MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Table of Contents

Date: August 8, 2013

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of easyhome Ltd. and its subsidiaries [collectively referred to as "easyhome" or the "Company"] as at June 30, 2013 compared to June 30, 2012, and the results of operations for the three and six month periods ended June 30, 2013 compared with the corresponding periods of 2012. This MD&A should be read in conjunction with the Company's 2012 audited consolidated financial statements and the related notes and MD&A and the Company's interim condensed consolidated financial statements and the related notes for the three and six month periods ended June 30, 2013. The financial information presented herein has been prepared under International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2012 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Transactions with Related Parties, Risk Factors, Critical Accounting Estimates, Adoption of New Accounting Standards and Internal Controls.

This MD&A is the responsibility of management. The Board of Directors has approved this MD&A after receiving the recommendations of the Company's Audit Committee, which is comprised exclusively of independent directors, and of the Company's Disclosure Committee.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at *www.sedar.com* and on the Company's website at *www.easyhome.ca*.

Caution Regarding Forward Looking Statements

This MD&A may include forward-looking statements about easyhome, 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 action, 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 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.

Overview of the Business

easyhome is Canada's largest merchandise leasing Company offering top quality, brand-name household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements through both corporate and franchised stores. In addition, the Company offers a variety of financial services, including loans and prepaid cards, through its easyfinancial Services business [“easyfinancial”].

The Company operates three complementary business units: easyhome Leasing, easyfinancial and easyhome Franchising. Management is continuing to assess the Company’s reporting segments as a result of the exchange of stores that occurred on December 31, 2012, the relatively small size of its franchising segment and the Company’s future growth strategies.

The Company’s overview of the business remains as described in its December 31, 2012 MD&A.

Corporate Strategy

The Company has three long-term business priorities:

- Evolving the delivery channels to better meet the needs of its customers
- Expanding the retail footprint
- Executing at the store level with efficiency and effectiveness

The Company’s corporate strategy remains as described in its December 31, 2012 MD&A.

Outlook

The Company’s outlook remains as described in its December 31, 2012 MD&A.

Analysis of Results for the Three Months Ended June 30, 2013

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended Jun 30, 2013	Three Months Ended Jun 30, 2012	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**53,763**	48,903	4,860	9.9%
Operating expenses before depreciation and amortization	**34,846**	32,083	2,763	8.6%
EBITDA margin	**12.8%**	9.6%	3.2%	-
Depreciation and amortization expense	**13,492**	13,399	93	0.7%
Operating income	**5,425**	3,421	2,004	58.6%
Operating margin	**10.1%**	7.0%	3.1%	-
Finance costs	**1,354**	463	891	192.2%
Income tax rate	**23.4%**	31.4%	(8.0%)	-
Net income for the period	**3,117**	2,030	1,087	53.5%
Earnings per share	**0.26**	0.17	0.09	52.9%
Adjusted (Normalized) Financial Results				
Adjusted EBITDA margin[1]	**12.8%**	10.5%	2.3%	-
Adjusted operating earnings[1]	**5,425**	3,857	1,568	40.7%
Adjusted operating margin[1]	**10.1%**	7.9%	2.2%	-
Adjusted earnings[1]	**3,117**	2,335	782	33.5%
Adjusted earnings per share[1]	**0.26**	0.20	0.06	30.0%
Key Performance Indicators				
Same store revenue growth[1]	**16.9%**	6.4%	10.5%	-
Same store revenue growth excluding easyfinancial[1]	**9.8%**	(0.3%)	10.1%	-
Potential monthly lease revenue[1]	**11,036**	11,250	(214)	(1.9%)
Change in potential monthly lease revenue due to ongoing operations[1]	**(129)**	6	(135)	-
Gross consumer loans receivable[1]	**83,942**	55,818	28,124	50.4%
Growth in consumer loans receivable[1]	**9,290**	7,049	2,241	31.8%
Bad debt expense as a percentage of easyfinancial revenue[1]	**24.2%**	26.4%	(2.2%)	-
Net charge offs as a percentage of average gross consumer loans receivable[1]	**13.2%**	14.2%	(1.0%)	-
System-Wide Key Performance Indicators				
Total system revenue[2]	**63,638**	57,029	6,609	11.6%
Total system potential monthly lease Revenue[4]	**14,050**	13,754	296	2.2%
Total franchisee revenue[3]	**9,875**	8,126	1,749	21.5%

[1] See description in section "Key Performance Indicators and Non-IFRS Measures".
[2] Includes revenue per consolidated financial statements as well as revenue from unconsolidated franchises.
[3] Includes revenue from unconsolidated franchise locations.
[4] Includes potential monthly lease revenue for the Company as well as for unconsolidated franchises.

Second Quarter Highlights

- During the quarter, the Company further amended its term loan facility which increased the total maximum credit limit available under the term loan facility to $50.0 million. All previous borrowings under the term loan facility were rolled into the amended $50.0 million facility. The Company was also able to reduce its cost of borrowing under this term loan from 11.78% as at March 31, 2013 to 9.98% as at June 30, 2013. As the term loan was amended on June 18, 2013, the benefit of the lower cost of funds will be realized in the third quarter and beyond.

- easyhome continued to grow revenue during the second quarter of 2013. Revenue for the quarter increased to a record high $53.8 million from $48.9 million in the second quarter of 2012, an increase of $4.9 million or 9.9%. The growth was driven primarily by the expansion of easyfinancial and its loan portfolio. Same store revenue growth for the quarter, which includes revenue growth from easyfinancial, was 16.9%. Excluding the impact of easyfinancial, same store revenue growth was 9.8%. Same store revenue growth excluding the impact of easyfinancial was positively impacted by the store closures in the second quarter of 2012 and by the acquisition and closure of the stores acquired from a large U.S. based merchandise leasing company on December 31, 2012 (as the portfolio of these closed stores was generally transferred to nearby stores).

- The operating margin of the leasing business for the second quarter of 2013 increased to 15.8%, up from 11.6% reported in the second quarter or 2012 (excluding non-recurring or unusual items). The margin improvement was driven primarily by the restructuring completed in the second quarter of 2012, the elimination of the operating losses of the U.S. corporate stores, the positive contribution of the stores acquired in the fourth quarter of 2012 and improved store level execution.

- During the second quarter of 2013, the consumer loans receivable portfolio grew by $9.3 million, compared with growth of $7.0 million in the second quarter of 2012. The gross consumer loans receivable as at June 30, 2013 was $83.9 million compared with $55.8 million as at June 30, 2012.

