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

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Date: August 13, 2012

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of easyhome Ltd. and its subsidiaries as at June 30, 2012 compared to June 30, 2011, and the results of operations for the three and six month periods ended June 30, 2012 compared with the corresponding periods of 2011. This MD&A should be read in conjunction with the Company's 2011 audited consolidated financial statements and the related notes and MD&A and the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2012. The financial information presented herein has been prepared under International Financial Reporting Standards ["IFRS"]. 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 2011 annual MD&A: 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 Ltd., 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 Ltd. ["easyhome" or the "Company"] is the largest merchandise leasing company in Canada and the third largest in North America. As at June 30, 2012, the Company operated 204 easyhome leasing stores (including 7 consolidated franchises), 94 easyfinancial locations and had 45 franchise locations. easyhome leases, with or without an option to purchase, brand name furniture, appliances, home electronics and computers. The brands we offer include Ashley, Dynasty, Eztia furniture and Serta mattresses, Samsung and Whirlpool appliances, Sony, Samsung, LG and Toshiba home electronics as well as Dell, HP, Acer and Toshiba computers.

Through our stores we offer our customers lease agreements which enable them to obtain products they may not otherwise be able to have as a result of being either cash or credit constrained. Our stores also provide lease programs for those customers who wish to lease merchandise on a short-term basis, or try the product before they make a purchase decision. We commenced operations in 1990 and currently operate corporate stores in all provinces in Canada as well as in the state of New York in the U.S. Through various franchise and license agreements, we operate franchise stores in three provinces in Canada and eleven states in the U.S.

Beyond our merchandise leasing business and through easyfinancial Services ["easyfinancial"], we also offer our customers 6 to 36 month term loans, in the range of $500 to $5,000, and other financial services such as prepaid cards. The services offered by easyfinancial bridge the gap between traditional financial institutions and payday lenders, providing a realistic alternative for many of our customers. easyfinancial commenced operations in 2006 and operated 94 locations in 9 provinces in Canada, including six stand-alone easyfinancial locations and one national loan office as of June 30, 2012.

Store Locations Summary

	Locations as at March 31, 2012	Locations opened / closed during year	Conversions	Locations as at June 30, 2012
Leasing				
Canada	195	(12)	(1)	**182**
U.S.	16	(1)	-	**15**
Consolidated Franchise Location	5	1	1	**7**
Total	216	(12)	-	**204**
Franchise				
Canada	15	-	-	**15**
U.S.	29	1	-	**30**
Total	44	1	-	**45**
Easyfinancial				
Kiosks (in store)	86	3	(2)	**87**
Stand-alone locations	3	1	2	**6**
National loan office	1	-	-	**1**
	90	4	-	**94**

During the most recent quarter, 12 Canadian corporate stores were closed and one Canadian corporate store was converted into a Consolidated Franchise Location. (“Consolidated Franchise Locations” are franchise operations where control is achieved on a basis other than through ownership of a majority of voting rights and which are included in the Company’s consolidated results). Additionally, one Consolidated Franchise Location and one U.S. franchise location were opened. The Company also opened one stand-alone easyfinancial location and three easyfinancial kiosks within an existing easyhome store and converted two easyfinancial kiosks into stand-alone easyfinancial locations.

	Locations as at December 31, 2011	Locations opened / closed during year	Conversions	Locations as at June 30, 2012
Leasing				
Canada	197	(14)	(1)	**182**
U.S.	16	(1)	-	**15**
Consolidated Franchise Location	5	1	1	**7**
Total	218	(14)	-	**204**
Franchise				
Canada	14	1	-	**15**
U.S.	29	1	-	**30**
Total	43	2	-	**45**
Easyfinancial				
Kiosks (in store)	85	4	(2)	**87**
Stand-alone locations	2	2	2	**6**
National loan office	1	-	-	**1**
	88	6	-	**94**

Year to date, 14 Canadian corporate stores and one U.S corporate store were closed, one Consolidated Franchise Location was opened and one Canadian corporate store was converted into a Consolidated Franchise Location. Additionally, the Company opened one U.S. and one Canadian franchise location. The Company also opened two stand-alone easyfinancial locations, four easyfinancial kiosks within an existing easyhome store and converted two easyfinancial kiosks to stand-alone locations.

Corporate Strategy

The Company's long-term business objectives have three key elements, in order of strategic impact:

- growing easyfinancial
- enhancing store profitability within our leasing business
- expanding the U.S. franchise network

The Company's corporate strategy remains as described in its December 31, 2011 MD&A.

