

Consolidated Financial Statements

easyhome Ltd.

For the Years Ended
December 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of *easyhome* Ltd.

We have audited the accompanying consolidated financial statements of *easyhome* Ltd., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of *easyhome* Ltd. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The logo for Ernst & Young LLP is written in a black, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 18, 2015

easyhome Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	As at December 31, 2014	As at December 31, 2013
ASSETS		
Cash (note 5)	1,165	2,329
Amounts receivable (note 6)	16,508	7,206
Prepaid expenses	1,971	1,699
Consumer loans receivable (note 7)	180,693	103,936
Lease assets (note 8)	64,526	68,453
Property and equipment (note 9)	16,915	15,793
Deferred tax assets (note 16)	6,725	3,997
Intangible assets (note 10)	11,006	9,524
Goodwill (note 10)	19,963	19,963
TOTAL ASSETS	319,472	232,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving operating facility (note 11)	1,756	23,496
Accounts payable and accrued liabilities	32,837	24,301
Income taxes payable	3,042	3,929
Dividends payable (note 13)	1,133	1,130
Deferred lease inducements	2,603	2,749
Unearned revenue	3,978	3,763
Provisions (note 12)	314	21
Term loan (note 11)	119,841	37,878
TOTAL LIABILITIES	165,504	97,267
Contingencies (note 20)		
Shareholders' equity		
Share capital (note 13)	80,364	79,923
Contributed surplus (note 14)	6,458	4,169
Accumulated other comprehensive income	694	307
Retained earnings	66,452	51,234
TOTAL SHAREHOLDERS' EQUITY	153,968	135,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	319,472	232,900

See accompanying notes to the consolidated financial statements

On behalf of the Board:



David Ingram
Director



Donald K. Johnson
Director

easyhome Ltd.

CONSOLIDATED STATEMENTS OF INCOME

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

	Years Ended	
	December 31, 2014	December 31, 2013
REVENUE		
Lease revenue	151,068	153,347
Interest income	64,237	37,581
Other	43,845	27,886
	259,150	218,814
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	78,012	66,127
Stock based compensation (note 14)	6,264	3,803
Advertising and promotion	9,089	7,379
Bad debts	24,264	14,800
Occupancy	28,147	26,232
Distribution and travel	7,084	6,988
Other	16,281	14,808
Restructuring and other items (note 15)	(1,225)	-
	167,916	140,137
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	49,425	48,078
Depreciation of property and equipment	4,789	4,389
Amortization of intangible assets	2,133	1,309
Impairment, net (note 9)	294	(64)
	56,641	53,712
Total operating expenses	224,557	193,849
Operating income	34,593	24,965
Finance costs (note 11)	8,800	5,638
Income before income taxes	25,793	19,327
Income tax expense (recovery) (note 16)		
Current	8,774	4,554
Deferred	(2,729)	591
	6,045	5,145
Net income	19,748	14,182
Basic earnings per share (note 17)	1.47	1.16
Diluted earnings per share (note 17)	1.42	1.15

See accompanying notes to the consolidated financial statements

easyhome Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)

	Years Ended	
	December 31, 2014	December 31, 2013
Net income	19,748	14,182
Other comprehensive income (loss)		
Change in foreign currency translation reserve	627	444
Transfer of realized translation gains	(240)	-
Comprehensive income	20,135	14,626

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2013	79,923	4,169	84,092	51,234	307	135,633
Common shares issued	441	(67)	374	-	-	374
Stock-based compensation (note 14)	-	2,356	2,356	-	-	2,356
Comprehensive income	-	-	-	19,748	387	20,135
Dividends	-	-	-	(4,530)	-	(4,530)
Balance, December 31, 2014	80,364	6,458	86,822	66,452	694	153,968
Balance, December 31, 2012	60,885	3,035	63,920	41,230	(137)	105,013
Common shares issued	19,038	-	19,038	-	-	19,038
Stock-based compensation (note 14)	-	1,134	1,134	-	-	1,134
Comprehensive income	-	-	-	14,182	444	14,626
Dividends	-	-	-	(4,178)	-	(4,178)
Balance, December 31, 2013	79,923	4,169	84,092	51,234	307	135,633

See accompanying notes to the consolidated financial statements

easyhome Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars)

	Years Ended	
	December 31, 2014	December 31, 2013
OPERATING ACTIVITIES		
Net income	19,748	14,182
Add (deduct) items not affecting cash		
Depreciation of lease assets	49,425	48,078
Depreciation of property and equipment	4,789	4,389
Impairment, net (note 9)	294	(64)
Amortization of intangible assets	2,133	1,309
Stock-based compensation (note 14)	2,356	1,134
Bad debts expense	24,264	14,800
Deferred income tax expense (recovery) (note 16)	(2,729)	235
Gain on sale of assets	(4,643)	(1,259)
	95,637	82,804
Net change in other operating assets and liabilities (note 18)	(1,560)	(11,815)
Net issuance of consumer loans receivable	(101,021)	(52,152)
Cash (used in) provided by operating activities	(6,944)	18,837
INVESTING ACTIVITIES		
Purchase of lease assets	(49,066)	(49,423)
Purchase of property and equipment	(6,893)	(6,693)
Purchase of intangible assets	(5,446)	(4,540)
Proceeds on sale of assets	11,115	2,776
Cash used in investing activities	(50,290)	(57,880)
FINANCING ACTIVITIES		
Advances (repayments) of revolving operating facility	(21,740)	2,215
Advances of term loan	81,963	19,548
Payment of common share dividends (note 13)	(4,527)	(4,060)
Issuance of common shares (note 13)	374	19,038
Cash provided by financing activities	56,070	36,741
Net decrease in cash during the period	(1,164)	(2,302)
Cash, beginning of period	2,329	4,631
Cash, end of period	1,165	2,329

See accompanying notes to the consolidated financial statements

easyhome Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars except where otherwise indicated)
December 31, 2014 and 2013

1. CORPORATE INFORMATION

easyhome Ltd. ["Parent Company"] 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 has common shares listed on the Toronto Stock Exchange ["TSX"]. The Parent Company's 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 December 31, 2014, the Company operated 192 easyhome Leasing stores (including 23 franchises and 6 consolidated franchises) and 154 easyfinancial locations (December 31, 2013 – 237 easyhome Leasing stores including 55 franchises and 9 consolidated franchises, and 119 easyfinancial locations).

