

August 3, 2011

easyhome Ltd. Reports 2011 Second Quarter Results

Mississauga, August 3, 2011: *easyhome* Ltd. (TSX: EH), Canada's largest merchandise leasing Company and a growing provider of financial services, today announced its results for the second quarter and six months ended June 30, 2011.

easyhome Ltd. ("easyhome") continued to show strong revenue increases during the second quarter of 2011. Revenue for the quarter increased 8.0% to \$46.3 million, driven primarily by the expansion of the *easyfinancial* Services business and the growth of its consumer loans receivable portfolio. Reported net income for the quarter was \$2.7 million, an increase of 36.0% over the second quarter of 2010. The Company reported diluted earnings per share of \$0.23, compared to \$0.19 for the second quarter of 2010. On a year-to-date basis, revenues have increased 7.7% and diluted earnings per share have increased from \$0.38 in 2010 to \$0.43 in 2011. The 2011 diluted earnings per share reflect the impact of the equity offering completed in December 2010.

Other highlights for the second quarter of 2011 include:

- Corporate same store revenue growth of 6.4% compared with an increase of 1.3% in 2010
- 18.2% growth during the quarter of the consumer loans receivable portfolio representing a year-over-year increase of 104% and an ending gross consumer loans receivable portfolio of \$35.3 million
- Return on equity of 11.5%
- Cash flow from operating activities of \$12.2 million

Commenting on the results, David Ingram, *easyhome*'s President and Chief Executive Officer stated "Our results for the second quarter maintain the trend of revenue and earnings growth. The continuing investment to improve both our internal processes and infrastructure are providing a platform for positive sustainable growth. These enhancements, coupled with the increased capital secured through our recent bank refinancing and the December 2010 equity offering, will support the growth of all business units, in particular *easyfinancial* Services."

Second Quarter Results

For the second quarter ended June 30, 2011, *easyhome* generated revenues of \$46.3 million, an increase from \$42.9 million in the second quarter of 2010. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 6.4% compared with a growth of 1.3% for the second quarter of 2010.

On a segmented basis, the Company's leasing operations recorded revenues of \$40.3 million, unchanged from same period last year. Franchising contributed revenues of \$0.3 million, also unchanged from the same period last year. *easyfinancial* Services revenues increased to \$5.6 million from \$2.3 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$17.3 million to \$35.3 million.



TSX Symbol: EH

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Operating income, which is income before interest expense and income taxes, increased 25.3% to \$3.9 million from \$3.1 million in the second quarter of 2010. Quarterly revenue increases were offset by additional costs resulting from additional stores and kiosks, higher bad debt expenses arising from a larger consumer loans receivable portfolio and a greater level of corporate costs to support sustainable growth. Operating income was also increased by a reduction in depreciation and amortization. As a percentage of revenue, operating income improved from 7.2% to 8.4%.

Net income increased 36% to \$2.7 million for the second quarter of 2011, compared with \$2.0 million for the second quarter of 2010. On a per share basis, earnings were \$0.23 compared with \$0.19. Adjusted for the restructuring charges and bad debt expenses related to the employee fraud in the prior year, earnings were \$2.5 million, or \$0.23 per share, a year ago.

Six Months Results

For the first half of the year, easyhome recorded revenues of \$92.5 million, up 7.7% compared with \$85.9 million in the first six months of 2010. Operating income for the period was \$7.7 million, an increase of 16.3% compared with \$6.6 million in the first six months of 2010. Diluted earnings per share increased from \$0.38 to \$0.43. Net income, adjusted for unusual items, was \$5.1 million compared with \$4.8 million for the same period last year. On a per share basis and excluding unusual items, diluted earnings per share was \$0.43 compared with \$0.46 a year ago.

Cash flow provided by operating activities for the six months ended June, 2011 was \$15.8 million. Included in these cash flows was a net investment in the *easyfinancial* Services consumer loans receivable portfolio of \$14.2 million. If this net investment in the loan portfolio was treated as cash flow from investing activities, cash flow from operating activities would be \$30.0 million. This cash flow enabled the Company to invest in the portfolios to drive future revenue growth of all business units, strengthen the management and infrastructure to support sustainable growth and maintain its total dividend payments for the quarter. Subsequent to June 30, 2011, and as previously announced, the Company increased its bank revolving credit facility by \$10 million which will provide additional funding to further the growth of the *easyfinancial* Services business.