Second Quarter Highlights

- easyhome continued to grow revenue during the second quarter of 2012. Revenue for the quarter increased to $48.9 million from $46.2 million in the second quarter of 2011, an increase of $2.7 million or 5.7%. The growth was driven primarily by the expansion of easyfinancial and its loan portfolio. Revenue for easyfinancial increased by $3.2 million or 56% compared to the second quarter of 2011. Same store revenue growth for the quarter, which includes revenue growth from easyfinancial, was 6.4%. Excluding the impact of easyfinancial, same store revenue growth was -0.3%.

- During the quarter, four easyfinancial locations were added while the consumer loans receivable portfolio grew by $7.0 million, compared with growth of $5.4 million in the second quarter of 2011. The gross consumer loans receivable as at June 30, 2012 was $55.8 million compared with $35.3 million as at June 30, 2011.

- The lease portfolio, as measured by potential monthly lease revenue, was $11.2 million at period end compared with $11.1 million as at June 30, 2011. Due to the seasonality of the business, the lease portfolio typically contracts during the second quarter. During the quarter, the lease portfolio declined by $0.1 million driven primarily by store closure activity. This quarterly decline compares favourably with the $0.3 million decline in the second quarter of 2011. While the lease portfolio ended the quarter slightly higher than prior year, revenue declined due to lower average portfolio size during the quarter as well as increased discounting in comparison to the prior year.

- During the quarter, the Company restructured the management and operating procedures of its leasing business and closed 13 underperforming locations. The Company recorded a $1.4 million charge in the quarter related to this restructuring. These charges consisted of the cost of the remaining lease terms for closed locations, lease asset write offs, severance and other charges. No further related charges are expected in future periods. Also during the second quarter of 2012, the Company received a reimbursement from its insurers of a portion of the cost of the 2010 employee fraud investigation. The $0.9 million net reimbursement has been recorded as a credit to restructuring and other items on consolidated statement of income.

- Operating expenses, excluding depreciation and amortization and restructuring and other items increased from $30.0 million for the second quarter of 2011 to $31.6 million for the current period, an increase of $1.6 million. Operating expenses expressed as a percentage of revenue decreased slightly from 64.9% in the second quarter of 2011 to 64.7% in the current quarter. The growth of the easyfinancial business and its kiosk network drove $2.0 million of this cost increase and was somewhat offset by lower corporate costs. The number of easyfinancial locations increased from 74 as at June 30, 2011 to 94 as at June 30, 2012.

- Net income for the current quarter was $2.0 million. Excluding the impact of restructuring and other items, adjusted earnings was $2.3 million (or $0.20 per share) compared with $2.7 million (or $0.23 per share) last year. Increased earnings of easyfinancial were more than offset by lower earnings from the leasing business.

- The Company continued to generate strong cash flows. Cash flows provided by operating activities for the quarter were $13.8 million. Included in this $13.8 million is a net investment of $8.9 million to increase the easyfinancial loan portfolio. If this net investment in the easyfinancial loan portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $22.8 million in the current quarter compared to $18.8 million in the second quarter of 2011. This cash flow enabled the Company to invest in the lease and loan portfolios to drive future growth and maintain its dividend for the quarter.

Outlook

The Company's outlook remains as described in its December 31, 2011 MD&A.

Key Performance Indicators and Non-IFRS Measures

We measure the success of our 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 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.

Several non-IFRS measures that we use 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		Six months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Same store revenue growth	**6.4%**	6.4%	**7.5%**	6.9%
Same store revenue growth excluding easyfinancial	**(0.3%)**	(1.0%)	**0.2%**	(0.8%)

Potential Monthly Lease Revenue

Potential monthly lease revenue reflects the revenue that our portfolio of leased merchandise would generate in a month providing we collected all lease payments due in that period. Our 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 our leased items. We believe that our potential monthly lease revenue is an important indicator of how revenue will change in future periods.

	Three months ended		Six months ended	
($ in 000's)	**June 30, 2012**	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Opening balance - Potential monthly lease revenue	**11,308**	11,403	**11,694**	11,600
Change due to store openings during the period	**24**	52	**24**	52
Change due to store closures or sales during the period	**(88)**	(45)	**(156)**	(55)
Change due to ongoing operations	**6**	(300)	**(312)**	(487)
Net change	**(58)**	(293)	**(444)**	(490)
Ending balance – Potential monthly lease revenue	**11,250**	11,110	**11,250**	11,110

Gross Consumer Loans Receivable

Gross consumer loans receivable reflects the period end balance of the portfolio before provisioning for potential future charge offs. Our growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. We believe that our gross consumer loans receivable value is an important indicator of our easyfinancial business and of how revenue will grow in future periods.