2. BASIS OF PREPARATION

The consolidated financial statements were authorized for issue by the Board of Directors on February 18, 2015.

Statement of Compliance with IFRS

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]. The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of the parent company, easyhome Ltd., and all companies that it controls (collectively referred to as "easyhome" or the "Company"). easyhome 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 easyhome Ltd. has control but does not have ownership of a majority of voting rights.

As at December 31, 2014, the Parent Company's principal subsidiaries were:

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

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The Company's SPEs consisted of certain franchises for which the Company exerts effective control by the provision of financing rather than through ownership of a majority of voting rights. An entity is controlled when the Company has power over an entity, exposure, or rights to, variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company's SPEs are fully consolidated from the date at which the Company obtains control, until the date that such control ceases. Control ceases when the SPE has the ability to operate as a stand-alone entity without financial and operational support from the Company, which is generally considered to be the date at which the SPE repays the amounts loaned to it by the Company.

The financial statements of the subsidiaries and SPEs were prepared for the same reporting period as the consolidated financial statements of the Parent Company using consistent accounting policies as described in these consolidated financial statements.

All intra-group transactions and balances were eliminated on consolidation.

Presentation Currency

The consolidated financial statements are presented in Canadian dollars ["CAD"], which is the Parent Company's functional currency. The functional currency is the currency of the primary economic environment in which a reporting entity operates and is normally the currency in which the entity generates and expends cash. All financial information presented in CAD has been rounded to the nearest thousand, unless noted otherwise.

Foreign Currency Translation

The Parent Company's presentation and functional currency is the Canadian dollar. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company's U.S. subsidiaries, easyhome U.S. Ltd. and easyfranchise LLC and several of its SPEs, is the U.S. dollar. The functional currency of all other entities in the Company is the Canadian dollar.

Foreign currency transactions are initially recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate on the reporting date. All differences are recorded in comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into CAD at the rate of exchange prevailing at the reporting date and items in comprehensive income are translated at the average exchange rates prevailing for the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of accumulated other comprehensive income relating to that particular foreign operation is recognized in net income.

The Parent Company has monetary items that are receivable from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the Parent Company's net investment in that foreign operation. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized in income in the separate financial statements of the foreign operation. In the consolidated financial statements such exchange differences are recognized initially in other comprehensive income and reclassified from accumulated other comprehensive income to net income on disposal of the net investment in foreign operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding promotional discounts, rebates and sales taxes. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements except for the sale of certain customer protection products where it acts as agent and therefore recognizes such revenue on a net basis.

i) Lease Revenue

Merchandise is leased to customers pursuant to agreements that provide for weekly or monthly lease payments collected in advance. The lease agreements can be terminated by the customer at the end of the weekly or monthly lease period without any further obligation or cost to the customer.

Lease revenue consists of lease payments, product damage liability waivers and processing and other fees. Revenue from lease agreements is recognized when earned. Lease revenue also consists of revenue from the ultimate sale of goods to customers which represents the culmination of the lease asset life cycle and occurs when title passes to the customer. Such revenue is measured at the fair value of the consideration received or receivable.

ii) Interest Revenue

Interest revenue from consumer loans receivable is recognized when earned using the effective interest rate method.

iii) Other Revenue

Other revenue consists primarily of the sale of customer protection products, revenue generated from franchising including royalties, franchise fees and other fees, all of which are recognized when earned.

Vendor Rebates

The Company participates in various vendor rebate programs, including vendor volume rebates and vendor advertising incentives. The Company records the benefit of vendor volume rebates on purchases made as a reduction of lease assets based on the rebate amounts the Company believes are probable and reasonably estimable during the term of each rebate program. Vendor advertising incentives that are related to specific advertising programs are accounted for as a reduction of the related expenses.

Cash

Cash is comprised of bank balances, cash on hand and demand deposits, adjusted for in-transit items such as outstanding cheques and deposits.

Financial Assets

Financial assets consist of amounts receivable and consumer loans receivable, which are stated net of an allowance for loan losses. Financial assets are initially measured at fair value.

Amounts receivable are subsequently measured at amortized cost and are carried at the amount of cash expected to be received.

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The Company's consumer loans receivable are subsequently measured at amortized cost. Amortized cost is determined using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the consumer loans receivable to the carrying amount. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future loan losses. There are no significant incremental costs incurred in writing consumer loans.

The Company does not have any financial assets that are subsequently measured at fair value.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from an asset.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event'), the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized as a bad debts expense.

The allowance for loan losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for loan losses provides for a portion of the future charge offs that have not yet occurred within the portfolio of consumer loans receivable that exist at the end of a period. It is determined by the Company using a standard calculation that is not subject to management's discretion or estimates that considers i) the relative maturity of the loans within the portfolio, ii) the long-term expected charge off rates based on actual historical performance and iii) the long-term expected charge off pattern (timing) for a vintage of loans over their life based on actual historical performance. The allowance for loan losses essentially estimates the charge offs that are expect to occur over the subsequent five month period for loans that existed as of the balance sheet date. Customer loan balances which are delinquent greater than 90 days are written off against the allowance for loan losses.

Financial assets, together with the associated allowances, are written off when there is no realistic prospect of further recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to bad debts expense.

Lease Assets

Lease assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost of lease assets comprises their purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Vendor volume rebates are recorded as a reduction of the cost of lease assets.

As the leases are effectively cancellable by the customer with a week's notice, and there are no bargain purchase options provided to the customer, the customer leases are considered operating in nature. Lease agreements entitle customers to buy out a lease asset earlier in accordance with conditions stipulated in the lease agreements.

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The residual value, useful life and depreciation method of the lease assets are reviewed at each financial year end, and if expectations differ from previous estimates, they are adjusted and the changes are accounted for prospectively as a change in accounting estimates. In the event management determines that the Company can no longer lease or sell certain lease assets, they are written off. The residual value of lease assets is nominal.

