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

Table of Contents

Date: July 30, 2014

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of easyhome Ltd. and its subsidiaries [collectively referred to as "easyhome" or the "Company"] as at June 30, 2014 compared to June 30, 2013, and the results of operations for the three and six month periods ended June 30, 2014 compared with the corresponding periods of 2013. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes and MD&A for the year ended December 31, 2013 and the Company's interim condensed consolidated financial statements and the related notes for the three and six month periods ended June 30, 2014. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2013 annual MD&A: Overview of the Business, Corporate Strategy, Commitments, Guarantees and Contingencies, Transactions with Related Parties, Risk Factors, Critical Accounting Estimates and Adoption of New Accounting Standards and Standards Issued But Not Yet Effective.

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

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

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

Caution Regarding Forward Looking Statements

This MD&A includes forward-looking statements about easyhome, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company's operations, economic factors and the industry generally, as well as those factors referred to in the section entitled "Risk Factors". There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to important factors such as the Company's ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

Overview of the Business

easyhome Ltd. is the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. easyhome Ltd. serves its customers through two key operating divisions, easyhome Leasing and easyfinancial.

The Company's overview of the business remains as described in its December 31, 2013 MD&A.

Corporate Strategy

The Company is committed to being the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. To maintain this position, the Company must continuously evolve to meet the needs of its chosen consumer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will further contribute to the Company's ability to contend with competitive activities in the marketplace.

To achieve this long-term goal, the Company has three key business imperatives:

- Evolving the delivery channels to better meet the needs of its customers
- Expanding the size and scope of easyfinancial
- Executing with efficiency and effectiveness

The Company's corporate strategy remains as described in its December 31, 2013 MD&A.

Outlook

The discussion in this section is qualified in its entirety by the cautionary language regarding forward-looking statements found in the "Caution Regarding Forward-Looking Statements" of this MD&A.

Update on 2014 Targets

The Company's 2014 targets and assumptions were originally communicated in its December 31, 2013 MD&A. The Company has revised its guidance for fiscal 2014 as follows:

	Revised Targets for 2014	Original Targets for 2014	Explanation for Change in Targets
New easyhome Leasing stores opened in year			
• Corporately owned stores	**-**	-	No change.
• Franchise stores that are consolidated for financial statement purposes	**2**	2	No change.
• Franchise stores	**3**	3	No change.
New easyfinancial locations opened in year	**30 - 35**	30 - 35	No change.
Gross consumer loans receivable portfolio at year end	**$180 - $190 million**	$160 - $170 million	Strong demand for the Company's lending products resulted in greater than expected growth during the first half of 2014. The additional capital secured subsequent to June 30, 2014 will allow the gross consumer loans receivable portfolio to continue growing at an accelerated pace.
Easyfinancial operating margin	**30 – 32%**	28 – 32%	easyfinancial's operating margin during the first half of the year exceeded expectation at 33.1%. The operating margin will moderate in the second half of 2014 given the planned increase in advertising and marketing spend.
Total revenue growth	**14 – 16%**	10 – 12 %	Revenue growth target increased consistent with the revised targets for the gross consumer loans receivable portfolio at year end.

Update on Three Year Targets (2016)

The Company's 2016 targets and assumptions were originally communicated in its December 31, 2013 MD&A. The Company has revised its guidance for fiscal 2016 as follows:

	Revised Targets for 2016	Original Targets for 2016	Explanation for Change in Targets
New easyfinancial locations opened in year	**225**	225	No change.
Gross consumer loans receivable portfolio at year end	**$320 - $350 million**	$250 million	Strong demand for the Company's lending products resulted in greater than expected growth during the first half of 2014. The additional capital secured subsequent to June 30, 2014 will allow the gross consumer loans receivable portfolio to continue growing an accelerated pace.
Easyfinancial operating margin	**32% to 35%**	32%	Actual margins achieved were above initial expectations and the additional consumer loans receivable portfolio growth should result in further economies of scale.

Analysis of Results for the Three Months Ended June 30, 2014

Second Quarter Highlights

- Subsequent to the end of the quarter, on July 28, 2014, the Company entered into a new $200 million credit facility, replacing the Company's current debt facilities and providing $115 million of additional capital to support the growth of easyhome's consumer finance business, easyfinancial. The new credit facility, which expires on October 4, 2018, is comprised of a $180 million term loan and a $20 million revolving operating facility.

- easyhome continued to grow revenue during the second quarter of 2014. Revenue for the quarter reached a record high of $63.2 million, up from the $53.8 million reported in the second quarter of 2013 and an increase of $9.5 million or 17.6%. The growth was driven primarily by the expansion of easyfinancial and its consumer loans receivable portfolio. Same-store revenue growth for the quarter, which includes revenue growth from easyfinancial, was 19.7%. Excluding the impact of easyfinancial, same-store revenue growth was 2.7%.

- The gross consumer loans receivable portfolio as at June 30, 2014 was $145.4 million compared with $83.9 million as at June 30, 2013, an increase of $61.4 million or 73.2%. The loan book grew by a record $21.9 million in the quarter compared with growth of $9.3 million in the second quarter of 2013. Similarly, easyfinancial revenue increased by 74.8% in the quarter compared to the same period of 2013, driven by a larger consumer loans receivable portfolio. During the quarter, easyfinancial opened 11 new stand-alone branches.

