



Press Release - November 13, 2012

2012 THIRD QUARTER

For the three months ended September 30, 2012, total Leon's system wide sales were \$223,680,000 including \$49,505,000 of franchise sales (\$223,646,000 including \$49,273,000 franchise sales in 2011), virtually no change from the third quarter 2011. Net income was \$13,058,000, 19¢ per common share (\$15,277,000, 22¢ per common share in 2011), a decrease of 13.6% per common share.

For the nine months ended September 30, 2012, total Leon's system wide sales were \$632,053,000 including \$138,352,000 of franchise sales (\$624,572,000 including \$135,559,000 of franchise sales in 2011), an increase of 1.2% and net income was \$30,661,000, 44¢ per common share (\$36,793,000, 53¢ per common share in 2011), a decrease of 17% per common share.

In the third quarter of 2012, the Company celebrated grand reopenings of renovated stores in Sault Ste. Marie and Sudbury, Ontario as well as our third Appliance Canada showroom in Toronto, Ontario. In October 2012, we celebrated the opening of a new franchise store that replaced an existing store in St. John, New Brunswick. Also, the Company has secured sites for four new corporate stores in: Orangeville and Brantford, Ontario; Sherbrooke, Quebec; and Rocky View County, Alberta, which is just north of Calgary. Our current plan is to open the majority of these stores by the second quarter of 2013.

On November 11, 2012, the Company announced that it had entered into definitive agreements to acquire all the outstanding shares of The Brick Ltd. ("The Brick"), subject to approval by the shareholders, the Competition Bureau and other customary closing conditions. The total consideration for The Brick is approximately \$700 million.

The cash consideration of the purchase price along with the transaction costs will be funded with cash on hand, convertible debentures and bank debt. This acquisition will be accounted for as a business combination with the Company as the acquirer of The Brick. The Company expects the transaction to close in the first quarter of 2013. The purchase method of accounting will be used and the earnings will be consolidated from the closing date.

As previously announced, we paid a quarterly 10¢ dividend on October 4th, 2012. Today we are pleased to announce that the Board of Directors have declared a quarterly dividend of 10¢ per common share payable on the 7th day of January 2013 to shareholders of record at the close of business on the 7th day of December 2012. In addition, the annual dividend on the convertible non-voting preferred shares of 20¢ will be payable on January 7th, 2013 to the shareholders of record at the close of business on December 7th, 2012. As of 2007, dividends paid by Leon's Furniture Limited are "eligible dividends" pursuant to the changes to the Income Tax Act under Bill C-28, Canada.

For further information, please consult the Company's Management Discussion & Analysis dated November 13, 2012.

EARNINGS PER SHARE FOR EACH QUARTER

		<u>MARCH 31</u>	<u>JUNE 30</u>	<u>SEPT. 30</u>	<u>DEC. 31</u>	<u>YEAR TOTAL</u>
2012	- Basic	12¢	13¢	19¢		\$0.44
	- Fully Diluted	12¢	12¢	18¢		\$0.42
2011	- Basic	15¢	16¢	22¢	28¢	\$0.81
	- Fully Diluted	14¢	15¢	21¢	27¢	\$0.78
2010	- Basic	17¢	17¢	26¢	30¢	\$0.90
	- Fully Diluted	16¢	17¢	25¢	29¢	\$0.87

LEON'S FURNITURE LIMITED - MEUBLES LEON LTEE



Mark J. Leon
Chairman of the Board



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2012 and 2011

Dated: November 13, 2012

The following review and analysis of Leon's Furniture Limited's (the "Company") operations and financial position for the three and nine months ended September 30, 2012 and 2011 should be read in conjunction with the audited consolidated financial statements of Leon's Furniture Limited for the year ended December 31, 2011, set forth in the Company's Annual Report for such year and incorporated by reference in the Company's Annual Information Form dated March 30, 2012.

Cautionary Statement Regarding Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") is intended to provide readers with the information that management believes is required to gain an understanding of Leon's Furniture Limited's current results and to assess the Company's future prospects. This MD&A, and in particular the section under heading "Outlook", includes forward-looking statements, which are based on certain assumptions and reflect Leon's Furniture Limited's current plans and expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results and future prospects to differ materially from current expectations. Some of the factors that can cause actual results to differ materially from current expectations are: a continuing slowdown in the Canadian economy; a further drop in consumer confidence; and dependency on product from third party suppliers. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Readers of this report are cautioned that actual events and results may vary.

Financial Statements Governance Practice

Leon's Furniture Limited's unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and incorporate the requirements of International Accounting Standards ("IAS") 34, *Interim financial reporting*. The amounts expressed are in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

The Audit Committee of the Board of Directors of Leon's Furniture Limited reviewed the MD&A and the unaudited interim condensed consolidated financial statements, and recommended that the Board of Directors approve them. Following review by the full Board, the unaudited interim condensed consolidated financial statements and MD&A were approved on November 13, 2012.

Introduction

Leon's Furniture Limited has been in the furniture retail business for over 100 years. The Company's 44 corporate and 32 franchise stores can be found in every province across Canada except British Columbia. Main product lines sold at retail include furniture, appliances and electronics.

Revenues and Expenses

For the three months ended September 30, 2012, total Leon's system wide sales were \$223,680,000 including \$49,505,000 of franchise sales (\$223,646,000 including \$49,273,000 of franchise sales in 2011), which are virtually the same as the comparative three month period.

Leon's corporate sales of \$174,175,000 in the third quarter of 2012, decreased by \$198,000, or 0.1%, compared to the third quarter of 2011. The lack of growth in sales in the third quarter compared to the prior year reflected a continuation of waning consumer confidence, a decrease in housing starts, and an overall increase in consumer debt resulting in reduced consumer spending. Same store corporate sales decreased by 3.3% compared to the prior year. Comparable store sales are defined as sales generated by stores that have been open or closed for more than 12 months on a yearly basis.