	Three months ended		Six months ended	
($ in 000's)	**June 30, 2012**	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Gross consumer loans receivable	**55,818**	35,320	**55,818**	35,320
Growth in gross consumer loans receivable during period	**7,049**	5,426	**8,253**	11,520

Bad Debt Expense as Percentage of easyfinancial Revenue

Bad debt expense as a percentage of easyfinancial revenue reflects the collection performance of the easyfinancial loan portfolio. Bad debt expense includes actual write offs and the impact of the provision taken against the loan portfolio.

	Three months ended		Six months ended	
	June 30, 2012	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Bad debt expense as a percentage of easyfinancial revenue	**26.4%**	24.6%	**25.4%**	24.7%

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 months ended June 30, 2012 and 2011 include those indicated in the chart below:

	Three months ended		Six months ended	
($ in 000's except earnings per share)	**June 30, 2012**	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Operating income as stated	**3,421**	3,877	**7,627**	7,719
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	**3,857**	3,877	**8,063**	7,719
Net income as stated	**2,030**	2,714	**4,653**	5,096
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	**2,335**	2,714	**4,958**	5,096
Weighted average number of dilutive earnings per common share	**11,874**	**10,849**	**11,869**	**10,489**
Earnings per share as stated	**0.17**	0.23	**0.39**	0.43
Per share impact of Restructuring and other items	**0.03**	-	**0.03**	-
Adjusted earnings per share	**0.20**	0.23	**0.42**	0.43

[1]During the quarter 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 (2011 – nil). These charges consisted of the cost of the remaining lease terms of closed locations, lease asset write offs, severance and other charges.

[2]During the fourth quarter of 2010, the Company incurred $2.4 million in costs related to the forensic investigation of an employee fraud. During the second quarter of 2012, the Company received a reimbursement of a portion of these costs from its insurers. The net insurance reimbursement of $0.9 million is net of professional fees related to obtaining this reimbursement.

Operating Expenses Before Depreciation and Amortization

We define operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses and impairment for the period. We believe that operating expenses before depreciation and amortization and impairment i 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, 2012	Three months ended June 30, 2012 (adjusted)	Three months ended June 30, 2011	Three months ended June 30, 2011 (adjusted)
Operating Expenses as stated	**32,083**	**32,083**	30,048	30,048
Restructuring charges included in operating expenses	**-**	**(1,379)**	-	-
Insurance reimbursement included in operating expenses	**-**	**943**	-	-
Net Restructuring and other items	**-**	**(436)**	-	-
Adjusted operating expenses	**32,083**	**31,647**	30,048	30,048
Divided by revenue	**48,903**	**48,903**	46,264	46,264
Operating expenses before depreciation and amortization as a % of revenue	**65.6%**	**64.7%**	64.9%	64.9%

($ in 000's except earnings per share)	Six months ended June 30, 2012	Six months ended June 30, 2012 (adjusted)	Six months ended June 30, 2011	Six months ended June 30, 2011 (adjusted)
Operating Expenses as stated	**64,383**	**64,383**	59,006	59,006
Restructuring charges included in operating expenses	**-**	**(1,379)**	-	-
Insurance reimbursement included in operating expenses	**-**	**943**	-	-
Net Restructuring and other items	**-**	**(436)**	-	-
Adjusted operating expenses	**64,383**	**63,947**	59,006	59,006
Divided by revenue	**98,690**	**98,690**	92,467	92,467
Operating expenses before depreciation and amortization as a % of revenue	**65.2%**	**64.8%**	63.8%	63.8%

Operating Margin

We define operating margin as operating income divided by revenue. We believe operating margin is an important measure of the profitability of operations which in turn assists us in assessing our ability to generate cash to pay interest on our debt and to pay dividends.

($ in 000's except earnings per share)	Three months ended		Three months ended	
	June 30, 2012	June 30, 2012 (adjusted)	June 30, 2011	June 30, 2011 (adjusted)
Operating income as stated	**3,421**	**3,421**	3,877	3,877
Restructuring charges included in operating expenses	**-**	**1,379**	-	-
Insurance reimbursement included in operating expenses	**-**	**(943)**	-	-
Net Restructuring and other items	**-**	**436**	-	-
Adjusted operating earnings	**3,421**	**3,857**	3,877	3,877
Divided by revenue	**48,903**	**48,903**	46,264	46,264
Operating Margin	**7.0%**	**7.9%**	8.4%	8.4%