- The operating margin of easyfinancial for the second quarter of 2014 was 30.8%, up from the 27.9% reported in the second quarter of 2013. The continued growth of the loan book and the associated increase in revenue more than offset the additional costs of its expanding branch network and higher advertising and administrative costs.

- Corporate expenses were $5.9 million for the second quarter of 2014 compared to $4.7 million in the second quarter of 2013, an increase of $1.2 million or 25.0%. The increase related to higher accrued but not paid incentive compensation plan expenses and was driven by the strong financial performance during the quarter versus expectations and the rise in the Company's share price. Ultimately, actual payouts or distributions under both of these plans will be determined in future periods as the plans vest based on actual achieved performance.

- Operating income for the Company was $7.7 million for the quarter, up $2.2 million or 41.4% from the second quarter of 2013. Operating margin was 12.1% for the quarter compared with 10.1% in the second quarter of 2013. Operating margin was positively impacted by the higher margin at easyfinancial and it continuing to become a relatively larger portion of the Company's overall business.

- Net income for the second quarter of 2014 was $4.5 million or $0.33 per share on a diluted basis compared with $3.1 million or $0.26 per share in the second quarter of 2013, an increase of $1.4 million and $0.07 respectively. Net income and diluted earnings per share increased by 45.5% and 26.9% respectively as compared to the second quarter of 2013. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share relative to the growth in net income. Earnings in the current quarter were impacted by the higher incentive compensation expense. Excluding these incremental expenses, diluted earnings per share for the second quarter of 2014 would have increased by $0.13 compared to the second quarter of 2013.

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**63,246**	53,763	9,483	17.6%
Operating expenses before depreciation and amortization	**41,510**	34,846	6,664	19.1%
EBITDA margin [1]	**14.9%**	12.8%	2.1%	-
Depreciation and amortization expense	**14,066**	13,492	574	4.3%
Operating income	**7,670**	5,425	2,245	41.4%
Operating margin[1]	**12.1%**	10.1%	2.0%	-
Finance costs	**1,800**	1,354	446	32.9%
Effective income tax rate	**22.7%**	23.4%	(0.7%)	-
Net income for the period	**4,536**	3,117	1,419	45.5%
Diluted earnings per share	**0.33**	0.26	0.07	26.9%
Key Performance Indicators[1]				
Same-store revenue growth	**19.7%**	16.9%	2.8%	-
Same-store revenue growth excluding easyfinancial	**2.7%**	9.8%	(7.1%)	-
Potential monthly lease revenue	**10,748**	11,036	(288)	(2.6%)
Change in potential monthly lease revenue due to ongoing operations	**(237)**	(129)	(108)	(83.7%)
easyhome Leasing operating margin	**16.3%**	16.2%	0.1%	-
Gross consumer loans receivable	**145,386**	83,942	61,444	73.2%
Growth in gross consumer loans receivable	**21,889**	9,290	12,599	135.6%
Loan originations	**59,355**	32,857	26,498	80.6%
Bad debt expense as a percentage of easyfinancial revenue	**25.9%**	24.2%	1.7%	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.7%**	13.2%	0.5%	-
easyfinancial operating margin	**30.8%**	27.9%	2.9%	-
System-Wide Performance Indicators				
Total system revenue[2]	**74,352**	63,205	11,147	17.6%
Total system potential monthly lease revenue[3]	**14,329**	14,050	279	2.0%
Total franchisee revenue[4]	**13,326**	11,606	1,720	14.8%

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

Store Locations Summary

	Locations as at March 31, 2014	Locations opened during quarter	Locations closed / sold during quarter	Conversions	Locations as at June 30, 2014
easyhome Leasing					
Corporately owned stores	171	-	-	(2)	**169**
Consolidated franchise locations	9	-	-	-	**9**
Total consolidated stores	180	-	-	(2)	**178**
Canadian franchise stores	19	-	-	2	**21**
U.S. franchise stores	37	2	-	-	**39**
Total franchise stores	56	2	-	2	**60**
Total easyhome Leasing stores	236	2	-	-	**238**
easyfinancial					
Kiosks (in store)	66	-	-	(1)	**65**
Stand-alone locations	62	10	-	1	**73**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	129	10	-	-	**139**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended June 30, 2014			
	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	**39,936**	**23,310**	**-**	**63,246**
Total operating expenses before depreciation and amortization	**20,300**	**15,351**	**5,859**	**41,510**
Depreciation and amortization	**13,129**	**781**	**156**	**14,066**
Operating income (loss)	**6,507**	**7,178**	**(6,015)**	**7,670**
Finance costs				**1,800**
Income before income taxes				**5,870**
Income taxes				**1,334**
Net Income for the period				**4,536**
Diluted Earnings per share				**0.33**

($ in 000's except earnings per share)	Three Months Ended June 30, 2013			
	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	40,428	13,335	-	53,763
Total operating expenses before depreciation and amortization	20,976	9,183	4,687	34,846
Depreciation and amortization	12,918	430	144	13,492
Operating income (loss)	6,534	3,722	(4,831)	5,425
Finance costs				1,354
Income before income taxes				4,071
Income taxes				954
Net Income for the period				3,117
Diluted Earnings per share				0.26