Depreciation on lease assets is charged to net income as follows:

- Assets on lease, excluding game stations, computers and related equipment, are depreciated in proportion to the lease payments received to the total expected lease amounts provided over the lease agreement term [the “units of activity method”]. Lease assets that are subject to the units of activity method of depreciation that are not on lease for less than 90 consecutive days are not depreciated during such period. After that they are depreciated on a straight-line basis over 36 months. When an asset goes on lease, depreciation will revert to the units of activity method.
- Game stations are depreciated on a straight-line basis over 18 months. Computers and related equipment are depreciated on a straight-line basis over 24 months. The depreciation for game stations, computers and related equipment commences at the earlier of the date of the first lease or 90 days after arrival in the store and continues uninterrupted thereafter on a straight-line basis over the periods indicated.
- Depreciation for all lease assets includes the remaining book values at the time of disposition of the lease assets that have been sold and amounts which have been charged off as stolen, lost or no longer suitable for lease.

The Company’s lease assets are subject to theft, loss or other damage from its customers. The Company records a provision against the carrying value of lease assets for estimated losses.

Property and Equipment

The cost of property and equipment comprises their purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in an asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to net income as repairs and maintenance expense when incurred.

Depreciation on property and equipment is charged to net income.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset category</u>	<u>Estimated useful lives</u>
Furniture and fixtures	7 years
Computer and office equipment	5 and 7 years
Automotive	5 years
Signage	7 years
Leasehold improvements	the lesser of 5 years or lease term

Property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gains or losses arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) are included in net income in the period the assets are derecognized.

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Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their estimated fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in net income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period for potential impairment indicators. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in net income.

Customer lists and software are amortized over their estimated useful lives of five years.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's trademarks have been assessed to have an indefinite life.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amounts of the asset and are recognized in net income when the assets are derecognized.

Development Costs

Development costs, including those related to the development of software, are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of the expected future benefit. During the period of development, the asset is tested for impairment annually.

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Business Combinations and Goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations incurred subsequent to January 1, 2010 are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized initially using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset or a cash-generating unit ["CGU"] may be impaired. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has determined that this is at the individual store level.

If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. In cases where fair value less costs to sell cannot be estimated, value in use is utilized as the basis to determine the recoverable amount. Impairment losses are recognized in net income.

The impairment test calculations are based on detailed budgets and forecasts which are prepared annually for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of five years with a long-term growth rate applied after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the

easyhome Ltd.

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carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years. Such reversal is recognized in net income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each group of CGUs to which the goodwill relates. Where the recoverable amount of the CGUs is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level and when circumstances indicate that the carrying value may be impaired.

Financial Liabilities

Financial liabilities are initially recognized at fair value and in the case of loans and borrowings, they are recognized at the fair value of proceeds received, net of directly attributable transaction costs. The Company's financial liabilities include a revolving operating facility, interest-bearing loans and accounts payable and accrued liabilities.

After initial recognition, the Company's interest bearing debt is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any fees or costs related to the interest bearing debt. Interest expense is included in finance costs.

Non-interest bearing financial liabilities, such as accounts payable and accrued liabilities, are carried at the amount owing.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Any gains or losses are recognized in net income when liabilities are derecognized.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

i) Company as a Lessee

Finance leases which transfer substantially all the risks and rewards incidental to ownership of the leased item are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Subsequent lease payments are apportioned between finance charges and a reduction of the lease liability. Finance charges are recognized in net income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. The Company has not entered into any finance leases.

Operating lease payments (net of any amortization of incentives) are expensed as incurred. Incentives received from the lessor to enter into an operating lease are capitalized and depreciated over the term of the lease.

ii) Company as a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The leasing income is recognized on a straight-line basis over the lease term.

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The Company is in the business of leasing assets. As the leases are effectively cancellable by the customer with a week's notice, and there are no bargain purchase option provided to the customer, the customer leases are considered operating in nature.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, and the costs to settle the obligation are both probable and reliably measurable. Where there is expected to be a reimbursement of some or all of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted. Where discounting is used, the increase in the provision as a result of the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are recognized in the consolidated financial statements where the likelihood of the obligation arising is considered probable and measurable by management. Contingent assets are not recognized in the consolidated financial statements even if probable, rather note disclosure is provided. Probable is defined as being more than 50% likely to occur.

Taxes

i) Current Income Tax

Current income tax assets and are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current income tax relating to items recognized directly in equity is recognized in equity and not in net income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deductible income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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The following temporary differences do not result in deferred income tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill; and
- investment in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

iii) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of amounts receivable or accounts payable and accrued liabilities in the consolidated statements of financial position.

Stock-based Payment Transactions

The Company has stock-based compensation plans as described in note 14.

i) Equity-Settled Transactions

The Company has stock options, Restricted Share Units ["RSU"] and Deferred Share Units ["DSU"] which are currently accounted for as equity-settled awards. The cost of such equity-settled transactions is measured by reference to the fair value determined using the market value on the grant date or the Black-Scholes option valuation model, as appropriate. The inputs into this model are based on management's judgments and estimates.

The cost of equity-settled transactions is charged to net income, with a corresponding increase in contributed surplus, over the period in which the performance and or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized in stock based compensation expense. No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is

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conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified and if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they are a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

ii) Cash-Settled Transactions

The Company has Performance Share Units ["PSU"] which mirror the value of the Company's publicly-traded common shares and can only be settled in cash ["cash-settled transactions"]. The cost of cash-settled transactions is measured initially at fair value at the grant date. The liability is remeasured to fair value, at each reporting date up to and including the settlement date, based on the value of the Company's publicly-traded common shares and the Company's best estimate of the number of cash-settled instruments that will ultimately vest. Changes in fair value are recognized in stock based compensation expense.

The cost of cash-settled transactions is charged to net income, with a corresponding increase in liabilities, over the period in which the performance and or service conditions are fulfilled. The cumulative expense recognized for cash-settled transactions at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of cash-settled instruments that will ultimately vest. The income or expense for a period represents the movement in cumulative expense recognized during the period and is recognized in stock based compensation expense.

No expense is recognized for awards that do not ultimately vest.

Earnings Per Share

Basic earnings per share is computed by dividing the net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of options and warrants is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

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These accounting judgments, estimates and assumptions are continuously evaluated and are based on management's historical experience, best knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates, which could materially impact these consolidated financial statements. Changes in estimates will be reflected in the consolidated financial statements in future periods.

