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

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Date: May 6, 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 March 31, 2013 compared to December 31, 2012, and the results of operations for the three month period ended March 31, 2013 compared with the corresponding period 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 months ended March 31, 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 includes 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.

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 March 31, 2013

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**52,389**	49,787	2,602	5.2%
Operating expenses before depreciation and amortization	**34,033**	32,300	1,733	5.4%
EBITDA margin	**12.3%**	10.9%	1.4%	-
Depreciation and amortization expense	**13,273**	13,281	(8)	(0.1%)
Operating income	**5,083**	4,206	877	20.9%
Operating margin	**9.7%**	8.4%	1.3%	-
Finance costs	**1,184**	484	700	144.6%
Income tax rate	**25.3%**	29.5%	(4.2%)	-
Net income for the period	**2,912**	2,623	289	11.0%
Earnings per share	**0.24**	0.22	0.02	9.4%
Key Performance Indicators (Period End)[1]				
Total system revenue[2]	**62,618**	58,299	4,319	7.4%
Same store revenue growth[1]	**12.0%**	8.3%	3.7%	-
Same store revenue growth excluding easyfinancial[1]	**5.9%**	0.6%	5.3%	-
Potential monthly lease revenue[1]	**11,329**	11,308	21	0.2%
Change in potential monthly lease revenue due to ongoing operations[1]	**(214)**	(318)	104	-
Gross consumer loans receivable[1]	**74,653**	48,769	25,884	53.1%
Growth in consumer loans receivable[1]	**3,994**	1,204	2,790	231.7%
Bad debt expense as a percentage of easyfinancial revenue[1]	**26.6%**	24.4%	2.2%	-
Net charge offs as a percentage of average gross consumer loans receivable[1]	**14.2%**	16.6%	(2.4%)	-
Total franchisee revenue[3]	**10,229**	8,512	1,717	20.2%

[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.

<u>First Quarter Highlights</u>

- During the quarter, the Company amended its term loan facility to allow for an additional term loan of U.S. $5.0 million [“Additional Term Loan”]. This additional term loan provided additional capital for easyfinancial to continue growing its consumer loans receivable portfolio while alternate sources of funding are arranged. The Additional Term Loan bears interest at 9.75% over the Canadian Bankers’ Acceptance rate.

- As previously announced, on December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The exchange consisted of the concurrent sale of the assets and operations of 15 leasing stores owned by easyhome in the U.S. and the purchase of the assets and operations of 15 leasing stores in Canada. During the first quarter of 2013, the Company completed the integration of the 15 Canadian stores it acquired in the fourth quarter of 2012. Four of these stores were converted to easyhome branded locations and continue to operate while 11 stores were closed and their leasing portfolios were transferred to nearby easyhome stores.

- easyhome continued to grow revenue during the first quarter of 2013. Revenue for the quarter increased to $52.4 million from $49.8 million in the first quarter of 2012, an increase of $2.6 million or 5.2%. 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 12.0%. Excluding the impact of easyfinancial, same store revenue growth was 5.9%. Same store revenue growth 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.

- During the first quarter of 2013, the consumer loans receivable portfolio grew by $4.0 million, compared with growth of $1.2 million in the first quarter of 2012. The gross consumer loans receivable as at March 31, 2013 was $74.7 million compared with $48.8 million as at March 31, 2012.

- The operating margin of the leasing business for the first quarter of 2013 increased to 16.1%, up from 15.0% reported in the first quarter of 2012. The restructuring completed in the second quarter of 2012, the elimination of the operating losses of the U.S. corporate stores and the positive contribution of the stores acquired at the end of 2012 all contributed to the improvements in both operating income and operating margin.

- The operating margin for easyfinancial was 28.0% for first quarter of 2013 compared with 34.1% for the first quarter of 2012. While the average loan book per location increased year over year, i) higher bad debt expense relative to revenue (driven by increases to the allowance for loan losses rather than an increased rate of charge offs), ii) additional earnings drag of new stand alone locations which incur a higher level of operating expenses than kiosks, iii) higher levels of marketing expenditures to drive portfolio growth, and iv) increased depreciation and amortization related to the new loan system resulted in lower operating margins in the first quarter of 2013 compared with the same period in 2012. Net charge offs as a percentage of average gross consumer loans receivable were 14.2% in the first quarter of 2013 compared with 16.6% in the first quarter of 2012.

