CHESSWOOD GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2015

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, 2015. 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, 2015** (unaudited)	December 31, 2014 (audited)
ASSETS			
Cash		**$ 13,599**	$ 10,220
Accounts receivable		**616**	998
Inventories		**11,315**	9,207
Prepaid expenses and other assets	*7*	**2,355**	5,528
Finance receivables	*8*	**382,232**	197,557
Deferred tax assets		**1,716**	815
Property and equipment		**2,813**	3,046
Intangible assets		**34,669**	8,125
Goodwill		**59,710**	19,943
TOTAL ASSETS		**$ 509,025**	$ 255,439
LIABILITIES			
Accounts payable and other liabilities	*13*	**$ 11,974**	$ 8,489
Vehicle financing		**11,204**	8,247
Contingent consideration	*5*	**6,516**	—
Borrowings	*14*	**278,459**	105,848
Customer security deposits		**13,001**	12,426
Convertible debentures	*15*	**20,002**	20,598
Deferred tax liabilities		**28,944**	19,987
		370,100	175,595
SHAREHOLDERS' EQUITY			
Common shares	*17*	**99,610**	49,039
Non-controlling interest		**11,948**	11,124
Reserve - share-based compensation	*18*	**3,565**	3,504
Accumulated other comprehensive income		**11,498**	6,092
Retained earnings		**12,304**	10,085
		138,925	79,844
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 509,025**	$ 255,439

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, 2015 AND 2014
(in thousands of dollars, except per share amounts, unaudited)

	Note	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Finance revenue					
Interest revenue on finance leases and loans		**$ 18,406**	$ 12,174	**$ 33,089**	$ 23,408
Ancillary finance and other fee income		**2,800**	1,455	**4,573**	2,850
		21,206	13,629	**37,662**	26,258
Finance expenses					
Interest expense		**2,665**	1,177	**4,059**	2,352
Provision for credit losses		**3,333**	1,831	**7,149**	3,918
		5,998	3,008	**11,208**	6,270
Finance margin		**15,208**	10,621	**26,454**	19,988
Revenue - automotive operations		**13,850**	14,458	**25,235**	27,694
Cost of sales - automotive operations					
Change in inventories		**(3,068)**	1,876	**(2,108)**	1,274
Automobiles, parts, and other costs		**14,990**	10,733	**23,925**	22,972
Interest expense		**49**	36	**93**	70
		11,971	12,645	**21,910**	24,316
Automotive gross margin		**1,879**	1,813	**3,325**	3,378
Gross margin before expenses		**17,087**	12,434	**29,779**	23,366
Expenses					
Personnel expenses		**4,080**	3,173	**7,482**	6,009
Other expenses		**3,101**	2,438	**5,580**	4,693
Amortization - property and equipment		**130**	57	**261**	108
		7,311	5,668	**13,323**	10,810
Income before undernoted items		**9,776**	6,766	**16,456**	12,556
Acquisition and disposal related items	*5, 6*	**(468)**	—	**(455)**	(167)
Amortization - intangible assets		**(526)**	(43)	**(617)**	(43)
Financing costs - convertible debentures	*15*	**98**	(298)	**(54)**	(318)
Unrealized loss on interest rate swaps		**—**	(494)	**—**	(475)
Unrealized gain (loss) on foreign exchange		**37**	(33)	**140**	(102)
Income before taxes		**8,917**	5,898	**15,470**	11,451
Provision for taxes		**(3,803)**	(2,657)	**(6,858)**	(5,081)
Net income		**$ 5,114**	$ 3,241	**$ 8,612**	$ 6,370
Attributable to:					
Common shareholders		**$ 4,682**	$ 2,839	**$ 7,785**	$ 5,574
Non-controlling interest		**$ 432**	$ 402	**$ 827**	$ 796
Basic earnings per share	*20*	**$ 0.29**	$ 0.28	**$ 0.56**	$ 0.55
Diluted earnings per share	*20*	**$ 0.28**	$ 0.26	**$ 0.54**	$ 0.51

Please see notes to the condensed consolidated interim financial statements.

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(in thousands of dollars, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	**2015**	2014
Net income	**$ 5,114**	$ 3,241	**$ 8,612**	$ 6,370
Other comprehensive income:				
Unrealized gain (loss) on translation of foreign operations	**(1,810)**	(2,199)	**5,980**	83
Comprehensive income for the period	**$ 3,304**	$ 1,042	**$ 14,592**	$ 6,453
Attributable to:				
Common shareholders	**$ 3,176**	$ 918	**$ 13,191**	$ 5,647
Non-controlling interest	**$ 128**	$ 124	**$ 1,401**	$ 806

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, 2015 AND 2014
(in thousands of dollars, unaudited)

	Note	Common shares	Common shares	Non-controlling interest	Share-based compensation reserve	Accumulated other comprehensive income	Retained earnings	2015 Total
		(# '000s)						
Shareholders' equity - December 31, 2014		**10,420**	**$ 49,039**	**$ 11,124**	**$ 3,504**	**$ 6,092**	**$ 10,085**	**$ 79,844**
Shares issued	17	**5,724**	**49,456**	**—**	**—**	**—**	**—**	**49,456**
Net income		**—**	**—**	**827**	**—**	**—**	**7,785**	**8,612**
Dividends declared	19	**—**	**—**	**(577)**	**—**	**—**	**(5,567)**	**(6,144)**
Share-based compensation		**—**	**—**	**—**	**790**	**—**	**—**	**790**
Exercise of restricted share units	18	**38**	**535**	**—**	**(535)**	**—**	**—**	**—**
Exercise of options	18	**70**	**580**	**—**	**(194)**	**—**	**—**	**386**
Unrealized gain on translation of foreign operations		**—**	**—**	**574**	**—**	**5,406**	**—**	**5,980**
Shareholders' equity - June 30, 2015		**16,252**	**$ 99,610**	**$ 11,948**	**$ 3,565**	**$ 11,498**	**$ 12,303**	**$ 138,924**

	Note	Common shares	Common shares	Non-controlling interest	Share-based compensation reserve	Accumulated other comprehensive income	Retained earnings	2014 Total
		(# '000s)						
Shareholders' equity - December 31, 2013		9,970	$ 45,169	$ 10,114	$ 3,909	$ 953	$ 8,013	$ 68,158
Net income		—	—	796	—	—	5,574	6,370
Dividends declared	19	—	—	(577)	—	—	(3,974)	(4,551)
Share-based compensation		—	—	—	561	—	—	561
Exercise of restricted share units	18	59	575	—	(575)	—	—	—
Exercise of options	18	332	2,816	—	(901)	—	—	1,915
Unrealized gain on translation of foreign operations		—	—	10	—	73	—	83
Shareholders' equity - June 30, 2014		10,361	$ 48,560	$ 10,343	$ 2,994	$ 1,026	$ 9,613	$ 72,536
Net income		—	—	638	—	—	4,531	5,169
Dividends declared		—	—	(576)	—	—	(4,059)	(4,635)
Share-based compensation		—	—	—	682	—	—	682
Exercise of restricted share units		—	—	—	—	—	—	—
Exercise of options		59	479	—	(172)	—	—	307
Unrealized gain on translation of foreign operations		—	—	719	—	5,066	—	5,785
Shareholders' equity - December 31, 2014		**10,420**	**$ 49,039**	**$ 11,124**	**$ 3,504**	**$ 6,092**	**$ 10,085**	**$ 79,844**

Please see notes to the condensed consolidated interim financial statements.

CHESSWOOD GROUP LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(in thousands of dollars, unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2015**	2014	**2015**	2014
OPERATING ACTIVITIES					
Net income		**$ 5,114**	$ 3,241	**$ 8,612**	$ 6,370
Costs associated with investing activities included in net income		**72**	—	**1,115**	167
Non-cash items included in net income					
Amortization		**656**	100	**878**	151
Provision for credit losses		**4,423**	2,726	**9,268**	5,804
Share-based compensation expense		**408**	321	**790**	561
Provision for taxes		**3,803**	2,657	**6,858**	5,081
Other non-cash items	*21*	**390**	892	**(218)**	1,027
		9,680	6,696	**17,576**	12,624
Cash from operating activities before change in net operating assets		**14,866**	9,937	**27,303**	19,161
Finance receivables - net	*21*	**(27,013)**	(9,324)	**(46,982)**	(19,221)
Customer security deposits		**(30)**	(558)	**(319)**	(538)
Change in other net operating assets	*21*	**(2,113)**	2,145	**1,659**	1,299
Cash from operating activities before income tax payments		**(14,290)**	2,200	**(18,339)**	701
Interest paid on convertible debentures	*22*	**(650)**	(698)	**(650)**	(698)
Income taxes paid		**(8,388)**	(6,409)	**(8,916)**	(7,199)
Cash from operating activities		**(23,328)**	(4,907)	**(27,905)**	(7,196)
INVESTING ACTIVITIES					
Acquisition, net of cash acquired	*5*	**(134)**	—	**(41,471)**	(10,567)
Proceeds from sale of assets, net of costs	*6*	**—**	—	**6,127**	—
Purchase of property and equipment		**(137)**	(635)	**(163)**	(696)
Cash used in investing activities		**(271)**	(635)	**(35,507)**	(11,263)
FINANCING ACTIVITIES					
Borrowings - net	*21*	**32,887**	3,525	**38,253**	12,631
Payment of financing costs		**(38)**	—	**(652)**	—
Proceeds from issue of share capital, net of costs	*17*	**(246)**	—	**34,051**	—
Proceeds from exercise of options	*18*	**339**	428	**386**	1,915
Cash dividends paid	*19*	**(3,445)**	(2,293)	**(5,765)**	(4,526)
Cash from financing activities		**29,497**	1,660	**66,273**	10,020
Unrealized foreign exchange gain (loss) on cash		**(54)**	(102)	**518**	(46)
Net increase (decrease) in cash		**5,844**	(3,984)	**3,379**	(8,485)
Cash, beginning of period		**7,755**	18,158	**10,220**	22,659
Cash, end of period		**$ 13,599**	$ 14,174	**$ 13,599**	$ 14,174

