Consolidated Financial Statements

For the Year Ended December 31, 2013

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The management of DirectCash Payments Inc. is responsible for the accompanying consolidated financial statements. The financial statements have been prepared by management in accordance with International Financial Reporting Standards, which recognize the necessity of relying on some best estimates and informed judgments. Management is responsible for the accuracy, integrity and objectivity of the financial statements within reasonable limits of materiality. All financial information in the Management's Discussion and Analysis is consistent with the consolidated financial statements.

The Audit Committee is appointed by the Board of Directors, with all of its members being independent directors. The Audit Committee meets with management, as well as with the external auditors, to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the financial statements and the auditor's report.

These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors based on the review and recommendation of the Audit Committee. The financial statements have been audited independently by KPMG LLP on behalf of the Company in accordance with generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the financial statements.

"Signed"
Jeffrey J. Smith
President & Chief Executive Officer
DirectCash Payments Inc.

"Signed"
Brenda G. Hughes
Chief Financial Officer
DirectCash Payments Inc.

Calgary, Canada
March 19, 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of DirectCash Payments Inc.

We have audited the accompanying consolidated financial statements of DirectCash Payments Ins., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, the consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of DirectCash Payments Inc. as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

March 19, 2014
Calgary, Canada

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KPMG Confidential

DirectCash Payments Inc.
Consolidated Statements of Financial Position
Canadian dollar in thousands

As at:	*Notes*	**December 31, 2013**	December 31, 2012
Assets			
Current assets:			
Cash in circulation	*18*	**$ 44,258**	$ 42,910
Cash	*18*	**6,630**	-
Restricted funds		**4,817**	6,942
Trade and other receivables	*5*	**13,631**	11,446
Inventories	*6*	**8,615**	9,421
Prepaid expenses		**3,149**	3,145
		81,100	73,864
Non-current assets:			
Other assets	*7*	**1,808**	2,902
Property and equipment	*4,8*	**51,923**	54,999
Intangible assets	*4,9*	**140,180**	154,185
Goodwill	*4,9*	**165,137**	157,539
Deferred tax asset	*13*	**4,250**	8,203
		363,298	377,828
		$ 444,398	$ 451,692
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank overdraft	*18*	**$ -**	$ 14,459
Restricted funds liability		**4,817**	6,942
Trade and other payables	*10*	**35,883**	35,304
Other current liabilities	*4,11*	**12,601**	8,662
Current portion of long- term debt	*12*	**12,110**	4,686
		65,411	70,053
Non-current liabilities:			
Other liabilities		**643**	1,063
Long-term debt	*12*	**233,076**	197,889
Deferred tax liability	*4,13*	**28,827**	39,069
		262,546	238,021
Shareholders' equity:			
Share capital	*14,16*	**271,863**	257,302
Shares held in trust by EPSP Trustee	*14*	**(2,035)**	(1,914)
Contributed surplus (current and unvested EPSP)	*16*	**2,275**	2,342
Foreign currency translation reserve		**(20,080)**	(1,794)
Deficit		**(135,654)**	(112,318)
Equity attributable to common shareholders		**116,369**	143,618
Non-controlling interests		**72**	-
Total Shareholders' equity		**116,441**	143,618
		$ 444,398	$ 451,692

See accompanying notes to the consolidated financial statements
Legal matters (Note 23)

DirectCash Payments Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
Canadian dollar in thousands (except per share amounts)

For the year ended:	Notes	**December 31, 2013**	December 31, 2012
Revenue		**$ 241,658**	$ 192,120
Expenses			
Cost of sales		**120,217**	100,418
Personnel expenses		**29,257**	21,679
Other expenses		**15,801**	11,936
Vault cash rental costs	*12*	**9,357**	5,562
Realized gain on foreign exchange	*18*	**(660)**	(4,039)
EBITDA		**67,686**	56,564
Acquisition-related expenses	*4*	**1,596**	4,236
Other gains		**-**	(2,058)
Depreciation of property and equipment	*8*	**16,509**	11,141
Amortization of intangible assets	*9*	**35,737**	24,912
Finance costs	*12*	**19,651**	11,590
Unrealized loss (gain) on foreign exchange	*18*	**(3,506)**	99
Net income (loss) before income taxes		**$ (2,301)**	$ 6,644
Current income tax expense	*13*	**6,283**	2,958
Deferred income tax benefit	*13*	**(8,669)**	(2,642)
		(2,386)	316
Net income		**$ 85**	$ 6,328
Other comprehensive income (loss)			
Foreign currency translation on investments in foreign operations		**(18,286)**	(1,388)
Total comprehensive income (loss)		**$ (18,201)**	$ 4,940
Net income (loss) attributable to:			
Common shareholders of the Company		**59**	6,857
Non-controlling interests		**26**	(529)
Net income		**$ 85**	$ 6,328
Net income per share attributable to common shareholders			
Basic	*14*	**$ 0.00**	$ 0.46
Diluted	*14*	**$ 0.00**	$ 0.46

See accompanying notes to the consolidated financial statements

DirectCash Payments Inc.
Consolidated Statements of Cash Flows
Canadian dollar in thousands

For the year ended:	Notes	**December 31, 2013**	December 31, 2012
Cash provided by (used in):			
Operations:			
Net income		**$ 85**	$ 6,328
Add (deduct) items not involving cash:			
Income taxes	*13*	**(2,386)**	316
Unrealized (gain) loss on foreign exchange	*18*	**(3,506)**	99
Share-based compensation	*16*	**1,263**	1,513
Finance costs	*12*	**19,651**	11,590
Other		**162**	248
Depreciation and amortization	*8,9*	**52,246**	36,053
Changes in non-cash working capital	*21*	**(4,418)**	(4,197)
Paid to EPSP trustee	*14*	**(1,450)**	(1,312)
Income taxes paid, net		**(1,900)**	(3,221)
Net cash generated from operating activities		**59,747**	47,417
Investing:			
Acquisition of property and equipment	*8*	**(4,030)**	(8,630)
Acquisition of intangible assets	*9*	**(564)**	(274)
Business and asset acquisitions	*4*	**(49,542)**	(204,223)
Net cash used in investing activities		**(54,136)**	(213,127)
Financing:			
Proceeds on issue of common shares, net of share issue costs paid		**14,348**	61,304
Acquisition credit facility repayments		**-**	(31,373)
Long-term debt and bridge repayment		**(14,368)**	(78)
Long-term debt and bridge advances		**-**	210,000
Repayment of debt assumed on acquisition		**-**	(42,988)
Revolving facility advances, net of repayments		**56,404**	-
Financing fees paid and deferred		**-**	(12,776)
Interest paid	*21*	**(17,215)**	(5,520)
Dividends to shareholders		**(23,071)**	(20,386)
Net cash generated from financing activities		**16,098**	158,183
Increase (decrease) in cash and cash equivalents		**21,709**	(7,527)
Cash and cash equivalents, beginning of year		**28,451**	35,602
Cash acquired through acquisition		**429**	400
Foreign exchange gain (loss) on cash held in foreign currency		**299**	(24)
Cash and cash equivalents, end of year		**$ 50,888**	$ 28,451
Cash and cash equivalents is comprised of:			
Cash in circulation	*18*	**44,258**	42,910
Cash (bank overdraft)	*18*	**6,630**	(14,459)
		$ 50,888	$ 28,451

See accompanying notes to the consolidated financial statements

DirectCash Payments Inc.
Consolidated Statements of Changes in Equity
Canadian dollar in thousands

	Notes	Share Capital $	Shares held in trust by EPSP Trustee $	Contributed surplus (current and unvested EPSP) $	Foreign currency translation reserve $	Deficit $	Non controlling interests $	Total $
As at December 31, 2012		**257,302**	**(1,914)**	**2,342**	**(1,794)**	**(112,318)**	**-**	**143,618**
Net income		-	-	-	-	59	26	85
Foreign currency translation on investments in foreign operations		-	-	-	(18,286)	-	-	(18,286)
Share issued for cash	*14(b)*	15,200	-	-	-	-	-	15,200
Share issue costs (net of tax)	*14(b)*	(639)	-	-	-	-	-	(639)
Share based payment transactions (EPSP)	*14(c)*	-	(121)	(67)	-	-	-	(188)
Non-controlling interest		-	-	-	-	(214)	46	(168)
Dividends	*15*	-	-	-	-	(23,181)	-	(23,181)
As at December 31, 2013		**271,863**	**(2,035)**	**2,275**	**(20,080)**	**(135,654)**	**72**	**116,441**
As at December 31, 2011		194,990	(1,817)	2,365	(406)	(108,246)	-	86,886
Net income		-	-	-	-	6,857	(529)	6,328
Foreign currency translation on investments in foreign operations		-	-	-	(1,388)	-	-	(1,388)
Shares issued for cash	*14(b)*	65,380	-	-	-	-	-	65,380
Share issue costs (net of tax)	*14(b)*	(3,068)	-	-	-	-	-	(3,068)
Share based payment transactions (EPSP)	*14(c)*	-	(97)	(23)	-	-	-	(120)
Gain on settlement agreement and purchase of non-controlling interest		-	-	-	-	9,779	529	10,308
Dividends	*15*	-	-	-	-	(20,708)	-	(20,708)
As at December 31, 2012		257,302	(1,914)	2,342	(1,794)	(112,318)	-	143,618

See accompanying notes to the consolidated financial statements

1. Corporate information

DirectCash Payments Inc. ("DCPayments" or the "Company") is a publicly traded corporation incorporated and domiciled in Alberta, Canada. The consolidated financial statements comprise those of DCPayments and its subsidiaries and wholly-owned limited and general partnerships. The Company's registered head office is located at #6, 1420 – 28 Street N.E., Calgary, Alberta. DCPayments is a payments service provider with a focus on building long term contracted recurring revenue through the deployment, transaction processing, operation and services of its automated banking machines ("ATMs"). The Company operates ATMs worldwide with operations in Canada, Australia, New Zealand, the United Kingdom, and Mexico. DCPayments also provides banking and other services including prepaid debit and credit cards and processing, debit terminal transaction processing and related prepaid telecommunication card sales and, commencing in 2013, credit union and other financial institution processing and outsourcing services (the "CUFI" business).

