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

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Date: November 8, 2011

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of easyhome Ltd. and its subsidiaries as at September 30, 2011 compared to December 31, 2010, and the results of operations for the three and nine month periods ended September 30, 2011 compared with the corresponding periods of 2010. This MD&A should be read in conjunction with i) the Company's 2010 audited consolidated financial statements and the related notes and MD&A, ii) the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2011 and the related notes and MD&A and iii) the Company's unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2011 and the related notes. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2010 annual MD&A: Corporate Strategy, Outlook, Transactions with Related Parties, Risk Factors, Critical Accounting Estimates and Adoption of New Accounting Standards, except for the adoption of the International Financial Reporting Standards.

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

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

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

Caution Regarding Forward Looking Statements

This MD&A includes forward-looking statements about easyhome Ltd. including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'intends', 'plans', 'believes' or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenue, earnings or growth rates), ongoing business strategies or prospects about future events is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us, due to, but not limited to important factors such as our ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to our customers at a competitive rate, cope with changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance our system of internal controls. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. We are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless otherwise required by law.

Overview of the Business

easyhome Ltd. ["easyhome" or the "Company"] is the largest merchandise leasing company in Canada and the third largest in North America with 261 store locations (including 43 franchised / licensed locations) as of September 30, 2011. easyhome leases, with or without an option to purchase, brand name furniture, appliances, home electronics and computers. The brands we offer include Ashley, Dynasty, Eztia furniture and Serta mattresses, Samsung and Whirlpool appliances, Sony, Samsung, LG and Toshiba home electronics as well as Dell, HP, Acer and Toshiba computers.

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

Beyond our merchandise leasing business and through easyfinancial Services ["easyfinancial"], we also offer our customers 6 to 36 month term loans, in the range of $500 to $5,000, and other financial services such as cheque cashing and prepaid cards. The services offered by easyfinancial bridge the gap between traditional financial institutions and payday lenders, providing a realistic alternative for many of our customers. easyfinancial commenced operations in 2006 and operates 80 locations in 9 provinces in Canada, including two stand-alone easyfinancial locations and one national loan office as of September 30, 2011.

Corporate Strategy

The Company's long-term business objectives have three key elements, in order of strategic impact, that are described in greater detail in the 2010 Annual MD&A:

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

Store Locations Summary

	Locations as at June 30, 2011	Locations opened / closed / converted during quarter	Locations as at September 30, 2011
Corporate Stores			
Leasing			
Canada	202	-	202
U.S.	15	1	16
Franchise Locations			
Canada	11	-	11
U.S.	26	2	28
SPE franchise locations (included in consolidated results)	4	-	4
Total Stores	258	3	261
easyfinancial			
Kiosks (in store)	72	5	77
Stand alone locations	1	1	2
Virtual kiosk	1	-	1
Total easyfinancial Locations	74	6	80

During the most recent quarter, the Company opened five easyfinancial kiosks at existing easyhome stores, and opened its second stand-alone location. Also during the quarter, one SPE franchise location ("SPE" franchise locations are franchise operations where control is achieved on a basis other than through ownership of a majority of voting rights and which are included in the Company's consolidated results) in the U.S. was converted to a corporate store while two additional U.S. franchise locations and one SPE franchise location were opened.

	Locations as at December 31, 2010	Locations opened / closed / converted during 2011	Locations as at September 30, 2011	Planned Openings for 2011
Corporate Stores				
Leasing				
Canada	203	(1)	202	1
U.S.	14	2	16	1
Franchise Locations				
Canada	10	1	11	-
U.S.	25	3	28	3
SPE franchise locations (included in consolidated results)	4	-	4	3
Total Stores	256	5	261	8
easyfinancial				
Kiosks (in store)	67	10	77	
Stand alone locations	-	2	2	
Virtual kiosk	1	-	1	
Total easyfinancial Locations	68	12	80	15 - 20

Year to date, the Company has opened 10 easyfinancial kiosks within easyhome stores and two stand-alone locations, while continuing to focus on enhancing its internal controls and processes to allow for sustainable growth. Additionally, the Company has opened three new U.S franchise locations and one SPE franchise location which is consolidated for financial statement purposes, one U.S. franchise location converted to a corporate store and one Canadian corporate store was converted into a franchise location.

The 2011 targets for store and easyfinancial location openings have been reduced to reflect revised capital plans. The achievement by the Company of the planned openings for 2011, as described above, is predicated on a number of factors, including availability of suitable real estate and availability of sufficient capital.

<u>Third quarter Highlights</u>

- The lease portfolio, as measured by potential monthly lease revenue, grew by $0.2 million in the quarter which is the Company's highest potential monthly lease revenue growth of any third quarter in recent history. This was a significant improvement from the declines in potential monthly lease revenue of $0.4 and $0.3 million experienced in the third quarters of 2009 and 2010, respectively. The positive result was obtained through an investment in advertising and other promotional activities designed to retain the customers during the challenging summer months. Although the increased advertising and other promotional activities negatively impacted the earnings of the leasing business in the quarter by a net $0.08 per share, these investments will position the business for success in the upcoming quarters and result in stronger future earnings.

- The continuing investment to improve our internal controls, processes and infrastructure are providing a platform for positive sustainable growth. These improvements, coupled with the increased capital secured through our recent bank refinancing and the December 2010 equity offering, will support the growth for all business units, in particular easyfinancial Services.

- During the first quarter of 2011, the Company completed its transition from Canadian generally accepted accounting principles ["CGAAP"] to IFRS. The Company's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2011, together with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2011, contain an analysis of this conversion, including the impacts on the previously reported fiscal periods that were originally reported under CGAAP.

- easyhome continued to show strong revenue increases during the third quarter of 2011. Revenue for the third quarter increased from $43.2 million in 2010 to $46.6 million in 2011, an increase of $3.3 million or 7.7% from the third quarter of 2010. The growth was driven by the expansion of easyfinancial and its loan portfolio. Revenue for easyfinancial increased by $3.2 million compared to the third quarter of 2010. Total revenue for the nine months ended September 30, 2011 also increased by 7.7% to $139.0 million compared to the same period last year. Same store revenue growth, which includes revenue growth from easyfinancial, was 5.1% and 6.5% for the three and nine months ended September 30, 2011, respectively. Excluding the impact of easyfinancial, same store revenue growth was (1.9%) and (0.5%) for the three and nine months ended September 30, 2011, respectively.

- The gross consumer loans receivable at September 30, 2011 was $42.7 million compared to $23.8 million at December 31, 2010 and $20.4 million at September 30, 2010. During the third quarter of 2011, the loan portfolio grew by $7.4 million or 20.8%. The easyfinancial network also expanded in the quarter, adding an additional six locations.

- Due to the impacts of the employee fraud discovered subsequent to the third quarter of 2010 and the refined methodology used for estimating the provision for consumer loans that occurred in the third quarter of 2010, a comparison of the reported bad debt expense for the third quarter of 2011 with the comparable period in the prior year is not useful. However, bad debt expense as a percentage of easyfinancial revenue for the third quarter of 2011 was 26.9% compared with 24.6% in the second quarter of 2011. The increase in this metric was driven by a slight rise in charge-offs experience during the most recent quarter and by the timing of the increase in the consumer loans receivable as the growth was skewed towards the end of the quarter.

