Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2014

This Management's Discussion and Analysis ("MD&A") is dated August 13, 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes of DirectCash Payments Inc. ("DCPayments" or the "Company") for the three and six months ended June 30, 2014 (the "interim financial statements") and the audited consolidated financial statements for the year ended December 31, 2013 (the "2013 Year End Financial Statements") as well as the Management's Discussion and Analysis for the year ended December 31, 2013. Results are reported in Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") which comprises International Financial Reporting Standards ("IFRS").

The financial statements include those of DCPayments and all of its subsidiaries and partnerships which include 100% of the outstanding partnership units of (a) DirectCash Canada Limited Partnership, a limited partnership established under the laws of Alberta (b) DirectCash ATM Processing Partnership (the "Processing Partnership"), a general partnership established under the laws of Alberta, (c) DirectCash ATM Management Partnership (the "Management Partnership"), a general partnership established under the laws of Alberta, (d) 100% of the outstanding shares of DirectCash Management Inc., incorporated under the laws of Alberta, DirectCash Payments Australia Pty Ltd., organized under the laws of Australia and DirectCash Management UK Limited, incorporated under the laws of England and Wales and all of their respective subsidiary companies.

In November, 2013, the Company completed a major acquisition in Canada; the acquisition of Threshold Financial Technologies Inc. ("Threshold" and the "Threshold Acquisition"). The 2013 Year End Financial Statements include the operations of Threshold after November 1, 2013.

Cautionary statement regarding forward-looking information and statements

This MD&A offers our assessment of DCPayments' future plans and operations and contains "forward-looking information" relating to future events as defined under applicable Canadian securities legislation. The Company's actual results or performance could differ materially from those expressed in, or implied by, this forward-looking information. DCPayments can give no assurance that any of the events anticipated will transpire or occur or, if any of them do, what benefits or costs we will derive from them. Forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond DCPayments' ability to control, including but not limited to general economic conditions, interest rates, foreign currency rates, consumer spending, borrowing trends and regulatory changes to name a few. Additional risks and uncertainties are described in DCPayments' Annual Information Form for the year ended December 31, 2013 which is available at www.SEDAR.com.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Certain statements that contain words such as "could", "may", "believe", "should", "expect", "will", "intends", "plan", "anticipates", "potential", "estimates", "continues" or similar words relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation.

The assumptions and estimates relating to the forward-looking information referred to above are updated quarterly and except as required by law, we do not undertake to update any other forward-looking information.

Forward-looking information and statements contained in this MD&A include statements related to DCPayments' projected growth in operations in the Americas, Australasia and Europe, ability to complete accretive acquisitions on a go forward basis, ability to grow organically though the Company's sales force, ability to provide consistent cash dividends, ability to increase our margins, expansion of DCPayments' merchant base through new and innovative products and services, impact of acquisitions in the United Kingdom, Australia and Canada including realizing on expected synergies and ability to realize the anticipated benefits of acquisitions, ability to continue to acquire long-term recurring services contracts and negotiate renewals thereof in advance of their expiry, ability to maintain current customer relationships, ability to increase product offerings in the markets we operate in, the impact of the vault cash rental agreements on the Company's operations and cash flow, ability to diversify into new industry segments or to increase diversification in terms of product offerings and the number of customers served and the possible increase in capital expenditures for technology and infrastructure or due to regulatory mandated security upgrade changes and the sufficiency of funds generated from operations to fund the same.

Readers are cautioned that our expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, expectations are based on our current strategic plan and management forecasts, the historical financial performance and operational data of acquired entities, our existing contracts schedule, forecast and budgeted projections of increased capital expenditures required based on management's view of the age of capital assets currently in use by DCPayments.

Recent Developments

Repayment of Debt

The Company has reduced its Long Term Debt by $41.8 million compared to December, 2013 primarily as a result of completing the transition of its Canadian ATM fleet from utilizing corporate vault cash to rented vault cash.

Over the last 18 months, the Company has reduced its net debt by $29 million while investing $58 million in new businesses and property and equipment, with minimal dilution.

DC Bank

On May 13, 2014 the Company entered into an agreement (the "Agreement") to acquire DC Bank through the acquisition of all of the issued and outstanding shares of DC Bank's sole shareholder, 6676405 Canada Ltd. ("6676405") for consideration of $15 million, payable in the form of common shares of the Company issued from treasury at a price of $13.9148 per share, which was equal to the 20 day volume-weighted average trading price of the common shares on the Toronto Stock Exchange as at the close of business on May 12, 2014. Accordingly, upon closing, the Company will issue 1,077,989 common shares to the shareholders of 6676405, subject to adjustment on account of a minimum net asset value of the Bank as at closing. In accordance with the terms of the Agreement, the minimum net asset value of DC Bank as at closing must be approximately $7.0 million. Closing of the transaction is subject to a number of regulatory, governmental and other approvals and consents, including the approval of the Minister of Finance (Canada) and the Toronto Stock Exchange.

The process of obtaining these approvals is ongoing, and closing of the acquisition is expected to occur in the second half of 2014. To June 30, 2014 DCPayments has incurred deferred transaction costs in the amount of $0.2 million, in respect of the Agreement.

Australasia GST Gain

In March, 2014 the Company received a revised Private Ruling from the Australia Tax Office (”ATO”) confirming the entitlement to claim reduced input tax credits for GST included in the rebates we pay to certain merchants. The ruling allowed the Company to retrospectively claim credits back to March, 2009, the date that direct charging was implemented in Australia. The Company’s claim was assessed by ATO and received by the Company during the period. The Company recorded an after-tax gain of $4.5 million during the six months ended June 30, 2014. The Company recognized $2.4 million of the GST recovery as reduction in cost of sales for the portion related to periods subsequent to the corporate acquisition in July, 2012, and $4.0 million in other gains related to periods prior to the acquisition.

Cash Store

In April 2014, The Cash Store Financial Services Inc. (“CSF”) obtained an order from the Ontario Superior Court of Justice granting CSF’s application for protection from its creditors under the Companies’ Creditors Arrangement Act (“CCAA”). DCPayments continues to supply product and services to CSF, pending resolution of the CCAA process. The Company holds security for CSF’s obligations to the Company.

Summary Operating and Financial Results

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Summary operating results				
Number of machines				
Active ATM terminals(1)	**20,232**	19,686	**20,232**	19,686
ATM transactions, thousands	**30,660**	26,974	**60,201**	52,859
Summary financial results				
($ thousands, except for per share amounts)				
Gross profit(2)	**$36,310**	$28,506	**$72,363**	$59,201
Gross profit margin(3)	**51.9%**	48.6%	**52.8%**	50.5%
EBITDA(4)	**18,813**	15,181	**38,160**	32,422
EBITDA margin(5)	**26.9%**	25.9%	**27.8%**	27.7%
Cash flow from operating activities	**23,217**	11,289	**40,154**	26,836
Net income	**1,918**	2,276	**233**	1,545
Net income attributable to common shareholders	**1,918**	2,262	**233**	1,540
Per share, basic	**0.11**	0.14	**0.01**	0.09
Per share, diluted	**0.11**	0.14	**0.01**	0.09
Funds from operations(5)	**$12,590**	$8,352	**$26,524**	$18,864
Funds from operations per share, basic(5)	**0.72**	0.50	**1.52**	1.14
Funds from operations per share, diluted(5)	**0.72**	0.50	**1.51**	1.13
Dividends declared	**6,069**	5,741	**12,137**	11,481
Dividends declared per share	**0.35**	0.35	**0.69**	0.69
Funds from operations payout ratio(5)	**48.2%**	68.7%	**45.8%**	60.9%
Total assets	**$400,506**	$399,952	**$400,506**	$399,952
Total debt(6)	**198,125**	206,859	**198,125**	206,859
Bank overdraft (cash)	**(2,217)**	13,927	**(2,217)**	13,927
Total debt, net	**195,908**	220,786	**195,908**	220,786
Common shares outstanding, end of period	**17,589**	16,639	**17,589**	16,639

1 DCPayments has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated; amounts reported for 2014 exclude 490 ATMs which do not process transactions on the DCPayments transaction processing switch platform but for which DCPayments manages the ATMs

2 Gross profit is calculated as Revenue less Cost of sales

3 Gross profit margin means gross profit expressed as a percentage of Revenue

4 An additional GAAP measure – see definition under "Additional GAAP Measure"

5 A non-GAAP measure – see definition under "Non-GAAP Measures"

6 Total debt is calculated as total debt outstanding as at the end of the period, excluding unamortized transaction costs

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 our long-term debt in calculating financial covenants. The Company has 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. The Company's EBITDA may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to EBITDA as reported by such issuers. The Company has provided a reconciliation between EBITDA and net income (loss) which is disclosed in the "EBITDA" discussion below.

