Interim Condensed Consolidated Financial Statements

goeasy Ltd.

(Unaudited)
September 30, 2015

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(expressed in thousands of Canadian dollars)

	As At September 30, 2015	As At December 31, 2014
ASSETS		
Cash	**22,261**	1,165
Amounts receivable	**14,321**	16,508
Prepaid expenses	**3,002**	1,971
Income taxes receivable	**1,260**	-
Consumer loans receivable (note 4)	**237,907**	180,693
Lease assets	**60,523**	64,526
Property and equipment (note 5)	**19,437**	16,915
Deferred tax assets (note 10)	**5,603**	6,725
Intangible assets	**13,884**	11,006
Goodwill	**21,310**	19,963
TOTAL ASSETS	**399,508**	319,472
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving operating facility (note 7)	**-**	1,756
Accounts payable and accrued liabilities	**25,490**	32,837
Income taxes payable	**-**	3,042
Dividends payable (note 8)	**1,339**	1,133
Deferred lease inducements	**2,122**	2,603
Unearned revenue	**3,625**	3,978
Provisions	**584**	314
Term loan (note 7)	**197,515**	119,841
TOTAL LIABILITIES	**230,675**	165,504
Contingencies (note 13)		
Shareholders' equity		
Share capital (note 8)	**81,481**	80,364
Contributed surplus	**8,760**	6,458
Accumulated other comprehensive income	**1,113**	694
Retained earnings	**77,479**	66,452
TOTAL SHAREHOLDERS' EQUITY	**168,833**	153,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**399,508**	319,472

See accompanying notes to the interim condensed consolidated financial statements

On behalf of the Board:

David Ingram
Director

Donald K. Johnson
Director

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
(expressed in thousands of Canadian dollars except earnings per share)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
REVENUE				
Lease revenue	**37,256**	37,041	**110,129**	113,623
Interest income	**26,481**	17,107	**71,280**	44,622
Other	**14,246**	11,380	**39,989**	30,863
	77,983	65,528	**221,398**	189,108
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	**21,328**	19,107	**63,561**	56,849
Stock based compensation (note 9)	**1,009**	1,182	**3,604**	4,450
Advertising and promotion	**2,754**	3,174	**8,069**	6,510
Bad debts	**10,856**	7,252	**28,460**	17,507
Occupancy	**7,995**	6,994	**23,584**	20,903
Other	**6,671**	6,080	**19,034**	17,673
	50,613	43,789	**146,312**	123,892
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	**12,248**	12,564	**35,506**	36,925
Depreciation of property and equipment	**1,326**	1,215	**3,965**	3,560
Amortization of intangible assets	**880**	526	**2,464**	1,512
Impairment, net (note 5)	**44**	26	**90**	168
	14,498	14,331	**42,025**	42,165
Total operating expenses	**65,111**	58,120	**188,337**	166,057
Operating income	**12,872**	7,408	**33,061**	23,051
Finance costs (note 7)	**3,978**	2,535	**10,729**	5,893
Income before income taxes	**8,894**	4,873	**22,332**	17,158
Income tax expense (recovery) (note 10)				
Current	**1,960**	1,708	**4,998**	8,621
Deferred	**678**	(305)	**1,138**	(4,099)
	2,638	1,403	**6,136**	4,522
Net income	**6,256**	3,470	**16,196**	12,636
Basic earnings per share (note 11)	**0.46**	0.26	**1.19**	0.94
Diluted earnings per share (note 11)	**0.45**	0.25	**1.15**	0.91

See accompanying notes to the interim condensed consolidated financial statements

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Net income	**6,256**	3,470	**16,196**	12,636
Other comprehensive income (loss)				
Change in foreign currency translation reserve	**491**	343	**983**	375
Transfer of realized translation gains	**(267)**	-	**(564)**	-
Comprehensive income	**6,480**	3,813	**16,615**	13,011

