Condensed Consolidated Interim Financial Statements

DCPayments™

For the Three and Six Months Ended June 30, 2016

(unaudited)

DirectCash Payments Inc.
Condensed Consolidated Interim Statements of Financial Position
Canadian dollars in thousands (unaudited)

As at:	*Notes*	**June 30, 2016**	December 31, 2015
Assets			
Current assets:			
Cash in circulation	*8*	**$11,250**	**$ 10,854**
Cash	*8*	**8,927**	**10,002**
Cash in escrow		**-**	**390**
Restricted funds		**2,058**	**2,317**
Trade and other receivables		**10,509**	**12,253**
Inventories		**12,891**	**14,342**
Prepaid expenses		**3,420**	**3,870**
		49,055	**54,028**
Non-current assets:			
Other assets		**2,872**	**1,030**
Property and equipment		**36,136**	**39,359**
Intangible assets		**67,220**	**86,733**
Goodwill		**169,853**	**174,191**
Deferred tax asset		**8,088**	**9,233**
		284,169	**310,546**
		$333,224	**$ 364,574**
Liabilities and Shareholders' Equity			
Current liabilities:			
Restricted funds liability		**$2,058**	**$2,317**
Trade and other payables		**43,338**	**47,736**
Other current liabilities		**3,240**	**4,560**
Current portion of long-term debt	*4*	**2,268**	**9,081**
		50,904	**63,694**
Non-current liabilities:			
Other liabilities		**4,762**	**3,323**
Long-term debt	*4*	**218,578**	**207,879**
Deferred tax liability		**8,929**	**15,216**
		232,269	**226,418**
Shareholders' equity:			
Share capital		**271,202**	**271,202**
Shares held in trust		**(1,859)**	**(1,926)**
Contributed surplus		**1,852**	**1,988**
Foreign currency translation reserve		**(17,783)**	**(7,548)**
Deficit		**(203,361)**	**(189,254)**
Total Shareholders' equity		**50,051**	**74,462**
		$333,224	**$ 364,574**

Subsequent event (Note 4(d) and 7)

See accompanying notes to the condensed consolidated interim financial statements

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

		For the three months ended		For the six months ended	
	Notes	**June 30, 2016**	June 30, 2015	**June 30, 2016**	June 30, 2015
Revenue		**$69,483**	$70,081	**$138,174**	$136,118
Expenses					
Cost of sales		**36,874**	36,304	**72,679**	69,526
Personnel expenses		**9,118**	9,157	**18,098**	17,744
Other expenses		**4,778**	5,441	**10,375**	10,882
Vault cash rental costs	*4(d)*	**2,652**	2,591	**5,233**	4,898
Realized gain on foreign exchange	*8*	**(358)**	(481)	**(310)**	(599)
Adjusted EBITDA		**16,419**	17,069	**32,099**	33,667
Other gains		**-**	(184)	**-**	(184)
Depreciation of property and equipment		**4,667**	4,632	**9,331**	8,981
Amortization of intangible assets		**9,364**	9,496	**18,926**	19,387
Finance costs	*4(c)*	**4,846**	3,640	**10,192**	9,230
Unrealized loss (gain) on foreign exchange	*8*	**(1,622)**	110	**(2,575)**	1,291
Net loss before income taxes		**(836)**	(625)	**(3,775)**	(5,038)
Current income tax expense		**1,195**	1,161	**2,381**	2,305
Deferred income tax benefit		**(2,371)**	(2,259)	**(4,674)**	(4,910)
		(1,176)	(1,098)	**(2,293)**	(2,605)
Net income (loss)		**$340**	$473	**$(1,482)**	$(2,433)
Other comprehensive income (loss)					
Foreign currency translation on investments in foreign operations		**(6,541)**	(1,451)	**(10,235)**	3,198
Comprehensive income (loss)		**$(6,201)**	$(978)	**$(11,717)**	$765
Net income (loss) attributable to common shareholders					
Basic and Diluted	*5(d)*	**$0.02**	$0.03	**$(0.09)**	$(0.14)

See accompanying notes to the condensed consolidated interim financial statements

DirectCash Payments Inc.
Condensed Consolidated Interim Statements of Cash Flows
Canadian dollars in thousands (unaudited)