Non-GAAP Measures

There are a number of financial calculations that are not defined performance measurements under GAAP but which DCPayments believes are useful and accepted performance measurements utilized by the investing public in assessing the overall financial performance of the Company and to compare cash flows between entities.

EBITDA margin

EBITDA margin means EBITDA expressed as a percentage of Revenue.

EBITDA per share

EBITDA per share is calculated on the same basis as net income (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the period presented.

Funds from operations and funds from operations per share

DCPayments calculates funds from operations as net income (loss) plus or minus depreciation, amortization, deferred income taxes expense (benefit), non-cash finance costs and unrealized foreign exchange loss (gain) and after provision for productive capital maintenance expenditures (see discussion below). Funds from operations per share is calculated on the same basis as net income (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the period presented. Readers are cautioned that funds from operations cannot be assured to continue at equivalent levels in the future. DCPayments' funds from operations and funds from operations per share may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to funds from operations and funds from operations per share as reported by such issuers. The reconciliation between funds from operations and net income (loss) is disclosed in the "Funds from Operations" discussion below.

Shareholders of DCPayments receive monthly payments in the form of dividends. Dividends are funded by the generation of funds from operations of the business. All of the income generated at the level of the various subsidiaries of the Company is taxed by applicable government authorities with the remaining after-tax funds either being retained by the subsidiary or distributed up to the Company where it can be made available for payment of dividends by DCPayments. Continued future distribution of dividends (and the amount of any dividends) is subject to DCPayments' Board of Directors approval. DCPayments' Board of Directors is not obligated to distribute all net available cash as dividends to shareholders.

Productive capital maintenance expenditures

DCPayments differentiates capital expenditures between growth and productive capital maintenance. There is no such distinction under GAAP, however DCPayments believes it is important to differentiate between them. Maintenance capital expenditures represent an adjustment to funds from operations while growth capital does not.

Maintenance capital expenditures are defined as expenditures required to service and maintain DCPayments' existing productive capacity, while growth capital is expended to increase DCPayments' productive capacity by adding additional sources of revenue not currently in existence. Current measures of productive capacity that DCPayments utilizes include ATMs and debit terminals under contract. Maintenance capital expenditures include software and hardware upgrades to existing infrastructure, ATM and debit terminal equipment upgrades necessary to meet changing regulatory requirements, contract extension incentives including replacement of equipment under existing or renewed contracts, and fleet vehicle purchases and upgrades. Examples of growth capital expenditures include the acquisition of a competitor's assets, the cost of an ATM in a new location, or technology costs related to new sources of revenue.

Readers are cautioned that the Company's computation of maintenance capital expenditures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to productive maintenance capital expenditures as reported by such issuers.

Non-cash working capital

Non-cash working capital is not a defined GAAP measure. DCPayments calculates changes in non-cash working capital as changes during a reporting period in current assets (excluding cash, cash in circulation and restricted funds) and current liabilities (excluding bank overdraft, restricted funds and current portion of long-term debt).

ATM Business:

Revenue from the ATM business includes the revenue from processing ATM transactions, ATM management for retail clients, the sale of ATM machines and parts and miscellaneous revenues and interest received.

Gross profit represents the margin of revenue over cost of sales attributable to each geographical location. Gross profit margin is the percent of gross profit over revenue attributable to each geographical location.

Revenue and gross profit by geographical segment is as follows:

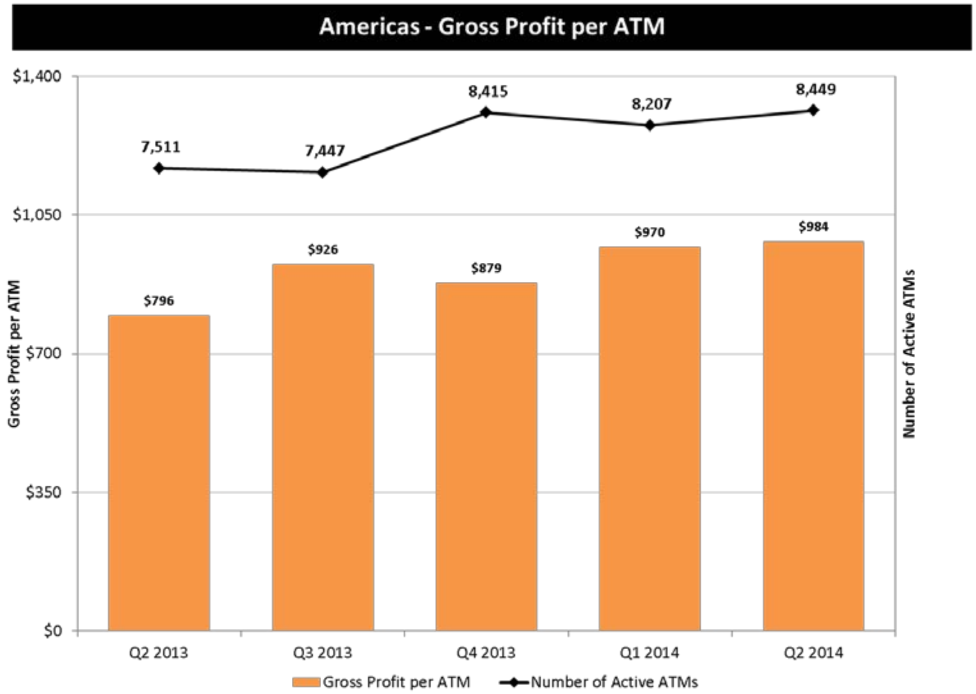
Americas

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Active ATM Terminals(1)	**8,449**	7,511	**8,449**	7,511
Revenue ($ thousands)	**$17,455**	$11,396	**$34,712**	$22,555
Gross Profit ($ thousands)	**$8,313**	$5,981	**$16,273**	$12,100
Gross Profit Margin	***47.6%***	*52.5%*	***46.9%***	*53.6%*

[1]DCPayments has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated; amounts reported for 2014 exclude 490 ATMs which do not process transactions on the DCPayments transaction processing switch platform but for which DCPayments manages the ATMs.

The Americas includes DCPayments' Canadian and Mexican operations. Revenue in the Americas is derived approximately 59% from Company-owned ATM machines, of which approximately 64% are cash loaded by DCPayments. As at June 30, 2014, 83% of these company loaded ATMs were supplied by our vault cash agreement in Canada.