See accompanying notes to the interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2014	**80,364**	**6,458**	**86,822**	**66,452**	**694**	**153,968**
Common shares issued	**1,719**	**(284)**	**1,435**	**-**	**-**	**1,435**
Stock-based compensation (note 9)	**-**	**2,586**	**2,586**	**-**	**-**	**2,586**
Shares purchased for cancellation (note 8)	**(602)**	**-**	**(602)**	**(1,139)**	**-**	**(1,741)**
Comprehensive income	**-**	**-**	**-**	**16,196**	**419**	**16,615**
Dividends (note 8)	**-**	**-**	**-**	**(4,030)**	**-**	**(4,030)**
Balance, September 30, 2015	**81,481**	**8,760**	**90,241**	**77,479**	**1,113**	**168,833**
Balance, December 31, 2013	79,923	4,169	84,092	51,234	307	135,633
Common shares issued	426	(68)	358	-	-	358
Stock-based compensation (note 9)	-	1,549	1,549	-	-	1,549
Comprehensive income	-	-	-	12,636	375	13,011
Dividends (note 8)	-	-	-	(3,398)	-	(3,398)
Balance, September 30, 2014	80,349	5,650	85,999	60,472	682	147,153

See accompanying notes to the interim condensed consolidated financial statements

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
OPERATING ACTIVITIES				
Net income	**6,256**	3,470	**16,196**	12,636
Add (deduct) items not affecting cash				
Depreciation of lease assets	**12,248**	12,564	**35,506**	36,925
Depreciation of property and equipment	**1,326**	1,215	**3,965**	3,560
Impairment, net (note 5)	**44**	26	**90**	168
Amortization of intangible assets	**880**	526	**2,464**	1,512
Stock-based compensation (note 9)	**1,039**	674	**2,586**	1,549
Bad debt expense	**10,856**	7,252	**28,460**	17,507
Deferred tax expense	**678**	(305)	**1,138**	(4,099)
Gain on sale of property and equipment	**(540)**	(755)	**(2,900)**	(1,773)
	32,787	24,667	**87,505**	67,985
Net change in other operating assets and liabilities (note 12)	**(6,953)**	(1,064)	**(11,057)**	8,707
Net issuance of consumer loans receivable	**(32,090)**	(26,281)	**(85,674)**	(69,350)
Cash (used in) provided by operating activities	**(6,256)**	(2,678)	**(9,226)**	7,342
INVESTING ACTIVITIES				
Purchase of lease assets	**(10,177)**	(13,728)	**(31,660)**	(33,363)
Purchase of property and equipment	**(950)**	(2,090)	**(5,514)**	(5,260)
Purchase of intangible assets	**(2,344)**	(1,645)	**(3,462)**	(3,851)
Acquisitions (note 6)	**(4,183)**	-	**(7,854)**	-
Proceeds on sale of assets	**2,091**	1,350	**7,025**	3,541
Cash used in investing activities	**(15,563)**	(16,113)	**(41,465)**	(38,933)
FINANCING ACTIVITIES				
Repayments of bank revolving credit facility	**-**	(26,000)	**(1,756)**	(23,496)
Advances of term loan	**42,292**	51,664	**77,674**	61,824
Payment of common share dividends	**(1,349)**	(1,122)	**(3,825)**	(3,368)
Issuance of common shares	**84**	11	**1,435**	358
Purchase of shares for cancellation (note 8)	**(1,741)**	-	**(1,741)**	-
Cash provided by financing activities	**39,286**	24,553	**71,787**	35,318
Net increase in cash during the period	**17,467**	5,762	**21,096**	3,727
Cash, beginning of period	**4,794**	294	**1,165**	2,329
Cash, end of period	**22,261**	6,056	**22,261**	6,056

See accompanying notes to the interim condensed consolidated financial statements

1. CORPORATE INFORMATION

goeasy Ltd. [“Parent Company”], formerly known as easyhome Ltd., was incorporated under the laws of Alberta, Canada by Certificate and Articles of Incorporation dated December 14, 1990 and was continued as a corporation in Ontario pursuant to Articles of Continuance dated July 22, 1993. The Parent Company changed its name from easyhome Ltd. to goeasy Ltd. effective September 14, 2015. The Parent Company has common shares listed on the Toronto Stock Exchange [“TSX”] and its head office is located in Mississauga, Ontario, Canada.