Leon's franchise sales of \$49,505,000 in the third quarter of 2012 increased by \$232,000 or 0.5% compared to the third quarter of 2011.

Our gross margin for the third quarter 2012 decreased from 42.16% to 40.88% as compared to the prior year quarter. The decrease is mainly the result of an increase in import costs due to a weakening Canadian dollar.

Net operating expenses of \$54,254,000 were up \$1,645,000 or 3.1% for the third quarter of 2012 compared to the third quarter of 2011. This increase was mostly the result of two factors: marketing costs were up \$1,232,000 and general and administrative expenses were up \$858,000 due to four new stores added in the Fall of 2011. As a result of the above, net income for the third quarter 2012 was \$13,058,000, 19¢ per common share (\$15,277,000, 22¢ per common share in 2011), a decrease of 13.6% per common share compared with the prior year third quarter.

For the nine months ended September 30, 2012, total Leon's system wide sales were \$632,053,000 including \$138,352,000 of franchise sales (\$624,572,000 including \$135,559,000 of franchise sales in 2011), an increase of 1.2% and net income was \$30,661,000, 44¢ per common share (\$36,793,000, 53¢ per common share in 2012), a decrease of 17% per common share.

The trends discussed in the three month ended September 30, 2012 analysis are consistent with the nine month period.

Annual Financial Information (\$ in thousands, except earnings per share and dividends)	2011	2010	2009
Net corporate sales	682,836	710,435	703,180
Leon franchise sales	196,725	197,062	194,290
Total Leon's system wide sales	879,561	907,497	897,470
Net income	56,666	63,284	56,864
Earnings per share			
Basic	\$0.81	\$0.90	\$0.80
Diluted	\$0.78	\$0.87	\$0.78
Total assets	595,339	566,674	529,156
Common share dividends declared	\$0.37	\$0.32	\$0.28
Special common share dividends declared	\$0.15	-	\$0.20
Convertible, non-voting shares dividends declared	\$0.20	\$0.18	\$0.14

Liquidity and Financial Resources

(\$ in thousands, except dividends per share)	Sept 30/12	Dec 31/11	Sept 30/11
Cash, cash equivalents, available-for-sale financial assets	205,173	221,823	207,696
Trade and other accounts receivable	22,716	28,937	18,724
Inventory	89,121	87,830	85,872
Total assets	570,928	595,339	569,916
Working capital	215,076	204,649	200,498
For the 3 months ended	Current Quarter Sept 30/12	Prior Quarter Dec 31/11	Prior Quarter Sept 30/11
Cash flow provided by operations	31,519	26,230	26,858
Purchase of property, plant and equipment	3,733	6,336	9,386
Repurchase of capital stock	-	219	1,615
Dividends paid	6,998	6,292	6,305
Dividends paid per share	\$0.10	\$0.09	\$0.09

Cash, cash equivalents and available-for-sale financial assets decreased by \$16,650,000 for the nine months ending September 30, 2012, as compared to December 31, 2011, mainly as a result of dividends paid (including a special dividend of \$0.15 per share), and the purchase of property, plant and equipment.

In the third quarter of 2012, the Company celebrated a grand reopening of renovated stores in Sault Ste. Marie and Sudbury, Ontario as well as our third Appliance Canada showroom in Toronto, Ontario. In October 2012, we celebrated the opening of a new franchise store that replaced an existing store in St. John, New Brunswick. Also, the Company has secured sites for four new corporate stores in: Orangeville and Brantford, Ontario; Sherbrooke, Quebec; and Rocky View County, Alberta, which is just north of Calgary. Our current plan is to open the majority of these stores by the second quarter of 2013.

Subsequent Events

On November 11, 2012, the Company announced that it had entered into definitive agreements to acquire all the outstanding shares of The Brick Ltd. ("The Brick"), subject to approval by the shareholders, the Competition Bureau and other customary closing conditions. The total consideration for The Brick is approximately \$700 million.

The cash consideration of the purchase price along with the transaction costs will be funded with cash on hand, convertible debentures and bank debt. This acquisition will be accounted for as a business combination with the Company as the acquirer of The Brick. The Company expects the transaction to close in the first quarter of 2013. The purchase method of accounting will be used and the earnings will be consolidated from the closing date.

Quarterly Results (2012, 2011, 2010)

Quarterly Income Statement (\$000) – except per share data

	Quarter Ended September 30		Quarter Ended June 30		Quarter Ended March 31		Quarter Ended December 31	
	2012	2011	2012	2011	2012	2011	2011	2010
Leon's corporate sales	174,175	174,373	162,095	163,857	157,431	150,783	193,823	197,888
Leon's franchise sales	49,505	49,273	45,627	45,477	43,220	40,809	61,166	59,820
Total Leon's system wide sales	223,680	223,646	207,722	209,334	200,651	191,592	254,989	257,708
Net income per share	\$0.19	\$0.22	\$0.13	\$0.16	\$0.12	\$0.15	\$0.28	\$0.30
Fully diluted per share	\$0.18	\$0.21	\$0.12	\$0.15	\$0.12	\$0.14	\$0.27	\$0.29

Net income per share amounts presented in the above table, with the exception of the fourth quarter ended December 31, 2011, have been revised from previous reported IFRS amounts, to reflect an immaterial adjustment to the amount of foreign exchange that is required to be recorded within comprehensive income as it relates to the Company's foreign denominated non-monetary available-for-sale financial assets. Any foreign denominated monetary available-for-sale financial assets were appropriately recorded in the interim consolidated income statement.