- Operating income increased from $4.2 million in the first quarter of 2012 to $5.1 million in the first quarter of 2013, an increase of $0.9 million or 20.1%. The increase was driven primarily by the continuing growth of easyfinancial and the improved profitability of the leasing business. Corporate costs in the first quarter of 2013 were marginally reduced from the comparable period of the prior year as increased stock based compensation expenditures were offset by reduced short-term incentive accruals and other cost savings.

- Net income in the first quarter of 2013 was $2.9 million or $0.24 per share compared with $2.6 million or $0.22 per share in the first quarter of 2012.

Store Locations Summary

	Locations as at December 31, 2012	Locations opened during quarter	Locations closed during quarter	Conversions	Locations as at March 31, 2013
Leasing					
Canada	195	-	(13)	-	**182**
Consolidated Franchise Location	9	-	-	-	**9**
Total	204	-	-	-	**191**
Franchise					
Canada	16	-	-	-	**16**
U.S.	33	-	-	-	**33**
Total	49	-	-	-	**49**
easyfinancial					
Kiosks (in store)	81	-	(1)	(3)	**77**
Stand-alone locations	18	1	-	3	**22**
National loan office	1	-	-	-	**1**
	100	1	(1)	-	**100**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended March 31, 2013				
	Leasing	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	**40,119**	**11,833**	**437**	**-**	**52,389**
Total operating expenses before depreciation and amortization	**20,986**	**8,142**	**148**	**4,757**	**34,033**
Depreciation and amortization	**12,693**	**375**	**65**	**140**	**13,273**
Operating income (loss)	**6,440**	**3,316**	**224**	**(4,897)**	**5,083**
Finance costs					**1,184**
Income before income taxes					**3,899**
Income taxes					**987**
Net Income for the period					**2,912**
Earnings per share					**0.24**

($ in 000's except earnings per share)	Three Months Ended March 31, 2012				
	Leasing	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	41,188	8,193	406	-	49,787
Total operating expenses before depreciation and amortization	22,012	5,272	125	4,891	32,300
Depreciation and amortization	12,989	128	31	133	13,281
Operating income (loss)	6,187	2,793	250	(5,024)	4,206
Finance costs					484
Income before income taxes					3,722
Income taxes					1,099
Net Income for the period					2,623
Earnings per share					0.22

Revenue

Revenue for the three months ended March 31, 2013 was $52.4 million compared to $49.8 million in the comparable period in 2012, an increase of $2.6 million or 5.2%.

Leasing - Revenue for the three months ended March 31, 2013 was $40.1 million, a decline of $1.1 million or 2.5% from the comparable period in 2012. The year over year decline in revenue can be attributed to 4 key items:

- 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 first quarter of 2013 compared to the revenue generated in the first 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 closure and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulted in a $1.1 million decline in revenue.
- Revenue for the first quarter of 2013 was negatively impacted by day weighting and the different timing of the Good Friday holiday when compared to 2012. The first quarter of 2013 featured three less trading days than the first quarter of 2012 (including the leap year in 2012) which had a negative impact on cash collections during the quarter. Additionally, Good Friday fell on an important day for cash collections in the first quarter of 2013 while Good Friday in 2012 fell in the second quarter of that year. These calendar impacts reduced revenue in the quarter by $0.6 million relative to the comparable period in the prior year.
- Finally, net increases in the lease portfolio throughout 2012 and the first quarter of 2013 due to ongoing operations, including the operational changes that were initiated during the second quarter of 2012 and the growth of the consolidated franchise stores, resulted in revenue increases of $1.3 million during the first quarter of 2013 compared to the first quarter of 2012.

easyfinancial - Revenue for the three months ended March 31, 2013 was $11.8 million, an increase of $3.6 million or 44.4% from the comparable period in 2012. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $48.8 million as at March 31, 2012 to $74.7 million as at March 31, 2013, an increase of 53%. The consumer loans receivable portfolio grew $4.0 million during the first quarter of 2013 compared with growth of $1.2 million for the first quarter of 2012.