The Company's principal operating activities include i) merchandise leasing of household furnishings, appliances and home electronic products to consumers under weekly or monthly leasing agreements and ii) offering unsecured instalment loans to consumers.

The Company operates in two reportable segments: easyhome Leasing and easyfinancial. As at September 30, 2015, the Company operated 186 easyhome Leasing stores (including 25 franchises and 4 consolidated franchises) and 201 easyfinancial locations (December 31, 2014 – 192 easyhome Leasing stores including 23 franchises and 6 consolidated franchises, and 154 easyfinancial locations).

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements include the financial statements of the Parent Company and all companies that it controls (collectively referred to as “goeasy” or the “Company”). goeasy Ltd. controls an entity: i) when it has the power to direct the activities of the entity which have the most significant impact on the entity’s risks and/or returns; ii) where it is exposed to significant risks and/or returns arising from the entity; and iii) where it is able to use its power to affect the risks and/or returns to which it is exposed. This includes all wholly owned subsidiaries and certain special purpose entities [“SPEs”] where goeasy Ltd. has control but does not have ownership of a majority of voting rights.

As at September 30, 2015, the Parent Company’s principal subsidiaries were:

- RTO Asset Management Inc.
- easyfinancial Services Inc.
- easyhome U.S. Ltd.
- easyfinancial mortgages Inc.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 3, 2015.

Statement of Compliance with IFRS

The unaudited interim condensed consolidated financial statements for the three and nine month periods ended September 30, 2015 were prepared in accordance with International Accounting Standards [“IAS”] 34, *Interim Financial Reporting* using the same accounting policies as those used in the Company’s most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all of the disclosures included in the Company’s audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read together with the audited annual consolidated financial statements.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 Financial Instruments

The Company will be required to adopt IFRS 9, *Financial Instruments*, which is the IASB's project to replace IAS 39. IFRS 9 is required to be applied for years beginning on or after January 1, 2018 with early adoption permitted, and will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. The Company has not yet assessed the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued IFRS 15, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, and is to be applied retrospectively. The Company has not yet assessed the impact of this standard.

4. CONSUMER LOANS RECEIVABLE

Consumer loans receivable represented amounts advanced to customers of easyfinancial. Loan terms generally ranged from 9 to 48 months.

	September 30, 2015	**December 31, 2014**
Consumer loans receivable	**253,607**	192,225
Allowance for loan losses	**(15,700)**	(11,532)
	237,907	180,693
Current	**109,693**	87,473
Non-current	**128,214**	93,220
	237,907	180,693

An aging analysis of consumer loans receivable past due is as follows:

	September 30, 2015		**December 31, 2014**	
	$	**% of total loans**	**$**	**% of total loans**
1 - 30 days	**11,334**	**4.5%**	9,004	4.7%
31 - 44 days	**2,218**	**0.9%**	1,505	0.8%
45 - 60 days	**1,891**	**0.7%**	1,273	0.7%
61 - 90 days	**2,942**	**1.1%**	1,853	0.9%
	18,385	**7.2%**	13,635	7.1%

(Expressed in thousands of Canadian dollars except where otherwise indicated)

The changes in the allowance for loan losses are summarized below:

	Nine Months Ended September 30, 2015	**Year Ended December 31, 2014**
Balance, beginning of the period	**11,532**	6,768
Net amounts written off against allowance	**(24,292)**	(19,500)
Increase due to lending and collection activities	**28,460**	24,264
Balance, end of the period	**15,700**	11,532

