CHESSWOOD GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2013

CHESSWOOD GROUP LIMITED

NOTICE TO READERS

Accompanying this notice are the unaudited condensed consolidated interim financial statements of Chesswood Group Limited for the three and six months ended June 30, 2013. These statements have been prepared by, and are the responsibility of, the Company's management.

Following consultation with management and with the Company's independent auditors, the Company's board of directors concluded that the auditors would not be engaged to perform a review of these financial statements. Under applicable securities legislation, there is no requirement that auditors be engaged to review these statements, but the Company must advise you if (as noted above) no review engagement is made.

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in thousands of dollars)

	Note	June 30, 2013 (unaudited)	December 31, 2012 (audited)
ASSETS			
Cash and cash equivalents		**$ 7,629**	$ 5,591
Accounts receivable		**1,138**	771
Inventories		**6,177**	7,881
Prepaid expenses and other assets	5	**1,155**	985
Finance receivables	6	**151,189**	124,250
Deferred tax assets		**347**	359
Property and equipment		**1,146**	893
Intangible assets		**6,954**	6,795
Goodwill		**14,636**	13,870
TOTAL ASSETS		**$ 190,371**	$ 161,395
LIABILITIES			
Accounts payable and other liabilities	11	**$ 6,104**	$ 8,260
Vehicle financing		**5,307**	6,199
Interest rate swaps		**1,605**	2,489
Borrowings		**70,182**	47,577
Customer security deposits		**12,048**	10,994
Deferred tax liabilities		**28,335**	25,321
		123,581	100,840
SHAREHOLDERS' EQUITY			
Common shares		**44,713**	44,215
Non-controlling interest		**10,049**	9,357
Reserve - share-based compensation		**3,546**	3,160
Accumulated other comprehensive loss		**778**	(1,883)
Retained earnings		**7,704**	5,706
		66,790	60,555
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 190,371**	$ 161,395

Please see notes to the condensed consolidated interim financial statements.

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(in thousands of dollars, except per share amounts, unaudited)

	Note	FOR THE THREE MONTHS ENDED JUNE 30, 2013	FOR THE THREE MONTHS ENDED JUNE 30, 2012	FOR THE SIX MONTHS ENDED JUNE 30, 2013	FOR THE SIX MONTHS ENDED JUNE 30, 2012
Finance revenue					
Interest revenue on finance leases and loans		**$ 9,237**	$ 7,855	**$ 17,919**	$ 15,306
Ancillary finance and other fee income		**1,444**	1,250	**2,874**	2,394
		10,681	9,105	**20,793**	17,700
Finance expenses					
Interest expense		**1,011**	856	**1,884**	1,708
Provision for credit losses		**1,403**	1,279	**2,931**	2,248
		2,414	2,135	**4,815**	3,956
Finance margin		**8,267**	6,970	**15,978**	13,744
Revenue - automotive operations		**13,673**	14,037	**23,339**	24,616
Cost of sales - automotive operations					
Change in inventories		**2,929**	(597)	**1,704**	(4,055)
Automobiles, parts, and other costs		**8,838**	12,899	**18,404**	25,644
Interest expense		**35**	72	**91**	121
		11,802	12,374	**20,199**	21,710
Automotive gross margin		**1,871**	1,663	**3,140**	2,906
Gross margin before expenses		**10,138**	8,633	**19,118**	16,650
Expenses					
Personnel expenses		**2,860**	2,629	**5,422**	4,973
Other expenses		**1,847**	1,652	**3,424**	3,308
Amortization - property and equipment		**46**	46	**85**	104
Amortization - intangible assets		**43**	126	**169**	251
		4,796	4,453	**9,100**	8,636
Income before undernoted items		**5,342**	4,180	**10,018**	8,014
Contingent consideration		**-**	(47)	**-**	(90)
Unrealized gain on interest rate swaps		**730**	(203)	**990**	(42)
Unrealized gain (loss) on foreign exchange		**(166)**	240	**38**	187
Income before taxes		**5,906**	4,170	**11,046**	8,069
Provision for taxes		**(2,577)**	(1,863)	**(4,723)**	(3,861)
Net Income		**$ 3,329**	$ 2,307	**$ 6,323**	$ 4,208
Attributable to:					
Common shareholders		**$ 2,899**	$ 2,006	**$ 5,503**	$ 3,657
Non-controlling interest		**$ 430**	$ 301	**$ 820**	$ 551
Basic earnings per share	*16*	**$ 0.30**	$ 0.20	**$ 0.56**	$ 0.37
Diluted earnings per share	*16*	**$ 0.28**	$ 0.20	**$ 0.53**	$ 0.36

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(in thousands of dollars, unaudited)

	2013	2012	**2013**	2012
Net income	**$ 3,329**	$ 2,307	**$ 6,323**	$ 4,208
Other comprehensive income (loss):				
Unrealized gain (loss) on translation of foreign operations	**2,177**	558	**3,058**	(151)
Comprehensive income for the period	**$ 5,506**	$ 2,865	**$ 9,381**	$ 4,057
Attributable to:				
Common shareholders	**$ 1,895**	$ 486	**$ 2,661**	$ (131)
Non-controlling interest	**$ 282**	$ 72	**$ 397**	$ (20)

Please see notes to the condensed consolidated interim financial statements.

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(in thousands of dollars, unaudited)

	Note	Common Shares	Common Shares	Non-controlling interest	Share-based compensation Reserve	Accumulated other comprehensive loss	Retained earnings	Total
		(# '000s)						
Shareholders' equity - January 1, 2013		**9,843**	**$ 44,215**	**$ 9,357**	**$ 3,160**	**$ (1,883)**	**$ 5,706**	**$ 60,555**
Net income		**-**	**-**	**820**	**-**	**-**	**5,503**	**6,323**
Dividends declared		**-**	**-**	**(525)**	**-**	**-**	**(3,505)**	**(4,030)**
Share-based compensation		**-**	**-**	**-**	**781**	**-**	**-**	**781**
Exercise of restricted share units	14	**32**	**236**	**-**	**(236)**	**-**	**-**	**-**
Exercise of options	14	**46**	**262**	**-**	**(159)**	**-**	**-**	**103**
Unrealized loss on translation of foreign operations		**-**	**-**	**397**	**-**	**2,661**	**-**	**3,058**
Shareholders' equity - June 30, 2013		**9,921**	**$ 44,713**	**$ 10,049**	**$ 3,546**	**$ 778**	**$ 7,704**	**$ 66,790**