Common Shares

At September 30, 2012, there were 70,040,041 common shares issued and outstanding. During the third quarter of 2012, no shares were repurchased by the Company through its Normal Course Issuer Bid. In addition, during the quarter ended September 30, 2012, 48,694 convertible, non-voting series 2002 shares and 13,535 convertible, non-voting series 2005 shares were converted into common shares. There were 37,651 convertible, non-voting series 2009 shares and 20,000 convertible, non-voting series 2012 shares cancelled. For details on the Company's commitments related to its redeemable shares, please refer to note 13 of the unaudited interim condensed consolidated financial statements.

Commitments

(\$ in thousands)	Payments Due by Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Contractual Obligations					
Operating Leases ¹	59,065	6,859	12,512	12,647	27,047
Purchase Obligations	3,529	3,529			
Total Contractual Obligations	62,594	10,388	12,512	12,647	27,047

¹The Company is obligated under operating leases to future minimum rental payments for various land and building sites across Canada.

Critical Accounting Estimates and Assumptions

Please refer to Note 4 of the 2011 annual consolidated financial statements for the Company's critical accounting estimates and assumptions.

Pending Changes to Accounting Policies

Several new and amended standards are not yet effective for the Company's interim condensed consolidated financial statements for the three and nine month period ended September 30, 2012. Please refer to the section heading "Accounting standards and amendments issued but not yet adopted" for further details, presented within Note 3 of Leon's 2011 annual consolidated financial statements.

Risks and Uncertainties

For a complete discussion of the risks and uncertainties which apply to the Company's business and operating results please refer to the Company's Annual Information Form dated March 30, 2012 available on www.sedar.com. Accordingly, there have been no material changes in any risks or uncertainties facing the Company since the year ended December 31, 2011.

Disclosure Controls & Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported on a timely basis to senior management, including the Chief Executive Officer and Chief Financial Officer so that appropriate decisions can be made by them regarding public disclosure.

Internal Controls over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting

Management has also evaluated whether there were changes in the Company's internal control over financial reporting that occurred during the nine months ended on September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has determined that no material changes in internal controls have occurred during this period.

Outlook

The slowdown in the economy continues to affect our results and we do not see any immediate signs of improvement. As such, we anticipate that consumer discretionary spending will remain soft for the balance of 2012. To help counter this, we will continue our strong marketing and merchandising campaign. The opening of four new stores in the latter part of 2011 should also aid our sales in the fourth quarter of 2012. Even with these measures in place, growing profits for the remainder of 2012 will be challenging.

Non-IFRS Financial Measures

In order to provide additional insight into the business, the Company has provided the measure of same store sales, in the revenue and expenses section above. This measure does not have a standardized meaning prescribed by IFRS but it is a key indicator used by the Company to measure performance against prior period results. Comparable store sales are defined as sales generated by stores that have been open or closed for more than 12 months on a yearly basis. The reconciliation between total corporate sales (an IFRS measure) and comparable store sales is provided below:

(\$ in thousands and for the 3 months ended)	Sept 30, 2012	Sept 30, 2011
Net corporate sales	174,175	174,373
Adjustments for stores not in both fiscal periods	(7,215)	(1,722)
Comparable store sales	166,960	172,651



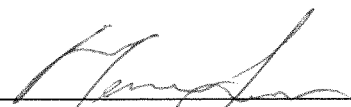
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

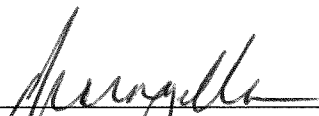
Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

No auditor has performed a review of these financial statements.



Terrence T. Leon
President & Chief Executive Officer



Dominic Scarangella
Vice President & Chief Financial Officer

Dated as of the 13th day of November, 2012.

Unaudited Interim Condensed Consolidated Financial Statements

Leon's Furniture Limited INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)		
(\$ in thousands)	As at September 30 2012	As at December 31 2011
ASSETS		
Current assets		
Cash and cash equivalents <i>[notes 4 and 6]</i>	37,612	72,505
Available-for-sale financial assets <i>[notes 4 and 19e]</i>	167,561	149,318
Trade receivables <i>[note 4]</i>	22,716	28,937
Income taxes receivable	4,644	5,182
Inventories	89,121	87,830
Total current assets	321,654	343,772
Other assets	1,201	1,431
Property, plant and equipment <i>[note 8]</i>	217,165	214,158
Investment properties <i>[note 9]</i>	8,328	8,366
Intangible assets <i>[note 10]</i>	3,318	3,958
Goodwill	11,282	11,282
Deferred income tax assets	7,980	12,372
Total assets	570,928	595,339
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables <i>[notes 4 and 11]</i>	57,100	75,126
Provisions <i>[note 12]</i>	8,705	11,231
Customers' deposits	18,730	19,157
Dividends payable <i>[note 14]</i>	7,001	17,457
Deferred warranty plan revenue	15,042	16,152
Total current liabilities	106,578	139,123
Deferred warranty plan revenue	17,442	19,445
Redeemable share liability <i>[notes 4 and 13]</i>	594	382
Deferred income tax liabilities	7,608	10,928
Total liabilities	132,222	169,878
Shareholders' equity attributable to the shareholders of the Company		
Common shares <i>[note 14]</i>	22,876	20,918
Retained earnings	414,033	404,647
Accumulated other comprehensive income	1,797	(104)
Total shareholders' equity	438,706	425,461
Total liabilities and shareholder's equity	570,928	595,339