5. PROPERTY AND EQUIPMENT

Various impairment indicators were used to determine the need to test a cash-generating unit ["CGU"] for impairment. A CGU was defined as the smallest identifiable group of assets that generated cash inflows that were largely independent of the cash inflows from other assets or groups of assets. The Company determined that this was at the individual store level. Examples of impairment indicators include a significant decline in revenue, performance significantly below budget and expectations and negative CGU operating income. Where these impairment indicators existed, the carrying value of the assets within a CGU was compared with its estimated recoverable value which was generally considered to be the CGU's value in use. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Sales and cost forecasts were based on actual operating results, five-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 1% long-term growth rate consistent with industry practice. The pre-tax discount rate used on the forecasted cash flows was 17%. Where the carrying value of the CGU's assets exceeded the recoverable amounts, as represented by the CGU's value in use, the store's property and equipment assets were written down. It was concluded that, due to the portability of lease assets held within the CGU and the cash flows generated by individual lease assets, no impairment write-down of the lease assets was required. As such, the CGU impairment charge was limited to the property and equipment held by the impaired CGU.

For the three and nine month periods ended September 30, 2015, the Company recorded an impairment charge of $44 and $131, respectively, offset by impairment recoveries of nil and $41, respectively. The net impairment expense for the three and nine month periods ended September 30, 2015 was $44 and $90, respectively. For the three and nine month periods ended September 30, 2014, the Company recorded impairment charges of $69 and $355, respectively, offset by impairment recoveries of $43 and $187, respectively. The net impairment expense for the three and nine month periods ended September 30, 2014 was $26 and $168, respectively. All impairment charges and recoveries relate solely to the easyhome Leasing segment.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

6. ACQUISITIONS

On July 13, 2015, the Company acquired 14 Canadian merchandise leasing stores from a U.S. based rent-to-own company for cash consideration of $4.2 million. As part of the transaction, the Company also sold two of its remaining U.S. franchised locations whose results were consolidated for financial statement purposes for cash consideration of $0.8 million, resulting in a combined net purchase price of $3.4 million and a reported loss on disposal of $0.3 million. The acquisition of the 14 merchandise leasing stores in Canada met the definition of a business combination as defined in IFRS 3.

On February 10, 2015, the Company acquired the lease rights and obligations as well as certain related assets for 45 retail locations across Canada for total cash consideration of $2,777, which included certain transaction costs. This transaction was accounted for as an asset acquisition. During the first quarter of 2015, these acquired locations were opened as easyfinancial branches.

In addition, the Company acquired the assets and operations of two leasing stores during the first quarter of 2015. The acquisition of the two leasing stores met the definition of a business combination as defined by IFRS 3. The total consideration of $894 was paid in cash.

The fair value of the identifiable assets and liabilities recognized as acquisitions were as follows:

	Acquisitions completed in the first quarter of 2015	**Acquisition on July 13, 2015**	**Nine months ended September 30, 2015**
Assets			
Amounts receivable	-	28	28
Property and equipment	1,308	78	1,386
Lease assets, net	433	2,969	3,402
Intangible assets	1,519	413	1,932
Liabilities			
Unearned revenue	-	240	240
Total identifiable assets at fair value	3,260	3,248	6,508
Goodwill arising on acquisition	411	935	1,346
Cash consideration	**3,671**	**4,183**	**7,854**

Goodwill arising on the acquisitions of $1,346 related to the Company's future ability to generate incremental revenues from the acquired customers and expected future growth. The goodwill arising on acquisitions was allocated entirely to the Canadian leasing segment.