	Note	Common Shares	Common Shares	Non-controlling interest	Share-based compensation Reserve	Accumulated other comprehensive loss	Retained earnings	Total
		(# '000s)						
Shareholders' equity - January 1, 2012		9,811	$ 43,845	$ 9,269	$ 2,269	$ (950)	$ 4,447	$ 58,880
Net income		-	-	551	-	-	3,657	4,208
Dividends declared		-	-	(458)	-	-	(3,044)	(3,502)
Share-based compensation		-	-	-	756	-	-	756
Exercise of restricted share units		40	306	-	(306)	-	-	-
Exercise of options		23	129	-	(86)	-	-	43
Repurchase of common shares under issuer bid		(59)	(262)				(183)	(445)
Unrealized loss on translation of foreign operations		-	-	(20)	-	(131)	-	(151)
Shareholders' equity - June 30, 2012		9,815	$ 44,018	$ 9,342	$ 2,633	$ (1,081)	$ 4,877	$ 59,789
Net income		-	-	623	-	-	4,158	4,781
Dividends declared		-	-	(488)	-	-	(3,249)	(3,737)
Share-based compensation		-	-	-	680	-	-	680
Exercise of options		49	294	-	(153)	-	-	141
Repurchase of common shares under issuer bid		(21)	(97)	-	-	-	(80)	(177)
Unrealized gain on translation of foreign operations		-	-	(120)	-	(802)	-	(922)
Shareholders' equity - December 31, 2012		**9,843**	**$ 44,215**	**$ 9,357**	**$ 3,160**	**$ (1,883)**	**$ 5,706**	**$ 60,555**

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(in thousands of dollars, unaudited)

	Note	FOR THE THREE MONTHS ENDED JUNE 30, 2013	2012	FOR THE SIX MONTHS ENDED JUNE 30, 2013	2012
OPERATING ACTIVITIES					
Net income		**$ 3,329**	$ 2,307	**$ 6,323**	$ 4,208
Non-cash items included in net income					
Amortization		**89**	172	**254**	355
Provision for credit losses		**2,040**	1,754	**4,151**	3,186
Share-based compensation expense		**416**	329	**781**	756
Provision for taxes		**2,577**	1,863	**4,723**	3,861
Other non-cash items	17	**(523)**	24	**(946)**	(13)
		4,599	4,142	**8,963**	8,145
Cash from operating activities before change in net operating assets		**7,928**	6,449	**15,286**	12,353
Change in operating net assets					
Finance receivables	17	**(10,364)**	(6,922)	**(23,391)**	(12,340)
Borrowings - net	17	**12,464**	8,480	**19,162**	7,250
Customer security deposits		**110**	384	**417**	607
Accounts receivable		**737**	(181)	**(367)**	(186)
Inventories		**2,929**	(597)	**1,704**	(4,055)
Vehicle financing proceeds (payments) - net		**(3,326)**	316	**(891)**	3,970
Prepaid expenses and other assets		**(22)**	29	**(138)**	164
Accounts payable and other liabilities		**228**	61	**(167)**	(478)
		2,756	1,570	**(3,671)**	(5,068)
Cash from operating activities before tax refunds and payments		**10,684**	8,019	**11,615**	7,285
Income tax refund received		**-**	3	**20**	3
Income taxes paid		**(3,176)**	(768)	**(5,499)**	(1,273)
Cash from operating activities		**7,508**	7,254	**6,136**	6,015
INVESTING ACTIVITIES					
Purchase of property and equipment		**(45)**	(20)	**(330)**	(79)
Cash used in investing activities		**(45)**	(20)	**(330)**	(79)
FINANCING ACTIVITIES					
Proceeds from exercise of options		**47**	35	**103**	47
Repurchase of common shares		**-**	(445)	**-**	(445)
Cash dividends paid	15	**(2,044)**	(1,752)	**(3,969)**	(3,446)
Cash used in financing activities		**(1,997)**	(2,162)	**(3,866)**	(3,844)
Unrealized foreign exchange gain (loss) on cash		**69**	56	**98**	25
Net decrease in cash and cash equivalents		**5,535**	5,128	**2,038**	2,117
Cash and cash equivalents, beginning of period		**2,094**	4,327	**5,591**	7,338
Cash and cash equivalents, end of period		**$ 7,629**	$ 9,455	**$ 7,629**	$ 9,455

Please see notes to the condensed consolidated interim financial statements.

TABLE OF NOTES

1. NATURE OF BUSINESS AND BASIS OF PREPARATION

Chesswood Group Limited (the “Company”) is incorporated under the laws of the Province of Ontario. The Company’s head office is located at 4077 Chesswood Drive, Toronto, Ontario, M3J 2R8.

The Company holds all of the limited partnership units of Chesswood Holding LP (“Holding LP”). Holding LP holds a 100% interest in Chesswood Holdings Ltd. and substantially all of the limited partnership units of Sherway LP (“Sherway”). Chesswood Holdings Ltd. owns 100% of the shares of the operating company, Lease-Win Limited (“Lease-Win”) as well as 100% of the shares of Chesswood U.S. Acquisition Co Ltd. (“U.S. Acquisitionco”), a corporation which owns 100% of the shares of the operating company Pawnee Leasing Corporation (“Pawnee”), incorporated in Colorado, United States. The Company owns all of the shares of Case Funding Inc., which operates the Company’s legal financing business in the United States.

As partial consideration for the acquisition of Pawnee in May 2006, 1,274,601 Class B shares and 203,936 Class C shares of a subsidiary (U.S. Acquisitionco) were issued (“Exchangeable Securities”). The Exchangeable Securities are non-voting shares of U.S. Acquisitionco and are fully exchangeable for Common Shares of the Company, on a one-for-one basis, for no additional consideration, through a series of steps and entitle the holders to receive the same dividends as the Common Shares. Attached to the Exchangeable Securities are Special Voting Units of the Company which provide the holders of the Exchangeable Securities voting equivalency to Company Shareholders. The Exchangeable Securities are reflected as non-controlling interest.

Through its interest in Pawnee, the Company is involved in the business of micro and small-ticket equipment financing to small businesses in the start-up and “B” credit market in the lower 48 states of the United States. Through its interest in Sherway LP, the Company is involved in selling, servicing and leasing Acura automobiles in the Province of Ontario. Through its interest in Lease-Win, the Company had a portfolio of automobile leases under administration, the remainder of which were sold or were paid out by the lessees during the year.

Our legal financing business has three principal products – attorney financings, plaintiff advances and medical liens. Attorney financings are collateralized loans to contingency fee-based law firms based on a combination of an assessment of the likelihood of a successful outcome for a pool of cases put forward by the law firm, and the creditworthiness of the borrowers. Plaintiff advances are structured as a purchase of an interest in the proceeds of a legal claim and are made (or declined) based on the probability of success and potential claim size, not the plaintiff's credit. Advances are on a non-recourse basis where Case Funding forfeits its entire advance and any related fees if the plaintiff is not successful in the lawsuit. Such advances are not characterized as loans because there is no promise to repay in the event the plaintiff does not succeed in his/her lawsuit. Medical lien financing refers, generally, to the purchase of existing medical debt obligations of patients involved in existing litigation that is the result of an injury or multiple injuries. Case Funding will purchase, at a discount to the face value, the accounts receivable of medical facilities that relates to patients that undergo procedures necessary to remedy injuries from an incident that is the subject of litigation.