- The operating margin for easyfinancial was 27.9% for the second quarter of 2013 compared with 28.4% for the second quarter of 2012. While the average loan book per location increased year over year, i) additional earnings drag of new stand alone locations which incur a higher level of operating expenses than kiosks, ii) higher levels of marketing expenditures to drive portfolio growth, iii) increased depreciation and amortization related to the new loan system and iv) expenditures to develop new distribution channels resulted in lower operating margins in the second quarter of 2013 compared with the same period in 2012.

- Excluding the impact of non-recurring or unusual items, operating income increased from $3.8 million in the second quarter of 2012 to $5.4 million in the current quarter, an improvement of $1.6 million or 41%. Operating income in the second quarter of $5.4 million was the highest for the second quarter in easyhome's history. Both the leasing business and easyfinancial contributed to this growth. Operating margins, excluding the impact of non-recurring or unusual items, improved from 7.9% in the second quarter of 2012 to 10.1% in the current quarter.

- Net income for the second quarter of 2013 was $3.1 million or $0.26 per share compared with $2.0 million or $0.17 per share in the second quarter of 2012. Net income in the second quarter of $3.1 million was the highest for the second quarter in easyhome's history. Excluding the impact of non-recurring or unusual items in the second quarter of 2012, net income for the second quarter of 2012 was $2.3 million or $0.20 per share.

Store Locations Summary

	Locations as at March 31, 2013	Locations Opened During Period	Locations Closed During Period	Conversions	Locations as at June 30, 2013
Leasing					
Canada	182	-	(4)	(1)	**177**
Consolidated Franchise Location	9	-	-	-	**9**
Total	191	-	(4)	(1)	**186**
Franchise					
Canada	16	-	-	1	**17**
U.S.	33	-	-	-	**33**
Total	49	-	-	1	**50**
easyfinancial					
Kiosks (in store)	77	-	-	(3)	**74**
Stand-alone locations	22	8	-	3	**33**
National loan office	1	-	-	-	**1**
	100	8	-	-	**108**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended June 30, 2013				
	Leasing	easyfinancial	Franchising	Corporate	Total
Revenue	**39,995**	**13,335**	**433**	**-**	**53,763**
Total operating expenses before depreciation and amortization	**20,814**	**9,183**	**162**	**4,687**	**34,846**
Depreciation and amortization	**12,852**	**430**	**66**	**144**	**13,492**
Operating income (loss)	**6,329**	**3,722**	**205**	**(4,831)**	**5,425**
Finance costs					**1,354**
Income before income taxes					**4,071**
Income taxes					**954**
Net Income for the period					**3,117**
Earnings per share					**0.26**

($ in 000's except earnings per share)	Three Months Ended June 30, 2012				
	Leasing	easyfinancial	Franchising	Corporate	Total
Revenue	39,708	8,817	378	-	48,903
Total operating expenses before depreciation and amortization and restructuring and other items	22,040	6,175	103	3,329	31,647
Restructuring and other items	1,296	-	-	(860)	436
Depreciation and amortization	13,075	136	54	134	13,399
Operating income (loss)	3,297	2,506	221	(2,603)	3,421
Finance costs					463
Income before income taxes					2,958
Income taxes					928
Net Income for the period					2,030
Earnings per share					0.17

Revenue

Revenue for the three month period ended June 30, 2013 was $53.8 million compared to $48.9 million in the comparable period in 2012, an increase of $4.9 million or 9.9%.

Leasing - Revenue for the three month period ended June 30, 2013 was $40.0 million, an increase of $0.3 million or 0.8% from the comparable period in 2012. The year over year change in revenue can be attributed to several factors:

- On December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The 15 stores acquired in Canada generated $0.7 million less in revenue during the second quarter of 2013 compared to the revenue generated in the second quarter of 2012 by the stores sold in the U.S. Lower ancillary fees and collection rates and higher customer attrition contributed to this decline.
- Store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulted in a $1.5 million decline in revenue.
- Revenue for the quarter of 2013 was positively impacted by $0.3 million due to the different timing of the Good Friday holiday when compared to 2012. The calendar contributed to a $0.3 million relative increase in revenue in the current quarter. Good Friday fell on an important day for cash collections in the second quarter of 2012 while Good Friday in 2013 fell in the first quarter of the year.
- Finally, improvements to ongoing operations, including the operational changes that were initiated during the second quarter of 2012, resulted in organic portfolio growth and improved collections across the store network culminating in revenue improvements of $2.2 million in the second quarter of 2013 compared with the second quarter of 2012.

easyfinancial - Revenue for the three month period ended June 30, 2013 was $13.3 million, an increase of $4.5 million or 51.1% from the comparable period in 2012. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $55.8 million as at June 30, 2012 to $83.9 million as at June 30, 2013, an increase of 50.4%. The consumer loans receivable portfolio grew $9.3 million during the second quarter of 2013 compared with growth of $7.0 million for the second quarter of 2012.

Franchising - Revenue was $0.4 million for the three month period ended June 30, 2013, up 14.6% compared with the same quarter of last year. The Company had 50 franchise locations as at June 30, 2013 compared with 45 as at June 30, 2012.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization and restructuring and other items were $34.8 million for the three month period ended June 30, 2013, an increase of $3.2 million or 10.1% from the comparable period in 2012. Operating expenses before depreciation and amortization and restructuring and other items represented 64.8% of revenue for the second quarter of 2013 compared with 64.7% last year. The $3.2 million increase in total operating expenses before depreciation and amortization and restructuring and other items was driven primarily by the higher costs associated with an expanded easyfinancial business and higher corporate costs offset by lower costs in the leasing business.

Leasing – Total operating expenses before depreciation and amortization and restructuring and other items for the three month period ended June 30, 2013 were $20.8 million, a decrease of $1.2 million or 5.6% from the comparable period in 2012. This decline was driven primarily by the sale or closure of underperforming stores over the past twelve months including the sale of the loss making U.S. stores in the fourth quarter of 2012. Leasing store count declined from 204 as at June 30, 2012 to 186 at June 30, 2013.

easyfinancial– Total operating expenses before depreciation and amortization were $9.2 million for the three month period ended June 30, 2013, an increase of $3.0 million or 48.7% from the comparable period in 2012. Operating expenses, excluding bad debt, increased by $2.1 million or 53.8% in the quarter. The increase was driven by i) the additional operating expenses of 11 new stand alone locations opened during the quarter which incur a higher level of operating expenses than kiosks, ii) expenditures to develop new distribution channels and iii) higher levels of marketing expenditures to drive customer and portfolio growth. Overall branch count increased from 94 as at June 30, 2012 to 108 as at June 30, 2013. Additionally, stand alone branches (which have a greater capacity and a faster growth trajectory than kiosks but also have a higher cost structure) increased from 6 as at June 30, 2012 to 33 as at June 30, 2013.