- Operating expenses for the quarter excluding depreciation, amortization and non-recurring charges increased from $26.6 million for the third quarter of 2010 to $30.8 million for the third quarter of 2011, an increase of $4.2 million. The year-over-year growth of the easyfinancial kiosk network and the strengthening of its management team contributed $1.3 million to this increase. Costs related to the franchise locations which are consolidated for financial statement purposes, and which were not open in the comparable period of 2010, contributed $0.7 million of increased costs (although this was offset by higher revenue associated with these new start up stores). Advertising expenditures for the leasing business were increased by $0.8 million in the quarter to grow the lease portfolio in the quarter and position the leasing business for strong anticipated revenue performance in subsequent quarters. A significant portion of the remaining increase in operating costs related to the corporate office where the Company strengthened its management team, established an independent risk management function and addressed other gaps in its systems, processes and internal controls, which were necessary to position the business for long-term sustainable growth.

- Operating income decreased from $3.6 million in the third quarter of 2010 to $3.3 million in the third quarter of 2011. Revenue gains during the quarter were offset by additional costs necessary to strengthen the business units, as discussed above.

- Net income decreased from $2.4 million in the third quarter of 2010 to $1.9 million in the current quarter. Earnings per share for the quarter were $0.16 compared with $0.23 for the comparable period in the prior year. The advertising and promotional investments made in the current quarter to grow the lease portfolio, despite negative seasonal pressures, impacted net income by $0.9 million and earnings per share by $0.08. This investment is expected to result in stronger revenue and earnings in the fourth quarter and into 2012. Additionally, differences in the effective tax rate from 2010 to 2011 reduced the earnings per share for the third quarter of 2011 by $0.02 per share. Year to date net income of $7.0 million increased by $0.6 million over the same period in 2010. However, earnings per share declined by $0.02 due primarily to the dilutive effects of the December 2010 share issuance. Adjusted for unusual and non-recurring items, earnings per share for the first nine months of 2011 have decreased by $0.13 to $0.59 compared to the same period in 2010.

- The Company continued to generate strong cash flows during the quarter. Cash flows provided by operating activities for the three months ended September 30, 2011 were $10.5 million. Included in this $10.5 million is a net investment of $8.7 million to increase the easyfinancial loan portfolio. If this net investment in the easyfinancial loan portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $19.2 million; a significant increase over the $12.5 million generated during the third quarter of 2010. This cash flow enabled the Company to invest in the lease and loan portfolios to drive future growth, strengthen the management team and infrastructure to support sustainable growth and maintain its dividend for the quarter.

Outlook

The Company's outlook remains as described in its December 31, 2010 MD&A.

Key Performance Indicators and Non-IFRS Measures

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

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

Same Store Revenue Growth

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

	Three months ended		Nine months ended	
	Sept 30, 2011	**Sept 30, 2010[1]**	**Sept 30, 2011**	**Sept 30, 2010[1]**
Same store revenue growth	**5.1%**	4.9%	**6.5%**	1.9%
Same store revenue growth excluding easyfinancial	**(1.9%)**	(3.0%)	**(0.5%)**	(3.9%)

[1]2010 same store revenue growth is based on Canadian GAAP.

Potential Monthly Lease Revenue

Potential monthly lease revenue reflects the revenue that our portfolio of leased merchandise would generate in a month providing we collected all lease payments due in that period. Our growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of our leased items. We believe that our potential monthly lease revenue is an important indicator of how revenue will change in future periods.

	Three months ended		Nine months ended	
($ in 000's)	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
Potential monthly lease revenue	**11,354**	10,996	**11,354**	10,996
Change in potential monthly lease revenue	244	(330)	(246)	(692)

Gross Consumer Loans Receivable

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

	Three months ended		Nine months ended	
($ in 000's)	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
Gross consumer loans receivable	**42,684**	20,357	**42,684**	20,357
Growth in gross consumer loans receivable during period	**7,364**	3,015	**18,884**	11,106

Bad Debt Expense as Percentage of easyfinancial Revenue

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

	Three months ended		Nine months ended	
	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
Bad debt expense as a percentage of easyfinancial revenue	**26.9%**	**57.2%**	**25.5%**	41.7%
Bad debt expense as a percentage of easyfinancial revenue (adjusted)[1]	**26.9%**	44.5%	**25.5%**	29.0%

[1]Adjusted for the impact of the employee fraud discovered in October 2010

Adjusted Operating Earnings, Adjusted Earnings, Adjusted Earnings Per Share

At various times, our operating income, net income and earnings per share may be affected by unusual items which have occurred in the period and which impact the comparability of these measures with other periods. Items are considered unusual if they are outside of the normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. We define i) adjusted operating earnings as operating income excluding such unusual and non-recurring items, ii) adjusted earnings as net income excluding such items and iii) adjusted earnings per share as earnings per share excluding such items. We believe that adjusted operating earnings, adjusted earnings and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items which can be used to adjust operating income, net income and earnings per share for the three and nine months ended September 30, 2011 and 2010 include those indicated in the chart below:

($ in 000's except earnings per share)	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010
Operating income as stated	**3,348**	3,629	**11,067**	10,264
Restructuring charge included in operating expenses [1]	**-**	-	**-**	641
Additional bad debts expense due to the employee fraud [2]	**-**	412	**-**	902
Net unusual items	**-**	412	**-**	1,543
Adjusted operating earnings	**3,348**	4,041	**11,067**	11,807
Net income as stated	**1,900**	2,447	**6,996**	6,438
Restructuring charge included in operating expenses [1]	**-**	-	**-**	641
Additional bad debts expense due to the employee fraud [2]	**-**	412	**-**	902
Tax impact of above items	**-**	(122)	**-**	(460)
Net unusual items	**-**	290	**-**	1,083
Adjusted earnings	**1,900**	2,737	**6,996**	7,521
Weighted average number of dilutive earnings per common share	**11,962**	**10,506**	**11,938**	**10,486**
Earnings per share as stated	**0.16**	0.23	**0.59**	0.62
Per share impact of unusual items	**-**	0.03	**-**	0.10
Adjusted earnings per share	**0.16**	0.26	**0.59**	0.72

[1] During the third quarter of 2009, the Company initiated a reorganization of its administrative facilities and certain functions. This restructuring was completed on September 30, 2010 and consolidated all administrative functions into one central location to promote efficient and effective activities. The cost of this restructuring was $2.6 million.

[2] In October 2010, the Company discovered an employee fraud.