On November 1, 2013, DCPayments completed the acquisition of all of the issued and outstanding shares of Threshold Financial Technologies Inc. ("Threshold"). In addition to ATM services, Threshold provides switch and card transaction processing services and other managed services to credit unions and financial institutions across Canada. The end-to-end payment solutions provided by Threshold to these customers enables them to outsource their debit and ATM card processing and compete with services similar to those offered by larger banks.

These consolidated financial statements have been prepared by management from the historical records of DCPayments and its subsidiaries.

2. Basis of presentation

Statement of compliance

The consolidated financial statements for the years ended December 31, 2013 and 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 19, 2014.

Basis of measurement

These consolidated financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost basis, except for the interest rate swap and foreign exchange contracts which are measured at fair value.

Additional GAAP Measure

DCPayments has presented earnings before interest, taxes, depreciation and amortization ("EBITDA") as a subtotal in its consolidated statement of operations. EBITDA is an important measure utilized by management in assessing the financial performance of the Company relative to its operating plans and budgets. It is also the measurement utilized by the holders of the Company's long-term debt, as described in note 12, in calculating financial covenants. The Company has presented EBITDA prior to the deduction for acquisition-related expenses. These expenses relate to the corporate acquisitions completed in 2013 and 2012 (note 4) which resulted in major expansion of the Company and are non-recurring in nature. The Company has also presented EBITDA prior to unrealized foreign exchange

gains and losses and non-recurring other gains. The Company utilizes this presentation of EBITDA because it is consistent with the definitions under DCPayments' credit facility agreement.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best approximation of the amount, event or actions, actual results ultimately may differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

a. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of (a) its fair value less costs to sell and (b) its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from internal budgets and do not include restructuring activities that DCPayments is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. There is a certain amount of subjectivity and judgment in the CGUs determination and recoverable amount calculation. Judgments and assumptions, described in note 9, are subject to measurement uncertainty and the impact of differences between actual and estimated amounts on the consolidated financial statements of future periods could be material.

b. Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. DCPayments reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assessed when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in profit or loss in the period in which the change occurs.

c. Useful lives of long-lived assets

DCPayments estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of equipment would increase the recorded expenses and decrease the non-current assets.

DCPayments estimates the useful lives of contracts included in intangible assets based on the average remaining primary term of the contracts acquired and assigns an estimated retention period based on the Company's historical information in the applicable market. It is possible, however, that future regulatory or general economic changes, among other factors, could significantly impact the estimated retention period. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of contracts would increase the recorded expenses and decrease non-current assets.

d. Other significant areas of judgments

The estimates of fair value for assets acquired and liabilities assumed through a business combination involve certain assumptions and judgments that are subject to measurement uncertainty.

The estimates of net realizable value of inventory involve estimating future selling prices in the applicable market and accordingly, are subject to measurement uncertainty.

The estimates of derivative financial instruments involve estimating future foreign exchange rates and interest rates and associated volatility and accordingly, are subject to measurement uncertainty.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has adopted the following relevant new and amended standards effective January 1, 2013:

- IFRS 10 *Consolidated Financial Statements* - the adoption of this standard resulted in no changes to the consolidated financial statements or the notes thereto;
- IFRS 13 *Fair Value Measurement* - the adoption of this standard resulted in no changes to the consolidated financial statements or the notes thereto;

- IFRS 7 *Disclosures Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* – the adoption of this standard resulted in changes in disclosure over financial assets and financial liabilities presented under note 12 and 18.
- *IAS 36 Impairment of Assets (Amendments to IAS 36)* – In 2013, the IASB issued amendments to IAS 36 "Impairment of Assets" which clarify the disclosure requirements for recoverable amounts of CGUs. These amendments are required to be applied for periods beginning on or after January 1, 2014. The Company has elected to early adopt these amendments during 2013. There was no significant impact on the Company's consolidated financial statements as a result of these amendments.

All of the above accounting standards were applied retrospectively except for IFRS 13 which was applied prospectively. The amounts included in accumulated other comprehensive income (loss) include only foreign exchange translation gains and losses on entities whose functional currency is other than the Canadian dollar. Amounts will be recycled into net income upon the disposition or partial disposition of the foreign operation.

a. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by DCPayments. Control exists when DCPayments has power (over an investee, exposure or right to variable returns from its involvement with the investee and the ability to use its power to affect its return. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Intra-group debts and advances are eliminated the same way as intra-group income and expenses.

Business combinations

DCPayments uses the acquisition method to account for business combinations. Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the statement of operations and comprehensive income (loss).

DCPayments elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

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

b. Revenue recognition

Revenue from processing transactions and other services is recognized at the time the transactions are processed and the services are provided. Revenue from technology projects is typically recognized on a percentage of completion basis. In certain arrangements with customers, the Company bills and receives payment in advance of the product or service being delivered. In these situations, revenue is deferred until the product or service is delivered.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when strong evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

c. Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognized at the commencement of the lease term as finance leases within property and equipment and liabilities at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and a reduction of the liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income on a straight line basis over the term of the lease.

d. Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if DCPayments has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment plans

The Company has an Employee Profit Sharing Plan (“EPSP”) under which it receives services from employees as consideration for cash payments paid to the EPSP plan trustee (which in turn are later used by the trustee to purchase shares of DCPayments). In 2010 and prior years, DCPayments operated a long-term incentive plan (“LTIP”) and share-based payment plan awards were made pursuant to the LTIP plan.

The EPSP and the LTIP are required to be reported as "equity settled" plans - therefore, the accounting of the EPSP/LTIP has been recorded as equity settled although DCPayments does not dilute equity or

issue treasury shares as part of the EPSP/LTIP (i.e. DCPayments only pays cash which the EPSP/LTIP trustee uses to buy units on the open market and not from treasury). If an EPSP/LTIP participant ceases to be employed within DCPayments the EPSP/LTIP trustee sells the participant's unvested shares back into the market and returns the proceeds to DCPayments.

The Company records the cost of share-based payment plans to personnel expenses over the vesting period and credits contributed surplus. The related tax portion of the EPSP entitlements are expensed over the period until the tax payment is required pursuant to the terms of the plan.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in income in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Other long-term employment benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus on costs; that is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations.

e. Finance income and finance cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings (e.g. credit facilities), stamping fees, facility fees, accrual of differences between amounts advanced and the principal repayable (i.e. discounted obligations) and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

f. Non-derivative financial instruments

Non-derivative financial instruments are recognized when DCPayments becomes a party to the contractual provisions of the instrument (i.e. at the date they are originated). Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and DCPayments has transferred substantially all risks and rewards of ownership. Any interest in transferred financial assets that is created or retained by DCPayments is recognized as a separate asset or liability. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, DCPayments has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Financial assets

Cash and cash equivalents

Cash and cash equivalents includes cash in circulation and operating bank balances. Cash in circulation means the aggregate amount of vault cash (cash in ATM cassettes) plus cash inventory (cash in transit from settlement networks and from armoured car carriers). Cash and cash equivalents are measured at amortized cost which approximates fair value.

Restricted cash

DCPayments provides services related to prepaid debit and credit cards. DCPayments requires cash and security under its agreements with these customers for utilizing DCPayments funds and to activate these cards on behalf of the customers. Restricted cash is measured at amortized cost which approximates fair value.

Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include trade and other receivables.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Liabilities in this category include trade and other payables, long-term debt, restricted funds liability, dividend payable and due to related parties. DCPayments derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Shareholders' equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Shares held in trust by EPSP trustee ("Trustee")

DCPayments shares acquired by the Trustee under the Company's EPSP plan which have not been completely vested to the EPSP participants ("Participants") are classified as shares held in trust by the Trustee and are presented as a separate category of equity. Thereafter when either EPSP shares are fully vested to a Participant, the amount attributed to the Participant as a benefit upon vesting of the

shares is deducted from the balance of shares held in trust by Trustee and transferred to contributed surplus.

g. Derivative financial instruments

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is governed by the Company's policies approved by the Board of directors, which provide principles on the use of financial derivatives consistent with the Company's risk management strategy.