Bad debt expense increased to $3.2 million for the three month period ended June 30, 2013 from $2.3 million during the comparable period in 2012. The $0.9 million increase was due to the growth of the consumer loans receivable portfolio which increased from $55.8 million as at June 30, 2012 to $83.9 million as at June 30, 2013.

Bad debt expense, expressed as a percentage of easyfinancial revenue, was 24.2% for the second quarter of 2013 compared with 26.4% for the second quarter of 2012. Net charge offs as a percentage of average gross consumer loans receivable was 13.2% in the quarter compared with 14.2% in the second quarter of 2012. The improvement in these rates was due, in part, to the sale of previously charged off loans to a third party collector during the quarter.

Franchising – Total operating expenses before depreciation and amortization for the second quarter of 2013 were comparable with the second quarter of 2012.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items were $4.7 million for the three month period ended June 30, 2013, an increase of $1.4 million or 40.7% from the comparable period in 2012. Corporate expenditures in the second quarter of the prior year were positively impacted by the reduction of both short-term and long-term incentive compensation accruals as the Company determined that the financial performance required for the vesting of certain of these plans would not be achieved. Total operating expense before depreciation and amortization for the three months ended June 30, 2013 are consistent with the same costs reported for the first quarter of 2013. Excluding variable compensation expenses, corporate costs for the three months ended June 30, 2013 are comparable to the comparable period in the prior year.

Restructuring and other items – During the second quarter of 2012, the Company restructured the management and operating procedures of its leasing segment and closed 13 underperforming locations. For the three months ended June 30, 2012, $1.3 million was recorded as a restructuring charge against the leasing segment and $0.1 million was recorded against Corporate. The total restructuring charge was $1.4 million. Also during the second quarter of 2012, the Company received a reimbursement from its insurers of a portion of the costs related to the forensic investigation of an employee fraud. The net insurance reimbursement of $0.9 million was recorded against Corporate and is net of professional fees related to obtaining this reimbursement.

Depreciation and Amortization

Depreciation and amortization for the three month period ended June 30, 2013 was $13.5 million, up $0.1 million or 0.7% from the comparable period of 2012. Depreciation and amortization for the leasing business declined by $0.2 million or 1.7% due to lower impairment charges and lease asset amortization. The reduced depreciation and amortization expense within the leasing business, however, was more than offset by higher depreciation and amortization within easyfinancial due to the increased number of stand alone locations and the amortization of the new loan system that went live in the fourth quarter of 2012.

Depreciation and amortization represented 25.1% of revenue for the three months ended June 30, 2013, down from 27.4% in the comparable period of 2012.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the three months ended June 30, 2013 was $5.4 million compared to $3.4 million for the comparable period in 2012, an increase of $2.0 million or 58.6%. Excluding restructuring and other items in 2012, operating income improved by $1.6 million or 40.7%. Adjusted operating margin was 10.1% in the quarter compared with 7.9% in the second quarter of 2012.

Leasing – Operating income was $6.3 million for the three month period ended June 30, 2013, an increase of $3.0 million or 91.1% from the second quarter of 2012. Excluding the effect of restructuring and other items in the second quarter of 2012, operating income increased by $1.7 million or 37.8% compared with the second quarter of 2012. The growth in operating income was driven by the earnings benefits of the 2012 restructuring and store closures, the sale of the loss making U.S. corporate stores and the addition of the acquired stores in the fourth quarter of 2012. Operating margin, excluding the impact of restructuring and other items, for the second quarter of 2013 was 15.8%, up from 11.6% in the second quarter of 2012.

easyfinancial – Operating income was $3.7 million for the three months ended June 30, 2013 compared with $2.5 million for the comparable period in 2012, an increase of $1.2 million or 48.5%. Operating margin for the quarter was 27.9% compared with 28.4% in the second quarter of 2012. While the average loan book per branch increased, operating margin declined slightly as the Company continued to invest in the long term growth of this business, including the continued shift to higher capacity stand alone branches, increased expenditures to develop new distribution channels, higher advertising and marketing spend and higher software amortizations.

Franchising – Operating income for the three month period ended June 30, 2013 was consistent with the second quarter of 2012.

Finance Costs

Finance costs for the three month period ended June 30, 2013 were $1.4 million, up $0.9 million from the same period in 2012. The increase related to the higher average debt levels during the period and an increased cost of borrowing in the current quarter compared to second quarter of 2012.

Income Tax Expense

The effective income tax rate for the quarter was 23.4% compared to 31.4% in the second quarter of 2012. The decline in the effective rate was due to i) the sale of the U.S. corporate stores whose losses in 2012 were not available to offset taxable income in the Company's profitable Canadian operations and ii) a $0.2 million reduction in the second quarter of 2013 as a result of the finalization of tax amounts previously accounted for using estimates.

Net Income and EPS

Net income for the second quarter of 2013 was $3.1 million or $0.26 per share compared to net income for the second quarter of 2012 of $2.0 million or $0.17 per share. Excluding restructuring and other items in the second quarter of 2012, net income in the quarter increased by $0.8 million, or $0.06 per share, an improvement of 33.5% when compared with the second quarter of 2012.