Operating Expenses Before Depreciation and Amortization

We define operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. We believe that operating expenses before depreciation and amortization are an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods. Items which can be used to adjust operating expenses before depreciation and amortization for the three and nine months ended September 30, 2011 and 2010 include those indicated in the chart below:

($ in 000's except percentages)	Three months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Operating expenses before depreciation and amortization	**30,823**	**30,823**	26,628	26,628
Restructuring charges included in operating expenses	**-**	**-**	**-**	-
Additional bad debts expense due to the employee fraud	**-**	**-**	**-**	(412)
Net unusual items	**-**	**-**	-	(412)
Operating expenses before depreciation and amortization	**30,823**	**30,823**	26,628	26,216
Divided by revenue	**46,566**	**46,566**	43,236	43,236
Operating expenses before depreciation and amortization as % of revenue	**66.2%**	**66.2%**	61.6%	60.6%

($ in 000's except percentages)	Nine months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Operating expenses before depreciation and amortization	**89,829**	**89,829**	78,632	78,632
Restructuring charges included in operating expenses	**-**	**-**	**-**	(641)
Additional bad debts expense due to the employee fraud	**-**	**-**	**-**	(902)
Net unusual items	**-**	**-**	-	(1,543)
Operating expenses before depreciation and amortization	**89,829**	**89,829**	78,632	77,089
Divided by revenue	**139,033**	**139,033**	129,125	129,125
Operating expenses before depreciation and amortization as % of revenue	**64.6%**	**64.6%**	60.9%	59.7%

Operating Margin

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

($ in 000's except percentages)	Three months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Operating income	**3,348**	**3,348**	**3,629**	**3,629**
Restructuring charges included in operating expenses	**-**	**-**	-	-
Additional bad debts expense due to the employee fraud	**-**	**-**	-	412
Net unusual items	**-**	**-**	-	412
Operating income	**3,348**	**3,348**	**3,629**	4,041
Divided by revenue	**46,566**	**46,566**	43,236	43,236
Operating margin	**7.2%**	**7.2%**	8.4%	9.3%

($ in 000's except percentages)	Nine months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Operating income	**11,067**	**11,067**	10,264	10,264
Restructuring charges included in operating expenses	**-**	**-**	-	641
Additional bad debts expense due to the employee fraud	**-**	**-**	-	902
Net unusual items	**-**	**-**	-	1,543
Operating income	**11,067**	**11,067**	10,264	11,807
Divided by revenue	**139,033**	**139,033**	129,125	129,125
Operating margin	**8.0%**	**8.0%**	7.9%	9.1%

Return on Equity

We define return on equity as annualized net income in the period divided by average shareholders' equity for the period. We believe return on equity is an important measure of how shareholders' invested capital is utilized in the business.

($ in 000's except multiples and percentages)	Three months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Net income for the period	**1,900**	**1,900**	2,447	2,447
Restructuring charges included in operating expenses	**-**	**-**	-	-
Additional bad debts expense due to the employee fraud	**-**	**-**	-	412
Tax impact of above items				(122)
Net unusual items	**-**	**-**	-	290
Net income for the period	**1,900**	**1,900**	2,447	2,737
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**96,015**	**96,015**	82,015	82,015
Return on equity	**7.9%**	**7.9%**	**11.9%**	13.3%

($ in 000's except multiples and percentages)	Nine months ended			
	Sept 30, 2011	Sept 30, 2011 (adjusted)	Sept 30, 2010	Sept 30, 2010 (adjusted)
Net income for the period	**6,996**	**6,996**	6,438	6,438
Restructuring charges included in operating expenses	**-**	**-**	-	641
Additional bad debts expense due to the employee fraud	**-**	**-**	-	902
Tax impact of above items				(460)
Net unusual items	**-**	**-**	-	1,083
Net income for the period	**6,996**	**6,996**	6,438	7,521
Multiplied by number of periods in year	**X 4/3**	**X 4/3**	X 4/3	X 4/3
Divided by average shareholders' equity for the period	**94,574**	**94,574**	**80,601**	**80,601**
Return on equity	**9.9%**	**9.9%**	**10.6%**	12.4%

Results of Operations for the Nine months Ended September 30, 2011 Compared to the Nine months Ended September 30, 2010

Summary Financial Results

($ in 000's except earnings per share and percentages)	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Variance $ / # / %	Variance % change
Revenue				
Lease revenue	**119,198**	119,525	(327)	(0.3%)
Interest income	**10,681**	3,948	6,733	170.5%
Other	**9,154**	5,652	3,502	62.0%
	139,033	129,125	9,908	7.7%
Operating expenses before depreciation and amortization				
Salaries and benefits	**45,129**	39,595	5,534	14.0%
Advertising and promotion	**5,214**	3,682	1,532	41.6%
Bad debts	**4,243**	2,964	1,279	43.2%
Occupancy	**18,819**	18,296	523	2.9%
Distribution and travel	**5,932**	4,735	1,197	25.3%
Other	**10,492**	8,719	1,773	20.3%
Restructuring charge	**-**	641	(641)	(100.0%)
	89,829	78,632	11,197	14.2%
Depreciation and amortization expense	**38,137**	40,229	(2,092)	(5.2%)
Operating income	**11,067**	10,264	803	7.8%
Interest expense	**1,056**	853	203	23.8%
Net income for the period	**6,996**	6,438	558	8.7%
Diluted earnings per share	**0.59**	0.61	(0.02)	(3.3%)
Key Performance Indicators				
Adjusted earnings	**6,996**	7,521	(525)	(7.0%)
Diluted EPS (adjusted)	**0.59**	0.72	(0.13)	(18.1%)
Operating margin (adjusted)	**8.0%**	9.1%	(1.1%)	-
Return on equity (adjusted)	**9.9%**	12.4%	(2.5%)	-
Key Performance Indicators (Period End)				
Potential monthly lease revenue	**11,354**	10,996	358	3.3%
Gross customer loan receivable	**42,684**	20,357	22,327	109.7%
Number of stores opened (corporate & franchise)	**7**	8	(1)	-
Number of kiosks opening in year	**12**	29	(17)	-
Corporate store count	**218**	218	-	-
Franchise store count (including SPE franchise locations)	**43**	30	13	-
Total store count	**261**	248	13	-
easyfinancial kiosks	**80**	59	21	-
Same store revenue growth	**6.5%**	1.9%	(4.6%)	-

Revenue

Revenue for the nine months ended September 30, 2011 was $139.0 million compared to $129.1 million in the comparable period in 2010, an increase of $9.9 million or 7.7%.

Lease revenue for the nine month period ended September 30, 2011 decreased to $119.2 million from $119.5 million last year; a decline of $0.3 million. Revenue declines in the Canadian corporate stores were offset by the growth of the four SPE franchise locations, which are consolidated for financial statement purposes, and most of which were opened in the fourth quarter of 2010. Potential monthly lease revenue as at September 30, 2011 increased by $0.4 million compared with September 30, 2010, although most of the growth in the third quarter of 2011 occurred right at the end of the quarter. On a year to date basis, potential monthly lease revenue has decreased by $0.2 million in 2011 compared to a decline of $0.7 million during the same period in 2010. The total number of leasing agreements grew by 4.6% year over year while the total number of leasing customers increased by 1.0%. However, the average revenue per agreement declined by 1.8% driven by discounting and promotional activity.