The consolidated financial statements have been prepared on the going concern and historical cost basis, except for derivative financial instruments and liabilities held for trading which have been measured at fair value. In order to improve clarity, certain items have been combined on the statements of financial position with detail provided separately in the notes.

The reporting currency is the Canadian dollar. The financial statements are presented in thousands of Canadian dollars except per share amounts. The functional currency of the Company, Holding LP, Chesswood Holdings Ltd., Sherway LP, and Lease-Win is the Canadian dollar. The functional currency of U.S. Acquisitionco, Pawnee, and Case Funding is the United States dollar. The statements of income and cash flows of the subsidiaries located in the United States have been translated using the average rate for the three months ended June 30, 2013 and 2012. The statements of financial position have been translated using the rate on the date of the statements of financial position and the exchange difference is included in other comprehensive income.

The U.S. dollar exchange rates, which have a material impact on the Company's financial statements, are as follows:

Closing Rate As At		Average Rate For The Six months ended	
June 30, 2013	December 31, 2012	**June 30, 2013**	March 31, 2012
1.0512	0.9949	**1.0159**	1.0057

2. CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries as noted above. Subsidiaries are consolidated using the purchase method from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated as long as control is held. The financial statements of all subsidiaries are prepared for the same reporting period as the Company, using uniform accounting policies in accordance with IAS 27, *Consolidated and Separate Financial Statements.* All intra-group balances and items of income and expense resulting from intra-group transactions are eliminated in full.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's consolidated financial statements, including comparatives, are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The term IFRS also includes all International Accounting Standards ("IAS"); all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") mandatory for the fiscal year 2013 are also applied.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2012.

The condensed interim financial statements should be read in conjunction with the company's most recently issued Annual Report which includes information necessary or useful to understanding the Company's businesses and financial reporting.

The condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of results for the interim periods in accordance with IFRS.

The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

The Company's significant accounting policies were presented as Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012 included in that report, and have been consistently applied in the preparation of these interim financial statements except for the following.

Accounting standards adopted in the current year

The following amendments to standards were adopted in the current year:

Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to *IFRS 7 Financial Instruments: Disclosures* were effective for annual periods beginning on or after January 1, 2013 and introduced enhanced disclosure around the transfer of financial assets and associated risks. There was no impact of these new standards on its results of operations and financial position.

Consolidated Financial Statements

IFRS 10, *Consolidated Financial Statements*, will replace IAS 27 and SIC-12 (*Consolidation – Special Purpose Entities)*. The new standard provides a single model for consolidation based on control, which exists when an investor has the power to control, is exposed to or has the right to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. The standard also provides guidance on how to evaluate power to control. IFRS 10 was effective for annual periods beginning on or after January 1, 2013. There was no impact of these new standards on its results of operations and financial position.

Disclosure of interests in other entities

IFRS 12, *Disclosure of Interests in Other Entities,* includes amended disclosure requirements relating to subsidiaries, joint agreements, and associates. Additional disclosures include judgments and assumptions made in determining how to classify involvement with another entity, interests that non-controlling parties have in the consolidated entities, and the nature and risks associated with interests in other entities. The standard was effective for annual periods beginning on or after January 1, 2013. There was no impact of these new standards on its results of operations and financial position.

Fair value measurement

IFRS 13, *Fair Value Measurement*, establishes a single source of guidance for fair value measurements for financial reporting purposes and also requires enhanced disclosures in both annual and interim financial statements. The standard is effective for annual periods beginning on or after January 1, 2013. There was no impact of these new standards on its results of operations and financial position.

Financial Instruments: Disclosures

IFRS 7, *Financial Instruments: Disclosures* have been amended to include additional disclosure requirements for financial assets and liabilities that can be offset in the statement of financial position. The effective date for the amendments to IFRS 7 was annual periods beginning on or after January 1, 2013. The revised standard related only to disclosure and did not impact the financial results of the Company.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Financial Instruments: Presentation

IAS 32, *Financial Instruments: Presentation* has been amended to include additional presentation requirements for financial assets and liabilities that can be offset in the statement of financial position. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. The revised standard relates only to presentation and will not impact the financial results of the Company.

Financial Liabilities: Measurement

In October 2010, the IASB issued *IFRS 9 Financial Instruments*, which represents the completion of the first part of a three-part project to replace *IAS 39 Financial Instruments: Recognition and Measurement* with a new standard. As per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to the de-recognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2015, with early adoption permitted. The Company plans to adopt these new standards when they become effective and is currently assessing the impact of this standard.

Financial Instruments (Classification and Measurement)

IFRS 9, *Financial Instruments* will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, deferred the effective date to annual periods beginning on or after January 1, 2015, with earlier adoption permitted.

5. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets comprise:

	June 30, 2013	December 31, 2012
	($ thousands)	
Property tax receivable	**$265**	$335
Tax receivable	**434**	367
Prepaid expenses and other current assets	**415**	241
Deposits – premises	**41**	42
	$1,155	$985

Prepaid expenses and other assets typically have maturities of less than one year, except for the deposits on the premises.

6. FINANCE RECEIVABLES

Finance receivables comprise:

	Note	**June 30, 2013**	December 31, 2012
		($ thousands)	
Net investment in leases	7	**$128,739**	$111,905
Equipment financing agreements	8	**14,275**	6,700
Legal finance receivables	10	**8,175**	5,645
		$151,189	$124,250

7. NET INVESTMENT IN LEASES

(a) Net investment in leases includes the following:

	June 30, 2013	December 31, 2012
	($ thousands)	
Total minimum lease payments for leases	**$162,503**	$140,297
Residual values of leased equipment	**19,601**	17,923
	182,104	158,220
Initial direct costs of lease acquisition	**9,621**	8,447
Unearned income	**(59,812)**	(51,871)
Net investment in leases before allowance for doubtful accounts	**$131,913**	$114,796
Allowance for doubtful accounts (b)	**(3,174)**	(2,891)
Net investment in leases	**$128,739**	$111,905
Current portion	50,545	46,432
Net investment in leases – long-term portion	$78,194	$ 65,473

(b) The activity in the allowance for doubtful accounts is as follows:

	For the six months ended June 30, 2013	For the six months ended June 30, 2012
	($ thousands)	
Balance, beginning of period	**$2,891**	$2,424
Provision for credit losses	**2,760**	2,217
Impact of change in foreign exchange rates	**168**	6
Charge-offs	**(3,865)**	(3,186)
Recoveries	**1,220**	938
Balance, end of period	**$3,174**	$2,399

8. EQUIPMENT FINANCING AGREEMENTS

Pawnee introduced an Equipment Finance Agreement ("EFAs") in the last quarter of 2011. This product is a loan and is secured by the equipment financed as well as personal guarantees. EFAs are deemed to be a financial asset as they are a contractual right to receive cash from another entity and are considered to be loans and receivables for accounting purposes, based on an evaluation of all the terms and conditions of the contracts. Loans and receivables are accounted for at amortized cost using the effective interest rate method.