Derivative financial instruments are initially measured at fair value of the contract date and are subsequently re-measured to fair value at each reporting date with changes therein recognized in profit or loss. The Company does not apply hedge accounting to the derivative financial instruments.

h. Inventories

Inventories consist primarily of ATMs, debit terminals, related spare parts and accessories held for sale, prepaid product vouchers, prepaid telecommunications cards and prepaid debit and credit cards. Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average and includes expenditures incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

i. Property and equipment

Initial recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of equipment includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent measurement

The cost of replacing part of an item of equipment is recognized as part of the carrying amount of such item, if it is probable that the future economic benefits embodied within the item will flow to DCPayments and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in the statement of operations as an expense as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value and is provided on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparatives period are as follows:

ATM equipment	5 years
Debit terminal equipment	5 years
Automobiles	3 years
Other:	
Building	10 years
Computer hardware	3 years
Furniture and fixtures	5 years
Computer software	2 to 3 years
Leasehold improvements	life of lease

The residual values, useful lives and methods of depreciation are reviewed annually and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the statement of operations.

j. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested at least annually for impairment and measured at cost less accumulated impairment losses. For measurement of goodwill at initial recognition, see note 4(a) *Business Acquisitions*. Impairment losses on goodwill are not reversed.

Other intangible assets

Other intangible assets are primarily comprised of ATM and debit terminal processing contracts, as well as prepaid card program management contracts.

Typically, ATM and debit terminal processing contracts have an initial 5-7 year term and generally include an equivalent 5-7 year term renewal provision unless the customer terminates the contract within a specified period, and include a right of first refusal ("ROFR") for any competing offer on renewal. Prepaid card program management contracts have more customized provisions and have similar contract and renewal terms and ROFR provisions to those in the ATM and debit terminal processing contracts.

These intangibles assets are amortized on a straight-line basis over the expected life of the contract, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization of such contracts typically is only relevant in the case of contracts acquired by DCPayments pursuant to acquisition transactions. The majority of the Company's contracts arise from customers entering the contracts directly with DCPayments in the first instance and have negligible costs associated with them.

k. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. The identified CGUs for impairment testing were determined according to the criteria under IAS 36, Impairment of Assets. The Company has determined that its CGUs for the goodwill impairment test are the Americas, Australasia and Europe which reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets (including receivables)

DCPayments assesses, at the end of each reporting period, whether there is objective evidence that financial assets carried at amortized cost are impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (i.e. loss events) are considered objective evidence of impairment. A financial asset is impaired when the loss event that had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

DCPayments considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment DCPayments uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

l. Deferred rent

All tenant inducements are recorded as deferred rent and amortized against rent expense over the life of the initial term of the lease period. The current portion is included in trade and other payables.

m. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent it relates to a business combination, to items recognized in foreign currency translation reserve or directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

n. Foreign currency

Items included in the financial statements of each DCPayments entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The

consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined.

The results and financial position of all DCPayments entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of a foreign entity, are translated into Canadian dollars at foreign exchange rates in effect at the balance sheet date.

The income and expenses of foreign operations are translated into Canadian dollars at average exchange rates unless these do not approximate the foreign exchange rates in effect at the dates of the transactions in which case income and expenses are translated at the dates of the transactions.

Foreign exchange differences arising on the translation of the net investment in foreign entities are recognized in foreign currency translation reserve and accumulated in a separate component of equity. DCPayments treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. Unrealized foreign exchange gains or losses arising from intercompany advances that are not part of the Company's net investment are included in income.

When a foreign operation is disposed of, the relevant amount in the cumulative amount of foreign currency translation differences is transferred to profit or loss as part of the gain or loss on disposal.

o. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing profit or loss attributable to common shareholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. In accordance with IFRS, the denominator is adjusted for EPSP/LTIP shares purchased and held by the EPSP/LTIP Trustee.

Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, and for the effects of all dilutive potential common shares.

p. Segment reporting

An operating segment is a component of DCPayments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

q. Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, equity settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities. Dividends paid to ordinary shareholders, interest paid and advances and repayments of long-term debt are included in financing activities. Long-term debt includes the senior secured facilities and unsecured senior notes (note 12(a) and (b)) and advances and repayments have been disclosed on a net basis.

r. Recent accounting pronouncements

Accounting Pronouncements not yet adopted

The following pronouncements from the International Accounting Standards Board ("IASB") are applicable to DCPayments and will become effective for future reporting periods, but have not yet been adopted:

- IFRS 9 *Financial Instruments* – as part of its project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 implementation dealing with the classification and measurement of financial assets. 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. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 Financial Instruments (2013). The new accounting standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

- *IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - Financial Instruments Presentation.* The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and require retrospective application.

- *IFRIC 21 Levies* – In May 2013, the IFRIC provided guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company intends to adopt IFRIC 21 in its financial statements for the annual period beginning January 1, 2014 with retrospective application.

The Company is currently assessing the impact of adopting these pronouncements.

4. Acquisition

a. Business acquisitions

Threshold Acquisition

On November 1, 2013, DCPayments completed the acquisition of all of the issued and outstanding shares of Threshold Financial Technologies Inc. for cash consideration of $50 million, subject to customary closing purchase price adjustments (the "Threshold Acquisition").

Threshold had two primary business segments, the CUFI Business (included in Banking Services segment under note 19) that caters to credit unions and other financial institutions and a non-bank ATM business (included in ATM segment under note 19) (the "Non-Bank ATM Business").

The CUFI Business services are broadly comprised of transaction switching services, card provisioning, payments processing, reporting and settlement, fraud management, ATM cash management, ATM fleet management and project-based consulting services.

The Non-Bank ATM Business of Threshold consisted of approximately 1,000 retail nonbank ATMs operated under both the "LaserCash" brand and ATMs managed on behalf of gaming and major retail clients in Canada. Similar to the Company's current operations, these ATMs operated under either a per transaction revenue structure or on a monthly management fees basis.

In conjunction with the Threshold Acquisition, the Company amended its credit facility [Note 12(a)], entered into two vault cash rental agreements [Note 12(c)] and completed an equity offering [Note 14].

The purchase was accounted for using the acquisition method, with DCPayments being the acquirer for accounting purposes, whereby the assets and liabilities are recorded at their fair values with the excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill. Following the acquisition, the net assets, liabilities and operations of Threshold were combined with the Company's operating entities and continued as DCPayments.

The total purchase consideration was allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition. The allocations are preliminary and subject to change pending receipt of final information. The preliminary allocations resulted in goodwill of approximately $16.2 million, which has been assigned to the Company's Americas reporting segment, and is primarily attributable to the value of assembled workforce, anticipated cost savings from reduction in head office costs and enhanced purchasing power through higher volumes, and synergies anticipated through the combination of the Threshold business with the existing Canadian operations and Toronto office. The preliminary allocation is as follows:

	Cdn$
Cash	**$ 429**
Working capital deficiency	**(1,551)**
Property and equipment	**9,770**
Intangible assets	**26,548**
Goodwill	**16,174**
Deferred revenue	**(243)**
Deferred tax asset	**(5,240)**
Total	**$ 45,887**

Total costs incurred in connection with the acquisition and included in acquisition-related expenses were approximately $1.6 million.

The business combination resulted in the following approximate contribution to DCPayments from the date of acquisition:

	Revenue	**Net income before taxes**
Since acquisition date	$8,675	$1,127

<u>Pro-forma Results</u>

Had the Threshold Acquisition occurred on January 1, 2013, for the year ended December 31, 2013, DCPayments estimates that pro-forma revenue and net loss before taxes would have been approximately $284 million and $1.1 million, respectively. The pro-forma net income is calculated after giving effect to the impact of fair value assessments and certain pro-forma adjustments including amortization of the acquired intangible assets and depreciation of property and equipment, but does not include any pro-forma interest adjustments. The pro-forma financial results are not necessarily indicative of the actual results that would have occurred had the transactions been completed on January 1, 2013, nor does it reflect the impact of any potential operating efficiencies, savings from expected synergies, or costs to integrate the operations. The pro-forma financial results are not necessarily indicative of the future results to be expected for the consolidated operations.

2012

<u>DCPayments Pty Ltd. (formerly Customers Limited)</u>

On July 4, 2012, DCPayments acquired 100% of the outstanding shares of Customers Limited, a public company listed on the ASX (the "Customers acquisition") for consideration of approximately $180.2 million (A$173.1 million). DC Payments Pty Ltd. operates ATMs in Australia and New Zealand. A total of approximately 6,600 ATM sites and related contracts were acquired as well as the related business and staff.

The following summarizes the Customers acquisition. The total purchase consideration was allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition:

	Cdn$	A$
Working capital deficiency[1]	**$(16,862)**	$(16,194)
Property and equipment	**43,845**	42,110
Intangible assets	**134,616**	129,289
Other long-term liabilities	**(386)**	(371)
Goodwill	**105,917**	101,725
Bank indebtedness	**(42,988)**	(41,287)
Income tax liabilities	**(43,934)**	(42,195)
Total	**$180,208**	$173,077

1. *The working capital deficiency is primarily attributable to assumed obligations related to a shareholder agreement to acquire the non-controlling interests in DCPayments NZ Limited (formerly New Zealand ATM Services Limited).*

Subsequent to the disclosure made in the audited financial statements for the year ended December 31, 2012, the Company adjusted the purchase price allocation to goodwill by approximately $9.0 million for adjustments to income tax liabilities related to finalization of pre-acquisition income tax filings and income tax contingencies. The Company adjusted the 2012 comparative information retrospectively to increase the fair value of the goodwill by $9.0 million, other current liabilities by $5.7 million and deferred tax liability by $3.3 million.