($ in 000's except earnings per share)	Six months ended		Six months ended	
	June 30, 2012	June 30, 2012 (adjusted)	June 30, 2011	June 30, 2011 (adjusted)
Operating income as stated	**7,627**	**7,627**	7,719	7,719
Restructuring charges included in operating expenses	**-**	**1,379**	-	-
Insurance reimbursement included in operating expenses	**-**	**(943)**	-	-
Net Restructuring and other items	**-**	**436**	-	-
Adjusted operating earnings	**7,627**	**8,063**	7,719	7,719
Divided by revenue	**98,690**	**98,690**	92,467	92,467
Operating Margin	**7.7%**	**8.2%**	8.3%	8.3%

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

We define EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of lease assets. We use EBITDA, among other measures, to assess the operating performance of our ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenues.
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($ in 000's)	Three months ended June 30, 2012	Three months ended June 30, 2012 (adjusted)	Three months ended June 30, 2011	Three months ended June 30, 2011 (adjusted)
Net income as stated	**2,030**	**2,030**	2,714	2,714
Interest Expense	**463**	**463**	336	336
Income Tax Expense	**928**	**928**	827	827
Depreciation and amortization, excluding depreciation of lease assets	**1,277**	**1,277**	978	978
EBITDA	**4,698**	**4,698**	4,855	4,855
Restructuring charges included in operating expenses	**-**	**1,379**	**-**	-
Insurance reimbursement included in operating expenses	**-**	**(943)**	**-**	-
Net Restructuring and other items	**-**	**436**	**-**	-
Adjusted EBITDA	**4,698**	**5,134**	4,855	4,855
Divided by revenue	**48,903**	**48,903**	46,264	46,264
EBITDA margin	**9.6%**	**10.5%**	10.5%	10.5%

($ in 000's)	Six months ended June 30, 2012	Six months ended June 30, 2012 (adjusted)	Six months ended June 30, 2011	Six months ended June 30, 2011 (adjusted)
Net income as stated	**4,653**	**4,653**	5,096	5,096
Interest Expense	**947**	**947**	633	633
Income Tax Expense	**2,027**	**2,027**	1,990	1,990
Depreciation and amortization, excluding depreciation of lease assets	**2,482**	**2,482**	1,930	1,930
EBITDA	**10,109**	**10,109**	9,649	9,649
Restructuring charges included in operating expenses	**-**	**1,379**	**-**	-
Insurance reimbursement included in operating expenses	**-**	**(943)**	**-**	-
Net Restructuring and other items	**-**	**436**	**-**	-
Adjusted EBITDA	**10,109**	**10,545**	9,649	9,649
Divided by revenue	**98,690**	**98,690**	92,467	92,467
EBITDA margin	**10.2%**	**10.7%**	10.4%	10.4%

Results of Operations for the Three Months Ended June 30, 2012 Compared to the Three Months Ended June 30, 2011

Summary Financial Results by Operating Segment

($ 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
Interest expense					463
Income before income taxes					2,958
Income taxes					928
Net Income for the period					2,030
Diluted earnings per share					0.17

($ in 000's except earnings per share)	Three Months Ended June 30, 2011 Leasing	Easyfinancial	Franchising	Corporate	Total
Revenue	40,334	5,642	288	-	46,264
Total operating expenses before depreciation and amortization	22,014	4,133	135	3,766	30,048
Depreciation and amortization	12,124	77	20	118	12,339
Operating income (loss)	6,196	1,432	133	(3,884)	3,877
Interest expense					336
Income before income taxes					3,541
Income taxes					827
Net Income for the period					2,714
Diluted earnings per share					0.23

Revenue

Revenue for the three months ended June 30, 2012 was $48.9 million compared to $46.3 million in the comparable period in 2011, an increase of $2.6 million or 5.7%.

Leasing - Revenue for the three months ended June 30, 2012 was $39.7 million, a decline of $0.6 million or 1.6% from the comparable period in 2011. Revenue declines in the Canadian leasing business were partially offset by increased revenue from the U.S. corporate stores and the seven Consolidated Franchise Locations. The lease portfolio, as measured by potential monthly lease revenue, was $11.2 million at June 30, 2012 compared with $11.1 million as at June 30, 2011. During the quarter, the lease portfolio declined by $0.1 million driven primarily by store closure activity. This quarterly decline compares favourably with the $0.3 million decline in the second quarter of 2011. While the lease portfolio ended the quarter slightly higher than prior year, the corresponding leasing revenue declined year over year due to a lower average portfolio size during the quarter as well as a decrease in collection rates.

easyfinancial - Revenue for the three months ended June 30, 2012 was $8.8 million, an increase of $3.2 million or 57% from the comparable period in 2011. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $35.3 million as at June 30, 2011 to $55.8 million as at June 30, 2012. The consumer loans receivable portfolio grew $7.0 million during the second quarter of 2012 compared with growth of $5.4 million for the second quarter of 2011.

