



August 11, 2016
For Immediate Release

News Release

Circa Reports Sales and Operating results for the Second Quarter Ended June 30, 2016 and Declares a Special Cash Dividend

Calgary, AB – 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 second quarter ended June 30, 2016 and declares a special cash dividend of \$0.05 per share.

Summary of second quarter operating results:

- Q2 2016 consolidated sales of \$6.2 million, representing a 11.3% decrease compared to Q2 2015 sales of \$7.0 million
- Profit for the period from continuing operations for Q2 2016 of \$161,000 compared to profit from continuing operations of \$178,000 for Q2 2015
- Earnings per share of \$0.02 for Q2 2016 compared to earnings per share of \$0.02 in Q2 2015
- EBITDA of \$316,000 for Q2 2016 compared to EBITDA of \$306,000 for Q2 2015 (see below for explanation and calculation of EBITDA)
- Adjusted EBITDA of \$338,000 for Q2 2016, compared to Adjusted EBITDA of \$306,000 for Q2 2015 (see below for explanation and calculation of Adjusted EBITDA)
- Working capital of \$8.9 million, including \$1.1 million in cash and no outstanding debt at June 30, 2016

Summary of year-to date operating results:

- Consolidated sales of \$11.7 million for the six months ended June 30, 2016, compared to sales of \$11.9 million for the six months ended June 30, 2015
- Loss for the period from operations for the six months ended June 30, 2016 of \$193,000, compared to profit for the period from operations of \$171,000 for the same period in 2015
- Negative EBITDA of \$34,000 for the six month period ended June 30, 2016, compared to EBITDA of \$346,000 for the same period in 2015
- Adjusted EBITDA of \$275,000 for the six month period ended June 30, 2016 compared to Adjusted EBITDA of \$346,000 for the six months ended June 30, 2015

EBITDA is earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and is adjusted for exchange differences on the translation of foreign currency before tax. EBITDA and Adjusted EBITDA are a non-IFRS financial measures and do not have any standardized meaning prescribed by International Financial Reporting Standards and, therefore, may not to be comparable to similar measures presented by other issuers. Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures, 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 and Adjusted EBITDA should not be construed as an alternative to comprehensive income determined in accordance with IFRS as an indicator of the Company's financial performance. EBITDA and Adjusted EBITDA are calculated by the Company as follows:

	(unaudited) Six months 30 June 2016 \$000's	(unaudited) Six months 30 June 2015 \$000's	(unaudited) Three months 30 June 2016 \$000's	(unaudited) Three months 30 June 2015 \$000's
Profit for the period from operations	(193)	171	161	178
Income taxes	26	63	89	72
Interest	-	-	-	-
Depreciation and amortization	133	112	66	56
EBITDA	(34)	346	316	306
Restructuring costs	309	-	22	-
Adjusted EBITDA	275	346	338	306

Consolidated sales for the second quarter of 2016 were \$6.2 million -- an 11.3% decrease over the same period in 2015. Sales across all revenue streams were higher with the exception of Telecom OEM products which was down \$1.7 million as the project underlying the sales continues to wind down. This decline was offset by an improvement in regular Telecom sales of \$0.1 million; \$0.4 million in sales from the new cabling and wiring harnesses product line and additional Metals segment sales of \$0.4 million.

Although sales were down \$0.8 million, the Company's after tax profit of \$161,000 was off slightly compared to after tax profit of \$178,000 in the second quarter of 2015. The Company posted higher gross profit as a percentage of sales due to a more favourable product mix, including the addition of the cable and connectivity product line. The Company has also addressed the low margins as a result of the stronger U.S. dollar through selling price increases and negotiated reductions in overseas purchases.

Selling, general and administrative costs increased as a result of higher sales commissions and the infrastructure inherited with the acquisition of the ACC business in December 2015. Management took numerous steps in the first half of 2016 to reduce duplicate costs associated with this acquisition by combining

the manufacturing and warehousing facilities, reducing redundancy and streamlining operations. The one-time costs associated with these activities are separated in the financial statements as restructuring costs and negatively impacted profits.

Total comprehensive income of \$201,000 in Q2 2016 decreased by \$125,000; from \$326,000 in Q2 2015. The decline in Other Comprehensive Income is attributable to currency exchange on the translation of the Company's U.S subsidiary.

Grant Reeves, Circa's President and Chief Executive Officer, stated:

"The most recent quarter reflects solid revenue growth and increased profitability from our core product lines. Gross margins in the 2Q improved to 35% of revenue from 23% a year ago from better operating effectiveness, price changes to account for the stronger US dollar and favourable changes in the product mix. Our recently acquired cable and connectivity product line has been fully integrated with our existing operations and we launched a new web store and brand, CircaMax, as a platform to increase sales beyond existing markets. I am pleased with the progress that has been made to grow and strengthen the Company's repeat business with higher margin products. On the other hand, the expected winding down of Telecom OEM revenue tied to the completion of a multi-year project is a significant decline from last year and overshadows the gains in our core business. We continue to work on our strategy of adding new products by acquisition and growing existing revenues by expanding our markets to new regions. With \$7.8 million of working capital and \$1 million of cash on hand, plus an undrawn credit line of \$5 million, Circa is in a strong position and pleased to declare a 5 cent per share dividend."

CIRCA ENTERPRISES INC.
Condensed Consolidated Statements of Comprehensive (Loss) Income

Unaudited

	Six months ended 30 June 2016 \$000's	Six months ended 30 June 2015 \$000's	Three months ended 30 June 2016 \$000's	Three months ended 30 June 2015 \$000's
Sales	11,684	11,877	6,167	6,951
Cost of sales	(8,683)	(9,288)	(4,496)	(5,490)
Gross profit	3,001	2,589	1,671	1,461
Selling, general and administrative expenses	(2,862)	(2,355)	(1,401)	(1,211)
Restructuring costs	(309)	-	(22)	-
Operating (loss) profit	(170)	234	248	250
Other income	3	-	2	-
Finance costs	-	-	-	-
(Loss) profit before tax	(167)	234	250	250
Income tax expense	(26)	(63)	(89)	(72)
(Loss) profit for the period from operations attributable to shareholders of the Company	(193)	171	161	178
Other comprehensive (loss) income:				
Exchange differences on translating foreign operations, net of tax	(108)	404	40	148
Total comprehensive (loss) income for the period attributable to shareholders of the Company	(301)	575	201	326
(Loss) earnings per share (in \$'s)				
Basic and diluted	(0.02)	0.02	0.02	0.02

DECLARATION OF SPECIAL DIVIDEND

The Company announced today that its Board of Directors has declared a special cash dividend of \$0.05 per share on its common shares payable September 8, 2016 to shareholders of record at the close of business August 31, 2016. The Dividend is deemed to be an eligible dividend for purposes of the Income Tax Act (Canada).

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 quarterly 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.

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