For the year ended December 31, 2012, the business combination resulted in the following approximate contribution to DCPayments from the date of acquisition to December 31, 2012:

	Revenue	Net income before taxes
Since acquisition date	$66,648	$3,982

DC Payments NZ Ltd. (formerly New Zealand ATM Services Limited)

At the time of acquisition by the Company, DC Payments Pty Ltd. (formerly Customers Limited) held a 47.75% interest in DC Payments NZ Ltd. (formerly New Zealand ATM Services Limited), which represented a control position. The results of DC Payments NZ Ltd ("NZ ATM") have been consolidated with the results of the Company. DC Payments Pty Limited also had a pre-existing Put and Call agreement under which DC Payments Pty Limited was obligated to purchase the remaining non-controlling interest in NZ ATM and repay outstanding shareholder loans at an estimated cost of NZ $13.8 million (C$11.3 million)

On November 15, 2012 the founding shareholders of NZ ATM, DC Payments Pty Limited and NZ ATM entered into a Deed of Settlement and Release whereby the founding shareholders sold to DCPayments their 52.25% shareholdings in NZ ATM plus shareholder loans for NZ $1.2 million (C$1.0 million). As part of this transaction the Put and Call arrangement was eliminated.

The Company realized a settlement gain of $9.8 million pursuant to this agreement. The gain has been recorded directly in shareholders' equity.

InfoCash Holdings Limited

On May 25, 2012 DCPayments completed an acquisition of 100% of the shares of InfoCash Holdings Limited (“InfoCash”) for consideration of £11.8 million (approximately $19 million). InfoCash operates a portfolio of ATMs in the United Kingdom. A total of 4,700 ATM sites and related contracts were acquired as well as the related business and staff.

The following summarizes the InfoCash acquisition. The total purchase consideration was allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition:

	Cdn$	GBP£
Cash	**$400**	£250
Working capital deficiency[1]	**(3,535)**	(2,212)
Property and equipment	**5,589**	3,503
Intangible assets	**21,874**	13,685
Other long-term liabilities	**(570)**	(357)
Deferred tax liability	**(4,898)**	(3,063)
Total	**$18,860**	£11,806

1. *Includes Cdn $3.50 million in merchant liabilities which were repaid in June, 2012.*

Subsequent to the disclosure made in the audited financial statements for the year ended December 31, 2012, the Company adjusted the purchase price allocation by approximately $0.5 million for adjustments to working capital deficiency, intangible assets and deferred tax liability, related to finalization of provisions.

For the year ended December 31, 2012, the business combination resulted in the following approximate contribution to DCPayments from the date of acquisition to December 31, 2012:

	Revenue	Net loss before taxes
Since acquisition date	$22,644	$(5,738)

b. Asset acquisitions

During 2013, DCPayments acquired certain Canadian assets of several privately held corporations engaged in ATM services for consideration of $3.1 million, subject to customary performance holdbacks and normal course purchase adjustments.

During 2012, DCPayments acquired certain Canadian assets of several privately held corporations engaged in ATM services for consideration of $1.3 million, subject to customary performance holdbacks and normal course purchase adjustments. DCPayments also acquired certain assets of a privately held corporation for consideration of approximately $3.3 million (£2.1 million) in the United Kingdom.

The majority of the assets acquired consist of the residual rights in contracts to operate and place ATM machines at certain locations. These contracts are valued based on the remaining term of each agreement and the expected net cash flow from that agreement value is allocated to intangible assets and amortized in accordance with the Company’s policy.

5. Trade and other receivables

Trade and other receivables are unsecured, non-interest bearing and are generally on 30-90 day terms. The analysis of trade and other receivables is as follows:

As at December 31:	**2013**	2012
Trade receivables	**$9,185**	$5,420
Loans receivable	**877**	1,094
Other receivables	**3,569**	4,932
	$13,631	$11,446

	Total	**Neither past due nor impaired**	**Past due but not impaired**			
			31-60 days	**61-90 days**	**91-120 days**	**>121 days**
As at December 31:						
2013	**$13,631**	**$10,564**	**$986**	**$589**	**$800**	**$692**
2012	11,446	8,466	509	471	1,706	294

In determining the recoverability of a trade and other receivables, DCPayments performs a risk analysis considering the type and age of the outstanding receivables and the credit worthiness of the counterparties.

6. Inventories

As at December 31:	**2013**	2012
ATM's	**$5,126**	$6,468
Debit terminals	**375**	332
Telecommunication cards	**190**	122
Debit and credit cards	**279**	193
Parts and accessories	**2,645**	2,306
	$8,615	$9,421

The amount of inventories recognized as an expense was approximately $4.8 million (2012: $5.6 million) which is recognized in cost of sales.

DCPayments' entire inventory is pledged as security under a general security agreement with its secured lenders.

7. Other Assets

As at December 31:	**2013**	2012
Unamortized transaction costs on revolving credit facility	**$1,782**	$2,247
Unamortized bailment facility costs (Australasia)	**701**	1,271
Loans receivable	**286**	468
Less: current portion, included in prepaid expenses	**(961)**	(1,084)
	$1,808	$2,902

8. Property and Equipment

	ATM equipment and costs	Debit terminal equipment	Automobiles	Office leasehold, computer & other	Software	Total
Cost						
Balance, January 1, 2012	$12,125	$941	$1,019	$8,252	$2,861	$25,198
Additions	4,777	140	746	2,198	628	8,489
Corporate acquisitions	43,675	-	738	966	4,055	49,434
Disposals	(4,095)	(89)	(175)	(50)	-	(4,409)
Foreign currency translation	(102)	-	1	38	(19)	(82)
Balance, December 31, 2012	56,380	992	2,329	11,404	7,525	78,630
Additions	8,123	52	354	894	728	10,151
Corporate acquisitions	1,456	-	-	2,094	6,220	9,770
Disposals/derecognized	(6,588)	(211)	(81)	(38)	-	(6,918)
Foreign currency translation	(2,623)	-	(74)	(317)	(264)	(3,278)
Balance, December 31, 2013	**$56,748**	**$ 833**	**$2,528**	**$14,037**	**$14,209**	**$88,355**
Accumulated Depreciation						
Balance, January 1, 2012	$5,517	$569	$702	$5,687	$2,240	$14,715
Depreciation expense	7,428	140	387	2,018	1,168	11,141
Disposals	(2,001)	(51)	(153)	(36)	-	(2,241)
Foreign currency translation	(2)	-	2	14	2	16
Balance, December 31, 2012	10,942	658	938	7,683	3,410	23,631
Depreciation expense	11,957	108	507	2,074	1,863	16,509
Disposals/derecognized	(2,648)	(119)	(25)	(38)	-	(2,830)
Foreign currency translation	(607)	-	(11)	(197)	(63)	(878)
Balance, December 31, 2013	**$19,644**	**$ 647**	**$1,409**	**$9,522**	**$5,210**	**$36,432**
Carrying amount						
At December 31, 2012	$45,438	$334	$1,391	$3,721	$4,115	$54,999
At December 31, 2013	**$37,104**	**$186**	**$1,119**	**$4,515**	**$8,999**	**$51,923**

9. Intangibles and goodwill

	ATM contracts	Prepaid and other contracts	Other intangibles	Total intangibles	Goodwill
Cost					
Balance, January 1, 2012	$95,039	$22,559	$77	$117,675	$52,366
Additions	4,681	-	55	4,736	-
Corporate acquisitions	156,748	-	405	157,153	105,917
Foreign currency translation	(601)	-	(3)	(604)	(744)
Balance, December 31, 2012	255,867	22,559	534	278,960	157,539
Additions	3,397	-	719	4,116	-
Corporate acquisitions	25,136	-	678	25,814	16,174
Derecognized	-	-	(61)	(61)	-
Foreign currency translation	(8,592)	-	3	(8,589)	(8,576)
Balance, December 31, 2013	**$275,808**	**$22,559**	**$1,873**	**$300,240**	**$165,137**
Accumulated Amortization					
Balance, January 1, 2012	$79,082	$20,623	$66	$99,771	$-
Amortization expense	22,928	1,936	48	24,912	-
Foreign currency translation	94	-	(3)	91	-
Balance, December 31, 2012	102,104	22,559	111	124,774	-
Amortization expense	35,437	-	300	35,737	-
Foreign currency translation	(455)	-	4	(451)	-
Balance, December 31, 2013	**$137,086**	**$22,559**	**$ 415**	**$160,060**	**$-**
Carrying amount					
As at December 31, 2012	$153,763	$-	$423	$154,185	$157,539
As at December 31, 2013	**$138,722**	**$-**	**$1,458**	**$140,180**	**$165,137**

The Company completed its annual goodwill impairment test as at December 31, 2013. The recoverable amounts were greater than the carrying value and no impairment was recorded.