Excluding the acquired Threshold ATMs the transacting Americas ATM fleet was consistent year over year. The Threshold acquisition added approximately 1,000 active ATMs at a lower overall gross margin. Compared to Q1 2014, the transacting Americas ATM fleet increased by 242 reflecting our seasonal sites added during Q2 as we entered one of our historical high seasons. ATMs in Mexico showed consistent trending year over year and compared to Q1 2014. The monthly average transactions per ATM were consistent for our Mexico operations for the three months ended June 30 year over year.



(1) *Number of Active ATMs included statistics only for sites that recorded a transaction in the last calendar month of the period indicated; amounts reported for Q2 2014, Q1 2014 and Q4 2013 exclude 490, 489 and 489 ATMs respectively which do not process transactions on the DCPayments transaction processing switch platform but for which DCPayments manages the ATMs;*

(2) *Gross Profit is calculated as Revenue less Cost of Sales;*

(3) *Gross Profit per ATM is calculated as Gross Profit for the quarter divided by active ATMs in the last calendar month of the quarter.*

ATM revenue in the Americas increased by 53% for the three months ended June 30, 2014 compared to 2013. The increase was primarily attributable to the ATM revenue generated from Threshold, which totaled $6.0 million during the quarter. ATM gross profit margin decreased from 52.5% in Q2 2013 to 47.6% in Q2 2014. The decrease was primarily attributable to Threshold's lower ATM gross profit margin. Similarly, ATM revenue in Americas increased by 54% and gross profit margin decreased from 53.6% to 46.9% for the six months ended June 30 year over year. The decrease also reflects one-time costs incurred in Q1 2014 to convert the Canadian ATMs to rented vault cash. In addition, during the first six months of the year, DCPayments incurred costs to successfully transition most of the Threshold ATM's over to the Direct Cash processing switch.

Total gross profit per ATM for the Americas per quarter was $984 for Q2 2014 compared to $796 for Q2 2013, an increase of 24%.

ATM revenue for the three months ended June 30, 2014 was consistent with Q1 2014. ATM gross profit margin is also consistent Q2 2014 compared to Q1 2014.

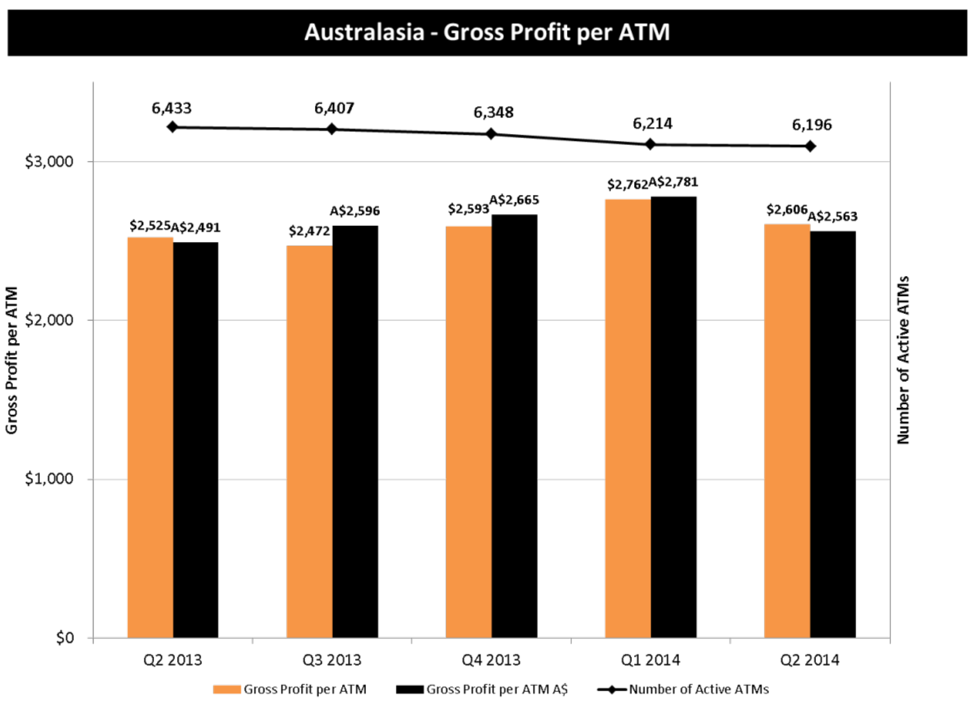
Australasia

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Active ATM Terminals[(1)]	**6,196**	6,433	**6,196**	6,433
Revenue (Australian $ thousands)	**$28,999**	$31,391	**$58,212**	$61,980
Gross Profit (Australian $ thousands)	**$15,881**	$16,026	**$33,162**	$32,544
Gross Profit Margin	***54.8%***	*51.1%*	***57.0%***	*52.5%*

[1]DCPayments has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated.

Revenue in the Australasia division is derived from primarily Company-owned ATMs and also from a significant managed services business. In the Australasia division, the Company owns close to 100 percent of the ATMs and approximately 40% are cash loaded by DCPayments.

In Australasia, the number of active ATMs decreased by 237 in June 2014 compared to June 2013 and was flat compared to March 2014. As previously reported, declines have been realized at gaming sites as well as from new competition that has recently entered the market. These declines have been partially compensated by renewing contracts at better rates which is a key business focus and by aggressively renegotiating costs and vendor agreements. The Company has implemented a revised sales strategy for 2014 with a focus on growing the business through new sales and expects to see improved active ATM numbers as the year progresses. The revised sales strategy is consistent with the strategy in place in the Americas.



(1) Number of Active ATMs included statistics only for sites that recorded a transaction in the last calendar month of the period indicated;

(2) Gross Profit is calculated as Revenue less Cost of Sales;

(3) Gross Profit per ATM is calculated as Gross Profit for the quarter divided by active ATMs in the last calendar month of the quarter.

ATM revenue for Q2 2014 was A$ 29.0 million, a decline of 8% over Q2 2013. Total gross profit per ATM for Australasia was A$ 2,563 for Q2 2014 compared to A$ 2,491 for Q2 2013, an increase of 3%, reflecting management's achievement in maintaining profitability in the increasingly competitive market. Total gross profit also includes a reduction in cost of sales of A$ 0.7 million for Q2 2014 for the GST gain.

ATM revenue for the six months ended June 30, 2014 was A$ 58.2 million, a decline of 6% compared to A$ 62.0 million ATM revenue in 2013.

ATM revenue for Q2 2014 was consistent with Q1 2014. Total gross profit per ATM decreased by 8% from A$ 2,781 in Q1 2014 to A$ 2,563 in Q2 2014. The gross profit includes A$ 1.5 million of GST gain in Q1 2014 and A$ 0.7 million in Q2 2014.

The volatility of the Australian dollar impacts the Company's Australasia results on a Canadian dollar equivalent basis across periods.