Franchising - Revenue remained flat at $0.4 million for the three months ended March 31, 2013 compared with the same quarter of last year. The Company had 49 franchise locations as at March 31, 2013 compared with 44 as at March 31, 2012.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $34.0 million for the three months ended March 31, 2013, an increase of $1.7 million or 5.5% from the comparable period in 2012. Operating expenses before depreciation and amortization represented 65.1% of revenue for the first quarter of 2013 compared with 64.9% last year. The $1.8 million increase in total operating expenses before depreciation and amortization was driven primarily by the higher costs associated with an expanded easyfinancial business offset by lower costs in the leasing business.

Leasing – Total operating expenses before depreciation and amortization for the three months ended March 31, 2013 were $21.0 million, a decrease of $1.0 million or 4.7% from the comparable period in 2012. This decline was driven primarily by the restructuring that occurred in the second quarter of 2012 and the reduced number of leasing stores resulting from the store closure and sale activity during 2012. Further, this decline was partially offset by the increased number of consolidated franchise locations. Leasing store count declined from 216 as at March 31, 2012 to 191 as at March 31, 2013.

easyfinancial– Total operating expenses before depreciation and amortization were $8.1 million for the three months ended March 31, 2013, an increase of $2.9 million or 5.4% from the comparable period in 2012. Operating expenses, excluding bad debt, increased by $1.7 million or 5.3% in the quarter. The increase was driven by 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 and iii) increased amortization of deferred financing charges related to the new loan.

Bad debt expense increased to $3.1 million for the three months ended March 31, 2013 from $2.0 million during the comparable period in 2012. The $1.1 million increase was due to the growth of the consumer loans receivable portfolio which increased from $48.8 million as at March 31, 2012 to $74.7 million as at March 31, 2013.

Bad debt expense, expressed as a percentage of easyfinancial revenue, was 26.6% for the first quarter of 2013 compared with 24.4% for the first quarter of 2012. While the rate of charge offs relative to the size of the portfolio improved during the first quarter of 2013, increases to the allowance for loan losses resulted in a higher bad debt expense rate. Net charge offs as a percentage of average gross consumer loans receivable was 14.2% in the first quarter of 2013 compared with 16.6% in the first quarter of 2012.

Franchising – Total operating expenses before depreciation and amortization for the first quarter of 2013 were consistent with the comparable period in the prior year.

Corporate – Total operating expenses before depreciation and amortization were $4.8 million for the three months ended March 31, 2013, a decrease of $0.1 million or 2.7% from the comparable period in 2012. Corporate costs in the first quarter of 2013 were marginally reduced from the comparable period of the prior year as increased stock based compensation expenditures of $0.6 million were offset by reduced short-term incentive accruals and other cost savings. Corporate costs represented 9.1% of revenue for the first quarter of 2013 compared with 9.8% for the first quarter of 2012.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2013 was $13.3 million consistent with the comparable period of 2012. Depreciation and amortization for the leasing business declined by $0.3 million due primarily to reduced depreciation of lease assets, consistent with the decline in leasing revenue. This decline was largely offset by higher depreciation and amortization within easyfinancial, driven by the increased number of locations and the amortization of the new loan system that went live at the end of the third quarter of 2012.

Depreciation and amortization represented 25.3% of revenue for the three months ended March 31, 2013, down from 26.7% in the comparable period of 2012.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the three months ended March 31, 2013 was $5.1 million compared to $4.2 million for the comparable period in 2012, an increase of $0.9 million or 20.9%. Operating margin was 9.7% in the quarter compared with 8.4% in the first quarter of 2012.

