

# National Challenge Systems Inc.

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## NEWS RELEASE

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### **National Challenge Improves Bottom Line by \$236,000 for Q1 2007**

**Woodbridge, Ontario –November 14, 2006.** National Challenge Systems Inc., a leader in the provision of vacuum truck services for the collection, treatment and disposal of non-hazardous liquid waste, today announced financial results for its first quarter of fiscal 2007, ended September 30, 2006.

Net profit for the first quarter of fiscal 2007 was up \$236,000 to \$11,000, from a \$225,000 loss for the first quarter of 2006. Gross margin was up 37% or \$367,000 from \$998,000 for the first quarter 2006 to \$1,365,000 for the first quarter 2007.

The Company's single largest expense, residuals management, was reduced significantly beginning in May 2006 as the Company was able to take more residuals to third-party recycling sites in Ontario instead of transporting out of province. This situation continued throughout the first quarter of 2007. The Company has no long-term contracts with these third party Ontario disposal sites and therefore cannot predict with certainty how long this situation will continue.

The Company continues to have large non-cash operating expenses including amortization of intangible assets related to the acquisition of its two operating subsidiaries. The amortization of the intangible assets, which was \$242,000 in the first quarters of both 2006 and 2007, will be reduced to \$25,000 per quarter beginning in June 2007 through to 2017.

The comparative financial statements for the three months ending September 30, 2006 along with other information may be obtained through the Company's website at [www.nationalchallenge.com](http://www.nationalchallenge.com), or on SEDAR at [www.sedar.com](http://www.sedar.com).

This press release is available on the Company's official on-line investor relations site for investor commentary, feedback and questions. Investors are asked to visit the investor relations section of the Company's website at [http://www.nationalchallenge.com/NCS\\_Investor.asp](http://www.nationalchallenge.com/NCS_Investor.asp). Alternatively, investors are asked to e-mail all questions and correspondence to [Info@NationalChallenge.com](mailto:Info@NationalChallenge.com) where they can also request addition to the National Challenge investor e-mail list to receive all future press releases and updates directly.

### **About National Challenge Systems Inc.**

National Challenge is Canada's largest provider of vacuum truck services for the collection, treatment and disposal of organic and other non-hazardous liquid waste. NCS services in excess of 8,000 commercial, industrial, institutional and residential customers in Ontario, Quebec, and British Columbia. Further information about NCS may be obtained at the Company's web site at [www.nationalchallenge.com](http://www.nationalchallenge.com).

Note: Certain information contained in this press release may be forward-looking and therefore subject to unknown risks or uncertainties. The actual results, performance or achievements of National Challenge Systems Inc. may differ materially from the results, performance or achievements of the Company expressed or implied by such forward-looking statements.

## CONTACT INFORMATION

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