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 156 Duncan Mill Road, Suite 15, Toronto, Ontario, M3B 3N2, and its shares trade on the Toronto Stock Exchange under the symbol CHW.

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, Blue Chip Leasing Corporation ("Blue Chip"), EcoHome Financial Inc. ("EcoHome"), Lease-Win Limited, Case Funding Inc. ("Case Funding"), 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 and Windset Capital Corporation ("Windset"), incorporated in Delaware, 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. Under IFRS 10, *Consolidated Financial Statements*, the Exchangeable Securities must be shown as non-controlling interest because they are equity in a subsidiary not attributable, directly or indirectly, to the parent even though they have no voting powers in the subsidiary. There are no restrictions to the Company's ability to access or use assets and settle liabilities of U.S. Acquisitionco as a result of the non-controlling interest. The non-controlling interest share of the Company's consolidated net assets and net income is appropriately shown on the consolidated financial statements.

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 Windset, the Company is involved in the business of providing working capital loans to small businesses in many of the lower 48 states of the United States. Through its interest in Blue Chip, the Company is involved in commercial equipment financing to small businesses in Canada. Through its interest in EcoHome, the company is involved in consumer financing solutions to the heating ventilating and air conditioning (HVAC) and home improvement markets. Through its interest in Case Funding, the Company holds a portfolio of legal finance receivables in the United States. Through its interest in Sherway, the Company is involved in selling, servicing and leasing Acura automobiles in the Province of Ontario.

The condensed consolidated interim financial statements, including comparatives, have been 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") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") mandatory for the fiscal years 2015 and 2014.

The condensed consolidated interim financial statements have been prepared on the going concern and historical cost bases, except for derivative financial instruments, liabilities held for trading and hybrid financial liabilities designated as at fair value through net income or loss, 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 and as otherwise noted. The functional currency of the Company, Holding LP, Chesswood Holdings Ltd., Blue Chip, EcoHome, Sherway, Northstar, and Lease-Win is the Canadian dollar. The functional currency of U.S. Acquisitionco, Pawnee, Windset and Case Funding is the United States dollar.

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 years ended	
June 30, 2015	December 31, 2014	**June 30, 2015**	June 30, 2014
1.2474	1.1601	**1.2354**	1.0968

The Company's condensed consolidated interim financial statements were authorized for issue on July 29, 2015 by the Board of Directors.

2. CONSOLIDATION

The condensed consolidated interim 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 IFRS 10, *Consolidated Financial Statements.* All intra-group balances and items of income and expense resulting from intra-group transactions are eliminated in full. Transaction costs in connection with business combinations are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2014.

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 condensed consolidated interim 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 - *Significant Accounting Policies* to the Consolidated Financial Statements for the fiscal year ended December 31, 2014 included in that report, and have been consistently applied in the preparation of these interim financial statements except for the following.

Consumer rental contract receivables

Finance receivables held for rental purposes fall under the lease accounting and are grouped with net investment in leases. Net investment in finance receivables that are rentals consists of the aggregate receivable over the contract term less unearned finance income. The unearned income is recognized over the life of the rental contract using the effective interest method, which provides a constant rate of return on the net investment throughout the term.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Management is currently assessing the impact that adoption of the following new accounting pronouncements will have on the company's financial statements.

IFRS 9 Financial Instruments

The IASB issued the final complete standard during 2014. The company plans to adopt the standard for the year ended December 31, 2018.

(a) IFRS 9 uses a single principles-based approach to determine the classification and measurement of financial assets (either fair value or amortized cost) based on the entity's business model and the nature of the contractual cash flows derived from the asset.
(b) The new standard introduces an expected loss impairment model for all financial instruments except those measured at fair value through profit and loss. Application of the model will depend on what stage a financial asset is at. A 12-month expected credit loss is recognized through a loss allowance on initial recognition of financial asset. If credit risk subsequently increases significantly above a low level, a loss is recognized for the lifetime expected loss. Finally, if a

financial asset is considered credit impaired, then interest revenue is based on the net carrying amount of the asset instead of its gross carrying amount.

(c) The standard requires an entity choosing to measure a liability at fair value to 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 income, rather than within profit or loss.

(d) IFRS 9 includes revised guidance related to de-recognition of financial instruments.

IFRS 15 Revenue from Contracts with Customers

The standard establishes principles for recognizing revenues based on a five-step model which is to be applied to all contracts with customers. Revenue arising from lease contracts accounted for under IAS 17 is outside of the scope of the new standard. The company plans to adopt the new standard for the year ended December 31, 2017.

5. BUSINESS ACQUISITIONS

(a) Blue Chip Leasing Corporation and EcoHome Financial Inc.

On March 17, 2015 (the "Acquisition Date"), the Company acquired (the "Acquisition") all of the issued and outstanding shares and certain shareholder loans of Blue Chip and EcoHome ("Acquired Companies"). Both companies are incorporated in Ontario. Blue Chip is a tenured, prime, small ticket equipment finance company serving brokers and vendors from coast-to-coast in Canada. EcoHome provides financing solutions to the heating ventilating and air conditioning (HVAC) and home improvement markets. The Acquisition enables the Company to expand the geographical coverage of its North American small ticket platform.

The purchase price to acquire Blue Chip and EcoHome (and shareholder loans) was $64 million with the possibility of additional consideration totaling $26.0 million if performance targets are exceeded for the subsequent three years ("Contingent Consideration"). The purchase price for the Acquisition was satisfied through a combination of $44.6 million of cash and the issuance of 1,806,384 Chesswood common shares to the vendor. The vendor's shares are subject to an escrow agreement that provides for, amongst other things, a staged release of these shares, from escrow, over a three year period. For valuation purposes, the discount on these restricted shares was calculated based on the theoretical price of a put option on the shares with an expiry date equal to the trading restriction period. A value of approximately $7.92 per Common Share was calculated. The valuation report has not been finalized and this value and the corresponding goodwill impact could change.

The Acquisition is recorded using the acquisition method of accounting. Under this method, the identifiable assets acquired and the liabilities assumed are measured and recognized at their Acquisition Date fair values. Any excess of the Acquisition Date fair value of the consideration over the net of the Acquisition Date fair values of the identifiable assets acquired and the liabilities assumed is recognized as goodwill and any deficiency is recognized as a gain. Acquisition costs associated with a business combination are expensed in the period incurred. The results of operations have been consolidated from the Acquisition Date.

Goodwill recorded in connection with the Acquisition is primarily attributable to the economic value associated with workforce of the acquired business, the expected profitability of the acquired business, the expected synergies and intangible assets that do not qualify for separate recognition.

The Company has yet to establish a reliable purchase price allocation but will update its disclosures in future periods after more information becomes available. Chesswood has engaged an independent valuation firm to assist in determining the fair values of the assets acquired, liabilities and provision assumed, and related deferred income tax impacts and the fair value of the earn-out consideration payable.

In conjunction with the Acquisition, 175,000 equity options were issued to certain senior management of the Acquired Companies, as described in Note 18 - *Compensation Plans*.

Included in the consolidated statement of income are revenue of $5.2 million and net income of $678,000 related to the Acquired Companies for the period March 18, 2015 to June 30, 2015. Transaction costs of $939,000 and $356,000 accretion in the contingent consideration relating to this Acquisition were expensed during the period and are included in Acquisition and disposal related items. An additional $30,000 of transaction costs were expensed during the year ended December 31, 2014.

The estimated purchase price allocation to the fair value of assets acquired and liabilities assumed is as follows.