For the six months ended:	Notes	**June 30, 2016**	June 30, 2015
Cash provided by (used in):			
Operating:			
Net loss		**$ (1,482)**	$ (2,433)
Add (deduct) items not involving cash:			
Income taxes		**(2,293)**	(2,605)
Unrealized (gain) loss on foreign exchange	*8*	**(2,575)**	1,291
Share-based compensation		**642**	424
Finance costs	*4(c)*	**10,192**	9,230
Other		**(141)**	(21)
Depreciation and amortization		**28,257**	28,368
Changes in non-cash working capital	*10*	**1,079**	2,497
Paid to EPSP trustee	*5(c)*	**(711)**	(760)
Other assets		**(1,715)**	-
Income taxes paid, net		**(3,958)**	(5,525)
Net cash generated from operating activities		**27,295**	30,466
Investing:			
Acquisition of property and equipment		**(7,593)**	(6,624)
Acquisition of intangible assets		**(422)**	(851)
Asset acquisitions		**(2,191)**	(2,253)
Other investment		**(185)**	-
Changes in non-cash working capital	*10*	**398**	1,948
Net cash used in investing activities		**(9,993)**	(7,780)
Financing:			
Long-term debt repayment		**-**	(1,078)
Revolving facilities advance, net		**4,595**	15,643
Interest paid	*10*	**(8,351)**	(8,140)
Dividends to shareholders	*6*	**(12,625)**	(12,664)
Net cash used in financing activities		**(16,381)**	(6,239)
Increase in cash and cash equivalents		**921**	16,447
Cash and cash equivalents, beginning of period		**20,856**	14,244
Foreign exchange gain (loss) on cash held in foreign currency		**(1,600)**	580
Cash and cash equivalents, end of period		**$20,177**	$ 31,271
Cash and cash equivalents is comprised of:			
Cash in circulation	*8*	**11,250**	15,736
Cash	*8*	**8,927**	15,535
		$20,177	$ 31,271

See accompanying notes to the condensed consolidated interim financial statements

DirectCash Payments Inc.
Condensed Consolidated Interim Statements of Changes in Equity
Canadian dollars in thousands (unaudited)

	Notes	**Share Capital $**	**Shares held in trust (by EPSP Trustee) $**	**Contributed surplus (current and unvested EPSP) $**	**Foreign currency translation reserve $**	**Deficit $**	**Total $**
As at December 31, 2015		**271,202**	**(1,926)**	**1,988**	**(7,548)**	**(189,254)**	**74,462**
Net loss		-	-	-	-	(1,482)	(1,482)
Foreign currency translation on investments in foreign operations		-	-	-	(10,235)	-	(10,235)
Share based payment transactions (EPSP)		-	67	(136)	-	-	(69)
Dividends	*6*	-	-	-	-	(12,625)	(12,625)
As at June 30, 2016		**271,202**	**(1,859)**	**1,852**	**(17,783)**	**(203,361)**	**50,051**
As at December 31, 2014		271,863	(2,320)	2,314	(20,998)	(156,681)	94,178
Net loss		-	-	-	-	(2,433)	(2,433)
Foreign currency translation on investments in foreign operations		-	-	-	3,198	-	3,198
Share based payment transactions (EPSP)		-	394	(730)	-	-	(336)
Dividends	*6*	-	-	-	-	(12,664)	(12,664)
As at June 30, 2015		271,863	(1,926)	1,584	(17,800)	(171,778)	81,943

See accompanying notes to the condensed consolidated interim financial statements

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015 (unaudited)

(Tabular amounts in thousands of Canadian dollars, except as noted)

1. Corporate information

DirectCash Payments Inc. (“DCPayments” or the “Company”) is a publicly traded corporation incorporated and domiciled in Alberta, Canada. The condensed consolidated interim 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 business with operations in Canada, Australia, New Zealand, the United Kingdom, and Mexico. The Company’s focus is on building long term contracted recurring revenue in the payments merchant space.

The Company provides switch and transaction processing services for automated banking machines (“ATMs”) and for debit and credit cards and related services. DCPayments deploys, operates and services ATMs in all its geographic segments. In Canada, the Company operates its Other Services business which includes payment, bank card processing and related services as well as other managed services to credit unions and financial institutions. The end-to-end payment solutions provided to credit unions and financial institutions enables these customers to outsource their payment and bank card and ATM processing and compete with services similar to those offered by larger banks.

2. Basis of presentation

Statement of compliance

The condensed consolidated interim financial statements for the three and six months ended June 30, 2016 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2015 which were prepared in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors on August 10, 2016.

