

## Homeserve Reports Fourth Quarter and Year End Results

**Toronto, May 17, 2006** – Homeserve Technologies Inc. today reported net income for the fourth quarter ended February 28, 2006 of \$0.9 million (a loss of \$0.60 per common share after the payment of preferred share dividends) on revenues of \$1.7 million for the fourth quarter ended February 28, 2006 compared to income of \$4.3 million (\$0.96 per common share after the payment of preferred share dividends) on revenues of \$2.0 million for the same period of last year. The \$3.3 million quarter-over-quarter decrease in net income was primarily a result of a \$3.4 million decrease in income tax recovery and a \$0.3 million decrease in ICON operations' contribution margin.

Net Income for the 12 months ended February 28, 2006 was \$7.4 million (\$0.80 per common share after the payment of preferred share dividends) on revenues of \$10.5 million, as compared to net income of \$8.8 million (\$1.83 per common share after the payment of preferred share dividends) on revenues of \$8.6 million for the prior fiscal year. The most significant elements contributing to the \$1.4 million year-over-year decrease in net income were a \$3.4 million decrease in income tax recovery and a \$0.6 million decrease in the gains realized on the sale of certain holdings within the Company's investment portfolio. Partially offsetting this amount was a \$1.8 million increase in contribution margin generated from the ICON operations due to increased file activities.

(\$ thousands, except per share amounts)	Three months Ended		Twelve months Ended	
	Feb. 28 2006	Feb. 28 2005	Feb. 28 2006	Feb. 28 2005
Revenue	1,726	2,046	10,467	8,608
Operating costs	880	676	2,530	2,534
Contribution margin	846	1,370	7,937	6,074
Investment income	337	266	1,119	936
Gain on sale of investments	32	-	244	809
Amortization and depreciation	(82)	(571)	(1,661)	(2,154)
Interest expense	-	-	-	(19)
Net income for the period before income tax	1,133	1,065	7,639	5,646
Income tax recovery (expense)	(200)	3,200	(200)	3,200
Net income for the period	933	4,265	7,439	8,846
Basic earnings (loss) available to common shareholders	(2,081)	3,323	2,751	6,319
Diluted earnings (loss) available to common shareholders	(2,051)	3,353	2,874	6,426
Basic and diluted (loss) earnings per common share				
Basic	\$ (0.60)	\$ 0.96	\$ 0.80	\$ 1.83
Diluted	\$ (0.30)	\$ 0.48	\$ 0.41	\$ 0.99

### Calculation of Earnings per share

(\$ thousands)	Three months Ended		Twelve months Ended	
	Feb. 28 2006	Feb. 28 2005	Feb. 28 2006	Feb. 28 2005
Net income	933	4,265	7,439	8,846
Dividends paid on preferred shares	(3,014)	(942)	(4,688)	(2,527)
Basic earnings/(loss) available to common shareholders	(2,081)	3,323	2,751	6,319

Adjustment to net income on conversion of Series D preferred shares	<b>30</b>	30	<b>123</b>	107
Diluted net income available to common shareholders	<b>(2,051)</b>	3,353	<b>2,874</b>	6,426

### 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.

### Issuance of Preferred Shares

Homeserve's Board of Directors approved the issuance of 9,763,061 Series C preferred shares in accordance to the earn-out calculation of the ICON Transaction. In addition, in accordance with the terms of the ICON Transaction, 100% of Homeserve's 3,500,000 Series D preferred shares were converted into Non-Voting common shares.

### Outlook

Management will maintain its focus on rationalizing and controlling costs, developing its CARE II CRM capabilities and assessing opportunities both internal and through co-ownership to further develop the Company's CALMS product offering.

Homeserve 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 and year ended February 28, 2006 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.

### Forward – Looking Statements

This press release contains forward-looking information, including "forward-looking statements". The words "will", "intends", "expected" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause Homeserve's performance to differ materially from the description of the investment expressed or implied by such forward-looking statements. Although Homeserve believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include general economic conditions; interest rate changes; availability of equity and debt financing; and other risks and factors described from time to time in

the documents filed by the Company with the securities regulators in Canada including in the Annual Information Form under the heading "Risk Factors." The Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

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