As at March 17, 2015	Blue Chip	EcoHome	Total
		($ thousands)	
Cash	$ 2,614	$ 1,490	$ 4,104
Net investment in leases and loans	82,258	54,600	136,858
Prepaid expenses and other assets	173	484	657
Goodwill and intangibles	37,538	29,166	66,704
Total assets	$ 122,583	$ 85,740	$ 208,323
Accounts payable and other liabilities	$ 1,588	$ 2,056	$ 3,644
Borrowings	71,193	55,686	126,879
Deferred tax liabilities	9,489	3,289	12,778
Total liabilities	$ 82,270	$ 61,031	$ 143,301
Net assets acquired	$ 40,313	$ 24,709	$ 65,022
Consideration			
Cash			$ 44,556
Common shares			14,306
Contingent consideration			6,160
			$ 65,022

Contingent Consideration - Additional Purchase Price

If the Acquired Companies' normalized net income before taxes ("NIBT") for the twelve months ending on December 31, 2015 is at least $6.85 million, Chesswood shall pay to the Vendor the amount of $4.0 million. If the NIBT for the twelve months ending on December 31, 2015 is less than $6.85 million, Chesswood shall pay to the Vendor the greater of (i) nil, and (ii) $4.0 million multiplied by a fraction the numerator of which is the NIBT for the twelve months ending on December 31, 2015 and the denominator of which is $6.85 million.

If the NIBT for the twelve months ending on December 31, 2016 is at least $7.65 million, Chesswood shall pay to the Vendor the amount of $2.0 million. If the NIBT for the twelve months ending on December 31, 2016 is less than $7.65 million, Chesswood shall pay to the Vendor the greater of (i) nil, and (ii) $2.0 million multiplied by a fraction the numerator of which is the NIBT for the twelve months ending on December 31, 2016 and the denominator of which is $7.65 million.

With respect to the twelve months ending on December 31, 2017, Chesswood shall pay to the Vendor an amount equal to the aggregate amount determined in accordance with the following formula, up to a maximum of $20.0 million: (NIBT for the twelve months ending on December 31, 2017 - $12.0 million) x 10 x 0.25.

Chesswood may satisfy up to 50% of the Additional Purchase Price through the issue of Chesswood Shares ("Additional Shares"), at a deemed issue price per share equal to the ten day volume weighted average trading price of the Chesswood Shares preceding the issue date, if certain conditions are met.

At the Acquisition Date, management estimated the amount that is potentially payable at $6.2 million. The estimate of fair value of contingent consideration requires very subjective assumptions to be made of various potential operating scenarios and discount rates. The accretion or reduction in contingent consideration payable will flow through profit and loss and is included in gain on sale and acquisition costs. Chesswood will review the valuation each quarter and update assessment of various probability weighted projected NIBT scenarios.

(b) Northstar Leasing Corporation

On January 31, 2014, the Company completed the acquisition of all of the outstanding shares of Northstar Leasing Corporation ("Northstar") for $10.4 million in cash. Northstar is a long-standing non-prime commercial equipment finance company, located in Barrie, Ontario. The acquisition enabled the Company to expand the geographical coverage of its North American small ticket platform, leveraging the experience and expertise of Pawnee's presence in the U.S. to complement that of Northstar. The synergistic benefits to the Group are not recognizable intangible assets and are included in the goodwill amount for financial reporting purposes.

Transaction costs relating to this acquisition of $167,000 were expensed during the year ended December 31, 2014 and are included in gain on sale and acquisition costs. An additional $88,000 of transaction costs were expensed during the year ended December 31, 2013. None of the goodwill is expected to be deductible for tax purposes.

The allocation of the purchase price was completed during the final quarter of 2014. The material adjustments arising include: the recognition of broker network and trade name intangible assets, with a reduction in the carrying amount of goodwill, and the adjustment of the net investment in leases to fair value, net of the acquisition date allowance for impairment. The resulting purchase price allocation to the fair value of assets acquired and liabilities assumed is as follows:

	January 31, 2014
	($ thousands)
Cash	$ 12
Net investment in leases	12,887
Prepaid expenses and other assets	95
Property and equipment	20
Deferred tax assets	70
Broker relationships	478
Trade name	127
Goodwill	4,189
Total assets	$ 17,878
Accounts payable and other liabilities	$ 283
Bulk lease financing facility	6,120
Lease financing	434
Customer security deposits	541
Deferred tax liabilities	100
Total liabilities	$ 7,478
Net assets acquired	$ 10,400
Consideration - cash	$ 10,400

The gross contractual amounts receivable under leases at January 31, 2014 was $15.7 million (including residual values of leased equipment). The fair value of the receivables was $13.3 million. The best estimate at the acquisition date of the contractual cash flows not expected to be collected was $365,000 for leases that had signs of impairment on date of acquisition.

6. DISPOSAL OF ASSETS

(a) Case Funding operations and certain attorney loans sold

On February 3, 2015, Case Funding sold certain assets and operations to a private equity firm (the "Purchaser"). The assets sold are as follows:

Assets sold		US$
		($thousands)
Prepaid expenses and other assets	$	108
Attorney loans		1,344
Attorney loans - participation agreement (i)		744
Attorney loans - recourse (ii)		946
Property and equipment		133
Goodwill and intangible assets		1,014
Accounts payable and other liabilities		(38)
Net assets sold		4,251
Proceeds (10% to be held in escrow for one year)	$	5,104
Gain on sale of assets and operations	$	853
Costs associated with sale of assets		191
Net gain on sale of assets - U.S.$	$	662
Net gain on sale of assets - CDN$	$	840

(i) The Purchaser acquired an 85% interest in certain attorney loans for approximately U.S.$744,000, included in proceeds above, with no recourse to Case Funding for future losses. Subsequent to the close of the transaction Case Funding participated in U.S.$46,000 in additional attorney loans with the Purchaser, representing 15% of the loans outstanding.

(ii) The attorney loans with recourse will show in finance receivables until collected and the corresponding funds received from the Purchaser will show as a payable, per accounting guidelines, as not all of the risk and rewards were deemed to have been transferred.

In conjunction with the transfer of Case Funding's employees to the Purchaser, the stock options held by the employees immediately vested and thus the remaining $76,400 in unrecognized stock option costs was expensed on February 3, 2015.

The gain on sale will result in the utilization of tax losses (these tax losses were never recognized as a future tax asset) of Case Funding; the Company recognized U.S.$397,500 in future tax expense relating to future taxes payable on the collection of the remaining financial receivables.

Case Funding retained approximately U.S.$7.6 million in finance receivables and will pay the Purchaser a servicing fee of 5% of collections to administer the remaining portfolio of attorney loans, plaintiff advances and medical liens on behalf of Case Funding.

7. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets comprise:

		June 30, 2015		December 31, 2014
		($ thousands)		
Property tax receivable	**$**	**289**	$	541
Tax receivable		**348**		2,928
Sales tax receivable		**878**		78
Other prepaid expenses and current assets		**840**		1,981
	$	**2,355**	$	5,528

8. FINANCE RECEIVABLES

Finance receivables comprise:

	Note	June 30, 2015	December 31, 2014
		($ thousands)	
Net investment in leases	9	$ 278,707	$ 140,280
Loan receivables	10	93,483	44,623
Legal finance receivables	12	10,041	12,654
		$ 382,231	$ 197,557

9. NET INVESTMENT IN LEASES

(a) Net investment in leases includes the following:

	June 30, 2015	December 31, 2014
	($ thousands)	
Total minimum lease payments	$ 348,514	$ 178,484
Residual values of leased equipment	30,368	20,113
	378,882	198,597
Unearned income, net of initial direct costs of lease acquisition	(93,994)	(52,807)
Net investment in leases before allowance for doubtful accounts	284,888	145,790
Allowance for doubtful accounts *(b)*	(6,180)	(5,510)
Net investment in leases	$ 278,708	$ 140,280
Current portion	80,855	53,405
Net investment in leases - long-term portion	$ 197,853	$ 86,875

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

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
	($ thousands)			
Balance, beginning of period	$ 6,934	$ 4,356	$ 5,510	$ 3,573
Provision for credit losses	1,517	1,153	3,855	3,106
Impact of change in foreign exchange rates	(100)	(117)	387	23
Allowance of acquired companies	—	(122)	1,125	337
Charge-offs	(3,116)	(2,393)	(6,589)	(5,133)
Recoveries	945	885	1,892	1,856
Balance, end of period	$ 6,180	$ 3,762	$ 6,180	$ 3,762

10. LOAN RECEIVABLES

	June 30, 2015	December 31, 2014
	($ thousands)	
Equipment financing agreements	**$ 37,826**	$ 28,088
Working capital loans	**34,169**	17,583
Consumer finance loans	**22,981**	—
	94,976	45,671
Allowance for doubtful accounts *(a)*	**(1,493)**	(1,048)
Loan receivables	**$ 93,483**	$ 44,623
Current portion	**48,219**	25,428
Loan receivables – long-term portion	**$ 45,264**	$ 19,195

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

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	**2015**	2014
	($ thousands)			
Balance, beginning of period	**$ 1,261**	$ 254	**$ 1,048**	$ 174
Provision for credit losses	**1,495**	494	**2,810**	626
Impact of change in foreign exchange rates	**(18)**	(12)	**82**	(5)
Charge-offs	**(1,392)**	(380)	**(2,675)**	(459)
Recoveries	**147**	10	**228**	30
Balance, end of period	**$ 1,493**	$ 366	**$ 1,493**	$ 366

11. FINANCE RECEIVABLES PAST DUE

Pawnee, Windset, Blue Chip and EcoHome finance receivables are each composed of a large number of homogenous receivables with relatively small individual balances. The evaluation of the allowance for doubtful accounts is performed collectively for each portfolio.