Commitments and contingencies *[note 19]*

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

Leon's Furniture Limited INTERIM CONSOLIDATED INCOME STATEMENTS (UNAUDITED)				
(\$ in thousands)	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
		<i>[note 2]</i>		<i>[note 2]</i>
Revenue <i>[note 15]</i>	174,175	174,373	493,701	489,013
Cost of sales <i>[note 7]</i>	102,976	100,854	292,079	286,089
Gross profit	71,199	73,519	201,622	202,924
Operating expenses <i>[note 16]</i>				
General and administrative expenses	25,006	24,147	72,068	71,700
Sales and marketing expenses	19,954	18,721	61,057	55,394
Occupancy expenses	8,508	8,207	25,527	22,803
Other operating expenses	786	1,534	3,473	3,886
	54,254	52,609	162,125	153,783
Operating profit	16,945	20,910	39,497	49,141
Finance income	789	794	2,097	2,418
Profit before income tax	17,734	21,704	41,594	51,559
Income tax expense <i>[note 17]</i>	4,676	6,427	10,933	14,766
Profit for the period attributable to the shareholders of the Company	13,058	15,277	30,661	36,793
Earnings per share <i>[note 18]</i>				
Basic	\$ 0.19	\$ 0.22	\$ 0.44	\$ 0.53
Diluted	\$ 0.18	\$ 0.21	\$ 0.42	\$ 0.51

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

Leon's Furniture Limited INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)			
(\$ in thousands)	Three months ended September 30		
	2012	Tax effect	Net of tax 2012
Profit for the period	13,058	-	13,058
Other comprehensive income, net of tax			
Unrealized gains on available-for-sale financial assets arising during the period	1,084	140	944
Reclassification adjustment for net gains and (losses) included in profit for the period	(23)	(3)	(20)
Change in unrealized gains on available-for-sale financial assets arising during the period	1,061	137	924
Comprehensive income for the period attributable to the shareholders of the Company	14,119	137	13,982
(\$ in thousands)	Nine months ended September 30		
	2012	Tax effect	Net of tax 2012
Profit for the period	30,661	-	30,661
Other comprehensive income, net of tax			
Unrealized gains on available-for-sale financial assets arising during the period	2,435	317	2,118
Reclassification adjustment for net gains and (losses) included in profit for the period	(250)	(33)	(217)
Change in unrealized gains on available-for-sale financial assets arising during the period	2,185	284	1,901
Comprehensive income for the period attributable to the shareholders of the Company	32,846	284	32,562
(\$ in thousands)	Three months ended September 30		
	2011	Tax effect	Net of tax 2011
Profit for the period	[note 2] 15,277	-	15,277
Other comprehensive income, net of tax			
Unrealized (losses) on available-for-sale financial assets arising during the period	(2,224)	(546)	(1,678)
Reclassification adjustment for net gains and (losses) included in profit for the period	2	-	2
Change in unrealized (losses) on available-for-sale financial assets arising during the period	(2,222)	(546)	(1,676)
Comprehensive income for the period attributable to the shareholders of the Company	13,055	(546)	13,601
(\$ in thousands)	Nine months ended September 30		
	2011	Tax effect	Net of tax 2011
Profit for the period	[note 2] 36,793	-	36,793
Other comprehensive income, net of tax			
Unrealized (losses) on available-for-sale financial assets arising during the period	(1,380)	(351)	(1,029)
Reclassification adjustment for net gains and (losses) included in profit for the period	(9)	(1)	(8)
Change in unrealized (losses) on available-for-sale financial assets arising during the period	(1,389)	(352)	(1,037)
Comprehensive income for the period attributable to the shareholders of the Company	35,404	(352)	35,756

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

Leon's Furniture Limited INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)				
(\$ in thousands)	Common shares	Accumulated other comprehensive income	Retained earnings	Total
As at December 31, 2010	19,177	[note 2] 480	[note 2] 390,629	410,286
Comprehensive income				
Profit for the period	—	—	36,793	36,793
Change in unrealized (losses) on available-for-sale financial assets arising during the period	—	(1,037)	—	(1,037)
Total comprehensive income	—	(1,037)	36,793	35,756
Transactions with shareholders				
Dividends declared	—	—	(18,914)	(18,914)
Management share purchase plan [note 13]	1,748	—	—	1,748
Repurchase of common shares [note 14]	(54)	—	(6,061)	(6,115)
Total transactions with shareholders	1,694	—	(24,975)	(23,281)
As at September 30, 2011	20,871	(557)	402,447	422,761
As at December 31, 2011	20,918	(104)	404,647	425,461
Comprehensive income				
Profit for the period	—	—	30,661	30,661
Change in unrealized gains on available-for-sale financial assets arising during the period	—	1,901	—	1,901
Total comprehensive income	—	1,901	30,661	32,562
Transactions with shareholders				
Dividends declared	—	—	(20,992)	(20,992)
Management share purchase plan [note 13]	1,961	—	—	1,961
Repurchase of common shares [note 14]	(3)	—	(283)	(286)
Total transactions with shareholders	1,958	—	(21,275)	(19,317)
As at September 30, 2012	22,876	1,797	414,033	438,706

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

Leon's Furniture Limited INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)		
(\$ in thousands)	Nine months ended September 30	
	2012	2011
OPERATING ACTIVITIES		<i>[note 2]</i>
Profit for the period	30,661	36,793
Add (deduct) items not involving an outlay of cash		
Depreciation of property, plant and equipment and investment properties <i>[notes 8 and 9]</i>	10,425	9,306
Amortization of intangible assets <i>[note 10]</i>	649	658
Amortization of deferred warranty plan revenue	(12,458)	(12,943)
Gain on sale of property, plant and equipment	(15)	(21)
Deferred income taxes	788	1,012
Loss on sale of available-for-sale financial assets	48	19
Cash received on warranty plan sales	9,345	10,541
	39,443	45,365
Net change in non-cash working capital balances related to operations <i>[note 20(a)]</i>	(14,465)	(6,426)
Cash provided by operating activities	24,978	38,939
INVESTING ACTIVITIES		
Purchase of property, plant & equipment <i>[note 20(c)]</i>	(14,219)	(18,663)
Purchase of intangible assets	(9)	64
Proceeds on sale of property, plant & equipment	24	39
Purchase of available-for-sale financial assets	(366,478)	(403,621)
Proceeds on sale of available-for-sale financial assets	350,372	372,149
Issuance of series 2012 shares <i>[note 13]</i>	3,804	-
(Increase) decrease in employee share purchase loans <i>[note 13]</i>	(1,631)	1,958
Cash used in investing activities	(28,137)	(48,074)
FINANCING ACTIVITIES		
Dividends paid	(31,448)	(18,932)
Repurchase of common shares <i>[note 14]</i>	(286)	(6,115)
Cash used in financing activities	(31,734)	(25,047)
Net decrease in cash and cash equivalents during the period	(34,893)	(34,182)
Cash and cash equivalents, beginning of period	72,505	71,589
Cash and cash equivalents, end of period	37,612	37,407

