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***easyhome* Ltd. Reports 2012 Second Quarter Results, Provides Update on Financing**

Mississauga, August 13, 2012: *easyhome* Ltd. (TSX: EH, the “Company” or “*easyhome*”), Canada’s largest merchandise leasing company and a growing provider of financial services, today announced its results for the second quarter ended June 30, 2012.

easyhome delivered strong revenue growth during second quarter of 2012. Revenue for the quarter increased 5.7% to \$48.9 million, driven primarily by the expansion of the *easyfinancial* Services business and the related growth of its consumer loans receivable portfolio. Adjusted earnings for the quarter, excluding unusual and non-recurring items, was \$2.3 million, down from \$2.7 million reported in the second quarter of 2011. Reported earnings per share for the quarter were 17 cents and adjusted earnings were 20 cents compared to 23 cents for the second quarter of 2011.

During the second quarter of 2012 and in responses to its negative performance, the Company completed a restructuring of its leasing business. 13 locations with unsatisfactory performance were closed and a large portion of their active lease portfolios and assets were transferred to nearby locations. Changes were made to the leadership of the leasing business and seven senior positions were eliminated. Finally, operating procedures were adjusted to return the focus of field staff from administration processes to leasing, collecting and customer relationships. This restructuring resulted in a charge to operating income of \$1.4 million during the quarter but will be offset by expected net savings of \$1.4 million in the second half of the year and further savings into the future.

Other highlights for the second quarter of 2012 include:

- Corporate same store revenue growth of 6.4%
- The *easyfinancial* Services consumer loans receivable portfolio closed at \$55.8 million, representing a year-over-year increase of 58%, and *easyfinancial* Services revenue for the second quarter of 2012 increased 56% compared to the second quarter of 2011
- Stabilization of the *easyhome* lease asset portfolio, arresting a declining trend in prior quarters
- Non-recurring charges for restructuring, insurance reimbursements and other items of \$0.4 million or 3 cents per share were recognized as a reduction of operating income in the current quarter
- Adjusted operating earnings, excluding non-recurring charges, unchanged from the second quarter of 2011
- Adjusted EBITDA margin of 10.5%
- Cash flow from operating activities of \$13.8 million

“We had a mixed performance for the quarter,” said David Ingram, *easyhome*’s President and Chief Executive Officer. “Our *easyfinancial* Services business continued to deliver strong growth and strong results and our corporate expenditures for the second quarter of 2012 were reduced from the comparable period in the prior year. Our leasing business, however, reported lower revenues and lower earnings. The negative performance of this, our largest business unit,

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necessitated a restructuring of its network and operations which was completed in the second quarter of 2012.”

Second Quarter Results

For the second quarter ended June 30, 2012, *easyhome* generated revenues of \$48.9 million, an increase from \$46.3 million in the second quarter of 2011. At the store level, including *easyfinancial*, same store revenue growth for the quarter was 6.4%, consistent with the second quarter of 2011.

On a segmented basis, *easyfinancial* Services revenues increased 56% to \$8.8 million from \$5.6 million for the same period last year. The improvement is a result of the increase in the consumer loans receivable portfolio from \$35.3 million to \$55.8 million. The Company’s leasing operations recorded revenues of \$39.7 million, down from \$40.3 for the same period last year and franchising operations recorded revenues of \$0.4 million, up from \$0.3 million for same period last year.

Operating income, which is income before interest expense and income taxes, decreased 11.8% to \$3.4 million from \$3.9 million in the second quarter of 2011. Operating income for the second quarter of 2012 was reduced by \$0.4 million in restructuring charges and other unusual and non-recurring items. Excluding these items, adjusted operating income was \$3.9 million, essentially unchanged from the second quarter of 2011. As a percentage of revenue, adjusted operating income was 7.9% compared to 8.4% in the second quarter of 2011.

Net income for the second quarter of 2012 was negatively impacted by higher interest and income tax expenses. Interest expense increased due to a higher level of net borrowings required to support the growth of the *easyfinancial* Services business and a higher rate of interest. Income tax expense increased as the expense in the second quarter of 2011 included a \$0.2 million reduction as a result of the finalization of tax amounts previously accounted for using estimates. No such adjustment was required in 2012.

Net income decreased to \$2.0 million or 17 cents per share for the second quarter of 2012, compared with net income of \$2.7 million or 23 cents per share for the second quarter of 2011. Adjusted net income for the second quarter of 2012, excluding the restructuring and other charges, was \$2.3 million or 20 cents per share.

Six Months Results

For the first half of the year, *easyhome* recorded revenues of \$98.7 million, up 6.7% compared with \$92.5 million in the first six months of 2011. Operating income for the period was \$7.6 million compared with \$7.7 million in the first six months of 2011. Adjusted operating earnings for the second quarter of 2012, excluding the restructuring and other charges, was \$8.1 million, an increase of 4.5% over the first six months of 2011. Diluted earnings per share decreased from 43 cents to 39 cents. Adjusted net income, adjusted for unusual items, was \$5.0 million

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compared with \$5.1 million for the same period last year. On a per share basis and excluding unusual items, diluted earnings per share was 42 cents compared with 43 cents a year ago.