Interest income for the year increased to $10.7 million compared with $3.9 million for the same period last year, an increase of $6.7 million. The increase was due to the growth in the consumer loan portfolio which increased to $42.7 million as at September 30, 2011 from $20.4 million as at September 30, 2010.

Other revenue includes revenue generated on customer protection programs, franchise revenue and sundry revenue associated with the easyfinancial business. Other revenue increased to $9.2 million for the nine months ended compared with $5.7 million for the same period last year, an increase of $3.5 million or 62.0%. The bulk of the increase related to the customer protection program associated with the easyfinancial business and is related to the growth in the loan portfolio.

Operating Expenses Before Depreciation and Amortization

Operating expenses before depreciation and amortization increased to $89.8 million for the nine months ended September 30, 2011, an increase of $11.2 million or 14.2% from the comparable period in 2010. Operating expenses before depreciation and amortization represented 64.6% of revenue for the period compared with 60.9% last year.

The $11.2 million increase in operating expenses before depreciation and amortization is attributable to the following:

Salaries and Benefits

Salaries and benefits were $45.1 million for the nine months ended September 30, 2011 compared to $39.6 million for nine months ended September 30, 2010, an increase of $5.5 million or 14.0%. The growth of easyfinancial contributed $2.5 million of this increase. In late 2010, the Company increased the size and capability of the easyfinancial management team to provide greater support and experience to the easyfinancial business. The number of easyfinancial locations also increased significantly throughout 2011. easyfinancial location count as at September 30, 2011 was 80 compared with 59 from the same point a year ago driving a larger headcount. $0.9 million of the increase related to the four SPE franchise locations; most of which were opened in late 2010, which are consolidated for financial statements purposes. $1.2 million of the increase related to higher corporate employee costs. During the first half of 2011, the Company significantly strengthened its management team to position the business for future sustainable growth. The balance of the increase related to higher operating costs at corporate stores.

Advertising and promotion

Advertising and promotion was $5.2 million for the nine months ended September 30, 2011 compared to $3.7 million for same period last year, an increase of $1.5 million or 41.6%. The increased advertising was largely targeted at the leasing business, particularly in the third quarter, and resulted in a significant improvement in the lease portfolios as discussed above.

Bad Debts

Bad debt expense for the nine months ended September 30, 2011 was $4.2 million compared with $3.0 million in the same period last year. However, the prior year included amounts related to the employee fraud. Excluding these items, bad debt was $2.1 million in the prior period. The increase was due to the larger loan book and, somewhat offset by, the refinement of the methodology used for estimating the provision for consumer loans that occurred in the third quarter of 2010.

Bad debt expense in the period expressed as a percentage of easyfinancial revenue was 25.5%; an increase over the 41.7% reported in the same period of 2010. Excluding the impact of the employee fraud, bad debt expense in the nine months ending September 30, 2010 was 29.0%. This metric in the prior year was impacted by the refinement of the methodology used for estimating the provision for consumer loans.

Occupancy

Occupancy cost was $18.8 million for the nine months ended September 30, 2011 compared with $18.3 million last year, an increase of $0.5 million or 2.9%. This increase related primarily to the SPE franchise locations which were not open in the comparable period in 2010.

Distribution & Travel

Distribution costs were $5.9 million for the nine months ended September 30, 2011 compared with $4.7 million last year, an increase of $1.2 million or 25.3%. The increase was due to higher vehicle fuel costs and travel during the period. Higher travel costs were driven in part by training the additional staff required in the easyfinancial business.

Other

Other general and administrative expenses were $10.5 million for the nine months ended September 30, 2011 compared to $8.7 million for the same period in 2010, an increase of $1.8 million or 20.3%. $0.9 million of this increase related to the increased size of the easyfinancial business while the balance related primarily to higher corporate administrative costs, particularly professional fees, information technology and training costs. These increased corporate costs were driven by training requirements for the growing easyfinancial work force as well as enhancing internal controls and business to support sustained future growth.

Restructuring charges

Restructuring charges of $0.6 million were incurred in the nine months ended September 30, 2010. No such expenditures were incurred during 2011.

Depreciation and Amortization

Depreciation and amortization for the nine months ended September 30, 2011 was $38.1 million compared to $40.2 million for the same period in 2010, a decrease of $2.1 million or 5.2%. The main drivers of this decrease were lower lease asset amortization and the recovery of previously impaired stores. Under IFRS, individual stores or Cash Generating Units ["CGUs"] are tested for impairment on each reporting period when indicators of impairment exist. If the store is deemed impaired certain assets are written down. Conversely, if the performance of the store or cash generating unit improves then the impairment write down may be reversed. During the nine months ended September 30, 2010, additional stores or CGUs were deemed to be impaired resulting in a charge of $0.9 million. During the nine months ended September 30, 2011, the performance of a number of stores had improved thereby allowing the recovery or reversal of previous write downs of $0.2 million.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the nine months ended September 30, 2011 was $11.1 million compared to $10.3 million for the nine months ended September 30, 2010, an increase of $0.8 million or 7.8%. Revenue increases of $9.9 million and a $2.1 million reduction in depreciation and amortization expenses were largely offset by higher operating expenses which increased by $11.2 million. Operating income as a percentage of revenue for the nine months ended September 30, 2011 and September 30, 2010 was 8.0% and 7.9%, respectively.

Excluding the non-recurring charges, adjusted operating income for the nine months ended September 30, 2010 was $11.8 million or 9.1% of revenue compared to $11.1 million or 8.0% of revenue for the current year to date period. There were no significant non-recurring charges in the current period.

Interest Expense

Interest expense for the nine months ended September 30, 2011 was $1.1 million, up $0.2 million from the same period in 2010. The increase related to the higher average debt levels during the year and the increased cost of borrowing in the third quarter of 2011 under the new credit facility.

Income Tax Expense

The effective income tax rate for the nine months ended September 30, 2011 was 30.1% compared to 31.6% in 2010. The effective tax rate has declined due to reductions in the statutory income tax rates in jurisdictions where the Company operates.

Additionally, earnings at the Company's U.S. operations have improved, further reducing the effective income tax rate. No tax benefit has been recorded for the losses by the Company's U.S. operations. Finally, the income tax expense for the nine month periods ended September 30, 2011 and September 30, 2010 were reduced by $0.2 million and $0.4 million, respectively, as a result of the finalization of tax amounts previously accounted for using estimates, including a reclassification of timing differences between current and deferred taxes.

Net Income and EPS

Net income for the nine months ended September 30, 2011 was $7.0 million ($0.59 diluted earnings per share) compared to $6.4 million ($0.61 diluted earnings per share) in the comparable period last year. Diluted earnings per share declined by $0.02 as the higher level of earnings was offset by the added dilution of shares issued late in 2010.

Adjusted earnings for the nine months ended September 30, 2010 was $7.5 million ($0.72 per share). No significant non recurring amounts were normalized in the current year to date period.