	June 30, 2013	December 31, 2012
	($ thousands)	
Equipment financing agreements	$14,462	$6,742
Allowance for doubtful accounts (a)	(187)	(42)
Equipment financing agreements	**$14,275**	$6,700
Current portion	3,182	1,617
Equipment financing agreements – long-term portion	$11,093	$5,083

(a) Pawnee's leases and EFA's each are composed of a large number of homogenous agreements respectively, with relatively small balances. Pawnee's underwriting requirements and standards for EFAs are the same as those required for leases. The activity in the allowance for doubtful accounts is as follows:

	For the six months ended June 30, **2013**	For the six months ended June 30, 2012
	($ thousands)	
Balance, beginning of period	**$42**	$-
Provision for credit losses	**172**	-
Impact of change in foreign exchange rates	**6**	-
Charge-offs	**(33)**	-
Recoveries	**-**	-
Balance, end of period	**$187**	$-

9. FINANCE RECEIVABLES PAST DUE

Pawnee's lease receivables and EFA's each are composed of a large number of homogenous leases and EFAs respectively, with relatively small balances. Thus, the evaluation of the allowance for credit losses is performed collectively for the lease receivable and EFA portfolio.

The following aging of net investment in leases and EFAs before allowance for doubtful accounts represents the full carrying value of the leases and EFAs not just the lease payments that are past due. The net investment in leases and EFAs presented excludes the $12.0 million (December 31, 2012 - $11.0 million) in security deposits from borrowers, potential proceeds from repossessed collateral in vehicles and equipment, and potential recoveries from personal guarantees that would offset any charge-offs. An estimate of the fair value for the collateral cannot reasonably be determined.

					As at June 30, 2013
($ thousands)	Current	1-30 days	31 - 60 days	61 - 90 days	Over 90 days
Equipment leases (Pawnee)	$126,143	$3,038	$1,296	$719	$717
EFA's (Pawnee)	14,129	152	124	57	-
	140,272	3,190	1,420	776	717
Impaired	56	109	486	462	717
Past due but not impaired	$-	$3,081	$934	$314	$-

					As at December 31, 2012
($ thousands)	Current	1-30 days	31 - 60 days	61 - 90 days	Over 90 days
Equipment leases (Pawnee)	$109,454	$2,752	$1,335	$372	$883
EFA's (Pawnee)	6,699	-	42	-	-
	116,153	2,752	1,377	372	883
Impaired	44	90	436	87	883
Past due but not impaired	$-	$2,662	$941	$285	$-

10. LEGAL FINANCE RECEIVABLES

Legal finance receivables consist of:

	June 30, 2013	December 31, 2012
	($ thousands)	
Attorney loans and medical liens	$3,596	$2,296
Plaintiff advances (note 18 (a)(b)(c))	4,579	3,349
Legal finance receivables	**$8,175**	**$5,645**
Current portion (i)	6,157	2,728
Legal finance receivables – long-term portion	$2,018	$2,917

It was determined that there is no objective evidence that any of the attorney loans or medical liens are individually impaired at June 30, 2013 and December 31, 2012, thus an allowance for doubtful accounts was not recognized.

(i) The contracts are deemed to have fixed or determinable payments, in that the payments are due when the underlying cases are settled however the date as to which that will happen is not known and is estimated. The terms of the plaintiff advances are on a non-recourse basis, and payment depends on the success and potential claim size. Thus, the current portion is an estimate of future cash collections.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities comprise:

	June 30, 2013	December 31, 2012
	($ thousands)	
Unfunded leases and EFAs	**$1,871**	$1,590
Payroll related payables and accruals	**1,067**	1,053
Sales tax payable	**710**	867
Dividends payable	**684**	623
Accounts payable	**511**	451
Accrued liabilities	**410**	631
Property taxes payable on equipment leases	**295**	296
Withholding taxes payable	**281**	425
Customer deposits and prepayments	**161**	224
Deferred lease incentive	**114**	125
Taxes payable	**-**	1,975
	$6,104	$8,260

All amounts are due within one year, except for deferred lease incentive which is being amortized over the remaining term of the leases which expire in 2017.

12. MINIMUM PAYMENTS

The following are the contractual principal payments and maturities of financial liabilities and other commitments:

($ thousands)	2013	2014	2015	2016	2017 +	Total
Accounts payable and other liabilities	$6,004	$26	$28	$31	$15	**$6,104**
Vehicle financing	5,307	-	-	-	-	**5,307**
Interest rate swaps	-	344	1,018	155	88	**1,605**
Borrowings (a)	-	-	-	70,182	-	**70,182**
Customer security deposits (b)	1,950	3,126	3,059	2,251	1,662	**12,048**
	$13,261	$3,496	$4,105	$72,619	$1, 765	**$95,246**
Other financial commitments (c)	405	733	735	737	360	**$2,970**
Total commitments	$13,666	$4,229	$4,840	$73,356	$2,125	**$98,216**

(a) Pawnee's financing credit facility is a line-of-credit; as such the balance can fluctuate. The credit facility matures in 2016.

(b) The Company's experience has shown that the actual contractual payment streams will vary depending on a number of variables including: prepayment rates, charge-offs and modifications. Accordingly, the scheduled contractual payments of customer security deposits shown in the table above are not to be regarded as a forecast of future cash payments.

(c) The Company and its subsidiaries are committed to future minimum rental payments under existing leases for premises, excluding occupancy costs and property tax, expiring in 2013 and 2017. The leases contain renewal options for an additional term of 5 years.

For other commitments, refer to Note 13.

13. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

(a) *Contingent liabilities*

The Company is subject to various claims and legal actions in the normal course of its business, from various customers, suppliers and others. Since the individual value of each claim and the total value of all claims as at June 30, 2013 and December 31, 2012 were not material, additional disclosure is not required. No provision has been recognized.

(b) *Other financial commitments*

(i) The Company has entered into retention agreements with certain employees whereby such employees shall be entitled to certain retention severance amounts upon the occurrence of events identified in each respective agreement. Included in the retention agreement of Chesswood's Chief Executive Officer is an award of 125,000 options on the second anniversary of the agreement date, or earlier, in the case of a change of control.

(ii) Pawnee maintains a Simple IRA Plan (the "Plan") for its employees. Pawnee's obligation is to match contributions made by participating employees up to 3.0% of their base pay. For the years ended June 30, 2013 and 2012, Pawnee's matching contributions to the Plan totaled U.S.$51,300 and U.S.$46,900, respectively.