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
Leon's Furniture Limited

Tabular amounts in thousands of Canadian dollars except shares outstanding and earnings per share

For the three and nine month periods ended September 30, 2012 and 2011

1. GENERAL INFORMATION

Leon's Furniture Limited was incorporated by Articles of Incorporation under the Business Corporations Act on February 28, 1969. Leon's Furniture Limited and its subsidiaries ("Leon's" or the "Company") is a public company with its common shares listed on the Toronto Stock Exchange and is incorporated and domiciled in Canada. The address of the Company's head and registered office is 45 Gordon Mackay Road, Toronto, Ontario, M9N 3X3.

Leon's is a retailer of home furnishings, electronics and appliances across Canada from Alberta to Newfoundland and Labrador. The Company owns a chain of forty-one retail stores operating as Leon's Home Furnishings Super Stores, three retail stores operating under the brand of Appliance Canada and operates an ecommerce internet site www.leons.ca. In addition, the Company has twenty-seven franchisees operating thirty-two Leon's Furniture franchise stores.

2. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of the Company are prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed. The financial statements of the Company include the financial results of Leon's Furniture Limited and its wholly owned subsidiaries, Murlee Holdings Limited, Leon Holdings (1967) Limited and Ablan Insurance Corporation.

The unaudited interim condensed consolidated financial statements have been prepared using the historical cost convention, as modified by certain financial assets measured at fair value through profit or loss. These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 13, 2012.

The other operating expenses for the fiscal 2011 three and nine month period have been revised, from previously reported IFRS amounts, to reflect an immaterial adjustment to the amount of foreign exchange that is required to be recorded within comprehensive income as it relates to the Company's foreign denominated non-monetary available-for-sale financial assets. Any foreign denominated monetary available-for-sale financial assets were appropriately recorded in the interim consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Leon's for the year ended December 31, 2011. The disclosure contained in these unaudited interim condensed consolidated financial statements does not include all requirements in IAS 1, *Presentation of Financial Statements*. Accordingly, the unaudited interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011.

Several new and amended standards are not yet effective for the Company's interim condensed consolidated financial statements for the three and nine month period ended September 30, 2012. Please refer to the section heading "Accounting standards and amendments issued but not yet adopted" for further details, presented within Note 3 of Leon's 2011 annual consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT

Classification of financial instruments and fair value

The classification of the Company's financial instruments, as well as, their carrying amounts and fair values are disclosed in the table below.

Financial Instrument	Designation	Measurement	September 30, 2012	December 31, 2011
Cash and cash equivalents	Available-for-sale	Fair value	37,612	72,505
Available-for-sale financial assets	Available-for-sale	Fair Value	167,561	149,318
Trade receivables	Loans and receivables	Amortized cost	22,716	28,937
Trade and other payables	Other financial liabilities	Amortized cost	57,100	75,126
Redeemable share liability	Other financial liabilities	Amortized cost	594	382

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the consolidated statements of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial Instruments at Fair Value	Hierarchy level	September 30, 2012	December 31, 2011
Cash and cash equivalents	1	37,612	72,505
Available-for-sale financial assets – Equities	1	32,176	31,147
Available-for-sale financial assets – Bonds	2	135,385	118,171

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. Risk management is carried out by the Company by identifying and evaluating the financial risks inherent within its operations. The Company's overall risk management activities seek to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

- (i) Foreign exchange risk - The Company is exposed to foreign currency risk. Certain merchandise is paid for in U.S. dollars. This foreign exchange cost is included in the inventory cost. The Company does not believe it has significant foreign currency risk with respect to its trade payables in U.S. dollars.

The Company is also exposed to foreign currency risk on its foreign currency denominated portfolio of available-for-sale financial assets, primarily related to actively traded international equities. As at September 30, 2012, the Company's investment portfolio included 11% of foreign currency denominated assets [as at December 31, 2011 – 10%]. This risk is monitored by the Company's investment managers in an effort to reduce the Company's exposure to foreign currency exchange rate risk.

- (ii) Interest rate risk – The Company is exposed to interest rate risk through its portfolio of available-for-sale financial assets by holding cash, cash equivalents and actively traded Canadian and international Bonds. At September 30, 2012, 84% of the Company's investment portfolio was made up of cash, cash equivalents and Canadian and international Bonds [as at December 31, 2011 – 86%]. This risk is monitored by the

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
Leon's Furniture Limited

Company's investment managers in an effort to reduce the Company's exposure to interest rate risk. The exposure to this risk is minimal due to the short-term maturities of the bonds held. The Company is not subject to any other interest rate risk.

- (iii) Price risk – The Company is exposed to fluctuations in the market prices of its portfolio of available-for-sale financial assets. Changes in the fair value of the available-for-sale financial assets are recorded, net of income taxes, in accumulated other comprehensive income as it relates to unrecognized gains and losses. The risk is managed by the Company and its investment managers by ensuring a conservative asset allocation of bonds and equities.