Basis of measurement

These condensed consolidated interim 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 swaps and foreign exchange contracts which are measured at fair value.

Additional GAAP measure

DCPayments has presented adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) as a subtotal in its consolidated statement of operations and comprehensive income (loss). Adjusted 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 4, in calculating financial covenants. The Company has presented Adjusted EBITDA prior to unrealized foreign exchange gains and losses and non-recurring other gains (loss). The Company utilizes this presentation of Adjusted EBITDA because it is consistent with the definition of EBITDA under DCPayments’ credit facility agreement. DCPayments has also presented Adjusted EBITDA prior to the deduction for acquisition-related expenses. These expenses relate only to business combinations which are complex, require the pre-approval of the Company's lenders and are financed utilizing long-term debt or the issue of equity or a combination thereof. Costs incurred on recurring asset acquisitions are not considered acquisition-related expenses and are included with other expenses in the condensed consolidated statement of operations and comprehensive income (loss).

(Tabular amounts in thousands of Canadian dollars, except as noted)

Use of estimates and judgments

The preparation of condensed consolidated interim 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 condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2015. Although these estimates are based on management's best approximation of the amount, event or actions, actual results ultimately may differ from those estimates.

3. Significant accounting policies

The condensed consolidated interim financial statements have been prepared following the same accounting policies as the audited consolidated financial statements for the year ended December 31, 2015.

4. Long-term debt

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

	Note	*Principal*	**June 30, 2016**	December 31, 2015
Revolving credit facility, due July 23, 2017	*4(a)*	*$66.8m Cdn*	**$66,779**	$70,838
	4(a)	*A$14.4m*	**13,922**	4,434
Reducing revolving credit facility, due July 23, 2017	*4(a)*	*A$18.0m*	**17,371**	19,140
Unsecured Senior Notes, due August 8, 2019	*4(b)*	*$125.0m Cdn*	**125,000**	125,000
Minimum finance lease payments, due 2016-2017		*£0.0m GBP*	**44**	120
Minimum finance lease payments, due 2016-2018		*$0.5m Cdn*	**518**	654
Total			**$223,634**	$220,186
Less: interest on finance leases			**(1)**	(4)
Unamortized transaction costs			**(2,787)**	(3,222)
			$220,846	$216,960
Current portion of long-term debt			**(2,268)**	(9,081)
Long-term debt			**$218,578**	$207,879

a. Senior Secured Facilities

In order to fund acquisition opportunities, DCPayments has established a credit facility with a syndicate of lenders (the "Syndicate"). The facility included a revolving facility and a term loan (the "Prior Credit Agreement").

Under the amended and restated credit facility dated August 17, 2015, 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 Adjusted EBITDA, which stepped down to 2.0 times on January 1, 2016; (ii) Total Debt Leverage must be less than or equal to 3.5 times Adjusted EBITDA; and (iii) the ratio of Adjusted 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 1.35 times Adjusted EBITDA. Debt as defined includes amounts outstanding under letters of credit and is reduced by certain cash and cash equivalents. Adjusted 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 (Note 4(d)) are not considered debt, and therefore are not applicable in making the foregoing calculations. As at June 30, 2016, DCPayments was in compliance with all applicable covenants and ratios under the facility.

Until such time as the Total Debt Leverage ratio is less than or equal to 2.75, as calculated on an annual basis, the Company is required to repay outstanding advances to the extent of 50% of excess cash flow (as defined in the credit facility) for the previous year. Such repayment, if required, is due within 120 days of the Company's year end.

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 facility) and partnership interests are pledged to secure borrowings made under the senior facilities.

Revolving Facility

The amended facility includes Cdn$115 million (including a Cdn$20 million Pounds Sterling Tranche commitment) revolving credit facility, A$15 million revolving credit facility and A$20 million reducing revolving credit facility (reducing approximately A$0.5 million per quarter) available for general corporate purposes, maturing July 23, 2017 of which Cdn$98.1 million was outstanding as at June 30, 2016 (December 31, 2015 - $94.4 million). The Company has posted letters of credit totalling approximately $1.9 million (US$ 1.0 million and A$ 0.6 million) in connection with third-party contracts in Canada and Australia (December 31, 2015 – $2.0 million). These letters of credit reduce the Company's borrowing capacity under the revolving facility.