The following aging represents the total carrying amount of the lease and loan receivables and not just the payments that are past due. The balances presented exclude the $13.0 million (December 31, 2014 - $12.4 million) of security deposits received from lessees/borrowers and the collateral held (including potential proceeds from repossessed vehicles and equipment, and potential recoveries from personal guarantees) that would offset any charge-offs. An estimate of the fair value for the collateral and personal guarantees cannot reasonably be determined.

As of June 30, 2015

($ thousands)	**Current**	**1-30 days**	**31 - 60 days**	**61 - 90 days**	**Over 90 days**	**Total**
Equipment lease and rental receivables	**$ 273,665**	**$ 5,983**	**$ 2,456**	**$ 1,159**	**$ 1,625**	**$ 284,888**
Loan receivables	**92,417**	**1,438**	**786**	**199**	**136**	**94,976**
	366,082	**7,421**	**3,242**	**1,358**	**1,761**	**379,864**
Impaired	**387**	**1,333**	**1,628**	**898**	**1,717**	**5,963**
Past due but not impaired	**$ —**	**$ 6,088**	**$ 1,614**	**$ 460**	**$ 44**	**$ 8,206**

As of December 31, 2014

($ thousands)		Current		1-30 days		31 - 60 days		61 - 90 days		Over 90 days		Total
Equipment lease receivables	$	136,659	$	4,491	$	2,197	$	730	$	1,713	$	145,790
Loan receivables		44,234		672		671		—		94		45,671
		180,893		5,163		2,868		730		1,807		191,461
Impaired		235		676		1,304		423		1,736		4,374
Past due but not impaired	$	—	$	4,487	$	1,564	$	307	$	71	$	6,429

12. LEGAL FINANCE RECEIVABLES

Legal finance receivables consist of:

	June 30, 2015	December 31, 2014
	($ thousands)	
Attorney loans and medical liens	**$ 2,039**	$ 4,878
Plaintiff advances	**8,002**	7,776
Legal finance receivables	**10,041**	12,654
Current portion *(i)*	**4,421**	5,646
Legal finance receivables – long-term portion	**$ 5,620**	$ 7,008

At Case Funding, management reviews each attorney loan receivable on an individual basis for collectability and for reserve requirements, if any. At March 31, 2015 and December 31, 2014, it was determined an allowance of U.S.$100,000 was required.

i) The contracts are deemed to have fixed or determinable payments, with the payments due when the underlying cases are settled. The date of settlement cannot be known and is therefore estimated. Plaintiff advances are made on a non-recourse basis, and repayment depends on the success and potential size of respective claims. The current portion of legal finance receivables is subject to estimation.

See Note 6 - *Disposal of assets* in regards to the sale of certain attorney loans on February 3, 2015.

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities comprise:	**June 30, 2015**	December 31, 2014
	($ thousands)	
Dividends payable	**$ 1,153**	$ 773
Accounts payable	**1,074**	1,253
Sales tax payable	**551**	759
Customer deposits and prepayments	**1,827**	240
Unfunded finance receivables	**1,852**	1,244
Taxes payable	**611**	468
Payroll related payables and accruals	**1,306**	1,280
Accrued expenses and other liabilities	**3,376**	2,235
Deferred lease incentive	**224**	237
	$ 11,974	$ 8,489

All amounts are due within one year, except for the deferred lease incentives which are being amortized over the remaining lease terms which expire in 2024.

14. BORROWINGS

Borrowings are comprised of:

			June 30, 2015		December 31, 2014
			($ thousands)		
Chesswood credit facility	(a)	$	**134,008**	$	102,089
Deferred financing costs			**(1,917)**		(1,598)
			132,091		100,491
Securitization and bulk lease financing facilities	(b)		**146,368**		4,740
Leasehold improvement loan - Sherway	(c)		**—**		617
		$	**278,459**	$	105,848

(a) On December 8, 2014, Chesswood entered into a new three year revolving senior secured credit facility. Chesswood's credit facility allows borrowings of up to U.S.$150.0 million subject to, among other things, certain percentages of eligible gross finance receivables. The facility can be extended, subject to certain conditions, to U.S.$200.0 million. This credit facility is secured by substantially all of Chesswood's assets, contains negative covenants including maintaining leverage and interest coverage ratios, and matures on December 8, 2017. At June 30, 2015 and December 31, 2014, and throughout the period, Chesswood was in compliance with all covenants. Based on average debt levels, the effective interest rate paid during the period was 3.79%.

(b) Blue Chip and EcoHome have various securitization and bulk lease financing facilities. The facilities are secured by the associated finance receivables. The facilities have limited recourse to other assets in the event that lessees\borrowers fail to make payments when due.

Blue Chip and EcoHome have entered into master purchase and servicing agreements with various financial institutions and life insurance companies (referred to collectively as the "Securitizers"). The funding facilities are advanced to Blue Chip and EcoHome on a tranche-by-tranche basis, with each tranche collateralized by a specific group of underlying finance receivables and any related security provided thereunder. Blue Chip and EcoHome either maintain certain cash reserves as credit enhancements or provide letters of guarantee in return for cash release from the cash reserves. Blue Chip and EcoHome continue to service these finance receivables on behalf of the Securitizers.

Blue Chip has access to the following committed lines of funding:

- $20.0 million annual limit from one life insurance company;
- $10.0 million rolling limit from one life insurance company;
- $30.0 million annual limit from one financial institution; and
- $40.0 million rolling limit from one financial institution, of which $20.0 million can be used for EcoHome.

As at June 30, 2015, Blue Chip had $89.7 million in securitization debt outstanding, was utilizing $47.7 million of their available financing and had access to $52.8 million of financing available for use from the Securitizers. Interest rates are fixed at the time of each advance and are based on Government of Canada Bond yields with maturities comparable to the term of the underlying leases plus a premium. Based on average debt levels, the effective interest rate paid during the period was 3.51% (2014 - n/a). As at June 30, 2015, Blue Chip has provided $5.7 million in outstanding letters of guarantee through Chesswood credit facility.

EcoHome has access to the following committed lines of funding:

- $20.0 million annual limit from one life insurance company; and
- $35.0 million annual limit from one financial institution.

As at June 30, 2015, EcoHome had $56.6 million in securitization debt outstanding, was utilizing $33.2 million of their available financing under this facility and had access to $21.8 million of financing available for use. Interest rates are likewise fixed at the time of each advance and are based on Government of Canada Bond yields with maturities comparable to the term of the underlying leases plus a premium. Based on average debt levels, the effective interest rate paid during the period was 4.15% (2014 - n/a). As at June 30, 2015, EcoHome has provided $2.9 million in outstanding letters of guarantee through the Chesswood credit facility.

Blue Chip and EcoHome must meet certain financial covenants to support these securitization and bulk lease financing facilities. As at June 30, 2015 and throughout the period, Blue Chip, EcoHome and Northstar were in compliance with all covenants.

(c) At December 31, 2014, Sherway had an authorized non-revolving demand loan facility available in the amount of $2.5 million. The demand loan was used to finance leasehold improvements at the dealership. The demand loan was secured by secondary assignment of the accounts receivable and a general security agreement over the assets of the Partnership. The loan bore interest of prime plus 0.5% and was to be repaid in part by contribution from Honda's Acura Advanced Facility Program Enhancement program with the balance repaid from the dealership's funds over the next 5 years. The loan was repaid during 2015 and canceled.

