



GARNEAU INC. THIRD QUARTER RESULTS

ENDED SEPTEMBER 30, 2007

Garneau Inc. announces results for three and nine months ended September 30, 2007.

NIKSU, November 14, 2007- Garneau Inc. (GAR-TSX) announced operating results for three and nine months ended September 30, 2007. A summary of those results are as follows;

(In thousands, except per share data, unaudited)	Three months ended		Nine months ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Revenue	\$ 3,793	\$ 11,078	\$ 15,810	\$ 42,908
Margin	1,095	1,658	2,741	8,045
Margin %	28.9%	15.0%	17.3%	18.7%
Earnings (loss) before income taxes	(1,034)	(334)	(3,621)	1,515
Net earnings (loss)	(1,034)	53	(3,015)	910
Earnings (loss) per share -	(0.09)	0.00	(0.25)	0.08
Earnings (loss) per share - diluted	(0.09)	0.00	(0.25)	0.08

This report includes forward looking statements that are based on the Garneau's current expectations and therefore are subject to uncertainties such as the level of industry drilling and coating activity, foreign exchange fluctuations and world wide economic conditions that may cause actual results to differ materially.

Additional information and Managements Discussion and Analysis are available on SEDAR (www.sedar.com).

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "anticipate", "believe", "will", and similar expression and statements relating to matters that are not historical facts are forward looking statements. Such forward looking statement involve known and unknown risk and uncertainties which may cause the actual results, performances or achievements of Garneau Inc. to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements.

Such factors include, but are not limited to, fluctuations in oil and gas activity levels, political and economic conditions, the demand for services provided by Garneau Inc., Garneau Inc.'s ability to attract and retain key personnel and other factors.

This analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Corporation for the nine months ended September 30, 2007 and 2006 and in conjunction with the audited consolidated financial statement and Annual Management Discussion and Analysis for the year ended December 31, 2006.

Third quarter revenue for the period ended September 30, 2007, totalled \$3.8 million which was a \$7.3 million decrease from the \$11.1 million recorded for the comparative quarter ended September 30, 2006, a direct result of decreased Camrose coating activity and Nisku manufacturing activity experienced in the third quarter. Year to date revenue for the period ended September 30, 2007 totalled \$15.8 million which is \$27.1 million below the September 30, 2006 comparative period total of \$42.9 million, also a direct result of decreased overall coating and manufacturing activity.

Margin for the third quarter ended September 30, 2007 totalled \$1.1 million, which is \$0.6 million below the \$1.7 million recorded for the comparative period. The margin decrease is directly attributed to decreased revenue generated from both segmented operations as overall industry activity slowed down significantly. Year to date margin of \$2.7 million (17.3%) is \$5.3 million below the \$8.0 million (18.7%) recorded for the comparative nine month period and reflects the curtailment in overall activity.

Funds used by operations, before changes in non-cash working capital, for the quarter ended September 30, 2007 totalled (\$0.4) million, compared to the \$0.2 million generated for the comparative period, a decrease attributed to decreased overall operational revenue and margins generated by both segments of the Corporation in the third quarter of 2007. Year to date operating funds, before non-cash working capital used for the period ended September 30, 2007, totalled (\$1.9) million, \$4.9 million below the \$3.0 million generated over the comparative period and reflects the cash flow used during the slowdown in business activity for both segments of Garneau operations.

The decrease in coating revenue and gross margin there-from resulted in net losses totalling \$1.0 million for the three month period ended September 30, 2007, a decrease of \$1.1 million from the \$53 thousand net earnings reflected in the comparative period ended September 30, 2006. No future income tax recovery was recorded in the third quarter of 2007. Year to date net loss of \$3.0 million is a \$3.9 million decline from the \$0.9 million net earnings generated from the nine months comparative period ended September 30, 2006 and reflects the overall decrease in revenue and margins recorded during 2007.