The average interest rate on the Company's revolving facilities for the six months ended June 30, 2016 was 4.95% on the Canadian facilities and 4.78% on the Australian dollar denominated facilities (June 30, 2015 – 5.12% and 4.82%, respectively).

(Tabular amounts in thousands of Canadian dollars, except as noted)

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. Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2016	2015	**2016**	2015
Unsecured senior notes	**$2,525**	$2,532	**$5,050**	$5,036
Term facility	**-**	599	**-**	1,210
Revolving facility	**1,208**	493	**2,491**	936
Amortization of transaction costs	**218**	418	**435**	836
Realized loss on interest rate swaps	**304**	243	**539**	446
Unrealized loss (gain) on interest rate swaps	**496**	(812)	**1,509**	318
Debt carrying costs	**62**	159	**112**	327
Other	**33**	8	**56**	121
	$4,846	$3,640	**$10,192**	$9,230

Debt carrying costs include primarily the commitment fee payable by the Company on the unused portion of the revolving facilities.

d. Vault Cash Rental Agreements

DCPayments has vault cash rental agreements with large financial institutions for the supply of cash to ATMs owned by the Company in Canada, Australia and the United Kingdom. Under these agreements, cash is owned by the vault cash provider who contracts directly with or authorizes the Company, as agent, to contract with transaction acquirers, settlement agents and armoured car carriers. DCPayments does not have an ownership claim over the vault cash which is loaded into ATMs.

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 condensed consolidated interim financial statements. The amounts in circulation under these facilities were approximately $365 million and $418 million as of June 30, 2016 and December 31, 2015, respectively. Amounts in local currency are as follows:

(Tabular amounts in thousands of Canadian dollars, except as noted)

As at:	**June 30, 2016**	December 31, 2015
Americas - Canadian dollars	**$112,785**	$ 114,993
Australasia – Australian dollars	**$173,870**	$ 158,880
Europe – GBP	**£48,638**	£ 70,147

Subsequent to June 30, 2016, DCPayments extended its vault cash rental agreement in Australia for eighteen months through to the end of December 2017.

5. Share capital

a. Authorized shares

DCPayments is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares (issuable in series). As at June 30, 2016, only common shares have been issued.

b. Issued and fully paid shares

The Company had 17,534,279 common shares outstanding as of June 30, 2016 and December 31, 2015 (June 30, 2015 – 17,589,279). During the three months ended June 30, 2016, DCPayments did not purchase any shares through a Normal Course Issuer Bid ("NCIB").

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:	**June 30, 2016**	December 31, 2015
Balance, January 1	**$1,926**	$2,320
EPSP vested	**(778)**	(1,133)
Shares purchased and held by Trustee – EPSP	**711**	739
	$1,859	$1,926
Number of shares held by EPSP Trustee	**131,051**	111,734

(Tabular amounts in thousands of Canadian dollars, except as noted)

d. Weighted average shares outstanding

	For the three months ended June 30		**For the six months ended June 30**	
	2016	2015	**2016**	2015
Issued common shares	**17,534,279**	17,589,279	**17,534,279**	17,589,279
Effect of EPSP shares held in trust by Trustee	**(132,995)**	(117,479)	**(135,139)**	(126,681)
Weighted average number of shares (basic)	**17,401,284**	17,471,800	**17,399,140**	17,462,598
Weighted average number of shares (diluted)	**17,534,279**	17,589,279	**17,399,140**	17,462,598

6. Dividends declared

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

	For the three months ended June 30		**For the six months ended June 30**	
	2016	2015	**2016**	2015
12.0 cents monthly per qualifying common share	**$6,313**	$6,332	**$12,625**	$12,664

DCPayments' 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 June 2016 and 2015 dividends of approximately $2.1 million and $2.1 million, respectively, were declared and paid subsequent to the reporting period.

7. Related party transactions

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' President and CEO. Any transactions between DCPayments and DC Bank are approved by independent directors.

During the three and six months ended June 30, 2016, DCPayments paid approximately $0.4 million and $0.8 million (2015: $0.4 million and $0.8 million) of fees to DC Bank associated with various agreements with DC Bank. The related party balance payable to DC Bank and included in current liabilities at June 30, 2016 was approximately $0.2 million (June 30, 2015: $0.2 million).