(iii) Incentive Payment Amount on the acquisition of Case Funding - The consideration is payable in the event that Case Funding's normalized net income ("NNI") for the 25th through 36th months following the Acquisition Date (June 10, 2011) achieves the targeted amount of approximately U.S.$4.7 million (the "Targeted Amount"), whereby an amount of U.S.$1.4 million (the "Incentive Payment Amount") (or an identical percentage adjusted portion of the Incentive Payment Amount if NNI is less than, but at least 90% of, the Targeted Amount) will be paid no later than the 38th month. It was determined at December 31, 2012 that the probability that the Targeted Amount would be reached was minimal. The estimate of the fair value of contingent consideration and bonus payable requires very subjective assumptions to be made of various potential operating result scenarios and discount rates. Although the Company believes that there will be no Incentive Payment Amount due in June 2014, it will continue to periodically review NNI results and an updated assessment of various probability weighted projected NNI scenarios. If circumstances change and the Company determines that an earn-out payment may be due, such future revisions may materially change the estimate of the fair value of contingent consideration and therefore materially affect the Company's future financial results.

14. COMPENSATION PLANS

a) Share Options

A summary of the number of options outstanding is as follows:

	For the three-months ended		For the six-months ended	
	June 30, 2013	June 30, 2012	**June 30, 2013**	June 30, 2012
Balance, beginning of period	**1,497,991**	1,221,750	**1,522,900**	1,227,750
Granted	**-**	242,500	**-**	242,500
Exercised	**(21,113)**	(17,100)	**(46,022)**	(23,100)
Balance, end of period	**1,476,878**	1,447,150	**1,476,878**	1,447,150

During the six months ended June 30, 2013, salaries and commission expense and reserve - share-based compensation included $510,000 (2012 - $604,000) relating to option expense.

During the six months ended June 30, 2013, 46,022 options were exercised (2012 – 23,100) for total cash consideration of $103,000 (2012 - $47,000). On exercise, the fair value of options that had been expensed to date during the vesting period of $159,000 (2012 - $86,000) was transferred from Reserve to Common Shares. For the options exercised in 2013, the weighted average share price at the date of exercise was $10.32 (2012 – $7.38).

An analysis of the options outstanding at June 30, 2013 is as follows:

Grant date	Number of options outstanding	Vested	Expiry date	Exercise price
May 10, 2006	100,000	100,000	May 9, 2016	$10.00
June 23, 2009	168,900	168,900	June 22, 2019	$2.06
April 13, 2010	202,978	202,978	April 13, 2020	$4.49
April 25, 2011	287,500	186,875	April 24, 2021	$7.79
June 10, 2011	150,000	97,500	June 9, 2021	$7.73
December 6, 2011	200,000	60,000	December 6, 2021	$6.14
June 25, 2012	237,500	-	June 24, 2022	$7.25
July 9, 2012	5,000	-	July 8, 2022	$7.42
December 6, 2012	125,000	-	December 6, 2022	$8.86
	1,476,878	816,253		

At June 30, 2013, the weighted average exercise price is $6.64 (December 31, 2012 - $6.50) and the weighted average remaining contractual life for all options outstanding is 7.56 years (December 31, 2012 – 8.01 years). The options exercisable at June 30, 2013 have a weighted average exercise price of $5.94 (December 31, 2012 - 630,400 options at $5.39).

b) Restricted Share Units

A summary of the restricted share units outstanding is as follows:

	For the three-months ended		For the six-months ended	
	June 30, 2013	June 30, 2012	**June 30, 2013**	June 30, 2012
Balance, beginning of period	**69,000**	57,000	**69,000**	57,000
Granted	**51,500**	51,500	**51,500**	51,500
Exercised	**(31,500)**	(39,500)	**(31,500)**	(39,500)
Balance, end of period	**89,000**	69,000	**89,000**	69,000

During the six months ended June 30, 2013, an aggregate of 44,000 (2012 - 44,000) restricted share units ("RSUs") were granted to directors and expire in ten years. The grantees of such RSUs are not entitled to the distributions paid before the RSUs are exercised. Such RSUs vest one year from the date of issue and are to be settled by the issue of Shares. RSUs granted are in respect of future services and are expensed over the vesting period. Compensation cost is measured based on the market price of the Shares on the date of the grant of the RSUs, which was $11.65 (2012 - $7.45). During the six months ended June 30, 2013 and 2012, 7,500 RSUs were granted in accordance with the Case Funding purchase agreement to a senior executive of Case Funding, the RSUs vested immediately and were exercised by the executive.

During the six months ended June 30, 2013, personnel expense and reserve - share-based compensation included $271,000 (2012 - $152,000) relating to RSUs.

On exercise of the 31,500 RSUs, during the six months ended June 30, 2013, the value of the RSUs of $236,000 (2012 – $306,000) that had been expensed during the vesting period was transferred from reserve - share-based compensation to Common Share capital. For the 31,500 RSUs exercised in 2012, the weighted average share price at the date of exercise was $10.73 (2012 – $7.33).

As of June 30, 2013, unrecognized non-cash compensation expense related to non-vested RSUs was $456,000 (2012 - $323,000).

The following RSUs are outstanding at June 30, 2013:

Grant date	Number of RSUs outstanding	Vested	Expiry date	Grant price
April 13, 2010	20,000	20,000	April 12, 2020	$4.49
April 25, 2011	5,000	5,000	April 24, 2021	$7.79
June 25, 2012	20,000	20,000	June 24, 2022	$7.45
May 22, 2013	44,000	-	May 21, 2023	$11.65

15. DIVIDENDS

The following dividends were paid to Common Shareholders and Exchangeable Securities holders during the six months ended June 30, 2013:

Record date	Payment date	Cash dividend per share ($)	Total dividend amount ($ thousands)
December 31, 2012	January 15, 2013	$0.055	$623
January 31, 2013	February 15, 2013	$0.055	623
February 28, 2013	March 15, 2013	$0.060	679
March 31, 2013	April 15, 2013	$0.060	681
April 30, 2013	May 15, 2013	$0.060	681
May 31, 2013	June 17, 2013	$0.060	682
Dividends paid during the six months ended June 30, 2013			**$3,969**

16. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings for the period by the weighted average number of shares outstanding during the period.

	For the three-months ended June 30,		For the six-months ended June 30,	
	2013	2012	**2013**	2012
Weighted average number of shares outstanding	**9,882,763**	9,823,217	**9,864,935**	9,817,358
Dilutive effect of options	**566,443**	312,946	**527,965**	303,653
Dilutive effect of RSUs	**89,857**	40,451	**81,475**	48,725
Weighted average shares outstanding for diluted earnings per share	**10,539,063**	10,176,614	**10,474,375**	10,169,736

In 2012, options to purchase 780,500 shares were outstanding during the period but were not included in the calculation of diluted earnings per share due to their anti-dilutive effect for the period.