Segmented Revenue and Operating Income (Loss)

We have provided segmented reporting information for the nine months ended September 30, 2011 and 2010 in the MD&A as we believe it provides meaningful analysis of our operating segments; leasing, easyfinancial and franchising as well as the unallocated costs of our corporate office.

Nine months ended September 30, 2011 ($ in 000's)	**Leasing**	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	121,477	16,632	924	-	**139,033**
Total operating expenses before amortization and unusual items	65,163	12,604	390	11,672	**89,829**
Restructuring charges	-	-	-	-	**-**
Depreciation and amortization	37,475	244	60	358	**38,137**
Operating income (loss)	18,839	3,784	474	(12,030)	**11,067**
Interest expense	-	-	-	1,056	1,056
Income (loss) before income taxes	18,839	3,784	474	(13,086)	**10,011**

Nine months Ended September 30, 2010 ($ in 000's)	**Leasing**	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	121,358	7,100	667	-	**129,125**
Total operating expenses before amortization and unusual items	61,475	7,134	313	9,069	**77,991**
Restructuring charges	-	-	-	641	**641**
Depreciation and amortization	39,812	133	1	283	**40,229**
Operating income (loss)	20,071	(167)	353	(9,993)	**10,264**
Interest expense	-	-	-	853	**853**
Income (loss) before income taxes	20,071	(167)	353	(10,846)	**9,411**

Leasing

Revenue for the nine months ended September 30, 2011 was $121.5 million, an increase of $0.1 million from the comparable period last year. Revenue declines in the Canadian corporate stores were offset by the growth of the four SPE franchise locations which are consolidated for financial statement purposes; most of these stores were opened in the fourth quarter of 2010. Potential monthly lease revenue as at September 30, 2011 increased by $0.4 million compared with September 30, 2010, although most of the growth in the third quarter of 2011 occurred right at the end of the quarter. On a year to date basis, potential monthly lease revenue has decreased by $0.2 million in 2011 compared to a decline of $0.7 million during the same period in 2010.

Operating income for the nine month period ended September 30, 2011 was $18.8 million compared with $20.1 million for the same period last year; a decrease of $1.2 million or 6.1%. While revenue improved slightly, operating expenses before amortization and unusual items increased by $3.7 million driven by a $1.2 million increase in advertising spend during the year, $1.8 million in costs associated with the SPE franchise locations which were not opened during the prior period of 2010 and higher operating costs at the corporately owned stores. The increased advertising, particularly in the third quarter, was designed to, and resulted in, a significant improvement in the lease portfolios as discussed above.

Depreciation and amortization decreased by $2.3 million due to lower lease asset amortization and the recovery of impaired stores.

Operating margin for the current year to date period was 15.5% compared with 16.5% during the same period last year.

easyfinancial

Revenue for the nine month period ended September 30, 2011 was $16.6 million compared with $7.1 million for the same period last year, an increase of $9.5 million. The increase was related to the growth of the consumer loans receivable portfolio, which increased from $20.4 million as at September 30, 2010 to $42.7 million as at September 30, 2011.

Operating income for the nine month period ended September 30, 2011 was $3.8 million compared with an operating loss of $0.2 million for the same period last year, an increase of $4.0 million. The $9.5 million growth in revenue was offset by a $5.6 million increase in operating expenses. Operating expenses, excluding bad debt, increased by $4.2 million driven by the growth of the easyfinancial network which increased from 59 locations as at September 30, 2010 to 80 locations as at September 30, 2011 and the enhancements to the easyfinancial management team. Bad debt expense increased to $4.2 million from $3.0 million in the same period last year. However, the prior year included amounts related to the employee fraud. Excluding these items bad debt was $2.1 million in the prior period. The increase in bad debt expense was driven by the increase in the size of the loan book and the refined methodology used for estimating the provision for consumer loans which was adopted in the third quarter of 2010 and used for all subsequent quarters.

Operating margin for the current quarter was 22.7% compared with (2.3%) during the same period last year (3.4% in 2010 after adjusting for the impact of the employee fraud).

Franchising

The increase in revenue and operating income associated with franchising for the nine months ended September 30, 2011 compared with the same period last year was largely related to the increased number of franchise locations. The Company had 30 franchise locations as at September 30, 2010 compared with 43 as at September 30, 2011.

Corporate

Operating expenses excluding amortization and unusual items for the nine months ended September 30, 2011 were $11.7 million compared with $9.1 million for the same period last year, an increase of $2.6 million. Salaries and benefits increased by $1.2 million as the Company strengthened its management team, particularly in the area of risk management and financial controls, to position the business for long-term sustainable growth. Other costs increased by $1.4 million over the prior year due to an increase in information technology costs, professional fees and training expenditures at the corporate office that were incurred to enhance internal controls and business processes.

Results of Operations for the Three Months Ended September 30, 2011 Compared to the Three Months Ended September 30, 2010

Summary Financial Results

($ in 000's except earnings per share and percentages)	**Three months ended September 30, 2011**	**Three months ended September 30, 2010**	**Variance $ / # / %**	**Variance % change**
Revenue				
Lease revenue	**39,040**	39,159	(119)	(0.3%)
Interest income	**4,369**	1,755	2,614	149.0%
Other	**3,157**	2,322	835	36.0%
	46,566	43,236	3,330	7.7%
Operating expenses before depreciation and amortization				
Salaries and benefits	**15,304**	13,045	2,259	17.3%
Advertising and promotion	**1,748**	929	819	88.2%
Bad debts	**1,729**	1,854	(125)	(6.7%)
Occupancy	**6,145**	6,151	(6)	(0.1%)
Distribution and travel	**1,993**	1,472	521	35.4%
Other	**3,904**	3,177	727	22.9%
Restructuring charge	**-**	-	-	-
	30,823	26,628	4,195	15.8%
Depreciation and amortization expense	**12,395**	12,979	(584)	(4.5%)
Operating income	**3,348**	3,629	(281)	(7.7%)
Interest expense	**423**	304	119	39.1%
Net income for the period	**1,900**	2,447	(547)	(22.4%)
Diluted earnings per share	**0.16**	0.23	(0.07)	(30.4%)
Key Performance Indicators				
Adjusted earnings	**1,900**	2,737	(837)	(30.6%)
Diluted EPS (adjusted)	**0.16**	0.26	(0.10)	-
Operating margin (adjusted)	**7.2%**	9.3%	(2.1%)	-
Return on equity (adjusted)	**7.9%**	13.3%	(5.4%)	-
Key Performance Indicators (Quarter End)				
Potential monthly lease revenue	**11,354**	10,996	358	3.3%
Gross customer loan receivable	**42,684**	20,357	22,327	109.7%
Number of stores opened in quarter (corporate & franchise)	**4**	1	3	-
Number of kiosks opening in quarter	**6**	5	1	-
Corporate store count	**218**	218	-	-
Franchise store count (including SPE franchise locations)	**43**	30	13	-
Total store count	**261**	248	13	-
easyfinancial kiosks	**80**	59	22	-
Same store revenue growth	**5.1%**	4.9%	(0.2%)	-

Revenue

Revenue for the three months ended September 30, 2011 was $46.6 million compared to $43.2 million in the comparable period in 2010, an increase of $3.3 million or 7.7%.