15. CONVERTIBLE DEBENTURES

The convertible debentures balance is composed of:

	June 30, 2015	December 31, 2014
	($ thousands)	
Principal amount recognized on issuance	**$ 20,000**	$ 20,000
Fair value adjustment	**2**	598
Balance, end of period	**$ 20,002**	$ 20,598

	For the three months ended **June 30,**		For the six months ended **June 30,**	
	2015	**2014**	**2015**	2014
		($ thousands)		
Fair value adjustment for the period	**$ 748**	$ 400	**$ 596**	$ 380
Interest paid during year	**(650)**	(698)	**(650)**	(698)
Financing costs - convertible debentures	**$ 98**	$ (298)	**$ (54)**	$ (318)

16. MINIMUM PAYMENTS

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

($ thousands)		2015	2016	2017	2018	2019	2020 +	**Total**
Accounts payable and other liabilities		$ 10,381	$ 192	$ 225	$ 210	$ 176	$ 790	**$ 11,974**
Vehicle financing		11,204	—	—	—	—	—	**11,204**
Borrowings	*(i)*	31,974	36,376	159,869	15,839	9,592	24,809	**278,459**
Customer security deposits	*(ii)*	2,584	3,810	3,622	2,448	1,272	333	**14,069**
Convertible debentures		—	—	—	20,000	—	—	**20,000**
		$ 56,143	$ 40,378	$163,716	$ 38,497	$ 11,040	$25,932	**$ 335,706**
Other financial commitments	*(iii)*	483	937	654	473	426	1,491	**4,464**
Total commitments		$ 56,626	$ 41,315	$164,370	$ 38,970	$ 11,466	$27,423	**$ 340,170**

i. *Chesswood's credit facility is a line-of-credit and, as such, the balance can fluctuate. The credit facility matures in 2017. Included in Borrowings are amounts payable under securitization debt as well.*
ii. *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.*
iii. *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 2015 and 2024, which represent the bulk of other financial commitments.*

For contingent liabilities and other commitments, refer to Note 30 - *Contingent Liabilities and Other Financial Commitments* of the 2014 annual consolidated financial statements. Refer to Note 5 - *Business Acquisitions* for description of contingent consideration.

17. COMMON SHARES

		Common shares		Amount
		(# '000s)		*($ thousands)*
Balance, December 31, 2013		9,970	$	45,169
Exercise of restricted share units		59		575
Exercise of options		391		3,295
Balance, December 31, 2014		10,420		49,039
Public offering, net of costs	(a)	3,303		29,225
Private placement	(b)	615		5,925
Business acquisition	(c)	1,806		14,306
Exercise of restricted share units		38		580
Exercise of options		70		535
Balance, end of period		**16,252**	**$**	**99,610**

(a) On March 12, 2015, the Company completed the public offering of 3,302,600 subscription receipts ("Subscription Receipts") at a price of $9.75 per Subscription Receipt (the "Public Offering"). The Public Offering was oversubscribed, and 430,800 of the Subscription Receipts were issued as a result of the exercise in full of the over-allotment option granted to the underwriters of the Public Offering. Costs of $3.1 million (net of $1.1 million tax impact) were deducted from the $32.2 million of proceeds raised.

(b) Chesswood concurrently completed a non-brokered private placement of 615,384 Subscription Receipts at the same offering price as under the Public Offering to certain directors, officers and other insiders. Each Subscription Receipt entitled the holder thereof to receive, for no additional consideration, one common share in the capital of Chesswood upon the completion of the acquisition of Blue Chip and EcoHome.

At the close of business on March 17, 2015, the Company completed its acquisition of Blue Chip and EcoHome. On March 18, 2015, the Subscription Receipts were exchanged for Common Shares.

(c) As partial consideration for the acquisition of Blue Chip and EcoHome, 1,806,384 Common Shares were issued. The vendor's shares are subject to an escrow agreement that provides for, amongst other things, a staged release of these shares, from escrow, over a three year period. For valuation purposes, the discount on these restricted shares was calculated based on the theoretical price of a put option on the shares with an expiry date equal to the trading restriction period. A value of approximately $7.92 per Common Share was calculated. The valuation report has not been finalized and this value and the corresponding goodwill impact could change.

Normal course issuer bids

In August 2014, the Board of Directors approved the repurchase and cancellation of up to 746,331 of the Company's outstanding Common Shares for the period commencing August 25, 2014 and ending on August 24, 2015. No Common Shares have been repurchased under this normal course issuer bid. Decisions regarding the timing of purchases are based on market conditions and other factors.

In August 2013, the Board of Directors approved the repurchase and cancellation of up to 688,614 of the Company's outstanding Common Shares for the period commencing August 25, 2013 and ending on August 24, 2014. No Common Shares were repurchased under this normal course issuer bid.

18. COMPENSATION PLANS

(a) Share options

During the six months ended June 30, 2015, personnel expenses and the share-based compensation reserve included $494,100 (2014 - $295,400) relating to option expense. As of June 30, 2015, unrecognized non-cash compensation expense related to the outstanding options was $1.7 million (2014 - $1.1 million), which is expected to be recognized over the remaining vesting period.

In conjunction with the transfer of Case Funding's employees to the new owners on the sale of Case Funding business operations and certain attorney loans receivables on February 3, 2015, the stock options held by the employees immediately vested and thus the remaining $76,403 in unrecognized stock option costs was expensed in February 2015 (which is included in the $494,100 share based compensation expense amount noted above).

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

	For the three months ended **June 30,**		For the six months ended **June 30,**	
	2015	2014	**2015**	2014
Balance, beginning of period	**1,492,406**	1,154,878	**1,325,156**	1,431,628
Granted	**440,000**	285,000	**615,000**	285,000
Exercised	**(64,239)**	(55,300)	**(70,239)**	(332,050)
Forfeited	**—**	—	**(1,750)**	—
Balance, end of period	**1,868,167**	1,384,578	**1,868,167**	1,384,578

During the six months ended June 30, 2015, 70,239 options were exercised (2014 - 332,050) for total cash consideration of $385,840 (2014 - $1.9 million). On exercise, the fair value of options that had been expensed to date during the vesting period of $190,100 (2014 - $902,000) was transferred from reserve to Common Share capital. For the options exercised in 2015, the weighted average share price at the date of exercise was $12.36 (2014 - $15.46).

At June 30, 2015, the weighted average exercise price is $9.78 (2014 - $8.36) and the weighted average remaining contractual life for all options outstanding is 7.71 years (2014 - 7.57 years). The options exercisable at June 30, 2015 have a weighted average exercise price of $7.72 (2014 - 858,953 options at $6.67).

An analysis of the options outstanding at June 30, 2015 is as follows:

Grant date	Number of options outstanding	Vested	Expiry date	Exercise price
May 10, 2006	35,000	35,000	May 9, 2016	$ 10.00
June 23, 2009	38,900	38,900	June 22, 2019	$ 2.06
April 13, 2010	85,028	85,028	April 13, 2020	$ 4.49
April 25, 2011	231,500	231,500	April 24, 2021	$ 7.79
June 10, 2011	50,000	50,000	June 9, 2021	$ 7.73
December 6, 2011	200,000	200,000	December 6, 2021	$ 6.14
June 25, 2012	200,239	200,239	June 24, 2022	$ 7.45
July 9, 2012	2,500	2,500	July 8, 2022	$ 7.42
December 6, 2012	125,000	81,250	December 6, 2022	$ 8.86
April 29, 2014	285,000	106,500	April 29, 2024	$ 14.12
March 17, 2015	175,000	—	March 17, 2025	$ 11.00
April 16, 2015	290,000	—	April 16, 2025	$ 12.53
April 29, 2015	150,000	—	April 29, 2025	$ 12.24
	1,868,167	1,030,917		

In April 2015, the board of directors approved the grant of 290,000 (2014 - 285,000) options at a grant price of $12.53 (2014 - $14.12) and 150,000 options at $12.24. The option exercise price is equal to the 10-day volume weighted average price of the Shares at the date prior to the day such Options were granted. The options vest 30% at the end of the first year, another 35% at the end of the second year, and the remaining 35% at the end of the third year. The options expire on the 10th anniversary of the grant date.

The value of the options granted during the period was determined using the Black-Scholes option pricing model with the following assumptions:

	April 29, 2015	April 16, 2015	March 17, 2015	April 29, 2014
Number of options granted	150,000	290,000	175,000	285,000
Weighted average share price at date	$12.24	$12.53	$11.00	$14.12
Expected volatility	31% - 57%	31% - 57%	31% - 58%	34% - 62%
Expected life (years)	5 - 7	5 - 7	5 - 7	5 - 7
Expected dividend yield	6.42%	6.46%	6.95%	5.73%
Risk-free interest rates	0.59% - 0.95%	0.59% - 0.95%	0.53% - 0.95%	1.47% - 2.01%
Weighted average fair value of options granted	$2.40	$2.31	$2.22	$3.72

The risk free rate was based on the Government of Canada benchmark bond yield on the date of grant for a term equal to the expected life of the options. Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equal to the expected life of the options. The expected life was based on the contractual life of the awards and adjusted, based on management's best estimate and historical redemption rates.