The table below illustrates that the exchange rate between the Australian and Canadian dollar impacted our reported revenue:

Revenue

		Three months ended June 30			
($ thousands)		**2014**	**2013**	**$ change**	**% change**
Australian dollar revenue	AUD	$28,999	$31,391	$(2,392)	(7.6%)
Weighted average conversion rate		1.0169	1.0138		
Canadian dollar equivalent	CAD	$29,489	$31,824	$(2,335)	(7.3%)
		Six months ended June 30			
($ thousands)		**2014**	**2013**	**$ change**	**% change**
Australian dollar revenue	AUD	$58,212	$61,980	$(3,768)	(6.1%)
Weighted average conversion rate		1.0034	1.0307		
Canadian dollar equivalent	CAD	$58,410	$63,880	$(5,470)	(8.6%)

The table below illustrates that the exchange rate between the Australian and Canadian dollar impacted our reported gross profit:

Gross Profit

		Three months ended June 30			
($ thousands)		**2014**	**2013**	**$ change**	**% change**
Australian dollar gross profit	AUD	$15,881	$16,026	$(145)	(0.9%)
Weighted average conversion rate		1.0168	1.0134		
Canadian dollar equivalent	CAD	$16,148	$16,241	$(93)	(0.6%)
		Six months ended June 30			
($ thousands)		**2014**	**2013**	**$ change**	**% change**
Australian dollar gross profit	AUD	$33,162	$32,544	$618	1.9%
Weighted average conversion rate		1.0045	1.0312		
Canadian dollar equivalent	CAD	$33,312	$33,559	$(247)	(0.7%)

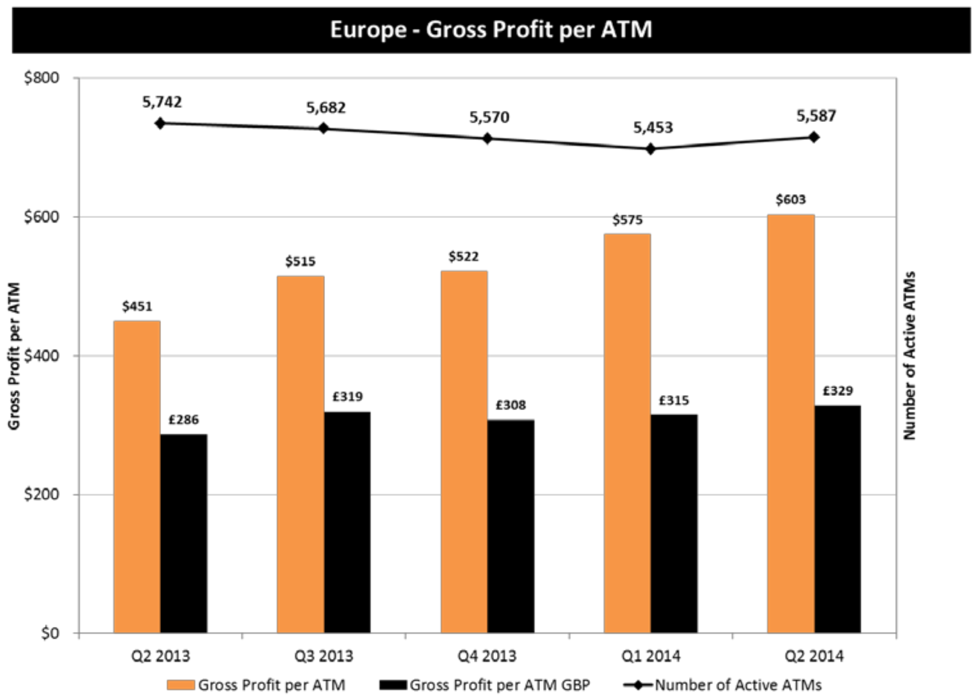
Europe

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Active ATM Terminals[(1)]	**5,587**	5,742	**5,587**	5,742
Revenue (GBP thousands)	**£5,233**	£5,219	**£9,725**	£9,481
Gross Profit (GBP thousands)	**£1,837**	£1,645	**£3,556**	£3,257
Gross Profit Margin	***35.1%***	*31.5%*	***36.6%***	*34.4%*

[1]DCPayments has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated.

In the Europe division, approximately two thirds of the ATM's are Company-owned machines, similar to Canada, but more than 90% are merchant-loaded ATMs. The Company is also the provider of parts and repair services for Triton ATMs in the UK.

The number of active ATMs decreased by 155 in the Europe division in Q2 2014 compared to Q2 2013 and increased by 134 compared to Q1 2014 the reflecting changes in seasonal sites, similar to Canada.



(1) Number of Active ATMs included statistics only for sites that recorded a transaction in the last calendar month of the period indicated;

(2) Gross Profit is calculated as Revenue less Cost of Sales;

(3) Gross Profit per ATM is calculated as Gross Profit for the quarter divided by active ATMs in the last calendar month of the quarter.

ATM revenue for Q2 2014 was consistent with Q2 2013 in GBP. For the six months ended June 30, revenue increased from GBP £9.5 million in 2013 to £9.7 million in 2014, reflecting management's efforts in growing our European operations year over year since acquisition. ATM revenue increased by 16% from £4.5 million in Q1 2014 to £5.2 million in Q2, reflecting seasonality.

ATM gross profit margin in GBP increased from 31.5% in Q2 2013 to 35.1% in Q2 2014. For the six months ended June 30, ATM gross profit margin in GBP increased from 34.4% in 2013 to 36.6% in

2014. The increase in gross profit margin year over year reflects efficiency achieved through the Company's integration process. Total gross profit per ATM for Europe on a British pounds basis was £329 for Q2 2014 compared to £286 for Q2 2013, an increase of 15%.

ATM gross profit margin in GBP decreased from 38.3% in Q1 2014 to 35.1% in Q2 2014. One of the Company's customers had significantly higher transaction volumes on their event ATMs during Q2 2014 which negatively impacted gross profit margin for the quarter because the net profit associated with these transactions is lower than the corporate average. However, total gross profit per ATM for Europe on a British pounds basis was £329 for Q2 2014 compared to £315 for Q1 2014, an increase of 4%.

The strengthening of the British Pound from 2013 to 2014 positively impacted the Company's Europe results on a Canadian dollar equivalent basis.

The table below illustrates that the exchange rate between the British Pound and Canadian dollar had a positive impact on our reported revenue:

Revenue

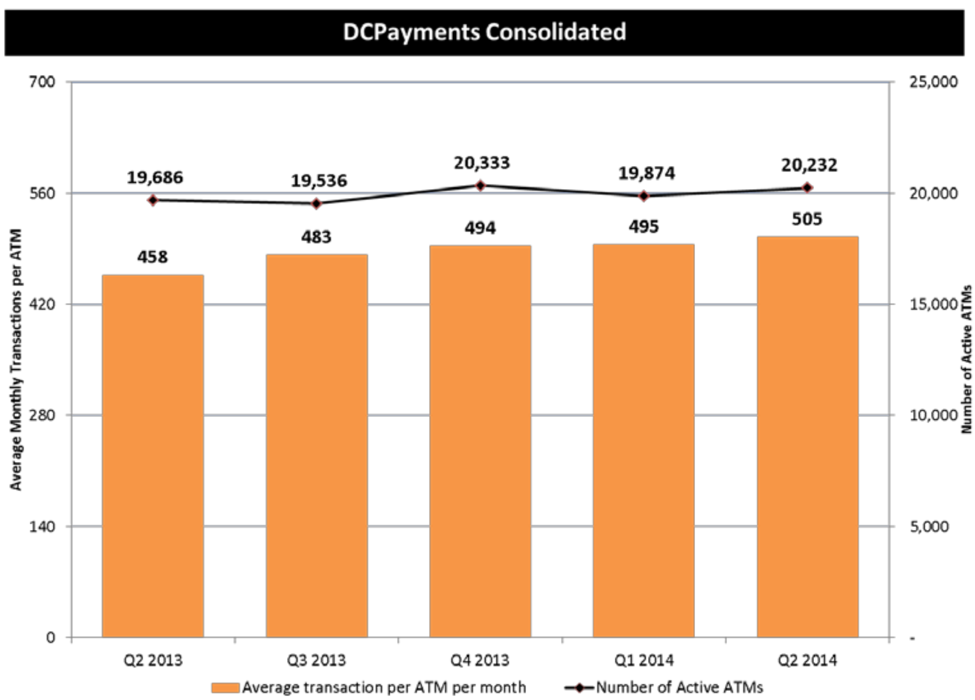
		Three months ended June 30			
(thousands)		**2014**	**2013**	**$ change**	**% change**
British pound revenue	GBP	£5,233	£5,219	£14	0.3%
Weighted average conversion rate		1.8351	1.5739		
Canadian dollar equivalent	CAD	$9,603	$8,214	$1,389	16.9%
		Six months ended June 30			
(thousands)		**2014**	**2013**	**$ change**	**% change**
British pound revenue	GBP	£9,725	£9,481	£244	2.6%
Weighted average conversion rate		1.8314	1.5687		
Canadian dollar equivalent	CAD	$17,810	$14,873	$2,937	19.7%