Franchising - Revenue increased to $0.4 million for the three months ended June 30, 2012, an increase of $0.1 million over the same quarter last year. The Company had 45 franchise locations as at June 30, 2012 compared with 37 as at June 30, 2011.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization, impairment and restructuring and other items were $31.6 million for the three months ended June 30, 2012, an increase of $1.6 million or 5.3% from the comparable period in 2011. Operating expenses before depreciation and amortization, impairment and restructuring and other items represented 64.7% of revenue for the second quarter of 2012 compared with 64.9% last year. The $1.6 million increase in total operating expenses before depreciation and amortization, impairment, and restructuring and other items was driven primarily by the growth of the easyfinancial business offset by lower corporate costs.

Leasing – Total operating expenses before depreciation and amortization, impairment and restructuring and other items were essentially flat quarter over quarter. Canadian store costs declined due to closures. However, this decline was offset by the cost of additional Consolidated Franchise Locations.

easyfinancial – Total operating expenses before depreciation and amortization were $6.2 million for the three months ended June 30, 2012, an increase of $2.0 million or 49% from the comparable period in 2011. The increase in expenses was driven by the growth in the number of easyfinancial locations and bad debts associated with the growth in the consumer loans receivable portfolio. The number of easyfinancial locations increased from 74 as at June 30, 2011 to 94 as at June 30, 2012.

Bad debt expense increased to $2.3 million for the three months ended June 30, 2012 from $1.4 million during the comparable period in 2011. The $0.9 million increase was due to the growth of the consumer loans receivable portfolio which increased from $35.3 million at June 30, 2011 to $55.8 million at June 30, 2012. Bad debt expense, expressed as a percentage of revenue, was 26.4% for the second quarter of 2012 compared with 24.6% for the second quarter of 2011.

Franchising – Total operating expenses before depreciation and amortization decreased modestly for the three months ended June 30, 2012 compared with prior period.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items were $3.3 million for the three months ended June 30, 2012, down $0.4 million or 11.6% from the comparable period in 2011. The decrease was driven primarily by a $0.5 million lower bonus accrual and lower professional fees. Stock based compensation expense was consistent year over year. Corporate costs before depreciation and amortization and restructuring and other charges for the quarter represented 6.8% of revenue compared to 8.1% in the second quarter of 2011.

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, $1,296 was recorded as a restructuring charge against the leasing segment and $83 was recorded against Corporate. The total restructuring charge was $1,379. No further charges related to the restructuring are expected in future periods. 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 months ended June 30, 2012 was $13.4 million compared to $12.3 million for the comparable period in 2011, an increase of $1.1 million or 8.6%. The increase was primarily driven by the growth of the U.S. corporate stores and Consolidated Franchise Locations, higher cash sales during the quarter at the Canadian corporate stores (the cost of which is included in depreciation and amortization) and impairment charges.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the three months ended June 30, 2012 was $3.4 million compared to $3.9 million for the comparable period in 2011, a decrease of $0.5 million or 11.7%. Excluding restructuring and other items, operating income for the quarter was $3.9 million and consistent with the second quarter of 2011. Adjusted operating margin was 7.9% in the quarter compared with 8.4% in the second quarter of 2011.

Leasing – Operating income was $3.3 million for the three months ended June 30, 2012 compared with $6.2 million for the comparable period in 2011. Excluding restructuring and other items, operating income was $4.6 million, down $1.6 million or 26% from the second quarter of 2011. Operating margin excluding restructuring and other items was 11.6%, down from 15.4% in the same period last year. While store direct operating costs were flat, revenue declines and higher depreciation and amortization negatively impacted margins.

easyfinancial - Operating income was $2.5 million for the three months ended June 30, 2012 compared with $1.4 million for the comparable period in 2011, an increase of $1.1 million or 75%. Operating margin for the second quarter of 2012 was 28.4% compared with 25.4% in the second quarter of 2011. The higher loan book per kiosk drove margin growth in the quarter compared to prior year. Operating margin declined compared with the 34.1% reported in the first quarter of 2012. This decline was driven by increased advertising spend, new store drag (on opened locations and pending openings) as well as increased loan provisioning driven by the growth of the loan book in the quarter. Management expects the operating margin to range between 25% and 30% during the balance of 2012.

Franchising – Operating income increased by $0.1 million driven by higher revenue.

Interest Expense

Interest expense for the three months ended June 30, 2012 was $0.5 million, up $0.1 million from the same period in 2011. The increase related to the higher average debt levels during the period and an increased cost of borrowing in the second quarter of 2012 compared to the same period in 2011.

