



Press Release - February 27, 2014

2013 FOURTH QUARTER

Leon's Furniture Limited is pleased to announce its results for the full year 2013 and the fourth quarter 2013 including the results of The Brick Limited from March 28, 2013. For the year ended December 31, 2013, total system wide sales were \$2,039,428,000 including \$344,785,000 franchise sales (\$880,240,000 including \$198,077,000 franchise sales in 2012). Same store sales were down 1.6% from the prior year. Net income was \$67,183,000, \$0.95 per common share (\$46,782,000, \$0.67 per common share in 2012), an increase of 41.8% per share.

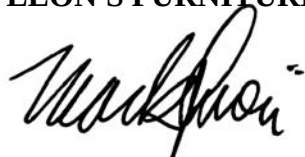
For the three months ended December 31, 2013, total system wide sales were \$633,871,000, including \$110,846,000 of franchise sales (\$248,187,000 including \$59,725,000 of franchise sales in 2012). Same store corporate sales were down 2.1% from the comparable quarter. Net income was \$26,034,000, \$0.37 per common share (\$16,121,000, \$0.23 per common share in 2012), an increase of 60.9% per share. The sales and income increase in the fourth quarter and year 2013 when compared to the prior fourth quarter and year 2012, were mainly a result of the inclusion of the operating results of The Brick Limited since March 28, 2013.

While the businesses of Leon's and The Brick continue to operate under their separate banners, the management teams are working closely together to leverage the best practices of each for the benefit of the entire Company. We are pleased with the progress of the integration and our financial results since the acquisition of The Brick Limited. At the same time we continue to identify numerous opportunities that we believe will benefit both our customers and shareholders going forward.

The Directors are pleased to declare a quarterly dividend of 10¢ per common share, payable on April 7, 2014 to the shareholders of record at the close of business on March 7, 2014. Dividends paid by Leon's Furniture Limited are "eligible dividends" pursuant to the changes to the Income Tax Act under Bill C-28, Canada.

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>
2013	- Basic	8¢	20¢	30¢	37¢	\$0.95
	- Fully Diluted	7¢	19¢	27¢	33¢	\$0.87
2012	- Basic	12¢	13¢	19¢	23¢	\$0.67
	- Fully Diluted	12¢	12¢	18¢	22¢	\$0.65
2011	- Basic	15¢	16¢	22¢	28¢	\$0.81
	- Fully Diluted	14¢	15¢	21¢	27¢	\$0.78

LEON'S FURNITURE LIMITED / MEUBLES LEON LTÉE

Mark J. Leon
Chairman of the Board

Leon's Furniture Limited CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)		
(\$ in thousands)	As at December 31 2013	As at December 31 2012
ASSETS		
Current assets		
Cash and cash equivalents	5,832	74,949
Restricted marketable securities	20,104	20,980
Available-for-sale financial assets	17,336	125,755
Trade receivables	104,275	27,961
Income taxes receivable	-	3,644
Inventories	277,656	86,057
Deferred acquisition costs	1,659	1,271
Deferred financing costs	903	1,317
Total current assets	427,766	341,934
Other assets	4,970	761
Deferred acquisition costs	7,250	1,525
Property, plant and equipment	433,586	218,146
Investment properties	22,304	8,315
Intangible assets	337,221	3,101
Goodwill	440,044	11,282
Deferred income tax assets	7,444	3,114
Total assets	1,680,585	588,178
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	202,618	73,542
Provisions	4,769	-
Income taxes payable	12,135	-
Customers' deposits	93,609	20,386
Finance lease liability	4,302	-
Dividends payable	7,063	7,055
Deferred warranty plan revenue	54,028	14,743
Debentures	15,503	-
Loans and borrowings	50,000	-
Total current liabilities	444,027	115,726
Loans and borrowings	325,255	-
Convertible debentures	90,952	-
Finance lease liability	137,887	-
Deferred warranty plan revenue	85,494	17,251
Redeemable share liability	859	428
Deferred rent liabilities and lease inducements	2,377	-
Deferred income tax liabilities	97,178	2,586
Total liabilities	1,184,030	135,991
Shareholders' equity attributable to the shareholders of the Company		
Common shares	27,352	26,693
Equity component of convertible debentures	7,089	-
Retained earnings	462,035	423,099
Accumulated other comprehensive income	79	2,395
Total shareholders' equity	496,555	452,187
Total liabilities and shareholders' equity	1,680,585	588,178

Leon's Furniture Limited
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(\$ in thousands)	Three months ended December 31		Years ended December 31	
	2013	2012	2013	2012
Revenue	523,025	188,462	1,694,643	682,163
Cost of sales	289,244	106,625	959,307	398,704
Gross profit	233,781	81,837	735,336	283,459
Operating expenses				
General and administrative expenses	81,543	27,278	267,741	99,346
Sales and marketing expenses	66,979	22,422	213,562	83,479
Occupancy expenses	37,806	8,762	127,985	34,289
Other operating expenses	4,782	2,539	14,562	6,523
Total operating expenses	191,110	61,001	623,850	223,637
Operating profit	42,671	20,836	111,486	59,822
Finance costs	(7,483)	-	(22,424)	-
Finance income	868	1,253	2,494	3,861
Net income before income tax	36,056	22,089	91,556	63,683
Income tax expense	10,022	5,968	24,373	16,901
Net income	26,034	16,121	67,183	46,782
Earnings per share				
Basic	\$ 0.37	\$ 0.23	\$ 0.95	\$ 0.67
Diluted	\$ 0.33	\$ 0.22	\$ 0.87	\$ 0.65