On May 13, 2014, DCPayments entered into an agreement to acquire DC Bank, a Schedule 1 Canadian chartered bank with the shareholders of DC Bank. Subsequent to June 30, 2016, the Company entered into an amendment to extend this agreement to December 31, 2016.

(Tabular amounts in thousands of Canadian dollars, except as noted)

8. Financial instruments and risk management

Fair value measurements for financial 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 detail of cash and cash equivalents items by currency:

As at June 30, 2016	***CDN***	***AUD***	***GBP***	**Other(1)**	**Total**
Cash in circulation					
Cash inventory	**$531**	**$-**	**$-**	**$1,310**	**$1,841**
Vault cash	**3,927**	**67**	**145**	**5,270**	**9,409**
Other					
Operating cash	**1,411**	**3,090**	**2,506**	**1,920**	**8,927**
Total cash and cash equivalents	**$5,869**	**$3,157**	**$2,651**	**$8,500**	**$20,177**

As at December 31, 2015	*CDN*	*AUD*	*GBP*	Other(1)	Total
Cash in circulation					
Cash inventory	$351	$-	$-	$1,113	$1,464
Vault cash	4,139	71	150	5,030	9,390
Other					
Operating cash	4,584	1,986	2,062	1,370	10,002
Total cash and cash equivalents	$9,074	$2,057	$2,212	$7,513	$20,856

(1) Includes cash and cash equivalents held in US Dollars, Mexican Peso and New Zealand Dollars.

The carrying amount of long-term debt relates 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 June 30, 2016, the fair value of the Company's unsecured senior notes was approximately $125.6 million (December 31, 2015 - $126.3 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.

(Tabular amounts in thousands of Canadian dollars, except as noted)

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

		June 30, 2016		December 31, 2015	
	Level[(4)]	**Carrying value**	**Fair Value**	Carrying value	Fair Value
Interest rate swaps, liability[(1)]	2	**$3,734**	**$3,734**	$2,328	$2,328
Foreign exchange contracts, asset[(2)]	2	**$530**	**$530**	$-	$-
Long- term debt[(3)]	2	**$223,633**	**$224,258**	$220,182	$221,432

(1) Included in other non-current liabilities and the unrealized loss is reported in finance costs.
(2) Included in trade and other receivables and the unrealized gain was reported in unrealized gain on foreign exchange.
(3) Includes the current and long-term portions of long-term debt before unamortized transaction costs.
(4) 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). Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

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, Mexico and New Zealand. The Company also has outstanding revolving loans denominated in Australian dollars and owns cash in circulation in New Zealand dollars and 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. The following table summarizes the change in the exchange rates which significantly impacted the Company's financial results for the periods presented:

Australian dollar	**2016**	2015
Opening rate, January 1	**1.0083**	0.9479
Closing rate, June 30	**0.9670**	0.9609
Average rate – three months ended June 30	**0.9611**	0.9563
Average rate – six months ended June 30	**0.9759**	0.9658

UK Pound Sterling	**2016**	2015
Opening rate, January 1	**2.0407**	1.8071
Closing rate, June 30	**1.7225**	1.9614
Average rate – three months ended June 30	**1.8487**	1.8843
Average rate – six months ended June 30	**1.9081**	1.8817

(Tabular amounts in thousands of Canadian dollars, except as noted)

The Company entered into two Australian dollar foreign exchange contracts on February 19, 2016 that expire on December 30, 2016. The two contracts are at a fixed rate of A$0.98 and A$0.99 each at A$12.5 million for a total Australian hedge of A$25 million. The fair value of the Company's foreign exchange contracts at June 30, 2016 was an asset of $0.5 million. The fair value of the foreign exchange contracts is based on pricing models where the inputs include forward curves, volatility estimates and discount rates (level 2 inputs).

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

	For the three months ended June 30		**For the six months ended June 30**	
	2016	2015	**2016**	2015
Unrealized loss (gain):				
Australian dollar currency hedges	**$(153)**	$63	**$(543)**	$520
Debt denominated in Australia dollars(1)	**(1,490)**	(140)	**(2,097)**	705
Other foreign currency assets and liabilities	**21**	187	**65**	66
	(1,622)	110	**(2,575)**	1,291
Realized gain:				
Australian dollar currency hedges	**-**	(142)	**-**	(188)
Repayment of debt denominated in Australia dollars(1)	**(173)**	(192)	**(111)**	(288)
Other foreign currency assets and liabilities	**(185)**	(147)	**(199)**	(123)
	$(358)	$(481)	**$(310)**	$(599)