The table below illustrates that the exchange rates between the British Pound and Canadian dollar had a positive impact on our reported gross profit:

Gross Profit

		Three months ended June 30			
(thousands)		**2014**	**2013**	**$ change**	**% change**
British pound gross profit	GBP	£1,837	£1,645	£192	11.7%
Weighted average conversion rate		1.8351	1.5726		
Canadian dollar equivalent	CAD	$3,371	$2,587	$784	30.3%
		Six months ended June 30			
(thousands)		**2014**	**2013**	**$ change**	**% change**
British pound gross profit	GBP	£3,556	£3,257	£299	9.2%
Weighted average conversion rate		1.8301	1.5689		
Canadian dollar equivalent	CAD	$6,508	$5,110	$1,398	27.4%

Seasonality impacts the Company in three ways – in higher activity periods, we deploy more temporary ATMs, we load more vault cash into all ATMs and may load them more often, and we realize higher transaction volumes per ATM. The following chart illustrates the variation in average transaction volumes per ATM on a historical basis.



(1) *Number of Active ATMs included statistics only for sites that recorded a transaction in the last calendar month of the period indicated; amounts reported for Q2 2014, Q1 2014 and Q4 2013 exclude 490, 489 and 489 ATMs, respectively, which do not process transactions on the DCPayments transaction processing switch platform but for which DCPayments manages the ATMs;*

(2) *Monthly average transactions per ATM is calculated as the monthly transactions divided by active ATMs in the last calendar month of the quarter.*

Other Services Business:

Revenue from the other services business includes revenue from the credit union and other financial institution processing and outsourcing services ("CUFI" business) since November, 2013. The CUFI business services are broadly comprised of transaction processing services, card provisioning, payments processing, reporting and settlement, fraud management, ATM cash and fleet management and project-based consulting services for financial institutions and credit unions clients.

Revenue from the other services business also includes revenue from processing debit and credit card transactions ("prepaid card transactions") and debit terminal transactions as well as revenue from sales of debit terminals and related parts and prepaid products consisting of (a) prepaid cash cards and (b) prepaid telephone cards.

Revenue and gross profit by geographical segment, which includes the Americas, Australasia and Europe, is as follows:

	Three months ended June 30, 2014			**Three months ended June 30, 2013**		
($ thousands)	**Existing business**	**CUFI**	**Total**	**Existing business**	**CUFI**	**Total**
Americas						
Revenue	**$5,299**	**$8,068**	**$13,367**	$6,954	$-	$6,954
Gross profit			**8,477**			3,583
Gross Profit Margin			***63.4%***			*51.5%*
Other jurisdictions(1)						
Revenue	**$2**	**$-**	**$2**	$232	$-	$232
Gross profit			**1**			114
Gross Profit Margin			***nil***			*49.1%*
Total						
Revenue	**$5,301**	**$8,068**	**$13,369**	$7,186	$-	$7,186
Gross profit			**8,478**			3,697
Gross Profit Margin			***63.4%***			*51.4%*

	Six months ended June 30, 2014			**Six months ended June 30, 2013**		
($ thousands)	**Existing business**	**CUFI**	**Total**	**Existing business**	**CUFI**	**Total**
Americas						
Revenue	**$11,164**	**$15,072**	**$26,236**	$15,531	$-	$15,531
Gross profit			**16,299**			8,245
Gross Profit Margin			***62.1%***			*53.1%*
Other jurisdictions(1)						
Revenue	**$7**	**$-**	**$7**	$402	$-	$402
Gross profit			**(29)**			187
Gross Profit Margin			***nil***			*46.5%*
Total						
Revenue	**$11,171**	**$15,072**	**$26,243**	$15,933	$-	$15,933
Gross profit			**16,270**			8,432
Gross Profit Margin			***62.0%***			*52.9%*

[1]Other jurisdictions include other services in Australasia and Europe. The Company does not have active contracts in these jurisdictions as at the date of this MD&A.

Americas

Revenue in DCPayments' other services includes the CUFI business added with the Threshold Acquisition, which gave DCPayments a strategic entry point to the financial services industry in Canada. The Company now provides a broad range of additional scalable services including being the central transaction aggregator for THE EXCHANGE® network in Canada, a shared surcharge-free ATM network comprised of over 200 financial institutions. Services provided to approximately 70 financial institutions in Canada include ATM transaction processing, point of sale transaction processing and fraud monitoring and reporting. The largest customer for these services is Central 1 Credit Union where services are provided to financial institutions via a master services agreement. Additional services provided include the manufacturing and personalization of debit cards to the CUFI client base as well as managed services ranging from integrated incident and cash management solutions to complete ownership and management of the client's ATM fleet. The Company also acts as a reseller of ATMs and provides project–based consulting services.

Revenue in DCPayments' other services from its traditional business has been declining significantly over the last couple of years. The Company has two large customers in the prepaid card business.

The Cash Store Financial Services Inc. contributed approximately $2.1 million in gross profit for the three months ended June 30, 2014 including $0.3 million for one-time fees and $4.0 million for the six months ended June 30, 2014 prior to incremental personnel and other operating costs. This customer is currently operating under the Companies' Creditors Arrangement Act ("CCAA"). DCPayments' contract with this customer extends to December 31, 2020.

As with our strategy in the ATM business, we have focused on gross profit margin improvements in this space by diversifying the types of services. In January, 2014 the Company launched a Prepaid Visa card offering as an additional option for our customers.

The gross profit margin of Americas increased from 51.5% in Q2 2013 to 60.8% in Q1 2014 and then to 63.4% in Q2 2014. The Company experienced gross profit margin increases year over year through diversification of services and with the addition of the CUFI business at accretive gross margins.

For the three months ended June 30, 2014 existing business revenue decreased by $1.7 million or 24% compared to the prior year period and for the six months ended June 30, 2014 existing business revenue decreased by $4.4 million or 28% compared to 2013 reflecting the significant decline in DCPayments' payday loan customer's business. Similarly, compared to Q1 2014, the existing business revenue decreased by $0.6 million or 10%.

Vault Cash Rental Costs

	Three months ended June 30			
($ thousands)	**2014**	**2013**	**$ change**	**% change**
Americas	$ 452	$ -	$ 452	100%
Australasia	1,768	2,126	(358)	(17%)
Europe	237	148	89	60%
Total	$2,457	$2,274	$ 183	8%
% of gross profit	*6.8%*	*8.0%*		

	Six months ended June 30			
($ thousands)	**2014**	**2013**	**$ change**	**% change**
Americas	$ 632	$ -	$ 632	100%
Australasia	3,528	4,561	(1,033)	(23%)
Europe	470	291	179	62%
Total	$4,630	$4,852	$ (222)	(5%)
% of gross profit	*6.4%*	*8.2%*		

The Company incurred $2.0 million of vault cash rental costs in Australasia and Europe for the three months ended June 30, 2014 as compared to $2.3 million for the comparative prior year period. On an Australian dollar basis, vault cash rental costs for Q2 2014 in Australasia decreased 17% over Q2 2013 and decreased 20% for the six months ended June 30 year over year, reflecting better management in vault cash and fee reductions achieved through renegotiation of the vault cash rental facility agreement. In the Americas, the Company incurred $0.5 million of vault cash rental costs in Q2 2014, an increase of $0.3 million compared to Q1 2014 due to the transition of the Company's fleet which occurred late in Q1 2014.

