

Close of Beckermann Kitchens (2007) Inc.

January 7, 2008

Beckermann Kitchens (2007) Inc., a manufacturer of high end cabinetry, has made a voluntary assignment in bankruptcy and ceased to carry on business effective January 4, 2008. The business employed a total of 77 people.

The President of Beckermann Kitchens expressed his appreciation for the company's loyal and committed employees and his thanks for their support. Beckermann's financial woes had nothing to do with internal performance and were strictly the result of external market factors.

The owners purchased the struggling business several months ago with a conservative forecast and funding to carry the business. However, the sub prime mortgage problems, coupled with the strengthening Canadian dollar resulted in plummeting sales. The situation has been exacerbated by the usual seasonal drop in sales, and consequently they have been forced to close the doors. Many other cabinet manufacturers are also experiencing these challenges.

Beckermann's President advised that the over capacity in the cabinet industry contributed to the company's difficulties, depressing prices further. There are over 3,000 cabinet manufacturers in Canada and competition on price is fierce. Several promising opportunities were on the horizon for Beckermann but there was insufficient immediate business to sustain the company. While the Beckermann plant had an excellent workforce, good productivity and quality, and was well positioned in the market, it was unable to attract the necessary current sales to keep the business viable.

Deloitte & Touche Inc. have been appointed Trustee in Bankruptcy.