(1) Includes foreign exchange on both the term loan and revolving credit facility from the Prior Credit Agreement (Note 4) and on intercompany balances between the Company and its Australian subsidiary which are designated as short term in nature and translated through net loss

Interest rate risk

As at June 30, 2016 the Company held three interest rate swaps to mitigate the risk on its Australian dollar denominated vault cash rental facilities and senior secured facilities:

Maturity Date	Current face Value ($A)	Fixed rate	**As at June 30, 2016** Liability
February 27, 2018	$50,000	2.75%	$(884)
September 28, 2018	50,000	3.20%	(1,669)
February 28, 2019	35,000	2.98%	(1,181)
Total	$135,000		$(3,734)

As at June 30, 2016, the fair value of the Company's interest rate swaps was a liability of approximately $3.7 million (December 31, 2015 - $2.3 million). The fair value of the interest rate swaps is based on pricing models where the inputs include forward curves, volatility estimates and discount rates (level 2 inputs).

(Tabular amounts in thousands of Canadian dollars, except as noted)

Credit risk

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 June 30, 2016, the total provision for uncollectible amounts was $1.1 million and the Company had $1.3 million in outstanding trade receivables over 90 days that it considers not impaired (December 31, 2015 - $1.0 million and $1.3 million, respectively).

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 June 30, 2016	Total	Within 1 year	2-5 years
Trade and other payables	$43,338	$43,338	$-
Long-term debt and interest obligations(1)	156,513	6,101	150,412
Other current liabilities	3,240	3,240	-
Other long-term liabilities	1,028	-	1,028
Interest rate swaps	3,734	-	3,734
Revolving credit facility(2)	98,072	1,969	96,103

(1) Includes future interest obligations calculated based on the interest rates in effect on June 30, 2016 but excludes finance lease payments.
(2) Includes revolving credit facility excluding future interest obligations.

9. 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:

(Tabular amounts in thousands of Canadian dollars, except as noted)

Revenue and gross profit

Three months ended June 30, 2016	**Americas**	**Australasia**	**Europe**	**Total**
Revenue				
ATM	**$19,187**	**$27,539**	**$12,607**	**$59,333**
Other Services	**10,145**	**5**	**-**	**10,150**
Revenue from external customers	**29,332**	**27,544**	**12,607**	**69,483**
Cost of sales				
ATM	**9,849**	**14,979**	**8,264**	**33,092**
Other Services	**3,782**	**-**	**-**	**3,782**
Total cost of sales	**13,631**	**14,979**	**8,264**	**36,874**
Gross profit				
ATM	**9,338**	**12,560**	**4,343**	**26,241**
Other Services	**6,363**	**5**	**-**	**6,368**
Total gross profit	**$15,701**	**$12,565**	**$4,343**	**$32,609**

Three months ended June, 2015	Americas	Australasia	Europe	Total
Revenue				
ATM	$18,439	$29,434	$11,144	$59,017
Other Services	11,064	-	-	11,064
Revenue from external customers	29,503	29,434	11,144	70,081
Cost of sales				
ATM	9,652	15,186	7,286	32,124
Other Services	4,180	-	-	4,180
Total cost of sales	13,832	15,186	7,286	36,304
Gross profit				
ATM	8,787	14,248	3,858	26,893
Other Services	6,884	-	-	6,884
Total gross profit	$15,671	$14,248	$3,858	$33,777

(Tabular amounts in thousands of Canadian dollars, except as noted)

Six months ended June 30, 2016	**Americas**	**Australasia**	**Europe**	**Total**
Revenue				
ATM	**$37,525**	**$56,151**	**$23,709**	**$117,385**
Other Services	**20,783**	**6**	**-**	**20,789**
Revenue from external customers	**58,308**	**56,157**	**23,709**	**138,174**
Cost of sales				
ATM	**19,324**	**29,685**	**15,282**	**64,291**
Other Services	**8,388**	**-**	**-**	**8,388**
Total cost of sales	**27,712**	**29,685**	**15,282**	**72,679**
Gross profit				
ATM	**18,201**	**26,466**	**8,427**	**53,094**
Other Services	**12,395**	**6**	**-**	**12,401**
Total gross profit	**$30,596**	**$26,472**	**$8,427**	**$65,495**

