



November 9, 2012  
For Immediate Release

**WaterFurnace Renewable Energy, Inc. 3rd Quarter Results:  
Announces Quarterly Dividend**

(U.S.\$)

Fort Wayne, Indiana—WaterFurnace Renewable Energy, Inc. [WFI:TSX], the leading manufacturer of energy efficient heating and cooling solutions, today reported third quarter financial results. The Company announced lower-than-projected sales and profits due to sustained pressures from a struggling economy, weak consumer confidence among affluent homeowners, and low natural gas and propane prices. The industry segments of residential and commercial geothermal heat pumps along with boiler/tower products witnessed contraction. The Company, however, increased its market share in both residential and commercial sectors while in a very competitive environment.

Gross profit as a percentage of sales increased from 37.9% in Q3 2011 to 38.0% in Q3 2012. Continued releases of new products along with effective supply chain initiatives provided this enhancement in margins despite lower manufacturing absorption.

On July 27, 2012, the Company signed a joint venture agreement with Chinese company Ningbo Shenglong Group Co., Ltd. (Shenglong) to form WaterFurnace Shenglong HVACR Climate Solutions, Ltd. (WFSL), also a Chinese company. Management believes that the increased global footprint and ability to bring focus to the Chinese market bodes well for the Company. Not only does this venture provide new sourcing and distribution opportunities, it also brings the enormous growth potential of the Chinese market to the Company and its shareholders. Operations of the joint venture began on November 5, 2012.

Cash and cash equivalents increased for the first nine months of 2012 by \$175 thousand after paying \$9.4 million in dividends versus an increase of \$3.0 million for the first nine months of 2011 after paying \$8.5 million in dividends. Cash disbursements for the first nine months of 2012 included \$397 thousand paid in startup costs for the Company's new joint venture in China.

“While the industry continued to weather short-term challenges, WaterFurnace maintained its focus on business investments, market share and product innovation,” said Tom Huntington, President and CEO of WaterFurnace. “The successful launch of the 7 Series—the first variable capacity geothermal heat pump available to homeowners—marked a milestone for the entire industry and will have an increasingly positive impact on our sales and brand image as the market recovers.”

The Board of Directors approved a quarterly dividend of \$0.24 U.S. per share for shareholders of record on November 21, 2012, with payment on December 3, 2012. Chairman of the Board Tim Shields added, “WaterFurnace is committed to a long-term strategy and the Board of Directors remains optimistic about the Company's ability to weather challenging business conditions thanks to the steps management has taken to strengthen and diversify the overall business.”

The third quarter report to shareholders is available at [www.waterfurnace.com](http://www.waterfurnace.com) and filed on SEDAR at [www.sedar.com](http://www.sedar.com). The CEO and CFO will conduct a webcast covering the results of the quarter at 11:00 AM Eastern Daylight Time on Monday, November 12, 2012. Those interested can listen live or to the recorded version at <http://www.newswire.ca/en/webcast/detail/1053867/1145469> or at the Company's website: [www.waterfurnace.com](http://www.waterfurnace.com).

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## **Forward-Looking Information Cautionary Notice**

Certain statements in this release constitute forward-looking statements within the meaning of applicable Canadian securities laws. Readers are cautioned not to place undue reliance on such statements. Investors should not rely solely on this information to make investment decisions. These statements are subject to certain assumptions, risks and uncertainties. In addition, WaterFurnace's sales are related to the cost and stability of electricity, fuel oil, propane and natural gas. Federal, state and provincial building codes and energy incentives can also impact sales. WaterFurnace is subject to standard risks associated with most companies, such as normal competitive pressures. These and other risks could cause WaterFurnace's actual results, performance, achievements and developments to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Other risk factors can be found in WaterFurnace's Annual Information Form and other public documents filed by WaterFurnace with Canadian securities regulatory authorities. WaterFurnace assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

## **More Information**

WaterFurnace Renewable Energy, Inc. is traded in both Canadian dollars and U.S. dollars on the Toronto Stock Exchange under the symbol WFI for Canadian dollars and WFI.U for U.S. dollars.

WaterFurnace designs, manufactures and distributes geothermal heat pumps. The geothermal units use the renewable solar energy stored just below the surface of the earth to dramatically reduce the energy consumed by buildings for heating, cooling and hot water.

Additional information about the Company and its products is available on the Company's website: [www.waterfurnace.com](http://www.waterfurnace.com). Or call (260) 478-5667 and ask for investor relations.

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WaterFurnace Renewable Energy, Inc.  
Consolidated Statements of Financial Position  
Prepared using International Financial Reporting Standards  
(Unaudited—Thousands of U.S.\$)

	September 30, 2012	December 31, 2011
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 11,821	\$ 11,646
Short-term investments	10,226	10,181
Receivables	15,058	20,126
Income taxes receivable	768	-
Inventory	11,395	9,188
Prepays and deposits	559	1,264
Total current assets	49,827	52,405
Property, plant and equipment	6,758	6,762
Deferred tax assets	9,404	7,686
Intangible assets	1,568	1,713
Long-term investments	285	-
Total Assets	\$ 67,842	\$ 68,566
<b>Liabilities</b>		
Current Liabilities		
Payables and accruals	\$ 5,775	\$ 7,041
Income taxes payable	-	652
Provision for warranty claims - current portion	3,754	3,274
Total current liabilities	9,529	10,967
Finance leases	47	76
Deferred compensation	866	749
Provision for warranty claims	18,395	15,104
Total Liabilities	28,837	26,896
<b>Shareholders' Equity</b>		
Share capital	18,236	17,505
Foreign exchange translation adjustment	26	6
Retained earnings	20,743	24,159
Total Shareholders' Equity	39,005	41,670
Total Liabilities & Shareholders' Equity	\$ 67,842	\$ 68,566