Selling, General & Administrative Expenses ("SG&A")

	Three months ended June 30			
($ thousands)	**2014**	**2013**	**$ change**	**% change**
Personnel expenses	$9,907	$7,203	$2,704	38%
% of gross profit	*27.3%*	*25.3%*		
Other expenses	$4,935	$3,765	$1,170	31%
% of gross profit	*13.6%*	*13.2%*		

	Six months ended June 30			
($ thousands)	**2014**	**2013**	**$ change**	**% change**
Personnel expenses	$19,477	$13,950	$5,527	40%
% of gross profit	*26.9%*	*23.6%*		
Other expenses	$9,899	$7,850	$2,049	26%
% of gross profit	*13.7%*	*13.3%*		

SG&A is made up of personnel and other expenses.

The increase in personnel expenses for the three and six months ended June 30, 2014 compared to the prior year period reflects the inclusion of Threshold operations. Personnel expenses for Q2 2014 compared to Q1 2014 increased $0.3 million or 4% due primarily to $0.2 million in termination costs incurred in Q2 2014.

The increase in other expenses for the three months ended June 30, 2014 compared to the prior year period includes $0.6 million for the Threshold operations, an increase in professional fees in Australasia for employment and non-compete related litigation matters and an increase in travel related expenses in the Americas for integrating the Threshold operations. Other expenses were consistent compared to Q1 2014.

The increase in other expenses for the six months ended June 30, 2014 compared to the prior year period reflects the inclusion of Threshold operations.

Finance Costs

For the three months ended June 30, 2014, finance costs increased by $0.8 million compared to the prior year period and compared to Q1 2014, finance costs increased by $1.2 million. The increases were primarily attributable to changes in realized and unrealized losses on the Company's interest rate swaps.

For the six months ended June 30, 2014, finance costs increased by $1.1 million compared to the prior year period. This was due to acceleration of the amortization of deferred transaction costs reflecting the special repayment made on the Company's Term Loan in April 2014 and changes in realized and unrealized losses on the Company's interest rate swaps.

The average interest rate on the Company's Term Loan for the three months ended June 30, 2014 was 5.25% on the Canadian tranche and 5.94% on the Australian dollar denominated tranche (June 30, 2013 – 5.25% and 6.39%, respectively). The average interest rate on the Company's Term Loan for the six months ended June 30, 2014 was 5.25% on the Canadian tranche and 5.94% on the Australian dollar denominated tranche (June 30, 2013 – 5.25% and 6.44%, respectively).

The average interest rate on the Company's Revolving Facility for the three months ended June 30, 2014 was 5.25% on the Canadian tranche and 5.33% on the Australian dollar denominated tranche (June 30, 2013 – 5.25% and nil%, respectively). The average interest rate on the Company's Revolving Facility for the six months ended June 30, 2014 was 5.25% on the Canadian tranche and 5.21% on the Australian dollar denominated tranche (June 30, 2013 – 5.25% and nil%, respectively).

Foreign Exchange

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

	For three months ended		For six months ended	
	June 30, 2014	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Realized loss	**198**	83	**197**	127
Unrealized loss (gain)	**(1,622)**	(4,534)	**3,858**	(3,386)
CAD/AUD exchange rates:				
At beginning of period	**1.0250**	1.0589	**0.9496**	1.0339
At end of period	**1.0066**	0.9636	**1.0066**	0.9636

The Company reflects all foreign exchange gains and losses on intercorporate debt with its Australian subsidiary through the statement of operations.

Net Income

Net income for the three months ended June 30, 2014 decreased by $0.4 million compared to prior year period, reflecting a $2.9 million decrease in unrealized gains on foreign exchange offset by the impacts of the Threshold operations and the GST gain in Australia and related tax effects.

Net income for the six months ended June 30, 2014 decreased by $1.3 million year over year. The positive impact of the Threshold operations and the GST gain in Australia was offset by a $7.2 million negative swing in unrealized foreign exchange and related tax effects.

EBITDA

The following is the reconciliation from net income to EBITDA:

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2014**	**2013**	**2014**	**2013**
Net income	**$1,918**	$2,276	**$233**	$1,545
Add (deduct):				
Finance costs	**5,834**	5,077	**10,493**	9,400
Other gains	**(1,042)**	-	**(3,963)**	-
Depreciation of property and equipment	**4,199**	4,049	**8,584**	7,999
Amortization of intangible assets	**9,200**	8,900	**19,098**	18,051
Unrealized loss (gain) on foreign exchange	**(1,622)**	(4,534)	**3,858**	(3,386)
Current income tax expense	**2,293**	1,128	**5,356**	2,666
Deferred income tax benefit	**(1,967)**	(1,715)	**(5,499)**	(3,853)
EBITDA	**$18,813**	$15,181	**$38,160**	$32,422
EBITDA margin[(1)]	***26.9%***	*25.9%*	***27.8%***	*27.7%*

[1]*A non-GAAP measure – see definition under "Non-GAAP Measures".*

For the three months ended June 30, 2014, EBITDA increased by 24% over the prior year period and was consistent with the 27% increase in gross profit. For the six months ended June 30, 2014 EBITDA increased by 18% over the prior year and was also primarily consist with the 22% increase in gross profit. The positive impact of the Threshold operations' gross profit was offset by the increase in SG&A

due to the inclusion of Threshold operations and additional costs incurred to integrate this acquired operation. Further offsetting the positive impact was the increase in vault cash rental costs incurred in Canada due to conversion of Canadian ATMs from utilizing corporate cash inventory to utilizing rented vault cash, formerly included in finance costs.

As a percentage of revenue, EBITDA was 27% for the three months ended June 30, 2014 and 26% in 2013. EBITDA was 28% as a percentage of revenue for the six months ended June 30, 2014 and 2013.

Funds from Operations

The following is the reconciliation from net income to funds from operations:

	Three months ended June 30		Six months ended June 30	
($ thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Net income	**$ 1,918**	$2,276	**$ 233**	$1,545
Add (deduct):				
Depreciation of property and equipment	**4,199**	4,049	**8,584**	7,999
Amortization of intangible assets	**9,200**	8,900	**19,098**	18,051
Unrealized loss (gain) on foreign exchange	**(1,622)**	(4,534)	**3,858**	(3,386)
Deferred income tax benefit	**(1,967)**	(1,715)	**(5,499)**	(3,853)
Unrealized loss on interest rate swaps	**1,023**	446	**904**	143
Other non-cash charges(1)	**778**	560	**1,353**	1,171
	13,529	9,982	**28,531**	21,670
Productive capacity maintenance capital(2)	**(939)**	(1,630)	**(2,007)**	(2,806)
Funds from operations(2)	**$12,590**	$8,352	**$26,524**	$18,864
Funds from operations per share, basic(2)	***0.72***	*0.50*	***1.52***	*1.14*
Funds from operations per share, diluted(2)	***0.72***	*0.50*	***1.51***	*1.13*
Dividends declared	**$6,069**	$5,741	**$12,137**	$11,481
Dividends declared per share	***$0.35***	*$0.35*	***$0.69***	*$0.69*
Funds from operations payout ratio	***48.2%***	*68.7%*	***45.8%***	*60.9%*

[1]Includes primarily amortization of deferred transaction costs incurred on the Company's vault cash and debt agreements.

[2]A non-GAAP measure – see definition under "Non-GAAP Measures".

Cash dividends and productive maintenance capital programs have been historically funded via cash from operations, while significant growth capital expenditures have primarily been funded with debt or excess cash. Additional borrowing and equity issues may be required to increase productive capacity over time and to fund acquired operations.