Six months ended June 30, 2015	Americas	Australasia	Europe	Total
Revenue				
ATM	$34,375	$58,862	$19,654	$112,891
Other Services	23,227	-	-	23,227
Revenue from external customers	57,602	58,862	19,654	136,118
Cost of sales				
ATM	17,459	30,733	12,229	60,421
Other Services	9,105	-	-	9,105
Total cost of sales	26,564	30,733	12,229	69,526
Gross profit				
ATM	16,916	28,129	7,425	52,470
Other Services	14,122	-	-	14,122
Total gross profit	$31,038	$28,129	$7,425	$66,592

Depreciation and amortization expense

	Americas	**Australasia**	**Europe**	**Total**
Three months ended June 30, 2016	**$2,751**	**$10,562**	**$718**	**$14,031**
Three months ended June 30, 2015	2,709	10,367	1,052	14,128
Six months ended June 30, 2016	**$5,583**	**$21,190**	**$1,484**	**$28,257**
Six months ended June 30, 2015	5,465	18,809	4,094	28,368

(Tabular amounts in thousands of Canadian dollars, except as noted)

Vault cash rental costs

	Americas	Australasia	Europe	Total
Three months ended June 30, 2016	**$653**	**$1,345**	**$654**	**$2,652**
Three months ended June 30, 2015	602	1,429	560	2,591
Six months ended June 30, 2016	**$1,282**	**$2,717**	**$1,234**	**$5,233**
Six months ended June 30, 2015	1,104	2,964	830	4,898

Assets and liabilities

As at June 30, 2016	**Americas**	**Australasia**	**Europe**	**Total**
Non-current assets, excluding goodwill	**$48,101**	**$58,558**	**$7,657**	**$114,316**
Goodwill	**68,285**	**101,568**	**-**	**169,853**
Total assets	**143,358**	**176,886**	**12,980**	**333,224**
Total liabilities, excluding corporate liabilities	**32,137**	**23,653**	**7,097**	**62,887**
Corporate liabilities (long-term debt)				**220,286**

As at December 31, 2015	Americas	Australasia	Europe	Total
Non-current assets, excluding goodwill	$51,455	$78,322	$6,578	$136,355
Goodwill	68,285	105,906	-	174,191
Total assets	149,094	203,161	12,319	364,574
Total liabilities, excluding corporate liabilities	31,560	35,047	7,315	73,922
Corporate liabilities (long-term debt)				216,190

Reconciliation of segment gross profit to net loss before taxes

	For the three months ended June 30		**For the six months ended June 30**	
	2016	2015	**2016**	2015
Gross profit	**$32,609**	$33,777	**$65,495**	$66,592
Personnel expenses	**(9,118)**	(9,157)	**(18,098)**	(17,744)
Other expenses	**(4,778)**	(5,441)	**(10,375)**	(10,882)
Vault cash rental costs	**(2,652)**	(2,591)	**(5,233)**	(4,898)
Realized gain on foreign exchange	**358**	481	**310**	599
Adjusted EBITDA	**16,419**	17,069	**32,099**	33,667
Other gains	**-**	184	**-**	184
Depreciation of property and equipment	**(4,667)**	(4,632)	**(9,331)**	(8,981)
Amortization of intangible assets	**(9,364)**	(9,496)	**(18,926)**	(19,387)
Finance costs	**(4,846)**	(3,640)	**(10,192)**	(9,230)
Unrealized gain (loss) on foreign exchange	**1,622**	(110)	**2,575**	(1,291)
Net loss before income taxes	**$(836)**	$(625)	**$(3,775)**	$(5,038)

(Tabular amounts in thousands of Canadian dollars, except as noted)

10. Supplementary cash flow information

Changes in non-cash working capital:

Six months ended June 30:	**2016**	2015
Trade and other receivables	**$2,044**	$2,222
Inventories	**1,777**	(879)
Prepaid expenses	**309**	(2,928)
Trade and other payables	**(2,930)**	5,977
Other	**277**	53
	$1,477	$4,445

Interest paid:

Six months ended June 30:	**2016**	2015
Unsecured senior notes	**$5,151**	$5,120
Term loan[(1)]	**-**	1,247
Revolving facility	**2,514**	925
Realized loss on interest rate swaps	**539**	446
Other	**147**	402
	$8,351	$8,140

(1) Related to the term loan that was fully repaid on August 17, 2015.