Income Tax Expense

The effective income tax rate for the three months ended June 30, 2012 was 31.3% compared to 23.4% in 2011. The rate in the current period is in line with expectations. The rate in the second quarter of 2011 was unusually low due to a $0.2 million reduction as a result of the finalization of tax amounts previously accounted for using estimates, including a reclassification of timing differences between current and future taxes. No significant adjustment was made in 2012.

Net Income and EPS

Net income for the quarter ended June 30, 2012 was $2.0 million ($0.17 diluted earnings per share). Excluding restructuring and other items, net income for the quarter was $2.3 million ($0.20 diluted earnings per share). Net income declined by $0.7 million from the $2.7 million reported in the second quarter of 2011. Excluding restructuring and other items, net income declined by $0.4 million from the $2.7 million reported in the second quarter of 2011.

Results of Operations for the Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

Summary Financial Results by Operating Segment

($ 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**
Interest expense					**947**
Income before income taxes					**6,680**
Income taxes					**2,027**
Net Income for the period					**4,653**
Diluted earnings per share					**0.39**

($ in 000's except earnings per share)	Six Months Ended June 30, 2011				
	Leasing	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	81,693	10,194	580	-	92,467
Total operating expenses before depreciation and amortization	43,145	7,683	216	7,962	59,006
Restructuring and other items	-	-	-	-	-
Depreciation and amortization	25,316	154	43	229	25,742
Operating income (loss)	13,232	2,357	321	(8,191)	7,719
Interest expense					633
Income before income taxes					7,086
Income taxes					1,990
Net Income for the period					5,096
Diluted earnings per share					0.43

Revenue

Revenue for the six months ended June 30, 2012 was $98.7 million compared to $92.5 million in the comparable period in 2011, an increase of $6.2 million or 6.7%.

Leasing - Revenue for the six months ended June 30, 2012 was $80.9 million, a decline of $0.8 million or 1.0% from the comparable period in 2011. Revenue declines in the Canadian leasing business were partially offset by increased revenue from the U.S. corporate stores and the seven Consolidated Franchise Locations. The lease portfolio, as measured by potential monthly lease revenue, was $11.2 million at June 30, 2012 compared with $11.1 million as at June 30, 2011. Due to the seasonality of the business, the lease portfolio typically contracts during the first half of the year. During the six months ended June 30, 2012 the lease portfolio declined by $0.4 million or $0.3 million excluding the impact of store closures. This compares favourably with a decline of $0.4 million, excluding the impact of closures, during the first half of 2011. While the lease portfolio at June 30, 2012 was slightly higher than prior year revenue declined due to a lower average portfolio size during the period as well a decrease in collection rates.

easyfinancial - Revenue for the six months ended June 30, 2012 was $17.0 million, an increase of $6.8 million or 67% from the comparable period in 2011. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $35.3 million as at June 30, 2011 to $55.8 million as at June 30, 2012. The consumer loans receivable portfolio grew $8.3 million in the first half of 2012 compared with $11.5 million for the first half of 2011. The growth of the consumer loans receivable portfolio at easyfinancial slowed during the first quarter of 2012 to correspond with the capital financing available.

Franchising - Revenue increased by $0.2 million for the six months ended June 30, 2012 driven by additional franchise locations. The Company had 45 franchise locations as at June 30, 2012 compared with 37 as at June 30, 2011.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization, impairment, and restructuring and other items was $63.9 million for the six months ended June 30, 2012, an increase of $4.9 million or 8.4% from the comparable period in 2011. The increase was driven by the growth of the easyfinancial business and higher costs in the leasing division and at corporate. The cost increases in the leasing division and at corporate were driven by higher costs in the first quarter of 2012 compared to the comparable quarter of 2011. During the second quarter the costs of the leasing division was consistent year over year while corporate costs declined. Operating expenses before depreciation and amortization, impairment and restructuring and other items represented 64.8% of revenue for the first half of 2012 compared with 63.8% last year.

Leasing – Total operating expenses before depreciation and amortization, impairment, and restructuring and other items was $44.1 million, an increase of $0.9 million or 2.1% from the comparable period in 2011. Canadian store costs declined due to closures. However this was more than offset by the cost of additional Consolidated Franchise Locations and higher advertising spend.

easyfinancial – Total operating expenses before depreciation and amortization were $11.4 million for the six months ended June 30, 2012, an increase of $3.8 million or 49% from the comparable period in 2011. The 49% increase in expenses was more than offset by the 67% increase in revenues. The increase in expenses was driven by the growth in the number of easyfinancial locations and bad debts associated with the growth in the consumer loans receivable portfolio. The number of easyfinancial locations increased from 74 as at June 30, 2011 to 94 as at June 30, 2012.