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

i) Consumer Loan Losses

The allowance for loan losses consists of both specific allowances on identified impaired loans and an estimate of incurred losses in the loan portfolio that have not yet been identified based on an assessment of historical loss rates and patterns.

ii) Cost of Lease Assets

Lease assets are recorded at cost, including freight. Vendor volume rebates are recorded as a reduction of the cost of lease assets and are determined based on the rebate amounts the Company believes are probable and reasonably estimable during the term of each rebate program.

iii) Depreciation of Lease Assets

Assets on lease, (excluding game stations, computers and related equipment) are depreciated in the proportion of lease payments received to total expected lease amounts provided over the lease agreement term, which are estimated by management for each product category.

iv) Depreciation of Property and Equipment

Property and equipment are recorded at cost, including freight, and are depreciated on a straight-line basis over their estimated useful lives, which are estimated by management for each class of asset.

v) Impairment on Non-Financial Assets

The indicators of impairment are based on management's judgment. If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the recoverable amount, management estimates the asset's or CGU's value in use. Value in use is based on the estimated future cash flows of the asset or CGU discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment test calculations are based on detailed budgets and forecasts which are prepared for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of five years with a long-term growth rate applied after the fifth year. Key areas of management judgment involve the five-year cash flow forecast, the growth rate applied to cash flows subsequent to the five years and the discount rate.

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vi) Impairment of Goodwill and Indefinite Life Intangibles

In assessing the recoverable amount, management estimated the group of CGU's value in use. Value in use is based on the estimated future cash flows of the asset or CGU discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The impairment test calculations are based on detailed budgets and forecasts which are prepared for each CGU to which the assets are allocated. These budgets and forecasts generally cover a period of five years with a long-term growth rate applied after the third year. Key areas of management judgment involve the five-year cash flow forecast, the growth rate applied to cash flows subsequent to the five years and the discount rate.

vii) Fair Value of Stock-Based Compensation

The fair value of stock-based compensation plan grants are measured at the grant date using either the related market value or the Black-Scholes option valuation model, as appropriate. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. In addition, option valuation models require the input of highly subjective assumptions, including expected share price volatility. The Company's share options have characteristics significantly different from those of freely traded options and because changes in subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a single reliable measure of the fair value of the unit options granted.

The vesting of the Company's stock-based compensation plans is based on the expected achievement of long-term targets, the assessment of which is subject to management's judgment.

viii) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, and the costs to settle the obligation are both probable and reliably measurable, as determined by management.

ix) Contingencies

Contingent liabilities are recognized in the consolidated financial statements where the likelihood of the obligation arising is deemed probable and measurable by management. Contingent assets are not recognized in the consolidated financial statements even if probable; rather note disclosure is provided. Probable is defined as being more than 50% likely to occur as determined by management.

x) Taxation Amounts

Income tax provisions, including current and deferred income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations and judgments as to their interpretation and application to the Company's specific situation. Therefore, it is possible that the ultimate value of the tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on the Company's consolidated financial statements.

xi) Unearned Revenue

Unearned revenue includes lease fees that have not yet been earned and processing fees that are received at the inception of a consumer lease. The processing fees are recognized into income over the expected life of the lease agreement, as estimated by management.

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xii) Consolidated SPE Franchises

The Company consolidates certain SPE franchises to which it provided financing but did not have ownership of a majority of voting shares, based on whether the Company effectively exerts control over the entity as determined by management. An entity is controlled when the Company has power over an entity, exposure, or rights, to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its return from the entity. The financing provided to SPE franchises is secured by the assets of the franchise, bears interest at market rates and on standard terms and conditions.

4. 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

In May 2014, the IASB 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, 2017, with early adoption permitted, and is to be applied retrospectively. The Company has not yet assessed the impact of this standard.

5. CASH

	December 31, 2014	December 31, 2013
Cash on hand and at banks	1,165	2,329

6. AMOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013
Vendor rebate receivable	921	964
Due from franchisees	5,233	2,014
Loan interest receivable	2,916	1,573
Other	7,438	2,655
	16,508	7,206
Current	15,789	5,661
Non-current	719	1,545
	16,508	7,206

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Other amounts receivable consisted of amounts due from customers, indirect taxes, insurance and other items.

7. CONSUMER LOANS RECEIVABLE

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

	December 31, 2014	December 31, 2013
Consumer loans receivable	192,225	110,704
Allowance for loan losses	(11,532)	(6,768)
	180,693	103,936
Current	87,473	55,444
Non-current	93,220	48,492
	180,693	103,936

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

	December 31, 2014		December 31, 2013	
	\$	% of total loans	\$	% of total loans
1 - 30 days	9,004	4.7%	5,445	4.9%
31 - 44 days	1,505	0.8%	811	0.7%
45 - 60 days	1,273	0.7%	855	0.8%
61 - 90 days	1,853	0.9%	1,005	0.9%
	13,635	7.1%	8,116	7.3%

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

	Years Ended	
	December 31, 2014	December 31, 2013
Balance, beginning of the period	6,768	4,074
Net amounts written off against allowance	(19,500)	(12,106)
Increase due to lending and collection activities	24,264	14,800
Balance, end of the period	11,532	6,768

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8. LEASE ASSETS

	Total
Cost	
As at December 31, 2012	102,059
Additions	49,423
Disposals	(51,606)
Foreign exchange differences	221
As at December 31, 2013	100,097
Additions	49,066
Disposals	(57,487)
Foreign exchange differences	258
As at December 31, 2014	91,934
Accumulated Depreciation	
As at December 31, 2012	(33,984)
Depreciation for the year	(48,078)
Disposals	50,462
Foreign exchange differences	(44)
As at December 31, 2013	(31,644)
Depreciation for the year	(49,425)
Disposals	53,756
Foreign exchange differences	(95)
As at December 31, 2014	(27,408)
Net Book Value	
As at December 31, 2013	68,453
As at December 31, 2014	64,526