The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options, which have no black-out or vesting restrictions and are fully transferable. In addition, the Black-Scholes Option Pricing Model requires the use of subjective assumptions, including the expected stock price volatility. As a result of the Company's Stock Option Plan having characteristics different from those of traded options, and because changes in the subjective assumptions can have a material effect on the fair value estimates, the Black-Scholes Option Pricing does not necessarily provide a single measure of the fair value of options granted.

(b) Restricted share units

A summary of the restricted share units ("RSUs") outstanding is as follows:

	Three months ended June 30,		For the six months ended June 30,	
	2015	2014	**2015**	2014
Balance, beginning of period	**60,000**	68,500	**60,000**	75,000
Granted	**44,000**	44,000	**44,000**	44,000
Exercised	**(38,000)**	(52,500)	**(38,000)**	(59,000)
Balance, end of period	**66,000**	60,000	**66,000**	60,000

During the six months ended June 30, 2015, personnel expenses and share-based compensation reserve included $296,000 (2014 - $266,100) relating to RSUs. As of June 30, 2015, unrecognized non-cash compensation expense related to non-vested RSUs was $488,100 (2014 - $552,400).

The weighted average remaining contractual life for all RSUs outstanding is 9.1 years (December 31, 2014 - 8.3 years).

An analysis of the RSUs outstanding at June 30, 2015 is as follows:

Grant date	Number of RSUs outstanding	Vested	Expiry date	Value on Grant date
April 25, 2011	4,000	4,000	April 24, 2021	$ 7.79
June 25, 2012	6,000	6,000	June 24, 2022	$ 7.45
May 22, 2013	6,000	6,000	May 21, 2023	$ 11.65
May 23, 2014	6,000	6,000	May 23, 2015	$ 14.07
May 25, 2015	44,000	—	May 21, 2025	$ 12.27
	66,000	22,000		

19. DIVIDENDS

Under the new credit facility (see Note 14 - *Borrowings*), the maximum cash dividends that the Company can pay in respect of a month is 1/12 of 80% of free cash flow for the most recently completed four financial quarters in which Chesswood has publicly filed its condensed consolidated interim financial statements (including its annual financial statements in respect of a fourth quarter), including the free cash flow of the Acquired Companies for the corresponding period for periods prior to the Acquisition Date.

The following dividends were paid to Common Shareholders and Exchangeable Securities holders (included as non-controlling interest) during six months ended June 30, 2015:

Record date	Payment date	Cash dividend per share ($)	Total dividend amount
			($ thousands)
December 31, 2014	January 15, 2015	$ 0.065	$ 773
January 30, 2015	February 17, 2015	$ 0.065	773
February 27, 2015	March 16, 2015	$ 0.065	774
March 31, 2015	April 15, 2015	$ 0.065	1,146
April 30, 2015	May 15, 2015	$ 0.065	1,147
May 31, 2015	June 15, 2015	$ 0.065	1,152
			$ 5,765

The following dividends were paid to Common Shareholders and Exchangeable Securities holders (included as non-controlling interest) during six months ended June 30, 2014:

Record date	Payment date	Cash dividend per share ($)	Total dividend amount
			($ thousands)
December 31, 2013	January 15, 2014	$ 0.065	$ 744
January 31, 2014	February 18, 2014	$ 0.065	744
February 28, 2014	March 17, 2014	$ 0.065	745
March 31, 2014	April 16, 2014	$ 0.065	763
April 30, 2014	May 15, 2014	$ 0.065	763
May 30, 2014	June 15, 2014	$ 0.065	767
			$ 4,526

20. EARNINGS PER SHARE

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

	For the three months ended **June 30,**		For the six months ended **June 30,**	
	2015	2014	**2015**	2014
Weighted average number of common shares outstanding	**16,179,769**	10,296,752	**13,925,123**	10,157,245
Dilutive effect of options	**462,836**	605,866	**438,664**	776,732
Dilutive effect of RSUs	**88,967**	66,736	**61,193**	70,845
Weighted average common shares outstanding for diluted earnings per share	**16,731,572**	10,969,354	**14,424,980**	11,004,822
Options and convertible debentures excluded from calculation of diluted shares for the period due to their anti-dilutive effect	1,516,176	941,176	1,666,176	941,176

21. CASH FLOW SUPPLEMENTARY DISCLOSURE

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
	($ thousands)			
Non-cash items included in net income - other				
Amortization of deferred financing costs	**$ 192**	$ 67	**$ 352**	$ 132
Financing costs - convertible debentures	**(98)**	298	**54**	318
Gain on sale of assets	**—**	—	**(840)**	—
Contingent consideration accretion	**333**	—	**356**	—
Unrealized loss on interest rate swaps	**—**	494	**—**	475
Unrealized (gain)/loss on foreign exchange	**(37)**	33	**(140)**	102
	$ 390	$ 892	**$ (218)**	$ 1,027
Finance receivables – change in				
Net investments in leases	**$ (13,085)**	$ (2,087)	**$ (18,795)**	$ (1,880)
Equipment finance agreements	**(5,149)**	(2,307)	**(8,078)**	(4,063)
Working capital loans	**(6,728)**	(4,276)	**(17,264)**	(10,847)
Consumer loan receivables	**(2,022)**	—	**(2,106)**	—
Legal finance receivables	**(29)**	(654)	**(739)**	(2,431)
	$ (27,013)	$ (9,324)	**$ (46,982)**	$ (19,221)
Other net operating assets - change in				
Accounts receivable	**$ 244**	$ 1,010	**$ 382**	$ 653
Inventories	**(3,068)**	1,876	**(2,108)**	1,274
Vehicle financing	**2,934**	(3,537)	**2,957**	(1,937)
Prepaid expenses and other assets	**(337)**	(940)	**4,299**	83
Accounts payable and other liabilities	**(1,886)**	3,736	**(3,871)**	1,226
	$ (2,113)	$ 2,145	**$ 1,659**	$ 1,299
Borrowings – change in				
Line-of-credit - Chesswood - proceeds	**$ 34,367**	$ —	**$ 51,750**	$ —
Line-of-credit - Chesswood - payments	**(19,260)**	—	**(27,628)**	—
Line-of-credit – Pawnee – proceeds	**—**	4,194	**—**	13,714
Line-of-credit – Pawnee – payments	**—**	(597)	**—**	(849)
Line-of-credit - Northstar - payment	**—**	—	**—**	(434)
Proceeds from securitization and bulk lease financing facilities	**29,295**	951	**30,913**	1,851
Payments under securitization & bulk lease financing facilities	**(11,515)**	(1,023)	**(16,165)**	(1,651)
Leasehold improvements loan - Sherway	**—**	—	**(617)**	—
	$ 32,887	$ 3,525	**$ 38,253**	$ 12,631
Non-cash transactions				
Common shares issued for business acquisition	**$ —**	$ —	**$ 14,306**	$ —
Common shares issued on exercise of restricted shares	**$ 535**	$ 535	**$ 535**	$ 575

22. FINANCIAL INSTRUMENTS

(a) Categories and measurement hierarchy

All financial instruments measured at fair value and for which fair value is disclosed are categorized into one of three hierarchy levels 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 categories to which the financial instruments are allocated under IAS 39, *Financial Instruments: Recognition and Measurement* are:

	Category
AFS	Available for sale
L&R	Loans and receivables
L&B	Loans and borrowings
HFT	Held for trading
FVTP	Fair value through profit or loss

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

	Category	Level 1	Level 2	Level 3	June 30, 2015 Carrying Value
					($ thousands)
ASSETS					
Cash *(iii)*	L&R	$ 13,599	$ —	$ —	$ 13,599
Accounts receivable *(iii)*	L&R	—	616	—	616
Loan receivables *(i)*	L&R	—	93,483	—	93,483
Attorney loans and medical liens *(i)*	L&R	—	2,039	—	2,039
Plaintiff advances *(b)*	AFS	—	—	8,002	8,002
LIABILITIES					
Accounts payable *(iii)*	L&B		(11,974)	—	(11,974)
Vehicle financing *(ii)*	L&B		(11,204)	—	(11,204)
Borrowings *(ii)*	L&B		(278,459)	—	(278,459)
Customer security deposits	L&B		(13,001)		(13,001)
Convertible debentures *(iv)*	FVTP	(20,002)	—	—	(20,002)
Total net assets (liabilities) classified as financial instruments		$ (6,403)	$ (218,500)	$ 8,002	$ (216,901)

	Category	Level 1	Level 2	Level 3	Carrying Value
					December 31, 2014
					($ thousands)
ASSETS					
Cash *(iii)*	L&R	$ 10,220	$ —	$ —	$ 10,220
Accounts receivable *(iii)*	L&R	—	998	—	998
Loan receivables *(i)*	L&R	—	44,623	—	44,623
Attorney loans and medical liens *(i)*	L&R	—	4,878	—	4,878
Plaintiff advances *(b)*	AFS	—	—	7,776	7,776
LIABILITIES					
Accounts payable *(iii)*	L&B	—	(8,489)	—	(8,489)
Vehicle financing *(ii)*	L&B	—	(8,247)	—	(8,247)
Borrowings *(ii)*	L&B	—	(105,848)	—	(105,848)
Customer security deposits	L&B	—	(12,426)	—	(12,426)
Convertible debentures *(iv)*	FVTP	(20,598)	—	—	(20,598)
Total net assets (liabilities) classified as financial instruments		$ (10,378)	$ (84,511)	$ 7,776	$ (87,113)

(i) There is no organized market for the finance receivables. Therefore the carrying value is the amortized cost using the effective interest rate method. The contractual interest rates approximate current market rates.