The Company utilized a discounted cash flow approach to estimate fair value (value in use). Estimated future cash flows were determined for a five year period and the terminal value was assessed based on estimated renewal assumptions on outstanding contracts. The Company applied a pre-tax discount rate to estimated cash flows in local functional currencies of between 10.8% and 11.8% (between 10.8% and 15.2% in Canadian dollars), based on the Company's weighted average cost of capital and adjusted for each CGU for price, market and currency risk, as appropriate.

10. Trade and other payables

As at December 31:	**2013**	2012
Trade payables	**$17,956**	$15,487
Accrued liabilities	**14,760**	17,467
Other payables	**3,167**	2,350
	$35,883	$35,304

Trade payables are non-interest bearing and are normally settled on 60 day terms.

11. Other current liabilities

As at December 31:	**2013**	2012
Income tax payable and contingent tax liabilities	**$9,015**	$6,127
Current portion of mark to market liability(1)	**285**	-
Dividends payable	**2,023**	1,914
Other payables	**1,278**	621
	$12,601	$8,662

(1) Includes the current portion of interest rate swaps liability and foreign exchange contract liability.

12. Long-Term Debt

The Company's long-term debt consists of the following:

As at December 31:	***Note***	***Principal***	**2013**	2012
Term Loan, due June 28, 2017	*12(a)*	*$60.0m Cdn*	**$60,041**	$72,250
	12(a)	*$10.2m A$*	**9,663**	12,660
Unsecured Senior Notes, due August 8, 2019	*12(b)*	*$125.0m Cdn*	**125,000**	125,000
Minimum finance lease payments, due 2015-2016		*£0.2m GBP*	**428**	561
Revolving credit facility, due June 28, 2017	*12(a)*	*$46.9m Cdn*	**46,908**	-
	12(a)	*$10.0m A$*	**9,496**	-
Total			**$251,536**	$210,471
Less: interest on finance leases			**(39)**	(69)
Unamortized transaction costs			**(6,311)**	(7,827)
			$245,186	$202,575
Current portion of long-term debt			**(12,555)**	(5,229)
Current portion of unamortized transaction costs			**445**	543
Long-term debt			**$233,076**	$197,889

a. Senior Secured Facilities

In order to fund acquisition opportunities, DCPayments has established a credit facility with a syndicate of lenders. The facility includes a Revolving Facility and a Term Loan.

Under the credit facility dated July 23, 2012 and amended October 18, 2013 and November 14, 2013 DCPayments is subject to certain financial covenants as follows (terms as defined in the credit facility): (i) Senior Secured Debt Leverage must be less than or equal to 2.25 times EBITDA , which steps down to 2.0 times on January 1, 2016; (ii) Total Debt Leverage must be less than or equal to 3.5 times EBITDA ; and (iii) the ratio of EBITDA less unfunded capital expenditures, dividends and cash taxes to interest expense and scheduled principal payments on funded debt (the “Fixed Charge Coverage Ratio”) must be greater than or equal to 1.25 times EBITDA , which steps up to 1.35 times on January 1, 2015. Debt as defined includes amounts outstanding under letters of credit and is reduced by certain cash and cash equivalents . EBITDA, as defined, is adjusted for pro-forma adjustments related to business acquisitions that occur during the relevant calculation period and certain other non-cash charges. Amounts drawn and expenses paid on the Company’s vault cash rental agreements are not considered debt, and therefore are not applicable in making the foregoing calculations. As at December 31, 2013, DCPayments was in compliance with all applicable covenants and ratios under the facility.

On an annual basis, until such time as the ratio of consolidated funded debt to consolidated EBITDA is less than or equal to 2.75, the Company is required to repay outstanding advances to the extent of 50% of excess cash flow (as defined in the amended credit facility) for the previous year. Such repayment, if required, is due within 120 days of the Company’s year end. The Company’s estimated repayment for April, 2014 under this provision is $6.1 million, and this amount has been included in the current portion of long term debt.

The interest rate applicable to amounts borrowed under the credit facility is based on the Prime, LIBOR or BA rates in Canada (BBSY rate in Australia) plus an applicable margin, adjusted quarterly based on the Total Debt Leverage ratio for the preceding quarter. Additionally, DCPayments is required to pay a commitment fee on the unused portion of the Revolving Facility.

Substantially all of the Company’s assets, including the shares of its material subsidiaries (as defined in the credit facilities) and partnership interests are pledged to secure borrowings made under the senior facilities.

Term Loan

During the year ended December 31, 2013, the Company repaid a total of $12.2 million and A$ 2.0 million on its term loan including the $10.0 million of discretionary repayments on the term loan made on June 28, 2013. Under the terms of this facility, 50% of the loan amortizes over five years in escalating quarterly instalments commencing February 28, 2013 and matures on June 28, 2017. Concurrent with the repayment the lenders agreed to reduce the mandatory principal repayments due over the next four years by $10.0 million under an amended loan amortization schedule. The average interest rate on the Company’s Term Loan for the year ended December 31, 2013 was 5.25% on the Canadian tranche and 6.1% on the Australian dollar denominated tranche.

Revolving Facility

DCPayments has a $115 million five-year revolving credit facility available for general corporate purposes, maturing June 28, 2017 of which $62.6 million is utilized as at December 31, 2013. The Company has posted letters of credit totalling approximately $6.2 million (US$ 5.3 million and A$ 0.6 million) in connection with third-party contracts in Canada and Australia. These letters of credit reduce the Company's borrowing capacity under the revolving facility. The average interest rate on the Company's Revolving Facility for the year ended December 31, 2013 was 5.25% on the Canadian tranche and 5.1% on the Australian dollar denominated tranche.

b. Unsecured Senior Notes

DCPayments has $125 million aggregate principal amount of seven year unsecured senior notes (the "Notes") outstanding, maturing on August 8, 2019. The Notes are direct senior unsecured obligations ranking pari passu with all other present and future senior unsecured indebtedness of DCPayments and bear interest at 8.125% per annum, payable semi-annually on February 8th and August 8th. The Notes contain no maintenance covenants. Pursuant to the terms of the indenture, the Company is limited on the amount of restricted payments, including dividends, which it can make, such restrictions being generally governed by a fixed charge coverage incurrence test and an overall restricted payments basket. The Notes are guaranteed by all of the Company's material subsidiaries and partnerships.

c. Vault Cash Rental Agreements

DCPayments has vault cash rental agreements for the supply of cash to ATMs owned by the Company in Australia and United Kingdom. Under these agreements, cash is owned by the vault cash provider who has contracts directly with transaction acquirers, settlement agents and armoured car carriers. DCPayments does not have access to this cash; the only purpose is to load cash into ATMs governed under the agreement.

In Canada, on November 1, 2013 the Company entered into two new unsecured vault cash rental agreements with a major Canadian financial institutional for up to $100 million. The first agreement for up to $40 million was completed as part of the Threshold Acquisition (Note 4). The second agreement for up to $60 million is for use in the Company's existing Canadian ATM business. Under these vault cash rental agreements, the vault cash provider has committed to provide DCPayments with vault cash to be used in its ATMs across Canada. Similar to the facilities in Australia and the United Kingdom, the Company will never have an ownership claim over the vault cash which is loaded into serviced ATMs by third party armoured car carriers. Ownership of the vault cash will remain with the vault cash provider. Under the agreements, DCPayments will pay a fee to the vault cash provider which is calculated using the total amount of vault cash in circulation at any given time and the number of notes supplied by the vault cash provider from time to time.

The settlement of the cash asset and corresponding liability is through regulated clearing systems and as such a right of set-off exists. As a result of the above factors, such cash and the related obligations are not reflected in the consolidated financial statements. The amounts in circulation under these facilities was approximately $218 million and $199 million as of December 31, 2013 and December 31, 2012, respectively.

Historically, DCPayments has used its own cash or cash drawn from its revolving credit line to run its

full placement Canadian ATM fleet. Once in place, the vault cash agreements will free up a significant amount of cash in circulation which will allow DCPayments to partially repay amounts drawn under the Company's credit facility.

d. Finance costs

Year ended December 31:	**2013**	2012
Unsecured senior notes	**$10,156**	$4,063
Term facility	**4,182**	1,921
Revolving facility and acquisition line	**1,642**	2,115
Amortization of transaction costs	**1,981**	903
Bridge facilities	**-**	1,705
Realized loss on interest rate swaps	**370**	-
Unrealized loss on interest rate swaps	**10**	523
Other	**1,310**	360
	$19,651	$11,590

13. Income tax expense

The major components of income tax expense for the years ended is as follows:

Year ended December 31:	**2013**	2012
Current income tax expense	**$6,283**	$2,958
Deferred income tax recovery	**(8,669)**	(2,642)
	$(2,386)	$ 316

Income tax expense (recovery) by jurisdiction is as follows:

Year ended December 31:	**2013**	2012
Americas	**$479**	$2,492
Australasia	**(1,087)**	(996)
Europe	**$(1,778)**	$(1,180)

A reconciliation of tax expense calculated based on the income before taxes at the statutory tax rate to the actual provision for income taxes is as follows:

Year ended December 31:	**2013**	2012
Net income (loss) before income tax	**$(2,301)**	$6,644
Combined federal and provincial tax rate	**25.0%**	25.0%
Expected income tax expense (recovery)	**$(575)**	$1,661
Non-taxable capital gain	**-**	(496)
Effect of tax rates in foreign jurisdictions	**(3,100)**	(1,217)
Recognition of previously unrecognized tax losses	**128**	(621)
Losses not recognized	**623**	591
Other	**538**	398
	$(2,386)	$316

The tax rates used in the reconciliation above are the combined federal and provincial rates payable by DCPayments in Canada.