Funds from operations cannot be assured to continue at historical levels. See "Key Business Risks" for a list of factors which could negatively impact cash flows. DCPayments intends to utilize DCPayments' credit facilities as part of its capital structure in order to fund future capital growth, operating within the covenants of DCPayments' credit facility, thus enhancing funds from operations.

Contractual Obligations

There are no significant changes for the Company's contractual obligations since December 31, 2013.

Capital Expenditures

Growth capital expenditures relate to acquisitions and other expenditures that increase the Company's productive capacity and can vary widely between reporting periods. Property and equipment and customer contract expenditures associated with net new ATM sites owned by DCPayments are included in growth capital expenditures. For the six months ended June 30, 2014, growth capital expenditures were $0.5 million (June 30, 2013 - $1.7 million).

Maintenance capital expenditures are costs incurred to maintain productive capacity at existing levels, and include incremental costs incurred for upgrading existing ATM sites owned by DCPayments. For the six months ended June 30, 2014, maintenance capital expenditures were $2.0 million (June 30, 2013 - $2.8 million).

During 2014 and 2015 the Company will be upgrading its office space and main inventory facilities in Toronto and Calgary and relocating in the UK. Building planning and negotiations with the respective landlords are currently underway; however the Company expects to incur approximately $1.3 to $1.6 million for the Toronto upgrade in 2014.

The Company is currently assessing the potential impact on future capital expenditures from the following projects:

- The Company is expected to complete its Europay, MasterCard and VISA ("EMV") debit terminal upgrades by December 2015 in Canada.
- The Company is expected to complete its EMV ATM upgrades by December 2015 in Australia.
- The Bank of England announced that it will introduce five British pounds polymer notes in 2016 and ten British pounds polymer notes in 2017.

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. The Company 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 Direct Cash.

During the three and six months ended June 30, 2014, DCPayments paid approximately $0.4 and $0.8 million (2013: $0.4 and $0.8 million) of fees to DC Bank associated with various agreements with DC Bank. The related party balance payable to DC Bank at June 30, 2014 was approximately $0.2 million (June 30, 2013: $0.2 million).

On May 13, 2014, DCPayments announced an agreement to acquire DirectCash Bank, subject to a number of regulatory, governmental and other approvals and consents, including the approval of the Minister of Finance (Canada) and the Toronto Stock Exchange. The process of obtaining these approvals is ongoing, and closing of the acquisition is expected to occur in the second half of 2014.

Changes in Capital Structure

As at August 13, 2014 the number of common shares outstanding was 17,589,279.

Normal Course Issuer Bid

The Company has a normal course issuer bid to purchase, as it considers advisable, outstanding common shares on the open market in accordance with the rules of the Toronto Stock Exchange ("TSX"). As approved by the TSX, the Company is authorized to purchase up to 879,464 common shares, representing approximately 5% of the currently issued and outstanding common shares.

The Company is authorized to make purchases during the period from April 1, 2014 to March 31, 2015 or such earlier time as the bid is completed or terminated at the option of DCPayments. Any common shares the Company purchases will be purchased through the facilities of the TSX, at the prevailing market price at the time of the transactions.

In accordance with the rules of the TSX, the total number of common shares the Company is permitted to purchase is subject to a daily purchase limit of 14,687 shares, other than through block purchase exceptions. The Company has appointed Acumen Capital Finance Partners Limited as its broker to conduct the transactions. All common shares acquired under the bid will be cancelled. The Company has not repurchased any common shares under the bid to date.

A shareholder of DCPayments may obtain a copy of the notice filed with the TSX in relation to the bid, free of charge, by contacting the Chief Financial Officer of DCPayments at Bay 6, 1420 – 28 Street N.E., Calgary, Alberta T2A 7W6, telephone: (403) 387-2103 or by faxing a written request to (403) 451-2103.

Liquidity and Capital Resources

DCPayments believes that the funds generated from operations will be sufficient to allow DCPayments to meet ongoing requirements for working capital, maintenance capital expenditures including investments in technology capital, interest expense, and cash dividends to shareholders.

DCPayments' actual funds generated from operations will be dependent upon future operational performance, which in turn will be subject to financial, tax, business and other factors.

Working Capital

Non-cash working capital fluctuates between periods and is dependent upon factors such as the timing of settlement payments to merchants for vault cash and prepaid products, short term inventory requirements, the timing of bulk inventory shipments, and the timing of accounts receivable collections and payment of liabilities.

Fluctuations in DCPayments' non-cash working capital requirements are funded with DCPayments' revolving credit facility.

Credit Facilities utilized for working capital

As of June 30, 2014, DCPayments had utilized approximately $27.9 million (December 31, 2013: $62.6 million) of total available credit facilities of $115 million. A summary of DCPayments' available credit at June 30, 2014 is as follows:

Credit Facilities

($ thousands)	Utilized	Limit	Available
Revolving credit facility	$27,879	$115,000	$87,121
Total	$27,879	$115,000	$87,121

DCPayments has a $115 million five-year revolving credit facility available for general corporate purposes, maturing June 28, 2017. As at June 30, 2014, the Company has posted letters of credit totaling approximately $3.8 million (US$ 3.0 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 Company had outstanding draws of $24.1 million under the revolving credit facility as at June 30, 2014.

Changes in Long-term Debt – Senior Secured Facilities

During the six months ended June 30, 2014, the Company repaid $18.7 million and A$ 3.2 million on its term loan (June 30, 2013 - $10.3 million and A$ 1.7 million). 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 April, 2014 repayment, the Syndicate agreed to reduce the mandatory principal repayments due over the next four years by $20.0 million under an amended loan amortization schedule and the Company's cash flow sweep requirement of approximately $6.0 million was eliminated. As at June 30, 2014, only $6.1 million of the term loan amortization prior to maturity remains, including $1.7 million for the next 12 months.

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. A summary of the fair value measurements are disclosed in note 9 to the interim financial statements.

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 has outstanding term and revolving loans denominated in Australian dollars and owns cash in circulation in Mexico denominated in both 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.

A summary of the foreign exchange contracts in place as at June 30, 2014 are disclosed in note 9 to the interim financial statements. For the three months and six months ended June 30, 2014 the Company incurred a mark to market net gain of $0.4 million and net loss of $0.2 million, respectively. 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).

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. 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. In April, 2014 the Company cancelled one interest rate swap with a maturity of October, 2014 and replaced it with a swap with an extended maturity of April, 2017. As at June 30, 2014 the Company held two interest rate swaps: January 31, 2014 to October 31, 2015 – A$ 50 million at a 3.28% fixed BBSY rate and April 30, 2014 to April 28, 2017 – A$ 50 million at a 3.66% fixed BBSY rate.

As at June 30, 2014, the fair value of the Company's interest rate swaps was a liability of approximately $1.6 million (December 31, 2013 - $0.6 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).

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 DCPayments, which substantially reduces the credit risk of trade and loans receivable. As at June 30, 2014, the total provision for uncollectible amounts was $0.8 million and the Company had $2.3 million in outstanding trade receivables over 90 days that it considers not 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. DCPayments 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 June 30, 2014 ($ thousands)	Total	Within 1 year	2-5 years	6-7 years
Trade and other payables	$40,850	$40,850	$-	$ -
Long-term debt and interest obligations[1]	233,112	14,678	92,377	126,057
Other current liabilities	13,632	13,632	-	-
Other long-term liabilities	2,065	-	2,065	-
Revolving credit facility [2]	$24,069	$-	$24,069	**$-**

(1) Includes future interest obligations assuming current interest rates.
(2) Excluding future interest obligations.