Revenue

Revenue for the three month period ended June 30, 2014 was $63.2 million compared to $53.8 million in the same period in 2013, an increase of $9.5 million or 17.6%, driven primarily by the growth of easyfinancial.

easyhome Leasing - Revenue for the three month period ended June 30, 2014 was $39.9 million, a decrease of $0.5 million from the comparable period in 2013. Factors impacting revenue in the period include:

- Same store portfolio and revenue growth over the past 12 months drove revenue across the Canadian store network higher by $1.1 million in the second quarter of 2014 compared with the second quarter of 2013. Same store sales growth excluding the impact of easyfinancial was 2.7% in the quarter.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $0.3 million of revenue growth.
- Revenue gains were offset by store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulting in a $1.0 million decline in revenue.
- The portfolios of the stores acquired in the fourth quarter of 2012 declined after the acquisition resulting in a $0.9 million reduction in revenue in the second quarter of 2014 compared with the second quarter of 2013.

easyfinancial - Revenue for the three month period ended June 30, 2014 was $23.3 million, an increase of $10.0 million or 74.8% from the comparable period in 2013. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $83.9 million as at June 30, 2013 to $145.4 million as at June 30, 2014, an increase of $61.4 million or 73.2%. Growth in the gross consumer loans receivable portfolio accelerated in the quarter with the loan book growing by $21.9 million as compared with growth of $9.3 million for the second quarter of 2013.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $41.5 million for the three month period ended June 30, 2014, an increase of $6.7 million or 19.1% from the comparable period in 2013. The

$6.7 million increase in total operating expenses was driven primarily by the higher costs associated with an expanded easyfinancial business and increased accrued but not paid incentive compensation expense included in corporate costs. These expense increases were partially offset by lower costs in the easyhome Leasing business due to the reduced number of retail locations. Total operating expenses before depreciation and amortization represented 65.6% of revenue for the second quarter of 2014 compared with 64.8% last year.

easyhome Leasing – Total operating expenses before depreciation and amortization for the three month period ended June 30, 2014 was $20.3 million, a decrease of $0.7 million or 3.2% from the comparable period in 2013. This decline was driven primarily by the closure of underperforming stores or the conversion of corporately owned stores to franchise locations over the past fifteen months as well as lower advertising costs. Consolidated leasing store count consists of corporately owned stores as well as consolidated franchise stores where control is achieved other than through ownership of a majority of voting rights. Consolidated leasing store count declined from 186 as at June 30, 2013 to 178 at June 30, 2014.

easyfinancial – Total operating expenses before depreciation and amortization were $15.4 million for the second quarter of 2014, an increase of $6.2 million or 67.2% from the comparable period in 2013. Operating expenses, excluding bad debt, increased by $3.4 million or 56.3% in the quarter driven by: i) 31 additional locations when compared to June 30, 2013, ii) the shift from in-store kiosks to higher capacity stand-alone branches, iii) higher levels of marketing expenditures to drive customer and portfolio growth and iv) incremental expenditures to develop new distribution channels and manage the growing branch network. Overall, branch count increased from 108 as at June 30, 2013 to 139 as at June 30, 2014. Additionally, stand-alone branches increased from 33 as at June 30, 2013 to 73 as at June 30, 2014.

Bad debt expense increased to $6.0 million for the second quarter of 2014 from $3.2 million during the comparable period in 2013, up $2.8 million or 87.2%. The increase was due primarily to the growth of the consumer loans receivable portfolio which grew by 73.2% over the past 12 months. Additionally, bad debt expense in the second quarter of 2013 benefitted from the sale of previously charged off receivables to a third party. Bad debt expense expressed as a percentage of easyfinancial revenue, was 25.9% for the second quarter of 2014, up from the 24.2% reported for the second quarter of 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis, was 13.7% in the second quarter of 2014, up from the 13.2% reported in the second quarter of 2013. The increase in these loss rates was due to the sale of previously charged off accounts in the second quarter of 2013 which resulted in a reduction in bad debt expense. Loss rates in the current quarter are in line with historical ranges and management's expectations.

Corporate – Total operating expenses before depreciation and amortization was $5.9 million for the second quarter of 2014 compared to $4.7 million in the second quarter of 2013, an increase of $1.2 million or 25.0%. The increase related to higher accrued but not paid incentive compensation plan expenses and was driven by the strong financial performance during the quarter versus expectations and the rise in the Company's share price. Accruals for the Company's short-term incentive compensation plan increased as the year to date financial performance was ahead of expectations. Accruals for the Company's long-term or stock based incentive compensation plans increased by $1.1 million due to the strong performance of the Company's share price which increased by 11.2% during the quarter. Ultimately, actual payouts or distributions under both of these plans will be determined in future periods as the plans vest based on actual achieved performance. Corporate expenses before depreciation and amortization represented 9.3% of revenue in the second quarter of 2014 as compared to 8.7% of revenue in second quarter of 2013.