(b) Credit risk

Credit risk arises from cash and cash equivalents, available-for-sale financial assets and trade receivables. The Company places its cash and cash equivalents and available-for-sale financial assets with institutions of high credit worthiness. Maximum credit risk exposure represents the loss that would be incurred if all of the Company's counterparties were to default at the same time.

The Company has some credit risk associated with its trade receivables as it relates to the Appliance Canada division that is partially mitigated by the Company's credit management practices.

The Company's trade receivables total \$22,716,000 at September 30, 2012 [as at December 31, 2011 - \$28,937,000]. The amount of trade receivables that the Company has determined to be past due [which is defined as a balance that is more than 90 days past due] is \$912,000 as at September 30, 2012 [as at December 31, 2011 - \$191,000] which relates entirely to the Appliance Canada division. The Company's provision for impairment of trade receivables, established through on-going monitoring of individual customer accounts, was \$500,000 as at September 30, 2012 [as at December 31, 2011 - \$500,000].

The majority of the Company's sales are paid through cash, credit card or non-recourse third-party finance. The Company relies on one third-party credit supplier to supply financing to its customers.

(c) Liquidity risk

The Company has no outstanding borrowings and does not rely upon available credit facilities to finance operations or to finance committed capital expenditures. The portfolio of available-for-sale financial assets consists primarily of actively traded Canadian and international bonds. There is no immediate need for cash by the Company from its investment portfolio.

The Company expects to settle its trade and other payables within 30 days of the period end date. The redeemable share liability does not have any fixed terms of repayment.

5. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity. The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans; and
- utilize working capital to negotiate favourable supplier agreements both in respect of early payment discounts and overall payment terms.

The Company is not subject to any externally imposed capital requirements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
Leon's Furniture Limited

6. CASH AND CASH EQUIVALENTS

	As at September 30, 2012	As at December 31, 2011
Cash at bank and on hand	6,695	2,181
Short-term investments	30,917	70,324
Totals	37,612	72,505

7. INVENTORIES

The amount of inventory recognized as an expense for the nine month period ended September 30, 2012 was \$286,550,000 (nine month period ended September 30, 2011 - \$279,796,000) which is presented within cost of sales on the interim consolidated income statements.

During the three month period ended September 30, 2012, there was \$80,000 in inventory write-downs (three month period ended September 30, 2011 - \$443,000). At September 30, 2012, the inventory markdown provision totaled \$5,212,000 (As of September 30, 2011 - \$4,473,000). There were no reversals of any write-down for the period ended September 30, 2012 (three month period ended September 30, 2011 – nil). None of the Company's inventory has been pledged as security for any liabilities of the Company.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Vehicles	Computer hardware	Building improvements	Total
As at December 31, 2011:							
Opening net book value	55,331	82,604	11,061	3,348	1,117	48,031	201,492
Additions	100	9,165	4,403	2,253	164	9,253	25,338
Disposals	—	—	—	18	—	—	18
Depreciation	—	3,563	2,029	1,271	538	5,253	12,654
Closing net book value	55,431	88,206	13,435	4,312	743	52,031	214,158
As at December 31, 2011:							
Cost	55,431	184,530	40,456	23,051	9,115	87,526	400,109
Accumulated depreciation	—	96,324	27,021	18,739	8,372	35,495	185,951
Net book value	55,431	88,206	13,435	4,312	743	52,031	214,158
As at September 30, 2012:							
Opening net book value	55,431	88,206	13,435	4,312	743	52,031	214,158
Additions	(50)	8	4,166	1,021	14	8,244	13,403
Disposals	—	—	—	9	—	—	9
Depreciation	—	2,915	1,665	1,118	340	4,349	10,387
Closing net book value	55,381	85,299	15,936	4,206	417	55,926	217,165
As at September 30, 2012:							
Cost	55,381	184,538	44,622	23,837	9,129	95,770	413,277
Accumulated depreciation	—	99,239	28,686	19,631	8,712	39,844	196,112
Net book value	55,381	85,299	15,936	4,206	417	55,926	217,165

Included in the above balances at September 30, 2012 are assets not being amortized with a net book value of approximately \$2,586,000 [as at December 31, 2011 – \$2,638,000] being construction-in-progress.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
Leon's Furniture Limited

9. INVESTMENT PROPERTIES

	Land	Buildings	Building improvements	Total
As at December 31, 2011:				
Opening net book value	8,286	—	131	8,417
Additions	—	—	—	—
Disposals	—	—	—	—
Depreciation	—	—	51	51
Closing net book value	8,286	—	80	8,366
As at December 31, 2011:				
Cost	8,286	8,039	1,457	17,782
Accumulated depreciation	—	8,039	1,377	9,416
Net book value	8,286	—	80	8,366
As at September 30, 2012:				
Opening net book value	8,286	—	80	8,366
Additions	—	—	—	—
Disposals	—	—	—	—
Depreciation	—	—	38	38
Closing net book value	8,286	—	42	8,328
As at September 30, 2012:				
Cost	8,286	8,039	1,457	17,782
Accumulated depreciation	—	8,039	1,415	9,454
Net book value	8,286	—	42	8,328

The fair value of the investment property portfolio as at September 30, 2012 was approximately \$29,750,000 [as at December 31, 2011 - \$29,750,000]. The fair value was compiled internally by management based on available market evidence.