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9. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Computer and Office Equipment	Automotive	Signage	Leasehold Improvements	Total
Cost						
As at December 31, 2012	10,981	9,315	457	4,757	15,539	41,049
Additions	1,818	1,324	-	605	2,946	6,693
Disposals	(420)	(2,850)	(183)	(294)	(881)	(4,628)
Foreign exchange differences	27	11	2	9	51	100
As at December 31, 2013	12,406	7,800	276	5,077	17,655	43,214
Additions	1,528	1,314	-	634	3,417	6,893
Disposals	(465)	(552)	(46)	(248)	(1,098)	(2,409)
Foreign exchange differences	43	20	-	13	82	158
As at December 31, 2014	13,512	8,582	230	5,476	20,056	47,856
Accumulated Depreciation and Provision for Impairment						
As at December 31, 2012	(6,387)	(6,216)	(332)	(3,518)	(10,867)	(27,320)
Depreciation	(1,170)	(909)	(60)	(413)	(1,837)	(4,389)
Provision for impairment	(53)	(40)	-	(7)	(35)	(135)
Recovery of impairment	7	7	-	47	138	199
Disposals	333	2,784	159	236	730	4,242
Foreign exchange differences	(4)	(1)	(1)	(1)	(11)	(18)
As at December 31, 2013	(7,274)	(4,375)	(234)	(3,656)	(11,882)	(27,421)
Depreciation	(1,200)	(1,003)	(31)	(375)	(2,180)	(4,789)
Provision for impairment	(219)	(59)	-	(50)	(199)	(527)
Recovery of impairment	91	54	-	38	50	233
Impairment related to restructuring and other items	(79)	(42)	-	(18)	(88)	(227)
Disposals	343	355	35	198	910	1,841
Foreign exchange differences	(11)	(5)	-	(4)	(31)	(51)
As at December 31, 2014	(8,349)	(5,075)	(230)	(3,867)	(13,420)	(30,941)
Net Book Value						
As at December 31, 2013	5,132	3,425	42	1,421	5,773	15,793
As at December 31, 2014	5,163	3,507	-	1,609	6,636	16,915

As at December 31, 2014, the amount of property and equipment classified as under construction or development and not being amortized was \$0.2 million (2013 – \$0.3 million).

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

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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 year ended December 31, 2014, the Company recorded an impairment charge of \$527 (2013 – \$135) offset by an impairment recovery of \$233 (2013 – \$199). The net impairment charge for 2014 was \$294 (2013 – recovery of \$64). Additionally \$227 of impairment charges were recorded in restructuring and other items as outlined in Note 15. All impairment charges and recoveries relate solely to the easyhome Leasing segment.

10. INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets			
	Trademarks	Customer Lists	Software	Total
Cost				
As at December 31, 2012	1,709	327	6,073	8,109
Additions	-	-	4,540	4,540
Disposals	-	-	(902)	(902)
Foreign exchange differences	118	-	-	118
As at December 31, 2013	1,827	327	9,711	11,865
Additions	81	355	5,010	5,446
Impairment related to restructuring and other items	(1,992)	-	-	(1,992)
Disposals	-	-	(17)	(17)
Foreign exchange differences	165	-	-	165
As at December 31, 2014	81	682	14,704	15,467
Accumulated Amortization and Provision for Impairment				
As at December 31, 2012	-	-	(1,896)	(1,896)
Amortization for the year	-	(60)	(1,249)	(1,309)
Disposals	-	-	864	864
Foreign exchange differences	-	-	-	-
As at December 31, 2013	-	(60)	(2,281)	(2,341)
Amortization for the year	-	(79)	(2,054)	(2,133)
Disposals	-	-	13	13
Foreign exchange differences	-	-	-	-
As at December 31, 2014	-	(139)	(4,322)	(4,461)
Net Book Value				
As at December 31, 2013	1,827	267	7,430	9,524
As at December 31, 2014	81	543	10,382	11,006

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On December 31, 2014, the Company sold its rights to receive royalties from its U.S. franchise network as outlined in Note 15. As the royalties that the Company will receive in the future from the U.S. market have been virtually eliminated, an impairment provision of \$1,992 equal to the net book value of the U.S. trademarks was recorded in the year.

The Company continued to hold other trademarks which were purchased and were not internally generated. Trademarks are considered indefinite life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

Included in software additions for the year ended December 31, 2014 were \$4.8 million (2013 – \$4.4 million) of internally developed software application and website costs.

Goodwill was \$20.0 million as at December 31, 2014 (2013 – \$20.0 million). There were no disposals or impairments applied to goodwill during the years ended December 31, 2014 and 2013.

Goodwill and indefinite life intangible assets were allocated to the appropriate group of CGUs to which they relate. The carrying value of goodwill was fully allocated to the Canadian leasing CGUs. Impairment testing is performed annually and was performed as at December 31, 2014 and December 31, 2013. The impairment test consisted of comparing the carrying value of assets within the CGU to the recoverable amount of that CGU as measured by discounting the expected future cash flows using a value in use approach. The discounted cash flow model was based on historical operating results, detailed sales and cost forecasts over a five-year period, a 1% long-term growth rate consistent with industry averages and a pre-tax discount rate used on the forecasted cash flows of 17%, all of which were consistent with the strategic plans presented to the Company's Board of Directors.

Based on the analysis performed by management, no impairment charge was required on goodwill.

11. REVOLVING OPERATING FACILITY AND TERM LOAN

On July 28, 2014, the Company entered into a new \$200.0 million credit facility, which replaced the Company's then existing bank revolving credit facility and term loan facility. The new credit facility was comprised of a \$180.0 million term loan and a \$20.0 million revolving operating facility. \$105.0 million of the term loan was drawn at closing with the balance available in periodic advances until July 31, 2015. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 722 bps, while borrowing under the revolving operating facility bore interest at the lender's prime rate plus 200 to 300 bps depending on the Company's debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. This credit facility expires on October 4, 2018 and was secured by a first charge over substantially all assets of the Company.

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As at December 31, 2014, the Company had drawn the following amounts on the credit facility:

	December 31, 2014	December 31, 2013
Amounts borrowed under revolving operating facility	1,756	24,063
Unamortized deferred financing costs	-	(567)
Revolving operating facility	1,756	23,496
Amounts borrowed under term loan	125,000	40,000
Unamortized deferred financing costs	(5,159)	(2,122)
Term loan	119,841	37,878

As at December 31, 2014, the Company's interest rates under the term loan and revolving operating facility were 8.5% and 5.0%, respectively.