Depreciation and Amortization

Depreciation and amortization for the three month period ended June 30, 2014 was $14.1 million, up $0.6 million or 4.3% from the comparable period in 2013. The increase was attributable to: i) the growing easyfinancial branch network and the increased number of stand-alone locations, ii) the amortization of new easyfinancial systems and iii) an increase in the depreciation and amortization expense within the leasing business. Leasing depreciation and amortization as a percentage of leasing revenue for the quarter was 32.9% up from 32.0% in the second quarter of 2013. While leasing revenue declined in the quarter compared with the same period of 2013, the depreciation and amortization of the leasing business increased due to a reduction in the average lease term due to shifts in the product mix (lease assets are generally amortized over the lease term).

Overall depreciation and amortization represented 22.2% of revenue for the three months ended June 30, 2014, down from 25.1% in the comparable period of 2013.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended June 30, 2014 was $7.7 million compared to $5.4 million for the comparable period in 2013, an increase of $2.2 million or 41.4%. Overall operating margin improved from 10.1% in the second quarter of 2013 to 12.1% in the second quarter of 2014.

easyhome Leasing – Operating income was $6.5 million for the second quarter of 2014 consistent with the second quarter of 2013. The $0.5 million reduction in revenue and the $0.2 million increase in depreciation and amortization was offset by a $0.7 million reduction in operating expenses. Operating margin for the second quarter of 2014 was 16.3%, up slightly from 16.2% reported in the second quarter of 2013.

easyfinancial – Operating income was $7.2 million for the second quarter of 2014 compared with $3.7 million for the comparable period in 2013, an increase of $3.5 million or 92.9%. Operating margin for the second quarter of 2014 was 30.8% compared with 27.9% in the comparable period of 2013. The growth in operating income and operating margin was driven by the larger consumer loans receivable portfolio.

Finance Costs

Finance costs for the three month period ended June 30, 2014 were $1.8 million, up $0.4 million from the same period in 2013. While the blended interest rate declined during the quarter, the increase in finance costs was driven by higher average debt levels as compared to the comparable period of 2013.

Income Tax Expense

The effective income tax rate for the second quarter of 2014 was 22.7% compared to 23.4% in the second quarter of 2013. The effective income tax rate in the quarter decreased due to the Company qualifying for certain research and development tax credits associated with its system development activities. The effective tax rate will return to more normal levels for the balance of 2014.

Net Income and EPS

Net income for the second quarter of 2014 was $4.5 million or $0.33 per share on a diluted basis compared with $3.1 million or $0.26 per share in the second quarter of 2013, an increase of $1.4 million and $0.07 respectively. Net income and diluted earnings per share increased by 45.5% and 26.9% respectively as compared to the second quarter of 2013. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share relative to the growth in net income.

Analysis of Results for the Six Months Ended June 30, 2014

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**123,580**	106,152	17,428	16.4%
Operating expenses before depreciation and amortization	**80,103**	68,879	11,224	16.3%
EBITDA margin [1]	**15.5%**	12.5%	3.0%	-
Depreciation and amortization expense	**27,834**	26,765	1,069	4.0%
Operating income	**15,643**	10,508	5,135	48.9%
Operating margin[1]	**12.7%**	9.9%	2.8%	-
Finance costs	**3,358**	2,538	820	32.3%
Effective income tax rate	**25.4%**	24.4%	1.0%	-
Net income for the period	**9,166**	6,029	3,137	52.0%
Diluted earnings per share	**0.66**	0.50	0.16	32.0%
Key Performance Indicators[1]				
Same-store revenue growth	**19.2%**	14.6%	4.6%	-
Same-store revenue growth excluding easyfinancial	**3.3%**	8.0%	(4.7%)	-
Potential monthly lease revenue	**10,748**	11,036	(288)	(2.6%)
Change in potential monthly lease revenue due to ongoing operations	**(445)**	(342)	(103)	(30.1%)
easyhome Leasing operating margin	**17.3%**	16.3%	1.0%	-
Gross consumer loans receivable	**145,386**	83,942	61,444	73.2%
Growth in gross consumer loans receivable	**34,682**	13,284	21,398	161.1%
Loan originations	**102,135**	57,544	44,591	77.5%
Bad debt expense as a percentage of easyfinancial revenue	**23.7%**	25.3%	(1.6%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.1%**	13.7%	(0.6%)	-
easyfinancial operating margin	**33.1%**	28.0%	5.1%	-
System-Wide Performance Indicators				
Total system revenue[2]	**146,024**	125,386	20,638	16.5%
Total system potential monthly lease revenue[3]	**14,329**	14,050	279	2.0%
Total franchisee revenue[4]	**27,220**	23,517	3,703	15.7%