During the second quarter period ended June 30, 2007 new credit facilities were approved by the Corporation's bank. Operating and loan payable credit facilities available to the Corporation included a demand revolving operating line of credit of \$18.0 million (\$2.7 million utilized), a demand revolving evergreen loan of \$5.0 million (\$1.9 million utilized), a loan lease facility for \$1.8 million (\$0.4 million utilized pertaining to the manufacture of polyethylene pipe and acquisition of forklifts) and a demand loans facility in the amount of \$9.0 million (\$3.8 million utilized). The operating line of credit continues to fluctuate within authorized limits. Terms and conditions for the new credit facilities authorized include requirements for the completion of new security documentation, updated appraisals on corporate buildings and land owned in Camrose and Nisku and ongoing covenants set by the bank. At September 30, 2007, the Corporation was not in compliance with the debt service covenant related to its bank credit facility. The covenant is determined quarterly based on the trailing four quarters ending on each determination date. The Corporation has obtained forbearance from the lenders for the breach of this covenant as of September 30, 2007 until December 31, 2007. There is uncertainty with respect to the ability of the Corporation to comply with its debt covenants during the next twelve months without an amendment or waiver of the covenants. Management expects them to be modified, if they are not, future violation of the covenants could result in a requirement to immediately repay the operating and demand loans. The \$20.0 million increase in credit facilities authorized will be used to fund new strategic initiatives expected to be undertaken by the Corporation. The Corporation's bank working capital covenants have been adjusted. For the purposes of the working capital covenant calculation, principal payments on the loans payable scheduled to be repaid after 12 months are not included in the working capital.

Net additions to capital equipment were \$328 thousand for the quarter end September 30, 2007, compared to \$473 thousand for the period ended September 30, 2006 and totaled \$1.2 million year to date compared to the \$1.7 million recorded in the comparative period ended September 30, 2006. Capital expenditures for 2007 were primarily related to additional fabrication, mobile, equipment under construction, and coating equipment betterments required in the normal course of business to support operations during the third quarter of 2007.

Small diameter coating activity for the third quarter of 2007 was well below the activity recorded in 2006 as only one coating line was in operation for most of the third quarter with only one shift employed. The order book remained soft during the third quarter of 2007 as overall drilling activity remains slow. Design and fabrication work continued on the plant upgrades capital program announced in the fall of 2006 for the Camrose plant. Camrose setup for the distribution of pipe occurred during the third quarter with initial orders received in late September.

Domestic manufacturing activity also remain slow in the third quarter of 2007 as project bidding and activity were well below 2006 levels in Nisku. Garneau manufacturing operations plant hours continued at 8- 10 hour shifts throughout the third quarter and staff cutbacks incurred during the second quarter were not replenished as project activity remained curtailed.

The significant 2007 industry slowdown has continued into the third quarter of 2007 with both coating and manufacturing activity being curtailed substantially. This continued reduction in industry activity impacted Garneau's third quarter financial results substantially as both coating and manufacturing revenue recorded were well below 2006 comparisons.

Design and fabrication on the major Camrose capital expenditure program continued during the third quarter of 2007 and is progressing as originally planned. This major upgrade to the Camrose facility is projected to improve production efficiencies and reduce downtime and maintenance costs in the plant. We project improved capabilities for future client orders through these upgrades.

Discussions on proceeding with the Commercial Coating Services International joint venture agreement signed in the fall of 2005 continued during the third quarter of 2007. The venture is working towards bringing cold weather application to the coating process and will resume activity in late 2007. If proven successful, this could lead to new revenue streams for the Corporation on future large diameter projects.

The Corporation announced major expansion plans on August 14, 2007 wherein the Corporation is diversifying their Pipeline business segment into the distribution of oil country tubular goods and line pipe products. This expansion enables Garneau to offer tubular and line pipe procurement and inventory management to our clients, in addition to the existing coating services provided from our 65,000 sq ft Camrose facility. Increased marketing efforts and infrastructure realignment procedures are underway to support this aggressive initiative. The expansion will not require significant changes to the plant or yard infrastructure in the Camrose operation. Negotiation for initial supply of tubular products is complete and authorized bank credit lines have been increased by \$20 million to support this new strategic initiative. The tubular and line pipe in Western Canada industry is estimated, by management to exceed over \$1.0 billion dollars annually in recent years and Garneau is anticipating that it can be successfully penetrate the existing market based on the Corporation's ability to now offer consolidated "one stop shopping" for these services. This announcement marks a major step in Garneau's commitment to providing the oil and gas industry with additional value added services and further reflects Garneau's commitment to increasing corporate growth and long term profitability for our shareholders. Bare pipe inventory has been purchased for resale and initial pipe orders are now being received as the Garneau marketing team pursues new business.

Garneau will continue to invest in research and development, while actively pursuing potential new markets and focusing on profitable growth by offering specialty products and services to complement our core coating and manufacturing operation.

The TSX Exchange does not accept responsibility for the accuracy of this release.