Leasing – Operating income was $6.4 million for the three months ended March 31, 2013, an increase of $0.2 million or 4.1% from the first quarter of 2012. 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 were somewhat offset by a negative day weighting and the different timing of the Good Friday holiday. Operating margin for the first quarter of 2013 was 16.1%, up from 15.0% in the first quarter of 2012.

easyfinancial – Operating income was $3.3 million for the three months ended March 31, 2013 compared with $2.8 million for the comparable period in 2012, an increase of $0.5 million or 18.7%. Operating margin for the quarter was 28.0% compared with 34.1% in the first quarter of 2012. While loan book per branch increased, operating margin was negatively impacted by higher bad debt expense, increased store level operating costs due to the shift to higher capacity stand alone branches, increased marketing expenditures and higher software amortization.

Franchising – Operating income for the three months ended March 31, 2013 was consistent with the first quarter of 2012.

Finance Costs

Finance costs for the three months ended March 31, 2013 were $1.2 million, up $0.7 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 first quarter of 2012.

Income Tax Expense

The effective income tax rate for the quarter was 25.3% compared to 29.5% in the first quarter of 2012. The decline in the effective rate was due primarily to 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.

Net Income and EPS

Net income for the first quarter of 2013 was $2.9 million or $0.24 per share, an increase of $0.3 million or $0.02 per share from the $2.6 million or $0.22 per share reported in the first quarter of 2012.

Selected Quarterly Information

($ in millions except per share amounts)	Mar. 2013	Dec. 2012	Sept. 2012	Jun. 2012	Mar. 2012	Dec. 2011	Sept. 2011	Jun. 2011	Mar. 2011
Revenue	**52.4**	51.7	49.3	48.9	49.8	49.3	46.6	46.3	46.2
Net Income for the period	**2.9**	3.8	2.6	2.0	2.6	2.6	1.9	2.7	2.4
Net income as a percentage of revenue	**5.6%**	7.3%	5.3%	4.1%	5.3%	5.3%	4.1%	5.8%	5.2%
Earnings per share[1]									
Basic	**0.24**	0.32	0.22	0.17	0.22	0.22	0.16	0.23	0.20
Diluted	**0.24**	0.31	0.22	0.17	0.22	0.22	0.16	0.23	0.20

[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, including easyfinancial'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	
	March 31, 2013	**March 31, 2012**
Same store revenue growth	**12.0%**	8.3%
Same store revenue growth excluding easyfinancial	**5.9%**	0.6%

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	
($ in 000's)	**March 31, 2013**	**March 31, 2012**
Opening balance - Potential monthly lease revenue	**11,634**	11,694
Change due to store openings or acquisitions during the period	**-**	-
Change due to store closures or sales during the period	**(91)**	(68)
Change due to ongoing operations	**(214)**	(318)
Net change	**(305)**	(386)
Ending balance – Potential monthly lease revenue	**11,329**	11,308

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.

	Three months ended	
($ in 000's)	**March 31, 2013**	**March 31, 2012**
Gross consumer loans receivable	**74,653**	48,769
Growth in gross consumer loans receivable during period	**3,994**	1,204

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 and the impact of changes to the provision taken against the loan portfolio.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Net charge offs	**2,605**	1,983
Average gross consumer loans receivable	**73,297**	47,917
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**14.2%**	16.6%
Bad debt expense as a percentage of easyfinancial revenue	**26.6%**	24.4%

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.

	Three months ended	
($ in 000's except percentages)	**March 31, 2013**	**March 31, 2012**
Operating expenses before depreciation and amortization	**34,033**	32,300
Divided by revenue	**52,389**	49,787
Operating expenses before depreciation and amortization as % of revenue	**65.0%**	64.9%

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 percentages)	Three months ended	
	March 31, 2013	March 31, 2012
Operating income	**5,083**	4,206
Divided by revenue	**52,389**	49,787
Operating margin	**9.7%**	8.4%

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	
	March 31, 2013	March 31, 2012
Net income as stated	**2,912**	2,623
Interest Expense	**1,184**	484
Income Tax Expense	**987**	1,099
Depreciation and amortization, excluding dep. of lease assets	**1,340**	1,205
EBITDA	**6,423**	5,411
Divided by revenue	**52,389**	49,787
EBITDA margin	**12.3%**	10.9%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2013 and March 31, 2012.