Lease revenue for the quarter decreased slightly to $39.0 million from $39.2 million for the same period last year, a decline of $0.1 million or 0.3%. Revenue declines in the Canadian corporate stores were offset by the growth of the four SPE franchise locations, which are consolidated for financial statement purposes, and which opened in the fourth quarter of 2010. Potential monthly lease revenue as at September 30, 2011 increased by $0.4 million compared with September 30, 2010, although most of the growth in the third quarter of 2011 occurred right at the end of the quarter. Seasonally, the third quarter has traditionally been challenging. However, during the third quarter of 2011, the Company increased potential monthly lease revenue by $0.2 million compared with declines of $0.4 and $0.3 million in the third quarter of 2009 and 2010, respectively. This marked the Company's highest potential monthly lease revenue growth of any third quarter in recent history. The total number of leasing agreements grew by 4.6% year over year while the total number of leasing customers increased by 1.0%. However, the average revenue per agreement declined by 1.8%.

Interest income for the quarter increased to $4.4 million compared with $1.8 million for the same period last year, an increase $2.6 million or 149%. The increase was due to the growth in the consumer loan portfolio which increased to $42.7 million as at September 30, 2011 from $20.4 million as at September 30, 2010.

Other revenue includes revenue generated on customer protection programs, franchise revenue and sundry revenue associated with the easyfinancial business. Other revenue increased to $3.2 million for the quarter compared with $2.3 million for the same period last year, an increase of $0.8 million or 36.0%. The bulk of the increase related to the customer protection program associated with the easyfinancial business and is related to the growth in the loan portfolio.

Operating Expenses Before Depreciation and Amortization

Operating expenses before amortization increased to $30.8 million in the quarter from $26.6 million for the same period last year, an increase of $4.2 million or 15.8%. Operating expenses before amortization represented 66.2% of revenue for the quarter compared with 61.6% for the same period last year.

The $4.2 million increase in operating expenses before amortization is attributable to the following:

Salaries and Benefits

Salaries and benefits were $15.3 million for the three months ended September 30, 2011 compared to $13.0 million for the three months ended September 30, 2010, an increase of $2.3 million or 17.3%. The growth of easyfinancial contributed to $0.8 million of this increase. In late 2010, the Company increased the size and capability of the easyfinancial management team to provide greater support and experience to our easyfinancial business. The number of easyfinancial locations also increased significantly compared with 2010. easyfinancial location count as at September 30, 2011 was 80 compared with 59 from the same point a year ago driving a greater headcount. $0.3 million of the increase related to the four SPE franchise locations, opened in late 2010, which are consolidated for financial statements purposes while the remaining increase relates to the corporate office. The Company has been strengthening its management team, particularly in the area of risk management and financial controls, to position the business for long-term sustainable growth.

Advertising and promotion

Advertising and promotion was $1.7 million for the three months ended September 30, 2011 compared to $0.9 million for the three months ended September 30, 2010, an increase of $0.8 million or 88.2%. During the quarter significant additional spend was incurred to grow the lease portfolio in the third quarter and position the leasing business for strong revenue performance in subsequent quarters. The results of this investment in the third quarter were positive with the lease portfolio, as measured by potential monthly lease revenue, growing by $0.2 million compared with declines of $0.4 and $0.3 million in the third quarter of 2009 and 2010, respectively.

Bad Debts

Bad debt expense was $1.7 million in the third quarter of 2011 compared to $1.9 million in the third quarter of 2010. However, the 2010 bad debt expense included amounts related to the employee fraud. Excluding the impact of the employee fraud, bad debt expense was $1.5 million in the third quarter of 2010. The increase related to the larger loan book in the current quarter and the refinement of the methodology used for estimating the provision for consumer loans that occurred in the third quarter of 2010.

Due to the impacts of employee fraud discovered subsequent to the third quarter of 2010 and the refined methodology used for estimating the provision for consumer loans that occurred in the third quarter of 2010, a comparison of the reported bad debt expense for the third quarter of 2011 with the comparable period in the prior year is not useful. However, bad debt expense as a percentage of easyfinancial revenue for the third quarter of 2011 was 26.9% compared with 24.6% in the second quarter of 2011. The increase in this metric was driven by a slight rise in charge-offs experience during the most recent quarter and by the timing of the increase in the consumer loans receivable as the growth was skewed towards the end of the quarter.

Distribution & Travel

Distribution costs were $2.0 million for the three months ended September 30, 2011 compared to $1.5 million for the three months ended September 30, 2010, an increase of $0.5 million or 35.4%. The increase was due to higher vehicle fuel costs and travel during the quarter. Higher travel costs were driven in part by training the additional staff required in the easyfinancial business.

Other

Other general and administrative expenses were $3.9 million for the three months ended September 30, 2011 compared to $3.2 million for the comparable period in 2010, an increase of $0.7 million or 22.9%. Most of this increase related to the increased size of the easyfinancial business and the associated administrative requirements.

Depreciation and Amortization

Depreciation and amortization of lease assets, property and equipment and intangible assets for the three months ended September 30, 2011 was $12.4 million compared to $13.0 million for the three months ended September 30, 2010, a decrease of $0.6 million or 4.5%. This decline is due to lower lease asset amortization and the impairment recovery which occurred in the current quarter. Under IFRS, individual stores or CGUs are tested for impairment on each reporting period when indicators of impairment exist. If the store is deemed impaired certain assets are written down. Conversely, if the performance of the store or cash generating unit improves then the impairment write down may be reversed. During the current quarter the performance of a number of stores had improved thereby allowing the recovery or reversal of previous write downs of $0.2 million.

Operating Income (Income before Interest Expense and Income Taxes)

Operating income for the three months ended September 30, 2011 was $3.3 million compared to $3.6 million for the three months ended September 30, 2010, a decrease of $0.3 million or 7.7%.

Revenue increases of $3.3 million and a reduction in depreciation and amortization of $0.6 million were more than offset by a $4.2 million increase in operating expenses before depreciation and amortization. Operating income as a percentage of revenue for the three months ended September 30, 2011 and September 30, 2010 was 7.2% and 8.4%, respectively.

Excluding the non-recurring charges, adjusted operating income for the three months ended September 30, 2010 was $4.0 million or 9.3% of revenue compared to $3.3 million or 7.2% of revenue for the most recent quarter. There were no significant non-recurring charges in the current quarter.

Interest Expense

Interest expense for the three months ended September 30, 2011 was $0.4 million; up $0.1 million from the third quarter of 2010. The increase related to the increased cost of borrowing in the third quarter of 2011 under the new credit facility.

Income Tax Expense

The effective income tax rate for the three months ended September 30, 2011 was 35.0% compared to 26.4% in 2010. The increase in the effective tax rate was driven by increased losses in the U.S. business in the current quarter compared with the prior year which are not deductible for the calculation of current income tax expense and the benefit of which is not included as a reduction of the deferred tax expense.