Weighted average number of common shares outstanding

Basic	70,626,561	70,312,354	70,612,407	70,032,721
Diluted	81,664,033	72,351,313	79,818,914	72,317,598

Leon's Furniture Limited
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(\$ in thousands)	Three months ended December 31		
	2013	Tax effect	Net of tax 2013
Net income for the period	26,034	-	26,034
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealized gains on available-for-sale financial assets arising during the period	509	115	394
Reclassification adjustment for net losses included in profit for the period	(245)	(64)	(181)
Change in unrealized gains on available-for-sale financial assets arising during the period	265	52	213
Comprehensive income for the period	26,299	52	26,247
(\$ in thousands)	2012		
	2012	Tax effect	Net of tax 2012
Net income for the period	16,121	-	16,121
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealized gains on available-for-sale financial assets arising during the period	748	97	651
Reclassification adjustment for net losses included in profit for the period	(61)	(8)	(53)
Change in unrealized gains on available-for-sale financial assets arising during the period	687	89	598
Comprehensive income for the period	16,808	89	16,719

(\$ in thousands)	Year ended December 31		
	2013	Tax effect	Net of tax 2013
Net income for the year	67,183	-	67,183
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Unrealized gains on available-for-sale financial assets arising during the year	276	44	232
Reclassification adjustment for net losses included in profit for the year	(2,998)	(450)	(2,548)
Change in unrealized losses on available-for-sale financial assets arising during the year	(2,722)	(406)	(2,316)
Comprehensive income for the year	64,461	(406)	64,867
(\$ in thousands)	2012		
	2012	Tax effect	Net of tax 2012
Net income for the year	46,782	-	46,782
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Unrealized gains on available-for-sale financial assets arising during the year	3,183	414	2,769
Reclassification adjustment for net losses included in profit for the year	(311)	(41)	(270)
Change in unrealized gains on available-for-sale financial assets arising during the year	2,872	373	2,499
Comprehensive income for the year	49,654	373	49,281

Leon's Furniture Limited
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

(\$ in thousands)	Equity component of convertible debenture	Common shares	Accumulated other comprehensive income (loss)	Retained earnings	Total
As at December 31, 2011	-	20,918	(104)	404,647	425,461
Comprehensive income					
Net income for the year	-	-	-	46,782	46,782
Change in unrealized gains on available-for-sale financial assets arising during the year	-	-	2,499	-	2,499
Total comprehensive income	-	-	2,499	46,782	49,281
Transactions with shareholders					
Dividends declared	-	-	-	(28,047)	(28,047)
Management share purchase plan	-	5,778	-	-	5,778
Repurchase of common shares	-	(3)	-	(283)	(286)
Total transactions with shareholders	-	5,775	-	(28,330)	(22,555)
As at December 31, 2012	-	26,693	2,395	423,099	452,187
As at December 31, 2012	-	26,693	2,395	423,099	452,187
Comprehensive income					
Net income for the year	-	-	-	67,183	67,183
Change in unrealized losses on available-for-sale financial assets arising during the year	-	-	(2,316)	-	(2,316)
Total comprehensive income	-	-	(2,316)	67,183	64,867
Transactions with shareholders					
Dividends declared	-	-	-	(28,247)	(28,247)
Issuance of equity component of convertible debt	7,089	-	-	-	7,089
Management share purchase plan	-	659	-	-	659
Repurchase of common shares <i>[note 12]</i>	-	-	-	-	-
Total transactions with shareholders	7,089	659	-	(28,247)	(20,499)
As at December 31, 2013	7,089	27,352	79	462,035	496,555

Leon's Furniture Limited
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(\$ in thousands)	Year ended December 31	
	2013	2012
OPERATING ACTIVITIES		
Net income for the year	67,183	46,782
Add (deduct) items not involving an outlay of cash		
Depreciation of property, plant and equipment and investment properties	33,319	14,020
Amortization of intangible assets	5,630	866
Amortization of deferred warranty plan revenue	(60,664)	(16,543)
Net finance costs	19,930	-
Deferred income taxes	(1,273)	543
Gain on sale of property, plant and equipment	(32)	(15)
(Gain) loss on sale of available-for-sale financial assets	(5,462)	121
Cash paid for deferred financing costs	-	(1,317)
	58,631	44,457
Net change in non-cash working capital balances related to operations	(39,363)	(9,493)
Cash received on warranty plan sales	63,852	12,940
Cash provided by operating activities	83,120	47,904
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,984)	(17,897)
Purchase of intangible assets	(6,669)	(9)
Proceeds on sale of property, plant and equipment	134	23
Purchase of available-for-sale financial assets	(109,674)	(467,939)
Proceeds on sale of available-for-sale financial assets	235,260	473,273
Interest received	2,494	-
Purchase of The Brick, net of cash acquired \$31,069	(654,954)	-
Cash used in investing activities	(552,393)	(12,549)
FINANCING ACTIVITIES		
Repayment of finance leases	(2,613)	-
Dividends paid	(28,239)	(38,449)
Repurchase of common shares	-	(286)
Repayment of employee loans-redeemable shares	1,090	5,824
Issuance of term loan	400,000	-
Issuance of convertible debentures	100,000	-
Finance costs paid	(4,693)	-
Repayment of debentures	(19,616)	-
Repayment of term loan	(20,000)	-
Interest paid	(25,773)	-
Cash provided by (used in) financing activities	400,156	(32,911)
Net (decrease) increase in cash and cash equivalents during the year	(69,117)	2,444
Cash and cash equivalents, beginning of year	74,949	72,505
Cash and cash equivalents, end of year	5,832	74,949