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

Store Locations Summary

	Locations as at December 31, 2013	Locations opened during quarter	Locations closed / sold during quarter	Conversions	Locations as at June 30, 2014
easyhome Leasing					
Corporately owned stores	173	-	(2)	(2)	**169**
Consolidated franchise locations	9	1	-	(1)	**9**
Total consolidated stores	182	1	(2)	(3)	**178**
Canadian franchise stores	19	-	-	2	**21**
U.S. franchise stores	36	2	-	1	**39**
Total franchise stores	55	2	-	3	**60**
Total easyhome Leasing stores	237	3	(2)	-	**238**
easyfinancial					
Kiosks (in store)	65	1	-	(1)	**65**
Stand-alone locations	53	19	-	1	**73**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	119	20	-	-	**139**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	**Six Months Ended June 30, 2014**			
	easyhome Leasing	**easyfinancial**	**Corporate**	**Total**
Revenue	**80,236**	**43,344**	**-**	**123,580**
Total operating expenses before depreciation and amortization	**40,299**	**27,513**	**12,291**	**80,103**
Depreciation and amortization	**26,036**	**1,490**	**308**	**27,834**
Operating income (loss)	**13,901**	**14,341**	**(12,599)**	**15,643**
Finance costs				**3,358**
Income before income taxes				**12,285**
Income taxes				**3,119**
Net Income for the period				**9,166**
Diluted Earnings per share				**0.66**

($ in 000's except earnings per share)	Six Months Ended June 30, 2013			
	easyhome Leasing	easyfinancial	Corporate	Total
Revenue	80,984	25,168	-	106,152
Total operating expenses before depreciation and amortization	42,110	17,325	9,444	68,879
Depreciation and amortization	25,676	805	284	26,765
Operating income (loss)	13,198	7,038	(9,728)	10,508
Finance costs				2,538
Income before income taxes				7,970
Income taxes				1,941
Net Income for the period				6,029
Diluted Earnings per share				0.50

Revenue

Revenue for the six month period ended June 30, 2014 was $123.6 million compared to $106.2 million in the same period in 2013, an increase of $17.4 million or 16.4%. The increase was driven by the growth of the easyfinancial business.

easyhome Leasing - Revenue for the six month period ended June 30, 2014 was $80.2 million, a decrease of $0.7 million from the comparable period in 2013. Factors impacting revenue in the period include:

- Same store portfolio and revenue growth over the past 12 months drove revenue across the Canadian store network higher by $2.1 million in the first half of 2014 compared with the same period of 2013. Same store sales growth excluding the impact of easyfinancial was 3.3% in the period.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $1.1 million of revenue growth.
- Revenue gains were offset by store closures and sales which occurred during the past 18 months (net of the transfer of portfolios to nearby locations) resulting in a $2.0 million decline in revenue.
- The portfolios of the stores acquired in the fourth quarter of 2012 declined after the acquisition resulting in a $1.9 million reduction in revenue in the first half of 2014 compared with the same period of 2013.

easyfinancial - Revenue for the six month period ended June 30, 2014 was $43.3 million, an increase of $18.2 million or 72.2% from the comparable period in 2013. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $83.9 million as at June 30, 2013 to $145.4 million as at June 30, 2014, an increase of $61.4 million or 73.2%. Growth in the gross consumer loans receivable portfolio accelerated in the first half of 2014 with the loan book growing by $34.7 million as compared with growth of $13.3 million for the first half of 2013.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $80.1 million for the six month period ended June 30, 2014, an increase of $11.2 million or 16.3% from the comparable period in 2013. The $11.2 million increase in total operating expenses was driven primarily by the higher costs associated with an expanded easyfinancial business and increased accrued but not paid incentive compensation expense included in corporate costs. These expense increases were partially offset by lower costs in the easyhome

Leasing business due to the reduced number of retail locations. Operating expenses before depreciation and amortization represented 64.8% of revenue for the first half of 2014 down slightly from the 64.9% reported for the first half of 2013.

easyhome Leasing – Total operating expenses before depreciation and amortization for the six month period ended June 30, 2014 were $40.3 million, a decrease of $1.8 million or 4.3% from the comparable period in 2013. This decline was driven primarily by the closure of underperforming stores or the conversion of corporately owned stores to franchise locations over the past eighteen months as well as lower advertising costs. Consolidated leasing store count consists of corporately owned stores as well as consolidated franchise stores where control is achieved other than through ownership of a majority of voting rights. Consolidated leasing store count declined from 186 as at June 30, 2013 to 178 at June 30, 2014.

easyfinancial – Total operating expenses before depreciation and amortization were $27.5 million for the six month period ending June 30, 2014, an increase of $10.2 million or 58.8% from the comparable period in 2013. Operating expenses excluding bad debt increased by $6.3 million or 57.6% in the year to date period driven by: i) 31 additional locations when compared to June 30, 2013, ii) the shift from in-store kiosks to higher capacity stand-alone branches, iii) higher levels of marketing expenditures to drive customer and portfolio growth and iv) incremental expenditures to develop new distribution channels and manage the growing branch network. Overall, branch count increased from 108 as at June 30, 2013 to 139 as at June 30, 2014. Additionally, stand-alone branches increased from 33 as at June 30, 2013 to 73 as at June 30, 2014.

Bad debt expense increased to $10.3 million for the first half of 2014 from $6.4 million during the comparable period in 2013, up $3.9 million or 60.8%. The increase in expense was driven by the growth of the consumer loans receivable portfolio which grew by 73.2% over the past 12 months. Bad debt expense expressed as a percentage of easyfinancial revenue, was 23.7% during the first half of 2014, down from the 25.3% reported for the first half of 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis, was 13.1% in the first half of 2014, down from the 13.7% reported in the same period of 2013.