17. CASH FLOW SUPPLEMENTARY DISCLOSURE

	For the three months ended June 30,		For the six months ended June 30,	
	2013	2012	**2013**	2012
		($ thousands)		
Other non-cash items included in net income				
Gain on sale of leased vehicles	**$-**	$(29)	**$-**	$(45)
Amortization of deferred financing costs	**41**	43	**82**	87
Unrealized gain on interest rate swaps	**(730)**	203	**(990)**	42
Contingent consideration and bonus payable	**-**	47	**-**	90
Unrealized loss (gain) on foreign exchange	**166**	(240)	**(38)**	(187)
	$(523)	$24	**$(946)**	$(13)
Finance receivables				
Net investments in leases	**$(6,144)**	$(4,242)	**$(14,299)**	$(8,320)
Equipment finance agreements	**(3,321)**	(1,973)	**(6,956)**	(2,814)
Legal finance receivables	**(899)**	(1,017)	**(2,136)**	(1,942)
Net investments in leases – pledged	**-**	310	**-**	736
	$(10,364)	$(6,922)	**$(23,391)**	$(12,340)
Borrowings - net				
Line-of-credit – Pawnee – net	**$12,464**	$8,767	**$19,162**	$7,931
Securitization debt payments	**-**	(287)	**-**	(681)
	$12,464	$8,480	**$19,162**	$7,250
Non-cash transactions				
Common shares issued on exercise of restricted units	**$236**	$306	**$236**	$306

18. FINANCIAL INSTRUMENTS

a) Categories

The carrying amounts and fair values of financial instruments are allocated below to IAS 39, *Financial Instruments: Recognition and Measurement*, categories:

At June 30, 2013	Available for sale		Loans and receivables		Other liabilities		Held for trading
($ thousands)	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Carrying amount
ASSETS							
Cash (iii)			$7,629	$7,629			
Accounts receivable (iii)			$1,138	$1,138			
Legal finance receivables (i)	$4,579	$4,579	*(i)*	$3,596			
LIABILITIES							
Accounts payable (iii)					$6,104	$6,104	
Vehicle financing (ii)					$5,307	$5,307	
Interest rate swaps							$1,605
Borrowings (ii)					$70,182	$70,182	
Customer security deposits					$12,048	$12,048	

At December 31, 2012	Available for sale		Loans and receivables		Other liabilities		Held for trading
($ thousands)	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Carrying amount
ASSETS							
Cash *(iii)*			$5,591	$5,591			
Accounts receivable *(iii)*			$771	$771			
Legal finance receivables *(i)*	$3,349	$3,349	*(i)*	$2,295			
LIABILITIES							
Accounts payable (iii)					$8,260	$8,260	
Vehicle financing *(ii)*					$6,199	$6,199	
Interest rate swaps							$2,489
Borrowings *(ii)*					$47,577	$47,577	
Customer security deposits					$10,994	$10,994	

(i) There is no organized market for valuing the legal finance receivables. The carrying value is the amortized cost using the effective interest rate method.

(ii) The stated value of the vehicle financing, securitization debt, and borrowings approximates fair values, as the interest rates attached to these instruments are representative of current market rates, for loans with similar terms, conditions and maturities.

(iii) Carrying amounts are expected to be reasonable approximations of fair value for cash and for financial instruments with short maturities, including accounts receivable and accounts payable.

b) Measurement hierarchy

All financial instruments measured at fair value need to be categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

(i) Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;

(ii) Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 Inputs – techniques which use inputs which have a significant effect on the recorded fair value for the asset or liability that are not based on observable market data (unobservable inputs).

The Company had no Level 1 financial instruments during the current or prior years.

The fair values of financial instruments are classified using the IFRS 7, Financial Instruments: Disclosures, measurement hierarchy as follows:

	June 30, 2013	
	Level 2	Level 3
	($ thousands)	
ASSETS		
Available for sale		
Plaintiff advances	$-	$4,579
LIABILITIES		
Held for trading		
Interest rate swaps	$1,605	$-
Total	$1,605	$4,579

	December 31, 2012	
	Level 2	Level 3
	($ thousands)	
ASSETS		
Available for sale		
Plaintiff advances	$-	$3,349
LIABILITIES		
Held for trading		
Interest rate swaps	$2,489	$-
Total	$2,489	$3,349

c) Reconciliation of Level 3 Financial Instruments

The following table sets forth a summary of changes in the carrying value of plaintiff advances:

Plaintiff Advances	For the three months ended June 30,		For the six months ended June 30,	
	2013	2012	**2013**	2012
		($ thousands)		
Balance, beginning of period	**$3,911**	$1,178	**$3,349**	$915
Originations	**673**	337	**1,449**	756
Fair value accretion (i)	**490**	126	**864**	232
Losses	**-**	(31)	**-**	(31)
Collections	**(659)**	(91)	**(1,320)**	(336)
Foreign exchange impact (ii)	**164**	27	**237**	10
Balance, end of period	**$4,579**	$1,546	**$4,579**	$1,546

(i) Management considered that the change in fair value for plaintiff advances, which are carried at fair value, related to the amortization of interest or successful settlement of advances during the period. The fair value accretion on plaintiff advances is included in interest revenue on finance leases and loans on statement of income.

(ii) Difference between year-end foreign exchange rate and average exchange rate; amount included in other comprehensive income.

Fair value measurements are based on level 3 inputs of the three-level hierarchy system which indicates inputs for the assets that are not based on observable market data (unobservable inputs). Plaintiff advances are initially recorded at their fair value, equivalent to the funds advanced. Subsequent measurement of plaintiff advances will be at fair value utilizing a fair value model developed by the Company.

The principal assumptions used in the fair value model are as follows:

- Estimated duration of each plaintiff advance;
- Best estimate of anticipated outcome;
- Monthly fee per advance contract on nominal value of each plaintiff advance; and
- Market interest rate at which estimated cash flows are discounted.

The fair value of plaintiff advances is reviewed quarterly on an individual case basis. Events that may trigger changes to the fair value of each plaintiff advance include the following:

- Successful judgment of a claim in which the Company has a plaintiff advance;
- Unsuccessful judgment of a claim in which the Company has a plaintiff advance;
- Outstanding appeals against both successful and unsuccessful judgments;
- Receipt of funds to settle plaintiff advances;
- A case is dismissed with prejudice (meaning, it can never be re-filed anywhere);
- Change in monthly fee assessed on plaintiff advances; and
- Market interest rate at which estimated cash flows are discounted.

Inherent to the underwriting process is the approval for funding of cases that have a high probability of success, to be achieved either in pre-trial settlement or as a result of a judgment by a court. At June 30, 2013, the average size of a plaintiff advance is U.S.$10,242 (December 31, 2012 – U.S.$8,221). The fair value estimate is inherently subjective being based largely on an estimate of the duration of plaintiff advance and its potential settlement. In the Company's opinion there is no useful alternative valuation that would better quantify the market risk inherent in the portfolio and there are no inputs or variables to which the value of the plaintiff advances are correlated.

d) Gains and losses on financial instruments

The following table shows the net gains and losses arising for each IAS 39 category of financial instrument.

	For the three-months ended June 30,		For the six-months ended June 30,	
	2013	2012	**2013**	2012
	($ thousands)			
Loans and receivables				
Provision for credit losses	**$1,403**	$1,279	**$2,931**	$2,248
Held for trading (gains) and losses on:				
Interest rate swaps	**(730)**	203	**(990)**	42
Net loss	**$673**	$1,482	**$1,941**	$2,290

e) ***Financial Risk Management***

In the normal course of business, the Company manages risks that arise as a result of its use of financial instruments. These risks include credit, liquidity and market risk. Market risks can include interest rate risk, foreign currency risk and other price risk.