Bad debt expense increased to $4.3 million for the six months ended June 30, 2012 from $2.5 million from the comparable period in 2011. The $1.8 million increase was due to the growth of the consumer loans receivable portfolio which increased from $35.3 million at June 30, 2011 to $55.8 million at June 30, 2012. Bad debt expense, expressed as a percentage of revenue, was 25.4% for the first half of 2012 compared with 24.7% for the first half of 2011.

Franchising – Total operating expenses before depreciation and amortization were consistent year over year for the six months ended June 30, 2012.

Corporate –Total operating expenses before depreciation and amortization and restructuring and other items was $8.2 million for the six months ended June 30, 2012, an increase of $0.2 million or 3.2% from the comparable period in 2011. The gain was related to higher salaries at corporate due to the headcount increases that occurred during 2011 to support long-term sustainable growth. Offsetting this cost increase was lower professional fees and lower accrued incentive compensation. Corporate costs before depreciation and amortization and restructuring and other items for the six months ended June 30, 2012 represented 8.3% of revenue compared to 8.6% in the comparable period of 2011.

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 and six months ended June 30, 2012, $1,296 was recorded as restructuring charge against the leasing segment and $83 was recorded against corporate. The total restructuring charge was $1,379. No further related charges are expected in future periods. 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, 2012 was $26.7 million compared to $25.7 million for the comparable period in 2011, an increase of $1.0 million or 3.6%. The increase was primarily driven by the growth of the U.S. corporate stores and Consolidated Franchise Locations as well as impairment charges.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the six months ended June 30, 2012 was $7.6 million. Excluding restructuring and other items, adjusted operating income was $8.1 million. Adjusted operating income for the first half of 2012 increased by $0.3 million compared with the same period in 2011. Adjusted operating margin was 8.2% for the period compared with 8.3% in the comparable period of 2011.

Leasing – Operating income excluding restructuring and other items was $10.8 million for the first half of 2012 compared with $13.2 million in the first half of 2011, a decrease of $2.4 million or 18.5%. The decline in operating income was driven by lower revenue across Canadian corporate stores and the opening of additional Consolidated Franchise Locations and increased advertising expenditures. Operating margin, excluding restructuring and other items, was 13.3% for the six months ended June 30, 2012 compared with 16.2% in the comparable period of 2011.

easyfinancial - Operating income was $5.3 million for the six months ended June 30, 2012 compared with $2.4 million for the comparable period in 2011, an increase of $2.9 million or 125%. Operating margin for the first half of 2012 was 32.3% compared with 23.1% in the first half of 2011. High loan book per location contributed to higher operating margins in the first half of 2012.

Franchising – Operating income increased by $0.2 million due to higher revenue.

Interest Expense

Interest expense for the six months ended June 30, 2012 was $0.9 million, up $0.3 million from the same period in 2011. The increase related to the higher average debt levels during the period and an increased cost of borrowing compared with prior year.

Income Tax Expense

The effective income tax rate for the six months ended June 30, 2012 was 30.3% compared to 28.1% in 2011.

Net Income and EPS

Net income for the six months ended June 30, 2012 was $4.7 million. Excluding the impact of restructuring and other items, adjusted earnings was $5.0 million ($0.42 diluted earnings per share), down from $5.1 million ($0.43 diluted earnings per share) in the comparable period of 2011.

Selected Quarterly Information

($ in millions except per share amounts)	Jun. 2012	Mar. 2012	Dec. 2011	Sept. 2011	Jun. 2011	Mar. 2011	Dec. 2010	Sept. 2010	Jun. 2010
Revenue	**48.9**	**49.8**	**49.3**	46.6	46.3	46.2	45.1	43.2	42.9
Net Income (loss) for the period	**2.0**	**2.6**	**2.6**	1.9	2.7	2.4	(0.4)	2.5	2.0
Net income (loss) as a percentage of revenue	**4.1%**	**5.3%**	**5.3%**	4.1%	5.8%	5.2%	(0.9%)	5.7%	4.6%
Earnings (loss) per share[1]									
Basic	**0.17**	**0.22**	**0.22**	0.16	0.23	0.20	(0.03)	0.23	0.19
Diluted	**0.17**	**0.22**	**0.22**	0.16	0.23	0.20	(0.03)	0.23	0.19

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.

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, 2012 and June 30, 2011.

($ in 000's, except for ratios)	June 30, 2012	June 30, 2011
Total assets	**163,883**	145,919
External debt	**32,921**	26,675
Other liabilities	**30,773**	24,850
Total liabilities	**63,694**	51,525
Shareholders' equity	**100,189**	94,394
Total capitalization (total debt plus total shareholders' equity)	**133,110**	120,202
External debt to shareholders' equity	**0.33**	0.28
External debt to total capitalization	**0.25**	0.22
External debt to EBITDA*	**1.67**	1.68

*EBITDA is expressed on a trailing twelve month basis.