The financial covenants of the credit facility as at December 31, 2014 were as follows:

Financial Covenant	Requirements	December 31, 2014
Total debt to EBITDA ratio	< 3.50	3.12
Total debt to tangible net worth ratio	< 1.29	1.00
Adjusted EBITDA for preceding 12 months (consolidated)	> 36,070	40,647

The financial covenant requirements described above vary each quarter as per the lending agreement and were based on the Company's future forecast over these periods. As at December 31, 2014, 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:

	Years Ended	
	December 31, 2014	December 31, 2013
Interest expense	7,621	4,965
Amortization of deferred financing costs	1,179	673
	8,800	5,638

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12. PROVISIONS

	Onerous Leases Due to Impairment	Other Onerous Leases	Total
As at December 31, 2012	68	468	536
Incurred during the year	-	35	35
Utilized during the year	(31)	(348)	(379)
Unused amounts reversed	(25)	(146)	(171)
As at December 31, 2013	12	9	21
Incurred during the year	314	-	314
Utilized during the year	(12)	(9)	(21)
As at December 31, 2014	314	-	314

On December 31, 2014, \$314 was recorded as a provision for onerous leases due to impairment in relation to the Company exiting the U.S. market as described in Note 15.

	December 31, 2014	December 31, 2013
Current	96	21
Non-current	218	-
	314	21

13. SHARE CAPITAL

Authorized Capital

The authorized capital of the Company consisted of an unlimited number of common shares with no par value and an unlimited number of preference shares.

Each common share represents a shareholder's proportionate undivided interest in the Company. Each common share confers to its holder the right to one vote at any meeting of shareholders and to participate equally and rateably in any dividends of the Company. The common shares are listed for trading on the Toronto Stock Exchange.

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Common Shares Issued and Outstanding

The changes in common shares are summarized as follows:

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	# of shares	\$	# of shares	\$
Balance, beginning of the period	13,289	79,923	11,940	60,885
Common share equity offering	-	-	1,347	19,020
Exercise of stock options	39	403	-	-
Dividend reinvestment plan	2	38	2	18
Balance, end of the period	13,330	80,364	13,289	79,923

Common Share Equity Offering

On November 12, 2013, the Company and a syndicate of underwriters completed a common share equity offering for 1,346,900 common shares of the Company at a price of \$14.85 per common share. The Company received gross proceeds of \$20.0 million and net proceeds of \$19.0 million (including cash proceeds of \$18.7 million and a deferred tax benefit of \$0.3 million).

Dividends on Common Shares

For the year ended December 31, 2014, the Company paid dividends of \$4.5 million (2013 – \$4.1 million) or \$0.34 per share (2013 – \$0.34 per share). The Company declared a dividend of \$0.085 per share on November 6, 2014 to shareholders of record on December 29, 2014, payable on January 9, 2015. The dividend paid on January 9, 2015 was \$1.1 million.

14. 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. Options are generally granted at exercise prices equal to the fair market value at the grant date, vest at the end of a three-year period based on earnings per share targets and have exercise lives of five years. The aggregate number of common shares reserved for issuance and which may be purchased upon the exercise of options granted pursuant to the plan shall not exceed 2.0 million common shares.

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	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Options # (in 000's)	Weighted Average Exercise Price \$	Options # (in 000's)	Weighted Average Exercise Price \$
Outstanding balance, beginning of year	538	9.81	518	13.05
Options granted	190	17.52	202	9.61
Options exercised	(39)	8.54	-	-
Options forfeited or expired	(88)	13.39	(182)	18.81
Outstanding balance, end of year	601	11.81	538	9.81
Exercisable balance, end of year	203	8.73	238	10.44

Outstanding options to directors, officers and employees as at December 31, 2014 were as follows:

Range of Exercise Prices \$	Outstanding			Exercisable	
	Options # (in 000's)	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price \$	Options # (in 000's)	Weighted Average Exercise Price \$
8.00 – 10.99	410	1.92	9.16	203	8.73
11.00 – 14.99	-	-	-	-	-
15.00 – 19.99	180	4.17	17.12	-	-
20.00 – 24.99	11	4.67	24.45	-	-
8.00 – 24.99	601	2.64	11.81	203	8.73

The Company used the fair value method of accounting for stock options granted to employees and directors. During the year ended December 31, 2014, the Company granted 190,332 options (2013 – 202,296 options), and recorded an expense of \$402 (2013 – expense of \$208), in stock-based compensation expense in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Options granted during 2014 were determined using the Black-Scholes option pricing model with the following assumptions, resulting in a weighted average fair value of \$4.85 per option.

	2014	2013
Risk-free interest rate (% per annum)	1.34	1.25
Expected hold period to exercise (years)	5.00	5.00
Volatility in the price of the Company's shares (%)	37.14	38.31
Dividend yield (%)	2.00	3.54

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Restricted Share Unit [“RSU”] Plan

On May 8, 2014, 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 615,000 to 765,000 shares.

During the year ended December 31, 2014, the Company granted 171,460 RSUs (2013 – 414,610 RSUs) 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 year ended December 31, 2014, \$1,764 (2013 – \$765) was recorded as an expense in stock-based compensation expense in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 5,926 RSUs (2013 – 5,229 RSUs) were granted as a result of dividends declared.

Performance Share Unit [“PSU”] Plan

During the year ended December 31, 2014, the Company granted 171,134 PSUs (2013 – 295,486 PSUs) to senior executives of the Company under its PSU Plan. On July 30, 2014, the PSUs granted in 2014 were cancelled in exchange for an equivalent number of RSUs that 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 year ended December 31, 2014, \$3,908 (2013 – \$2,669) was recorded as an expense in stock-based compensation expense in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 11,270 PSUs (2013 – 28,225 PSUs) were granted as a result of dividends declared.

The PSU liability as at December 31, 2014 was \$6,872 (2013 – \$2,841).

Deferred Share Unit [“DSU”] Plan

During the year ended December 31, 2014, the Company granted 7,250 DSUs (2013 – 9,710 DSUs) to directors under its DSU Plan. DSUs are granted at fair market value at the grant date and vest immediately upon grant. For the year ended December 31, 2014, \$190 (2013 – \$160) was recorded as stock-based compensation expense under the DSU Plan in the consolidated statements of income. Additionally, for the year ended December 31, 2014, an additional 2,232 DSUs (2013 – 3,678 DSUs) were granted as a result of dividends declared.