Deferred taxes

Deferred tax assets and liabilities are attributable to the following temporary differences:

Year ended December 31, 2013	**Opening Balance**	**Acquired in business combination**	**Recognized in profit or loss**	**Recognized directly in equity**	**Closing Balance**
Deferred tax asset					
Property and equipment and intangibles	**$3,688**	**$(6,606)**	**$981**	**$-**	**$(1,937)**
Losses carried forward	**3,798**	**1,174**	**1,067**	**-**	**6,039**
Financing and share issue costs	**632**	**-**	**(9)**	**213**	**836**
Other	**85**	**192**	**(965)**	**-**	**(688)**
	$8,203	**$(5,240)**	**$1,074**	**$213**	**$4,250**

Year ended December 31, 2013	**Opening Balance**	**Acquired in business combination**	**Recognized in profit or loss**	**Recognized in other comprehensive Income or loss**	**Closing Balance**
Deferred tax liability					
Property and equipment	**$318**	**$-**	**$272**	**$(27)**	**$563**
Intangible assets	**(41,219)**	**307**	**7,948**	**2,554**	**(30,410)**
Losses carried forward	**189**	**(43)**	**(121)**	**-**	**25**
Provisions	**257**	**(55)**	**(79)**	**(8)**	**115**
Other	**1,386**	**-**	**(425)**	**(81)**	**880**
	$(39,069)	**$209**	**$7,595**	**$2,438**	**$(28,827)**

Year ended December 31, 2012	Opening Balance	Recognized in profit or loss	Recognized directly in equity	Closing Balance
Deferred tax asset				
Property and equipment and intangibles	$2,485	$1,203	$-	$3,688
Losses carried forward	5,545	(1,747)	-	3,798
Financing and share issue costs	209	(585)	1,008	632
Other	320	(235)	-	85
	$8,559	$(1,364)	$1,008	$8,203

Year ended December 31, 2012	Acquired in business combination	Recognized in profit or loss	Recognized in other comprehensive income or loss	Closing Balance
Deferred tax liability				
Property and equipment	$71	$248	$(1)	$318
Intangible assets	(45,673)	4,205	249	(41,219)
Losses carried forward	209	(22)	2	189
Provisions	644	(384)	(3)	257
Other	1,435	(41)	(8)	1,386
	$(43,314)	$4,006	$239	$(39,069)

Tax loss carry forward

As at December 31, 2013, the Company has net operating losses carried forward of approximately $23.7 million (2012: $15.2 million), which expire after 2026.

14. Share capital

a. Authorized shares

DCPayments is authorized to issue (a) an unlimited number of common shares and (b) an unlimited number of preferred shares (issuable in series). As at December 31, 2013, only common shares have been issued.

b. Issued and fully paid shares

	Number of shares	Amount
Balance, December 31, 2011	**13,839,279**	**$194,990**
Issued for cash	**2,800,000**	**65,380**
Issue costs, net of $1.0 million income taxes		**(3,068)**
Balance, December 31, 2012	**16,639,279**	**$257,302**
Issued for cash	**950,000**	**15,200**
Issue costs, net of $0.2 million income taxes		**(639)**
Balance, December 31, 2013	**17,589,279**	**$271,863**

On November 15, 2013, DCPayments completed an offering of 950,000 common shares of the Company for cash proceeds of $16.00 per common share and incurred $0.9 million in underwriter fees, professional advisory fees and other costs related to the offering. The net proceeds from the offering were used to partially repay amounts drawn under the Company's revolving credit facility in respect of the Threshold Acquisition (Note 4 and 12).

c. Shares held in trust by EPSP Trustee

The cumulative balance of shares held in trust by EPSP Trustee comprises the cost of common shares held by the Trustee under the employee profit sharing plan ("EPSP") that have not become vested to the participants.

As at December 31:	**2013**	2012
Balance, January 1	**$1,914**	$1,817
EPSP vested	**(1,330)**	(1,215)
Shares purchased and held by Trustee – EPSP	**1,451**	1,312
	$2,035	$1,914
Number of shares held by EPSP Trustee	**90,201**	89,457

d. Weighted average shares outstanding

Year ended December 31:	**2013**	**2012**
Issued common shares	**16,759,005**	14,940,918
Effect of EPSP shares held in trust by Trustee	**(79,673)**	(77,296)
Weighted average number of shares (basic)	**16,679,332**	14,863,622
Weighted average number of shares (diluted)	**16,759,005**	14,940,918

15. Dividends declared

The following dividends were declared by DCPayments during the periods indicated.

Year ended December 31:	**2013**	**2012**
11.5 cents monthly per qualifying common share	**$23,181**	$20,708

DCPayments's policy is to pay dividends on or about the last day of each month to shareholders of record on the last business day of the preceding month. As a result, the December dividend of approximately $2.0 million (11.5 cents per share) was declared and paid subsequent to the year ended December 31, 2013.

16. Contributed surplus

The contributed surplus reserve is used to recognize the fair value of EPSP/LTIP grants to employees, including key management personnel, as part of their remuneration. When shares held in trust for plan beneficiaries subsequently vest and are released by the EPSP/LTIP trustee to the plan beneficiaries, contributed surplus is transferred back to share capital.

Year ended December 31:	**2013**	**2012**
Balance, January 1	**$2,342**	$2,365
EPSP/LTIP vested	**(1,330)**	(1,215)
EPSP/LTIP share-based compensation expense recognized	**1,263**	1,192
Balance, December 31	**$2,275**	$2,342

Share-based compensation expense

Employee profit sharing plan ("EPSP")

Under the terms of the EPSP, over the course of a fiscal year and within 120 days after the end of a fiscal year, DCPayments may make cash contributions to the trustee as defined under the "EPSP Agreement". The amounts paid to the trustee are authorized by the Board of Directors, as are the determination of the eligible employees and Directors ("Participants") who will participate in the EPSP and the amounts granted to each Participant. The trustee purchases shares of the corporation and allocates the shares so purchased to the Participants within 120 days following the end of the fiscal year.

EPSP shares awarded to Participants vest in three increments, with the first third vesting immediately and the other two increments on April 15 of the next two fiscal years. Within 120 days after the end of the fiscal year to which a grant relates, DCPayments makes an additional cash contribution to tax authorities in respect of tax on behalf of the Participant. The amount of the additional cash contribution is equal to 33% of the original contribution amount.

Unvested shares of those that are no longer employed are sold in the open market and the proceeds credited to the EPSP expense, or reallocated to remaining participants.

Long-term incentive plan ("LTIP")

Effective in 2011, the Company's LTIP plan was replaced with the EPSP plan. The LTIP shares that were awarded in 2010 finished vesting in 2013 and the LTIP plan was discontinued.

The total share based compensation expensed during the year and included in personnel expenses was as follows:

Year ended December 31:	**2013**	2012
LTIP expense, granted in prior years	**$36**	$229
EPSP granted in current year	**1,227**	963
Total share based compensation recognized	**$1,263**	$1,192

Pursuant to the terms of the Plan, additional compensation expense of $0.1 million (2012 - $0.3 million) was recognized related to non-share based benefits.

17. Related party transactions

The financial statements include the financial statements of DCPayments and the subsidiaries listed in the following table:

	Country of	**% equity interest**	
Name:	**Incorporation:**	**2013**	2012
DirectCash Management Inc.	Canada	**100%**	100%
DirectCash Canada Limited Partnership	Canada	**100%**	100%
DirectCash ATM Processing Partnership	Canada	**100%**	100%
DirectCash ATM Management Partnership	Canada	**100%**	100%
DirectCash USA, Inc.	USA	**100%**	100%
DirectCash Management Mexico S.A. de C.V.	Mexico	**100%**	100%
DSM Services S.A. de C.V.	Mexico	**100%**	100%
DirectCash Management Australia Pty Ltd.	Australia	**100%**	100%
DirectCash Payments Australia Pty Ltd.	Australia	**100%**	100%
DCP Holdings Australia Pty Ltd.	Australia	**100%**	100%
DC Payments Pty Ltd. (formerly Customers Limited)	Australia	**100%**	100%
Processing Services Australia Pty Ltd.	Australia	**100%**	100%
Firstpoint Payments Pty Ltd.	Australia	**100%**	100%
Customers ATM Pty Ltd.	Australia	**100%**	100%
Customers Operations Pty Ltd.	Australia	**100%**	100%
DC Payments Australasia Pty Ltd. (formerly ATM Solutions Australasia Pty Limited)	Australia	**100%**	100%
Customers New Zealand Ltd.	New Zealand	**100%**	100%
DC Payments NZ Limited (formerly New Zealand ATM Services Limited)	New Zealand	**97%**	100%
DirectCash Management UK Limited	United Kingdom	**100%**	100%
InfoCash Holdings Ltd.	United Kingdom	**100%**	100%

Name:	Country of Incorporation:	% equity interest 2013	2012
DC Payments UK Limited (formerly InfoCash Limited)	United Kingdom	**100%**	100%
Threshold Financial Technologies Inc.[1]	Canada	**100%**	n/a

(1) Acquired effective November 1, 2013 and amalgamated with DirectCash Payments Inc. on January 1, 2014

DirectCash Bank

DCPayments is party to various service and marketing agreements with DirectCash Bank ("DC Bank"), in which DCPayments provides transaction processing and technology services to DC Bank and DC Bank provides services and products to DCPayments or its customers for a fee. All contracts are negotiated at market terms and rates. DC Bank is indirectly owned by two of the original principals of DCPayments, who continue to maintain significant ownership in the Company. One of DC Bank's significant shareholders (indirectly through a holding corporation) is also DCPayments's President and CEO. Any transactions between DCPayments and DC Bank are approved by independent directors. DCPayments has agreed to indemnify DC Bank from certain losses/costs that DC Bank may incur as a result of DC Bank's involvement in issuing Prepaid Cards to the customers of DCPayments.