7. REVOLVING OPERATING FACILITY AND TERM LOAN

On July 31, 2015, the Company amended its existing credit facilities and increased its total credit available by $100 million from $200 million to $300 million. The Company's amended credit facilities consisted of a $280 million term loan and a $20 million revolving operating facility. $205 million of the term loan was drawn at September 30, 2015 with the balance available in periodic advances until March 31, 2017. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 699 bps with a 799 bps floor, while borrowings under the revolving operating facility bore interest at the lender's prime rate plus 175 to 275 bps depending on the Company's debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. The amended credit facilities expire on October 4, 2019 and are secured by a first charge over substantially all assets of the Company.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

The drawings under the Company's credit facilities were as follows:

	September 30, 2015	December 31, 2014
Revolving operating facility	**-**	1,756
Amounts borrowed under term loan	**205,000**	125,000
Unamortized deferred financing costs	**(7,485)**	(5,159)
Term loan	**197,515**	119,841

As at September 30, 2015, the Company's interest rates under the term loan and revolving operating facility were 7.99% and 4.95%, respectively.

The financial covenants of the credit facility were as follows:

Financial Covenant	Requirements	September 30, 2015
Total debt to EBITDA ratio	< 4.60	**3.91**
Total debt to tangible net worth ratio	< 1.70	**1.51**
Adjusted EBITDA for preceding 12 months (consolidated)	> 44,900	**52,371**

The financial covenant requirements described above vary each quarter as per the lending agreement and were based on the Company's financial forecast over these periods. As at September 30, 2015, the Company was in compliance with all of its financial covenants under its lending agreements.

Finance Costs

Included in finance costs in the consolidated statements of income was interest expense on the credit facilities and amortization of deferred financing costs as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Interest expense	**3,530**	2,100	**9,623**	5,026
Amortization of deferred financing charges	**448**	435	**1,106**	867
	3,978	2,535	**10,729**	5,893

(Expressed in thousands of Canadian dollars except where otherwise indicated)

8. SHARE CAPITAL

Common Shares Issued and Outstanding

The changes in common shares are summarized as follows:

	Nine Months Ended September 30, 2015		Year Ended December 31, 2014	
	# of shares	$	# of shares	$
Balance, beginning of the period	**13,330**	**80,364**	13,289	79,923
Exercise of stock options	**161**	**1,674**	39	403
Shares repurchased for cancellation	**(99)**	**(602)**	-	-
Dividend reinvestment plan	**2**	**45**	2	38
Balance, end of the period	**13,394**	**81,481**	13,330	80,364

Dividends on Common Shares

For the three and nine month periods ended September 30, 2015, the Company paid dividends of $1.3 million or $0.10 per share and $3.8 million or $0.285 per share, respectively. For the three and nine month periods ended September 30, 2014, the Company paid dividends of $1.1 million or $0.085 per share and $3.4 million or $0.255 per share, respectively. On February 18, 2015, the Company increased the dividend rate from $0.085 per share to $0.10 per share. The Company declared a dividend of $0.10 per share on July 30, 2015 to shareholders of record on September 25, 2015, payable on October 9, 2015. The dividend paid on October 9, 2015 was $1.3 million.

Shares Repurchased for Cancellation

During the three and nine month periods ended September 30, 2015, the Company repurchased and cancelled 98,941 (2014 – nil) of its common shares on the open market at an average price of $17.57 per share pursuant to a normal course issuer bid for a total cost of $1.7 million. The normal course issuer bid in effect at September 30, 2015 allows for a total purchase of up to 670,000 common shares and expires on June 24, 2016.

9. STOCK-BASED COMPENSATION

Share Option Plan

Under the Company's stock option plan, options to purchase common shares may be granted by the Board of Directors to directors, officers and employees. During the three and nine month periods ended September 30, 2015, the Company granted nil and 79,806 options, respectively (2014 – 10,500 and 190,332 options, respectively). For the three and nine month periods ended September 30, 2015, an expense of $142 and $397, respectively (2014 – $109 and $291, respectively) was recorded in stock-based compensation expense in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Restricted Share Unit ["RSU"] Plan

On May 4, 2015 the Company's shareholders approved a resolution to amend the RSU plan, increasing the maximum number of Common Shares reserved for issuance from treasury under the RSU Plan by 150,000 shares, from 765,000 to 915,000.