Analysis of Results for the Six Months Ended June 30, 2013

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Six Months Ended Jun 30, 2013	Six Months Ended Jun 30, 2012	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**106,152**	98,690	7,462	7.6%
Operating expenses before depreciation and amortization	**68,879**	64,383	4,496	7.0%
EBITDA margin	**12.5%**	10.2%	2.3%	-
Depreciation and amortization expense	**26,765**	26,680	85	0.3%
Operating income	**10,508**	7,627	2,881	37.8%
Operating margin	**9.9%**	7.7%	2.2%	-
Finance costs	**2,538**	947	1,591	168.0%
Income tax rate	**24.4%**	30.3%	(5.9%)	-
Net income for the period	**6,029**	4,653	1,376	29.6%
Earnings per share	**0.50**	0.39	0.11	28.2%
Adjusted (Normalized) Financial Results				
Adjusted EBITDA margin[1]	**12.5%**	10.7%	1.8%	-
Adjusted operating earnings[1]	**10,508**	8,063	2,445	30.3%
Adjusted operating margin[1]	**9.9%**	8.2%	1.7%	-
Adjusted earnings[1]	**6,029**	4,958	1,071	21.6%
Adjusted earnings per share[1]	**0.50**	0.42	0.08	19.0%
Key Performance Indicators				
Same store revenue growth[1]	**14.6%**	7.5%	7.1%	-
Same store revenue growth excluding easyfinancial[1]	**8.0%**	0.2%	7.8%	-
Potential monthly lease revenue[1]	**11,036**	11,250	(214)	(1.9%)
Change in potential monthly lease revenue due to ongoing operations[1]	**(342)**	(312)	(30)	9.6%
Gross consumer loans receivable[1]	**83,942**	55,818	28,124	50.4%
Growth in consumer loans receivable[1]	**13,284**	8,253	5,031	61.0%
Bad debt expense as a percentage of easyfinancial revenue[1]	**25.3%**	25.4%	(0.1%)	-
Net charge offs as a percentage of average gross consumer loans receivable[1]	**13.7%**	15.3%	(1.6%)	-
System-Wide Key Performance Indicators				
Total system revenue[2]	**126,256**	115,333	10,923	9.5%
Total system potential monthly lease revenue[4]	**14,050**	13,754	296	2.2%
Total franchisee revenue[3]	**20,104**	16,643	3,461	20.8%

[1] See description in section "Key Performance Indicators and Non-IFRS Measures".
[2] Includes revenue per consolidated financial statements as well as revenue from unconsolidated franchises.
[3] Includes revenue from unconsolidated franchise locations.
[4] Includes potential monthly lease revenue for the Company as well as for unconsolidated franchises.

Store Locations Summary

	Locations as at December 31, 2012	Locations Opened During Period	Locations Closed During Period	Conversions	Locations as at June 30, 2013
Leasing					
Canada	195	-	(17)	(1)	**177**
Consolidated Franchise Location	9	-	-	-	**9**
Total	204	-	(17)	(1)	**186**
Franchise					
Canada	16	-	-	1	**17**
U.S.	33	-	-	-	**33**
Total	49	-	-	1	**50**
easyfinancial					
Kiosks (in store)	81	1	(1)	(7)	**74**
Stand-alone locations	18	8	-	7	**33**
National loan office	1	-	-	-	**1**
	100	9	(1)	-	**108**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Six Months Ended June 30, 2013				
	Leasing	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	**80,114**	**25,168**	**870**	**-**	**106,152**
Total operating expenses before depreciation and amortization	**41,800**	**17,325**	**310**	**9,444**	**68,879**
Depreciation and amortization	**25,545**	**805**	**131**	**284**	**26,765**
Operating income (loss)	**12,769**	**7,038**	**429**	**(9,728)**	**10,508**
Finance costs					**2,538**
Income before income taxes					**7,970**
Income taxes					**1,941**
Net Income for the period					**6,029**
Earnings per share					**0.50**

($ in 000's except earnings per share)	Six Months Ended June 30, 2012				
	Leasing	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	80,896	17,010	784	-	98,690
Total operating expenses before depreciation and amortization and restructuring and other items	44,052	11,447	228	8,220	63,947
Restructuring and other items	1,296	-	-	(860)	436
Depreciation and amortization	26,064	264	85	267	26,680
Operating income (loss)	9,484	5,299	471	(7,627)	7,627
Finance costs					947
Income before income taxes					6,680
Income taxes					2,027
Net Income for the period					4,653
Earnings per share					0.39

Revenue

Revenue for the six month period ended June 30, 2013 was $106.2 million compared to $98.7 million in the comparable period in 2012, an increase of $7.5 million or 7.6%.

Leasing - Revenue for the six month period ended June 30, 2013 was $80.1 million, a decline of $0.8 million or 1.0% from the comparable period in 2012. The year over year change in revenue can be attributed to several factors:

- On December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The 15 stores acquired in Canada generated $1.4 million less in revenue during the first six months of 2013 compared to the revenue generated in the first six months of 2012 by the stores sold in the U.S. Lower ancillary fees and collection rates and higher customer attrition contributed to this decline.
- Store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulted in a $2.6 million decline in revenue.
- Revenue for the first six months of 2013 was negatively impacted by day weighting when compared to 2012. The first six months of 2012 benefited from additional trading days (including the leap year) compared with the current year. This calendar impacts reduced revenue in the six months ended June 30, 2013 by $0.3 million relative to the comparable period in the prior year.
- Finally, improvements to ongoing operations, including the operational changes that were initiated during the second quarter of 2012, resulted in organic portfolio growth across the store network, particularly in the second quarter of 2013, culminating in revenue improvements of $3.5 million in the first six months of 2013 compared with the first six months of 2012.

easyfinancial - Revenue for the six months ended June 30, 2013 was $25.2 million, an increase of $8.2 million or 48.2% from the comparable period in 2012. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $55.8 million as at June 30, 2012 to $83.9 million as at June 30, 2013, an increase of 50.4%. The consumer loans receivable portfolio grew $13.3 million during the first six months of 2013 compared with growth of $8.3 million for the comparable period of 2012.

Franchising - Revenue increased by $0.1 million in the first six months of 2013 compared with the first six months of 2012. The Company had 50 franchise locations as at June 30, 2013 compared with 45 as at June 30, 2012.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization and restructuring and other items were $68.9 million for the first six months of 2013, an increase of $4.9 million or 7.7% from the comparable period in 2012. Operating expenses before depreciation and amortization and restructuring and other items represented 64.9% of revenue for the six months ended June 30, 2013 compared with 64.8% last year. The $4.9 million increase in total operating expenses before depreciation and amortization and restructuring and other items was driven primarily by the higher costs associated with an expanded easyfinancial business and higher corporate costs offset by lower costs in the leasing business.