During the year ended December 31, 2013, DCPayments paid approximately $1.6 million (2012: $1.5 million) of fees to DC Bank associated with various agreements with DC Bank. The related party balance payable to DC Bank at December 31, 2013 was approximately $0.2 million (December 31, 2012: $0.1 million).

Key Management Remuneration

Key management personnel receive compensation primarily in the form of short-term employee benefits and share-based payment awards (see note 16). During the year, DCPayments paid key management remuneration of approximately $4.2 million (2012: $3.9 million) including total salary and bonus of $3.1 million (2012: $2.7 million) and share-based payments (LTIP and EPSP) of $1.1 million (2012: $1.2 million). As at December 31, 2013 DCPayments included seven individuals as key management personnel compared to five individuals as of December 31, 2012. Of the total bonus remuneration, $0.4 million (2012 - $0.5 million) has been included in acquisition-related expenses.

18. Financial instruments and risk management

The Company's financial instruments include its cash and cash equivalents, trade and other receivables, loans receivable, interest rate swaps, foreign exchange contracts, trade and other payables, other liabilities and long-term debt.

Fair value measurements for financial instruments

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of these instruments.

The carrying value of cash and cash equivalents, trade and other receivables, loans receivable, trade and other payables and other liabilities approximate their fair values due to the relatively short-term nature of these balances.

The following table shows the comparison of the carrying and fair values of the Company's other financial instruments:

		December 31, 2013		December 31, 2012	
	Level	**Carrying value**	**Fair Value**	Carrying value	Fair Value
Interest rate swaps, liability [1]	2	**$625**	**$625**	$688	$688
Foreign exchange contracts, liability [2]	2	**45**	**45**	-	-
Long term debt	2	**251,497**	**253,697**	210,402	213,840

(1) Current portion included in other current liabilities and long term portion included in other non-current liabilities and the unrealized gain is reported in finance costs.
(2) Included in other current liabilities and the unrealized loss is reported in unrealized loss on foreign exchange.

The fair values of financial instruments are determined with respect to the hierarchy that prioritizes the input to fair value measurement. In the absence of an active market, the Company determines fair value by using valuation techniques that refer to observable market data or estimated market process. Fair values are inherently judgmental, thus the estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments. The use of different estimations, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The carrying amount of the long-term debt balance related to borrowings under the Company's credit facility, unsecured senior notes and obligations under finance leases. The carrying amount of borrowings under the credit facility approximates fair value since borrowings are subject to short-term floating interest rates and the spread is consistent with the Company’s current credit spreads. As at December 31, 2013, the fair value of the Company's unsecured senior notes was approximately $127.2 million (2012 - $128.4 million) based on best available estimated quoted price. The fair value of the obligations under finance leases is determined by estimating future cash flows on a borrowing by borrowing basis, and discounting these future cash flows using the effective interest rate.

The following table shows the detail of cash and cash equivalents items:

As at December 31, 2013	***CDN***	***AUD***	***GBP***	**Other**	**Total**
Cash in circulation					
Cash inventory	**$8,138**	**$-**	**$-**	**$1,507**	**$9,645**
Vault cash	**31,407**	**1,210**	**45**	**1,951**	**34,613**
Other					
Operating cash (bank overdraft)	**(1,069)**	**3,234**	**3,010**	**1,455**	**6,630**
Total cash and cash equivalents	**$38,476**	**$4,444**	**$3,055**	**$4,913**	**$50,888**

As at December 31, 2012	*CDN*	*AUD*	*GBP*	Other	Total
Cash in circulation					
Cash inventory	$8,072	$-	$-	$932	$9,004
Vault cash	30,601	1,010	6	2,289	33,906
Other					
Operating cash (bank overdraft)	(14,451)	3,064	(4,153)	1,081	(14,459)
Total cash and cash equivalents	$24,222	$4,074	$(4,147)	$4,302	$28,451

Risk exposures

The Company is exposed to certain risks relating to its ongoing business operations. DCPayments' overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Foreign currency risk

DCPayments is exposed to foreign currency fluctuations primarily as a result of its investments in Australia, the United Kingdom and Mexico. The Company also had outstanding term and revolving loans denominated in Australian dollars as at December 31, 2013, and owns cash in circulation in Mexico denominated both in Peso and US dollars. The Company enters into foreign exchange contracts to hedge its exposure to the foreign currency risks in addition to utilizing the Australian dollar denominated debt as a natural hedge.

As at December 31, 2013, the Company held the following Australian dollar foreign exchange contracts:

		Australian dollar sell position			As at December 31, 2013
Type	Price	Q1 2014	Q2 2014	Q3 2014	Asset/(liability)
Fixed rate forward contract, month of settlement[1]					
January to March, 2014	$0.9342	$4,014			$(53)
January to March, 2014	$0.9727	500			14
April to June, 2014	$0.9308		$1,504		(20)
April to June, 2014	$0.9695		1,000		27
July to September, 2014	$0.9559			$1,269	20
Put option, month of expiry[1]					
January to March, 2014	$0.9125	750			(14)
April to June, 2014	$0.9081		1,600		(35)
April to June, 2014	$0.9435		500		11
July to September, 2014	$0.9050			750	(18)
July to September, 2014	$0.9385			250	6
Call option, month of expiry[1]					
January to March, 2014	$0.9125	(375)			3
April to June, 2014	$0.9081		(800)		13
April to June, 2014	$0.9435		(250)		(5)
July to September, 2014	$0.9050			(375)	9
July to September, 2014	$0.9385			(125)	(3)
Total		$4,889	$3,554	$1,769	$(45)

(1) Represents weighted average settlement price for the period

A $0.01 change in the exchange rate between the Canadian and Australian dollar would have resulted in changes in net income before income taxes, foreign currency translation reserve and long-term debt (including current portion) $0.2 million, $2.4 million and $0.2 million respectively (2012 - $0.1 million, $2.3 million and $0.1 million respectively).

The following table discloses the Company's realized and unrealized gains and losses, primarily attributed to Australian dollar transactions, for the periods indicated:

Year ended December 31:	**2013**	**2012**
Realized loss (gain):		
Australian dollar currency contracts	**$(386)**	$(3,967)
Repayment of debt denominated in Australia dollars[1]	**(389)**	(72)
Other foreign currency assets and liabilities	**115**	-
	(660)	(4,039)
Unrealized loss (gain):		
Australian dollar currency contracts	**45**	-
Debt denominated in Australia dollars[1]	**(3,522)**	70
Other foreign currency assets and liabilities	**(29)**	29
	$(3,506)	$99

(1) Includes foreign exchange on both the Term Loan and Revolving Credit Facility (Note 12) and on intercompany balances between the Company and its Australian subsidiary which are designated as short term in nature and translated through net income (loss)

Interest rate risk:

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

DCPayments is exposed to interest rate risk on its revolving credit facility and term credit facility which are subject to variable interest rates provisions. The Company has not entered into interest rate swaps or other financial arrangements that mitigate this exposure to interest rate fluctuations.

The Company is also exposed to interest rate risk on its vault cash rental facilities. As at December 31, 2013 the Company held two interest rate swaps: January 31, 2014 to October 31, 2014 – A$50 million at a 3.22% fixed BBSY rate and January 31, 2014 to October 31, 2015 – A$50 million at a 3.28% fixed BBSY rate.

As at December 31, 2013, the fair value of the Company's interest rate swaps was a liability of approximately $0.6 million and the fair value of the Company’s foreign exchange contracts was a liability of approximately $0.04 million. The fair value of the interest rate swaps and foreign exchange contracts are based on pricing models where the inputs include forward curves, volatility estimates and discount rates (level 2 fair values).

For the year ended December 31, 2013, if underlying market interest rates had increased/decreased by 1% with all other variables held constant, net income before income taxes would have been approximately $0.3 million higher/lower for financing charges (2012: $0.6 million lower/higher).