Significant Customers and Contracts

As at June 30, 2014 and the comparable prior year period, DC Payments had no customer that accounted for greater than 10% of the Company's consolidated revenue.

Within certain operating segments, DCPayments has major customers. In the Australasia ATM business segment, this includes two contracts for full service ATM management services. Within the Americas other services business segment, the Company has two major contracts. With respect to The Cash Store Financial Services Inc., we cannot predict the outcome of their restructuring process and we have no assurance that this customer will not close more store locations in the future.

DCPayments is reliant on its relationship with DC Bank for certain services we provide in the other services business. DC Bank is the card issuer of all prepaid card programs and is the principal merchant of MasterCard, Visa and Interac. Only financial institutions are permitted to issue debit and credit cards on financial networks in Canada. DC Bank also provides account services to certain DCPayments clients, whereby DC Payments earns a commission on the services provided directly by DC Bank.

DCPayments is reliant on its relationships with certain other sponsor banks, including Bendigo and Adelaide Bank Limited in Australia and Multiva Bank in Mexico as well as its relationship with the vault cash rental agreement provider in Australia and Canada.

Off Balance Sheet Arrangements

DCPayments has access to vault cash rental agreements for the supply of cash to ATMs owned by the Company in Canada, Australia and United Kingdom – see details in note 5 to the interim financial statements. Under these agreements, cash is owned by the vault cash provider who has contracts directly with or authorizes the Company, as Agent, to contract 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. 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, no asset or liability is shown for these amounts in the financial statements. The amounts in circulation under these facilities were approximately $233 million and $218 million as of June 30, 2014 and December 31, 2013, respectively.

As at June 30, 2014, the Company has posted letters of credit totaling approximately $3.8 million (US$ 3.0 million and A$ 0.6 million).

Recent Accounting Pronouncements

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* - In November 2009 the IASB issued IFRS 9, *Financial Instruments* (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9 Financial Instruments (2013). The effective date for IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company does not intend to early adopt IFRS 9.

- *Annual Improvements to IFRS (2010-2012) and (2011-2013) cycles* - In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2015.

- *IFRS 15 Revenue from Contracts with Customers* - On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for fiscal years ending on or after December 31, 2017 and is available for early adoption. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

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

Internal control over financial reporting (ICFR) and Disclosure Controls and Procedures (DC&P)

There has been no significant change to the Company's ICFR or DC&P since December 31, 2013. As disclosed in the Company's Management's Discussion and Analysis for the year ended December 31, 2013, management of DCPayments has concluded that DCPayments' ICFR and DC&P were not effective as at the reporting dates, due to the following material weaknesses:

- Due to the small size of DCPayments, it did not maintain effective segregation of duties over certain transactions which can lead to ineffective monitoring, supervision and potential misappropriation of assets.

- DCPayments has a limited number of employees to deal with complex legal, taxation, regulatory and reporting issues. Due to the concentration of expertise in a small group of personnel, there is a lack of independent review of certain tasks.

Impact of Material Weaknesses

Due to their nature, the potential impact of these material weaknesses cannot be assessed or predicted with any degree of accuracy.

Remediation to Address Material Weakness

DCPayments engages outside expertise to assist with complex issues when deemed necessary.

Recent Acquisitions

As disclosed in the Company's Management's Discussion and Analysis for the year ended December 31, 2013, due to the timing of the Threshold Acquisition, DCPayments limited its design of ICFR to exclude controls, policies and procedures of Threshold Financial Technologies Inc. Threshold was amalgamated with DirectCash Payments Inc. on January 1, 2014 and has been incorporated into the design of the Company's ICFR.

Critical accounting judgments and estimates

For a discussion of critical accounting judgments and estimates, see the Management's Discussion and Analysis for the year ended December 31, 2013 dated March 19, 2014 available on SEDAR (www.sedar.com).

Key Business Risks

For a discussion of the business risks affecting DCPayments, see "Risk Factors" detailed in the Annual Information Form dated March 19, 2014 available on SEDAR (www.sedar.com).

Additional Information

Additional information about DCPayments, including DCPayments' Annual Information Form and other public filings is available on SEDAR (www.sedar.com) and on DCPayments' website (www.directcash.net).

Summary of Quarterly Results

The following table presents a summary of DCPayments' selected consolidated financial information for the eight most recent completed quarters:

Quarterly information ($ thousands except per share amounts)

	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue								
ATM Business	$56,547	$54,385	$55,250	$51,980	$51,434	$49,874	$53,287	$54,304
Other Services	13,369	12,874	10,450	6,737	7,186	8,747	11,856	12,713
Total Revenue	69,916	67,259	65,700	58,717	58,620	58,621	65,143	67,017
Gross Profit								
ATM business	$27,832	$28,261	$26,766	$25,657	$24,809	$25,960	$26,436	$24,965
Gross profit margin	*49.2%*	*52.0%*	*48.4%*	*49.4%*	*48.2%*	*52.1%*	*49.6%*	*46.0%*
Other Services	8,478	7,792	5,867	3,950	3,697	4,735	5,996	5,967
Gross profit margin	*63.4%*	*60.5%*	*56.1%*	*58.6%*	*51.4%*	*54.1%*	*50.6%*	*46.9%*
Total Gross Profit	36,310	36,053	32,633	29,607	28,506	30,695	32,432	30,932
Gross profit margin	*51.9%*	*53.6%*	*49.7%*	*50.4%*	*48.6%*	*52.4%*	*49.8%*	*46.2%*
EBITDA	$18,813	$19,347	$17,909	$17,355	$15,181	$17,241	$18,318	$18,095
EBITDA margin	*26.9%*	*28.8%*	*27.3%*	*29.6%*	*25.9%*	*29.4%*	*28.1%*	*27.0%*
EBITDA per weighted share (basic)	*1.07*	*1.11*	*1.05*	*1.05*	*0.92*	*1.04*	*1.11*	*1.18*
EBITDA per weighted share (diluted)	*1.07*	*1.10*	*1.05*	*1.04*	*0.91*	*1.04*	*1.10*	*1.17*
Cash flow from operating activities	$23,217	$16,937	$15,909	$17,002	$11,289	$15,547	$18,728	$7,268
Net income (loss) attributable								
to common shareholders	$1,918	$(1,685)	$(1,276)	$(205)	$2,262	$(722)	$1,830	$(2,096)
per share, basic	*0.11*	*(0.10)*	*(0.07)*	*(0.01)*	*0.14*	*(0.04)*	*0.11*	*(0.14)*
per share, diluted	*0.11*	*(0.10)*	*(0.07)*	*(0.01)*	*0.14*	*(0.04)*	*0.11*	*(0.14)*
Dividends declared	$6,069	$6,068	$5,959	$5,741	$5,741	$5,741	$5,741	$5,418
Dividends declared per share	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*
Total assets	**$400,506**	**$417,700**	**$442,616**	**$388,226**	**$399,952**	**$428,579**	**$451,692**	**$436,252**
Total debt[1]	**$198,125**	**$213,283**	**$251,497**	**$196,482**	**206,859**	**$209,801**	**$210,402**	**$210,277**
Bank overdraft (Cash)	**(2,217)**	**(3,726)**	**(6,630)**	**14,059**	**13,927**	**6,686**	**14,459**	**5,570**
Total debt, net	**$195,908**	**$209,557**	**$244,867**	**$210,541**	**$220,786**	**$216,487**	**$224,861**	**$215,847**
Common shares outstanding								
end of period	**17,589**	**17,589**	**17,589**	**16,639**	**16,639**	**16,639**	**16,639**	**16,639**

[1] *Total debt is calculated as total debt outstanding as at the end of the period, excluding unamortized transaction costs*