($ in 000's, except for ratios)	March 31, 2013	March 31, 2012
Total assets	**195,252**	155,457
External debt	**52,553**	33,164
Other liabilities	**35,571**	23,415
Total liabilities	**88,124**	56,579
Shareholders' equity	**107,128**	98,878
Total capitalization (total debt plus total shareholders' equity)	**159,681**	132,042
External debt to shareholders' equity	**0.49**	0.34
External debt to total capitalization	**0.33**	0.25
External debt to Adjusted EBITDA*	**2.32**	1.69

*Adjusted EBITDA is expressed on a trailing twelve month basis.

Total assets were $195.3 million at March 31, 2013, an increase of $39.8 million or 25.6% over March 31, 2012. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $23.9 million from March 31, 2012 to March 31, 2013; ii) property and equipment and intangible assets (specifically software) increasing by $4.1 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 $5.5 million year over year.

The growth in total assets has been financed by a $31.5 million increase in total liabilities, which includes a $19.4 million increase in external debt and an $8.3 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 March 31, 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 March 21, 2013, the Company amended its term loan facility to allow for an additional term loan of U.S. $5.0 million ["Additional Term Loan"]. Borrowings under the original $20.0 million term loan ["Original Term Loan"] and under the Additional Term Loan bear interest at 10.50% and 9.75% over the Canadian Bankers' Acceptance rate, respectively. 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 mature on October 4, 2017.

At March 31, 2013 and March 31, 2012, the Company was in compliance with all of its financial covenants under its lending agreement.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three months ended March 31, 2013	March 31, 2012
Cash provided by operating activities before issuance of consumer loans receivable	**8,793**	15,555
Net issuance of consumer loans receivable	**(6,600)**	(3,198)
Cash provided by operating activities	**2,193**	12,357
Cash used in investing activities	**(12,428)**	(11,506)
Cash provided by (used in) financing activities	**11,931**	(1,044)
Net increase (decrease) in cash for the period	**1,696**	(193)

Cash flows provided by operating activities for the three months ended March 31, 2013 were $2.2 million. Included in this $2.2 million is a net investment of $6.6 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 $8.8 million, down $6.8 million from the first quarter of 2012. The decline was driven by the payment in the first quarter of 2013 of the $7.0 million purchase price of the assets and operations of 15 leasing stores acquired in the fourth quarter of 2012.

The cash flows from operating activities in the first quarter of 2013, enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $10.6 million in new lease assets, iii) invest $1.8 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. However, for easyfinancial to continue growing so that it can achieve the full long term growth opportunities available, additional sources of financing over and above the currently available Credit Facilities are required. The Company has considered its alternatives in this regard and is currently working to secure additional debt financing. While the Company is engaged in a series of activities to obtain the funds necessary to finance future operations, there is no certainty that these activities will be successful or completed on terms favourable to the Company.

Outstanding Shares and Dividends

As at May 6, 2013 there were 11,941,182 shares, 717,848 options and no warrants outstanding.

For the three months ended March 31, 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 first 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 have been 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 is brought under section 138 of the Ontario Securities Act. The plaintiff alleges, 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 seeks $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 the class action. The settlement, which is subject to court approval, contemplates a settlement amount of $2.25 million, which, if approved, will be distributed to class counsel and members of the class. The settlement approval hearing is set for June 10, 2013. The settlement funds have been pre-funded in escrow by the Company's insurer pursuant to the Company's insurance policies. The settlement agreement reached between the Company and the class contains no admissions of liability on the part of the Company or any of its current or former officers or directors.

The settlement reflects an analysis of the facts and law applicable to the issues in this case, and takes into account the extensive burdens, complexity, risks and expense of continued 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 during the reporting period. 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 March 31, 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 March 31, 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 March 31, 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.