

## Homeserve Reports Second Quarter Results

**Toronto, October 20, 2005** – Homeserve Technologies Inc. today reported net income of \$1.4 million (\$0.24 per common share) on revenues of \$2.2 million for the second quarter ended August 31, 2005 compared to net income of \$1.6 million (\$0.30 per common share) on revenues of \$2.5 million for the same period of the last fiscal year. The results were primarily attributed to a \$2.0 million contribution from our ICON operations down \$0.2 million from the same period of last year, a \$0.1 million decrease in Home-Link's contribution margin loss resulting from the downsizing activities undertaken in the previous fiscal year and \$0.1 million decrease in the gain on sale of investments as the Company chose to retain the majority of its investment positions during the second quarter of fiscal 2006 as compared to the same period of the last fiscal year when the Company recorded a gain of \$0.1 million as a result of the realignment of certain of its investment positions.

Underlying the change in ICON operations quarter ended August 31, 2005 contribution, over the same quarter of the last fiscal year, is an 11% increase in relocation file activity which exceeded certain annual file volume milestones and triggered lower licensing fees earlier this year than in the same period of the prior fiscal year. As a result of achieving these volume milestones, ICON licensing fee revenue was lower on a quarter over same prior fiscal year quarter basis, while on a year to date, year over year basis have increased due to the overall increase in relocation file volumes.

(\$ thousands, except per share amounts)	Three months Ended August 31		Six months Ended August 31	
	2005	2004	2005	2004
Revenue	2,232	2,540	7,321	5,001
Operating costs	561	754	1,088	1,257
Contribution margin	1,671	1,786	6,233	3,744
Investment income	241	213	508	394
Gain/(loss) on sale of investments	-	146	(41)	809
Amortization	(530)	(559)	(1,063)	(1,034)
Other	-	(9)	-	(19)
<b>Net income for the period</b>	<b>1,382</b>	<b>1,577</b>	<b>5,637</b>	<b>3,894</b>
Basic and diluted earnings per common share				
Basic	\$ 0.24	\$ 0.30	\$ 1.31	\$ 0.83
Diluted	\$ 0.12	\$ 0.15	\$ 0.66	\$ 0.48

### Appointment of New Director

The Company accepted the resignation of Lawrence Davis as a director of the Corporation effective as of October 19, 2005, and announced the appointment of William J. Danis to replace Mr. Davis. Mr. Danis, an experienced financial professional, with 25 years of operational and investment experience, is the Chief Financial Officer of Med-Emerg International Inc.

### Short-term investment policy

Homeserve intends to invest its excess available cash in instruments that have the potential to generate a current yield that would offset, or partially offset, the dividend rate on the Company's preferred shares.

### Outlook

The acquisition of ICON and the renewal of Contract's contract to provide relocation services to the Government of Canada are significant milestones for Homeserve. Subsequent to the award of these contracts complaints were filed with the Canadian International Trade Tribunal ("CITT") with respect to the award of these contracts. At this time the CITT is still in the process of considering these issues and the outcome is uncertain. Management will continue its focus on rationalizing and controlling costs, developing our CARE II CRM

capabilities and assessing opportunities both internal and through co-ownership to further develop our CALMS product offering.

The Company will consider seeking a re-listing of the Company's common shares when there is a reasonable probability of returning value to common shareholders after having considered the overall capitalization of the Company and in particular the servicing of the obligations related to the Company's preferred shares, including their potential redemption.

### **Additional Information**

Detailed financial information and Management's Discussion and Analysis of Results and Financial Condition as at and for the quarter ended August 31, 2005 is posted on Homeserve's website (under Investor Relations, Financial Information) at [www.homeserve.ca](http://www.homeserve.ca) and should be read in conjunction with this press release and is also available on SEDAR's website at [www.sedar.com](http://www.sedar.com).

### **About Homeserve**

Homeserve is a Canadian based software development and services company focused on home-related services for the real estate, relocation and banking industries. Through its wholly-owned subsidiary, Home-Link Services Canada Ltd., Homeserve provides a one-stop shopping service for home buyers and sellers, offering real-estate related products and services throughout the customer's purchasing and selling cycle, coordinated by a proprietary CRM software system and call centre.

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### **Forward – Looking Statements**

Investors should take note that certain statements in this press release are forward-looking and may not give full weight to all of the potential risks and uncertainties. These forward-looking statements include statements that are subject to risks and uncertainties. Forward-looking statements are subject by their nature to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. Any forward-looking statements speak only as to the date made. The Company is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by the securities laws.