Corporate – Total operating expenses before depreciation and amortization was $12.3 million for the six month period ending June 30, 2014 compared to $9.4 million in the same period of 2013, an increase of $2.8 million or 30.1%. The increase related to higher accrued but not paid incentive compensation plan expenses and was driven by the strong financial performance during the quarter versus expectations and the rise in the Company's share price. Accruals for the Company's short-term incentive compensation plan increased in the period as the year to date financial performance was ahead of expectations (compared to the first half of 2013 when financial performance trailed expectations). Accruals for the Company's long-term or stock based incentive compensation plans increased by $1.7 million in the period due to the strong performance of the Company's share price (which increased by 15.3% during the period) as well as an increase in the level of vesting driven by the Company's financial performance. Ultimately, actual payouts or distributions under both of these plans will be determined in future periods as the plans vest based on actual achieved performance. Corporate expenses before depreciation and amortization represented 9.9% of revenue in the first half of 2014 as compared to 8.9% of revenue in the same period of 2013.

Depreciation and Amortization

Depreciation and amortization for the six month period ended June 30, 2014 was $27.8 million, up $1.1 million or 4.0% from the comparable period in 2013. The increase was attributable to: i) the growing easyfinancial branch network and the increased number of stand-alone locations, ii) the amortization of new easyfinancial systems and iii) an increase in the depreciation and amortization expense within the leasing business. Leasing depreciation and amortization as a percentage of leasing revenue for the period was 32.4% up from 31.7% in the first half of 2013. While leasing revenue declined in the current year to date period compared with the same period of 2013, the depreciation and amortization of the leasing business increased due to a reduction of the average lease term resulting from a shift in product mix (lease assets are generally amortized over the lease term) and impairment charges incurred in the first quarter of 2014.

Overall depreciation and amortization represented 22.5% of revenue for the six months ended June 30, 2014, down from 25.2% in the comparable period of 2013.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the six month period ended June 30, 2014 was $15.6 million compared to $10.5 million for the comparable period in 2013, an increase of $5.1 million or 48.9%. Overall operating margin improved from 9.9% in the first half of 2013 to 12.7% in the current year to date period. Operating margin benefitted from an increasing percentage of easyhome's operating income being generated by the higher margin easyfinancial business and by the improved operating margin generated by the leasing business.

easyhome Leasing – Operating income was $13.9 million for the first half of 2014 up $0.7 million from the same period of 2013. During the 2014 year to date period, the decline in revenue of $0.7 million was more than offset by $1.4 million in reduced expenses. Operating margin for the first half of 2014 was 17.3%, up from 16.3% reported in the comparable period of 2013.

easyfinancial – Operating income was $14.3 million for the first half of 2014 compared with $7.0 million for the comparable period in 2013, an increase of $7.3 million or 104%. Operating margin for the six month period ended June 30, 2014 was 33.1% compared with 28.0% for the same period in 2013. The growth in operating income and operating margin was driven by the larger consumer loans receivable portfolio allowing easyfinancial to achieve further economies of scale.

Finance Costs

Finance costs for the six month period ended June 30, 2014 were $3.4 million, up $0.8 million from the same period in 2013. The increase in finance costs was driven by higher average debt levels as compared to the comparable period of 2013.

Income Tax Expense

The effective income tax rate for the first half of 2014 was 25.4% compared to 24.4% in the same period of 2013. The effective income tax rate increased as the proportion of income earned in the US, which is not subject to tax due to the application of prior period tax losses, declined in the first half of 2014 as compared to the same period of 2013. This effect was somewhat offset by the benefit, recorded in the second quarter of 2014, of certain research and development tax credits.

Net Income and EPS

Net income for the six month period ended June 30, 2014 was $9.2 million or $0.66 per share on a diluted basis compared with $6.0 million or $0.50 per share in the same period of 2013, an increase of $3.1 million and $0.16 respectively. Net income and diluted earnings per share in the current year to date period increased by 52% and 32% respectively as compared to the same period of 2013. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share relative to the growth in net income.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	Jun. 2014	Mar. 2014	Dec. 2013	Sep. 2013	Jun. 2013	Mar. 2013	Dec. 2012	Sep. 2012	Jun. 2012
Revenue	**63.2**	60.3	57.8	54.9	53.8	52.4	51.7	49.3	48.9
Net Income for the period	**4.5**	4.6	4.3	3.8	3.1	2.9	3.8	2.6	2.0
Net income as a percentage of revenue	**7.2%**	7.7%	7.5%	6.8%	5.8%	5.6%	7.3%	5.3%	4.1%
Earnings per share[1]									
Basic	**0.34**	0.35	0.34	0.32	0.26	0.24	0.32	0.22	0.17
Diluted	**0.33**	0.34	0.33	0.31	0.26	0.24	0.31	0.22	0.17

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

Key Performance Indicators and Non-IFRS Measures

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

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

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

Same-Store Revenue Growth

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

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Same store revenue growth	**19.7%**	16.9%	**19.2%**	14.6%
Same store revenue growth excluding easyfinancial	**2.7%**	9.8%	**3.3%**	8.0%