Leasing – Total operating expenses before depreciation and amortization and restructuring and other items for the six months ended June 30, 2013 were $41.8 million, a decrease of $2.3 million or 5.1% from the comparable period in 2012. This decline was driven primarily by the sale or closure of underperforming stores over the past twelve months, including the sale of the loss making U.S. stores in the fourth quarter of 2012. Overall, store count declined from 204 as at June 30, 2012 to 186 as at June 30, 2013.

easyfinancial– Total operating expenses before depreciation and amortization were $17.3 million for the six months ended June 30, 2013, an increase of $5.9 million or 51.8% from the comparable period in 2012. Operating expenses, excluding bad debt, increased by $3.8 million or 53.8% in the period. The increase was driven by i) the additional operating expenses of 27 new stand alone locations opened during the prior 12 months which incur a higher level of operating expenses than kiosks, ii) expenditures to develop new distribution channels and iii) higher levels of marketing expenditures to drive customer and portfolio growth. Overall branch count increased from 94 as at June 30, 2012 to 108 as at June 30, 2013. Additionally, stand alone branches (which have a greater capacity and a faster growth trajectory than kiosks but also have a higher cost structure) increased from 6 as at June 30, 2012 to 33 as at June 30, 2013.

Bad debt expense increased to $6.4 million for the six months ended June 30, 2013 from $4.3 million during the comparable period in 2012. The $2.1 million increase was due to the growth of the consumer loans receivable portfolio which increased from $55.8 million as at June 30, 2012 to $83.9 million as at June 30, 2013. Bad debt expense, expressed as a percentage of easyfinancial revenue, was 25.3% for the first six months of 2013 compared with 25.4% for the comparable period of 2012. Net charge offs as a percentage of average gross consumer loans receivable was 13.7% in the current year to date period compared with 15.3% in the first six months of 2012.

Franchising – Total operating expenses before depreciation and amortization for the first six months of 2013 increased by $0.1 million compared with the comparable period of 2012.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items were $9.4 million for the six months ended June 30, 2013, an increase of $1.2 million or 14.9% from the comparable period in 2012. Corporate expenditures in the first half of the prior year were positively impacted by the reduction of both short-term and long-term incentive compensation accruals as the Company determined that the financial performance required for the vesting of certain of these plans would not be achieved. Additionally, the greater appreciation of the share price in the first six months of 2013 compared to the prior year further increased corporate costs. Excluding variable compensation expenses, corporate costs for the six months ended June 30, 2013 are comparable to the comparable period in the prior year.

Restructuring and other items – During the second quarter of 2012, the Company restructured the management and operating procedures of its leasing segment and closed 13 underperforming locations. For the three months ended June 30, 2012, $1.3 million was recorded as a restructuring charge against the leasing segment and $0.1 million was recorded against Corporate. The total restructuring charge was $1.4 million. Also during the second quarter of 2012, the Company received a reimbursement from its insurers of a portion of the costs related to the forensic investigation of an employee fraud. The net insurance reimbursement of $0.9 million was recorded against Corporate and is net of professional fees related to obtaining this reimbursement.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2013 was $26.8 million, up $0.1 million from the comparable period of 2012. Depreciation and amortization for the leasing business declined by $0.5 million or 2.0%, due primarily to lower impairment charges. The reduced depreciation and amortization expense within the leasing business, however, was more than offset by higher depreciation and amortization within easyfinancial due to the increased number of stand alone locations and the amortization of the new loan system that went live in the fourth quarter of 2012.

Depreciation and amortization represented 25.2% of revenue for the first half of 2013, down from 27.0% in the comparable period of 2012.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the six months ended June 30, 2013 was $10.5 million compared to $7.6 million for the comparable period in 2012, an increase of $2.9 million or 38.1%. Excluding restructuring and other items, operating income improved by $2.4 million or 30.3%. Adjusted operating margin was 9.9% in the period compared with 8.2% in the comparable period of 2012.

Leasing – Operating income was $12.8 million for the six months ended June 30, 2013, an increase of $3.3 million or 34.6% from the comparable period of 2012. Excluding restructuring and other items in the first half of 2012, operating income increased by $2.0 million or 18.5% compared with the comparable period of 2012. The earnings growth was driven primarily by the 2012 restructuring and store closures, the sale of the loss making U.S. corporate stores and the acquisition of stores in the fourth quarter of

2012. Operating margin, excluding the impact of restructuring and other items, for the first half of 2013 was 15.9%, up from 13.3% in the first half of 2012.

easyfinancial – Operating income was $7.0 million for the six months ended June 30, 2013 compared with $5.3 million for the comparable period in 2012, an increase of $1.7 million or 32.1%. Operating margin for the period was 28.0% compared with 31.1% in the comparable period of 2012. While the average loan book per branch increased, operating margin declined slightly as the Company continued to invest in the long term growth of this business, including the continued shift to higher capacity stand alone branches, increased expenditures to develop new distribution channels, higher advertising and marketing spend and higher software amortizations.

Franchising – Operating income for the six month period ended June 30, 2013 was comparable to the first half of 2012.

Finance Costs

Finance costs for the six months ended June 30, 2013 were $2.5 million, up $1.6 million from the same period in 2012. The increase related to the higher average debt levels during the period and an increased cost of borrowing in the current period compared to the comparable period of 2012.

Income Tax Expense

The effective income tax rate for the six months ended June 30, 2013 was 24.4% compared to 30.3% in the comparable period of 2012. The decline in the effective rate was due to i) the sale of the U.S. corporate stores whose losses in 2012 were not available to offset taxable income in the Company's profitable Canadian operations and ii) a $0.2 million reduction in the second quarter of 2013 as a result of the finalization of tax amounts previously accounted for using estimates.

Net Income and EPS

Net income for the six months ended June 30, 2013 was $6.0 million or $0.50 per share compared to net income for the six months ended June 30, 2012 of $4.7 million or $0.39 per share. Excluding restructuring and other items in the first half of 2012, net income for the six months ended June 30, 2013 increased by $1.1 million, or $0.08 per share, an improvement of 21.6% when compared with the first six months of 2012.

Selected Quarterly Information

($ in millions except per share amounts)	Jun. 2013	Mar. 2013	Dec. 2012	Sept. 2012	Jun. 2012	Mar. 2012	Dec. 2011	Sept. 2011	Jun. 2011
Revenue	**53.8**	52.4	51.7	49.3	48.9	49.8	49.3	46.6	46.3
Net income for the period	**3.1**	2.9	3.8	2.6	2.0	2.6	2.6	1.9	2.7
Net income as a percentage of revenue	**5.8%**	5.6%	7.3%	5.3%	4.1%	5.3%	5.3%	4.1%	5.8%
Earnings (loss) per share[1]									
Basic	**0.26**	0.24	0.32	0.22	0.17	0.22	0.22	0.16	0.23
Diluted	**0.26**	0.24	0.31	0.22	0.17	0.22	0.22	0.16	0.23

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Key Performance Indicators and Non-IFRS Measures

The Company measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Several non-IFRS measures that are used throughout this discussion are defined as follows:

Same Store Revenue Growth

Same store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-36 month time frame, as these stores tend to be in the strongest period of growth at this time.

