

Press release

For immediate release

NOVIK ANNOUNCES RECORD QUARTERLY SALES

SECOND QUARTER 2010 HIGHLIGHTS

- Record quarterly sales at \$7.7 M
- 84% increase in sales during the quarter
- 68% sales growth for the first six months
- US sales increased by 130% through the first six months
- Quarterly operating profit of \$448,000 compared to an operating loss of \$574,000 last year

Quebec City, August 25th, 2010 – Novik inc. (NVK) releases today its results for the second quarter of fiscal year 2010. All amounts are expressed in Canadian dollars unless otherwise indicated.

NOVIK inc. for the periods ended June 30, 2010 and 2009 <i>(in thousands dollars, except for amounts per share)</i>	Second quarter	Second quarter	Year to date	Year to date
	2010	2009	2010	2009
	\$	\$	\$	\$
Operating results				
Revenues	7,691	4,172	11,545	6,817
Gross margin	2,911	1,535	4,130	2,500
Earnings before depreciation, stock-based compensation, financial expenses and income taxes	1,001	8	1,049	21
Net earnings (loss)	51	436	(260)	(192)
Basic and diluted net earnings (loss) per share	0.001	0.009	(0.005)	(0.004)

NOVIK inc. (in thousands dollars, except for amounts per share)	June 30, 2010	Dec. 31, 2009
	\$	\$
Financial position		
Total assets	26,932	25,314
Working capital	395	1,457
Total long-term financial liabilities	10,025	10,450
Total liabilities	16,258	14,496
Shareholder's equity	10,674	10,818
Shareholder's equity per share	0.22	0.22
Number of shares outstanding	48,470,858	48,470,858

During the course of the second quarter of fiscal year 2010, Novik recorded revenues of \$7.7 M, compared to \$4.2 M during the same quarter of the previous fiscal year. Mr Michel Gaudreau, Novik's president, is proud to announce that "this level is a quarterly sales record for Novik, surpassing the quarterly sales record of \$7.2 M during third quarter 2008. Novik's 84% sales growth in the second quarter compared to the same period of last fiscal year is a great achievement, given our presence in an industry still facing significant challenges following the latest economic recession."

Mr. Gaudreau explains that "this sales growth is mainly located in Canada and the United States. Just like the first quarter of the current fiscal year, the presence of new large distributors in these two countries and the introduction of innovative covering products in 2009 explain this growth. Sales increased by nearly \$3 M in the North American territory for the second quarter, a 71% increase compared to the same period of the previous year. The efforts in marketing and developing new products in recent years have allowed Novik to generate this sales growth and also be well positioned to generate greater growth once the economy recovers."

He adds that "it is important to add that these new distributors are currently ordering our products in a more conservative manner compared to the demand seen in the middle of the 2000s. A stronger economic recovery during the coming years could thus result in additional organic growth in Novik's sales in the near future."

Mr. Gaudreau outlines as well that "European deliveries are up compared to the most recent quarters. It is true that our distributors have been negatively impacted by the global economic situation, considering that their customers are having more difficulty gaining access to credit. The situation seems to be improving but remains tenuous. However, discussions with our current and potential distributors have been more positive since the beginning of the year and could materialize as new orders to make up for the gap in sales on this continent from the first six months of the year compared to the same period of the previous year."

Novik's cumulative sales, for the first six months of 2010, totals \$11.5 M compared to \$6.8 M for the same period of the previous year. The strong 68% increase in sales is also explained by the items mentioned above.

EARNINGS BEFORE INTEREST, STOCK-BASED COMPENSATION COSTS, TAXES, DEPRECIATION AND AMORTIZATION ("adjusted EBITDA")

Earnings before interest, stock-based compensation costs, taxes, depreciation, and amortization (adjusted EBITDA) is a measure that has no standardized meaning prescribed by Canadian generally accepted accounting principles. It is therefore considered to be a non-GAAP measure in Canada. Accordingly, the measure may not be comparable to similar measures presented by other issuers. This measure is presented and described in this management report in order to provide shareholders and potential investors with additional information regarding the company's liquidity and ability to generate funds to finance its activities.

For the second quarter of fiscal year 2010, adjusted EBITDA is \$1,001,000 compared to \$8,000 for the same period of the previous fiscal year.

Novik's large sales growth during the second quarter explains this increase. This level of adjusted EBITDA, given a ratio of 13% on sales, represents a more comparable threshold than that realized in recent years.

For the six-month period ended on June 30, 2010, adjusted EBITDA totals \$1,049,000 compared to \$21,000 for the same period of the previous fiscal year.

NET PROFIT

The company's net profit for the second quarter of fiscal year 2010 amounts to \$51,000, compared to a net profit of \$436,000 for the same quarter of the previous fiscal year. It is important to understand that the net profit generated during the second quarter of the previous fiscal year was made possible through the recording of an exchange gain of \$1,400,000. This exchange gain was explained by the recording of an exchange gain on foreign exchange contracts and the revaluation of the net monetary liabilities denominated in US currencies as at June 30, 2009 as the Canadian dollar significantly appreciated in relation to the US dollar during this period. Considering the level of earnings coming from operations, Novik shows an operating profit of \$448,000 in the current second quarter compared to an operating loss of \$574,000. Novik's large sales growth in this second quarter made this improvement of more than \$1,000,000 possible.

For the six-month period ended on June 30, 2010, the net loss is \$260,000 compared to a net loss of \$192,000 for the same period of the previous fiscal year. Novik generated an operating profit of \$59,000 after the first six months of 2010 compared to an operating loss of \$983,000 last year. On an operating basis, Novik is in a much better position in terms of profitability compared to last year as at the same date.

OUTLOOK

The significant increase in Novik's sales during the first six months of the current year represents a very positive point. After suffering a more difficult fiscal year in 2009, given the global economic recession, Novik is regaining its strength through the introduction of products having gained market shares with its current customers and also new large distributors in North America. These new products have enabled Novik to open new doors in a still fragile industry. The sales growth of 68% after six months compared to the same period of the previous year is a direct consequence of the continuation of our efforts in new product design. The order book remains filled for the coming months, and this rate of growth is expected to be maintained for the next quarter.

One of the biggest challenges for the next six months will be to maximize the expectation of profitability in 2010. The high cost of plastic since the beginning of the year and the large investments in its marketing activities, such as the introductory discounts granted at the start of the year to major North American distributors, had a detrimental impact to Novik's profitability to date in 2010.

However, the decrease in the cost of plastic observed over the past few months, the increase in the price of our products since the middle of second quarter 2010, and the establishment of an action plan to prioritize our marketing efforts and various projects are expected to have a positive financial impact to the remainder of the year.

About NOVIK

Novik (NVK) is a leader in the design, manufacturer and distribution of innovative polymer exterior siding, roofing coverings and accessories that replace traditional materials such as stone, brick or wood shingles. These products target the world-wide residential and commercial construction industry.

Forward-looking statements contained in this press release involve known and unknown risks, uncertainties or other factors that may cause actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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