Potential Monthly Lease Revenue

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

	Three Months Ended		Six Months Ended	
($ in 000's)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Opening potential monthly lease revenue	**11,123**	11,329	**11,430**	11,634
Change due to store openings or acquisitions during the period	**-**	-	**8**	-
Change due to store closures or sales during the period	**(138)**	(164)	**(245)**	(256)
Change due to ongoing operations	**(237)**	(129)	**(445)**	(342)
Net change	**(375)**	(293)	**(682)**	(598)
Ending potential monthly lease revenue	**10,748**	11,036	**10,748**	11,036

Loan Originations

Loan origination is the value of all consumer loans receivable advanced to the Company's customers during the period. The Company believes that loan originations is an important indicator of the demand for the Company's lending products.

	Three Months Ended		Six Months Ended	
($ in 000's)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Loan origination	**59,355**	**32,857**	**102,135**	**57,544**

Gross Consumer Loans Receivable

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

($ in 000's)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Gross consumer loans receivable	**145,386**	83,942	**145,386**	83,942
Growth in gross consumer loans receivable during period	**21,889**	9,290	**34,682**	13,284

easyfinancial Loan Losses

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

($ in 000's except percentages)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net charge offs	**4,746**	2,657	**8,388**	5,262
Average gross consumer loans receivable	**138,073**	80,665	**128,375**	76,981
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**13.7%**	13.2%	**13.1%**	13.7%
Bad debt expense as a percentage of easyfinancial revenue	**25.9%**	24.2%	**23.7%**	25.3%

Operating Expenses Before Depreciation and Amortization

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

($ in 000's except percentages)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Operating expenses before depreciation and amortization	**41,510**	34,846	**80,103**	68,879
Divided by revenue	**63,246**	53,763	**123,580**	106,152
Operating expenses before depreciation and amortization as % of revenue	**65.6%**	64.8%	**64.8%**	64.9%

Operating Margin

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
easyhome Leasing				
Operating income	**6,507**	6,534	**13,901**	13,198
Divided by revenue	**39,936**	40,428	**80,236**	80,984
easyhome Leasing operating margin	**16.3%**	16.2%	**17.3%**	16.3%
easyfinancial				
Operating income	**7,178**	3,722	**14,341**	7,038
Divided by revenue	**23,310**	13,335	**43,344**	25,168
easyfinancial operating margin	**30.8%**	27.9%	**33.1%**	28.0%
Total				
Operating income	**7,670**	5,425	**15,643**	10,508
Divided by revenue	**63,246**	53,763	**123,580**	106,152
Total operating margin	**12.1%**	10.1%	**12.7%**	9.9%

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

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income as stated	**4,536**	3,117	**9,166**	6,029
Finance costs	**1,800**	1,354	**3,358**	2,538
Income tax expense	**1,334**	954	**3,119**	1,941
Depreciation and amortization, excluding depreciation of lease assets	**1,765**	1,473	**3,473**	2,813
EBITDA	**9,435**	6,898	**19,116**	13,321
Divided by revenue	**63,246**	53,763	**123,580**	106,152
EBITDA margin	**14.9%**	12.8%	**15.5%**	12.5%

Return on Equity

The Company defines return on equity as annualized net income in the period divided by average shareholders' equity for the period. The Company believes return on equity is an important measure of how shareholders' invested capital is utilized in the business.

	Three Months Ended		Six Months Ended	
($ in 000's except periods and percentages)	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Net income as stated	**4,536**	3,117	**9,166**	6,029
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/2**	X 4/2
Divided by average shareholders' equity for the period	**141,899**	108,456	**139,810**	107,399
Return on equity	**12.8%**	11.5%	**13.1%**	11.2%

<u>Financial Condition</u>

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at June 30, 2014 and June 30, 2013.

($ in 000's, except for ratios)	**June 30, 2014**	**June 30, 2013**
Total assets	**264,228**	201,327
External debt (includes term loan)	**74,038**	54,164
Other liabilities	**46,401**	37,379
Total liabilities	**120,439**	91,543
Shareholders' equity	**143,789**	109,748
Total capitalization (total debt plus total shareholders' equity)	**217,827**	163,948
External debt to shareholders' equity	**0.51**	0.49
External debt to total capitalization	**0.34**	0.33
External debt to EBITDA	**2.03**	2.21

Total assets were $264.2 million at June 30, 2014, an increase of $62.9 million or 31.2% over June 30, 2013. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $58.0 million over the past 12 months and ii) the Company's investment in property and equipment (specifically stand-alone easyfinancial locations) and intangible assets (specifically systems to support easyfinancial) which grew the associated asset balance by $5.4 million over the past 12 months.

The $62.9 million growth in total assets was been financed by a $28.9 million increase in total liabilities (which included a $19.9 million increase in external debt) and a $34.0 million increase in total shareholder's equity (which included the net $19.0 million raised in the common share equity offering completed in the fourth quarter of 2013). Although the Company has continued to maintain its dividend payments to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's external debt included a bank revolving credit facility that supported the leasing business and a term loan facility that supported easyfinancial.