Total assets were $163.9 million at June 30, 2012, an increase of $18.0 million or 12.3% over June 30, 2011. The growth in total assets was driven by the increased size of the consumer loans receivable portfolio which increased by $20.5 million or 58% from June 30, 2011 to June 30, 2012.

The growth in total assets has been financed by a $12.2 million increase in total liabilities, primarily external debt which has increased $7.1 million, and a $5.8 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.

External debt consists of Canadian dollar loans under a bank revolving credit facility which bears interest at the lender's prime rate plus 125 bps or plus 175 bps if the Company's total debt to EBITDA ratio equals or exceed 2 times. The Company also has the option to convert the loans to U.S. Base, Bankers' Acceptance or LIBOR rates. Currently, the Company's effective interest rate under the credit facility is 4.25%.

The credit facility is fully secured against substantially all assets of the Company and its subsidiaries and contain certain positive and negative covenants and other usual and customary terms and conditions.

At June 30, 2012 and June 30, 2011, the Company was in compliance with all of its financial covenants under its lending agreement.

Liquidity and Capital Resources

Summary of Cash Flow Components

	Three months ended		Six months ended	
($ in 000's)	**June 30, 2012**	**June 30, 2011**	**June 30, 2012**	**June 30, 2011**
Cash provided by operating activities before issuance of consumer loans receivable	**22,776**	18,788	**38,331**	30,014
Net issuance of consumer loans receivable	**(8,938)**	(6,558)	**(12,136)**	(14,182)
Cash provided by operating activities	**13,838**	12,230	**26,195**	15,832
Cash used in investing activities	**(12,214)**	(11,118)	**(23,720)**	(22,252)
Financing activities	**(1,253)**	(1,397)	**(2,297)**	6,467
Net increase (decrease) in cash for the period	**371**	(285)	**178**	47

The Company continued to generate strong cash flows for the three months ended June 30, 2012. Cash flows provided by operating activities for the three months ended June 30, 2012 were $13.8 million. Included in this $13.8 million is a net investment of $8.9 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 $22.8 million, up $4.0 million from the second quarter of 2011.

The cash flows from operating activities in the second quarter of 2012, enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $10.2 million in new lease assets, iii) invest $2.2 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

The Company continued to generate strong cash flows for the six months ended June 30, 2012. Cash flows provided by operating activities for the six months ended June 30, 2012 were $26.2 million. Included in this $26.2 million is a net investment of $12.1 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 $38.3 million, up $8.3 million from the second quarter of 2011.

The cash flows from operating activities in the first six months of 2012, enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $20.8 million in new lease assets, iii) invest $3.1 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

The borrowing limit under the credit facility was originally set to reduce to $35.0 million on July 21, 2012. This was extended to August 31, 2012 as the Company negotiated with its lenders to obtain additional financing. However the borrowing limit will reduce to $35.0 million as at August 31, 2012.

We believe that the cash flow provided by operations will be sufficient in the near term to meet operational requirements, purchase leased 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 facility 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

As at August 13, 2012 there were 11,908,189 shares, 520,282 options and no warrants outstanding.

Dividends

For the three months ended June 30, 2012, 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 last quarter of the years indicated:

	2011	2010	2009	2008	2007	2006
Dividend per share	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.070	$ 0.060
Percentage increase	0.0%	0.0%	0.0%	21.4%	16.7%	50.0%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2011 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 S. 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 financial statements being prepared in accordance with Canadian generally accepted accounting principles. The claim seeks $10 million in damages. As a result of recent amendments to the statement of claim, the claim for punitive damages was withdrawn. On March 26, 2012, the lawsuit was certified as a class proceeding on consent. It will now enter the discovery phase.

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 as well as potential damages awarded, if any, subject to certain policy limits and deductibles.

Transactions with Related Parties

The Company's transactions with related parties remain as described in its December 31, 2011 MD&A.

Risk Factors

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. In addition to the risk factors described below, additional risk factors are described in the Company's Annual Information Form ["AIF"].

The Company's risk factors remain as described in its December 31, 2011 MD&A and AIF.

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 interim condensed 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 loss provisions
- 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 remain as described in its December 31, 2011 MD&A.

Adoption of New Accounting Standards

No new accounting standards were adopted by the Company during the reporting period. The 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, 2011 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 30st, 2012.

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, 2012.

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, 2012 that materially affected, or were reasonably likely to materially affect, the internal controls over financial reporting. While there were no such changes, we continue to undergo a system conversion in our easyfinancial business that will further enhance our internal controls.