During the three and nine month periods ended September 30, 2015, the Company granted 5,000 and 193,239 RSUs, respectively (2014 – 171,460 RSUs for both periods) to employees of the Company under its RSU Plan. RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on long-term targets. For the three and nine month periods ended September 30, 2015, $771 and $1,816, respectively (2014 – $525 and $1,134, respectively) was recorded as an expense in stock-based compensation expense in the interim condensed consolidated statements of income. Additionally, for the three and nine month periods ended September 30, 2015, an additional 3,027 and 7,249 RSUs, respectively (2014 – 1,156 and 4,244 RSUs, respectively) were granted as a result of dividends payable.

Performance Share Unit ["PSU"] Plan

During the three and nine month periods ended September 30, 2015, the Company granted nil and 199,330 PSUs, respectively (2014 – nil and 171,134 PSUs, respectively) to senior executives of the Company under its PSU Plan. On May 5, 2015, the PSUs granted in 2015 were cancelled and an equivalent number of RSUs were granted to senior executives of the Company (see RSU Plan described above).

PSUs are granted at fair market value at the grant date and vest at the end of a three-year period based on long-term targets. For the three and nine month periods ended September 30, 2015, an expense recovery of ($30) and an expense of $1,018, respectively (2014 – $508 and $2,901 respectively) was recorded in stock-based compensation expense in the interim condensed consolidated statements of income. Additionally, for the three and nine month periods ended September 30, 2015, an additional 57 PSUs and 2,832 PSUs, respectively (2014 – 2,213 and 9,888 PSUs, respectively) were granted as a result of dividends payable.

The PSU liability as at September 30, 2015 was nil (December 31, 2014 – $6,872).

Deferred Share Unit ["DSU"] Plan

During the three and nine month periods ended September 30, 2015, the Company granted 6,877 and 17,631 DSUs, respectively (2014 – 1,282 and 4,552 DSUs, respectively) to directors under its DSU Plan. DSUs are granted at fair market value at the grant date and vest immediately upon grant. For the three and nine month periods ended September 30, 2015, $126 and $373, respectively (2014 – $40 and $124 respectively) was recorded as stock-based compensation expense under the DSU Plan in the interim condensed consolidated statements of income. Additionally, for the three and nine month periods ended September 30, 2015, an additional 766 and 2,051 DSUs, respectively (2014 – 514 and 1,758 DSUs, respectively) were granted as a result of dividends payable.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

Stock Based Compensation Expense

	Three Months Ended		Nine Months Ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Equity-settled stock based compensation	**1,039**	674	**2,586**	1,549
Cash-settled stock based compensation	**(30)**	508	**1,018**	2,901
	1,009	1,182	**3,604**	4,450

10. INCOME TAXES

The Company's income tax provision was determined as follows:

	Nine Months Ended	
	September 30, 2015	**September 30, 2014**
Combined basic federal and provincial income tax rates	**27.3%**	27.2%
Expected income tax expense	**6,099**	4,659
Non-deductible expenses	**239**	199
U.S. and SPE results not tax effected	**122**	(106)
Other	**(324)**	(230)
	6,136	4,522

The significant components of the Company's deferred tax assets are as follows:

	September 30, 2015	**December 31, 2014**
Tax cost of lease assets and property and equipment in excess of net book value	**(598)**	544
Amounts receivable and provisions	**4,474**	3,342
Deferred salary arrangements	**1,152**	2,546
Unearned revenue	**489**	239
Financing fees	**(44)**	213
Other	**130**	(159)
	5,603	6,725

(Expressed in thousands of Canadian dollars except where otherwise indicated)

11. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share amounts were calculated by dividing the net income for the year by the weighted average number of ordinary shares and DSUs outstanding. DSUs were included in the calculation of the weighted average number of ordinary shares outstanding as these units vest upon grant.