Canadian dollar loans under the bank revolving credit facility bore interest at the lead lenders prime rate plus 150 to 250 bps, depending on the Company's total debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. The bank revolving credit facility was fully secured by a first charge on substantially all of the assets of the Company and its subsidiaries, excluding easyfinancial, and a second charge on the assets of easyfinancial. The Company's interest rate under the facility as at June 30, 2014 was 4.50%.

Canadian dollar loans under the term loan credit facility bore interest at 8.7% over the Canadian Bankers' Acceptance rate. All borrowings under the term loan credit facility were secured by a first charge on the assets of easyfinancial and a second charge on substantially all of the other assets of the Company and its subsidiaries and will mature on October 4, 2017. The Company's interest rate under the term loan facility as at June 30, 2014 was 9.97%.

On July 28, 2014 the Company entered into a new $200 million credit facility which replaced the Company's then existing debt facilities. The new credit facility, which expires on October 4, 2018, is comprised of a $180 million term loan and a $20 million revolving operating facility. $105 million of the term loan must be drawn at closing with the balance available in periodic advances until July 31, 2015. Borrowings under the term loan bear interest at the Canadian Bankers' Acceptance rate plus 722 bps. Borrowing under the revolving operating facility bears interest at the lender's prime rate plus 200 to 300 bps, depending on the Company's debt to EBITDA ratio. The new credit facility is secured by a first charge over substantially all assets of the Company.

Liquidity and Capital Resources

Summary of Cash Flow Components

	Three Months Ended		Six Months Ended	
($ in 000's)	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Cash provided by operating activities before issuance of consumer loans receivable	**30,550**	20,792	**53,089**	29,585
Net issuance of consumer loans receivable	**(26,634)**	(11,946)	**(43,069)**	(18,546)
Cash provided by operating activities	**3,916**	8,846	**10,020**	11,039
Cash used in investing activities	**(11,997)**	(11,041)	**(22,820)**	(23,469)
Financing activities	**3,046**	597	**10,765**	12,528
Net (decrease) increase in cash for the period	**(5,035)**	(1,598)	**(2,035)**	98

Cash flows provided by operating activities for the three month period ended June 30, 2014 were $3.9 million. Included in this $3.9 million was a net investment of $26.6 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $30.6 million in the second quarter of 2014, up $9.8 million compared to the second quarter of 2013. The increase in cash flow was driven by higher income and to changes in the Company's working capital.

Cash flows provided by operating activities in the second quarter of 2014 enabled the Company to: i) meet the growth demands of easyfinancial as described above, ii) invest $10.9 million in new lease assets, iii) invest $2.7 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

During the quarter the Company generated $3.0 million in cash flow from financing activities. This was comprised of $3.9 million in advances on the Company's available credit facilities offset by the quarterly dividend payment.

Cash flows provided by operating activities for the six month period ended June 30, 2014 were $10.0 million. Included in this $10.0 million was a net investment of $43.1 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $53.1 million in the first half of 2014, up $23.5 million compared to the first half of 2013. The increase in cash flow was driven by higher income and to changes in the Company's working capital.

Cash flows provided by operating activities in the second half of 2014 enabled the Company to: i) meet the growth demands of easyfinancial as described above, ii) invest $19.6 million in new lease assets, iii) invest $5.4 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

During the first half of 2014, the Company generated $10.8 million in cash flow from financing activities. This was comprised of $12.7 million in advances on the Company's available credit facilities offset by the dividend payments during the period.

The Company believes that the cash flows provided by operations and the new $200 million credit facility obtained after June 30, 2014 will be sufficient to grow easyfinancial through 2015 in line with the Company's stated targets, meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. For easyfinancial to continue growing past 2015 and to meet its 3 year growth targets and the longer-term growth opportunities available, additional sources of financing over and above the currently available credit facilities may be required. There is no certainty that this additional financing will be required or at terms favourable to the Company.

Outstanding Shares and Dividends

As at July 30, 2014 there were 13,329,317 shares, 133,001 DSU's, 596,532 options, 433,631 RSU's, and no warrants outstanding.

For the three month period ended June 30, 2014, the Company paid a $0.085 per share quarterly dividend on outstanding common shares. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. No dividends may be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

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

	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Dividend per share	**$ 0.085**	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	21.4%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2013 MD&A.

Risk Factors

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

The Company's risk factors remain as described in its December 31, 2013 MD&A.

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are fully described in the Company's December 31, 2013 Notes to the Financial Statements.

Adoption of New Accounting Standards and Standards Issued But Not Yet Effective

No new accounting standards were adopted by the Company during the reporting period.

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.

Internal Controls

Disclosure Controls and Procedures ["DC&P"]

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

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of disclosure controls and procedures were effective as at June 30, 2014.

Internal Controls over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS. Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (1992) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"].

Based on this evaluation, the CEO and CFO have concluded that the design of the Company's internal controls over financial reporting were effective as at June 30, 2014.

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

In addition, the CEO and CFO evaluated whether there were changes in the internal controls over financial reporting during the interim period ended June 30, 2014 that materially affected, or were reasonably likely to materially affect, the internal controls over financial reporting. There were no such changes during the quarter.