Net Income and EPS

Net income for the three months ended September 30, 2011 was $1.9 million ($0.16 per share) compared to $2.4 million ($0.23 per share) in the comparable period last year.

Adjusted earnings for the three months ended September 30, 2010 was $2.7 million ($0.26 per share). No significant non recurring amounts were normalized in the current quarter.

Segmented Revenue and Operating Income (Loss)

We have provided segmented reporting information for the three months ended September 30, 2011 and 2010 in the MD&A as we believe it provides meaningful analysis of our operating segments; leasing, easyfinancial and franchising as well as the unallocated costs of our corporate office.

Three months ended September 30, 2011 ($ in 000's)	**Leasing**	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	39,784	6,438	344	-	**46,566**
Total operating expenses before amortization and unusual items	22,018	4,921	174	3,710	**30,823**
Depreciation and amortization	12,159	90	17	129	**12,395**
Operating income (loss)	5,607	1,427	153	(3,839)	**3,348**
Interest expense	-	-	-	423	**423**
Income (loss) before income taxes	5,607	1,427	153	(4,262)	**2,925**

Three months ended September 30, 2010 ($ in 000's)	**Leasing**	**easyfinancial**	**Franchising**	**Corporate**	**Total**
Revenue	39,795	3,243	198	-	**43,236**
Total operating expenses before amortization and unusual items	20,009	3,581	79	2,960	**26,628**
Depreciation and amortization	12,827	56	-	96	**12,979**
Operating income (loss)	6,960	(394)	119	(3,056)	**3,629**
Interest expense	-	-	-	304	**304**
Income (loss) before income taxes	6,960	(394)	119	(3,360)	**3,325**

Leasing

Revenue for the three months ended September 30, 2011 was $39.8 million, consistent with the comparable period last year. Revenue declines in the Canadian corporate stores were offset by the growth of the SPE franchise locations which are consolidated for financial statement purposes; most of these stores were opened in the fourth quarter of 2010. Potential monthly lease revenue as at September 30, 2011 increased by $0.4 million compared with September 30, 2010, although most of the growth in the third quarter of 2011 occurred right at the end of the quarter. Seasonally, the third quarter has traditionally been challenging. However, during the third quarter of 2011 the Company increased potential monthly lease revenue by $0.2 million compared with declines of $0.4 and $0.3 million in the third quarter of 2009 and 2010, respectively. This marked the Company's highest potential monthly lease revenue growth of any third quarter in recent history.

Operating income for the three month period ended September 30, 2011 was $5.6 million compared with $7.0 million for the same period last year; a decrease of $1.4 million or 19.4%. While revenue was flat, operating expenses before amortization and unusual items increased by $2.0 million driven by i) significantly higher advertising spend in the third quarter designed to increase the size of the lease asset portfolio and to improved performance in subsequent quarters, ii) the costs of the consolidated franchise locations and iii) higher operating costs in the corporate owned stores. Depreciation and amortization decreased due to lower lease asset amortization and the recovery of impaired stores.

Operating margin for the current quarter was 14.1% compared with 17.5% during the same quarter last year.

easyfinancial

Revenue for the three month period ended September 30, 2011 was $6.4 million compared with $3.2 million for the same period last year, an increase of $3.2 million. The increase was related to the consumer loans receivable portfolio which increased from $20.4 million as at September 30, 2010 to $42.7 million as at September 30, 2011.

Operating income for the three months period ended September 30, 2011 was $1.4 million compared with an operating loss of $0.4 million for the same period last year, an increase of $1.8 million. The $3.2 million growth in revenue was offset by a $1.4 million increase in operating expenses. Operating expenses, excluding bad debt, increased by $1.3 million, driven by the growth of the easyfinancial network which increased from 59 locations as at September 30, 2010 to 80 locations as at September 30, 2011 and the enhancements to the easyfinancial management team. Bad debt expense in the third quarter of 2010 was $1.9 million. However, this included amounts related to the employee fraud. Excluding these items, bad debt was $1.5 million compared with $1.7 million in the current quarter.

Operating margin for the current quarter was 22.2% compared with (12.1%) during the same quarter last year.

Franchising

The increase in revenue and operating income associated with franchising for the three months ended September 30, 2011 compared with the same period last year was largely related to the increased number of franchise locations. The Company had 30 franchise locations as at September 30, 2010 compared with 43 as at September 30, 2011.

Corporate

Operating expenses, excluding amortization and unusual items for the three months ended September 30, 2011, were $3.7 million compared with $3.0 million for the same period last year, an increase of $0.7 million. Salaries and benefits and other costs increased as the Company strengthened its management team, particularly in the area of risk management and financial controls, to position the business for long-term sustainable growth and addressed risks and gaps identified by the employee fraud investigation. Corporate costs represented 8.2% of revenue for the quarter compared with 7.1% in the prior year.

Selected Quarterly Information

($ in millions except per share amounts)	Sept. 2011	Jun. 2011	Mar. 2011	Dec. 2010	Sept. 2010	Jun. 2010	Mar. 2010	Dec. 2009
Accounting basis[2]	**IFRS**	**IFRS**	IFRS	IFRS	IFRS	IFRS	IFRS	CGAAP
Revenue	**46.6**	**46.3**	46.2	45.1	43.2	42.9	43.0	43.3
Net Income (loss) for the period	**1.9**	**2.7**	2.4	(0.3)	2.5	2.0	2.0	0.9
Net income (loss) as a percentage of revenue	**4.1%**	**5.8%**	5.2%	(0.8%)	5.7%	4.6%	4.6%	2.1%
Earnings (loss) per share[1]								
Basic	**0.16**	**0.23**	0.20	(0.03)	0.23	0.19	0.19	0.09
Diluted	**0.16**	**0.23**	0.20	(0.03)	0.23	0.19	0.19	0.09

[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.
[2] The Company transitioned to IFRS effective January 1, 2010. Financial results subsequent to this point are presented in accordance with IFRS. Financial results prior to the transition date continue to be presented under CGAAP

Liquidity and Capital Resources

The Company continued to generate strong cash flows for the nine months ended September 30, 2011. Cash flows provided by operating activities for the nine months ended September 30, 2011 were $26.4 million. Included in this $26.4 million is a net investment of $22.9 million to increase the easyfinancial loan portfolio. If this net investment in the easyfinancial loan portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $49.3 million. This represents a decline of $1.1 million compared to the first nine months of 2010.

The cash flows from operating activities, combined with an $11.1 million increase in external debt, enabled the Company to i) meet the needs of easyfinancial as described above, ii) invest $31.9 million in new lease assets, iii) invest $3.7 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

For the nine months ended September 30, 2010, cash flows provided by operating activities were $37.9 million. If the net investment in the easyfinancial loan portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $50.4 million. This cash flow, combined with an $1.4 million increase in external debt, enabled the Company to i) meet the needs of easyfinancial, ii) invest $31.3 million in new lease assets, iii) invest $6.5 million in additional property and equipment and intangible assets and iv) maintain its dividend payments.