Stock Based Compensation Expense

	Years Ended	
	December 31, 2014	December 31, 2013
Equity-settled stock based compensation	2,356	1,134
Cash-settled stock based compensation	3,908	2,669
	6,264	3,803

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Contributed Surplus

The following is a continuity of the activity in the contributed surplus account:

	Years Ended	
	December 31, 2014	December 31, 2013
Contributed surplus, beginning of year	4,169	3,035
Equity settled stock-based compensation expense		
Stock options	402	208
Restricted share units	1,764	766
Deferred share units	190	160
	2,356	1,134
Reduction due to exercise of stock options	(67)	-
Contributed surplus, end of year	6,458	4,169

15. RESTRUCTURING AND OTHER ITEMS

	Years Ended	
	December 31, 2014	December 31, 2013
Proceeds on sale of U.S. royalty rights	4,742	-
Impairment of trademark	(1,992)	-
Impairment of fixed assets	(227)	-
Other restructuring charges	(1,298)	-
	1,225	-

During the fourth quarter of 2014, the Company decided to wind down its operations in the U.S. and focus on the Canadian marketplace. This wind down involved the sale of the Company's rights to future royalty payments from its franchisees, the recognition of impairment provisions against certain intangible assets and property and equipment located in the U.S. and the recording of other restructuring charges which consisted of provisions for onerous leases, severance and other charges. For the year ended December 31, 2014, a net credit of \$1.2 million was recorded as restructuring and other charges within operating income. No further related charges are expected in future periods.

Subsequent to December 31, 2014, the Company continued to provide financial support to a small number of U.S. franchise locations in accordance with the contractual relationships. These franchise locations were classified as SPEs for financial reporting purposes.

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16. INCOME TAXES

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

	Years Ended	
	December 31, 2014	December 31, 2013
Combined basic federal and provincial income tax rates	27.2%	27.2%
Expected income tax expense	7,005	5,249
Non-deductible expenses	263	241
U.S. and SPE results not tax effected	(764)	(64)
Other	(459)	(281)
	6,045	5,145

The significant components of the Company's income tax expense were as follows:

	Years Ended	
	December 31, 2014	December 31, 2013
Current income tax:		
Current income tax charge	7,990	3,704
Adjustments related to intercompany management fees and other	784	850
Deferred income tax:		
Relating to origination and reversal of temporary differences	(2,729)	591
	6,045	5,145

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

	December 31, 2014	December 31, 2013
Tax cost of lease assets and property and equipment in excess of net book value	444	(177)
Amounts receivable and provisions	3,342	2,054
Deferred salary arrangements	2,546	1,043
Lease inducements	100	659
Unearned revenue	239	232
Financing fees	213	382
Other	(159)	(196)
	6,725	3,997

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During 2014, all changes to the deferred tax assets were recorded as an expense in deferred tax expense in the consolidated statements of income. In 2013, the recognition of the deferred tax asset related to the commons share equity offering completed on November 12, 2013 was recorded as a credit to share capital on the consolidated statements of financial position.

At December 31, 2014, there was no recognized deferred tax liabilities (2013 – nil) for taxes that would be payable on the undistributed earnings of the Company's subsidiaries. The Company has determined that undistributed earnings of its subsidiaries would not be distributed in the foreseeable future.

17. 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.

	Years Ended	
	December 31, 2014	December 31, 2013
Net income	19,748	14,182
Weighted average number of ordinary shares outstanding (in 000's)	13,449	12,243
Basic earnings per ordinary share	1.47	1.16

For the year ended December 31, 2014, 130,285 DSUs (2013 – 121,111 DSUs) were included in the weighted average number of ordinary shares outstanding.

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.

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	Years Ended	
	December 31, 2014	December 31, 2013
Net income	19,748	14,182
Weighted average number of ordinary shares outstanding (in 000's)	13,449	12,243
Dilutive effect of stock-based compensation (in 000's)	495	66
Weighted average number of diluted shares outstanding	13,944	12,309
Dilutive earnings per ordinary share	1.42	1.15

For the year ended December 31, 2014, 182,332 stock options to acquire common shares (2013 – 237,367 options), were considered anti-dilutive using the treasury stock method and therefore excluded in the calculation of diluted earnings per share.

18. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

	Years Ended	
	December 31, 2014	December 31, 2013
Amounts receivable	(9,302)	(1,670)
Prepaid expenses	(272)	(735)
Accounts payable and accrued liabilities	8,536	(8,854)
Dividends payable	3	118
Income taxes payable	(887)	(287)
Deferred lease inducements	(146)	287
Unearned revenue	215	(159)
Provisions	293	(515)
	(1,560)	(11,815)

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

	Years Ended	
	December 31, 2014	December 31, 2013
Income taxes paid	9,694	5,438
Income taxes refunded	61	331
Interest paid	7,637	4,978
Interest received	62,568	36,639

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19. COMMITMENTS AND GUARANTEES

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. The minimum annual lease payments plus estimated operating costs required for the next five years and thereafter are as follows:

	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Premises	25,990	44,948	2,689
Other operating lease obligations	1,065	1,615	26
Other	7,280	10,250	-
Total contractual obligations	34,335	56,813	2,715

During the year ended December 31, 2014, \$24.0 million (2013 – \$22.9 million) was recognized as an expense in the consolidated statements of income in respect of operating leases.

The Company maintains an irrevocable standby letter of credit, issued from its credit facilities in the amount of \$0.1 million, for its corporate office lease.

20. 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.

21. CAPITAL RISK MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The capital structure of the Company consists of bank debt, term debt and shareholders' equity, which comprises issued share capital, contributed surplus and retained earnings.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, increasing or decreasing bank debt and term debt or by undertaking other activities as deemed appropriate under specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly in the past year.

The Company has externally imposed capital requirements as governed through its financing facilities. These requirements are to ensure the Company continues to operate in the normal course of business and to ensure the Company manages its debt relative to net worth. The capital requirements are congruent with the Company's management of capital.

The Company monitors capital on the basis of its bank and term loan covenants as described in Note 11.

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For the years ended December 31, 2014 and 2013, the Company was in compliance with all of its externally imposed financial covenants.

22. FINANCIAL RISK MANAGEMENT

Overview

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk. 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.

Credit Risk

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company leases products and makes consumer loans to thousands of customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers and in circumstances where its policies and procedures are not complied with.