	Three Months Ended		**Six Months Ended**	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Same store revenue growth	**16.9%**	6.4%	**14.6 %**	7.5%
Same store revenue growth excluding easyfinancial	**9.8 %**	(0.3%)	**8.0 %**	0.2%

Potential Monthly Lease Revenue

Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items. The Company believes that its potential monthly lease revenue is an important indicator of how revenue may change in future periods.

	Three Months Ended		**Six Months Ended**	
($ in 000's)	**June 30, 2013**	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Opening balance - Potential monthly lease revenue	**11,329**	11,308	**11,634**	11,694
Change due to store openings or acquisitions during the period	**-**	24	**-**	24
Change due to store closures or sales during the period	**(164)**	(88)	**(256)**	(156)
Change due to ongoing operations	**(129)**	6	**(342)**	(312)
Net change	**(293)**	(58)	**(598)**	(444)
Ending balance – Potential monthly lease revenue	**11,036**	11,250	**11,036**	11,250

Gross Consumer Loans Receivable

Gross consumer loans receivable reflects the period end balance of the portfolio before provisioning for potential future charge offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. The Company believes that its gross consumer loans receivable value is an important indicator of the easyfinancial business and of how revenue may grow in future periods.

($ in 000's)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Gross consumer loans receivable	**83,942**	55,818	**83,942**	55,818
Growth in gross consumer loans receivable during period	**9,290**	7,049	**13,284**	8,253

easyfinancial Loan Losses

Net charge offs are actual loans charged off net of recoveries. Average gross consumer loans receivable has been calculated based on the average month end loan balance for the indicated period. This metric is a measure of the collection performance of the easyfinancial loan portfolio. For interim periods the rate is annualized. Bad debt expense as a percentage of easyfinancial revenue is another measure that reflects the collection performance of the easyfinancial loan portfolio. Bad debt expense includes actual write offs net of recoveries and the impact of changes to the provision taken against the loan portfolio.

($ in 000's except percentages)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net charge offs	**2,657**	1,890	**5,262**	3,874
Average gross consumer loans receivable	**80,665**	53,054	**76,981**	50,485
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**13.2%**	14.2%	**13.7%**	15.3%
Bad debt expense as a percentage of easyfinancial revenue	**24.2%**	26.4%	**25.3%**	25.4%

Adjusted Operating Earnings, Adjusted Earnings, Adjusted Earnings Per Share

At various times, our operating income, net income and earnings per share may be affected by unusual items which have occurred in the period and which impact the comparability of these measures with other periods. Items are considered unusual if they are outside of the normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. We define i) adjusted operating earnings as operating income excluding such unusual and non-recurring items, ii) adjusted earnings as net income excluding such items and iii) adjusted earnings per share as earnings per share excluding such items. We believe that adjusted operating earnings, adjusted earnings and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items which can be used to adjust operating income, net income and earnings per share for the three and six month periods ended June 30, 2013 and 2012 include those indicated in the chart below:

($ in 000's except earnings per share)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Operating income as stated	**5,425**	3,421	**10,508**	7,627
Restructuring and other items included in operating expenses [1]	**-**	1,379	**-**	1,379
Insurance reimbursement included in operating expenses [2]	**-**	(943)	**-**	(943)
Net restructuring and other items	**-**	436	**-**	436
Adjusted operating earnings	**5,425**	3,857	**10,508**	8,063
Net income as stated	**3,117**	2,030	**6,029**	4,653
Restructuring and other items included in operating expenses [1]	**-**	1,379	**-**	1,379
Insurance reimbursement included in operating expenses [2]	**-**	(943)	**-**	(943)
Tax impact of above items	**-**	(131)	**-**	(131)
Net restructuring and other items	**-**	305	**-**	305
Adjusted earnings	**3,117**	2,335	**6,029**	4,958
Diluted weighted average number of shares outstanding	**12,085**	11,874	**12,086**	11,869
Earnings per share as stated	**0.26**	0.17	**0.50**	0.39
Per share impact of restructuring and other items	**-**	0.03	**-**	0.03
Adjusted earnings per share	**0.26**	0.20	**0.50**	0.42

[1] During the second quarter of 2012, the Company restructured the management and operating procedures of its leasing segment and closed 13 of its underperforming locations incurring incremental charges of $1.4 million.

[2] During the second quarter of 2012, the Company received a reimbursement of a portion of the costs incurred to perform a forensic investigation into an employee fraud from its insurers.

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

($ in 000's except earnings per share)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2013 (adjusted)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2012 (adjusted)
Operating expenses as stated	**34,846**	**34,846**	32,083	32,083
Restructuring charges included in operating expenses	**-**	**-**	-	(1,379)
Insurance reimbursement included in operating expenses	**-**	**-**	-	943
Net Restructuring and other items	**-**	**-**	-	(436)
Adjusted operating expenses	**34,846**	**34,846**	32,083	31,647
Divided by revenue	**53,763**	**53,763**	48,903	48,903
Operating expenses as a % of revenue	**64.8%**	**64.8%**	65.6%	64.7%

($ in 000's except earnings per share)	Six Months Ended June 30, 2013	Six Months Ended June 30, 2013 (adjusted)	Six Months Ended June 30, 2012	Six Months Ended June 30, 2012 (adjusted)
Operating expenses as stated	**68,879**	**68,879**	64,383	64,383
Restructuring charges included in operating expenses	**-**	**-**	-	(1,379)
Insurance reimbursement included in operating expenses	**-**	**-**	-	943
Net Restructuring and other items	**-**	**-**	-	(436)
Adjusted operating expenses	**68,879**	**68,879**	64,383	63,947
Divided by revenue	**106,152**	**106,152**	98,690	98,690
Operating expenses as a % of revenue	**64.9%**	**64.9%**	65.2%	64.8%

Operating Margin

The Company defines operating margin as operating income divided by revenue. The Company believes operating margin is an important measure of the profitability of operations which in turn, assists it in assessing the Company's ability to generate cash to pay interest on its debt and to pay dividends.