Donald K. Johnson, Chairman of the Board, commented, "The Board is pleased with the continued progress and improved profitability of the Company. We are confident that management is taking the necessary steps to support the Company's strategy for sustainable growth and look forward to the resulting improved value for *easyhome*'s shareholders."

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on October 5, 2011 to common shareholders of record as at the close of business on September 27, 2011.



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About easyhome

As at June 30, 2011, easyhome Ltd. had 258 stores, including 41 franchised/licensed locations. The Company also operated 72 easyfinancial kiosks within existing easyhome stores, one stand-alone easyfinancial location and one national loan office.

easyhome Ltd. is Canada's largest merchandise leasing Company and the third largest in North America, offering top quality, brand-name household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements through both corporate and franchise stores. In addition, the Company offers a variety of financial services, including loans, prepaid cards and cheque cashing through its easyfinancial services business. easyhome Ltd. is listed on the TSX under the symbol 'EH'. For more information, visit www.easyhome.ca.

The above analysis refers to certain financial measures that are not determined in accordance with international financial reporting standards ("IFRS"). These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. Although measures such as operating income and same store revenue growth do not have standardized meanings prescribed by IFRS, these measures are defined in our management discussion and analysis which is available on SEDAR or on the Company's website at www.easyhome.ca or can be determined by reference to our financial statements. We discuss these measures because we believe that they facilitate the understanding of the results of our operations and financial position.

Forward-Looking Statements

This news release includes forward-looking statements about easyhome Ltd. including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'intends', 'plans', 'believes' or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenue, earnings or growth rates), ongoing business strategies or prospects about future events is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us, due to, but not limited to important factors such as our ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to our customers at a competitive rate, cope with changes in legislation, raise capital under favourable terms, manage the impact of litigation, control costs at all levels of the organization and maintain and enhance our system of internal controls. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. We are under



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no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless otherwise required by law.

(tables follow)

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easyhome Ltd.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(expressed in thousands of Canadian dollars)

	As at June 30, 2011	As at December 31, 2010
ASSETS		
Current assets		
Cash	778	731
Amounts receivable	4,815	4,809
Income taxes recoverable	1,240	-
Consumer loans receivable (note 4)	27,332	18,162
Prepaid expenses	1,011	1,296
Total current assets	35,176	24,998
Amounts receivable	1,066	1,062
Consumer loans receivable (note 4)	6,165	3,667
Lease assets	66,041	68,622
Property and equipment (note 5)	12,180	12,953
Deferred tax assets (note 9)	5,605	8,047
Intangible assets	3,040	3,093
Goodwill	17,325	17,325
TOTAL ASSETS	146,598	139,767
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank revolving credit facility (note 6)	25,808	15,649
Accounts payable and accrued liabilities	15,653	19,322
Income taxes payable	-	65
Dividends payable	1,007	892
Deferred lease inducements	558	578
Unearned revenue	4,590	5,310
Term loan (note 6)	867	2,602
Provisions	143	421
Total current liabilities	48,626	44,839
Accounts payable and accrued liabilities	753	450
Deferred lease inducements	1,766	1,881
Provisions	380	407
Total liabilities	51,525	47,577
Shareholders' equity		
Share capital (note 7)	60,207	60,074
Contributed surplus	3,077	3,061
Accumulated comprehensive loss	(604)	(257)
Retained earnings	32,393	29,312
Total shareholders' equity	95,073	92,190
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	146,598	139,767

See accompanying notes to the interim condensed consolidated financial statements

easyhome Ltd.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(expressed in thousands of Canadian dollars except earnings per share)