The credit risk related to lease assets with customer's results from the possibility of customer default with respect to agreed upon payments or in not returning the lease assets. The Company has a standard collection process in place in the event of payment default, which includes the recovery of the lease asset if satisfactory payment terms cannot be worked out with the customer, as the Company maintains ownership of the lease assets until payment options are exercised. Lease asset losses for the year ended December 31, 2014 represented 3.2% (2013 – 3.1%) of total revenue for the easyhome Leasing segment.

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending practices which are overseen by the Company's senior management. Credit quality of the customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. The consumer loans receivable are unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. As at December 31, 2014, the Company's gross loan portfolio was \$192.2 million (2013 – \$110.7 million).

The credit risk related to other amounts receivable are managed in accordance with policies and procedures resulting from the possibility of default on rebate payments, amounts due from licensee and franchisees and other amounts receivable. The Company deals with credible companies, performs ongoing credit evaluations of creditors and consumers and allows for uncollectible amounts when determined to be appropriate.

Liquidity Risk

The Company addresses liquidity risk management by maintaining sufficient availability of funding through its committed credit facility. The Company manages its cash resources based on financial forecasts and anticipated cash flows, which are periodically reviewed with the Company's Board of Directors.

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The Company believes that the cash flow provided by operations and funds available from the credit facility will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. In addition, the incremental financing obtained through the credit facility will allow the Company to continue growing its consumer loans receivable portfolio in 2015. In order for the Company to achieve the full growth opportunities available, however, additional sources of financing over and above the currently available credit facility are required. There is no certainty that these long-term sources of capital will be available or at terms favourable to the Company.

Substantially all liabilities are due within 12 months with the exception of the revolving operating facility and term loan, which are due as disclosed in Note 11.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company is subject to interest rate risk as the revolving operating facility bears interest at the lead lenders prime rate plus 200 to 300 bps, depending on the Company's total debt to EBITDA ratio and the term loan bears interest at 722 bps over the Canadian Bankers' Acceptance rate. As at December 31, 2014, the interest rate on the revolving operating facility was 5.0% per annum (2013 – 5.0% per annum) and the interest rate on the term loan was 8.5% per annum (2013 – 9.98% per annum).

The Company does not hedge interest rates. Accordingly, future changes in interest rates will affect the amount of interest expense payable by the Company.

As at December 31, 2014, all of the Company's borrowings were subject to movements in floating interest rates. A 1% movement in the prime interest rate and bankers' acceptance rate would have increased or decreased net income for the year by approximately \$928.

Currency Risk

Currency risk measures the Company's risk of financial loss due to adverse movements in currency exchange rates.

The Company sources a portion of the assets it leases in Canada from U.S. suppliers. As a result, the Company has foreign exchange transaction exposure. These purchases are funded using regular spot rate purchases. Pricing to customers can be adjusted to reflect changes in the Canadian dollar landed cost of imported goods and, as such, there is not a material foreign currency transaction exposure.

During 2014, the Company had foreign currency transaction exposure through its SPEs and franchise locations in the United States.

The earnings of the Company's U.S. subsidiaries and SPEs are translated into Canadian dollars each period. A 5% movement in the Canadian and U.S. dollar exchange rate would have increased or decreased net income for the year by approximately \$152.

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23. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial Instruments	Measurement	December 31, 2014	December 31, 2013
Cash	Fair value	1,165	2,329
Amounts receivable	Amortized cost	16,508	7,206
Consumer loans receivable	Amortized cost	180,693	103,936
Accounts payable and accrued liabilities	Amortized cost	32,837	24,301
Revolving operating facility	Amortized cost	1,756	23,496
Term loan	Amortized cost	119,841	37,878

The carrying values of these financial instruments approximated their fair values.

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 December 31, 2014:

	Total	Level 1	Level 2	Level 3
Amounts receivable	16,508	-	-	16,508
Consumer loans receivable	180,693	-	-	180,693
Accounts payable and accrued liabilities	32,837	-	-	32,837
Revolving operating facility	1,756	-	-	1,756
Term loan	119,841	-	-	119,841

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

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24. RELATED PARTY TRANSACTIONS

The following summarizes the expense related to key management personnel during the reporting periods.

	Years Ended	
	December 31, 2014	December 31, 2013
Short-term employee benefits including salaries	3,631	2,864
Share-based payment transactions	4,281	2,381
	7,912	5,245

25. 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 note 3. 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. Management assessed the performance based on segment operating income (loss). The following tables summarize the relevant information for the years ended December 31, 2014 and 2013:

Year Ended December 31, 2014	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	158,322	100,828	-	259,150
Total operating expenses before depreciation and amortization and restructuring and other items	81,305	64,524	23,312	169,141
Restructuring and other items	-	-	(1,225)	(1,225)
Depreciation and amortization	52,711	3,298	632	56,641
Segment operating income (loss)	24,306	33,006	(22,719)	34,593
Finance costs	-	-	8,800	8,800
Income (loss) before income taxes	24,306	33,006	(31,519)	25,793

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Year Ended December 31, 2013	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	160,296	58,518	-	218,814
Total operating expenses before depreciation and amortization	82,778	38,435	18,924	140,137
Depreciation and amortization	51,210	1,918	584	53,712
Segment operating income (loss)	26,308	18,165	(19,508)	24,965
Finance costs	-	-	5,638	5,638
Income (loss) before income taxes	26,308	18,165	(25,146)	19,327

The Company operated across Canada and in certain U.S. states. During the year ended December 31, 2014, 97% or \$251.3 million of revenue was generated in Canada and 3% or \$7.9 million of revenue was generated in the U.S. (2013 – 97% or \$212.1 million of revenue was generated in Canada and 3% or \$6.7 million of revenue was generated in the U.S.). Additionally, as at December 31, 2014, \$309.0 million of the Company's assets were located in Canada and \$10.5 million were located in the U.S. (2013 – \$224.3 million in Canada and \$8.6 million in the U.S.).

As at December 31, 2014, the Company's goodwill of \$20.0 million (2013 – \$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 years ended December 31, 2014 and 2013 was as follows:

	Years Ended	
	December 31, 2014 (%)	December 31, 2013 (%)
Furniture	38	38
Electronics	34	32
Computers	16	18
Appliances	12	12
	100	100

26. SUBSEQUENT EVENT

On February 10, 2015, the Company acquired the lease rights and obligations as well as certain related assets for 45 retail locations across Canada. These retail locations will be opened as new easyfinancial branches which will provide consumer loans to Canadian consumers.