(ii) The stated value of the vehicle financing 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.

(iv) The convertible debentures have several embedded derivative features which were determined to not meet the criteria for treatment as equity components and would otherwise be required to be recognized as separate financial instruments, measured at fair value through profit or loss. The Company has elected under IAS 39.11A to designate the entire convertible debentures (and all the embedded derivatives) as a combined financial liability at fair value through profit or loss. The fair value of the convertible debentures is based on their trading price on the Toronto Stock Exchange every reporting period; as a result, there may be increased volatility in the reported net income. The $1.4 million of costs related to the issuance of the convertible debenture were expensed when incurred in 2013; thus no transaction costs are capitalized in the fair value of the convertible debentures.

Transfers between levels are considered to occur on the date that the fair valuation methodology changes. There were no transfers between levels during the current or prior year.

(b) Reconciliation of Level 3 Financial Instruments - The following table sets forth a summary of changes in the carrying value of plaintiff advances:

	For the three months ended **June 30,**		For the six months ended **June 30,**	
	2015	2014	**2015**	2014
		($ thousands)		
Balance, beginning of period	**$ 8,338**	$ 7,623	**$ 7,776**	$ 6,319
Originations	**—**	635	**136**	1,666
Fair value accretion *(i)*	**917**	977	**1,596**	1,649
Losses	**(320)**	(174)	**(484)**	(177)
Collections	**(834)**	(740)	**(1,634)**	(1,386)
Foreign exchange impact *(ii)*	**(99)**	(273)	**612**	(23)
Balance, end of period	**$ 8,002**	$ 8,048	**$ 8,002**	$ 8,048

(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 in the consolidated statement of income.
(ii) Difference between year-end foreign exchange rate and average exchange rate; the amount is 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 is 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 and unsuccessful judgments of claims 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;
- 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. 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 other inputs or variables to which the value of the plaintiff advances are correlated.

A 10% change in the estimated duration of plaintiff advances, while all other variables remain constant, would have no significant impact on the Company's net income and net assets.

(c) Gains and losses on financial instruments

The following table shows the net gains and losses arising for each IAS 39, *Financial Instruments: Recognition and Measurement,* category of financial instrument.

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	**2015**	2014
		($ thousands)		
Loans and receivables:				
Provision for credit losses	**$ (3,333)**	$ (1,831)	**$ (7,149)**	$ (3,918)
Designated as at fair value through net income or loss:				
Convertible debentures	**98**	—	**(54)**	(20)
Fair value through profit or loss:				
Interest rate swaps	**—**	(494)	**—**	(475)
Net loss	**$ (3,235)**	$ (2,325)	**$ (7,203)**	$ (4,413)

(d) 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.

23. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity, which at June 30, 2015 comprised $138.9 million (2014 - $79.8 million) and convertible debentures. 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.

On December 8, 2014, Chesswood entered into a new three year revolving senior secured U.S.$150 million credit facility. This new corporate credit facility replaces the U.S.$105 million revolving credit facility of Pawnee, and allows Chesswood to manage the allocation of capital to its various financial services businesses in Canada and the U.S., internally. Chesswood used approximately U.S.$94.0 million of its availability under the new credit facility to repay and retire the Pawnee credit facility. The new credit facility will support growth in finance receivables, provide for Chesswood's working capital needs and for general corporate purposes. The new facility, available in U.S. or Canadian dollars, also improves our financial flexibility by centralizing treasury management and making the provision of capital to individual businesses far easier.

Under the new credit facility, the maximum cash dividends that the Company can pay in respect of a month is 1/12 of 80% of free cash flow for the most recently completed four financial quarters in which the Company has publicly filed its condensed consolidated interim financial statements (including its annual consolidated financial statements in respect of a fourth quarter) and the free cash flow for the Acquired Companies for the corresponding period for periods prior to the Acquisition Date.

Financing facilities of its operating subsidiaries are used to provide funding for the respective subsidiary's operations (i.e. to provide financing for the purchase of assets which are to be the subject of leases\loans or to acquire vehicle inventory and support working capital). The financing facilities are not intended to directly fund dividends by the Company.

24. 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 which is included in non-controlling interest. 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 term. The expense is included in other expense and is translated at the average exchange rate for the period. At June 30, 2015 and December 31, 2014 there was no amount payable in respect of the lease.

(b) See Note 17 - *Common Shares* relating to private placement in March 2015.

(c) Compensation of key management

The Company's key management consists of the President & 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,	
	2015	2014	**2015**	2014
		($ thousands)		
Salaries, fees and other short-term employee benefits	**$ 266**	$ 266	**$ 517**	$ 458
Share-based compensation	**282**	234	**526**	414
Compensation expense of key management	**$ 548**	$ 500	**$ 1,043**	$ 872

25. 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.

26. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

In the second quarter of 2015, the Company moved the change in finance receivables and security deposits to operating activities. Per IFRS, finance receivables are deemed to be operating assets for financial institutions and the Company is deemed to be a financial institution.

27. SEGMENT INFORMATION

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

Chesswood's Equipment Financing - U.S. segment is located in the lower 48 states of the United States and is involved in small-ticket equipment leasing and lending to small businesses in the start-up and "B" credit markets. At June 30, 2015, Windset information is aggregated with Equipment Financing - U.S. segment as both Pawnee and Windset offer lending solutions to small business in the U.S. and Windset continues to leverage off Pawnee's experience, processes, broker channel and "back-office" support for collections and documentation. The Canadian Equipment Financing segment provides commercial equipment financing to small businesses in Canada and includes Blue Chip and Northstar. The Consumer Finance segment is located in Canada and provides financing solutions to the heating ventilating and air conditioning (HVAC) and home improvement markets. 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 provided 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 Financing, 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:

	Six months ended June 30, 2015						
($ thousands)	Equipment Financing - U.S.	Equipment Financing - Canada	Consumer Finance - Canada	Legal Financing – U.S.	Automotive Operations - Canada	Corporate Overhead - Canada	Total
Interest revenue on leases and loans	$ 26,731	$ 2,847	$ 1,777	$ 1,734	—	$ —	$ 33,089
Ancillary finance and other fee income	3,234	1,244	84	11	—	—	4,573
Interest expense	(2,336)	(980)	(743)	—	—	—	(4,059)
Provision for credit losses	(6,275)	(343)	(47)	(484)	—	—	(7,149)
Finance margin	**21,354**	**2,768**	**1,071**	**1,261**	**—**	**—**	**26,454**
Revenue - automotive operations	—	—	—	—	25,235	—	25,235
Cost of sales – automotive operations	—	—	—	—	(21,910)	—	(21,910)
Gross margin before expenses	**21,354**	**2,768**	**1,071**	**1,261**	**3,325**	**—**	**29,779**
Personnel expenses	3,175	920	359	174	1,414	650	6,692
Share-based compensation expense	120	19	36	76	12	527	790
Other expenses	2,918	574	221	231	974	662	5,580
Amortization	100	17	—	3	127	14	261
Income before undernoted items	**15,041**	**1,238**	**455**	**777**	**798**	**(1,853)**	**16,456**
Acquisition related costs	—	—	—	—	—	(939)	(939)
Amortization of intangibles, gain on sale of assets, contingent consideration accretion (non-cash)	—	(420)	(197)	840	—	(356)	(133)
Financing costs - convertible debentures	—	—	—	—	—	(54)	(54)
Unrealized gain on foreign exchange	—	—	—	—	—	140	140
Income before taxes	**15,041**	**818**	**258**	**1,617**	**798**	**(3,062)**	**15,470**
Provision for taxes	5,477	171	73	562	—	575	6,858
Net income	**$ 9,564**	**$ 647**	**$ 185**	**$ 1,055**	**$ 798**	**$ (3,637)**	**$ 8,612**
Net cash from (used in) operating activities	$ (17,473)	$ (10,231)	$ (1,420)	$ 2,148	$ 2,338	$ (3,267)	$ (27,905)
Net cash used in investing activities	$ (149)	$ 2,614	$ 1,490	$ 6,127	$ (14)	$ (45,575)	$ (35,507)
Net cash from (used in) financing activities	$ —	$ 13,805	$ 944	$ —	$ (617)	$ 52,141	$ 66,273
Total Assets	$ 234,971	$ 151,214	$ 86,958	$ 11,582	$ 18,532	$ 5,768	$ 509,025
Total Liabilities	$ 32,283	$ 101,187	$ 62,049	$ 2,247	$ 11,884	$ 160,450	$ 370,100
Finance receivables	$ 211,181	$ 104,304	$ 56,706	$ 10,041	$ —	$ —	$ 382,232
Goodwill and intangible assets	$ 20,152	$ 41,849	$ 28,969	$ —	$ 3,409	$ —	$ 94,379
Property and equipment expenditures	$ 149	$ —	$ —	$ —	$ 14	$ —	$ 163

