities generated a negative cash flow of \$72,653 for the same period. Capital acquisition was almost zero during this quarter.

Financing activities generated a negative cash flow of \$497,933, caused by an increase in operational loans used to finance the working capital. During the quarter, the company also benefited from a moratorium on 100% of the capital payments, for the near totality of its term debt. This moratorium spanned from March 15 to September 15 2011. (See Note 10 in the accompanying notes of the 2010 Annual Financial Statement).

Outlook

"Even though many distribution agreements have been concluded with our North-American retailers and wholesalers during this quarter, this diversification strategy will only reap benefits in the medium term," explained Mr. Daniel Mercier, President at Bestar.

"Even if our results have slightly improved over last year's, they remain below our expectations. The weakness of the US currency, combined with a weak recovery of the North-American economy in our sector, limit the growth potential for the coming months. However, we are continuing our efforts, including the search for strategic partners, to improve the present situation" concludes Mr. Mercier.

Summary of results

<i>(Results in thousands of dollars, except earnings per share)</i>						
		Q1	Q2	Q3	Q4	Total
Revenue	2009	11,523	8,565	8,702	8,381	37,171
	2010	10,140	7,171	8,874	7,554	33,739
	2011	9,070	7,824	8,223	-	25,117
Net earnings (loss)	2009	206	1	65	(337)	(65)
	2010	(113)	(737)	3	(2)	(849)
	2011	32	(130)	(198)	-	(296)
Earnings (loss) per common share	2009	0.02	0.00	0.00	0.00	(0.01)
	2010	(0.01)	(0.06)	0.00	0.00	(0.07)
	2011	0.00	(0.01)	(0.02)	-	(0.02)
Fully diluted earnings (loss) per common share	2009	0.02	0.00	0.00	0.00	(0.01)
	2010	(0.01)	(0.06)	0.00	0.00	(0.07)
	2011	0.00	(0.01)	(0.02)	-	(0.02)
Total Assets	2009	28,595	26,690	24,682	25,120	25,120
	2010	23,883	23,387	23,100	23,934	23,934
	2011	24,406	24,592	23,437	-	-
Net debt (1)	2009	8,706	7,955	6,568	7,837	7,837
	2010	6,848	7,137	6,605	6,383	6,383
	2011	6,352	6,568	6,068	-	-
Weighted average of outstanding shares (in thousands)	2009	13,038	13,038	13,038	13,038	13,038
	2010	13,038	13,038	13,038	13,038	13,038
	2011	13,038	13,038	13,038	-	-

Note 1 : Net debt comprises bank loans and the long-term debt, net of cash.

IFRS

The unaudited interim financial statements for the period ended September 30, 2011 are part of Bestar Inc.'s first financial statements established according to the International Financial Reporting Standards (IFRS). The interim financial statements are in accordance with the Interim Financial Reporting IAS 34 of the International Accounting Standards.

Previously, the Company's financial statements were prepared in accordance with the Canadian Generally Accepted Accounting Principles (Canadian GAAP), applicable before the transition to the IFRS. Canadian GAAP differs from the IFRS in some respects. During the preparation of the interim financial statements in accordance with the IFRS, management did not modify any reporting or valuation methods previously used to prepare the statements in accordance to Canadian GAAP, applicable before the transition to the IFRS.

Corporate Profile

Founded in 1948, Bestar Inc. designs, manufactures, and distributes a vast array of ready-to-assemble furnishings that meet customer needs in terms of quality, design, and functionality. Over the last few years, Bestar has specialized mainly in office furniture. Its products are mostly distributed in the United States and Canada, and since 2006, Bestar has engaged in the production of components.

The company became public in 1986 and operates from its plant in Lac-Mégantic, Quebec, Canada.

Bestar's common shares are listed on the Canadian National Stock Exchange (CNSX) under the symbol (BES).

Release Declaration

This press release may contain information and declarations on the future performance of the company that are, by nature, speculative. These declarations are based on suppositions, uncertainties and the best possible evaluation of future events by management. They are subject to certain risk factors such as exchange rates, the growing competition from emerging countries, as well as fluctuating costs in raw material and shipping.

Shareholder Information

Shareholders may find this press release under the CCN news file at www.marketwire.com, on SEDAR at www.sedar.com or on CNSX at www.cnsx.ca. The management report and comprehensive financial statements for the quarter ended September 30, 2011, as well as all other regulatory documents will be available, no later than November 29, 2011, through the SEDAR database and CNSX.

Source :
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