	Three Months Ended		**Nine Months Ended**	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Net income	**6,256**	3,470	**16,196**	12,636
Weighted average number of ordinary shares outstanding (in 000's)	**13,590**	13,461	**13,558**	13,444
Basic earnings per ordinary share	**0.46**	0.26	**1.19**	0.94

Diluted Earnings Per Share

Diluted earnings per share reflect the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share was determined using the treasury stock method, whereby stock options and warrants, whose exercise price is less than the average market price of the Company's common shares, were assumed to be exercised and the proceeds are used to purchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and warrants was included in the calculation of diluted earnings per share.

	Three Months Ended		**Nine Months Ended**	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Net income	**6,256**	3,470	**16,196**	12,636
Weighted average number of ordinary shares outstanding (in 000's)	**13,590**	13,461	**13,558**	13,444
Dilutive effect of stock-based compensation (in 000's)	**439**	493	**472**	429
Weighted average number of diluted shares outstanding	**14,029**	13,954	**14,030**	13,873
Dilutive earnings per ordinary share	**0.45**	0.25	**1.15**	0.91

(Expressed in thousands of Canadian dollars except where otherwise indicated)

12. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

The net change in other operating assets and liabilities was as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Amounts receivable	**(2,374)**	(1,213)	**2,187**	(2,007)
Prepaid expenses	**(439)**	(651)	**(1,031)**	(594)
Accounts payable and accrued liabilities	**(969)**	4,494	**(7,347)**	8,322
Income taxes payable	**(2,858)**	(3,266)	**(4,302)**	3,326
Deferred lease inducements	**(25)**	(121)	**(481)**	(280)
Unearned revenue	**(479)**	(307)	**(353)**	(39)
Provisions	**191**	-	**270**	(21)
	(6,953)	(1,064)	**(11,057)**	8,707

Supplemental disclosures in respect of the consolidated statements of cash flows comprised the following:

	Three Months Ended		Nine Months Ended	
	September 30, 2015	**September 30, 2014**	**September 30, 2015**	**September 30, 2014**
Income taxes paid	**5,996**	5,000	**10,464**	5,319
Income taxes refunded	**1,178**	25	**1,178**	25
Interest paid	**3,537**	2,102	**9,648**	5,044
Interest received	**25,511**	16,213	**69,656**	43,162

13. CONTINGENCIES

The Company was involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, financial performance or cash flows.

The Company has agreed to indemnify its directors and officers and particular employees in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

14. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial Instruments	Measurement	September 30, 2015	December 31, 2014
Cash	Fair value	**22,261**	1,165
Amounts receivable	Amortized cost	**14,321**	16,508
Consumer loans receivable	Amortized cost	**237,907**	180,693
Accounts payable and accrued liabilities	Amortized cost	**25,490**	32,837
Revolving operating facility	Amortized cost	**-**	1,756
Term loan	Amortized cost	**197,515**	119,841

Fair Value Measurement

All assets and liabilities for which fair value was measured or disclosed in the consolidated financial statements were categorized within the fair value hierarchy, described as follows, based on the lowest level input that was significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The hierarchy required the use of observable market data when available. The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities measured at amortized cost as at September 30, 2015:

	Total	Level 1	Level 2	Level 3
Amounts receivable	**14,321**	-	-	**14,321**
Consumer loans receivable	**237,907**	-	-	**237,907**
Accounts payable and accrued liabilities	**25,490**	-	-	**25,490**
Term loan	**197,515**	-	-	**197,515**

There were no transfers between Level 1, Level 2, or Level 3 during the period.

(Expressed in thousands of Canadian dollars except where otherwise indicated)

15. SEGMENTED REPORTING

For management purposes, the Company had two reportable segments: easyhome Leasing and easyfinancial.