On July 21, 2011, the Company entered into new Credit Facilities with a syndicate of banks which provides for a $40 million revolving credit facility and also includes related term and letter of credit facilities for $0.9 million and $0.5 million, respectively. The revolving facility reduces to $35.0 million on July 21, 2012 and matures on July 21, 2013. Borrowings under previous facilities were rolled into the new facilities.

Canadian dollar loans under the facilities bear interest at the lender's prime plus 125 bps or plus 175 bps if the Company's total debt to EBITDA ratio equals or exceed 2 times. The Company also has the option to convert the loans to US Base, Bankers' Acceptance or LIBOR rates. Currently, the Company's effective interest rate under the facilities is 4.25%.

The credit facilities are fully secured over substantially all assets of the Company and its subsidiaries, contain certain positive and negative covenants and other usual and customary terms and conditions.

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

As a result of the previously announced employee fraud and the understatement of unearned revenue, the Company was required to restate certain of the prior periods' financial statements. As a result, the Company was not in compliance with certain representations and warranties as set out in its lending agreement for the quarterly periods beginning January 1, 2009 and ending September 30, 2010. The Company's lender agreed to not demand repayment of the bank revolving credit facility and the term loan and to waive the compliance with such representations and warranties for such periods.

We believe that the cash flow provided by operations during 2011, coupled with the increased available loan facility and the $11.5 million equity offering completed in December 2010 will be sufficient in the near term to meet operational requirements, purchase leased assets, meet capital spending requirements and pay dividends. In order for the Company to achieve the full growth opportunities available it will require additional sources of financing over and above the currently available loan facility. The Company is currently considering its alternatives in this regard. While the Company is engaged in a series of activities to obtain the funds necessary to finance future operations, there is no certainty that these activities will be successful or completed on terms favourable to the Company.

Outstanding Shares

As at November 8, 2011 there were 11,849,450 shares, 716,362 options and no warrants outstanding.

On December 23, 2010, the Company completed a private placement of 1,352,940 common shares ("Shares") at a price of $8.50 per Share for aggregate gross proceeds of $11.5 million. This included 176,470 Shares issued pursuant to an over-allotment option granted to the Underwriters. The Shares were offered pursuant to prospectus and registration exemptions in each of the provinces and territories of Canada, as well as in the United States under applicable private placement exemptions. Net proceeds of the private placement were $10.7 million.

Dividends

For the three months ended September 30, 2011, the Company paid a $0.085 per share dividend on outstanding common shares. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. No dividends may be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

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

	2010	**2009**	**2008**	**2007**	**2006**	**2005**
Dividend per share	$ 0.085	$ 0.085	$ 0.085	$ 0.070	$ 0.060	$ 0.040
Percentage increase	0.0%	0.0%	21.4%	16.7%	50.0%	0.0%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2010 MD&A except as follows:

Class action lawsuit

The Company and certain of its current and former officers have been named as defendants in a potential class action lawsuit filed in the Ontario Superior Court of Justice on October 25, 2010. This lawsuit was commenced by Andrew Sorensen, on behalf of shareholders who acquired the Company's common shares between April 8, 2008 and October 15, 2010 and claimed total damages of $15.0 million (including punitive damages of $5.0 million). On April 8, 2011, the same plaintiff commenced a second action against certain current and former directors of the Company. The allegations made in this second action are the same as those in the first action. In particular, the plaintiff alleges, among other things, that the Company and others made certain misrepresentations about the Company's financial statements being prepared in accordance with CGAAP. The first action and the second action were consolidated into a single action during the second quarter.

The Company has not recorded any liability related to these matters. The Company's directors' and officers' insurance policies provide for reimbursement of certain costs and expenses incurred in connection with these lawsuits, including legal and professional fees as well as potential damages awarded, if any, subject to certain policy limits and deductibles. No assurance can be given with respect to the ultimate outcome of such proceedings, and the amount of any damages awarded could be substantial.

Transactions with Related Parties

The Company's transactions with related parties remain as described in its December 31, 2010 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 internal controls and 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, 2010 MD&A and AIF.

Critical Accounting Estimates

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

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

- consumer loan loss provisions
- cost of lease assets
- depreciation of lease assets
- depreciation of property and equipment
- allocation of the purchase price in business combinations
- impairment and recovery of non financial assets

- impairment of goodwill and indefinite life intangibles
- fair value of stock-based compensation
- provisions
- contingencies
- taxation amounts

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

The Company's critical accounting estimates remain as described in its March 31, 2011 MD&A.

Adoption of New Accounting Standards

The Company adopted IFRS commencing on January 1, 2011 with a requirement to present 2010 comparable financial results under IFRS. The adopted accounting policies are described fully in the March 31, 2011 notes to the unaudited interim condensed consolidated financial statements.

Internal Controls

Disclosure Controls and Procedures ["DC&P"]

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

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument – 52-109, "*Certification of Disclosures in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that, as of September 30, 2011, the Company's DC&P were ineffective, due to material weaknesses in internal controls over financial reporting described below.

Internal Controls over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS. Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company reviews and, where appropriate, enhances its systems of controls and procedures on an ongoing basis. However, because of the inherent limitations in all control systems, ICFR will not prevent or detect all misstatements as a result of, among other things, error or fraud.

Update on December 31, 2010 Evaluation of ICFR and Related Remediation

At December 31, 2010, the Company noted that its ICFR were ineffective due to several weaknesses. Management has been working on remediating the internal control weaknesses and progress updates have been provided below. Such updates should be read in conjunction with the details contained in the Company's March 31, 2011 MD&A and June 30, 2011 MD&A.

As disclosed in the Company's December 31, 2010 MD&A, process and system control weaknesses existed for the easyfinancial business. The impact of these weaknesses upon the Company's financial reporting remains as described in its December 31, 2010 MD&A.

The Company has made enhancements to the information system currently supporting the easyfinancial business to strengthen the controls that prevent such transactions from being processed. Additionally, changes have been made to the Company's transaction reconciliation processes to ensure that reviews are performed at an individual transaction level rather than at an aggregated level. Finally, additional monitoring of key performance and fraud indicators has been put in place.

A comprehensive revamp of other key controls is substantially underway. The Company continues in its efforts to replace the information system currently supporting the easyfinancial business. The system replacement project is currently expected to be completed in the first half of 2012.

September 30, 2011 Evaluation of ICFR and Related Remediation

As of September 30, 2011, the Company's management, under the direction and supervision of the CEO and CFO of the Company, evaluated the effectiveness of the Company's ICFR. Based on those evaluations, the CEO and CFO concluded that as at September 30, 2011, the ICFR were ineffective as a result of the continuing existence of the above noted and previously disclosed material weaknesses. Management continues to work on remediating these internal controls as described and anticipates that such remediation will be completed in the first half of 2012.

Notwithstanding the above mentioned weaknesses, the Company has concluded that the unaudited interim condensed consolidated financial statements fairly present easyhome's consolidated financial position and consolidated results of operations as of and for the three and nine months ended September 30, 2011.