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty fails to meet its contractual obligations. The carrying amount of the financial assets represents the maximum credit exposure.

Credit exposures can arise, normally for a short period of time as the Company depends on its customers to pay for products and services. DCPayments' contracts typically provide for the ability to settle ATM and point of sale transactions directly to the benefit of the Company, which substantially reduces the credit risk of trade and loans receivable. As at December 31, 2013, the total provision for uncollectible amounts was $0.5 million and the Company had $1.5 million in outstanding trade receivables over 90 days that it considers not be impaired.

DCPayments typically also has the contracted ability to require funds to be paid by the customer in advance of funding a prepaid card in the prepaid products line of business. DCPayments is potentially exposed to credit risk on its restricted funds. The Company limits its exposure to credit risk by holding liquid securities with a regulated financial institution. Given the current standing of the regulated financial institution, the Company believes that the risk of default on these deposit obligations to be minimal.

Liquidity risk:

DCPayments may be exposed to liquidity risk if it is unable to collect its trade receivables balances on a timely basis, which in turn could impact the ability to meet commitments under its long-term debt agreements. The Company's policy is to maintain a conservative debt to total capitalization structure, maintain a diverse clientele of well established and well financed entities, and to maintain sufficient capacity within its revolving credit facilities to meet immediate liquidity requirements. The following table shows the maturities of the Company's financial liabilities:

As at December 31, 2013	Total	Within 1 year	2-5 years	6-7 years
Trade and other payables	$35,883	$35,883	$-	$ -
Long-term debt and interest obligations[(1)]	261,807	25,614	105,099	131,094
Other current liabilities	12,362	12,362	-	-
Other long-term liabilities	257	-	257	-
Interest rate swaps	625	239	386	-
Revolving credit facility[(2)]	56,404		56,404	-

(1) Includes future interest obligations
(2) Includes revolving credit facility excluding future interest obligations.

19. Segment reporting

The Company's operations are segmented into the Americas (Canada and Mexico), Australasia (Australia and New Zealand) and Europe. Performance is measured based on revenues and gross profit. Cost of sales includes the costs of recurring services and products. Revenues and gross profits by geographic segment are as follows:

Revenue and gross profit

Year ended December 31, 2013	Americas	Australasia	Europe	Total
Revenue				
ATM	**$49,980**	**$125,779**	**$32,779**	**$208,538**
Banking Services	**32,338**	**399**	**383**	**33,120**
Revenue from external customers	**82,318**	**126,178**	**33,162**	**241,658**
Cost of sales				
ATM	**23,585**	**59,923**	**21,838**	**105,346**
Banking Services	**14,344**	**98**	**429**	**14,871**
Total cost of sales	**37,929**	**60,021**	**22,267**	**120,217**
Gross profit				
ATM	**26,395**	**65,856**	**10,941**	**103,192**
Banking Services	**17,994**	**301**	**(46)**	**18,249**
Total gross profit	**$44,389**	**$66,157**	**$10,895**	**$121,441**

Year ended December 31, 2012	Americas	Australasia	Europe	Total
Revenue				
ATM	$50,174	$66,648	$22,644	$139,466
Banking Services	51,342	632	680	52,654
Revenue from external customers	101,516	67,280	23,324	192,120
Cost of sales				
ATM	24,145	32,878	16,159	73,182
Banking Services	26,213	243	780	27,236
Total cost of sales	50,358	33,121	16,939	100,418
Gross profit				
ATM	26,029	33,770	6,485	66,284
Banking Services	25,129	389	(100)	25,418
Total gross profit	$51,158	$34,159	$6,385	$91,702

Depreciation and amortization expense

	Americas	Australasia	Europe	Total
Year ended December 31, 2013	**$11,700**	**$30,358**	**$10,188**	**$52,246**
Year ended December 31, 2012	13,765	16,141	6,147	36,053

Vault cash rental costs

	Americas	Australasia	Europe	Total
Year ended December 31, 2013	**$145**	**$8,548**	**$664**	**$9,357**
Year ended December 31, 2012	-	5,189	373	5,562

Assets and liabilities

As at December 31, 2013	**Americas**	**Australasia**	**Europe**	**Total**
Non-current assets, excluding goodwill	**$55,198**	**$124,143**	**$18,820**	**$198,161**
Goodwill	**68,540**	**96,597**	**-**	**165,137**
Total assets	**191,066**	**231,860**	**21,472**	**444,398**
Total liabilities, excluding corporate liabilities	**32,496**	**47,329**	**3,335**	**83,160**
Corporate liabilities (long-term debt)				**244,797**

As at December 31, 2012	Americas	Australasia	Europe	Total
Non-current assets, excluding goodwill	$29,367	$164,351	$26,571	$220,289
Goodwill	52,366	105,173	-	157,539
Total assets	140,775	282,393	28,524	451,692
Total liabilities, excluding corporate liabilities	38,055	56,218	11,718	105,991
Corporate liabilities (long-term debt)				202,083

Within both the ATM and Banking Services operating segments, DCPayments has major customers. As at December 31, 2013, DC Payments had no customer that accounted for greater than 10% of the Company's consolidated revenue. As at December 31, 2012, one significant customer accounted for 12% of the Company's consolidated revenue.

Reconciliation of segment gross profit to net income (loss) before taxes

Year ended December 31:	**2013**	2012
Gross profit	**$121,441**	$91,702
Personnel expenses	**(29,257)**	(21,679)
Other expenses	**(15,801)**	(11,936)
Vault cash rental costs	**(9,357)**	(5,562)
Realized gain on foreign exchange	**660**	4,039
EBITDA	**67,686**	56,564
Acquisition-related expenses	**(1,596)**	(4,236)
Other gains	**-**	2,058
Depreciation of property and equipment	**(16,509)**	(11,141)
Amortization of intangible assets	**(35,737)**	(24,912)
Finance costs	**(19,651)**	(11,590)
Unrealized gain (loss) on foreign exchange	**3,506**	(99)
Net income (loss) before income taxes	**$(2,301)**	$6,644

20. Capital management

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence as to sustainability and future development of the DCPayments' businesses. The Company defines capital as Shareholders' equity plus long term debt.

DCPayments' Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth of earnings and cash flows. The Company's Board of Directors also reviews on a quarterly basis the level of dividends paid to Shareholders. There were no changes to the Company's approach to capital management during the period.

DCPayments is not subject to externally imposed capital requirements, other than those associated with the Company's lending covenants (see note 12).

21. Supplementary cash flow information

Changes in non-cash working capital:

Year ended December 31:	**2013**	2012
Trade and other receivables	**$1,529**	$(4,730)
Inventories	**(760)**	865
Prepaid expenses	**598**	(699)
Trade and other payables	**(5,754)**	1,653
Other	**(31)**	(1,286)
	$(4,418)	$(4,197)

Interest paid:

Year ended December 31:	**2013**	2012
Unsecured senior notes	**$10,156**	$-
Term facility	**4,313**	1,599
Revolving facility and acquisition line	**1,422**	1,889
Bridge facilities	**-**	1,705
Other	**1,324**	327
	$17,215	$5,520

22. Operating lease arrangements

Operating leases related to the lease of office and warehouse space and other equipment with terms ranging from 1 to 12 years. Certain of the leases entitle the Company to renew the lease at the end of its lease term at then current market rates. The Company does not have any material purchase options within its operating lease arrangements.

Payments recognized as expense:

Year ended December 31:	**2013**	2012
Cost of sales	**$-**	$-
Other expenses	**2,080**	1,789
Total minimum lease payments recognized	**$2,080**	$1,789

Non-cancellable operating lease commitments:

As at December 31:	**2013**	2012
No later than 1 year	**$2,593**	$2,000
Later than 1 but no later than 5 years	**5,904**	6,734
Later than 5 years	**3,985**	3,827
Total minimum lease payments under operating lease	**$12,482**	$12,561

23. Legal matters

Given the nature of DCPayments' business, DCPayments has entered into a large number of contracts. Given the number of contracts, there is a small (but constant) amount of litigation where DCPayments is required to enforce its contractual rights to ensure revenue continuity. Also, in rare cases it faces litigation where competitors have issued statements of claim alleging some sort of misconduct or breach in relation to customers lost to DCPayments. It is a necessary part of DCPayments' business to enforce its contracts and defend these claims. However, none of these law suits are material in amount.

On August 20, 2013, DCPayments and DC Bank were added as named parties to a class action lawsuit previously filed against The CashStore Financial Services Inc. ("CashStore") as it relates to payday loans and related fees in the province of Ontario. DCPayments is indemnified by CashStore and in turn has indemnified DC Bank. DCPayments has retained counsel on this matter and is contesting the claim. On January 29, 2014, the Ontario Superior Court of Justice set a schedule for the certification motion to be heard over five days starting on September 15, 2014.

On November 9, 2012, DCPayments in addition to CashStore and DC Bank were named in a class action lawsuit as it relates to payday loans and related fees in the province of Manitoba. DCPayments is indemnified by CashStore and in turn has indemnified DC Bank. DCPayments has retained counsel on this matter and is contesting the claim. On December 11, 2013 the Manitoba Court of Queen's Bench set the dates of November 3-5, 2014 as the hearing date for the certification motion in this matter.