Accounting policies for each of these business segments were the same as those disclosed in the consolidated financial statements for the year ended December 31, 2014. General and administrative expenses directly related to the Company's business segments were included as operating expenses for those segments. All other general and administrative expenses were reported separately as part of Corporate. Management assessed the performance based on segment operating income (loss). The following tables summarize the relevant information for the three and nine month periods ended September 30, 2015 and 2014:

Three Months Ended September 30, 2015	**easyhome Leasing**	**easyfinancial**	**Corporate**	**Total**
Revenue	**38,692**	**39,291**	**-**	**77,983**
Total operating expenses before depreciation and amortization	**19,653**	**25,191**	**5,769**	**50,613**
Depreciation and amortization	**12,986**	**1,379**	**133**	**14,498**
Segment operating income (loss)	**6,053**	**12,721**	**(5,902)**	**12,872**
Finance costs	**-**	**-**	**3,978**	**3,978**
Income (loss) before income taxes	**6,053**	**12,721**	**(9,880)**	**8,894**

Three Months Ended September 30, 2014	**easyhome Leasing**	**easyfinancial**	**Corporate**	**Total**
Revenue	38,716	26,812	-	65,528
Total operating expenses before depreciation and amortization	21,062	18,039	4,688	43,789
Depreciation and amortization	13,331	840	160	14,331
Segment operating income (loss)	4,323	7,933	(4,848)	7,408
Finance costs	-	-	2,535	2,535
Income (loss) before income taxes	4,323	7,933	(7,383)	4,873

(Expressed in thousands of Canadian dollars except where otherwise indicated)

Nine Months Ended September 30, 2015	**easyhome Leasing**	**easyfinancial**	**Corporate**	**Total**
Revenue	**114,556**	**106,842**	**-**	**221,398**
Total operating expenses before depreciation and amortization	**59,204**	**70,991**	**16,117**	**146,312**
Depreciation and amortization	**37,725**	**3,840**	**460**	**42,025**
Segment operating income (loss)	**17,627**	**32,011**	**(16,577)**	**33,061**
Finance costs	**-**	**-**	**10,729**	**10,729**
Income (loss) before income taxes	**17,627**	**32,011**	**(27,306)**	**22,332**

Nine Months Ended September 30, 2014	**easyhome Leasing**	**easyfinancial**	**Corporate**	**Total**
Revenue	118,952	70,156	-	189,108
Total operating expenses before depreciation and amortization	61,361	45,552	16,979	123,892
Depreciation and amortization	39,367	2,330	468	42,165
Segment operating income (loss)	18,224	22,274	(17,447)	23,051
Finance costs	-	-	5,893	5,893
Income (loss) before income taxes	18,224	22,274	(23,340)	17,158

The Company operated across Canada and in certain U.S. states. During the nine month period ended September 30, 2015, 98.6% or $218.3 million of revenue was generated in Canada and 1.4% or $3.1 million of revenue was generated in the U.S. (2014 – 97% or $183.2 million of revenue was generated in Canada and 3% or $5.9 million of revenue was generated in the U.S.). Additionally, as at September 30, 2015, $394.5 million of the Company’s assets were located in Canada and $5.0 million were located in the U.S. (2014 – $286.2 million in Canada and $7.9 million in the U.S.).

As at September 30, 2015, the Company's goodwill of $21.3 million (December 31, 2014 – $20.0 million) related entirely to its easyhome Leasing segment.

The Company's easyhome Leasing business consisted of four major product categories: furniture, electronics, computers and appliances. Lease revenue generated by these product categories as a percentage of total lease revenue for the nine month periods ended September 30, 2015 and 2014 were as follows:

	Nine Months Ended	
	September 30, 2015 (%)	**September 30, 2014 (%)**
Furniture	**39**	37
Electronics	**34**	33
Computers	**15**	18
Appliances	**12**	12
	100	100