There have been no changes in the Company's objectives, policies or processes for managing or for measuring any of the risks to which it is exposed since the previous year end.

19. CAPITAL MANAGEMENT

The Company's capital is comprised of shareholders' equity which at June 30, 2013 comprised $66.8 million (December 31, 2012 - $60.6 million). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in the long-term and to provide adequate returns for shareholders.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk profile of the underlying assets. The Company uses various measures including the amount of dividends paid to shareholders.

There have been no changes in the Company's objectives, policies or processes for managing capital during the period.

20. RELATED PARTY TRANSACTIONS

The Company has no parent or other ultimate controlling party.

The Company had the following transactions and balances with related parties:

(a) Pawnee, a U.S. subsidiary of the Company, leases a 10,800 square foot office facility from an entity that is controlled by the holders of the Class B and Class C shares of U.S. Acquisition Co Ltd, a non-operating subsidiary of the Company. Minimum lease payments are U.S.$212,890 per annum, triple net. The lease expires on April 30, 2016, and contains an option to renew for an additional five year terms. The expense is included in other expense and is translated at the average exchange rate for the period. At June 30, 2013 and December 31, 2012 there was no amount payable in respect of the lease.

(b) Case Funding provides Quick Cash Inc. ("Quick Cash"), an entity controlled by a director of Case Funding and the CEO of Case Funding, with personnel and facilities to manage the portfolio of existing loans managed by Quick

Cash and required origination and placement services in respect of future loans (Quick Cash is prohibited from making loans, other than those which Case Funding does not wish to make and Quick Cash is responsible for all out-of-pocket third party fees and expenses relating to its business). Payments received and committed for services provided are as follows:

Months	Amount
June – December 2011	Nil
January – June 2012	$16,000/month
July 2012 – June 2013	$4,000/month
July 2013 – June 2014	$1,000/month

This revenue is recorded in Ancillary finance and other fee income. The amounts were determined at the time of Case Funding's acquisition and reflect negotiated market terms and the expected level of administrative services that will be provided to Quick Cash over the term of the agreement.

(c) Compensation of key management

The Company's key management consists of the President and Chief Executive Officer, Chief Financial Officer and the board of directors. Key management compensation is as follows:

	For the three-months ended June 30,		For the six-months ended June 30,	
	2013	2012	**2013**	2012
	($ thousands)			
Salaries, fees and other short-term employee benefits	**$315**	$265	**$580**	$455
Share-based compensation	**241**	125	**449**	363
Compensation expense of key management	**$556**	$390	**$1,029**	$818

21. SEASONAL OPERATIONS

The Company's automotive business follows a seasonal pattern, with revenue and net income based on past experience being significantly lower in the first quarter than in other quarterly periods.

Tax expense reflects the mix of taxing jurisdictions in which pre-tax income and losses were recognized. However, because the geographical mix of pre-tax income and losses in interim periods may not be reflective of full year results, this may distort the Company's interim period effective tax rate.

22. SEGMENT INFORMATION

Segments are identified on the same basis that is used internally to manage and to report on performance, taking into account the products and services of each segment and the organizational structure of the Company. The Company's operations consist of three reportable segments: Equipment Leasing, Legal Financing, and Automotive Operations.

Chesswood's Equipment Leasing segment is located in the United States and is involved in small-ticket equipment leasing to small businesses in the start-up and "B" credit markets in the lower 48 states. Our Automotive Operations segment sells and services predominantly Acura automobiles and leases Acura and other brand automobiles in the province of Ontario, Canada. Our Legal Financing segment is located in the United States and is a provider of legal financing to plaintiffs and attorneys throughout the United States.

Segment information is prepared in conformity with the accounting policies adopted for the Company's financial statements.

The role of the "chief operating decision maker" with respect to resource allocation and performance assessment is embodied in the position of Chief Executive Officer. The performance of the Equipment Leasing, Legal Financing, and Automotive Operations segments is measured on the basis of net income or loss before tax. Net assets, which are defined as total segment assets less total segment liabilities, are used as the basis of assessing the allocation of resources.

When compared with the last annual financial statements, there are no differences in the basis of segmentation or in the basis of measuring segment results.

Selected information by segment and geographically is as follows:

	For the six months ended June 30, 2013 ($ thousands)				
	Equipment Financing – U.S.	**Legal Financing – U.S.**	**Automotive operations -Canada**	**Corporate overhead - Canada**	**Total**
Interest revenue on finance leases and loans	$ 16,484	$ 1,435	$ —	$ —	$17,919
Ancillary finance and other fee income	2,766	108	—	—	2,874
Interest expense *(a)*	(1,884)	—	—	—	(1,884)
Provision for credit losses	(2,931)	—	—	—	(2,931)
Finance margin	**14,435**	**1,543**	—	—	**15,978**
Revenue - automotive operations	—	—	23,339	—	23,339
Cost of sales – automotive operations	—	—	(20,199)	—	(20,199)
Gross margin before expenses	**14,435**	**1,543**	**3,140**	—	**19,118**
Personnel expenses	2,034	651	1,418	538	4,641
Share-based compensation expense	152	131	49	449	781
Other expenses	1,715	322	973	414	3,424
Amortization	217	1	34	2	254
Income before undernoted items	**10,317**	**438**	**666**	**(1,403)**	**10,018**
Unrealized gain on interest rate swaps	990	—	—	—	990
Unrealized gain on foreign exchange	—	—	—	38	38
Income before taxes	**11,307**	**438**	**666**	**(1,365)**	**11,046**
Provision for (recovery of) taxes	4,472	—	(63)	314	4,723
Net income	**$6,835**	**$438**	**$729**	**$(1,679)**	**$6,323**
Net cash from (used in) operating activities	$8,760	$(1,670)	$892	$(1,846)	$6,136
Net cash used in investing activities	(190)	(30)	(110)	—	(330)
Net cash used in financing activities	—	—	—	(3,866)	(3,866)
Total Assets	$161,309	$10,051	$12,388	$6,623	$190,371
Total Liabilities	116,367	194	5,941	1,079	123,581
Finance receivables	143,014	8,175	—	—	151,189
Goodwill	11,430	686	2,520	—	14,636
Intangible assets	5,676	389	889	—	6,954
Property and equipment expenditures	190	30	110	—	330

(a) includes $322,000 in non-cash interest expense, based on the imputed interest savings on the customer security deposits, interest revenue on leases on loans is higher by the same amount.