10. INTANGIBLE ASSETS

	Customer relationships	Brand name	Non-compete Agreement	Computer software	Total
As at December 31, 2011:					
Opening net book value	1,250	1,750	625	1,277	4,902
Additions	—	—	—	(64)	(64)
Disposals	—	—	—	—	—
Amortization for the year	250	250	125	255	880
Net book value	1,000	1,500	500	958	3,958
As at December 31, 2011:					
Cost	2,000	2,500	1,000	4,202	9,702
Accumulated amortization	1,000	1,000	500	3,244	5,744
Net book value	1,000	1,500	500	958	3,958
As at September 30, 2012:					
Opening net book value	1,000	1,500	500	958	3,958
Additions	—	—	—	9	9
Disposals	—	—	—	—	—
Amortization for the year	187	187	94	181	649
Closing net book value	813	1,313	406	786	3,318
As at September 30, 2012:					
Cost	2,000	2,500	1,000	4,211	9,711
Accumulated amortization	1,187	1,187	594	3,425	6,393
Net book value	813	1,313	406	786	3,318

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)
Leon's Furniture Limited

11. TRADE AND OTHER PAYABLES

	As at September 30, 2012	As at December 31, 2011
Trade payables	50,481	62,485
Other payables	6,619	12,641
	57,100	75,126

12. PROVISIONS

	Profit sharing and bonuses	Vacation pay	Totals
As at December 31, 2011	10,860	371	11,231
Additional provisions	7,090	3,194	10,284
Unused amounts reversed	(1,906)	—	(1,906)
Utilized during the quarter	(8,954)	(1,950)	(10,904)
As at September 30, 2012	7,090	1,615	8,705

- (a) The provision for profit sharing and bonuses is payable within the first half of the following fiscal year.
(b) The provision for vacation pay represents employee entitlements to untaken vacation at each reporting date.

13. REDEEMABLE SHARE LIABILITY

	As at September 30, 2012	As at December 31, 2011
Authorized		
2,284,000 convertible, non-voting, series 2002 shares		
806,000 convertible, non-voting, series 2005 shares		
1,224,000 convertible, non-voting, series 2009 shares		
306,500 convertible, non-voting, series 2012 shares		
Issued and fully paid		
505,028 series 2002 shares [December 31, 2011 – 667,748]	3,665	4,799
476,155 series 2005 shares [December 31, 2011 – 541,248]	4,461	5,111
1,045,219 series 2009 shares [December 31, 2011 – 1,115,107]	9,251	9,869
286,500 series 2012 shares [December 31, 2011 – nil]	3,555	—
Less employee share purchase loans	(20,338)	(19,397)
	594	382

Under the terms of the Plan, the Company advanced non-interest bearing loans to certain of its employees in 2002, 2005, 2009 and 2012 to allow them to acquire convertible, non-voting, series 2002 shares, series 2005 shares, series 2009 shares and series 2012 shares, respectively, of the Company. These loans are repayable through the application against the loans of any dividends on the shares, with any remaining balance repayable on the date the shares are converted to common shares. Each issued and fully paid for series 2002, 2005, 2009 and 2012 share may be converted into one common share at any time after the fifth anniversary date of the issue of these shares and prior to the tenth anniversary of such issue. Series 2002 shares may also be redeemed at the option of the holder or by the Company at any time after the fifth anniversary date of the issue of these shares and must be redeemed prior to the tenth anniversary of such issue. The series 2005, series 2009 and series 2012 shares are redeemable at the option of the holder for a period of one business day following the date of issue of such shares. The Company has the option to redeem the series 2005, series 2009 and series 2012 shares at any time after the fifth anniversary date of the issue of these shares and must redeem them prior to the tenth anniversary of such issue. The redemption price is equal to the original issue price of the shares adjusted for subsequent subdivisions of shares plus accrued and unpaid

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dividends. The purchase prices of the shares are \$7.19 per series 2002 share, \$9.44 per series 2005 share, \$8.85 per series 2009 share and \$12.41 per series 2012 share.

Dividends paid to holders of series 2002, 2005 and 2009 shares of approximately \$465,000 [2011 - \$470,000] have been used to reduce the respective shareholder loans.

During the nine month period ended September 30, 2012, 162,720 series 2002 shares [nine month period ended September 30, 2011 – 138,742], 65,093 series 2005 shares [nine month period ended September 30, 2011 – 79,545] and 20,000 series 2009 shares [nine month period ended September 30, 2011 – nil] were converted into common shares with a stated value of approximately \$1,169,000 [nine month period ended September 30, 2011 - \$997,000], \$615,000 [nine month period ended September 30, 2011 – \$832,000] and \$177,000 [nine month period ended September 30, 2011 – \$nil], respectively.

During the nine month period ended September 30, 2012, the Company cancelled 49,888 series 2009 shares [nine month period ended September 30, 2011 – 53,017] in the amount of \$441,000 [nine month period ended September 30, 2011 – \$469,000] and 20,000 series 2012 shares [nine month period ended September 30, 2011 - \$nil] in the amount of \$248,000 [nine month period ended September 30, 2012 - \$nil].

During the nine month period ended September 30, 2012, the Company issued 306,500 series 2012 shares for proceeds of \$3,803,000. In addition, the Company advanced non-interest bearing loans in the amount of \$3,803,000 to certain of its employees to acquire these shares.

14. COMMON SHARES

	As at September 30, 2012	As at December 31, 2011
Authorized - Unlimited common shares		
Issued 70,040,041 common shares [December 31, 2011 – 69,815,734]	22,876	20,918

During the three month period ended September 30, 2012, 48,694 series 2002 shares [three month period ended September 30, 2011 – 8,063], 13,535 series 2005 shares [three month period ended September 30, 2011 – 18,799] were converted into common shares with a stated value of approximately \$350,000 [three month period ended September 30, 2011 - \$58,000] and \$128,000 [three month period ended September 30, 2011 - \$177,000], respectively.