($ in 000's except earnings per share)	Three Months Ended		Three months ended	
	June 30, 2013	June 30, 2013 (adjusted)	June 30, 2012	June 30, 2012 (adjusted)
Operating income as stated	**5,425**	**5,425**	3,421	3,421
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Net Restructuring and other items	**-**	**-**	-	436
Adjusted operating earnings	**5,425**	**5,425**	3,421	3,857
Divided by revenue	**53,763**	**53,763**	48,903	48,903
Operating Margin	**10.1%**	**10.1%**	7.0%	7.9%

($ in 000's except earnings per share)	Six months ended		Six months ended	
	June 30, 2013	June 30, 2013 (adjusted)	June 30, 2012	June 30, 2012 (adjusted)
Operating income as stated	**10,508**	**10,508**	7,627	7,627
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Net Restructuring and other items	**-**	**-**	-	436
Adjusted operating earnings	**10,508**	**10,508**	7,627	8,063
Divided by revenue	**106,152**	**106,152**	98,690	98,690
Operating Margin	**9.9%**	**9.9%**	7.7%	8.2%

Earnings before Interest, Taxes, Depreciation and Amortization and EBITDA Margin

The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of lease assets. The Company uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenues.

($ in 000's)	Three Months Ended		Three Months Ended	
	June 30, 2013	June 30, 2013 (adjusted)	June 30, 2012	June 30, 2012 (adjusted)
Net income as stated	**3,117**	**3,117**	2,030	2,030
Interest expense	**1,354**	**1,354**	463	463
Income tax expense	**954**	**954**	928	928
Depreciation and amortization, excluding depreciation of lease assets	**1,473**	**1,473**	1,277	1,277
EBITDA	**6,898**	**6,898**	4,698	4,698
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Net restructuring and other items	**-**	**-**	-	436
Adjusted EBITDA	**6,898**	**6,898**	4,698	5,134
Divided by revenue	**53,763**	**53,763**	48,903	48,903
EBITDA margin	**12.8%**	**12.8%**	9.6%	10.5%

($ in 000's)	Six Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2013 (adjusted)	June 30, 2012	June 30, 2012 (adjusted)
Net income as stated	**6,029**	**6,029**	4,653	4,653
Interest expense	**2,538**	**2,538**	947	947
Income tax expense	**1,941**	**1,941**	2,027	2,027
Depreciation and amortization, excluding depreciation of lease assets	**2,813**	**2,813**	2,482	2,482
EBITDA	**13,321**	**13,321**	10,109	10,109
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Net restructuring and other items	**-**	**-**	-	436
Adjusted EBITDA	**13,321**	**13,321**	10,109	10,545
Divided by revenue	**106,152**	**106,152**	98,690	98,690
EBITDA margin	**12.5%**	**12.5%**	10.2%	10.7%

Return on Equity

We define return on equity as annualized net income in the period divided by average shareholders' equity for the period. We believe return on equity is an important measure of how shareholders' invested capital is utilized in the business.

($ in 000's)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2013 (adjusted)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2012 (adjusted)
Net income as stated	**3,117**	**3,117**	2,030	2,030
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Tax impact of above items	**-**	**-**	-	(131)
Net restructuring and other items	**-**	**-**	-	305
Adjusted net income	**3,117**	**3,117**	2,030	2,335
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**108,456**	**108,456**	99,534	99,534
Return on equity	**11.5%**	**11.5%**	8.2%	9.4%

($ in 000's)	Six Months Ended June 30, 2013	Six Months Ended June 30, 2013 (adjusted)	Six Months Ended June 30, 2012	Six Months Ended June 30, 2012 (adjusted)
Net income as stated	**6,029**	**6,029**	4,653	4,653
Restructuring charges included in operating expenses	**-**	**-**	-	1,379
Insurance reimbursement included in operating expenses	**-**	**-**	-	(943)
Tax impact of above items	**-**	**-**	-	(131)
Net restructuring and other items	**-**	**-**	-	305
Adjusted net income	**6,029**	**6,029**	4,653	4,958
Multiplied by number of periods in year	**X 4/2**	**X 4/2**	X 4/2	X 4/2
Divided by average shareholders' equity for the period	**107,399**	**107,399**	98,866	98,866
Return on equity	**11.2%**	**11.2%**	9.4%	10.0%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at June 30, 2013 and June 30, 2012.

($ in 000's, except for ratios)	June 30, 2013	June 30, 2012
Total assets	**201,327**	163,883
External debt (includes term loan)	**54,164**	32,921
Other liabilities	**37,379**	30,773
Total liabilities	**91,543**	63,694
Shareholders' equity	**109,748**	100,189
Total capitalization (total debt plus total shareholders' equity)	**163,948**	133,110
External debt to shareholders' equity	**0.49**	0.33
External debt to total capitalization	**0.33**	0.25
External debt to Adjusted EBITDA*	**2.21**	1.63
*Adjusted EBITDA is expressed on a trailing twelve month basis.		

Total assets were $201.3 million at June 30, 2013, an increase of $37.4 million or 22.8% over June 30, 2012. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $26.0 million from June 30, 2012 to June 30, 2013, ii) property and equipment and intangible assets (specifically software) increasing by $4.4 million year over year, iii) $2.6 million of goodwill which was recognized as part of the acquisition of 15 leasing stores in Canada on December 31, 2012, and iv) cash balances increasing by $3.5 million year over year.

The growth in total assets has been financed by a $27.8 million increase in total liabilities (which includes a $21.2 million increase in external debt) and a $9.6 million increase in total shareholder's equity. Although the Company has continued to maintain its dividend payments to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's external debt includes a bank revolving credit facility which supports the leasing business and a term loan facility which supports easyfinancial.

Canadian dollar loans under the bank revolving credit facility bear interest at the lead lenders prime rate plus 150 to 250 bps, depending on the Company's total debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. The bank revolving credit facility is fully secured by a first charge on substantially all of the assets of the Company and its subsidiaries, excluding easyfinancial, and a second charge on the assets of easyfinancial. The Company's interest rate under the facility as at June 30, 2013 was 5.00%. This credit facility has a maximum limit of $35.0 million, reducing to $30.0 million on October 5, 2013. The maturity date is October 4, 2015.