	For the six months ended June 30, 2012 ($ thousands)				
	Equipment Financing – U.S.	**Legal Financing – U.S.**	**Automotive operations -Canada**	**Corporate overhead - Canada**	**Total**
Interest revenue on leases and loans *(a)*	$ 14,640	$ 564	$ 102	$ —	$15,306
Ancillary lease and other fee income	2,255	139	—	—	2,394
Interest expense *(a)*	(1,693)	—	(15)	—	(1,708)
Provision for credit losses	(2,218)	(31)	1	—	(2,248)
Finance margin	**12,984**	**672**	**88**	—	**13,744**
Revenue - automotive operations	—	—	24,616	—	24,616
Cost of sales – automotive operations	—	—	(21,710)	—	(21,710)
Gross margin before expenses	**12,984**	**672**	**2,994**	—	**16,650**
Personnel expenses	1,881	525	1,382	429	4,217
Share-based compensation expense	160	173	60	363	756
Other expenses	1,609	214	1,139	346	3,308
Amortization	291	-	62	2	355
Income before undernoted items	**9,043**	**(240)**	**351**	**(1,140)**	**8,014**
Contingent consideration and bonus	—	(90)	—	—	(90)
Unrealized gain on foreign exchange	—	—	—	187	187
Unrealized loss on interest rate swaps	(42)	—	—	—	(42)
Income before income taxes	9,001	**(330)**	351	(953)	8,069
Provision for (recovery of) taxes	3,635	—	(30)	256	3,861
Net income	**$5,366**	**$(330)**	**$381**	**$(1,209)**	**$4,208**
Net cash from (used in) operating activities	$8,931	$(1,914)	$657	$(1,659)	$6,015
Net cash used in investing activities	(28)	(20)	(31)	—	(79)
Net cash used in financing activities	—	—	—	(3,844)	(3,844)
Total Assets	$131,501	$5,245	$17,490	$8,978	$163,214
Total Liabilities	91,374	984	10,110	937	103,405
Finance receivables	113,560	3,556	1,562	—	118,678
Goodwill	10,961	665	2,520	—	14,146
Intangible assets	5,928	377	889	—	7,194
Property and equipment expenditures	28	20	31	—	79

(a) includes $339,000 in non-cash interest expense, based on the imputed interest savings on the customer security deposits, interest revenue on leases on loans is higher by the same amount.

	Equipment Financing – U.S.	Legal Financing – U.S.	Automotive operations -Canada	Corporate overhead - Canada	Total
	For the three months ended June 30, 2013				
	($ thousands)				
Interest revenue on finance leases and loans	$ 8,448	$ 789	$ —	$ —	$9,237
Ancillary finance and other fee income	1,395	49	—	—	1,444
Interest expense *(a)*	(1,011)	—	—	—	(1,011)
Provision for credit losses	(1,403)	—	—	—	(1,403)
Finance margin	**7,429**	**838**	—	—	**8,267**
Revenue - automotive operations	—	—	13,673	—	13,673
Cost of sales – automotive operations	—	—	(11,802)	—	(11,802)
Gross margin before expenses	**7,429**	**838**	**1,871**	—	**10,138**
Personnel expenses	1,043	358	798	245	2,444
Share-based compensation expense	66	92	17	241	416
Other expenses	957	150	524	216	1,847
Amortization	68	—	20	1	89
Income before undernoted items	**5,295**	**238**	**512**	**(703)**	**5,342**
Unrealized gain on interest rate swaps	730	—	—	—	730
Unrealized loss on foreign exchange	(56)	—	—	(110)	(166)
Income before taxes	**5,969**	**238**	**512**	**(813)**	**5,906**
Provision for (recovery of) taxes	2,423	—	(55)	209	2,577
Net income	**$3,546**	**$238**	**$457**	**$(1,022)**	**$3,329**
Net cash from (used in) operating activities	$7,962	$(699)	$998	$(753)	$7,508
Net cash used in investing activities	(28)	(8)	(9)	—	(45)
Net cash used in financing activities	—	—	—	(1,997)	(1,997)
Property and equipment expenditures	28	8	9	—	45

(a) includes $178,500 in non-cash interest expense, based on the imputed interest savings on the customer security deposits, interest revenue on leases on loans is higher by the same amount.

	For the three months ended June 30, 2012 ($ thousands)				
	Equipment Financing – U.S.	**Legal Financing – U.S.**	**Automotive operations -Canada**	**Corporate overhead - Canada**	**Total**
Interest revenue on leases and loans *(a)*	$ 7,454	$ 363	$ 38	$ —	$7,855
Ancillary finance and other fee income	1,176	74	—	—	1,250
Interest expense *(a)*	(851)	—	(5)	—	(856)
Provision for credit losses	(1,249)	(31)	1	—	(1,279)
Finance margin	**6,530**	**406**	**34**		**6,970**
Revenue - automotive operations	—	—	14,037	—	14,037
Cost of sales – automotive operations	—	—	(12,374)	—	(12,374)
Gross margin before expenses	**6,530**	**406**	**1,697**	**—**	**8,633**
Personnel expenses	1,036	280	733	251	2,300
Share-based compensation expense	63	112	29	125	329
Other expenses	837	104	588	123	1,652
Amortization	146	—	25	1	172
Income before undernoted items	**4,448**	**(90)**	**322**	**(500)**	**4,180**
Contingent consideration and bonus *(a)*	—	(47)	—	—	(47)
Unrealized gain on foreign exchange	—	—	—	240	240
Unrealized loss on interest rate swaps	(203)	—	—	—	(203)
Income before income taxes	**4,245**	**(137)**	**322**	**(260)**	**4,170**
Provision for (recovery of) taxes	1,697	—	(1)	167	1,863
Net income	**$2,548**	**$(137)**	**$323**	**$(427)**	**$2,307**
Net cash used in operating activities	$8,988	$(1,012)	$287	$(1,009)	$7,254
Net cash used in investing activities	(12)	(8)	—	—	(20)
Net cash used in financing activities	—	—	—	(2,162)	(2,162)
Property and equipment expenditures	12	8	—	—	20

a) includes $161,000 in non-cash interest expense, based on the imputed interest savings on the customer security deposits, interest revenue on leases on loans is higher by the same amount.

Directors and Officers

Directors and Officers

Frederick W. Steiner
Director
Chairman of Chesswood Group Limited
Chairman, Audit and Governance Committee
C.E.O., Imperial Coffee and Services Inc.

Clare Copeland
Director
Chairman, Compensation Committee
C.E.O., Falls Management Company
Chairman, Toronto Hydro Corporation

Jeffrey Wortsman
Director
President & C.E.O., Danier Leather Inc.

Barry Shafran
Director
President & C.E.O., Chesswood Group Limited
Chairman and C.E.O., Pawnee Leasing Corporation

David Obront
Director
President, Carpool Two Ltd.

Robert Day
Director
Former Chairman, Pawnee Leasing Corporation

Samuel Leeper
Director
Former C.E.O., Pawnee Leasing Corporation

Executive Team

Barry Shafran
President & C.E.O.
Chesswood Group Limited
Chairman and C.E.O.
Pawnee Leasing Corporation

Lisa Stevenson
Director of Finance
Chief Financial Officer

Other Information

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Transfer Agent
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Corporate Counsel
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