Cash flow provided by operating activities for the six months ended June 30, 2012 was \$26.2 million. Included in these cash flows was a net investment in the *easyfinancial* Services consumer loans receivable portfolio of \$12.1 million. If this net investment in the loan portfolio was treated as cash flow from investing activities, cash flow from operating activities would be \$38.3 million. This cash flow from operating activities enabled the Company to invest in the portfolios to drive future revenue growth of all business units and maintain its total dividend payments for the quarter.

Update on Financing

The Company previously communicated that additional sources of financing over and above its currently available credit facility are required in order for it to continue to grow and achieve the full long-term growth opportunities available, particularly within the *easyfinancial* Services business. Although the additional financing required has not yet been secured, the Company has made progress during the quarter.

First, availability under the existing credit facility was set to reduce from \$40 million to \$35 million on July 1, 2012. The higher limit of \$40 million was extended until August 30, 2012 to allow the Company sufficient time to complete the negotiations for additional debt financing.

Second, the Company is negotiating a new financing structure with both its banking partners and other providers of debt financing that will see the total debt limit increase to up to \$65 million. This financing, together with the cash flow generated by operations, would allow the Company to achieve its growth expectations for approximately the next 12 to 18 months.

David Ingram commented, “We anticipate completing the negotiations and documentation of these new facilities within the next 45 days to allow for renewed and continued growth in the second half of 2012. There are no assurances, however, that the proposed financing will be completed on the contemplated terms or at all.”

Donald K. Johnson, Chairman of the Board, commented, “Although *easyhome* continues to face challenges during this difficult economic environment, the Company has a solid growth strategy and disciplined approach that will create long-term value for shareholders.”

The Board of Directors has approved a quarterly dividend payment of \$0.085 per share payable on October 5, 2012 to the holders of common shares of record as at the close of business on September 27, 2012.

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About easyhome

As at June 30, 2012, *easyhome* Ltd. operated 204 *easyhome* leasing stores (including 7 consolidated franchise locations), 94 *easyfinancial* locations and had 45 franchise locations.

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, including same store revenue growth, gross consumer loans receivable, adjusted earnings, adjusted operating earnings and adjusted EBITDA, which 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. These measures are defined in our Management's Discussion and Analysis for the period 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, react to uncertainties related to regulatory actions, raise capital under favourable terms, manage the impact of litigation (including shareholder 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 no



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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 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(expressed in thousands of Canadian dollars)

	As at June 30, 2012	As at December 31, 2011
ASSETS (note 6)		
Current assets		
Cash	1,197	1,019
Amounts receivable	3,810	5,893
Income taxes recoverable	-	600
Consumer loans receivable (note 4)	34,013	32,619
Prepaid expenses	1,127	1,316
Total current assets	40,147	41,447
Amounts receivable	1,448	1,365
Consumer loans receivable (note 4)	18,735	12,319
Lease assets	63,511	66,996
Property and equipment (note 5)	12,388	12,612
Deferred tax assets (note 10)	5,357	2,933
Intangible assets	4,972	4,126
Goodwill	17,325	17,325
TOTAL ASSETS	163,883	159,123
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank revolving credit facility (note 6)	32,921	33,123
Accounts payable and accrued liabilities	18,153	19,504
Income taxes payable	3,934	-
Dividends payable (note 7)	1,009	1,007
Deferred lease inducements	535	598
Unearned revenue	4,288	4,562
Provisions (note 9)	424	24
Total current liabilities	61,264	58,818
Accounts payable and accrued liabilities	293	727
Deferred lease inducements	1,784	1,959
Provisions (note 9)	353	77
Total liabilities	63,694	61,581
Contingencies (note 13)		
Shareholders' equity		
Share capital (note 7)	60,452	60,207
Contributed surplus	2,942	3,171
Accumulated other comprehensive loss	(57)	(52)
Retained earnings	36,852	34,216
Total shareholders' equity	100,189	97,542
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	163,883	159,123

See accompanying notes to the interim condensed consolidated financial statements

easyhome Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
REVENUE				
Lease revenue	38,672	39,376	78,911	80,158
Interest income	5,790	3,469	11,030	6,312
Other	4,441	3,419	8,749	5,997
	48,903	46,264	98,690	92,467
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits (note 8)	15,560	15,135	32,025	29,825
Advertising and promotion	2,303	1,872	4,156	3,466
Bad debts	2,325	1,390	4,326	2,514
Occupancy	6,384	6,217	13,047	12,674
Distribution and travel	1,933	2,058	3,714	3,939
Other	3,142	3,376	6,679	6,588
Restructuring and other items (note 9)	436	-	436	-
	32,083	30,048	64,383	59,006
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	12,122	11,361	24,198	23,812
Depreciation of property and equipment	996	778	1,971	1,624
Amortization of intangible assets	115	171	229	277
Impairment (net) (note 5)	166	29	282	29
	13,399	12,339	26,680	25,742
Total operating expenses	45,482	42,387	91,063	84,748
Operating income	3,421	3,877	7,627	7,719
Interest expense	463	336	947	633
Income before income taxes	2,958	3,541	6,680	7,086
Income tax expense (note 10)				
Current	3,534	(781)	4,451	(449)
Deferred	(2,606)	1,608	(2,424)	2,439
	928	827	2,027	1,990
Net income	2,030	2,714	4,653	5,096
Basic earnings per share (note 11)	0.17	0.23	0.39	0.43
Diluted earnings per share (note 11)	0.17	0.23	0.39	0.43

See accompanying notes to the interim condensed consolidated financial statements