	Six months ended June 30, 2014				
($ thousands)	Equipment Financing	Legal Financing – U.S.	Automotive operations - Canada	Corporate overhead - Canada	Total
Interest revenue on finance leases and loans	$ 21,069	$ 2,339	—	$ —	$ 23,408
Ancillary finance and other fee income	2,746	104	—	—	2,850
Interest expense *(a)*	(2,352)	—	—	—	(2,352)
Provision for credit losses	(3,732)	(186)	—	—	(3,918)
Finance margin	**17,731**	**2,257**	**—**	**—**	**19,988**
Revenue - automotive operations	—	—	27,694	—	27,694
Cost of sales – automotive operations	—	—	(24,316)	—	(24,316)
Gross margin before expenses	**17,731**	**2,257**	**3,378**	**—**	**23,366**
Personnel expenses	2,681	840	1,427	500	5,448
Share-based compensation expense	90	39	19	413	561
Other expenses	2,471	472	1,160	590	4,693
Amortization	64	10	33	1	108
Income before undernoted items	**12,425**	**896**	**739**	**(1,504)**	**12,556**
Acquisition costs	—	—	—	(167)	(167)
Amortization of intangibles	(43)	—	—	—	(43)
Unrealized loss on convertible debentures	—	—	—	(318)	(318)
Unrealized loss on interest rate swaps	(475)	—	—	—	(475)
Unrealized loss on foreign exchange	—	—	—	(102)	(102)
Income before taxes	**11,907**	**896**	**739**	**(2,091)**	**11,451**
Provision for (recovery of) taxes	4,750	—	(1)	332	5,081
Net income	**$ 7,157**	**$ 896**	**$ 740**	**$ (2,423)**	**$ 6,370**
Net cash from (used in) operating activities	$ (5,331)	$ (1,458)	$ 3,027	$ (3,434)	$ (7,196)
Net cash used in investing activities	$ (206)	$ (28)	$ (462)	$ (10,567)	$ (11,263)
Net cash from (used in) financing activities	$ 12,631	$ —	$ —	$ (2,611)	$ 10,020
Total Assets	$ 197,293	$ 15,058	$ 13,174	$ 11,539	$ 237,064
Total Liabilities	$ 135,496	$ 380	$ 7,335	$ 21,317	$ 164,528
Finance receivables	$ 172,534	$ 13,187	$ —	$ —	$ 185,721
Goodwill and intangible assets	$ 22,201	$ 1,092	$ 3,409	$ —	$ 26,702
Property and equipment expenditures	$ 206	$ 28	$ 462	$ —	$ 696

	Three months ended June 30, 2015						
($ thousands)	**Equipment Financing - U.S.**	**Equipment Financing - Canada**	**Consumer Finance - Canada**	**Legal Financing – U.S.**	**Automotive Operations - Canada**	**Corporate Overhead - Canada**	**Total**
Interest revenue on leases and loans	$ 13,730	$ 2,181	$ 1,564	$ 931	$ —	$ —	$ 18,406
Ancillary finance and other fee income	1,677	1,056	67	—	—	—	2,800
Interest expense	(1,199)	(809)	(657)	—	—	—	(2,665)
Provision for credit losses	(2,675)	(291)	(47)	(320)	—	—	(3,333)
Finance margin	**11,533**	**2,137**	**927**	**611**	**—**	**—**	**15,208**
Revenue - automotive operations	—	—	—	—	13,850	—	13,850
Cost of sales – automotive operations	—	—	—	—	(11,971)	—	(11,971)
Gross margin before expenses	**11,533**	**2,137**	**927**	**611**	**1,879**	**—**	**17,087**
Personnel expenses	1,631	640	319	—	738	344	3,672
Share-based compensation expense	69	19	33	—	5	282	408
Other expenses	1,440	444	196	85	601	335	3,101
Amortization	54	—	—	—	63	13	130
Income before undernoted items	**8,339**	**1,034**	**379**	**526**	**472**	**(974)**	**9,776**
Acquisition costs and related items	—	—	—	—	—	(135)	(135)
Amortization of intangibles, gain on sale of assets, contingent consideration accretion (non-cash)	—	(357)	(169)	—	—	(333)	(859)
Financing costs - convertible debentures	—	—	—	—	—	98	98
Unrealized gain on interest rate swaps	—	—	—	—	—	—	—
Unrealized gain on foreign exchange	—	—	—	—	—	37	37
Income before taxes	**8,339**	**677**	**210**	**526**	**472**	**(1,307)**	**8,917**
Provision for (recovery of) taxes	3,049	162	62	69	0	461	3,803
Net income	**$ 5,290**	**$ 515**	**$ 148**	**$ 457**	**$ 472**	**$ (1,768)**	**$ 5,114**
Net cash from (used in) operating activities	$ (12,819)	$ (7,163)	$ (1,015)	$ 932	$ (101)	$ (3,162)	$ (23,328)
Net cash used in investing activities	$ (129)	$ —	$ 80	$ —	$ (7)	$ (215)	$ (271)
Net cash from (used in) financing activities	$ —	$ 12,453	$ 5,327	$ —	$ —	$ 11,717	$ 29,497
Property and equipment expenditures	$ 129	$ —	$ —	$ —	$ 8	$ —	$ 137

	For the three months ended June 30, 2014 ($ thousands)				
	Equipment Financing	**Legal Financing – U.S.**	**Automotive operations - Canada**	**Corporate overhead - Canada**	**Total**
Interest revenue on finance leases and loans	$ 10,886	$ 1,288	$ —	$ —	$ 12,174
Ancillary finance and other fee income	1,411	44	—	—	1,455
Interest expense	(1,177)	—	—	—	(1,177)
Provision for credit losses	(1,648)	(183)	—	—	(1,831)
Finance margin	**9,472**	**1,149**	**—**	**—**	**10,621**
Revenue - automotive operations	—	—	14,458	—	14,458
Cost of sales – automotive operations	—	—	(12,645)	—	(12,645)
Gross margin before expenses	**9,472**	**1,149**	**1,813**	**—**	**12,434**
Personnel expenses	1,419	420	755	258	2,852
Share-based compensation expense	55	23	10	233	321
Other expenses	1,269	244	630	295	2,438
Amortization	36	5	16	—	57
Income before undernoted items	**6,693**	**457**	**402**	**(786)**	**6,766**
Amortization of intangibles	(43)	—	—	—	(43)
Unrealized loss on convertible debentures	—	—	—	(298)	(298)
Unrealized loss on interest rate swaps	(494)	—	—	—	(494)
Unrealized loss on foreign exchange	—	—	—	(33)	(33)
Income before taxes	**6,156**	**457**	**402**	**(1,117)**	**5,898**
Provision for (recovery of) taxes	2,473	—	(7)	191	2,657
Net income	**$ 3,683**	**$ 457**	**$ 409**	**$ (1,308)**	**$ 3,241**
Net cash from (used in) operating activities	$ (5,585)	$ 185	$ 2,106	$ (1,613)	$ (4,907)
Net cash used in investing activities	$ (202)	$ (6)	$ (427)	$ —	$ (635)
Net cash from (used in) financing activities	$ 3,525	$ —	$ —	$ (1,865)	$ 1,660
Property and equipment expenditures	$ 202	$ 6	$ 427	$ —	$ 635

Chesswood Group Limited

Directors and Officers

Directors

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

Clare Copeland
Director, Chairman, Compensation Committee
Vice-Chair, Falls Management Company

Jeffrey Wortsman
Director, Chairman, Audit and Governance Committee
President & C.E.O., Danier Leather Inc.

Barry Shafran
Director
President & C.E.O., Chesswood Group Limited

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

Daniel Wittlin
Director
Chief Operating Officer, President & C.E.O. of Blue Chip Leasing

Executive Team

Barry Shafran
President & C.E.O.

Daniel Wittlin
Chief Operating Officer

Lisa Stevenson
Chief Financial Officer

Other Information

Auditors
BDO Canada LLP

Transfer Agent
Equity Financial Trust Company

Corporate Counsel
McCarthy Tétrault LLP

Website
www.chesswoodgroup.com

Toronto Stock Exchange Symbols
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CHW.DB

TSX: CHW

Executive Office:

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