During the nine month period ended September 30, 2012, the Company repurchased 23,506 [nine month period ended September 30, 2011 – 467,025] of its common shares on the open market pursuant to the terms and conditions of Normal Course Issuer Bids at a net cost of approximately \$286,000 [nine month period ended September 30, 2011 – \$6,115,000]. All shares repurchased by the Company pursuant to its Normal Course Issuer Bids have been cancelled. The repurchase of common shares resulted in a reduction of share capital in the amount of approximately \$3,000 [nine month period ended September 30, 2011 – \$54,000]. The excess net cost over the average carrying value of the shares of approximately \$283,000 [nine month period ended September 30, 2011 – \$6,061,000] has been recorded as a reduction in retained earnings.

The dividends paid for the three and nine month periods ended September 30, 2012 and September 30, 2011 were \$6,998,000 and \$31,448,000 [\$0.10 per share and \$0.45 per share] and \$6,305,000 and \$18,932,000 [\$0.09 per share and \$0.27 per share], respectively.

Leon's Furniture Limited**15. REVENUE**

	Three month period ended September 30, 2012	Three month period ended September 30, 2011
Sale of goods by corporate stores	169,661	169,818
Income from franchise operations	2,399	2,358
Extended warranty revenue	1,898	2,014
Rental income from investment property	217	183
	174,175	174,373
	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Sale of goods by corporate stores	480,063	475,146
Income from franchise operations	7,229	7,275
Extended warranty revenue	5,695	6,041
Rental income from investment property	585	551
	493,701	489,013

16. OPERATING EXPENSES BY NATURE

	Three month period ended September 30, 2012	Three month period ended September 30, 2011
Depreciation of property, plant and equipment and investment properties	3,595	3,276
Amortization of intangible assets	216	214
Operating lease payments	1,410	880
	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Depreciation of property, plant and equipment and investment properties	10,425	9,306
Amortization of intangible assets	649	658
Operating lease payments	3,988	2,497
Gain on sale of property, plant and equipment	15	21

17. INCOME TAX EXPENSE

	Three month period ended September 30, 2012	Three month period ended September 30, 2011
Current income tax expense	4,846	6,594
Deferred income tax recovery	(170)	(197)
	4,676	6,427
	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Current income tax expense	11,240	14,848
Deferred income tax recovery	(307)	(82)
	10,933	14,766

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rates used for the three month periods ended September 30, 2012 and September 30, 2011 were 26.5% and 28.2%, respectively.

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18. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of shares outstanding. The weighted average number of shares used in the basic earnings per share calculations amounted to 69,999,938 for the three month period ended September 30, 2012 [three month period ended September 30, 2011 – 69,913,255]. The following table reconciles the profit for the period and the number of shares for the basic and diluted earnings per share calculations:

	Three month period ended Sept. 30, 2012	Three month period ended Sept. 30, 2011	Nine month period ended Sept. 30, 2012	Nine month period ended Sept. 30, 2011
Profit for the period for basic earnings per share	13,058	15,277	30,661	36,793
Profit for the period for diluted earnings per share	13,058	15,277	30,661	36,793
Weighted average common shares outstanding	69,999,938	69,913,255	69,946,920	70,023,150
Dilutive effect (note 13)	2,395,823	2,376,132	2,368,397	2,449,077
Diluted weighted average common shares outstanding	72,395,761	72,289,387	72,315,317	72,472,227
Basic earnings per share	0.19	0.22	0.44	0.53
Diluted earnings per share	0.18	0.21	0.42	0.51

19. COMMITMENTS AND CONTINGENCIES

[a] The cost to complete all construction-in-progress as at September 30, 2012 totals \$3,529,000 at three location(s) [December 31, 2011 - to complete at two locations at an approximate cost of \$4,407,000].

[b] The Company is obligated under operating leases for future minimum annual rental payments for certain land and buildings as follows:

No later than 1 year	6,859
Later than 1 year and no later than 5 years	25,159
Later than 5 years	27,047
	59,065

[c] The future minimum lease payments receivable under non-cancellable operating leases for certain land and buildings classified as investment property are as follows:

No later than 1 year	791
Later than 1 year and no later than 5 years	2,435
Later than 5 years	1,291
	4,517

[d] The Company has issued approximately \$255,000 in letters of credit primarily with respect to buildings under construction or being completed.

[e] Pursuant to a reinsurance agreement relating to the extended warranty sales, the Company has pledged available-for-sale financial assets amounting to \$20,592,000 [as at December 31, 2011 - \$20,257,000] and provided a letter of credit of \$1,500,000 [as at December 31, 2011 - \$1,500,000] for the benefit of the insurance company.

20. INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[a] The net change in non-cash working capital balances related to operations consists of the following:

	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Trade receivables	6,221	9,845
Income taxes receivable	538	(5,487)
Inventory	(1,291)	(449)
Other assets	230	88
Trade, other payables and provisions	(19,736)	(9,886)
Customers' deposits	(427)	(537)
	(14,465)	(6,426)

[b] Supplemental cash flow information:

	Nine month period ended September 30, 2012	Nine month period ended September 30, 2011
Income taxes paid	9,614	19,459

[c] During the nine month period, property, plant and equipment were acquired at an aggregate cost of \$14,219,000 [2011 - \$21,995,000], of which \$816,000 [2011 - \$874,000] is included in trade and other payables as at December 31, 2011.

21. SUBSEQUENT EVENTS

On November 11, 2012, the Company announced that it had entered into definitive agreements to acquire all the outstanding shares of The Brick Ltd. ("The Brick"), subject to approval by the shareholders, the Competition Bureau and other customary closing conditions. The total consideration for The Brick is approximately \$700 million.

The cash consideration of the purchase price along with the transaction costs will be funded with cash on hand, convertible debentures and bank debt. This acquisition will be accounted for as a business combination with the Company as the acquirer of The Brick. The Company expects the transaction to close in the first quarter of 2013. The purchase method of accounting will be used and the earnings will be consolidated from the closing date.