	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
REVENUE				
Lease revenue	39,376	39,659	80,158	80,366
Interest income	3,469	1,314	6,312	2,193
Other	3,419	1,878	5,997	3,330
	46,264	42,851	92,467	85,889
EXPENSES				
Salaries and benefits (note 8)	15,135	13,613	29,825	26,550
Advertising and promotion	1,872	1,606	3,466	2,753
Bad debts	1,390	696	2,514	1,110
Occupancy	6,217	6,084	12,674	12,145
Distribution and travel	2,058	1,608	3,939	3,263
Other	3,376	2,865	6,588	5,542
Restructuring items	-	328	-	641
	30,048	26,800	59,006	52,004
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	11,361	11,602	23,812	24,277
Depreciation of property and equipment (note 5)	778	951	1,624	1,923
Amortization of intangible assets	171	93	277	187
Impairment (net) (note 5)	29	311	29	863
	12,339	12,957	25,742	27,250
Operating income	3,877	3,094	7,719	6,635
Interest expense (note 11)	336	266	633	549
Income before income taxes	3,541	2,828	7,086	6,086
Income tax expense (note 9)				
Current	(781)	(336)	(449)	456
Deferred	1,608	1,168	2,439	1,639
	827	832	1,990	2,095
Net income	2,714	1,996	5,096	3,991
Basic earnings per share (note 10)	0.23	0.19	0.43	0.38
Diluted earnings per share (note 10)	0.23	0.19	0.43	0.38

See accompanying notes to the interim condensed consolidated financial statements

easyhome Ltd.**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net income	2,714	1,996	5,096	3,991
Other comprehensive income (loss) for the period				
Foreign currency translation reserve	(31)	407	(347)	148
Comprehensive income	2,683	2,403	4,749	4,139

See accompanying notes to the interim condensed consolidated financial statements

easyhome Ltd.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(expressed in thousands of Canadian dollars)

	Issued Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance, January 1, 2011	60,074	3,061	63,135	29,312	(257)	92,190
Shares issued	133	(191)	(58)	-	-	(58)
Stock-based compensation (note 8)	-	207	207	-	-	207
Comprehensive income, net of tax	-	-	-	5,096	(347)	4,749
Dividends paid (note 7)	-	-	-	(2,015)	-	(2,015)
Balance, June 30, 2011	60,207	3,077	63,284	32,393	(604)	95,073
Balance, January 1, 2010	48,880	3,142	52,022	26,801	-	78,823
Shares issued	269	-	269	-	-	269
Stock-based compensation (note 8)	-	195	195	-	-	195
Comprehensive income, net of tax	-	-	-	3,991	148	4,139
Dividends paid (note 7)	-	-	-	(1,775)	-	(1,775)
Balance, June 30, 2010	49,149	3,337	52,486	29,017	148	81,651

See accompanying notes to the interim condensed consolidated financial statements

easyhome Ltd.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
OPERATING ACTIVITIES				
Net income	2,714	1,996	5,096	3,991
Add (deduct) items not affecting cash				
Depreciation of lease assets	11,361	11,602	23,812	24,277
Depreciation of property and equipment (note 5)	778	951	1,624	1,923
Impairment (net) (note 5)	29	311	29	863
Amortization of intangible assets	171	93	277	187
Stock-based compensation (note 8)	43	172	206	325
Bad debt expense	1,390	696	2,514	1,110
Deferred tax expense	1,608	1,168	2,439	1,639
Gain on sale of property and equipment	(385)	(405)	(427)	(405)
	17,709	16,584	35,570	33,910
Net change in non-cash working capital balances related to operations (note 11)	1,079	4,666	(5,556)	3,970
Net issuance of consumer loans receivable	(6,558)	(6,170)	(14,182)	(8,865)
Cash provided by operating activities	12,230	15,080	15,832	29,015
INVESTING ACTIVITIES				
Net purchase of lease assets	(10,595)	(10,207)	(21,379)	(20,189)
Purchase of property and equipment	(826)	(2,875)	(1,425)	(4,139)
Purchase of intangible assets	(202)	(46)	(222)	(147)
Proceeds on sale of property and equipment	505	224	774	224
Cash used in investing activities	(11,118)	(12,904)	(22,252)	(24,251)
FINANCING ACTIVITIES				
Advances (payments) of bank revolving credit facility	472	(595)	10,159	(1,552)
Payments of term loan (note 6)	(862)	(878)	(1,735)	(1,755)
Payment of common share dividends	(1,007)	(893)	(1,899)	(1,777)
Redemption of deferred share units	-	-	(58)	-
Issuance of common shares on exercise of options	-	139	-	139
Cash provided by (used in) financing activities	(1,397)	(2,227)	6,467	(4,945)
Net increase (decrease) in cash during the period	(285)	(51)	47	(181)
Cash, beginning of period	1,063	161	731	291
Cash, end of period	778	110	778	110

See accompanying notes to the interim condensed consolidated financial statements