On June 18, 2013, the Company amended the term loan facility which increased the total maximum credit limit available under the term loan facility to $50.0 million. All previous borrowings under the term loan facility were rolled into the amended $50.0 million facility. All borrowings under the amended term loan facility bear interest at 8.7% over the Canadian Bankers' Acceptance rate. All borrowings under the term loan facility were secured by a first charge on the assets of easyfinancial and a second charge on substantially all of the other assets of the Company and its subsidiaries and matures on October 4, 2017. The Company's interest rate under the term loan facility as at June 30, 2013 was 9.98%.

At June 30, 2013 and June 30, 2012, the Company was in compliance with all of its financial covenants under its lending agreements.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Cash provided by operating activities before issuance of consumer loans receivable	**20,792**	22,776	**29,585**	38,331
Net issuance of consumer loans receivable	**(11,946)**	(8,938)	**(18,546)**	(12,136)
Cash provided by operating activities	**8,846**	13,838	**11,039**	26,195
Cash used in investing activities	**(11,041)**	(12,214)	**(23,469)**	(23,720)
Financing activities	**597**	(1,253)	**12,528**	(2,297)
Net increase (decrease) in cash for the period	**(1,598)**	371	**98**	178

Cash flows provided by operating activities for the three month period ended June 30, 2013 was $8.8 million. Included in this $8.8 million is a net investment of $11.9 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial loan portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $20.8 million, down $2.0 million from the second quarter of 2012. The decline in cash flow was driven by the Company's relative increase in working capital in the second quarter of 2013 compared with the comparable period of 2012.

The cash flows from operating activities in the second quarter of 2013 enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $8.7 million in new lease assets, iii) invest $3.0 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

Cash flows provided by operating activities for the six month period ended June 30, 2013 was $11.0 million. Included in this $11.0 million is a net investment of $18.5 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial loan portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $29.6 million, down $8.7 million from the comparable period of 2012. The decline was driven in part by the payment in the first quarter of 2013 of the $7.0 million purchase price of the asset and operations of 15 leasing stores acquired in the fourth quarter of 2012. The remaining decline was related to changes in the Company's investment in working capital.

The cash flows from operating activities for the six month period ended June 30, 2013 enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $19.3 million in new lease assets, iii) invest $4.8 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

The Company believes that the cash flow provided by operations will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. In addition, the incremental financing obtained in the quarter will allow the Company to grow its consumer loan portfolio through 2013. However, for easyfinancial to achieve its full long-term growth potential, additional sources of financing over and above the currently available credit facility and term loan are required. There is no certainty that these long term sources of capital will be available or at terms favourable to the Company.

Outstanding Shares and Dividends

As at August 8, 2013 there were 11,941,604 shares, 712,878 options and no warrants outstanding.

For the three month period ended June 30, 2013, the Company paid a $0.085 per share quarterly dividend on outstanding common shares. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. No dividends may be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

The following table sets forth the quarterly dividends paid by the Company in the second quarter of the years indicated:

	2013	2012	2011	2010	2009	2008	2007
Dividend per share	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.070
Percentage increase	0.0%	0.0%	0.0%	0.0%	0.0%	21.4%	16.7%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2012 MD&A except as follows:

Class Action Lawsuit

The Company and certain of its current and former officers were named as defendants in a lawsuit filed in the Ontario Superior Court of Justice on October 25, 2010. This lawsuit was commenced by Andrew Sorensen, on behalf of shareholders who acquired the Company's common shares between April 8, 2008 and October 15, 2010. The claim was brought under section 138 of the Ontario Securities Act. The plaintiff alleged, among other things, that, arising out of an employee fraud discovered in 2010, the Company and certain of its former and current officers made misrepresentations about the Company's consolidated financial statements being prepared in accordance with Canadian generally accepted accounting principles. The claim sought $10 million in general damages. On March 26, 2012, the lawsuit was certified as a class proceeding on consent.

During the first quarter of 2013, the Company reached an agreement to settle with the class action plaintiffs. The agreement contemplates a settlement amount of $2.25 million, all inclusive, to be distributed to members of the class in accordance with procedures set out in the settlement agreement. On June 10, 2013, the court approved the settlement agreement. The settlement amount was paid by the Company's insurer pursuant to the Company's insurance policies and is currently being held in escrow pending distribution to class members. The settlement agreement denies any admission of liability on the part of the Company or any of its current or former officers or directors.

The settlement reflects an agreement between all parties to resolve the action and avoid increasing costs and time commitments necessarily involved in litigation. The Company has not recorded any liability related to these matters. The Company's directors' and officers' insurance policies provide for reimbursement of certain costs and expenses incurred in connection with these lawsuits, including legal and professional fees.

Risk Factors

Overview

The Company's activities are exposed to a variety of operational and financial risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board of Directors reviews the Company's risk management policies on an annual basis.

The Company's risk factors remain as described in its December 31, 2012 MD&A and Annual Information Form.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Key areas of estimation where management has made difficult, complex or subjective judgments often in respect of matters that are inherently uncertain are:

- consumer loan losses
- cost of lease assets
- depreciation of lease assets
- depreciation of property and equipment
- allocation of the purchase price in business combinations
- impairment and recovery of non-financial assets
- impairment of goodwill and indefinite life intangibles
- fair value of stock-based compensation
- provisions
- contingencies
- taxation amounts

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts by a material amount.

The Company's critical accounting estimates are fully described in the Company's December 31, 2012 Notes to the Financial Statements.

Adoption of New Accounting Standards

Certain new accounting standards were adopted by the Company in the first quarter of 2013. However the effect of adopting these new accounting standards had no effect on the Company's financial statements. These new accounting standards adopted by the Company and any accounting standards issued but not yet effective that may affect the Company's future financial statements remain as described in the Company's December 31, 2012 Notes to the Financial Statements.

Internal Controls

Disclosure Controls and Procedures ["DC&P"]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ["CEO"] and Chief Financial Officer ["CFO"], so that timely decisions can be made regarding disclosure.

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the

CEO and CFO have concluded that the design of the system of disclosure controls and procedures were effective as at June 30, 2013.

Internal Controls over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS. Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"].

Based on this evaluation, the CEO and CFO have concluded that the design of the Company's internal controls over financial reporting were effective as at June 30, 2013.

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud.

In addition, the CEO and CFO evaluated whether there were changes in the internal controls over financial reporting during the interim period ended June 30, 2013 that materially affected, or were reasonably likely to materially affect, the internal controls over financial reporting. There were no such changes during the quarter.